

MONEY SCREAMS IN KATANGA

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When Katanga is hurt, money screams, and money has powerful lungs.
—*To Kananga and Back:*—CONOR CRUISE O'BRIEN

ON NOVEMBER 3RD, 1966, the London *Financial Times* reported that talks between the Union Minière du Haut-Katanga and the government of the Congo had been temporarily suspended. The talks, it was reported, would however, be resumed shortly.

The Congolese delegation at these talks was led by M. Albert Ndele, governor of the Banque National du Congo, and Union Minière's delegation by M. Louis Wallef. Also present was a representative of Tanganyika Concessions Ltd. The paper also reported that Union Minière hoped to produce 300,000 tons of copper against the previous year's 285,000 tons; in addition the company would produce 9,000 tons of cobalt, this forming the main world supply of the mineral.

On January 1st this year, the government at Kinshasa, headed by General Mobutu as President, surprised, not least of all, the revolutionary forces throughout Africa by issuing an order expropriating Union Minière and taking over all its holdings, subsidiaries and other companies in Kinshasa.

The newspaper report already quoted does not immediately show a number of factors which have characterised the story of the Congo—Kinshasa since it attained independence.

The first of these is that the country has been in a permanent state of crisis. During this crisis we have witnessed the destruction of the first patriotic government under Patrice Lumumba—and the murder of that patriot together with a number of his colleagues. We have seen, also, a constant jostling for political position, lately ending

in the military putsch which deposed Tshombe who had made a comeback from Spain after the collapse of the 'Katanga State' to assume the premiership of the Congo. Mobutu has since sentenced Tshombe to death, *in absentia*. Between the first government and the present there has been among other things the 'independent state of Katanga', the pro-imperialist role of the United Nations in the Congo and the direct intervention of the imperialist powers, in 1964 led by Belgium; to put down a popular armed struggle against the neo-colonialist government of the day.

The second of these factors concerns the constant difficulty to disentangle fact from fiction; to assess correctly the significance of the various issues that emerge whenever the crisis 'erupts'.

The third factor, the central point to be discussed here, is the Union Minière du Haut-Katanga. Governments may have changed rapidly in Kinshasa and the revolutionary peoples thrown into confusion; the Union Minière has lived through it all. Always around has also been Tanganyika Concessions as a constant reminder of the involvement of finance capital, other than Belgian, in the economy of the Congo, in copper and other minerals.

In keeping with other peoples in Africa, the patriotic forces in Kinshasa have over the last seven years, since the Congo was declared independent on June 30th, 1960, been concerned with the struggle to secure genuine independence for their country. Belgian imperialism never intended the Congo's political independence to be more than nominal. Indeed, it could not be otherwise while huge Belgian and other financial, mining and industrial companies exercised the same influence after as before independence. The independence would be only formal; any claim that the state was popular and democratic would be purely demagogic and the people of Kinshasa would be condemned to continued poverty, illiteracy and all the other ills imposed by imperialism on the people of Africa as a whole.

The final rape of the Congo had been completed by the end of the first decade of this century. In their annual report of 1909 the Société Générale de Belgique wrote:

'the changes brought about in the economic order of the Belgian colony, following the regulations submitted in our legislature, have been favourably received by the management of the company.'¹

Of this period Joye and Lewin write: "Le règne de trusts va commencer." (The reign of the trusts begins.)²

¹ R. J. Lemoine, "Finances et colonisation" in the *Annales d'histoire économique et sociale*, September 30th, 1934.

² Pierre Joye and Rosine Lewin: *Les Trusts au Congo*. Bruxelles, 1961.

It was to be a reign in which the trusts ruled and the colonial government ensured that their interests were not tampered with. The Union Minière du Haut-Katanga is an offspring of these trusts.

The Union Minière obtained its first flow of copper in 1911 at its mine in Lubumbashi. In 1960, when the various copper mines owned by the Union Minière produced 300,000 tons of copper, the company achieved a distinction behind the American companies Kennecott and Anaconda as the third largest producer among the Western companies.

It is said that Leopold II, King of Belgium, rejoiced in carrying through his 'royal programme' of founding the three '1906 companies', which included the Union Minière, in conjunction with the Société Générale de Belgique. (Joye and Lewin: *op. cit.*). The Société Générale in the end, however, managed to obtain effective control over these societies. At the time that the Congo obtained its independence, the principal shareholders in the Union Minière were the Congolese government, Tanganyika Concessions, the Société Générale de Belgique and the Compagnie du Katanga.

Before we finally come back to this question of ownership of the Union Minière, we shall try to disentangle what the company is and what it does.

The company was formed in 1906 with initial capital amounting to 10 million Belgian francs (B. Frs.).

The concession granted to it covered an area of more than 12,500 square miles—an area larger than the combined surface area of Belgium and Luxembourg.

Though the Union Minière is most well known for its activities as a copper-mining company, its mineral products are very diverse.

The mines can be divided into three geographical areas. There is a group in south-eastern Katanga. Here there are the mines at Kipushi and at Lukuni. From the former is recovered copper and zinc; from the second, copper and cobalt.

Then there is the central group of mines. The copper comes from the mine at Kambove. At Kankotwe the company extracts limestone and at Kisanga, iron. Then there is the mine at Shinkolobwe. This mine, running deep into 'exceptionally rich' deposits of uranium and radium, was the chief supplier of uranium to the United States during World War II. The mine was, however, closed down in April 1960 when the reserves which could be commercially exploited were exhausted.

