

IMPERIAL STANDARD: Imperial Oil, Exxon, and the Canadian Oil Industry from 1880

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ORIGINS

Gesner

Abraham Gesner seemed destined to failure. The son of a Loyalist forced to emigrate from New York to Nova Scotia after the American Revolution, Gesner had tried his hand at horse trading, only to see his investment go down with a ship off Bermuda; Gesner then turned to farming and narrowly avoided debtors' prison. His father-in-law financed an education in medicine at St. Bartholomew's Hospital in London, England; but Gesner did not enjoy the practice. An enthusiastic, self-taught rockhound, in 1837 he wangled a position as "geologist for New Brunswick," but his estimates of the province's coal seams were found to be overly optimistic and he lost the job after his patron, the lieutenant-general of New Brunswick, was removed from power. But Gesner had two redeeming qualities: an insatiable curiosity about the natural world—a common characteristic of Victorian-era gentlemen—and ability as a public lecturer, which enabled him to earn fees to offset losses in other pursuits.

In 1846 Gesner delivered a series of lectures at Charlottetown, Prince Edward Island that covered his geological research in that province and assorted other topics, including the possibility of developing an alternative source of illumination to replace lamps using whale oil and coal oil. Whaling, particularly in New England, was booming, based on the distillation of oil from sperm whales. But Nova Scotia was a minor participant in the industry, and prices were rising for consumers as the depletion of the whale population drove the fleets further afield, into the South Atlantic and beyond. Since the early 1800s a gas distilled from coal had been used

in England for illumination, but Gesner believed he could produce a brighter and less hazardous fuel. He maintained that a gas distillate based on a bitumen called “albertite” that he had discovered in New Brunswick could produce a cheaper and more efficient source of lighting which he designated “kerosene,” and he presented the audience with a demonstration of his experiments.

Back in Halifax Gesner continued his research—focused, critically, on the use of liquid fuel rather than gas for lighting. His work in this new field was supported by the British Admiral Lord Thomas Cochrane who arranged for supplies of “pitch” (asphaltum) to be shipped to Halifax from Trinidad. In 1850 Gesner and Cochrane set up a company to provide gas lighting in Halifax; but at this point bad luck intervened again. A rival group, the Halifax Gas Company, acquired the franchise, while at the same time he was blocked from mining bitumen in New Brunswick by a coalition of coal owners in that province, including some who had earlier backed his enterprise. He had, however, had the foresight to file as well for a patent in the US, and in 1853 he moved to New York and was hired by the North American Gas Light Company, to produce kerosene based on his process. Gesner designed and built the first kerosene refinery in North America the following year.

But misfortune continued to plague him: James Young, a scientist in Scotland, claimed an earlier US patent to a process similar to Gesner’s kerosene; additionally, Gesner had turned over his patent rights to the company and found himself sidelined. In 1857 he lost his position with North American Gas Light Company, replaced by Luther Atwood who had worked with Young. He returned to Nova Scotia where he wrote *A Practical Treatise on Petroleum, Coal and Other Distilled Oils*, published in 1860, which he came to regard as his most lasting contribution. Thereafter he set himself up as a consultant, which took him—among other places—to the petroleum fields that were being exploited in what is now Ontario.¹

Oil Springs

In 1849, Thomas Sterry Hunt of the Geological Survey of Canada noted the presence of “asphaltum or mineral pitch” in swampy areas of Enniskillen Township. The township was located in Lambton County in

the southwestern corner of “Canada West” as it was then designated. As was the case with Gesner’s work in New Brunswick, the geological survey was intended, in part, to identify resources with commercial potential; and Hunt’s associate, Alexander Murray, provided a more detailed examination of the area over the next two years. The material in the “gum beds” of Enniskillen had been used by the Ojibway in the area to caulk boats and possibly for medicinal purposes, but colonial settlement was sparse because the area was not considered good for farming. The Ojibway had never ceded claims to the land (or its subsurface rights) and would later challenge their exploitation, although by then most of the resources there had been depleted.

