Company Towns

An Introduction

Company towns, as institutions of production and profit, have been part of the industrial age all over the world for a long time. And in mining and other extractive industries, the building of company towns in remote, underpopulated parts of the world is very common. Despite their gigantic industrial value, the moral and aesthetic assessments of company towns have never been particularly commendable: Mark Twain’s view of the old coke towns was that they suggested “hell with the lid off”; more recent and no less critical was Mumford’s devastating pronouncement that the whole of the industrial age has been a period of environmental plunder, pollution, and despoliation—a period of *abbau*, the unbuilding of the world. Company towns have come to symbolize the wrecking of the environment, especially those towns associated with extractive industries such as mining and lumber milling.

But there is more to the character of company towns than their destructive effects on flora and fauna and the rest of the environment. Typical company towns (*typical* in the sense of possessing the majority of common attributes) are inhabited entirely by employees of the company. They are unincorporated, and the company owns all the real estate and infrastructure and controls and administers both the town and the industry for which the latter was created. Thus, everything associated with the settlement—the houses, shops, schools, hospitals, and recreational facilities—is subordinated to the business enterprise and the will of its owners. Employees and workers know this very well from the manner in which they are differentiated and ordered
by their companies according to occupation, ethnic affiliation, and other social criteria, especially when the allocation of housing and access to recreational facilities are involved. Many company towns are never planned; they grow haphazardly as the extractive enterprises linked with them expand.

Housing, and its cost to the employer, is a significant indicator of each employee’s status in the industry, determining and reinforcing the nature of the relationship between employer and employee. Moreover, while company housing may be a roaring success from the standpoint of labor management—and may even provide employees with somewhat better housing than they might otherwise have enjoyed—it has hidden handicaps in the long run for worker-tenants. The company’s combined roles of township manager, landlord, employer, and owner give rise to insecurity of tenure, favoritism in the allocation of houses, a correspondence between the payment of low rents (or no rent) and low wages and compulsory overtime, and bunkhouse and compound systems. Moreover, even if employees have the financial means to acquire real property locally, opportunities are not available. All forms of private enterprise are prohibited, which places yet another restriction on employees while they are working for a particular company.

The major task for company-town management has always been the selection of appropriate (generally cheap) labor for the particular needs of the industry. Once the labor is recruited, decisions have then to be made as to the most effective ways of controlling it, and of keeping workers contented while in service. This helps explain why mining companies, in particular, attempt to recruit their workers from the same ethnic group. In Southern Africa, many companies also find it advantageous nowadays to transport their labor to and from their homes because it helps in the establishment of contractual rules (especially with new workers) and paternalistic links between management and the home villages of their workers.

Thus, the most efficient administrative design for every company is a system in which paternalism, as the hegemonic ingredient of company power, can be appropriately extended to all employees in a manner that takes care of their basic needs, according to what is morally acceptable to company directors and materially acceptable to employees. For example, the bunkhouses of the logging and mining camps of the U.S. and Canadian frontiers would be unacceptable by contemporary standards on both counts, as would the lowering of housing standards for foremen and white-collar workers in any modern company town. This kind of paternalism is not new. Writing in 1556 about the important duties that good mine managers (praefectus fodinae) need to perform, Georg Agricola cautioned them in his scientific treatise on mining to be well-informed on many things, including arithmetic, law, sur-
veying, and architecture. “[But the mine manager must also know medicine] that he may be able to look after his diggers and other workmen.” Agricola also advised that mine owners look for a site (assuming there was a choice) where there are good roads and access to civilization, and he included stern guidelines for consulting engineers (jurati), saying they should visit all mines for periods of fourteen days.4

Company towns are often regarded as “closed” communities, and many companies fence in their towns and place guards at the entrances to protect their properties from theft and vandalism and their workers from the influence of “undesirables” such as hucksters, peddlers, and agitators. Security on diamond mines is fraught with additional problems associated with diamond theft: elaborate and unique measures of surveillance are considered necessary. But “closedness” must also be seen in a structural and symbolic sense relating to the quality of workers’ links with, and access to, the outside world.