The third group lies to the west. At the mines at Kolwezi, Musonoi and Kamoto is found copper and cobalt. The mine at Ruwe produces copper oxide.

It is, at this stage, important to note two facts. Around 1963, mineral production accounted for 60 per cent of the Congo's total value of exports. Of this, three-quarters originated from Katanga. The Congo, further, produced 53 per cent of the world's supply of cobalt and 61 per cent of its industrial diamonds. The latter come from Kasai, which also, under Albert Kalonji also tried to establish itself as an independent state.

This dominant position of the trusts, with Forminière leading in Kasai, thus becomes clear even before we discuss the full breadth of their activities. The Congo, of course, has other mineral deposits.

Apart from cobalt, it produces other 'hard metals', tungsten and vanadium. It also produces germanium, cadmium, beryllium and lithium. These are all special metals, used in electronic and nuclear production. Further, the Congo has zinc, columbo-tantalite, manganese, gold—indeed a 'blue chip' colony! In 1959 the Union Minière employed 2,212 Europeans and 21,146 Congolese.

These figures, however, do not reveal the true significance of the position of the company in Katanga.

The Union Minière created a number of subsidiaries to carry on economic activities, largely to support the activities of the parent company.

One of the oldest of these is the Compagnie Foncière du Katanga (Cofoka). The company was established in 1922 for the purpose of building and managing housing estates for the personnel of the U.M.H.K., its affiliates and for the staff in the colonial administration. In 1959, Cofoka owned 1,689 properties in various centres such as Jadotville, Kolwezi and Elizabethville. The company had by then also ventured out into other types of property and property-dealing, including the building of offices and the issuing of mortgages.

The Union Minière also controlled the Charbonnages de la Luena. This company produced 456,000 tons of coal in 1955, though this declined to 250,000 tons in 1959 due to displacement of coal by electric power.

This power, however, comes from a subsidiary of the U.M.H.K., the subsidiary being the Société Générale des Forces Hydro-Electriques du Katanga (Sogefor). Sogefor on the other hand controls Sogelec—the Société Générale Africaine d'Electricité. This company distributes the electricity, not only to the production points of the U.M.H.K., but also to the large towns of Jadotville, Elizabethville, Kipushi and Kolwezi. Sogelec controls two other electrical companies who undertake the electrification of railways, the installation of electrical systems and so on. Thus we get a view of one of the complex patterns of control devised by the trusts, where subsidiaries sometimes own other

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subsidiaries which are, nominally in any case, bigger than they themselves.

In 1929 the U.M.H.K. further set up the Société Générale Industrielle et Chimique du Katanga (Sogechim). This company, with various factories in Jadotville, producing, among other chemicals, sulphuric acid, caustic soda and sodium chlorate, also produced vegetable oils, while also processing Jadotville's water supply. As a supplement to Sogechim, the U.M.H.K. also set up Afridex, to produce explosives and other mining accessories, while Afridex owns a subsidiary which produces safety matches, the Afrimeches company.

Katanga has other mining companies which are quoted in the financial columns of newspapers as independent establishments such as the Metalkat—the Société Metallurgique du Katanga, and Sudkat—the Société de Recherche Minière du Sud-Katanga.

The former of these companies, Metalkat, is concerned in the mining of zinc and cadmium and produces sulphuric acid at its works in Kolwezi. Sudkat, on the other hand, works the manganese deposits at Kasekelesa. This company ceded a part of its concession to a subsidiary of its own, the Société d'Exploitation de Mines du Sud-Katanga-Minsudkat. Thus Minsudkat mines lead, zinc, tin and copper.

Needless to say, these companies are also part of the Union Minière complex. They, also, play their part in the government of the people of the Congo by the cartels.

The Union Minière is, since even Union Minière's 'toiling millions' must eat, also involved in the food-processing industry. Thus it has a subsidiary, Minoteries du Katanga, literally, the flour-mills of Katanga. This company with establishments in Jadotville, Elizabethville and Kolwezi, produces flour from manioc, maize and wheat. It also produces various kinds of vegetable oil and further contributes oil-cake and stock-feeds.

It was perhaps to find use for this feed (or, which comes first?) that the Société d'Elevage de la Luilu was established. This company owned 10,000 head of animal stock in 1959.

The Union Minière further boasts an interest in the supply of building materials through its participation in the Ciments Métallurgiques de Jadotville. Apart from another iron-mining company in which Union Minière has an interest, it is further involved in mining through its involvement in the bauxite company, Société de Recherches et d'Exploitation des Bauxites du Congo, Bauxicongo. Foraky S.A. gives it an interest in diamond mining; the Compagnie Maritime Congolaise, a hand in ocean-going transport and companies such as the Compagnie Foucière du Katanga a chance to dabble in real estate.

In 1960 the 32,000 Europeans in Katanga formed 2 per cent of the total population of Katanga. Conor Cruise O'Brien wrote of this European population that:

. . . (they) were not, however, really settlers in the normal sense. Hardly any of them owned land—except on the fringes of Elizabethville as a speculation—and few of them had their own businesses. They either worked for one of the great companies of the Union Minière group—Sogelec, Metalkat, Minsudkat, etc.—or for economically ancillary enterprises like the B.C.K. railway or the Simba Brewery—or they were professional men, making their money indirectly out of these companies. Or again they were soldiers and technicians whose pay came at one remove from these same companies when it did not come from the Belgian Government itself.

