Q. If a man sells goods to be paid for on the instalment plan and he charges a very high profit upon the goods, what do we call that?—A. Good business.

Q. Exactly. That is precisely the definition I am coming to. The merchant who sells goods is selling you goods with a claim on them, is he not?—A. That is right.

Q. And he could recapture the goods, if I may use that phrase?—A. Yes.

Q. And they are relatively new goods?—A. Yes.

Q. You are loaning on the security of old goods, is that not so?—A. Absolutely. The furniture that we loan on has very little value except sentiment. We have frequently made loans of $300 against furniture that, at an auction sale, would not bring us $50.

Q. That is quite probable. So as far as the sellers of goods are concerned, their rates ought to be materially lower because the risk involved is not so great?—A. Quite so; particularly when you consider the element of profit.

Q. Profit is part of the charge for the deferred payment; but the point I am coming to is this, that in the comparison which we make with regard to interest rates, we cannot compare yours with the bank?—A. Oh, no.

Q. Because you are not competitors?—A. No.

Q. And in a comparison, we must make the comparison with instalment sellers, as for instance the implement companies, as they sell their products to the farmer, and in the sale of radios and that sort of stuff. That point is clear. There is one other thing in regard to which I want to ask you. Take your total earnings. Have you got those broken down for me? Here is your revenue account for 1936 which shows a total of $706,000?—A. Yes.

Q. Now, I come to your expenditures and deducting the net profit from that item—you are balancing it there—I think $534,000 is your net expenditures?—A. Yes, including interest on borrowed money.

Q. That includes interest on borrowed money?—A. Yes.

Q. So if you look at it that way, on that basis, your operating ratio—I am talking now as though this were in terms of a railroad—the expense per dollar earned is 75·6 per cent. Is that right? Did I figure that right?—A. Expense per dollar earned?

Q. Would be $534,000 on an earning of $706,000?—A. Yes; practically 75.

Q. 75·6. Do you happen to have a breakdown of those other items so that we could see where that is—give the information in the same way? I do not want to keep you—A. I am sorry, I have not it available in relation to income; that is to say, the percentage of each particular expense item.

Q. I would like to see how that works out, if you have an opportunity to do that. Perhaps it might be useful to the committee afterwards. You cannot very well work it out at the moment, because it would take too long. But I would like to see how that 75·6 cents which we said is roughly the cost of doing business, has been distributed over the different costs.—A. Yes.

Q. Coming to that, here is what I want to ask: Are not some of these costs too high?—A. Well, to a person who is not familiar with the business, I can well understand the question. A can appreciate your asking that. But I think I can, perhaps, answer it this way. We believe we are a pretty efficient organization, as I said to Mr. Stevens this morning; we claim that everything we spend, whether it be for salaries, rent, office supplies, accounting, office advertising, whatever it may be, has been spent with the profit motive. Our figures of profit and loss, I think, compare very favourably with our competitors. It has been our experience in the States, and we have had something like sixty years' experience, that our efficiency is proven by the fact that the rates we charge are lower than those of our competitors. Our operating costs are lower, and our profits are higher. Now, it seems to me that that is a fair proof of efficiency.