There are diverse approaches to the study of company towns, but most writers, in defining what a company town is, agree on a cluster of criteria not too different from those presented above; they would not, however, necessarily agree on all of them.5 Some writers ask for refinements that would exclude many modern company towns. James Allen, for example, argued in his pioneering comparative study of two hundred or so company towns in the American West that mining communities in which there is “private home ownership and self-government and the dominance of independent business firms” should be excluded.6 Thus, in Allen’s scheme, Bisbee, Arizona, did not qualify as a company town because almost all of the homes were privately owned—that is, not under the direct control of Phelps Dodge Corporation. To exclude Bisbee and similar communities, including many Appalachian coal towns and Tumbler Ridge in British Columbia,7 from the “company town” list is theoretically retrograde; such exclusion gives the impression that mining companies need to strengthen their power by involving themselves in the provision of housing, recreation, and other social services for their workers and employees. Most mining companies enjoy so much power and hegemonic influence that excursions into matters such as town planning, housing, and social services are undertaken only when necessary (as in remote areas, for example) or to conform with state regulations. Thus, while I would agree with Martin Bulmer that every company mining town where the company is party to all the principal economic transactions carried on within it provides an example of a pure capitalistic mining community,8 I do not think that less company involvement in worker welfare is necessarily an indication of weakness in a company’s power base.

At the other end of Allen’s scale was Morenci, Arizona, where the company...
owned all the homes, business buildings, and public utilities, as well as the store that dominated the business life of the town. But, somewhere in the middle of the continuum, was Ajo, also in Arizona. There, the company owned about half the land upon which residences and other buildings were located, plus all the buildings constructed on its land—criteria that qualified Ajo as a company town in Allen’s scheme.9

In an intriguing analysis of Ajo (after the publication of Allen’s comparative study), Larry Stucki demonstrated how the company, Phelps Dodge Corporation, “totally control[led] the lives of [Ajo’s] employees” even during lay-offs and a prolonged eight-month strike, despite the fact that many economic transactions in town were carried on by parties other than Phelps Dodge. He shows that the company always got its way to further its own ends because the “systems leaders” developed schemes for gaining total knowledge of every aspect of the “environment’s microstate.” This strategy of gaining control over people’s lives included the weeding out from the workforce all those men who had “undesirable” work habits and “bad” personal characteristics, retaining only those who met the company’s standards.10 The process is very reminiscent, as I show later, of the techniques used in South Africa by Cape Coast Exploration Ltd. in its labor recruitment during the late 1920s and early 1930s. There the company kept in touch with the “desirable” workers during closures with a promise of reemployment when operations resumed, thereby “eliminating the weaklings.”

Kleinzee

Kleinzee is a near archetypal company town located on the coast of the lower reaches of the semidesert region of Namaqualand, South Africa. All the four thousand or so inhabitants of this alluvial diamond mining community are employed by, or have some connection with, the formidable De Beers company. The latter not only owns, controls, and operates the mining areas but owns and controls most of the contiguous coastal strip of stock farming land extending south from Port Nolloth for about two hundred miles. It also controls and restricts the movement of all its employees.

Unlike the inhabitants of the first camp built in the late 1920s, today’s residents enjoy the benefits of an ample supply of fresh water, piped in from the Orange River, and electricity, drawn from the ESKOM grid system. There are trees, lawns, and well-kept gardens, tarred roads, a large supermarket, good housing for many, a well-equipped hospital, and schools and restaurants; a golf course and rugby and cricket fields are resplendent with lush green turf. To the
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unenlightened, the suburban quality of this utopian oasis may appear to differ little from many modern towns of similar size in the Western world. But Kleinzee remains a single-industry company town, built, owned, and controlled by De Beers Consolidated Mines Ltd. to be the headquarters of all its alluvial diamond mining operations in the region.

