"... The black man had to be taught that he came second and that he belongs to the inferior class that must obey."

Paul Kruger
THE KRUGERRAND CONNECTION

**WHAT IS A KRUGERRAND?**

"More than any other coin, the world buys its gold in the form of Krugerrands." Although they are legal tender in South Africa, these coins are minted primarily for export to foreign investors. The value of the coins is directly linked to the daily international price of gold. Krugerrands are available in four sizes: 1, ½, ¼, .10, Troy ounces of fine gold. The precise content of gold in each coin makes it easy for individual investors to gauge the value of their investment at any time. That makes the Krugerrand "the world's best way to own gold" according to its promoters.

**WHO PROFITS FROM SOUTH AFRICA'S GOLD?**

Gold sales provide about 50% of South Africa's foreign exchange—foreign exchange that buys the oil companies, airplanes and other hardware that South Africa needs to survive. South Africa is the world's principal gold producer, with 1983 production at 21.8 million Troy ounces or 49.1% of the world's total (excluding the Comoros).*(Gold exports accounted for $2.18 billion out of an $18.8 billion figure for all South African exports in 1983.)* So, despite intensive efforts at diversification, South Africa's white minority rulers remain heavily dependent on gold to generate economic growth and the government revenues needed to maintain the repressive apparatus of apartheid. About 16% of gold produced (3.5 million Troy ounces) is used for making Krugerrands in 1983. 4,863,149 Krugerrands were sold worldwide (in four sizes) during the two periods were $2.03 billion and $2.18 billion respectively.

**The Mine Owners**

The Chamber of Mines of South Africa, the national association of mine owners, directs the production of gold. The Chamber sells its gold to the government for export. Krugerrands, however, are minted by the government and then returned to the Chamber of Mines. The Chamber sells the coins worldwide through its subsidiary, the International Gold Corporation (Intergold). Earnings from the coin sales go directly back to the Chamber and so to the mine owners.

**The South African Government**

The South African government benefits greatly from gold production and Krugerrand sales through taxes and profit shares. In 1983, profit and taxes on South African gold production amounted to $1,267 paid to whites, or less than a fifth. While wealth and black poverty have been the pattern in South Africa ever since the discovery of gold in the 1800s transformed the country from a forgotten colonial backwater into one of the largest gold producers in the world, the gold mining industry has been "the most vital" in the words of C.T. Vos, President, Chamber of Mines. Intergold distributes Krugerrands to its promoters.

**Not The Black Miners**

Over 424,520 black miners dig the gold that makes South Africa rich, under the direction of 48,389 white miners. In 1982, monthly wages of black miners at the repatriates averaged $522, compared to $1,267 paid to whites, or less than a fifth. While wealth and black poverty have been the pattern in South Africa ever since the discovery of gold in the 1800s transformed the country from a forgotten colonial backwater into one of the largest gold producers in the world, the gold mining industry has been "the most vital" in the words of C.T. Vos, President, Chamber of Mines. Intergold distributes Krugerrands to its promoters.

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**ADVANCED TO MARKET**

Intergold, the international marketing arm of the Chamber of Mines of South Africa, is responsible for worldwide Krugerrand sales through its more than twelve branch offices around the world. The US office is based in New York and Los Angeles. In Europe, Intergold distributes Krugerrands to a small market of firms who, in turn, supply the coin to a vast array of banks, brokers, gold exchanges, and coin and bullion dealers around the world. The company also operates a "Krugerrand Information Service," with a toll-free number which will supply listings of "your nearest Krugerrand dealer" anywhere in the US.

**US Promotion of Krugerrands is Handled by the New York firm of Doyle Dane Bernbach through a multi-million dollar ad campaign.** Advertising for the coin appears in major newspapers, national journals, and the New York Stock Exchange. The company also operates a "Krugerrand Information Service," with a toll-free number which will supply listings of "your nearest Krugerrand dealer" anywhere in the US. Promotion of Krugerrands is handled by the New York firm of Doyle Dane Bernbach through a multi-million dollar ad campaign. Advertising for the coin appears in major newspapers, national journals, and the New York Stock Exchange. The company also operates a "Krugerrand Information Service," with a toll-free number which will supply listings of "your nearest Krugerrand dealer" anywhere in the US. Promotion of Krugerrands is handled by the New York firm of Doyle Dane Bernbach through a multi-million dollar ad campaign. Advertising for the coin appears in major newspapers, national journals, and the New York Stock Exchange. The company also operates a "Krugerrand Information Service," with a toll-free number which will supply listings of "your nearest Krugerrand dealer" anywhere in the US. Promotion of Krugerrands is handled by the New York firm of Doyle Dane Bernbach through a multi-million dollar ad campaign. Advertising for the coin appears in major newspapers, national journals, and the New York Stock Exchange. The company also operates a "Krugerrand Information Service," with a toll-free number which will supply listings of "your nearest Krugerrand dealer" anywhere in the US. Promotion of Krugerrands is handled by the New York firm of Doyle Dane Bernbach through a multi-million dollar ad campaign. Advertising for the coin appears in major newspapers, national journals, and the New York Stock Exchange. The company also operates a "Krugerrand Information Service," with a toll-free number which will supply listings of "your nearest Krugerrand dealer" anywhere in the US.
Among recent developments:

- In ongoing Free South Africa Movement demonstrations, groups in many cities are targeting Deak-Perera, and other Krugerrand distributors. After some weeks of picketing, outlets in Pittsburgh and Minneapolis agreed to discontinue sales.
- In February 1985, New York City passed an ordinance banning the deposit of city funds in banks which promote the Krugerrand.
- Shearson/American Express halted Krugerrand promotions in 1983.
- Dean Witter Reynolds dropped the coin under the strict anti-discrimination policies of its new parent company, Sears Roebuck.
- Anti-Krugerrand resolutions were passed in Atlanta, Austin, Boston, Chicago, Denver, Portland, Detroit, Oakland and San Antonio.
- The First National Bank of Chicago agreed to suspend sales.
- The flagship television stations of ABC, CBS, and NBC in New York and several other cities dropped Krugerrand advertising.
- In 1983, the U.S. House of Representatives passed a bill calling for a ban on sales of Krugerrands. The bill died for lack of Senate support, but has been introduced again, in 1985.

BUILDING THE CAMPAIGN

- Lobby your Congressional Representatives to support legislation to ban the sale of Krugerrands pending in Congress. Get your city to refuse to deposit funds in banks that sell Krugerrands.
- Investigate Krugerrand outlets; they include banks, jewelry stores and coin dealers. Call Intergold's “Krugerrand Information Service”—(800) 356-4653—to find your nearest Krugerrand dealer. Check publications for ads.
- Build informed community support for demonstrations through talks, letters to your newspapers and local radio stations. Set up a picket line and distribute leaflets in public places and transportation facilities.

David Brooks
February 1985