INNES, DUNCAN-ANGLO: ANGLO AMERICAN AND THE RISE OF MODERN SOUTH AFRICA (London: Heinemann; Johannesburg: Raven, 1984 358pp incl index)

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Anglo American stands like a monolith on the South African capitalist horizon, dominating the local economy and seeking what it may devour elsewhere. Innes' critical study traces the emergence of Anglo within the context of capitalist development in southern Africa, examining how a small corporation founded in 1917 has come to include South Africa's top five mining houses, controls or holds substantial minority shares in five of the top ten industrial concerns, and has substantial property, banking and insurance interests.

He begins with the rise of the De Beers monopoly in diamonds in the late 1900s, the emergency of the monopoly system in gold and Anglo's growth into the largest mining group, based especially on its absorption of De Beers and its central position in the far east Rand and Free State gold fields. Industrial diversification began in the 1930s and was encouraged by the Anglo-dominated emergence of a local money market and merchant banking in the 1950s. Since then Anglo has expanded rapidly during boom periods, has used slump periods to consolidate its power when other firms have weakened, and has invested outside South Africa on a large scale.

The empirical material on which the book is grounded is very thorough, complete and well presented. Much of it is not new and tends to end in about 1976; it could do with an update as Anglo's investments and structure change all the time. Opponents within the labour movement for example would require more recent information on how the group works and where its strengths and weaknesses (if any) lie.

This review will not attempt to summarise Innes' history and analysis of Anglo American, but will instead focus on certain conceptual weaknesses in the book and draw out some of its implications for South Africa's future. At a theoretical level, Innes is sharply critical of Marxist theories which distinguish 'economic' and 'political' levels in capitalist society and then see the former as somehow 'determining' the latter. Instead, he regards both as aspects or forms of class relations in society - between capitalists and workers. While the views he criticises are shaky - the idea of levels of society propped upon each other is decidedly unattractive - he fails to demonstrate his alternative in his book. He ends up focusing overwhelmingly on the logic of capital, accumulation, and while the Marxist concepts used - rates of profit, organic composition of capital etc - are imbued with class conflict, he does not make this evident. Questions about Anglo's policies on worker organisation are skimpily treated - for example the important and large rises in African mine wages in the early and mid 1970s are not discussed.

Furthermore, it is intuitively obvious that relations between Anglo and the South African state must have been close and conflict-ridden over the years, yet these relations are not properly analysed. One gets a clear picture of Anglo's central position within the framework of capital accumulation in South Africa but its political effects aren't mapped out. Many of these issues are discussed in the lengthy Sussex doctoral thesis on which the book is based but have been largely omitted in the published version.

Another problem concerns the nature of industrialisation in South Africa, termed 'dependent' by Innes. South Africa he describes as an 'imperialist power located on the periphery of world capitalism' (1984:249), with the major cause of dependence on the West lying in control over technology. Such a view is tinged with the notion of underdevelopment as being the inevitable result of contact with First World capitalism. The logical implication is that independence requires cutting off economic links with the outside world and 'going it alone'. Instead, it can be argued that the expansion of capital and political power from the capitalist West has had a variety of effects on the local economy, mostly in the direction of economic development and developing the forces of production. His focus on technology (in which area South Africa is undoubtedly weak) as characterising South Africa's integration into the international system seems somewhat misleading. He thereby overlooks the **benefits** of international linkages and their effects on the local economy - markets for raw materials and especially gold, sources of capital goods which raise productivity. Capitalism, as Marx and Lenin stressed, is progressive in relation to pre-capitalist modes of production and, while there are individual cases where capitalism has had overall effects of underdeveloping areas or countries, the developing effects of capitalism usually far outweigh these. It would also be interesting to know how widespread the 'peripheral-imperialist phenomena is. Do large monopolistic groups from newly-industrialising countries like Brazil and South Korea also export capital and political influence and come to dominate neighbouring economies, or is this a phenomenon unique to Anglo and southern Africa?

Innes fails to discuss some of the most interesting questions about Anglo American. One of these centres round the nature of economic development in this country. Innes draws on Lenin in viewing Anglo as a dominant 'monopoly' within a monopoly capitalist economy, with the associated implications of concentration of economic power, the emergence of finance capital, capital export and economic and political imperialims. South African capitalism still small-scale and dominated by Britain in the 1920s and 1930s, moved into a monopoly phase in the late 1950s with Anglo playing a major role in this transformation, and likewise, taking the lead in exporting capital and political influence on the subcontinent and elsewhere. What are the effects of such **monopoly** capitalism on local development?

