

## International Archives in South Africa

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### BACKGROUND

There has been a growing interest in the systematic collection, preservation and proper exploitation of business records in South Africa during the past decade. In addition to the business records held by public institutions such as the Government Archives Service, university and public libraries, some South African corporations have introduced their own archival programs.

The leader and pioneer in this field was a mining house, Rand Mines, Limited, which established its Archives department in June 1963. However, the organization of the archives along professional lines and the introduction of an acquisition program only commenced after the appointment of the present archivist ten years later. The Barlow Rand Archives were opened to researchers towards the end of 1975.<sup>1</sup>

Since 1974 two banks, two mining houses and two insurance companies have established corporate archives. In addition to Barlow Rand, DeBeers Consolidated Mines and the Anglo American Corporation of South Africa represent mining archives in the country. Two major banks, the Standard and Barclays support archival programs; a third bank, Nedbank, has deposited its

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<sup>1</sup>In 1971 Thos Barlow & Sons had taken over Rand Mines, Limited to form Barlow Rand Limited. Soon after this event it was decided that the Archives should be retained and an archivist be appointed.

archives with the Rand Afrikaans University in Johannesburg. In the field of insurance Sanlam<sup>3</sup> took the lead with the establishment of their archives in the late 1970s and the Old Mutual<sup>4</sup> recently decided to do the same. Two other corporations, namely the South African Breweries and the United Building Society are investigating the feasibility of establishing archival programs. However, with the exception of Barlow Rand, none of the above corporate archives can claim to be international in character, although some of them contain sub-groups of correspondence exchanged with principals in London.

## BARLOW RAND

The Barlow Rand Group of companies operates in Southern Africa, the United Kingdom, Europe and the United States. The Group's principal divisions comprise mining; cement and lime; ferro-alloys and stainless steel; electronics and engineering; earthmoving equipment, motor and appliances; building materials, steel and paint; carpets and textiles; packaging and paper; food; international; property and group services.

Barlow Rand shares are listed and quoted on the stock exchanges of Johannesburg, London, Paris, Brussels, Antwerp, Frankfurt, Zurich, Basel and Geneva.

The records of the mining division form the nucleus of the Barlow Rand Archives. They reflect the wide range of business activities of the companies which constituted The Corner House Group.<sup>5</sup> Wernher Beit & Co. of London, the Johannesburg house of H. Eckstein & Co., and its subsidiary Rand Mines, Limited, and The Central Mining & Investment Corporation, Limited. Although the Corner House became known internationally for the part it played in the development of mining and other industries in South Africa, its interests were by no means confined to South Africa nor to mining.

The Corner House had its origins in diamond mining and marketing in Kimberley in the 1870s. In 1871 the Parisian diamond merchant, Jules Porges,

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<sup>3</sup>Sanlam is the acronym for Suid-Afrikaanse Nasionale Lewens Assuransie Maatskappy, Beperk (Afrikaans for South African National Life Assurance Company, Limited)

<sup>4</sup>South African Mutual Life Assurance Society.

<sup>5</sup>The "Corner House" was a pun on the name of the founder of H. Eckstein & Co., Hermann Ludwig Eckstein; the English translation of Eckstein is "corner stone."

sent Julius Wernher, a young German, to Kimberley to assist his partner, Charles Mege. The firm of Jules Porges & Co., was reputedly the greatest and wealthiest diamond business in the world at the time of the Kimberley discoveries.

The discovery of payable gold on the Witwatersrand in 1886, prompted Porges to open a branch of the firm in Johannesburg. It was named H. Eckstein, after one of the founding partners.

At the end of 1889 Jules Porges announced his retirement from the firm which was reconstituted as Wernher, Beit & Co., with its headquarters in London and a branch, H. Eckstein & Co., in Johannesburg. Wernher and Beit formed a most successful partnership which was terminated only by Beit's untimely death in 1906, at the age of 53.

The Corner House had large holdings in profitable outcrop mines like the Robinson, Langlaagte, Bantjes, Randfontein, Crown Reef and Jumpers by the end of 1889, and started acquiring deep level properties on the dip south of and below these mines at low prices. This led to the formation of Rand Mines, Limited which was designed as a holding company to take over the important assets and administrative services of the deep levels while H. Eckstein & Co., continued to administer its outcrop mines.

Rand Mines, Limited was registered in the Transvaal on February 22, 1893, with a capital of E400,000 in 400,000 shares of a nominal value of E1 each. It was Wernher, Beit-H. Eckstein's most important flotation and major event of the 1890s.

Rand Mines pioneered the system of Group Administration on the Witwatersrand which was adopted eventually throughout the South African mining industry.

