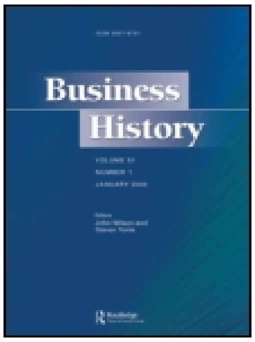

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Apartheid and business: Competition, monopoly and the growth of the malted beer industry in South Africa

Anne Kelk Mager*

Economic History, University of Cape Town, South Africa

The South African brewing industry experienced enormous growth in the apartheid era, following the lifting of prohibition on the sale of 'European liquor' to Africans in 1961. Successive international brewers and local entrepreneurs sought to benefit from increased demand in the 1970s but were unable to withstand competition from South African Breweries (SAB), the dominant player in the industry. A decade of intense competition in the brewing industry ended with the intervention of the cabinet of the Afrikaner Nationalist government. SAB's status as 'sole supplier to the industry' remained virtually unchallenged until the demise of apartheid and the end of South Africa's international isolation. The end of apartheid and changes in the global brewing industry brought renewed competition to the South African beer market in the late 1990s and early 2000s.

Keywords: beer industry; South Africa; competition; apartheid

Introduction

In 1997, the head of the South African Competition Tribunal compared the local liquor industry to the 'robber baron' character of the US oil industry in the late nineteenth century.[1] Successive governments had permitted the development of the wine industry to benefit 'narrow private interests', while the beer industry had been allowed to become so concentrated that it was dominated by a single domestic producer. These issues have received little historical attention. Despite the interest in the history of liquor internationally, South African liquor studies have not moved beyond the 1980s preoccupation with labour, home-brewing, prohibition and government beer halls.[2] This article explores the context in which the South African brewing industry became so highly concentrated. It examines competition in the beer industry under apartheid and scrutinises the role played by the competition authorities, the National Party cabinet and parliament in relation to the brewing industry. It discusses the notion that the apartheid government discriminated against the 'English' beer industry, expressed by the country's major brewer to the Truth and Reconciliation Commission in 1997.[3] It highlights the complexities of international isolation for the major players in the South African beer industry (for a discussion of the effects of sanctions, see Bethlehem, 1988; Koendermann, 1982; Lowenberg, 1998; Orkin & Budlender, 1989; Proce, 1991).

*Email: Anne.Mager@uct.ac.za

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In the context of exclusion from international markets as a consequence of apartheid policy and weak competition regulation, the major beer producer under apartheid made use of multiple growth strategies – internal expansion, aggressive competition, takeovers and market domination as well as diversification into other areas of liquor production and into liquor retailing. Intense competition characterised the South African brewing industry during the period of high apartheid, a period in which the volume of 'clear beer' produced grew almost 18% (Table 1) and the major brewer controlled 97% of the industry.[4] In its high degree of concentration, the South African brewing industry differs markedly from that in other major beer markets such as the United States and Britain. While the number of brewers in the United States declined from 150 in 1960 to 40 in 1980, anti-trust regulations discouraged the major brewers (Anheuser-Busch, Miller Brewing Company and Coors) from adopting a strategy of growth through acquisition (Elzinga & Swisher, 2005; Lynk, 1984, p. 44; Tremblay & Tremblay, 1988; Zardkoohi & Sheer, 1984). It also differs from the British brewing industry where concentration was less marked. Between 1968 and 1976, the number of breweries in Britain fell from 211 to 147 while further concentration was limited by the range of well-established local breweries which, for the most part, had achieved a high degree of integration of brewing activities (Hawkins, 1979, p. 289; see also Gourvish & Wilson, 1994; Johnson & Thomas, 1987). This article seeks to explain how concentration came about in the South African brewing industry.

Competition in the beer industry in the 1960s

The first step towards concentration was taken in the mid-1950s when the South African Breweries (SAB), merged with Ohlsson's Cape Breweries and Chandler's Union Breweries (on the Witwatersrand), to create the country's largest beer producer (for discussion of the 'English roots' of SAB and the change of domicile from London to Johannesburg, see Mager, 1999, pp. 380–382; Tucker, 1985, pp. 64–77). SAB grew modestly in the first decade following the merger, restricted from expanding into the African market as a consequence of colonial legislation prohibiting the sale of 'European liquor' to Africans.[5] In 1960, the apartheid government established a commission to look into the desirability of lifting prohibition.

In the meantime, motivated principally by a desire to protect itself against punitive excise measures, SAB sought to enter the Afrikaner-dominated wine industry. Afrikaner wine farmers were the backbone of the nationalist party in the Cape and enjoyed a close relationship with the government (see Giliomee, 1987; Scully, 1992). Represented by powerful voices in parliament, wine was exempt from excise.[6] In 1960, SAB took over the independent Stellenbosch Farmer's Winery (SFW) and established the Stellenbosch Wine Trust (SWT) as holding company for SFW. SAB made it plain that their intention was to protect themselves from the encroachment on their profits demanded by unfair excise on beer. Entering the wine industry meant taking on Afrikaner interests. Afrikaner domination of the wine and spirits sector was strengthened in 1965. Afrikaner entrepreneur, Anton Rupert, who had made his money in the tobacco industry and established Rembrandt Group Ltd (Remgro) in 1948, the year the National Party came to power, established the Oude Meester Group as a subsidiary which in turn owned the Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika Beperkt (KWV).[7] Oude Meester complained that SAB's takeover of SFW infringed the Liquor Act, and the courts ruled against the brewers. But SAB was not without its supporters in parliament. One of these was P.W. Botha, then a member of parliament for George and chairman of the Barley Growers' Association. Intervening on behalf of the barley growers in his constituency, he secured the amendment of the Liquor Act to accommodate SAB's new position in the wine industry (Government of South Africa, 1982, p. 19). By ratifying SAB's crossing the divide between English and Afrikaner capital, government allowed an upset in the established order of the liquor industry (Fridjhon & Murray, 1986, pp. 81–87). Viewed from a wider perspective, SAB's move might be seen as following an international trend to diversify within the alcoholic beverage industry in order to broaden economies of scope in marketing and branding (see da Silva, 1999). The local context, however, meant that SAB and Rembrandt were now pitted against each other in a battle for control of the malted beer and wine industries.

