

Mr. G. H. Edmunds writes :-

A Correspondent writes

In Race Relations News for June 1942 a Rhodesian correspondent quoted certain figures designed to show that the Copper Mining Companies of Northern Rhodesia were making very large profits. These figures admittedly refer to a period before the present high taxation came into force, but they are nevertheless misleading. Firstly, they deal with one good year of trading, and, secondly, all reference to the amount of capital invested by shareholders in order to produce those profits, has been omitted. As far as an investor is concerned, a business is only flourishing if it gives a good return on the money he had put into it. To give the public some idea of the present financial position of the Copper industry and to correct the false impression created by incomplete figures such as those quoted by the Rhodesian correspondent, the three largest companies have recently issued statements showing the trading results for the year ended 30 June 1941. Space does not permit full publication here, but a copy of these figures is available to those specially interested.

The figures show that the total capital invested in the three companies concerned is nearly ~~thirty three~~ ^{£33} million pounds, and the net return to the share³holders, assuming the whole of the profits of £1,568,715 were distributed, would be 4.8 per cent. It should be realised, too, that as the mines are wasting assets, approximately 2 per cent per annum has to be set aside by shareholders out of their dividends to give them back their capital at the end of the life of the mines. The true net return of income, based on the above figures, is therefore less than 3 per cent per annum. Sufficient has perhaps been said to show that the Copper industry is, from the share-holder's point of view, not such a flourishing business as many imagine. In normal times, admittedly, taxation is not so high as at present, but on the other hand, output is then controlled by the allocation of quotas to producers.

But, unlike gold, production is regulated by the demand of world industries. The future cost of production to the mining companies is therefore a factor of primary importance.

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8/8/22

Dear Lewin,

I have been unable to get
you on the phone -
No information has been received
the Anglo American Corp about the
Copper Company's profits, & the officials
here do not know when their figures
will come through -

In the meantime we can do
nothing so I think you will just have
to drive ahead with the next issue
without taking into account the article
we hoped to print. In the end this
article might have to be put in the
journal.
I am off to Koby for a week but hope
to see you next Friday evening
Sincerely
G. H. R. Edmunds

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