

the funds to be expended, there was no longer any question as to whether the returns to be expected would replace any part of the capital or meet the interest, much less furnish a margin of profit. No economic return was expected from most of the goods supplied or the services rendered. Almost all economic activities became subsidiary to the prosecution of the war, and in meeting the demands of the state for men and supplies, prices and rates were made without reference to whether industry could be maintained at the cost of production and the rates of profit and remuneration for services which were soon prevailing. This does not altogether mean that there was no competition in business, or that the rates established by public institutions, such as those governing railway transportation, were entirely disregarded. But it does mean that where the ultimate demand for finished products and services emanated from the Canadian, British, or allied governments who had no thought of economic returns but only of speedy and adequate supplies for the conduct of the war, the ultimate question was not whether the prices or profits were reasonable or unreasonable, economically possible or not, but simply at what effective and necessary rates the indispensable supplies and services could be obtained.

In this connection it is worth noting that as far as the prosperity which results from an active period of production and high prices is concerned, there is no difference between the investment of funds in enterprises which will prove highly remunerative to the investors, or in enterprises which will prove to be entirely unprofitable even to the extent of losing the whole or at least the greater part of the capital invested. It is only when an enterprise, in which capital is invested and which is beneficially promoting trade and industry, comes to the practical test as to whether its output of goods or services at prevailing rates will make an adequate return on the expenditure, that the question of profit or loss