GUATEMALA MINING

Introduction

In May of 2010, I went to Guatemala and the Goldcorp Marlin Mine to observe conditions at houses in villages in the vicinity of the mine. A year earlier a Colorado church had gotten four ignorant Colorado engineers to write a report accusing the mine of being the cause of cracking of houses in the vicinity of the mine. With a fellow engineer we went down to look and to assist a Guatemala government commission establish the true causes of house damage. In brief, we decided that causes include:

- Poor foundations
- Failure to control surface water
- Poor construction
- Earthquakes

Those Colorado engineers simply got it wrong so blinded were they by their faith and prejudice. Here are some of my writings from that visit.

Central America mining redux: Costa Rica and Guatemala

I am in Guatemala as a consultant. You can probably work out for yourself where I am. Right now the reason for being here is confidential; hopefully the reports will soon be public and we can comment on public documents.

We talked today about mining in Costa Rica, which is essentially just next door. We talked of the failure of the Bellavista Heap Leach Pads and we talked about the news that Costa Rica has once again banned mining.

The long-delayed Crucitas mining project that won the approval of Costa Rica's high court a few weeks back will have to wait another four years or more, following the signing of a decree banning open-pit mining in Costa Rica, by the new president Chinchilla, her first act as president. The decree indefinitely suspends "the exploration, extraction and processing of the materials extracted through the use of cyanide and mercury." It also repeals an executive order by former President Oscar Arias which established an environmental safeguard for mining in the country and spelled out the environmental regulations for mining. Presidential spokesman Carol Roversi said gold mining is not profitable enough to sacrifice the environmental aspect of a country which depends heavily on environmental tourism, a $2 billion-a-year source of revenue.

Last week, I chatted with a mining professional who owns a cabin deep in the woods of British Columbia. As is the case in almost any wood in BC, there is a proposed mine just over the hills and in the next valley. We got angry talking about the mine one valley over. He said: "There should just be some places too beautiful or too valuable to mine." Obviously he believes the valleys around his log-cabin's valley fall into that category.

We are all familiar with the far more visible and well-reported story of the Pebble Mine in Alaska, where the argument boils down to the same issue: is this a place too beautiful and too valuable to mine?

I have never been to Costa Rica, but am told by those who have that it is beautiful. If Guatemala is anything to go by, this part of the world is very beautiful. Although the economy here is not supported by tourism, as this is supposedly a dangerous country. Certainly the city looks like Johannesburg and Lima: large walls topped with barb wire around all buildings; many security gates; young men with fierce guns at official checkpoints. It all make you weary and sad, and I suppose scared.

What surprises me about the report on the ban of mining in Costa Rica is the complete absence of any reference to the Bellavista failure and its obvious environmental impact. I know the case is the subject of laws suites that will last as long as Dickens' Bleak House case—generations in that instance. But surely this fact should be faced and focused as one of the reasons why mining is now banned in Costa Rica. No point in hiding the elephant beneath a concrete and metal dome like they are trying to do to that BP sewer.

Thus we must accept the Costa Rica decision. And maybe the mining industry will have to one day awaken to the fact that some places just are too beautiful and too precious to mine in. And this from a supporter and beneficiary of mining!

To ask the truly heretical questions:

- Isn't there enough uranium in Saskatchewan and Namibia that we can stay away from the awesome beauty of Southwest Colorado and the Grand Canyon?
- Isn't there enough gold in Nevada and South Africa that we can stay away from Pebble?
- Surely there is enough iron ore in Australia and Brazil to make mining the stuff elsewhere redundant?

I am sure you can extend this list for many metals that are promoted in far-away places in small quantities and picturesque valleys. I am sure you can list the details for coal–which I know can be replaced as an energy source by uranium.

I grieve to think some miners will be out of work, some mining companies relegated to oblivion, if my ideas are implemented. But maybe the debate that will surely follow on the BP off-shore oil disaster will lead to intense debate that the mining industry and governments should apply in the context of mining.

I submit we are now in the midst of the tragedy of the commons: if every owner of cows has a right to graze the cows on the commons, soon enough there is no grass for anybody. Maybe we should read Jared Diamond on Haiti versus Honduras, or the emperors of Japan, and admit that some places have to be kept pristine and some places have to be developed and the free-market right to the commons leads to disaster for all.

