

A HINT AS TO TREATMENT OF BUSINESS TROUBLES.

A gentleman now residing in this city, who has had considerable local experience in matters relating to insolvency, has an idea in respect to the treatment of business difficulties which may not be unworthy of some consideration, at least as an alternative. He thinks that the Council of the Board of Trade might be invested with the necessary legal authority to constitute it a board of arbitration, to which the debtor who has reason to doubt his own solvency might apply—confidentially of course—and have an examination of his affairs entered into, with the view of deciding as to the most advisable course to be pursued,—whether he ought to get an extension, offer to compromise, or whether the estate should be liquidated. The creditor, also, who has reason to think all is not going on well with a customer, might have recourse through the same medium. It would be necessary to have proper persons in each locality,—or a suitable person could be sent to make a private examination of the debtor's affairs, who would report to the Council accordingly. If the debtor should prove solvent it could be arranged that he should bear the costs. The debtor could have no objection to such an examination as long as he felt that every precaution was taken to avoid exposure. The publicity ordinarily given to business troubles, even of a temporary or trifling character, is productive of much mischief, and not unfrequently, through damage to the man's credit, precipitates insolvency and ruin. By the method proposed the debtor, who may be only temporarily embarrassed, could be duly indulged, thus warding off disaster to himself and injury to his neighbors. The Council would in turn, where necessary, report to the judge in insolvency, suggesting the appointment of a sequestrator or trustee to be placed in charge of the business. The Court would act upon the report of the Council. Thus the whole affair is simply a private investigation by a body of competent commercial men into a debtor's estate before the law takes possession. No man in good standing would refuse to submit to such an investigation; the Council would merely serve as an impartial arbitrator, to whom all cases of suspected insolvency might be referred. Several objections will arise as to the practicability of the scheme, but the hint is thrown out for what it may be worth for discussion by those of our practical wholesale dealers who have labored for some time towards the framing and enactment

of some provision for the equitable distribution of insolvent estates. Another hint is given as regards partial sales to satisfy a debt. It goes without saying that, as the law is now, it works against the interests of creditors. Let it be so amended that when a judicial sale takes place the debtor may be empowered to have the sheriff continue and sell the whole estate, the proceeds to be divided pro-rata among the remaining creditors.

THE STEEL COMPANY OF CANADA.

The title is a misnomer, for there is not a pound of steel made at the works; but the experiments made some dozen years ago, when the enterprise was launched, to manufacture steel by the Siemens direct process are in no small degree answerable for the present difficulties of the company. The amount of money in stock and bonds expended in organizing and bringing the works to the advanced working condition of the last few years is about 2½ millions of dollars, but this comprises a vast amount of property besides the works. Until within a few months the chief management has been altogether on the other side of the Atlantic, where the great bulk of the shares are owned. The shareholders in Canada are: Messrs. George Stephen, president of the Canadian Pacific Railway, D. McInnes, managing director Canada Cotton Company, etc., John Rankin, of Messrs. Rankin, Brattie & Co., Gillespie, Moffat & Co., this city, and John Proctor, Hamilton. The whole amount of the stock and bonds was in cash, fully paid up. The managers sent out to construct the works proved to be quite incompetent, and, having all their experience to gain, a wasteful expenditure of the company's money was the consequence. In the principal product—pig-iron, although of a high quality—the company has been placed at a disadvantage owing to differential rates of carriage, the duty of \$2 per ton being more than offset by freight rates and other circumstances. Pig-iron from Scotland and Wales could yet be landed in the principal markets of Quebec and Ontario much cheaper than the product of the Londonderry, N.S., works. The bounty of \$1.50 per ton granted last Session came rather late; some of the English share and bond holders had become discouraged, and decided to abandon the enterprise rather than contribute more money for carrying it on.

The duty of \$2 per ton having been found quite inadequate to encourage any new enterprises for the production of iron, for the reasons above stated, the company decided to give the bounty of \$1.50 per ton, and on this being done, the board of the company in Great Britain contributed a further amount for the prosecution and development of the works, after which Senator D. McInnes, one of the original shareholders, consented to take the position of managing-director. Messrs. Gillespie, Moffat & Co., this city, had hitherto been agents for the sale of the company's products, and had been accustomed to accept the drafts of the company from time to time. The company's account has recently been with the Merchants Bank of Halifax, who, it appears, are opposing the liquidation proceedings, claiming certain accounts due to the company on which they have a lien under a letter from the manager, but it is now doubtful whether it will hold good as against the liquidation proceedings.

The property is claimed to be quite solvent; the company owe chiefly to themselves; there is sufficient to pay the outside debts, which are comparatively trifling, and nobody will lose anything beyond the owners. The property owned by the company comprises 35,000 acres of land in fee simple, mostly covered with valuable timber and containing iron ore of a superior quality (red hematite) practically inexhaustible, two blast furnaces, large rolling mills, foundry, some 70 coke ovens at the works and about as many more at the mines at Pictou, besides the valuable coal mine at Maccan on the Intercolonial Railway purchased in June, 1881. This mine was acquired at a low price, and was equipped in a manner unexcelled in the Province for efficiency, rendering it to-day of far more value than the amount spent upon it for purchase and equipment.

Some idea of the magnitude of the operations may be gathered from the fact that the annual consumption of coal for the works has been over 160,000 tons, while the yearly wages exceed \$350,000. Pending some settlement of the difficulties, operations will be carried on under the control of a liquidator appointed by the courts of Nova Scotia. A new company will doubtless be organized immediately, for such a magnificent property is certain to find purchasers, and the advantages afforded by Parliament in the shape of the bounty already referred to, will be sufficient inducement to invite new capital.