that the entire Quebec gold mining industry must come to a quick end, and only a few of the richest mines in Ontario will be able to operate for any length of time. This lethal shock to the entire Canadian economy is one from which it is doubtful we can recover. Mining is now the second largest industry in Canada, and gold mining represents approximately one-third of the total output.

That is not all. Our base metal position is also in a precarious condition. Our internal prices of copper, lead and zinc are 11·55 cents a pound, 5 cents a pound and 5·75 cents a pound as compared with the United States prices of 15·8 cents per pound, 9·07 cents per pound and 10·17 cents per pound respectively, and those of the United Kingdom government of 14·24, 8·90 and 8·05 cents per pound respectively. I quote these to show the unfavourable position of our base metal mines. If Canada is to continue as a major producer of base metals, her mines must be allowed to receive the world prices for the metals produced.

If the gold mining industry is to be saved, further immediate steps will have to be taken. There are three steps which I believe should be taken. First, there should be a return to a fifty per cent depletion allowance to both mines and shareholders. Second, we should exempt all new mines for three years. Third, we should wipe out the excess profits tax on all mining.

The first two suggestions were part of the recommendations made by the Ontario and Quebec mining associations to that unmentionable place. I repeat that unless these steps are taken immediately the effect on the industry will be progressively severe. Other countries have let their mining industry go in a way almost identical to that which the minister has been forced to follow at the present time, and it took them decades, even generations, to bring it back on its feet, and in several instances it has never recovered. Truly this is a case of killing the goose that lays the golden eggs. However, the more permanent damage will be to kill development of metal deposits. Initiative will be destroyed, and once destroyed will not easily return. Therefore will vanish all the hopes and all the dreams we once had of developing the north country, of having a great population and providing a cure for any coming depression and its consequent unemployment. It may be said that at one stroke the government has hit initiative and blasted the hopes so fondly held of Canada becoming a great industrial nation. Surely this is an awful price to pay for fear of inflationary reaction within the United States.

Some years ago Australia in a moment of socialist extremity imposed taxation on mining which destroyed her industry. The result was that the economy of Australia was paralysed and her credit during the depression years was virtually non-existent. She had to take drastic steps to get the mining industry back on its feet, and for many years—I believe this is still the case—imposed no taxation whatever on metal mining and was actually forced to pay bonuses to people to get them interested in the discovery and development of mines. I am no prophet of doom, but I do say this to the government: Unless these regulations are amended in the way I have suggested it will not be many years before we in Canada may be bonusing people to return to the ghost towns of northern Ontario and Quebec.

I come now to another question that the house may like to ask: Why is this reduction so serious? At the present time mines in Quebec are making a profit per ton of ore of 62 cents. The gross value of the ore put through the mills of the average Quebec gold producer is somewhere in the neighbourhood of $6.20. Ten per cent of $6.20 is 62 cents per ton, which is the profit the mines are making at the present time. That goes to show how serious this reduction is to the mines.

It may be said that the mines produced gold when gold was worth only $20.67 per ounce. It is true they did, but only the richer mines were able to produce at that time. Costs were extremely low; wages were less than half of what they are to-day; the cost of supplies was less than half, and taxes were negligible compared with what they are now. Furthermore, the increased price of gold has brought into being many northern communities, which are now dependent on development of low grade deposits.

The next question the house may like to ask is: Why is the situation so immediately serious? I have referred to the destruction of profit. As a matter of fact, mines will immediately begin to be operating in the red. Because these mines have been unable to build up surpluses they will shortly come to the end of their resources and it will not be long before what capital they have to tide them over a bad period will be exhausted. When it goes, it goes quickly in a mine, because it costs a lot of money to operate a mining property.

The house may ask: How would an open market operate? I do not suggest that it would be necessary for Canada to follow the South African policy and have a refinery as they have in Johannesburg. I believe that the mint could produce, as it does now, ingots of any desired size and marketability. I believe that the operation of a free market in gold could be