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EXTENT AND CAUSES OF REJECTIONS OF BOXED APPLES FROM THE STATE OF WASHINGTON SEASONS 1922 TO 1925

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INTRODUCTION

One of the outstanding problems of the fruit and vegetable industry concerns the rejection of shipments purchased at point of origin by buyers in distant city markets. This circular deals with rejections of boxed-apple shipments from the State of Washington during the three shipping seasons 1922-23, 1923-24, and 1924-25.

Phases of the problem which were given attention in this study include methods of sale of boxed apples, extent of rejections, amount of price reductions, disposition of cars which were rejected and resold by the shipper, reasons given by buyers for rejecting shipments or requesting allowances, relation of rejections to price changes, purchases on Government certificates, and confirmation of sales.

The number of sellers who cooperated in supplying records was 15 for the year 1922-23, 12 for 1923-24, and 13 for 1924-25. The number of cars handled by these firms and considered in this study represented 38.1 per cent of the car-lot shipments for the State in 1922-23, 46.4 per cent in 1923-24, and 43.8 per cent in 1924-25. Of the 15 sellers who cooperated in 1922-23, 9 were local dealers, 3 were private sales agencies, and 3 were cooperative associations. Of the 12 who cooperated in 1923-24, 5 were local dealers, 4 were private sales agencies, and 3 were cooperative associations; and for 1924-25, 6 were local dealers, 4 were private sales agencies, and 3 were cooperative associations.

METHODS OF SALE

A tabulation of the methods of sale of Washington apples for the three years indicates that on the average 81.5 per cent of the car-lot

sales were on a basis of f. o. b. usual terms,¹ 4.7 per cent were sold at auction direct, 8.2 per cent were sold either on a cash track basis or delivered at destination, 2.9 per cent were consigned, and 2.7 per cent were exported direct. (Table 1.) For the year 1923-24 f. o. b. usual-terms sales were 72.5 per cent which is considerably less than for either of the other two years, while the percentages sold direct at auction, delivered or on track and direct for export were larger in 1923-24 than in the other years. The tabulation for the three-year period does not show any decided trend in the percentages of the crops sold by the various methods.

TABLE 1.—*Methods of sale of Washington apples*

Year	Firms reporting	Cars reported	Washington shipments reported	Method of sale				
				F. o. b. (usual terms)	At auction direct	Delivered or on track	Consigned direct	Exported direct
	<i>Number</i>	<i>Number</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>
1922-23.....	15	10,777	38.1	85.2	4.3	5.6	2.3	2.6
1923-24.....	12	17,449	46.4	72.5	7.4	12.8	3.2	4.1
1924-25.....	13	11,019	43.8	86.9	2.5	6.1	3.2	1.3
Average.....			42.8	81.5	4.7	8.2	2.9	2.7

The highest percentages sold f. o. b. usual terms by any firm were 93.6 in 1922-23, 84.5 in 1923-24, and 96.5 in 1924-25; the lowest for the three years were 55.7, 50.0, and 67.9, respectively.

In 1922-23 one firm sold 29 per cent direct at auction, which is the highest percentage sold in this way by any one firm during the three-year period. The auction was used by all firms in 1922-23 and 1924-25 and only one firm did not make any sales through the auction in 1923-24.

For the three-year period the highest percentage sold delivered for cash on track by any one firm was 28 per cent in 1924-25 and one firm did not make any sales on this basis in 1922-23.

The records show that in 1922-23, three firms did not consign any cars; in 1923-24, two firms did not consign; and in 1924-25, five firms did not consign. The highest percentage consigned by any firm for any of the three years was 25.7 in 1922-23.

Four firms did not export any cars direct in 1922-23, and in both 1923-24 and 1924-25, five firms did not export direct. The highest percentages exported direct were in 1922-23, when two firms each exported 11.3 per cent of their shipments.

In this study only shipments sold f. o. b. usual terms were considered as subject to rejection by the buyer, but since more than 80 per cent of the Washington shipments are sold on this basis the rejection problem concerns a large part of the crop.

REDUCTIONS IN PRICE CAUSED BY REJECTIONS

Reductions in price on cars rejected and resold on an f. o. b. basis were computed by subtracting the resale price from the original f. o. b. price. On cars resold on a delivered basis the reductions

¹ Under an f. o. b. usual-terms sale the buyer is permitted the privilege of inspection at destination to determine before payment whether the shipment conforms to the terms of the contract. These terms require the buyer to assume all losses from damage or deterioration in transit that are not attributable to the neglect of the shipper. The buyer must file all claims against the carriers that arise out of damage in transit.

were computed by subtracting the selling price, less freight, from the original f. o. b. price. In case an allowance was made to the original receiver the price reduction was the amount of such allowance.

On cars which were rejected there were frequently additional charges for diversion, demurrage, and for extra icing or heater service, inspection, telegrams, etc., which were chargeable to the shipper. It was impossible to obtain accurate figures for the cost of these services and in computing price reductions caused by rejections these charges were not considered, but such costs were at least partly balanced by settlement of certain railroad claims filed by shippers.

