In the Literature

THE ULTIMATE ENIGMA

The Price of Gold: Who Owns Whom?

By Oliver Houck

If I were to write Peter L. Bernstein's The Power of Gold: The History of an Obsession, I might begin with his description of Egypt's King Ptolemy II, who had "a polar bear (!) from his zoo lead festive processions in which the bear was preceded by a group of men carrying a gilded phallus 180 feet tall." No other symbol could have said what Ptolemy wanted to say. The story of gold would thus make a highly entertaining fairy tale — the ultimate unicorn — if it were not plagued by an untrammeled line of conquest, war, slavery, fratricide, genocide, brutal inhumanity, and the despoliation of every medium on earth where it has been found. Few things in human history have been more constant, and appalling. And adored.

Bernstein is a historian with a penchant for facts and narration, and an economist skillful enough to untangle the morass of gold-as-money that dominated the western mind for centuries. He has in effect two books in one, the first treating the almost insane hold that gold has exercised on civilization from the earliest records, and the second demystifying the rivalries over the gold standard that, dry stuff today, were the central theme of the U.S. presidential elections in 1896, the pride of the British banking system, and the fulcrum for the rise and fall of the ambitions of French President Charles de Gaulle.

I use the word "insane" knowing I might give us) defies reason. Aside from recent and minor service in high-tech electronics, it is virtually useless. When we say "the streets are paved with gold" would they be serviceable roadways? Thieves aside, they'd be trampled beyond recognition in a day. Every other commodity one can think of driving the exploration and conquest of the world has had an intrinsic value: salt comes to mind, as do dyes, spices, guano, whale oil, and, today, the no-holds-barred search for petroleum. Even diamonds have a practical value, although as vanity items they come the closest to this inert, malleable metal for little other than decorating things. Decorations are nice of course, but still. Was that 18 foot gilded phallus a better penis? The only value of gold is that we think it is valuable.

The history of gold is one of wealth, power, and the ability to show it. And on occasion use it as did the fading Romans, the Byzantines, and the Arabs to buy friends and to stall enemies. Who would then of course collect and display it to show their wealth and power. Individuals too, of course, which is somewhat incongruous because it is hard to show one's gold unless you wear heavy jew-


The Gold and God combination of course lured Spain to the New World, and were Exhibit A in Columbus's sale of his ventures to King Ferdinand and Queen Isabella. Accompanied of course by the sword, whippings, burnings at the stake, and war dogs to chew the inhabitants to death as incentives to implement Ferdinand's orders: "At all hazards, get me gold." From a human standpoint, finding gold was a disaster. It was a disaster for Spain as well, turning it into a one-shot economy that produced nothing on its own and ruined itself on wars.
The human disaster was always thus. The gold quarries of Greece and Rome sinking ever deeper into the ground were manned by slaves who worked there until they died. Mythology is replete with greedy individuals undone by gold, Jason and the golden fleece for one (of dozens), right on down to the ultimate scene in *Treasure of the Sierra Madre*, Humphrey Bogart dying of thirst in the desert still clutching his treasure. Bernstein relates a story told by John Ruskin about a man who boarded a ship carrying a large bag of gold coins. The ship foundered and the man, strapping the bag to his chest, jumped overboard and promptly drowned. “Now,” Ruskin asked, “had he the gold? Or had the gold him?” The paradox is, we all know this too.

All of which would suffice to turn the gold dream into a horror show, but then comes the environmental harm which, too, has been largely beyond sight and mind. But not always. Gold comes in veins of rock that run deep into the earth, and in flecks scattered across the landscape. Veins encouraged deep shaft mining, always a nightmare; one needs to descend into an operating mine even today to appreciate its noise and danger. But other rapacious forms followed with hydraulic mining and then the use of mercury and cyanide to release minuscule deposits from the rock. Mercury is the method of choice for small, “artisanal” miners; cyanide is the favorite of large companies around the world, who operate in America under a law so ill-suited to our century that they may search for, claim, and extract gold and its companions on public lands at will, by legal right, for which they pay no royalties, and from which they can obtain patent to the land for a song.

Of the 25 largest mining companies in the west, 15 are foreign, making billions of dollars without even token return to the treasury, and then seizing title. If one thinks the adoration of gold is somewhat irrational, then our laws that govern it are flat insane.

Bernstein wanders next into the world of banking, where for purposes of space we will not follow (except to relay the wonderful image of foreign gold bars parked in neat piles on the floor of the Federal Reserve Bank, each mound marked as a country and altered with a little forklift as national fortunes rise and fall — *Monopoly* with its red hotels). Where he does not wander is into the human and environmental agony behind these little piles, which has been and remains stupendous.

Hydraulic mining has destroyed entire landscapes, filling inter alia one third of San Francisco bay. More than 10,000 miles of American streams are now contaminated by hard rock mining wastes, principally copper and gold (although uranium is coming on strong). Over 80 percent of gold mining today relies on cyanide processing, which begins with stripping off the “overburden” (such a lovely term, as if the minerals were oppressed by the soil, trees, and other living things on top of them), crushing the rock (increasing its volume tenfold), and dousing it with a classic poison (Agatha Christie’s favorite), before teasing out gold molecules and leaving mountains of waste (3.6 billion tons a year) and the slurry pits behind. They leak into groundwater. Every once in a while they burst and kill rivers for miles, in the United States, Romania, the Philippines, Ghana, wherever the process goes on, and it goes on everywhere. Artisanal miners rub rocks with mercury and pour it raw into jungle streams. Peruvian miners in the Altiplano stand knee deep in cyanide ponds searching for a few overlooked traces. Pick your poison. Pick your landscape.

The first to suffer and the last to gain are indigenous peoples of the developing world, who have been enslaved throughout history and sent into the mines. In some regions, some of the most productive regions, they still are. Several of the most poignant human rights cases in recent years have arisen from abuses by mining companies and military-style governments in Indonesia, the Pacific islands, and Peru, tale after tale of forced labor, forced removal, destroyed villages, beatings, rape, and murder. (These cases will now diminish because just last term the U.S. Supreme Court ruled that corporations were not subject to the Alien Tort Claims Act, since corporate liability was not recognized in international law, which thoroughly mischaracterized the issue at hand.) In a recent effort to win hearts and minds, gold mining companies now moving into Colombia sponsor local soccer teams.

Bernstein does not turn an entirely blind eye. At one point he refers to “the great gold mines of South Africa” with shafts two miles down and temperatures hitting 130 degrees. One gold ounce requires forty man hours, 1,400 gallons of water, city-scale charges of electricity, and barrels of acids, lead, borax, and lime, not to mention the cyanide. The mines employ half a million men, 90 percent of them black. For them, of course, it is a job in a region where unemployment runs high. For our part, we buy the earrings and perhaps a chain; some of us sprinkle the flecks on ice cream. Is there anything wrong with this picture?

Oliver Houck is professor of law at Tulane University in New Orleans, Louisiana.