

ACTION PACKED

the GOLD album

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project
underground

GOLD comes from the earth and brings with it a series of social and environmental impacts. Sadly, few people think about the consequences of their demand for jewelry which drives the demand for new and larger mines to be developed around the world. We need to educate ourselves and our friends about this industry, and organize to change it.

Following you will find a packet of factsheets, testimonies and images to explain how gold from a once-sacred landscape can become a ring on your finger. You will also find resources to use in developing your own campaigns around the gold ~~mining~~ industry—explaining the source of the problem and how you can make a change.

your mission,
should you choose to accept it...



materials
in this pack will
brief you about:

the global gold business
gold reserves and mineworkers
gold consumption
case studies:
 western shoshone
 ghana
 peru
 philippines
cyanide
mercury
acid mine drainage
statement of unity

consider this:

Gold mining poses a cumulative threat to the planet's people and places at least equal to that of industrial logging, monocultural agribusiness, or the big dam-building industry.

Gold mining mostly enriches a few corporate executives—already-wealthy white men in Australia, Canada, America and England—and results in the production of jewelry.

Gold mining produces few jobs (those it does provide only last on average about eight years) and the holes in the ground left by the industry leave long-term liabilities for the community.

Gold mining is non-essential: more gold lies in the vaults of the US Federal Reserve—steadily depreciating—than is known to exist in all the mines in the entire United States including Alaska. The demand for the yellow metal could easily be met through recycling and re-use.

In other words, gold production is one of those industries that good people of the world need to organize around, in order to transform it into a more just and sustainable business.

please get involved

This packet is designed to inform people fighting gold mines in their community about the global context of their struggle, as well as to raise awareness amongst the general public. With those dual purposes in mind, please use it as you see fit for your own organizing.

Feel free to photocopy anything inside or to contact us for more copies of this material. In the year 2000 we hope to have versions of this information in Spanish and Indonesian. It is on our website, as well as available in text format by email—please help us get it out there!

Below, there are names and contact details for some of the many organizations around the world fighting the gold mining industry. Whether it is the cyanide-based extraction process that most modern mines use, or the issue of patriarchy in India that drives much of the demand for gold, these people can help explain the problem for you.

But while such information is essential to taking on these issues, it will not make any difference on the ground around gold mines unless we all get organized to oppose the industry's abuses and change the nature of gold production. **What then can we do?**

- Take this information and arm yourselves with the arguments necessary to change the culture of consumption around gold;
- Pass this packet onto other people so they can become informed and engaged in the movement around gold mining;
- Divest from gold mining companies, and tell them to generate material for jewelry fabrication from other sources;
- Demand an end to government and multilateral subsidies, like those of the World Bank, for gold mining companies;

- Join in solidarity with communities affected by gold mining, to protest the impacts of toxic open-pit mining on their home, lives, and livelihoods.
- Sign on to the Statement of Unity in this pack.
- Become a supporter of Project Underground, so you can stay involved with the movement against gold mining as it moves from the grassroots up.

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Pratap Chatterjee

Catalino Corpuz

Shubada Deshpande

Andrea Gough

Alison Gibbins

Roman Iwaniec

Devan Pillay

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who all contributed to this pack.

the Midas Curse

According to Greek mythology, King Midas asked the god Dionysus for the ability to turn everything he touched into gold. When his wish was granted, he soon discovered that this power extended to his food, his clothes and even his daughter, who instantly turned into the shiny metal as soon as he touched her. When the king realized the folly of his greed, he asked Dionysus to reverse his wish.

The global gold industry today could learn a similar lesson. Computer-aided mapping technology and new extraction processes, like cyanide heap-leaching, now allow mining companies to extract more than 99% of gold from ore; indeed much of the gold extracted today comes from old abandoned mines where miners missed the smaller particles of gold. Companies are also developing technologies to drill under the seabed and even to extract gold from seawater itself. But as companies rush to touch these previously inaccessible deserts, forests, rivers and seas to turn them into gold, they may want to pay heed to the message from bankers and consumers: the price of gold may crash below that of extraction and production costs.



In the meantime, however, gold mining continues to destroy our most precious and sacred resources through the widespread cumulative and toxic impacts of the industry's extraction technologies.

current gold production

Demand for global gold production peaked in 1997, then fell 11% to 2,555 metric tons the following year. Of this peak demand, jewelry consumption constituted 78%, up 102% from 1988 demand. The electronics industry, meanwhile, accounted for 5.6% of total demand in 1997, a 14% increase over 1988 levels. Most of this surge in demand was met by a 29% increase in production between 1988 and 1997.

The last few years have seen big shifts in the value of gold, largely due to the metal's overabundance and the move of many countries to sell part of their gold reserves. The gradual commodification of

gold has led to a fall in prices from US\$415 per troy ounce in 1996 to US\$285 in May 1999. This price collapse seems like it should have been disastrous for mining companies whose production costs at the time of the fall averaged US\$300

dollars per ounce in the US, US\$358 in Australia, and US\$334 in South Africa.

However, it has not been an immediate disaster for them because many companies sell their gold production up to three years in advance of delivery on the market. For example, Australia's next three years' gold production has already been sold forward at prices above US\$400 an ounce.

The gold industry has also reacted quickly by cutting costs aggressively. By 1998, global gold production costs fell to an average of US\$193/ounce. Average Australian costs fell to US\$204/ounce, South Africa's to US\$254, and US costs hit US\$163.



Who are the followers of King Midas today? Measured by total national output of gold, South Africa's **modern midas men** production is the largest, followed by the US, Australia, Canada, and China, respectively. In terms of centers for gold exchange and trading, London and Zurich are the capitals. Canadian companies, meanwhile, maintain the largest share of exploration activities around the world.

By far the biggest producer of gold is South Africa, which at one point



(1971) produced over 79% of the world's gold output, according to the South African Chamber of Commerce. South Africa has produced over a third of the estimated 125,000 metric tons of global gold production in history, though at steep environmental and social costs. Today, the country still produces a fifth of global gold, and was host to six of the ten biggest gold mines in 1996.

Elsewhere on the globe, London still commands the largest share of bullion trading, a position it has held since the London Bullion Market Association (LBMA) started in 1848. The LBMA still sets the prices for gold (in US\$ per troy ounce), in accordance with global market fluxes. In addition to the LBMA, however, London is also the center for the global gold deposit market, which provides an international benchmark for the pricing of gold loans, deposits, swaps and forward positions.

Zurich, Switzerland is the other center for the physical trading of gold, because of the country's liberal banking laws and the fact that gold sales in Switzerland do not attract taxation. Also key are the country's four large gold refineries which together refine

approximately 60% of current annual global production⁷. As it stands, refining is an elite business: the LBMA only accepts gold bars from 56 refiners around the world, for whom the quality requirements are strict.

Finally, there is Canada, the leading source of capital for mineral exploration. Canadian companies that invest directly in foreign mining projects, incurring exploration and development expenses can often deduct 100% of these expenses from their taxable income. In 1996 alone, almost US\$6 billion was raised in Canada for mining around the globe, the most financing of any country in the world. Mining companies in the Vancouver Stock Exchange alone raised a record US\$1 billion in equity, mainly for exploration in 1996. Canadian companies have interests in 3,400 mineral properties located in 100 foreign countries, with nine out of ten of these interests at the exploration stage.

a legacy of exploitation

If there is a continent whose lands have been cursed by the Midas touch, it is Africa. Some 60% of all private investment in Africa is in mining. In some countries, like Zambia, 90% is in mining. In 1996, the larger Canadian mining companies doubled their 1995 budgets to spend US\$75 million on exploration in Africa. Mining in Africa has also grown through the World Bank and the International Finance Corporation, whose loans in 1997 totaled US\$21.4 and US\$383 million, respectively. Furthermore, the Multilateral Investment Guarantee Agency of the World Bank (MIGA) has nominated mining as its second largest focus in Africa, writing US\$19.85 million in guarantees in the sector.

exploration explosion

Although spending on global gold exploration has more than doubled since 1992, the recent drop in gold prices has caused these investments to drop significantly in the last year. In their latest report, the Canadian consult group MEG (Metals Economics Group) estimates that the 1998 total expenditures in gold exploration dropped 10% from the previous year. Part of the reason for the drop in exploration dollars is the fact that the big boys in the gold industry finance their exploration activities through forward sales of gold. As forward prices have fallen with current prices, the source of gold exploration funds is also drying up. The mining industry is slowly learning the lesson that all that glitters is not necessarily profitable, let alone gold.



gold hoards vs. hard work

For thousands of years, gold has been the standard of value; a base against which to measure currency. But as the end of the millennium nears, gold may finally be becoming just another commodity. For nearly two decades, the metal's price has fallen steadily. In real terms, gold is now worth about one-quarter what it was when its price peaked in 1980, and about the same as it was worth in 1973. There are two major reasons for this decline: 1) gold is not particularly scarce—nearly all the gold ever mined is still available for use and only 10% of the annual demand for gold is for industrial purposes; and 2) no major nation now ties the value of its currency to gold, and it has been against International Monetary Fund (IMF) rules to do so since 1978.

The enormous hoards of gold amassed by governments under the gold standard now lie in storage, gathering dust. All told, governments, the IMF, and other international institutions hold more than 30,000 tons of gold; at least a quarter of all the metal above ground. Those holdings are equivalent to about 13 years of world mine production. Another 10 years of mine production sits in bars and coins in the hoards of private investors, and another 25 years worth in jewelry.

he move to sell

Until recently, governments have mostly continued to prop up the price of gold by sitting on their enormous holdings. But as the price of the metal declines, central bankers appear to be rethinking their attitude. The central banks of several major industrial countries have sold, or are planning to sell, significant portions of their gold reserves.

The economic arguments for selling gold are powerful: Gold holders incur a huge opportunity cost—what they might have earned had they put their money into other investments. Also, gold yields little or no interest, costs

money to store, and since the early 1980s, has performed miserably in comparison to other investments. According to a recent report by the Lehman Brothers investment firm, an investment in gold made 10 years ago has lost 30% of its value, while an investment in long-term government bonds has more than doubled, and an investment in U.S. stocks has tripled. According to Andy Smith, an economist at Union Bank of Switzerland, the Swiss could earn over US\$450 a year per household if it were to invest its gold holdings in foreign-government bonds. Smith has also estimated that if all nations' gold reserves were switched into such bonds, they would earn almost US\$20 billion a year.

central-bank sales

On May 7, 1999, the United Kingdom sent the gold markets reeling by announcing that it planned to sell 415 tons of the metal, two-thirds of its holdings. Rather than assailing the move, the Financial Times registered surprise that the UK did not choose to sell all of its reserves, calling gold a "lousy investment."

The UK is not the first major industrial country to sell gold in recent years. The Netherlands, Belgium, Canada, Argentina, and Australia have all sold significant portions of their reserves. In fact, according to the IMF, central-bank holdings of gold have been in slow decline since 1965. The 1997 Australian and Canadian sales, with Australia unloading two-thirds of its reserves, were particularly surprising to the gold markets, since the two countries are major gold producers.