Price reductions caused by rejections and allowances occurred on 10 per cent of the cars sold f. o. b. usual terms as a yearly average for the three-year period. (Table 2.) The figure decreased from

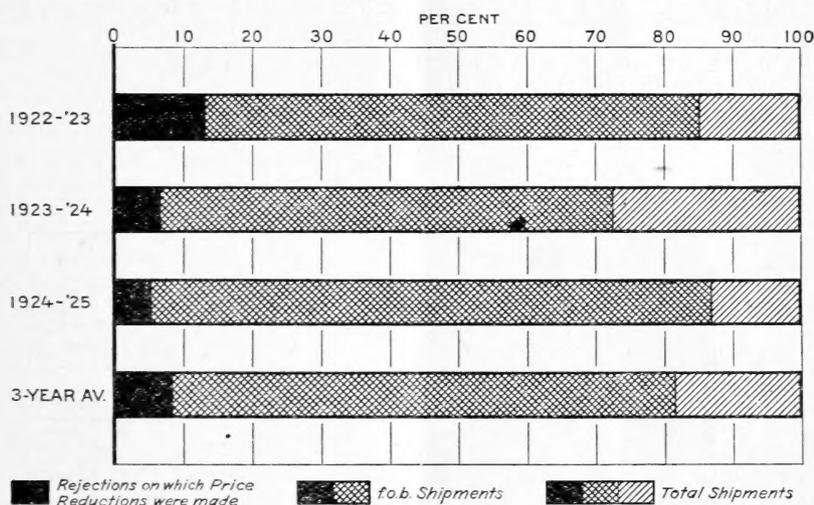


FIG. 1.—Number of rejections on which price reductions were sustained relative to total and f. o. b. shipments, Washington State boxed apples, 1922-1925. The number of rejected cars on which price reductions occurred relative to total and f. o. b. shipments, decreased during the three-year period, 1922-1925, and averaged 8.2 per cent of the total shipments which was equivalent to 10 per cent of the f. o. b. shipments

15.2 per cent for 1922-23 to 9.0 per cent for 1923-24 and again to 6.0 per cent in 1924-25. These percentages are equivalent to 13.0, 6.5 and 5.2, respectively, of the total shipments. (Fig. 1.)

TABLE 2.—Rejections and allowances on f. o. b. sales

Item	1922-23	1923-24	1924-25	Average
Firms reporting.....	15	12	13	-----
Cars sold f. o. b. ¹	9, 182	12, 658	9, 578	-----
Cars sold f. o. b. on which price reductions were made.....per cent.....	15.2	9.0	6.0	10.0
Cars sold f. o. b. on which allowances were made to original receiver.....per cent.....	8.8	5.4	4.5	6.2
Cars sold f. o. b. which were rejected and resold at a reduction in price.....per cent.....	6.4	3.6	1.5	3.8
Amount of price reductions on f. o. b. sales of these firms by reason of allowance or resale.....	\$309, 325. 58	\$201, 899. 02	\$102, 881. 01	-----
Average price reduction per car on cars on which reductions were made.....	\$221. 58	\$177. 26	\$178. 92	\$192. 59
Average price reduction per car sold f. o. b.....	\$33. 69	\$15. 95	\$10. 74	\$20. 13
Average price reduction per car on total tonnage.....	\$28. 70	\$11. 57	\$9. 34	\$16. 54
Price reductions in terms of f. o. b. price of rejected cars.....per cent.....	² 23. 4	19. 2	13. 1	19. 6

¹ F. o. b. sales as used in this table means f. o. b. usual terms.

² Based on reports of 13 firms.

When a comparison is made of the number of cases on which price reductions were caused by allowances with the number where the reductions were caused by resale after rejection, it was found that the three-year average figure for the former was 6.2 per cent of the f. o. b. sales, against 3.8 for the latter. Of the cars on which price reductions were sustained in 1922-23, 58 per cent were on allowances; in 1923-24, 60 per cent were on allowances; and in 1924-25, 75 per cent were on allowances. This seems to indicate an increasing tendency on the part of shippers to adjust differences with original buyers rather than to dispose of rejected cars through other channels.

The average price reduction per car on cars which were rejected and resold at less than the original price, or on which allowances were made, averaged \$192.59 for the three-year period, and ranged from \$221.58 for 1922-23 to \$177.26 in 1923-24. When these figures were considered along with the total number of f. o. b. sales it was found that the reduction per car sold f. o. b. averaged \$20.13 for the three-year period and when spread over the entire tonnage shipped, averaged \$16.54 per car for the period. The reductions averaged 19.6 per cent

