

67.—Causes of Failures in Canada and the United States by Numbers and Percentages, years ended December 31, 1920 and 1921. [From Bradstreet's.]

IN CANADA (including Newfoundland and St. Pierre-Miquelon).

Failures due to	Number.		Assets.		Liabilities.	
	1920.	1921.	1920.	1921.	1920.	1921.
	No.	No.	\$	\$	\$	\$
Incompetence.....	204	555	1,144,019	3,181,669	2,205,521	7,559,015
Inexperience.....	79	97	389,363	438,569	891,863	863,860
Lack of capital.....	334	814	5,643,600	10,233,610	11,682,434	23,134,379
Unwise credits.....	23	42	97,000	281,115	226,700	678,738
Failures of others.....	13	33	60,700	834,046	189,300	1,635,091
Extravagance.....	6	8	8,020	34,614	30,199	66,575
Neglect.....	28	40	73,060	148,158	172,213	321,704
Competition.....	8	9	58,000	103,157	140,050	196,356
Specific conditions.....	182	613	3,478,121	7,017,587	4,945,136	12,737,007
Speculation.....	5	18	145,040	402,580	251,455	1,231,708
Fraud.....	97	166	380,834	733,136	1,404,704	2,639,646
Total.....	979	2,395	11,477,757	23,408,241	22,139,575	51,064,079

IN UNITED STATES.

Incompetence.....	2,753	6,404	32,455,312	103,548,671	56,522,786	167,975,466
Inexperience.....	556	1,142	7,725,694	11,391,871	14,268,745	21,851,478
Lack of capital.....	2,735	5,855	60,396,251	77,166,433	113,612,638	165,536,601
Unwise credits.....	131	230	12,625,729	22,938,682	15,578,242	29,329,791
Failures of others.....	105	226	2,389,931	8,133,145	3,476,379	13,957,791
Extravagance.....	105	82	642,160	1,138,640	1,268,384	2,388,411
Neglect.....	110	257	1,057,127	1,379,815	2,021,429	3,014,239
Competition.....	112	183	728,628	1,171,511	1,266,060	2,082,472
Specific conditions.....	1,221	4,638	144,002,263	205,056,079	194,121,666	317,863,633
Speculation.....	43	66	4,761,745	5,413,682	8,119,845	8,593,432
Fraud.....	592	931	7,363,014	9,210,059	16,115,341	23,184,371
Total.....	8,463	20,014	274,147,854	446,598,588	426,371,515	755,777,685

PERCENTAGES OF NUMBER OF FAILURES AND LIABILITIES, CLASSIFIED BY CAUSE.

Failures due to	Canada per cent.				United States per cent.			
	Number.		Liabilities.		Number.		Liabilities.	
	1920.	1921.	1920.	1921.	1920.	1921.	1920.	1921.
Incompetence.....	20.8	23.2	10.0	14.8	32.5	32.0	13.3	22.2
Inexperience.....	8.1	4.0	4.0	1.7	6.6	5.7	3.3	2.9
Lack of capital.....	34.1	34.0	52.8	45.3	32.3	29.3	26.6	21.9
Unwise credits.....	2.4	1.8	1.0	1.3	1.6	1.1	3.7	3.9
Failures of others.....	1.3	1.4	0.9	3.2	1.2	1.1	0.8	1.8
Extravagance.....	0.6	0.3	0.2	0.1	1.2	0.4	0.3	0.3
Neglect.....	2.9	1.7	0.8	0.6	1.3	1.3	0.5	0.4
Competition.....	0.8	0.4	0.6	0.4	1.3	0.9	0.3	0.3
Specific conditions.....	18.6	25.6	22.3	25.0	14.4	23.2	45.5	42.1
Speculation.....	0.5	0.7	1.1	2.4	0.6	0.3	1.9	1.1
Fraud.....	9.9	6.9	6.3	5.2	7.0	4.7	3.8	3.1

Analysis of Commercial Failures.—In Tables 68 and 69 Bradstreet's and Dun's records of commercial failures are analysed by Kemmerer's method. First the total of concerns failing is stated as a percentage of those in business and this percentage is then stated as an index number with 1900 as a base year. Then the assets and liabilities are stated, with the average liabilities per failure, since failures are more disastrous in proportion as the liabilities are larger. Next, the average liabilities per failure are stated as an index number, with 1900 as the base year. The percentage of liabilities to assets is also given, and finally the index number indicating the proportion of failures to the number of concerns in business and the index number indicating the size of the liabilities are averaged, and the result is given as the barometer of business depression. This number reversed, i.e., subtracted from 200, is given as a barometer of business confidence. The records of Bradstreet and Dun are not on the same basis, but the general tendency of the two records is the same.