Even more surprisingly, Switzerland recently amended its constitution to make it possible to sell some of its gold. The Swiss hold 2,590 tons of the metal, the third-largest national reserve of gold in the world. Swiss citizens may vote in the year 2000 to sell more than half of the country's reserves, as an expert panel recommended in late 1997. The Lehman Brothers report recently stated that "this proposal, by itself, has permanently changed the dynamics of the gold mar-

ket." Many observers believe that if the Swiss abandon gold, what remains of the rest of the world will be quick to follow. But how would that affect those who work for the mining industry?

Recent announcements by 15 European countries to limit gold sales for a few years have caused a spike in gold prices. However, even with these countries acting like a cartel to protect the interests of gold mining companies, the long-term trend is for more sales of bullion.



implications for mineworkers: a look at South Africa

South Africa is still the largest gold mining country. But the industry is very different there to the cyanide-based open-pit processes dominating other countries' gold mining sectors. In South Africa, gold mining is very labor intensive and requires sending men down shafts 4 miles deep in the earth. Historically, one worker has died for every ton of gold produced in South Africa.

Gold's contribution to the South African economy underlies the historical and social fabric of the nation, and is key in understanding South Africa's economic strength as compared with the rest of Africa. Should the price of gold continue to decline, South Africa will be seriously affected. Gold mining is the largest sector in the country's mining industry: in 1997, gold mining employed 343,922 employees, out of a total of 551,677 mining employees.

South Africa holds the largest identified resources of gold ore and, in spite of recent declines in production, in 1997 was responsible for almost a fifth of

world production. In 1997, its identified gold resources amounted to 40,154 tons, which was 39.1% of total global identified gold resources. This figure was followed by the U.S. at 9.3%, Canada at 7.2%, and Australia at 6.3%.

The big question for South Africa is how will the decision of central banks to sell their reserves affect workers? According to Devan Pillay, the Head of Research for South Africa's National Union of Mineworkers, it is estimated that for every mineworker, there are about ten to eleven people who depend on the worker's wage. The loss, then, of approximately 84,000 gold mineworkers during 1997-1998 affected just under a million people, most of whom reside in rural areas. While some of these workers actually were cut as a result of declining gold prices, the South African National Union of Mineworkers discovered that the industry was also using the gold price as an excuse to lay off workers and thereby increase its profitability.

Studies by the South African Gold Crisis Committee have shown that most retrenched mineworkers remain unemployed in the generally depressed mining towns. Some openly admit that they engage in criminal activities in order to feed their families, while others spend their retrenchment packages and meager pensions to supplement the insubstantial living that can be made out of subsistence farming.

If the price of gold continues to decline, tens of thousands of South Africans will become unemployed and destitute. Gold mining companies that have profited from the back-breaking labor of these workers need to be held accountable for their retraining. In the global context, the industry must create just transitions for communities dependent on gold mines if they go bust.

It is impossible to know whether any of the specific central bank gold sales now being considered will happen, or when. Just the perception, however, that central bankers might be willing to liquidate a significant share of their holdings could be enough to keep the price of gold from rising.

Such a perception is likely, given several recent developments:

the question of central-bank reserves

- Industrial countries have traditionally held a third or more of their international reserves in gold. However, the new European Central Bank (ECB), the issuer of the Euro, will only hold 15% of its reserves in gold, even though the ECB's member countries now hold about 12,000 tons of gold.

- Central banks have traditionally viewed gold reserves as 'undervalued assets,' - assets to be held, not managed - listing them on their books at nominal prices far below market rates. One indication that this view is changing is the growing practice of listing gold reserves at or near market rates. The value of

assets priced at market rates is tracked on a regular basis, making them much more likely to be managed for performance. When a large piece of a country's assets is seen to be performing poorly, the incentive grows to swap it for investments that yield greater returns. Further gold sales will be the death of many mines.

The greatest mystery in the gold markets is whether the United States is seriously considering selling any of its reserves of gold, which at over eight thousand tons is the world's largest. The country has not sold any of its reserves since the mid-1970s. One indication that the subject is on the table came in 1997, when the Federal Reserve Board published a discussion paper that concluded that the U.S. government would be better off if it sold its gold immediately. The paper also concluded that the U.S. economy as a whole would benefit from such a sale, because it is economically inefficient to continue to mine gold when above-ground sources are available.

the bottom line: the price of gold

In contrast to projections made by the South African Department of Minerals and Energy most evidence suggests it is extremely likely that the price of gold will remain low. Low gold prices have already forced the closure of many high-cost mines. According to Lehman Brothers, the average cash cost of production for the gold-mining industry was about US\$262 per ounce a year ago; recent mine closures have brought the figure down to US\$200. Such figures imply an extraordinarily low return on equity for gold-mining firms, and make it likely that new mining projects will find it extraordinarily difficult to attract capital.

There is an intriguing precedent for the transformation of a metal from currency to commodity. Silver was once a monetary metal, until, in the 1870s, gold replaced it as the standard of value. The price of silver plunged, and took over 90 years to recover, as excessive above-ground stocks of the metal were depleted. Given that gold has considerably less industrial use than silver, and the large amount of gold already in circulation, its price might take even longer to recover. As Lehman Brothers observes, few investors are likely to be that patient.



who's who in gold consumption

Jewelry is consistently the primary consumer of annual gold production. For example, in 1997, it accounted for 78% of the demand for gold, typical of any given year. The demand for gold jewelry, however, is not homogenous across the world; some countries and cultures place more value upon it than others do. According to the World Gold Council, worldwide gold demand is broken down into twelve 'key' markets. The largest key market consumer of gold is India at 815 metric tons in 1998, followed by the US at 428.4 metric tons.

India is unique among these markets because gold is deeply woven into the social, cultural, and religious traditions and psyches of its peoples.

On her wedding day, a typical middle class bride wears nearly 32 ounces of gold—a metal considered pure and sacred.

The importance of gold is deeply embedded within the family structure, particularly for women, through its role as marriage dowry, and as a means to pass family wealth along maternal lines. This social importance, along with India's recent surges in prosperity across all class lines accounts for this unusually high demand for gold.

The US's similar, though less intrinsic, attitudes toward gold's value and prestige, coupled with its leading prosperity in the world account for its gold consumption. The US demand for gold rose a record 28% in the first quarter of 1999, as compared to the same period in 1998. The vast majority (82.4%) of the gold consumed in the US ends up as jewelry. Most of the remaining amount

is being consumed by investment demand for bullion coins, driven by Y2K fears and worries over stock market declines.

In terms of volume, gold jewelry markets in the US are dominated by department stores (i.e. K-mart, Wal-mart, Macy's), discount chains (i.e. Costco, Federated Merchandising), and electronic market retailers (i.e. QVC, Home Shopping Channel). These outlets move approximately 70%. The remaining portion is sold through high-end retailers (i.e. Neiman Marcus, Tiffany's) and small, independent outlets. People spending US\$200-\$300, a



“small-to-large purchase” as classified by the industry, consume the majority of gold in the US. In terms of money, however, the high-end markets control the largest proportion of total spending on jewelry. In 1998, this total reached US\$40 billion, with the high-end markets bringing in US\$23 billion of that.

Americans purchase gold for the same reasons as people in other parts of the world—its value, more or less, as a status symbol. Gold is a means, particularly among women, for exhibiting wealth, often regardless of one's actual financial background. In a random survey of 1000 consumers, the Taylor Nelson Sofres Intersearch research firm found

that more than a third of the participants had purchased gold jewelry in the final quarter of 1998. Women between the ages of 18 and 45 accounted for most of the purchases.

Although buying gold may be legitimated by its social significance around the world, its use has consequences far beyond raising one's status or increasing family wealth. The ongoing consumption of gold also legitimates the large-scale mining industry's further exploitation of the resource. The industry's mining processes are notorious for violently uprooting and destroying the spiritual, cultural, political, social, and economic lives of the people whose land is being mined, not to mention the devastation of entire ecosystems in these areas.

Clearly, the past, present, and future destruction created by gold mining is not worth the value generated from sales. However, until this message reaches and is understood by the consumers of gold, mining industries will continue to calculate the equation differently.

opposing patriarchy vs. blaming the victim

a note about indian women

Project Underground does not seek to blame Indian women for the problems emanating from gold mines around the world, when we point out that they constitute the largest block of gold jewelry consumers. On the contrary, we work in solidarity with Indian women's organizations who are fighting the dowry system.

The pressure to own a dowry of gold—and the social reality that one has no rights to any other forms of security—perpetuates this oppressive tradition. This IS the golden rod. As organizers working around the gold industry, our twin goals should be to redress the abuses of mining for communities living in mineral producing areas, and to challenge the Indian patriarchy which forces women to hold gold as their only fallback in times of scarcity.



Indian women and activists fighting the dowry system with whom we work have ensured us that they need to know about the dangers involved in the chain of production with which they are involved. As well, the fact that there are substitute sources, as re-use and recycling options within the gold economy, offer us the chance to transform the gold economy without indulging in stigmatization.

However, as long as there is pressure on these women to hold gold in India, it can be derived from non-virgin production. Mining the vaults of the so-called "developed world" is a much more viable source of gold than the social and environmental devastation entailed in mining. Bullion in the bank vaults of a dozen countries could feed the demand even for India's market for years to come.

As for changing market demands, which drive the opening of new holes in the ground, it is notable that the United States has the fastest growing market share. It is clearly the responsibility of consumers there not to create new pressure for mines at the expense of people and places across the planet. Organizations in the North are beginning to advocate "just and sustainable" gold production options, such as re-use or fabrication from small-scale, non-toxic mining operations.

The movement has a long-way to develop to ensure the kind of certification and surety that the rainforest movement has achieved in terms of "good wood". However, some of the market-based incentives for clean and green production which have been marshalled to stop old-growth industrial logging may inform the movement to change the way gold is produced, when it must be. For the most part, reduction in consumption is the fastest route to reducing the drive for destruction on the ground.

consumption tidbits

Americans purchased 428.4 metric tons of gold in 1998—an 18% increase over 1997, and the highest increase ever.

In 1999, US gold consumption is expected to increase at least 6% over 1998 figures.

Although American women between 18-45 purchase the largest volume of jewelry, consumers between 45-54 spend the most money on jewelry.

In fiscal year 1998-1999, India spent US\$7 billion to import gold, the second largest import next to oil.

It is estimated that India's unofficial stock of gold, tucked away in private hands such as households, amounts to 10,000 tons, or about US\$132.75 billion worth of gold.

Indians also use gold as religious offerings: in the year 1997-1998, 70lbs of primary gold, 414lbs of gold ornaments, 15lbs of gold articles, 79lbs of gold jewelry, 372lbs of gold on copper, and 4.4lbs of gold studded with diamonds were offered to the Gods.