(Conor Cruise O'Brien, *To Katanga and Back*, Simon and Schuster, N.Y., 1962. (P. 79.)

It is because of the intricate and extensive character of the dominion of the Union Minière not only in Katanga, but also over the rest of the Congo, that the company has become identified in the minds of all revolutionary forces as the supreme example of why the imperialists and their cohorts have launched a counter-revolutionary offensive in Africa. The tactics the manoeuvres and the brazenness of the forces of reaction in the Congo, was a signal of what was to come in the rest of Africa.

The directors of the Union Minière could not and cannot be 'persuaded' to relinquish their flour-mills and their tungsten; their gold, radium and forests; their coal, chemicals and power stations; their stock-feed, copper, the railways they built and the ships to take this copper to Belgium; nor their unflinching dictatorship over the working class and the rest of the people of Congo Kinshasa.

The story of the Union Minière does not end here. It also has interest in companies outside the Congo. Its most direct participation in a company in Africa, is in the Wankie Colliery Company Ltd. of Rhodesia. Later we shall see how the Union Minière is in fact connected with other companies in Africa.

In his book *Neo-Colonialism, the Last Stage of Capitalism* (Thomas Nelson, London, 1965), Nkrumah lists thirteen companies outside the Congo in which Union Minière has an interest. Most of these are Belgian companies.

The Union Minière is the principal shareholder in the Belgian Société Générale Métallurgique de Hoboken. This company, employing 4,000 workers in 1961, refines and processes almost all the minerals extracted in the Congo, the copper, the radium, the precious metals. The final selling of the products of the U.M.H.K. is entrusted to their affiliated company, the Société Générale des Minerais.

In *Belgonucléaire*, the Société Belge pour l'Industrie Nucléaire, we also find a Union Minière holding. Further, they have an interest in the Compagnie Belge pour l'Industrie de l'Aluminium (Cobeal), in the Institut du Cobalt and in the Centre d'Information du Cobalt which carries out the programme of the Institut and carries on research work in conjunction with other research centres in Belgium, Switzerland, West Germany and America.

The Union Minière also has interests in Sabena, the Belgian air company. It is further connected with finance houses in Belgium, America and Paris.

Yet another aspect of the Union Minière has to be dealt with. This concerns its contacts and arrangements with other finance capital and mining houses in Southern Africa.

The Union Minière is owned largely by four groups. These are the Congo government, the Société Générale de Belgique (see below), the Compagnie du Katanga and Tanganyika Concessions Ltd.

The last of these groups, Tanganyika Concessions Ltd. (Tanks), is a British company. It, however, is inextricably tied up with the Société Générale de Belgique (Soc. Gen.) and the Anglo-American Corporation of South Africa.

Thus it is that these three gigantic companies, the Anglo-American, Tanganyika Concessions and the Union Minière co-operate in ruling the roost over the lower part of Africa.

The Union Minière's holding in Wankie Colliery entitles them to a seat on that board of directors. Here they are represented by one M. van Weyenbergh. This Weyenbergh is Vice-President of the Union Minière. Wankie is, of course, dominated by Anglo-American. Thus this board is presided over by Sir Keith Acutt, K.B.E., director of many other Anglo-American companies.

On the other hand Lord Clitheroe and the Right Honourable C. Waterhouse represent Tanks on the board of the Union Minière. Here they meet M. van Weyenbergh. Van Weyenbergh, supported by E. P. van der Straeten and A. de Spirlet represent the Union Minière on the board of Tanganyika Concessions.

Oppenheimer's Anglo-American group meets up with the Union Minière again in the Société d'Entreprise et d'Investissements du Beceka. On this board sit both H. F. and P. J. Oppenheimer together with M. Louis Wallef, president of the Union Minière.

Two other groups representing monopoly capitalism are involved in this grand alliance. These are the two American interests of the Rockefeller Empire (of the Chase Manhattan Bank, Standard Oil, etc.) and the Ryan-Guggenheim group.

Ryan-Guggenheim has a holding of 25 per cent of the share

capital of the diamond company of Kasai, the Forminière and A. A. Ryan sits on its board. Two Belgian groups, one of them the Soc. Gen. and the Congo government also have holdings in this company. Connection with the Union Minière is achieved by the presence of M. Louis Wallef on Forminière's board of directors.

Further, as Angola produces diamonds, so must these companies be involved. Thus H. F. Oppenheimer and A. A. Ryan sit on the board of the Companhia de Diamantes de Angola. Belgian and Portuguese interests are, of course, also involved.

The Rockefeller group has an 8 per cent interest in Tanganyika Concessions Ltd. and thus a connection with the Union Minière. The Rockefellers also own a third of the share capital of the Filatures et Tissage Africains, a company formed in 1946 by two Belgian groups, the Union Cotonnière and the Soc. Gen. de Belgique. Rockefeller money plays its part in other companies as well.

Important to note as well is that the Rockefellers had a monopoly over the import of petroleum products into the Congo. For these purposes there was created in 1956 the company Esso Congo belge, renamed Esso Central Africa in 1960, a subsidiary of Esso Standard.

