

# First World Anti-Apartheid Newsletter

— Fresh Efforts —

First World Research Association / News Service

P.O. Box 5208 ATLANTA, GA 30307.

Volume One, Number One.

January/February 1990

## Gold's deathly gloss...

### Is The Jewelry You Wear Making Apartheid Stronger?

A Commentary  
by Oscar Beard.

60 percent of racist South Africa's gross income is generated by its foreign trade. 40 percent of that comes directly from the sale of gold. 13 percent of South Africa's domestic income is generated through taxation on gold mining companies. Another 10 percent of domestic revenue relates to gold trade and distribution.

South Africa's De Beers company monopolizes 80 percent of world diamond production. In 1989, South Africa sold \$4.09 billion in diamonds (Wall Street Journal 1/5/90). Diamond sales represent some 7 percent of South Africa's GNP. The South African economy is heavily dependent upon its foreign trade, easily 45 to 50 percent of which is the combined gold and diamond trades.

### THE ITALIAN/SWISS ANGLE:

Italy is the world's largest buyer of South African non-monetary gold, purchasing \$1.4 billion in 1986 (U.N. Trade Statistics).

Italy is also the world's largest producer of gold jewelry including pearls, precious stones and other precious metals. The United States is the world's biggest buyer of Italian jewelry, purchasing more than all other countries combined. In 1984, U.S. buyers purchased 57 percent of Italy's jewelry output.

The Swiss literally "eat up" South African gold and diamonds. Switzerland, with the increased pressure for sanctions against South Africa, refuses to report its extensive trade with the racist government.

When you go to the jewelry store, between Italian and Swiss-made diamond and gold jewelry, you have just about exhausted your buying possibilities. Trying to locate non-South African gold and diamond jewelry is not the answer to this dilemma.

### THE GOLD/DIAMOND SUPPLY/DEMAND QUOTIENT:

Gold is more plentiful today. There are 269

(continued on page 3)

## News Briefs

**ADDIS ABABA (Feb. 11)** -The Organisation of African Unity (OAU) welcomed the release of Nelson Mandela but urged the continuation & intensification of economic sanctions against racist South Africa, secretary-general Salim Ahmed Salim said.

Salim said sanctions must go on because apartheid was still in place. The international community should not allow the present euphoria to divert attention from the central issue of dismantling apartheid.

### **AFRICAN NATIONAL CONGRESS TO CONTINUE ARMED STRUGGLE..**

**LUSAKA (Feb. 12)** -The African National Congress ANC said that the release of its leader Nelson Mandela did not signal the start of negotiations nor the cessation of its armed struggle in South Africa.

(continued on page 4)

# Do Sanctions Work?

By Soter Irusota

Quiet as it is kept, and despite U.S. and Western European government opposition and outright sabotage by some multinational corporations like the Atlanta-based Coca-Cola Co., sanctions, albeit slowly but steadily, are cutting deeply into the very heart of apartheid South Africa -- its slave labor enhanced economy.

Those who argue against sanctions on the grounds that they would hurt Black South Africans, "the very people we're trying to help," just happen to be the same ones who want to retain the status quo there. Sanctions have been imposed by the United States and the West, -- unsolicited by the "suffering masses" in Poland, Libya, Nicaragua, Cuba and most recently China and Panama -- without the belicose litany of excuses.

In South Africa, virtually every major organization and the individuals working to dismantle apartheid have unequivocally exhorted, under pain of treason, the international community particularly the United States and the West to impose mandatory comprehensive sanctions against South Africa. Yet only token proposals have been implemented. Do the wishes and aspirations of Blacks in South Africa for freedom and justice hold less

credence than for the masses in Poland and Eastern Europe?

Sanctions -- as the only peaceable sane alternative to a wholesale bloodbath in which no one really wins -- are taking their toll on the rabid intransigence of the white minority. The hollow pretenses of the white minority government notwithstanding, the leaders of the apartheid economy are now forced to admit that even the token sanctions imposed against apartheid South Africa in the past are having an adverse effect on the South African economy.