Maybe it is time for a despised “world government” to apportion resources on a more rational basis than let everybody grab the resources of the commons regardless of the ultimate impact on special places. Maybe Costa Rica is giving us a first lead, that we will ultimately have to follow.

Guatemala mining and the good person philosophy

The mists settle over the valley. A large-wing-span bird soars the wind. The sun sets pink and red over purple hills. This is the view from the mining camp where I am now.

We have used seismic monitoring equipment to measure the impact of blasting on the surrounding hills and valleys. We have measured the vibrations induced by heavy equipment along roads. We have looked at cracks in houses and barns. We have met with congress people and ministers of government departments.

We have driven in Toyota buses with Guatemalan engineers and we have talked and agreed about cuts and fills, foundations, surface water management, and the intricacies of adobe construction.

We have argued the concept of sustainable development in a poor region of indigenous people. I have noted the beautiful doors the local people make: plain wood with a natural feel and look; painted in colors and patterns of artistic delight I have never seen before. I would pay hundreds of dollars to buy one. Why do they not make and export these perfect artifacts for profit?

I have gazed up a hill-side where there is a “falla,” or Spanish for fault, but in reality a perpetual and abundant source of water; and we have talked about intense agriculture using this amazing source of water in a dry land.

If rich Americans and Canadians ever discover these properties with spectacular views and perfect climate, what now cost $5,000 will cost $5 million. This is perfection of nature waiting to be found. And I wonder if I should mention it, for if it is found, it may be spoilt for the locals who are beautiful people. They are slim, with a light brown complexion, and a smile of humility that is utterly engaging. They have many beautiful children running around family compounds of perfectly proportioned adobe structures with views to distant hills from the corn fields and cattle kraals that fill in the small areas of flat land.

There is development here. For in the midst of this natural perfection is a mine. It employs one thousand people. With a multiplier of five, that is five thousand jobs. There are new bicycles being ridden by youths down the steep roads. The children returning from school wear good clothes, the girls in particular in colorful skirts and blouses of silk and cotton. There are extravagant buildings in bright colors being built. There are new adobe and concrete block houses going up around every corner. A new way of life is developing based on an old culture.

In every village the Roman Catholic Church frowns across the road for a gaudy Evangelical Church blaring loud and danceable music. Religions clash and cultures clash. There is intense partisanship pitting those who support the mine against those who oppose the mine.

At the end of today, all that counts, in my opinion, is that professionalism prevails, good people act, and the bad that is part of human nature is ultimately subsumed in a common desire for people to live safer, healthier, and better, whatever that means.

Of course I could write more, provide more detail, and tell the full extent of the human stories of incompetence, jaded old-age, and prejudice, personal self-interest manifest through religion, clan, and tribe. But those stories will have to wait. Maybe what we have done will hit the news. Maybe what we have instigated will clash with the devious and prejudiced reports of NGOs. Maybe what truly is, will have to fight and await the passage of time to be revealed in the face of bad journalism and even-worse, reports from "official" sources.

But what I have seen, what I have participated in, what we have achieved, and what good people have done, will have to await its time and tide. All I say is this: do not believe every rant against mining; do not succumb to every prejudice of ill-informed fascists; beware of the power of official reports. Ultimately what I hope to establish with this and subsequent writings is that human nature is a bell-curve, but at the end of the day it veers to the good. Just give truth a hearing and a chance.

Guatemala mining by night

Any city seen by night from on high is impressive. Guatemala City is no exception, From the ninth floor of the Mercure Hotel you see the mountains to the left and the park and gleaming high-rises to the right with a street and fast, out-of-control cars weaving across lanes of traffic.

Then take a taxi ride up the hills to the south and experience LA traffic at its normal to reach a brick house in a luxury suburb where the mining folk live, and you see the variety of a city of poverty and wealth, money earned from mining.

Chat with folk who hope to open a new mine in a country not sure if it wants mining or does not want mining. Chat about the good people and the bad people who may support or oppose mining, and chat about how you go about building support for a new mining venture.

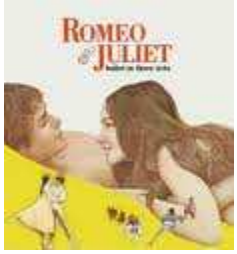
Recognize the opposition and the corruption endemic to the people who will oppose mining until they are given a lucrative consulting assignment. Recognize the motivations of friends and family seeking to gain advantage through promises and betrayal. Take this into account in deciding to invest in a new IPO and the promise of an NI 43-101.

