

classes of the people who are interested in that subject, to become acquainted with its provisions; and the Bill, the second reading of which I now move, is the same Bill that was introduced and printed last Session, so that there is no possibility of the House or country being taken by surprise at this important Bill being introduced again. All former insolvent laws have dealt with the two great branches of insolvency, of which one is the distribution of the estates of insolvent debtors, and the other is the discharge of debtors when their creditors have obtained all their assets. Canada had a complete system of insolvency from 1864 up to 1880. Under the different Acts of 1864, 1869 and 1875, the objections which were made in this House to the Insolvency or Bankruptcy laws, and which ultimately prevailed, caused their repeal in 1880. The chief of these objections was the cost of the distribution of the assets; and it was pointed out by many hon. members from the Province of Quebec that in that Province they had a very satisfactory system of distribution of the assets of insolvent debtors. But since then, in Ontario, upon the repeal of the Insolvent law in 1879, a Creditors' Relief Act was passed, but that law was not brought into force until the 25th March, 1884. It has since been in force with several amendments, and it has accomplished, I think very fairly, the object that its title expressed, that is, to abolish priority of and amongst execution creditors. That is a very important portion of the Insolvency law, which has been adopted and is in force in the Province of Ontario. I am informed, and have ascertained, that in the Provinces of Nova Scotia, New Brunswick, Prince Edward Island, Manitoba and British Columbia, there is no system of equal distribution by law, except, I believe, where the debtors have been confined in jail; but in every one of the Provinces debtors are at liberty to make assignments for the benefit of all their creditors equally. Now, this Bill provides for the discharge of all honest debtors whose entire estate has been distributed without any undue preferences amongst their creditors, whether that distribution takes place by the force of law in the different Provinces, or whether the debtors have done so voluntarily, by making assignments for the benefit of their creditors. It seems to me, Mr. Speaker, grossly unfair and unwise to refuse a discharge to any man who gives up all he has in the world to pay his debts, and who has been unfortunate, but has not been dishonest. To-day, in every Province, the creditors may take all the debtor has. In some Provinces, I am sorry to say, there are still preferences allowed amongst the creditors by preferential assignments, or by priority of execution. But there is no discharge provided for under this Act, and, in fact, no discharge can be obtained under its provisions where any preference has been allowed to exist in the distribution of the debtor's assets. The two great Provinces of the Dominion have legislated against preferences, and surely a discharge ought to be made to cover every honest debtor in those Provinces at least, and it also should be made to cover all cases of voluntary assignments in every Province where the creditor has given up all he has to pay his debts. On this subject, I would ask permission to quote the words of the distinguished Chief Justice Meredith, which are quoted by Mr. Abbott in his book on insolvency. They are as follows:

"So long as the debtor has his estate in his own hands, he need not despair; his friends, to supply his deficiency, may come to his assistance; his creditors may accept a compromise, or he may, by some fortunate speculation, increase his means so as to meet the demands of his creditors; but no situation in life can be more utterly hopeless or more deserving of commiseration than that of an honest debtor, who, after having been divested by law of every vestige of his property, is cast upon the world destitute of all means, and still exposed to the claims of unrelenting creditors."

Now, in order to guard against a dishonest debtor obtaining a discharge unduly, this Act provides that, as a basis for the whole thing, the consent of the creditors is required. Then the insolvent has to make a full and complete state-

ment, under oath, of his affairs. Still further, the insolvent is subject to examination before a judge of the court and is bound to make a full disclosure under oath; and even after that, his discharge is to receive the approbation of the judge of the court. But under the third section of this Bill the consent of the creditors is so arranged as to encourage voluntary assignment before the insolvent has parted with the whole of his estate. It is done in this way: in proportion to the percentage of assets which the estate pays to the creditors, so will the number of consenting creditors be decreased; the more the assets the fewer the number of creditors that have to sign the discharge. That, surely, will be a great public advantage. It will induce the debtor to make a voluntary assignment before his whole estate has become wasted. Now there is no encouragement whatever for a debtor to make an assignment for the benefit of his creditors; on the contrary, the temptation is very strong to hold out to the very last, to continue to make a living out of the remainder of his estate, or to make away with part of the assets and get them out of the hands of his creditors. In Provinces where preferential assignments are allowed, this Act would not apply, and no discharge could possibly be given under it in those cases. Another condition is that the insolvent shall make a full statement under oath showing the nature of his assets, the full amount of his liabilities, and give the causes of his insolvency. Then at the public examination of the insolvent, which is to take place on his application for confirmation of the discharge, he is bound to produce all his books and his wife may be examined, and every possible facility is given to oppose any improper application for a discharge; and then at last, when all this has been done, the judge may either confirm the discharge or refuse it, or sign it conditionally. I know it is sometimes said that if a discharge of any kind is made possible to a debtor it will destroy credit; that a trader who may obtain his discharge by force of law will not be able to secure credit. I venture to think that if the system of long credits in this country is destroyed, it will be all the better for the country, for it is one of the curses of the Dominion, and if by giving an honest trader an opportunity of obtaining his discharge he does not obtain such long credit, it will be an advantage both to himself and to the wholesale merchant. I should like to ask if the present condition of the law is at all satisfactory. It encourages frauds of all kinds, in this way: if the debtor becomes involved, he is hopeless of obtaining relief and becomes desperate. He has lost his freedom in a free land, his honesty is not rewarded by a discharge, and, no matter how honest he may be, he cannot go to any tribunal and say: I wish to get my discharge because I have done everything I could, and acted honestly. The present condition of the law offers a premium to dishonesty. The trader secretes his assets; he sometimes puts his business in his wife's name, and under that thin disguise he goes along for the rest of his life. Or he may be driven from the country altogether, and go to a new country where he can make a fresh start without having around his neck the millstone of debt which he cannot throw off in Canada. We lose a great many of our good but unfortunate trading population in that way. The other day I received a letter, sent to me through the hands of an hon. gentleman opposite, relating to this Bill. I will read part of it to show the House how the Bill strikes some people who are interested in it. The writer says:

"I do pray to the God of Heaven to prosper your efforts. By a life of almost incessant toil I earned and saved \$40,000. I put the whole into a woollen mill. The market failed for that particular line, and I had to give all up, and I lost every dollar and honestly relinquished everything; and yet I have no relief. I hope and pray your measure may succeed."

Of course it is true that a debtor to-day may get a release from his debts. But how can he do it? He must get every single creditor in the world to sign or he cannot get a