Indeed, we may go on in this vein to show how the big financial groups, rendered big by super-profits made in mining, tie-up also in Zambia, in Mozambique and in South-West Africa. We should not, however, forget to mention another American financier, Charles W. Engelhard, of Engelhard Industries Inc., adviser to American governments on African affairs, a prominent member of the South African club of mine-owners, director on the boards of among others: the Anglo-American Corp. of S. Africa, Kennecott Copper Corp., one of the two massive U.S. copper groups, the Chase Manhattan Bank, and the London-based Anglo-American Corp. subsidiary, Charter Consolidated.

One Albert M. Tuiele straddles many of these companies. These include Kennecott, Guggenheim, Forminière and the Companhia de Diamantes de Angola. So the story goes on.

Since our purpose however is to discover the true extent of the hold of monopoly capitalism over the Congo, we have to retrace our steps, now, back to the Union Minière. Thus we come to the sprawling giant, the Société Générale de Belgique.

Startling in its size and difficult to comprehend fully in one sweep, the Société Générale is Belgium's largest monopoly capitalist group. The Société Générale is, further, the real power in the economy of the Congo. One single fact demonstrates all this. It is this: when the Congo gained its independence, the Société Générale had effective dominion over 70 per cent of the economy of the country.

Joye and Lewin have written that:

This control is exercised in various ways. Most often, it is effected through the specialised holding companies such as the *Compagnie du Congo pour le Commerce et l'Industrie* (C.C.C.I.) or the *Compagnie du Katanga*.

In certain cases this is achieved through the *Comité Spécial du Katanga* (C.S.K.); in others through Belgian subsidiaries of the *Société Générale* starting their own subsidiaries in the Congo.

Undoubtedly, the most important of these subsidiaries of the Soc. Gen. is the C.C.C.I. It was through the taking over of the *Banque d'Outremer* in 1928 that the Soc. Gen. seized control of the C.C.C.I. Whereas therefore it was in co-operation with the Soc. Gen. that the C.C.C.I. had founded the *Union Minière* in 1906, by 1928 the Soc. Gen. had established its undivided supremacy over the *Union Minière*.

Thus, as part of the empire of the Soc. Gen., the C.C.C.I. in 1961 had part-ownership in sixty companies in the Congo, and directly or indirectly controlled forty.

We shall not give the complete list of these companies, but will show the diversity of its interests.

The C.C.C.I. owns plantations concerned in the production of coffee, vegetable oils, sugar, live-stock, ground-nuts, cotton, rubber, etc. through such companies as the *Compagnie Cotonnière Congolaise*, the *Exploitations Agricoles et Industrielles de la Biaro* and the *Entreprises Agricoles de la Busari au Lomain* (S.A.B.). The S.A.B. alone has 20,000 hectares of land and in 1959 employed 152 'agents européens' and 11,600 Congolese workers.

The C.C.C.I. has mining interests, as in the *Société Industrielle et Minière du Katanga*, producing such minerals as tin and columbite. Other interests are in cement and other building materials and asbestos, and the building industry.

The company also controls, with some of its subsidiaries, the *Compagnie Générale d'Automobiles et d'Aviation du Congo*, concerned with motor vehicles, industrial motors, aviation engines, etc.

Important, of course, in the portfolio of the C.C.C.I. is the *Compagnie du Katanga*. This latter company is associated with the *Comité Spécial du Katanga*, a concession-granting body which ceded the land to U.M.H.K. and held its own portfolio in the U.M. Because of its connections with the U.M., the *Compagnie du Katanga* has from the early post-independence days featured in the movements and shifts concerning the control of the *Union Minière*, a matter we shall come to later.

The Soc. Gen. also has control over the railway system, controlled and directed by the *Compagnie de Chemin de fer du Bas-Congo au*

Katanga (B.C.K.). This, despite the fact that the system was built with public funds and was meant to be maintained 'in the public interest'. The B.C.K., thus absorbed into the Soc. Gen., employed 13,579 Congolese workers in 1959. (It was this company that ceded concessions to the Minière du Bècèka, a subsidiary of the Soc. Gen., and the largest world producer of industrial diamonds. The company has a minority interest in the Oppenheimer group, is connected with Forminière and the British company, Industrial Distributors Ltd., in which De Beers Consolidated of the Oppenheimer group has a 31.5 per cent holding.)

The Soc. Gen. controls the Banque du Congo, formerly the Banque du Congo Belge, the largest of the banks in the Congo. It is also involved with Petrofina in the petroleum industry in the Congo, through the company, Société des Petroles au Congo.

The directory, *Who Owns Whom* (Continental edition) 1962-63, lists the Soc. Gen. as having 109 affiliates and subsidiaries in the Congo, Belgium and elsewhere.

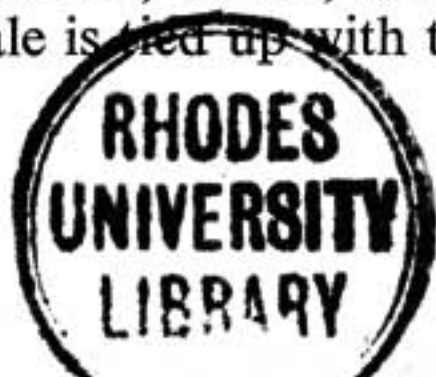
These include banking and insurance groups. Examples of these are the Banque Belge Ltd. (U.K.), the Banque de la Société Générale de la Belgique and three insurance companies, including the Royale Belge. The Société Générale has other finance houses outside Belgium including three in America, such as the Belgian-American Banking Corporation, New York.

