

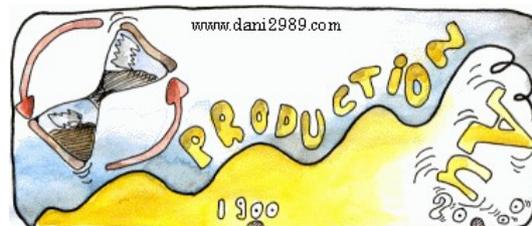
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# The world gold production Since 1840

## 3/3 : History

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[The world gold production 1/3 : Analysis of the cycles](#)

[The world gold production 2/3 : Technical analysis.](#)

This third part is a small summary of some big dates of the golden production for 160 years to have some chronological marks. A first part deals with discoveries and technical evolutions of the 19th and one second various factors which stood out the golden production of the 20th. It is question partially of monetary policy at the end of the 20th because it to change the situation of the gold and thus its production a lot.

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## **The big discoveries of 19th centuries**

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The golden production moves according to the big discoveries of golden deposits and new techniques of production.

### **A. California and Australia.**

- California.

In 1848, some gold is discovered in California by James Marshal and August Sutter in the canal of drainage of a sawmill. They try to keep the news secret but quickly the news travels all over the world and California becomes the new El Dorado of the gold-diggers, being so of use as engine to the development of California which knows then an enormous population growth thanks to the gold-diggers.

In 1849, a golden deposit is discovered in the Sierra Nevada, from then on begin the development of the famous long "*mother lode*" of 200km. On 1890, in the Colorado, we discover some gold to "*Cripple Creek*", the ore has a golden content of 19 ounces.

- Australia.

In 1850, Hammond Hargraves comes again to Australia after a stay in California persuaded that its country offers the same geologic characteristics as California. He finds some gold in a tributary of the river Macquarie in New South Wales. In 1851, we discover some gold to Ballarat and to Bendigo Creek. Nevertheless, the best golden deposits alluviumly are fast exhausted. In 1855, it is not possible any more then to look for some only gold with its "batée", it is necessary to create groups of persons, to invest in the material and to look for the much deeper gold. New Zealand knows too a gold rush in 1861, to Dunedin, until 1871 she produces one 500 000 oz of gold.

### **B. South Africa.**

Diamonds are discovered in South Africa before the gold. In spite of numerous searches, the gold is difficult to find because there is no pieces, nevertheless under their feet is the richest golden deposit to the world. It is in February, 1886 when George Harrison discovers some gold by digging to extract stones to build a farm. He knows the Australian deposits, he re-knows the strong golden cliff. It is an enormous deposit of 40 miles with weak golden content close to Johannesburg. But, the exploitation of this deposit asks for a lot of capital and technical means, and so the diamond dealers take the control of deposits with their companies. The problem is that the old methods used in California and in Australia on base of mercury to separate the gold of the ore were hardly profitable. But, fortunately, the process in the cyanide allows then these deposits to be profitable. In 1898, South Africa becomes for the first time the first world golden producer with  $\frac{1}{4}$  of the world production.

### **C. Alaska and Canada.**

- Alaska.

In 1898, three Scandinavians, Jafet Linderberg, John Brynteson and Erik Lindblom discover some gold on the river Anvil. After some years, the production becomes the 1st of United States in spite of very difficult conditions of production because of the cold climate of Alaska. After the first gold-diggers, it is big companies with bigger means which warrant the production.

- Canada.

In British Colombia, the gold is exploited since 1860, the sites are "*placers*" and shelters "*filoniens*". But in 1896, Robert Henderson and George Washington Carmack discover in the river Thron-Diuck (which will become afterward Klondike) some gold. Quickly a city was built but the daily possessions miss and the conditions of life are as in Alaska very rough. However, it does not discourage the gold-diggers, who after California leave for Yukon. The prospectors collected the main part of the gold in 1900.

#### **D. Technical evolution.**

- The first gold-diggers of the Far West utilise a simple spade and a metal bowl which is to call the "*batée*". The sand is washed in a bowl with a circular movement so that the lightest sediments leave in the water of the river, only stay sand and the gold.
- Then this rudimentary method is perfected with a sort of long wooden box in which the water passes by. There are wedges which are placed to hold the heaviest particles, it is "*long Tom*". Then, it is "*Sluice*", woolen coverages are placed on the bottom of the wooden canal to stop the finest golden particles.
- Then, the mercury is used in end of "*Sluice*" so that the golden dust mixes with the mercury.
- But Robert, William Forrest (doctors) and John Macarthur find a solution of the problems of extraction of the gold. In 1887, they apply for a patent for a process in the Cyanide. The ore is reduced to powder and sent to a reservoir with a weak content in cyanide of potassium. The solution dissolves the gold but not the ore. Then, we add some zinc dust and the gold precipitates. This method allows to extract from some gold of ores with weak golden content and to get back all the same 96 % of the contained gold. It is the Macarthur-Forrest's proceed, he allows the exploitation of the enormous deposits weak content of South Africa.

