

Gold Mining

value for our currency. However, to do so now would drain what little gold reserves we have in this country. Certainly if the United States embarked on it it would drain the gold reserves at Fort Knox in a very short time.

Therefore there must be a period in which by free action a proper price can be evolved. Even though the monetary fund set the artificial price of gold at \$50 or even more and still restricted trading in gold, I would be opposed to it as being an unsound move. One thing about the capitalist system is that capital, exchange and money can be free to come in and go out. I submit that one of the first and most important moves for us to take in Canada is to allow gold that freedom, to restore the right to hold and own gold.

In conclusion I want to make the following points:

1. This bill is a palliative, not a cure.
2. The gold industry is threatened with extinction.
3. Canada cannot afford to lose this industry.
4. The international monetary fund has proved to be a costly failure.
5. Its rules prevent a rise in the price of gold either artificially or by the operation of the free market.
6. Gold is not going into monetary funds but into private hoards under present regulations. This is dangerous.
7. Canadian gold should be used by Canadian individuals and corporations to assist them in international trade. The return to a gold standard must be preceded by the operation of a truly free market to establish a price for gold which can be maintained.
8. A gold-backed currency is the only sure cure for inflation. The return to a gold standard is desirable but is not an immediate prospect.
9. The free market is the only method of arriving at the true price for gold. Just as the free Canadian dollar has stabilized itself, so will gold if all restrictions are removed; but the period of stabilization may be considerably longer.
10. No agency can prevent price fluctuations. It has generally proved disastrous to try.

Finally, I believe that Canada stands on the threshold of becoming a great international banker in her own right. I believe that we must accept this challenge. I do not believe we can afford to accept the domination of New York on this continent; certainly we cannot stand political domination from Washington. I am convinced that despite our small size in population, despite

our small production compared with that of the United States, because of our potential production, because of our great storehouse of wealth as yet undeveloped, we must accept the challenge of freeing our currency, as we have done, and be prepared to stand alone if necessary and fulfil the functions of an international banker. The twentieth century can really be ours if we have the courage and the vision.

Mr. Armand Dumas (Villeneuve): Mr. Speaker, we have before us for consideration a resolution preceding the introduction of a bill to extend the application of the Emergency Gold Mining Assistance Act to the years 1952 and 1953 and to clarify—I would have preferred it if the word used had been “amplify”—the provisions of subsection 5 of section 3 of the act. I do not wish to take any more time of the house than is necessary, but hon. members will understand that when such legislation is being introduced I would fail in my duty if I did not bring to the attention of hon. members the views of my constituents.

First I wish to say that the Canadian gold producers are facing a very difficult situation. The employees in the mines are in danger of losing the main if not the only source of their monthly payroll. Modern communities are liable to become ghost towns. Everyone concerned has serious cause to be worried regarding the ever-increasing difficulties which have to be met by the gold mines. At the same time I wish to say that all those concerned with the plight of the gold mines are also aware of the sympathetic consideration which the problems confronting the industry have received from the federal government in the past, and they gratefully acknowledge the steps taken by the government to continue its aid to the industry.

Mounting costs of production and a fixed price for the final product are the causes which have seriously hampered the operation of the gold mines of this country more and more since the early years of the second world war. In addition to the above, we now have the Canadian dollar at a premium, and I would say that this is another handicap to the gold mines. Figures published by the bureau of statistics show that the operating costs of Canadian gold mines have risen by 40 per cent between the year 1941, when the price of gold was \$38.50 an ounce, and the year 1948 when the price of gold was \$35 an ounce. In 1949, when the average price of gold was \$36 an ounce, the cost of producing an ounce of gold exclusive of taxes was approximately \$32.