Anglo American Corporation and the South African State: A contextual analysis of annual reports 1917-1975

Purpose
This paper examines the complex and shifting relationship between the Anglo American Corporation (Anglo) and the South African State (“the State”) as reflected in Anglo’s annual reports.

Design/methodology/approach
This paper builds on research on the role of annual reports in ideological conflict. To examine the ongoing relationship between Anglo and the State, we read all the annual reports published by Anglo American from 1917 to 1975, looking for instances in which the corporation appeared to be attempting to address, criticize, compliment, or implore the State.

Findings
During the period under study, despite the apparent struggles between the South African State and Anglo American, the relationship between the two was primarily symbiotic. The symbolic confrontation engaged in by these two behemoths perpetuated the real, physical violence perpetrated on the oppressed workers. By appearing to be a liberal opponent of apartheid, Anglo was able to ensure continued investment in South Africa.

Social implications
The examination of decades’ worth of annual reports provide an example of how these supposedly neutral instruments were used to contest and sustain power. Thereby, Anglo could continue to exploit workers, reap enormous profits, and maintain a fiction of opposition to the oppressive State. The State also benefited from its support of Anglo, which provided a plurality of tax revenue and economic expansion during the period.

Originality/value
This paper provides insights into the ways the State and other institutions sustain each other in the pursuit of economic and political power in the face of visible and widely condemned injustices. Although they frequently contested each other’s primacy, both benefited while black South African miners suffered.

Keywords: Anglo American Corporation, black mineworkers, annual reports, ideological conflict

Paper type: Research paper
“When the elephants fight, it is the grass that suffers.”

Kikuyu proverb

1. Introduction

In 2012 police killed 34 striking miners at the Marikana gold mine in South Africa (Onishi, 2015). This incident was the largest loss of life at the hands of the police in South Africa since the 1976 Soweto uprising. Questions about how this event transpired nearly 20 years after the end of apartheid led us to examine the past that led to this moment. From an accounting perspective, Marikana serves to remind us of the absolutely central role the State has to play in management control. There is a dearth of work in the academic accounting literature on the relationship between the State and capital and the State’s role in management control, although the State’s role in management control is normally more mundane and veiled. And, the State/capital relationship is a complex one, in that the interests of each do not necessarily align. This paper adopts a historical perspective to reflect upon the developing and changing relationship between the State and capital in South Africa. It identifies the ways the State and other institutions sustain each other in the pursuit of economic and political power in the face of internationally reviled work practices which were “cruel beyond belief” (Qabula, 2017).

Specifically, this paper examines the complex and shifting relationship between the Anglo American Corporation (Anglo) and the South African State (“the State”) as reflected in Anglo’s annual reports in the 1917 – 1975 period and contextualized within the history of South Africa. Our hope is that exposing some of the nuances in how dominant powers battle for and sustain their power at the expense of the majority will lead to further understanding of the complicity of annual reports in disguising oppression. More than this, as historical artefacts, annual reports can be seen as “weapons” deployed by corporations either to influence their investors and/or the State. Thus, while annual reports are documents of disguise, paradoxically they also render the historically embedded concerns of corporations visible.

The relationship between Anglo American and the South African State provides a distinctive research arena because they were closely linked from their inceptions: the Union of South Africa was founded in 1910, with an economy based largely on gold and diamonds, and Anglo American - which would become South Africa’s dominant mining company - was founded in 1917. The utter dominance and exploitation of black mine workers that transpired at Anglo could not have been effected by a single corporation or industry: the South African State played a major role in Anglo’s achievement of control over its workforce. In its origins, the State provided Anglo with the necessary infrastructure and with myriad laws that allowed for the lucrative appropriation and exploitation of both land and human beings. In turn, Anglo provided the State with the revenues that fuelled the economy, and with legitimacy as the eyes of the world turned on South Africa’s apartheid policies, especially after World War II.

Anglo American Corporation - in particular its gold mining operation - has been at the centre of the South African economy throughout its history (Pallister, et al., 1987, p. 26; Sampson, 1987, pp. 55-57). Founded by Ernest Oppenheimer, its name derives from its original sources of £1 million in funding from financial powerhouses in Britain and the United States (Allen, 1992, p. 78; Pallister, et al., 1987, p. 54; Wheatcroft. 1986, p. 246). By 1969, Anglo was producing nearly 13 million ounces of gold a year, 41% of South Africa’s total production (Annual Report, 1969, p. 16) and employing hundreds of thousands of
miners (Innes, 1984, pp. 248-249). Between its founding and 1969, the ratio of white wages to black wages in South Africa’s mines rose from 12:1 to 20:1. During most of the period, approximately 90% of employees were black (Wilson, 1972, pp. 46 & 81). Throughout the twentieth century, the company had significant investors from outside of South Africa, which played a role in shaping the impressions the company tried to convey in its annual reports. During the period 1917-1975, gold mining provided the plurality of South Africa’s tax revenue, stockholders’ value, foreign exchange, and employment. At the height of the apartheid regime, the wealth provided by gold created a bulwark against international demands for change (Pallister et al., 1987, p. 9).

Despite the exploitation of black miners that enabled Anglo to become one of the most powerful corporations in the world, the Oppenheimer family had an international reputation - and were often viewed within South Africa - as opponents of the South African State’s policy of apartheid (Pallister et al., 1987, p. 8; Suzman, 1993, pp. 23-24; Mohr, 1973; Berger, 2000). The relationship between the Oppenheimers and the State was made more complex by the fact that both Ernest and his son Harry were elected political leaders: Ernest served as mayor of the diamond mining centre of Kimberly and Harry was a member of the South African parliament (Wheatcroft, 1986, p. 257-258). While the cooperation between the State and Anglo waxed and waned over time, and while the Oppenheimers - both in the press and in their annual reports - frequently protested against the restrictions on black workers enforced by the State, in reality these two institutions were mutually supportive and cooperative in their exploitation of black South Africans.1

This paper adds to the literature on understanding the relationship between “capital” and the “State” through the examination of a dominant company in a country with a particularly strong State apparatus and a fraught racial history. It provides insights into the ways the State and other institutions sustain each other in the pursuit of economic and political power in the face of visible and extensively condemned brutality. In our case while they frequently contested each other’s primacy, both benefited, while society, i.e., black South African miners, suffered. In terms of its specific contribution to the accounting literature, it crafts a space for both reappraising the role of the State in terms of its role in management control and for reappraising annual reports as historical artefacts, weapons in ideological conflict and documents of disguise.

This paper is organized as follows. First, the development of the South African State as interpreted by Anthony Marx (1998) as a concession to cooperation between British and Afrikaner residents in order to dominate and exploit black South Africans is discussed. Next is a review of relevant accounting literature, followed by our methodology. Sections 5 and 6 provide a historically situated analysis of the Anglo’s annual reports from 1917 to 1975 through the lens of contestation and collaboration between the State and Anglo as described by Marx (1998). The final section discusses the findings and concludes the paper.


In the mid-19th century, what is now South Africa was populated by Xhosa, Zulu, and other indigenous groups as well as European settlements that had been established because of South Africa’s strategic location for shipping between Europe, the Far East, and other trading destinations. (See Timeline in the Appendix 1.) The Dutch East India Company sent farmers in the mid-17th century to farm the land in order to supply ships travelling between Holland and the East (before the Suez Canal was built, this was the only route), and this group, later known as Afrikaners, constituted the majority of the white population in the area. Britain seized the Cape during the Napoleonic wars, and large groups of British arrived in the early 1800s, also drawn by the strategic location at the southern tip of the African continent.
Tensions between the English and Afrikaners have been an important component of the history of South Africa. When the British outlawed slavery in 1834, Afrikaner farmers protested that they could not afford to produce crops without unpaid (slave) labour. Both British and Afrikaner immigrants waged wars against indigenous groups, and after diamonds (in the 1860s) and gold (in the 1880s) were found in marketable quantities, there was a rush of Dutch, British, and other European immigration to mine these valuable commodities.

South Africa’s sudden wealth led to two major conflicts between the British and the Afrikaner Boers, the First Anglo-Boer war of 1880, won by the Afrikaners, and the Second Anglo-Boer war, which concluded with a British victory in 1902 after the deaths of thousands of black South Africans, Afrikaners, and British. Both wars, historians argue, were over control of the massive gold fields of the Witwatersrand, despite claims of noble aims by the British imperialists (Marx, 1998, p. 86). For example, a young Winston Churchill, upset by the loss in the first Anglo-Boer war, stated, “[F]or the sake of our Empire, for the sake of our honour, for the sake of the race, we must fight the Boers (Woods, 1992, p. 47; emphasis added).