The lifting of prohibition in 1961 was not accompanied by the removal of racial restrictions on the right of people of colour to engage in the sale of liquor. Municipalities and Bantu Administration Boards in charge of African townships were granted a monopoly on the sale of liquor to Africans.[8] As a result, African liquor dealers continued to conduct their business outside the law, many of them running thriving businesses. Competition in the white-owned liquor industry began to warm up in the mid-1960s as liquor producers manoeuvred themselves into a position from which they might meet anticipated increases in demand. To augment capacity, SAB built a new brewery at Isando, outside Johannesburg, where 120,000 gallons (545,520 litres) of beer were brewed per day. But the tax authorities immediately introduced legislation stipulating that excise was to be calculated on a sliding scale based on the volume of beer produced by a single brewery, effectively discriminating against SAB's Isando plant.[9] Appeals to have the tax repealed came to naught. Newcomers moved to secure a share of the expanding market. Union Free State Mining Corporation revived the defunct Stag Brewery, refloated the company on the local stock exchange and directed its product at the black market.[10] While Old Dutch Breweries, the country's third major brewer, continued to produce for a small white niche market, a fourth brewery, Whitbread S.A. (Pty) Ltd, backed by Anton Rupert, entered the market in 1966.[11] In a bid to 'head-off' competition from Whitbread, SAB acquired the rights to brew and market Heineken's Amstel brand. Five years later, Whitbread conceded defeat and became a wholly owned subsidiary of the SAB (Tucker, 1985, p. 79). Stag and Old Dutch collapsed; SAB acquired the franchise for Old Dutch lager and the independent Union Wine Corporation bought Stag Breweries.[12] With no other competitors, SAB regained its monopoly status.[13]

The 1970s: competition between SAB and Afrikaner brewing interests

In 1972, a new arrival in the beer industry began to attract attention long before the first beer reached the retailers' shelves. Entrepreneur Louis Luyt, ebullient Afrikaner and ex-rugby player who had made his fortune in fertiliser, wanted to enter the beer industry. Luyt approached Anton Rupert who held 25% equity in his fertiliser company. When Rupert showed little interest, Luyt found starter capital in the United States of America (Luyt, 2003, p. 70). Despite the depressed economic climate of the early 1970s, LLB was floated on the Johannesburg Stock Exchange. Enthusiastic support from the press facilitated the sale of shares (Luyt, 2003, p. 72). The *Star* newspaper inflated Luyt's goal of 7.5% market share in the first year to 30% (quoted in Luyt, 2003, p. 77). In contrast, the press was less bullish about SAB's prospects. A prominent business weekly diagnosed SAB as flabby and top-heavy, speculating that SAB might not cope with the new competition ('Beer – a storm brewing', 1972, p. 40; 'Breweries battle fermenting', 1971, p. 49; 'Louis Luyt', 1972, p. 15; Luyt, 2003, p. 77). Finally attracted by the chance to curtail SAB's liquor interests, Anton Rupert approached Luyt, offering him shares in Oude Meester in exchange for shares in his beer, fertiliser and aircraft companies (Government of South Africa, 1982, p. 19; Luyt, 2003, p. 76).[14] Luyt declined the offer but changed his mind when Rupert pointed out that together they could build an Afrikaner conglomerate strong enough to take on established English interests (Luyt, 2003, p. 76).

Luyt established a brewery at Krugersdorp (Chamdor) and began building a second plant at Bloemfontein. His plan was to launch three brands in the first six months: Luyt lager, Madison, an American style lager and Beck's beer, brewed under licence from West Germany. While the media celebrated LLB's sophistication and tight budgeting, indirectly providing advance publicity for their brands, Luyt claimed that SAB had deployed spies to find out when production was to begin. As a decoy, he lit the furnaces at Chamdor brewery without commencing brewing (Luyt, 2003, p. 76). The ruse worked. SAB was six weeks too early in its launch of a series of new brands intended to offset the novelty of Luyt's beer. Farmers loyal to Triomf fertiliser began to drink Luyt lager and South African Defence Force canteens in the northern provinces replaced SAB stock with their opposition's brand ('What's brewing?', 1973, p. 44; Interview, Richard Midgley, national serviceman 1973, Cape Town, 20 January 2005). Beyond the white market, competition intensified. In the African townships, SAB and LLB vied for the illicit shebeen trade. Both parties allegedly informed the police when their opposition delivered beer to an illicit dealer, leading to a police raid of the premises (Luyt, 2003, pp. 81–82).

Conflict over bottles, advertising and brands led SAB to seek legal recourse. Although it was common practice to buy returned bottles, SAB asked the courts to prevent Luyt from buying SAB-labelled glassware ('Blowing their tops', 1972, p. 1083). The court ruled in SAB's favour, but it was almost impossible for competitors to avoid ending up with the other's bottles. But, as Luyt gleefully recalled, Madison bottles were very similar to Carling Black Label bottles but with a slightly longer neck which jammed SAB's bottling plants (Luyt, 2003, p. 80). SAB retaliated by complaining to the Newspaper Press Union that advertisements for the Madison brand were misleading. Madison was neither old nor American; it was a new local brand. Luyt admitted that the idea had occurred to one of his executives as he crossed Madison Avenue in New York. The union ruled against Luyt.

In August 1972, Anton Rupert applied for an interdict restraining SAB from using Master Brew as a trademark. Distillers Corporation (SA) Ltd declared that 'Master' infringed on their registered trade mark, Oude Meester.[15] SAB responded by asking the court to expunge Distillers trademarks in respect of 'beer, ale and porter' since they had been used exclusively for wine and spirits. When the judgment favoured Distillers, SAB appealed to a higher court.[16] Three years later, the Appeal Court overturned the ruling.[17] Trade mark law in South Africa was considerably advanced by the appellate division's judgment in the Master Brew case, establishing that 'the particular circumstances' for registering a trade mark had bearing on the intended uses and 'monopoly right' to the trade mark.[18] Ultimately, however, the market was the final arbiter. And the market's 'verdict' was that Master Brew was too bitter. SAB moved swiftly to launch a sweeter, German style beer to take its place ('Cheers for German beers', 1973, p. 360).

In the meantime, Louis Luyt and Anton Rupert fell out and conceded that they could not work together.[19] Rupert bought out Luyt's beer shares, registered a new company, Intercontinental Breweries (ICB), dropped the Louis Luyt brand and set his sights on gaining a substantial share of the now R200m a year beer market with Kronenbrau as its flagship ('Brewer's droop', 1975, p. 255). To achieve his goals, Rupert would curtail SAB's distributive power. SAB, he complained, was providing generous incentives and discounts to retailers who reached target sales and stocked large quantities of their products.

