the matter with the industry. That is a very dangerous situation because the condition of the stock market does not necessarily denote a healthy condition in the industry. The boom in the stock market is largely due to two factors. First, there was a recent discovery of large nickel deposits in Manitoba and, second, some high grade deposits of copper ore have been discovered in the Rouyn and Noranda district. I will not mention the names of the companies, but those discoveries have been outstanding and large paper profits have been made in the stock market. All this does not indicate that the mining industry is in a healthy condition. There is only one thing that will make a healthy mining industry, and that is production. At the present time that is anything but good.

I come now to gold. The trouble with the gold industry can be summarized as follows: First, there is the parity of exchange. Second, there is the increased cost of materials. Third, there is taxation. Fourth, there is the increased labour cost. Fifth, there is the inefficiency underground because labour is getting older and the mines are getting deeper. As a consequence in many cases the output is not as good as it was before the war. Sixth, there is a drop in the ore reserves. Seventh, development work has been virtually at a standstill during the entire war, and ore is being broken on a hand-to-mouth basis.

I come now to the crucial point in connection with the entire gold situation. Unless a gold mine can produce an ounce of gold for $35—it is really $34.80, because there is a mint charge of 20 cents—that gold mine is not producing at a profit. There is only one answer: if you cannot produce your gold for $34.80 an ounce you cannot continue your mine. There is no other option open to such a mining company. You must produce for $34.80 or you go broke and your mine closes.

Let us look at the situation which existed in Canada at the end of last year, and it is considerably worse today. I have the names of the companies here but I shall not give them because I do not think it would be fair. This is all a matter of public record through published statements. In Ontario there were 14 mines which were not producing gold for less than $35 per ounce; in Quebec there were nine and in British Columbia there were four. The aggregate daily tonnage of the Ontario mines was 7,975 tons; of the Quebec mines, 6,175 tons and the British Columbia mines, 1,570 tons. There was a total installed mill tonnage of 15,720 tons per day. In other words, there was installed in Canada 15,720 tons per day in mills in mines which were operating in the red.

I am assuming that the average grade was $5 per ton. It would be a little less than that in Quebec, probably a little more in Ontario and considerably more in British Columbia. Assuming your average value per ton to be $5, the daily loss would be $78,600. On the basis of 350 working days a year, the loss per annum comes to the staggering sum of $27,510,000 which is almost entirely attributable to the policy of putting the Canadian dollar on par with the United States dollar and thus decreasing the price by $3.50 an ounce. I ask the house, through you, Mr. Speaker, and I ask the country through the house: is that policy worth it? The answer must come from the people of this country. They must answer whether the fiscal policy of this government with regard to the gold industry is worth $27,000,000 per annum, based on conditions at the end of last year.

There are other things which are almost as serious. One is the tremendous shrinkage in the ore reserves of every Canadian gold mine. Since parity was established, twenty-five mines have cut or omitted their dividends. This constitutes a direct tax loss to the country. More dividends will be cut or omitted this year. There were only forty-seven mining companies paying dividends in 1946, and parity occurred early in July. The most recent information is that Hollinger has shown a loss of 200,000 tons in ore reserves this year, with an estimated value of nearly $3,000,000. This is the most substantial drop in ore reserves in the history of this great Canadian mine.

I come now to the other factors which are increasing the cost of mining gold. The first mine of continuous record to report was Kirkland Lake Gold Mines. Kirkland Lake estimates that parity meant a loss of $1.30 per ounce produced during the last half of 1946. This mine also said that the increase of ten cents per man-hour to labour meant an increase in costs equivalent to $1.61 per ounce of gold produced or 64 cents per ton milled. The increase in the cost of supplies in 1946 equalled $1.50 per ounce produced. By adding together these three items of increased costs it will appear that the 1947 costs will be between $4 and $4.50 per ounce produced higher than the 1946 pre-parity costs at this mine.

Kirkland Lake Gold is an old established mine and has a steady record of production. It is therefore reasonable to say that the conditions of increased costs found there will apply to the whole gold mining industry. An over-all cost per ounce of between $4 and $5 will put every straight Canadian gold mine in the red with the exception of eight mines, several of which are small high grade pro-