

*Gold Mining*

price than would otherwise obtain. The cost of debasing and refining, with consequent delay, is, of course, borne by the producer.

Further, I would urge our government to allow the private ownership of gold in Canada, either by Canadians or by foreigners. I believe that nationals of other countries would welcome the opportunity of owning gold in safe-keeping in Canada as a hedge against inflation, as well as protection against devaluation or total collapse of their own paper money, which they have so often suffered from in the past, and the prospect of an ultimate increase in value. But first, it would be necessary to rescind the provisions of the Bank of Canada Act and the Currency Act whereby the government has the power to compel the surrender of gold at the now obsolete price of \$20.67 per ounce. I doubt very much if our government would ever attempt to enforce this surrender but the power is there, however out of step with the times it may be. It would surely be wholly logical for a country such as ours, with its great potential gold production, to permit its citizens the right to buy and own gold. In all probability this would lead to the establishment of a healthy gold market in Canada.

I realize that such moves on the part of the Canadian government would not be enthusiastically received by the international monetary fund and the United States treasury, both of which evidently wish to keep gold out of private ownership and to hold the price near \$35 for the time being at least. But Canada, with its rather unique position in world affairs and its great potential gold production, is in a position to take such action and I sincerely hope that Ottawa is already working on these matters.

One hears frequent reference to the imminence of a "higher price for gold"; or, as it should be expressed, a revaluation of gold in terms of depreciated currencies. As I stated last and this year, such a revaluation must come inevitably, and if it be accompanied by unhampered movement and ownership of gold, it will bring about a gradual and realistic revaluation of the world's currencies and so pave the way for the removal of restrictions and fixed rates of exchange. These latter measures were forced upon us by the upheaval of normal world trade during the war, but every effort should now be made to allow the natural interplay of supply and demand to take control once more. However, I am convinced that governments will not take these steps until forced to do so by public demand. Canada has led the world in the removal of wartime restrictions and now is the time for her to move in the direction of restoring gold to its proper and traditional role as the only universal medium of exchange and measure of value.

That extract from the speech of Mr. J. Y. Murdoch I think is an utterance that is entitled to respect in this house. I commend it to the government as containing recommendations of the type of policy that the government ought to follow and ought to proclaim in the house.

I pause only briefly to comment on one or two other matters in connection with this subject. When speaking on this subject in the house on June 18 last year I drew attention to the fact that the exchange reserves of the Canadian government were to a dangerous degree in the form of United States dollars and not to a sufficient extent in the form of gold. I suggested at that

time that Canadian gold was a much better hedge than United States dollars. It is gratifying to find that in 1951 the Canadian government moved in the direction then recommended. At December 31, 1950, the exchange fund account and the Bank of Canada held gold to the extent of \$580 million and United States dollars to the extent of \$1,144,900,000. At December 31, 1951, that situation had been corrected to the extent that the exchange fund account and the Bank of Canada held gold to the extent of \$841,700,000 and United States dollars to the extent of \$899,500,000. I think that is a move in the right direction.

What is required now with respect to gold is a serious attempt on the part of the house to address itself to finding a long-term and complete solution. The present measure while necessary is certainly no solution. At best it is only a stopgap, hand-to-mouth emergency measure. So far as the international monetary fund is concerned, I have said in the past that the fund and our hopes concerning it were built upon certain premises that were written into the preamble of the fund which certainly have not been realized in the experience of the world in the intervening six and a half years. I think we must recast our thinking with relation of the efficacy of the international monetary fund.

It has become largely an instrument of fiscal policy on the part of the United States government, and in this particular that fiscal policy has run counter to the interests of Canada as a leading world producer of gold. In that situation it seems to me that the duty of the government and of parliament is to put first the interests of Canada as a gold producer. We should call upon the government to seek to remedy the type of policy that has characterized the operations of the international monetary fund thus far or to make it quite clear that this country is not going to be able to continue to give support to the fund if its policies are going to run counter to the interests of Canada.

In addition, it seems to me that the government should be called upon now by the house to take energetic measures to bring about an increase in the effective world price for gold. I mentioned a moment ago that the price has been reduced lately by reason of the appreciation of the Canadian dollar in terms of the United States dollar. I am not unmindful of the difficulties in this respect. I have in my hand an Associated Press dispatch from Washington which anticipated by a matter of three weeks the change of policy announced on September 28 by the international monetary fund. On