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Historical File CopyCOMMERCIAL FAILURESUNDER THE PROVISIONS OF THE BANKRUPTCY AND WINDING UP ACTS

During the first quarter of 1954, the number of failures under the provisions of the Bankruptcy and Winding Up Acts jumped sharply to 680, compared with 382 during the same period last year. Estimated liabilities involved amounted to \$17,660,000 compared with \$7,151,000 in the first quarter of 1953 a gain of 147 per cent. The average value of liabilities per failure rose from \$18,700 to nearly \$26,000.

Owing to changes in the administration of bankruptcies as introduced by the Bankruptcy Act of 1949, the data since July, 1950 are not comparable with preceding periods. In the third part of the Act, provision is made for proposals from insolvent persons. Agreements made under this method are not normally included with the statistics of bankruptcies, but when such proposals are rejected by the creditors or fail in their purpose, the proceedings may then come under the Bankruptcy Act. In table 6 of this report, the number of proposals is shown so as to give a general impression of the trend.

Failures by Industries

The number of bankruptcies in all recorded industrial classifications showed increases in the first quarter comparison. Failures in the trade sector where the greatest number of business mortalities usually occurs, more than doubled and accounted for over one-half the increase in total failures. Marked increases occurred in the clothing, automobile and electric apparatus businesses. Bankruptcies of manufacturing establishments advanced from 85 in the first three months last year to 127 in the first quarter of 1954. Service insolvencies rose considerably from 60 to 110 in the same comparison. Failures in the construction field numbered 38 compared with 25 in the same period of 1953.

Failures by Economic Areas

The number of bankruptcies in the Province of Quebec advanced from 287 to 505 in the first quarter comparison and accounted for the major part of the increase in the national total. Failures in Ontario more than doubled, rising from 49 to 104. In the Atlantic Provinces, insolvencies numbered 15 against 8 in the same period last year, and in the four Western Provinces the number of failures increased to 56 from 38 in the first quarter of 1953.

Insolvency

It must be emphasized that insolvencies can occur through other means than the Bankruptcy and Winding Up Acts. Relevant legislation includes the Farmers' Creditors' Arrangement Act, the Companies' Creditors' Arrangement Act and various provincial Bulk Sales Acts. Statistics in this report relate to the Bankruptcy and Winding Up Acts only.

Prepared in the Business Statistics Section, Research and Development Division.

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TABLE 1 - COMMERCIAL FAILURES BY MONTHS AND BRANCHES OF BUSINESS, 1953 and 1954

	Total		Agri- cul- ture	Logging Fishing Trapping	Min- ing	Manufactures				
	Number	Liabilities in Thousand Dollars				Total	Vege- table Foods	Fur and Leather	Lumber & Manu- factures	
1950 <sup>x</sup>	1,303	24,872	24	7	5	257	38	33	36	
1951 <sup>x</sup>	1,399	25,912	20	8	8	269	35	31	41	
1952 <sup>x</sup>	1,509	29,658	42	2	7	305	31	24	37	
1953 <sup>x</sup>	1,657	32,818	37	6	10	359	41	29	45	
<u>1953</u>										
Jan. ..	125	2,677	4	1	-	25	5	2	1	
Feb. ..	117	2,026	3	1	-	30	4	1	6	
Mar. ..	140	2,448	2	1	-	30	4	2	4	
Apr. ..	122	2,870	4	-	2	25	1	2	7	
May ..	97	2,121	2	1	1	23	2	1	4	
June ..	132	3,726	2	-	-	25	3	2	2	
July ..	120	2,544	3	-	-	24	2	4	2	
Aug. ..	136	2,400	3	1	-	24	3	1	2	
Sept. .	138	3,131	4	-	-	31	4	2	5	
Oct. ..	205	3,496	3	3	1	51	5	4	5	
Nov. ..	167	3,297	5	1	1	28	4	2	2	
Dec. ..	158	2,082	2	-	2	43	4	6	5	
<u>1954</u>										
Jan. ..	196	5,705	2	4	5	39	3	4	9	
Feb. ..	238	6,628	4	3	2	43	4	2	2	
Mar. ..	246	5,327	6	4	1	45	5	3	9	
	Manufactures			Trade				Not		
	Iron and Steel	Con- struc- tion	Trans- porta- tion	Total	General Stores	Grocery Stores	Clothing Stores	Fin- ance	Ser- vice	Classi- fied
1950 <sup>x</sup>	12	97	40	502	45	60	67	20	273	78
1951 <sup>x</sup>	16	126	42	570	56	65	75	27	255	74
1952 <sup>x</sup>	17	114	45	569	53	56	66	32	279	114
1953 <sup>x</sup>	18	124	52	650	62	61	86	30	286	103
<u>1953</u>										
Jan. ..	2	7	3	55	6	9	3	1	19	10
Feb. ..	2	10	6	40	4	5	5	2	15	10
Mar. ..	1	8	5	51	6	4	6	4	26	13
Apr. ..	2	8	8	44	2	4	8	2	24	5
May ...	-	8	3	37	2	3	6	2	16	4
June ..	1	12	4	60	5	4	9	1	25	3
July ..	1	11	1	53	8	5	7	1	22	5
Aug. ..	-	12	4	60	6	8	8	3	23	6
Sept. .	2	12	1	54	2	5	6	2	27	7
Oct. ..	5	13	5	76	11	7	7	3	31	19
Nov. ..	2	12	7	60	6	4	10	6	36	11
Dec. ..	-	11	5	60	4	3	11	3	22	10
<u>1954</u>										
Jan. ..	-	10	7	86	7	6	13	3	31	9
Feb. ..	3	14	6	104	11	8	8	6	42	14
Mar. ..	2	14	5	109	11	13	15	5	37	20