Murray was cautious in projecting the economic benefits of the gum beds, but his work attracted the attention of Charles and Henry Tripp of Woodstock, Ontario. They acquired a lot in Enniskillen in 1852, and sent samples for analysis of the asphaltum there to Thomas Antisell, a chemist in Washington, DC who had played a role in procuring the contentious patent for James Young. At the same time they petitioned the provincial government for a charter to establish the International Mining and Manufacturing Company, which was to be capitalized at 1,250 (British) pounds sterling with seven partners, including two Americans. The charter was not issued until 1854, but in the meantime they had expanded their land purchases and begun operations that involved literally digging up the surface bitumen to be processed (minimally) into asphalt for caulking and paving material for roads. Although Antisell’s report indicated that the bitumen they were mining was suitable for refining into “fluids and gas for illuminating purposes,” the Tripps continued to focus on selling asphalt in a solid state, which proved costly as the Enniskillen oil fields were distant from markets for their products in Hamilton and London: roads were poor and there was no railway connection in the area until 1858.

By this time the Tripps, heavily in debt, had been forced out of business. One of their creditors, James Miller Williams, a successful carriage and wagon maker in Hamilton, bought up the entire 600 acres of gum beds that the Tripps had accumulated and commenced operations there in 1857, with Charles Tripp now working for him. Within a year Williams and Tripp were drawing petroleum in a liquid form beneath the surface, which Williams shipped to Hamilton where he established a refinery in



FIGURE 1.1. Drilling operations in Lambton County, Ontario, 1870s. Glenbow Archive IP-1a-71, Imperial Oil Collection.

1858. Bragging rights to the “first oil well” have been accorded to Williams as his company was bringing in subsurface petroleum for refining at least a year before “Colonel” Edwin Drake successfully drilled his first well in Titusville, Pennsylvania in 1859.

In 1860 Williams incorporated his venture as the Canadian Oil Company, capitalized at \$42,000 (CAD), in which he held the controlling shares. By this time he had accumulated over 1,400 acres in what was now being called “Oil Springs.” Gesner, who was in Hamilton in 1861, may have acted as a consultant in the development of the refinery there. In the following year his company’s entry at the International Exhibition in London won two gold medals, which Williams expected would boost exports outside Canada. Williams’s success ignited the first “oil boom” in Canada as hundreds of prospectors flocked to Oil Springs, many of who found they had to lease mineral rights from Williams. By the middle of 1861 over 100 wells had been undertaken in Enniskillen, although few were actually producing much oil. In the following year several producers began following the lead of Pennsylvania oilmen by drilling into the limestone several hundred feet beneath the surface. Drillers discovered several

“gushers” producing hundreds of barrels per day, encouraging even more activity.

But problems were emerging. Transportation remained a challenge. Although the Great Western Railway had extended a line to Sarnia, producers in Oil Springs still had to find ways of carrying their crude twelve miles to the railhead. As new wells came in, production outran the capacity of local markets. Crude oil prices fluctuated wildly, falling from 70 cents to 10 cents per barrel in 1861–62. This situation was aggravated by a short-lived oil boom in the nearby community of Bothwell. Producers had to store their excess oil in tanks and barrels, which were often so poorly built that much oil was lost. The oil itself contained impurities, particularly sulphur, which refiners could not eliminate (although Williams claimed to have done so in 1861). Imported kerosene from Pennsylvania made inroads as consumers in British North America rejected locally produced “skunk oil.” This issue would continue to plague the Canadian industry for the next forty years.²

Then in 1863 the boom at Oil Springs suddenly collapsed as wells began to dry up. Crude prices began to climb again, to more than \$1.00 per barrel. Activity shifted to another part of Enniskillen Township, the vicinity of Bear Creek, which would soon be called “Petrolia” and was officially incorporated as a village with that name in 1866. Conditions in Petrolia were somewhat different from Oil Springs: the area of potential development was substantially larger: at twenty-six square miles it was more than ten times the size of the Oil Springs oil fields. But oil wells had to be drilled deeper, between 500 and 1000 feet, while at Oil Springs gushers had been brought up at 200 to 400 feet; more investment was required for equipment. Additionally, some of the more successful producers in Oil Springs had already been acquiring land in Petrolia, notably John H. Fairbank, an American emigrant who emerged as a dominant figure in the town, establishing a general store, supplying equipment to other drillers, and opening a bank as well as producing and refining his own oil. In 1866 Fairbank played a major role in building a spur line to connect Petrolia to the Great Western Railway, a boon to all the producers.