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### **The crisis and the currency in 20th centuries**

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#### **A. The first one and the second world war.**

At the beginning of the war, 59 countries are connected with the system of the golden standard, at the end of the war all these countries had left it. In their entering the war, the United States stop their golden export, they start again in 1919. In 1922, the use of the currency foreign as reserve for the central banks was adopted to save the use of the gold (meeting of European banks). In March, 1933, Roosevelt terminates the link between the dollar and the gold, he forbids the hoarding and the golden export. In 1934, he authorizes again the export but the hoarding domesticates rest forbidden. The second world war makes fall the world golden productions by monopolizing any human and material resources.

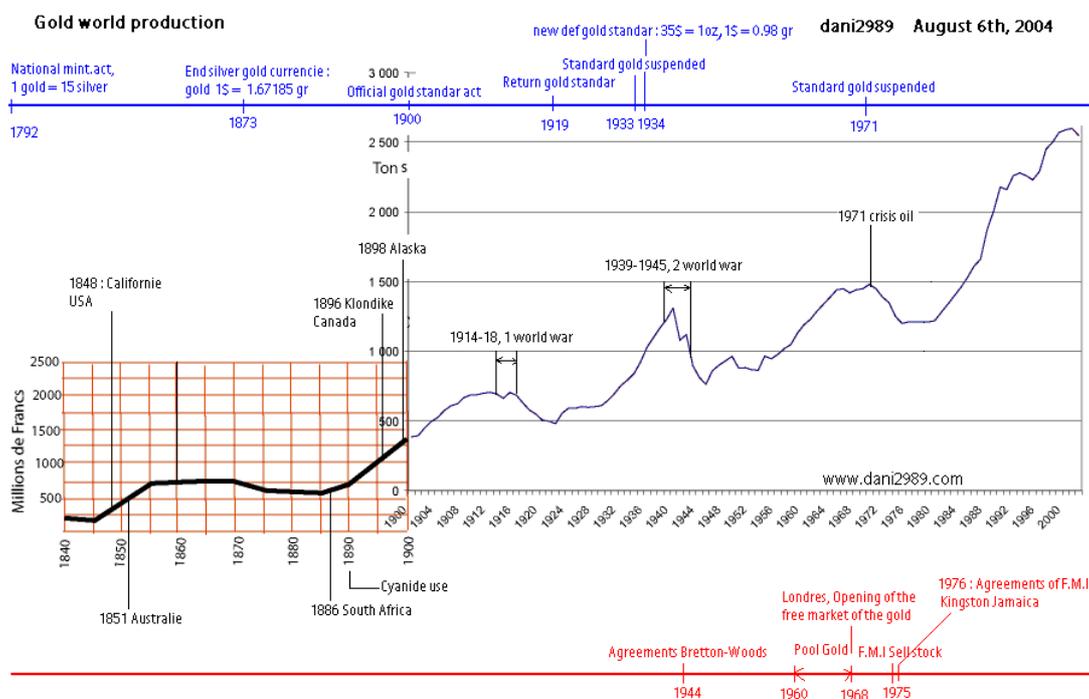
#### **B. The gold and the economy.**

The silver and the gold are used as currency in the 19<sup>ème</sup> century. But, in 20th century, only rest the gold in the various monetary systems." *Standard Gold bullion* " allows to exchange its dollars for a certain golden quantity, under

certain conditions, this obliges the central banks to possess important gold reserves.

July 22nd, 1944, agreements of Bretton Woods are signed, it results from it the creation of the F.M.I and the B.R.I. The F.M.I has to allow an international monetary stability and so allow these members of the temporary deficits at the end of the war. Every central bank has to have certain percentage of gold and foreign currencies in reserve.

But in 1969, the D.T.S (the special drawing rights) appear, they allow certain countries not to respect the golden quatae and in currencies. On August 15th, 1971, Nixon suspends the convertibility of the golden dollar and asks the advice of the F.M.I for a reform of the whole system. The adoption of this project takes place in Kingston in Jamaica on October 1st, 1976. The USA, because of their deficit, have to pay off golden dollars, this makes a bleeding of their gold reserves. If the situation so stayed, there would be a bond{\*obligation\*} of a bigger budgetary rigour, but the demonetization of the gold has allowed in the USA as well as the other countries to keep a deficit in a regular way. Nevertheless, it contains an advantage for the gold, the deals are again authorized on the market, the price of the gold falls at first because of the sales of the F.M.I. From 1960 till 1969, a "pool" is established on proposition of Washington, it aims at intervening on the market of the gold thanks to the pooling of their gold reserves, mobilizable through the bank of England. The members of the "pool" are: the USA, England, Germany, France, Italy, Belgium, Netherlands and Swiss Country. But the decline of the reserves obliges them to stop on March 18th, 1968.



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The subjects approached on this paper are too numerous to have been approached in depth, it allows to comment on the information of the graph to understand them better. The production is given rhythm in the XIXth century by the geographic discoveries and the evolutions of the techniques of production of the gold. The first half of XXth centuries knows two breaks of the golden production with both world wars. The golden production of the end of the XXth lives in the rhythms of the central banks and their monetary agreements. The discoveries of the deposits of North America, Australia and South Africa are already 150 years old. Shall the mining industry manage to maintain even for a long time its level of current production?

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