

Q. At the reduced price, is it not?—A. They reduce their selling price and charge a proportion of that to the vendor.

*By Mr. Factor:*

Q. The vendor does not absorb the entire reduction?—A. Oh, no.

Q. What percentage?—A. Well, in some cases, at least, from the records which we examined the amount charged back to the vendor was the same proportion to the cost as the reduction was to the initial selling price; that is, if the goods were marked at \$1 and were reduced to 75 cents, not all of the 25 cents is charged back to the vendor, only a proportion of that.

*By Mr. Sommerville:*

Q. The statement sent in to us indicated that the whole amount was charged back to the vendor and the mark-up was maintained on the goods on the reduced price?—A. There are no records to show whether that is so or not.

*By the Chairman:*

Q. Would you say that substantially any reductions were charged back to the vendor of the goods?—A. Yes.

Q. Would you say that substantial net reductions were charged back to the vendor of the goods?—A. Yes.

Q. Substantially?—A. Where reductions were made in the selling price, a portion of them were charged to the vendor, not the total.

*By Mr. Sommerville:*

Q. A substantial portion would be charged, anyway. You see, if they owned the goods themselves, and paid for them and sold them at a reduced price, they would take the entire reduction themselves?—A. Yes.

Q. But in the matter of this consignment goods, is it not a fact that practically all, if not all, of the reduction is charged back to the manufacturer?—A. No; the portion represented by the ratio of the cost to the initial selling price.

Mr. NASH: I think it might be explained in a very short table, if I might interrupt. If they purchased goods for a dollar, and mark them up \$1.50, got goods on consignment, valued at a dollar, and mark them up to \$1.50, and later those goods were reduced to 50 cents, they would mark them up to 75 cents and each would take one-half of the reduction.

Mr. SOMMERVILLE: Proportionate.

Mr. NASH: It is proportionate. They share the reduction.

Mr. FACTOR: That is rather a new system of merchandising.

It is reasonable to ship goods on consignment at a fixed price; I mean, I always understood the term "goods on consignment" meant, here are the goods, sell them at a price, and then pay me under certain terms.

Mr. SOMMERVILLE: On commission?

Mr. FACTOR: On commission.

The CHAIRMAN: There is usually a price intimated when goods are consigned?

Mr. ILSLEY: They keep the same proportion of mark-up and reduction.

Mr. NASH: Their mark-up is maintained.

Mr. SOMMERVILLE: That is what I thought.

Mr. YOUNG: The percentage.

Mr. NASH: They share the reduction with the vendor.