The development of Petrolia was more orderly than at Oil Springs, although the boom and bust atmosphere persisted. When Benjamin King, working for an oil company from Saint Catherine’s, struck oil in Petrolia

he ignited a new run with a horde of new investors, including John Carling of the London brewing dynasty and a number of Americans from neighbouring Michigan joining in. In 1865 crude oil prices had risen to \$5.00 per barrel, surging even higher but then dropping rapidly to less than a dollar per barrel in 1867.³

The Refiners

During this period, the refining sector of the industry began to consolidate. In 1858 James M. Williams had established a refinery in Hamilton; in part this was to enable him to develop measures to reduce the sulphur content of Oil Springs crude through the addition of sulphuric acid in the distillation process. This proved to be a short-lived solution, however, as the effects of the treatment diminished when the lamp oil was stored for more than a few weeks. But locating in a larger city was useful, because he could get coopers and stavers to prepare barrels, and with the railway line Hamilton was closer to potential markets.

In the next year Williams joined up with William Spencer, an aspiring refiner from Woodstock, to build a plank road from Oil Springs to the rail-head of the Great Western at Wyoming. Both participants would benefit, as the crude oil would be carried to their refineries in locations better suited to reach urban consumers. Within a short time Spencer had moved his operations to London, which was on the Great Western line, and formed a partnership with the Waterman brothers—clothiers from Germany who later split from him and set up their own operation. Refining at this stage was not a particularly capital-intensive operation, so competition thrived in the first decade of the industry. But the booms and busts of the 1860s winnowed the ranks of refiners, and by 1870 the six largest companies were located near London.

Petroleum refining was not exactly a community-friendly activity. Early refineries were hazardous: during the 1860s at least one refinery in Petrolia had burned down and another had exploded. The refining of sulphur-laden crude produced an exceptionally offensive odour that observers at the time likened to a “sea of rotten eggs;” furthermore the refiners, having extracted lamp oil, dumped the remaining waste material in local creeks and waterways. For obvious reasons city dwellers objected to these

activities, and the London refiners, seeking to avoid municipal regulations, located beyond urban boundaries whenever possible and resisted efforts at annexation that would result in regulation.⁴

The problem of sulphur continued to bedevil the Canadian oil industry. The US market, which was supplied by lamp oil refined from “sweet” Pennsylvania crude, was off limits. In 1862 Canadian oil was banned from the ports of Liverpool and London in England, and ships carrying it were ordered to keep away from vessels with food cargoes. The limitation imposed on exports was a major cause (although not the only one) of the boom and bust cycle in the Canadian oil business. In 1868, Spencer and a neighbouring refiner in London, William Peters, discovered a new process developed in France that would “sweeten” Petrolia oil by adding an alkaline solution of lead oxide, called “litharge” to the refining. Surprisingly, they shared the process (at a price) with other London refiners, and within two years Canadian oil exports rose from 3,500 barrels to 130,000 barrels, representing more than half of the industry’s output, and peaking at about twice that level in 1873. This foothold in the English and European markets provided a degree of stability that had not existed before. The litharge treatment did not in fact address the underlying problem of sulphur content in Canadian crude oil, but it did at least salvage the floundering Canadian oil industry for the next five years.⁵

The advent of Canadian Confederation in 1867 offered an opportunity to address another issue: the continuing threat of American competition. In 1862 the government of Canada (then comprising Ontario and Quebec) had imposed an import duty on kerosene, which extended to crude oil two years later; but this did not cover the Maritime provinces. The new federal government established duties of 15 cents per “wine gallon” on refined oil imports (including naphtha and kerosene), although this was offset by an excise tax on refined products exported from Canada. Over the following decade, as its export markets shrank, the industry would become increasingly dependent on tariffs and other barriers to expansion of the “Standard octopus” to the south.⁶

Relative stability encouraged the entry of new and more ambitious investors, most notably Jacob Englehart. Born in Cleveland (John D. Rockefeller’s hometown) in 1847, Englehart had what respectable Victorian gentlemen regarded as a “shady career” before he turned up in Petrolia. In

FIGURE 1.2. Jacob Englehart, 1900. Glenbow Archive IP-26-5-1a, Imperial Oil Collection.



