

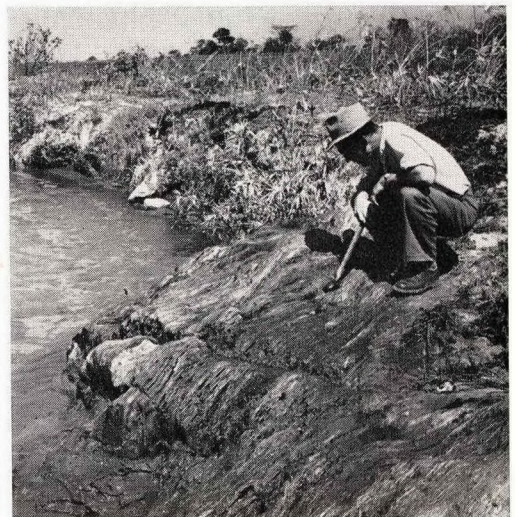
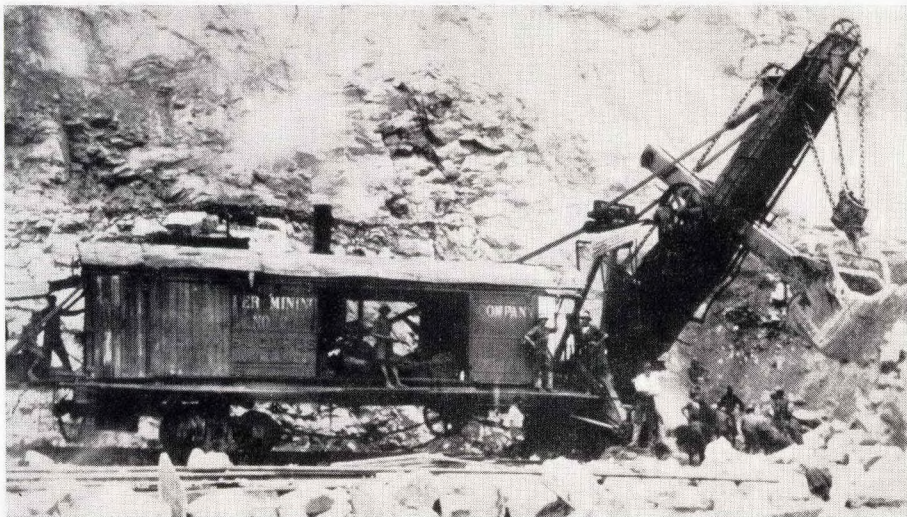
A traction engine at the Northern Copper Company's property in Northern Rhodesia. At the beginning of the century the company developed some of the copper lodes traced through ancient workings, and in 1910 it floated Bwana M'Kubwa as a separate enterprise



Below Up to 1912 the British South Africa Company was responsible for communications in Rhodesia. This was its last mail coach to leave the Salisbury post office

Bottom, left A steam shovel at Bwana M'Kubwa when work was resumed in 1922 after the mine had been closed for four years. The copper deposit was found in about 1902 by W. C. Collier

Bottom right The discovery of this river lode in Northern Rhodesia in 1923 led to the establishment of the great Nchanga copper mine. Looking at the lode is Dr. D. M. McKinnon, one of the Corporation's consulting geologists





Opposite page Dr. J. A. Bancroft and Sir Ernest Oppenheimer at the opening ceremony of Bancroft mine in Northern Rhodesia in 1957

Top Mr. H. F. Oppenheimer addresses guests at the opening of President Steyn gold mine in the Orange Free State in April, 1954. Seated (left to right) are Mr. W. D. Wison, Lady Oppenheimer, Dr. C. F. Steyn, who performed the official opening, and Mr. H. C. Koch

Bottom Watching the performance of new earthmoving equipment at Consolidated Diamond Mines of South-West Africa are Mr. H. MacConachie (extreme right), Mr. S. W. Devlin, then general manager of C.D.M., Mr. R. Daniel, consulting engineer (diamonds), and Mr. Oppenheimer (back to camera)



A VIEW FROM THE CITY

Francis Whitmore



In the right conditions a fiftieth anniversary celebration, whether individual or corporate, is good cause for rejoicing. It is a time for looking back on problems solved and goals achieved. There is satisfaction in the maturity and confidence which come only from long and often tough experience. Ahead there are the vistas of still unconquered fields and the hopes of fresh triumphs.