Opposition brands were 'frozen out' ('Trouble in store', 1973, p. 816). Retail profit margins were drastically reduced as prices were slashed by between 6% and 14% (Government of South Africa, 1982). A major obstacle for Rupert was that this competition over price was facilitated by the structure of the retail industry.[20]

With the tied-house system abolished in 1957, four major companies had come to control the retail liquor trade through ownership of bottle stores. In 1973, Stellenbosch Wine Trust (SAB) owned 131 bottle stores and Oude Meester (Rembrandt) owned 180 stores. Apart from these two giants, independent Union Wine (Jan Pickard) owned 23 stores and Gilbeys Distillers and Vintners owned 38. Together these four controlled 85% of retail liquor sales and drove the large scale price wars ('Trouble in store', 1973, p. 816). The remaining 15% of the legal liquor trade was made up of licensed restaurants and 12 bar or 'pub' licences. SAB and Rembrandt were engaged in a battle for control over retail outlets through price wars, discount offers for large volumes and advertising displays. Both SAB and Rembrandt relied on their non-liquor interests as a source of cash flow and profit. Diversification was a critical strategy. SAB believed that without its interests in Coca-Cola and other mass retail areas, it would be 'too vulnerable to Rembrandt, excise increases and price control' ('Guiding SAB', 1976, p. 605; 'SA Breweries', 1976, p. 645).

In November 1973, Rupert told SAB that he was so disturbed by the pressure on the retail trade that he would relinquish his outlets (Anton Rupert quoted in 'Trouble in store', 1973, p. 816). But his emissary came back empty-handed from an audience with SAB's Dick Goss. Acutely aware that Rupert (through Oude Meester) had been the biggest owner of bottle stores in South Africa since 1965, Goss was not about to trust his messenger. Instead, Goss argued that discounted liquor was in the public interest. Rupert's response was to continue cutting prices, acquiring new bottle stores and converting an established chain into discount stores ('Beer war', 1973, pp. 1023–1024). The liquor giants continued to compete for domination of the R210m liquor retail industry ('Brewer's droop', 1975, p. 256). Parliament intervened, publishing draft legislation forbidding performance discounts. But pre-emptive negotiation between the liquor giants prevented the bill reaching the second reading. SAB met with the Minister of Justice and agreed to remove discounts based on volume ('Bottling up liquor sales', 1975, p. 807). The National Liquor Board stepped in to apply a 'factor points system' designed to limit the number of liquor outlets any one producer could own, control or hold an interest in ('Winning on points', 1976, pp. 23–24). Points were also allocated for loan financing. In some instances, retailers had enormous loans; Sammy Linz of the Rebel liquor chain allegedly borrowed R2.5m at low interest from the SAB ('Time, gentlemen', 1979, p. 149). Too complex to administer, the points system soon fell into disuse and competition for control over the retail industry continued. While the Liquor Traders' Association (of which Solly Kramers was a prominent member) faced legal action for price-fixing, SAB acquired the remaining 35% shares in this highly successful retail chain.[21]

Rupert's brewing venture struggled. ICB's strategy of buying its way into the beer market, now over 500 million litres, was proving extremely costly.[22] A loss of R4.8m in 1974 was topped by a R4.3 loss in the first half of 1975 ('Over a barrel', 1975, p. 864). ICB's brands – Beck's, Kronenbrau and Heidelberg – were not doing well. Despite the benefit of a lower excise (ICB paid an average of R0.1015 per beer compared to SAB's R0.1144 per beer in 1973), ICB was floundering (Fridjhon & Murray, 1986, p. 182). In contrast, SAB was holding its own: Castle lager continued to hold 60% of market share and Lion 20% while Schafft lager found a niche in the black market. Press sympathy continued to lie with the underdog; journalists lamented ICB's apparent inability to break through SAB's hold over the black market, then 60% of the total beer market ('Over a barrel', 1975, p. 864).[23] But there was no letting up.

Launching new brands kept the public engaged as competition raged (for SAB's initiatives in building brand loyalty, see Mager, 2005, pp. 163–194). ICB launched Culemborg Lite, a low calorie and low residual carbohydrate beer, taking on SAB's Hansa Pilsener ('Beer: stepping out litely', 1977, p. 502). But when ICB acquired Colt 45 from the USA, SAB's Beer Division was better prepared. It used a trade mark registered a decade earlier – Stallion – as a tactic to pre-empt Colt 45's impact on the market. A stallion was older than a colt; a useful feature in an industry where age implied heritage. SAB's marketing director came up with the idea of inverting 45 – SAB's brand would be Stallion 54 with an alcohol content of 5.4%, some 1.5% stronger than Castle or Lion lager ('Horses for courses', 1978, p. 1169). With the MD's backing, two marketing men approached a small advertising agency, engaged a one-man printer and worked with a single brewer to produce Stallion 54 in a week. The SAB salesforce were out promoting this strategic brand while the ICB's Colt 45 brew lay in the tanks (Interview, Retired Marketing Director, Sandton, 11 July 2000). ICB took the SAB to court, claiming that SAB had infringed their trademark. Stallion 54 was deliberately designed to deceive, confuse and render the launch of Colt 45 commercially unviable, they claimed.[24] The court was not persuaded, the judge ruling that there could be no confusion between a stallion and a colt. 'A stallion conjures up the idea of an uncastrated horse and is normally suggestive of vigour and virility. A colt . . . conjures up the idea of a young horse.'[25] ICB appealed only to receive a more dismissive judgment. 'Should a competitor, through his diligence and foresight, steal a march on a rival competitor, he should not, merely because of that, be censured by a court of law.' Moreover, the judge warned, 'The legal forum should not be converted into a market forum'.[26]

Following this judgment, Rupert consolidated his assets. In September 1978, Rembrandt bought out minority shareholders in ICB, and Oude Meester acquired 49% of Gilbeys. The cost amounted to over R43m ('Beer dispatch', 1979, pp. 241–242). The move was welcomed by the stock market and SAB's corporate rating fell below the average of the rest of the industrial market on the Johannesburg Stock Exchange (ibid., p. 241). SAB's strategy was to expand more aggressively into the retail sector, building 20 new Solly Kramer's stores in a R7m expansion exercise ('Liquor supermarkets', 1979, p. 87). The market rallied behind SAB, pushing up its rating on the Johannesburg Stock Exchange Actuaries industrial index. But observers believed that Rupert could not lose. A leading finance weekly predicted that ICB would continue to spend whatever it took to gain market share and that SAB would under-perform in the medium term ('SAB: beer war blues', 1979, p. 791). A few months later, SAB made its next determined bid to close the gap in retail ownership, declaring readiness to take over Union Wine and Picardi hotels, the only vertically integrated liquor groups outside the Rembrandt and SAB stables. These acquisitions would give SAB another 28 hotels, 27 hotel off-sales and 29 bottle stores. As stipulated in the Liquor Act, SAB applied to the Minister of Justice, Jimmy Kruger, for government sanction, but the minister refused permission. The matter must wait the government's report on monopolistic conditions in the supply and distribution of liquor, he said.[27] Officially blocked, the SAB called off the deal (Murray, 1979, p.259). SAB's Dick Goss complained that ministerial discretion had deliberately meted out unequal treatment (ibid.). Rupert's spokesperson countered that government had favoured SAB by granting bottle store licences to hotels at a time when the company owned 300 hotels (he did not add that most of these were small and subsequently sold). Also, he implied that the government had overlooked SAB's 'uitlander' status by allowing the brewing company to transfer its registration from London to South