Of the 2,712 metric tons of gold consumed in the key world markets in 1998, 80% ended up as jewelry.

Platinum jewelry sales have experienced unusually high increases over the past two years—50% in 1998, and 30% in 1999.

In contrast to increased consumption, in inflation-adjusted dollars gold has lost 83% of its value since its 1981 price peak.

opening the earth's veins

By Carrie Dann

Carrie Dann is a Western Shoshone elder. The Western Shoshone's traditional territory covers much of Nevada, and stretches into Idaho and California. It is known to them as Newe Sogobia—the Earth Mother. There are currently over two dozen gold mines on the Western Shoshone's land in Nevada and they are pumping precious groundwater at unprecedented rates, destroying habitat and desecrating traditional sacred sites.

Gold mining today is happening right at my front door. I sit up in my bedroom in the morning and the first thing I see through the trees is drill rigs. It's not a pretty sight. I look at them as death to my people—death to my beliefs. The earth is sacred. The water is sacred. The air is sacred. Gold mining is destroying these things. It's wasting millions of gallons of water. Some companies put it in ponds. Some just release it down the Humboldt River, and it leaves the valleys forever. In ponds, maybe there's a possibility that the water might eventually find its way back to where it came from.

But I don't see too much of that.

They are not mining really heavy concentrated gold—it's a microscopic gold which you can't see with your normal eyes. They cyanide leach it. It takes tons of ore to get an ounce of gold. What the hell is gold? They tell me, gold goes into your computers, gold goes into the telephone system, gold is a good conductor of electricity—they use it for space flights, and that's fine! But they tell me that 80% of the gold that's extracted from these mines goes into jewelry. I can't see destroying the land, and especially destroying the water, for jewelry. The water will never grow back. You can't grow water.

We look at the land as sacred. We don't look at it in the same way that non-Indian societies look at it. To traditional Indians, you can't destroy land, because

land is what gives you life. You may not be destroying your life, but there's interconnection between all life. In our traditional way, that our people have told us, the water in the earth's body is like the blood in your veins. It's a life system within the earth. And they're taking that out. What's going to happen then? Do you know? Nobody knows! The mining company says, if contamination takes place under the earth, "We will mitigate it." How the hell are you going to mitigate something that's happening underground where you can't see? How do you mitigate life?

I look at this dewatering as genocide—as the final, complete genocide. Gold mining is killing my way of life. It's killing my spirituality, because my spirituality is on the land. It's tied to the earth, to the air and to the water. When you lose your spirituality, when you lose your culture, who are you anyway? You don't know who you are! You're turned into nothingness. Now you've become one of, maybe, the "Human Resources". You go out there and slave for others and they give you a little bit of money and you think you're rich. Rich in what? Rich in material things? That's not life! You've lost everything else! You're no longer the spiritual person you used to be.

The mining company has offered to buy us out. That's not going to happen, not in my walking lifetime. I have no right to sell this earth. It belongs to the children—to life other than myself. The Western Shoshone have never given our land to the United States. It's still Western Shoshone land. That's why we have a resistance camp, because we want others to look at what has happened to our people. A lot of people don't know. They think Indians cry around because we want government aid. That's not what we want. The land is ours—let us take care of the things we're supposed to do.

I see men developing land all over in Nevada. They have no consideration of the migrating paths of the different animals, of the waterfowl. The only thing they have a consideration for is how much money those gold mining companies are going to bring—they don't think about what they'll leave behind. The state of Nevada, who claims to own the water, never denies the mining companies water rights, no matter how many millions of gallons they pump. I don't know where their minds are at. They're certainly not speaking for a people that plan to live the rest of their lives here, or for the future generations, because when the future comes there's going to be no water. The city of Reno and the city of Las Vegas, they've been fighting to get the water rights to the aquifer up north in our area. People are already struggling for water.



Protest over a Canadian company's drilling on sacred sites in Newe Sogobia.

I think it's a wake-up call for people to look at themselves. There are Western Shoshone beliefs we were taught as young people, and since we've lived in American society we've kind of walked away from the instructions under which we were supposed to live. It's almost impossible to live that kind of life now, because everything is tied to the economics of the United States. You can't practice certain ways, certain things, because somebody sees us and they say, "You're on my land!"

Well so what! When we started our camp, the only thing I said was, we are going to follow the Creator's laws. We will put those above man's laws. Man's laws will come second, and U.S. laws will come third.

Anger is there—anger is there. At first you cry with tears. After that there's no more tears: our people used to say, "I'm crying with my heart." Your beliefs keep you going. You talk about your relationships, you talk about trust, you talk about the natural things. My grandmother used to tell us,

"Any time you feel lonely, you got a lot of relatives out there. You got animals running around, you got plant life. Wherever you're at, if you need to talk to somebody, talk to them."

I don't deal in violence. I've heard stories about me carrying a gun— it's so comical, I just have to laugh! In our ways, we pray. That's how we've been all through U.S. history. They say violence is the way you get things. But you don't get things like that. We know the gift of sharing. Our beliefs say you have to learn to respect other people, other things, other life, as you respect yourself. I think we have the strongest belief that there is.

I would like people to actually look at themselves and ask, what are we doing to respect the very earth on which we walk? We have to get things from the earth, but it has to be moderately. Whatever you do to the earth is what you're doing to yourself.

The people in the mining companies, one day they're going to get up and go away and

forget about it. But whatever happens here will affect them too, in time. That's talking in the Western Shoshone traditional way of thinking. I asked a guy who works at a mine about chemicals—I said, "What happens to them? He said, "They dissipate." I said, "What happens when they dissipate?" He said, "They go into the air. You never see them again." "Yeah," I said, "They'll come down on somebody, someday." I just hope people wake up and look at what's happening to the indigenous population. What they do to us is what's eventually going to happen to them.

My grandmother always used to tell us, "Your world's going to be different." She told us what we would see. She told us about all these material things that would affect our eyes and minds. I used to just dread listening to Grandmother talk about these horrible things. When she did, I'd escape. But Indians do have prophecies. The earth is going to cleanse herself, somehow, someday. The sun is getting too hot, and it's going to destroy life. It's happened several times before. The prophecies tell you what to

look for. We are really mistreating the earth. We have to say "Yeah, that's humans, we're the cause of it all."

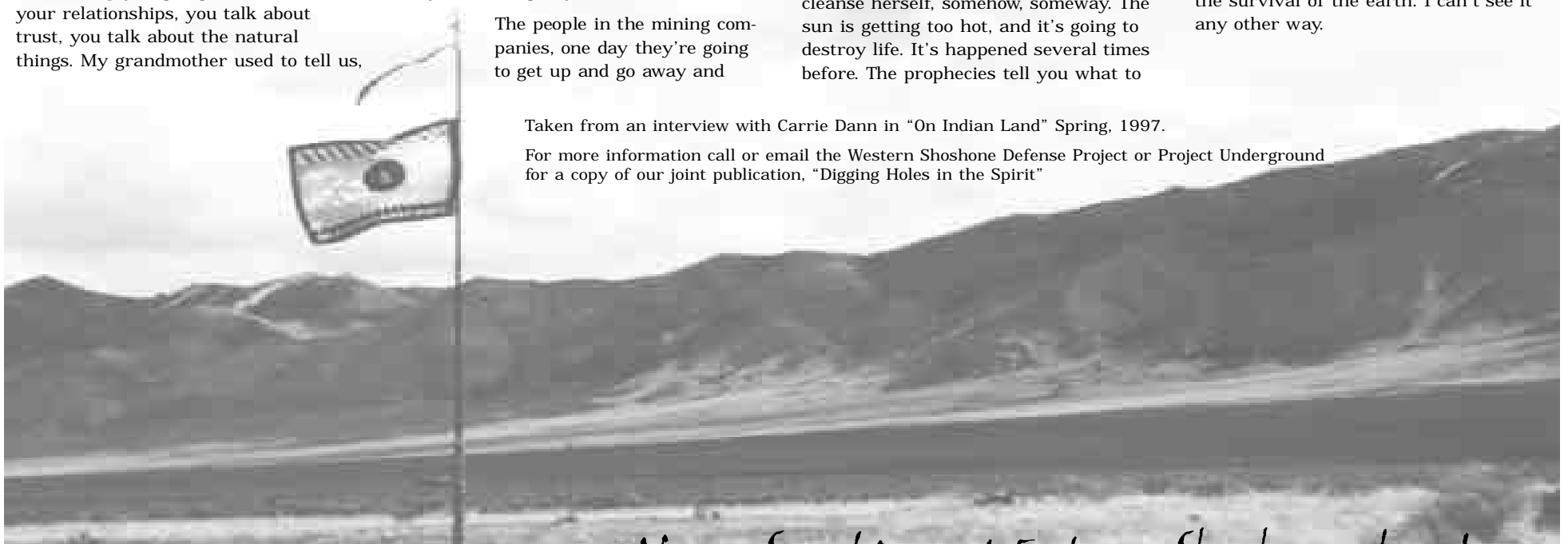
There's always hope. There will always be, I think, people on the earth.

In our area the younger generation are looking at the importance of land. I want to see them have clean air, clean water, clean land. And a sun that's nice and warm—not burning. I'd like to see the future generations have the opportunity to go out and enjoy and look at the landscape like I did when I was growing up. Freedom—I had freedom for so long.

My grandmother always told us, you have to look out for the unborn that aren't even here yet. Somebody's got to speak up for them. The only thing I can do now is do the best I can—talk to other humans and see if they can be of any assistance to the earth. Because that's what we're fighting for now, is the survival of the earth. I can't see it any other way.

Taken from an interview with Carrie Dann in "On Indian Land" Spring, 1997.

For more information call or email the Western Shoshone Defense Project or Project Underground for a copy of our joint publication, "Digging Holes in the Spirit"





a brief case study of Wassa traditional area

The history of mining in Africa, in particular, and the Third World in general, is a history of land appropriation, displacement of peoples from their lands, environmental devastation, and further marginalization and oppression of people belonging to the lower economic sectors of society, and of women. It is a perfect example of how countries and nations that are endowed with rich natural resources are left wallowing in poverty and oppression.

Mining continues to be a key component of the economies of many African countries today, and in some cases, constitutes their economic mainstay. The expansion of mining has also been given renewed impetus by the World Bank and the IMF in their structural adjustment programs and policies for those countries under their tutelage. A further boost to the mining industry has also been given by the World Trade Organization (WTO) in its drive to open up the South to multinationals, including the big mining companies.

Because of globalization, the aggressive extraction of primary resources from our lands and the massive conversion of indigenous lands into mining areas has worsened. Globalization and trade liberalization have pushed African governments to provide incentives for foreign invest-

ment to come in. This means that even the few existing laws in the few countries that recognize local people's land rights are being weakened or repealed.

