

4.—Causes of Failures in Canada and the United States, by Numbers and Percentages, years ended Dec. 31, 1926 and 1927 (From Bradstreet's).

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

Failures due to	Number.		Assets.		Liabilities.	
	1926.	1927.	1926.	1927.	1926.	1927.
	No.	No.	\$	\$	\$	\$
Incompetence.....	535	528	1,535,477	1,431,273	4,154,369	4,100,048
Inexperience.....	123	144	228,640	192,851	779,747	832,032
Lack of capital.....	777	704	5,207,727	4,511,651	11,480,312	10,387,616
Unwise credits.....	106	96	382,642	545,420	1,636,796	1,691,185
Failures of others.....	12	13	72,625	535,222	145,335	681,755
Extravagance.....	15	13	41,857	49,621	116,100	164,048
Neglect.....	23	34	45,454	65,782	145,131	236,770
Competition.....	148	160	704,495	775,424	2,598,422	2,462,425
Specific conditions.....	297	268	3,375,663	2,145,988	6,208,521	4,340,262
Speculation.....	25	12	119,065	105,124	568,178	369,728
Fraud.....	46	44	155,105	310,445	589,892	1,022,393
Total.....	2,106	2,016	11,868,750	10,668,801	28,422,743	26,288,267

UNITED STATES.

Incompetence.....	6,790	6,990	65,156,015	74,388,781	123,798,462	133,177,786
Inexperience.....	1,020	1,047	14,987,915	6,134,763	22,519,724	33,962,386
Lack of capital.....	6,550	7,071	101,010,632	132,858,063	194,589,658	215,136,492
Unwise credits.....	332	284	12,578,120	18,536,945	17,100,217	28,869,043
Failures of others.....	242	274	12,570,435	18,012,709	17,493,044	26,054,977
Extravagance.....	268	93	1,651,236	840,305	1,750,453	2,241,222
Neglect.....	292	229	3,796,631	1,261,951	6,961,191	2,616,032
Competition.....	517	495	4,566,869	4,399,807	9,137,441	10,305,940
Specific conditions.....	3,171	2,993	143,757,209	112,741,231	215,679,916	169,152,210
Speculation.....	85	54	7,129,089	6,107,664	9,909,955	7,314,832
Fraud.....	757	737	12,529,677	9,766,642	33,268,259	24,300,905
Total.....	20,024	20,267	379,709,818	355,048,861	655,228,320	653,130,925

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

Failures due to	Canada, per cent				United States, per cent			
	Number.		Liabilities		Number.		Liabilities.	
	1926.	1927.	1926.	1927.	1926.	1927.	1926.	1927.
Incompetence.....	25.4	26.2	14.6	15.6	33.9	34.5	18.9	20.4
Inexperience.....	5.8	7.2	2.8	3.2	5.1	5.2	3.4	5.2
Lack of capital.....	36.9	34.9	40.4	39.5	32.7	34.9	29.7	32.9
Unwise credits.....	5.0	4.8	5.8	6.4	1.7	1.4	2.6	4.4
Failures of others.....	0.6	0.6	0.5	2.6	1.2	1.3	2.7	4.0
Extravagance.....	0.7	0.6	0.4	0.6	1.3	0.5	0.7	0.4
Neglect.....	1.1	1.7	0.5	0.9	1.5	1.1	1.1	0.4
Competition.....	7.0	7.9	9.1	9.4	2.6	2.4	1.4	1.6
Specific conditions.....	14.1	13.3	21.9	16.5	15.8	14.8	32.9	25.9
Speculation.....	1.2	0.6	1.9	1.4	0.4	0.3	1.5	1.1
Fraud.....	2.2	2.2	2.1	3.9	3.8	3.6	5.1	3.7

Analysis of Commercial Failures.—In Tables 5 and 6 Bradstreet's and Dun's statistics of commercial failures are analysed according to Kemmerer's method, modified so as to eliminate as far as possible the bias toward large money figures arising out of the diminishing of the purchasing power of the dollar since 1900. First, the number 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, these average liabilities being also stated as an index number, with 1900 as the base year. This second index number, however, requires to be adjusted