Africa without change of legal persona, enabling SAB to retain valuable contractual benefits. Claims of government favouritism for Afrikaner interests, Rupert declared, were unjustified ('Beer war: blame the Liquor Act', 1979, p. 417).[28]

Watching Rupert pour R40m into beer advertising and promotion in three years apparently proved too much for fellow captains of Afrikaner capital. Sanlam's Professor Fred du Plessis stepped in to broker a deal between SAB and Rembrandt ('Dr Rupert's affidavit', 1979). His intervention, du Plessis claimed, yielded an agreement that 'went through the cabinet untouched' and astounded economic commentators: on 13 November 1979 it was announced that SAB was to take over ICB lock, stock and barrel. In exchange, Rembrandt, SAB and KWV were to form a new company, Cape Wine and Distillers (CWD) in which each would hold a 30% stake, the remaining 10% going to the public, principally the farmers. SAB gained full control of the beer industry – now R600m a year – and maintained a stake in wine and spirits. By merging the three major wine and spirits companies (SFW, Distillers and Castle Wine), CWD controlled 75% of the wine and spirits sector. Producers would determine prices with government acting as watchdog. SAB and Rembrandt agreed to withdraw from the retail trade and dispose of their bottle stores over a period of 12 years at a rate of 7.5% over the first five years and 10% for the next seven years. CWD would not own any bottle stores or hotel liquor outlets (Government of South Africa, 1982). Vertical integration was to be removed from the liquor industry.

Not satisfied, Rupert moved to secure deeper control of wine and spirits. Within a few days of the du Plessis-brokered deal, Rembrandt and KWV announced that they had pooled their interests in CWD to form a 60% holding company. Rembrandt and KWV now had joint control over CWD and 75% of the wine and spirits sector, creating a 'near monopoly'. SAB was reduced to a minor player. The liquor industry and its watchers were taken by surprise. Speculation was rife as to how KWV, a producers' co-operative, had financed its entry into CWD. Some suggested that Rembrandt's overseas interests had provided a loan, implying that SAB had been double-crossed (Coulson, 1980, p. 54; Fridjhon & Murray, 1986, pp. 183–184). For its part, SAB was satisfied that competition had been good for beer. Between 1972 and 1979, per capita consumption of beer rose from 13.18 litres to 22.90 litres per year while wine consumption declined from 11.00 to 8.74 litres ('The politics of drink', 1980, p. 77).

The retailers were displeased at the creation of two near-monopoly producers. Natie Matisonn, chairman of the Hotel, Liquor and Catering Association, complained that the retail trade remained unprotected against control by producers (Coulson, 1980, p. 54). Nor were his fears unfounded. It soon emerged that Jan Pickard, son-in-law of Eben Donges, one of the National Party's most generous donors, had negotiated a deal with government allowing him to increase his bottle store holdings from 75 to 129 (Dommisse, 2005, p. 234). Pickard formed a grouping with supermarket magnate Natie Kirsch positioning Union Wine to become the dominant player in liquor distribution. Clearly, considerable investment in retailing neither needed the backing nor wanted the ties of producers. This drive for independence from the producer and closer links with supermarket chains was consequent on the large number of bottle stores and small number of pubs in the white retail industry. While black-owned retailers (illicit shebeens) accounted for two-thirds of beer sales, they had no political voice and were very largely dependent on the support of SAB.[29] The position of the shebeeners was comparable with that of the small publican in Britain in the 1980s. In Britain, where three-quarters of the country's pubs were controlled by six big brewers through the tie system, most publicans were dependent on the support of the brewers and had little interest in calling for independence (see Gourvish & Wilson, 1994; 'They told you so', 1991, pp. 49–50).

Competition, excise and monopoly

An inquiry into monopolistic conditions in the liquor industry had been commissioned prior to the 1979 restructuring.[30] The investigation was spurred partly by the intense local tensions over production and distribution; it was also an attempt to respond to the bigger question of the desirability of economies of scale in the brewing industry (for discussion of this issue in the Canadian brewing industry, see Jones, 1967, pp. 564–568). Merger in the United States had begun to lend credence to SAB's view that concentration in the beer industry was desirable (see Tremblay & Tremblay, 1988, pp. 21–45). Debate and speculation in the run-up to the Competition Board's publication in 1982 provide insight into competing perspectives on the character of the South African liquor industry. Liberal opinion hoped that the Board would allow a return to the market ('Pitfalls of meddling', 1981, p. 1293). One financial magazine called for a break with the puritan ideology that justified control of liquor distribution, refused to grant licences to blacks and allowed the Liquor Board to exercise a restrictive function in the industry ('Business view', 1981, p. 1294). In this view, the Liquor Act was an anachronism: a legacy of British colonial rule, it was 'narrow minded, restrictive and paternalistic and administered by bureaucrats trained in the maintenance of law, order and security rather than in the promotion of a free market operation' ('Structural nightmare looms', 1981, pp. 376–378). Moreover, the monopolies created by government were unacceptable; government's task was to facilitate competition, not create monopolies.

Defending itself against these charges, CWD denied that it was a monopoly, the chairman of KWV and CWD claiming that Oude Meester, Stellenbosch Farmers Winery and Henry Tayler and Ries (Rembrandt's importing agency) competed against each other and against independent wine estates and wine co-operatives. Nonetheless, since CWD controlled 90% of the production of wines and spirits; commentators noted that 'by economic definition, any group controlling 90% of any market is a monopoly, whether it behaves like one at any given moment or not' (Coulson, 1980, p. 54). Observers also questioned whether SAB would want to continue holding a minority share in CWD over which it had 'little say' and remarked that with distribution to blacks still in the hands of the government administration boards, the CWD could not be the 'final stage in the evolution of the liquor industry' (ibid.).

In contrast to CWD's denial, SAB defended its status as 'single supplier' in the malt beer industry. 'We competed as hard as we could in a tough market. If we've landed up with a monopoly, that's hardly our fault', commented Dick Goss ('Liquor trade: last round', 1979, p. 692). Following a massive increase in beer volumes in 1980–1981, SAB was anxious that the market should view their monopoly status as good for the public.[31] SAB pointed out that despite controlling 94% of the beer market, it had not behaved monopolistically in respect of pricing and indeed, strove to keep costs and prices as low as possible ('King of the castle', 1980, p. 65; 'Truce in beer war', 1979, p. 348). Even the Competition Board confirmed that at no stage had SAB used its monopoly in malt manufacturing to block supplies to the ICB.[32] Moreover, SAB claimed that it did not have the ability to behave monopolistically since the major determinant of beer pricing, particularly increases in prices, was government excise, a factor entirely outside of its control. Figures showing the relationship between excise duty and the real beer price in this period appear to support this claim. Table 2 indicates that while the price of beer was coming down due to lowering costs of production, excise was increasing.

