GOLDEN DREAMS: THE SANCTIONS CAMPAIGN

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Gold: Key to Sanctions

Gold 'holds the key to any sanctions campaign', according to Joseph Hanlon, co-author of *The Sanctions Handbook*. He states that 'if it were possible to halt South African gold sales, that alone would break the economy' (1987, p.255). This is a view widely held by organizations seeking change in South Africa, among them the Congress of South African Trade Unions (COSATU) and the International Labour Organization (ILO). It is the view also of the former British Chancellor of the Exchequer, Denis Healy, a leading figure in the Labour Party. Speaking before the Foreign Affairs Committee of the House of Commons in July 1986, Healy argued that the 'best thing' to bring rapid change in South Africa was to 'go for gold, diamonds and metals'. In more detail he explained: 'If the countries with large gold stocks used them to depress the gold price, it would have a massive impact on the South African economy', but 'without such a threat no changes will take place' (quoted in Hanlon, pp.137-38).

The aim of this critique is to examine whether this project — fundamental to the campaign for economic sanctions — is possible and whether it promotes a real transformation.

The centrality of gold to the sanctions campaign was first stressed by Simon Clarke at a conference on sanctions in the late 1970s. Previously, Charles Diggs, then chairman of the US House of Representatives sub-committee on Africa, had called in 1972 for a ban on South African gold sales to the International Monetary Fund (IMF). Diggs' call was taken further by Vella Pillay, a former close associate of the South African Communist Party (SACP), former vice-chairman of the Anti-Apartheid Movement (AAM) and official of the Bank of China. In a study, *Apartheid Gold*, published by the AAM in 1981, Pillay argued that a 'successful boycott of **apartheid gold**' would 'constitute a major step toward breaking the back of the apartheid economy', and that the AAM had consequently 'initiated a major campaign' against South African gold sales abroad. But he qualified this bold assault: 'This is not a campaign against gold *per se*, nor does it involve any proposals on the larger question of the monetary role of gold or the reform of the international monetary system' (Pillay, pp.5-6).

More recently, Peter Robbins — a precious metals dealer for 20 years — was interviewed on British television as chairman of the World Gold

Commission (WGC), a body connected with the AAM. Robbins (1988) threw Pillay's banker's caution to the winds. 'We want to stop the price of gold rising', he said, adding that gold was 'very important to the South African economy and not very important to the rest of the world'. According to an earlier report, the WGC is 'supported by the main Southern African liberation movements and anti-apartheid groups in Britain', and aims to 'encourage an official ban on the import of newly-mined South African gold, hitting at the heart of the apartheid regime's economy, without damaging the world's gold markets'. Robbins hoped that the scheme 'would eventually be supported for sound commercial reasons by the gold market' (*Guardian*, 9 June 1988).

This notion of the 'not very important' place of gold in world economy appears also with Hanlon, who states that 'officially, at least, gold plays a very minor role in the world monetary system. It is supposed to be only a reserve against the total collapse of the international financial system' (p.256). To be 'only' a reserve against the total collapse of the world financial system is, of course, not 'very minor'. According to Hanlon, world bourgeois society is governed by the occult: 'Gold's importance is entirely mystic'. It has 'an essential psychological place in the world economic system', where its 'mystic significance' is the result of a certain 'spell surrounding gold' (pp.256,322). Here we have, as Marx wrote of Proudhon, the 'metaphysics of political economy' (Marx 1966, Ch.2)[1]

Whereas Robbins and Hanlon think gold plays a negligible part in world affairs, Pillay argues the opposite. The fact that world bullion stocks remain predominantly in the hands of central banks and governments proves, for Pillay, 'the signal importance of gold as an international reserve assset and its continuing monetary role in the world economy'. Gold remains 'a much preferred asset' of the central banks, and since the early 1980s has become 'steadily important' in place of dollars in central bank reserves. This 'gold-preference factor' of central banks and governments 'provides powerful underpinnings to the gold market at present' (pp.17-18).

Nevertheless, Pillay calls on 'all governments to freeze' the import and use of new-mined gold from South Africa. Hanlon, a financial journalist, goes further. For him, 'there is no need for South African gold', and he endorses the proposal by Robbins and Ian Lepper (a financial consultant) for:

> *A ban on all imports of newly mined South African gold.*
> *The release from national reserves of a quantity of gold equivalent to that which would normally be imported from South Africa*
> (Hanlon, pp.256-57).

The aim is for 'the United States, alone or in cooperation with other governments, to sell enough gold to depress the price substantially', to about $300 per ounce (p.259).

This was also the view of the *Economist* in its lead editorial of 19 July 1986, when Healy was arguing the case before the Commons Foreign Affairs Committee. Under a picture of a bar of gold stamped with the words 'Free Nelson Mandela', the *Economist* declared that 'the most achievable quick sanction would be to threaten to cut the world price of gold'. Similarly the economics correspondent of the *Guardian*: 'A temporary depression of the gold price to half its present level would cut South Africa's export earnings by a quarter ... Gold could be the way to the White Regime's jugular' (12 September 1985). Here then is a remarkable common front: the banker, the precious metals dealer, the financial consultant, the journal of the financial bourgeoisie, two financial journalists and a former Chancellor of the Exchequer, all agreed on the possibility and necessity of a cut in the world price of gold for an overturn of existing conditions in South Africa.

The love affair between representatives of financial capital and the AAM has since received a bizarre consummation. During the recent £2.9 billion takeover bid for Consolidated Gold Fields (the 'second largest free world producer' of gold, in the words of its chairman) by Minorco (representing the Oppenheimer empire, the biggest gold producer), the AAM 'asked ConsGold to distribute a letter to shareholders callng on them to reject Minorco's bid in their own interests and in the "interests of freedom in Southern Africa"' (*Guardian*, 24 October 1988). In the 'interests of freedom in Southern Africa', the AAM snuggles up to the British gold-producing corporation (and slaver in South Africa) against the South African gold producer and slaver, imagining itself to be thus isolating the golden riches of South Africa from the embrace of world economy.[2]

Golden Money

Despite his appetite for mystery, Hanlon is correct in one point: boycott of South Africa's gold production is indeed 'the key' to the AAM's campaign for economic sanctions. A society producing a single commodity whose share in its gross domestic product 'rose from 5.5 per cent in 1955 to 9.1 per cent last year [1987], while its share of total export revenue rose from 30 to 37 per cent over the same period' (*Financial Times*, 9 June 1988) cannot be subjected to effective sanctions unless that single product is blockaded. In South Africa, the revenue accruing to the Chamber of Mines from gold production almost trebled between 1979 and 1987, from R5.7 billion to R15.8 billion, despite a decline in tonnage of gold mined, the

result of working inferior grade ores. There follows the conclusion:

> Fortunately for South Africa ... the steady decline in gold production over the past 28 years has been more than compensated for by higher dollar and, above all, rand prices. This has ensured that gold's relative importance to the overall economy has continued to increase (*FT*, ibid.).

Here, then, is the *salto mortale* or fatal leap for the sanctions campaign.