Churchill’s - like many others - use of “race” to distinguish between British and Afrikaners is prescient: the history of South Africa is almost uniquely based on “race.” Soon after the end of the second war it became clear that the interests of Afrikaners and the British could be united if politicians emphasized the need to consolidate the “white” immigrant groups against the “black” indigenous people. The mines were largely controlled by the British faction and the mining magnates needed political and military power to force black workers to mine the labour-intensive, low-grade - albeit abundant - ore that characterized the South African gold fields. Meantime, the Afrikaners, who were mostly farmers, also wanted control over the black labour force in order to increase the profitability of their crops. In Britain, support for the Anglo-Boer wars was fanned by propaganda that emphasized the need for strong, centralized State control in order to mine the wealth. In this period of British imperialism, it was not difficult to gain such support (Marx, 1998, p. 85).

Many British leaders on the southern tip of Africa had paid lip service to the need to “protect” the interests of the African majority and many black South Africans fought for the British during the two wars. As the impending British victory became clear in 1900, black South Africans burned their passes, which restricted their movements, because they believed that a British victory would end the pass laws, extend the franchise to black South Africans and extinguish other racially discriminatory laws. After the Second Anglo-Boer war, however, the British soon abandoned these promises and, for reasons of expedience and greed, attempted to unite with the Afrikaners, who constituted the majority of whites in the area and thus the largest political bloc (Marx, 1998, pp. 88-91).

Given the importance of South Africa’s wealth to the British Empire, it was not unexpected that the British would cooperate with Afrikaners at the expense of the black local population. The British needed the Afrikaners’ political power, and both groups were united in their desire to exploit black workers. The Union of South Africa was formed in 1910 based on the mutual interest to exploit black South Africans and a desire to end the bloodshed of the wars. United, Afrikaners and British believed that they could consolidate their power over the indigenous population (Marx, 1998, p. 93).

Mining and exporting gold and diamonds required infrastructure such as roads, railroads, and ports, and the new nation decided on a strong central government in an attempt to end the factions that had characterized previous decades (Marx, 1998, pp. 94-95). The newly formed State then consolidated, systematized and further codified the discrimination that had been practiced by mine owners, ensuring cheap land and labour for the mining industry. The earliest formal pass laws - requiring that all black South Africans have government permission to be in “white” areas - were written by the Chamber of Mines, the
cartel that controlled the gold mining industry (Wilson, 1972, p. 3; Innes, 1984, p. 61). These pass laws, combined with the introduction of “hut taxes” (which forced pastoral Africans to find paid work) and the forced removal of black South Africans to “Homelands” - contrived entities that confined black families to a minuscule fraction of South Africa’s land - gave the South African mining industry exceptional control over its labour force (Allen, 1992, p. 4; Barker, 1959, p. 36; De Kiewiet, 1941, p. 199; First, 1982, pp. 8-9; Union of South Africa, 1932, p. 97, paragraph 669; Wheatcroft, 1986, p. 3). The job colour bar - enshrined in multiple laws including the Mines and Works Act of 1911 - precluded employment of black miners in skilled positions and enabled the mines to pay black workers a small fraction of their white counterparts’ wages (McCulloch, 2012, p. xii). Moreover, the State’s educational policies ensured that black workers were denied the skills to do better-paid work (Allen, 1992, p. 147). Together with the State, the gold mines created apartheid’s underpinnings (Lipton, 1985, p. 119; Pallister, et al., 1987, p. 8). This ensured that, for survival, they would be dependent upon - and inexpensive for - white employers in the mines or in the fields (Allen, 1992, p. 4; Barker, 1959, p. 36).

Having effectively coerced the majority of the population into serving the desires of capital, the British mine magnates were content to concede political power to Afrikaners. Because only white South Africans could vote, Afrikaners dominated the political realm from the formation of the State through the period under study (Marx, 1998, p. 95). This State created explicitly for the benefit of white South Africans provided the possibility for the emergence of Anglo American Corporation in 1917. The State infrastructure ensured the availability of cheap, exploitable labour, which enabled the rapid rise and amassing of wealth by Anglo. While the State codified and normalized the laws that made economic exploitation possible, Anglo and other mining companies provided the tax and foreign exchange revenues that kept the South African government not only afloat, but in a position to provide benefits to its minority white citizens - the country’s only voters. These voters - both Afrikaner and British - became enthralled with the system that enriched them.

Anglo’s public opposition to State apartheid was often more symbolic than actual. Many apparent confrontations were pointedly on display for the public’s consumption - in an effort to shape the expectations of ordinary members of society or strengthen the institution’s legitimacy and fortify its ability to accrue additional resources or domination. Despite their “sparring” (Pallister, et al., 1987, p. 84) throughout the period under study, British-dominated Anglo relied on the legitimacy of the Afrikaner-dominated State to enforce its interests.

3. Literature Review

There is an important literature in accounting which considers the role of annual reports in ideological conflicts. Tinker (1980) studied the financial Statements of the iron mining firm Delco, which operated in Sierra Leone from 1930 to 1976, finding that - as in South Africa - corporate profits redounded to the benefit of the State but did not adequately compensate black labourers, who throughout the period made less than a tenth of the earnings of white employees. While Tinker (1980) analysed the financial reports themselves, demonstrating the changes over time in the distribution of firm earnings, this paper follows research taking a broader approach to the content of annual reports, starting with the groundbreaking work of Tinker and Neimark (1987), which examined the manner in which annual reports - far from being neutral instruments - played a role in shaping the “world view” that legitimates domination and oppression, in our case of black gold and diamond miners and the black population.

More recent work that examines ideology and annual reports includes Lauwo et al. (2016), which examines the reporting practices of the two largest transnational gold-mining
companies in Tanzania. It found that although the mines had serious impacts upon the local communities, these impacts often remain invisible in mining companies’ social disclosures. The paper recognized the importance of the State and argued that for corporate social responsibility disclosures to take place, robust regulations, enforcement and stronger political pressure must be put in place. Other work that follows Tinker and Neimark (1987) concentrates more directly on employees. Mäkelä (2013) employs the concept of ideological strategies as developed by Eagleton (1991) to analyze the ideologies underlying employee reporting. It analyzed the special section in Finnish annual reports that addresses employee-related issues, concentrating on the largest 25 Finnish companies in 2008. It found that employees are presented in a fairly narrow, mechanistic manner as efficiently aiming at a kind of development and growth of instrumental value to companies, and not as complex, individual human beings possessing a variety of qualities and needs. With particular relevance to the argumentation in our paper, the study shows how corporate “talk” works to naturalize and universalize a utilitarian ideology.

Again in a Finnish context, but from an environmental perspective, Mäkelä and Laine (2011) considers how corporate reporting can be used to reinforce particular worldviews in the ongoing debate over sustainability. Through analyzing the annual reports of two Finnish companies from 2000 – 2009, based on Thompson’s (1990) schema regarding the modes of ideology, this paper found significant differences between the CEO letters in the annual reports which mainly use the economic discourse of growth and profitability, and the ‘well-being’ discourse in the sustainability reports. Despite the difference in discourse, Mäkelä and Laine (2011), argue that by using different forms of ideological strategies, both types of disclosure serve the dominant social paradigm. In contrast, Yapa et al. (2005), argued that rather than trying to influence the outside world, companies’ reporting practices on environmental issues reflected their environmental ideologies. These differences raise important questions concerning whether annual reports are simply documents designed to influence a particular world view (for example of employees as “instruments”) or are more documents which reflect (rather than construct) an ideological position. This debate will be reconsidered in the later analysis in the paper.

Critical accounting research on the State includes examinations of the role of the State in various contexts, including explorations of the State-professional nexus in the development of accounting professional associations (e.g., Ramirez 2001; Poullaos, 2016). For example, Rahaman et al. (2007) looked at the role of accounting in the World Bank’s push for the Ghanaian State to privatize water. Xu and Xu (2008) examined the manner in which the Chinese State came to dominate the many threads of the Chinese banking industry. While Rahaman et al. (2007) noted that the outcome over water privatization was crucial in providing potable water to impoverished Ghanaians, Xu and Xu (2008) did not discuss the impact of the banking battle on the Chinese population. In contrast, we are explicitly interested in the impact of State-corporate cooperation and tensions specifically because of their impact on the exploited black South African population. As expressed in the Kikuyu proverb that commences this paper, “When elephants fight (the state and capital), it is the grass (the workers) that suffers.”