In August 1981, excise on beer increased by a massive 16%, making beer excise 25 times higher than that on wine.[33] With 38% share of drinks in 1981, beer provided 39%

(R400m) of the total excise bill, spirits 31%, natural wine 21% and fortified wine 9%.[34] When government proposed an increase in wine excise, the wine farmers protested loudly. In 1982, 2000 wine farmers and KWV board members in Paarl petitioned against a 23% increase on fortified wine and brandy. They berated the Finance Minister and threatened to unseat the MP for Piketberg if government did not show more support for wine farmers. The government hastily published a notice reducing the duty on spirits by 5.43c per 100 litres, a saving of some R10m for the producers ('Saving Dawie', 1981, pp. 1290–1293; 'Spirit of rebellion', 1981, p. 1559). In so doing, the National Party government capitulated to the wine farmers, leaving black consumers, who constituted 70% of the beer market, to bear the brunt of excise increases.[35]

When the Competition Board finally presented its report late in 1982, it had little to say about excise. But its recommendations sliced into the 1979 cabinet-approved settlement, declaring that the establishment of CWD was a 'restrictive practice' and that the merger between Oude Meester and SFW had created a monopoly that should be terminated along with KWV's 50% share in CWD. The Board recommended that the Liquor Act be amended to put an end to the vertical integration of producers and retail outlets. It also recommended lifting the limitation on the number of outlets a single retailer might own (Government of South Africa, 1982, pp. 71–72). The state's monopoly on the distribution of liquor to Africans was beyond the purview of the report, but as SAB constantly asserted and as demonstrated by research on the 15 US states which monopolised liquor distribution, state-owned retailers had 'no incentives to seek market information to maximize returns' (see Zardkoohi & Sheer, 1984, p. 1060). The cabinet ignored most of the Competition Board's findings, allowed SAB's competitors to absorb the 150 Solly Kramer stores and granted supermarkets permission to sell wine but not beer (see South African National Archives, 1997, p. 16).

The apartheid cabinet appears to have dealt with the issue not as a problem of competition but as one of conflict between businessmen, and since the Competition Board's position on concentration was ambivalent, its position as adviser to the government was weak. The board, one analyst explained, held the view that there was an inherent tendency towards concentration in all economies; it was undecided as to whether this was a consequence of the superior conduct of certain players or their abuse of power. The competition authority was also equivocal on the meaning of public interest and tended to conflate this term with 'national interest' (Fourie, 1987, pp. 345, 349, 352). Cabinet, it seems, followed this reasoning and acted in what it believed would serve the national interest. Liberal critics, Fridjohn and Murray (1986, p. 188), declared the cabinet's intervention a betrayal of government's duty to the public.

Reinheitsgebot: *SAB* v Namibian Breweries Ltd (NBL)

While SAB had achieved what the corporation euphemistically termed 'temporary market dominance' in the mainstream beer market, it was rudely awakened to the need to defend its position in the premium market (Gilmour, 2005). Apartheid's imminent collapse in the late 1980s heralded new lifestyles and aspirations, leading to a rapid expansion of demand at the top end of the market. New competitors saw the gap. Namibian Breweries Ltd (NBL), an Olthaver and List company, entered the South African market, providing the first serious threat to SAB's market dominance on their home turf since the 1970s. Like ICB, NBL was motivated by nationalist sentiment. Beginning as a small brewer producing limited quantities of German-style lager for the Namibian market – 350,000 hectolitres in 1982 – NBL watched SAB profiting from its distribution of beer to the South African Defence Force, then involved in a low intensity war on the northern border of Namibia.

Resentful of this penetration of the Namibian market, NBL set its sights on entering the South African market. By the late 1980s, the Namibian brewer was promoting Windhoek lager in South Africa's major cities.

Following Namibian independence in 1990, SAB sought to establish a brewery there but the Namibian government refused permission for the SAB's proposed R100m brewery in the north of the country, despite its backing by six Namibian businessmen, led by Aaron Mushimba, President Sam Nujoma's brother-in-law, who would own 51% of the shares. Namibian Trade and Industry Minister rejected the scheme on nationalist grounds: 'We are not going to allow this. NBL plays a significant role in our economy in which it is one of the largest taxpayers and employers.' The Namibian government would not be taken in by SAB's request for Export Processing Zone (EPZ) status, claiming that it was a ploy to avoid paying taxes (Field, 3 August 1997; Gordon, 2003, pp. 117–134).[36] Reluctant to rely only on the Namibian government for support, NBL looked for allies among other African brewers perceived to be under threat from SAB. Kenya Breweries (KBL) was extremely vulnerable in 1997 following SAB's takeover of Tanzania Breweries and investment in Ugandan Nile Breweries, KBL's opposition in Uganda (see Letter, 2000; see also Willis, 2002, pp. 246–248).[37] NBL invited a representative of Kenya Breweries to discuss strategies for warding off SAB.[38] Reacting in both nationalist and competitive terms, and backed by their respective governments, they argued that neither the Namibian nor the Kenyan market was large enough to cope with another brewery (Moyo, 1997).

In the meantime, the battle between Windhoek lager and Castle lager gathered momentum on both sides of the border. By 1997, NBL's exports to South Africa amounted to a quarter of its 750,000 million litre output. Increasingly popular among urban professionals in post-apartheid South Africa, Windhoek lager began making significant inroads in the premium market. Its key selling point was the claim to 'Reinheitsgebot', namely brewed in accordance with a 1516 German purity law prohibiting the use of ingredients other than malt, hops, water and yeast in the brewing of beer.[39] SAB countered by undercutting Windhoek lager's prices and launching a massive 'Project Natural' campaign for Castle lager. NBL complained that the advertisements were misleading and launched an advertisement in which an unnamed lager was associated with a laboratory beaker, implying the use of impure additives in the brewing process. The South African advertising authorities ruled against both competitors. NBL's 'No secrets, no additives, no hurry' campaign continued to fire Windhoek lager drinkers' caricature of SAB brands as 'mega-brewery fizz' (Field, 15 June 1997).

