*This article was originally published in The Goldsmiths’ Company Technical Bulletin 2012.*

Peter Oakley

**Reflections on Ethical Gold**

2011 could be described as the year of ethical gold, as it saw the launch of ‘Fairtrade and Fairmined Gold’ in the UK and major suppliers starting to offer ‘recycled gold’ in commercial quantities. The original Responsible Jewellery Council (RJC) members began completing their self-auditing processes before December deadline, whilst the RJC’s staff launched a consultation for chain-of-custody certification. In June the Channel 4 documentary programme *Dispatches* broadcast an episode called *The Real Price of Gold* 1, which it claimed would ‘reveal what's wrong with the industry’. Responses from the jewellery companies, professional associations and development programmes mentioned in the programme, most of which felt they were misrepresented, displayed a mixture of exasperation and dismay. By the time we reached the end of the year, the only thing everyone could agree on was that ethical gold was proving to be a difficult substance to manage.

A major problem with ethical gold, which it shares with other ethical products, is a lack of agreement about what it actually is. In their 2001 essay for Demos titled *Ethical Consumption in the Twenty First Century*, Melanie Howard and Michael Wilmott drew up ‘the ethical checklist’ of often conflicting reasons being used by promoters to claim products were ethical. They also identified that the use of ethical as an adjective: “implies a fixed moral standard, systematically held and applied, by which consumers can judge the provenance of any product or service”2. This uncritical acceptance by consumers of imposed standards to define a product’s acceptability is paradoxical as it runs counter to the individual choice and active participation usually associated with consumption.

Amongst the most influential sets of standards used to define ethical gold are the Golden Rules3, drawn up by Earthworks and Oxfam America to support their ‘No Dirty Gold’ campaign, launched in 2004. ‘No Dirty Gold’ drew a direct link between gold mining and gold jewellery, a strategy followed by CAFOD’s ‘Unearth Justice’4 campaign launched in 2006. ‘No Dirty Gold’ literature included sentences such as: “Producing a single gold ring generates, on average, 20 tons of mine waste”5, an approach that implied consumers’ personal attachment to their jewellery was linked to connivance with established mining practices and individual atrocities.

‘No Dirty Gold’ and ‘Unearth Justice’ both highlighted the complexity and lack of traceability in the gold supply industries. A basic assumption of the supply system, the belief that all gold is interchangeable, began to be presented as an issue. The established system allows musters of scrap gold to be combined during refining without any regard to their prior histories and underpins the international gold clearing market, reducing the need to physically transport gold long distances. But it also means traders and manufacturing jewellers have no way of finding out where the gold they purchase comes from. Activists claimed all gold supplies were tainted because any batch could contain gold from anywhere, including a morally reprehensible source.

An emphasis on provenance is fundamental to the idea of ethical gold. Unlike the physical properties of gold, which are always physically present and so can be reconfirmed at any time by assaying, the ethical characteristics are what social scientists call *intangible properties*. These include the extraction and processing locations and procedures and the circumstances of the workforce. As this history leaves no physical trace in the refined product, statements about provenance are usually presented in written documents. But these documents are only as good as the reputation of whoever created them.

Some of the most acrimonious debates over ethical gold have been about who is trustworthy enough to approve provenance claims. The RJC’s pragmatic approach has been to adapt standard business procedures using established auditing companies. This is intended to facilitate an incremental change in the outlook and practices of commercial organisations, reducing economic and structural shocks. But this approach has been criticised by some activists as too incestuous, falling short of truly independent inspection. They demand there should be full public disclosure, no matter how much this damages a business’s commercial interests.

Provenance is also fundamental to the Fairtrade and Fairmined Gold Standards6, developed by the Fairtrade Licensing Organisation (FLO) and the Alliance for Responsible Mining (ARM). This programme, developed by the Fairtrade Foundation (the Fairtrade labelling organisation in the UK) and ARM, focuses on the sector development NGOs call artisanal and small-scale mining (ASM). The intention of the Fairtrade/ARM initiative is to benefit subsistence miners working in cooperatives in developing countries.

