

The jetties, Jetty Street and the town of Port Elizabeth in 1872, 1883 and 1899.

THE MAKING OF COLONIAL CAPITALISM:
INTENSIFICATION AND EXPANSION IN THE ECONOMIC GEOGRAPHY
OF THE CAPE COLONY, SOUTH AFRICA,
1854 - 1899

by

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M.A., University of the Witwatersrand, 1977

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OF THE REQUIREMENTS FOR THE DEGREE OF
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of
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The Making of Colonial Capitalism: Intensification and Expansion in

the Economic Geography of the Cape Colony, South Africa, 1854 - 1899

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ABSTRACT

In the second half of the nineteenth century the capitalist economy of South Africa was expanded first to the Kimberley diamond fields and then to the Transvaal gold fields. This transformation remade the geography of the Cape Colony and reoriented its economy towards the Transvaal as the emerging economic centre of gravity in southern Africa.

This thesis argues that the redirection of capitalist economic activity to the interior of South Africa from its coastal areas of origin was generated within the Cape Colony as a series of responses to the recessions in its economy in the sixties and the eighties. Other factors which contributed to the restructuring are addressed. These are the 'imperial factor', the processes of capital formation and the nature of commodity production. By extension of this central thesis it is argued that the commitment to northward expansion acted to the detriment of the intensification of productive activity within the Cape Colony.

Previous historical geography written on the Cape has adopted a regional approach, examined traditional themes of historical geography or focussed on frontier of settlement. This thesis examines economic and social history as a perspective upon geographical change in the Cape Colony. The method employed involved, first, mapping and graphing indicators of the course of economic development. Second, the causes of change within each of the subperiods defined were examined. Third, the geographical direction

of investment in each subperiod was investigated to assess the nature of expansion geographically and the degree of intensification of activity within the colony.

The printed papers of the Cape colonial government provided one source of material for the study. These papers include statistical data as well as the reports and evidence of Select Committees, and reports of government departments. Archives consulted were the Standard Bank Archives, Johannesburg, as well as other collections in Johannesburg, Cape Town and Port Elizabeth. Newspapers and books of the period were also examined.

The thesis demonstrates that forces within the Cape Colony produced the restructuring of the economy and geography of the colony and southern Africa in the second half of the nineteenth century.

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List of Abbreviations

<u>Argus</u>	<u>Cape Argus</u>
BMA	Barclays Bank Museum Archives
BPP	British Parliamentary Papers
BRA	Barlow Rand Archives
Branch Index	Branch Opening and Closing Card Index
BSA Company	British South Africa Company
CA	Cape Archives
<u>Cape BB</u>	Cape <u>Blue Book(s)</u>
CPL	Parliamentary Library, Cape Town
<u>Cape SR</u>	Cape <u>Statistical Register(s)</u>
<u>Cape V&P (Ann)</u>	Cape of Good Hope, <u>Votes and Proceedings of Parliament (Annexures)</u>
<u>CGH WCR</u>	<u>Cape of Good Hope Weekly Commercial Record</u>
<u>CMA</u>	<u>Cape Mercantile Advertiser</u>
CTCC	Cape Town Chamber of Commerce
<u>DFA</u>	<u>Diamond Fields Advertiser</u>
<u>DI</u>	<u>Daily Independent</u>
<u>EPH</u>	<u>Eastern Province Herald</u>
GFSA	Gold Fields of South Africa Limited
GMR	General Manager of Railways
<u>GRA</u>	<u>Graaff-Reinet Advertiser</u>
<u>GRH</u>	<u>Graaff-Reinet Herald</u>
<u>GTJ</u>	<u>Grahamstown Journal</u>
<u>Hansard</u>	<u>Debates in the House of Assembly</u>
ICS	Institute for Commonwealth Studies, London

IR	Inspection Report
<u>LC Debates</u>	<u>Debates in the Legislative Council</u>
L & SA Bank	London and South African Bank
<u>MA</u>	<u>Mercantile Advertiser</u>
<u>Mercantile Gazette</u>	<u>Cape of Good Hope and Port Natal Shipping and Mercantile Gazette</u>
OFS	Orange Free State
<u>PEA</u>	<u>Port Elizabeth Advertiser</u>
PECC	Port Elizabeth Chamber of Commerce
PEPL	Port Elizabeth Public Library
<u>PET</u>	<u>Port Elizabeth Telegraph</u>
<u>QFP</u>	<u>Queenstown Free Press</u>
RIDM	Reports of Inspectors of Diamond Mines
<u>SACA</u>	<u>South African Commercial Advertiser</u>
SAL	South African Library, Cape Town
<u>SATJ & SG</u>	<u>South African Trade Journal and Shipping Gazette</u>
SBA	Standard Bank Archives
SSA	Seminar on the Societies of Southern Africa
SC	Select Committee
UCT	University of Cape Town Library
UWL	University of the Witwatersrand Library

Preface

This thesis tackles a large subject, the economic and geographical history of the Cape Colony and related areas of southern Africa in the second half of the nineteenth century. Yet it is a monument to the necessity to limit the field of study encompassed in any work undertaken by aspirant candidates for higher degrees. The project from which the thesis has emerged was conceived as a grand excursion into the nature and trajectory of settler colonialism in three different areas of the world; by stages the focus emerged as the Cape Colony alone. Furthermore, the theoretical pretensions of the undertaking in its original form have gradually been reduced until this document has come to completion as an empirical treatise almost devoid of direct theoretical references.

At the same time there is a theoretical background to the study which is perhaps discernable as a general conviction that people make their own history, but that the conditions in which they do so are seldom of their own choosing. On a more methodological level, however, the underlying conviction of this thesis is that the world is only to be understood through experience and, in the case of the historical world, through empirical research; while elaborate theory may help to pose questions, it cannot alone offer a path to comprehension. Indeed, some of the general processes of the capitalist world in which most of us live can best be appreciated through the prism of specific circumstances.

Unfortunately, none of these elementary conclusions has been arrived at lightly. Nor have they emerged as the result of individual insight. I am not the first author to recognise the collective endeavour involved in the production of a dissertation. In varying degrees a substantial number of people -

some of whom would perhaps prefer not to be associated with the product - have sustained my writing. Librarians and archivists are in many respects the most fundamental contributors. They have included Marlette Aucamp, Arlene Butchart, Kathy Drake and Alison Garlick at the South African Library in Cape Town; Mrs M. B. Harradine at the Port Elizabeth Public Library; Barbara Conradie and Laetitia Theunissen at the Standard Bank Archives; and at the University of the Witwatersrand, Anna Cunningham, Shelagh de Wet, Patricia J. Farr, Kathy Mabin, Golda Nkomo and Beth Strachan.

In the various stages of the project, a great variety of different people has contributed to it or, on occasion, hindered progress. Among the former must be mentioned, in Vancouver, Bob Galois and Edward Gibson. In Johannesburg, Cape Town and Port Elizabeth many people provided the material necessities of thesis production - food and drink among them - and while not all are mentioned here, they included Phil Bonner, Barbara Boden, Owen Crankshaw, Barbara Cox, Wendy Job, Jane Lebelo, Solomon Mphaphuli, Johannes Mudau, Gordon Pirie, Mike Proctor, Dan Rosengarten, Phil Stickler, Wendy van Balderen, Vanessa Watson and Muriel Whitehouse. Having typed the thesis myself I cannot acknowledge a string of secretarial names, but the assistance of the Computing Centre at the University of the Witwatersrand was essential. Among my colleagues at the same institution Chris Rogerson has been unstintingly helpful. But the thesis would never have been completed without the hard work and support of Sue Parnell and Cynthia Kros.

Financial assistance was provided by the Council of the University of the Witwatersrand between 1975 and 1977, while the late Dean of Graduate Studies at Simon Fraser University, Jon Wheatley, generously awarded me two Open Scholar-

ships. I regret that much of this funding was used rather frivolously. The various costs of my employment at Simon Fraser University probably exceeded the revenue which I gained. My employment at Wits, on the other hand, while also somewhat complicating the thesis writing process, has been more lucrative.

A few points on the style of presentation adopted in the thesis may help to clarify the text. Monetary figures are given in pounds sterling (£), with occasional references to shillings (s.) and pence (d.). Decimal points are denoted by commas, for example '101,5'; thousands are indicated by a space rather than by a comma, thus: '33 000'. Weights and measures are expressed in units in use in the Cape Colony during the nineteenth century, with explanation in some cases.

Consistency in citation of source material and use of abbreviations has been attempted in preparing this thesis. Abbreviations employed are contained in the list of abbreviations which appears immediately prior to this preface. References to sources are given in two different forms. Primary source material is referred to in notes collected at the end of each chapter, which are indexed in the text by numbers in parentheses thus: '(33)'. Complete citations of manuscript and printed primary sources used in the preparation of this thesis will be found in the bibliography. A preliminary note attached to the bibliography explains its arrangement. Secondary sources - articles, books, theses and papers - are referred to by means of the author (or title, if no author) and date, in parentheses in the text: for example, the appearance in the text of '(Galois, 1979)' corresponds to an entry in the bibliography identifiable by that author and that date.

The thesis is concerned with the genesis of the Cape's role as a commercial colony serving an industrial hinterland in the last fifty years of the nineteenth century. The flavour of many of the changes which occurred during that time is captured in the expansion of trade and the underdevelopment of the harbour at Port Elizabeth. The frontispiece illustrates the jetties, Jetty Street and the town of Port Elizabeth in the seventies, the eighties and the nineties: the original photographs from which the frontispiece was compiled are in the Port Elizabeth Public Library.

CHAPTER ONE

INTRODUCTION

In the second half of the nineteenth century, an industrial revolution began in South Africa which transformed every aspect of life in the entire subcontinent.(1) Prior to this period, South Africa was relatively isolated from changes wrought by industrialisation elsewhere. Movements of capital, people and commodities had a limited impact on the subcontinent. Within southern Africa, the majority of the inhabitants lived in independent African polities. It was through the British occupation of the Cape in 1806 and emancipation of the slaves that the outside world wrought its most significant impact upon the area. Between the emancipation, in 1834, and the eighteen fifties, a redistribution of population, production and power had indeed occurred. But it was in the second half of the century - during which British colonies and Afrikaner republics developed and African chiefdoms were swept aside - that social relations, the geographical distribution of economic activity and concentrations of political power were irrevocably restructured.

Between 1850 and 1900 many of the foundations of modern South Africa were laid. The recognition by Britain of the independence of the trekker states in the 1850s as well as the extension of settler government to the Cape Colony in 1854 created political institutions which were ultimately fused into the twentieth century South African state. The defeat of the indigenous polities - Xhosa, Sotho, Zulu, Pedi, Swazi, Tswana and others - opened the way to proletarianisation and urbanisation, as well as contributing to the fixity of the migrant labour system (Guy, 1979; Delius, 1983; Bonner, 1983).

Political parties as diverse as the African National Congress and the National Party can trace among their origins in the latter part of the nineteenth century the intellectual around Imvo Zabantsundu and the Afrikaner Bond respectively (Lodge, 1983, p. 1; O'Meara, 1983, pp. 23-27). The economic developments associated with diamond, coal and gold mines as well as the emergence of large-scale pastoralism and grain and sugar farming are significant in the later twentieth century as they were in the nineteenth. Moreover, the transformation of South African geography in the second half of last century produced patterns by 1900 which have remained substantially intact to the present. Almost every South African town of any size today had already achieved some significance by the closing years of the nineteenth century. Agricultural and pastoral frontiers had been closed (Christopher, 1976a, Chap. 5) and the lands under African control reduced to remnants. This is not of course to say that little has changed in South Africa since 1900. But it does draw attention to the revolutionary transformation of a territory which had no railways, no telecommunications, no political parties, a plethora of independent polities and fewer than a dozen towns above 2000 population in 1855.

Perhaps the most striking feature of the transformation during this period was that new centres of population which rivalled the largest coastal centres were produced in different localities in the course of economic expansion of the colonial economies into the interior. Despite the importance of the period and the opportunities which such a transformation appears to offer to students of history, 'the historiography of nineteenth-century South Africa' is disappointingly sparse' (Bonner, 1983, p. 1). In the case of studies of African societies in southern Africa the filling of the gap has clearly begun.(2) A number of studies of rural transformation is also underway (Dubow, 1982;

Marincowitz, forthcoming; Keegan, 1983, Delius and Trapido, 1983; Delius and Beinart, forthcoming). Yet the social history of the towns and cities 'has remained relatively intact', in Van Onselen's phrase (1982, Vol. 2, p. xv).

The urban and industrial transformation is commonly considered to have begun with the discoveries of diamonds in 1867 and of gold in 1886. Economic and political events centred on the Transvaal subsequent to the gold discovery have received attention in the literature. Yet it was in the Cape Colony that the foundations for the industrial revolution were laid. Even the history of diamond-mining is submerged beneath the history of the gold mines (cf. Houghton, 1964, p. 13; Frankel, 1938, p. 52), with rare exceptions (Turrell, 1982b, Worger, 1982). Still less is the story of banking, wool farming, railway building, commerce or other spheres of economic activity in the Cape visible in the literature, again with certain exceptional islands (Smalberger, 1975a; Purkis, 1978; Henry, 1963). If historians have left untouched so much of this period of transformation, it seems hardly surprising that geographers have made little contribution to its explication.

A Geographical Problem

Nevertheless, the nature of the changes which took place in South Africa in the nineteenth century had unusual geographical dimensions. The distribution of economic activity, of investment and of population and the interaction between different centres and regions of southern Africa by road, railway and telegraph were fundamentally restructured between the fifties and the turn of the century. The expansion of the network of trade, finance and communications first to the diamond fields in the 1870s and 1880s and then to the Transvaal goldfields in the eighties and nineties represented a spatial extension of the econo-

mies rooted in the coastal colonies. This expansion involved the mobility of capital, commodities and money; and in turn remade the geography of the Cape Colony and Natal, through their orientation towards the Transvaal as the emerging economic centre of gravity in southern Africa (Schreuder, 1980, p. 189).

The unusual location of the largest population concentration in South Africa on the Witwatersrand (around Johannesburg), several hundred miles from the coast and so unlike otherwise comparable territories such as Australia or Argentina (cf. McCarty, 1970), has frequently been remarked upon.⁽³⁾ But this geographical peculiarity has been subjected to little academic scrutiny.

