Published Every Friday
by
The Monetary Times
Printing Company
of Canada, Limited

Publishers also of
"The Canadian Engineer"

Monetary Times
Trade Review and Insurance Chronicle
of Canada

Established 1867 — Old as Confederation

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Gold Mining Outlook is More Promising

Low Water Mark in Ontario Output was Reached in 1916 — Since Armistice Labour has Become More Plentiful, but High Prices are Still a Handicap — New Development Work Being Done in Some Districts

By W. L. EDMONDS

THAT Canada's need of gold is greater to-day than at any time in her history there can be no doubt. Generally speaking, her need is two-fold. She needs it in the first place as a factor in the payment of her public debt, which now stands at about $2,000,000,000, compared with $336,000,000 five years ago. She needs it in the second place as a basis for the country's currency, which at present is in a somewhat inflated condition, the percentage of gold held by the government and the banks against note issues being 40.14 per cent. compared with 69.12 per cent. five years ago.

In his budget speech of June last the minister of finance announced that the percentage of gold held at the close of the fiscal year 1918-19 against the outstanding note issue of $298,058,697 was 38.92 per cent., a proportion far below statutory requirements, according to which gold to the amount of 25 per cent. should be held against the first issue of $50,000,000 and dollar for dollar against any subsequent issue.

Sir Thomas White, while acknowledging that it "will be a long time before the currency inflation of the world will be abated," intimated that the policy of the government "will be to gradually restore our note issue to the statutory condition." This, he pointed out, could "be done by buying gold on the one hand, or on the other hand by retiring outstanding notes from time to time from the proceeds of loans or from revenue."

Ontario as a Source for Gold

It is rather interesting in connection with Canada's undoubted need of gold to study the possibilities of the province of Ontario as a source of supply.

Ten years ago, Ontario could scarcely have been accounted a factor. True, gold mining in the province had its origin fifty-three years ago, but it was not until 1909, when the Porcupine district began to come into evidence as a producer, that the industry gave promise of substantial possibilities. And even then it was not until 1912, just seven years ago, that the output of yellow metal reached large figures, the output for 1910 and 1911 having a value of but $68,498 and $42,637 respectively.

The year 1912 witnessed a phenomenal increase, the value of the output in the province at that time being $2,114,086. It more than doubled the following year, and steadily advanced until 1916, when the total output of gold had a value of $10,339,259. That year saw the peak in production, for in 1917 it was down to $8,698,735, just $197,344 above the figures for 1915, while in 1918 it was $8,567,178. Production the current year promises to be slightly in excess of 1918.

Effect of the War on Production

Although the annual production is on a lower scale by nearly two million dollars than three years ago, yet it can not be attributed to any petering out of the gold resources of the province. On the contrary it is due entirely to causes created by the war. In the first place the demand of the army for men necessitated depletion in working staffs at the mines. In the second place, the men remaining, although averaging lower in efficiency, demanded and obtained higher wages, while in the third place supplies of all kinds advanced, in certain instances to an extent of over 100 per cent. If the mine operators, like producers of other kinds of merchandise, could have advanced the price of their product, an easy way of obtaining compensation for the higher cost of production could have been found. But the price of bullion being fixed by international agreement, they either had to accept the stipulated $20.67 an ounce or keep their gold.

Under the adverse conditions obtaining several of the producing mines, being unable to operate at a profit, closed down during 1917, among them being the Dome mine. Others ran at reduced capacity. In fact for about a year all the gold-producing mills in the north except the Hollinger and the McIntyre ceased operating. Under the circumstances it is rather remarkable that production should have been maintained at the scale it was during 1917 and 1918. To the Dominion total, Ontario contributes about 60 per cent., while among the world's producers she ranks fourth.

Improvement in Operating Conditions

Since the armistice was signed in November last there has been a gradual modification of the adverse conditions under which mining operations were carried on during the greater part of the war period. This is particularly true in respect to the supply of labor, which, through the return of former employees, is more efficient as well as more plentiful. While certain supplies are costing about as high as before, the general average is somewhat lower. Furthermore, through an arrangement with the government, the mining companies are obtaining a price for their bullion above that of the regular market quotation, being paid, plus the fixed $20.67, a sum equal to the amount of the premium ruling on New York funds. During the last few weeks this premium has ranged all the way from 3 to 5 per cent.

A Total of $59,500,000 in Gold

From its inception down to the close of the current year the province of Ontario will have produced gold to the approximate value of $59,500,000, of which about $56,854,000, or 95 per cent., is the product of the mining operations of the last ten years. But that which is still more noteworthy is to be found in the fact that of the total produced during the ten-year period about $52,264,000 was contributed by one district alone, namely, the Porcupine. Still more remarkable, of the latter total approximately $32,000,000 can be credited to the properties controlled by one mining company. Dividends paid during the past ten-year period by gold mining companies operating in the north amount in the aggregate to about $13,000,000.

But the matter of supreme importance at the moment is not what the gold mining industry of northern Ontario has