In the joint stock company world I can think of no enterprise whose first half-century of operations gives juster cause for pride and which can look forward into the future with greater confidence than Anglo American Corporation of South Africa. The growth of Anglo since its formation in 1917 with a capital of £1 million into the mining and industrial colossus whose investments alone are worth £250 million today has been one of the romances of financial history.

In human terms it is primarily and predominantly the Oppenheimer story. However much, in the later stages of a company's development, what are described as "group" policies and "group" philosophies may influence board decisions, the initial thrust which provides the impetus to growth has invariably sprung, as it did in this instance, from the dynamic qualities of one man or a small group of individuals.

Even before Sir Ernest Oppenheimer, with a world reputation already established as a diamond expert, signalled his entry into the gold mining field in the formation of Anglo in 1917, his abilities and the potential they implied had not gone unnoticed in the City of London. Although there are few people in the City today whose recollections go back to those very early days there are still some—hard-bitten speculators at the time—who can recall the view they formed that Oppenheimer might well be a man to follow in the gold mining stakes. How right they were.

It is fair, I think, to say that the City—mainly, of course, through big and tough investors who enjoyed taking a risk—first began to develop a favourable view of Anglo in the phase of rapid development which followed the end of the first world war. With gold suddenly fetching a substantial premium above the 85s. an ounce which had been the ruling price for over 200 years, boom conditions presented new opportunities for expansion. As capital flowed into the gold industry Sir Ernest seized the initiative and a whole series of flotations—Springs, West Springs, Daggafontein—followed. When he showed the same speed of decision and capacity for jumping in where others hesitated by buying the former German diamond mines in South West Africa and setting up the now famous Consolidated Diamond Mines of South-West Africa the impact on speculative opinion in London was profound.

But as all City men know, many to their cost, favourable first impressions are one thing: to maintain them, especially when the going gets hard, is often quite another. As was to be expected, both the industries on which Anglo's empire was founded were destined to have their ups and downs. In the early 'twenties the gold premium soon disappeared, leaving the mines to face the sharply higher costs which had been building up in the boom years. Diamonds, too, fell on lean times. Anglo, along with its rivals, was confronted by lower profit margins and retrenchment problems. After a position of

somewhat unstable equilibrium had been achieved the Wall Street crash of 1929 and the depression years of the early 'thirties were soon to bring another testing phase of much greater severity. Anglo shares, which in 1929 had been as high as 39s. 4½d. plummeted to 3s. 7½d. in 1932, but once again those who had faith in Sir Ernest's capacity to see things through earned their reward. The financial strain was well taken and when in 1932 South Africa followed Britain in "going off gold" the jump in the gold price opened up a new chapter in the group's expansion.

Thus, in the first 15 eventful years of its life Anglo had demonstrated its ability not only to be quick—and often first—off the mark whenever opportunities arose but also to withstand even the most hostile financial weather. No wonder that support for the shares from discerning investors not only in the City but in Europe had grown to substantial proportions. Among the cognoscenti the view was already beginning to crystallize that Anglo shares need no longer be regarded merely as a short-term speculative counter but were qualifying for longer-term investment as a growth stock.

I recall that it was this kind of view I encountered as a comparative newcomer to the ranks of financial journalism in the early 'thirties. It was epitomized in the reply I often heard a shrewder-than-average stockbroker make to clients asking for a lead: "What can be wrong in having a few more Anglos?" When I sought an explanation he would merely reply: "First-rate management and still lots of scope. Whenever they go down I am quite happy to buy more". He was and remained a successful broker.