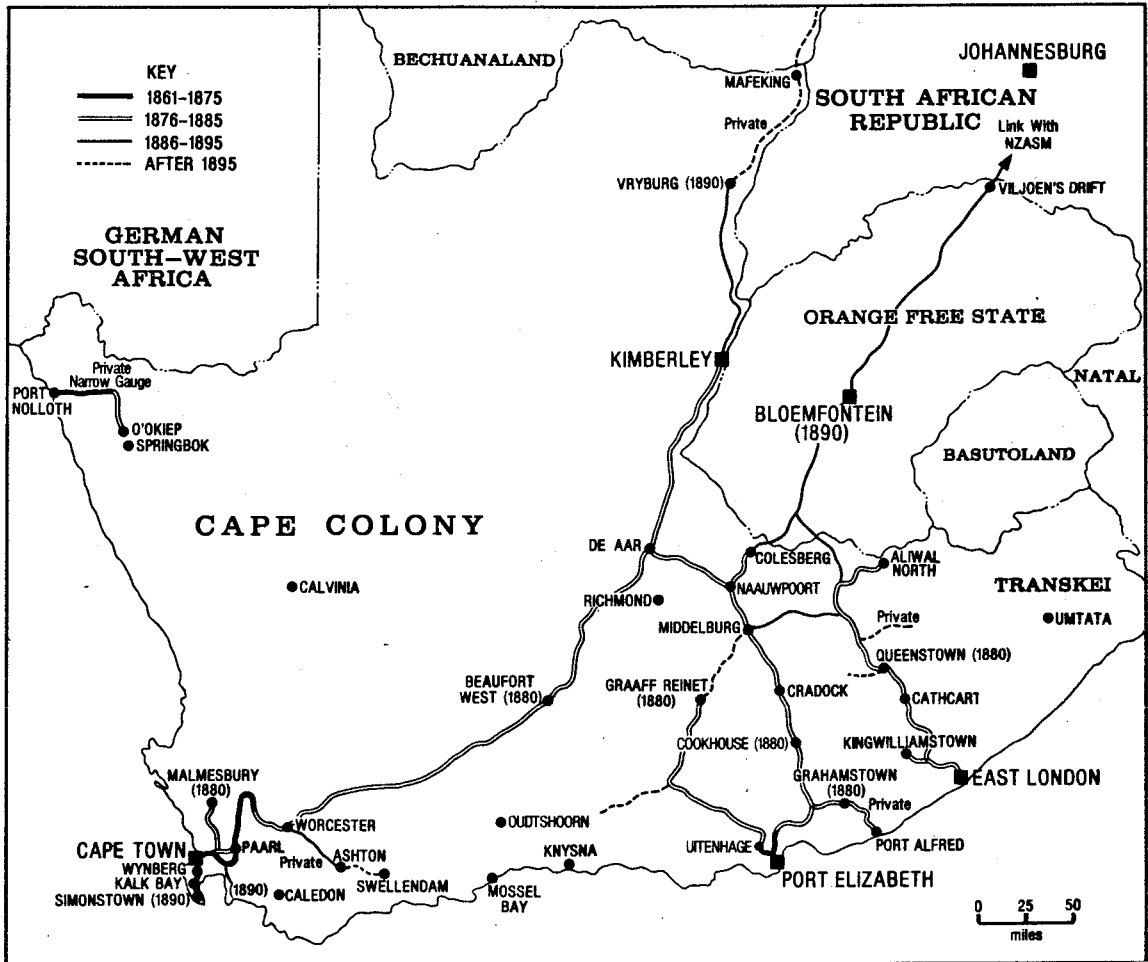
The diversion to the interior in the historical literature parallels the movement of capital into the interior. The origins of that movement have received scant attention. It seems to be taken for granted that the mineral 'discoveries' should have been followed by so extraordinary a reorientation of the pre-existing geography: not once, but twice: first to the diamond fields, then to the Transvaal. The geological location of minerals substitutes for explanation of movements of money, people and materials (cf. Van Onselen, 1982, Vol.1, pp. 1-2; Richardson and Van-Helten, 1980, p. 18; Turrell, 1982b, p. 7). Geographical restructuring becomes automatic or inevitable in this view. Yet as Atmore and Marks (1974, p. 122) hinted, following a theme suggested by Blainey (1970), minerals were discovered 'by no means entirely accidentally' at particular moments in the sixties and the eighties. Both the timing and the geography of the economic expansions of which mineral discoveries and development formed a part are significant subjects which historical geography and history have left uncharted. A geographical view could, therefore, make a distinctive contribution to the understanding of the later nineteenth century in South Africa. It is to this task that the present thesis is addressed.

Argument

That the infrastructure of subsequent development in South Africa was laid in the Cape in the sixties and seventies is widely recognised. Arndt (1928) and Henry (1963) examined the creation of a banking system which fostered the free flow of money and credit; Immelman (1955) and Purkis (1978) have shown how the commercial and transport systems grew and intensified as British capital entered the colony (for a map illustrating some of these changes see Fig. 1.1). Le Cordeur (1981) and Trapido (1980a) demonstrated the successful control which local interest groups established over the direction of colonial government policy at various periods. These economic and political changes did indeed prove to be the foundations of an industrial revolution in the South African interior. Furthermore, the economic resources of the Cape - and to a lesser degree those of Natal - sustained the early development of mining, both of diamonds and of gold.

If initial investment in those activities is not to be seen merely as a product of their discovery, other avenues of enquiry must be opened. Several possible explanations for the redirection of investment and expansion of economic activity northwards from the Cape present themselves. It might be that minerals were uncovered as the frontiers of white settlement widened. Exploration, mineral discovery and even investment in new areas might have been among the ideas of a few powerful individuals. Political changes in the territories of southern Africa (see Fig. 3.1, p. 54) might have changed the investment 'climate' in different areas, precipitating a redirection of economic activity. Conflicts within particular regions between a variety of social groups could

Figure 1.1. Towns and railways in the Cape Colony to 1899



(Source: compiled from Cape V & P, Ann G.15-1900, Report of GMR for 1899)

account for some changes in patterns of new investment. Each of these possibilities, and others, requires some measure of consideration.

This thesis argues that the redirection, in the second half of the nineteenth century, of capitalist economic activity to the interior of South Africa from its coastal areas of origin was generated within the Cape Colony, as a series of responses to the severe recessions in its economy in the sixties and the eighties. A number of other factors which contributed to this restructuring is addressed. These are the 'imperial factor', the process of capital formation and the nature of commodity production. By extension of this central thesis it is argued that the reorientation of the Cape's economy through a complex and deepening commitment to northward expansion acted to the detriment of the intensification of productive activity within the Cape itself.

Territorial and Temporal Limits

This study concentrates on the Cape Colony as the initial base for economic expansion and industrial transformation of South Africa. It is concerned with society and geography within the bounds of Cape colonial authority. It seeks to examine the social and geographical form of settler society in the Cape Colony; not in isolation from its 'articulation' with elements beyond its limits, but rather viewed as economically and socially linked to, while politically separate from, those 'polities' beyond its own territory. Although both Natal and the Cape Colony could be treated as bases for expansion into the interior, their circumstances differed substantially. As Atmore and Marks put it

The relationship between Britain and the Cape, as we see it, is fairly straightforward; Natal always presented a peculiar and rather special case... (1974, p. 108).

The government of Natal was substantially less autonomous than that of the Cape until the nineties; Natal's economy was smaller, its contribution to international trade tiny, its capital resources more limited than those of the Cape Colony. The economic changes which were associated with the diamond fields and other interior developments were centred in the Cape, not Natal. The Cape Colony, then, as variously constituted through the second half of the nineteenth century (Fig. 3.1, p. 54) provides the spatial limits of the core of this thesis.

The starting point of the study is the mid-eighteen fifties. In 1854 the creation of representative government marked the constitution of the new polity in the Cape Colony. At the same time the boom of the fifties formed the background to the geographical expansion of the subsequent period.

The end of the century provides the close of the study. Beyond 1899, the second South African war (Boer War, Tweede vryheidsoorlog) brought about fundamental changes in the administration of South Africa after which a focus on the Cape Colony alone loses its validity. Other authors, including geographers writing on much the same period, have selected dates later than 1900 as the terminal point of a phase described by Browett as 'transitional' (Browett, 1975, p. 93; cf. Christopher, 1976a, Chap. 5 and 6). To choose a census date (Browett's 1911) or the first world war (1914) is more arbitrary than to propose the Boer War as the close of this study. Not only did that war have devastating political and geographical consequences, it marked a definite break in the formation of political space in South Africa. The thesis is thus concerned with the Cape Colony between 1854 and 1899.

Marks (1982, pp. 100-101) has recently pointed out how distorting a poor choice of chronological scope can be in studies of South Africa. By commencing this thesis in the 1850s, it is possible to include periods both of boom and of depression prior to the first diamond discoveries and prior to renewed imperial expansion marked by annexations of Basutoland (1868) and the diamond fields (1871). By ending the study in 1899 it is not suggested that the process of geographical restructuring described in the thesis was complete at that point. It is, however, argued that both its origins and its immediate implications can be discerned prior to the end of the century.

Approach to the Study

A focus on past geographical change could suggest a number of different understandings of the nature of that change. Contrary to Guelke's (1982, p. 3) position, in which historical geographers study 'changes in thought expressed in human activity on the surface of the earth', the method espoused in this thesis follows the most recent economic history writing on South Africa in seeking the sources of change in economic variables. Thus the method is more akin to those proposed by Gregory (1982) or Baker (1982) than to Guelke's approach. Its concentration is on the use of a diachronic study of economic history in the explanation of geographical change. In this the approach differs from the synchronic strictures imposed on historical geography by Norton (1982, 1984) who sees the subdiscipline in terms of the study of the 'evolution of spatial form'.(4) The approach adopted in this thesis is to focus upon accounting for the major shifts

in the geography of economic activity in South Africa in the later nineteenth century in order to contribute to the explanation of the structure - both social and geographical - of that society.

Rather than the later nineteenth century, it is the period of Dutch-based rule which has attracted most attention from the few historical geographers who have studied the Cape Colony. Similarly, many more theses, articles and books have appeared in South African history concerned with the Cape before 1850 than with the later development of the area (cf. Ross, 1983a). Whatever the merits of this literature on the earlier period, it is of peripheral relevance to the present study. The minimal attention which the Cape between 1850 and 1900 has received from historical geographers is contained in the work of a small number of scholars. This work can broadly be divided into three categories.

First, and longest established, are the descriptive studies of particular areas within the Cape Colony. Many such works are the product of non-geographers (e.g. Meiring, 1959; Meintjies, 1974; Smith, 1976) and tend to be anecdotal rather than based on intensive primary research. Yet in these characteristics they are little different from the products of some historical geographers (e.g., Impey, 1971; Whittingdale, 1973). While such writings are indeed voluminous, their value as repositories of information is limited by their complete lack of analytical purpose. Thus, a general survey of South African historical geography compiled in 1963, which relied in large measure on secondary material from such descriptive sources, was flawed by its dependence on them (cf. Pollock and Agnew, 1963). Unfortunately, these works reflect the 'intellectual poverty of traditional historical geography of the European kind' recently criticised by Jeans (1982, p. 469).

This is not to say that a more thematic variant of historical geography is entirely lacking. A second category, then, includes the work of A.J. Christopher in particular (1974, 1976a, 1976b, 1980, 1982, 1983). Christopher has examined several of the traditional themes of historical geography as geography of the past in the context of the Cape Colony in the late nineteenth century: land settlement policy, crop combination regions, town plans and delimitation of administrative and electoral districts among others. While based on detailed use of contemporary printed and archival sources and focussed around selected themes, Christopher's work remains primarily descriptive and the connections between colonial politics, changing social relationships, economic development and the landscape are implied rather than revealed in his historical geography.

Other thematic work has been more inclined to adopt the quantitative or theoretical frameworks which achieved popularity in geography generally in the nineteen sixties. A few authors have applied such approaches in studies which included the Cape Colony in the period examined in this thesis. Browett (1975) attempted to apply diffusionist theories of development and modernisation to the understanding of the genesis of the economic landscape of South Africa. Norton (1979; Norton and Smit, 1977), by contrast, applied statistical techniques to the analysis of town patterns and the diffusion of white settlement in the Cape. This work is both highly quantitative and mechanistic, and in common with Browett, treated geographical entities in anthropomorphic fashion. It did not analyse political or economic processes or the connections between them. As Denoon (1983, p. 67) noted in the context of economic history, these authors have been guided more by readings of particular theorists than by careful studies of events.

Each of these strands of thematic work has collected and sorted information which is in some cases useful in the study of the Cape Colony. They have not succeeded in furthering the understanding of forces which produced changes in the geography of South Africa. Christopher's work in particular provides invaluable reference material, but is flawed by occasional crude idealism (Rhodesia produced by one man), sometimes by pure technological determinism (windmills as the reason for the spread of pastoralism in certain areas) and by the same anthropomorphism which haunts Browett (cf. Christopher, 1976a, pp. 135, 145, 157).

A third and somewhat different category of studies within historical geography concerns the question of the moving frontier of white settlement in the Cape Colony and, more generally, southern Africa (Guelke, 1976, 1982; Guelke and Shell, 1983; see also Harris, 1977, and Harris and Guelke, 1977). These studies are again rather incidental to the present thesis owing to their focus on the period prior to about 1840 (cf. Ross, 1981). Their relevance lies in their analytical thrust: they represent attempts to understand the dynamics of expansion and interaction between different societies around a frontier zone in order to explore certain elements in the development of South African society as a whole. Guelke thus treats frontier expansion as primarily an individual response to conditions at the core of colonial society; in effect, expansion becomes a function of the dynamics of colonial society (cf. Guelke, 1982, Chap. 5; Guelke and Shell, 1983). It is only in this mode that historical geographers of the Cape have confronted problems of explanation through detailed studies of events.

South African history itself is, of course, characterised by a long tradition of frontier studies (cf. Legassick, 1980). Until recently, the conventional view within 'conservative' and 'liberal' schools of thought was that relations around the expanding and shifting frontier were central to understanding the history of relations between black and white in the subcontinent; and therefore, the key to understanding the development of South African society as a unit. In the past fifteen years, this conventional wisdom has been subjected to a two-pronged assault by historians who have argued with some force that relations between ethnic groups are not the only key to unravelling society in South Africa; and that it is the specific ways in which African people came to be incorporated into a process of expansion of an essentially capitalist society which must be grasped in order to comprehend the history of the area (Legassick, 1980; Ross, 1981; Marks and Atmore, 1980; Marks and Rathbone, 1982). This shift in the historiography of southern Africa has pushed the focus of concern away from the frontier as a specific object of study and transferred the spotlight to new themes of historical research (Crush and Rogerson, 1983, p. 210).

Similarly, the central focus of this thesis is the development of an already existing settler society, viewed in relation to communities, states and territories peripheral to that settler colony. This does not imply that the contribution of indigenous people to the historical geography of the Cape Colony is ignored. Rather, their role is conceptualised in terms of their involvement in the affairs - political and particularly economic - of the colony, and the contribution of their production and labour power to the geographical restructuring of its economy. The frontier as such, however, is not a central theme of this thesis; the analysis is focussed on the dynamics within Cape society producing internal development and expansion; it is centred at its core, not its periphery.

If historical geography is to advance it is necessary for it to eschew purely descriptive work and to seize on themes which will allow it to contribute to the understanding of the forces which have produced the geographical changes of the past. At a general level, there is widespread agreement on this need (cf. Jeans, 1982; Dennis, 1983; Norton, 1984). In the southern African context, new approaches to analysis form some of the 'other themes' which have been omitted from previous studies (Christopher, 1976a, p. 13). At the same time, they are drawn in part from the fruitful approaches of what Crush and Rogerson (1983) have called 'new wave' southern African historiography. Some of the most penetrating geographical insights have been produced by historians rather than by geographers of the subcontinent in recent years (e.g., Proctor, 1979; Stadler, 1979; Van Onselen, 1982; Koch, 1984). Therefore, to turn to other disciplines for means of extending the historical geography of the Cape Colony is entirely appropriate. In so doing, this thesis examines economic and social history as a perspective upon geographical change in southern Africa. The approach is not unique, and in fact parallels that identified by Clark (1960, pp. 607-615).