**incentives for
mining companies**
Ghana—hard pressed for revenues and weighed down by debt—has been quite prepared to respond to this globalization agenda set by the WTO and other multilateral agencies. In Ghana's bid to revive mining, investments have been deregulated, imports liberalized, currency controls have been removed, while in addition to this the direct role of the state in regulating companies has been drastically reduced.

As Ghana is rich in mineral resources, more than half of the FDI has traditionally been oriented towards resource-based activities—a much greater degree than in other developing countries.

In Ghana, the mining sector, specifically the mining of gold for export, has received renewed emphasis. As a result of the desire to attract investment into this sector, new mining codes have been introduced, clearly defining the rights of foreign investors. Ghana permits up to 80% profit repatriation, and has removed exchange controls, provided tax and other incentives as well as removing all the obstacles in the way of total foreign ownership of concerns in the country. New policies have also extensively privatized state-owned enterprises to aid the process.

Attractive incentives include tax breaks, flexible labor policy, unregulated repatriation of profits and cheap asset transfers. These have attracted over US\$1 billion in investment, including funds from the World Bank, and have led to a quadrupling of gold production over the last six years.

Wassa traditional area

All these have led to a big increase in exploration for new deposits and a substantial increase in investment. Currently, the activity is particularly heavy in the Western region of Ghana, especially the Wassa Traditional area. Exploration in Wassa Traditional area doubled between 1993 and 1997 and new mines are being opened all the time.

The renewed gold rush in the Wassa area, especially in and around Tarkwa, has brought intense competition between large and small, often unorganized operators. Following the privatization of former state owned mines, there were massive lay-offs of mine workers. Many of these retrenched



workers have joined the local small-scale mining force but have very little free land to operate on. They have resorted to operating illegally on the concessions of large-scale companies. This has brought increasing confrontations between the two foes—large and small scale mines.

This has renewed struggles in some areas for land rights and compensation for the use of land. Communities are brutally evicted and paid a pittance in compensation for their crops and trees, as foreign firms take over previously government-owned concessions. The people of Atuabo, Mandekrom and Sofo Mensakrom, were forcefully ejected and their houses demolished by armed soldiers and police. This was in order to compel them to move into houses built by a South African mining company, Goldfields Ghana (GFG), to make way for surface mining. Over the last four years, more than 4,000 residents in the three farming communities have been stopped by the mining company from farming the lands in the areas which are said to be concessions belonging to the GFG. Villages which have protested have been attacked by mine security and state police. One such community is Nkwantakrom where 52 mine security and 15 policemen demolished an entire village under

the pretext that the settlement is illegal. The fact is that the villagers had complained to the company about their polluted water source.

The Mpohor traditional Council resolved to protect their farmlands, at any cost, against any form of encroachment or investment activities that could bring hardship and hazards to the people. The local community therefore chased away from the farmlands workers of Anmreosa Exploration Ghana which has been granted 32.8 square kms of land. In a letter to the Minerals Commission signed by the chief of the traditional area, on November 4th 1998, he stated that “my people, I must say are bent on resisting any attempt to release the said area to any mining company. We are well aware that exploration finally leads to mining, hence our early protest.”

In August 1996, all the 42 chiefs of the Wassa Fiase traditional area, holding placards, held a demonstration in protest against environmental hazards created by mining companies. Though the government set up a ministerial committee to investigate and find an amicable solution, nothing has been heard, three years after the event.

Mining has brought severe pollution to water resources, air and the living environment with devastating consequences. And yet the laws that regulate Ghana's mining industry favor profit over health and environ-

ment, large companies over informal operators, minerals over food and biological resources. There is hardly any role for communities affected by mining operators to regulate these activities.

Most of the big transnational mining corporations are currently heavily engaged in open-pit surface mining, the environmental impact of which includes visual intrusion, solid waste disposal, aerial pollution, water pollution, noise and vibration, soil and land degradation.

As technology advances, and the more accessible deposits are exploited, mining companies are penetrating more remote areas. These are usually remaining forests, watersheds and mountainous regions. To mine these areas would be to cause more devastating environmental damage. Most of these areas are indigenous peoples' lands, recognized or claimed.

Fortunately, the local people and communities affected by such mining activities have begun protesting and resisting. Peoples' organizations, farmers groups, chiefs, working class organizations, religious groups and social activists have been in the forefront of these moves to defend their homes and environment. A variety of strategies and tactics, ranging from the legal to the extra-legal, have been and are being employed by those affected in their fight to defend their human rights.

A forum was held to make the general public aware of the environmental problems facing the 25 communities which form the Wassa Fiase Traditional area and also to sensitize them to the need to protect the environment in the wake of numerous surface mining activities and their disregard for envi-

ronmental laws and human lives. This forum led to the formation of Wassa Association of Communities Affected by Mining (WACAM). Some of the objectives of WACAM are to help the communities to obtain acceptable compensation as well as better outcomes in relocation and resettlement issues pertaining to mining; to raise public awareness about the issues of mining, the environment and livelihoods.

A new dimension in this struggle has been the effort to “globalize” it by bringing activists from different parts of the world to share experiences and information, to compare strategies and to create networks of solidarity. The African Secretariat of the Third World Network (TWN) organized a meeting on Mining, Environment and Society in Accra, in March 1998. The meeting culminated in the formation of the African Initiative on Mining, Environment and Society (AIMES) which is being coordinated by TWN. Among the objectives of AIMES are to collate and disseminate information on mining, environment and livelihoods in Africa; develop collaborations among NGOs in the South and the North for Advocacy at the international level; and contribute to generating greater sensitivity among authorities to this common cause.

There is the desire worldwide on the part of the local communities for more active participation in decisions about mining and a greater share in its benefits. Often, this is absent from discussions of the relationship between local peoples and mining. There is the need for direct relationship between communities and mining companies and the need to establish mechanisms for consulting the local people regarding the scope of involvement and barriers to participation.



modern day conquistadores

The Federation of Rondas Campesinas of Northern Peru is fighting Latin America's biggest gold mine, owned by Denver-based Newmont. The mine covers thousands of hectares and uses cyanide to leach the gold out of the ore. Thousands of indigenous campesinos are suffering the environmental, social and cultural impacts of the mine, and are currently fighting its expansion with the excavation of a new pit, which has been partially funded by the International Finance Corporation (the private sector lending arm of the World Bank).

My name is Josefina Morales Rodriguez*. I live in the town of Azufre Cruspampa—Combayo. I am 54 years old.

I sold my land in Azufre Cruspampa—Combayo for the mine Macqui Macqui. The first time I sold land, it was at a hundred nuevos soles a hectare in 1993, and the second time I sold at two hundred nuevos soles a hectare in 1995. In total I sold 318 hectares.

We have not bought other land because we could not afford it. Nothing. It was only enough to buy things for my children like clothes—then it ran out and right now we have nothing, not even our animals, and we are in poverty. There is no more money. We have said that we want restitution but they have refused us. They told us that when we

sold our land they would give us work for my children but they haven't. The engineer Rosa Ordoñez, the engineer Jose Chang, and some other people with titles told us. But they don't give us work—they refuse—they said they would give it to us immediately but they haven't. I have ten children. My husband is sick and can't work at all. To get money we can only raise lambs and other little animals. We have no work and neither does my family.

Now I live nearby in Azufre—Combayo with my small child and we are affected by the mine. For example, in the last few days of September two of my five sheep died. They died because of the contaminated water which is like acid. The sickness blackened their

intestines and dried their bones. They were sick for three weeks.

Now there are no frogs or fish because the water is dirty. The mine has said we are going to return to our land, but how can we return if the land has no value? The animals are sick, and the land is useless.

We have a small spring called Las Perlitas and a canal called Azufre. The water in the canal is yellow and dirty and is reducing in volume. The water is polluted with toilet paper, tires and plastic bags. This is since they started the mine. The water comes from the foot of the hill Quiguila, from the lagoon there. Now we have to bring water in buckets from a tiny spring that is far away.

When we sold our land we did not know that they were going to destroy it because the engineers did not tell us that they were going to damage it. They only told us that they were going to get the dirt deep down, not that they were going to move the land. Not that there were going to be deep holes. Afterwards we were going to return to our lands but now our lands are destroyed. They did not explain any of this to us.

We were the first that sold land, and so we did not know about how to get a good price. In that way they deceived us. Now we don't know how to support ourselves because now there is no land on which to raise animals, to sow crops and nor is there work, and so now we are in poverty.

*name changed to protect her identity.





Lack of sediment control, excavation for roads and construction of cyanide heap-leach pads and ponds have devastated the environment around Latin America's largest gold mine. Newmont Corporation's Yanacocha mine in contaminating water, killing frogs and fish, and displacing indigenous people in the province of Cajamarca, Peru.

a case study on mining in the global economy

By Catalino Corpuz,
Minewatch Asia/Mining
Communities Development Center

The free flow of capital in the mining industry under global policies of deregulation, privatization and liberalization has caused major changes in the Mining Codes of more than 70 Southern countries. This is the result of strong lobbying by major mining companies, and by the Chamber of Mines of these countries. In the Philippines, the active intervention of the Chamber of Mines of the US, the UK and Australia resulted in the enactment of the Philippine Mining Act of 1995.

The key to building a sustained people's opposition in the Philippines has been active research work that uncovers and analyzes the true nature

the people's position of the mining issue. Through this, we have found that the restructuring

ing of the country's mining industry is not divorced from the new initiative of transnational corporations (TNCs) to recolonize Third World countries under the theme of globalization.

Many groups of Filipinos, such as the Cordillera Peoples Alliance (CPA), undertook sustained research work, both on policy and mining's impact on the Filipino people, and then launched an education campaign on the mining issue. Our campaign focused particularly on the content and implication of the proposed mining code and ultimately its final form—the Philippine Mining Act of 1995. Initially, the education campaign began slowly in 1994 and 1995, but it became broad and wide in the aftermath of the Marcopper spill in 1996. Opposition to mining was further solidified when, before the 1995 mining code had been approved or discussed in local consultations, mining companies had already begun forcing themselves into people's territories to conduct exploration work.

It was correct to say then and even now, that the 1995 Philippine Mining Act is a sell-out to foreign investors. The mining issue is an issue of the Filipino people's control and wise utilization of the country's mineral wealth and their defense of their territories. In addition, it is an issue that concerns respect for the rights of indigenous peoples.

Throughout the country, people have somewhat successfully opposed the entry of mining companies into their territories. In the case of Panay Island, for example, local opposition forced the withdrawal of Minera Mt. Isa. People have also resisted mining companies already in their territory doing exploration work. In Kasibu town, Nueva Vizcaya, the people held a referendum where 2,000 voted against and only seven favored the mining operations of Arimco of Climax Mining Company.

The experience of the indigenous peoples in Itoyon in their struggle against Benguet Corporation's open pit mining has also been turned into a positive example. People from all over the country have come to witness the possible future of their communities, if left to strip-mining. These visitors also lis-

tened to the experiences of local elders on how they were able to stop Benguet Corporation's other two open-pit mining projects, and limit the expansion of its present operation.