So far, so good. Under the firm guidance of its founder the Corporation was establishing a leading position among the mining finance houses and at least the more discerning City spirits were drawing the appropriate investment conclusions. It was significant, perhaps, that in 1935 Anglo's London headquarters, which had been the office of Consolidated Mines Selection in 4, London Wall Buildings, moved into a larger but still unpretentious environment at 11 Old Jewry. At the time the man in charge—the "senior London agent"—was Mr. Stanley Shelbourne (Toby) Taylor, a brilliant lawyer whose abilities as a leading advocate at the South African bar had been quickly spotted by Sir Ernest Oppenheimer. Mr. W. E. Groves, well-known in the City over a long period of years, had also moved into Anglo's London office from Deloitte, Plender, Griffiths who had been Anglo's auditors in London from the beginning. After being joint London secretary for over 15 years with Mr. F. A. Rogers he became the London secretary when Mr. Rogers retired in 1947 after 50 years working association with the group (he had joined Consolidated Mines Selection on its formation in 1897). Another London office veteran, with a large circle of City friends, is Mr. W. A. (Billie) Chapple, whose record already extends to 54 years on the diamond side.

It was soon after the move to 11 Old Jewry—the staff still numbered only about 60—that the City was alerted to the more important role the London office was to play by the flotation, first, of Anglo American Investment Trust in 1936 and then, in the following year, of West Rand Investment

Trust. From the start Anglo's merchant banking connection in the City was with Morgan, Grenfell & Co., a link forged when J. P. Morgan in New York was instrumental in raising the American tranche of Anglo's original capital. Morgan Grenfell have remained the group's merchant bankers in London although close connections developed with Rothschilds, Hambros and Lazards as the De Beers and other interests were brought in.

To move back to the South African scene—after the strong recovery from the 1929–31 slump the gold mining industry got yet another shot in the arm when in the late 'thirties borehole evidence came to light, after early disappointments, indicating at least the possibility, to put it no higher, that a large new gold field existed in the Orange Free State. Every mining house in Johannesburg became interested and there was a rush to acquire options over a wide area. Once again Sir Ernest Oppenheimer showed his capacity for being quick off the mark and was soon in the lead in staking claims. In the City, as well as in Johannesburg, Anglo's stock received another boost.

Plans were being formulated for the exploration and development of this potentially large new O.F.S. goldfield when they were interrupted with dramatic suddenness by the outbreak of war.

For Anglo and for South African gold mining as a whole the war years were a period of intense activity but the new conditions inevitably imposed a standstill on normal expansion plans. In face of considerable difficulty output of gold, as one of the essential sinews of war, was increased and a munitions programme was mounted which made a vital contribution to the war effort. But any hopes that it might be possible to follow up the ambitious and costly plans for the Orange Free State were quickly dispelled. Not only were the necessary physical resources deployed in more urgent tasks but for such projects the world's capital markets were practically closed.

The war over and won the O.F.S. exploration programmes, deferred but not forgotten in the preceding six years, were immediately put in hand. As the borehole results came in it became increasingly clear even to the most sceptical observers that the pattern was such that a goldfield of vast potentialities was in process of being discovered. Many people in the City will recall, as I do, its climacteric when on April 16, 1946, the results of drilling on the farm Geduld 697, five miles south-east of Odendaalsrus, which was being drilled on joint account for Western Holdings and Blinkpoort, were announced to the Press. The announcement brought the staggering news that Geduld No. 1 borehole had intersected the Basal Reef at a depth of 3,922 feet showing a value of 23,037 inch-dwts.

Our astonished reaction was to check and confirm that the figures were correct. With the warning that one borehole result does not make a mine—but scarcely able to disguise their jubilation—the mining finance houses vouched for the accuracy of the message. Here, then, was the news that the investing public had been waiting for. The unbelievably high values found in Geduld No. 1 borehole triggered off a world-wide rush for O.F.S. gold shares at steeply rising prices. Such was the mood of speculative enthusiasm that few people heeded the reminders from the mining houses that many

millions of pounds and years of hard slogging would be needed to bring the new goldfield into production and that profit estimates at this stage could only be the roughest guesswork.