New York, he had been involved with Solomon Sonneborn and others as a whisky salesman—peddling alcohol was a somewhat disreputable and occasionally illegal activity, and in later years Englehart took some pains to suppress his checkered past; but support from Sonneborn and other Jewish business figures in New York would continue to play a role in his ventures into Canadian oil. Still in his teens but articulate, nattily attired and sporting a Van Dyke beard, Englehart went to the oil fields and then to London where he arranged to build a refinery, presumably with financial help from Sonneborn who was then hiding in Canada from US revenue agents investigating charges that he had evaded excise taxes on his

whisky sales during the Civil War. Englehart also began buying kerosene from other refiners to be sold through Sonneborn's export house.

Two years later Englehart's refinery was damaged by explosions. Undeterred, he rebuilt it and then joined forces with Ebenezer Higgins of Chicago in an effort to control all the refiners of oil in Canada. Higgins, backed by financiers "notorious to the whiskey trade"⁷ from the United States, set out to lease fifty-two refineries in Ontario (including the major ones in London) and simply close them down, hoping to force up the price of refined kerosene by restricting them to production intended only for export. This scheme apparently unravelled: some major refiners joined in, but others did not, and even those who participated simply stockpiled their inventories for sale after the leases expired—although they recognized the benefits of the temporary shutdown, and used the opportunity to improve their refining operations. Higgins apparently made a profit from his venture, but the timing was bad for establishing an enduring cartel as the kerosene trade was picking up in 1869. In the wake of Higgins's departure a group of London refiners set up a cartel to allocate production quotas and coordinate sales, but it lasted little more than a year.

Higgins and Englehart, however, were not the only players contemplating a consolidation of the industry. Oil producers in Oil Springs and Petrolia had been experimenting with cartel arrangements since 1862, but each time agreements to suspend operations fell apart once crude prices began to rise. In 1867–68 Fairbank mounted the most vigorous effort along these lines, and at one point his Crude Oil Association controlled one-third of the output from Petrolia, but once prices rose to \$2.25 per barrel, the organization dissolved. A more successful cartel was the Lambton Crude Oil Partnership formed in 1871 with more than 100 Petrolia producers, including Fairbank, as well as some refiners and marketers across Ontario and Quebec, which helped to stabilize domestic prices. When Higgins and Englehart set out to dominate the refining sector, Fairbank financially backed James M. Williams of Hamilton in establishing a new company, the Carbon Oil Company, which would operate outside the control of the London group. In 1871 Fairbank sold his shares in the Carbon Oil Company and set up a new refinery in Petrolia.

After the debacle with Higgins, Englehart sought an alliance with Herman and Isaac Waterman, former partners with William Spencer.

Meanwhile Jonas Sonneborn, uncle of Jacob's former New York associate Solomon, acquired the Carbon Oil Works at a knock-down price after a fire destroyed its refinery. He then formed an alliance with the Watermans and Englehart that eventually controlled two-thirds of the exports of refined oil from Canada, channelled through a New York office of a company run by Solomon Sonneborn and his partner, Abraham Dryfoos. Although Canadian kerosene was still disdained as inferior to the American product, the demand for lamp oil was growing rapidly in Europe in the aftermath of the Franco-Prussian War of 1870–71. Exports doubled between 1870 and 1873; in that year 8 million wine gallons of refined oil went overseas, more than twice the amount sold on the Canadian domestic market.⁸

Crisis

All these dreams of avarice came crashing down in 1873 when the Canadian oil export market virtually collapsed. In part, this was the result of an economic depression that affected the entire industrialized world. But it also was the result of the discovery of large new oil fields in Pennsylvania, which fuelled a strong export drive by American companies, particularly the emerging leader, Standard Oil. Exports of US crude and refined oil almost doubled, rising from 3.4 million barrels in 1871 to 5.4 million barrels in 1873 with 96 per cent headed for Europe, principally Britain, France, and Germany, and more than 90 per cent refined oil. Canada had always been a small player in these markets, but access to them was vital to the industry. Between 1868 and 1873 overall Canadian production rose from 190,000 barrels to 365,000 barrels; in 1874 production shrank to 165,000 barrels and did not regain its earlier scale until the 1880s. As production in Petrolia tailed off, experienced workers—the “hard oilers”—departed, some for distant, even exotic, climes: Central Europe, Mexico, and the Dutch East Indies.⁹

