

Question as to whether the rates of profit obtained on gasolines manufactured in Ontario and sold within the period mentioned—in 1924—were reasonable or unreasonable, was possible of being determined only by consideration and examination of the operating and profit and loss accounts of the refiners concerned and in dealing with such statements profits earned from the manufacture and sale of automobile lubricating oils and gasolines could not be separated from those recovered from other products derived from the refining of crude oils except upon certain arbitrary footings, each one of which was open to greater or lesser objection. The best evidence available to determine whether the prices charged for such gasolines and oils were reasonable or unreasonable were the profits earned by the Imperial Oil Company, Limited, whose business was most largely restricted to products of Canadian manufacture. Accounts covering the same were submitted and they showed that such profits were not excessive or unreasonable, but they were of lesser relative amount than were the profits obtained by certain other dealers whose businesses had wholly or to a large extent been comprised of gasolines imported during the period. This fact and other facts relating to the business of the Imperial Oil Company, Limited, indicate that, in operating their refineries in 1924, Ontario manufacturers obtained a lower ratio of profit from gasolines so produced than they could have recovered, had they restricted their sales to gasoline purchased at distress prices in the United States of America.

The retail prices at which imported gasolines were sold in Toronto having— if the figures before mentioned be accepted—provided approximate gross margins of between six and three-quarter cents and eleven and one-half cents per gallon during certain months of 1924, question arose as to why independent and small dealers did not import direct and then intervene and cut prices in Toronto in the same manner as happened at Woodstock and Simcoe and other points in lower Western Ontario. Wholesale dealers, service station operators and retail dealers conducting businesses in Toronto, were, therefore, examined to obtain an answer to such question and their testimony was as follows:—

Importers, who were examined, stated quite frankly, that they had followed the prices set by the Imperial Oil Company, Limited, in respect to gasolines manufactured by that company in Canada. They admitted that such prices had produced substantial margins of gross profits at different times in 1924 and claimed that they were fully justified in accepting such profits, having regard to the fact that the gasoline business runs in cycles, requiring substantial earnings in one period to offset reduced earnings or losses in others, if a fair average rate of profit is to be obtained over each period of years. They maintained that there was no just reason from their standpoint and under such conditions why they should have cut prices in Toronto to meet rates quoted at other points in Ontario where dealers were able either to operate at a lower burden of expense or else—considering themselves practically free of expense—handled gasolines as adjuncts to other business and at a nominal cost. Several of such wholesale dealers also presented statements which showed that their ratio of expense was such that they must have operated at serious loss had they attempted to meet such rates. Those examined claimed that competition in Toronto was in no way limited, but that such market was open to access by any importer, jobber or retailer who might choose to make the necessary investment and obtain facilities for the conduct of business. These conditions, they said, were in force in 1924 and they knew of no reasons why they had not been availed of, unless it was that persons having knowledge of the business understood its profitable and unprofitable cycles and had, therefore, hesitated to make the comparatively heavy investment necessary to enter upon operations there. As a further possible reason for lack of competition in Toronto similar to that met with in Woodstock and Simcoe, they pointed out—(and in accord with statements which they