It plays an important part in such establishments as the Banque Générale du Luxembourg, the Banque de l'Union Parisienne and the Banco Burnay (Lisbon), the latter with interests in the Angola Diamond Co. mentioned above.

The Société Générale is connected also with the Banque de Paris et des Pays-Bas, this representing the most important French interests in the economy of the Congo.

In industry the Société Générale also plays a prominent part. This is in such diverse fields as the petroleum industry through the Société Belge de Recherches et d'Exploitations Pétrolières; metal processing and refining through the Hoboken works, already mentioned, sharing direction with its own subsidiary, the Union Minière, and its ally in the Union Minière, Tanganyika Concessions Ltd.; in the production of armaments at the Fabrique Nationale d'Armes de Guerre—producing the standard NATO rifle, the F.N. automatic, which is also standard equipment used against the popular forces in the Portuguese colonies and is in the arsenal of the South African army. Other industries that can be listed are electricity and tramways, transport and merchant shipping, cement, bricks, chemicals, textiles, paper, etc.

The Société Générale is tied up with the Diamant Boart companies



of France and Italy and also the Diamond Development Co. Ltd. (U.K.), Industrial Distributors (1946) Ltd. (South Africa) and the Diamond Purchasing and Trading Co. Ltd. (South Africa)—in the latter companies are also involved the Oppenheimer interests. Industrial Distributors' connection with the diamond industry in the Congo has already been mentioned.

Important to note also is the Société Générale's fairly recent expansion into Canadian industrial finance. *Who Owns Whom* (op. cit.) lists at least ten of such Canadian companies. These include MacAllister Towing Ltd. (concerned, *inter alia*, with the production of agricultural equipment), Brockville Chemicals Ltd., Neelon Steel Ltd., Iroquois Glass Ltd., and Fastcut Bits Ltd. (diamonds) and the wholly-owned holding subsidiary Sogemines Development Co. Ltd., concerned in mining, oil and industry.

The Société Générale, of course, ties 'up in Belgium and other parts of the world with American and other representatives of finance capital, whether Morgan Guaranty of America, the Rothschilds, Lazard Brothers, Schroder, or the Rockefellers. Even the Oppenheimer group through the agency of P. J. Oppenheimer, executive director of Charter Consolidated Ltd., the London-based Anglo-American Corp. subsidiary, is represented on the Banque Belge Ltd., one of the largest financial arms of the Société Générale.

These then are the trusts that rule the Congo. Their size explains the tenacity with which they will try to hold on to the Congo. This not only because of their size but the fact that to them the Congo is a 'blue-chip' colony.

The following figures relate to average profits made by companies with significant investments in the Congo and those mainly operating in Belgium:

<i>Year</i>	<i>Belgian</i>	<i>Belgian-Congolese</i>
1955	8.19%	18.47%
1956	9.40%	20.16%
1957	9.49%	21.00%
1958	7.85%	15.10%

(Joye and Lewin, op. cit.)

Net average profits of the Société Générale in Belgium were between 8 and 9 per cent per annum in the years 1951 to 1957. On the other hand profits were oscillating between 19 and 21 per cent during the same years in the Congo.

(Joye: *Les Trusts en Belgique*, Brussels.)

The contribution of the Congo to the Belgian capitalists and the Belgian economy would require another article. This contribution would be measured in its effect on the Belgian balance of international payments; on the level of costs and prices throughout the Belgian economy; on rates of capital accumulation and Belgian recovery after the war and its continued growth since. The gains of the trusts (thus losses to the people of the Congo) are shown by the growth of Union Minière's capital. This amounted to 10 million Belgian francs in 1906. Within half a century the company's capital accumulated after dividends and taxes had been paid, i.e. from retained profits, amounting to 8 milliard. Between 1950 to 1959 the Union Minière made gross profits amounting to 31 milliard Belgian francs.

So it was that when the Belgian government conceded independence to the Congo, it had never meant that independence to be more than nominal.

What the Mobutu government did at the beginning of this year was an episode in a series that had started just before independence was granted. Most relevant for our present purposes is what happened to the Comité Spécial du Katanga (C.S.K.), shareholder in the Union Minière and the body that gave that company a concession.

The establishment of the various companies in the Congo showed to a rare degree the unity achieved between state and property in prosecuting their imperialist objectives in the Congo. The importance of this carries on today. The trusts make the money and the Belgian government acts as a police guard over the property of the trusts.

The C.S.K. was set up by Leopold II, acting together in the 'royal programme' already mentioned with the arch-representative of the Belgian bourgeoisie, the Société Générale. Leopold reserved himself the right to appoint the majority of the members of the board of the C.S.K. In time, however, in effect the control of this charter parastatal company passed on to the trusts.

The right of the C.S.K. to appoint the chairman and other board members of the U.M.H.K. was not exercised. The voting power meant to be exercised for 'the public good' was used to benefit the trusts. To avoid paying profits to the C.S.K., when profits were in excess of 93 million francs, as was written into the statutes, the Union Minière set up subsidiary companies to which these profits were siphoned. On the other hand the colonial government retired its civil servants early, to be absorbed into the structures established by the trusts. The dictatorship of the trusts was complete. Joye and Lewin describe the C.S.K. as 'l'instrument docile de l'Union Minière'; the roles had been reversed. Even Forminiere was governed as if it was part of the Société

Générale despite the fact this combine, after a time, held only 5 per cent of the share capital of Forminière.