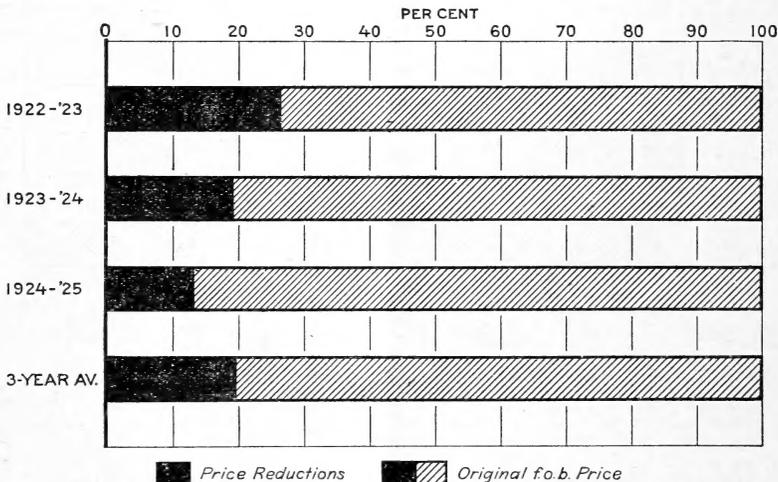


FIG. 2.—Relation of price reductions, due to rejections, to original f. o. b. price of rejected cars, Washington State boxed apples, 1922-1925. Price reductions caused by rejections, expressed in percentage of original f. o. b. price of rejected cars, declined steadily during the three-year period, 1922-1925, and averaged almost one-fifth of original price on rejected cars

of the original f. o. b. price of rejected cars and declined from 26.4 per cent in 1922-23 to 13.1 per cent in 1924-25. (Fig. 2.)

It is interesting to find the total amount granted as allowances or forfeited on resale of rejected cars by Washington apple shippers. Assuming the records studied were representative for the State, this amount was approximately \$812,000 in 1922-23, \$435,000 in 1923-24, and \$235,000 in 1924-25.

COMPARISON OF PRICE REDUCTIONS ON ALLOWANCES AND REALES

Each year the amount of the reduction in price per car in cases where allowances were made to the original buyers was less than on cars which were rejected and resold to other buyers at less than the

invoice price. It was not possible to determine whether the cars on which allowances were made averaged higher in quality, condition, or grade than the cars which were rejected and resold. For the period studied, the average reduction on allowances was \$137.10 per car, and on cars rejected and resold at less than the invoice price, \$288.02. (Table 3.) These figures represent 14.0 per cent and 28.2 per cent, respectively, of the original f. o. b. price of the cars involved.

Both the allowances and reductions due to resale, when compared to the original f. o. b. price, show a decline over the period of the study. The allowances in terms of the f. o. b. price amounted to 18 per cent in 1922-23, 13.1 per cent in 1923-24, and 10.9 per cent in 1924-25. In the case of cars which were rejected and resold at less than the original price, the corresponding percentages were 36.5, 28.3, and 19.7.

For 1922-23 complete records were not available on cars which were rejected and resold at the same or higher price. When such cars were taken into consideration for the two later years, the net price reduction in percentage of the invoice price on cars which were rejected and resold was 26.0 for 1923-24 and 16.3 for 1924-25, instead of 28.3 and 19.7, respectively, as stated in the preceding paragraph, when only cars resold at less than the invoice price were considered.

TABLE 3.—Comparison of price reductions on allowances and resales

Item	1922-23	1923-24	1924-25	Average
Firm reporting.....	15	12	13	-----
Cars on which allowances were made.....	¹ 794	683	426	-----
Invoice price on cars on which allowances were made.....	\$625, 316. 65	\$624, 937. 90	\$585, 774. 71	-----
Allowances.....	\$112, 840. 56	\$81, 684. 42	\$63, 716. 60	-----
Price reduction per car on allowances.....	\$142. 12	\$119. 60	\$149. 57	\$137. 10
Percentage of invoice price allowed..... per cent..	18. 0	13. 1	10. 9	14. 0
Cars rejected and resold at a lower price.....	527	458	146	-----
Invoice price on cars rejected and resold at a lower price.....	\$481, 840. 15	\$425, 328. 86	\$199, 149. 31	-----
Price reduction on resales.....	\$175, 657. 61	\$120, 214. 60	\$39, 164. 41	-----
Price reduction per car on resales.....	\$333. 32	\$262. 48	\$268. 25	\$288. 02
Price reduction in percentage of invoice price on resales..... per cent..	36. 5	28. 3	19. 7	28. 2

¹ For 1922-23 the number of cars used in the comparison in this table was slightly less than the number used in Table 2.

CARS REJECTED AND RESOLD AT THE ORIGINAL F. O. B. PRICE OR MORE

The number of rejected cars which were resold at the invoice price or at an advance over this price was very small. In 1923-24, 38 cars or 3.2 per cent of the cars rejected as reported by 12 firms, were resold at the original f. o. b. price or more. The advance over the original price on these cars averaged only \$31 per car or 3.6 per cent of the invoice price on such cars. In 1924-25, 27 cars or 4.4 per cent of the cars rejected as reported by 13 firms were resold at the original f. o. b. price or more. The advance over the f. o. b. price on these cars averaged only \$37.22 or 2.9 per cent of the invoice price on these cars. It appears from these figures that reductions in price were sustained on more than 95 per cent of the cars which were rejected.

DISPOSITION OF REJECTED CARS

An analysis was made of the methods of sale employed in disposing of cars originally sold f. o. b. but rejected and resold at less than the original price. (Table 4.) As an average for the three-year period approximately 30 per cent of these cars were sold at auction, between 10 and 11 per cent were consigned and about 60 per cent were sold to other buyers. The fact that 40 per cent of these shipments were sold through the auction or were consigned indicates that sellers have experienced difficulty in finding buyers for rejected cars.