The campaign has this advantage: if the dollar gold price does not rise, or if new reserves accessible to relatively low cost production are not discovered, South African revenues will in any case suffer serious decline over the next ten years. A study published for the major British clearing banks took the view that over the coming period, 'South African output will fall as a result of lower grades and ore reserve exhaustion. This will accelerate over time and be the dominant characteristic of supplies in the 1990's' (Kessel, p.272). Since then, a world-wide expansion in lower cost gold production through open-cast mining (e.g., the Carlin Trend in Nevada, owned by Consolidated Gold Fields through its stake in Newmont Mining) has accelerated the tendency to relative deline in primacy of South African deep level mining. But many of these new mines will have a relatively short existence. South Africa

> ... still sits on the world's richest known reserves. No gold deposits have been found outside South Africa that can stand comparison ... The country has] proven reserves to cover another 45 years of production (*Economist*, 3 December 1988)..

There is a further key dimension. As Duncan Innes has pointed out, any substantial block to South African gold supplies would result in 'major disruption' for the world monetary system,

> ... which would in turn reverberate through the international economy. Catch 22: the West does not want to include gold in the sanctions net because it is too important to its economies; but by excluding gold the effect of sanctions is crucially diminished (1986).

Earlier, Clarke argued that an effective sanctions campaign against capital in South Africa 'would probably *magnify*' the tendency towards a higher gold price, 'through the uncertainties it would introduce about the future supplies of gold' (p.116). For Clarke it is obvious that the price of gold is 'determined largely by its role in the international monetary system', and

that 'in times of international financial instability the demand for gold as store of international value increases'. During world recession,

> ... the international financial system is flooded with money [that] cannot find investment outlets. It is this money that fuels the speculative frenzy exaggerating the tendency for the price of gold to increase in a recession (pp.115,80).

Clarke stresses the dependence of the gold price in its average movement on fundamental international economic conditions. Pillay, Robbins and Hanlon ignore this, and their whole campaign rests on this small omission.

Gold in Bourgeois Society

This thing, gold — or rather, the social relations that make it what it is in the late 20th century — is at once dazzling and yet obscure at the centre of South African affairs. South Africa's chief product is 'god and king of commodities' (Marx, *Grundrisse*, p.230). If the AAM had it in its power to stop the price of gold from rising (or falling), it would have solved the riddle of world economy for an army of speculators. The AAM imagines that if it treats gold as an ordinary commodity, outside its monetary function, therefore gold will conform to its illusion. On the contrary, it is the illusion that conforms to this 'most striking, most contradictory and hardest phenomenon which is presented by the system in a palpable form' (*Grundrisse*, p.240). Supporters of sanctions on gold are mystified by the fetish forms of appearance of this society. Laws governing the place of gold in modern conditions appear for them as forms of freedom, to be altered by an act of will. Through their 'credit and bank fantasies', 'illusions concerning the miraculous power of the credit and banking system' to dispense with the major producer of the metal reserve, they read the real world upside down. They are alien to Marx's insight that 'money — in the form of precious metal — remains the foundation from which the credit system, by its very nature, can *never* detach itself' (*Capital III*, pp.592,594).

For the advocates of sanctions it is irrelevant that world capitalism has entered a period of storms, that Japan has replaced the United States as the greatest power in money-dealing capital and that it is above all this power and its satellites and rivals in the east — especially Taiwan and South Korea — that are drawing in gold.

> Who is buying all the new gold, and saving the mines from ruin?
> East Asia has come to the rescue ...
> ... Taiwan alone could take up almost all of this year's excess supply,

> all things being equal.
> ... For the third year running, Japan could yet be the biggest importer of gold (*Economist*, 20 August 1988).

According to the chairman of the gold division of Rand Mines, between mid-1987 and mid-1988,

> Strong physical demand from Japan, as well as Taiwan and other Far Eastern countries, was the main support for the gold price ...
> ... The Far East has become an extremely important market for gold with bankers, investors and individuals buying the metal in all forms (Harmony report, 1988, pp.4-5).

In the wake of a 'massive displacement of money towards the Far East', a survey by Consolidated Gold Fields last year reported that this 'is now being followed by a flow of gold of similar magnitude' (Milling-Stanley, 1988, p.58).

Robbins and his associates wish to believe that the price of gold today is not determined in the end by general objective conditions. These include: the quantity of labour thrown into its production globally; the tendency to world depression of production beginning in the early 1980s; the crash on the world stock exchanges in October 1987, the steepest in history, resulting in a fall-off in stock and bond turnover in many countries; a run of financial failures in the US, the most damaging since the 1930s; the rise to predominance of Japan as a new world pole of financial power, displacing the US in many sectors; the demise of the dollar as a reliable reserve currency. If people wish to believe that such matters are 'not very important', or that they do not exert a determining overall effect on the production and 'price' of gold, then they understand less of the system than the capitalists of South Africa. The AAM's illusion contrasts with Marx's insight that 'Modern society ... greets gold as its Holy Grail, as the glittering incarnation of the very principle of its own life' (*Capital I*, pp. 132-33).

If supporters of the sanctions campaign wish to argue that capitalism has dispensed with what was for Marx the principle of its own life, they should present the case theoretically. So far they have not attempted to do so. The brute fact of South Africa in the world during the past hundred years argues materially against this interpretation. Since gold is virtually indestructible and has been cherished since very early times, the total quantity in existence today (about 95,000 tonnes or 3.2 billion ounces) corresponds roughly to the total ever mined. Of this, about 40% has come from a single country, South Africa, all mined since Marx's death (Green, 1987, p.20). Of the total

in existence, more than half was produced after inauguration of the post-war monetary system at Bretton Woods in 1944 (Kessel, 1984, p.269. House of Representatives, 1980, Table 3, p.127). During the 1950s, central banking reserves took over half of new gold produced in capitalist countries. This proportion declined sharply in the 1960s, and in the 1970s the 'official sector' became a net seller of gold. Between 1980-87 the central banks reversed this trend as net purchaser of about 8% of new capitalist production. In recent years, 'reserve asset diversification by central banks' — i.e., exchange of 'rapidly depreciating US dollars for gold' — has been 'a growing feature' (Milling-Stanley, 1988, Table 1, p.29). Gold forms a substantial proportion of world central banking reserves: over 70 per cent, in the US. Despite its apparent disappearance within the evanescent forms of modern fiduciary currency, invisible bank account money, state paper reserves and international credit notes such as the Special Drawing Rights of the IMF, about a third of all gold ever mined is in central bank vaults, where it serves as bullion or world money (Green, 1987, p.120). In times of global crisis, as in Germany under Hitler, the rings of married women and even Jews' teeth have been converted into bullion. Post-war paper and credit forms of money represent only a conditional and limited emancipation of money from its material basis. To imagine that these will always continue adequately to represent value is a fantasy, in comparison with which the central banking system remains stubbornly materialist.