Given all these manoeuvres, the Belgian Congo

still held a considerable portfolio of investments which, at the most moderate estimate, were valued at about 40 million francs. In addition it possessed various prerogatives, such as voting rights and the right to nominate representatives to administrative boards, in a whole series of enterprises in which it did not hold capital participations.

(Nkrumah, op. cit.)

Among these companies, including the Banque Centrale du Congo Belge, the Comité National du Kivu, Compagnie des Chemin de Fer des Grands Lacs, Forminière, etc. there was, of course, the Comité Spécial du Katanga and hence the Union Minière.

On June 27th, 1960, three days before the Congo's independence, the Belgian government passed a decree dissolving the C.S.K. (On the 30th the Comité National du Kivu, another charter company, was also dissolved.) The new Congo government was left with a minority holding from what was the portfolio of the C.S.K., including its portfolio in the Union Minière. Part of the remaining assets passed on to the Compagnie du Katanga of the Société Générale and the rest were offered to other shareholders. The story could go on longer; essential to establish however, is that the Belgian capitalists and their state took all these measures to limit and diminish the authority over large portfolios which would have passed from the colonial government to the government of the independent Congo.

The engineering of the adventure of Tshombe's 'independent state of Katanga' was later to show that the Belgian bourgeoisie was not satisfied with the 'legal safeguards' it had built by dissolving the charter companies.

The same Tshombe of Katanga was to become Prime Minister of the Congo in 1964. In November of that year the next phase of the game over who controls the Union Minière started. M. Moïse Tshombe published a decree transferring the entire portfolio of the old C.S.K. in Union Minière to the Congolese government, and without compensation. The decree increased the Congolese government's voting strength in the Union Minière from 20 to 36 per cent and reduced that of the Société Générale from 40 to below 29 per cent. Then ensued the negotiations, the consultation and the bargaining.

At the end of it all Tshombe came back from Brussels with 24 per cent of the voting rights in Union Minière. He also came back with a whole series of new arrangements. The Congo had now a national debt of \$900 million; there were arrangements about financial bonds, old bonds, new bonds, bonds whose price had suddenly fallen, per-

mitting the Belgian financiers to retain \$450 million which should have gone back to the Congo; there were arrangements that Belgian property in the Congo should not be nationalised; arrangements and arrangements. To round it off, an arrangement to set up an Investment Bank to manage all portfolios of the government was reached; the Belgians were to control it.

When the farce was played out, the trusts stood up and applauded the arrangements. The rule of monopoly capitalism had not been dented; the discussions after all were not about consolidating the independence of the Congo. They were not about the need, even so much as the wish, to transform the social and economic conditions of the mass of the people of the Congo.

Then Tshombe engineered a crisis. He pretended to take revolutionary positions. Otherwise, how could he hope not to meet the resistance of the patriotic forces; he especially, as one who presided over the murder of Lumumba. The demagoguery resulted in nothing, as it was never intended to. Even for Mobutu, the smokescreen soon blew away exposing the profits which the trusts continued to draw from the Congo and the power they still enjoyed.

Thus we enter the third and latest phase of the game. In the jostling for power, Tshombe was to become yet again a politician-in-exile.

In the period immediately preceding the military putsch, the revolutionary forces in the Congo had taken up arms in defence of the interests of the people which were being attacked by the imperialists helped by a neo-colonialist government, with its armed forces led by General Mobutu.

To 'justify' the putsch, the General also had to flex his muscles at the Union Minière. Thus it was that the order of January 1st was published, giving the Congo control over the Union Minière.

The 'negotiations' surrounding the whole episode are, as seems all these discussions about portfolios and voting rights, full of confused strands.

When the Mobutu military government seized power, it promulgated a law nationalising all mineral rights in Kinshasa and requiring that concessions granted since 1960 should be renewed (the so-called Bakajika Law). It also passed a law requiring that companies operating in the Congo should locate their headquarters in Kinshasa.

It was over the latter of the two laws that part of the 'battle' between the Mobutu government on the one hand and the trusts and the Belgian government on the other, took place. The Mobutu government also demanded that the Union Minière, apart from transferring its headquarters to Kinshasa, should also pay about \$85 million tax arrears, this amounting to the total sum of money in taxes calculated

to have been paid by the company to the Tshombe regime in Katanga.

The replies of the Union Minière to the two demands are interesting for their uncompromising conceit and assuredness.

Concerning the transference of the headquarters, Union Minière replied that it would not move from Brussels as this would be depriving shareholders 'of a security which they consider to be indispensable'. (London *Financial Times*, 24-12-66.)

On the question of the tax arrears, the company said the claims were 'unfounded in substance and extravagant in amount. . . . As things stand . . . it is not Union Minière which owes money to the Congo but the reverse'. (*Financial Times*, 4-1-67.)

It was over the first issue, however, that negotiations continued. On refusal to change their headquarters, communicated to the world in the above-mentioned Note issued by the company on December 23rd, the Mobutu government set up its own company, to take over the interests of the Union Minière. The company was baptised the Société Congolaise des Minerais.

The new company was set up with capital amounting to \$150 million (approximately). Of this share capital 55 per cent was to be held by the Kinshasa government, 15 per cent by Tanganyika Concessions Ltd. and the remaining 30 per cent was to be offered to other private interests.

