

preceding year. According to the estimates of Dun, Wiman & Co., of the Mercantile Agency, the failures of 1865 and 1866 were as follow :

FAILURES IN 1865.

	No.	Liabilities.	Assets.
Upper Canada	297	\$3,108,082	\$1,458,608
Lower Canada	130	2,536,052	1,006,853

Total 427 \$5,644,134 \$2,465,461

FAILURES IN 1866.

	No.	Liabilities.	Assets.
Upper Canada	209	\$2,004,154	\$ 937,564
Lower Canada	104	1,106,923	683,335

Total 313 \$3,111,077 \$1,630,890

These figures speak volumes for the improvement which has taken place in the business of Canada. They indicate a large falling off in the number of failures during last year; as compared with 1865, it will be observed, that there were 114 fewer cases of insolvency, and a reduction of over \$2,500,000 in the losses. This is a very satisfactory and encouraging exhibit, proving that our commercial affairs are in a sound and healthy condition, and that those failures occurring at present, must as a general rule be attributed to causes appertaining to the insolvents themselves.

What, then, are the principal sources of failure when the general business of the country is good? We reply: *the faults and follies of business men.* Let us glance briefly at some of the most prominent of these.

And first—we would specify: *want of judgment.* This is manifested in many ways, but very frequently by commencing business where business is already overdone. The man who begins a business where there is not a field for it, cannot reasonably look for success. In some new locality, where new settlers are rapidly coming in, the venture may in the end prove successful. But in other places, where the advancement is slower—the increase of business being slight—the new beginner can only be successful by taking away the trade of his neighbor, and whether he succeeds in this or breaks down himself, there is a serious injury done. If more judgment were exercised in finding a suitable opening before commencing business, fewer failures would occur.

Ignorance of business is a fruitful source of insolvency. The days when Smith, Jones, "or any other man," could take up intricate branches of business and succeed, are fast passing away. Before Canada became as wealthy as it now is, and when competition was less keen, sometimes men succeeded in callings of which they knew little. Nowadays, however, the necessity of business education is recognized on every hand, and the individual who neglects it, does so at his peril. Those who enter into the mercantile business or any branch of manufacturing, can hardly expect to compete with their neighbours who thoroughly understand their calling, and unless they happen to be men of more than average business talent and experience, they bid fair to have their names gibbeted in the official *Gazette*. The man who thoroughly understands his business will make money out of it, where the novice will starve; and whenever competition is brisk, and the trained and

untrained man come into contact, the latter must go to the wall. The same reasoning applies to all branches of industry, and not a few of the failures throughout Canada during the past three or four years, can be clearly traced to this cause.

The third cause of failures we would mention is, *over speculation.* This may be of two kinds: either in starting business with an inadequate amount of capital to carry it on properly; or, being over-eager to get rich, ruining a good business by striving to do too much. In Canada, the state of business varies considerably. Depending as we do principally on our crops for prosperity, a good crop excites business—a bad one depresses it. Those individuals, therefore, who are given to over-speculation, who are always crowding on all possible sail, are sure to be caught in a gale sooner or later. Under the influence of good crops, they buy far beyond their capital, relying upon another good crop to enable them to make their payments. When their hopes are realised, all goes well; but when the crops turn out bad, as is too frequently the case, these over-speculative individuals topple over like tenpins in an alley.

Trying to amass fortunes with undue haste, is a dangerous experiment, and where one succeeds ninety-nine fail. Better far is it to advance slowly and cautiously, to work within the limits of your capital, and to shun risky speculations. Those who soar too high are apt to meet the fate of Icarus, who flew so near the sun that he melted his wax-bound wings, and soon found himself tumbling into the waters beneath.

The *old credit system* is another of the causes which have afflicted the business of this country. Many a merchant and trader whose transactions were large, and who bade fair to make a competency, has succumbed to this cause. In many such cases, the public, and even the party interested, supposed he was making money. And so he was, if the goods sold had been paid for. But giving twelve, eighteen, and twenty-four months' credit, his book debts soon swelled to large amounts, and trouble in meeting bills payable began to be felt. Then probably the crops failed, creditors demanded payment of his purchases, and not being able to collect his scattered debts, embarrassment ensued, and failure and ruin became unavoidable.

The old system of long credits has now been pretty effectually killed out in Canada, but there are some who still cling to it, much to their own injury, and to the injury of the very parties who obtain it. There is no use in multiplying words on this point. The evils arising from long credits, and consequent bad debts, are admitted on every hand, and the man who at the present day fails from this cause, has himself alone to blame for his misfortune.

The last cause of business failures we would at present refer to is, *personal extravagance.* As a general rule, extravagance among business men does not set in at the commencement of their career. It is after they have begun to make money and attain a position in society, that their annual expenditure is apt to overtop their income. The desire to eclipse the fine house of Mr. Jones, his opponent in business, fills the merchant's heart, or the family horse and carriage must be set up. The old Scotch maxim, "live within your income," is