11-1-1932

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Recommended Citation
Max Isaac, Should the Federal Government Establish a Bankruptcy Bureau, 8 Notre Dame L. Rev. 26 (1932).
Available at: http://scholarship.law.nd.edu/ndl/vol8/iss1/3

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SHOULD THE FEDERAL GOVERNMENT
ESTABLISH A BANKRUPTCY BUREAU?

The bill pending in Congress known as the "Hastings Bill," backed by the administration, for the complete revision of the bankruptcy law, seeks to establish a new government bureau. This bureau, if established, will be under the direction of the Attorney General, who will be assisted by ten administrators, ten assistant administrators and approximately three hundred examiners, together with a corps of salaried men and women who will do little more than gather a lot of worthless bankruptcy statistics, hold up a lot of discharges of bankrupts (which merely deny them the privilege of re-engaging in business and leave them virtual charges on the communities) and here and there uncover some assets which a crooked bankrupt may have hidden out. The receivers or trustees themselves would probably have made the same recoveries. This constantly increasing army of government examiners will soon equal the prohibition forces of the government and will doubtless be about as popular.

There is no lack of machinery to meet the needs of the times with respect to the enforcement of the rights of creditors. Creditors, seeing around them all kinds of government subsidies, paternalism and the like, have concluded to let Uncle Sam collect their debts for them. They recklessly extend credit in the mad rush to sell more goods at high prices and then, when the poor debtor has to avail himself of the last straw which the Constitution of the United States established for his benefit, they want to make it impossible for him to use that last straw.

What does this new bill do to help the poor debtor? What will it do to clear the already muddy stream of business progress? Certainly we cannot hope for business recovery until the deadwood caused by the present crisis has been
removed and the channel cleared. Throwing more logs in the stream will not relieve the present unfortunate condition. This is no time to tinker with the machinery of so serious and important a law as the country’s commercial code, that is, the bankruptcy law of the United States. At least the country should be given an opportunity to thoroughly analyze and study this far-reaching measure, introduced during the spring of the present year and now likely to be acted upon by Congress at an early date. Lawyers are criticized for their handling of bankruptcy cases. But upon the shoulders of the lawyers falls the responsibility of seeing that no unjust or unfair law is placed upon the statute books. Business, too, will soon realize that it cannot bear the strain and responsibility of unwise, unjust and expensive bankruptcy legislation at this critical time. And the new bill seeks very materially to increase the cost of bankruptcy administration.

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