On January 4th, Tanganyika Concessions published a 'Notice to members of the company' in which they repudiated any interest in the new company. The Notice reported that a message had been sent to it a few days earlier, 'through diplomatic channels' that 'all steps would be taken by the Congo government to guarantee the rights of Tanganyika Concessions Ltd.' As we know, of course, 'Tanks' is one of the large shareholders in the Union Minière.

'The directors (continued the Notice), deeply regret these events which they believe to be contrary to the interests of all concerned. They will continue with every means in their power to support the rights and interests of their shareholders in the present unfortunate situation.' (*Financial Times*, 4-1-67.)

One other detail in the story is that the Union Minière had agreed to a 50 per cent holding by the government of Kinshasa in a reconstructed Union Minière. The reconstruction would have been the splitting of the company into a Kinshasa-based and a Belgium-based section. This share would only cover the Kinshasa company. First the Kinshasa government, it appears, demanded a 51 per cent share. Later, this was reduced to 50 per cent together with an 18 per cent holding in the Belgian-based company. It was at the stage when the government of Kinshasa proceeded to demand that the bulk of 'the

assets of the Belgian company be transferred to the Congo company' that negotiations broke down.

On the threatened take-over, the Union Minière declared that it would not in any case go into liquidation. It had 'the organisation and resources for a satisfactory continuation of its activity, which, if it is not in or connected with the Congo, will be in Belgium or perhaps elsewhere'. (*Financial Times*, 4-1-67.) Undoubtedly, the company was thinking of its considerable interests in Belgium and elsewhere built on the super-profits made in the Congo.

At some point it was reported that a consortium of companies had acceded to Mobutu's invitation to co-operate with him in running and financing the new company. Union Minière threatened legal action.

An interesting aspect of this legal action was the way it exposed yet again the intricacy of the ramifications of international finance capital. Kinshasa copper had for some time been shipped via the railway of the Companhia do Caminho de Ferro de Benguela. This railway, running through Angola to Lobito Bay, belongs to Tanganyika Concessions which owns 97 per cent of its capital. Thus the double interest of Tanganyika Concessions in the dispute.

The Mobutu government had threatened to take over all the interests of the Société Générale de Belgique if the tax arrears were not met by January 15th. When the day came, after two Cabinet meetings, the government in Kinshasa announced that these interests, the predominant factor in the economy of Kinshasa, would not after all be seized. That seems to have rounded off the issue of tax arrears.

Indeed, had the threat been carried through, it would have made nonsense of a statement made by M. Mungul Diaka, Kinshasa Ambassador to Brussels, to heads of Belgian-owned African companies on December 28th when the Ambassador said:

The expropriation of Union Minière du Haut-Katanga is not nationalisation, and need cause no alarm to other investors in the Congo. (F.T., December 29th, 1966.)

Continuing the tradition of close co-operation between monopoly capitalism and state, the government of Belgium was involved throughout in these negotiations. The company also claimed that a number of agreements had been violated, including what was called the 'Spaak-Tshombe Convention', exposing more than anything else how the socialist, M. Paul-Henri Spaak had devised an agreement which to use the words of the Société Générale de Belgique in 1909 had been 'favourably received by the management of the company'.

The intervention of the American, Mr. Theodore Sorensen, one-time legal adviser to President Kennedy is also of interest. Sorensen,

it was reported, was sent by Mobutu to put his representations to the trusts and the government in Belgium. Perhaps it was the American interests in Kinshasa that had persuaded Mobutu as to who his advisers should be.

Mobutu's attempts led him not only to American legal advisers. It was also reported that Italian mining companies had been approached, with the Italian-American group, Montecatini Edison mentioned by name. Reference was made also to 'other European mining groups'. Mr. Tasuichi Mima, president of the Japanese Nippon Mining Company admitted that his company's representatives were in Kinshasa 'negotiating . . . a copper concession with the government of J. Mobutu . . .' (*Financial Times*, 6-1-67). The consortium referred to earlier included the Banque Lambert, one of Belgium's big finance houses, the French Penarroya Mining, Roan Selection Trust, prominent in the Zambian copper-belt, and the Anglo-American Corporation of South Africa.

Of this consortium, the *Financial Times* of February 16th this year reported:

If this group should take a hand, it would be in line with Mr. Kaunda's statement of Zambia's willingness to help the Congo with the support of the Zambian copper mines.

So it would appear that by the 'Zambian copper mines' is meant the mining trusts of Southern Africa.

On February 18th, it was reported that agreement had been reached by the Kinshasa government and the Belgian trusts.

The Kinshasa company was renamed the Société Congolaise des Minerais (Gecommin). This company would take over the interests of the Union Minière. A contract was signed with the Société Générale des Minerais (de Belgique) (S.G.M.), a subsidiary of the Union Minière and the Société Générale de Belgique.

By this agreement the S.G.M. would provide the government of Kinshasa with various services, including management, the execution of Gecommin projects, refining and marketing over a period of five years. The S.G.M. would also look after the Union Minière's confidential documents relating to 'geological and sub-soil information and plans of the workings, pumping, electrical and other installations'. (These documents the *Financial Times* had reported (February 16th, 1967) had been 'a key point in the prolonged discussions between the new . . . company Gecommin and the Société Générale des Minerais'. During this time the documents 'which would take years to reconstitute' were held in Belgium.)