The greatest test of modern currencies this century took place between 1931 and 1934, when collapse of the Austrian, German, British and US banking systems resulted in a 40% rise in the dollar price of gold and a doubling in the ratio of the gold index to the index of imported goods. A former South African journalist, Lewis Sowden, reported how in the depth of the banking crises of the 1930s, 'all the world's wealth seemed to be gravitating to gold', while in Johannesburg 'the floor of the Stock Exchange was a turned into a wrestler's ring' where 'the brokers' men tore their coats from each other's backs (I saw them)'. Sowden relates his own empirical experience as a newspaperman of those days to the general world conditions of the time:

> Boom ... boom ...When the world was still struggling out of the Great Depression ... and Hitler was rallying his gangs of S.S. ... South Africa found itself on the sunny side of the street and basked in the new warmth and brilliance of its gold production (pp.96-97).

The merit of Sowden here was to show empirically the truth of Marx's insight into the alternating, mutually opposed credit and money forms of value, which displayed themselves in 1931-34 as a living social antithesis.

The golden riches flowing from the mines were summed up at the time in the journal *Spark* (reported elsewhere in this issue) as 'the prosperity of the undertaker in a plague'. Frankel noted the 'extraordinarily rapid expansion of the national income after the change in the price of gold', beginning with Britain's departure from the gold standard in 1931 (1960, p.33). At the same time, the 'warmth and brilliance' of the gold boom in South Africa, so lucrative to capital, brought about the working to death of *millions* at Kolyma in the arctic goldfields of the Soviet Union under Stalin. For over 20 years, the 'sunny side of the street' for gold mining capital in South Africa expressed itself within the Soviet Union in these 'frozen Auschwitzes of the North', in the words of the poet Galanskov, who died in the camps (Conquest, 1979, p.214). Here, at the point of gold production, in Solzhenitsyn's phrase, was the 'pole of cold and cruelty' of Stalinist tyranny as a whole (p.126), which the SACP represented to the gold slaves of the Rand as a workers' paradise. But the relation of gold-mining in South Africa to its equivalent under Stalin is the subject of another article.

Money Today

There is no reason to think that since that time the money relation has ceased to be centrally located in a physical commodity. The advocates of sanctions against South African gold production ignore also the history of the 1960s, when every world currency crisis expressed itself as a gold crisis directed against this or that world currency. Sterling, the dollar, the franc, the Deutschemark, each was weighed in the balance at the court of the money-commodity and each found wanting. Finally, in August 1971, the threat of massive gold withdrawals from the US set against its huge and swelling dollar liabilities abroad became too great for the dollar-exchange system set up at Bretton Woods in 1944, and the post-war order cracked. The fixed ratio of the dollar to gold ended with the ending of the automatic right of central banks to exchange dollars for gold at the US Treasury. Coming after inflationary funding by the US of its war in Vietnam at the expense of dollar-holders abroad, this set in motion further inflationary currents in world economy. These were reflected in the oil price rises of 1973 and 1979, the US inflationary crisis that drove the gold price up to $850 an ounce in January 1980, its consequence in the extremely severe global recession of the early 1980s, followed by the Reagan state credit boom, the speculative share mania on Wall Street and its collapse in October 1987. World capitalism has survived the ending of a fixed relation of its currencies to gold, just as Britain — when it was the only really capitalist country — survived the suspension of cash payments in gold from 1797 to 1821, arising from its war with France. But the consequences then

and now are the same: 'great currency upheavals', 'great depreciation of paper money' and a 'marked rise in prices' (Roll, p.191).

The years 1973-75 were the period of the most serious world financial disorder since the 1930s. This included what was 'almost certainly the biggest emergency in British banking this century' (Reid, 1982, p.vii), with major banking failures also in Germany, Italy and the US. It followed the inauguration of floating exchange rates and purely managed currencies in 1973, separated from any formal relation to gold, and was preceded by a far smaller expansion of debt-inflated paper values than exists today. The Gold Information Centre, based in Geneva, was not wrong in pointing out that gold

> ... increased in value during the London Stock Market Collapse between October 1973 and January 1975, when the Financial Times All-Share Index fell by 67% — from 187 to 62, while gilts [government and other official bonds] fell to their lowest value since records were kept (1986, p.11).

The conclusion of this organization, funded by the South African gold producers, remains valid: 'Gold is one of the few investments that has survived — and even thrived — during times of economic uncertainty ... '

Pillay, Robbins and Hanlon neglect to point out that within the last 15 years there has already been one major attempt to depress the world gold price through official sales of gold, which failed dismally. Between 1976 and 1979, US Treasury and IMF gold auctions supplied over 25% of all gold coming on the market in a 'drive to demonetize gold', through official sales aimed at reducing the price (Green, 1982, pp.188-90). Yet far from falling, the price doubled. The result of this attempt to 'refuse the whole concept of gold as a monetary metal' was merely that several European banks (mainly in West Germany and Switzerland) 'lapped up the gold' at bargain prices, strengthening their own reserves at the expense of the US. In addition, two leading figures of the new Bush administration — Secretary of State Baker and Federal Reserve Board chairman Greenspan — came forward publicly last year not for less, but for a more formal, central place for gold in the international measurement of prices. These are poor omens for a campaign relying on official gold sales to depress the price.

For all that, Robbins anticipates victory for his strategy of attempting to turn the market against South African gold production. This follows reported agreement of the Italian jewellery manufacturers — under pressure of the trade unions — to reduce purchases of SA gold. In 1986, about half of all new supplies entering the market went into manufacture of jewellery, in which the Italian fabricators are supreme. Jewellery absorbs about one-

third of South Africa's production. However, the Italian manufacturers agreed on one condition: that 'the price remained the same' (*Guardian*, 3 December 1988). This is decisive. The fraction of new supplies going into jewellery is in decline, the trade has lost its former major markets in the Middle East and the US through adverse economic conditions, the new growth market in Japan is met partly by a growing local fabrication, while gold jewellery sales tend to fall off sharply in the event of a major rise in gold price. 'The jewellery industry will have to run hard just to stand still' (Green, 1987, p.175).

Marx, Proudhon, Keynes

It is a paradoxical truth that the serious bourgeois scholars and practical capitalists of South Africa are closer to Marx's theory of money than the self-imagined Marxists, whose theory of money is not that of Marx but Proudhon[3]. From empirical observation in the 1930s, Schumann — a real practical capitalist as well as theoretician of the system — developed a theory of the antithetical relation of gold production to the general production cycle. He stressed that profits and employment were maintained and even increased on the South African gold mines during the great depression: expression of what he understood as the 'unique' place of South Africa in the capitalist system, as its decisive gold producer. For Schumann, the effect of this central world role of the South African gold production on its internal business cycle was 'distinctly stabilizing' (p.333). Busschau, a former chairman of Gold Fields of South Africa as well as theoretician of the system, observed in 1960 that

> Gold as the final means of settling international indebtedness can enter through doors which import controls close against against other commodities. And hence, from the establishment of the Union, South Africa could pay, without undue difficulty, for the capital goods it urgently needed to expand its total national production.

