

specifications and to the production of oils of a character which he considers of the best quality or most suitable for his purposes and trade. When produced such oils are ordinarily graded according to their gravity principally to obtain uniformity and the best oils are submitted to various tests including those for viscosity, flash and fire test, acidity, emulsification, cold tests and for freedom from carbon.

The wholesale distribution of automobile lubricating oils is effected in Ontario by sales to service stations, retail dealers and curb pumps by tank wagon deliveries, in barrel or bulk quantities and also by sale in sealed tins and packages. Ordinarily list prices are quoted for oils so sold, with increasing discounts given according to the quantities purchased by a dealer within a specified period of time.

Refiners, distributors and dealers expressed the practically unanimous opinion that, generally speaking, there are no means by which a retail customer can protect himself in respect of the quality of an oil sold to him beyond relying upon the fair dealing and honesty of the retail dealer who sells it—the responsibility and reputation of the wholesale dealer or producer and the satisfaction or dissatisfaction he may meet with in its use. They stated it was well understood in the trade that oils of inferior quality are not infrequently purchased and retailed at prices equal to those of the better and best grades and that the use of brands and sealed packages has been adopted to minimize and overcome this condition as much as possible.

Returns received in the enquiry showed that the margins obtained on the sale of automobile lubricating oils varied from five per cent to over 100 per cent between original cost and wholesale selling prices and that such wholesale prices were in turn increased in degrees varying from five per cent in some instances to upwards of 100 per cent in others on retail sales. With this the case, retail selling prices amounted in some instances to three times the cost paid by the wholesale dealers who supplied them, but for a large part aggregate spreads between such costs ran about 100 per cent. With such wide variations it was difficult, if not impossible, to fix any definite percentages as to the average spread recovered, but the following typical examples will show the graduations in price between original costs and retail selling prices per imperial gallon, namely:—

Example	Cost to	Wholesale	Retail
	Wholesale Distributor	Selling Price	Selling Price
	c.	c.	\$ cts.
No. 1.....	46	97	1 30
2.....	64	90	1 35
3.....	40	60	80
4.....	60	75	1 25
5.....	90	95	1 50
6.....	50	60	1 00
7.....	40	42	84
8.....	55	58	1 00
9.....	51	61	1 40
10.....	33	60	1 00

Witnesses examined admitted that profits on the sale of oils were large but they claimed that considerable portions of the wholesale margins were absorbed by delivery and handling costs and particularly by advertising expenses in the case of branded oils—added costs were also met where sealed packages were used.

Statements covering the operation of service stations showed that the amount of automobile lubricating oils sold retail in Ontario was between three and four per cent only of the volume of gasoline sold and this fact was put forward as a