Under this system the parent or controlling company is a mining-finance house which usually has ample financial, technical and administrative resources, as well as very considerable mining knowledge and experience. It provides secretarial and technical services to the mines in the group. It is a shareholder in the individual mining companies and is represented on the boards of these companies by its nominees who ensure that control is maintained. Group administration provides a means of controlling costs, as well as permitting close examination of all expenditure.

H. Eckstein & Co., was responsible for the technical and managerial administration of the companies under its control, including Rand Mines. The latter provided secretarial and administrative services for its subsidiary companies and after 1910 for Eckstein's companies.

The Central Mining & Investment Corporation, Limited was registered in London on May 9, 1905, with a capital of E6,000,000 in 300,000 shares of E20 each. "It was the biggest trust of its kind the Rand or even London and Paris had seen"[2].

Central Mining was formed originally to take over the business of the African Ventures Syndicate which Wernher had formed in 1903 to buy old shares "with a view of steadying the market and regaining the confidence of the Transvaal mines," and to attract mainly French capital to finance the mines during the reconstruction of the Transvaal, after the South African War, 1899-1902 [2].

However, after the death of Beit in 1906,<sup>6</sup> Wernher felt that a limited liability company would afford the best protection for the partners and proposed that The Central Mining & Investment Corporation should form the nucleus of a new firm. This was only put into effect at the end of 1910.

For the first years of its life Central Mining had functioned purely as a finance company with no responsibility for group subsidiary companies in South Africa, but after 1910 it took over the control of the gold mines. On January 1, 1911, H. Eckstein & Co., acquired the status of a "foreign company having a place of business in the Transvaal." The name of the firm was changed to The Central Mining & Investment Corporation, Limited, Johannesburg, and it became a subsidiary of the corporation in London.

#### **WERNHER, BEIT & CO.**

Wernher, Beit & Co., was constituted as a private finance-investment house with its headquarters in London. Control of the firm rested with the senior partners each of whom had as his portfolio a special area of the firm's wide-ranging business interests. For instance, Lionel Phillips was the acknowledged authority on South African gold mining, while Louis (Ludwig) Breitmeyer<sup>7</sup> was the diamond expert who was also responsible for their interests in tramways in various parts of the world.

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<sup>6</sup>Beit's death had a profound effect on and serious financial implications for the future of the firm as a large part of his estate consisted of his share in the partnership in Wernher, Beit & Co. Wernher feared that if he should die, the firm would have to go into liquidation.

<sup>7</sup>After the dissolution of Wernher, Beit & Co., in 1911, Breitmeyer acquired all its diamond interests and founded the firm of L. Breitmeyer & Co., in London.

At the time of its formation in January 1890 Wernher, Beit & Co., had a capital of one million pounds in cash, diamonds and other investments and a further one and a half to two million pounds in shares and speculative ventures of one kind or another [3]. In addition to its considerable financial resources the new firm had the further advantage of having established access to capital markets in Europe and having formed a close association with bankers and other financial promoters in South Africa during the days when Beit and Wernher were partners in Jules Porges & Co. All these factors contributed to Wernher, Beit & Co., enjoying a dominant position on the Witwatersrand. During the 1890s and early 1900s the companies controlled by Wernher, Beit-H. Eckstein & Co., were responsible for nearly 40 percent of the Rand's gold output. The continued profitability and expansion of the gold mines provided a basis for the firm's burgeoning business empire.

At the Ordinary General Meeting of The Central Mining & Investment Corporation, Limited held on August 8, 1907, the chairman, Sir Julius Wernher stated "... we shall not fail to continue to be on the look-out, and, as we are not bound to South Africa, we may venture cautiously into other fields" [1].

Wernher, Beit-Central Mining started diversifying by investing in mining in other parts of the world, in real estate, industry, banking and transport.

The firm's policy of employing first-class American engineers<sup>8</sup> from the earliest days on the Witwatersrand not only paid off handsomely in terms of profits but also provided them with useful connections and mining intelligence about operations in the United States and other countries. Men like Hennen and Sidney Jennings, Louis Irving Seymour, Henry Cleveland Perkins, J. Hamilton Smith, Captain Thomas Mein, and others had served their time in the practical school of mining in Venezuela at the El Callao mine; the Alaska Treadmill; North Bloomfield; the Tomboy Gold Mines and elsewhere.

In due course, Wernher, Beit-Central Mining expanded their mining interests to East, West and North Africa, United States, Canada, Korea, Australia, Spain, Bolivia and Yugoslavia where they mined gold, silver, copper, lead and tin.

Wernher, Beit & Co., secured interests in companies allied to the mining industry, for example, Wernher served on the board of Fraser & Chalmers,

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<sup>8</sup>Enid de Waal's M. A. thesis, "The part played by the Americans on the Witwatersrand during the period 1886-1899," (University of South Africa, 1971) is a useful source of information.