The themes of recent studies on various aspects of South African history are themselves derived from historical writings on other parts of the world. Thus, the lack of writing on subjects long established in the social and economic history of Europe, north America and other more peripheral parts of the capitalist world has been to some extent redressed in the South African context by studies of proletarianisation

(e.g., Bundy, 1979), of groups of social outcasts (Van Onselen, 1982), of the interrelations of capital and labour in economic expansion (e.g., Purkis, 1978; Van-Helten, 1981; Turrell, 1982b), of the restructuring of 'traditional' societies under the colonial impact (e.g., Bonner, 1983; Delius, 1983). Such themes are prefigured elsewhere by the work of authors such as Thompson (1963), Hobsbawm (1959) and Stedman Jones (1972). To a degree the new themes of economic history apparent in the resurgence of interest in this field (Smalberger, 1975; Purkis, 1978; Turrell, 1982b; Marincowitz, forthcoming) take up the concerns of the earlier and now classic texts of South African economic history - De Kock (1924), Arndt (1928), Frankel (1938), Schumann (1938), De Kiewiet (1941) - though its current direction adds 'history from below' to the earlier concern with economic structure. While the contribution of the 'new wave' of historiography may now be regarded as extensive, little of this work has concentrated on the Cape Colony itself.

To say this is not to deny that 'a dense body of literature exists on the British ... settlements in ... the Cape' (Bonner, 1983, p. 2). There is indeed, a substantial literature on the Cape Colony, especially prior to 1850; for all that, the political developments of the nineteenth century are far better charted than the economic. As a result, not only is there a 'void' (Bonner, 1983, p. 2) concerning relations between settler societies in the Cape and the neighbouring and subject African communities, but the nature of social and economic relations within Cape society itself has hardly been explored. Thus Rush remarked that the

economic history of South Africa poses a great number of questions, not the least of which concern aspects of the economic development of the Cape Colony during the nineteenth century. The few studies of this aspect of South African economic history leave many things untouched (Rush, 1972, p. 1).

Hence, while the work of Purkis (1978), Saunders (1980a), Turrell (1982b), Worger (1982), and Dubow (1982) among relatively few others is directly relevant to this thesis, the themes of the subsequent chapters are relatively fresh ground. The geographical structure of the Cape in the late nineteenth century was remade within the context of international developments. In order to understand the connections between the international context and internal conditions the development of the Cape's historical geography must be examined as a product of both internal and external forces - forces whose relative significance requires some assessment. There are precedents in colonial historical geography for examining such questions. With reference to recent Australian history, Gibson (1982) examined the restructuring of Australian geography as a product of changing international linkages. With respect to the time period under examination in this thesis, Galois (1979) treated the developing geography of Canada, British Columbia and specifically Vancouver within the context of relations of external dependence along lines suggested by Naylor (1975) and other Canadian economic historians. But few studies in South African history (examples being De Kiewiet, 1937; Purkis, 1978; Kubicek, 1979; Van-Helten, 1981), still less geography, have raised similar questions. Most significantly, even the new historiography has seldom treated in any detail the relations between external and internal forces in the making of South African society. Given the paucity of such work in the South African and especially the Cape context, a departure from the preceding historical geography becomes necessary. The approach adopted in this thesis is temporal, and necessitated the periodisation of change in the Cape Colony between 1854 and 1899.

Methods and Sources

The major area of concern in the research which has been undertaken for this thesis is that of internal conditions in the Cape Colony itself - particularly with reference to changing political and economic forces, and to changes in the geographical structure of the economy.

The method of approach which followed from the necessity to examine political, economic and geographical change involved three major tasks. First, phases in development of the Cape's economy were identified by compiling statistical series and mapping the changing pattern of selected activities. On this basis a first approximation to a division of the period studied into sub-periods was made. Phases were identified primarily in terms of economic expansion or decline.

Second, the conditions prevailing in each of the phases identified were examined more closely in order to explore questions relating to the generation of changes in the pace of the economy. At the same time, the actions of those controlling both colonial government and private investment at different points in these economic phases were explored. Political conflicts such as that between merchants in Port Elizabeth and Cape Town were necessarily investigated as part of this process. The research led to some redefinition of the phases originally identified.

Thirdly, the geographical direction of investment - the location and purpose of investments in transport, mining, agriculture and industry - was investigated. The movement of capital between regions of the colony and beyond was studied. Materials relating to the development of railways and ports as well as commodity production within the colony were assembled in order to examine the extent to which such activity within the colony itself intensified in each subperiod.

Each of these aspects of research required the perusal of a variety of sources. Apart from the existing secondary literature which, as indicated above, is of varying relevance to the themes outlined, the major sources of this study were the extensive printed papers of the Cape colonial government and a number of archival deposits.

Much of the basic statistical information used in the preparation of the thesis was drawn from the Blue Books, later the Statistical Registers, of the Cape Colony. In addition the reports of censuses conducted in 1865, 1875, 1891 and 1904 were employed. However, the greater volume of material used in printed form is to be found in the Annexures to the Votes and Proceedings of the Parliament of the Cape of Good Hope. This source contains Select Committee reports together with minutes of evidence given before such inquiries; the reports of government departments; as well as a great variety of other material. Almost complete collections of these Cape government papers are held at the University of Witwatersrand, the South African Library in Cape Town and the South African Library of Parliament.

The Standard Bank Archives in Johannesburg were the chief archival source consulted. These archives contain, among other materials, the correspondence of the General Manager's office in the Cape with the London head office of the bank, and a large collection of Inspection Reports on branches throughout the colony written at regular intervals during the period covered by the thesis. Unfortunately, the records of the Oriental Bank and the Bank of Africa were largely destroyed when the old headquarters of the Bank of Africa were demolished in Port Elizabeth in the nineteen fifties. It is this loss which makes the Standard Bank Archives the key source for the period.

Other archives consulted were the Hermann Eckstein correspondence at the Barlow Rand Archives in Johannesburg; selected sources in the Cape Archives in Cape Town; the Judge Papers and the Smalberger Collection in the University of Cape Town Library; and materials housed at the University of Witwatersrand in Johannesburg.

Finally, newspapers and books of the period as well as some other semi-published sources were employed. A complete list of sources is contained in the Bibliography.

Content of Subsequent Chapters

Subsequent to this introduction, the thesis is divided into six further chapters. The argument concerning the Cape Colony is prefaced by a discussion of the international conditions of colonial development. The second chapter of this thesis reviews debates concerning the roles of various external and internal factors in the development of other 'semi-peripheral' colonial territories

which experienced rapid growth in the later nineteenth century, in the context of the changing nature of the international economy. As such it provides the background for an analysis of the varying pressures towards internal development and external expansion of the Cape colonial economy. Such contextualisation is generally absent from historical geographies of South Africa (cf. Pollock and Agnew, 1963; Browett, 1975).

The lack of knowledge on the foundations of the Cape's economy and the relative absence of detailed writings on the Cape during the period of mineral development necessitates a second departure from the content of previous South African historical geography. Chapter Three is devoted to an account of the foundations of the economy of the colony in the fifties and the development of the slump of the sixties. This material concentrates on the growth of the commercial and financial systems and their interaction with the pastoral sector.

Subsequent chapters examine the continual contradiction in the history of the Cape Colony between forces making for geographical intensification within the colonial economy and pressures for northward expansion of that economy. Each is addressed to different moments in the reorientation of colonial economy and geographical structure. In the course of two slumps, the search for new individual or profitable opportunities led to an expansion of the economic sphere centred in the Cape. From this expansion arose mineral prospecting, discovery and development in territories beyond the colony itself. On each occasion there was a reorientation of the colonial economy towards the interior; thus the result of the depressions was not directly to intensify the internal economic geography of the colony, but through contributing to northward expansion these

slumps brought about a realignment of that geography. The result was that the Cape remained a commercial colony supporting industrialisation in the interior.

Chapter Four details responses to the slump of the sixties, both within the colony and in terms of northward expansion. The development of the diamond fields and reorientation towards their development during the ensuing boom is analysed against a background of changing conditions in pastoral production and the increasing predominance of 'imperial' banking in colonial trade.

Chapter Five deals with the origins and the course of the still deeper recession in the eighties and its contribution to a further reorientation of the economy towards investment in, and trade with, the Transvaal. The forces leading to these developments are portrayed in part through the conflicts between different local groups over the course of internal investment under the auspices of the colonial government and over protectionism. The significance of the 'imperial factor' during this period is also addressed.

Chapter Six analyses the economy and geographical structure of the Cape under the deepening effects of the reorientation towards the north. Conflicts over the direction of investment and attempts to achieve further productive development within the colony are outlined. The increasing significance of political as well as economic relations with the South African Republic (Transvaal) and the tensions introduced by the alternative northward thrust towards Tswana, Ndebele and Shona territory through the British South Africa Company are discussed.

There is no doubt that the way remains open for more detailed studies of many features of Cape history and geography on the basis of the printed sources

alone, while the wealth of private and public manuscript sources has hardly been tapped by previous research on topics of economic or social interest. The final chapter of the thesis returns to this consideration. The conclusions also take up the more general questions of understanding the processes at work in the transformation of the landscape under circumstances of the slumps and booms of capitalist society. The study of the Cape Colony and the South African industrial transformation is merely one aspect of investigation into what Harvey (1982, p. 373) has called the 'remarkable' historical geography of capitalism.

Notes to Chapter One

1. In this thesis 'South Africa' is used as a subset of 'southern Africa', the latter referring to the subcontinent roughly south of the Zambesi River, and the latter to territories which came to comprise the Union of South Africa in 1910, as well as those immediately adjacent areas such as Basutoland (Lesotho) and Swaziland which were referred to as part of 'South Africa' in the period covered by the study; cf. Lucas, 1897; Noble, 1893).
2. cf., apart from works already cited, Beinart (1982), Peires (1981) and Shillington (forthcoming).
3. cf. Financial Mail (Johannesburg) 17.6.1977, Supplement p. 7.
4. The distinction between diachronic and synchronic approaches denotes a distinction between a unilinear notion of process producing particular spatial forms in the latter case, and a view which stresses the complex interrelation of different forces producing geographical structures in the former.

CHAPTER TWO

INTERNATIONAL CONDITIONS OF COLONIAL DEVELOPMENT 1860 - 1900

In second half of the nineteenth century, the industrial revolution which had resulted in the power and the wealth, as well as the squalor, of mid-Victorian Britain extended in various forms to Europe, north America and other parts of the world.(1) The development of railways, steam ships, new machinery and large-scale organisation of wage labour did not, of course, affect every part of the world in the same way or to the same extent. The historical and geographical development of the Cape Colony had their own peculiarities. But, as Trapido (1971) shows, the experience of industrialisation in South Africa could not be regarded as unique: the processes of industrialisation paralleled those of other parts of the world over the same period. The experience of some of those areas is therefore relevant to the history of South Africa. The purpose of this chapter is to locate economic and geographical change in the Cape Colony in the context of international conditions, and to outline some of the debates on colonial development during the period which pose questions which have not been addressed in the case of the Cape.

The industrialisation of South Africa took place in the context of the industrial revolutions of Europe and the United States and in a world marked by the imperialism of the late nineteenth century. In consequence, 'concerns far more eclectic than those of South Africa alone' may be presumed to have conditioned development in the Cape Colony, through international trade, the capital market and a variety of other international pressures (Marks and Rathbone, 1982, p. 14). As a preliminary to the examination of the Cape Colony in this thesis, therefore, it is necessary to step back and review the operation of the 'world

system' (Hopkins and Wallerstein, 1977), which is the objective of the first section of this chapter.

The Cape was a colony under British hegemony with a long history of white settlement. In common with some other settler colonies it originated expansion of its territory in the late nineteenth century. The relationship between imperialism and local expansionism, which is a subject of some discussion in Chapter Five, is briefly reviewed in the second section of this chapter in the context of international economic developments.

The Cape was not unique among the group of British settler colonies experiencing a radical transformation in the late nineteenth century. Among the Australian colonies in particular are examples of other situations, also remote from the industrial heartlands and the metropolitan power, in which the last fifty years of the century were marked by revolutionary changes in society and landscape. The extensive debates on Australian historical geography and economic development are fruitful sources of insight and questions concerning any peripheral industrialisation in the late nineteenth century. The common political relation to Britain strengthens their potential relevance to the case of the Cape Colony. In addition, arguments concerning the relative underdevelopment of manufacturing and the dominance of mercantile economy in Canada provide further questions concerning the Cape's rather truncated form of transition to industrialism. Debates concerning these questions are reviewed and related to the situation of the Cape Colony in the last two sections of the chapter.

Economic Changes in the Late Nineteenth Century

If an industrial society is one in which, among other characteristics, the bulk of production takes the form of commodities (2); in which the organisation of work involves the employment in most spheres of activity of large groups of wage workers (3); and in which machinery is integral to the production (including transport) of the bulk of commodities (4); then the Cape Colony was not a fully industrialised territory by 1900. Within it, however, and in common with several other territories of similar colonial status, an industrial society was undoubtedly developing. It was increasingly engaged in world trade, thousands of miles of railway had been constructed, production at certain locations involved labour processes in which large amounts of machinery and large groups of wage workers were engaged. Foreign investment had contributed to these changes. In the simplest view, international phenomena might appear to have been the determining factors in colonial development. Expressed most crudely, this view would hold that the Cape and the nearby British colony of Natal

increasingly became centers of imperialist finance capital, conveyor belts for the invasion of commodity economy and the proletarianisation of the African peasants to work on the large European farms and in the mines (Fogel, 1982, p. 399).

Similarly, it has been suggested that

economic activities in the Cape Colony and beyond were increasingly tied to the rapidly expanding capitalist world market

with the result that events were increasingly subjected to external control (Murray, 1980, p. 84).

If this view is correct, then events in the Cape Colony are to be interpreted primarily (or even exclusively) as a function of the forces of 'international

finance capital', or of the 'capitalist world market', and internal forces will be seen to have played an essentially peripheral role. This perspective is underpinned by a particular view of the nature of economic as well as political developments in the late nineteenth century. In particular, it depends on the notion that the combination of a non-manufactured export trade, a substantial degree of foreign investment and an associated political imperialism, reduced colonies such as the Cape to a condition of dependency with little autonomy of their own. While this portrayal may be an extreme one, it does suggest the need to examine the structure of world trade, foreign investment and migration in the late nineteenth century in order to outline the role which these forces played at the Cape.