There is a dearth of literature which deals specifically with the State’s role in management control especially in terms of contemporary accounting research. Historical research has had slightly more to say on the issue. For example, Fleischman et al (2011) considers the transition from slavery to wage workers in the American South and British West Indies, and, in particular, it aims to consider the central role played by government in the process. Armstrong (1987) serves to remind us of the state’s use of accounting controls to discipline labour in times of war. Notable tangential contemporary exceptions include Sikka (2015) which describes how accounting calculations and discourses play a major role
in the determination of wages and taxes, and are thus at the heart of both capital and the state. Other literature has considered the State’s role in corporate governance (see for example Baker and Quéré, 2014). Merino and Mayper (2001) considers the role of the State in the support of a “moral” form of capitalism in the New Deal. This had a significant impact on wage levels and job security at the time and thus would have had an impact on management control of labour. Armstrong (1998) develops a materialist critique within the Marxist tradition, and, taking transfer pricing as an accounting exemplar, argues that transfer pricing remains one of the main points of contact between transnational corporations and bourgeois nation-states, vividly highlighting the socio-political nature of economic regulation and calculation.

Killian’s (2015) work explicitly addressed the dominated group in her analysis of the relationship between the Irish State and the Catholic Church in the exploitation of young women in what were known as the Magdalen Laundries. Our work is similar in that we look at two powerful forces whose battles come to the fore while the workers are largely ignored. In contrast to our work, however, Killian (2015) found that it was the very lack of accountability that enabled the exploitation of women’s labour in an almost invisible fashion. Her studies identify the role of “complicitous silence” (Killian 2015, p. 133) in shaping a collective way of being among the women (Killian, 2015, p. 19) that provided the means of their exploitation without challenge. By examining mining under apartheid, we are examining a system in which the means of exploitation were strongly codified and vocally contested, both within South Africa by the ANC and other political groups, and from without, through widespread condemnation, including by the United Nations. Killian notes that the Magdalen laundries were characterized by an ideological dominations which prevented the women from seeing their own oppression. In contrast, though many vocal institutions perceived the treatment of South African miners as despicable, the nexus of State-corporate power ensured that resistance was violently suppressed during the apartheid era. Although black South African miners staged strikes and work stoppages, the South African State and the Anglo American Corporation prevailed throughout the period under examination through their coercive practices.

In the latter sense, this manuscript builds on the work of Arnold and Hammond (1994), which demonstrated that the social disclosures of multinational corporations operating in South Africa under the apartheid regime used their participation in the Sullivan Principles to weaken external pressure to divest of their South African interests. Likewise Tinker (1984, p. 71) advocated for an examination of the “antagonisms (as well as affinities)” between capital and the State. As we describe later, Anglo American - a corporation whose name reflects its funding from outside of South Africa - used its annual reports in part to promote the ideology (Eagleton, 1991) that Anglo was in opposition to apartheid policies.

4. Methodology

In our examination of the annual reports (described below), we adopt a critical theoretical perspective. One of the distinctive and central concerns of critical theory is to uncover the way in which human practices, cultures and relations contain within themselves elements of alienation, domination and exploitation (Catchpole et al., 2004, p 1038). Critical theory accordingly requires a penetrating analysis of all social activities, especially those, like annual reports, which have been portrayed as neutral, or serving the needs of the majority. A critical analysis of annual reports, involves considering how they are inscribed with the traces and priorities of the wider system, with the result that they are so distorted and limited, and so systematically biased in their workings, that they are inadequate as a means of
social organization or expression and so incapable of serving a truly liberated human social order (Draper, 1977).

The perspective on the state adopted in this work is diametrically opposite to mainstream accounting work which posits that the State and capital are not only separate, but that the State unfairly impedes capital’s growth at the expense of all of society (e.g. Jensen and Meckling, 1980). It also differs from more nuanced perspectives on the modern capitalist state, based on variants of the base-superstructure model of society, which argue that the capitalist class is an economic class whose position does not automatically accord political power; or, in other words, that there is a separation of the political sphere (the State) and economic sphere (economic system), leading to the conclusion that the State is autonomous (or at least relatively autonomous) from the economic system and capital. The position adopted in this paper is that the State is not “relatively autonomous”; following (Catchpowle et al., 2004) it takes a more holistic approach to society. It argues that, the actions of states, accountants, capitalists and other social institutions cannot be understood on their own but only in relation to what shapes the dynamics of society as a whole, which in a capitalist system remains the pursuit of profits and capital accumulation. In particular, we expand upon the understanding of the interdependence of the State and capital by recognizing that the State was dependent on Anglo both for tax revenue and for legitimacy in the face of external criticism of the apartheid regime, and that Anglo was dependent on the State for labour supply, infrastructure, and regulations propping up the price of gold and diamonds. While the relationship between Anglo and the State changed over time, the two were constantly engaged in a delicate dance of ensuring their own legitimacy in order to maximize profitability and power. Over the decades, in this dance, the two organizations were dependent upon each other, were in competition with each other for resources and public support, and were in some areas publicly opposed to the other’s policies and practices. A further aspect to our analysis of the reports was a concern to unearth the ways in which the annual reports served to legitimize and hide the horrendous treatment of its workforce.

The method adopted to examine the ongoing relationship between Anglo and the State, involved reading all the annual reports published by Anglo American from the inception of the company in 1917 until 1975, just before the Soweto uprising. We decided to end the analysis at this point because the Soweto uprising profoundly changed the socio-political landscape in South Africa. Following the lead of Guthrie and Parker (1989), we wanted to examine several decades of annual reports so that we could document changes over the period as the political environment changed. Also following Guthrie and Parker (1989), we were interested in examining annual reports in an era before what many accounting researchers consider the beginning of corporate social reporting. By examining this period, we demonstrate that these reports did address social issues - from the earliest reports, which illustrated Anglo’s priorities mainly through the absence of acknowledgment that people were affected by its expansion - to the early 1970s reports, which continued to elide the impact of its policies on the people of South Africa.

Because none of these reports were available on-line, to examine them we travelled to libraries at Yale and Stanford universities and to the New York Public Library, as well as receiving several through inter-library loan from the University of Illinois. We read the annual reports, rather than analysing them with software, for several reasons. First, when we embarked on this project, we did not have preconceived notions as to what we would find of interest. We did not know, for example, that the first decade of annual reports - with the exception of 1919 - would be only 8-12 pages long, primarily consisting of financial statements with very little narrative. While in the 1930s they expanded a little, during World War II they shrank to become even more concise than they had been in the 1920s. It was only in 1948, and particularly from 1954 onward, that the annual reports began to look like
contemporary reports. Starting in 1954, for example, the reports included drawings and photographs, and expanded from the 8-12 page World War II reports to over 80 pages.

Second, we were not looking for the volume of comments (e.g. Guthrie and Parker, 1989; Unerman, 2000), but the content and nuances of the discourse concerning Anglo’s relationship with the State and overseas investors. For example, word counts or space (e.g., centimetres) used would not reveal the same understanding that is noticed by a human being reading a passage that uses passive voice to describe the loss of miners’ lives. Third, the quality of the reports was not sufficient for us to depend upon the character recognition skills of available software.

After we had reviewed a dozen annual reports, we determined that there were five major areas in which the reports mentioned - directly or indirectly - the role of the South African State. First, and most importantly, the reports are rife with comments about the availability of labour. With up to hundreds of thousands of miners during the period under study, cheap labour was key to maximizing Anglo’s profits. South African gold is abundant, but more difficult to mine than in most other gold-producing countries, and cheap labour is essential for making it profitable. A common refrain in the reports, for example, was threatening mine closures if enough cheap labour were not available. Second, Anglo was dependent on the growing nation of South Africa for infrastructure: when gold was found in a new location, roads, railroads, and housing were all needed. Third, although there was little attention to apartheid from the outside world in the early decades of this study, in later decades Anglo commented - sometimes obliquely - on the apartheid system and its impact on Anglo operations. Fourth, the reports often mentioned taxation - the taxes that fuelled the South African State were largely dependent on Anglo American, its largest mining concern. Fifth, the reports often mentioned legislation - in addition to labour legislation - that impacted the price and profitability of its products.

After identifying these categories, we read the 58 years of reports and sorted findings into these categories. We looked for instances in which the corporation appeared to be attempting to address, criticize, compliment, or implore the State. Over the decades, the confluence and conflict between Anglo and the State shifted dynamically, and the annual reports reflect that shift. At times, Anglo used the formalized language extant in its annual report to publicly perform its apparent opposition to apartheid policies by confronting the South African State, specifically with regard to restrictions on housing for black workers, and at other times the annual report was used to express Anglo’s appreciation for State support. For the most part, the instances examined were in words: only after World War II did the annual reports include diagrams, other graphics, and photographs. In the post-war period, we noted these illustrations and their complementary role in conveying meaning to the reports’ readers. Throughout the decades, the State made Anglo’s powerful economic position possible, and the apparent tension often seemed to serve the purpose of maintaining legitimacy with investors.

