

Africa's production dropped 6% that same year. To look at it a different way, in 1970, non-Communist world production was 1,274 tons; by 1986 it was 1,280 tons, nearly the same. South Africa's share of the production over that period, however, dropped 29%!

As problematic as the government policies in that country are, economic decline only exacerbates the political situation. As one expert noted, "Every episode of unrest in South Africa has coincided with economic setbacks. This applied to the Sharpeville disturbances of 1960-61, the mass strikes of 1973, the 1976-77 Soweto disturbances, the 1980-81 school unrest in Natal, and, of course, to the most recent massive unrest."

This has not gotten through to the liberal congressmen of the United States who have continued to pressure for more stringent sanctions against South Africa, despite the consequences for the population whose cause they claim to espouse, let alone any security considerations for the United States.

If production in South Africa were to continue to decline, the country in the best position to corner the market in gold is the Soviet Union. And in that case, whether one has gold hoarded in the basement or not would be of little consequence; the Soviets could flood the market or not, as they choose.

Until a new gold reserve system were established for the dollar, generalized flight into any of these metals will only accelerate the crash in the short term, and be of no use to anyone in the long run.

EIR estimate of bank failures now at 230

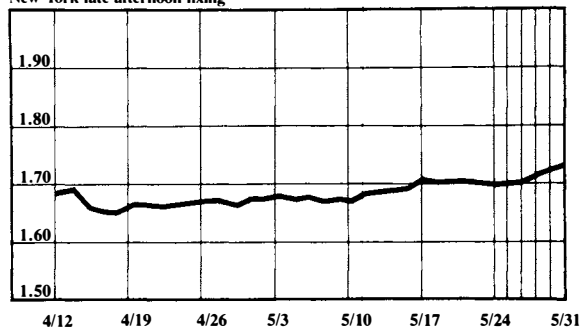
Banks known to *EIR* to have either failed, in the Federal Deposit Insurance Corporation's definition of "failure," or been the subject of an "assisted transaction," a failure by a different FDIC name, since our last report, are the following:

- May 18:** American State Bank, Yanton, South Dakota
- May 19:** National Bank of Texas, Houston, Texas
- May 20:** Federal Land Bank of Jackson, Jackson, Mississippi
- May 26:** Lone Star Bank, Bay Town, Texas
- May 26:** First National Bank of Kingwood, Houston, Texas
- May 26:** First State Bank of Rockwall, Rockwall, Texas
- May 27:** Sandy State Bank, Sandy, Utah

Currency Rates

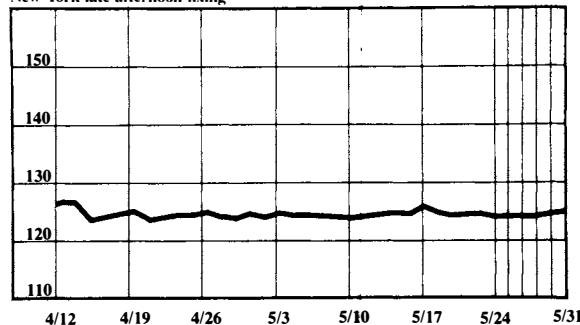
The dollar in deutschemarks

New York late afternoon fixing



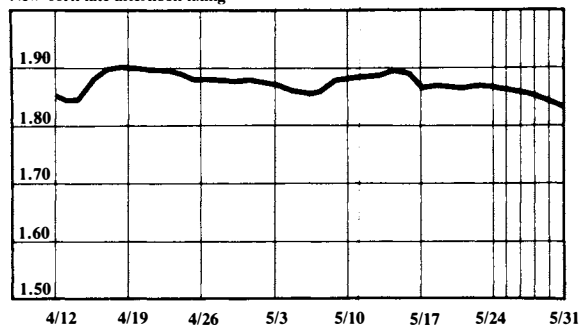
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

