

97.—Causes of Failures in Canada and the United States by Numbers and Percentages, years ended December 31, 1922 and 1923. [From Bradstreet's]

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

Failures due to	Number.		Assets.		Liabilities.	
	1922.	1923.	1922.	1923.	1922.	1923.
	No.	No.	\$	\$	\$	\$
Incompetence.....	768	716	3,251,707	6,462,917	7,466,371	13,571,811
Inexperience.....	113	139	449,321	470,890	1,075,100	1,122,922
Lack of capital.....	1,229	1,149	11,306,790	7,629,977	26,198,599	19,947,704
Unwise credits.....	32	41	308,853	250,641	937,534	708,012
Failures of others.....	24	18	204,119	412,108	553,567	2,011,942
Extravagance.....	8	5	186,120	4,767	321,545	9,967
Neglect.....	56	61	193,926	153,159	436,886	504,147
Competition.....	22	13	194,700	57,341	664,753	121,059
Specific conditions.....	800	635	7,802,399	7,300,319	13,704,274	12,455,514
Speculation.....	26	20	350,183	186,774	1,034,008	595,887
Fraud.....	169	164	1,113,976	870,597	3,989,250	3,519,762
Total.....	3,247	2,961	25,362,094	23,799,490	56,379,887	54,568,727

IN UNITED STATES.

Incompetence.....	7,666	6,448	72,631,096	63,901,578	140,241,850	126,313,880
Inexperience.....	1,062	902	6,808,250	11,054,870	12,244,659	17,039,991
Lack of capital.....	6,912	6,562	80,848,581	111,739,495	158,575,479	200,640,351
Unwise credits.....	292	223	5,791,966	18,186,184	9,570,876	22,880,544
Failures of others.....	278	297	7,856,990	17,076,924	16,139,150	28,912,045
Extravagance.....	148	259	1,589,500	6,035,465	3,526,794	9,590,491
Neglect.....	236	231	4,376,378	1,182,671	6,562,221	2,944,249
Competition.....	250	262	5,354,535	2,367,746	8,092,894	4,229,271
Specific conditions.....	4,686	3,116	157,311,140	111,290,269	241,071,706	168,216,699
Speculation.....	55	63	6,362,127	9,259,283	11,636,992	12,997,036
Fraud.....	830	796	16,687,688	17,059,933	42,185,759	37,460,237
Total.....	22,415	19,159	365,618,254	369,154,418	649,848,380	631,224,794

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

Failures due to	Canada per cent.				United States per cent.			
	Number.		Liabilities.		Number.		Liabilities.	
	1922.	1923.	1922.	1923.	1922.	1923.	1922.	1923.
Incompetence.....	23.6	24.2	13.2	24.9	34.2	33.7	21.6	20.0
Inexperience.....	3.5	4.7	1.9	2.1	4.7	4.7	1.9	2.7
Lack of capital.....	37.8	38.8	46.5	36.5	30.8	34.2	24.4	31.8
Unwise credits.....	1.0	1.4	1.6	1.3	1.3	1.2	1.5	3.6
Failures of others.....	0.8	0.6	1.0	3.7	1.2	1.5	2.5	4.6
Extravagance.....	0.3	0.2	0.6	0.02	0.7	1.3	0.6	1.5
Neglect.....	1.7	2.1	0.8	0.9	1.1	1.2	1.0	0.5
Competition.....	0.7	0.4	1.2	0.2	1.1	1.4	1.2	0.7
Specific conditions.....	24.6	21.4	24.3	22.9	20.9	16.3	37.0	26.6
Speculation.....	0.8	0.7	1.8	1.1	0.3	0.3	1.8	2.1
Fraud.....	5.2	5.5	7.1	6.4	3.7	4.2	6.5	5.9

Analysis of Commercial Failures.—In Tables 98 and 99 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 the 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.