

3. "That at no time should Canadian citizens be permitted to make profits out of supplying war munitions or materials".

Agree that as far as possible we should remove the danger that possibilities of great profits may create a war atmosphere, foment war, encourage its continuance. But must recognize that such profits and such temptations may come to the producers of boots or wheat or bacon as well as to the makers of guns and ships.

At the same time it is not possible to isolate the making of every material useful for the conduct of a war from the making of other commodities, and create a non-profit socialist island inside a competitive economy. Our requirements are on a modest scale, but so long as we do provide for our own defence, we must in most cases obtain our requirements from private sources and allow for a reasonable profit, if the supplies are to be forthcoming. We recognize the danger of excessive profits both to the Treasury and to the general atmosphere. The Government has for some time been considering the best means of ensuring that any profits will be kept down to a reasonable basis, and will shortly indicate the steps it proposes to take.

(See draft of Committee report on "Control of Profits on Government Armament Contracts" attached).