

BRITISH CREDITORS OF CANADIAN  
BANKRUPTS.

ATELY a feeling of irritation has been growing amongst British textile manufacturers, caused by some of our recent failures in the wholesale dry goods trade. That the feeling has reached an acute stage is shown by the following trenchant article in the *Drapers' Record*, of London, England:—

The helpless position of British creditors towards insolvent customers who are domiciled in Canada is a cause of recurring complaint against bankruptcy arrangements in the Dominion, and the affair of Messrs. John Birrell & Co., reported in recent numbers of the *Record*, naturally provokes anew some general reflection upon the subject. Such of our readers as, happily, have had no experimental knowledge of the way these matters are commonly managed over the water, must have felt slightly amazed at the cavalier style of the circular issued by that firm to their creditors, and published by us on the 9th inst. Yet, whatever may be said of its style, the action only illustrates a general practice. The bankrupt arranges things comfortably with his creditors at home, and then, it seems, notifies to those abroad that "if they choose to accept his offer," they can draw upon the trustee for the amount of their claims, say at the rate of 42½ cents per dollar, on condition of their unreservedly assigning their claims to him, and so giving an unqualified discharge to the bankrupt. As we explained in a previous issue, this so-called offer may be translated into an order to take it or leave it. True, this mode of procedure does not entirely deprive the creditor of freedom of choice, and it may be asked what will result if he declines an "offer" upon which it has not been deemed necessary to take his views? Well, he only displays a fine self-abnegation in reference to lucre without being able to affect a predetermined settlement that may be stamped by partiality and unfairness.

In the absence, as we understand, of any satisfactory Bankruptcy Act in the Dominion, an insolvent debtor may favor any creditor by payment in full, to the prejudice and wrong of the general body. For what the law does not effectually prevent, the law allows; and, unfortunately, moral obligations are too frequently silent in the presence of legal sanction; conscience turns a blind eye to righteous precept when unrighteous gain is within grasp. The impunity secured by the Dominion laws thus becomes an encouragement to acts of fraud upon English creditors. We are not dealing with imaginary cases. Many well-authenticated instances have come to our knowledge. The only protection which a recusant creditor possesses is, that he can afterwards proceed against the debtor if, to use a familiar expression, he should be worth powder and shot. This potential danger does sometimes produce concern in the minds of debtors, who evince much anxiety to obtain a complete discharge, and have, indeed, been known to visit Europe and concentrate every influence upon a creditor, in order to make him relent. But in reality the power is not so great as it appears; and bold men are ready enough to take their chance of the future if they can make a safe haul to-day; the risk being minimized if the debtor goes out of business, as then it does not matter whether he obtains his discharge or not. When we assert that no Bankruptcy Act, properly so called, exists in the Dominion,

we should perhaps mention that a local law, known as an Act respecting Assignments and Preferences by Insolvent Persons, was passed by the Province of Ontario, and that it contains a provision against preference being given; but, from all accounts, the provision has been found in practice to be totally ineffectual. It stands to reason that if a large proportion of the liabilities are outside of the Dominion (an arrangement easily effected before his credit has suffered damage) an unscrupulous debtor becomes master of the situation. The home creditors are satisfied without difficulty, and the foreign are jauntily told to accept or refuse the proffered dividend. Of course, as already pointed out, they can refuse and keep the whip in terrorem over the debtor. That might, indeed, have some restraining effect if the debtor could be always kept in view, and the lash could be applied whenever opportunity might arise. But distance and all other circumstances tell palpably in favor of the offender.

It is, of course, just possible to delegate the task of keeping an eye on him to someone permanently on the spot. But, not to speak of the proverbial necessity of watching the watchman, the gain may not be worth the trouble, the expense, and the worry. Moreover, punishment for wrong-doing should be certain in order to be effective, and to one victim who has the tenacity of purpose to follow up such cases, there are hundreds who are more inclined to let things slide and put up with the loss. These see clearly enough that while the trustee cannot dispose of the unclaimed dividends he will not hand them over without a release; and so it commonly ends by the creditor putting up with a little in the way of dividend and a great deal in the way of injustice. But surely all Canadian traders cannot approve of a scandal which flings its shade of suspicion over the good as well as the bad—over solvent as well as insolvent. Obviously, the danger which British merchants run with Canadian customers, over and above the ordinary risks of trade, must be detrimental to the general credit of the Dominion. Surely, then, a strong reason exists, there as well as here, for affording greater protection to creditors; and there can be no insuperable difficulty in effecting the necessary reform.

We have heard some sufferers on this side go the length of declaring that we cannot trade with the Dominion while the actual state of the law obtains. But that is to assume that a large amount of the Canadian trade is insecure, and that commercial morality is there paramount. This, of course, would be somewhat hyperbolic, and we cite the exaggeration merely to illustrate the strength of dissatisfaction and distrust occasioned. Ample ground, however, exists for our colonial brethren's striving after remedial measures, and we ask whether, in the meantime, our own people can devise no plan by which the evil they complain of may be more or less effectually combated. Individual actions may have shown, is practically fruitless; but we think that something might be done by a combination of the British houses interested in the Canadian trade. Is it not possible to form a trade protection society on the spot for the purpose of making the reserved rights of creditors who withhold release a reality instead of a sham? The knowledge that an argus-eyed association was bent on pursuing the claims of British creditors unrelentingly, would have the effect at least of checking malpractices, and perhaps of hastening necessary reforms. This would prove a boon to colonial and home traders alike, and, by removing distrust, tend to the enlargement of our business relations with the Dominion.

## Merchants of Canada.

THIS IS FOR YOU.

Shop Window Price Tickets neatly done up in Boxes.

No. 1.—Size 3½ x 2½, 500 per box, ov. 100 Tickets, from 1c. to \$10.  
No. 602.—Diamond Shape (in 2 colors) 60 in a Box, for \$1.00, from 5c. to \$10.  
No. 603.—Size 6½ x 4, oblong shape, 80 in a Box, for \$1.00, from 5c. to \$10.  
No. 604.—Size 2½ x 2½, diamond shape, 144 in a Box, for 50c., from 1c. to \$10.

These Tickets will sell your goods in double quick time. Send for samples and printed list of display cards.

IMRIE & GRAHAM,

Music Printers and Publishers,

26 and 28 Colborne Street, - TORONTO, ONTARIO.