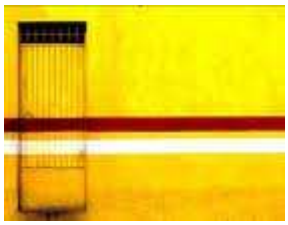
At the end of the day and the end of the analysis, it is the competence of the people who will lead the preparation of the EIS that will make your investment a profit or a failure. Admit that it is the skill of the professionals who will manage getting the permits that counts and that will lead to profit or loss. Pay whatever it take to employ and retain the best; for if you get lesser talent at lower price, be sure you will fail and the mine will not open.

Seek people of conviction and the intelligence to implement their conviction and your investment will profit. Degenerate to the common culture of those in power and their culture of corruption and personal advantage and you will fail. For there are good people who will try, but they may be overwhelmed by the bad people; and your support and the inevitable "success" of the bad people, if you join them in the game of favors, will doom your endeavors to the trash-heap of mining history.

I know all this is vague and vacuous. But it is based on real events and real convictions. Maybe one day we can write in a brutal way about the stories that underlie these observations and convictions. For now interpret them as you will in making your investment decisions.

Sunday Sermon: Family and the Faith & Fury of Mining. Or impious reflections on Guatemala, Marlin, and Goldcorp





Tomorrow is Sunday, so we might as well write a sermon on truth.

First we start with family, for that seems the popular mode. We arrived back last night at about midnight into Terminal 2 at the Los Angeles airport. Seemed we had arrived in a third-world county. It took one hour and thirty minutes to get through the immigration process, and that was for people who had USA passports. Others were still in line when we finally got past a customs officer who asked "What food are you carrying." I told him I do not carry food around on planes; he got real nasty. Welcome to LA and the USA: seriously motivated to catch old men smuggling food into the country from Guatemala. With nine percent unemployed, can't we put a few to work stamping passports?

Sorry, I meant to start the sermon with family. Right now my grandson has the PlayStation on Sponge Bob–loud. His parents don't care for such things, so the only chance he gets to play the games are in my in-law's suite when I am in town. I cannot work out how to play the games: seems you push buttons and manipulate levers to guide a car safely around a track. He is nearly five and gets most excited doing it. I get frustrated trying to keep starting the game. But his is probably the more human-nature act–a constant search for excitement and variety. And seemingly the more violent and rowdy, the more stimulating. I am not allowed to let him watch opera or ballet with me–seems he acts aggressive at school after seeing the sword fights in Prokofiev's Romeo and Juliet! (Or the opera of the same name by Gounod.) I did take him to junior karate this morning where he exercised, learnt to control fighting instincts, and heard a sermon on enthusiasm, obviously a new word for him, as afterwards he asked me what it means.

This being a sermon, maybe we should quote other churches? Here is a link to one that would be insightful, if only it were not as funny as it wrestles seriously with the devil and greed in so polite a Canadian way. Here is a flash view of the religious battles of the rich:

The Marlin Mine produces more than $300 million a year in silver and gold for its parent company, Vancouver-based Goldcorp Inc. For investors, low royalties and cheap labor make the mine a thing of financial beauty. However, some of the company's shareholders — including The United Church of Canada's pension plan — are now weighing the attractiveness of Goldcorp's proven profitability against human rights and environmental issues at the Marlin Mine. Some church leaders argue the plan should sell all its shares in the company. Others say it's easier to exert pressure for change on a company like Goldcorp if you remain invested in it.

The article is so filled with faith & fury at mining that they seldom stop to examine fact or the wider world. The core of their concerns is this:

The chief complaint about the Marlin Mine, from the mainly Mayan people living around it, is that it was established without proper prior consultation or their consent.

During my time in Guatemala, I too drove and walked around the villages around the mine. I have written a bit about my activities in previous posts (see below.) To me the most striking thing is the presence in every village of one Roman Catholic Church glaring across the road at an equally large and gaudy Pentecostalist Church. Many people told me, in hushed whispers, that the Roman Catholic fold has dropped to less than half the population, as people have fled to the Pentecostalist Churches, seeking happy music and promises of a good life here instead of having to wait until they are dead. Some are even so nasty as to suggest that opposition to the mine is merely a pawn in a much larger battle of opposing religions. Or as I have previously suggested, the coyotes and drug transporters prefer things to remain quiet and under control along their trade routes. Go see the new hotel in El Salitre.

