

Q. I have heard that the companies really lose money on those by-products which are a necessary part of the manufacture of gasoline, is that true?—A. That is true, there is a loss on some things.

*By Mr. Hepburn:*

Q. I asked if the Imperial Oil Company has any subsidiary companies?—A. Yes.

Q. Could you file a list of those companies for the information of the committee?—A. I think they are in the annual report.

Q. You stated that 60 per cent of the shares of the company are held outside of Canada?—A. Yes.

Q. And about 60 per cent of the profits of the company are accrued outside of Canada?—A. No, 60 per cent of the dividends.

Q. Well, then, in bringing in your crude oil, for example, to your Halifax refinery, do you buy that on the free market or from one of your subsidiary companies?—A. We haven't any subsidiary companies that produce crude oil except the Dalhousie; we do not buy any oil in United States from any subsidiary.

Q. I am referring to your South American oil fields. Do you buy your crude oil from your own oil fields?—A. Oh, yes, quite a lot.

Q. And do you buy it then from your subsidiary companies?—A. Yes.

Q. It is possible you pay your subsidiary companies more money than you would have to pay on the free market?—A. No, that would not be wise, because we would pay a lot of extra money to a large minority interest.

Q. It would be the means of covering up profits, would it not?—A. We have had no incentive to cover up profits.

Q. Coming down to a matter of fact, we know there is a big spread between the price of gasoline in the United States and Canada?—A. Yes.

Q. You bring your crude oil in free?—A. Yes.

Q. Then the spread would only be attributed to the increased manufacturing cost and the increased cost of distribution in Canada? Those are the only two factors that could possibly enter into the spread or disparity in price?

Mr. HANSON: And freight.

The WITNESS: And then there is the question of exchange.

*By Mr. Hepburn:*

Q. You can go back beyond the time when there was the exchange rate.—A. The exchange in 1921 to buy New York funds to pay for our crude cost us \$6,000,000.

Q. Well, then, you are connected with the Standard Oil of New Jersey?—A. You mean our company?

Q. Yes.—A. Yes.

Q. Does that company put out a similar product to your own, what you call your blue gasoline?—A. Not as good.

Q. Well, then, you say that the content of the gasoline is not a factor in the matter of price. You made that statement, did you not?—A. Well, it always is. I said that the quality accounted for the spread. It does not do that by any means between the American price and the Canadian price.

Q. I was in Windsor a short time ago and I had wait upon me a delegation of gasoline men there. They were distributors, retailers, and they satisfied me at least that there was a spread at that time of 8 cents in the wholesale price. In fairness to your company, I know there is a little difference in the size of the gallon, but is there anything to warrant a spread of 8 cents in the wholesale spread of gasoline in Canada as compared with the United States?—A. The wholesale price, or do you mean the retail price?