The impact of the downturn was hardest on the companies most tied to exports. The Carbon Oil Company careened toward bankruptcy and Jonas Sonneborn was pursued by creditors accusing him of fraud, as well as US tax collectors. Englehart wisely cut his ties to Sonneborn & Dryfoos and adopted a low profile on the Canadian oil scene for a time. His large London refinery ended up in the hands of the London Refining Company,

a partnership that included Frederick A. Fitzgerald, a grocery wholesaler who had gone into oil refining in the 1860s; William Spencer and his son; Thomas and Edward Hodgins, barrel makers for the industry; and John Minhinnick, William English, and John Geary—all of whom would end up as participants in the formation of Imperial Oil six years later. Fairbank challenged this latest foray by establishing the Home Oil Company that combined Petrolia producers and refiners, joined by Williams in Hamilton. The “London Ring” was weakened by both competition from Fairbank and their failure to bring all the London refiners, including the Watermans, into their tent.

In both London and Petrolia, the tactics being deployed by Standard Oil and its rivals in the United States were being observed with interest. The strategic role of railways and pipelines in reaching markets there was becoming apparent. In Canada the Great Western Railway had been operating in the oil region since 1859; and, thanks to Fairbank, the spur line to Petrolia had been established in 1866. The Great Western had a virtual monopoly in transporting oil from Petrolia to London and a dominant role in shipping refined oil to the eastern cities for many years. The company had been careful to maintain a rate structure that would ensure a modest profit without inviting competition from other carriers—particularly the Grand Trunk Railway, which had a line running through London to Windsor. The economic downturn of 1873, however, disrupted this cozy situation and ignited a rate war between the two lines. The London refiners found themselves in a position of leverage in terms of dealing with the railways. In 1874 the Great Western slashed rates on eastbound cargoes of kerosene, but retained a higher rate on shipments of crude oil from Petrolia to London and on direct shipments of illuminating oil from Petrolia.

In that town these policies were perceived to be the result of collusion between the railway and the London refiners, which inaugurated a search for alternative ways of reaching markets. Even before the rate changes, two groups of railway promoters had been seeking charters to challenge the Great Western’s position in southwest Ontario. At this point Petrolia oilmen, led by Fairbank, set out to provide the capital needed to achieve their goal. The first railway group, the Erie & Huron, backed out of their project in 1874 when hoped-for provincial subsidies were not approved. The Petrolia group then turned to a more ambitious project: to build a

pipeline that would link the oil fields to the Grand Trunk, bypassing the London refiners. Although this dramatic initiative did not occur, a second railway proposal emerged—the Sarnia, Chatham & Erie—that received financial and political backing from Fairbank and his Petrolia associates. Its charter was approved in 1876, and the line inaugurated operations two years later with great fanfare, linking Petrolia to another main line carrier: the Canadian Southern Railway.

At this propitious moment, Jacob Englehart reappeared on the scene. He had now found a new partner: Isaac Guggenheim. Although the Guggenheims had yet to achieve the status of multinational mining barons, they were a wealthy family with a wide range of investments in Europe and the United States, and in 1876 Isaac married Carrie Sonneborn, Solomon's daughter. Backed by \$25,000 (USD) of Guggenheim capital, Englehart acquired the defunct Carbon Oil works in Petrolia and rebuilt it as the Silver Star Refinery, with state-of-the-art equipment and a strongly competitive position against the London Refinery Company, boasting a 100,000-barrel reserve capacity. But Englehart's ambitions ranged much wider. He contemplated the amalgamation of the entire Canadian oil industry, much as Rockefeller was undertaking in the United States.¹⁰

By 1877 the London Refining Company had managed to drive most of the marginal refiners out of business and another effort was mounted to establish stability in the market. The two major surviving London companies (London Refining and Waterman Brothers) entered an agreement with Englehart and Fairbank in Petrolia to set a minimum price for refined kerosene, although the participants would continue to purchase their own crude oil and market their own products. Not surprisingly, this initiative invited a new rival into the refining field, the Mutual Oil Company, led by William English, a former partner in the London Refining Company. More seriously, the "stabilization" of prices was highly unpopular with the consuming public, particularly those in the more distant markets of the Maritimes and British Columbia. Partly in response to this ire, the federal government—under the Liberals who were, at least in theory, committed to "free trade"—reduced import duties on refined oil from 15 cents to 6 cents per wine gallon: between 1877 and 1879 imports of kerosene almost doubled from 570,000 to more than one million wine gallons per year. To

the consternation of the refiners' cartel, this increase affected their largest markets in Quebec and Ontario as well as the outlying provinces.