An extensive debate marks the literature on the transformations of the late nineteenth century (Uzoigwe, 1970, p. 21). In many respects a single world economy existed by about 1860 (Mandel, 1975, pp. 44-59), dominated by Britain. 'Workshop of the world', that country produced most of the world's pig iron and coal, British ships carried much of the world's trade; and in finance no country could compare with British capital. Even by 1870 the decline in Britain's pre-eminence was substantial; and by the nineties, other countries - Germany and the United States in particular - had surpassed Britain in such spheres of production as coal and steel (Hobsbawm, 1969, pp. 134-135; Landes, 1970, pp. 239-241). These changes reflected more than simply the expansion of German and American production and trade. Technology, new commodities, shifts in the monetary system, tariff protection, economic organisation and migration were, among other matters, all responsible (Floud, 1981, pp. 15-16).

From the industrial revolution, the British economy of the nineteenth century was characterised by steam engines, machine-made textiles and the extensive use of iron in numerous industries. Steam power and hand technology, operated side by side in most labour processes. As machine production became more general, it gradually took over the construction of the machines themselves (Marx, 1867, p. 506) New machines became commodities themselves, and in turn made possible the production and transport of previously unheard of commodities - such as refrigerated meat. The expansion of technology included the widespread use of steel, the application of electricity and industrial chemistry, and new derivatives of minerals (copper for electrical purposes, oil for lubrication and fuel) (Nabudere, 1978, p. 93). The revolution in the transport of commodities by rail and steamship meant that previously peripheral areas of the world now became more central to world trade patterns. In those areas, the new forms of production meant new industrial plants, large scale warehousing and other commercial facilities, towns with extensive urban working class neighbourhoods and associated developments of new forms of class, local and national consciousness.

Production of commodities by new industrial processes thus had a number of effects, among which were the closer incorporation of the colonial world into communications networks. Industrial change contributed to the reduction of prices (Mandel, 1975, pp. 111-120). Another effect was the very rapid industrial growth rates of the economies in which new steel, electrical and chemical industries developed, particularly in the United States and Germany (Table 2.1). For various reasons, including slower adoption of new techniques in Britain, resources in the United States, and scientific research in Germany, German and American industries grew more rapidly than did their British counterparts (Hobsbawm, 1969, pp. 135-138; Nabudere, 1978, pp. 94-95; Floud, 1981, p. 8). The

result was increased competition, mergers and take-overs; the scale of capital involved in industries grew apace. British, German and French banks grew to unprecedented size as they involved themselves in financing production and trade of the largest companies all over the world (Feis, 1930), while the larger companies engaged in multiple activities at many diverse locations.

The transformation of the 'metropolitan' economies was not strictly paralleled in the period under discussion by events in the more peripheral areas of the world (cf. Denoon, 1983, p. 218. Indeed, it had the effect of increasing markets for a widening range of primary commodities produced in peripheral parts of the world, and of cheapening exports of most manufactured products. While in Britain over one third of the workforce was employed in manufacturing in 1891, less than one fifth were so engaged in New South Wales, and less than one tenth in the Cape Colony (Table 2.2). Exports from both those colonies were overwhelmingly composed of primary products, though their internal social circumstances differed substantially.

Dependence on imports of manufactured goods and, more particularly exports of primary products to pay for such imports, meant that colonial territories were especially susceptible to downturns in the trade of the metropolitan countries. This was particularly true of cyclic movements in British imports since Britain remained the most important single market for most produce from the Cape (among other colonies). A slump in British imports in the eighteen eighties (Figure 2.1) had a marked effect particularly on the Cape (as elaborated in Chapter Five). But the favourable trade of Australian colonies in the same period (cf. Linge, 1979, pp. 408-409; Butlin, 1964, pp. 25-26) suggests that the Cape commercial slump in the eighties was caused by additional, and perhaps internal factors, besides the movements of foreign markets.

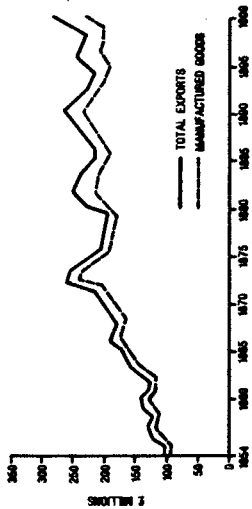
Table 2.1. Annual growth rates of industrial production, United Kingdom, United States and Germany, from the mid-nineteenth century to the first world war.

	Period	%
United Kingdom	1848-1875	4,6
	1876-1893	1,2
	1894-1913	2,2
Germany	1850-1874	4,5
	1875-1892	2,5
	1893-1913	4,3
United States	1849-1873	5,4
	1874-1893	4,9
	1894-1913	5,9

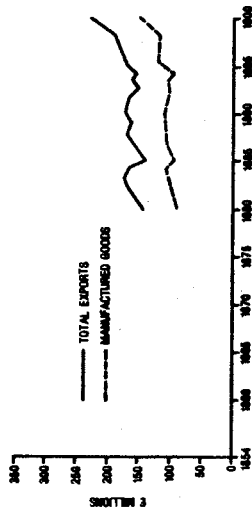
(Source: Mandel, 1975, pp. 141-142).

Competition for markets between exporters increased particularly as American exports grew rapidly from about 1870 onwards (Fig. 2.1). It is this competition which has suggested a connection between international trade and imperialism.⁽⁵⁾ J.A. Hobson's work - until the second world war the most complete treatment of imperialism in English (Kemp, 1967, p. 30) - set the stage for a succession of writers who have 'found' the source of imperialism in the need for advanced capitalism to find markets for commodities in quantities unsaleable at home (Kemp, 1967, p. 31). Despite elegant refutations of underconsumptionism (e.g., Bleaney, 1976; Warren, 1980) the supposed need for markets figures in a mechanistic fashion in several recent texts (e.g., Mandel, 1978, pp. 69-74). The argument is that the expansion of large scale industry necessitated the export of 'surplus' commodities. This contention can be examined in relation to the British case.

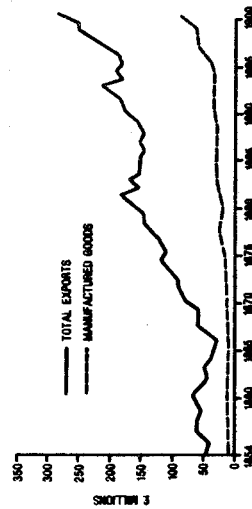
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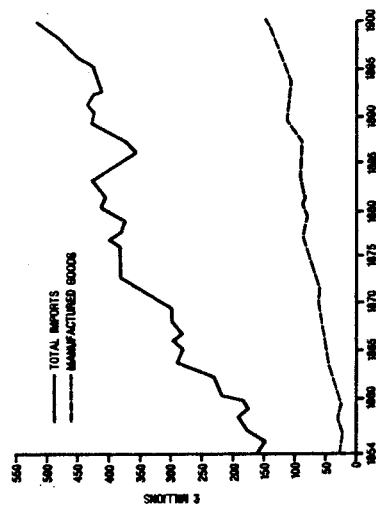
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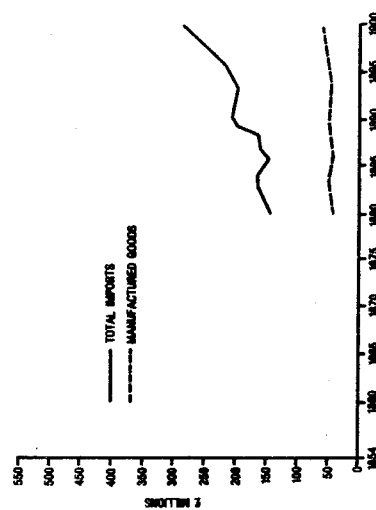
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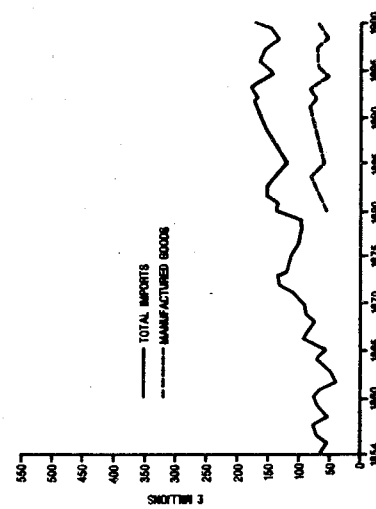


Figure 2.1. Exports and imports of the United Kingdom, Germany and the United States, 1854 - 1900.
(Source: Uzoigwe, 1970)

Table 2.2. Industrial indicators for the United Kingdom, New South Wales and the Cape Colony, 1891.

	Proportion of workforce in manufacturing industry (excluding construction)	Proportion of agricultural, pastoral and mineral products in domestic exports	Urban proportion of population
	%	%	%
United Kingdom	34,2	9,5	54,5
New South Wales	18,6	89	65,5
Cape Colony	7,7	99	20,9

(Sources: Mitchell and Deane, 1962; Mulhall, 1896; New South Wales Statistical Register for 1891; Cape SR 1891; Cape Census 1891)

Britain supplies a prime example of an industrial country and was certainly that with which the Cape Colony conducted the greater portion of its foreign trade. British imports not only grew more rapidly than exports between 1860 and 1900, but ensured that Britain's merchandise balance of trade was always consistently negative over that period (Figure 2.1; Table 2.3). Into the British economy, in other words, were imported greater monetary values of commodities than were exported from it. Since Britain's terms of trade - the ratio of export prices to import prices - also rose somewhat over the period (Table 2.3; see also Imlah, 1958), the quantities of imported commodities rose even more rapidly by comparison with quantities of exports than the monetary figures suggest.

These facets of British trade do not support the notion of a necessity to export; rather they indicate a rapidly growing ability to import, and to a lesser degree export, commodities up to 1900. The major change in international trade up to the end of the nineteenth century was a massive increase in scale (see also Harley and McCloskey, 1981).

Both the scale and content of international trade influenced the nature of industrialisation in the peripheral parts of the British empire. For example, the increasing difficulties of competing with certain imported products progressively undercut manufacturing in the Australian colonies of Victoria and New South Wales (Linge, 1979, pp. 474-475). At the same time machinery enabled the transformation of transport and the development of large scale mining in territories as diverse as Canada, Australia, and the Cape Colony. Much of this export of machinery represented a transfer of capital.

Just as rather simplistic attempts have been made to explain the growth of manufactured exports from industrial countries on the basis of a supposed 'surplus' of commodities, so the export of capital has been explained as a result of a 'surplus' of capital.

A surplus of capital manifested itself in the industrial countries of Europe - the first phenomenon of the kind since the beginning of the industrial revolution ... But the capitalists could not consume unproductively the greater part of their (profits) ... It was at that moment, and under the pressure of this more or less chronic surplus of capital that the capitalists sought an outlet in the non-industrialised countries, either the 'empty' countries of the British empire (Canada, South Africa, Australia, New Zealand) or the colonial territories in the strict sense (especially in Africa and Asia), or the semi-colonial countries which, while formally independent, became transformed into economic dependencies of the imperialist countries (notably the countries of Latin America and those of Eastern Europe) (Mandel, 1975, p. 448)

TABLE 2.3 : Merchandise trade, terms of trade, investment earnings and balance of payments, United Kingdom 1850-1910

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
	Net imports 1880=100	Exports 1880=100	Balance of merchandise trade £m	Net barter terms of trade 1880=100	Overseas investment earnings £m	Overseas investment earnings 1880=100	Balance of payment on current account £m *
1850	29	32	- 19,6	111,1	9,4	16	10,6
1855	30	40	- 25,9	89,4	12,9	22	13,9
1860	45	55	- 45,5	94,9	18,7	32	23,7
1865	50	55	- 51,2	107,0	24,1	42	34,9
1870	64	76	- 57,5	102,3	35,3	61	44,1
1875	84	84	- 90,5	111,6	57,8	100	51,3
1880	100	100	-121,1	100,0	57,7	100	35,6
1885	105	109	- 98,5	102,5	70,3	122	62,3
1890	127	134	- 86,3	109,1	94,0	163	98,5
1895	149	133	-126,5	110,8	93,6	162	40,0
1900	173	140	-167,0	120,0	103,6	180	37,9
1905	188	173	-155,9	112,6	123,5	214	81,5
1910	198	210	-142,7	107,9	170,0	295	167,3

* Includes C and E and all other invisible trade plus movements of bullion and specie

(Sources: A, B, D = Imlah (1958) pp. 94-8 and 205-7.

C, E, G = Mitchell and Deane (1962) pp. 333-5

F = Calculated from E.)

Table 2.4. New British portfolio foreign investment by continents
1865 - 1899 (£ million)

	Europe	N.America	Austral- asia	S.America	Africa*	Asia	Oceania	Total
1865-69	36,3	22,3	11,3	15,9	14,6 (10,6%)	37,6	0,1	137,1
1870-79	161	152,9	54,7	74,1	23,1 (4,5%)	44,5	0,3	510,6
1880-89	90	227,2	143,7	166,2	44,1 (5,8%)	86,6	1,4	759,2
1890-99	56,6	204,3	110,1	77,9	90,5 (13,4%)	132	2,8	674,2
Total	343,9	605,7	319,8	334,1	172,3	300,	4,6	2081,1

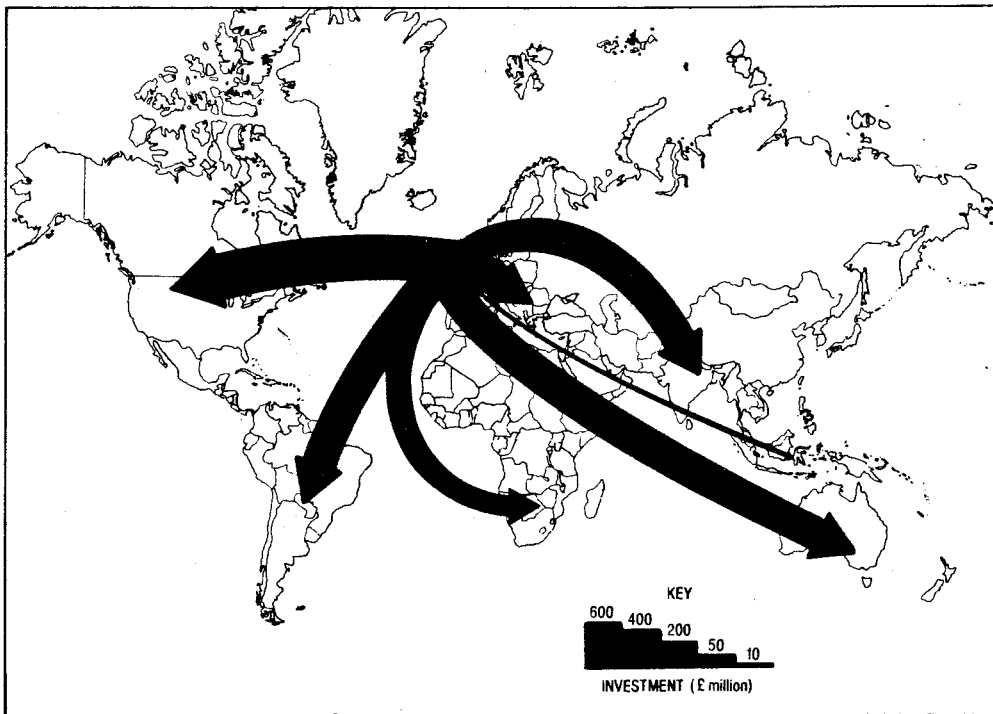
(Source: Simon, 1968, pp. 39-40)

Similarly Denoon (1983, p. 143) infers that European capital 'had a need for fresh outlets'.