Today the people's struggle against mining has spread to many provinces of the country, giving it a national character. Before, many of these struggles were fought on a community level. But because of the wide area being solicited by mining companies—currently one third of the land surface, and the evolving education campaign, the people are developing means of inter-barangay, inter-municipal or inter-provincial cooperation.

The nature of these people's struggles has also evolved on a militant level. Initially, the people's response to the 1995 Mining Act ranged from petitions and delegations to local governments units and offices of the Department of Environment and Natural Resources (DENR), to confrontations with company officials. This was particularly the means of protest from 1994 to 1997. Numerous provincial or regional caravans were also launched

such as those in the Cordillera, Negros, Panay Islands and Far South Mindanao.

After years of protesting and exhausting all legal means, however, the people were pushed to reassess their methods of opposition. Some regions openly avowed armed resistance as a last resort to defend their territories. In April 1998, tribal leaders and elders in the Cordillera Region forged a Unity Pact, which maintains the use of armed resistance as a just means of defending their territories.

These moves toward militant opposition have escalated recently in two examples. First, the Pasaka Lumad Confederation in Southern Mindanao has openly vowed to wage a rebellion if the Constitution is amended to relax rules on ownership of land in the country. The second example is in Zamboanga del Norte, where the ongoing Subanen struggle against the exploration work of TVI resulted in a picket on August 30, 1999. Just 8 days later, on September 6, some 40 Subanens were beaten up by suspected thugs of TVI, during the forcible dispersal of the picket.



Barricade against Benguet Corporation's open-pit expansion, July 1996, Loakan, Itoyon

supporters, of the people's opposition

Both the National Council of Churches and the Catholic Bishops Conference of the Philippines have issued a strong resolution against the Philippine Mining Act of 1995.

In a landmark measure, the Provincial Board of Capiz declared a 15-year moratorium on all large-scale mining activities and applications in Capiz.

In Aurora province, the Provincial Board banned mining in watershed areas.

In March 1998, Senator Sergio Osmena III of the Liberal Party filed a bill calling for the repeal of the Philippine Mining Act of 1995.

Ifugao Congressman Benjamin Cappleman has introduced House Bill 2825, seeking the repeal of the 1995 Philippine Mining Act.

On October 12, 1998, Mt. Province Congresswoman Josephine Dominguez expressed support for the people's opposition against the entry of large-scale mining ventures in the province. The Mt. Province Provincial Board also passed a resolution opposing the entry of mining companies into the whole province.



The Philippine Mining Act of 1995 creates a new environment for the mining industry where foreign investors are given bigger equity shares and better fiscal incentives. This is one of the pro-foreign laws that former President Ramos passed and which his successor, President Estrada, pledged to abide with under the era of globalization.

Just before he left office, President Ramos also signed into law the Indigenous Peoples Rights Act (IPRA). Contrary to the pro-community sound of this policy, the IPRA is actually being used by mining companies to circumvent more difficult routes to access indigenous lands, because companies do not need the approval of indigenous cultural communities (ICCs).

The Visiting Forces Agreement (VFA) is another government policy to attract TNCs. The initial investment in a mining project is huge and requires up to 6 years of exploration work before a mine becomes productive. It is a high-risk investment, especially when an unstable political atmosphere is taken into account. Thus, the VFA provides a political insurance system, by securing the intervention of foreign troops from imperialist countries under the guise of "joint military exercises."

Estrada's current effort to change the country's Constitution is the final step towards making the country

government imposition

more conducive to foreign investors. Relaxing the constitutional restriction on foreign ownership of land will entice foreign mining corporations to introduce capital and technology to our mining industry. The

Estrada administration has also placed a pro-mining Secretary, Antonio Cerilles, in

the Department of Environment and National Resources (DENR), in spite of the most unprecedented public opposition in the history of the Commission on Appointments.

In the years before the Philippine Mining Act of 1995, the mining industry was in a defensive position, largely as a result of indigenous struggles around the country. Nevertheless, the Philippine Mining Act of 1995 was passed, giving the industry new life, and inspiring it to regroup around a grand PR initiative.

The first step was the formation of the Committee on

Environment (COE). This is the active propagandist institution for the Philippine mining industry. One way in which it fulfills this role is by contacting the sponsors of forums where "anti-mining" speakers are invited. They ask to also be included so that both views on mining are presented, as happened during the Seminar on Environmental Law in 1997. Members of the COE came in full force, loaded with propaganda and video materials. The COE has also joined forces with the Mines and Geo-Sciences Bureau (MGB) of the national government, to hold

the propaganda offensive

seminars and disseminate pamphlets on mining. Examples include "A Response to the Issues Raised Against Mining", which was distributed at the 1998 National Workshop on Indigenous Peoples.

Finally, the COE has relentlessly propagated the concept of "sustainable development in the mining industry" and "socially and environmentally responsible mining". With these as a

shield against criticism, the COE has also recently drawn up a Code of Conduct for Philippine mining companies to sign, in accordance with these allegedly environmentally sustainable concepts.

As it stands, the battle between pro-mining policies and indigenous rights is at a critical stage. The successes of the industry's propaganda war, coupled with the continuing onslaught of globalization, makes it difficult for these communities to maintain the ground that they've gained. But with increasing support from networks and other indigenous peoples across the world, there still is hope that the mining industry can be held off.



Benguet Corporation's gold mine in the Cordillera, Philippines

A long period of research and public education about mining has led to mass mobilization against foreign gold mining companies.

'gold's killing companion

Cyanide is the most popular chemical used by mining corporations to extract gold from ore, despite the fact that leaks or spills of this chemical are extremely toxic to fish, plant life and human beings. In recent years communities in Montana and Turkey have successfully challenged this deadly practice, setting standards for the rest of the world.

The term "cyanide" refers to numerous compounds, both natural and human-made, having the chemical group CN, that is one atom of carbon and one atom of nitrogen. Hydrogen cyanide is a colorless gas or liquid with a faint, bitter almond odor. Sodium cyanide (the processing chemical which mining companies use) is a colorless solid which also has a slight odor of bitter almonds.

In 1994 there were 36 companies operating 44 hydrogen cyanide production facilities with a total production capacity of over one billion kilograms in the United States, Western Europe and Japan. DuPont is the dominant world producer with about 38% of total capacity, either totally or partially owned; no other producer has above a 7% world capacity share.

Cyanide combines with up to 97% of gold, including particles of gold that are too small to be seen by the naked eye. This makes it a very efficient process chemical for the extraction of the metal. The most popular technology that utilizes this chemical property, cyanide leaching, has gained wide use since the 1960s, after it was promoted by the United States Bureau of Mines to replace the older mercury amalgamation processes.

Cyanide leaching involves spraying a sodium cyanide solution (at 250 to 500

**poison-
based
mining**

parts per million) on finely ground ore or on old waste rock, known as tailings. The gold forms a water-soluble chemical compound with the cyanide called a "pregnant solution" which is then run over activated carbon to extract the gold. The cyanide waste that is left over is supposed to be stored in lined and covered ponds to prevent contact with local animals and birds. Some companies process the ore in vats allowing the cyanide to be recycled. Most operations store the waste cyanide in ponds with plastic liners that break easily, allowing the solution to contaminate the ground water.

Popular concern over this technique has focused on the lethal impact of cyanide. A teaspoonful of two-percent solution of cyanide can **deadly dose** kill a human adult. Cyanide blocks the absorption of oxygen by cells, causing the victim to effectively "suffocate." Human exposure to high levels of cyanide for a short period harms the central nervous system, respiratory system, and cardiovascular system. Short-term exposure to high levels of cyanide (110 parts per million) can cause coma and/or death within 30 minutes to 1 hour.

Cyanide impacts fish at far lower concentrations. Concentrations as low as five micrograms per liter have been found to inhibit fish reproduction, and adverse impacts have been reported at levels of ten micrograms per liter. This toxicity increases with any reduction in dissolved oxygen below 100%, and increases three-fold with a 12 degree celsius decrease in temperature.



what the mining companies say . . .

Mining and regulatory documents often state that cyanide in water rapidly breaks down in the presence of sunlight and oxygen, into largely harmless substances such as carbon dioxide and nitrate. They also insist there have been no reported cases of human death from cyanide spills. Also scientific studies show that cyanide swallowed by fish will not "bio-accumulate" which means it does not pose a risk to anyone who eats the fish.

Cyanide leach pad and ponds at the Yanacocha mine in Cajamarca, Peru

. . and what mining companies don't tell you

Although cyanide solution eventually breaks down in the presence of sunlight and air at pH neutral conditions, it will not do so when it seeps underground, under cloudy or rainy conditions such as are seen in tropical countries, or during winter in cold countries when lakes or streams may have snow and ice cover and temperatures are reduced. If the cyanide solution is slightly acidic, it can turn into cyanide gas, which is extremely toxic. Furthermore, if the solution is alkaline the cyanide does not break down.

Robert Moran, a geochemical expert, has found cyanide-contaminated sediments at a cobalt-nickel mine in Missouri that contained many milligrams per kilogram of total cyanide more than 25 years after all processing had ceased. Samples of bricks, concrete, plaster and mortar from buildings at the Auschwitz-Birkenau concentration camps collected about 45 years after all use of cyanide ceased still showed detectable concentrations of cyanide.

Furthermore, even in perfect conditions, not all of the cyanide used in mineral processing breaks down quick-

ly into largely harmless substances. Many of the breakdown compounds, are still toxic to aquatic organisms, and may persist in the environment for significant periods of time. Some of these toxic breakdown forms include the free cyanides, metal-cyanide complexes, organic-cyanide compounds, cyanogen chloride, cyanates, thiocyanates, chloramines, and ammonia.

Of these, cyanate is the main form of cyanide resulting from most cyanide decomposition processes employed at mineral extraction sites. Cyanate may persist in water for significant, but undefined periods of time. Ammonia, another breakdown product, is considered to be about as toxic to fish as cyanide. Some data indicate that the combined effect of ammonia and cyanide is greater than would be assumed on the basis of their individual toxicities. Thiocyanates cause "sudden death syndrome" in trout, partly as a response to stress, and because, unlike free cyanides, thiocyanate is accumulated. Other breakdown chemicals like cyanogen chloride may be more toxic to fish than free cyanides.

The current United States Environmental Protection Agency (EPA) water quality criterion for cyanide, set in 1986, is 5.2 micrograms per liter (g/L) for freshwater aquatic life, and 1.0 (g/L for marine aquatic life and wildlife. Yet no criteria exist for other toxic cyanide-related compounds, including cyanate, thiocyanate, cyanogen chloride and the metal-cyanide complexes.

Cyanide levels in the workplace are regulated by the United States

Official standards

Occupational Safety and Health Administration (OSHA). OSHA has a legally enforceable exposure limit of 5 milligrams of cyanide per cubic centimeter of air (mg/cm³) for cyanide and 11 mg/cm³ (or 10 ppm) hydrogen cyanide in air for an 8-hour workday, 40-hour workweek. The United States National Institute for Occupational Safety and Health (NIOSH), however, recommends that employee exposure to hydrogen cyanide and cyanide salts should not be more than 5 mg/m³ in air for a 10-minute sampling period.

