

CONTROL

In tin-dredging companies, control has evolved novel forms. There are three channels through which control is exercised - they are through individual directors, agency houses and mining agencies. Owing to the high degree of concentration of management among the companies, interlocking directorates have resulted. This is a feature special to the tin industry only.

(a) Directors

The directors of tin-mining companies represent managerial functions and ownership. They usually reside in Malaya and own considerable amounts of shares in the companies. They are elected as directors on the basis of management experience and knowledge of the industry. Some of them are wealthy businessmen. Most of them are professional people, usually mining engineers, accountants or mining consultants.

The trend in ownership is one of gradual replacement of the foreigners. A similar trend in control through directorships can also be traced. By 1964, there is a tendency for more Federal citizens to sit on the Board of Directors, especially the Chinese. An example is the Kuchai Tin Ltd. The ratio of Chinese to English directors is 9:1 in 1964 as compared with 2:3 in 1954. It must be noted that the Austral-Malay Tin Dredging Limited, incorporated in 1937 with 450 shareholders on its list and shares totalling 99,220, has shown changes in directorships. In 1964, the ratio of Chinese to Australian directors is 2:4 as compared to a ratio of 1:6 in 1954. In certain cases, like the Puket Tin Dredging Ltd. and the Lapis Mining Company Ltd., the directors were displaced by the mining agents, Neill and Ball in 1964. This means that the Directors of Neill and Ball would automatically become the directors of Puket Tin Dredging Ltd.

The Chinese is the only community that is significantly represented at this level of control. Out of the 21 companies under survey, eleven companies had Chinese listed on their Board of Directors. There is a difference between foreign Directors and local directors. The foreign directors frequently are directors of other mining firms, secretarial and accounting firms or agency houses. But the Chinese directors are normally directors of business

concerns, rubber companies and banks. The latter have a wider field of experience, and they are not so closely associated with mining, as are the foreign directors. A great proportion of the Chinese directors were recently appointed, in conjunction with the company's policy to encourage local participation.

(b) Agency Houses and Mining Secretaries

Agency houses are typical of the Malayan economy. They specialise in imports and exports, and in managing enterprises belonging to foreign investors. But most of them are not responsible for the flotation of the companies they come to manage. Only six of the "Big Twelve" have any kind of organisational participation in the industry. The most important form of participation is the performance of secretarial functions. The six agencies are secretaries for 24 companies in Malaya. Of the agency houses that manage tin companies, the most important in terms of the number managed is Harper Gilfillan and Associates. They are the secretaries and agents for seven tin companies. The other three agency houses that manage tin-mines are Sims Darby, Guthrie and Borneo Co. The agency house that has the biggest interest in tin is Henry Hugh and Co. The relationships between these agency houses and the mining companies that they manage are illustrated in Table 12.

The size of the important concentrations of management in tin are given in Table 13. The three biggest are Anglo-Oriental, Meill and Bell, and Osborne and Chappel. These three groups are interlinked. There are two forms of linkages between these groups. The first is the result of the distribution of eleven companies in which the British Tin Investment has substantial interests. Three of them are managed by the Anglo-Oriental, six by Meill and Bell, one by Osborne and Chappel, and the last one by the Borneo Company. In addition, there are twelve companies managed by these three agencies which are linked by the interlocking directorships of four persons. These four directors sit on the Board of twenty companies. A diagram showing the interlocking companies and agencies is given in Chart I.

The companies managed by Anglo-Oriental (M) Ltd. can be divided into four groups. The first group comprise of nine companies

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1. The "Big Twelve" agencies are T. Barlow and Co., Borneo Co., Boustead, Sandilands Buttery, East Asiatic, Guthrie, Harper Gilfillan, Harrisons & Crosfield, Paterson Simons, Sims Darby, J. Warren and H. Hugh and Co.

Table 12

Elia Mining Companies and Agency Houses

Agency Houses	Secretaries		Secretaries and Managing Agencies	
	No. of Cos.	Output (Pikuls)	No. of Cos.	Output (Pikuls)
Borneo Co.	-	-	3	18,548
Guthrie	-	-	2	14,084
Harrisons & Crosfield	3	16,498	1	-
Harper Gillfillan	-	-	7	12,472
Shee Darty	-	-	3	14,120
Henry Hugh	5	53,931	-	-
TOTAL	8	70,069	16	59,224

Sources: Fraser & Co: "Facts & Figures"
April, 1953.