The pattern of European investment in the late nineteenth century provides this argument with only partial support. Britain provides the most commonly cited statistical example (Table 2.4). Europe and north America, more industrialised than all other continents, received the greater proportion of British investment: well over half between 1865 and 1900 (Figure 2.2). The figures (Table 2.4) do nevertheless partly conceal an element identified by Mandel in the passage cited above - the importance of the 'regions of recent settlement' (Si-

mon, 1968), excluding the United States. The North American figures include a large sum invested in Canada; Argentina accounted for well over half the South American totals, and Chile, Uruguay and Brazil for much of the remainder; the African figures very largely reflect investment in the Cape Colony and the Transvaal (South African Republic). (6) An estimate of 45% or more of new British investment up to 1900 going to these regions of recent settlement, including Australia, and excluding the U.S., seems entirely reasonable. The industrialisation of the peripheral parts of the British empire depended to a considerable degree on this inflow of capital. British capital was supplemented by investment originating in other countries, particularly France and Germany. Capital from the European continent was highly significant in some parts of South Africa in the last decade of the nineteenth century (Kubicek, 1979, pp. 175-195; Van-Helten, 1981, Chap. 4). In the Cape Colony this European capital was less important, though it played a role in the industrialisation of diamond mining and in other minor ways (see Chapters Four and Six below). The explanation of this flow of capital, whether to new industrial societies or not, requires considerably more analysis than the simplistic 'surplus' view suggest. If the 'sole motivation of the capitalist is 'to realise and accumulate surplus value from labour under expanding production' (Nabudere, 1978, p. 101), then the authors who make this assumption should surely accept also that capitalists will seek to make the greatest mass and rate of profit possible. Profit and interest rates tended to decline in Britain and Europe in the 1870s and 1880s. This decline has been used to account for the export of capital. But such arguments must be strictly limited, since the decline of yields on 'overseas' securities was even more rapid in most cases. The compensating factor appears to have been the increasing confidence in overseas issues - the question of secure or 'safe'

Figure 2.2. Distribution of British overseas portfolio investment to 1899.



(Source: compiled from Table 2.4)

investment (Hall, 1963) - and the higher absolute rates of return (Edelstein, 1981, p. 78).

Comparison of the yields on Consols quoted on the London money market and the yields of colonial government securities provides an illustration of the extent to which factors other than a supposed 'surplus' of capital can be used to account for capital export. In the fifties and sixties, yields on Consols varied between 3 and 3,3% (Mitchell and Deane, 1962, p. 455). By contrast, Australian colonial government securities offered a yield of between 5 and 6% (Butlin,

1964, p. 336). As the yields on Consols declined into the nineties, reaching a low of 2,5% in 1896, Australian security yields declined even more rapidly - to a differential of less than half a per cent above Consols - but above nevertheless - in 1890. At that time new capital investment in Australia declined to a low level.

Much of the capital invested in British settler colonies was directed via the colonial governments. The Cape Colony was far from unique in its dependence on government-arranged finance for transport development. The first loan floated in London by an Australian colonial government - for Victoria's railways - in 1858, was of £8 million, of which £7 million was to be issued in London (Butlin, 1964, p. 342). The flow of capital was also stimulated by banks and other financial institutions formed to channel funds to the colonies. Large sums were raised in London and elsewhere for banks trading in Australia, such as the Bank of Australasia and the Union Bank of Australia (S.J. Butlin, 1961). Similarly the London and South African Bank and the Standard Bank each raised several hundred thousand pounds for their trade in the Cape Colony in the early 1860s (see Chapter Three).

Another form of financial institution which was extremely important in Australian pastoral development was represented by financing companies and merchant houses, which channelled funds from British investors into the production of wool in New South Wales, Victoria and other Australian colonies during the 'long boom' of the seventies and eighties (cf. Butlin, 1964, pp. 58-61, 75-79, 140-142; Bailey, 1966, pp. 20-21). In the Cape Colony the imperial banks accounted for some of the funds made available for pastoral as well as merchant

activities, though there was only a small number of British-based mortgage and loan institutions (see Chapters Three, Four and Six).

Apart from the colonial government, companies floated in London and involved in the mineral booms were responsible for the bulk of capital invested in the Cape Colony. These companies, like the banks tended within a fairly short time to earn more for their shareholders, directors and promoters than they transferred to the Cape. Cairncross (1953, p. 180) estimated that total British capital exports of £2,4 billion between 1870 and 1913 were greatly exceeded by a total return of £4,1 billion in interest. Far from relieving a surplus of capital, foreign investment continually increased the amount of money available as capital in Britain. In addition, capital exports expanded the markets and profitability of British export industries: textiles through investment in Europe, metals through investment in railways in the United States, India and elsewhere (Cairncross, 1953, p. 197). The prices of raw material imports were considerably cheapened by the use of funds abroad to provide new transport facilities or increase the productivity of mining and farming (Cairncross, 1953, pp. 222-235).

Thus while it would be foolish to insist that all available capital could have been invested in already industrial areas, there is no clear evidence that it would have been impossible to do so; and at the same time the factors leading to massive foreign investment from Britain and Europe in the late nineteenth century included superior though declining rates of profit and interest, increasing scale of investment opportunities, and ever-greater confidence in the security of many overseas issues. As Kubicek put it in the South African case,

Whether ... 'surplus' capital was a compelling impetus in Britain's involvement in South Africa, or whether it was drawn off to the detriment of domestic development in Europe ... is difficult to establish (Kubicek, 1979, p. 201).

Both the surplus commodity and surplus capital hypotheses are limited assertions in so far as they attempt to identify 'prime' causes of economic imperialism.

British foreign investment continued during the late nineteenth century to be predominantly of a portfolio character or 'indirect'. American and German foreign investment, which developed very rapidly in the closing decades of the century, was marked by a higher degree of direct control of subsidiaries established in other countries (Nabudere, 1978, p. 103; Naylor, 1975, pp. 8-14). In Australia and in the Cape Colony, British portfolio investment predominated, thus allowing local decision-makers to exercise a greater measure of control over their economies than was the case in, say, Canada (cf. Butlin, 1964; Naylor, 1975, p. 14).

The sectoral concentration of British capital invested in the Cape was quite distinct. As is elaborated in Chapters Four to Six of this thesis, most of this investment was placed through the colonial government, which raised a total of perhaps £30 million for public works to the end of the nineteenth century.⁽⁷⁾ Banks, merchants and public companies (other than diamond mining companies) probably raised some four to five million pounds, while diamond mining companies involved the influx of about £6 million to the Cape up to the mid-eighties. Thereafter the main entry of foreign capital, other than through government, was probably a spin off from investment in the Transvaal (see Chapter Six). These figures represent most of the British capital transferred to Africa between 1870 and 1885 (cf. Table 2.4). Easily the greater part of British capital in South

Africa was invested in railways and mines, mostly after 1885, while almost none was directed to manufacturing and relatively little to pastoral activity. This pattern resulted from numerous factors, but among them were the security of government issues and the high profits - not always realised - which precious minerals seemed to offer. While there were always opportunities for investment in other spheres of activity in the Cape, their returns were never thought of as sufficiently substantial to attract large-scale capital from elsewhere - either in the minds of potential promoters in the Cape Colony, or in the money markets of Britain and Europe. In this manner the structure of capital export may be said to have conditioned colonial development.

As we have seen, however, peripheral areas of the British empire such as Australia and southern Africa were the recipients of considerable amounts of overseas capital in the late nineteenth century. The governments and promoters of investment had to exert considerable effort to raise these funds. Variations in the availability of foreign capital, and in interest rates, affected borrowing. Whatever the full explanation of the capital inflow to colonies such as the Cape, its magnitude and allocation was generated not only by the conditions of the international economy, but also by the actions of government and other parties within the colony itself.

Imperialism and Local Forces of Expansion

Direct links between changing trade patterns or increasing foreign investment and the growth of political imperialism in the last few decades of the nineteenth century are elusive. Nevertheless these phenomena were contemporary:

Towards the end of the (nineteenth) century, the 'age of imperialism' proper, a craze for annexations seized on everyone who had any chance, and Italy, Germany, Belgium all got shares, with the USA joining in (Kiernan, 1972, pp. 26-27).

Spain and Portugal had been the first European states to annex large areas of other continents, followed by Holland, Britain, France and Russia. After the loss of most American possessions, north and south, largely to independent states, by all these powers, Britain in particular developed an empire in Asia, Africa and Australasia (Kiernan, 1972, pp. 22-29). Despite colonial wars and annexations of the mid-nineteenth century, multinational imperial rivalry (Brunschwig, 1971, pp. 139-141) and the aggressive expansion of empires by annexation as well as by less formal political and diplomatic means (Platt, 1973) has led some historians to conclude that there was a break over the period 1860-82 which opened up a new phase in the approach of European states to the rest of the world. By contrast, Robinson and Gallagher (1953) have propounded the view that the nature of British political imperialism in the nineteenth century remained essentially constant. The continuity which on the Robinson and Gallagher criteria seems to mark British policy tends to evaporate when placed in the overall context of European expansion (Barraclough, 1967, pp. 56-67). Hobsbawm's remarks provide an apt precis of the new political context towards the end of the century:

Imperialism was not a new thing for Britain; what was new was the end of the virtual British monopoly in the undeveloped world, and the consequent necessity to mark out regions of imperial influence formally against potential competitors ... (Hobsbawm, 1969, p. 131).

To attempt to indicate exactly when this change occurred would be both foolish and unnecessary: 'it would be absurd to argue ... about the particular year or decade in which imperialism "definitely" became established' (Lenin, 1916, p. 86). That a shift in the pace and pressure of political imperialism took place

in the late nineteenth century is the sufficient conclusion. In the peripheral parts of the world this shift had enormous implications: thus the case of British expansion northwards from the Cape Colony will require attention in the understanding of the course of that territory's own expansion towards the interior of southern Africa. If the phenomenon of renewed imperialism was not necessarily directly related to European economic factors, there were local economic forces which contributed to the impetus to annexation.

The originators of a 'peripheral' explanation of imperial expansionism in the South African context, Robinson and Gallagher (1953; 1961) wrote that

there were economic interests which demanded action; but they were not those of the British economy. They were sections of the south African mining industry and the Cape and Rhodesian trading and railway interests. The British government was too closely tied to these factors not to promote them locally and commercially (Robinson and Gallagher, 1961, p. 460).

Applying this view to the Cape it might seem that there was a 'dichotomy between expansive local interests and reluctant imperialists', as Marks (1982, p. 100, n. 16) described Schreuder's (1980, esp. pp. 252, 270, 286, 308, 310) analysis of Cape political expansionism. Perhaps more significantly, Fieldhouse (1973) observed that local forces could be coincident with imperial policy - as Atmore and Marks (1974) suggested of South African events - or on occasion opposed. The complexities of the relationship between the Cape economy and the imperial government hinted at by Robinson and Gallagher in the passage cited above have seldom been analysed in detail (though see Etherington, 1979). Still less has the nature of the Cape economy and the course of its development been subjected to scrutiny. This thesis concentrates on the latter subject. While it relates some aspects of political expansionism to Cape economic expansionism, it does not seek to establish the full range of causes of the major imperial intrusion

in the Anglo-Boer War of 1899-1902. Attempts to locate in the Cape Colony the major origins of imperial intervention in the Transvaal have proved hazardous (cf. the critique of Wilburn, 1982, in Chapter Six of this thesis). It remains necessary to situate the experience of the Cape or any other colony in 'a global context' if the manifestations of imperialism in diverse parts of the world are to be accounted for (Cain and Hopkins, 1980).

Economic changes in the late nineteenth century were contemporary with political imperialism, and in a variety of ways linked to European expansion. Nevertheless, the conclusion which can be drawn is that economic changes in Europe did not alone dictate the course of colonial development. The internal circumstances of the peripheral parts of the world require detailed examination in order to understand their relationship to these international conditions. The debate which surrounds these issues in the literature on other parts of the colonial world is instructive.

The Cape Colony, Australia, New Zealand, Argentina and Canada represented a group of colonial or ex-colonial territories in which enormous increases in trade and foreign investment were part of a substantial economic transformation in the late nineteenth century. Much writing on the international economy has essentially divided the world into two groups - developed, industrial on the one side, and undeveloped, underdeveloped or non-industrial on the other. As Warren (1980) has shown, such images are misleading in the contemporary world; and as Amin (1974) and Ehrensaft and Armstrong (1980) among others have recognised, the late nineteenth century world confounds the same dichotomy. The major change in the period was one of massively increasing scale: production, trade and individual capitals grew to unprecedented size. In this context the peripheral

regions which did experience at least the beginnings of industrial revolution provide a range of experiences which demand individual attention. Some of the titles which have been adopted by various authors for these regions are 'semi-peripheral' (Amin, 1977), 'semi-industrial' (Alexander, 1977), 'dominion capitalist' (Ehrensaft and Armstrong, 1980) and 'settler capitalist' (Denoon, 1983). None of these labels is entirely satisfactory, for each is misleading and like most classificatory exercises imposes a misleading idea of commonality on diversity. But the societies which have been mentioned did share several features, among which may be numbered relative political autonomy, similar roles in world trade and related patterns of overseas investment inflow.

The debates which surround the development and geographical expansion of economic activity in such societies are of direct relevance to this thesis. Two in particular will be considered. In the Australian case the central debate concerns the pattern of development. In the Canadian literature a debate has more recently developed around the nature of the dominant interests within the country and the fashion in which those interests diverted development.

The British Empire in Australia and the Power of Local Decisions

There is a long tradition in Australian studies which treats Australian development in the nineteenth century as tributary to the dominance of Britain in Australian affairs. The classic statement of this position is Fitzpatrick's (1941) The British Empire in Australia. His theme is that the imperatives of imperial policy and the demands of British industry and finance controlled the limits of Australian development. Within these limits, the decisions of Australian elites

determined the specific path of development, but those elites were sufficiently self-interested in the results of the process that they did not challenge but acted to preserve this hegemony.

Throughout Australian history ... the reservoir of Australian labour and industry has never failed to provide a stream tributary to the broad river of English wealth. The State ... allows no blockage of the stream that flows to imperial England. (Fitzpatrick, 1941, p. 504).

In Fitzpatrick's view, the differences between Victorian protectionism and New South Wales free trade policies could be internally decided upon but could do little to affect the overall course of development in those colonies which remained primary suppliers of commodities central to British expansion as well as good customers for British exports.

It is apparent that nationalist politics suffuse Fitzpatrick's analysis of Australian history. He has been succeeded by many latter day Australian nationalist historians. Thus McFarlane (1972) and Wheelwright (1976) have more recently restated many of the main theses of Fitzpatrick. In the later versions this theory is linked with dependency theory. Its major competitor is the school of thought deriving from the work of N.G. Butlin.