In principle the Kinshasa government agreed to paying compensation and entered into negotiations on this, as a separate issue. The Union Minière demanded \$800 million.

The agreement, however, made no provision for the financing of the new company by the S.G.M. It is then to be assumed that the government of Kinshasa will offer 40 per cent of the shares to private interests, since it owns 60 per cent of the share capital of the new company.

On February 10th, it is important to note that the accounts of the Union Minière's subsidiaries were partially unblocked, reversing the step taken on February 1st, and their managers allowed to draw on them, with the authorisation of the Governor of Katanga.

With management, etc. still left in the hands of the parent company and with other companies, including the consortium of the Banque Lambert and others, refusing to be involved in the new company until the issue of compensation was settled, the government of Kinshasa set about appointing the new board anyway.

The chairman is M. Jean Baptiste Kibwe, described by the *Financial Times* of London on January 6th, 1967 as 'the Katangese expert on mining affairs'. This same Kibwe was Vice-President and Minister for Finance in Tshombe's 'independent state of Katanga'. Today he is supposed to preside over the dissolution of the empire of his erstwhile paymasters, while his chief, Tshombe has a death sentence hanging over him.

Perhaps the financiers were correct in making the following assessment, as reported in the *Financial Times* of February 9th:

As the political analysts of the London Metal Exchange now agree, President Mobutu's former need to pander to the left-wing extremists among his supporters has been tempered as they too, have come to realise the importance of the Congo's overseas earnings from copper.

On February 20th, it was reported that copper shipments were likely to resume within that week. They would be carried by the Compagnie Maritime Belge, subsidiary of the Société Générale de Belgique. (A week earlier the Société Générale had disclosed annual net profit for 1966 at approximately \$125 million. The statement did not indicate how much came from investments in the Congo. The dividend was the same as that of the previous year.)

Thus Mobutu has, like Tshombe, made his début, and, after much gesticulation, reached agreement with the trusts.

The lessons for Kinshasa and to Africa are ones that this journal has pointed out before. They call for vigilance in the face of manoeuvres that the imperialist forces are ceaselessly engaged in.

The revolution in the Congo cannot finally be carried through, and

complete independence be won unless the revolutionary forces again assume the upper hand in the struggle against neo-colonialism.

A necessary part of the continuation of colonialism and White supremacy in Southern Africa is the integrity of finance capital in Kinshasa. The struggle, as has been shown, is not entered only by the trusts, but also by the governments of the imperialist countries. Considerations about the security of investments in this area certainly enter into decisions of foreign policy, not only in Brussels, but also in London, Paris and Washington.

If nothing else, France and Belgium are keenly interested in Kinshasa continuing to supply them with cheap copper. These are, in fact, the countries that take almost all the copper from Kinshasa.

Britain's interests are intimately involved with Tanganyika Concessions and its allies on the Zambian copper-belt. British mining capital in this area reaches from the Congo down to South Africa. These factors undoubtedly influenced the hostile stances taken by the governments of all three countries to genuine attempts to bring down the Tshombe government in Katanga. (See Conor Cruise O'Brien, *op. cit.*)

The case of the United States is interesting in this case because of its reported 'complete co-operation' with the United Nations' mission in the Congo. Undoubtedly, the U.S.A. also had an eye on its financial interests in the area. Apart from what has been said already, it is important to note that the prospect of independence seemed to open the eyes of American monopoly capital to the riches of the Congo. Thus in 1960 the Bank of America acquired a 20 per cent interest in the Société Congolaise de Banque, a subsidiary of the Lambert group. The Ford Motor Company created a subsidiary, Ford Motor (Congo); Union Carbide acquired a majority interest in the Société Minière du Lueshe. The Rockefeller group acquired an interest in the bauxite company, Bauxicongo, together with an 8 per cent holding in the C.C.C.I. in June 1960. Dillon Read & Co. and J. H. Whitney Co., both banking groups created an investment group, the American Eurafrican Fund.

An invasion on this scale in such a short time was a pointer to things to come. Thus it was safer for these companies in their long-term attempt to seize the leading positions here as they had done in Europe in the post-war period, to co-operate with the United Nations to the extent that a successful solution to the problem of an independent state of Katanga would strengthen their hand.

All these groups, then, reflected their different levels of development and entrenchment in Kinshasa. Certainly there were and are contradictions among themselves.

They will, however, continue to echo the sentiments expressed in this newspaper declamation:

'Of course, Congolese independence must be respected. But not any kind of independence! Not independence in anarchy! Not independence under the lead of the present Leopoldville government whose incapability is blatant and several members of which have behaved like primitive and imbecile savages, like vulgar scoundrels, or like creatures of communism . . .'

(*La Libre Belgique*, July 12th, 1960.) (Quoted in *Five African States: The Congo*, Edouard, Ed. Gwendolen Carter. N.Y., 1963. Bustin.)

The epithets were not, of course, meant for President Joseph Mobutu or M. Jean Baptiste Kibwe. The savages were the patriotic government of the day, enjoying the support of the popular masses of the workers and peasants. Until these class interests unite to fight a principled and consistent struggle, led by their own vanguard party, the reign of the trusts will continue; so also will the subjugation of the masses of the people of the Congo and of Africa to the dictates of foreign monopoly capitalism.