

Gold by Montresor

Moscow-Pretoria exposé widens

For whatever reasons, the West German weekly Der Spiegel has blown part of the price-fixing story.

Last week on this page I reviewed the evidence of Soviet-South African collaboration in the gold market; in parallel, the West German weekly *Der Spiegel*, something of an equivalent to *Newsweek*, published a similar story which I had the opportunity to review after filing. Whether *Der Spiegel's* sources are better than mine, I cannot tell; in any event, many believe that the Hamburg journal has intimate ties to Soviet intelligence, among other services. Its publisher, Rudolf Augstein, is in any event a leading advocate of German "neutrality" and reunification.

What *Der Spiegel* reports is well known to informed financial circles in Western Europe, if not to American newspaper readers, and certainly not to gold investors, many of whom appear to view South Africa as some sort of bastion of virtue. In truth, apart from the repugnance of Pretoria's racial policies, its strategic ties to the Russians should be a matter of concern for the West at large. It is striking, the extent to which these ties are coming to the surface.

I translate from the *Spiegel* report, which appeared in the Jan. 23 issue:

"In November of last year, the apartheid state had its first official exchange of diplomatic notes with the Soviet Union since the break of relations 27 years ago. And since then, all movements from the 'land of atheistic enslavement,' as Premier Pieter Willem Botha calls it, are painfully recorded.

"Foreign Minister Roelof Botha openly admitted the exchange of notes

with Moscow—at the height of the latest South African invasion of Angola last week, while Pretoria's soldiers were involved in heavy fighting with Cuban-supported and Soviet-armed Angolan troops.

"Afterward, South Africa declared that it would pull out of Angola. . . .

"In any event Moscow's note to Pretoria did not strike one as friendly; Soviet diplomats in the United States, according to Botha, had given over a document which emphatically cited Moscow's 1976 friendship treaty with Angola. . . .

"But despite the noisy reaction of the premier and some army officers to the note, the foreign ministry in Pretoria last week was not excluding 'some possibilities for rapprochement for Southern Africa.' . . .

"In fact, the Soviet Union and South Africa are the world's largest producers of gold, chromium, vanadium, manganese, platinum, and diamonds.

"That is good for profits, beyond political enmity. Thus the Soviets and South Africans meet regularly in the official Wozchod-Handelsbank in Zürich, to consult over the erratic movements of the gold market; the two countries control more than 80 percent of world sales.

"In the case of the precious metal platinum, the political arch-enemies cover 94 percent of world supply. . . . 'It can't be proven that there is price-fixing,' wrote the *International Herald Tribune*, 'but contacts contribute to orderly marketing.'

"Many threads are spun between South Africa and the Soviet Union in the glass-and-steel world of Johannesburg's high finance. In the west of the city are based the Anglo-American Corporation and its sister firm in the diamond industry, De Beers. Chairman of the board of the worldwide enterprise is Harry Oppenheimer. . . .

"Oppenheimer's intimate and former son-in-law Gordon Waddell was spotted in the Bolshoi Theater in Moscow, 'just passing through.'"

This refers to the first reports of Soviet-South African gold market discussions, revealed by *EIR* on July 20, 1980, months before our reports made their way to the *London Financial Times*.

Otherwise, the article reviews the familiar facts of Soviet diamond marketing through De Beers' sales monopoly, the Central Sales Organization (CSO).

"In the Soviet Union, the second-largest producer of jewel diamonds in the world, the capitalist management of the CSO is highly prized," reports *Spiegel*. "When the CSO conducts its sales of 'packets' of diamonds of different size and quality, mixed in are stones of Soviet origin.

"The economic ties of political opponents in southern Africa are entirely paradoxical, as in the case of Angola. The Luanda government is viewed as linked to Moscow, because it accepts help from the Soviets and Cuba in its fight against South Africa and the Unita guerillas. But one of the greatest sources of state revenues (after the American-managed oilfields in the north) depends on the sale of diamonds, through the South African CSO."

We permit readers to draw their own conclusions concerning the implications of such collaboration over the gold price during a period of financial turmoil.