To what extent can Kleinzee’s social institutions be said to mirror those of South African society in general? Kleinzee has its black, Coloured, and white workers, a compound system, and conventions that with regard to racial segregation and discrimination are comparable to those in the rest of South Africa; similarly, the whole system of social differentiation and stratification is modeled on the conventions of the wider society. However, as the image of the “New South Africa” began to emerge in the late 1980s, company policy was, for various reasons, at the vanguard of several reforms in race relations. By 1990, plans were being made to desegregate the schools in Kleinzee, and residential segregation had begun to be less rigid. More men and women of color had begun to occupy positions hitherto denied them. By 1992, the company’s jet was piloted by a black South African and the schools were fully integrated. Racial stereotyping became a serious offence in the eyes of management, while a new program, known as operational renewal, encouraged the whole workforce, irrespective of race or rank, to be on first-name terms with each other. In theory, there was to be equal pay for equal work, and a new program of job and wage allocation was introduced to stamp out racial discrimination on payday.

Most of the themes dealt with in this book are pertinent to other company towns in different parts of the world. I have kept in mind the importance of providing a broad, comparative focus alongside the more empirical detail of sociological analysis. I have also attempted, at another level of presentation, to tell the story of Kleinzee through the socioeconomic hierarchy created by “head office” to facilitate the administration of every aspect of mining, including matters such as housing and recreation.

The book begins with the prospecting days and the original discovery, in August 1925, of alluvial diamonds in the Namaqualand region, when prospectors together with their workers braved the elements with a naive spirit of optimism, only to lose every gain to “the diamond ring” soon after. I have addressed the often-complex relationship between prospectors and mining companies: the latter were waiting in the wings until the time was ripe to incorporate the work of others into the world of company directors and consulting engineers. I use the term complex relationship because the situation also involved a rather ugly tapestry of “negotiation” by middlemen (including a few women) who, lacking real capital and industrial chicanery and toughness, were
easily outmaneuvered by the captains of industry at the expense of the prospectors and discoverers.

My research shows, not surprisingly, how naive and misinformed prospectors and their circle were of the power wielded by the business and corporate elites at all levels in the industrial world. Directors of big companies seeming always to be too busy with the affairs of industry and commerce (and with their shareholders) to waste time negotiating with small fry such as prospectors and diggers, low-level business transactions were always done for them by brokers closer in rank and status to the prospectors; the middlemen—equipped with special cunning and efficiency—were well able to outmaneuver the pick-and-shovel pioneers.

Most of the first part of the book (chapters 1 to 8) focuses on the origin and emergence of the first mining camp at Kleinzee and its subsequent development a few years later. After the early mining syndicates had obtained options to purchase Namaqualand farms on which to prospect and mine, various powerful companies acquired interests in these ventures. In 1927, Chester Beatty’s Consolidated African Selection Trust Company, based in the United Kingdom, acquired a 50 percent interest in the properties of the George Scott Ronaldson syndicate. The following year, Ronaldson, a Kimberley businessman, sold his half share to a newly formed company known as the Cape Coast Exploration Ltd. Cape Coast had been established in February 1928 by Ernest Oppenheimer (Anglo American Corp.). Later, in 1942, it was taken over by De Beers Consolidated Mines Ltd. I have analyzed those processes in some detail, not simply to record the events of the time but to illustrate and emphasize the immense power wielded by Oppenheimer’s empire in Namaqualand, and how it was acquired.

Having noted the close relationship between Cape Coast and Anglo American, it is crucial to understand the close relationship between Anglo American and De Beers. Anglo American is a diverse investment company with holdings in gold, diamond, platinum, and coal mining, other industrial concerns, and in commercial enterprises such as banking, insurance, and real estate. It is the largest industrial and financial group in South Africa and a world leader in gold and platinum production. In 1993, Anglo American controlled an international empire of more than thirteen hundred subsidiaries and a wilderness of cross-holdings of stock.