Straits Times: "Directory of
Singapore & Malaya" 1953

Table 13

Mining Agencies

Agency	No. of Cos. managed	No. of dredges
Anglo-Oriental	19	40
Neill and Bell	9	24
Osborne and Chappel	19	10
Burnee Co.	4	2
Austral-Malay	2	4
Guthrie & Co.	1	1
Harper Gilfillan	4	-
General Mining	4	-
Grumitt, Reid & Co.	2	-
Others	12	-
TOTAL	76	108

Notes: Some figures in the table are unknown.

Sources: Fraser and Co., op. cit. 1955

Straits Times, op. cit. 1955-56.

for which Anglo-Oriental are both the manager and the secretary.

The next group is made up of three London registered companies. Two of these, Ampat Tin Dredging Limited and the Southern Kinta Consolidated Limited have an additional feature. In between the managing agencies and the London secretaries, there are local agents. The local agents for Ampat Tin Dredging Limited are Henry Waugh and for Southern Kinta Consolidated, Sims Darty.

The third group consists of four companies for which Henry Waugh are secretaries. Their management is completely under Anglo-Oriental.

The Neill and Bell group is more cohesive. Eight of the nine companies belong to a single secretarial group - H.E. Barranger. The secretaries for the remaining company, Sungai Way Limited are Neill and Bell. All nine companies are linked to each other through interlocking directorships. The Osborne and Chappel group is less cohesive. The 19 companies in this group are divided between 9 secretarial groups. The most important are J.E. Wickett - 6 companies, O'Brant - 3, and Harrisons and Cresfield - 3.

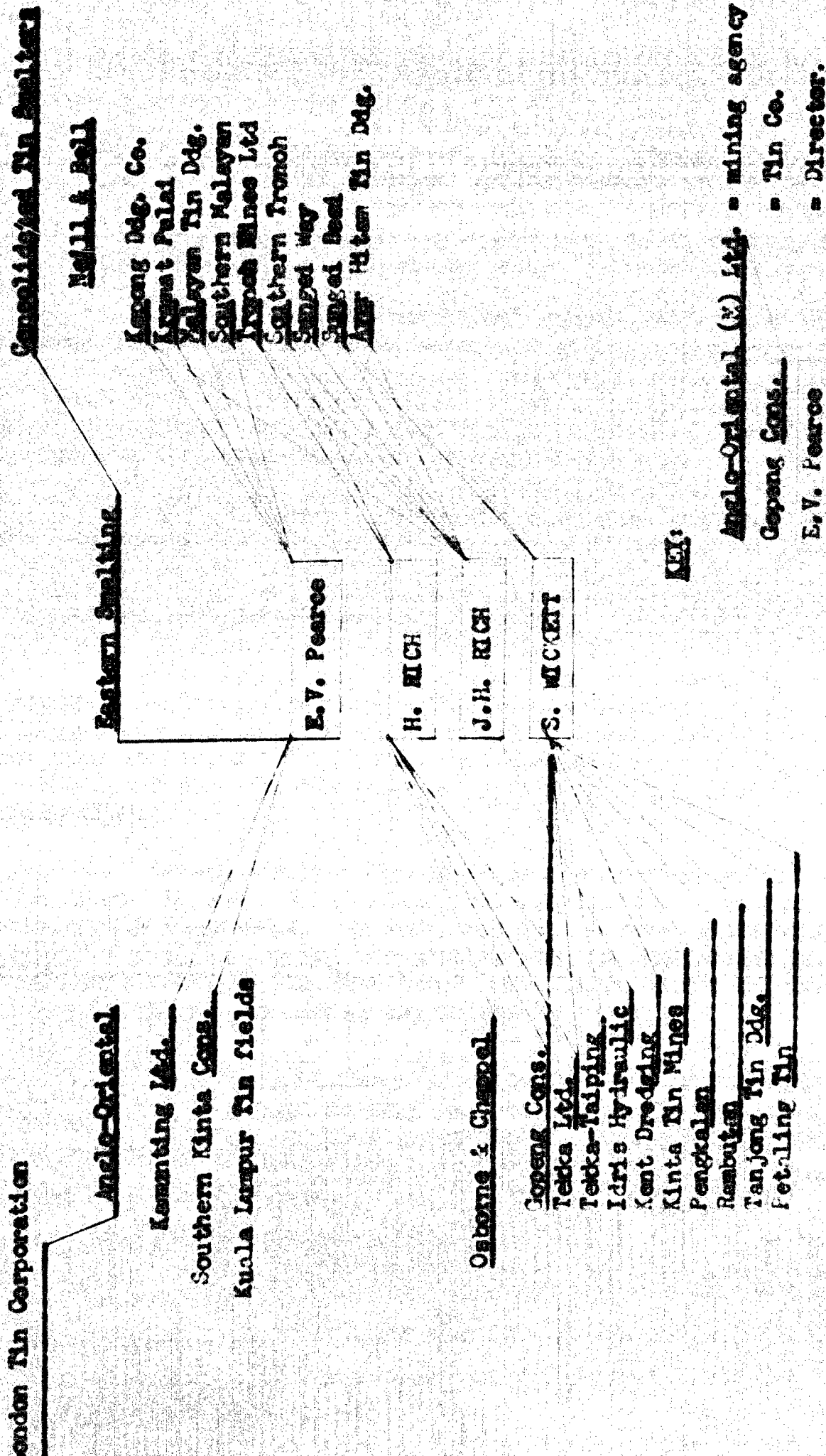
One trend which emerges is that secretarial firms do not link the larger groups. They are linked through the managing agencies, which coincide with the secretarial ones. That is, managers and secretaries are the same firm, as they are for many of the companies in the Anglo-Oriental group. The other feature is that these great concentrations of management tend to "govern the production of the many operators in tin-mining."²