Various replies are possible. Conventional economists examine - but usually disregard - the welfare losses of monopoly to consumers in terms of lower output and higher prices. Theorists focusing on poverty examine how monopolistic firms, especially those with a hold on natural resources, fail to stimulate the local economy and pay low wages due to their position as the major employers of labour. Marxists stress control over the state and the overall trajectory of the economy, the concentration of economic and political power, and the possibilities and limits of worker organisation under monopoly capitalism.

Innes appreas to belong to the latter camp, continually stressing that Anglo is 'concentrating ever greater areas of production and even larger resources of capital under its single control' (1984:207). Apart from this, he has little to say about the **effects** of monopoly. The argument, persumably, is that groups like Anglo use this monstrous economic and political power to benefit themselves and their profits, not the societies within which they function.

Yet one can make a case for the beneficial impact of monopolisation. Monopolies can enable large economies of scale to be reaped; they can allow effective penetration of world markets; high levels of profit retention leading to investment and growth; concentration of resources bringing rapid technological development and research. In short, given that South Africa is capitalist and that no alternative socialist path of development has been historically feasible, the case for **monopoly** - as against **competitive** - capitalism is quite strong. Part of the problem is that Innes' traditional Leninist framework appears to take it for granted that monopoly capitalism is 'moribund' and highly undesirable, but the book fails to provide much evidence of this.

Thus, while one can accept Innes' characterisation of Anglo as a 'monopoly', the intriguing questions about this concern its welfare effects and implications for socialism in southern Africa, neither of which he considers adequately.

The latter leads on to yet a further issue. The Freedom Charter and other political documents often call for the nationalisation of large firms like Anglo American and their management in some restructured way by state appointees. What implications does Innes' research have for such a strategy?

Firstly, it would be difficult and costly. Nationalisation with compensation would be exceedingly expensive; without compensation, international organisations and the West would be horrified and all forms of aid and foreign investment and perhaps even trade would be likely to shrink rapidly. In any event, the sheer massive complexity of Anglo American and its untold satellites - which Innes brings out very clearly - would make it very difficult for untrained state appointees to take over and function efficiently for some years, especially under situations where capital equipment or administrative techniques could easily be sabotaged by previous managers.

Secondly, any such strategy could well lead to massive capital flight by Anglo and other large firms **before** expropriation - and in a world of freely moving capital and flexible exchange rates this is not to be underestimated. It would also lead to an investment boycott by capitalists large and small - thus slowing down the prospects of future growth immediately after liberation which is just the period when economic development is most needed to retain mass support!

Thirdly, the record from nationalised enterprises in the Third World is pretty dismal in terms of costs and efficiency as government employees seem to lack incentives, and the more advanced and larger the scale of the area of production, the worse the inefficiency. Nationalisation could have the effect of killing the goose that lays the golden tax and export eggs for South Africa.

Finally, the problem is of course that Anglo is probably acutely aware of economic strategies doing the rounds of popular political circles - and making its plans accordingly. This was less evident when the book was prepared years ago, but the current upsurge of popular militancy must have had reverberations in plush Johannesburg company offices and exotic clubs - as the recent visit by top businessmen to Lusaka indicates. It may seem fanciful but is probably increasingly true that the more radical the economic strategies proposed by political organisations, the more Anglo will safeguard against them by trying to 'buy out' political movements and taking large amounts of capital permanently out of the country. In short. obscure debates about economic strategy can have vital long-term implications.

Given all these difficulties with nationalisation, what other strategies exist to deal with firms like Anglo after liberation? More imaginative left-wing alternatives should be explored - for example, allow Anglo to function, guarantee it some return on its capital, encourage investments and growth, and tax away the rest of its income. This would of course need careful monitoring by government accountants or sympathetic financial people, but could perhaps work as an immediate post-liberation strategy for a few years. Alternatively, state control over a portion of Anglo shares could help influence its activities without lowering productivity or investment.

As a final point, the question arises whether firms like Anglo can ever be socialised - placed under popular control - in any meaningful way. The average Anglo gold mine in which hundreds of millions of rands has been invested and employing maybe 7000 workers is an enormously complex beast. Its technology and job-positions are firmly established, and it seems unlikely that there is much scope for workers to take control over workplace activities. At the level of formal control over mine activities, investments and wages, it can be argued that highly profitable mines should be used for the benefit of the country as a whole (especially in terms of social services and programmes to benefit the rural poor), which might imply direct state intervention in decision-making and lower wages than mineworkers would prefer.