

like Toronto of \$2.62 per day from sales of gasolines. Pumps located on lines of dense traffic and at important points have of course—and in many instances—a much greater turnover, but according to evidence they are the exception and not the general rule. Average returns—as above stated—with profits from sales of oils and other accessories—do not under such conditions provide more than wages to those who operate pumps for their livelihood and they leave little or not incentive to reduce prices to those who operate them as adjuncts to other businesses even though costs of operation be disregarded or not seriously considered. Examination of the accounts of over one hundred service stations operated in Ontario further indicates that but a very limited number of them are able to pay a reasonable rental and show a profit on a margin under 4 cents per gallon on gasoline sold (plus profits on oils and other accessories) while with many of them costs range between 5 and 6 cents per gallon and in some instances still higher where inadequate turnover compared to investment and operating costs is obtained.

The above conditions mean that profits obtained or losses sustained from fluctuations in the wholesale prices of gasolines are absorbed by manufacturers, wholesale dealers and importers without participation therein by service stations, curb pump operators or retail dealers who buy their supplies at tank wagon prices. They also leave little room for competition in the retail sale of gasolines on the part of service stations and curb pumps privately owned, which buy their supplies at tank wagon prices, but they place manufacturers, wholesale dealers and importers in a position where, if they follow any common policy, they are able (assisted by their operation of service stations and the extent to which they control pumps) to very largely determine retail prices. Departure from such common policy by any important manufacturer or importer would, however, very largely limit, if not entirely terminate, their ability to do so.

Evidence of the most positive character was given by officers of the Imperial Oil Company, Limited, the British American Oil Company, Limited, Canadian Oil Companies, Limited, McColl Bros., Limited, Shell Company of Canada, Limited, Sun Oil Company, Limited, and the Cities Service Corporation, Limited, that no association existed and no agreement or understanding had been entered into which had for their purpose the regulation or control of prices at which gasolines were sold in Ontario, and testimony was given by the officers of each of such companies that it had no proprietary interest, direct or indirect, in any of the others or any influence in their administration or the conduct of their affairs. Lists of stockholders (when registered) were produced in support of such testimony and further evidence was given in respect of shares held under share warrants—which are not registered—to the effect that no control or influence was effected through them and so far as knowledge went no common ownership existed. On the other hand, it was frankly stated by officers of the other companies that, inasmuch as the Imperial Oil Company, Limited, holds a predominant position in the trade in Canada, it has been and is their custom to follow prices set by it from time to time. Such course was upheld by them on the ground that it is a common trade practice for the largest producer in any line of business to set prices and other dealers to follow them. They also contended that they needed, and were glad to accept, any profits which arose from increases in price made effective by the Imperial Oil Company, Limited, while they were compelled, they said, to meet reductions if they were to retain their business. Information as to increases and reductions in prices of the Imperial Oil Company, Limited, was largely obtained by the other dealers by keeping in touch with rates charged at its service stations, but in certain instances such knowledge was procured from quotations given by the Imperial Oil Company, Limited, with respect to the prices at which it was prepared to supply gasolines of specific character and quality in wholesale quantities.