5. Anglo American’s Annual Reports

In this section we set out our analysis of the annual reports while discussing the context in which they were written. We categorise our analysis into distinct categories (Disguised Oppression, Labour, Anglo/State collaboration to “fix” markets, Housing/Infrastructure and Taxes) but these overlap. For example, while we have a short section to give examples of how Anglo used its reports to disguise its oppression, there are also clear examples of disguised oppression in the section on housing and infrastructure.
5.1 Disguised Oppression

As explained earlier, until after World War II, a typical annual report was about 12 pages long, the majority of which were tables of financial and production results, with a few pages of narrative about the mines’ prospects. However, the third annual report, in 1919, contains much more narrative than the others in this era, including a detailed description of Anglo’s engineers surveying on horseback the areas to be developed. Not one mention is made of the land’s inhabitants (Annual Report, 1919, p. 4). This reflects the assumptions underlying white corporations in the early twentieth century. “Discovered” lands in Africa and elsewhere were there for the taking and exploiting by the British and other Europeans. The question of interest to investors in 1919, as reflected in the annual reports, was the promise of minerals that might be under the land described in this report. The complete absence of mention of the people who lived on that hundreds of miles surveyed would not have surprised the wealthy white readers who were interested in the annual reports because their existence was irrelevant to the financial question at hand: can this land be profitable to Anglo? As the co-founder of Anglo comments in the annual report:

Naturally, I was disposed to pay most attention to the factors of fundamental importance, and in the course of a ten days’ tour of the diamond fields, I travelled over 200 miles, mostly on horseback, and saw practically every point of interest (1919, p. 5).

The report goes on to describe land, gravel, coasts, and other physical features with no mention of human beings; the author did not consider them a “point of interest” or a “factor of fundamental importance.” The coalition between Afrikaner and British, followed by the deportation of black South Africans to small areas of undesired land, meant that Anglo’s surveyors could explore the land with complete confidence that the State would back Anglo’s claims and interests. The 1919 report did not reflect the existence of black South Africans.

In 1927 the Precious Stones Act was passed which allowed the State to confiscate land from the indigenous owners and force them to leave (Ray, 2016, pp. 200-206). As in 1919, the 1927 annual report ignores their expulsion and the theft of their land, although, as is explained later, the annual report did praise the Act for limiting the production of diamonds in order to increase their prices. In both cases, the elision in the annual reports reflected the coinciding goals and cooperation of the State and Anglo.

5.2 Labour

In order to ensure maximum returns on the natural resources of South Africa, three elements were required. These were capital to finance production, the sufficient supply of labour and the maintenance of a low-cost structure overall (Innes, 1984). It was the State’s dominant role in the success of Anglo American to ensure the latter two. As set out in section 2, the State created a legal infrastructure which enabled a cheap and (in-the-main) sufficient supply of labour, not least through the notorious pass laws which kept miners at their place of work, and hut taxes which meant that men had to leave their homes to earn sufficient wages to pay their taxes.

Nonetheless, labour supply was of great concern to Anglo, and mentions of both “native” and “European” labour supply are common in the annual reports in the period under consideration herein. Even in the earliest, thinnest annual reports, the availability of labour was often remarked upon. For example, the 1937 annual report states (p. 6) that “[t]onnage results were affected by the native labour shortage, and working costs rose…” This repeated mentioning of labour shortages may well have been to draw attention to the fact that the State played a major role in the ability or inability of the company to recruit mining labour.

In 1933, at the depth of a worldwide recession, the report noted that “[t]here continued to be an adequate supply of native labour, which it is hoped will be maintained as a result of the Union Government’s decision to allow recruiting north of latitude 22 degrees
The need for the co-costs increased and shortages developed, black mine workers were increasingly experiencing difficulties in their work. For example, although they benefited from the colonial government, the Anglo American Corporation, and the South African government, the mining industry both collided with the economic needs of the Portuguese government. Mozambique was under Portuguese colonization, which guaranteed to use Mozambique’s ports in exchange for the Chamber of Mines’ exclusive right to hire workers from that country. Mozambique was under Portuguese colonization, and in what a journalist and anti-apartheid activist described as a “sordid deal,” the Portuguese government was paid for each recruit (First, 1982, pp. 9-10). Thus the Portuguese colonial government, the Anglo American Corporation, and the South African State all benefited from the collusion of these powerful interests while further reducing labour costs.

The State also acted to prevent any form of resistance on the part of black mineworkers. For example, although white Anglo employees were called into war service, the South African State did not permit black South Africans to bear arms. During the war, as costs increased and shortages developed, black mine workers were increasingly impoverished. The need for the cooperation of black South Africans led the government to continually vigilant to meet the needs of Anglo for an ever larger and cheaper labour force.

The State was a keen ally in Anglo’s drive to keep labour costs as low as possible. For example, after World War I, recession and poor employment opportunities led to a drop in the price of gold. The mining industry, led by the Chamber of Mines, attempted to cut costs by replacing some semi-skilled white workers with black workers, the latter of whom were typically paid less than one-tenth of the former. White miners went on strike to protest this attempt to “lower the colour bar.” The strike against the mines expanded into a strike against the State for allowing the mines to hire black workers to replace the striking miners. The State declared martial law and hundreds of strikers were killed when thousands of South African police and the South African Air Force were called out to suppress them (Hocking, 1973, p. 102; Lipton, 1985, p. 113). The “Rand Rebellion” (1922; see Timeline in Appendix 1) demonstrated the fragility of the coalition that had been formed between British mining interests and Afrikaner politicians. The State’s killing of Afrikaner workers in order to support mining interests revealed one of the contradictions that made a smooth alliance impossible: Afrikaner voters, who were much poorer, on average, than British South Africans, rebelled against the use of State power on behalf of the mining interests and against Afrikaner mine workers (Marx, 1998, p. 99).

The end result of the Rand Rebellion was the 1924 election of a more right-wing Afrikaner Nationalist government and a strengthening of the colour bar. In this case, the desire of the mining industry to lower wages by hiring more black workers conflicted with the needs of the State to placate white voters (Marx, 1998, p. 99). The interests of the State and the mining industry both collided - as in the 1922 strike - and merged. As Marx (1998, p.99) states (emphasis added):

The British perhaps hoped that this outcome would itself again appease Afrikaners and promote white unity. Restoring that intrawhite peace was now seen to be more important than meeting the immediate demands of capital, for the Rand revolt had demonstrated that Afrikaner nationalism could still threaten stability and state unity, on which all profits depended.

In 1928, the South African State entered the Mozambique Convention, in which it guaranteed to use Mozambique’s ports in exchange for the Chamber of Mines’ exclusive right to hire workers from that country. Mozambique was under Portuguese colonization, and, in what a journalist and anti-apartheid activist described as a “sordid deal,” the Portuguese government was paid for each recruit (First, 1982, pp. 9-10). Thus the Portuguese colonial government, the Anglo American Corporation, and the South African State all benefited from the collusion of these powerful interests while further reducing labour costs.

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offer hopes of a reduction in oppressive laws such as the pass laws. In 1941, the African National Congress called a mine workers conference, which led to the formation of the African Mine Workers’ Union (AMWU). In response to work stoppages, in 1944, a government commission was convened to examine the conditions of black workers in the mining industry (Lansdown Commission, 1944). The Commission exposed horrendous working and living conditions and concluded that the workers were severely underpaid. The Commission recommended an increase in wages for black miners so that subsistence needs would be met (Lansdown Commission, 1944). However, the Chamber of Mines - of which Anglo was arguably the most powerful member - refused to meet the recommended increases, stating that such a raise would force the closure of 75% of the operating gold mines in South Africa and cause the loss of hundreds of thousands of black jobs.

The Commission itself concluded that “the migratory system of peasant labour must continue. Any other policy would bring about a catastrophic dislocation of the industry and consequent prejudice to the whole economic structure of the Union” (Lansdown Commission, 1944, p. 16, paragraph 211). In this case, the State commission supported its own interests by supporting the interests of the gold industry. The Commission approved of the migrant-labour system mandating that mine workers live in crowded hostels while their families stayed either in other countries such as Mozambique and Lesotho, or in the designated South African “Homelands.” Of any State institution, the Lansdown Commission provided the strongest critique of the gold mining industry during the apartheid era. A few years later, it became obvious that the State would no longer create commissions that would advocate even mildly on the behalf of black mine workers.

