

# REVIEW: ANGLO - Anglo American and the rise of modern South Africa

Duncan Innes

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South African workers are probably aware of the significant role which a few large companies play in their lives. How those companies reached their present positions of power is less well-known, and how they are linked together is a subject shrouded in mystery.

Duncan Innes's book, Anglo, deals first with the origins of Anglo American Corporation. Because Anglo American's growth was made possible in large part by its association with De Beers Consolidated Diamond Mines, Dr Innes begins with a short history of diamond mining and the development of the De Beers near-monopoly in this industry. This material provides the background for an account of the way in which the group system was formed on the Witwatersrand gold fields during the years 1886-1910. Under this system, most gold mines came under the control of a small number of mining "houses" such as Gold Fields and the Corner House group (a forerunner of Barlow Rand).

Anglo American itself was born during the first world war. The company was formed to tap American as well as other sources of finance, but its base lay in gold and coal mining groups which already owned rich properties in various areas. From the start, Anglo American was a highly profitable venture. Its rich mines allowed it to ride out problems - including the strikes of 1920 and 1922 - better than some others.

Meanwhile, De Beers faced mounting problems in the diamond market. Its difficulties increased throughout the twenties, and with the support of foreign backers, Anglo American was able to acquire effective control of De Beers at the start of the depression in 1929. With increased resources at its disposal, Anglo American was well placed to expand beyond the mining industry.

During the thirties, manufacturing industry in South Africa began to grow more rapidly. The mining houses had capital available which enabled them to participate in this expansion. Anglo American developed interests in the production of mining and drilling equipment, and through De Beers in the chemical industry (especially in AE&CI). It also began to expand its investments outside South Africa - in "Rhodesia" (ie. in both Zambia and Zimbabwe) and in Namibia particularly.

During and after the second world war, the mining houses, including Anglo American, invested heavily in the new Far West Rand and Orange Free State gold fields. As these new mines contributed an ever larger proportion of group profits, Anglo American's strong position in the new fields helped it to become the biggest gold producer of all by 1958. At the same time, its stake in other mining groups became significant. Johannesburg Consolidated Investment (JCI) fell under Anglo American control, while Anglo cemented relations with mainly Afrikaner-owned companies by assisting them to acquire control over General Mining, the central part of today's Gencor. Anglo American's position as the dominant mining house was now undisputed. New fields remained for it to conquer.

Industrial expansion was rapid during the sixties. Anglo American's presence in, for example, Highveld Steel, AE&CI, Scaw Metals, Sappi - reveals the company's interests in some of the largest plants in almost every industrial sector. In addition, the corporation acquired large stakes in property (Amaprop), construction (LTA) and publishing (Argus). Dr Innes argues that during the sixties South African capitalism became dominated by "monopoly" corporations, like Anglo American, which were able to exert a big influence over most parts of the economy. In the seventies, as economic expansion slowed down, these groups tightened their control by absorbing more and more other companies - a process termed "centralisation". An example of this is to be found in Anglo American's control over the car manufacturer, Sigma. Later named Amcar, this corporation has now merged with Ford in South Africa as well, to become Samcar. Similarly, Anglo American tightened and extended its control over coal mining, other industries and financial institutions. At the same time its foreign investments became increasingly important.

Anglo American begins its investment in other parts of the

world mainly in mining. Thus, it still has large interests in copper mines in Zambia and various mines in Zimbabwe; it owns mines in Canada and Brazil. Through control of companies registered in other countries, like Charter Consolidated (UK) and Minorco (Bermuda), Anglo American reaches into a very large number of African countries, as well as other parts of the world. Dr Innes treats these interests as the culmination of Anglo American's successful expansion programme, and relates them to the attempts of the South African government to develop closer ties with other African countries.

Financial analysts who work for stockbrokers in Diagonal Street or for business newspapers presumably know a great deal about the corporate links which give Anglo American its unique position in the South African economy. Dr Innes's book makes this information available to the rest of us. It is a useful tool in understanding how much strength lies behind the employer which workers confront, for example, at Vaal Reefs. However, the pattern of Anglo American's investments and structure changes all the time, and information needs to be constantly updated.

From the point of view of the workers' movement in South Africa, the most important questions about the giants of the economy have to do with how their parts link together. How does each company in the group relate to others? Which parts of the group are dependent on which other parts? How can the group use its resources to withstand strike action against one company? Which are the most vulnerable parts, or strategically the most important? Where are the parts of the group which are most immediately dependent on the labour of the workers, without which the entire group face severe difficulties - if any? Dr Innes's book provides a useful starting point for analysing these issues. Any group of workers who want to know more about the history of big companies in South Africa or about the Anglo American-De Beers group in particular, will find Anglo an interesting book to discuss. Such discussion will also reveal how much more remains to be done in order to understand the structure, strengths and weaknesses of capital in South Africa today.

(Alan Mabin, May 1985)