

It would be premature to suggest that the 450 Scenario will be the immediate roadmap for humanity, since it's clear enough that, for the moment, we are on a highway to hell that combines the IEA's first two scenarios. Bear in mind, moreover, that many scientists believe a global temperature increase of even 2° Celsius would be enough to produce catastrophic climate effects. But as the effects of climate change become more pronounced in our lives, count on one thing: The clamor for government action will grow more intense, and so eventually we're likely to see some variation of the 450 Scenario take shape. In the process, the world's demand for oil will be sharply constricted, eliminating the incentive to invest in costly new production schemes.

The bottom line: Global peak oil remains in our future, even if not purely for the reasons given by Hubbert and his followers. With the gradual disappearance of "easy" oil, the major private firms are being forced to exploit increasingly tough, hard-to-reach reserves, thereby driving up the cost of production and potentially discouraging new investment at a time when climate change and environmental activism are on the rise.

Peak oil is dead! Long live peak oil!

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See also, Why the Peak Oilers are still right, by Richard Heinberg, <http://grist.org/climate-energy/why-the-peak-oilers-are-still-right/>

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Latin America:

## Why We Need an Immediate Moratorium on Gold Mining

by Eduardo Gudynas

Gold mining has become a scourge that afflicts most Latin American countries. In some places, a few giant transnational corporations operate. In others, hundreds or even thousands of people crowd into jungle rivers or the guts of mountains for a few grams of gold. The big corporations insist they use the latest technologies, promote economic growth and provide jobs, while small-scale informal and illegal mining is associated with pollution, violence and poverty.

In fact, the two forms of mining are both devastating. Large-scale gold mining operations have all kinds of serious territorial and environmental impacts, and the oft-repeated promises of excellence in technology and management have proven false. Pascua Lama, a gigantic mining operation located in the Andean highlands between Argentina and Chile, has repeatedly promised that it would be an example of environmental responsibility. The reality was different, and in the face of their poor management and failure to comply, a Chilean court fined the corporation and suspended its operations.

Gold mining is also an extremely inefficient extractive industry. Among the top 50 global producers, the average extraction rate is five grams of gold for a ton of rock removed. Given this, no one should be surprised that it is an activity involving drastic environmental impacts.

Small-scale mining has the same problems. In several Amazonian sites in Colombia, Brazil, Ecuador and Peru, activities take place in the midst of

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social and environmental desolation. In regions such as the Madre de Dios in southern Peru, it has become one of the principal causes of destruction of the Amazon basin and local violence. As gold mining advances, it leaves a deforested jungle and highly polluted water and soil.

To think that activities are only carried out by individuals or families is an illusion. Gold mining on any scale ends up involving hundreds of thousands of people, resulting in added and multiplied impacts. The image of an isolated man bent over, panning gold from the sand of the riverbed is a thing of the past in many localities. Huge dredging machinery appears from nowhere in remote corners of Amazonia. Furthermore, the growth of informal and illegal gold mining is possible only because it has become involved with the formal markets, and the gold extracted can end up with the big mining corporations.

In spite of this, many people defend the mining industry in general, and gold mining in particular. Projects are presented as economic blessings and successful exports. It would appear that the need for gold has assumed an enormous importance for human welfare and development, and that this justifies all this destruction.

Is this true? Does gold have uses that are indispensable for our quality of life or necessary for some key industrial use? If we do not export gold, will

some productive chain be annihilated? Will national economies fall apart?

This is simply not the case.

Only 10% of the demand for gold involves technology or medical use. The rest is divided between two uses: jewelry (slightly more than 40%) and the financial sector, including coin manufacture, ingots in banks and other financial uses (also a little more than 40%).

For example, in 2012 the global demand was estimated at 4,415 tons, divided between jewelry (1,896 tons), “investors” (1,568 tons), and purchases from central banks (544 tons). In other words, 90% of gold extracted on this planet is to sustain sumptuary uses, the exhibitionist consumption of jewels, or speculation and backing up finances. It is hard to seriously maintain the argument that welfare or global development depends on the mining of gold.

An important part of all the gold in circulation comes from re-use and recycling. But the demand is so high, that there is pressure for more gold mining. Consequently, the past few years records have been set for gold mining; in 2012 it reached 2.982 tons. The largest gold mine was China (400 tons), and Peru the top Latin American country, in the fifth place globally. China has also become the world’s top consumer of gold. Its demand has quadrupled in the last decade, principally for use in jewelry.

The depredation of gold mining does not supply any key industrial process, nor any basic need. It is tied to the fashion for jewelry, especially for the consumption of wealthy families in China and other countries, or to the needs

of financiers. If Latin America were to stop providing gold for these ends, there would be no collapse. On the contrary, the quality of life of many communities in our continent would be greatly improved.

The best way to describe the recent gold fever is to recall the concept of “preciosities” proposed by Immanuel Wallerstein in the mid-1970s. Essentially, these goods are expensive because of their symbolic value. Those who possess them and exhibit them flaunt their wealth and power. Other examples are diamonds, rubies and other precious stones, fur coats or caviar. They do not function in the same way as other primary resources that are marketed globally, such as food or other basic needs, or as elements employed in industry, such as iron. Latin American gold mining is not even an “industry,” since no manufacturing process is involved.

This applies to gold mining both in corporate hands and in informal or illegal operations. They are both extractive mining, with its negative impacts on social, environmental and economic fields. And both are tied to global markets to export gold to the global market.

Governments are also to blame for the political and economic conditions involved in these extractive operations. They have promoted big enterprises, attracting investments, conceding territory, ensuring

exports and granting subsidies (most indirect or hidden). They have even defended them with police and military forces.

Government policies are also responsible for the fact that innumerable families have no other alternative but to earn their meager wages looking for gold nuggets in the jungle, since the state has abandoned them, leaving them with no other viable productive options.

This means that once mining operations are installed, the state cannot or will not control them. Both count on political power. The power of the corporate sector is more subtle, but stronger and more widely entrenched, working from company boardrooms and the press. Artisanal or illegal miners work through local *caudillos*, mayors, and even some legislators, as we have seen in Peru. Both use violence and illegality, although in different ways.

Gold mining must be ended as soon as possible. The devastation caused by gold mining on any scale, whether undertaken by individuals, cooperatives or the state must be resolved by halting these activities. The response should be radical, since the environmental damage and the social impact are increasing and get more serious over time.

These problems cannot be resolved with new mining technologies, socially responsible management or some kind of new public policy, since gold mining continues at a vertiginous pace. The reaction

cannot wait for years for consumption patterns to change or for the industrialized countries and the Asian new rich to understand that flaunting of jewels makes no sense and

the global demand falls. Nor can we wait until the financial world repents of their gold addiction. The solutions must come from Latin Americans themselves, in defense of their own population and environment. The mechanism is evident: Latin America should declare a moratorium on gold mining.

This implies suspending new mining operations and dismantling those already in operation. We need a regional regulatory framework that prevents new gold entering the market—without a market, the informal sector would rapidly disappear. Continental trade based on re-use and recycling of gold already extracted should be permitted and encouraged. The state should reorient the financial, political and human resources that have traditionally sustained corporate mining enterprises, to support dignified productive options for all rural families.

A moratorium on gold mining is not unrealistic. It is a necessary step to confront a situation that has become so dramatic, that we cannot wait, if we really want to defend human life and the environment.

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