By comparison with the credit-fantasy of the South African left — its wishful abolition of the money-role of gold, its theoretical de-thronement of gold to a mere average commodity like any other, or an aberration of psychology — the past 20 years has amply justified Busschau's insight. In calling for an 'all-round increase in the official gold prices, including a substantial increase in the U.S. dollar price', and in his expectation of 'further credit inflation' arising out of Keynesian credit expansion which, he predicted, 'simply means another round of trouble', the South African gold producing capitalist proved he understood the system better in its long-range

development than his opponents at the centre of world credit production in Washington (1950, p.139).

Marx clearly distinguished the credit system from the money system, and commented caustically on psychological theories of gold in relation to capital. During his lifetime, Britain and increasingly also the other major countries of capitalism were on a gold standard, in which gold served as the material of coins in circulation as well as the banking reserve. The sovereign passing from hand to hand was a physical commodity possessing a substantial value. For Marx, history had made gold above all the material of money. He considered that money 'necessarily crystallizes out' of the transformation of products of labour into commodities.

In Marx's view,

> ... it was left to M. Proudhon and his school to declare seriously that the degradation of money and the exaltation of commodities was the essence of socialism and thereby to reduce socialism to an elementary misunderstanding of the inevitable correlation existing between commodities and money (1971, p.86).

He ridiculed

> ... the craftiness of petty-bourgeois socialism, which wants to perpetuate the production of commodities while simultaneously abolishing the 'antagonism between money and commodities', i.e. abolishing money itself, since money only exists in and through this antagonism. One might just as well abolish the Pope while leaving Catholicism in existence (*Capital I*, p.181, n.4)..

Keynes' critique of gold had something in common with the Proudhonian money-schema, though for different ends. J.K.Galbraith has said that if it had not been for 'the whole Keynesian design', involving state modification of the system, 'capitalism would not have survived'. He pays tribute to what Keynes in particular had 'done to save capitalism' (*Guardian*, 15 October 1988). During and after the great depression of the 1930s Keynes sought to hem in, if not eliminate, the money role of gold. His remark that gold was 'a barbarous relic' (Harris, p.375) is radically at variance with Marx's insight into the necessity of money, grounded in a definite commodity, once value forms develop to a certain level. For Marx it is capitalist production, in which gold as the material of money has a necessary place, that is a barbarous relic. Keynes, and co-thinkers such as Joan Robinson, looked forward to a happy age in which capitalism would 'kill off the gold mining industry' (ibid., p.355). Alas, the renaissance of

gold mining internationally has seen off bourgeois society's former superstitious faith in Keynes. Yet even Keynes was more critical of gold production than is the South African left.

A theory of money abstracted from commodities is foreign to Marx. It is the merit of his theory that he derives money from ordinary mundane commodities, as their necessary form of expression. It is one of themselves, their equivalent, and only thus is it money. For Marx, money is a special kind of commodity, deriving its unique power as monarch from the world of commodities from which it arises, rather in the way that civil society gives birth to the state. While in various functions money is replaced by a token of itself — a process intrinsic to a metallic circulation, as well as paper — it is above all through the central banking system that gold retains in full its character as money through its functions as measure of value, as store of value and as world money. Indeed, all the more is it money *par excellence*, value-for-itself, as Marx analysed for his own day, the more bourgeois society over this century has had to 'economize' its gold. The division between states, reflecting competition on the world market between national capitals, reproduces the basic character of the market as a society founded upon separate isolated individual producers, each treating the other as alien to himself, and establishing their mutual social relations via the mediation of things. The view that competition at the level of the world's central banks has come to an end, and that harmony is all, radically misjudges the nature of the epoch.

Inflation and Depression

In the first half of its history as gold producer to the globe, South Africa sent the product of its mines to Britain, as banker to the world. When British finance capital lost its supremacy, exhausted by two world wars, the gold of South Africa flowed to the new world power of money-dealing capital, the United States, which assumed the role vacated by the Bank of England. For the past 20 years, beginning with the establishment of the 'two-tier' system for sales of gold in 1968, this financial supremacy of the United States as lender of last resort has been breaking down. When fault lines of such depth open up in the world economy, it is foolish to imagine that transition to a new world axis of money-dealing capital — securely grounded in the system — can take place without profound international shocks, both economic and political. The barbaric nature of South Africa, to which Keynes of course was blind, is expressive of the barbarism of the world social form it epitomizes.

The rise in gold price since 1971 was the *second* really major rise in price of bullion this century. The previous rise of 40% in US gold price in 1933-

34 was the outcome of a period not of rising commodity prices but of very low prices, reflecting global stagnation of production: the zenith of profitability. In the last resort, the immense expansion in gold production across the world during the 1980s — with its necessary result, a sharp decline in South Africa's world share — reflects both a response to the inflationary 1970s and anticipation of future worldwide recession. At least two major countries in world capitalist economy, the US and Britain, are likely to enter recession this year. A recent report from the US states:

> The bond markets love a recession. They are already sensing the first whiff of a distant storm.
> Fixed-income paper holders in the US can thank the central banks for lining up a worldwide deflation ... (*Times*, 17 October 1988).

An attempt to predict the major tendencies of 1989, published by the *Economist* at the end of last year, anticipates an 'impending round of financial collapses' and considers that a 'downturn in the trade cycle is certain some time fairly soon' (Goldring [ed.], pp.5,97). In light of the cycical tendency towards recession, it continues to be true that gold 'remains the only universally accepted medium of exchange ... the lifebelt for all seasons, especially the dangerous ones' (Green, 1987, p.175).

Malinga, writing in the *African Communist* last year, noted that the dollar had 'ceased to be the most reliable store of value in the world' (.p.51) [*was it ever? more than gold?*]. He failed to see that this must result in expanded production of the physical material of money. State, corporate, municipal as well as personal indebtedness in the US has increased all the more easily — alongside debt-racking of whole continents, involving usurious capital transfer to the richest regions of the globe — since the regulator of automatic gold withdrawal by the central banks was ended in 1971. But that does not make the dollars circulating through the vaults any more secure as a paper title. On the contrary, taking rises and falls together, the operation of the markets since 1973 under conditions of floating exchange rates has confirmed the place of gold as measure of values to the system. Alongside rising delirium on the share markets up to the crash of October 1987, the gold price in dollars rose like an avenging nemesis. Under conditions of accumulating disorders to the system, gold is all the more indispensable to it. An immensely expanded credit resting on a comparatively tiny point of gold in the central banks makes this relatively shrinking metal fraction so much the more important.

Marx's theory of money retains its truth today, just as in the long depression from 1873 to 1896, when the 'system was saved' by the sudden outpouring of gold from the South African mines (Kindleberger, p.222), and

in the depression of the 1930s when the devaluation of the US dollar 'had a special impact on gold-producing countries' resulting in 'expansion in the gold industry relative to other industries' (Friedman and Schwartz, pp.467,472). Given the lack of knowledge of Marx's money theory on the part of the South African left, it is important to set this out more fully.