Clearly the mine could never employ more than a small number of the people who live around the mine. The article notes:

The mine provides jobs for about 350 locals, but votes taken since then have shown that most of the 53,000 people in the vicinity oppose it.

I am not sure of these numbers; I have heard others. But to avoid a doctrinal dispute, take 350. [Recent reports give the figure as 1,000 to 1,250] The normal multiplier is about five local jobs for every one mine job. Almost every family I saw in their adobe house had four or five or six kids. So let us estimate the average family size as six. A few simple calculations and you need about five or six mines in the area so that every head of family has a decent-paying job, over and above subsistence farming—or indeed in addition to subsistence farming.

I bet there are ore reserves in the area sufficient for five or six mines–just that those Vancouver capitalists and retired Canadian priests (who are such moneyed investors) are not about to put more money into Guatemala as it is now. Or maybe it is better for people to live as subsistence farmers, engaged only in a battle for their souls, and for Canadian retired priests also to live in poverty with clear consciences. Maybe it is better for the poor locals to live as I saw so many do: in lovely natural adobe houses, with a beautiful wooden door, and empty of almost everything except a bed for the parents.

On the plane down to Guatemala, I fell into conversation with a tall African-American girl from Kansas. She told me she was on her way to Guatemala to covert the locals to her mid-western Evangelical church. She told me how much they needed her God. I noted that was the same argument used by European missionaries to Africa, and I asked if she thought that was good? She refused to talk to me after that

question. On reflection, maybe it is good to keep the locals poor and receptive to mid-western religions rather than let them grow comfortable with things made of metal or plastic.

I saw the old local man with rotten teeth who approached our truck and pleaded that the mine provide gold to cap his teeth. Damn it! I would have given him the gold in preference to profit made by selling the gold to the Japanese to make computers for sale to priests to blog on. But he cannot afford the gold, whereas the priest with ten percent and investments in gold mines can.

I note the report that I have linked to earlier repeats the oft-reported accusation that the mine is the cause of all the cracking of houses. I walked miles in the hills of El Salitre, a village about five kilometers from the mine. The village is remote from the mine and little if any mine traffic passes through the village. We walked up paths to houses far from roads. We saw houses cracked and falling down. It is inconceivable to me as an average engineer that the mine is the cause of the cracking and collapsing of these houses. In my simple opinion, the houses are cracked because of bad foundations or failure to control surface water and groundwater. Of course the many earthquakes that hit the area probably also had something to do with the damage. But the locals are not encouraged to get the education that would enable them to deal with these geotechnical issues. Rather keep them focused on competing churches and family matters supported by subsistence farming and Canadian bloggers come to write romantic pieces. And keep faithful Colorado engineers come to write reports of stunningly bad engineering, faulty logic, and the fury & passion of prejudice at the expense of analysis and fact.

There is a Guatemala Commission looking into the causes of damage, and we will have to await its conclusions about the causes of damaged houses. Just like we will have to await the report talked about at this link. [The Executive Summary is out and available at the link--I blog about it in the posting just above this one.] Looks like they have had a checkered past. Almost as varied as the history of Guatemala. I wonder if there will be any concordance between the reports? All I hope is that the later report does not recommend repairing the cracked houses. [It does!] For if you have the wrong foundations for the soil conditions and your house is not designed to

resist earthquakes, no amount of cosmetic repair will fix inherent design flaws. That is a simple technical fact and not a religious issue.

So Saturday evening progresses. The granddaughter is watching an old DVD of Snow White and the seven miners. Grandson is with father watching Avatar. They are both imbibing the culture of southern California and will return to their private Jewish school on Monday. Which is the peg on which to hang this final observation in our Sunday sermon: religion is part of a tribal culture that attempts to promote the benefit of the tribe, even though it may not always do so.

PS: Here are links to two documents on the construction of earthquake-resistant adobe structures:

- Earthquake-resistant Construction of Adobe Buildings
- Adobe Construction

As a sort of public benefit observation, I saw all the damage noted in figures in these publications, and must advise those who live in adobe structures that do not implement these ideas, that they could be killed when an earthquake occurs in their area, mine or no mine.

Even worse is that neither of these documents has anything intelligent to say about foundations. The great majority of the structures I saw have deficient foundations. And that only exacerbates their vulnerability to the next earthquake, mine or no mine.