In a recent article, AFRICAN BUSINESS magazine reported that Gerhard de Kock, governor of the South African Reserve Bank (the central bank), admitted that sanctions have contributed to the net outflow of 25 billion rand (\$10.24 billion US) from South Africa over the past four years. If it had not been for sanctions and disinvestments, he added, South Africa's economy would be growing by 4 percent to 5 percent a year. Real Gross Domestic Product (GDP) grew by 3 percent in 1988, by 2.5 percent in 1987 and by 1 percent in 1986. He expects growth to be 2 percent in 1989. The 2 percent growth in the GDP is below the population growth rate. In essence, South Africa that once gloated about being an economic showcase vis-a-vis the rest of Africa, is now barely able to survive.

Regarding capital flight, some R12.5bn (\$5.12bn US) went towards paying off debts which became due when foreign banks called in loans because of international anti-apartheid pressure. That, along with the very costly wars against its neighbors Namibia, Angola and Mozambique have drained the treasury considerably.

In a recent National Public Radio broadcast from South Africa, John Mattison reported that because of the effects of sanctions and the flux in the price of gold in the world market, South Africa cash reserves are depleted. South Africa cannot obtain International Monetary Fund or World Bank loans to bail out its ailing gold-mining industry which had accounted for 40 percent of the country's exports earnings. In the same report, Tony Norton of the Johannesburg Stock Exchange agreed that sanctions and divestment are cutting a deep furrow into the South Africa economy resulting in the suspension of trading of

(continued on Page 4)

## FIRST WORLD ANTI-APARTHEID NEWSLETTER.

Volume One Number One.  
January/February 1990.

Published 6 times a year by  
First World Research  
Association.  
P.O. Box 5208  
Atlanta, GA 30307

© 1990.

Permission is granted for other progressive groups and individuals to quote or reprint articles herein, provided credit is given to First World Research Association and the author.

**GOLD... (continued from page 1)**  
major gold mining companies worldwide. In 1971, the convertibility of the U.S. dollar to gold at a fixed price ended, relegating gold to a diminished role as a settlement asset in the global monetary system. With more gold supply, gold has become less "dear". South Africa has sought ways in which to maintain gold at a high price.

One such means has been to capitalize off of periods of relative social upheaval in South Africa. For example, engineering high speculation in the market as to the price of gold and its availability in the event of a Black takeover. If the international perception is that prices will inflate due to political unrest, buyers will buy now at a lower price. As the demand for South African gold increases, artificially fueled by such climate of unrest, the price of gold is pushed upwards.

---

**The value of your purchases to South Africa, far exceeds the face value of your dollar... You Help South Africa maintain the high price of gold and diamonds by decreasing the supply in the world market.....**

---

Most of us may recall South Africa's social upheaval of 1985, which led to a series of "State of Emergency" proclamations and a news blackout. From 1985 to 1987, the price of gold rose from \$284 to \$482 per ounce. This accounted for a 25 percent increase in South Africa's GNP over that period ("Gold And International Sanctions Against South Africa," by Ian Lepper and Peter Robbins, World Gold Commission publications, London, 1987).

Besides this ironic state of affairs, where social upheavals become a profit-making enterprise for the status-quo, South Africa has sought other means to maximize the price of gold. The World Gold Council was formed in 1987, as a front for South African gold interests. Several countries claiming to be opposed to the Apartheid System are members of the so-called World Gold Council, including the U.S. The WGC spends millions in promoting gold worldwide as a desirable settlement asset.

South Africa's interest in stimulating the international jewelry market stems from the fact that jewelry is a huge funnel through which gold and diamonds can "disappear" from the market, i.e. through private ownership, thereby making gold and diamonds more dear.