For Marx, there are periods in which money serves not

> ... as a circulatory medium, as a mere transient agent in the interchange of products, but as the individual incarnation of social labour, as the independent form of existence of exchange-value, as the universal commodity. This contradiction comes to a head in those phases of industrial and commercial crises which are known as monetary crises. Such a crisis occurs only where the ever-lengthening chain of payments, and an artificial system of settling them, has been fully developed. Wherever there is a general and extensive disturbance of this mechanism, no matter what its cause, money becomes suddenly and immediately transformed, from its merely ideal shape of money of account, into hard cash. Profane commodities can no longer replace it. The use-value of commodities becomes valueless, and their value vanishes in the presence of its own independent form. On the eve of the crisis, the bourgeois, with the self-sufficiency that springs from intoxicating prosperity, declares money to be a vain imagination. Commodities alone are money. But now the cry is everywhere: money alone is a commmodity! As the hart pants after fresh water, so pants his soul after money, the only wealth (*Capital I*, p.138).

In this contradiction, native to developed capital, lies the secret of the genesis and mature development of modern South Africa: the main world producer of money in its physical materiality, over the whole century since Marx's death. In opposition to capital in South Africa, with its racism and its state and its indispensable place for a century in relation to the money crisis, the sole point of leverage for a thorough-going revolution is its living human producer: that is, the collective social labourer, forcibly bringing the product of his own labour under his own conscious control. In dispensing with Marx's theory of money, the organisers and apologists of the economic boycott of South African goods dispense also with the revolutionary role of the proletariat, the producer of those goods: above all, the proletariat objectifying its labour in gold.

Money and Credit

By its role as gold producer to the globe, the proletariat of southern Africa has possessed a unique but unrecognized significance for the class as a whole. Whether through private or state hoards, the labour of all the world has in the last resort been measured principally against the gold-digging of these proletarians, whose labour three or four kilometres beneath the earth counts as direct equivalent to that of all the rest: as the representative of social labour *per se*, as the concrete expression of general abstract homogeneous human labour as such. It is this relation of equality with all human labour, mediated through its incarnation in gold, that the South African proletariat daily and continuously reproduces under the prison form of South African social conditions. This prison form is no accident, but the necessary expression of world capitalist social relations over the whole century, fixed, hypostatized, in the production of its metal reserve.

The metal reserve as 'pivot of the entire credit system' is essential to Marx's theory. A conception of capitalism without a theory of the necessary place of the metal reserve is a theory alien and hostile to that of Marx, who separates himself at the level of materialist philosophy on this matter from the wishful thinking of Proudhon.

> The central bank is the pivot of the credit system. And the metal reserve, in turn, is the pivot of the bank. The change-over from the credit-system to the monetary system is necessary ... [The] greatest sacrifices of real wealth are necessary to maintain the metallic basis in a critical moment ... A certain quantity of metal, insignificant compared with the total production, is admitted to be the pivotal point of the system ... This social existence of wealth therefore assumes the aspect of a world beyond, of a thing, matter, commodity, alongside of and external to the real elements of social wealth. So long as production is in a state of flux this is forgotten. Credit, likewise, a social form of wealth, crowds out money and usurps its place. It is faith in the social character of production which allows the money-form of products to assume the aspect of something that is only evanescent and ideal, something merely imaginative. But as soon as credit is shaken — and this phase of necessity always appears in the modern industrial cycle — all the real wealth is to be actually and suddenly transformed into money, into gold and silver — a mad demand, which, however, grows necessarily out of the system itself (*Capital III*, pp.559-60).

Four times in this paragraph, Marx stresses the essential, necessary place

of the metal reserve — thus suggesting also its production, and its specific proletarian producer — as 'the pivotal point during crises' (ibid). For Marx, a pupil of Hegel's dialectic, a category that he stresses as necessary is not to be excised from his theory by absence of study or a convenient catch-cry. The demise of Marx's method is the sole means permitting so-called Marxists to advocate economic boycott of the South African gold producer. One has here a prejudice in favour of commodities, in absence of a theory of money.

> The special difficulty in grasping money in its fully developed character as money — a difficulty which political economy attempts to evade by forgetting now one, now another aspect, and by appealing to one aspect when confronted by another — is that a social relation, a definite relation between individuals, here appears as a metal, a stone, as a purely physical, external thing ... [The] fundamental contradiction contained in exchange value, and in the social mode of production corresponding to it, here emerges in all its purity. We have already criticized the attempts made to overcome this contradiction by depriving money of its metallic form ... It must by now have become entirely clear that this is a piece of foolishness as long as exchange value is retained as the basis ... It is equally clear, on the other side, that to the degree to which opposition against the ruling relations of production grows, and these latter push ever more forcibly to cast off their old skin [nowhere more so in the 1980s than in South Africa] — to that degree, polemics are directed against metallic money or money in general, as the most striking, most contradictory and hardest phenomenon which is presented by the system in a palpable form. One or another kind of artful tinkering with money is then supposed to overcome the contradictions of which money is merely the perceptible appearance ... [They] are merely an attack on consequences whose causes remain unaffected ... (*Grundrisse*, pp.239-40).

Marx by contrast derives the concept of capital from that of money, which in turn he derives from a concept of commodities, that is, of value. The theory of value, and resting on it the theory of surplus-value, derive in turn with Marx from a concept of labour, the physical creative activity of living human producers. For Marx, in the last resort, the process of exploitation — of alienation of labour — 'appears as a product of labour itself, as objectification of its own moments'. The tendency towards its relatively increasing impoverishment relative to expanding capital is '*its own product and result*' (*Grundrisse*, pp.452,451). Thus for Marx, the problem presents itself along with its solution, since the chief victim of

this relation is its producer, the proletariat, which not merely objectifies itself in a manner which is loss to itself but is compelled by these conditions to gain control over its own self-production, to produce itself and the world in a rational and satisfying way. This is possible, and necessary, because all forms of abasement of the proletariat are ultimately the result of its own activity, production of self in a self-destructive form which merely requires to negate itself in order to turn the whole process right side up. To dispense with Marx's materialist theory of money is to obscure the exceptionally direct and uncomplicated role of gold-digging labour as revolutionary subject within this process. For Marx,

> ... labour which directly produces gold directly reveals a certain quantity of gold to be the product of, say, one working day ... In a word, in the direct production of gold, a definite quantity of gold directly appears as product and hence as the value, the equivalent, of a definite amount of labour time (*Grundrisse*, p.204).

It is this directness of form in the production of fundamental categories of bourgeois society that Marx stresses when he deals specifically with gold-digging labour. Such labour performed by wage-workers 'directly reveals' a relation between the productive activity of the workers and solid expanded value, passing from their own hands into the hands of the capitalist. This directness of form involves potentially superior conditions for the coming to consciousness of this proletariat, as a class both in and for itself: as revolutionary. It is no mere academic nicety when Marx insists that 'study of the precious metals as subjects of the money relations, as incarnations of the latter, is therefore by no means a matter lying outside the realm of political economy, as Proudhon believes ... ' (*Grundrisse*, p.174).