SAB countered by promoting its international recognition, claiming that Castle lager was judged the best beer in the world at the Brewing Industry International Awards 2000.[40] But the South African Advertising Standards Authority insisted that SAB undertake 'never again' to make this claim; their award had been granted in a particular category at a specific contest, so the claim was inaccurate. SAB was also ordered to take down its billboards claiming that Castle lager was Windhoek's lager since the slogan was 'likely to deceive or cause confusion in the minds of the public' and was an infringement on NBL's trademark (Moyo, 11 May 2000). The NBL was particularly annoyed that consumers might believe that Castle lager was brewed according to German purity laws and had the same taste as Windhoek lager (Moyo, 9 May 2000). SAB, it seemed, was not simply competing against another brand; it was up against a symbol of nationalism. In anthropologist Robert Gordon's view, beer provided post-colonial Namibians with both a 'capacity for personalization' and a means of distinguishing the nation from its dominating neighbour (Gordon, 2003, pp. 117–134). In the meantime, NBL's share of the South African premium market continued to expand.[41]

Changes in the international brewing industry in the mid-1990s – a period characterised by 'merger mania' – saw major players in the international beer industry searching for opportunities to strengthen their hands through mergers and acquisitions and to build up their skills in world-class deal making (see 'Beer sales flat', 1999, pp.28–30; Benson-Armer, Leibowitz & Ramachandran, 1999, pp. 110–121; Foote, 2001, pp. 11–15; Hopkins, Chaganti, Kotabe, & co-editors, 1999, 207–239). South Africa was back in the international economy; SAB shed its non-brewing interests in the South African market and moved into the global brewing arena. In March 1999, SAB, then fourth largest brewer in the world by volume, positioned itself closer to international capital markets by listing on the London Stock Exchange (see *Business Day*, 10, 11 February 1999; 2, 8, 9, 11, 19, 23, 24 March 1999; 25 November 1999; 18 May 2000; several other firms also listed in London). SAB's primary objective was to pursue a strategy of growth through merger and acquisitions. What this meant for the South African market was that SAB would be able to secure new premium brands to meet the growing demand in the premium market and head off challenges. Czech brewer Pilsner Urquell, SAB plc's first major acquisition following the London listing, provided a suitable new premium brand. Pilsener Urquell, an imported European beer with heritage, culture and purity, was serious opposition for Windhoek lager.[42] In 2002, under pressure from increasing concentration in the global brewing industry, SAB merged with US brewer, Miller to form SABMiller, and imported Miller draught.[43] With two new prestigious brands that had global appeal, SAB strengthened its position in the premium beer market.[44]

SAB's strategy to expand through acquisitions and mergers was initially confined to emerging markets in Africa, Asia, Latin America and to the Eastern European markets. The Miller Brewing Company buyout moved SAB to number two in the world ranking of brewers and signalled that SAB was ready to take on the top players in the global industry. Confident in their deal-making abilities, the depth of their management expertise, their ability to lead in world class manufacturing and their experience in branding and marketing, SAB was no longer content to leave the industrialised markets or the top global brands to its competitors. The timing for the Miller deal was right: following declining sales, Miller underwent significant restructuring in 1999 but remained vulnerable to takeover ('Restructuring sharpens Miller's focus', 1999, p. 118). SAB acquired a new global brand – Miller draught – and an opportunity to learn from the world class manufacturing strategies implemented at the Milwaukee plant. The deal precipitated a global shift. SAB's Chief Executive Officer, Graham MacKay, commented at the time, 'This is a transforming deal for us, for Miller, and for the global scene. It works in its own right and will lead to more industry consolidation' (Shearer, 2002, pp. 29–30). If the gains were unambiguous, the risks were equally clear. SAB's aggressive global strategy intensified global competition and potentially threatened domination in the South African market. In March 2007, concerned by SABMiller's expanding global footprint, Heineken cancelled SAB's license to brew Amstel, its most lucrative brand. In the months between SAB's cessation of production and the arrival of imported Amstel stocks, SAB launched a new premium lager and sought to win loyalty to the new brand in full awareness of the challenge it faced. Significantly, experience of the power of brands led SAB to decline sponsorship of the 2010 Football World Cup to be hosted in South Africa. The brewing giant believed that without a single global brand there would be little benefit from international television coverage of the event. Instead, SAB opted to sponsor the national football team while global competitor Annheuser-Busch with its Budweiser brand took on sponsorship of the competition.

Conclusion

Concentration in the South African brewing industry occurred in the context of apartheid policies on liquor distribution, heavy excise on beer and tensions between Afrikaner and English capital in the liquor industry. SAB, the country's major brewer following the merger of three local breweries in 1955, strove to maintain its market power and to achieve maximum profitability through a complex array of strategies. The most important strategy combined aggressive competition with takeovers of breweries knocked out in the process of competition. A second strategy was to secure vertical integration through ownership of bottle stores and control over the retail industry. A third strategy was to supply the illicit liquor trade since market growth depended on African demand. With low wages making the African market price-sensitive, keeping prices down became a strategic objective for SAB. This meant holding onto market power and building economies of scale. These combined strategies enabled SAB to achieve domination of the mainstream market, a situation tolerated by the apartheid regime for political and economic reasons: the South African economy was isolated from world markets as consequence of apartheid; direct investment was limited and local capital was prevented from leaving the country. SAB was a powerful conglomerate in the South African economy; excise on its brewing operations provided considerable revenue for the state and its competitors had failed to wrest significant market share. Faced with the possibility of SAB dominating wine as well as beer, the apartheid government struck a compromise, instructing the dominant players in both industries to reduce their control over retail outlets while allowing monopolies in production. In the cabinet's perception, this was in the national interest. Social and political changes increased demand at the premium end of the market where a new round of competition was played out in the 1990s. South Africa's isolation ended just as the international brewing industry entered an era of intense merger activity; SAB was poised to enter the global stage. Already a leader in the emerging markets, SAB entered the North American market in 2002 and became the second largest brewer (by volume) in the world.

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Notes

1. Competition Tribunal of South Africa, 'In the large merger between: Distillers Corporation (SA) Limited (Primary Acquiring Firm) and Stellenbosch Farmers Winery Group Ltd (Primary Target Firm)', Case No: 08/LM/Feb 02, Non-Confidential Version. See also Fridjohn & Pool, 2004, p. 6. Significantly, comparison with the US brewing industry suggests that concentration in beer production was curtailed in the early 1950s by federal intervention (see McGahan, 1991; *U.S. v. Pabst brewing Company* Case No: 384 U.S. 549 (1966)).
2. Prohibition, in force since the passage of the 1928 Liquor Act, was lifted following the recommendations of the Malan Commission (Government of South Africa. UG 55/1960. Report of the Commission of Enquiry into the General Distribution and Selling Prices of Intoxicating Liquor. Pretoria, 1960). For the literature on liquor in Africa, see Akyeampong, 1994, 1996; Heap, 1996; Willis, 2002. For South Africa, see Crush & Ambler, 1992; Fridjohn & Murray, 1986; Gordon, 2003; Mager, 1999, 2005, 2006; Rogerson, 1986; van Onselen, 1982.
3. The Truth and Reconciliation Commission (TRC) investigated gross human rights violations that occurred between March 1, 1960 and 31 May, 1994 in terms of Act 34 of 1994; see also Nattrass, 1999. Tensions between Afrikaner and English capital are discussed by Clark, 1993; Johnstone, 1970; Kantor & Kenney, 1976; Legassick, 1974; Lipton, 1977, 1986; Nattrass, 1991; O'Meara, 1983; Wolpe, 1978.