(c) Interlocking Directorates

The process of interlocking directorates can be traced back to the early stages of Western enterprise in tin-mining. From the middle 1920's, the process of financial consolidation began. In 1937, there were about 80 separate European companies, as well as hundreds of Chinese concerns. As time went on, many of the companies became financially linked. For instance, twenty companies which

2. U.S. Senate, "Preparedness Investigating sub-committee Sixth Report" (Washington) 1951, p. 12.

CHAPTER I - INVESTIGATING DISCOVERIES AND MINING AGENCIES



Source: F. Lamartine Yates. "Commodity Control" (1943) p. 141 U.S. Senate op. cit.

London Tin Corporation

Consolidated Tin Smelters

Anglo-Oriental

- Kamming Ltd.
- Southern Kinta Cons.
- Kuala Lumpur Tin fields

Neill & Bell

- Kangong Ddg. Co.
- Liparit Pulai
- Malayan Tin Ddg.
- Southern Malayan
- British Mines Ltd
- Southern Trench
- Stamped way
- Sungei Bed
- Anglo-Perak Tin Ddg.

Eastern Smelting

E. V. Pearce

H. HICH

J. H. HICH

S. MICKETT

Osborne & Chappel

- Jopang Cons.
- Tekka Ltd.
- Tekka-Talping
- Idris Hydraulic
- Kent Dredging
- Kinta Tin Mines
- Pengkalan
- Rambutan
- Tanjong Tin Ddg.
- Petalang Tin

NEI:

- Anglo-Oriental (M) Ltd. - mining agency
- Cepang Cons. - Tin Co.
- E. V. Pearce - Director.

Source: i. Lamartine Yates. "Commodity Control" (1943) p. 141 U.C. Senate op. cit.

together accounted for half the output of the Western branch of the industry and for one-third of Malaya's whole production were controlled and partly owned by Anglo-Oriental (Malaya) Limited. This concern provided management and technical advice besides secretarial services to companies in the group. Other companies in Malaya during the 1930's became linked through the interchange of shareholdings as well as through managing-agency houses. This is illustrated in Chart I.

Each of the four directors, Pearce, Rich, J.H. Rich and Wickett is on the Board of Directors of at least six companies. Both of them could be on the same board. This is because the company of which they are directors have a major share in another company. It is inevitable that these same men are re-elected directors. One example is the Anglo-Oriental (Malaya) Limited.

The position of this company in the tin-mining industry must be appreciated in conjunction with the international inter-connections of its holding company, the London Tin Corporation. These connections are best summed up in an abstract from the U.S. Senate Preparedness Investigating Sub-Committee, Sixth Report:

"The London Tin Corporation has investments in many Far Eastern tin-mining companies. Through a subsidiary, Anglo-Oriental (Malaya) Limited, it provides secretarial, technical and management services to 24 companies. They are among the largest in production in the Far East. Roughly they represent about 1/3 of Malayan production.

London Tin has also stock interests in British Tin Investment Limited. In addition, General Tin Investment controls British Tin Investment. In 1949, six of the seven directors of each were identical.....having the same address in London and the same secretary. British Tin Investment holds large blocks of shares in 11 large Malayan tin-mining companies."³

These ramifications are only important in showing that the directorships in Malaya is only part of the parent combine in London. Possibly they may be part of a vast international interlocking pattern

3. U.S. Senate: op. cit. pp. 11 - 12.

that link Thailand, Nigeria, Bolivia, London and Malaya.

In the tin industry, the major interrelations between companies are those of ownership and not of management. In the rubber industry, interlocking directorships represent managerial and secretarial interests. But in the case of tin, interlocking directorships represent ownership.

4. J.J. Puthucheary: "Ownership and Control in the Malayan Economy" (Singapore 1960). p. 91.