

## Gold by William Engdahl

### All that glitters

*A move by the Oppenheimers signals a global reorganization of critical raw materials mining and production.*

On Sept. 22, a Luxembourg investment company owned by the Oppenheimer Group, Minorco, S.A., launched the largest corporate takeover attempt in British history. At stake was a bid to take full ownership of the \$4.9 billion British-based mining group, Consolidated Gold Fields.

Minorco, should it succeed—seems likely at this time—will transform the Oppenheimer group, owners of the world diamond monopoly through De Beers Consolidated, and the world's largest private gold mining group, Anglo American, into by far the world's largest precious metals and mining conglomerate.

While ConsGold's chairman Rudolph Agnew rather hypocritically rejected the bid as a "front-door for the South Africans to indulge in asset-stripping," in actual fact, the bid is part of a pattern involving global reorganization of critical raw materials mining and production. In recent days, Canada's Noranda Mines group made a bid for Sweden's Graenges Exploration. Ascher Adelman of New York has made a bid for the Lonrho group of Tiny Rowland, which includes gold and platinum mining assets estimated at some \$2 billion. Some six months ago, "junk bond" raider and Drexel, Burnham Lambert ally T. Boone Pickens made an unsuccessful bid to grab Newmont Mining of New York and Denver. "World resources assets are being rearranged," stated one City of London financial insider.

What is behind this, when the price of gold has plunged some 20% from its \$500 level of January? Presumably, the likes of Sir Harry Oppenheimer's Minorco, S.A. know something

that you and I do not.

Minorco is a Luxembourg holding company which is part of a complex of cross-holdings 67% owned either directly by the liberal South African-London Oppenheimer family or by their two corporate groups, Anglo American and De Beers. Minorco already owns 29% of ConsGold, the world's second largest gold mining group. It wants it all.

ConsGold itself is quite a choice holding. In addition to two of the most productive mines in South Africa, it owns 49% of a U.S.-based mining concern, Newmont Mining. Newmont and ConsGold together are two of the largest operators in what is described by one London gold analyst as "the world's premier goldfield outside South Africa," the Carlin Trend in Nevada. They can reportedly extract gold there at a cost of \$200/ounce, comparable to the low-cost extraction at South African mines.

Gold is perhaps among the most controlled and byzantine of any traded commodities. This owes to its manifold role as a central bank reserve, as a consumer item in jewelry and industry, and as a "hedge against inflation" for millions of nervous or simply prudent investors. Central banks periodically sell significant volumes of gold reserves through secret dealings with private brokers to keep the attractiveness of the metal subdued. A stampede into gold under conditions of stock and bond market panic would shift the locus of global financial power toward Johannesburg and Moscow, away from New York, London, and Tokyo.

While the market price of gold has come down from its record peak of

some \$800/oz. in the early weeks of 1980, when oil was topping \$40/bbl and Russian troops were marching into Afghanistan, it has remained a remarkably firm commodity, currently near \$400/oz.

The Russian interest in the yellow metal is also far from passive. Narodny Bank has just joined the London Bullion Association. The Soviet Union, next to South Africa, has the world's single most important reserves of unexploited gold.

Within minutes of the Oct. 19, 1987 stock market crash, the price of gold shot up to near \$500/ounce. Skittish investors scrambled for some hard item of value, in fear that the mountains of worthless inflated stock paper churning around the deregulated "globalized" financial markets would evaporate. Swift and highly secret central bank intervention dealt an equally sharp counter-blow to the gold holders at that time.

But now, the world is in the initial stages of what could be a global reorganization of strategic economic resources and metals.

Imagine for a moment that Governor Dukakis becomes President Dukakis, and signs the "Dellums Bill," imposing savage economic sanctions on South Africa. This would have the effect of benefiting all non-South African gold and strategic metals interests, especially the Soviet Union.

North American and Australian interests would also benefit, of course. In 1987, according to ConsGold, of the 1,373 tons of gold mined outside the communist world, 670 tons were mined in South Africa. But some 275 tons came out of North America, almost a 350% increase since 1980. The other significant new mining regions include Australia and Brazil, in both of which, Oppenheimer and friends would hold a handsome share if the ConsGold bid succeeds.