The vulgarians promoting economic boycott reject Marx's theory, and his whole method, at its heart, pointing to conclusions antagonistic to the interests of the proletariat. The actual history of the system reveals the centrality of South African gold production to world bourgeois society for over a century, exhibiting the essence of capital as coercion of labour — while the proponents of economic boycott promote a notion of exploitation no different from that of bourgeois moralists. Marx died just too soon to see a whole sub-continent organised directly towards production of this pivot of the system in its crisis, through which the essence of the system as such becomes visible in 'the most striking and grotesque form of absurd contradiction and paradox' (*Capital III*, p.561).

The pre-supposition of the sanctions campaign is that world bourgeois economy is rational, but that South Africa constitutes its irrational appendix. The unity of the two is not grasped, i.e., the character of South

Africa as particular representative of the general through its production of the universal equivalent. The specific individuality of capital in South Africa is missed. Principally, it is the relation of gold production in South Africa to the tendency to crisis in the system as a whole that is lost: a necessary relation, growing out of the the system itself.

Just as the British war in South Africa of 1899-1902 was really a war against labour — a war directed towards maximum extraction of surplus labour from the gold-producing proletarians, through construction of a modern, centralized state machinery of coercion, despite all liberal phrases — so too the campaign for economic boycott of South African goods conceals a hostile relation to the proletariat. Through its mass unionization campaign since 1973, through its strike struggles, through its political general strikes and above all with the three-week strike of gold and coal mine workers of August 1987, the proletariat of South Africa has shown itself potentially a contender for power. It has taken a century of gold production in South Africa, with its attendant horrors, to bring it vividly before the [illegible] the world. Defeated in its trade union battles on the mines [illegible] is a central interest of capital and its apologists to prevent this class from becoming revolutionary. Capital and the boycotters converge, though not necessarily for the same reasons. Capital knows what it is doing, the boycotters (for the most part) do not.

The miners' strike preceded the global stock market collapse by a matter of weeks. These workers took up their collective test of strength with capital at a moment of acute instability for the system as a whole. If gold remains, as Marx argues, 'the pivotal point during crises', it is no small matter for capital that the subcontinent producing nearly half its annual new-mined gold should give birth at such a time to a potentially communist proletariat. Precisely this tendency towards a revolutionary overstepping of the barrier of capital lies suppressed and hidden in the boycott campaign, which has the aim (conscious or otherwise) not of emancipation of the proletariat but of making South Africa safe for capital, and equally of making capital safe from South Africa, from the threat of a communist and revolutionary proletariat.

It is the international character of capitalism in South Africa that is obscured in the sanctions campaign. South Africa's gold production relates to the system at its weakest point: the downturn of the production cycle, culminating in the money crisis. At the same time, it is the concretely universal role of the South African proletariat that is kept hidden, its tendency towards a communist solution to the emancipation-struggle of the whole class, to which it relates potentially as a detonator of revolution. The South African proletariat, still very far from Marxism, can both trigger off and urgently needs revolution elsewhere. Insofar as economic boycott assists

in breaking down the numbers of this proletariat outside the gold mines, it weakens the specific weight of this class in the society as a whole. Indirectly it assists in raising up the political hegemony of the petty bourgeoisie, supplementing the efforts of capital to set against the trade unions a mass of small proprietors. These, organized now on the basis of their own class interests in groups such as the Southern African Black Taxis Association and the National Association of Hawkers, and spread throughout the country in the so-called 'informal economy', constitute the only sector to show expansion in the combined recession and inflation conditions of the late 1980s. Monitored, nurtured and sustained by the think-tanks and foundations of capital, the economic organisation of the small proprietors promotes the conscious strategy of capital to find yet another mass lever of support among blacks against a potentially communist proletariat, grounded in big industry. Thus also the recent sermonising by the bourgeoisie under the rubric: 'Small is beautiful'.

U.S. and Japan

The critique now moves to an examination of the goal of the sanctions campaign: the goal, not of revolution, but of de-stabilization of capital in South Africa, in the interests of a change of form of bourgeois rule. This campaign has a number of disparate effects. Firstly, it tends towards de-mobilization of the proletariat through reduced production for export of various non-gold commodities. Because of the central stabilizing place of gold production in South Africa, it is a campaign that is likely to prove fruitless even if individual sections of capital are damaged. Secondly, it strengthens the position of the most anti-union management through transferral of capital from foreign to local hands. Thirdly, it spreads illusions within the working class about the benevolent nature of capital, whereas the opposite is needed: conscious independence of the workers on their own behalf, in relation to all philanthropic schemes. Lastly, but most important, trade sanctions provide scope for more intense ideological poisoning of the workers of the main capitalist countries, at a time when nationalist protectionism is increasingly invoked.

The advocates of sanctions argue that decline in the number of workers, and the corresponding increase in the number of non-producers, is a sacrifice worth the price. It might be so, for some. But aside from the immediate cost to the workers turned out of work, that is to injure the most basic force of revolution in South Africa. The economic foundation to the period of uprisings both of 1976 and of 1984-87 was the expansion of capital during the 1960s, 1970s and in the early 1980s, involving growing strength of the proletariat in production. The confidence imparted to black workers by their

increasing indispensability to capital, especially in semi-skilled and even skilled jobs, in which a sellers' market prevailed, communicated itself throughout the society, not least to the youth. In this light, the sanctions campaign appears as an attempt to negate the revolutionizing side of capital, its creation of a proletariat, much in the spirit of the Russian narodniks at the end of the last century. For those interested in development of the proletarian revolution in South Africa, it is self-contradictory to campaign for a reduction in the working class. This can only swell the already vast reserve army of unemployed workers acting as a brake on the struggles of the employed workers, and as a drag on wages. To campaign for the de-industrialization of South Africa is to campaign for its de-proletarianization, undermining the social base on which the whole movement against current conditions depends. In this, the boycott campaign is directly anti-worker and anti-revolutionary, serving to break down the only class that can carry through the transformation of Africa.

At the same time, transferral of capital from foreign into South African hands (less open to international working class pressure) represents a definite step backwards in freedom of manoeuvre of the workers. Here, too, the results of the boycott campaign are contrary to what its supporters proclaim. In practice, the effect of sanctions is to complement the anti-labour legislation of the state and attacks by capital on the unions, sapping the class gains of the period from 1973 to 1987.

It is in its international consequences, however, that the silly game of sanctions is most serviceable for imperialist political ends. It is theoretically impermissible to abstract the South African question, and thus the sanctions campaign, from decisive movements in world affairs. A major determinant in coming years will be the struggle for hegemony now under way between Japan and the US, with western Europe joined in the EC as third contender. Earlier this century it took two world wars and the depression of the 1930s, including defeat of the proletariat by both Stalinism and Nazism, for hegemony to be transferred from the collective finance capital of London to Wall Street. To imagine that transition to a third, new, firmly grounded, bourgeois world hegemonist — the only possible basis for a new long-range boom — can proceed outside a series of horrors even worse than before, ignores the historical dialectic of capitalism as a world system over this century.

