

debtor of a certain class, and to enable the debtor of that class, when he has handed over his assets, to shed his debts and begin anew. If that is proper in the case of the trader, it is equally desirable in the case of the artizan or the farmer.

It has been proposed in certain quarters to make the law applicable only between traders. While this would remove one of the most striking injustices of the Act, it would not destroy its character as class legislation which is its worst feature. It would even then be giving one class in the community an undue advantage over the other classes. Apart from the class character of such legislation, I believe that it tends to demoralize the community. The individual who goes into business knowing that the policy of the law is to protect him if, through incompetency, lack of capital, over competition or hard times, he fails, cannot be expected to retain the same moral incentive to pay his debts in full as if the law recognized his obligation to do so. Not only is the debtor affected by this, but others as well. The positive law now requires a man to pay his debts in full. The discharge clauses of an insolvency Act are simply an evasive repeal of this law under certain conditions, and the moral effect of the positive law, under all other conditions, is weakened thereby.

The indirect but immediate effect of an insolvency law is to work an extension of credit among the class of traders that invoke the aid of such a law, but I do not see how it can be effective in extending credit among the class of traders who do not require its aid to free them from their obligations. The extension of credit among the former, we might call it the diffusion of credit, is surely not to be desired. That credit should be increased to the trader who has a working capital is desirable, but that the proposed trader, who has little or no capital to risk, should be brought into competition with the former is manifestly unfair. Beyond all this, such legislation results in heavy expenses, both legal and otherwise, which have to be borne not by the debtor but by the creditor class, which consists of both the trading and non-trading classes. The fees incidental to the legal practice which would spring up in insolvency matters would be considerable, but I doubt if they would in the end compensate for the loss of legal fees resulting from the injury done to legitimate business.

There is now practically a pro rata distribution of the estates of debtors throughout the Dominion without the red-tape and expense