

THE QUESTION OF PREFERENCES.



As referred in our February issue to the recent decision in the courts regarding mercantile preferences, whereby one of the greatest safeguards afforded the business community by the statutes was destroyed. Merchants have thereby been thoroughly aroused to action, and

with the object of counteracting the evil effects of the decision Mr. G. B. Smith, member for West York, has introduced a bill into the Ontario Legislature entitled "An Act to Amend the Act Respecting Assignments and Preferences by Insolvent Persons." The bill reads as follows:—

Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Section 2 of the Act Respecting Assignments and Preferences by Insolvent Persons is repealed, and the following substituted therefor:

2. Every gift, conveyance, assignment or transfer, delivery over or payment of goods, chattels or effects, or of bills, bonds, notes, securities, or of shares, dividends, premiums, or bonus in any bank, company or corporation, or of any other property, real or personal, made by a person at a time when he is in insolvent circumstances, or is unable to pay his debts in full, or knows that he is on the eve of insolvency, which has the effect of defeating, delaying or prejudicing his creditors or any one or more of them, or of giving any one or more of them a preference over his other creditors, or over any one or more of them, whatever the intent be in making the same, or whether the same be made voluntarily or under pressure, shall, as against the creditor or creditors injured, delayed, or prejudiced, or postponed, be utterly void.

It is expected that the Bill will pass through its various stages, but not without opposition from those members of the House who belong to the legal profession. Mr. Smith has, however, accumulated such a mass of evidence in support of the measure that it will be impossible for the opposition to have any effect in preventing its adoption. Many glaring cases of illegal preference have occurred since the decision of the Supreme Court in the case of *Molson's Bank v. Halter* became known. One instance happened in Hamilton where at the very time the creditors were in session, discussing the statement of affairs before them, the debtor gave a preference to one of his creditors and then coolly told the meeting that he washed his hands of the whole affair. Another case occurred at Whitby, and on the matter being brought into court the judge characterized the transaction as deliberate fraud, but unfortunately, as there was no evidence to prove collusion between the debtor and preferred creditor the case had to be dismissed. We may as well repeat what the law at present is in accordance with the Supreme Court decision. It is there laid down that when a creditor obtains from a debtor on his urgency or desire for security for his debt, and the latter in consequence thereof gives such security, the mere fact of the latter being in fact insolvent at the time and shortly after going into insolvency, does not, in the absence of any collusion or guilty knowledge on the creditor's part, defeat the transaction at the suit of the assignee or creditors. It must be the illegal intent to defeat, delay, or prejudice the creditors, or to give a preference to one over the others, that brings it within the statute. It will be seen that Mr. Smith's Bill would do away with this unsatisfactory condition of affairs. Its meaning is plain, and every creditor by its enactment could rest secure against illegal preferences so long as it remains on the statute books of Ontario.

THE TRADE IN MONTREAL.



(By Our Own Correspondent.)

THE month that is past has not been of such a kind as to bring satisfaction for the present or hope for the future of the dry goods trade. But wholesalers are not altogether disappointed. They foresaw what was coming and discounted prospective losses by more limited buying, by a greater carefulness in accepting orders, and by general retrenchment and economy. For months they have been taking in sail, and now they are not unprepared. The opening of navigation was first looked to as the remedy for all their evils, but as it approaches it would appear that something more radical is necessary before the dry goods trade of the country is on a bed-rock basis. Wholesale merchants looked to the three seasons of crops below the average, to a decreased ability or at least an indifferent desire to pay, to an unsettled political condition of the country, and they directed their operations with an eye to these facts, yet they find stocks too high and no prospect of an immediate reduction, as they prefer to leave goods on the shelf to letting them out of their hands into doubtful quarters. Amongst the manufacturers there are the old complaints of cutting in rates, unwarranted discounts and dating ahead, all radical evils, and until they are rooted out there can never be harmony in the dry goods trade. The Dominion Cotton Company has done something in this direction, but to many it savours of a combine, and even if it were, it has weak spots that make it ineffectual. Generally the manufacturers are firm in prices, and their agreement has reduced the amount of unsaleable goods; in some lines, such as flannelettes, there is an absolute scarcity. Fears were entertained that when the bankrupt stocks were thrown into circulation there would be a plethora that would bring stagnation, but they are being jobbed out quietly and at good prices and distributed to points wide apart. The fourth passed off better than was expected; the paper was well taken up, and in the majority of instances by the retailers themselves without the intervention of the houses holding their accounts. The earnings of the Grand Trunk Railway show a marked increase, an indication that in the localities where this road operates, and of which Montreal is the centre, there is a freer movement of produce and a better circulation of money. Travelers now out are winding up the spring business, and send in word that the country store-keepers are in a more cheerful frame of mind. They see the spring coming and that alone has helped trade, they have been buying sparingly and now think they can relax their cautiousness a little. The same is true of the city and suburban trade, and before next month it is possible that there will be a marked and gratifying improvement to note.

EDITORIAL NOTES.

Bradstreet's reports the total number of failures for the Dominion for the first three months of the year as 566 against 542 last year. In Ontario the failures were 269 against 315, and in Quebec 200 against 142.

The Toronto Board of Trade, at a special meeting held on April 9th to discuss the question of closer trade relations with Great Britain, passed the following resolution: "That this board is of the opinion that the time has come when closer trade relations should be entered into between Great Britain and her colonies, and that a duty imposed by Great Britain on the food products of other nations with tariffs against her own productions will not enhance the value of the food products of the empire, but will materially increase the production therein and place her in an independent position for her food supply in the near future." Another resolution was also passed as follows: "That the Government of Canada be respectfully requested to bring to the attention of the Imperial Government the