In Investment in Australian Economic Development, Butlin (1971) tells the story of the extent to which local decisions controlled the flow and the use of foreign investment in Australia between 1850 and 1900.

Britain had an important role in sustaining general expansion. But specifically, the critical decisions in capital formation and the orientation of the economy were taken in Australia, by Australians and in the light of Australian criteria. (Butlin, 1964, p. 5).

While the 'nationalist' school in Australia has argued that the influence of British capital and imperial policy were determinant in the course of develop-

ment in that group of colonies, the position associated with Butlin is perhaps the reverse: that decisions taken in Australia were the dominant factor. There is a sense in which these two positions do not really engage with one another; the key element in Fitzpatrick's position was that enormous amounts of wealth had been diverted from Australia by the outflow of profits and interest to Britain, a question not really addressed by Butlin. From the point of view of an examination of the Cape Colony, the Australian debate suggests that both the constraints imposed by the position of settler colonies within the context of the late nineteenth century world, and the power of local elites, must be examined if an explanation of the course of colonial development is to be attempted.

Historians have indeed recognised the connections between local and imperial forces in the case of the Cape Colony. De Kiewiet, in The Imperial Factor in South Africa (1937), examined the extent to which British interests had affected political developments in South Africa in the 1870s and 1880s. Despite his concern for social and economic issues, the 'imperial factor' becomes a singularly political process in De Kiewiet's treatment. In later discussion the focus has been on political decisions without careful consideration of the effects of investment decisions and related economic factors. The recognition of the connections between local and imperial economic and political factors has not led to debate on questions akin to those raised in the Australian case by the works discussed above.

No less than for economic history, the same conclusion holds for historical geography. Were there a number of contesting treatments of the social and economic history of the Cape Colony stressing the relative roles of local and external factors, it might suffice to construct a historical geography around

one of the poles of such a debate. In the light of the Australian debate and of the conclusions already reached on the structure of British investment in the Cape, this thesis is particularly directed to an analysis of internal forces in the intensification and expansion of economic activity in the Cape Colony.

In the Australian context, such an approach has a thorough pedigree in historical geography, for as Jeans (1972, pp. 13-14) put it in his study of New South Wales, farmers, miners and merchants were the controllers of that colony's emerging geography to 1900. But such elites were clearly constrained not only by an indeterminate measure of overseas influence: other elements within their own colonies must have played a role in shaping their decisions. The elites themselves were presumably no more monolithic than were the competitive grouping within the dominant classes of other societies. Thus both constraints imposed by the actions of non-elite groups and by conflict within elites must be considered in the analysis of the Cape Colony.

Internal Conflict and Competition

A particularly valuable contribution which both Purkis (1978) and Turrell (1982b) have made to the history of the Cape Colony concerns their investigations of the conflicts between workers in their respective areas of investigation - railway building and diamond mining - and the managers of those undertakings. Both have shown how managerial freedom was limited by strikes, resistance to poor wages and other manifestations of conflict. Further, Purkis in particular has shown how the ability of some workers to desert, either individually or en masse, and to return to a subsistence domain allowed them to resist poor wages and concomitantly to affect the course of railway development.

At the same time, the ongoing series of wars, rebellions and other isolated reactions to conquest and deteriorating conditions on the part of the increasingly subjugated African population of the Cape exercised a substantial impact on the politicians and others whose decisions had much to do with the creation of the historical landscape. Some of the elements of these reactions to conquest have been rather better analysed in the literature than the largely urban conflicts around wage work, which remain relatively little known.

Conflict between the dominant and dominated was not the only form of interaction between groups which affected the course of development in the Cape Colony. The existence of different mercantile groups, industrial diamond mine owners and a variety of farming interests was fertile ground for competition. Worger (1982) has shown how some of the conflicts between the mineowners and other groups were resolved through the use of the colonial parliament, while Purkis (1978) refers to the competition between different local groupings of merchants over the direction of investment in railway construction. Nevertheless, there is little literature on the organisation of these groups, and still less on the structure of their interests which would contribute to understanding their roles in the formation of the historical geography of the colony.

The Cape Colony remained dependent on primary products for almost all its exports and on manufactured imports to supply many of its basic needs until well after 1900. The low level of development of manufacturing industry alluded to in earlier parts of this Chapter was not necessarily inevitable, however. Despite the continued dependency of the Australian colonies, some of them experienced an 'industrial awakening' such that more than one worker in ten was employed in formal factory conditions in New South Wales and Victoria in the

nineties (Linge, 1979, pp. 289, 490). Some overseas and much local capital contributed to this development (Butlin, 1964, pp. 201-210). While the Canadian case was in some respects similar to the Australian, there has emerged a substantial body of literature concerned to demonstrate the factors which led to a relative lack of industry in Canada. The best-known exponent of the view that the essentially mercantile nature of the Canadian 'bourgeoisie' was responsible for the relative lack of industrialisation between 1870 and 1914 is Naylor (1975), whose arguments are partly derived from Innis' staples thesis (cf. Innis, 1956, in extenso).

Naylor's central argument is that the dominant section of Canada's capitalist class is a commercial or mercantile bourgeoisie which eschews long-term fixed investment in manufacturing in favour of investment in the transportation and sale of staple or primary products that are sold to a metropolitan economy. The result is industrial underdevelopment, reliance on imports of manufactured goods and chronic dependence on foreign export markets (McNally, 1981, p. 36).

Evidence for this argument is found in many places, the outstanding example being in the history of the Canadian Pacific Railway and the encouragement of expansion in staple primary production, as in the case of prairie wheat farming. At the same time, the development of manufacturing industry was associated either with the production of articles necessary to the staples trade, or with forms of foreign investment which increased rather than reduced the dependence of the Canadian economy.

The cogency or otherwise of Naylor's thesis is not the issue here. (8) Rather, the questions which it raises with respect to the development of the Cape Colony are the reason for outlining his position.

That the Cape was predominantly shaped by mercantile groups is a point of departure readily substantiated. An analysis of the professions of members of parliament reflects the dominance of merchants and their associates (McCracken, 1967, p. 56). A survey of petitions submitted to parliament reveals the prominence of Chambers of Commerce - organised mercantile groups - among the lobbies.(9) Up to the recession of the eighties the Cape might be described as having developed many of the conditions for the development of manufacturing industry. After 1886 a reorientation of the economy towards the Transvaal resulted in an enormous increase in the carrying trade related to the gold fields. Expansion into territories to the north, particularly through the the British South Africa Company, underlined this trend. The reasons for investment in 'the transportation and sale of staple products' rather than industrial expansion in the colony have yet to be explored. Naylor's argument in the Canadian case suggests that the role of mercantile classes in the Cape must be examined. If the diversion of investment to the carrying trade and, indeed to industrialisation beyond the Cape's borders, are interpretable in terms of the specific interests of Cape merchants and their associates, the historical geography of the colony would become explicable through the actions of the commercial or mercantile classes, constrained by the conditions of the international market as well as the actions of other groups in Cape colonial society.

In subsequent chapters the effects of the 'global context' are examined primarily in terms of varying access to capital and in relation to demand and prices for the staple exports of the Cape Colony and South Africa. Within economic conditions which varied in part as a result of these international forces, the conflicts of various local and regional groupings of merchants and their associates are described, and related to the development of the geographical structure

of the Cape's economy. At the same time the effects of actions on the part of less powerful social groups upon the the more dominant elements in colonial society are explored. In this approach the thesis parallels Denoon's (1983, p. 225) conclusion that the internal dynamics of settler societies flowed from the interaction of their social classes. This thesis presents a more particular case: that within the constraints of the late nineteenth century world and of their own environment, the interaction between social (and regional) classes restructured the geography of the Cape Colony.

Notes to Chapter Two

1. For the impact of the industrial revolution on Britain to 1860, see Hobsbawm, 1969, pp. 56-78; 109-126; and Samuel, 1977.
2. Marx, 1867:t1976, p. 125, wrote: 'The wealth of societies in which the capitalist mode of production prevails appears as an "immense collection of commodities"; and further, 1933:t1976, p. 949, 'we find that the commodity is both the constant elementary ... precondition and also the immediate result of the capitalist process of production'.
3. On the existence of a large wage-labour force as a precondition of industrial production, see Marx, 1867:t1976, esp. pp. 873-940.
4. On machinery in large scale industry, see Marx, 1867:t1976, esp. pp. 492-508.
5. Imperialism here includes formal, semi-formal and informal means of political control.
6. cf. Cairncross, 1953, pp. 183-185 for figures of British investment: in 1911, in Canada £373 million; Argentina, £270 million; Brazil, £94 million, and South Africa £351 million.
7. Cape V&P, Ann, G.43-1900, Statement of loans raised ..., pp. 6-15.
8. For a review of criticism see McNally, 1981.
9. Cape V&P, Ann, House of Assembly, Petition lists for years between 1854 and 1899.

CHAPTER THREE

THE CAPE: COLONIAL ECONOMY AND GEOGRAPHY

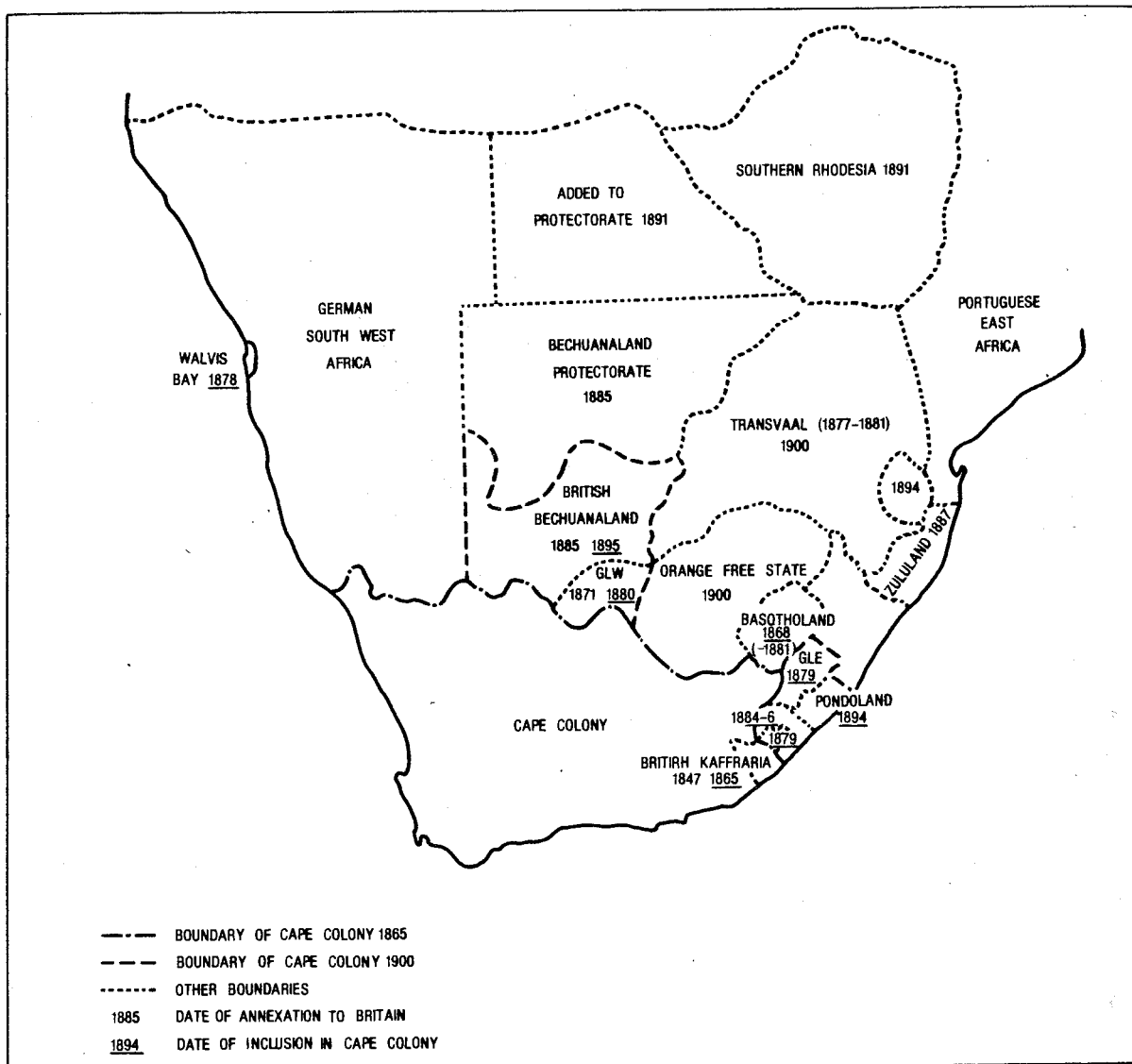
From the beginnings of colonisation under the rule of the Dutch East India Company in the seventeenth century, the Cape was embedded in a network of overseas trade (Van Duin and Ross, forthcoming). Yet while market relations were influenced by foreign connections, internal conflict and economic change were significant factors in structuring the geography of the colony (Guelke and Shell, 1983). By the second half of the nineteenth century the strength of internal forces was substantial. In this chapter the course of Cape colonial development during the fifties and sixties will be investigated in order to examine the roles of international and local forces in the colonial economy. It is argued that the new focus of economic activity in the Eastern Province and in particular at Port Elizabeth, emerged as the result of a complex interrelationship between overseas commercial interests and regional factors within the Cape. The role of the local merchants and the limitations on their power, as well as their relationship with farmers, the sources of labour and the structure of its relations with employers will be evident, in addition to the significance of the overseas connection.

British imperialism was scarcely an unimportant factor. Apart from shaping the institutions of the colonial state, it involved the stationing of considerable military forces in the Cape Colony and the inevitable involvement of that colony in the process of expansion of British possessions in the southern African subcontinent. Several sizeable territories (such as the Transkeian territories and British Bechuanaland) adjacent to the Cape Colony as bounded on the

commencement of representative government in 1854 were incorporated into the colony, often with the enthusiastic support of the Cape government, either at or soon after their annexation to the crown (Fig. 3.1). The exception to this pattern was Basutoland (Lesotho), which was annexed first to the Cape (in 1868), but later transferred to direct British Colonial Office rule. In the period covered by this thesis, the area of the Cape Colony was increased by over 50 per cent through annexation. But between the granting of representative government and the annexation of Basutoland, the only change in the Cape's boundaries was the transfer of British Kaffraria to its rule in 1865.

The territory within the boundaries of the Cape government's sway even by 1854 varied enormously in physical and climatic characteristics. This chapter commences with a brief review of the physical geography of the Cape Colony. In the second section, a general description of the commercial economy and geography of the colony in the 1850s is presented, together with an outline of developments into the sixties. The final section of the chapter examines the situation on the farms, specifically in the Eastern half of the colony, through the tremendous expansion of wool production in the sixties. Here again the fluctuating access to capital and labour supplies demonstrate the interplay of foreign capital, colonial governments and merchant groupings behind them. These were the controlling elements in the emerging regional geography. While other internal forces - both indigenous polities and recalcitrant working classes - had some impact both on commercial interests and on government, it was the latter rather than the former which, in De Kock's phrase, 'laid the foundation for national prosperity' (1924, p. 102).