Those were exciting days in the City and some big profits—and losses—were made in the scramble to get in. Sitting pretty were the mining finance houses which had taken their seats early. Once again the City noted that Anglo was well placed. Taking the plunge several years previously Anglo had bought the controlling interest in Western Holdings and had subsequently concentrated its drilling programme in the area south of Odendaalsrus. To make doubly sure of its commanding position in this area of high promise it became the largest shareholder in the African and European Investment Company which held a large number of important options.

Now that the geophysical surveys had delivered their message the planning and financing of the new goldfield could begin. It was in this phase of expansion that the investment community was given ample proof that Anglo stood not only for profit making for shareholders but for constructive social thinking. Although it was now clear that a potential new goldfield existed across the Vaal River the task of development presented daunting problems. There was no power, no water and no direct railway link with the area where gold had been found.

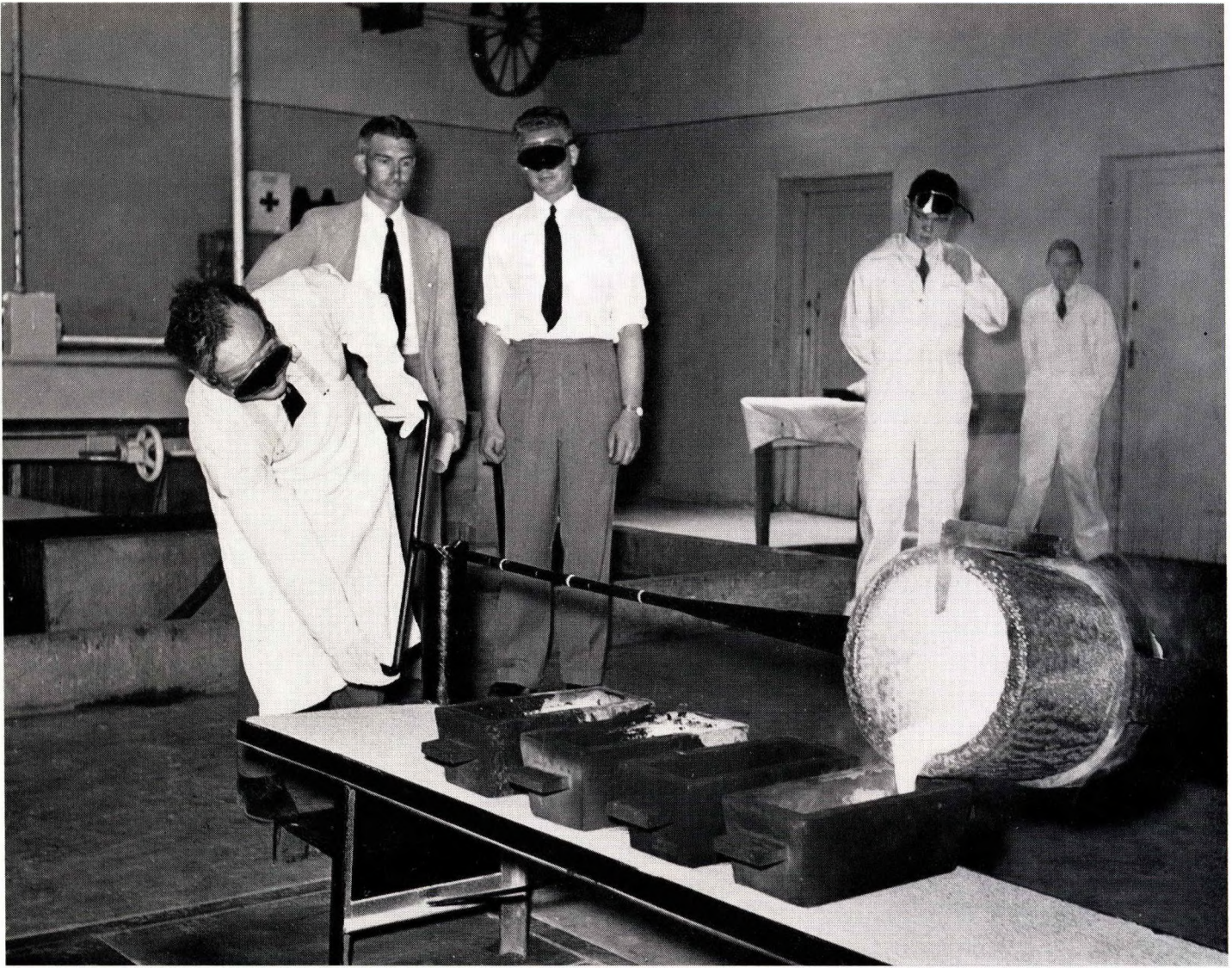
Anglo's courage and leadership brought vigorous action. In a notable speech in 1946 Sir Ernest Oppenheimer revealed his own conception of the future shape of things: "If we are to turn the Free State goldfields into a real surface asset as well as an underground asset then it is vitally essential that the 10 or 11 mines that have been proved should be opened up together and not piecemeal or in rotation". It was this capacity for thinking big that led to the planned development of the new O.F.S. towns of which I suppose the most famous must be Welkom.