TABLE 4.—*Method of resale of cars which were rejected and resold at less than original price*

Season	Method of resale		
	Auction	Consigned	Sold to other buyers
1922-23.....	<i>Per cent</i> 34.4	<i>Per cent</i> 14.3	<i>Per cent</i> 51.3
1923-24.....	25.3	9.6	65.1
1924-25.....	29.5	8.2	62.3
Average.....	29.7	10.7	59.6

REASONS FOR REJECTIONS AND ALLOWANCES

Buyers' reasons for rejections and requests for allowances are shown in Table 5. In many instances several reasons were given by the buyer for rejecting a shipment. In such cases the most important reason, if it could be determined, was tabulated. Decay and scald, and decay and overripeness were often of equal importance. Where the relative weight of the factors was difficult of interpretation they could not be listed separately.

The terms "quality" and "condition" as used by the trade seemed to be synonymous and included such factors as decay, scald, internal breakdown, and overmaturity. When buyers used either of these terms, it was often impossible to determine the particular factor which influenced them to ask for an allowance or to reject the car.

In 1922-23, approximately 80 per cent of all rejections and allowances were granted on account of complaints of poor condition (decay, overripeness, scald, freezing, internal breakdown, and water core) as compared with approximately 13 per cent on account of complaints regarding grade and pack (color, bruises, sizing, etc.). In 1923-24, about 43 per cent of the rejections and allowances were on account of complaints by buyers relating to condition factors, and about 20 per cent were classified under grade factors. For the year 1924-25, condition factors were given as reasons by buyers for almost 69 per cent of the rejections, and grade factors were listed as reasons in about 11 per cent of the cases. For the three-year period, condition factors were given as reasons for rejections in 63.6 per cent of the cases, grade factors in 14.6 per cent, and miscellaneous reasons in 21.8 per cent of the cases.

There were many controversies concerning sizes of apples used in filling orders in both 1923-24 and 1924-25. In 1923-24 an unusually high percentage of the crop was of the large sizes and there were many complaints by buyers because too many boxes of large-size fruit were included in their shipments.

Buyers' reasons for rejecting shipments, as shown in Table 5, indicate that condition factors were the most frequent causes of rejections.

TABLE 5.—Buyers' reasons for rejecting or requesting allowances

Reason	Percentage of season's total rejections or requests for allowances			
	1922-23	1923-24	1924-25	Average
Condition:	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>
Decay	17.1	14.4	32.3	21.3
Scald	9.7	4.0	.5	4.7
Decay and scald	7.8	1.4	.3	3.2
Decay and overripe	9.9	1.0	3.8	4.9
Overripe	10.2	7.7	7.4	8.4
Frozen	5.5	3.1	3.0	3.9
Quality or condition	15.7	6.1	14.2	12.0
Internal breakdown and water core	3.2	5.2	7.3	5.2
Total	79.1	42.9	68.8	63.6
Grade:				
Off grade	4.4	4.8	4.0	4.4
Color	4.1	12.2	3.0	6.4
Pack and sizing	2.7	1.9	1.6	2.1
Bruising	1.4	1.5	2.3	1.7
Total	12.6	20.4	10.9	14.6
Miscellaneous:				
Railroad service	1.6	2.4	1.0	1.7
Disputes concerning specifications ¹	2.3	21.2	15.4	13.0
Undetermined (and miscellaneous)	4.4	13.1	3.9	7.1
Total	8.3	36.7	20.3	21.8
Total, all reasons	100.0	100.0	100.0	100.0

¹ Mostly on account of sizes.

A buyer is not justified in rejecting shipments purchased f. o. b. usual terms which, upon arrival at destination, show damage from such condition factors as scald and decay unless such damage was apparent at shipping point. Federal shipping-point inspection is available in the boxed-apple districts. The certificates issued by this service describe the condition of the fruit at time of shipment and will prevent many disputes between buyer and seller in regard to condition factors which may develop in transit.

Grade factors were of relatively minor importance. Miscellaneous factors, such as disputes concerning sizes of fruit were, of considerable importance, especially in the two later years. The tabulation shows that scald which was a frequent reason for rejection in 1922-23 was less important the following year and practically of no importance in 1924-25. The increased use of oiled wraps in the two later years was the principal reason for the decreasing amount of scald. In 1923-24 there was considerable trouble on account of poor color of the fruit.

RELATION OF NUMBER OF ALLOWANCES AND REJECTIONS TO PRICE

Shippers generally believe that there is a strong tendency on the part of buyers to reject or ask allowances on f. o. b. purchases when the condition of the market makes it seem likely that the buyer will suffer a loss or at least will not realize a profit on the transaction.

On the other hand, buyers claim that they often accept shipments which fail to meet the terms of the sale contract when they can do so without sustaining a loss. But they deny that they are under obligation to accept shipments which arrive in poor condition, even though they have not expressly stipulated "good condition" in the sales contract.

