

the period between January 1, 1924, and July 15, 1925. This statement shows that as a general rule Toronto prices were higher than relative prices at Buffalo, Chicago, Cleveland and Detroit in the period between January 1 and November 1, 1924, and to extents varying as high in one instance as five and one-half cents per imperial gallon; that a difference of about one per cent per gallon existed in January, 1925, between Toronto prices and those of Detroit and Chicago; while Buffalo and Cleveland prices were about level with them. From March 1st, 1925, forward, prices at Detroit and Chicago were about equal—relatively—to those at Toronto; those at Cleveland slightly higher; while Buffalo prices exceeded Toronto prices by from three and one-half to four cents per gallon. The conditions which obtained between January and November 1st, 1924, do not, in my opinion, tend to uphold the contentions of officers of the Imperial Oil Company, Limited, or to prove that Ontario prices have at all times been regulated by American prices; on the contrary they serve to indicate that so long as all the principal refiners and wholesale importers in Canada shall follow a common policy with respect to prices charged and also retain a substantial measure of control over retail distribution in any locality, they can render such competition largely ineffective there.

Whatever be the conditions which may have prevailed—or now obtain—in Ontario relative to the manufacture, importation and wholesale and retail sale of gasolines and lubricating oils—including those above mentioned—the question as to whether reasonable or unfair prices are being or have been charged must in the ultimate be answered by the extent of the net profits obtained. To this end balance sheets, profit and loss accounts and the other statements mentioned in the early part of this report, were obtained from seven of the principal refiners and wholesale dealers, and these statements were carefully analyzed and considered in all their elements. With such consideration it became clearly apparent that, just as with businesses of other character, wide variations existed in the volumes of business done and costs of operating to the different refiners and dealers, and that with such the case certain of them were able to obtain substantial earnings at times when others operating on the same margins and selling at the same general prices were unable to do business except at a loss.

It was agreed that information given to me by each of the refiners and dealers mentioned should be held as confidential for the purposes of the enquiry and I may not, therefore, report the capital invested, volume of business done and the earnings obtained by each. After excluding investments, which did not relate to operations in Canada, but including capital and profits of subsidiaries operating in Canada and adjusting depreciation and other allowances to a common and equitable basis, the statements submitted showed that over the period of five years beginning January 1st, 1920, and ending December 31st, 1924, the combined net profits of the three refiners operating in Ontario did not exceed an average of eight per cent per annum on the combined-capital they so employed. Such statements also showed that profitable and lean years were met with within such period, the most profitable having been the year 1920, and the least profitable the year 1923.

Earnings of wholesale dealers were more difficult to deal with on an average basis than were those of refiners, for the reason that very wide variations obtained in their volumes of business and costs of operation. Two of such dealers also were operating in 1920, while the third commenced operations in 1921 and the fourth in 1923. Those who gained profits as compared with those who sustained losses in such period were in number as follows:—