

110 west. It is planned to have Eureka sound and Winter harbour in operation this coming summer. The actual location of the other weather stations is a matter for further study. It is considered essential that these stations be operated for a minimum period of five years to enable accurate assessment of their value with a view to determining the advisability of continuing or expanding weather reporting operations in these Arctic regions.

Our Canadian climate and weather are more definitely influenced by currents of air and storms from the Arctic than from any other points of the compass. It is anticipated that the establishment of Arctic weather stations will provide our meteorologists with accurate information which will be of inestimable value to our national economy, and particularly to enterprises in many fields, such as agriculture and lumbering, to say nothing of aviation and other forms of transportation. From an economic point of view, long-range weather forecasting would result in savings far in excess of the monetary costs in establishing and maintaining these stations. Their establishment would also determine the feasibility of air routes across the Polar regions. Reports from the proposed Arctic weather stations will reduce the number of errors in the weather forecasts by providing advance information of outbreaks of cold air from the far north.

To our knowledge, the U.S.S.R., which is equally affected by polar storms and currents of air as the North American continent, maintains a large number of weather stations in the Arctic regions on the other side of the north pole. It is hoped to be able to interchange Arctic weather information with the U.S.S.R. and other neighbouring countries in the north when possible. The U.S.S.R. has already a very extensive exchange of weather information with Canada and will be greatly benefited by the additional reports which will be made available to them.

These new stations will be of great value to the United States as well as to Canada, and their operation will enable more accurate long range forecasting by the United States weather bureau. The United States has therefore undertaken to assist Canada in the establishment and operation of these northern stations, which will, of course, be under the control of the Canadian government, which will supply the officers in charge. United States technical personnel will be included in the staffs required. The Canadian government is grateful for this assistance, which will be invaluable until sufficient technically qualified Canadian-trained personnel are available. It is believed that this extension

[Mr. Howe.]

of weather-reporting facilities, in which the two countries will cooperate, will be of service to all countries interested in improving our common knowledge of the north.

TAXATION

RELIEF MEASURES TO BE EXTENDED TO GOLD MINING INDUSTRY

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, I wish to make a statement to the house regarding certain tax relief measures which the government proposes should be extended to the gold mining industry.

The house is doubtless aware of the difficulties facing the gold mining industry in Canada today and of the urgent representations that have been made to the government from associations representing the industry, from responsible citizens of mining districts, and from members of this house representing many constituencies in Northern Ontario and Quebec who have expressed to me personally their real concern over conditions in their constituencies.

No one who examines the record of current gold production and compares it with the level of output in our best years can fail to be impressed with the seriousness of the decline. Production has fallen from its all time high of 5,345,000 ounces in 1941 to 2,808,000 ounces in 1946. This is a decline of more than 47 per cent. Moreover, with rising labour and material costs and with the loss of the 10 per cent premium on United States funds, the immediate outlook is not bright.

It is, of course, a characteristic of the gold mining industry, which produces a product with a fixed price, that the margin of profit narrows down in the face of rising costs of labour, materials, and equipment at a time when business generally is prosperous. On the other hand, favourable conditions appear in this industry when others are in depression. It is well remembered how active the industry was during the hard years of the thirties, and how important it was to our whole economy during those years as a support to employment, to our foreign exchange position, and to our domestic purchasing power. Accordingly, I believe there will be general endorsement of the proposals I am about to make which are designed to assist in increasing production and to encourage prospecting and development in this field.

The government's proposals for the industry are threefold. In the first place, the depletion allowance for gold mines will be increased from 33½ per cent to 40 per cent of profits earned on and after January 1, 1947. This will apply