Note: As of July, 1950, proposals are not included. X Annual totals.

TABLE 2. COMMERCIAL FAILURES IN CANADA, BY PROVINCES AND BRANCHES OF BUSINESS  
FOR THE FIRST QUARTER 1954, WITH COMPARISONS

	Atlantic Provinces	Quebec	Ontario	Prairies	British Columbia	Total for First Quarter		
						1954	1953	1952
<b>TRADE</b>								
General Stores.....	2	21	4	1	1	29	16	14
Grocery .....	1	23	2	-	1	27	18	18
Confectionery .....	-	12	1	-	-	13	8	9
Drink and Tobacco .....	-	7	-	-	-	7	6	6
Fish and Meat .....	-	14	3	1	1	19	10	11
Boots and Shoes .....	-	7	1	-	-	8	3	7
Dry Goods .....	-	15	1	-	-	16	9	8
Clothing .....	2	23	6	2	3	36	14	19
Furniture .....	-	11	2	-	-	13	8	6
Books and Stationery....	-	8	1	-	-	9	2	5
Automobile.....	1	9	5	1	1	17	6	13
Hardware .....	1	6	-	-	-	7	2	7
Electric Apparatus .....	-	13	8	2	-	23	3	14
Jewelry .....	-	8	3	-	-	11	8	8
Coal and Wood .....	-	10	-	1	-	11	2	8
Drugs and Chemicals ....	-	8	1	-	-	9	5	10
Miscellaneous .....	3	20	9	7	5	44	26	23
Total Trade .....	10	215	47	15	12	299	146	186
<b>MANUFACTURES</b>								
Vegetable Foods .....	-	10	2	-	-	12	13	9
Drink and Tobacco .....	-	-	-	-	-	-	-	-
Animal Foods.....	-	8	-	-	-	8	6	8
Fur and Leather .....	-	7	2	-	-	9	5	11
Pulp and Paper .....	-	5	2	-	1	8	2	3
Textiles .....	-	9	5	-	-	14	11	8
Clothing .....	-	15	4	-	-	19	17	12
Lumber and Manufactures.	-	13	2	2	3	20	11	12
Iron and Steel .....	-	5	-	-	-	5	5	2
Non-ferrous Metals .....	-	5	-	-	-	5	1	3
Non-metallic Minerals...	-	5	-	-	-	5	1	2
Drugs and Chemicals.....	-	5	-	-	-	5	1	3
Miscellaneous .....	1	13	3	-	-	17	12	18
Total Manufactures .....	1	100	20	2	4	127	85	91
<b>SERVICE</b>								
Garage .....	-	15	2	2	-	19	12	16
Other custom and repair.	-	17	5	-	-	22	10	14
Personal Service.....	-	16	-	1	1	18	11	19
Restaurants .....	-	14	1	-	-	15	10	15
Professional Service ...	-	10	1	-	-	11	8	8
Recreational Service ...	-	9	1	-	-	10	5	6
Business Service .....	1	10	4	-	-	15	4	8
Total Service .....	1	91	14	3	1	110	60	86



TABLE 2. COMMERCIAL FAILURES IN CANADA, BY PROVINCES AND BRANCHES OF BUSINESS FOR  
THE FIRST QUARTER, 1954, WITH COMPARISONS - Concluded

