Mr. Jules R. Timmins, president of Hollinger Consolidated Gold Mines Limited, says:

> Due to the reduction in the amount received per ounce of gold, the value of the gold recovered decreased 30 cents, labour costs increased 53 cents and the cost of supplies increased 19 cents per ton milled in 1951. Accordingly, the margin of profit in 1951 as compared to 1950 was reduced $1.02 per ton milled, which indicates serious difficulties for the years ahead.

I mention that particularly because the average grade in Porcupine, in the years past, has been about $8, $9 or $10 a ton. If you take $1.02 from the value per ton last year, and almost an equal amount the year before, you will soon find that what you classed as ore has ceased to exist and becomes waste rock. Once that happens there is no solution in the maintenance and the continuance of the gold industry. It is dying.

The general manager of Dome Mines Limited says:

> Ore reserves were maintained at substantially the same figure as last year. In this connection it should be pointed out that rising costs make it increasingly difficult to maintain the reserve position in that the unit cost of the work necessary to develop ore is advancing and additional material to be classed as ore must contain more gold than was formerly the case. Putting it another way much material which under former conditions would be classed as ore has become worthless waste rock.

One more statement is that of Mr. A. L. Blomfield, president of Lake Shore Mines, Limited. He says:

> The picture of operating conditions in the industry has deteriorated even more rapidly than heretofore. The rise in the Canadian dollar in United States dollar values, since January, 1951, decreases the gross value of the gold by 5 per cent in Canadian money; its value to the mines in Canadian money is at a lower price than at any time since 1939, except for the fixed parity in 1947 and 1948. The operating cost handicap has risen in the past year by 14 per cent, a greater rise than in any previous year.
>
> The taxes, another item that cannot be passed on to consumers, are now up to 35 per cent of the operating profit. This industry has no power of self-help, such as all other industries in a free enterprise country enjoys. The emergency gold mine assistance, the basis of which has been reduced since 1950 in the face of swiftly rising costs, taxes, etc., is still of course a help in preventing a complete shutdown. It preserves for a while the present community, while sacrificing its future. Under this system the mines now shutting down have approached final exhaustion and many will probably never open again. If these had shut down before this gutting operation, re-opening would be a normal procedure. Meanwhile, stockholders' dividends have been almost completely sacrificed.
>
> The working force of your mine, including all sections, have loyally done their job and, while sincerely thanking them I very much regret it has been impossible to compete with the base metal mines and other industries, the price of whose produce has risen with or higher than the handicaps to operating. I hope the not-too-distant future will produce a brighter picture.

The last statement I shall read is that of Mr. Miller, president of Wright-Hargreaves Mines, Limited. He says:

> In my report to shareholders just one year ago I stated the Canadian government had announced that, commencing immediately, they would allow the dollar to seek its own level in the free market and I implied that as a consequence the exchange or premium we were then receiving might be considerably reduced, resulting in less earnings to the company. This prediction has come true in part, to the extent that we lost more than 4 per cent in exchange benefits the past year which, together with continued increasing costs of taxes, labour and supplies generally, and lower tonnage milled due to labour shortage, has reduced our earnings somewhat for this current year. A re-reading of the annual report of October, 1950, would be interesting by comparison.

What does this gutting of the mine mean, Mr. Speaker? It used to be called high grading. It means this. As costs increase with a fixed price, more and more of what was once ore—a great asset, a tangible national asset—becomes waste rock. For instance, if this chamber were an ore body and if the section between the desks were high grade and the section on the outside were lower grade, as the costs went up, more and more of the section outside of the centre aisle would become waste rock and worthless; and as costs went up, as they are doing, the centre section itself would shrink until it became about the size of the desks occupied by the *Hansard* reporters. That shows the sort of shrinkage in ore that is going on today in our straight gold mines. I say without any fear of contradiction that if the present trend of increasing costs continues, with a still fixed price, despite the legislation we are discussing today we shall find that in five years' time there will not be one straight gold mine producing profitably, and possibly not one producing at all in Canada.

That is how serious the situation is. Now, what are the alternatives to this policy? What are the alternatives to bonusing the industry to keep it temporarily alive? There are, I think, just two. First, raising the internal price by unilateral action, or the establishment of an unrestricted free market in Canada. Both are contrary to the rules of the international monetary fund. I would be opposed to Canada, or for that matter any government, raising the price of gold by decree; although this may happen, it is wrong in principle. Gold must stand as the arbiter of value, not because of any action by a government or treasury, but because of its free acceptance by men as such arbiter, its value being determined solely by the open market economy known as the law of supply and demand. I wish to quote in this connection an authority who is a deputy