Few in South Africa realise that US economic sanctions were the immediate source of general imperialist war in the far east in December 1940. A recent study by a historian at the Royal Military Academy, Sandhurst, reports that in 1941,

> ... British Minister of Production Oliver Lyttleton, in a moment of

> rare candour, admitted that the Japanese had been provoked into attacking the Americans at Pearl Harbour. Lyttleton's observation was based on his recognition that economic factors [principally sanctions on imports of oil, but also on metals, textiles and foodstuffs] brought against Japan by the Allies left the Japanese with no option other than to fight ... [It] is generally recognized that economic factors were crucial in Japan's decision to go to war ... (Willmott, p.67).

Seen in this light, the shift in role towards the proletariat in South Africa of the Reverend Leon Sullivan is significant. Sullivan, an influential figure in bourgeois black politics in the US, is one of those gentlemen of the cloth who seek to persuade the world on the South African question that God is on the side of justice, equality, freedom and the US Constitution. In 1977 and 1984 he played a leading part in drafting the Sullivan Principles for US companies producing in South Africa (now called the Statement of Principles). Under this code, various concessions at the workplace were won in US-owned plants which permitted wider scope for the workers' struggle to develop. The mass uprising of 1984-87, followed by withdrawal of US capital or its change of hands (as in the car industry), left Sullivan's Principles floating in the air. Nearly a quarter of all signatories withdrew between July 1987 and July 1988 alone (*Weekly Mail*, 15-22 December 1988). Sullivan then sought himself another role: from a reformist evangelism directed to the workers in South Africa, he has moved to threatening a consumer boycott among US blacks against countries continuing to trade or produce in South Africa, to the disadvantage of US capital that has withdrawn. Improvement in the workers' material conditions of life gives way to the trade war between capitals. Solicitude for the workers of southern Africa becomes solicitude for US profits. Reformist politics acquires a cutting edge: xenophobia of the declining world power of capital. If Sullivan's Principles operated previously on balance to the advantage of the working class in South Africa, in their second coming they are aimed squarely at the rising sun of capital, Japan. Their content is global imperialist rivalry for sources of profit, raw materials and markets. In this chauvinistic agitation, the question of South Africa is introduced as a moralistic, higher spiritual, religious cover for the ordinary profane self-interest of the US capitalist class.

The campaign for sanctions against capital in South Africa bears an inner relation to this rising tendency towards economic warfare between the capitalist powers. Sullivan's new testament on South Africa is at one with the Reverend Jesse Jackson's wing of the Democratic Party, in its campaign against 'slave labour abroad' used allegedly to 'undercut organised labour at home' (*Guardian*, 29 March 1988). Jackson expresses here the classic social

chauvinism of bourgeois society in crisis, aiming to chain workers to their 'own' capitalists by setting them at the throats of workers elsewhere. Social nationalism of this kind is sister to the proposed Gephardt Amendment, which sought to penalize countries enjoying trade surpluses with the US by means of mandatory trade sanctions. Though the amendment failed in committee, Section 301 of the 1974 Trade Act was used in 1987 to impose sanctions against Japanese semi-conductor importers. A new Omnibus Trade Act then became law in mid-1988, empowering the president to impose wholesale sanctions against any rival capital proving too successful in the US market. The very first act of 1989 was renewed trade war in agricultural commodities betwee the US and the EC. This is the political climate in the US, in which sanctions legislation on the South African question appears as its ethical sublimation. 'American self-righteousness and xenophobia reach their height when tied with US self interest' (*Financial Weekly*, 29 September 1988).

Paralleled by symptoms of rising xenophobia in Japan, this nationalistic virus arises from imperialist competition on the world market in the period of downturn in the production cycle, as in the 1930s. The South African sanctions campaign has now become a subordinate thread in the context of inter-imperialist struggle for mastery on the world market. It is likely that the declining world power — the US — will in its own interest seize the stick of South African sanctions with which to beat its more vigorous rival, Japan. There is no other political context in which general trade sanctions by the US against capital in South Africa will be undertaken. The promoters of economic sanctions on South Africa thus appear as the creature of one arm of world imperialism against another in the battle for profit: the classic role of reformist, nationalist and Stalinist politics.[4]

US capital first entered South African gold production as a major factor seventy years ago, through participation of the Morgan banking interests in the flotation of Anglo American Corporation in 1917. At that time, 'American' meant Morgans and 'Anglo' meant Rothschilds. The US was then in its capitalist ascendancy, as war-creditor to Britain. US moralism on the South African question is now principally an expression of its loss of world supremacy in banking and the stock exchange, which has passed to Japan. In 1987 the top six banks in the world in terms of assets minus negative charges were all Japanese (*Banker*, July 1988)[5], Japan was the world's biggest creditor nation, while the biggest of its securities companies, Nomura, was worth 'far more than the market value of all US securities firms combined' (Viner, p.13). In the changed world conditions of the 1980s, 'a handful of Japanese financial institutions has the power to ravage the American economy...' (ibid., p.216). US action against the gold producer, South Africa — including its credit strike of August 1985 —

conceals the *de facto* gravitation of the South African gold producer out of the US orbit towards the new master of money capital, Japan.

> With trade worth US$4.3 billion, Japan is now Pretoria's biggest partner ...
> Japan's trade with South Africa was nearly US$1 billion higher in 1987 than in 1985 ...
> The US tops the list of countries that have cut trade with South Africa; its imports fell by US$965 million in 1985-87 (*South*, October 1988).

For the South African bourgeoisie, this realignment of trade towards the rising capital under pressure of its declining rival marks a strategic re-orientation of its essential interests.

Relative to the yen as a potential world reserve currency, Japan holds a meagre gold reserve. Its post-war rise as an economic power, first in industry — producing today 50% of the world's ships, 25% of its cars, 90% of its videos and 40% of its integrated circuits (Walford, 1988, p.55) — was financed on the basis of dollar reserves and a very high ratio of debt to owned capital, when credit was cheaper than today. A reverse process has now taken place, with Japan extending credit abroad in a period of relatively high interest rates. Japan is again a net exporter of capital, as in the 1930s, only at a qualitatively much higher level. Yet as chief world creditor, funding one-third of the US budget deficit, Japan's official gold holdings were only 754 tonnes in 1986, by comparison with 8,150 tonnes in the hands of the US (Green, 1987, p.191). Given that international use of the yen is being 'prudently encouraged by the actions of the Japanese authorities' (Roosa, 1986, p.58), the gold reserve at its base can only increase, to the advantage of capital in South Africa. A fall on the Japanese share market, which rose higher than other major exchanges last year, would accelerate not reverse this tendency. In addition, no major capitalist power has stronger motive for resisting general trade sanctions. Because of its limited natural resources, 'Japan's dependence upon exports of its goods and its equal and parallel dependence upon imports of food [also raw materials and oil], render the nation perpetually vulnerable to trade sanctions' — far more than the US (Viner, p.218).