Just as in the U.S. and other countries, the defeat of the racist Third Reich engendered hope in anti-racist and anti-colonial movements across Africa. In 1946, when 70,000 members of the African Mine Workers’ Union (AMWU) protested the lack of response to the Lansdown recommendations by striking, the Chamber of Mines pressured the South African government to crack down on the AMWU. It did, prohibiting meetings on mine property and arresting the president of the AMWU (Wilson, 1972, p. 78). At least nine miners were killed when the police opened fire, and 1200 were injured (Pallister, et al., 1987, p. 68; also Luckhardt and Wall, 1980, p. 69). These events were followed by the election of the right-wing, pro-apartheid Nationalist Party in 1948, which remained in power until 1994 (Sampson, 1987, p. 73; Luckhardt and Wall, 1980, p. 72). Not surprisingly, antagonisms arose: part of the 1948 Nationalist platform was to nationalize the mining industry (Hocking, 1973, p. 238). Although Harry Oppenheimer was one of the most prominent members of the opposition parties throughout the period, none of the major political parties were interested in rolling back racist laws. As Marx (1998, p. 104) notes:

Political parties competed with each other for State power, with ethnic nationalists defending Afrikaner workers and a cross-ethnic alliance using race to unify whites. Their joint agreement on the use of central State power for such racial domination left them trying to outdo each other in segregation.

During World War II and through 1947 the annual reports shrunk to their earliest levels and included little to no narrative, and no speeches from the executives. Moreover, the strike - in response to a State commission’s public assertion that wages for black mine workers were completely inadequate - did not reflect well on Anglo. Therefore, it is doubly unsurprising that the 1946 annual report does not mention this strike.

Before World War II gold mining dominated employment, but afterwards industrial expansion and rapid economic growth in South Africa dramatically increased the availability of better-paying, safer jobs than mining (Barker, 1959, p. 35). This put pressure on the mines’ ability to maintain what it considered a sufficient workforce, and once again the State played a key role in ensuring Anglo’s control over its workers. In this era, black South
Africans could automatically obtain a pass to work in the mining industry. It was much more
difficult to obtain a pass to work in a factory (Wilson, 1972, p. 81).

5.3 **Anglo/State collaboration to “fix” markets**

While mainstream contemporary theorists tend to value the “free market” over the state (Cooper, 2015), our analysis of Anglo’s annual reports suggests that Anglo and the State collaborated in market manipulation. For example, the 1927 annual report includes an account of collaboration between the State and Anglo in controlling the production of diamonds:

> The year … was a difficult one for the diamond trade on account of the excessive output from … the Union. . . . The passing by the Union Parliament of the Precious Stones Act tended to restore confidence in the trade. The alluvial output being now somewhat less… the outlook for the current year is more reassuring (p. 5).

The annual report demonstrates appreciation that the State stepped in to reduce diamond production and thereby raise the price of diamonds through the Precious Stones Act. As noted earlier, this annual report did not mention the Act’s allowance of land confiscation from the indigenous owners.

The 1933 annual report also describes the successful results of negotiating with the State to limit sales of existing diamonds in order to maximize their values. The State in this case also owned its own stock of diamonds and Anglo and the State agreed to quotas (1933, p. 4).

5.4 **Housing/Infrastructure/other productive resources**

Antagonism with the Nationalist government is evident in the annual reports of the era after the Nationalist Party was elected in 1948 (see Timeline in Appendix). This may, in part, be “political” but also reflects the frustration on the part of Anglo caused by the failure of the state to provide appropriate infrastructure. The 1949 annual report complains about newly instituted trade barriers that affected Anglo’s coal holdings. Using stronger language than was customary in prior annual reports, Anglo seems to be pushing back against the Nationalist government by expressing a lack of control over profits, because Anglo could not pass on increased costs that arose from disadvantageous exchange rates.

> “These increases…. have brought about an all-around increase in production costs, which on account of the double price policy forced upon the industry by the Price Control Authorities, cannot be passed on to inland consumers, and must be recouped from export trade only” (1949, p. 22).

Contestation of the legitimacy of taxation increased (e.g. 1951 p. 13) and the annual reports noted that inadequate electricity as well as insufficient railway transport impeded profitable operations (1952, p. 13). The complaints in the 1954 report were toned down, as Anglo acknowledged the difficulties the government had with a booming economy and insufficient infrastructure and available personnel (1954, p. 24). The post-war expansion resulted in a growth in State power, and Anglo seemed in these early 1950s reports to be both making the case that the State was impeding its growth and reminding the State that the future of the country depended on Anglo’s ability to expand. The 1954 annual report (p. 24) reveals this balancing act:

> It is now common cause that the growth of South African rail traffic requirements in the post-war period has far exceeded all estimates made by the South African Railways Administration. . . [T]he net result of the transport crisis is that the South African collieries are generally working well below full productive capacity. . . . In these circumstances expansion expectations must be viewed with caution, even though it is
clear that the fuel requirements of heavy industry, the power stations, and other consumers are mounting.

Anglo manages to use legitimizing language to accomplish three things: to underscore what it sees as its critical role in post-war expansion; to admonish the State to create the publicly-funded infrastructure necessary to further expand Anglo’s profits in its coal division; and to diminish investors’ potential complaints about limited growth by placing the blame outside of Anglo’s control. Marx (1998, p. 105) points out that in this period, the power of the Nationalist State grew rapidly, because it could provide State jobs building infrastructure for its Afrikaner voting base. Simultaneously, though, it sought the support of British capitalists needed for continued economic expansion. Anglo’s annual reports reflect a strong grasp of the political environment.

Anglo was more confrontational in its annual reports when it came to housing, especially for black workers. The National Party’s 1948 victory had been predicated on promises of even harsher racial oppression, and it followed through on its promises. Though racial discrimination had been codified earlier, the election ushered in official apartheid. The 1950 Population Registration Act detailed specific racial categories, the Group Areas Act (also passed in 1950) further limited residential options for black workers, and other early-1950s acts precluded sex or marriage between the newly invented racial categories. Public facilities, schools, and residences were strictly controlled.

British capital, including Anglo, protested against the rigid strictures that restricted its access to black labour. Prime Minister Hendrik Verwoerd, known as the architect of apartheid, responded by saying that the Homelands were designed to protect black South Africans from exploitation by English capital (Marx, 1998, p. 106). This tension resulted in some of the most confrontational positions taken in Anglo’s annual reports.

In 1950 the South African Minister of Labour twisted the exploitative purpose of migrant labour housed in compounds - while their families were forced to stay in the Homelands - and accused Anglo of neglecting its white employees by providing housing only for black employees. Chairman Harry Oppenheimer replied that the houses Anglo built for white miners were almost one-and-a-half times the size of the typical houses in which British and American miners lived, and that the houses included garages, private back yards, and servants’ quarters (Wilson, 1972, p. 59). While these houses for white families were not free, as were the black hostels, they were heavily subsidized. Moreover, in its annual reports, Anglo extolled the beauty of its housing for whites, including the most sophisticated graphics used thus far in the annual reports. Anglo proudly announced that in Welkom, the biggest mining town Anglo developed, the “European population was approximately 7000” and that the company had built 1200 houses for them by the end of 1950 (1950, p. 15). In the post-war period, the annual reports included several descriptions of the cities Anglo was developing for its white miners - because the new mines in the Orange Free State (OFS) were in what had been a thinly inhabited area. Several annual reports (1948, p. 14; 1949, p. 14; 1950, p. 15 & 21; 1954, pp. 19 & 21; 1955 p. 19; 1959 pp. 18-19) provide glowing detail - and sometimes drawings of - the facilities that were being built to attract white, skilled workers: roads, hundreds of houses, cinemas, tennis courts, golf courses, and other infrastructure. In 1954, the annual report stated:

The amenities available in the OFS are of the high standard that should attract and retain labour, and intensive training schemes are being pursued to foster and develop the requisite technical efficiency (pp. 19 & 21).

Having been criticized by the State for not providing housing for white workers, in the annual report Anglo not only provides extensive coverage of its housing initiatives for whites, but it criticized the State for impeding improvements. After emphasizing the beauty of Welkom, the annual report says: “It is a matter of regret, however, that to date no public buildings in
keeping with the growing importance of the municipality have been erected by the central
government authorities” (1954, p. 21).

In contrast, rather than the glowing descriptions and full-colour diagrams that
characterize the annual reports’ details regarding white housing, the first time Anglo
mentions the housing for black workers, it states:

Accommodation for single Native employees provided by the mines under the
technical administration of the Anglo American Corporation of South Africa Limited,
is proving most popular with the Natives. The establishment of married Native
villages is proceeding and at the Welkom Mine, 50 families are already
accommodated and further houses are being built.” (1950 pp. 14-15; see also 1950, p.
20).

