

ducers with a small output of gold. These are the facts. Can parliament and the government sit idly by and watch the destruction of this industry?

It may be asked, what should be done to assist the gold mining industry? The Minister of Finance and his advisers have always said that to export gold was to export capital. There are a number of mines in Canada today which are willing to market their own bullion. They are prepared to turn over to the foreign exchange control board the funds realized for this bullion, and they are prepared to turn over these funds in United States currency. Is that an export of capital? With our desperate need for United States dollars, surely if a man can get \$40 or \$45 per ounce in United States currency he should be allowed to do so, on the understanding that he turn over the currency to the foreign exchange control board. Surely that is not an export of capital.

I hold in my hand a short article which was published in the New York *Herald Tribune* last week, having to do with the marketing of gold. It reads as follows:

There was little gold to be had anywhere in the world with the exception of London, where brokers were offering metal, presumably of Swiss origin, at from \$41.75 to \$42 an ounce.

Informed quarters speculated whether the unofficial pressure being exerted by Washington would also be brought to bear on licensed international dealers to hold down the wholesale price which has been increasing consistently over the last two months.

However, as long as the black markets were bidding ever higher prices for gold at retail, which has exceeded \$80 an ounce in oriental markets, there was very little chance of keeping private wholesale dealings at reasonable levels.

If the present international move to stamp out excessive black market operations should be successful, there is reason to believe that wholesale prices would respond, subject, of course, to the law of supply and demand.

This is the important sentence:

The relative scarcity of gold would seem to act against any substantial decline of quotes at this time, regardless of all other factors involved.

In other words, Mr. Speaker, regardless of what the United States government may do, the price of gold is going up. It cannot be stopped.

That is the first step. The second step is to establish a free bullion market in Canada. The third step, which would be taken some time later, is to mint convenient sized bars and allow Canadian citizens and corporations to hold the gold. I mention this particularly in reference to the annual report of the Sun Life Assurance Company of Canada. The Sun Life has some \$3,500 million of insurance in force at the present time. One of its

[Mr. Adamson.]

greatest difficulties is with international currency. I shall not read the report of the company, but at the present time it is doing one of the great works of mercy in the world in that with its world-wide organization it is financing its policyholders, many of whom have kept their policies in force or at least have a considerable equity in them. It is providing destitute people all over the world with funds. If that company could supply its policyholders with gold, what a great asset it would be to policyholders in the orient, on the European continent, in Africa, in South America and even in England, and what a wonderful piece of good will it would be for Canada!

I come now to the matter of depletion allowance. I have said that the depletion allowance of 40 per cent at the mine is minuscule; it is nothing compared to what is needed. I have suggested 50 per cent and the senate committee agreed. The mining association and the chamber of mines have all agreed that not only do we want an increased depletion allowance to the mine but it should be given to the shareholder as well, and it should be in the neighbourhood of 50 per cent to really encourage the industry.

The mining industry is wholly opposed to a subsidy. If a mine cannot produce at a profit it is not the duty of the Canadian people to support it. All that the gold mines ask is to be allowed to get the world price for their metal. Surely that is not asking too much.

So far we have considered the industry merely from its own point of view. Let us look at it in the light of our present economic position. I say, Mr. Speaker, in all seriousness that this country is in one of the most perilous international monetary conditions of its history. I should like to refer briefly to our position *vis-à-vis* the United States. In 1946 our imports from the United States were \$1,405,300,000 and our exports to the United States \$887,900,000, leaving a net deficit of the staggering sum of \$517,400,000 in 1946 as against a small deficit of only \$5,400,000 in 1945. That is not all. The situation is much worse than that today. In December our imports from the United States were \$145,600,000; our exports were only \$83,900,000, leaving a debit to the United States in December of last year of \$61,700,000, the highest of any month in our history. Let us look at the ways in which we can meet that debt. We can meet it by currency devaluation, by tariffs, by selling more goods to the United States. I suggest to hon. members that they read an excellent article by Professor Palyi in last week's *Financial Post*. It seems