

All U.S.A. manufactured goods: Manifest price from the parent company and subsidiaries to the Canadian company on the basis above indicated. The sales figures include sales of all of the foregoing also in one total.

The company has co-operated to the fullest possible extent in endeavouring to analyze the accounts in such a way as to ascertain the profits in Canada divided as between

1. Twine
2. Trucks
3. Truck parts
4. Implements and machines—Canadian made
5. Parts thereof
6. Implements and machines—U.S.A. made
7. Parts thereof.

and the situation was thoroughly canvassed in an effort to obtain reliable figures so analyzed. On December 11 Counsel and myself attended, at the request of the company, in Chicago with the company officials and, after careful enquiry, we are convinced that no accurate analysis of the company's operating accounts can be obtained as between that portion which comes within the purview of this inquiry, i.e., farm implements and machinery, and that part which does not come within the purview of this inquiry, i.e., trucks and twine. Similarly no complete separation of sales as between U.S.A. made goods and Canadian made goods seems possible without an excessive amount of work on the part of the company. The underlying records for the earlier years, we are informed, have in many cases been destroyed.

* * * * *

For these reasons the financial statements submitted by the International Harvester Company of Canada Limited do not reflect the true profits or losses resulting from the manufacture or sale of farm implements and machines in Canada by the Harvester organization as a whole.

In any event, it would appear reasonable that the Committee should consider the relationship between factory costs and sales values, irrespective of whether the producing factory be located in the United States or in Canada, and I therefore direct your attention more particularly to those statements which reflect typical implement costs and realizations (Exhibits D and E) than to those drawn from the financial statements of the company (Exhibits A and B) which statements are subject to the qualifications I have outlined. Each of these two phases of the subject will be found to be covered in reasonable detail in the exhibits which I now submit, with their accompanying schedules.

POSITION OF THE INTERNATIONAL HARVESTER COMPANY IN THE CANADIAN MARKET

From the evidence given by Dr. Booth on May 7, 1936, the total amount paid by farmers for farm implements and machinery during the ten-year period from 1926 to 1935 approximated \$392,000,000.

The International Harvester Company of Canada Limited in the same period sold in the domestic market farm implements, machines and parts therefor to the value of \$107,356,480. This figure was net of commissions paid and as commissions paid would increase this figure to \$129,345,150, approximately, it would appear that the Harvester corporation supplied nearly one-third of the Canadian domestic market in the said period of ten years.

In addition to sales in the domestic market the Canadian Harvester Company sold for export in the ten years ending in 1935, \$21,444,800 of farm implements and machinery and repair parts therefor, and it also manufactured and

[Mr. Walter Macdonald.]