ARM grew out of a local government and NGO project to support communities dependent on subsistence mining in the Chocó region of Columbia. The project, known in the UK as Oro Verde7, was set up to provide technological assistance to the local mining cooperatives and develop export markets for the gold being mined. By giving participants a financial incentive to use ecologically sustainable mining techniques, Oro Verde has helped protect the Chocó bioregion from extensive deforestation and mercury contamination and improved the health and financial situation of Chocó mining communities. A combination of integrity and astute marketing has given Oro Verde gold a distinct identity and strong reputation amongst ‘ethically focussed’ consumers.

Fairtrade and ARM’s intention has been to extend the Oro Verde approach, creating an alternative, international gold supply chain monitored by Fairtrade and supplied by ASM cooperatives that are paid premium rates for their product. Buyers have to pay the miners at least 95% of the LBM fix and a premium; currently 10% for the standard product and 15% for ‘ecological’ gold mined without the use of mercury or cyanide. Jewellers wanting to state their gold is Fairtrade and Fairmined and use the trademark stamps have to become accredited as Fairtrade licensees, purchase gold from accredited suppliers and pay 1.7% of each item’s final price as a ‘licence’ to Fairtrade. Unlike other Fairtrade products, where the 1.7% fee is paid by wholesalers, with gold this falls to the hallmarking sponsor. Retailers are able to sell the products without holding a licence. Only jewellers in countries with a Fairtrade gold monitoring system can claim their products are Fairtrade. The UK and Canada currently have systems in place, while Sweden, Denmark and Switzerland are in the process of creating theirs. Fair Trade US, which left the Fairtrade association in 2011, also plans to develop a gold sourcing accreditation system in 2012, but cannot now use Fairtrade labelling.

Fairtrade and Fairmined Gold was launched in February 2011, though issues with mine certification and export licences meant the first 20 licensed jewellers could not capitalise on the launch to make sales. Supply restrictions continued to affect Fairtrade and Fairmined jewellers throughout 20118. The problem of balancing supply and demand for the raw material remains pressing, particularly taking account of the additional demand that will soon come from Switzerland, Denmark and Sweden. Since the launch Fairtrade has taken active steps to expand the number of Fairtrade and Fairmined gold suppliers in order to resolve this issue. It has recently secured a grant from Comic Relief which will enable it to start preparing ASM communities in Africa to become accredited suppliers. The Fairtrade Foundation now has 40 licensee jewellers in the UK and predicts that 350kg of Fairtrade and Fairmined gold per year will soon be available9.

As well as being required to manage supply issues, Fairtrade jewellers have been subject to additional expectations. In an interview on the day after the launch, an ARM representative claimed that unlike tea or coffee, jewellery is a designed product and jewellers have built up brand names so “there is greater room for the jeweller to absorb this premium and not necessarily pass it on to the consumer” 10. It is evident that the Fairtrade licensees, who are predominantly small, design-led, cash-poor businesses, have shown remarkable commitment in supporting the ASM miners. How much of the overall financial burden small manufacturing jewellers will be able to carry in a difficult economic environment is less clear. Considering this, it is heartening to hear the Fairtrade Foundation is beginning a review of their Standards with the aim of removing anomalies created by applying previously successful Fairtrade principles to their first non-agricultural and high value composite product. The review is intended to address problems such as the way the 1.7% fee is calculated which currently discriminates against Fairtrade jewellers who use precious stones in their designs.

