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COMMERCIAL FAILURESUNDER THE PROVISIONS OF THE BANKRUPTCY AND WINDING UP ACTS

During the third quarter of 1954, the number of failures under the provisions of the Bankruptcy and Winding Up Acts was 465. This represented a decline from the previous quarter but was 18 per cent above the total of 394 recorded for the third quarter of 1953. The total estimated liabilities involved amounted to \$10,688,000 as compared with \$8,075,000 in the same quarter last year, an increase of 32 per cent. The average liability per failure rose from \$20,500 in the third quarter of 1953 to \$23,000.

Failures in the first nine months of 1954 numbered 1,684, nearly 50 per cent above the 1,127 insolvencies recorded in the same period last year. Total estimated liabilities during the nine-month period were \$43,557,000 about 82 per cent greater than the corresponding 1953 total of \$23,943,000.

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 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 failures in all the main industrial groups during the first nine months of 1954 showed advances over the previous year. There were 718 insolvencies among trading establishments, an increase of 58 per cent over the corresponding period of 1953. In the same comparison failures rose from 237 to 311 in the manufacturing field, from 197 to 307 among service establishments, and from 88 to 96 in the construction industry.

Failures by Economic Areas

Bankruptcies in the province of Quebec numbered 1,218 during the first nine months of 1954 as compared with 824 in the same period last year. In this comparison, failures in Ontario advanced from 173 to 301, and in the Atlantic Provinces from 22 to 35. Insolvencies in the Western Provinces rose from 108 to 130.

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.

2103-502

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	
1950x	1,303	24,872	24	7	5	257	38	33	36	
1951x	1,399	25,912	20	8	8	269	35	31	41	
1952x	1,509	29,658	42	2	7	305	31	24	37	
1953x	1,657	32,818	37	6	10	359	41	29	45	
<u>1953</u>										
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	
Apr. ..	192	5,200	3	1	2	34	3	2	5	
May ...	146	4,852	5	-	-	33	3	4	4	
June ..	201	5,183	4	1	-	33	4	1	4	
July ..	152	3,393	3	-	-	29	3	2	2	
Aug. ..	165	3,908	4	-	1	33	4	2	4	
Sept. .	148	3,386	3	1	1	22	2	3	2	
	Manufactures		Con- struc- tion	Trans- porta- tion	Trade			Fin- ance	Ser- vice	Not Classi- fied
	Iron and Steel	Total			General Stores	Grocery Stores	Clothing Stores			
1950x	12	97	40	502	45	60	67	20	273	78
1951x	16	126	42	570	56	65	75	27	255	74
1952x	17	114	45	569	53	56	66	32	279	114
1953x	18	124	52	650	62	61	86	30	286	103
<u>1953</u>										
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
Apr. ....	2	8	6	88	10	10	8	4	37	9
May .....	3	9	7	61	9	6	6	1	25	5
June ....	3	12	8	85	7	6	11	4	37	17
July ....	-	11	4	53	2	8	8	3	38	11
Aug. ....	3	10	3	68	7	7	8	3	31	12
Sept. ...	1	8	5	64	3	4	11	1	29	14

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

\*Annual totals.

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

	Atlantic Provinces	Quebec	Ontario	Prairies	British Columbia	Total for Third Quarter		
						1954	1953	1952
<b>TRADE</b>								
General Stores .....	1	6	4	1	-	12	16	10
Grocery .....	1	13	5	-	-	19	18	12
Confectionery .....	2	9	-	-	-	11	8	7
Drink and Tobacco ....	-	2	-	-	-	2	2	5
Fish and Meat .....	-	9	1	-	-	10	10	9
Boots and Shoes .....	-	4	1	-	-	5	5	2
Dry Goods .....	-	8	3	-	-	11	8	8
Clothing .....	-	15	10	1	1	27	21	14
Furniture .....	-	5	3	-	-	8	5	4
Books and Stationery ..	-	8	2	-	-	10	5	3
Automobile .....	-	6	3	3	-	12	8	4
Hardware .....	-	2	1	1	-	4	5	3
Electric Apparatus ...	-	7	7	-	-	14	20	2
Jewelry .....	1	2	2	-	-	5	7	2
Coal and Wood .....	-	3	-	-	-	3	5	3
Drugs and Chemicals ..	-	3	1	1	-	5	6	2
Miscellaneous .....	2	15	5	3	2	27	18	20
Total Trade .....	7	117	48	10	3	185	167	110
<b>MANUFACTURES</b>								
Vegetable Foods .....	-	6	3	-	-	9	9	5
Drink and Tobacco ....	-	-	-	-	-	-	-	-
Animal Foods .....	-	6	3	-	-	9	5	3
Fur and Leather .....	-	5	2	-	-	7	7	2
Pulp and Paper .....	-	3	-	-	-	3	4	8
Textiles .....	-	9	1	-	-	10	11	7
Clothing .....	-	11	4	-	-	15	13	9
Lumber & Manufactures..	-	6	1	-	1	8	9	8
Iron and Steel .....	-	3	1	-	-	4	3	3
Non-ferrous Metals ...	-	3	-	-	-	3	4	5
Non-metallic Minerals..	-	2	-	-	-	2	2	2
Drugs and Chemicals ..	-	1	-	-	-	1	2	3
Miscellaneous .....	-	10	3	-	-	13	10	7
Total Manufactures .....	-	65	18	-	1	84	79	62
<b>SERVICE</b>								
Garage .....	-	9	6	3	-	18	13	13
Other custom & repair..	1	12	6	2	1	22	13	10
Personal Service .....	-	16	4	-	-	20	9	15
Restaurants .....	-	12	4	-	2	18	18	11
Professional Service ..	-	8	-	-	-	8	6	4
Recreational Service ..	-	4	-	-	-	4	4	3
Business Service .....	-	7	1	-	-	8	9	4
Total Service .....	1	68	21	5	3	98	72	60