I recall the feeling of wonder which I experienced on setting foot in this town in 1956. It was hard to believe that so much could have been built from the grass roots in such a brief space of time. True, the sparkling climate added exhilaration to the Welkom scene but nobody could fail to be impressed by this testimony to human planning, resourcefulness and enthusiasm. It was during this visit, too, that I first appreciated the dedicated professionalism of mining management.

From Anglo's point of view much of the heavy expenditure on conceptions such as Welkom—one thinks especially of the living quarters and the magnificent hospital for the African workers—represented a policy of enlightened self-interest. This willingness to put long-term stability before the maximisa-

Opposite page In May 1957 Sir Ernest was in London to open the "diamond" wing of the building whose other wing, facing Holborn Viaduct, was occupied by Anglo American Corporation. With him are Lady Oppenheimer and Mr. P. J. Oppenheimer, a director of the Corporation and of De Beers. The Holborn Viaduct offices are now the headquarters of Charter Consolidated





The author of this article, visiting South Africa in 1956, tries his hand at pouring gold at President Brand mine

tion of short-term profit has been fully justified by events. It has certainly contributed to the creation of the investment status which has brought in support for Anglo shares from many big institutional buyers.

The formulation and adoption of progressive and far-sighted policies implied, of course, the existence of first-rate direction and management and already the City was impressed by the way things had been developing in this vital field. First—and immensely important—it was evident that Anglo had the advantage which derived from that rare biological phenomenon—a brilliant son of a brilliant father. Like Sir Ernest, Mr. Harry Oppenheimer had quickly demonstrated a rare array of talents—leadership, negotiating flair, energetic zeal, practical idealism and a sound judgement of men and affairs. Like his illustrious father, Harry Oppenheimer conceals beneath his qualities of dynamism a certain sensitiveness and shyness. So far from inhibiting his capacity for decisive action,

it implies a deep insight into the human factors which so often cannot be ignored if lasting solutions to business problems are to be found.

Working in close harness two such men could not fail to demonstrate that they were a formidable combination but with a vast and growing empire under their command it was essential to build a strong management team. Fortunately, both father and son have shown a rare capacity for picking the right men. In South Africa Sir Ernest gathered round him such lieutenants as R. B. Hagart and Sir Keith Acutt, now the two deputy chairmen. These are men of stature by any standard whose shrewd judgement and experience have been invaluable in the group's higher counsels. At a later stage, working in close touch with Harry Oppenheimer, W. D. ("Bill") Wilson emerged among the younger men as a first-class administrator capable of formulating policies and taking long views.