Not only is the disparity between 1200 family housing units for whites vs. 50 for
blacks elided - given that 90% (over 40,000) of the employees on the mine were black - but
also the black workers who lived in the hostels are referred to as “single Native employees”
(also 1950, p. 20; 1953, p. 18) when in reality most had families who had been required to
live in the rural areas (Lansdown Commission, 1944, p. 31, paragraph 395). The few black
workers who were allowed to live with their families on the mines were educated South
African clerks, not miners, and black worker family presence was capped by the State at one
percent of the black employees. Again, Anglo used its annual reports for multiple purposes.
By describing housing in only positive terms, mentioning “married Native villages” and the
“popularity” of the “single” housing, it served both the purpose of looking legitimate to
international investors as well as ameliorating international impressions of the growing
apartheid State.

The Nationalist government did not want to approve black townships (which would
have allowed families), expressing concerns that when the mines had been fully exploited,
industry might spring up. In the 1950s as the industrial sector expanded, the Nationalists
wanted all new factories to be built near the all-black “Homelands” in order to keep the black
factory workers separated from the white towns (Hocking, 1973, pp. 227, 309-310). For the
mining industry, the State wanted to keep labour migratory, though Ernest Oppenheimer
stated that Anglo should “create, within a reasonable time, modern native villages which will
attract natives from all over the Union, and from which the mines will ultimately draw a large
proportion of their native labour requirement” (quoted in Wheatcroft, 1986, p. 258). In its
annual reports, Anglo attempted to push the government to allow more flexible living
arrangements for its black workers. (The Gold Law of 1908 had set restrictions forbidding
black people from living near gold-digging sites.) Anglo put pressure on the Department of
Native Affairs - one of the arms of the State - to approve its planned housing.

As a result of recent amendments of the Gold Law, it is now possible that
proclamation of the first three township units will take place by the end of 1953,
but this is dependent on the successful completion of negotiations with the
Department of Native Affairs regarding the site of the non-European township . . .
(1952, p. 19).

The 1950 annual report also mentioned the State’s dragging its feet on approving
housing for black workers (1950, p. 20). Anglo also had mines in Zambia and elsewhere in
Africa and Anglo pointed out costly (to Anglo) distinctions between the soon-to-be-
independent nation of Zambia and the stubborn Nationalist government in South Africa when
it describes the Government policy in the section entitled “The African Employee.”

The very use of the term “employee” may have been pugnacious, as the South African
government had passed legislation in 1924 and 1953 ruling that black workers did not meet
the definition of “employee” and thus had no labour rights.
In some areas housing of large numbers of African workers and their families is officially welcomed, while in others it is restricted by Government policy. Similarly, it is possible in some situations to advance Africans into more skilled occupations without causing serious industrial strife, whereas elsewhere such action might be contrary to the law of the land, or so contentious as to be impracticable (1959, p. 37). Despite their complaints about housing and the colour bar making it impossible for Anglo to train cheaper black labour to take over some semi-skilled and skilled jobs restricted to white South Africans, in the same section of the annual report Anglo maintains its support for the migrant labour system:

whilst evils undoubtedly arise from the migratory labour system, many Africans prefer it to continuous employment involving the removal of their families from rural conditions to an unfamiliar urban environment, even were this allowed by tribal or government authorities. Nor could the migratory labour system be abolished on the South African gold mines without serious consequences to many of the older and less profitable mines and to the economy of the country as a whole (1959, p. 37).

The “tribal” authorities referred to imply that black South Africans had authority to dictate housing regulations, which was a complete sham. But by inserting “tribal” and saying that “Africans prefer” the housing, Anglo once again serves both its own and the State’s interests. This new section on “The African Employee” is an example of Anglo contesting the State on issues that were, in Anglo’s opinion, impeding profitability (job flexibility and housing), while being completely in line with the State on the migrant labour system that was abhorrent to all activists (see also Sampson, p. 97, 1987).

5.5 Taxes

One reason for the close cooperation between the two behemoths continued to be taxation - taxes on the mining industry in South Africa were at a much higher rate than in other countries. The South African State needed the mines to finance the education and health services it provided white voters. During the 1930s world-wide depression, one-third of taxes collected by the State came from the gold mining industry (McCulloch, 2012, p. xiii).

While taxation fuelled the very State apparatuses that enabled its success, Anglo occasionally used its annual reports to contest what it saw as an imposition. Several of these pushbacks appeared in the annual reports during World War II. While noting a decrease in supplies and “skilled surface labour” (meaning white labour), and an increase in costs (“an allowance towards the higher cost of living was granted to the European employees”), the report also noted that “taxation - already on a high scale - was once more increased” (1941, p. 1). The inclusion of these complaints in the earliest pages of the report show that Anglo wanted to highlight the importance of the issue. The report refers to:

… those who express opinions on the taxation of the Gold Mining Industry, which they consider insufficient in view of the higher price realized for its product. The rate of taxation is already high, and the latest increase in the Gold Mines Special Contribution from 16 per cent to 20 per cent is in reality much heavier than the comparatively innocent looking rise of 4 per cent in the scale would lead one to believe. . . You will note that while the total profit was higher by £257,000, shareholders did not receive any higher dividend; on the contrary, they received £325,000 less, while the Government received £520,000 more than for the previous year (p. 2).

In the following year’s annual report, Ernest Oppenheimer’s annual address notes that the special contribution from the gold mines was increased again, to 22 1/2 %. He pointed out that the “special contribution” now constituted the majority of taxes the industry paid to the
State, and warned that marginal mines might have to close if the taxes continue. He seems to be reminding the State that his support for the war had limits, as he concluded:

I am of the opinion, however, that the present scale of taxation is merely a war-time emergency expedient and that its very title “Gold Mines Special Contribution” is an indication that the Government realizes that such a levy is of an extraordinary nature. I do not doubt, therefore, that taxation will, in due time, be again so designed by the authorities as to facilitate the raising of the large sums of money required for the exploitation of new mines (1942, p. 2).

By reminding the State that Anglo was only willing to tolerate the higher tax rates for the duration of war, Oppenheimer made clear and public the conditions under which he was willing to cooperate. In a show - and perhaps a reminder - of the corporation’s patriotism, Oppenheimer also mentions the sacrifice the firm made in giving up employees to serve as soldiers, and the death, injury, and imprisonment of many Anglo employees (1942, p. 6).

In the 1960s, Anglo continued to use the annual reports as fora to attempt to influence politics. During its thriving 1960s, the reports complained about “discriminatory” tax rates (1961, p. 17) and used employment levels and gold production figures to underscore the importance of decreasing costs. For example, the 1963 annual report noted that some low-grade mines across the industry might have to close due to lack of profitability, despite the fact that these mines produced 2,033,000 ounces of gold, provided employment for 6,900 Europeans and 60,300 Africans, paid out R25 ½ million in wages, and consumed stores to the value of R22 ½ million. … [Some mines do not have much ore left.] There are however, mines whose closure and consequent flooding would entail the permanent loss of large quantities of gold to the country. Further, although the current contribution of the marginal mines to the total gold output of the country is small, their importance as regional employers of labour… The State’s increasing awareness of the urgency of this problem is accordingly welcomed by the industry.

During 1963 the Government offered assistance to marginal mines on the Central and East Rand, up to a total of R1 million in the first year (1963:20-21). Anglo thus uses the annual reports to both document the hardships that the company is facing and to ask for and recognize the provision of aid by the State. Anglo uses patriotic language of “loss of gold to the country” rather than its own loss, and underscores the employment provided.

The entreaties to the State, both through the Chamber of Mines and the annual report, seemed to work starting in the 1960s with the dire warnings of loss of jobs and tax revenue. The State began subsidizing mines in 1963 and expanded its assistance in 1968. By the end of the 1960s forty percent of all operating gold mines were being assisted by the State (Wilson, 1972, p. 40). South Africa’s GDP was growing at one of the highest rates in the world. The 1969 annual report mentions congruity between the State and Anglo:

The lives of South African Lands and East Daggafontein Mines Limited have been extended by the State assistance granted in terms of the Gold Mines Assistance Act of 1968. They have been required to reduce their pay limits by 16 per cent, but now fall under a more favourable tax formula and in certain circumstances are eligible for a subsidy from the State (1969, p. 16).