The 'world's greatest reservoir of liquidity' (ibid., p.213) is thus least likely to participate in sanctions on gold directed against the country that remains the greatest reservoir of production of the material of the bank reserve. Further, despite the fall in gold price by about 15% (roughly $75/oz.) from the end of 1987 to end of 1988, and relatively high production costs compared with newer mines in other continents, the prospect for the South African gold mines is not more bleak than it

appeared on the eve of the great depression in 1929, when there was actual net disinvestment and when state and gold mining officials predicted a decline in output of between 30 and 48% over the immediate future (Mlynarski, 1929, pp. 18-19). Within a few years, however, world financial crisis had produced the gold boom, greatly strengthening capital in South Africa.

Towards a Socialist Solidarity Campaign

In 1986, in the same month as the calls by Denis Healy and the *Economist* for a cut in gold price to bring change in South Africa, a British academic, Laurence Harris, noted that the aim of the world central banks — far from precipitating a 'gold-bust' — was 'to ensure that despite the [South African] debt-crisis, South Africa's large economy with its control over gold production was not cut off from the Western world's financial system'. The interest of the central banks lay in ensuring that South Africa's debt crisis 'did not put the international financial system at strain'. Harris observed that in the long term,

> ... even if less profitable than previously, the South African economy is such a key element of the West's international economy that banks have a strong interest in regularising its financial position. This finds expression particularly in the central banks of the US, UK and continental Europe, and among strategically minded policymakers of the major international banks (Harris, pp.810-11,813).

The sanctions argument rests on ignorance of South Africa's relation to the tendency to crisis in world economy in the present period. If the collapse of Franklin National Bank in 1974 threatened a 'potentially devastating collapse' of the whole US credit system (Melton, 1985, p.160), since its liabilities threatened the reserves of the state rescue agency — the Federal Deposit Insurance Corporation (FDIC) — it is the credit of the US state itself that is now to be tested. On the day after the global stock market crash in October 1987, world economy was saved from collapse only through a further massive state inflation of credit in the US.[6] With the bank failures and savings and loans failures of 1987/88, and a ratio of interest payments to earnings in its industrial base of over 50 percent (*Economist*, 24 September 1988), it is the 'almost complete, unquestioning confidence' (Melton, ibid.) of US and international financial capital in the FDIC that stands between accumulating financial disorders and a really serious collapse. In opposition to the solid wealth dug out of South Africa, the financial legacy of the 1980s in the US is state nationalization of a growing

debt, with rising interest paid in a depreciating dollar. These are not conditions for global financial stability. The consequences must be directly favourable to gold production, in South Africa and elsewhere.

Contrary to the monetary illusion of emancipation through economic sanctions, by courtesy of world capital, the interest of the proletariat in southern Africa requires that the burden of capital be taken off its back by socialist revolution in the decisive money centres of the globe: in Japan, the United States and western Europe. That is the only sanction that can seriously assist it. However, specific acts of solidarity, directed towards determinate goals, striking definite instruments of oppression from the oppressor's hand, are by contrast to a general economic boycott fully realisable. The object here, however, is strictly concrete and limited, aimed towards building up — not breaking down — the strategic and tactical position of the proletariat as a class. In such concrete, limited and particular actions of solidarity, the unity of the proletariat as the universal class can be brought forward as a conscious process in such a way that the power of the workers within southern Africa is strengthened, not weakened. What is needed is action by the working class abroad, in consultation with workers' organizations in South Africa, aimed at forcing specific improvements in the workers' conditions of battle.

Preparation should be made towards international class action against the British Tyre and Rubber Company (BTR), demanding recognition of the metalworkers' union NUMSA, release of its general secretary Mayekiso, reinstatement of the sacked workers at the BTR Sarmcol plant at Howick, compensation for the victimized workers and their families (see 'Body Count Natal' in this issue) and satisfaction of the workers' wage demands. This is both more feasible than a campaign of sanctions on gold and would directly strengthen the proletariat. Every effort should be made to put into the workers' hands those elements of enlightenment, and organization that the state — supported by the international of capital — deprives them of. A similar campaign requires to be developed against Consolidated Gold Fields, through its world-wide interests in the road construction corporation, ARC. This should aim at improvements in the working and living conditions of the workers in ConsGold's South African mines, among the most despotic of all in their administration. Practical international action is needed urgently to save the lives of mineworkers such as Dilizintaba Nomnganga, on death row for their part in the class battles on the mines. Workers should stop all trade with South Africa in material for military and police purposes. In place of the ANC/SACP/AAM strategy of economic sanctions plus political negotiations directed towards a settlement with capital, a socialist strategy would strengthen the workers for a revolution against capital.

In contrast to the mirage of victory through economic sanctions, the

proletariat of South Africa requires above all, clarity. It is a long way from being theoretically equipped to make the revolution it requires. Emancipation can be achieved only by the working class itself: but this demands a genuine enlightenment, as well as class organization, both national and international. The sanctions campaign is a misleading folly. As a barrier to consciousness and to organization, it must be rejected.

NOTES

1. Pierre-Joseph Proudhon (1809-1865), French socialist writer. A biography sympathetic to his ideas is by Hyams (1979).

2. Minorco's £2.9 billion takeover bid for Consolidated Gold Fields in September 1988 was to secure 'Anglo's getaway vehicle come the revolution on the Rand' (*Financial Weekly*, 29 September 1988). The AAM's plea to Mrs Thatcher's minister, Lord Young, and ConsGold's plea to President Reagan employed the same argument: that Minorco's bid should be rejected, on grounds of the strategic defence interest of the imperialist state (*Guardian*, 11 October 1988. FT, 6 October 1988). It was a representative of ConsGold interests, Michael Fuller-Good, who declared at the height of the miners' strike in 1987 that blacks were intellectually incapable of competing with whites, and that the migrant labour system existed because blacks preferred it (*Observer*, 9 August 1987).

3. The pioneer study attempting to understand modern South Africa through a serious reading of Marx's *Capital* is by Williams (1975). This study involves major problems of theory, some of which are referred to by Clarke (1978). However these along with the merits of the work — outstanding in comparison with what preceded it — have so far remained unexplored at the level of serious critique by the South African left. The conception against which Williams developed his argument (the SACP theory of 'colonialism of a special type', as advanced by Harold Wolpe) has still not found a defender adequate to Williams, who establishes that 'the real barrier to capitalist development in South Africa is none other than capital itself ...' (p.28).

4. As far back as April 1984, the Interim Committee of the IMF expressed 'profound concern over the growth of protectionist practices' (quoted in Roosa [1986], p.52). Recently the press reported: 'Brussels and Washington tussle on brink of all-out trade war' (*Guardian*, 23 November 1988). In December the Montreal conference of the General Agreement on Trade and Tariffs (GATT) ended in disarray.

5. Only one US bank in 1987 came within the top 30 globally (Citicorp, in 8th place), as against 18 Japanese banks (*Banker*, July 1988). The US banks had been severely hit by large provisions against non-payment of debt and by depreciation of the dollar.

6. Batra (1988) writes of the global crash of October 1987 as 'merely a preliminary tremor, a mild preview of a greater upheaval yet to come' — indeed, a 'mini-crash'. He recalls: 'Whenever times are tumultous, people turn to gold' (pp.12, 161).

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