Limited. One of the Witwatersrand's main suppliers of mining machinery, this company had erected the first large, 30-head stamp battery on the Rand for the Paarl-Pretoria Gold Mining Company in 1887.

They also invested in Charles Butters's Rand Central Ore Reduction Company, a firm founded to develop gold refining processes. When the young gold mining industry on the Rand hit the problem of pyritic ore an American, Charles Butters, was sent for to erect a chlorination plant on the Robinson mine.

Wernher, Beit started diversifying in South Africa in the 1890s. Their interest in real estate was represented by two large landowning companies, the Braamfontein Company and the Transvaal Consolidated Land and Exploration Company, Limited, both registered in 1892. The latter is still operating today. Also dating back to 1892 and still in existence, is the Pretoria Portland Cement Company, Limited. Wernher, Beit-H. Eckstein & Co., subscribed E100,000 towards the establishment of the National Bank of South Africa, took up debentures in the Netherlands South African Railway Company and invested in the Cape Electric Tramways.

The firm's financial interest in tramways extended well-beyond South Africa to countries as far-flung as Chile, Mexico, and Portugal. However, in 1898 Wernher declined a participation in the Valparaiso Tramways as well as the St. Petersburg Tramways in 1907.

Apart from Wernher, Beit's interests in various railways in the Rhodesias and Uganda, Central Mining became involved in the Anglo-Spanish Construction Company. It was formed to work a concession from the Spanish government for the building of a broad gauge railway line in the northeast of Spain.<sup>9</sup>

From about 1912 Central Mining's wide geographical spread of investments included interests in the oil industry, represented mainly by Trinidad Leaseholds, Limited, the North Venezuelan Petroleum Company, Limited, and the British Bahamian Oil Development, Limited.

The Sudan Plantations Syndicate, Limited formed originally in 1904 by Alfred Beit and Friedrich Eckstein for the purpose of growing cotton in the Sudan and Egypt, expanded its interests to Brazil where it established the Parana Plantations, Limited in December 1925.

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<sup>9</sup>Gavin Hildick-Smith, the engineer and general manager in charge of construction described the problems which bedeviled the project in an unpublished autobiography.

In examining Wernher, Beit-Central Mining's multinational investments one must not lose sight of other investments in British and German government bonds and their interests in a range of business enterprises in the United Kingdom. In addition to companies like William Foster and Co., Pascoe Grenfell & Sons, Limited and the British Metal Corporation, Limited, Wernher served as a director or chairman of a great many companies which included the African Transcontinental Telegraph Co., Alliance Marine and General Insurance Co., the Union of London and Smith's Bank.

### THE BARLOW RAND ARCHIVES

The Barlow Rand Archives Department was established by Rand Mines, Limited in June 1963.<sup>10</sup> The resolution to introduce the facility was influenced by the decision to write a history commemorating the company's 75th anniversary and by the fact that Rand Mines was planning to move to a new building. The company had occupied one building since 1904 with its parent companies, H. Eckstein & Co., and The Central Mining & Investment Corporation, Limited. The bulk of the parent companies' records dating back to 1887 had been stored in the basement of the building, while Rand Mines had preserved its own records since its establishment in 1893. Thus an excellent archival nucleus existed. The records of these mining houses still form the most important and extensive part of the Barlow Rand Archives.

The Archives of H. Eckstein & Co., are remarkably well preserved although not complete.<sup>11</sup> The records of this company, established in Johannesburg at the inception of the gold mining industry, are a fine source for the economic and technical history of the industry. They describe all the major stages and crises in its development as well as the growth of other industries which originated as a result of the mines, for example, the dynamite and power supply industries. The Archives also contain valuable information on the early history of Johannesburg since H. Eckstein & Co., was, for example, responsible for the establishment of townships through its subsidiary the Braamfontein Company, Limited, the supply of water to Parktown and the

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<sup>10</sup>The author's personal definition of Archives is: Archives are selected non-current records which were officially received or produced by a corporate body or one of its officials and which have been adjudged worthy of permanent preservation because of their continuing value to that body or its legal successor. In other words, they have lasting historical, legal, administrative and fiscal value.

<sup>11</sup>The *Inventory of the Archives of H. Eckstein & Co., 1887-1910*, edited by Maryna Fraser, was published by Barlow Rand Limited in 1975.

gift of the ground for the establishment of the Johannesburg Zoological Gardens.

The partners in the firm actively participated in the social, cultural and educational affairs of the community and their correspondence, particularly the London letters, contain lively commentaries on local events and politics. Similarly, the letters received in Johannesburg from the London partners provide interesting glimpses of their non-South African interests.

The Archives of Wernher, Beit & Co., include a small residue of the records of its predecessor, Jules Porges & Co., consisting of correspondence between the Kimberley and London offices, and London and Paris.