And the 1970 report underscores the importance of Anglo to the State, noting that Anglo’s mines produced 40 percent of South Africa’s gold and “31 per cent of world production (excluding communist countries)” (1970, p. 5). The State used these profits to benefit white, mainly Afrikaner economic advancement. In 1972, 43% of the white labour force worked directly for the State itself, which was growing both due to the need to expand infrastructure, and due to the expansion of the military, the police, and other agencies needed to administer

6. **Benefitting from apartheid while appearing to not condone it**

Thus far, we have emphasised the State/Anglo relationship and in particular the State’s role in enabling the capital accumulation process for Anglo. One further important concern for Anglo was international investment. It appears from the annual reports that the international community had few concerns about the treatment of black South Africans at the beginning of the 20th century. However, as explained earlier, these concerns did begin to grow after WWII. It is beyond the scope of this paper to consider whether among the investment community there were “moral” concerns about apartheid or “financial” ones (apartheid is an expensive system to maintain and its opponents had begun to create financial problems for South African capital in the form of sanctions and strikes and so on). In this section we turn to the “impression management” of apartheid by Anglo.

6.1 **The impact of Sharpeville**

In 1960, in a township called Sharpeville, the South African police killed 69 people protesting the pass laws (see Timeline in Appendix). International response was intense. Anglo played a major role in trying to rehabilitate the outside world’s impression of the country and serve the State’s interest in preventing the haemorrhaging of capital investment. Harry Oppenheimer (Ernest died in 1957 [New York Times, 1957]) and other businessmen created the South Africa Foundation, to portray “the positive South African story to the world”; this included granting interviews to international publications and reassuring investors (Hocking, 1973, pp. 353-353; Sampson, 1987, p. 95). Despite the fact that an Anglo subsidiary made the munitions used by the police to suppress dissent, Anglo American and Harry Oppenheimer in particular improved the international image of the country and contributed to record economic growth in the 1960s (Pallister, et al., 1987 pp. 29-31).

In addition to Sharpeville, in 1960 South Africa left the British Commonwealth and 19 African countries became independent (Wilson, 1972, p. 106). This new atmosphere led to fears of investing in South Africa due to potential political instability, and South African shares took a nosedive as the strong economic growth of the 1950s came to a standstill (Sampson, 1987, p. 86). Anglo took advantage of the low prices and re-invested massively in the country, buying shares across industries on the Johannesburg stock exchange and restoring confidence in the South African system (Innes, 1984, p. 158 &183; Sampson, 1987, p. 86). Anglo also absorbed many companies, many of which were tied to the mining industry (Innes, 1984, p. 176). In addition it moved into investment finance, helping to provide capital for other businesses the State desired to expand (Innes, 1984, p. 182). The State also played a role in creating stability: clamping down on the ANC in the early 1960s, with over a hundred arrested and the imprisonment of its leaders including Nelson Mandela and Oliver Tambo. Prime Minister Verwoerd asserted that the ANC was a communist threat, thus further consolidating white opposition to black advancement (Marx, 1998, p. 107).

Underscoring Anglo’s leadership’s contradictory positions on race, one of those arrested was Professor Z.K. Matthews, who was in the process of writing a piece for Anglo’s *quasi*-academic journal, *Optima* (see Matthews, 1981). *Optima* was first published in 1951.12 Ernest Oppenheimer wrote in the first edition’s forward, “… as the name Optima implies, we shall seek through this journal to promote the highest and the best for the good of all.”
Anglo’s decision to create Optima as a vehicle to promote a liberal face of itself (perhaps to the more academic community or the “intelligencer”) perhaps demonstrates Anglo’s early awareness of promoting an alternative vision of itself in the face of growing international criticism of apartheid.13 But, in spite of its more “liberal/progressive” pronouncements, nothing changed for the black miners. So, although Harry Oppenheimer publicly called Verwoerd a “fanatic,” by the end of the 1960s black mine workers were making less than 5% of their white counterparts’ wages (Marx, 1998, pp. 107-108), leading to another enormously profitable decade for Anglo.

Action such as inviting an ANC activist to write about race for Optima were consistent with other Oppenheimer activities. Harry Oppenheimer financially supported the Progressive Party14 (formed in 1959) and other political groups. While South Africans considered him liberal, outside of South Africa he consistently defended his government’s actions (Sampson, 1987, p. 95). His opposition to the colour bar in employment was not unusual, by the late 1960s most executives were criticizing the State for these burdensome, expensive rules (Sampson, p. 97, 1987).

Whereas in the 1950s the annual reports - when they mentioned black workers - focused on housing and recreation, beginning after Sharpeville the annual reports included photos of contented black workers. The 1960 annual report (p. 22) includes a photo of several apparently happy black men playing a board game in a compound yard in a diamond operation. The 1961 report (p. 18) showcases a colour photo of beautiful little brick houses each with a lovely lawn, in which one black man is wearing a tie, another is gardening, and five black children seem to be playing. The caption indicates that the photo is of housing for “married African mineworkers,” without, as in the 1950s, noting that only black clerks qualified for this housing, and that these clerks composed less than 1% of the total black workforce (Wilson, 1972, p. 57). These photos in the annual reports served as a sort of “social accountability” that made Anglo’s activities appear benign and even benevolent, thus enhancing its legitimacy (Killian and O’Regan, 2016). This legitimacy was important both within South Africa and abroad: Anglo American had been founded with British and American investments in 1917, and though South African investment in Anglo increased over time, through this period a large percentage of its investors were outside of South Africa. The positive images in the annual reports might have been found reassuring given growing post-Sharpeville international attention to the abuses of the apartheid State.

6.2 Rising Tension

While Oppenheimer continued his support for opposition parties, and was not “chummy” with the South African National Party leadership (for example he, as cited earlier, publicly called Verwoerd a “fanatic”), the national media understood the role Anglo played vis–a–vis the State. In 1965 the Johannesburg Sunday Times said:

Don’t worry, Mr. Oppenheimer. They cannot do without you. They know it and you know it. The Nationalist Party, at its congress this week, indulged in one of its periodic outbursts, this time led by the Prime Minister, against the figure they identify with “big capitalism” and the mining industry……. The fact, of course, is that it is Mr. Oppenheimer and men like him who make the wheels go round in South Africa, who provide it with the sinews of war and enable it to withstand the assaults of the world. Basically, it is they who keep the Government in power - and the Government knows it (quoted in Hocking, 1973, p. 370). 15

Despite the fact that Oppenheimer and Anglo wielded significant power throughout the twentieth century, Harry Oppenheimer denied it in public. During their respective times leading Anglo, both Ernest and Harry Oppenheimer were among the wealthiest men in the world. In the 1960s, Forbes listed Harry’s fortune as the largest outside of the United States
(Hocking, 1973, p. 397; New York Times, 1957). Despite the taxes, political involvement, and economic influence, in 1970 Harry Oppenheimer was quoted in the South African media disavowing any influence over political matters: “The days when big business had any political power in this country are gone forever,” (Wilson, 1972, p. 32 and footnote 2).

In 1973, Anglo requested the assistance of the South African police to address a demonstration by employees, calling on the State to use violence in support of Anglo’s efforts to oppress the miners. The police shot and killed several Anglo workers (Chicago Tribune, 1973; see Timeline in Appendix). In the annual report, the description of the deaths are in the passive voice: “On 11th September 1973 a riot occurred among Black employees at Western Deep Levels with the tragic result of 12 workers losing their lives.” (1973, p. 20).

While to the outside world, Harry Oppenheimer seemed to be an apartheid opponent, within South Africa criticism grew. When he gave a speech as Chancellor (a largely ceremonial role) at the University of Cape Town in 1973, a group of students protested his position (quoted in Hocking, 1973, p. 469):

> When liberals like Oppenheimer speak of the bannings as infamies which have brought South Africa a long step nearer to being a police state… they fail to realise that they are in some measure responsible. As chairman of Anglo American and De Beers … our chancellor assumes a less progressive façade. Indeed he is an epitome of racist capitalism exemplified by a promised R60 average monthly Black wage in a gold-mining industry whose net profits exceeded R200 million last year.

As the outside world gradually paid more attention to South Africa in this era, the international news media covered the story of the shooting of peaceful demonstrators. The interests of Anglo and the South African State were tightly bound in this situation. Anglo Chairman Harry Oppenheimer praised the South African government’s decision to launch an investigation into the shooting (United Nations, 1973). The United Nation’s Special Committee on apartheid criticized the South African regime for refusing to include a representative of the U.N. on the investigative team: the State contended that it was a “purely domestic affair” despite the fact that among the wounded and killed were workers from Lesotho, Swaziland, and Botswana. The investigation found no wrongdoing on the part of the police (United Nations, 1973). A student group at the University of Cape Town examined the causes of the deaths, concluding among other things that Anglo’s private security forces had been expanded and were receiving training from the South African police (Plaut, 1976, pp. 38-45). In the face of opposition from the outside world as well as from workers, this terrible incident seemed to further unite Anglo and the State - whose policies, especially in this contentious era - Oppenheimer ostensibly opposed. His success at being characterized internationally as an opponent of apartheid is evident in the first line of his obituary in the New York Times (Berger, 2000), which reads: “Harry F. Oppenheimer, the South African gold and diamond magnate who used his great wealth and considerable influence in the fight against apartheid, died on Saturday in Johannesburg.”

