

**96.—Causes of Failures in Canada and the United States by Numbers and Percentages, years ended December 31, 1921 and 1922. [From Bradstreet's.]**

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

Failures due to	Number.		Assets.		Liabilities.	
	1921.	1922.	1921.	1922.	1921.	1922.
	No.	No.	\$	\$	\$	\$
Incompetence.....	555	768	3,181,669	3,251,707	7,559,015	7,466,371
Inexperience.....	97	113	438,569	449,321	863,860	1,075,100
Lack of capital.....	814	1,229	10,233,610	11,306,790	23,134,379	26,196,599
Unwise credits.....	42	32	281,115	308,853	678,738	937,534
Failures of others.....	33	24	834,046	204,119	1,635,091	553,567
Extravagance.....	8	8	34,614	186,120	66,575	321,545
Neglect.....	40	56	148,158	193,926	321,704	436,886
Competition.....	9	22	103,157	194,700	196,356	664,753
Specific conditions.....	613	800	7,017,587	7,802,399	12,737,007	13,704,274
Speculation.....	18	26	402,580	350,183	1,231,708	1,034,008
Fraud.....	166	169	733,136	1,113,976	2,639,646	3,989,250
<b>Total.....</b>	<b>2,395</b>	<b>3,247</b>	<b>23,408,241</b>	<b>25,362,694</b>	<b>51,064,079</b>	<b>56,379,887</b>

IN UNITED STATES.

Incompetence.....	6,404	7,666	103,548,671	72,631,096	167,975,466	140,241,850
Inexperience.....	1,142	1,062	11,391,871	6,808,250	21,851,478	12,244,659
Lack of capital.....	5,855	6,912	77,166,433	80,848,584	165,536,601	158,575,479
Unwise credits.....	230	292	22,938,682	5,791,966	29,329,791	9,570,876
Failures of others.....	226	278	8,183,145	7,856,990	13,957,791	16,139,150
Extravagance.....	82	148	1,138,640	1,589,500	2,388,411	3,526,794
Neglect.....	257	236	1,379,815	4,376,378	3,014,239	6,562,221
Competition.....	183	250	1,171,511	5,354,535	2,082,472	8,092,894
Specific conditions.....	4,638	4,686	205,056,079	157,311,140	317,863,633	241,071,706
Speculation.....	66	55	5,413,682	6,362,127	8,593,432	11,636,992
Fraud.....	931	830	9,210,059	16,687,688	23,184,371	42,185,759
<b>Total.....</b>	<b>20,014</b>	<b>22,415</b>	<b>445,598,588</b>	<b>365,618,254</b>	<b>755,777,685</b>	<b>649,848,380</b>

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

Failures due to	Canada per cent.				United States per cent.			
	Number.		Liabilities.		Number.		Liabilities.	
	1921.	1922.	1921.	1922.	1921.	1922.	1921.	1922.
Incompetence.....	23.2	23.6	14.8	13.2	32.0	34.2	22.2	21.6
Inexperience.....	4.0	3.5	1.7	1.9	5.7	4.7	2.9	1.9
Lack of capital.....	34.0	37.8	45.3	46.5	29.3	30.8	21.9	24.4
Unwise credits.....	1.8	1.0	1.3	1.6	1.1	1.3	3.9	1.5
Failures of others.....	1.4	0.8	3.2	1.0	1.1	1.2	1.8	2.5
Extravagance.....	0.3	0.3	0.1	0.6	0.4	0.7	0.3	0.6
Neglect.....	1.7	1.7	0.6	0.8	1.3	1.1	0.4	1.0
Competition.....	0.4	0.7	0.4	1.2	0.9	1.1	0.3	1.2
Specific conditions.....	25.6	24.6	25.0	24.3	23.2	20.9	42.1	37.0
Speculation.....	0.7	0.8	2.4	1.8	0.3	0.3	1.1	1.8
Fraud.....	6.9	5.2	5.2	7.1	4.7	3.7	3.1	6.5

**Analysis of Commercial Failures.**—In Tables 97 and 98 Bradstreet's and Dun's records of commercial failures are analyzed 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.