A study was made to determine what relation existed between price fluctuations and the number of cars rejected. As a first step in this study the weekly car-lot shipments for the State of Washington and the number of cars rejected weekly were compared. Both the shipments and rejections were expressed in percentage of the season's totals and were then plotted. (Figs. 3, 4, and 5.) For 1923-24 and

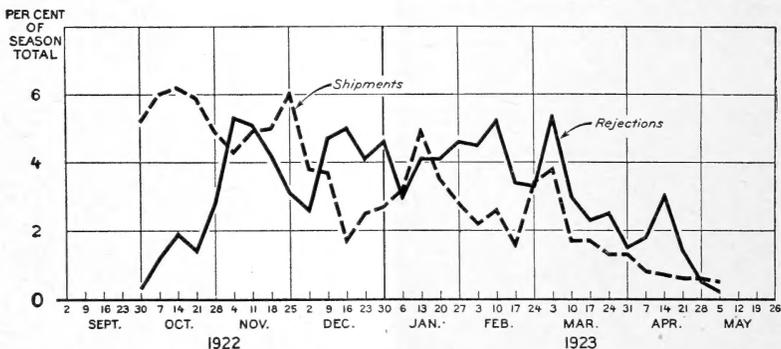


FIG. 3.—Relation of number of rejections per week to total Washington shipments per week, Washington State boxed apples, 1922-23. The number of cars rejected weekly in 1922-23 did not vary in direct proportion to the number of cars shipped. Price changes and condition of fruit had considerable influence on the number of rejections during the season.

1924-25 it appeared that the number of rejections varied in rather close proportion with the number of cars shipped. (Figs. 4 and 5.) There was, however, some tendency for the number of rejections relative to shipments to increase as the seasons progressed.

For 1922-23, Figure 3 shows that factors other than the number of cars shipped must have influenced the number of rejections. In this year the number of rejections relative to shipments increased in the latter part of the season. This was a year in which prices had a tendency to decline until about the 1st of March, after which jobbing prices improved somewhat. In the other two years, jobbing prices, after declining sharply at the beginning of the seasons, remained at near the low point until December, when an upward trend began and continued through the remainder of the season.

The relation of frequency of rejections to the trend of f. o. b. and jobbing prices is shown graphically in Figures 6, 7, and 8. In these figures the zero line represents the average percentage of shipments rejected each week during the period. It was figured that a little

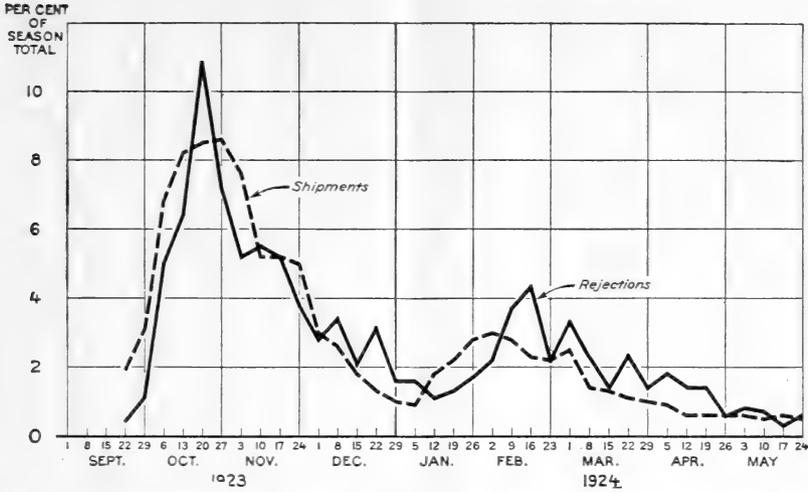


FIG. 4.—Relation of number of rejections per week to total shipments per week from Washington State, 1923-24. There was a close relation between the number of weekly rejections and volume of shipments in 1923-24. Other factors such as price changes and condition of fruit apparently had only a minor influence in determining the number of cars rejected per week during the season

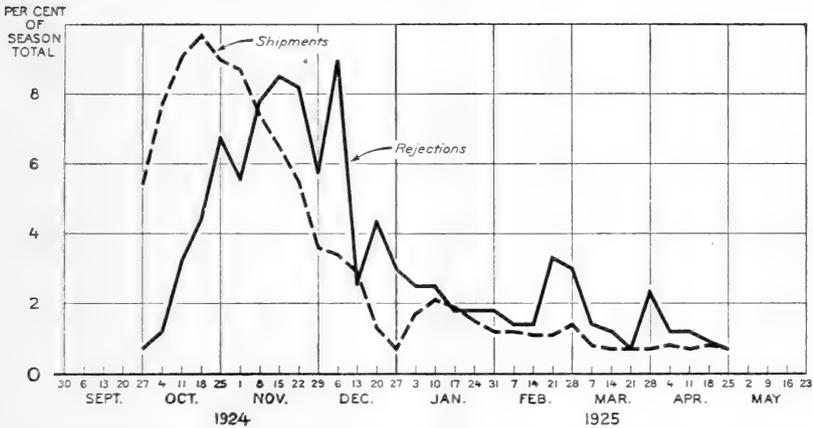


FIG. 5.—Relation of number of rejections per week to total Washington State shipments per week, boxed apples, 1924-25. In 1924-25 the number of weekly rejections shows a fairly close relation to the volume of weekly shipments. Other factors such as condition of fruit and price changes probably had some influence in determining the number of rejections