The company was formed in 1917 by the Oppenheimer family, who had acquired a major interest in Premier Diamond Mining Company of South Africa and control of Consolidated Mines Selection holdings that were used to buy up some of the richest gold-producing land in South Africa.
Under Ernest Oppenheimer’s chairmanship, Anglo American acquired the rich diamond fields in South-West Africa (Namibia), a transaction that broke the De Beers hegemony in diamond production. But the De Beers company (which had been formed by Cecil Rhodes in 1888) continued to reap enormous profits because of its prominent position and use of cheap black labor. It diversified into cattle ranching, agriculture, wine production, railways, explosives, and other basic industries. In 1921, Oppenheimer was knighted. And in 1929, monopoly of the diamond industry was reestablished, albeit in a different form, with Anglo American now in control of De Beers and Oppenheimer chairman of both companies.\(^1\)\(^2\)

In part II of the book (chapters 9 to 14), I examine the phenomenal industrial expansion by De Beers (successor to Cape Coast) of the alluvial diamond mining operations in Namaqualand after 1956, the year when the payable ore on the Kleinzee property south of the Buffels River was exhausted. There were enormous changes in most aspects of the community, involving considerable increases in the size and diversity of the workforce, elaborate diversification of all levels of technology, and the transformation of most of the existing infrastructure.

I have also attempted to highlight some of the complex effects that company-mining-town culture has on people’s lives; I try to understand why many employees seem to remain loyal to the company, even when they feel disgruntled and hostile toward their immediate bosses and to the town itself.

Company towns tend to be portrayed as if they were totally closed communities. But even towns like Kleinzee, despite their barbed-wire fences, and where all residents are under the full control of the company, can never be treated as if they were totally closed socioeconomic systems. I have, therefore, drawn attention to some of the ties that employees maintain, albeit in different ways, with the outside world. Most unskilled and semiskilled workers have, over the years, been migrant workers from the Namaqualand region and other parts of Southern Africa. Neither they nor anybody else, regardless of occupation, have ever been able to become permanent residents of the town. As contracts terminate, so formal “membership” in the company-directed community ceases, and it is essential for most employees to retain some social affiliation elsewhere, in their home communities.

In order to avoid using the phrase closed community, I find it helpful to speak of differing degrees of closedness to reflect the extent to which people are encapsulated behind the barbed-wire entanglement that encircles the town. Moreover, since so few communities ever have totally fixed boundaries, even in a symbolic sense, in this book I use an alternative term, threshold, to describe the portal procedures of coming and going.
In chapter 14, I attempt a brief comparison of some of the common features company towns share with certain other social formations such as asylums, monasteries, convents, military bases, expatriate communities, and native reserves, with particular reference to the effects these kinds of organizations have on people’s lives. (See also chapter 13.)

Mining in Namaqualand

The Namaqualand region was one of the lesser-known areas of the Cape Colony when the Union of South Africa was constituted in 1910, despite its copper, which had been commercially mined since the 1840s. The Nama Khoi (the so-called Namaqualand Hottentots) had worked surface deposits of virgin copper long before 1652, when the first European settlement was established at the southern tip of the continent; then in 1685, the governor led a prospecting expedition to Namaqualand to pioneer European involvement in the industry. In the nineteenth century, Namaqualand was, in fact, renowned for its high-grade copper ore, and many of its thirty-six mines had grand names, such as Wheal Julia and Victoria. Copper mining had an enormous influence on people’s lives, giving rise to secondary industries and the growth of transportation systems, including the narrow-gauge railway connecting O’okiep and other copper mines with Port Nolloth. Improvements were made to the appalling roads in various parts of the region, the postal services were expanded and a crude telegraphic system was established.

Most important of all, though not necessarily the most beneficial to the local people, was the advent of wage labor in the area, which transformed the largely subsistence-level population of mixed farmers into part-time farmers and migrant laborers. More accurately, a system of mutual dependence developed, whereby local households exchanged their labor for the wages offered by the mines and secondary industry. The system was mediated by shopkeepers and smouse (peddlers), who accelerated the process of accommodation to the region. Often the copper companies themselves operated shops and trading posts, thus enjoying additional profit from the wages they paid (a practice well-known in company towns all over the world), but also that they might have better control over the workforce.