	Atlantic Provinces	Quebec	Ontario	Prairies	British Columbia	Total for First Quarter		
						1954	1953	1952
<b>OTHER</b>								
Agriculture.....	-	9	3	-	-	12	9	14
Logging, Fishing and Trapping .....	1	5	1	1	3	11	-	-
Mining .....	-	5	1	2	-	8	3	3
Construction .....	-	26	7	3	2	38	25	33
Transportation and Public Utilities ....	-	14	2	1	1	18	14	15
Finance .....	-	12	2	-	-	14	7	12
Not Classified .....	2	28	7	2	4	43	33	30
Total Other .....	3	99	23	9	10	144	91	107
<b>GRAND TOTAL .....</b>	<b>15</b>	<b>505</b>	<b>104</b>	<b>29</b>	<b>27</b>	<b>680</b>	<b>382</b>	<b>470</b>

TABLE 3. WAGE-EARNER FAILURES, FIRST QUARTER, 1954, WITH COMPARISON<sup>X</sup>

	Atlantic Provinces	Quebec	Ontario	Prairies	British Columbia	Total for First Quarter		
						1954	1953	1952
Trade .....	-	24	2	-	-	26	12	15
Manufactures .....	-	8	1	-	-	9	8	5
Service .....	-	14	2	-	-	16	16	17
Other .....	-	8	-	-	-	8	10	14
Total .....	-	54	5	-	-	59	46	51

X Data included in Tables 1, 2, 4, and 5.

TABLE 4. COMMERCIAL FAILURES BY PROVINCES, FIRST QUARTER, 1954, WITH COMPARISONS

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
January .....	-	-	3	3	143	25	4	4	4	10	196
February .....	-	-	2	1	182	40	1	-	6	6	238
March .....	1	-	3	2	180	39	2	4	4	11	246
First Quarter 1954	1	-	8	6	505	104	7	8	14	27	680
1953	3	-	4	1	287	49	4	4	9	21	382
1952	3	-	9	4	357	69	5	2	2	19	470

TABLE 5. COMMERCIAL FAILURES IN CANADA BY PROVINCES, SHOWING ESTIMATED ASSETS AND LIABILITIES, FIRST QUARTER OF 1954, WITH COMPARISONS

	Number of Bankruptcies	Estimated Grand Total Assets	Estimated Grand Total Liabilities
Newfoundland .....	1	\$2,834	\$13,223
Prince Edward Island .....	-	-	-
Nova Scotia .....	8	82,730	247,119
New Brunswick .....	6	64,739	107,986
Quebec .....	505	6,078,317	8,553,176
Ontario .....	104	3,481,254	6,116,312
Manitoba .....	7	550,562	822,754
Saskatchewan .....	8	80,592	106,988
Alberta .....	14	498,941	939,037
British Columbia .....	27	492,246	753,715
Comparative Total for the First Quarter - 1954 .....	680	11,332,215	17,660,310
1953 .....	382	5,173,001	7,150,962
1952 .....	470	4,783,147	7,285,001
1951 .....	402	4,269,893	6,688,412
1950 .....	382	4,040,543	6,307,156
1949 .....	270	2,659,506	4,195,655
1948 .....	203	1,446,319	3,405,855
1947 .....	120	954,602	1,431,807
1944 .....	94	535,644	1,185,693
1939 .....	371	2,614,428	3,592,118
1932 .....	667	12,971,869	11,110,423
1929 .....	646	8,076,661	13,143,000

TABLE 6. PROPOSALS AS PER BANKRUPTCY ACT, PART 3.

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
<u>1953</u>											
January .....	-	-	-	-	16	-	-	-	-	-	16
February .....	-	-	-	-	16	-	1	-	-	-	17
March .....	-	-	-	-	10	1	-	-	1	-	12
April .....	-	-	-	-	9	1	-	-	-	1	11
May .....	-	-	-	-	12	2	-	-	-	-	14
June .....	-	-	-	-	21	-	-	-	-	-	21
July .....	-	-	-	-	12	1	-	-	-	-	13
August .....	-	-	-	-	16	-	-	-	-	-	16
September ...	-	-	-	-	14	2	-	-	-	-	16
October .....	-	-	-	-	10	-	1	-	-	-	11
November .....	-	-	-	-	10	1	-	-	-	-	11
December .....	-	-	-	-	12	1	-	-	-	-	13
<u>1954</u>											
January .....	-	-	-	-	32	2	-	-	-	-	34
February .....	-	-	-	-	37	4	-	-	-	-	41
March .....	-	-	-	-	37	2	-	-	1	-	40

# COMMERCIAL FAILURES

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