4. 'Clear' beer refers to malted beer and is distinguished from sorghum or opaque beer. The government of the National Party instituted apartheid (racial capitalism) after coming to power in 1948; apartheid rule formally came to an end with democratic elections in 1994. The period of high apartheid begins in 1960 when apartheid policies began to have greater effect and ends in the late 1980s when opposition rendered these policies largely ineffective. See Table 1 for annual growth in volume.
5. The Liquor Act of 1928 (Act no. 30) was amended in 1960 (enacted 1961) enabling blacks to drink 'European 'liquor, that is all legal forms of liquor other than sorghum or maize beer.
6. S. Emdin, MP for Parktown, *Rand Daily Mail*, August 23, 1966. Excise on beer was increased in 1958, 1962, 1966, 1967 and 1969: *Wine, Spirit and Malt*, March 1968, pp. 4–6.
7. The Rembrandt Group was floated on the Johannesburg Stock Exchange in 1948; Oude Meester was formed out of some 50 small wine and spirit companies and floated in 1965; Rupert acquired 50% of the shares. For an account of Rupert's political and business interests, see Dommisse, 2005.
8. Government held a monopoly on the distribution of all liquor in the African townships and the production and sale of sorghum beer in terms of the Native Urban Areas Act (1923) and the Sorghum Beer Act No. 63 of 1962. For an account of the racialised liquor legislation in South Africa, see Mager, 1999, pp. 380-382. Government monopoly in the sorghum beer industry did not extend to the 'homelands'. SAB's Traditional Beer Investments produced beer in the homelands. In 1990, the government privatised its sorghum interests by establishing a black empowerment company, National Sorghum Breweries (NSB) in 1991 (later became United National Breweries SA Pty Ltd). The sorghum market declined through the apartheid era.
9. In 1964-1965, SAB contributed R3.5m in excise; the increase meant that SAB paid an additional R1.35m in 1966; Dr Donges, Minister of Finance announced a supertax on large breweries in his 1966 budget speech; SAB tax on the large Isando plant increased by 50% (*Sunday Times*, September 18, 1966). The increase meant that SAB paid an additional R1.35m in 1966.
10. Stag Breweries discontinued bottling and was liquidated in 1954.
11. Old Dutch was established in 1950 by Independent Breweries Ltd with USA capital after obtaining a licence to brew Old Dutch Lager (Tucker, 1985, p. 77).
12. Union Wine Corporation was owned by Jan Pickard, an independent retailer.
13. SW Breweries was managed by the Olthaver and List Group and the Highland Brewery was financed by Holsten and Schultheiss Breweries, both German companies (*Financial Mail*, Inside Industry, April 2, 1971; 'Breweries battle fermenting', 1971, p. 49; Luyt, 2003, p. 70).
14. *Oude Meester* was formed in 1965 as the holding company for Anton Rupert's liquor wholesale interests.
15. The interdict was applied for on August 28, 1972 in the Transvaal Provincial Division of the High Court.
16. See *Oude Meester Groep Bpk.* and *Another v. S.A. Breweries Ltd.; S.A. Breweries Ltd. and Another v. Distillers Corporation (S.A.) Ltd. and Another*, 1973 vol. 4 S.A. 145 E.C.D.
17. *Distillers Corporation (S.A.) Ltd. v S.A. Breweries Ltd. and Another; Oude Meester Groep Bpk. and Another v. S.A. Breweries Ltd.* 1976 vol.3 S.A. 514 A.D.
18. *Distillers Corporation (SA) Ltd v SA Breweries Ltd and Another; Oude Meester Groep Bpk. and Another v SA Breweries Ltd*, 1976, vol. 3, SA 514 AD. See also 'Master Brew case', 1973, pp. 138-139.
19. Luyt, 2003, p. 82; see also du Preez, 2001, pp. 17-18; 'Luyt and Rupert', 1973, p. 429.
20. In 1956, the SAB owned 421 Houses-under-Management (hum) comprising mostly uneconomical bottle stores and bars attached to hotels; in 1957 the state abolished the 'tied-house' system and SAB disposed of most of its 'hum' assets (see Fridjhon & Murray, 1986, p. 180).
21. SAB now owned 100% of Solly Kramer Limited (see 'SA Breweries', 1976, p. 645; 'Winning on points', 1976, p.823; 'What makes Solly Kramer tick', 1977, pp. 15-17; 'Time, gentlemen', *Finance Week*, 1979, p. 149; 'Price fixing', 1977, p. 631).
22. The beer market was worth around R530m in 1978 ('The brewing scene', 1978, p. 215).
23. *Financial Mail* listed SAB Beverage and Hotel turnover to March 1976 as 888.9 and net profit as 32.5 while Oude Meester Beverage and Hotel profit was given as 5.6 and turnover as 'not available' (*Financial Mail*, April 22, 1977, p.19). By the mid-1980s, the black market accounted for 75% of beer sales.
24. *Supreme Court of South Africa (Transvaal Provincial Division): Carling National Breweries, Inc. and Intercontinental Breweries Ltd v. National Brewing Company (Pty) Ltd and the South African Breweries Ltd.* Case no M.2813/78. Judgment delivered on December 28, 1978.