The community of Bergama, Turkey, was the first to win a legal ban on cyanide. In May 1997 the highest Turkish administrative court overturned approval given by the Department of Environment for a proposed gold mining project after a rally by 10,000 local people with 1,000 tractors occupied the mine site. The judgement was based on the Turkish

Constitution and its guarantee of a healthy and intact environment. The court found that a cyanide-based mining technology was at odds with these constitutional rights.

two communities fight back

And voters in the north-western U.S. state of Montana approved a ballot measure on November 3, 1998 banning the use of cyanide to extract gold. The community decided to take this initiative after years of suffering dozens of toxic leaks from local mines. For example, the indigenous Assiniboiné and Gros Ventre peoples had to battle for years in court to force Pegasus, a Canadian gold mining company, to clean up cyanide waste on the Fort Belknap reservation in the Little Rocky Mountains of Montana. Although the community won the lawsuit in 1996 the company declared bankruptcy the following year thwarting clean-up efforts. In October 1999, the Montana Supreme Court ruled against cyanide-based gold mining as a violation of the state's constitution.

A History Of Accidents

Ten miners were killed when a disused slime dam at the Harmony mine in South Africa, operated by Randgold, burst its banks and buried a housing complex in cyanide-laced mud in February 1994.

Cyanide and heavy metal leaks from the Summitville gold mine killed all aquatic life along a 27 kilometer stretch of the Alamosa river in the San Juan mountains of southwestern Colorado by the time the mine was shut down in December 1992. The total clean-up costs have exceeded US\$150 million.

Over 11,000 fish were killed along an 80 kilometer stretch of the Lynches River by a cyanide spill from the Brewer gold mine in South Carolina in 1992.

On May 20, 1998, a truck transporting cyanide to the Kumtor mine in Kyrgyzstan plunged off a bridge spilling 1762 kilograms of sodium cyanide into local surface waters. Local people have reported at least four deaths that they claim resulted from the spill. Hundreds of people also checked into local hospitals complaining of health problems following the spill.

Failure of a leach pad structure at the Gold Quarry mine in Nevada released about a million liters of cyanide-laden wastes into two creeks in 1997.

More than 3.2 billion litres of cyanide-laden tailings were released into Essequibo river in Guyana when a dam collapsed at the Omai gold mine in August 1995. Studies by the Pan American Health Organization have shown that all aquatic life in the four kilometer long creek that runs from the mine to the Essequibo has been killed.

On May 29, 1998 six to seven tons of cyanide-laden tailings spilled into Whitewood Creek in the Black Hills of South Dakota from the Homestake Mine, resulting in a substantial fish kill.

Mercury: the shiny killer

Mercury, a deadly poison, has been used to extract gold for centuries because it is cheap, easy to use, and relatively efficient. Unfortunately, the impact of mercury also lasts for centuries because it is a persistent toxin, which can destroy fetuses, the human central nervous system, reproductive organs and the immune system.

Small-scale miners use mercury because it can dissolve as much as 60 percent of gold out of ore into a physical solution, known as amalgam. This amalgam can be broken down quickly and easily by burning off the mercury rather like the way salt can be recovered from seawater.

This mercury vapor gets trapped in atmospheric moisture and precipitates down into local water supplies where it can poison fish and animals higher up in the food chain.

The California Gold Rush of 1849, left a deadly legacy of an estimated 7,600 tons of mercury in the lakes, rivers, and sediments of the state. Currently, thousands of tons of mercury are being dumped by small miners in the fragile rain-forests of the Amazon, South-East Asia, and West Africa.

Just one gram of mercury poured into eighty million liters of water would be cause for concern under United States federal human health standards for drinking water, as it is enough to contaminate a small lake.

mercury madness

The most famous incident of mercury poisoning is the disaster at Minamata Bay, Japan, where an estimated 1,800 people died between 1940 and 1960 from eating fish that were contaminated by mercury waste dumped in to the local water.

In California, Chinese workers in the 1849 Gold Rush who mined mercury in the San Jose Area frequently died from central nervous system diseases. Even today, eating fish from some of the old gold rush regions in the western United States, like Clear Lake, California, and Carson River, Nevada, is strictly prohibited because of the threat of mercury poisoning.

Inorganic mercury, which is found in nature, and metallic mercury, used in batteries, thermometers, and dental amalgams, are both

poisonous. But the most toxic form is methylated mercury, which can be created when mercury is exposed to decaying organic matter. Such matter is often found in tidal marshes or in dam reservoirs, which has the effect of converting the metal into organic methyl-mercury. This is a highly likely scenario downstream of gold mining areas where mercury is being used.

This



Mercury

This organic mercury is stored in animal fat and is excreted slowly. When animals consume large quantities of smaller prey lower down on the food chain, the bigger animal accumulates a quantity of mercury that is proportional to the amount in the prey. As a result of this phenomenon, known as bioaccumulation, levels of mercury in fish can be one million times higher than the surrounding waters.

Because organisms (including humans) can ingest mercury more rapidly than their bodies can eliminate it, the amount of mercury in their body accumulates over time. If, for a period of

time, an organism does not ingest mercury, its body burden of mercury will decline. If, however, an organism continually ingests mercury, its body burden can reach toxic levels.

The rate of increase or decline in body burden is specific to each organism. For mice, about half the body burden of mercury can be eliminated in seven to eight days if no mercury is ingested during that time. For humans, the average time for the body to eliminate half the body burden is 70 days, but in certain organs it can take much longer. For example, the average half-life of mercury in the human brain is seven years.

quick facts about mercury

US EPA maximum permitted: 2.00 parts per billion (ppb)

Level at which mercury has a chronic effect on aquatic life: 0.012 ppb

Half-life in human bodies: ten weeks

Half-life in human brain: seven years



monitoring and prevention

The United States Environmental Protection Agency recommends that tests for mercury poisoning should be conducted if mercury levels exceed 0.012 parts per billion (ppb), although the agency will allow levels in water as high as 2 ppb. Streams near old mercury mines in Alaska, however, have shown levels as high as 5,000,000 ppb!

Another way of measuring toxic exposure to mercury is to test the mercury concentrations in food like fish. The United States Environmental Protection Agency recommends that mercury levels in fish used for human consumption should not exceed 0.5 parts per million (ppm). This standard is not considered sufficient for communities that eat large quantities of fish such as indigenous communities in the Amazon or in boreal areas.

The impact of mercury in small-scale gold mining can be reduced significantly by using a small apparatus to capture the mercury vapor when it is heated off. This condenses the vapor, allowing it to be recycled. Unfortunately, this method is not very popular because of mercury's low cost.

acid mine drainage

By Environmental Mining
Council of British Columbia

Industry, labor, government, and environmentalists agree on one issue:
that Acid Mine Drainage (AMD) is the number one environmental problem facing the mining industry.

Acid Mine Drainage:

- devastates fish and aquatic habitat,
- is virtually impossible to reverse with existing technology, and
- once started, costs millions of dollars annually to treat and can continue for centuries.

AMD occurs when sulphide-bearing minerals in rock are exposed to air and water, changing the sulphide to sulphuric acid. This acid can dissolve heavy metals found in waste rock and tailings such as lead, zinc, copper, arsenic, selenium, mercury, and cadmium, into ground and surface water. Certain bacteria, naturally present, can significantly increase the rate of this reaction. AMD and heavy metals pollu-

tion can poison ground and drinking water. AMD can destroy aquatic life and habitat. Ore bodies commonly mined that pose AMD risk are: gold, silver, copper, iron, zinc, lead (or multi-metal combinations), and coal.

Acid drainage can and does occur naturally at specific sites. It happens when sulfide minerals are exposed to weathering and react with water and oxygen to produce sulfuric acid, which is carried away in runoff. This process is called acid rock drainage (ARD). In mining, however, the scale and impact of the acid generation (here usually called acid mine drainage) can be pushed far beyond natural limits.

Acid generation results from exposure to air and water. This means that the more surface area of rock exposed, the greater the amount of acid. During the mining process, hundreds, sometimes

thousands of tons of rock are dug up and crushed each day. The acid then leaches through the ground and releases heavy metals such as lead, zinc, copper, arsenic, selenium, mercury and cadmium.

The Equity Silver mine near Houston, will require treatment for AMD for at least the next 500 years. On Vancouver Island, the Mt. Washington mine operated for only three years. However, it has left a deadly legacy of acid and heavy metals that has virtually eliminated what was a \$2 million annual fishery on the Tsolum River.

Acid mine drainage can develop at several points throughout the mining process: in underground workings, open pit mine faces, waste rock dumps, tailings deposits, and ore stockpiles. Acid generation can last for decades, centuries, or longer, and its impacts can travel many miles downstream. Roman

mine sites in Great Britain continue to generate acid drainage 2,000 years after mining ceased.

As concerned individuals committed to the protection and respect of our natural world, we can:

- * identify operating or abandoned mine sites in our regions,
- * learn about how mine sites are being monitored, what permits have been issued, and how citizens are involved in decision making,
- * get more information about AMD and other mining issues in our community, and
- * insist that prevention of AMD is the only acceptable and responsible strategy.

drainage

San Juan Ridge, California, June 2 - 8, 1999

We, the participants of the Peoples' Gold Summit, have concluded that

Life, land, clean water and clean air are more precious than gold. All peoples depend on nature for life. The right to life is a guaranteed human right. It is, therefore, our responsibility to protect all of nature for present and future generations.

Large-scale gold mining violently uproots and destroys the spiritual, cultural, political, social and economic lives of peoples as well as entire ecosystems. Historic and current destruction created by gold mining is greater than any value generated.

Commercial gold mining projects are mainly on indigenous lands. By violating their land rights mining companies are denying the right to life of those indigenous peoples, whose relationship to land is central to their spiritual identity and survival. We need to support the self-determination of indigenous peoples and the recovery, demarcation and legal recognition of campesinos, tribal and indigenous peoples' lands.

Communities in mining-affected areas, following a democratic and open decision-

making process, have rights to the use, control and management of resources; prior informed consent to any proposals which affect their land and/or resources; and to reject any proposal that impacts their human rights. There must be participatory processes to build and maintain sustainable economies at all levels as an alternative to the current destructive patterns of development, including gold mining.

Large-scale and small-scale, toxic chemical-dependent gold mining damages landscapes, habitats, biodiversity, human health and water resources. Water especially is contaminated by cyanide, acid mine drainage, heavy metals and mercury from gold mining. Additionally, the hydrologic cycle is changed and water sources are grossly depleted by pumping water from aquifers.