7. Conclusion

In this paper we argued that, in any theorisation of the state or of accounting’s function within any particular nation state, we need to take a holistic view of the social whole. We set about challenging some of the theoretical perspectives on the state by proposing a theory that suggests that the best way to understand society is as a social totality. This critical theoretical perspective insists on making linkages between the parts of the totality. Thus, we challenge contemporary understandings of the state which describe the state in terms of its “relative autonomy” by arguing that any genuine autonomy of the state or capital is impossible. The state is dependent upon capital for its revenue, as Anglo pointed out in its annual reports. Consequently, the state, if it is to survive, cannot escape from its
role of maintaining the overall conditions for capital accumulation. Thus we describe how the South African State provided strong support to Anglo. Pass laws, horrendous educational policies, State enforcement of work contracts, the “colour bar,” and permission to recruit outside of South Africa - which kept black miners’ wages at the very lowest rung in the country (New York Times, 1973; Plaut, 1976, p. 37) - as well as myriad other State structures provided the codification and legitimation necessary for Anglo to sustain and profit from a severely underpaid workforce.

But this does not mean that every state action is directly in the interests of every capitalist institution. While, in the case of South Africa, Anglo was in a particularly powerful position and so held a privileged position with respect to the State, there were other powerful intuitions, both at home and abroad. A holistic understanding of society suggests that capitalist institutions are dependent upon each other: they purchase each other’s goods, some provide finance, others services and so on. These same institutions, however, are also “warring brothers”, competing with each other for market position, scarce resources, and political influence over their various nation states. This means that no single capitalist institution or nation state can control everything. The state and capitalist institutions continually strive to achieve domination in a systemically competitive, contradictory and unreliable terrain. The South African State was directly ensnared in capitalism’s contradictions; this was also true of Anglo. Anglo expressed this in its annual reports - the State was either going too far (for example in the case of taxes and the “colour bar”) or not far enough (including permission to recruit from countries where annual wages were even more depressed than those characteristic of black South Africans). Importantly, whatever their spats and differences, Anglo and the South African state perpetuated the real, physical violence on the oppressed workers. As we have set out here, some differences were “symbolic”- by appearing to be a liberal opponent of apartheid, Anglo was able to ensure continued investment in South Africa. This in turn led to full State tax coffers, especially in the post-Sharpeville era when international opprobrium was heating up. While some of the clashes may have been real - or seemed real - the results were the same: the elephants were fighting, but the grass was the one that suffered. As analysts of the era concluded, they were “no more than sparring games” (Pallister et al., 1987, p. 84).

For management accounting researchers our theoretical understanding that a central function of the state is to undertake policies (including procedures to discipline labour) in support of capitalism is significant. While the case of Anglo and South Africa makes the state’s role in the provision of disciplined labour abundantly clear, nation states in 2017 also take steps which enable the disciplining of labour. Such an understanding may help to shed light on the ANC government’s police force killing 34 striking miners at the Marikana gold mine in South Africa, in 2012, as described in the introduction to this paper. The ANC was simply fulfilling its role. And on a more dull and routine level, the “success” of and stress induced by the individualised performance metrics at the heart of many contemporary management control systems should be set within the holistic context of the removal of state safety nets, anti-trade union legislation, and other labour-disciplining practices of the state.

For accounting historians, we have demonstrated that Anglo’s annual reports, aside from being documents of legitimation and disguise, were also deployed to try to influence the state. In effect, they can be useful historical documents. We were able to use annual reports to reflect upon the contradictions of capitalism and the nature of the state/capital relationship. Furthermore, we found that Anglo’s annual reports reflected the “dominant ideology of the times” over the period of our study – even in their attitudes towards apartheid – and their self-serving “blame” of the State. In short, because annual reports are inscribed with the traces and priorities of capitalism, they can be used by critical theorists to develop a stronger understanding of it.
Finally, in any critical theory paper, it is important to consider resistance. Among South African miners, there was brave resistance to the oppression of mine work from its very inception. The mine workers were one of the largest groups of workers in SA, and were in a visible, key industry. The black South Africans - and Lesothans, Malawians, and people of other nationalities who were exploited in the mines - knew that life could and had been different before colonization. Especially during and after World War II, the rise of resistance to apartheid both in South Africa and in independence movements across the continent is evidence of the widespread view that these working conditions were unacceptable.

In terms of future research, we should state that we are aware that academic research is often inaccessible to normal human beings (Naidoo, 2010, p. 120), and we recognize that our focus on the fighting elephants (see the Kikuyu proverb with which this paper commences) may further obscure the importance of those who suffer because of those fights. Future work should focus less on the potentates battling for power and more on those who are affected by these battles.

Notes:

1 And even these protestations could be seen to have ulterior motives as the restrictions and job reservation resulted in higher costs and therefore lower profits for Anglo, as our analysis shows.
2 Passes were basically a way of ensuring that workers did not “abscend”. The first time Pass documents were used to restrict the movement of non-European South Africans was in the early 1800’s. However, slaves at the Cape had been forced to carry Passes since 1709 – (http://www.sahistory.org.za/article/pass-laws-south-africa-1800-1994#sthash.mkOAeEC3.dpuf)
3 At apartheid’s peak, 60% of the South African State’s laws concerned race (Pruitt, 2002, p. 554).
4 The Chamber of Mines was originally formed in 1887. During the 1880s many of the mining companies formed into a handful of large companies with a group structure. The Chamber of Mines was formed as a body which would defend their joint interests. Because of severe labor shortages, the Chamber of Mines appealed to the government for more measures to control the supply of labor. When the State refused, the Chamber set up its own Native Labour Department. Although the State passed a Pass Law in 1895, it had actually been drawn up by the Native Labour Committee of the Chamber of Mines (Innes, 1984).
5 Hut taxes were levied by the government or tribal authorities on the huts (dwellings) of Africans and had to be paid in money (coins), in order to force indigenous Africans into paid work.
6 The Bourdieusian framing of the paper enables it to state that “symbolic violence which was not perceived as such at the time, and so was difficult to resist” (Killian, 2015, p. 19).
7 Henceforth citations to Anglo annual reports simply have the year and page number.
8 In 2003 the South African Supreme Court ruled that the Precious Stones Act was racist and had illegally confiscated land.
9 The vocabulary changed over the years, with black Africans being referred to as “natives” or “Natives” through the 1950s (and sometimes “non-Europeans”); “Africans,” beginning in the late 1950s; and “Blacks” beginning in the 1970s. White workers were called “Europeans” and later “Whites” or “whites.”
10 Increasingly discriminatory Laws had been passed in South Africa for decades. For example, a series of Masters and Servants Acts (1856 – 1910) made it a criminal offence to breach the contract of employment. Desertion, insolence, drunkenness, negligence and strikes were also criminal offences. Theoretically these laws applied to all races, but the courts held that the laws were applicable only to unskilled work, which was performed mostly by Black people (Dugard 1978: 85; Horrell 1978: 6).
11 This is a new heading in 1959, indicating Anglo’s recognition of changing times.
12 “The first edition of Optima contained eight articles from authors such as Paul Einzig, then political correspondent for the Financial Times, focusing on mining, industrial, scientific and economic progress.” See http://www.angloamerican.com/~/media/Files/A/Anglo-American-Plc-v2/media/publication/optima/optima_anniversary.pdf accessed 26th February, 2017.
The fact that Anglo felt compelled to produce a journal in addition to its annual reports indicates that there are multiple outlets through which to gain an understanding of the company’s point of view; simply looking at the annual reports would lead to an “incomplete picture” (Unerman, 2000).

A liberal political party in South Africa that opposed the ruling National party’s policies of apartheid. South Africa withdrew from the British Commonwealth in March 1961 (Hocking, 1973, p. 368). This Hocking reference does not specify the date of the Sunday Times quotation, but says it was during the Nationalist Party’s Jubilee. Because the Nationalist Party was founded in 1915, that would be 1965.

“Bannings” refers to identifying individuals perceived as a threat to the apartheid regime and denying them the right to meet in groups or travel without permission.
6. References


United Nations (1973), Items-in-African-Question of Namibia-incident at Carletonville, South Africa - shooting of black miners by police, New York: United Nations Secretariat, 13 September. (Even though the file is dated September, it includes letters and other items from several months later).