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THURSDAY 7 OCT 10.

### Tears of the Sun

Gold has intrinsic value and that is important in these uncertain times. With the horrendous national debt and the unstable economy investors are flocking to the safety of gold. The economic crisis was a result of easy lending practices and over-inflated real estate prices. The U.S. dollar continues to be a bunch of hot air, in fact, the dollar has lost 20% of its value in last ten years. Its time to invest in something solid like gold. The price of gold has appreciated in the last ten years.

For the last few years we have been inundated with scare tactics and amazing claims about the value of gold. Why we should all own gold in some form or another has been preached to us over almost every form of public communication.

Many of you may know a lot about gold; some of you may not. We are going to look at gold; its history, myths surrounding it, and how it is viewed in today's economic environment.

Gold has a long and complex history. Gold has always symbolized wealth and guaranteed power. Men and nations have been obsessed with gold; it has destroyed some cultures and given power to others.

Archaeological digs suggest the use of gold began in the Middle East where the first known civilizations began. The oldest pieces of gold jewelry were Egyptian and found in the tomb of Queen Zer and that of Queen Pu-abi of Ur in Sumeria. These are the oldest examples of any kind of jewelry and are dated from the third millennium BC. Over the centuries, most of the Egyptian tombs were raided, but the tomb of Tutankhamen was discovered undisturbed by modern archaeologists. Inside the largest collection of gold and jewelry was found and included a gold coffin whose quality

showed the advanced state of Egyptian craftsmanship and gold working (second millennium BC)

As far back as 3100 BC, we have evidence of a gold/silver value ratio in the code of Menes, the founder of the first Egyptian dynasty. In this code, it is stated that “one part gold is equal to two and one half parts silver in value”. This is our earliest example of a value relationship between gold and silver.

In ancient Egypt, around the time of Seti I (1320 BC), we find the creation of the first gold treasure map. Today, in the Turin Museum is a papyrus and fragments known as the “Carte de mines d’or”. It pictures gold mines, miners quarters, and a road leading to the mines and gold bearing mountains.

Jason and the Argonauts sought the Golden Fleece around 1200 BC, that Greek myth makes more sense when you realize that the fleece to which it refers is the sheep’s fleece used in the recovery of fine placer gold.

Early miners would use waterpower to propel gold-bearing sand over the hide of a sheep, which would trap the tiny, but heavy, flakes of gold. When the fleece had absorbed all it could hold, this “Golden Fleece” was hung to dry. When dry it would be beaten gently so that the gold would fall off and be recovered. This primitive form of hydraulic mining began thousands of years ago, and was still being used by some miners as recently as the California gold rush of 1849.

The first use of gold as ~~MONEY~~ occurred around 700 BC, when Lydian merchants produced the first coins. These were simply stamped lumps of a 63% gold and 37% silver mixture known as “electrum”. This standardized unit of value no doubt helped the

Lydian traders in their wide-ranging successes. By the time of Croesus of Mermnadae, the last king of Lydia (570-540 BC) Lydia ~~had~~ amassed a huge hoard of gold.

Homer, in the "Iliad" and "Odyssey," makes mention of gold as the glory of the immortals and a sign of wealth among ordinary humans. In Genesis 2:10-12, we learn of the river Pison out of Eden, and the land of Havilah, where there is gold; and that the gold of that land is good. There are more than 400 references to gold in the Bible, including specific instructions from God to cover furniture in the tabernacle with "pure gold". Gold is also mentioned as one of the gifts of the Magi.

Though the ancient Jews apparently had enough gold to create and dance around a golden calf while Moses was talking to God on Mt. Sinai, scholars speculate that it never occurred to the Jews to bribe themselves out of Egyptian captivity because gold ~~was~~ not yet associated with money.

Early civilizations equated gold with gods and rulers, and gold was sought in their name and dedicated to their glorification. Humans almost intuitively place a high value on gold, equating it with power, beauty, and the cultural elite. Since gold is widely distributed all over the globe, we find this same thinking about gold throughout ancient and modern civilizations everywhere.

Gold, beauty, and power have always gone together. Gold in ancient times was made into shrines and idols (The Golden Calf), plates, cups, vases, and vessels of all kinds, and of course, jewelry for personal adornment.

The "Gold of Troy" treasure hoard, excavated in Turkey, and dating to 2450-2600 BC, show the range of gold work from delicate jewelry to a gold gravy boat weighing a full troy pound. This was a time when gold was highly valued, but had not yet become

money itself. It was owned by the powerful and well connected, or made it into objects of worship, or used to decorate sacred locations.

Gold has always had value to humans, even before it was money. This is demonstrated by the extraordinary efforts made to obtain it. Prospecting for gold was a worldwide effort going back thousands of years, even before the first money in the form of gold coins appeared, as mentioned, about 700B.C.

In the quest for gold by the Phoenicians, Egyptians, Indians, Hittites, Chinese, and others, prisoners of war were sent to work the mines, as were slaves, and criminals. This happened during a time when gold had no value as “money”, but was just considered a desirable commodity in and of itself.

The “value” of gold was accepted all over the world. Today, as in ancient times, the intrinsic appeal of gold itself has that universal appeal to humans, but how did gold come to be a commodity, or measurable unit of value?

Gold, measured out became money. Gold’s beauty, scarcity, unique density (no other metal outside of platinum group is as heavy), and the ease by which it could be melted, formed, and measured made it a natural trading medium. Gold gave rise to the concept of money itself: portable, private, and permanent. Gold and silver in standardized coins came to replace barter arrangements, and made trade in the classic period much easier.

