



South African mogul Harry Oppenheimer with son, Nicholas, and grandson

A morality tale in which billions are at stake

For the Oppenheimer clan, it's guilt by association

For most of his 80 years, South African mining magnate Harry Oppenheimer has managed to oppose apartheid and still maintain his father's Anglo American Corporation as the country's most powerful mining, mineral and industrial conglomerate. Lately, however, politics has turned his business into a \$20 billion gilded cage. Attempts to expand the family holdings overseas have met with a buzz saw of resistance, generated, ironically, by disinvestment laws designed to prod Pretoria toward racial equality.

The trouble began this autumn when Oppenheimer's Luxembourg-based investment arm, Minorco, launched the biggest takeover in British corporate history—a \$4.9 billion bid for Consolidated Gold Fields, the world's second-largest gold concern. The move threatened to put one third of the West's entire gold production, including the richest U.S. vein, Nevada's Newmont Mining, into South African hands. In addition, the deal would have allowed Minorco to dominate the supply of such strategic materials as titanium, vital to U.S. defense industries.

Scorched-earth defense. Seizing on everything from antimonopoly statutes to state rules barring funds from being invested in South Africa, ConsGold Chairman Rudolph Agnew mounted a defense that galvanized governments from Canberra to Washington. Britain's Monopolies and Mergers Commission put the proceedings on ice while it investigated the deal's impact on competition. The White House resisted pressure to invoke new trade bill provisions that restrict

foreign investment if it would jeopardize national security. Papua New Guinea, refusing to be "a party to any racist regime," warned it would block development of its new Porgera vein if a ConsGold's subsidiary fell to Minorco. And last month, New York City threatened to remove its pension funds from Chemical Bank for financing Minorco's offer.

Oppenheimer's Luxembourg investment arm, which snapped up 29 percent of ConsGold in a "dawn raid" eight years ago, vows to continue the fight. Though overseas money is bankrolling the buyout, Minorco's purchase of ConsGold would provide a way for Anglo to break out of the South African straitjacket and become more of a global player in gold and minerals. Faced with limited opportunities at home, other South African firms have adopted similar strategies. In October, for instance, the Rembrandt tobacco giant transferred its controlling stake in Rothmans International

to a company it set up in Luxembourg. In the ConsGold fight, neither side can afford to lose what observers consider a clash of two dynasties. Both Anglo and ConsGold were founded in the Kimberley diamond fields, ConsGold by British empire builder Cecil Rhodes, Anglo by a German-Jewish immigrant named Ernest Oppenheimer in 1902. Now, both must figure out ways to preserve fortunes drawn primarily from South Africa's ore-rich earth in the face of trade sanctions and domestic turmoil.

An opposition "Octopus." Unlike Rhodes's British-owned enterprise, Anglo's roots remained firmly in the veld, where they have long been a thorn in the side of Pretoria's conservative leaders. Dubbed the "Octopus," Oppenheimer's 600 corporations and 800,000 employees span six continents, controlling world diamond markets and comprising the globe's single most important gold entity. But "Harry O" owes the warm welcome accorded by Western heads of state to his distaste for apartheid and generous support of South Africa's opposition parties.

Ironically, it is rival ConsGold that has managed to portray itself as "the good angel of the anti-apartheid struggle," laments one activist. Though ConsGold has distanced itself from its South African mining interests in recent years, last year some 5,000 workers in its Namibian mines were dismissed after they went on strike for better pay and conditions; nearly half, mostly union activists, were never rehired. By contrast, in South Africa Anglo encouraged the fledgling black National Union of Mineworkers.

Minorco has played down its ties to South Africa. And the new chief executive, Sir Michael Edwardes, has promised to sell ConsGold's South African mines if he gains control of the company, representing a significant disinvestment. But links to Anglo could torpedo Minorco's bid. "I'm sorry they [ConsGold] have aroused so much anti-South African sentiment," allowed Oppenheimer recently.

The current setback has been a rare one for Oppenheimer, who still boasts an ace in his De Beers diamond cartel. At Anglo's 44 Main Street headquarters in Johannesburg, the threat is

unspoken. But moving its \$5-billion-a-year gem-auction business from London to Amsterdam might encourage the British government to stop resisting Minorco's bid. If denying an "Octopus" is problematic, shaking hands could prove more so. ■

by John Barnes in London with Jim Jones in Johannesburg

AN EARTHLY FORTUNE

Anglo American and Minorco are among some 600 Oppenheimer family-controlled firms worth \$20 billion

Anglo American Corporation owns:

32% of De Beers	South Africa	Diamonds
39% of Minorco	Luxembourg	Holding company
39.8% of Johannesburg Consolidated Investment Company	South Africa	Investment company
23.8% of Rustenburg Platinum	South Africa	Platinum

Minorco owns:

30% of Engelhard Corporation	U.S.	Platinum refiners
36% of Charter Consolidated	Britain	Heavy machinery
29% of Consolidated Gold Fields	Britain	Gold

USNS & W/R—Basic data: Value Line Investment Survey and legal documents submitted to the President under the Omnibus Trade and Competitiveness Act of 1988

Inspiration buys two Oregon firms

Inspiration Resources Corp. (IRC) announced in early April that it has purchased LTM Inc. (LTM) and Rogue Aggregates Inc. (Rogue), two affiliated, privately-held companies.

The two companies, which

are headquartered in Medford, Oregon, produce construction materials for residential, commercial and government projects in southern Oregon and northern California.

Combined sales for 1989 totaled approximately \$22 million. Major products and services include general construction, asphalt, ready-mix concrete, concrete products and aggregates.

LTM is a fully-integrated supplier of construction materials in southwest Oregon. It operates three plants in the Medford area as well as a general contracting business. Rogue processes and markets sand, gravel and crushed stone mined at three quarries.

Reuben F. Richards, chairman of IRC, said the LTM/Rogue acquisition "adds a new dimension to IRC's mining businesses and establishes the corporation in a market with attractive long-term growth prospects."

He added that IRC plans to make additional acquisitions of construction materials producers that are based in the western United States and currently hold strong market positions.

LTM's chairman, Richard Hensley, who will remain with the company, said, "IRC's commitment to our businesses will enable us to improve productivity and better serve the southern Oregon and northern California markets."

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