The scope of the records of Wernher, Beit & Co., is wider than that of H. Eckstein & Co., because they cover the full range of the company's business activities, as described in the previous section, for the period 1890-1911.

There is a large volume of interesting correspondence with various prominent engineers of the day, mainly American, about mining operations in America, Korea and other parts of the world. For example, Leigh Hunt was involved with Wernher, Beit & Co., in The Oriental Consolidated Mining Company in Korea as well as in the Sudan Plantations Syndicate. Hunt's grandson spent three weeks in the Barlow Rand Archives in December 1982 reading his grandfather's letters. These letters proved to be one of his richest sources of information for the biography he was writing.

Although Hennen Jennings resigned as consulting engineer to Wernher, Beit in 1905 and returned to America, he continued to correspond with the partners in the firm. His letters contain interesting items of information other than business matters, for example, a vivid description of the San Francisco earthquake in 1906.

Of considerable research value is the sub-series of incoming correspondence with leading European financiers like Rudolph Kann, Jacques de Gunzburg and former partner, Jules Porges.

The Wernher, Beit records are in English, French, German, Spanish, and Portuguese. For example, letters received from Mr. A. da Silva in connection with the Lisbon Tramways are in Portuguese and form a sub-series.



The bulk of the Archives of Wernher, Beit & Co. consists of in-and-out-going correspondence.<sup>12</sup> There are no Minute Books nor annual reports. Wernher, Beit & Co., as a private partnership, was not subject to any legal requirements as regards the keeping of records or publishing information about its operations.

However, its successor, The Central Mining & Investment Corporation, Limited kept Minute Books and published its annual reports and accounts as well as the proceedings of annual general meetings. An almost complete set of these reports and proceedings has been preserved and represents the best source of information on Central Mining's international business ventures. Regrettably, the Minute Books are not included in the Corporation's archives for reasons which will be explained presently. The Central Mining records which form part of the Barlow Rand Archives, deal mainly with the Corporation's South African business.

In the late 1950s Central Mining decided to dispose of its South African interests to its subsidiary, Rand Mines, Limited. A senior manager was sent to Johannesburg to complete the formalities and close down the local office. In the course of doing so and acting on instructions, he carried out a wholesale destruction of records containing information which they did not wish to pass into the hands of Rand Mines. Central Mining's British and some international interests were absorbed by Charter Consolidated Limited, London. As legal successor to Central Mining they became the owners of the Corporation's records, including the Minute Books. In the 1960s Charter Consolidated decided to dispose of some of the 'redundant' Central Mining records, some of which were given to Rhodes House Library, Oxford.<sup>13</sup> The rest, dealing mainly with South Africa, together with the surviving Wernher, Beit records were sent to South Africa.

The records of Wernher, Beit-Central Mining are incomplete for yet another reason. From 1903 they had their offices in No. 1 London Wall Buildings and their records were stored in the basement strongroom of the building. During World War II the building was bombed on a few occasions and the strongrooms were badly flooded as a result of attempts to extinguish fires on the upper floors. After the War salvage work was undertaken, but many of the records suffered extensive water damage and were totally beyond restoration.

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<sup>12</sup>Work on these Archives is in progress and an inventory should be available late in 1987.

<sup>13</sup>This was an unfortunate decision. The files given to the Library were a random selection and have very little research value out of their context.

The Barlow Rand Archives include some fine collections of the private papers of a number of the prominent personalities associated with the above-mentioned companies, for example, Sir Lionel Phillips.<sup>14</sup> He had been a partner in the firms from 1890 to 1924 when he retired as chairman of The Central Mining & Investment Corporation, Limited. There are no collections of private papers per se of Sir Julius Wernher and Alfred Beit, but their voluminous correspondence with their partners as well as business associates forms a valuable part of the Archives.

Although the records of the Mining Division are the most extensive, the Archives also contain records of companies in the Barlow Rand group, reflecting its interests, for example, in the sugar and food industries, and in heavy engineering.

In addition to company archives and private papers, the Barlow Rand Archives contain a few literary manuscripts, a large collection of photographs, maps, government publications, pamphlets and a book collection. The specialized book collection focuses on the subjects and personalities reflected in the Archives and private papers.

The records in the Barlow Rank Archives have a high research value and are consulted by historians, political scientists, geographers, architects, geologists, engineers, local history enthusiasts, authors and post-graduate students from all over Southern Africa as well as the United Kingdom and Ireland, Europe, the United States, Canada and Australia.

The Barlow Rand Archives form a major part of the company's program to promote education and scholarship, and to stimulate an interest in South African business history.

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<sup>14</sup>A selection of his correspondence entitled *All That Glittered: Selected Correspondence of Lionel Phillips, 1890-1924*, edited by Maryna Fraser and Alan Jeeves was published by Oxford University Press, Cape Town, in 1977.

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