Most governments continue to represent the interests of mining corporations against people. They have made laws to take away land and rights from people to facilitate gold mining. We need to achieve

self-determination and work towards local self-sufficiency in order to break the chains of dependency on external sources. At a national level we reject the debt-ridden economic model of mineral extraction.

It is the responsibility of governments of countries where the multinational corporations come from to hold them accountable, wherever they operate, to their domestic environmental and social protection requirements. This is to ensure no double standards. Shareholders and investors in gold mining companies must be held responsible for their corporations' actions.

International and domestic laws should support the rights of local communities, tribal and indigenous peoples and the right of all people to ecological security, not the security of corporations. Oppressive laws and macroeconomic policies, such as those pushed by the World Trade Organization, are imposed on peoples and places. These influences must be resisted, and all laws and policies made in accordance with customary and human rights law and the balance of ecosystems.

Given that gold is indestructible, known reserves could provide for market demand for the foreseeable future. The current trend to sell gold reserves by central banks therefore offers an alternative to gold mining to provide for market demands, but must be considered carefully in light of its social and economic ramifications. In particular, there must be just transitions for workers who lose their jobs and livelihoods whenever gold mines close. After closure of a mine, companies have a duty and mandatory obligation for social, environmental, and economic rehabilitation of the community and the miners.

Although some consumers of gold are victims of social and economic systems, their consumption drives the development of gold mines with all their negative impacts. Gold-dependent communities must be supported in making a transition to economically and environmentally sustainable and nondiscriminatory forms of economic activity.

We demand:

- a moratorium on exploration for gold.
- a ban on new, large-scale and toxic chemical-dependent gold mining.
- that where the peoples and/or environment demands closure, the mine should be immediately decommissioned in an environmentally and socially responsible manner.
- that gold mining companies set up community-controlled funds to pay for the just transitions of workers retrenched from the sector; for the creation of healthy, alternative economies; and to pay for clean-up, monitoring and remediation of gold mines, long after they are closed.

- an end to all military, paramilitary and mercenary activity used to repress people and secure mining.
- that international financial institutions must not fund new gold mines or gold mining companies.
- that governments stop their support and subsidies of gold mining companies.
- sustainable alternatives for communities in place of gold mining as the primary economic activity.
- that governments must demarcate the lands and respect the complete territorial rights of campesinos, indigenous and tribal peoples.

- * that any gold mining that does occur should be managed only in the strictest environmentally and socially-safe way, and should not include submarine or riverine tailings disposal nor seabed extraction.

To ensure that these demands are realized, peoples' organizations commit to make a coordinated approach to address the environmental and social threats of gold mining.

(For more information about the Peoples' Gold Summit, please contact Project Underground, phone 510 705 8981 or email project_underground@moles.org.)



The participants of the Peoples' Gold Summit. This was a meeting of 100 people from 21 countries, all of whom were in some way affected by gold mining. It took place in California from June 2-9, 1999.

This statement represents the first political consensus of communities at the front line of the global gold mining industry. It is clear in its call for an end to large-scale, poison-based technologies and the exploitation of communities, environments and workers.

To sign on to the Statement of Unity, please email <project_underground@moles.org> or call +1 510 705 8981, or visit our website: www.moles.org.



Q:

What's the definition
of a Gold Mine?

A:

A hole in the ground
owned by a Liar

Mark Twain

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Too Problems With Gold Mining

Over 85% of gold mined today will end up as jewelry tomorrow.

Gold mining is not an essential industry like the harvesting of food or even paper production. It is certainly not sustainable, nor is it just.

Yet the cumulative impacts of gold mining worldwide, on local economies and ecosystems, is at least as bad as that of industrial forestry and agri-business. With more than 66% of all new mining exploration in the hard-rock sector currently focused on gold¹, the problems are going to get worse for people and places around the planet.

Here's just a sample:

Too1's gold

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1 genocide

Every major gold rush has meant death and devastation for local people at the hands of fortune-seekers. The Mayans believed the Conquistadors ate gold – how else could they explain their insatiable lust for it? Californian Indian nations were decimated; first by the disease the 49ers brought with them, and then by the new Californian state government which put bounties on the heads of native people. The new government paid out a million dollars from its gold revenues for scalps in 1851 alone. From the Sioux of the Black Hills, to the Aborigines around Bendigo in Australia, the history of gold is tainted with blood; and today Amazonian tribes, like the Yanomami and Macuxi, the Galamsey of West Africa, and the Igorot of the Philippines are similarly endangered.

2 water

Damage to water and water resources is the worst environmental consequence of gold mining. From California's Sierra Nevada in the 1850s to the lands of the Pemon in Venezuela today, rivers have been ruined by people panning for gold, using high pressure hoses to spray down river banks and sift through the sediment for gold. The effects flow downstream, destroying plant and fish life. But modern mining is even more destructive of water resources: the gold industry in Nevada – where most gold in the US is mined – consumes more water than all the people in the state². The water table has fallen as much as 1,000 feet around some of the largest open pit gold mines in north-eastern Nevada, says the U.S. Geological Survey. One of the mines consumes 100 million gallons per day – as much as the city of Austin, Texas. And that's not all: water systems around mines are contaminated by cyanide and other process chemicals, and the acid mine drainage that runs off exposed rock³.

3 waste rock

To make a simple gold wedding band, at least 2.8 tons of earth are excavated. The gold mining industry generates an enormous amount of waste compared to its product: the 2,402 tons of gold produced in 1997 resulted in 725 million tons of waste, which was contaminated with metals, acids, and solvents, according to Worldwatch Institute. The standard ratio of waste production in the United States gold mining industry is one to 3 million, meaning that for every ton of gold produced there are three million tons of waste rock. Most of the unsightly mess left behind is exposed to weathering and will ultimately leach acid and heavy metals associated with the gold into the local area at great ecological cost.

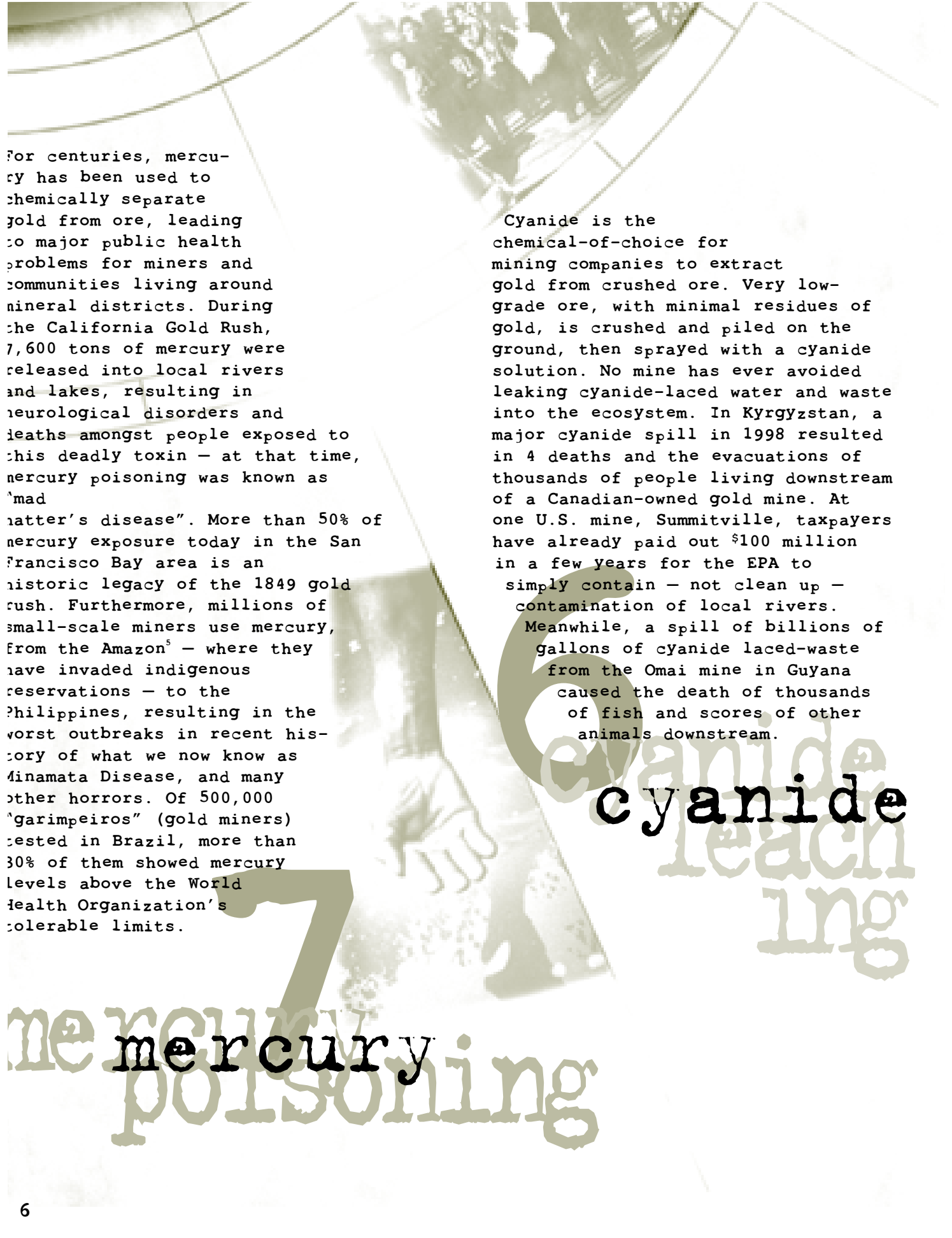
free access

In many countries, gold mining companies are allowed "free entry" to public lands – the most incredible corporate welfare – for mineral exploitation. In the US, it's not entirely free – but the companies need only pay \$5 an acre to "patent" a patch of federal land. This means the title is transferred to this private interest and is open to mining, ignoring any other values whether these be ecological, recreational or spiritual. Since 1872 the government has "sold" land equivalent in size to the state of Connecticut, under this law¹. This land contained \$245 billion worth of minerals! Developing countries are adopting similar land access policies as well, pushed by corporate advisors: since 1994, more than 70 countries have changed their laws to attract foreign gold mining companies. As a result the gold mining industry in the global South is booming: between 1991 and 1997, exploration investments expanded 6 times in Latin America, quadrupled in the Pacific region, and doubled in Africa. Since a new "pro-development" mining act was adopted in 1995 in the Philippines, over a quarter of the land surface of the country has been handed over as gold mining prospects.



indigenous human rights

In the United States — the second biggest producer of gold in the world — more than 70% of gold is ripped from native lands. The Western Shoshone, whose traditional domain covers most of Nevada, are the unhappy hosts to more than three dozen open-pit gold mines on their land, many at least a mile wide and a mile deep, with toxic ponds at the bottom. The Western Shoshone have continually been denied their land and treaty rights, as the United States increasingly allocates Nevada to multinational mining companies rather than to the rightful owners. The story is repeated around the globe. In Ghana, in the mid-1990s, thousands of traditional farmers were evicted and replaced for World Bank-sponsored gold mining operations covering hundreds of square kilometers. It is now estimated that 50% of gold produced in the next 20 years will come from indigenous peoples' lands.