At the London office, too, where naturally my own contacts

have been closest, developments on the management side have been similarly impressive. Looking back one thinks of men like Comar Wilson who, after working with Sir Ernest in Johannesburg before the war, came to the diamond office in London when hostilities ended. He provided the link between the diamond side and the Anglo office which Sir Ernest had always wanted and became effectively the senior London agent in 1951. In the City Comar Wilson, whose untimely death in 1961 inflicted a grievous loss, gained quick acceptance as a man of quicksilver mind, warm humanity and great personal charm. When he was joined by Hugh Smith and Esmond Baring, both from stockbrokers Rowe and Pitman, and by Philip Brownrigg the London office could boast of a rare galaxy of talent. The atmosphere was characterised by a refreshing liveliness and good humour. Like most of the City's merchant banks, Anglo's London office was not only efficient but had "style".

In the decade after the war it demonstrated its new importance in the group's affairs by carrying through most of the large-scale financing operations needed to develop the O.F.S. mines. In all about £120 million of new capital was raised through the London office in this country and on the Continent and in those days £120 million was a large amount. African and European, with all its staff, was absorbed into Anglo's London office in 1947 and Anglo became the London secretaries of De Beers in the following year.

In the early post-war period political events brought sharp fluctuations in the fortunes of the gold mining industry. As inflation got under way working costs rose, profit margins dwindled, development expenditure estimates went awry and labour relations deteriorated. When in 1948 Smuts was defeated in the general election and Dr. Malan became South Africa's Prime Minister the outlook appeared grim and City enthusiasm for gold shares received a nasty jolt.

With confidence badly shaken in South Africa and in Great Britain where a Socialist Government was making heavy weather of its post-war problems whispers soon began to be heard in the City and other financial centres that devaluation would provide the only way out. So buyers with strong nerves and firm convictions began to pick up their favourite gold mining shares.

On the evening of Sunday, September 19, 1949, after repeated official denials, Sir Stafford Cripps announced in Whitehall that devaluation had been decided upon and the sterling price of gold rose automatically from 172s. 6d. to 248s. an ounce. Prices of gold shares leapt ahead and the gold mining industry, which had been in danger of being slowly strangled by rising costs, could breathe again. It did so and soon showed its capacity for fresh progress first by developing South Africa's uranium deposits, now a substantial and grow-

ing contributor to mining revenue and then, again under Anglo's lead, by embarking on large-scale new mining at much deeper levels.

But in recent years, with a rise in the gold price rated only as a remote possibility, Anglo has been assessed less and less on its gold mining interests, large though these are in the group spectrum. City appraisal of the group's position and prospect has given increasing weight to the other big contributors to revenue—diamonds, copper and the still relatively small but expanding industrial interests. The emergence of diamonds from being regarded as a volatile industry subject to every vagary of the economic weather and relying on artificial controls for the maintenance of selling prices to the present rating as a sound growth industry has been one of the big investment changes of recent times. From a yield basis of 10 per cent or more De Beers have moved up to return only four per cent as diamond sales in the past 10 years have more than doubled and selling prices and profits have increased. This situation has naturally rubbed off favourably on Anglo with its large diamond interests.

For the rest the City has been torn in its valuation of the Anglo equity by conflicting forces. On the one hand, the emergence in major political terms of the racial problem has put a question mark over the future of the large and still preponderant interests on the African continent. In 1960 the Sharpeville incident sent a shudder through the City and other financial markets and Anglo shares were carried down with the rest. At one time they were as low as £5 10s. yielding over eight per cent as the prophets of doom held sway in the market place. At Anglo's London headquarters, now housed in their impressive building "down the road" at 40 Holborn Viaduct, I encountered no despondency. Although the majority among the senior management were and still are openly hostile to apartheid, there was no disposition to take panicky views. As the dust settled buyers reappeared and share prices staged a strong recovery.

The improvement in recent years to bring about the current market rating is a striking reflection of the City's thinking on the prospects of the group and the virtues of the Anglo equity as an international currency hedge. Despite the huge and inescapable commitments on the politically troubled African continent the yield of 3¾ per cent accords what is virtually blue-chip status to Anglo shares. Of course there are testing times ahead but with its proved management and ample cash resources the group is in a position of tremendous strength. Meantime, as several recent developments like the emergence of the wide-ranging Charter Consolidated and the new banking links with Europe have shown, Anglo is still spreading its wings.

