

## CANADA'S NEED OF AN INSOLVENCY LAW.

THE REVIEW'S CRUSADE IS TAKEN UP ALL OVER THE DOMINION—THE DAILY PRESS NOW  
ENLISTED IN THE FIGHT—THE ASPECT OF RETAILERS WHO OPPOSE  
THE LAW—MORE INTERVIEWS AND TRADE COMMENTS.

Special Correspondence and Interviews of THE DRY GOODS REVIEW.

SINCE the last REVIEW appeared the insolvency question has been taken up heartily in several quarters with good results. The efforts of The Toronto Globe, the great Liberal newspaper, are especially worthy of mention. By interviews with the trade and leading articles on the same lines as those in this journal the subject is being brought persistently before the Government and members of Parliament, so that we may expect action at the coming session. Nor has the agitation spread only in one or two of the large cities in the central provinces. For instance, we are indebted to one of our British Columbia readers, Mr. Cameron of Victoria, for a clipping from The Colonist. The paper says:

"Since Confederation two insolvency acts have been upon the statute book, the Insolvent Act of 1869 and the Insolvent Act of 1875. Neither of these measures was perfect, and we are inclined to think that there was altogether too much machinery about the latter. The law of 1869 was very simple and proved useful. Those who had experience with these laws will endorse the statement that they relieved a great many people, and while in some cases they may have been used for dishonest purposes, as a general thing few suffered by them and many persons were greatly benefited."

## THE MONTREAL BOARD OF TRADE.

At the meeting of the Board of Trade Council, Oct. 27, the question was discussed. It was the unanimous opinion that an endeavor should be made to procure legislation on insolvency at the next session of Parliament. The council ordered that the Premier be again addressed upon the lines of the council's memorial of last January, and which indicated that the bill which passed the Senate in 1894, and was re-introduced in 1895, was generally acceptable to the Montreal Board of Trade. It was also ordered that a letter be addressed to the Boards of Trade throughout the country asking their assistance towards procuring, at next session, legislation providing for the equitable distribution of the assets of insolvent debtors.

## ANOTHER TRADE OBJECTION.

Mr. T. M. Kirkwood, of Sudbury, Ont., writes: "I wish you would insert my plea re an insolvency law. If the wholesale merchants would combine together and sell for cash only, then the whole question is settled. They have the insolvency law in their hands without going to Parliament. This would clean out the petty retail dead-beat merchants, and be the cause of making us all honest by selling goods at over cost, instead of below cost, thereby assigning."

"The wholesale merchants are to blame. If they go to Parliament, Parliament should laugh at them and say: Why do you give credit? You make a law between you to sell on credit, and you now ask us to repeal this law or rule of yours."

"I know of a case that happened where two retail dry goods merchants bought goods from the same wholesale house. One failed and settled for 30c. When the other saw this easy method of settling he failed too. I ask who was to blame, and would like to know?"

## FAVORS THE CASH SYSTEM.

The Toronto World says: "The merchant who gives credit is often as much to blame as the man who fails to make a success in his business. The merchant is not compelled to part with his goods, and he should not part with them unless he is reasonably

assured that the party to whom they are sold is honest and able to pay for them. The cash system is the preferable method in business, and it should be encouraged. A liberal insolvency law will tend to make merchants more careful in granting credit, and this is exactly what the country needs."

## THE RETAIL OBJECTIONS DISCUSSED.

"I would like to hear a frank opinion on the insolvency question, especially to meet the objections raised by retailers," THE REVIEW said to Mr. W. R. Brock, head of the well-known wholesale firm of W. R. Brock & Co. Mr. Brock replied that he was quite willing to answer any questions put to him. THE REVIEW began with this one: "Do not wholesale firms give credit too readily and thus bring losses on themselves?"

"I am quite prepared to admit that in some cases credit is given too readily. But you put the question as if the Canadian wholesale trade alone were meant. As a matter of fact, the competition which leads to much credit-giving is intensified by British houses. The keenest competitors are English and Scotch houses, who have travelers going all over this country with samples. They are willing to cut a dress length or furnish material for a pair of trousers. Without the knowledge of the country which firms in Canada have, they give credit too freely, and thus bring upon themselves heavy losses. In such cases they have themselves to blame, and certainly have no right to complain of the Canadian laws. Still we find the British demand for an insolvency law louder than any. This competition makes credit too cheap, but the remedy would lie in a simple bankruptcy law, providing that creditors may, by some quick and inexpensive process, get possession of an insolvent estate and make the most of the assets. That is all the creditors want. Mind, I do not argue for a complicated and elaborate Act of many clauses, which would be chiefly valuable as providing livings for lawyers and official assignees."

"But, Mr. Brock, there are retailers who, thinking that a law would favor wholesalers mostly, are inclined to believe that the present state of affairs would be better for the retailer. Are they correct?"

"No; the present law favors the dishonest retailer only. Any man who is paying 100 cents on the dollar must see that it injures him to have a state of things which enables his competitor to make a stand, defy his creditors and compromise at 60 cents. A simple law, such as I have referred to, could define what an insolvent is. Supposing it provided that a man who could not pay his notes as they matured was an insolvent. That would make him careful to meet his paper and make the jobbers careful, also, as to whom they were selling to. This would do more than anything else to bring about the cash system."

"Still, THE REVIEW hears from retailers who fear that under insolvency laws compromises would be made easy, and a premium would be put on failures; is that correct?"

"There is no danger under a proper law of an insolvent getting a discharge if he does not deserve it. If the law rules out from obtaining release those who have been guilty of fraudulent practices, the rest are men who have a right to another chance. The county judge might be left to say what should be done with merchants guilty of fraud."

"Then you would not prevent all insolvents from starting up again?"

"Oh, no, you must discriminate in such cases. Otherwise you