Figure 3.1. Expansion of the Cape Colony and of British possessions in southern Africa, 1847 - 1900



(Sources: Walker, 1922, Maps 11, 13, 16 and 18; Lewsen, 1960, p. xx)

Physical Geography of the Cape Colony

Production and interaction take place under differing natural circumstances, which have some influence over human activity. Like determinist theories based on economic events, their counterparts which stress environmental conditions can readily become absurd. Denoon (1983, pp. 213-214) cites the examples provided by the work of Pollock and Agnew (1963) as well as by nineteenth century Cape colonists. As he concludes, 'we cannot allow a determining role to environmental and geographical circumstances. Rather, we need to comprehend the environmental context in order to escape from the trap of environmental determinism' (Denoon, 1983, p. 215). Thus, concern here turns to some features of the physical geography of the Cape which played a role in the historical geography of the colony in the period which is under examination.

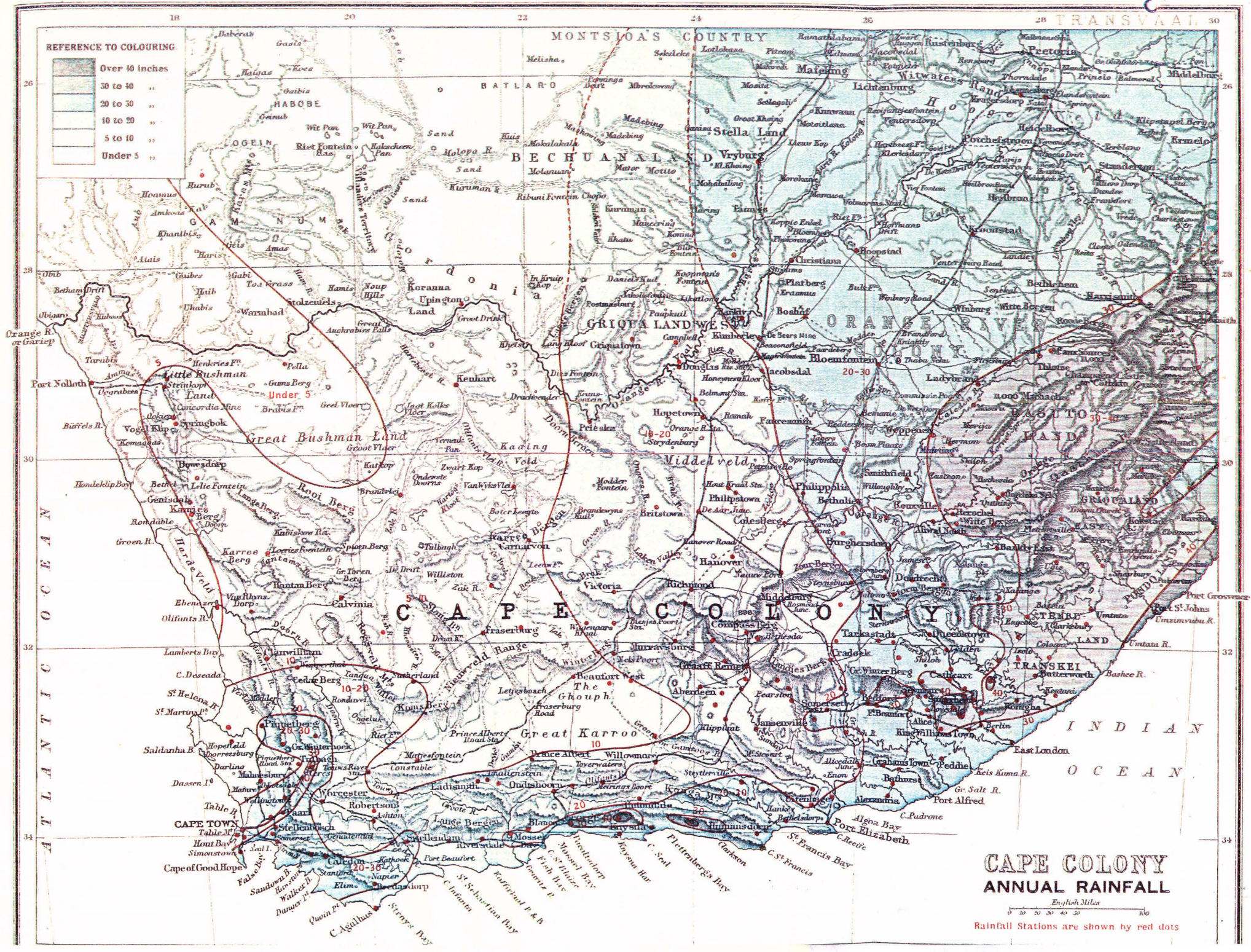
The earliest inhabitants of different areas of the Cape Colony no doubt had a rather different view of their environment from that of the early European explorers and travellers who found much of it a forbidding and inhospitable land. Until the mid-seventeenth century, reports from ships visiting the coastline offered little encouragement towards European occupation. After the establishment of the Dutch East India Company's settlement on Table Bay (Cape Town) in 1652, expeditions to the interior were 'confronted by mountains and drought' (Christopher, 1976a, p. 19).

By the mid-nineteenth century, the numerous expeditions mounted both by Dutch and subsequent British governments, the reports of missionaries and settlers, and the growth of more precise information handling within the colonial government meant that the major outlines of Cape physical geography were well-known. Rural production was distinctly limited by climatic variables.

The Cape is affected by two main climatic regimes which produce rainfall predominantly in the summer and winter months respectively. The former yields rainfall which reaches well over 500 mm. per year, mainly during the period October to April, in the most easterly areas of the territory, decreasing in its effect westwards to the point that it yields practically no rain at all on the west coast (Fig. 3.2). The other regime is associated with the westerly mid-latitude waves and has its greatest effect in winter, or more broadly, May to September. Its impact is most distinct on the southwestern portion of the Cape, with decreasing effect to the east and north. Thus parts of the southwestern Cape receive over 500 mm. rainfall almost exclusively in winter; an area of the coast and mountains around Knysna receives rainfall totalling over 500 mm., distributed all year since it is a product of both rainfall regimes.

The combined result is that to the east of a line running more or less northwards from Port Elizabeth, rainfall in the interior averages over 500 mm. per year, while to the west of that line - the greater part of the colony - rainfall is much more sparse, with the exception of those areas strongly affected by the westerly waves. Much of the Cape Colony was, therefore, too dry for dryland agriculture, making most of the interior appropriate only for extensive pastoral activities except where irrigation was supplied - despite the existence of good soils in some areas. To the far west and north, conditions were too dry and complete drought too frequent for any relatively stable pastoral activities. Droughts frequently crippled pastoral activity even in better watered parts of the Cape Colony. But the existence of two rainfall regimes meant that droughts rarely extend over the eastern and western portions of the colony at the same

Figure 3.2. Simplified physical features of the Cape Colony as bounded in 1900 (on following page)
(Source: Burton, 1903, map facing p. 40)



time' (Gresswell, 1892, p. 65). Thus the impact of fluctuations in output of Eastern districts could be meliorated by Western production, though the construction of dams and boreholes was of greater significance. Even where sufficient rain was available, mountainous terrain frequently precluded any agricultural production.

'In describing the land of the Cape Colony', wrote Lucas in his Historical Geography of the British Colonies,

it is a little difficult to determine what are the most natural subdivisions for the purposes of geographical description (Lucas, 1897, Pt. II, p. 15).

Physiographically the Cape may usefully be divided into three main regions.(1) Above the line of the Great Escarpment, the land becomes less broken with increasing distance from that mountainous scarp zone, culminating in relatively featureless plains - interspersed with rough terrain - in the far north. In this region the mean altitude is approximately 1200 metres above sea level. Below the line of the escarpment the landscape is quite varied, with deeply incised river valleys, considerable relief and some areas of relatively level terrain. There is effectively no coastal plain, which together with the normally low volume of rivers (except when in flood) means that almost no navigable river reaches exist. Transport between the interior regions and the coast thus relied on means of carriage which were relatively expensive, and the installation of an efficient transport system involved a large capital outlay.

The third region is dominated by the major chains of fold mountains, which are extremely old and thus seldom of more than 1200 m. in relief. Between the major belts are valleys of varying size, which in some cases open out into

plains or rolling landscapes. Some of these more level areas are close to sea level, with the result that a few rivers are navigable for limited distances from their mouths. The mountains themselves, however, provide formidable barriers to most forms of transport, as indeed do some of the more dramatic river valleys and other features of the eastern areas, as well as many parts of the escarpment.

From the point of view of the peoples who occupied the Cape prior to the arrival of the Europeans, the more moist eastern areas were among the most favoured. Population density tended to be highest - and to increase - east of the longitude of Port Elizabeth. In the vicinity of the Gamtoos and Sundays Rivers, there had developed a number of Khoikhoi pastoralist 'tribes' with populations reaching 25 000 (Ross, 1980). That area itself formed an ecological boundary, to the west of which the mixed crops of the Xhosa and Thembu groups could not reliably be grown under the methods available to the farmers. The Khoikhoi, the 'men of men', in turn occupied (rather sparsely from a later European point of view) much of the better watered area to the west of Port Elizabeth. The only crop they are known to have cultivated was dagga (cannabis) (Du Toit, 1976). What distinguished the Khoikhoi from the San (or Hottentots from Bushmen, in the settler lexicon) was that the latter relied on hunting and gathering and kept no cattle: being thus more nomadic they had a looser political structure, though in some instances they were clients of the cattle-keepers (Elphick, 1977, pp. 23-68). Among the factors which starkly distinguished all these subtly merging groups (Xhosa and Thembu pastoral-agriculturalists; Khoikhoi pastoralists and gatherers; San hunter-gatherers) from the later arrivals was that all were bound to the land, while the Europeans and their associates arrived by sea.

The most singular feature of the coastline from the point of view of Europeans was the lack of natural harbours, for even those bays (like Knysna) or rivers (like the Buffalo where East London came to be built) which offered safe anchorage were cut off from the sea by dangerous, narrow entrances or by bars at their mouths. Since the most indented parts of the coastline were in the southwest, and since the valley above Table Bay was fertile and well-watered, the site of Cape Town was an appealing one to European settlement. But access to the interior from Cape Town is considerably more difficult than from Port Elizabeth (on Algoa Bay). In an era of animal-dependent transport, furthermore, the dry conditions inland militated against the ready movement of people and commodities. Better supplies of natural pasture, and later forage, made Port Elizabeth and East London superior port locations with respect to contact with the interior than Cape Town. The hinterland of the Eastern ports was in addition generally more capable of yielding pastoral returns than was the hinterland of Cape Town. Indeed, Port Elizabeth's better access to a potentially richer hinterland might suggest to an environmental determinist that it should have come to dominate in colonial trade. But, as is evident from other colonial foundations, an apparently superior natural location may readily be outweighed by questions of political economy. Thus Newcastle, not Sydney, might seem to be best situated with respect to interior access in New South Wales, but trade at the mouth of the Hunter was always subordinate to that at Port Jackson (cf. Jeans, 1972, p. 186).

Perhaps the most signal conclusion to be drawn from such examples is that the assessments of physical geography which are most relevant to historical geography are those made by contemporary observers, particularly those directly

engaged in planning the transformation of the landscape by means, say, of road building. An engineer, Henry Hall, wrote of the Cape Colony in 1876:

... distinct ranges of mountains running parallel to the coast form buttresses to a series of table-lands like steps, varying in height from 800 to 5000 feet above the sea level, and generally presenting a steep and precipitous face to the ocean side and sloping gradually inland, and ascended only through kloofs or passes, which occur very seldom ... Here and there rivers ... occur, bursting through frightful ravines on the edges of the plateau ... (T)he Orange River ... reaches the ocean on a barren sandy flat, with hardly any water at its mouth ... and this is the case with nearly all Cape rivers, of which there is, owing to the physical formation of the country, hardly one navigable ...

The engineer therefore has very simple data to work on, a generally dry and unwooded surface, intersected by deep water courses, a rainfall not excessive, but falling generally within a short period and flowing off with immense velocity and power (Hall, 1876, pp. 6-7; cf also Fig. 3.2).

During the second half of the nineteenth century the landscape of the Cape Colony was extensively transformed by the construction of artificial harbours, roads, railways and mountain passes. These alterations of the environment were a response to the needs of interaction between different regions. The paths of pastoral and agricultural development were guided by environmental conditions, as were the links between regions. But these developments were shaped in an economic and political milieu (cf. Denoon, 1983, p. 214); and in a milieu which changed substantially over time. It is thus to the examination of economic and political conditions that this chapter now turns.(2)

Merchant Capital and the Economy

If a settler colony is to be defined as a colony in which political power rests in the hands of a settler class rather than in the hands of imperial government or of native people, then the Cape Colony after the mid-nineteenth century provides an excellent example of the genre.(3) It had semi-independent or 'repre-

sentative' government from 1854, while that government became 'responsible' in 1872. The various governments were dominated by established classes among the settlers, and clashed frequently with imperial authority in London. No part of the aboriginal population, which was culturally diverse, ever achieved significant access to the powers of the state. Thus, British suzerainty at tremendous distance from 'Home' was mediated by the powers of the colonial elites.

When representative government came to the Cape in 1854, the boundaries of the colony included a diverse population of approximately 234 000.(4) Immediately to the East lay British Kaffraria, and beyond, the yet-to-be-annexed territories across the Kei River. To the north, emigrants from the colony had established a series of republics: in 1852, Britain had recognised the independence of trekkers north of the Vaal River, and the problems of wars with the Basotho under Moshoeshoe had encouraged Britain to recognise the Orange Free State republic in 1854. The settler minorities in the republics continued to be engaged in struggles with indigenous groups, while their predominantly pastoral activities demanded a low level of trade with the Cape Colony, and to a lesser degree Natal, and hence with the outside world.

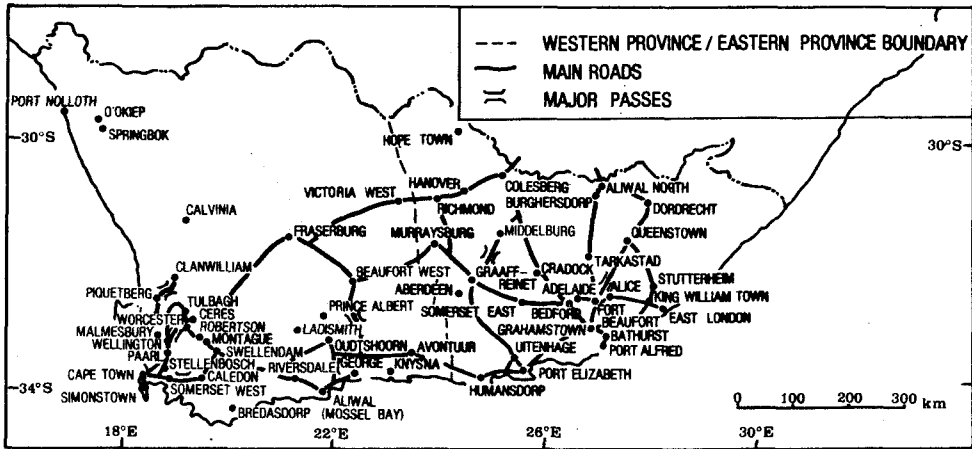
The majority of inhabitants of the Cape Colony were also engaged in pastoral activity, whether as somewhat independent, subsistence producers among groups of African origin, as landholders, renters or squatters, mainly of Dutch or English origin, or as wage workers or labour tenants of very diverse origins. The rapid transformation of relations among and within these groups encouraged the development of an export oriented economy based on wool production, which is the subject of the following section of this chapter. The developing nature of the

commercial system formed the background to that rural transformation, and is elaborated in this section.