As well as Fairtrade’s approach, which supports and encourages ASM mining, ethical gold includes the opposite perspective. Recycled gold is championed as a means of reducing the need for gold mining and the social and environmental risks and hazards it entails. ‘Cookson Ecogold’ and Hoover and Strong’s ‘Harmony’ gold are both promoted on this basis.11,12 Detractors claim that using the word recycling to cover already common practices of gold recovery is a cynical attempt at greenwashing. Applying the term recycling to gold does stretch established use. Whereas the recycling of materials such as textiles, glass or wood involves the reuse and revaluing of waste, gold jewellery is never considered to be valueless. Gold recovery comes closer to the usual meaning of the word recycling in the reclamation of gold from sweeps, lemels and electronic circuit boards. Currently this distinction is not being recognized, with scrapped jewellery being promoted as an equally acceptable raw material.

So what does the future hold for the rest of 2012 and beyond? I expect branded ethical gold programmes will continue to proliferate. Newer initiatives, such as Green Leaf Gold and Goldlake’s Honduran and Argentinean traceable gold, will start to penetrate the UK market, creating an even more diverse and complicated ethical sector. The question will change from “is it ethical?” to “what sort of ethical is it?” Difficulties encountered by other overtly ethical programmes will affect customer sentiment; if the Kimberley Process collapses this will have a knock-on effect across all ethical initiatives. Whatever happens, ethical gold will be again subject to periods of spotlighting by the media. This may be positive, but could just as easily take the form of exposés. As ‘No Dirty Gold’, ‘Unearth Justice’ and ‘The Real Price of Gold’ have demonstrated, gold jewellery makes for a good story, and bad news sells.

For jewellers trying to make a commercial success of their business, the ethical gold story contains one massive uncertainty. Up to 2011 ethical gold was a niche market, populated by consumers who held ethical beliefs as core values and jewellers who used alternative gold sourcing as a major unique selling point. Direct and repeated jeweller-client contact was common and a means of reinforcing shared values and retaining customer loyalty. How far can ethical gold ideals withstand the dilution of distinctiveness, distancing and the inevitable compromises that a move to mainstream retail will entail? If hard-core ‘emerald green’ consumers choose to seek out new and more esoteric types of sourcing, whilst the average consumer refuses to buy in, ethical gold initiatives aiming to expand supply volumes may find they never become securely established. Activists believe everyone should care, but it is not inevitable that everyone will. Very little impartial consumer research has been conducted regarding the true size and shape of the ethical gold market, nor how it will be affected by external pressures. At this point we have no clear picture of how many consumers can currently be relied upon to consistently buy any type of ethical gold, or what will change attitudes for or against. Instead of looking to the vague notion of ethical gold to stop sales being eroded, businesses need to identify which specific ethical values they believe they should be championing and what gold sourcing initiatives and projects they can realistically support and promote as part of their overall development strategy.

References

1. Channel 4, Dispatches, 2011. *Dispatches: The Real Price of Gold.* Broadcast 27/06/2011
2. Howard, M. and Willmott, M. 2001. Ethical Consumption in the Twenty First Century. *in*: Tom Bentley and Daniel Stedman Jones. *The Moral Universe*. London: Demos.
3. Earthworks and Oxfam America, 2007. *Golden Rules: making the case from responsible mining.*
4. CAFOD, 2006. *Unearth Justice: Counting the Cost of Gold.*
5. Earthworks, 2010. *Tarnished Gold? Assessing the Jewellery industry’s progress on ethical sourcing of metals.*
6. Fairtrade Foundation and ARM 2011. *Fairtrade and Fairmined Gold: Empowering responsible artisanal and small-scale miners.*
7. Oro Verde website. http://www.greengold-oroverde.org/loved\_gold/
8. National Association of Goldsmiths, 2011. A Question of Ethics. *The Jeweller.* Aug/Sept 2011
9. The Fairtrade Foundation, 2012. Press release: *Fairtrade Foundation to certify African gold*. 13/03/2012
10. BBC Radio 5, Up All Night, 2011. *Bolivian Fairtrade gold gets royal seal of approval* Broadcast 15/02/2011
11. Cookson Precious Metals Ltd., 2011. *Gold that doesn’t cost the earth.*
12. Hoover and Strong website. https://beta.hooverandstrong.com/the-refining-process