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

	Atlantic Provinces	Quebec	Ontario	Prairies	British Columbia	Total for Third Quarter		
						1954	1953	1952
<b>OTHER</b>								
Agriculture .....	-	7	3	-	-	10	10	8
Logging, Fishing and Trapping .....	-	1	-	-	-	1	1	2
Mining .....	-	1	1	-	-	2	-	-
Construction .....	1	18	8	2	-	29	35	21
Transportation and Public Utilities .....	-	9	1	1	1	12	6	9
Finance .....	-	6	1	-	-	7	6	5
Not Classified .....	2	22	7	2	4	37	18	23
Total Other .....	3	64	21	5	5	98	76	68
GRAND TOTAL .....	11	314	108	20	12	465	394	300

TABLE 3. WAGE-EARNER FAILURES, THIRD QUARTER, 1954, WITH COMPARISON\*

	Atlantic Provinces	Quebec	Ontario	Prairies	British Columbia	Total for Third Quarter		
						1954	1953	1952
Trade .....	-	26	2	1	-	29	14	12
Manufactures .....	-	12	1	-	-	13	3	2
Service .....	-	15	1	-	-	16	9	11
Other .....	-	7	1	-	-	8	12	7
Total .....	-	60	5	1	-	66	38	32

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

TABLE 4. COMMERCIAL FAILURES BY PROVINCES, THIRD 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
April .....	-	1	2	2	140	31	2	2	4	8	192
May .....	-	1	1	-	109	24	4	2	3	2	146
June .....	-	-	2	-	150	34	1	3	3	8	201
July .....	-	-	-	4	104	36	1	2	2	3	152
August .....	1	-	1	3	107	39	1	4	3	6	165
September .....	-	-	-	2	103	33	1	3	3	3	148
First Nine Months 1954	2	2	14	17	1,218	301	17	24	32	57	1,684
1953	3	1	9	9	824	173	18	15	23	52	1,127
1952	6	-	16	11	890	176	9	5	8	43	1,164
1951	5	1	11	17	763	157	11	10	12	43	1,030
1950	-	4	12	14	735	132	10	4	9	48	968
1949	-	2	2	8	571	89	11	3	9	44	739

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

	Number of Bankruptcies	Estimated Grand Total Assets	Estimated Grand Total Liabilities
		\$	\$
Newfoundland .....	1	-	-
Prince Edward Island .....	-	-	-
Nova Scotia .....	1	-	-
New Brunswick .....	9	198,887	358,028
Quebec .....	314	4,629,197	6,509,816
Ontario .....	108	2,328,288	2,996,357
Manitoba .....	3	18,596	37,054
Saskatchewan .....	9	185,373	250,317
Alberta .....	8	129,346	194,773
British Columbia .....	12	198,709	341,734
Comparative Total for the			
Third Quarter - 1954 .....	465	7,688,396	10,688,079
1953 .....	394	4,982,966	8,074,795
1952 .....	300	4,263,762	6,750,173
1951 .....	312	4,489,901	6,469,772
1950 .....	248	4,399,938	5,798,161
1949 .....	239	5,150,543	6,418,224
1948 .....	181	2,582,402	4,139,130
1947 .....	136	1,698,737	2,596,741
1944 .....	57	373,165	797,283
1939 .....	343	3,206,118	3,789,520
1932 .....	556	6,841,455	8,791,501
1929 .....	437	7,066,742	9,315,961

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
<b>1953</b>											
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
<b>1954</b>											
January .....	-	-	-	-	32	2	-	-	-	-	34
February .....	-	-	-	-	37	4	-	-	-	-	41
March .....	-	-	-	-	37	2	-	-	1	-	40
April .....	-	-	-	-	38	1	-	-	-	2	41
May .....	-	-	-	-	37	2	-	-	-	-	39
June .....	-	-	-	-	38	2	-	-	-	-	40
July .....	-	-	-	-	42	3	-	-	-	1	46
August .....	-	-	-	-	35	2	-	-	-	-	37
September .....	1	-	-	-	23	2	1	-	-	-	27



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# COMMERCIAL FAILURES IN CANADA BY QUARTERS

