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THE ARBITRARY PRICE OF GOLD.

During recent months there has been much discussion concerning the difficulties being encountered by producers of gold and the advisability of encouraging production. These discussions have brought before the public the fact that increased costs threaten to make gold production unprofitable, and have raised the question whether gold production is essential.

A good deal of the discussion is more entertaining than instructive; but enough has been stated to make it clear that we cannot depend on the so-called economists to solve the problem. They are too much given to generalizing without stating the limits of the application of their arguments. If the gold producers want to get the facts correctly before the public they will have to get together and study the matter thoroughly as one that vitally affects their business.

As pointed out by Mr. B. L. Thane, in a recent letter published in "Mining and Scientific Press," production of gold is now being made at a loss by a large number of companies. This is, unfortunately, not a new experience in the history of mining, but it is one that is making an unusual amount of trouble because the conditions are peculiar. In the mining of other metals there are periods when over-production so breaks the price that operation of the lower grade or smaller properties becomes unprofitable; but such periods are attributable to lack of demand for the product. In the case of gold, there is no lack of demand, but a price fixed by Governments. Unfortunately, the price was fixed before the war and is out of keeping with the cost of production. Unfortunately also, the price cannot be changed so easily as that of other metals. Mr. Thane says:

"The production of gold from the majority of the low-grade deposits is now being made at a loss. Last month, 300,000 oz. of gold produced on the Rand, which is the most productive gold-mining region in the world, was sold to the Government at less than cost, and the same thing is true of several of the largest properties in Alaska, Canada, and the United States. It is inevitable that, unless some form of bonus is given to the producing mines, or an actual increase in the value of the product itself is made by the countries in which gold is now being mined, the large producers will be compelled to discontinue operating and the already decreasing production of gold will be most seriously affected. It is obvious, likewise, that the estimated profits on ore, based on pre-War conditions, on which these enterprises were established, have ceased to exist. Tonnages of developed ore in the mines that were carried as an asset because profit was indicated on the pre-war basis, must be entirely written off under pre-

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Development of the oil fields of southern Ontario is meeting with very encouraging results. There will be considerable production from new wells this year and we may reasonably expect that the success of those who have been pioneers in the new campaign, will attract many others. As pointed out by Mr. M. Y. Williams in this Journal last year, southern Ontario offers good opportunities to the driller.

A considerable amount of wildcat drilling must be done before we know what the oil resources of Ontario are. With the assistance of men who have had experience in oil production in Ontario and with advice from geologists who have studied the structural features of the oil fields and of the surrounding country, the driller in Ontario is not without good guides in choosing likely places. It should be recognized by the public, however, as it is recognized by oil men, that many of the wells drilled must necessarily be wildcats, if the territory is to be thoroughly tested. The exploration for oil in Ontario has now been undertaken on a scale and with preliminary successes that warrant one in believing that important new fields will be developed. It is to be hoped that the progress of development will not be seriously hampered by the efforts of those who are more interested in fooling the public than in searching for oil.