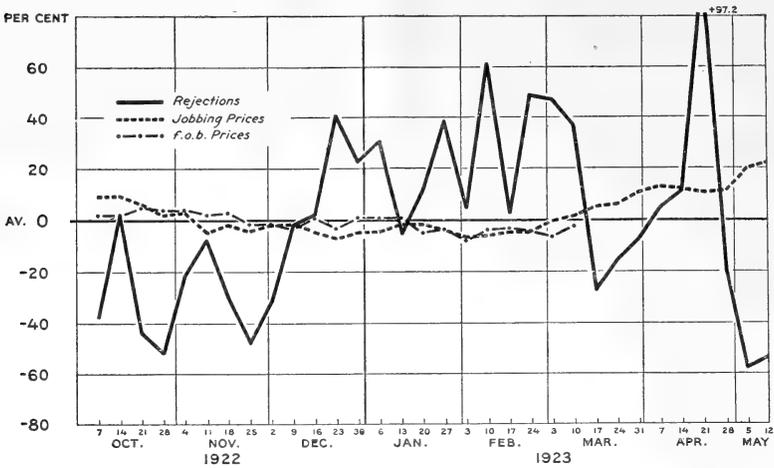


FIG. 6.—Relation of frequency of rejections to prices to jobbers and f. o. b. prices, Washington State boxed apples, 1922-23. Deterioration of apples probably served to increase the rate of rejections after the middle of December, 1922. When prices fell below the average for the period there was a tendency for the number of rejections relative to shipments to increase

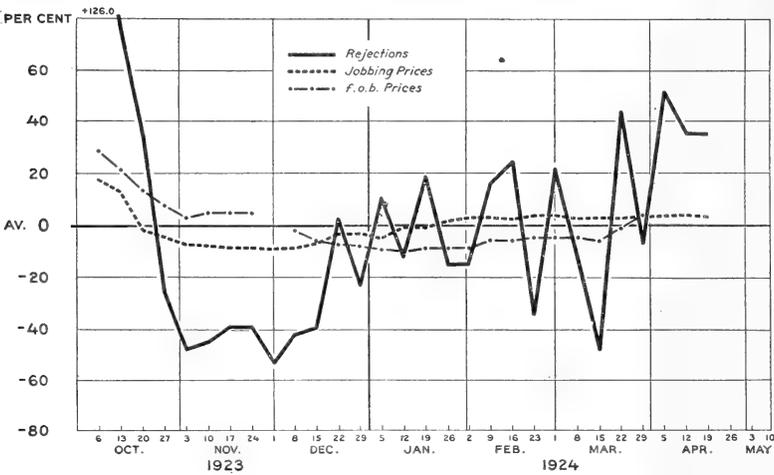


FIG. 7.—Relation of frequency of rejections to prices to jobbers and f. o. b. prices, Washington State boxed apples, 1923-24. The number of rejections relative to shipments in 1923-24 tended to increase as the season progressed. For the season as a whole there appeared to be but slight relation between the number of rejections and price changes

over two weeks was required on the average in the two later years and almost three weeks in 1922-23 for shipments to reach market. Rejections were therefore stated in percentages of shipments of the second or third week previous. The zero line also represents the average of the weekly price indices for the period. The jobbing price index was determined from records of daily sales on important

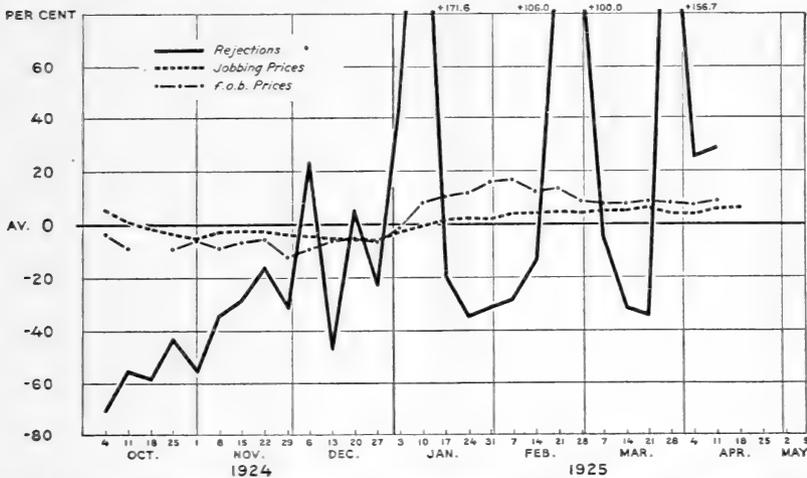


FIG. 8.—Relation of frequency of rejections to prices to jobbers and f. o. b. prices, Washington State boxed apples, 1924-25. The trend of rejections relative to shipments throughout the season of 1924-25 was upward. There was little relation between price changes and number of cars rejected

markets covering a certain size and grade of important varieties. The f. o. b. price index was determined in a similar manner from shipping point price records.