Curiously, the tariff reductions did not extend to crude oil imports, which may have reflected the fact that Liberal Prime Minister Alexander Mackenzie was also MP from Lambton County, the seat of petroleum production; in any case, relatively little crude was imported from the United States. But this measure did little to assuage the dissatisfaction of refiners now leaning toward the Conservatives under John A. Macdonald, who was promising a more protectionist "National Policy." Although swept into office in September 1878, Macdonald was mindful not to be openly associated with the reviled "Oil Lobby." To that end his government introduced, rather surreptitiously, a "non-tariff barrier" in the form of a revision of inspection fees that had been imposed on both domestic and imported refined oil products since 1868. Although the fees were increased for all refined products, they were differentiated so that fees on domestic oil were set at 10 cents, and those on imports at 30 cents.

This measure was exacerbated by a more complex form of discrimination: the combustible potential of refined illuminating oil had been an issue from the early years of the industry, with the great Chicago fire of 1871 cited as an example of the danger. Since the late 1860s governments in the US and Canada had been imposing what was called a "flash test" to determine the temperature at which "an oil gives off enough vapours to form an explosive mixture . . . when ignited by a small flame." At this temperature oil used in a kerosene lamp could catch fire. In 1868 the "flash test" was set in Canada at 115 degrees (F). Under the revised inspection law, the requirement was established that domestic kerosene had to withstand heating up to 105 degrees (F) while imported oil had to meet a standard of 130 degrees (F). The combination of the differential fees and the revised flash test requirements raised the cost of imported oil by 5 cents per gallon.¹¹

The government soon came under fire for introducing a protectionist policy under the guise of science, and the law was eventually repealed in 1881, although the inspection fee differential remained. For the refiners, however, the promises of the "National Policy" were not being fulfilled, and south of the border John D. Rockefeller was assembling a powerful new coalition under the Standard Oil banner. After a decade

of experiments at controlling the market through agreements and partnerships, the Canadian refiners were still divided, vulnerable to surging American imports. Englehart, with his Guggenheim money, had the second-largest refinery and the largest stake in the creation of a stable environment for the oil business. He was protected against both American invasion and continuing competition among refiners and producers in Canada. In many accounts of the establishment of Imperial Oil, Englehart is credited with introducing the “Rockefeller plan” to replace the unstable cartels with a tight corporate organization of the Canadian oil industry. But Englehart actually anticipated rather than emulated Rockefeller: in 1879–80 the American oilman was still in the process of trying to set up a system of centralized control over the sprawling US oil industry, and the Standard Oil Trust did not emerge until 1881.

In some respects the Canadian legal environment was better suited than the United States to consolidation. In Canada the federal government could issue corporate charters with national scope, while in the US Standard Oil had to build a network across companies chartered in different states. At the same time that Imperial Oil was being formed, an American named Charles Sise was procuring a federal charter in Canada for the Bell Telephone Company of Boston. Canada’s Bank Act of 1871 authorized banks to establish branches across the country; in the US even the largest banks were operating under state charters. One of the features that impressed the executives of Standard Oil about Imperial Oil in 1899 was the extraordinary range of powers it held under its charter.

