

HOW MUCH GOLD IS THERE IN THE WORLD? v1

How much gold is there in the world?



Imagine if you were a super-villain who had taken control of all the world's gold, and had decided to melt it down to make a cube. How long would the sides be? Hundreds of metres, thousands even?

Actually, it's unlikely to be anything like that size.

Warren Buffett, one of the world's richest investors, says the total amount of gold in the world - the gold above ground, that is - could fit into a cube with sides of just 20m (67ft).

But is that all there is? And if so, how do we know?

A figure that is widely used by investors comes from Thomson Reuters GFMS, which produces an annual gold survey.

Their latest figure for all the gold in the world is 171,300 tonnes - which is almost exactly the same as the amount in our super-villain's imaginary cube.

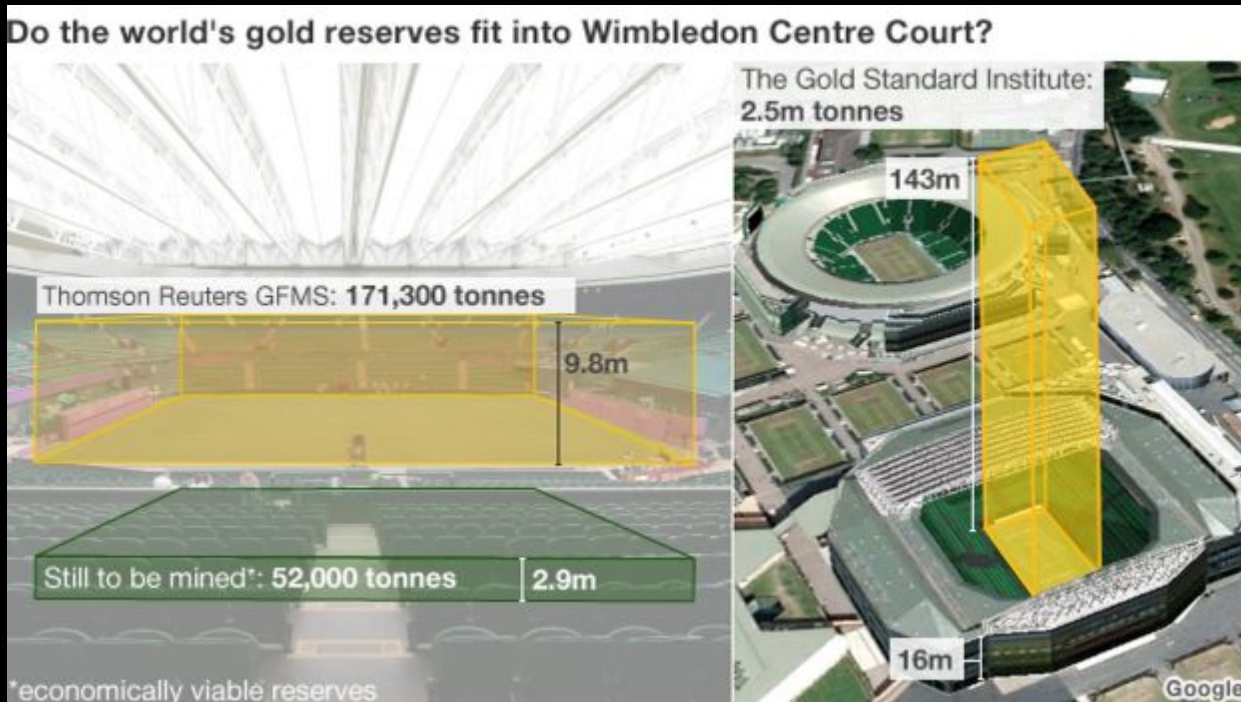
A cube made of 171,300 tonnes would be about 20.7m (68ft) on each side. Or to put it another way, it would reach to 9.8m above ground level if exactly covering Wimbledon Centre Court.

But not everyone agrees with the GFMS figures.

Estimates range from 155,244 tonnes, marginally less than the GFMS figure, to about 16 times that amount - 2.5 million tonnes.

That bigger figure would make a cube of sides 50m (166ft) long, or a column of gold towering 143m above Wimbledon centre court.

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So why are the figures so different?

Part of the reason is that gold has been mined for a very long time - more than 6,000 years, according to gold historian Timothy Green.

All the gold that has been mined throughout history is still in existence James Turk, Gold Money

The first gold coins were minted in about 550 BC under King Croesus of Lydia - a province in modern-day Turkey - and quickly became accepted payment for merchants and mercenary soldiers around the Mediterranean.

Up until 1492, the year Columbus sailed to America, GFMS estimates that 12,780 tonnes had been extracted.

But one investor who looked at the research done in this area, James Turk, the founder of Gold Money, discovered what he regarded as a series of over-estimates.

He believes that the primitive mining techniques used up to the Middle Ages mean that this figure is much too high, and that a more realistic total is just 297 tonnes.

His figure for the overall amount of gold in the world is 155,244 tonnes - 16,056 tonnes, or 10% less, than the assessment by Thompson Reuters GFMS. A relatively small disparity, perhaps, but one that at today's prices comes to more than \$950bn.

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His conclusions are accepted by some investors but such is the feeling between rival analysts that one competitor described Turk's figures as an alternative to the GFMS's "in the same way that Jedi is an alternative to Christianity".

But there are others who think both sets of figures are too low.



"In Tutankhamen's tomb alone they found that his coffin was made from 1.5 tonnes of gold, so imagine the gold that was found in the other tombs that were ransacked before records were taken of them," says Jan Skoyles of gold investment firm The Real Asset Company.

While James Turk makes only minor adjustments to the GFMS figure for the amount of gold mined after 1492, Skoyles points out that even today China is "not particularly open" about how much gold it is mining.

And in some countries, such as Colombia, "there's a lot of illegal mining going on", she says.

She doesn't have an exact figure to offer, but one organisation that has tried to do some maths is the Gold Standard Institute.

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There is much gold still in the ground, like here in Democratic Republic of Congo

Its experts believe that if we emptied our bank vaults and jewellery boxes, we'd find no less than 2.5 million tonnes of gold - though they admit that the evidence is somewhat sparse and the figure is a bit speculative.

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So who's right?

Well, we don't know.

In the end, all these numbers are made up of estimates added to estimates added to yet more estimates. Maybe they're all way off.

The good news is that we are not likely to run out of gold any time soon. The US Geological Survey estimates there are 52,000 tonnes of minable gold still in the ground and more is likely to be discovered.

The bad news is that the way we use gold is starting to change.

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Up to now it has never gone away. It has always been recycled.

"All the gold that has been mined throughout history is still in existence in the above-ground stock. That means that if you have a gold watch, some of the gold in that watch could have been mined by the Romans 2,000 years ago," says James Turk.

The way gold is being used in the technology industry, however, is different.

The British Geological Survey states that about 12% of current world gold production finds its way to this sector, where it is often used in such small quantities, in each individual product, that it may no longer be economical to recycle it.

In short, gold may be being "consumed" for the first time!