In Figure 6 it will be noted that the number of rejections fell below the average during the first half of the 1922-23 season, whereas the price trend for the most part was slightly above the average. During the last half of the season, the number of rejections rose above the average whereas the price trend was mainly below the average. It is significant that during the early season when fruit was in prime condition, there were comparatively few rejections, but during the latter half when the fruit was getting ripe and showing deterioration, rejections and allowances were heavy. Perhaps the sharp drop in rejections during the last three weeks may be accounted for by receipts of cold-storage stock in good condition.

An examination of Figures 7 and 8 shows that there was but slight relation between price changes and number of rejections in 1923-24 and 1924-25. There was a tendency in each of the three years for rejections expressed in percentage of shipments to increase as the season progressed. The deterioration in condition of apples during the latter part of the season probably tends to increase the percentage of rejections.

PURCHASE ON GOVERNMENT CERTIFICATES

Some buyers make a practice of purchasing on the basis of Government shipping-point inspection certificates. These certificates state the condition of the car and equipment, and the variety, grade, size,

maturity, and general condition of the fruit. Thus the buyer is informed as to whether the apples were hard, firm, ripe, or overripe and whether scald, decay, or other storage diseases or freezing injury were in evidence at shipping point. Purchases made on such a basis leave little chance for misunderstanding at the time of delivery. Such certificates are also valuable documents in connection with railroad claims and in the arbitration or adjustment of claims for allowances.

Records of Government inspections indicate that in 1922-23 slightly less than one-third of the car-lot apple shipments from Washington were inspected at shipping point. In 1923-24 about 40 per cent, and in 1924-25 about 55 per cent, were inspected at shipping point.

OBTAINING PROPER CONFIRMATION OF SALE

In many transactions, legal confirmation of sales which protect both buyer and seller was not obtained. It is a conspicuous fact that in a large number of reported transactions, sellers were advised by their counsel that they had no recourse to the courts in obtaining damages resulting from alleged unjustified rejection of shipments because they had failed to secure signed confirmations from buyers. Some shippers make it a policy to secure a signed "standard confirmation of sale" or they require their brokers to issue a "broker's memorandum of sale." When a sale is handled through a broker copies of either of these forms, signed by the buyer and by the broker as the seller's agent, are binding, unless, in event of a mistake by the broker, one of the parties to the transaction immediately files a protest with the other conclusively disproving his agreement to the terms as stated.

An actual offer to sell should specify the commodity to be sold, the quantity thereof, the price, and the time of performance. If the offer is accepted, a valid contract results. It must be understood that the mere quotation of a price is not an offer to sell, but only an invitation for an order or offer to buy, and the sale in such a case is not complete until the seller accepts the order. When a seller uses the words, "we quote," he is, according to a trade custom which would be recognized in law, soliciting an order, but when he intends to make a definite offer to sell, he should use the words, "we will sell," or other words of similar import.

It must be realized that f. o. b. wire sales made through a seller's agent or broker are very difficult to establish in the courts unless there is a written sales memorandum signed by the buyer, or a confirmation of the broker's order signed by the party to be charged, if handled through a broker. This is because the rule in most jurisdictions is that all sales of personal property in excess of the value of \$50 must be evidenced by a memorandum or other writing signed by the party to be charged, or his agent, in order to constitute a legal and binding contract. The original telegram or telegrams, however, signed by the sender and filed with the telegraph company, are considered by the courts as meeting these requirements. When a legal contract has been consummated by telegram between the principals to the contract, it is unnecessary to confirm such contract by letter or other

written instrument. But as a matter of good practice it is always wise to confirm telegrams by letter or by sending through the mails a copy of the telegram, to guard against errors in transmission.

In stating the foregoing, it is assumed that the telegrams contain all the essential elements of a contract. In wire sales through brokers, it is advisable, in order to have proof of agency, available, that there be secured a written confirmation, signed by the buyer, of the broker's action in consummating the sale. Sellers often accept telegraphic orders from brokers or salesmen without the buyer's confirmation in writing. This failure to secure sufficient evidence of the sales is due, not to the policy of most sellers, but to the failure of the brokers or other representatives, for various reasons, to secure the signed confirmation. Therefore, many f. o. b. sales are not in shape to enable the seller to maintain an action on the contract, although they were confirmed by wire by his broker in accordance with customary trade practice. The following is the form of the standard confirmation of sale recommended by trade organizations.

STANDARD CONFIRMATION OF SALE

Date ordered.....
Date confirmed.....

Check how sold { In Person.....
Telephone.....
Telegraph.....
Letter.....

The Broker or Salesman on receiving notice of the Seller's acceptance of the Buyer's order shall fill out this Standard Confirmation of Sale in triplicate and present all three copies to the Buyer for authentication by his signature. The Broker or Salesman shall also sign the three copies on behalf of the seller and shall deliver one copy to the Buyer and one to the Seller and shall retain the third for his file. This Standard Confirmation of Sale as authenticated by the Buyer and Broker or Salesman shall constitute the complete contract of sale and neither party shall have the right to rely on oral representations or promises of the other. All modifications must be in writing and authenticated in the manner provided above for this Standard Confirmation of Sale to which such modifications shall refer. Unless the Seller makes immediate objection upon receipt of his copy of this Standard Confirmation of Sale, showing sale was made contrary to authority given the Broker or Salesman, he shall be conclusively presumed to agree that the terms of sale as set forth herein are fully and correctly stated.