Gold was money in ancient Greece. The Greeks mined for gold throughout the Mediterranean and Middle East regions by 550 BC; both Plato and Aristotle wrote about gold and had theories about its origins. Gold was associated with water and it was supposed that gold was a particularly dense combination of water and sunlight.

Their science may have been primitive, but the Greeks learned much about the practicalities of gold mining. By the time of the death of Alexander of Macedonia (323 BC), the Greeks had mined gold from the Pillars of Hercules (Gibraltar) all the way eastward to Asia Minor and Egypt and we find traces of their mines today. Some of the mines were owned by the state and some were owned privately with a royalty paid to the state. Nomads such as the Scythians and Cimmerians worked placer mines all over the region. The surviving Greek coinage and Scythian jewelry both show superb artistry.

The Roman Empire furthered the quest for gold. The Romans mined gold extensively and advanced the science of gold mining considerably. They diverted streams of water to mine hydraulically and built sluices and the first "long toms." They mined underground, introduced water wheels and the "roasting" of gold-bearing ores to separate gold from the rock. They were able to more efficiently exploit old mine-sites and their chief laborers were prisoners of war, slaves and convicts.

A monetary standard made a world economy possible. The concept of money <sup>DURING</sup> allowed the world economies to expand and prosper. The classic period of Greek and Roman rule in the Western world, gold and silver both flowed to India for spices and China for silk at the height of the Roman Empire (98 AD - 160 AD.) Roman gold and silver coins reigned from Britain to North Africa and Egypt. Money had been <sup>INVENTED</sup>; its name was gold.

In the Americas, the skill of Pre-Colombian cultures in the use of gold was highly advanced long before the arrival of the Spanish. Indian goldsmiths had mastered most of the techniques known by their European contemporaries when the Spanish arrived. They were adept at filigree, granulation, pressing, and hammering, inlay and lost-wax

methods. The Spanish conquerors melted most down most of the gold that they took from the people of this region and most of the remaining examples have come from modern excavations of gravesites. The greatest deposits of gold from these times were in the Andes and in Colombia.

The Incas thought that gold represented the glory of their sun god and referred to the precious metal as "Tears of the Sun." The Romans use of gold as money had <sup>IN ET</sup> been introduced into the New World. The Incas love of gold was purely religious and aesthetic and not as a form of currency.

The greatest gold rush in American history began with the discovery of gold by James Marshall at Sutter's Mill in California on January 24<sup>th</sup>, 1848. By 1849, a large-scale gold rush was underway. San Francisco, the nearest port, grew from a small town to a city of 25,000 in a year's time as people arrived from all over the world. By 1850, California had enough people to be admitted to the Union as a new state.

California set the pattern for other gold rushes throughout the West. The Pike's Peak gold rush opened Colorado, launched the city of Denver, and started a great mining industry. Gold rushes also brought people to Alaska, Arizona, Idaho, Montana, Nevada, New Mexico, South Dakota, Utah, and Wyoming. Some mining districts and camps died down within a year, but others lasted more than a hundred years. Between 1848 and 1852, four short years, California's population grew from fourteen thousand to 223 thousand.

In 1854, the largest gold nugget was found in California at Carson Hill, above the Stanislaus River. It weighed 195 pounds and it was valued at \$45,534 in the currency of

the day. That 3,121 ounces of gold today would be worth approximately \$4,212,000.

There are many myths and legends about cities of gold. The story of El Dorado was one of the most influential myths connected with the "New World." The legend first appeared in the 1530's or 40's as a story of an Indian chief who was rich enough to cover himself with gold dust during certain ceremonies; this chief was "the golden man – EL HOMBRE DORADO." The legend had its source in the Colombian Highlands, near present-day Bogota. When the Spanish conquistadors reached this region, they found no such rich chief or kingdom. The legend didn't die, however, but instead transformed itself and moved slowly across the continent. After an amazing series of horrific and unsuccessful searches for El Dorado, the myth finally solidified as a story about a rich city of El Dorado, called *Mauna* by the natives, located on a huge lake, <sup>IN THE HIGHLANDS</sup> of Guinea.

In 1595, Sir Walter Raleigh set sail to find El Dorado. His search was unsuccessful, but Raleigh continued to believe in the city. The report he wrote on the subject was the first popularization of the legend.

Mankind has pursued gold almost since the beginning of time. We learned that gold is a scarce commodity. Just how much gold is on the Earth? The best estimates available suggest that the total volume of gold mined up to the end of 2009 is 165,446 tons or 5,319,212,416 ounces. To visualize this, imagine a single, solid cube of about 19 meters (three meters short of the length of a tennis court.) That's all that has ever been produced. The population on the world is 6,692,030,277 so there are about 24.72 grams of gold per person on the planet. At the current price of gold; the value of all the gold in the world is \$7,002,211,224,422 or \$1,046 for each person on Earth. It is

estimated that the total amount of gold yet to be retrieved from the Earth is about 100,000 tons.

Warren Buffet once said, "Gold gets dug out of the ground in Africa, or someplace, then we melt it down, dig another hole, bury it again, and pay people to stand around guarding it. It has no utility. Anyone watching from Mars would be scratching their head."

In the West, pension funds keep typically around 4% of their assets in gold partly as a hedge against inflation, partly as an alternative to major currencies such as the dollar, and partly as an insurance against a major financial crisis. To invest in gold they buy shares in gold mines on future contracts. In Asian countries, many people prefer to keep their savings in gold rather than government paper. They buy gold in the form of jewelry or gold bars.

Gold is at an all time high. Is the world anticipating a financial crisis or a major calamity? Is a major global conflict eminent? Are all of the world's economies on the brink of collapse? Why is gold at such an all-time high?