

governments in this matter must have pleased the Germans. We have, however, always had confidence that the leaders in the American metal industry would make short work of the enemy interests when the time came and we now look for more revelations and eventually international action to prevent the Germans from ever again gaining control of the trade in metals.

#### THE GOLD PROBLEM.

The high cost of production has now made the mining of gold at a profit almost impossible. What is to be done? Is gold needed? Why not close down the gold mines and put the employees at other work? Is it of any advantage to Canada to mine gold when the cost is so high and the selling price remains fixed? Is gold production necessary for the purposes of trade during the war? If gold is needed how can it be obtained? If the government recognizes that gold is necessary, what steps can be taken to encourage production?

The problem of maintaining credit without gold is a Canadian problem and also a world problem. It must be considered from many points of view. Some think that we could get along without more gold for a few years, so long as the attention of everyone is directed solely to the prosecution of war against Germany. Others believe it to be vitally important that production of gold should not be curtailed.

If everyone is willing to assume that there is sufficient gold available there probably will be. Even if some should be unwilling to believe that the gold exists, they will probably not make great demand for their gold during the war. The shipment of gold from place to place to balance credits would be scarcely necessary if such faith existed. It may even be viewed as a confession of lack of faith, unless gold is really essential for the prosecution of the war.

During the war there have been extraordinary movements of gold among the allied countries. The banks are evidently committed to this habit. If it should be found possible to avoid such shipments between allied countries during the balance of the war we may expect a return to old habits as soon as the war is over.

After the war there is to be a readjustment period, the character of which nobody can foretell. If it proves similar to the period following the outbreak of war there will be so much uncertainty in business that confidence in others, in the value of securities of many kinds, and in the future of business enterprises will be disturbed. The value of commodities and labor will fall, but the price of gold will remain stationary. At that time it will obviously be greatly to the advantage of Canada to have large reserves of gold. It is well to remember that in order to build up a supply of gold we must do a lot of work at the mines. Gold deposits do not pay on demand. We cannot leave the mines idle now and expect them to produce large quantities of gold when it is needed most. Moreover, it costs

a lot of money and labor to keep a mine in condition for operation even when not producing an ounce of metal. Gold should be recovered as soon as possible after it is discovered. Gold deposits are of little value to the country so long as they stand unworked. Where labor and capital have brought a mine to the producing stage it is in the general interest that production should continue steadily at capacity until the deposit is worked out.

If it is admitted that a large gold reserve in Canada is worth striving for, it should not be impossible to extend assistance to gold mining companies by paying a bonus on gold produced during the war. That gold is necessary during the war has been pointed out by competent authorities; but the necessity seems to be that the allies, and not Canada particularly, need it. The encouragement of gold production during the war for war purposes should therefore come from international action, Canada falling in line with the larger producing countries. Our governments have to consider also what should be done to utilize Canadian resources to maintain Canada's credit after the war. This is also a matter which cannot be postponed until after the war, for if gold is wanted then much of it must be mined now.

While a bonus system would be necessary in order to permit the profitable working of some of our gold mines, it is probable that a fairly large production could be profitably made without a bonus if the labor supply were improved. At present the efficiency of the workers is very low and to this cause the managers of the chief producers attribute largely their inability to operate satisfactorily. Given the choice of a bonus or a force of efficient miners, few managers would hesitate to take the latter.

#### UTILIZING WESTERN COAL.

One result of the shortage of coal in many parts of Canada has been the direction of attention to the coal resources of the Western Provinces. Good bituminous coal in very large quantities occurs in Alberta and British Columbia; but it has nevertheless been customary to import both bituminous and anthracite coal to supply the West. It has been difficult to make consumers realize in the heat of summer that there will be a shortage of American coal next winter. Last summer the output in Alberta was necessarily small. About two months ago the Provincial Government started an advertising campaign, advising people to stock their coal early. Good results are now being obtained from this campaign and sufficient orders have been received to warrant running the mines at capacity. To-day Alberta coal mines are shipping to Manitoba 2,000 tons per day as compared with 200 tons per day a year ago. In the Drumheller district the production in June was 93,000 tons as compared with 31,397 tons in June last year.