City..... Date..... 192__
Sold to..... (Buyer)..... (P. O. address)
Ship to..... Destination
Advise.....
Railroad delivery preferred..... Postive routing
Sold for account of..... (Seller)..... (P. O. address)
Shipment from..... Shipping station or district
Time of shipment..... Rolling car.....
(If car sold while rolling state date of shipment and approximate location when possible, also routing.) Car No. and initial.....
How shipped or to be shipped.....
(Iced, ventilated, standard ventilation, shipper's protective service, or carrier's protective service.) Style of equipment—Refrigerator car.....
Box car..... Ventilated car..... Stock car.....
(Style of equipment to be designated by check or cross.)
Sale made (f. o. b. or delivered)..... Terms, how payable.....
Special agreement, if any.....

(It is understood, unless otherwise stated herein, this sale is made in contemplation of and subject to the Standard Rules and Definitions of Trade Terms printed on the back hereof.)

QUANTITY	COMMODITY AND SPECIFICATIONS	PRICE

(Signed)		-----
		<i>Buyer.</i>

		<i>Seller.</i>
By -----		-----
		<i>Broker or Salesman.</i>

I hereby certify that I am authorized by the Seller named above, as his Broker or Salesman, to fill out this Standard Confirmation of Sale and sign and authenticate the same in his behalf.

SUMMARY

On the basis of this study of about 43 per cent of the total shipments for the period covered, it was found that, as an average for the three-year period, 1922-1925, about 81 per cent of Washington State boxed apples were sold on a basis of f. o. b. usual terms. About 8 per cent were sold on a delivered basis or for cash on track, while the sales made direct at auction, direct for export or consigned, amounted to less than 5 per cent each.

For the three-year average, reductions from the original price, caused by rejections, occurred on 10 per cent of the cars sold f. o. b. usual terms, ranging from 15.2 per cent in 1922-23 to 6 per cent in 1924-25. For the cars on which there were reductions in price the average reduction was approximately 20 per cent of the invoice price.

Price reductions on rejected cars which were resold to other buyers were heavier than on rejected cars on which allowances were made to the original buyers. But there was no means of determining whether the average condition or grade of shipments handled by the latter method was better than in the case of shipments which were rejected and resold. There appears to be an increasing tendency on the part of sellers to adjust differences by making allowances to original buyers rather than to resell to other buyers. Of the cars on which price reductions occurred, allowances to the original buyers were made in 58 per cent of the cases in 1922-23, in 60 per cent of the cases in 1923-24, and in 75 per cent in 1924-25.

Of the cars which were rejected and resold at less than the invoice price, about 60 per cent were resold to other dealers, about 30 per cent were sold at auction, and about 10 per cent were consigned.

Less than 5 per cent of the rejected cars were resold at the original invoice price or more, and on these cars the advance over the original invoice price averaged only about 3 per cent, as indicated by records for 1922-23 and 1923-24.

Reasons given by buyers for rejecting shipments related mainly to condition of the fruit, including such factors as decay, scald, over-ripeness, freezing injury, and internal breakdown. Condition factors were given as reasons for rejection in over 60 per cent of the cases as an average for the three-year period. Grade factors like color, pack and sizing, bruising and blemishes were much less frequent reasons for rejections, averaging less than 15 per cent for the three-year period. Miscellaneous causes such as disputes concerning specifi-

cation of sizes, etc., were frequent reasons for rejections, especially in the two later years.

For the three-year period as a whole the correlation between price changes and number of rejections was not pronounced. Prices in general did not fluctuate sharply, but the changes were of a gradual nature. In 1922-23 the number of rejections relative to shipments tended to increase during periods of declining and low prices, but in the other years the number of rejections per week was in fairly close proportion to the number of cars shipped. Each year there was some tendency for the number of rejections relative to shipments to increase as the season progressed. The deterioration in condition of the fruit was probably the main reason for this tendency.

As a means of improving conditions relating to apple rejections and reducing the amount of price reductions due to rejections, it is suggested that buyers and sellers make it a practice to secure written confirmation of sales on a standard form on transactions handled through a broker or agent; that complete specifications including a statement on sizes, condition of fruit, etc., be written into the sale contract; that in case of sales negotiated direct between buyer and seller all information essential to a valid contract be included in the letters or telegrams. The use of the Government shipping-point inspection service supplies a definite description of the shipment at point of origin and helps to prevent misunderstanding between buyer and seller. Improvements in methods of handling and storing apples which result in better condition are no doubt assisting in decreasing the number of rejections.

**ORGANIZATION OF THE
UNITED STATES DEPARTMENT OF AGRICULTURE**

April 8, 1927

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<i>Packers and Stockyards Administration</i>	JOHN T. CAINE, III, <i>in Charge</i> .
<i>Grain Futures Administration</i>	J. W. T. DUVEL, <i>in Charge</i> .

This circular is a contribution from

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