The system of wage labor—which, more often than not, had a migratory component—did not develop spontaneously as a voluntary movement of people from the rural areas to the mining towns in response to the demand for labor. As elsewhere, throughout South Africa the supply of labor was stimulated by the shopkeepers who introduced new commodities, which appealed to the
new wage laborers and changed the local economy. The missionaries and other frontier ministers of the Christian religion took advantage of their new congregations, requiring members to pledge money; the cash then went toward paying the clerics’ stipends, the cost of building churches and schools, and the general running costs of the Christian institutions. For example, by 1870, the members of the mission stations of Steinkopf and Concordia were paying the salaries of both their missionaries and their local schoolteachers. The newly converted were also obliged to clothe themselves according to missionary requirements and expectations.

Wagons and other Western commodities and trade goods could now be purchased with cash rather than by barter. And while the marketing of grain and livestock (in good seasons) provided another source of income for local people, involvement in the copper industry was the main source of cash income for the majority of rural Namaqualanders in the nineteenth and early twentieth centuries, as Smalberger has shown.15 The necessity of having ready cash increased enormously after the formation of the Union of South Africa in 1910. White farmers were required to pay additional taxes, and the Coloured people living on the reserves were now obliged to pay various specified additional taxes in terms of the Mission Stations and Communal Reserves Act of 1909.

Diamonds

Diamonds were discovered in Namaqualand in August 1925, at about the time the copper mines were closing following the slump in copper prices after World War I. The subsequent development of the diamond industry largely filled the economic vacuum created by those closures. By the time the demand for copper increased again, in 1937, the old Cape Copper Company had been taken over by the O’okiep Copper Company, a consortium controlled by Canadian and U.S. capital.

While nearly all of the copper mining in Namaqualand involved underground operations, with their attendant dangers, alluvial strip mining on the diamond diggings provided fewer hazards for workers. At both the copper and diamond mines, the job of mineworker was an exclusively male occupation in the early days. Even today, few women at Kleinzee work in the actual mining area; exceptions are in the near-sacred diamond-sorting chambers and the security department. Only very recently have a few determined women found employment at bedrock level.16

When the mining operations at Kleinzee were being expanded after 1960,
new technology replaced the old washing plant and pulsator, the pick-and-shovel excavation, and the loading of cocopans. Bulldozers and draglines then denuded the land, stripping millions of tonnes (metric ton, equal to 1,000 kilograms) of overburden so that the “cleaning” of the bedrock, with its diamond-rich potholes and crevices, could take place. Varieties of specially designed dump trucks shipped the diamondiferous gravels to new washing plants and to a central sorting plant. Prospect pits were no longer dug by pick and shovel: the diggers were replaced by enormous, efficient, auger drills.

The romantic associations of gem-quality diamonds are well known. Diamonds adorn moneyed people everywhere, and the De Beers advertising campaigns are famous in Europe, America, and Japan. Although rubies and emeralds were once more greatly prized, today diamonds have triumphed: their status as the property of kings marked the beginning of a unique commercial history.

Diamonds come in all shapes and sizes, in many colors and shades. Some are almost priceless; others have only industrial value. Black boart diamonds do not excite the senses any more than a fragment of coal does, but many octahedral, blue-white gemstones, for which the Kleinzee mine is famous, can appear to the untutored eye to have come directly from a diamond cutter’s hands.

In this book, I have taken it for granted that gem diamonds have great value and that their value varies with the vagaries of politics and the market. Colin Newbury has dealt with this subject so admirably in his study of business, politics, and precious stones in South Africa that I will steal his marvelous quotation from Adam Smith:18 “[Gem diamonds] are of no use, but as ornaments; and the merit of their beauty is greatly enhanced by their scarcity, or by the difficulty of getting them from the mine. Wages and profit accordingly make up, upon most occasions, almost the whole of their high price.”

My concern here is neither with the beauty of diamonds nor with their price—except indirectly—but with the hierarchical social system designed by the powerful corporate world to undertake the mining of diamonds for enormous profit. Hence my persistent, if at times covert, preoccupation throughout this book with the various courses of action taken by mining companies to acquire and maintain power over their property and the people they employ.