

*Gold Mining*

work is directed rather to the search for base metals. Perhaps in a measure not experienced by any other industry in Canada, this industry has been faced during what are regarded as good times with the full effects of a depression. This has arrested the development of an industry which in times past has meant much to the development of the economy of this country.

There are many who do not like to think back to the days of the depression, but it would be well for us all to recall that in those days there was one industry which was assured a market for its product and which contributed effectively and on a large scale to keeping the wheels of industry going. That was the gold mining industry. Who can say that the day may not come when we may be glad to look to the gold mining industry with an assured market for its product to help to carry the load of the economy of this country?

How has this depression in the industry affected those who look to it for livelihood? The fact is that the production of gold in this country, even under the present measure, declined last year as compared with the previous year. Canada is not producing quite as much gold as she did prior to 1950. The minister has not yet indicated the results in 1952 of the order in council of October 7. It will be interesting to know what results in respect to production can be traced to the decision taken on October 7 as reflected in the order in council issued on that day.

What have been the results of the order in council of October 7? Putting it broadly, the effect was to provide a market for so-called non-monetary gold or gold of 22 carats of fineness or less at a price which yields approximately \$3 per ounce more than the price paid for gold marketed for monetary purposes through the Bank of Canada. We have not been furnished with figures as to the proportion of the gold production of Canada which is marketed under the order in council as compared with that marketed for monetary purposes through the Bank of Canada, but I have seen figures which indicate that approximately one-third of the gold production has been marketed under the terms of the order in council of October 7.

At the same time the gold mining industry has had to contend with another problem arising out of the fact that the Canadian dollar has been appreciating in terms of the United States dollar. A price of \$35 per ounce in United States funds actually yields something less than \$35 per ounce in Canadian funds. This has had a damaging effect upon the prosperity of the mines and those who depend upon the mines for a livelihood,

whether through direct employment or through living in communities which owe their economic livelihood, yes, their economic survival to the prosperity of the gold mines.

Certain it is that there has been as yet no revival of development work. In examining these regulations and the order in council of October 7 one might say that there are serious shortcomings to be found. The regulations introduce a great deal of rigidity. The assistance afforded by opening up a market for so-called non-monetary gold was on the basis of a choice by the producer as to whether he would market his output under the terms of the order in council of October 7 or under the terms of the Emergency Gold Mining Assistance Act. That choice carried him along a year at a time.

I submit that much of the benefit that might have flowed from the opening up of a market for this so-called non-monetary gold of 22 carat fineness or less was lost by reason of that rigidity. In the seven months during which the new system has been in operation several shortcomings have developed. I do not need to repeat what was said this afternoon by the hon. member for York West (Mr. Adamson) in his able speech, but I do suggest that within the general scope of the type of regulation now in effect there is much room for improvement. In the first place the producer should be allowed to make his choice as between the two methods of marketing, not on an annual basis but on a quarterly basis so that he might see where his advantage lies on a shorter term basis than is presently possible.

In a recent speech J. Y. Murdoch, president of Noranda Mines, who is entitled to have his observations in connection with this field treated with respect, referred to this new method of marketing as follows:

I do feel that for greater effectiveness and in order to encourage more mines to forgo "cost-aid", the present regulations could be improved. As it now stands, once a gold producer elects to sell in the free market it must continue to do so for the remainder of the calendar year. This provision makes it difficult for certain mines to properly appraise the situation and decide what is best for them to do. In all fairness, as it is solely a matter of administration I would strongly advocate that arrangements be made to permit the mines to "elect" each quarter.

If certain gold mines which have elected to sell their production in the present limited free world market are to continue and others encouraged to do so, some of the obstacles which they face will have to be smoothed out.

For one thing, it should not be necessary to add copper to refined gold in order to obtain an export permit. This is an unnecessary delay and expense. It is no secret that about 90 per cent of the gold so debased and exported is promptly refined again to remove the copper and hence it brings a lower