

place a very heavy liability on directors and make it almost impossible to procure directors for companies which may be very large employers of labour. I am, however, in the judgment of the committee.

Mr. MERCIER (St. Henri): Why should the period not be three months instead of two?

Mr. CAHAN: I am quite willing to make it three months instead of two.

Mr. MERCIER (St. Henri): I move that in the third line of section 188 the word "two" be replaced by the word "three."

Mr. GARLAND (Bow River): I protest against the change and also against the amendment; they are both quite inadequate. The old legislation provided for twelve months' wages; that the directors should be liable for wages for the full twelve months. If there is anybody who should get what is coming to him it is the worker in the factory and I am still convinced that directors should direct and therefore should be held responsible afterwards for unpaid wages. This action on the part of the minister appears to me to be quite retrogressive in decreasing the liability of the directors for wages from twelve to two months; in any case the reduction is too extreme.

Mr. CASGRAIN: In the Bank Act the liability is put at three months.

Mr. GARLAND (Bow River): I am talking about this legislation. I should like the minister to state any case of extreme hardship under the operation of this section under the old act. Can he give any single case?

Mr. MERCIER (St. Henri): An industrial company that could not pay wages for a year is one that would go into bankruptcy long before that.

Mr. CASGRAIN: In the Bank Act clause 88 limits claims in respect of wages to three months. Wages, salaries or other remuneration of persons employed shall have precedence over the claims of the bank for a period not exceeding three months.

Mr. CAHAN: I am in the judgment of the committee. Personally I would not vote to make the period a year because I think it is excessive. If employees, servants, officials of a company are not paid within a period of three months, which is the term my hon. friend suggests, they should take appropriate means to obtain a judgment and security by judgment and levy against the property of the company. I do not think it is right or

just that in many cases officials such as clerks and others who are receiving large salaries should hold off for month after month and then proceed against the directors of the company. I know in one case, although I had not this in mind when this change was made—the change was made by a general recommendation—I was not compelled thereto by the court, but, recognizing the law, I paid out thousands of dollars of my own money in order to pay off clerks and other officials employed in a company when I, as a director, had no knowledge that their salaries were accumulating. They knew I was then a man of some means and could be compelled to pay, and they thought to secure judgment against me. I state that from my own experience and it happens in many cases. It is quite right that a period of two or three months should be provided, but employees ought to take proceedings before the assets of the company are completely dissipated and not rely entirely upon the responsibility of an individual director who may have no knowledge or notice of the fact that their salaries are not paid.

Mr. MERCIER (St. Henri): We must not forget that this is a special privilege given by section 188 against individuals in connection with the salaries of workingmen. In the province of Quebec a workingman is only entitled, according to law, to the last twenty days unpaid, as a privilege.

Mr. CASGRAIN: I do not know if there is an amendment before the committee, but if there is no amendment I will move that it be made three months. I do not see anything wrong in that when in the Bank Act it is also made three months.

Mr. GUTHRIE: This is hardly the same as the Bank Act. In that act it has to do with a claim against the assets of the company, while this is a personal claim against the directors of the company.

Mr. CASGRAIN: The directors are supposed to be responsible.

Mr. GUTHRIE: Under the Bank Act it is the assets that are liable, and there is a three months' preferential claim allowable for wages. In the present act there is a personal claim against the directors of a company.

Mr. CASGRAIN: I do not see that there would be anything wrong in making it three months.

Mr. GARLAND (Bow River): I do not see that it would be wrong to leave it in its original form. Neither the minister nor