Q. The wholesale price. The retail price is around 10 cents or 11 cents. Could you answer that question?

The CHAIRMAN: Is that between Windsor and Detroit?

Mr. HEPBURN: Between Windsor and Detroit. At that time there was a spread in the wholesale price with reference to the blue gasoline of 8 cents a gallon.

The WITNESS: If we could stop the people of the border cities going across in the ferry and filling up their tanks we would do it. We would fight the Detroit distributor, but we cannot do it because we have to conserve our own resources to look after North Bay, Saskatoon and Prince Rupert. As I said before, speaking of Detroit, 30 companies have failed in Michigan in the last year.

Q. You just told us a little while ago that you took into consideration the fact that your costs of distribution were higher, so how can you justify your action in charging those people a higher price for gasoline—A. That is not so. The higher charges in the outlying sections are not an absolute burden on those sections. It is part of the price structure all over the country and the price structure all over the country is fixed having regard to the extra cost of distribution in the outlying sections.

Q. Well, I will just say this, that Canada is not a free market for gasoline, there is a high tariff and a dumping duty, and between the two of them there has been created a very material spread in prices?—A. It is not attributed to the oil companies—

Q. You say that the duty and tariff are not or have not contributed to that disparity in price?—A. That is to say, we are not making less money now than we did when Mr. Fielding gave us a cent protection in 1920.

Q. You would be content, then, under the tariff, as applied by the Fielding ministry?—A. I would not.

Q. You must be having some advantage over the present tariff?—A. The figures will show, Mr. Hepburn, just what advantage we are taking.

Q. Figures, of course, can show anything, especially when the stock has been divided four to one and then again four to one.—A. You must not make statements like that, Mr. Hepburn. We can establish that we are buying on a market just like the market for pig-iron. We pay our subsidiary in South America a price that is established by the market of the moment, the general market, and we buy at exactly the same price that we sell to Japan or sell—

Q. Then you get your crude oil as cheaply as the American competitor—if you buy in a free market you are able to buy your crude oil as cheaply as he can?—A. As the British American—

Q. As any other company?—A. Yes.

Q. There is no disparity, so far as your raw material is concerned, at that end?—A. No, Mr. Hepburn.

Q. Then the spread in price must be due to the three factors mentioned, that is the increased cost of production, the increased cost of distribution and the exchange rate?—A. Yes, and the freight.

Q. Do you think those three factors entitle you to an 8-cent spread?

Mr. HANSON: Are you talking about the bootleg market in Detroit?

Mr. HEPBURN: No, the established market price.

The WITNESS: There is no established market price, there is no such thing.

By Mr. Howard:

Q. Mr. Ross, you said a minute ago that you based your crude oil price on what is the posted price, that is to say, where you buy it from your own subsidiary, or whether you buy it from your own subsidiary or another one you base it on the posted price. How is the posted price for crude established?—A. We don't base it, the seller bases it.