For centuries, mercury has been used to chemically separate gold from ore, leading to major public health problems for miners and communities living around mineral districts. During the California Gold Rush, 7,600 tons of mercury were released into local rivers and lakes, resulting in neurological disorders and deaths amongst people exposed to this deadly toxin — at that time, mercury poisoning was known as “mad hatter’s disease”. More than 50% of mercury exposure today in the San Francisco Bay area is an historic legacy of the 1849 gold rush. Furthermore, millions of small-scale miners use mercury, from the Amazon⁵ — where they have invaded indigenous reservations — to the Philippines, resulting in the worst outbreaks in recent history of what we now know as Minamata Disease, and many other horrors. Of 500,000 “garimpeiros” (gold miners) tested in Brazil, more than 30% of them showed mercury levels above the World Health Organization’s tolerable limits.

Cyanide is the chemical-of-choice for mining companies to extract gold from crushed ore. Very low-grade ore, with minimal residues of gold, is crushed and piled on the ground, then sprayed with a cyanide solution. No mine has ever avoided leaking cyanide-laced water and waste into the ecosystem. In Kyrgyzstan, a major cyanide spill in 1998 resulted in 4 deaths and the evacuations of thousands of people living downstream of a Canadian-owned gold mine. At one U.S. mine, Summitville, taxpayers have already paid out \$100 million in a few years for the EPA to simply contain — not clean up — contamination of local rivers. Meanwhile, a spill of billions of gallons of cyanide laced-waste from the Omai mine in Guyana caused the death of thousands of fish and scores of other animals downstream.

cyanide

mercury

According to Merrill Lynch, gold is "the duddest of dud investments"⁶. Ever since the US dollar was decoupled from the gold standard, gold as a commodity has had no special value, with only 280 tons going to industrial uses per year, and yet some people continue to hoard it. The price of gold has been slowly dropping and is now well below the price of its production at many modern mines, which means companies mining new or "virgin" gold are a bad investment. Even the 35,000 tons of gold bullion held in central banks have lost 30% of their value over the last decade — a huge waste of taxpayer assets.

dud investment

Most gold is sold as jewelry and most of that is consumed in India. This is not however a simple tale of vanity or non-essential, excessive consumption. The women who wear it are themselves victims of the yellow metal: it is given as part of their dowry in wedding ceremonies and it remains the only form of wealth most Indian women are allowed to own and control. The repression of women in India is wrapped up in gold. Their emancipation may be advanced by rejecting the system of hoarding wealth in the form of gold jewelry — a phenomenon which has boomed with the growing disposable income of the country's middle-class — and paying it as a fee to get a man's hand in marriage.

dowry

10 environmental ecosystem impacts

Contamination and waste of water, destruction of habitat and biodiversity, industrialization of wilderness, roadbuilding, and the dumping of huge volumes of waste in mined areas all negatively impact the environment around gold mines.

"Frontier forests" – the last remaining old growth stands – are under siege by gold exploration.

Fisheries suffer from heavy siltation and toxic run-off into waterways from gold mines. Today, all mines scrape away and dig up more earth than do the world's rivers through natural erosion! The impact on wildlife is hard to calculate but between 1980 and 1990 seven thousand birds were found dead near cyanide-laced ponds at gold mines in California, Nevada and Arizona alone – the tip of the iceberg of gold mine – related deaths.

THE SOLUTION →

STATEMENT OF UNITY

In June 1999, people affected by gold mining in 21 countries — including workers from South Africa and women's rights activists from India — came together to share information and strategize around their common cause. This is their consensus.

We, the participants of the Peoples' Gold Summit, San Juan Ridge, California, June 2 - 8, 1999, have concluded that:

Life, land, clean water and clean air are more precious than gold. All peoples depend on nature for life. The right to life is a guaranteed human right. It is, therefore, our responsibility to protect all of nature for present and future generations.

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Communities in mining-affected areas, following a democratic and open decision-making process, have rights to the use, control and management of resources; prior informed consent to any proposals which affect their land and/or resources; and to reject any proposal that impacts their human rights. There must be participatory processes to build and maintain sustainable economies at all levels as an alternative to the current destructive patterns of development, including gold mining.

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To ensure that these demands are realized, peoples' organizations commit to make a coordinated approach to address the environmental and social threats of gold mining. (For more information about the Peoples' Gold Summit or a copy of the Proceedings, call Project Underground at 1 510 705 8981 or email <project_underground@moles.org>).



A SOLUTION: MINE THE VAULTS FIRST!

“Notwithstanding the almost inconceivable value attached to these masses of silver and gold, it is probable that they are really of no benefit to the world. They are obtained at the expense of immense toil, severe privation, and prodigious waste of life. The labor bestowed upon the pursuit of humbler minerals, or even in agriculture, would doubtless have yielded more solid advantages to mankind.”

(from “Enterprise, Industry and Art of Man,” Boston, 1848.)

For centuries, people have understood that gold mining is a big problem for both land and people.

The good news: there is an answer to the plague of gold mining sweeping the globe. If people want to wear gold, use it to fill cavities, or for micro-circuitry in computers and cell phones, that’s fine — but take it from recycled sources. We should mine the bank vaults first.

Of the 125,000 tons of gold ever dug out of the ground, more than 35,000 tons of it lies in the vaults of central reserve banks, at places like Fort Knox. In

fact the US Federal Reserve owns 8,145 tons of gold⁷ — about 6% of all the gold ever mined — and the government’s own studies show there is a net economic benefit in selling some of this stock.

Enough gold for more than 350 years of current, so-called “essential” use lies above the ground in bank

vaults — we can recycle this stock for the few uses for which there is no substitute. Otherwise, all that bullion will keep gathering dust in the bowels of Fort Knox — where it doesn’t even accrue interest — while natural and human communities’ homes are dug up for jewelry.

To compound this waste, the Fed’s gold reserves have depreciated by 30% in the last decade. Every market indication predicts that the decline will continue, with smart governments around the world selling off their stock. Our advice: dump gold before it dumps you. Belgium sold a third of its gold in the last two years and

Advice to investors: dump gold before it dumps you

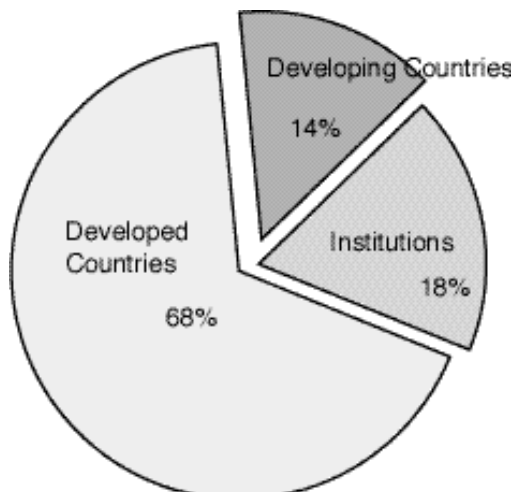
Australia dropped 200 tons onto the market — that’s why the price per ounce went below US\$300. England, surprised some in May 1999, but Luxembourg, the Czech Republic, and Argentina⁸ have all realized how much they can benefit from selling gold holdings recently.

Switzerland will hold a referendum in the year 2000 on selling two thirds of the national gold reserve.

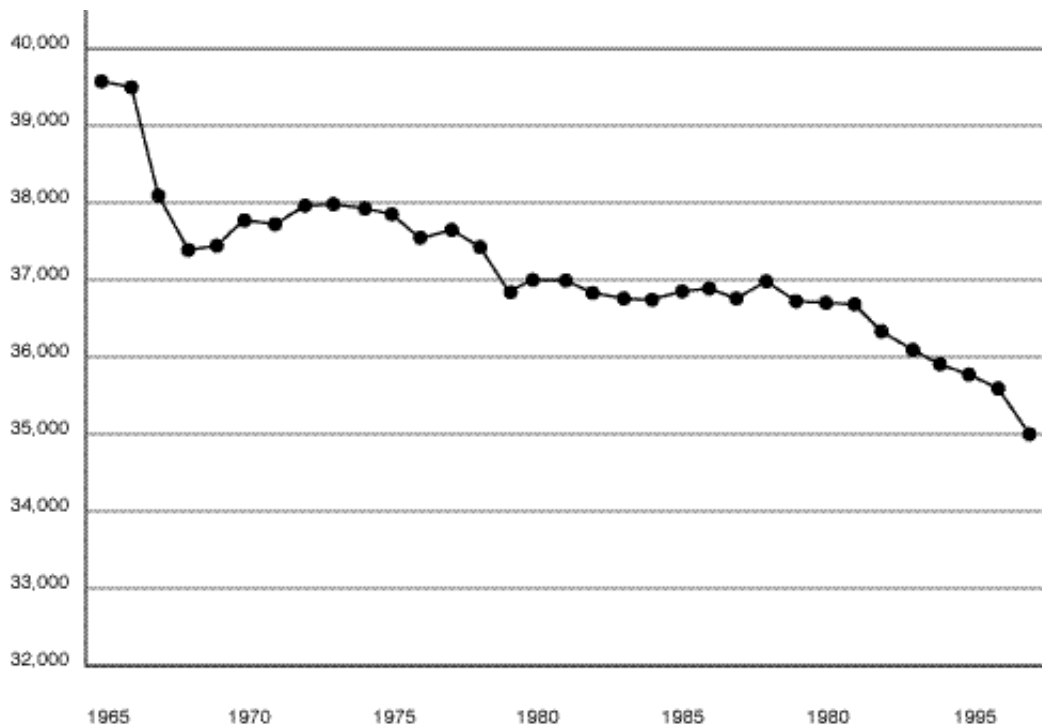
According to the Union Bank of Switzerland⁸, a much smarter investment by the government, such as US Treasury bonds, could earn the average Swiss household \$400 a year, generating major spending power and economic benefits throughout Europe.

A downside of the sale of central gold reserves is that the first mines to close may be those in South Africa — the last labor-intensive gold mining sector in the world. This will affect hundreds of thousands of miners directly, and millions more who are dependent on the cash income these men bring home.

The South African gold mines have not been good to these men — being a pillar of South Africa under apartheid, and the cause of one death and a dozen



WORLD GOLD HOLDINGS, END 1997



GOVERNMENT AND MULTILATERAL INSTITUTIONAL HOLDINGS 1965 - 1995

injuries for every ton of gold produced — but they do provide a source of livelihood.

However, regardless of whether governments of the world choose to dump their stocks of bullion on the open market, South Africa's mines cannot compete with cyanide-based open-pit, capital-intensive operations in the rest of the world. The writing is on the wall for these deep-shaft mines. The companies which have profited from one hundred years of back-breaking work in South Africa should be held responsible for the re-training of miners and the creation of schemes for just transitions of all those members of the community dependent on mining.

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