The value of your jewelry purchases to South Africa, far exceeds its face value. When you buy gold and diamond, you also help South Africa maintain the high price of gold and diamond, by decreasing the supply of these items in the world market. Though this simple supply/demand dynamic is clearly more the case with gold, 35,000 tons of which sit idly in government vaults of the world. Another 65,000 tons is privately hoarded in the form of bars, coins and jewelry, as 269 major gold mining companies produce more gold everyday. A recent Wall Street Journal article titled "De Beers Reports 2nd-Half Sales Slump" (1/5/90), points up how non-South African producers of diamond, dominated by De Beers are vying for their independence. These competitive producers include Australia, Botswana, Zaire, the Soviet Union, and soon to be independent Namibia.

Since September, South Africa has been profiting from the looming "release" of Nelson Mandela. With an improvement in its image, South Africa is reporting a 60 percent increase in its international gold shares as the confidence of international investors surges. **It should hopefully be an obvious point that the release of Nelson Mandela leaves the Apartheid System intact.**

You help South Africa maintain the high price of gold when you buy jewelry in gold or diamonds. These are funds that South Africa dearly needs in order to maintain, fuel and continue to technologize its racist/fascist military police state.

Boycott gold and diamond jewelry! Spread the word! Copy this newsletter and pass it along.

*(Oscar Beard is a Consultant in African Studies.)*



(continued from page 2)

several mining shares and the imminent failure of many mining firms. These mines can no longer count on government rescues in times of financial crises as they are in right now.

The average white South African is not spared this morass. The inflation rate is now 15 percent. Sales tax on all consumer goods including food items is 13 percent and mortgage rates are as high as 30%!

As a direct consequence of sanctions-- no matter how mild-- the apartheid regime is being forced to make certain overtures to the leadership of the people. Even the new leader of the ruling right-wing National Party elected on a platform of racial hatred and subjugation, Frederick W. de Klerk has been made to see the light by ensuing events. He has now made tracks to soften his rhetoric.

Do sanctions work?

Ask the leaders of the anti-apartheid United Democratic Front and the general membership and leaders of COSATU Congress of South African Trade Unions and the vast majority of South Africans, Black and White, who have called for mandatory comprehensive sanctions against the Pretoria regime. These groups are in the forefront of a quest for a peaceful solution to the strife in that country and have all collectively called on the international community to keep these sanctions in force until apartheid in South Africa is not just reformed but ABOLISHED.

First World Anti-Apartheid Newsletter  
1st. World Research Association  
P.O. Box 5208  
Atlanta, GA 30307

## News Briefs ... (continued from page 1)

The ANC's acting president Alfred Nzo said "We must now move forward and intensify our all-around offensive against apartheid."

"We must warn those who are expecting us to abandon our struggle in favor of what they perceive as the only course ... the course of negotiations, that they will be met with disappointment," he told ANC fighters at their headquarters in the Zambian capital.

"The obligation therefore to continue the struggle will be on us until apartheid is finally and irrevocably destroyed."

Nzo reiterated ANC's position over the suspension of its armed struggle outlined in the 1989 Harare Declaration endorsed by the Frontline States which called for a negotiated ceasefire. But Pretoria must create a minimum climate which include; the release of ALL political prisoners and the lifting of the three-year-old state of emergency.

WINDHOEK, Namibia -The flag that will flutter in an independent Namibia was recently unveiled in the Constituent Assembly.

The new flag features diagonal stripes of the blue, red and green colors of South West Africa People's Organisation (SWAPO), the majority party in the Assembly, broken by two thin white bands and a yellow sun on the blue top left hand corner.

Namibia which has been ruled by racist South Africa since 1915, will become a sovereign state on March 21 1990 under a United Nations-supervised independence plan.

SWAPO -under President Nujoma, had fought a long guerilla war against apartheid South Africa in the former German colony. It won 57 percent of the vote in the pre-independence elections last November, giving it 41 of 72 seats in the assembly.

