

(4) Evidence was given by officers of the three refiners and four wholesale dealers mentioned, that no association, understanding or agreement exists, or has existed, having for its purpose the fixing of prices at which gasolines are sold to the people of Ontario. Lists of stockholders, with information as to share warrants outstanding, were submitted and evidence given that so far as known no common ownership of shares existed. It was further testified by the officers of each company that it had no interest, direct or indirect, in the ownership of any of the other companies or in the conduct or administration of their affairs. I accept such evidence.

(5) It was admitted by the other refiners and wholesale dealers who were examined that they had each adopted the policy of following prices set by the Imperial Oil Company, Limited, in respect of gasolines manufactured and sold by it in Ontario and this course was upheld by them as conforming to ordinary trade practices—in view of the predominant position held by the Imperial Oil Company, Limited, in the trade in Canada—and justified by them on the grounds of advantage and necessity.

(6) In the year 1924 a heavy overproduction of gasolines took place in the United States of America and large quantities were forced upon the market and sold at reduced and distress prices. Canadian refiners, with stocks of crude oils on hand and commitments to purchase, were unable to meet the prices at which such gasolines could be imported into Ontario and sold, except at the cost of losses. Accordingly they continued to charge—so far as they were able to do so—rates which were commensurate with the costs of crude oils to them. As a result of the adoption and carrying out of such policy prices for gasolines in Toronto—and many other points in Ontario—exceeded relative prices at Buffalo, Chicago, Cleveland and Detroit in amounts varying between one-quarter cent and five and one-half cents (in an extreme case) per imperial gallon, at times within the period between March 1 and November 1, 1924. Variations in prices also obtained between retail rates at many points in Ontario and in the most extreme case testified to, a difference of ten cents per imperial gallon occurred.

Prices for gasolines of Ontario manufacture were reduced about November 1, 1924, and with such reductions—and a more than proportionate increase in rates thereafter charged by American producers for their gasolines—a point was reached by March 1, 1925, when Ontario prices became less than relative prices charged at certain points in the United States of America, and this condition continued up to August 1, 1925, the end of the period under review. Variations between the prices charged at different points in Ontario also became reduced and by July 15, 1925, they did not exceed three cents per imperial gallon as a maximum for gasolines of ordinary quality—freight adjustments being taken into account.

(7) It was contended by the refiners and wholesale dealers examined that adoption of the common policy in Clause (5) mentioned did not permit or allow them to increase or unduly enhance prices of gasolines to the people of Ontario, and they maintained that as costs of manufacture of gasolines bear a direct relation to costs of crude oils (which have for the most part to be purchased in the United States of America) any attempt to charge excessive prices in Ontario would immediately be met by the importation of gasolines from the United States of America when price reductions to reasonable levels would be enforced. Under normal conditions such contention cannot be otherwise than correct. Ontario prices exceeded relative American prices, however, in the period between March 1 and November 1, 1924, and with this the case it is my opinion that regulation of Ontario prices by the importation of American gasolines can be and was rendered largely ineffective at the points and within the times referred to by reason of