The scariest thing about all this is that we blog and blame, while all the while real people are living in houses that could collapse and kill them in the next earthquake, mine or no mine.

Surely if all those religious people truly loved people and sought honestly to help them, they would spend a bit of time telling the vulnerable families that they could save their lives by a bit of attention to their houses, instead of spending whole Sunday's in pontification of the spiritual. I would think it is better to act to save your kids from death in an earthquake, than to pray for their souls in case the earthquake hits and kills them.

For if that happens there will be plenty of time and need to pray for their souls—and yours for putting pride & ignorance ahead of action & prevention.

PPS: On Sunday, we went to see the movie *Clash Of the Titans*. My grandson was scared but ultimately fascinated. This is a bad movie, but prompts us to contemplate the thesis that God created us to magnify His glory. Whatever you may adopt as the basis of your belief in God, I cannot believe He created us to be crass & careless in protecting His creation, His creatures, or the people He made to glorify Him, mine or no mine, earthquake or no earthquake, religion or no religion, cracks or no cracks. He gave us the intellect to analyze, to determine, to decide, and to act. I do not care if it is a case of act to save creation, people, or His glory. Regardless, we must act on the basis of fact and intellect, for He made both and gave us the ability to act. I believe it is anti-God to lie, to ignore, to suppress, to put prejudice ahead of analysis, to elevate faith at the expense of science, and to blame others rather than act to save our children and other people and peoples from the harm that is inherent in nature-which too is God's creation made for our continuation.

My Prayer: For God's sake, stop worrying about the mine, for its impact is as nothing compared to the destruction and death in the earthquake. Start worrying to fix foundations, mitigate water impact, and enhance construction details, and give the mine a mandate to participate and improve lives, not be a party to a party of mad-hatters to destroy them.

Marlin Mine Human Rights Assessment

At this link is the Executive Summary of the *Human Rights Assessment of Goldcorp's Marlin Mine*. The full report does not yet appear to be available; although there is a promise it will be when the Spanish translation is available.

I have downloaded the Executive Summary and scanned it. I recommend that you do so too, for this is a document that will be examined, discussed, and fought about for a while hence.

This is what the website says of the report:

The Steering Committee announced on May 17, 2010 the issuance of the Human Rights Assessment of the Marlin Mine commissioned on behalf of Goldcorp Inc. The assessment was prepared by On Common Ground Consultants Inc., the independent contractor selected by the Steering Committee to perform the assessment.

A brief reading of the document highlights the immense complexity of human rights near a mine in a country that is not necessarily well-governed. The document raises the all-important question: what is a mine in such a situation to do?

The mine cannot take over the government's role. The mine cannot force the local peoples of different tribes and cultures to like or get along with each other. The mine cannot build everybody a new house. Inevitably even talking with the local mayor becomes an act fraught with political implications, particularly if he is likely to loose the next election.

The report notes that 61% of the mine's workforce of nearly 1,600 were in 2008 local people. I could see that additional money flowing into the community just by looking at the new houses built in the past two years, the fancy bicycles being ridden by the kids, the vehicles plying the local roads.

The report notes, correctly, that until now the mine has been in a reactive mode and that this is not uncommon in such communities where the mine and its role are but a part of bigger political and social issues. And in a world in which the role of mining in promoting human issues is by no means clear.

The report makes many recommendations: prepare policies; train employees; provide more information to communities; identify and address community issues; improve access to potable water & wood; make adequate provision for mine closure; provide access to independent advisors; investigate and address intimidation of mine employees by community folk opposed to the mine; establish a worker grievance mechanism. The list goes on and on. You should read it all for yourself.

On the issue of cracked houses (see blog posting below), the report writes:

Develop a plan to repair, rebuild, or compensate for cracked houses. Consult with affected families about the plan and implement immediately where there is agreement.

Sadly, the report relies on hearsay to conclude that the houses are cracked as a result of the mine. Damage to houses I saw cannot conceivably be ascribed to the mine. Still if the local communities would co-operate, here is a grand opportunity for the mine to assist in making the houses safe against the next earthquake. Easy to say, but hard to do. For immediately one is faced with the fact that Guatemala has no building code, or at least none that is enforced in this part of the country. And traditional building practices are no safer than they were in Haiti.

I could go on for pages about this report. But better for now to let it seep into the press, and listen to the debate and comment as more is said and done.

Some links:

- Ethical Fund Comments

- Mining Weekly
- Mineweb – the best of the three