

first determine the basis of fixing prices to the consumer over a period of three years. It was based upon the movement of crude. Now, we gave you cities which we tested. It is in the evidence. Now, it is just as if those prices had been made without the company having any knowledge of the tariffs. They may have been made if they had not known anything about the tariffs. Now then, the next move is to compare those prices with American prices in competition, which will show the resulting figures. The result of this analysis is simply this: that as you move away from the point of bootlegging competition the spread between the price of the Imperial Oil, based upon crude oil and the price of American gasoline.

*By Mr. Donnelly:*

Q. When you get away from the bootleg gasoline?—A. When you get away from the bootlegging, yes. If you will refer to this evidence, that we have put in you take points like Detroit, you get to the big centres like Detroit and New York where bootlegging is centralized, you will find as you get away from that the prices of the Imperial Oil are under what they could be brought in for without duty, in every case. As you come nearer to the point of bootlegging, you will find sometimes they will run, to absorb part of this specific duty, when you get to a city like Detroit you might find the group may be equivalent, but it has got nothing to do with the fixing of the price.

*By Mr. Bothwell:*

Q. How do you explain this: the cost of the gasoline laid down in Montreal from the Dutch West Indies?—A. Mr. Bothwell, have you read our report?

Q. Yes.—A. I think we state in there, and I think you will find the reason for it is that the gasoline prices in the United States have not been maintained with the prices of crude. Now, that is the reason, and one of the reasons why they have not is—you have had sufficient evidence of it already—that part of it is made up of taxes that should go to the different states.

Hon. Mr. RALSTON: That is one reason why I went away. I thought I would come back when they got through with it.

*By Mr. Donnelly:*

Q. You say the bootlegging in the United States has caused the breaking down of prices there?—A. Yes, from our investigations through our own people.

Q. Would you say that was the only reason?—A. Plus over-production of gasoline.

Q. Because at the present time, the price has gone up. Bootlegging must have stopped.—A. That may be; I am not controlling the situation.

Q. Would you say bootlegging has stopped because the price has gone up?—A. I am only making a statement on the basis of the evidence we have submitted. I certainly would not be responsible for anything that happens in the gasoline industry in the United States.

Q. Do you know that gasoline can be laid down at Montreal from the Dutch West Indies—

Mr. BAKER: I am suggesting that is not a question that relates to our auditors at all. They are to give us facts and figures, not their knowledge of the traffic in gasoline world-wide.

Mr. DONNELLY: The auditor himself says that the—

Mr. BAKER: The question is wholly unnecessary in my opinion, Mr. Chairman.

Mr. DONNELLY: He say this: "Our findings further brought out the fact that the reason for the differences between United States competitive prices and those of Imperial Oil Limited was due to the demoralized condition of the