In April 1880 Englehart and the owners of the largest London refineries agreed to form a co-partnership along the lines of the earlier London Refining Company structure. Over the summer they continued to meet, and in September took the further step of undertaking a joint stock enterprise to be capitalized at \$500,000 (CAD), distributed in 5000 shares at \$100 per share. In addition, each of the original eighteen shareholders contributed to a cash reserve of \$25,000 (CAD). The shareholders pooled their resources, which included a dozen refineries, among them the two largest—Englehart’s Silver Star in Petrolia and the Victor Refinery in London (which had originally been built by Englehart, and then taken over by Fitzgerald and London Refining). They thus controlled 85 per cent of the refining capacity in Canada, in addition to oil wells in

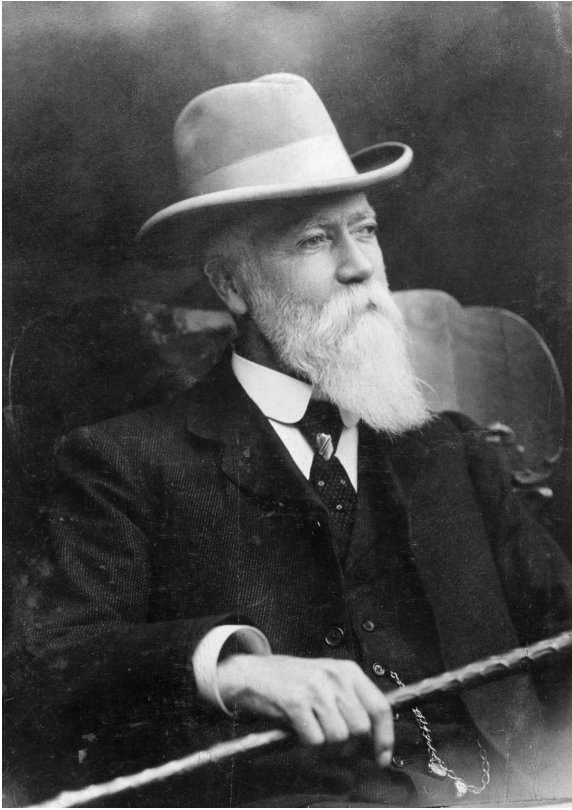


FIGURE 1.3. Frederick A. Fitzgerald (1890). Glenbow Archive IP-26-5-5c, Imperial Oil Collection.

Petrolia and marketing operations. The charter authorized Imperial Oil Ltd. to “find, produce, refine and distribute petroleum and its production throughout Canada.”¹²

The shareholders included (in addition to Englehart and Fitzgerald): the Waterman brothers, Isaac and Herman; William Spencer and his sons, William and Charles; Thomas and Edward Hodgins, who built oil barrels for the refiners; John Geary, Joseph Fallows, and John Minhinnick, partners with Fitzgerald in London Refining; plus William English and John Walker of the former Mutual Oil Association—Walker was also a partner with Thomas Smallwood in a London-based company manufacturing sulphuric acid. The largest shareholders were Englehart, who held 577 shares (20 per cent) of the 2,928 issued, and Fitzgerald, who held 292 shares. Curiously, Fitzgerald was named the first president, and Englehart

the vice president, although Englehart was obviously the driving force behind the merger. The board of directors included Isaac Waterman, John Walker, and Thomas Hodgins.¹³

Notably absent from Imperial Oil were two of the most prominent figures in the Canadian oil industry: James Williams and John Fairbank. By the 1870s Williams was involved in a wide range of businesses in Hamilton, including railways, banks, and insurance companies. He had also entered politics—as an alderman for Hamilton, and later as a (Liberal) member of the Ontario legislature. He passed on ownership of the Canadian Oil Company to his son, Charles James Williams, who continued to run it until 1891 when he retired and it was sold to Imperial Oil. Fairbank sold his refinery in Petrolia to the Bushnell Company (a Standard Oil affiliate) in 1896. He continued to maintain his interest in production, and when he died in 1914 he owned 485 operating wells. By that time he was the wealthiest man in Petrolia, with a wide range of businesses, and served as mayor of Petrolia and MP for Lambton East in the 1880s.¹⁴

Neither Williams nor Fairbank posed a threat to Imperial Oil, but the fact that they remained outside its orbit of control signalled an underlying weakness in the new order of the Canadian oil industry. Imperial never established complete domination of either the producers or the refiners. More seriously, the protectionist measures of the government—which were half-hearted at best—did not impede the entry of American competition. Imperial Oil did not regain the foothold in export markets that had bolstered the Canadian industry in the early 1870s. Within a decade after its formation, Imperial would face new competitors on its home turf, backed this time by a formidable and well-organized juggernaut in the United States—which was a highly desirable situation for the consuming public.