PROGRESS IN GOLD MINING OVER FIFTY YEARS

H. MacConachie

Probably the most significant feature of gold mining during the past 50 years has been the great increase in the depth of the mine workings, and engineers have had to overcome difficulties which were probably thought insoluble 50 years ago. In 1917 a mine at a depth of 4,000 feet was considered a deep level mine, whereas today mining is taking place at depths of more than 10,000 feet.

To make mining at such depths economic, faster methods of shaft-sinking have been developed and new hoisting techniques have been devised. New methods of treating the ore and extracting its gold content have been introduced to keep pace with the increase in the scale of mining operations.

SUPPORT OF WORKINGS The support of tunnels and underground excavations has always been one of the main problems confronting mining engineers, and the deeper the mine workings the more serious this problem has become. In the earlier days of the Witwatersrand, the shallow workings were supported by leaving small pillars of solid ore, and this method, supplemented by a certain amount of timber support, was followed as the workings became deeper. With the advent of deep-level mining, however, the use of pillars became dangerous and some form of timber support became universal. On many mines in the East Rand, where the dip of the reef was comparatively flat, discs of concrete with small timber cushions on top were substituted for supports built entirely of timber; but this was discarded in the early 'thirties because the concrete tended to disintegrate under stress. Pressure bursts became more frequent, and the haphazard methods then being used gave way to a systematic method of mining, with a systematic pattern of support. Stopping—the excavation of the ore—was adapted to the conditions in the area, and various methods such as herring-bone, retreat, shrinkage and resue were employed. In the past few years most of the deep mines have used a method of longwall

stopping with mining concentrated on long continuous faces, supported on timber packs, which has greatly reduced the hazard of pressure bursts and contributed to increased efficiencies.

A practice now being developed with considerable success is the pre-stressing of timber packs. The packs are wedged by jacks to a pressure of about 40 tons to take up the strain on the hanging wall caused by the removal of the solid rock during stopping and to minimize the amount of initial sag in the hanging wall. Experiments are also being carried out with composite concrete and timber packs to increase the rigidity of the pack and give better control of the hanging wall. Steel props are also used, but only as a quick means of temporary support.

Roof bolting has become a standard practice over the past 20 years, particularly in tunnelling. Threaded steel rods are anchored to the bottom of holes drilled in the strata

and bolted against plate washers at the opening of the holes. The layers of strata which are individually not strong enough to stand unsupported are thus converted into a strong beam. In stopping, roof bolting is used to a limited extent to supplement timber support in fractured ground; but its chief value is in tunnelling, as it occupies less space than other methods of roof and side supports and thus allows the size of a tunnel to be reduced.

DRILLING Naturally the technical advance in mining methods was only made possible by corresponding advances in equipment. In 1917 a limited number of comparatively inefficient pneumatic drilling machines were introduced, but most of the holes for blasting rock were drilled by hand. Since then, however, pneumatic machines have entirely superseded hand-drilling, and engineers all over the world have endeavoured to improve the machines and the drill steel used. The modern hand-held

Drilling in a stope at Western Holdings, using steel stems tipped with tungsten carbide



Collection Number: A1132

Collection Name: Patrick LEWIS Papers, 1949-1987

PUBLISHER:

Publisher: Historical Papers Research Archive, University of the Witwatersrand, Johannesburg, South Africa

Location: Johannesburg

©2016

LEGAL NOTICES:

Copyright Notice: All materials on the Historical Papers website are protected by South African copyright law and may not be reproduced, distributed, transmitted, displayed, or otherwise published in any format, without the prior written permission of the copyright owner.

Disclaimer and Terms of Use: Provided that you maintain all copyright and other notices contained therein, you may download material (one machine readable copy and one print copy per page) for your personal and/or educational non-commercial use only.

This collection forms part of a collection, held at the Historical Papers Research Archive, University of the Witwatersrand, Johannesburg, South Africa.