25. Ibid., 16.
26. *Supreme Court of South Africa (Transvaal Provincial Division): Carling National Breweries, Inc. and Intercontinental Breweries Ltd v. National Brewing Company (Pty) Ltd and the South African Breweries Ltd.* Case no A.7/79. Judgment delivered by full bench September 28, 1979, 18.
27. The Board of Trade and Industries had been charged with investigating and reporting on monopolistic conditions in the supply and distribution of liquor several months earlier.
28. 'Uitlander' means outsider or foreigner.
29. There are no estimates for the number of black illicit liquor dealers in the mid-1980s. The estimated figure for 1991 is 120,000 nationally (see *African Business*, July/August 1991; Sidropolous, 1993, p. 30).
30. The Competition Board was to undertake the inquiry in terms of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979). The Competition Board was replaced in 1999 by the Competition Commission and the Competition Tribunal which hears appeals against rulings of the Commission (see also 'Investigation fever', 1981, p. 9).
31. Beer production rose from approx 7.5 million hectolitres in 1980 to over 10 million hectolitres in 1981 (Department of Statistics, Census of Manufacturing Statistics, Pretoria, Government Printer).
32. Malt was manufactured by SAB's subsidiary Southern Associated Maltsters Ltd. SAB held 55% of the company while South African Central Co-operative Grain Company Ltd (SASKO) and Caledon Riviersonderend Co-operative Ltd owned the remainder (Government of South Africa, 1982).
33. Excise is levied on volumes per brewery and varies from month to month (see 'Hitting the bottle', 1982, p. 447 for figures for 1980/1981).
34. Market share of wine and spirits in volume terms in 1981 was 14.3% but 42.6% based on alcohol (litres of AA) (see 'Big boom in beer', 1982, pp. 11-12; Government of South Africa, Investigation into restrictive practices in the supply and distribution of alcoholic beverages in Competition Board Report, 10 of 1982, p. 74).
35. A premium beer is defined as a brand that 'commands a price premium of 10% or more to the benchmark mainstream' ('Big boom in beer', 1982, p. 12).
36. Black empowerment is a strategy followed in South Africa where most powerful positions in the economy remained in white hands after the commencement of democracy; it is intended to ensure that blacks obtained a stake in the capitalist system by means of means of preferential shares, business partnerships, corporate directorships and the like.
37. SAB built a brewery in Kenya in 1998 but was forced to close it down in 2002 and retreat to Tanzania and Uganda, where SAB had joint ventures in Tanzanian Breweries and Nile Breweries respectively. KBL secured support from Guinness plc and after four years SAB conceded that the market was, indeed, too small to sustain two breweries – and the politics no doubt too hot for the external players.
38. In 1997, SAB's African interests included breweries in Botswana, Swaziland, Lesotho, Zimbabwe, Zambia, Mozambique, Tanzania, Uganda, Ghana, Ethiopia and a non-alcoholic beverage plant in Angola, providing SAB International with earnings of R159 million for the year ended March 31, 1998, an increase of 41% on the previous year (see SAB Annual Report March 31, 1998).
39. Duke William IV of Bavaria's legacy went beyond his intention to ensure that there were sufficient supplies of wheat for bread to establishing the principle of purity for beer brewing.
40. South African Advertising Standards Authority, Privacy and Confidentiality Notice to Paddy Pirow, NBL, Andre Lombard, Ogilvy and Mather RSTM and Alison Lee, SAB Ltd, June 20, 2000; Alistair Hewitt, Marketing Director for Castle Brewing Namibia quoted by Moyo, 2000, May 12.
41. SAB claimed that ICB market share never reached 10% while Windhoek lager claimed 14% of market share (Annual ACNielsen Liquor Industry Review: Alcoholic Beverage Review, June 2003–May 2004 (Johannesburg, 2004)). In 2002, Windhoek lager reached twelfth place in the top 20 liquor brands in South Africa.
42. SAB plc acquired a 44% share of the Czech market through Pilsener Urquell and became a major player in Europe (see *Business Day*, November 25, 1999).
43. For speculation about possible hostile takeovers of SAB see *Business Day*, October 29, November 12, 1998; June 29, 1999; for more discussion, see 'Building castles in the air? ', 2001; *Business Day*, July 4, December 5, 2002; Matthews, 2001; 'More than froth? ', 2001; 'Sounds good after beers', 2001.

44. By 2004, SAB controlled 98% of the market and contributed 3% of GDP (Department of Trade and Industry, 2004, pp. 42, 44, 53; SAB Annual Report, 2005; and Bonorchis, 2005, p.16).

Notes on contributor

Anne Kelk Mager is an Associate Professor in Economic History at the University of Cape Town.

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Appendix

Table 1. Malted beer and unfortified wine production in hectolitres 1951–1991.

Date	Beer	Wine
1951	1,001,480	371,500
1952	1,088,220	344,360
1953	1,023,120	462,060
1954	940,290	460,330
1955	824,600	555,840
1956	800,370	536,250
1957	757,950	490,920
1958	795,640	657,620
1959	776,500	742,410
1960	800,190	879,290
1961	853,010	781,820
1962	973,940	806,010
1963	1,137,360	709,900
1964	1,426,310	1,082,220
1965	1,703,700	1,475,220
1966	1,878,540	1,460,130
1967	1,673,340	1,557,640
1968	1,916,590	2,042,930
1969	2,407,107	2,338,690
1970	2,903,300	2,111,530
1971	2,890,650	2,424,410
1972	3,330,320	2,712,150
1973	3,972,760	2,761,980
1974	4,947,820	2,273,980
1975	5,496,020	2,625,020
1976	5,389,350	2,515,250
1977	5,607,740	1,990,070
1978	5,950,370	2,627,990
1979	6,025,930	1,916,430
1980	7,508,240	1,869,990
1981	9,202,930	1,963,080
1982	11,439,890	1,747,760
1983	11,586,270	2,048,740
1984	12,400,070	1,837,070
1985	12,284,190	1,832,810
1986	13,751,780	1,754,480
1987	16,721,820	1,609,540
1988	18,330,000	1,741,010
1989	18,610,000	2,212,870
1990	17,750,000	2,030,980
1991	17,710,000	2,092,740
1992	–	–

1 hectolitre=100 litres.

Note: Department of Statistics provides no figures for malt beer after 1991.

Source: Department of Statistics, Monthly Bulletin of Statistics December 1961, December 1965, December 1968, Pretoria, Government Printer; Department of Statistics, Quarterly Bulletin of Statistics, December 1970, Pretoria, Government Printer; Department of Statistics, Census of Manufacturing: Manufacturing Statistics, December 1972–1993, Pretoria, Government Printer.

Table 2. Average beer price under excise duties increases, 1958–1996.

	Average percentage change 1958–1996								
	1958–62	1963–67	1968–72	1973–77	1978–82	1983–87	1988–92	1993–96	Average
Nominal beer price	1.7	2.4	2.4	2.8	3.3	3.2	4.8	4.1	3.1
Nominal excise duty	2.1	4.2	3.3	2.1	1.7	1.1	3.5	4.3	2.8
Consumer prices	2.2	2.9	4.4	10.8	12.6	13.9	13.2	7.9	8.5
Real beer price	1.7	2.7	1.1	−4.3	−5.1	−6.6	−2.2	1.5	−1.5
Real excise duty	2.6	6.8	3.3	−6.0	−8.8	−11.3	−5.2	1.9	−2.2
Pure beer price	1.1	−0.6	−1.3	2.5	−1.9	−3.9	−0.9	1.4	

Note: Real beer price=effective price paid by consumers after adjustment for inflation and excise duty.

Pure beer price=price that accrues to producer after excise duty which accrues to government.

Source: Sharp, Loanne The South African Breweries Ltd: a case study in monopoly conditions, conglomerate diversification and corporate control in the South African malt beer industry (University of Cape Town, Master of Commerce thesis, 1997), 8.