In more densely-occupied areas, the remainder of the population of the Cape was engaged either in mixed farming or relatively intensive agriculture; or in non-agricultural activities in the numerous towns and villages. The predominant activity in the towns was trade and the supply of services to urban and surrounding rural communities. Most of the towns and villages which were in existence at the end of the century had already been established by 1854. Their names reveal that, except for a very small number, they were products of the British colonial period from 1806 onwards (Fig. 3.3). The towns were in many ways an indication of the penetration into most areas of the colony of British institutions. They were the centres of administration carried on along the lines of the British model, modified by its incorporation of elements of the pre-existing Dutch system. They represented the spread of particular ways of conducting trade, in which the written contract and therefore literacy, and financial institutions, played a major role. They were foundations in which English churches and schools were located. In short, the towns were the visible features in the landscape of a British model of conducting governmental, business and social affairs. Within this pattern descendants of Dutch colonists played a considerable part, for the British had early realised that the collaboration of existing elites cheapened the running of a colony (Atmore and Marks, 1974, p. 111). Nevertheless, in all but a few towns the names of a majority of those who predominated in government, professions and trade were of British origin.(5)

The towns were small: only a handful had populations over 2000 (see Appendix). Furthermore, trade and services conducted in most towns were primarily

Figure 3.3. Towns in the Cape Colony 1860



(Source: Walker, 1922, Map 10)

carried on in enterprises of a small scale. Thus, by 1860 even Cape Town - with a population of about 30 000 people easily the largest centre of population - could boast only 24 joint-stock companies, of which five were banks and fourteen financial or insurance companies, and only one a strictly manufacturing concern (the gas works). Some of the major country towns had one or two local financial companies; thirteen had local banks; some had agents of Cape Town- or Port Elizabeth-based insurance companies. But even this set of services was of recent creation: of the Cape Town-based companies, seven were formed between 1854 and

1860; while in 1854 only five towns outside Cape Town, Port Elizabeth and Grahamstown had had local banks.(6)

With both local and more widespread interests, merchants and their associates - accountants, agents, lawyers and others - controlled the economies of the towns. In the early sixties in Cape Town, for example, the boards of the banks, insurance houses and the railway, gas and other companies predominantly consisted of merchants. Thus the entire board of the Equitable Marine Assurance Company consisted of prominent local merchants, such as W.J. Anderson, Louis Goldmann (of Mosenthal's), J. King (of Phillips and King), and Joseph Barry (of Barry and Nephews). The boards of other insurance companies were similar in composition. Merchants and agents such as D.G. de Jongh and F.G. Watermeyer sat on the boards of several companies, including the gas light company. The connections between the personnel of the colonial government, both civil servants and executive, and the commercial community were very close. W. Porter, the Attorney-General, chaired the board of the gas company; while the government land surveyor, John Reid, was a member of several company boards, including the Equitable Fire Assurance and Trust Company. C.D. Bell, who was the Surveyor-General, chaired the Cape Commercial Bank, on whose board he shared decision-making with a variety of merchants, accountants, lawyers and landlords as well as William Field, the Collector of Customs.(7)

These links between government and the Cape Town merchant community gave the latter a distinct advantage over commercial elites in other parts of the colony, particularly under the circumstances of representative government, for the executive, though limited by parliament in its expenditure and legislative programme, was not responsible to the elected body. At the same time, similar

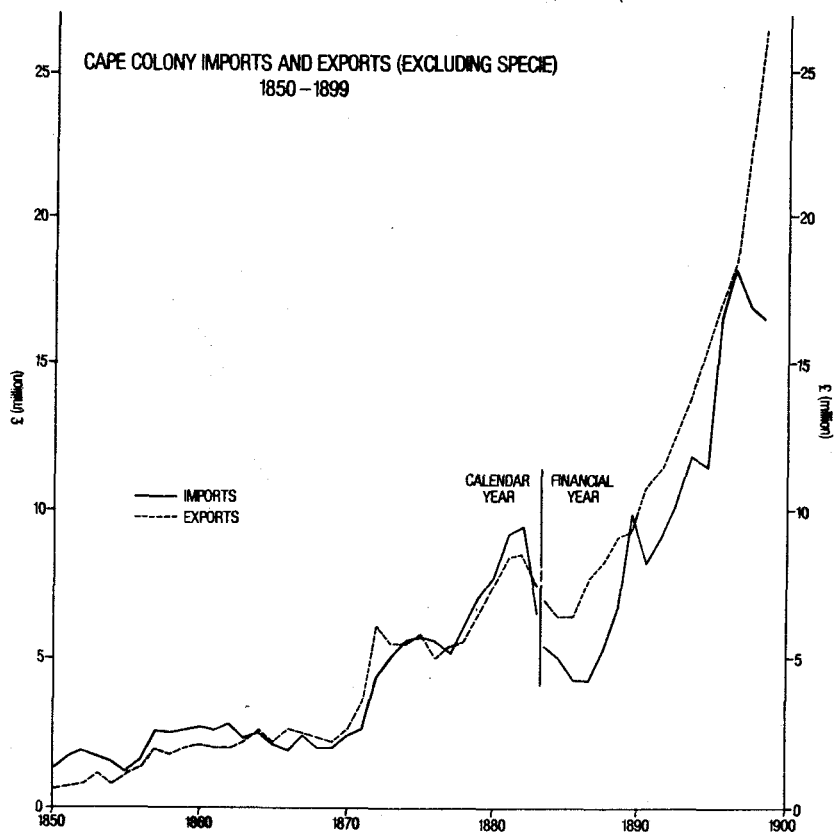
links existed between local government officials and the merchants of the smaller towns, notably given that those merchants were able to control the Divisional Councils and municipalities. The Divisional Councils exercised substantial control over local taxation, contracts and the disposal of Crown lands (Purkis, 1978, pp. 35-39). These powers enhanced the ability of the commercial elites to control the trade of their districts. Through local banks and financial institution they were also able to counter the impact of the port-based merchants; one means of doing so was to develop direct links with British exporters (Purkis, 1978, pp. 15-18). On the other hand the ability of the port merchants to control the export trade in wool - where knowledge of the market and volume of business were significant variables - limited the influence of the local merchants. Nevertheless, the towns were dominated by a commercial elite, whether local or regional in character. This elite consisted of individuals whose firms were engaged in overlapping and interlocking functions, and whose number included bankers, merchants and their associates both in and out of government. Their influence, unsurprisingly, extended to transport and manufacturing facilities.

Such manufacturing activity as existed in the eighteen fifties was almost exclusively conducted in small workshops: the few foundries, breweries and workshops associated with products of, or for, farmers and pastoralists seldom employed more than a handful of workers.(8) The major commodities produced, then, were rural in origin, not urban. In the southwestern Cape, where over 40% of the cultivated land in the colony was located, wheat and other cereals covered most of the area under agriculture. But vines carried the most valuable crop. In 1855, wine and brandy still formed the most valuable commodity group produced in the colony (Pollock and Agnew, 1963, p. 103). Wool, however, con-

stituted the main export, and had done so for some ten years. It was, then, the expansion of wool production which supplied the main impetus to trade and urban growth in the colony during the fifties; and this wool was produced mainly in interior districts of the colony. Overshadowed as this first wool boom was by later events, it nevertheless made the main contribution to more than doubling colonial exports between 1854 and 1865 (Fig. 3.4). It was the expansion of wool exports which allowed the pastoralists of the interior and the merchants of the towns to expand enormously the volume of commodities imported. The greater volume of money circulating as a result of this expansion of trade had two further consequences of immediate note. First, the rise in imports enriched the colonial government through customs duties. Second, the additional cash available helped to fuel the first speculative boom in the history of the Cape Colony.

Wine and wool were the first two staples of the South African export trade, but minerals also contributed from very early to that trade. In particular, copper - the existence and sporadic mining of which had been a noted feature of Namaqualand, in the northwest Cape, for centuries - was the subject of a speculative boom, the crash of which ruined a number of Cape Town traders in 1854 (Smalberger, 1975, pp. 35-48; Theal, 1878, Pt. 2, p. 64). The fifties saw the consolidation of copper production under the monopoly of the Cape Copper Mining Company, a London-based concern which contributed little directly to the expansion of trade in the colony, but had some indirect impact. The increase in imports occasioned by the activities of the copper mining industry generated further revenue for the government; and the boom in copper company shares, which had ripples in London, drew new attention to the Cape among British investors.

Figure 3.4. Cape Colony imports and exports, excluding specie, 1850 - 1899



(Source: Compiled from Cape BB and Cape SR for appropriate years)

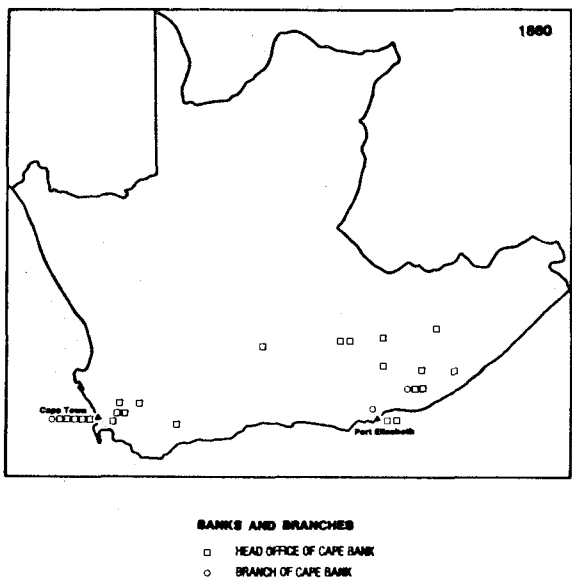
While copper was a Western Province phenomenon, it was the Eastern Province which was the main areas of expansion both of pastoral production and with respect to the inflow of foreign capital in the ensuing period. In the earlier stages, Eastern Province expansion had been substantially funded by, and much of the proceeds had gone to, Cape Town financiers - banks, insurance companies and merchants. Through loans on the purchase or mortgage of property, as well as

innumerable other connections, the merchant houses of the West had dominated the affairs of the East (Le Cordeur, 1981, pp. 123-129).

When the first private banks were established at Cape Town in the 1830s, they engaged largely in discounting bills and conducting related business in the largest commercial community in the colony. The first of these, the Cape of Good Hope Bank, opened in 1837, and the following year it opened a branch in Grahamstown, at that time the largest centre in the Eastern Province. Within another year, the local directors of that branch had formed a new local bank called the Eastern Province Bank. By the time the boom of the fifties was under way a second bank had opened in Grahamstown, as well as two in Paarl, a further four in Cape Town, and one in each of three other Western Province towns, as well as two in Graaff-Reinet and Port Elizabeth. By 1860, 23 local banks were operating in fifteen towns. Only two, however, had branches, the Cape of Good Hope Bank in Grahamstown and the Commercial Bank of Port Elizabeth in Cape Town (Fig. 3.5). Other banks employed one another as correspondents, particularly inland banks which corresponded with institutions in Cape Town or Port Elizabeth. The increasing significance of Eastern Province trade and of Port Elizabeth as its future centre had been reflected as early as 1842, when Mosenthal and Co., a merchant house later to become one of the largest in the colony, had opened an office in Port Elizabeth whence it could better service its interior branches in Burghersdorp and Graaff Reinet.(9)

In the fifties the independent institutions of the Eastern Province - the Frontier Commercial and Agricultural Bank, the Eastern Province Bank, the Eastern Province Trust Company and the Eastern Province Mutual Life Insurance Company in Grahamstown, for example, and a host of others in Port Elizabeth - began to

Figure 3.5. Locations of banks in the Cape Colony 1860



(Source: Arndt, 1928; Directories)

develop their own links with British merchants and financial institutions, thus undercutting the system of agency through which Cape Town merchants, with their longer-established connections with Britain, had dominated trade throughout the colony. While Capetonian interests continued to play a role in the 'Kafir trade' on the frontier and in many interior towns, it was increasingly to their local merchants that the farmers of districts like Graaff-Reinet, Colesberg and Cradock turned. But the relative scarcity of money and the generally higher rates of interest prevailing in the East - a situation which had existed since before the emigration of Dutch-speaking farmers to the north began in the thirties - encouraged attempts to raise additional funds for purposes of this trade.(10) Thus, in 1857, a group of merchants among whom John Paterson was prominent attempted to float the 'Standard Bank of Port Elizabeth'. The neces-

sary funds could not be raised locally, and the project failed. As a result it became apparent that money capital from further afield would have to be tapped (Arndt, 1928, p. 256; Henry, 1963, pp. 1-2). Some Port Elizabeth merchants joined with Cape Town interests in the endeavour to find capital, while more jealously Eastern Provincialists went direct to London.

Unlike the situation in the secondary centres of some other colonies, Port Elizabeth merchants had always had direct links, both financial and otherwise, with Britain. As in the case of Melbourne, such links had helped to sustain a degree of separatism, though with a distinct lack of success (cf. Le Cordeur, 1981). Newcastle, the second city of New South Wales after the separation of Victoria, had to wait until 1883 for a direct shipping service with London, while over half the ships clearing Port Elizabeth even in the 1840s sailed direct to Britain (Linge, 1979, pp. 399-400; Le Cordeur, 1981, p. 124). Thus it was that the failure of the first local attempt to launch the Standard Bank led to a meeting in Port Elizabeth in March 1859 at which it was decided to take measures to attract British interest in the venture. Later that year, Paterson sailed to England, and in April 1860 the prospectus of the 'Standard Bank of British South Africa' appeared in London (Henry, 1963, p. 2). By this time competition had already emerged.

A group of Cape Town merchants with strong interests in the Eastern Cape had already taken similar steps to those of Paterson's group, and in July 1860 the 'London and South African Bank' (hereafter the L & SA Bank) issued a prospectus in London. Among the directors were representatives of Barry and Nephew, and of Thomson, Watson and Co., two of the larger Cape Town merchant houses with extensive involvement in the Eastern Province (Barker, 1901a, p. 2). Eastern Prov-

ince merchants who were dependent on Cape Town finance were also involved - examples being Maynard Brothers and A. Mosenthal, whose firm had by now removed its head office from Cape Town to Port Elizabeth. The L & SA Bank 'pushed ahead with its preparations', which may well have been assisted by the intervention of Sir George Grey, the Governor of the Cape. The Bank obtained both a Charter and the necessary capital by June 1861. Cape Town pleasure at the apparent failure of the Standard Bank to get off the ground was expressed in the press. (11) Meanwhile the L & SA Bank set about commencing business.

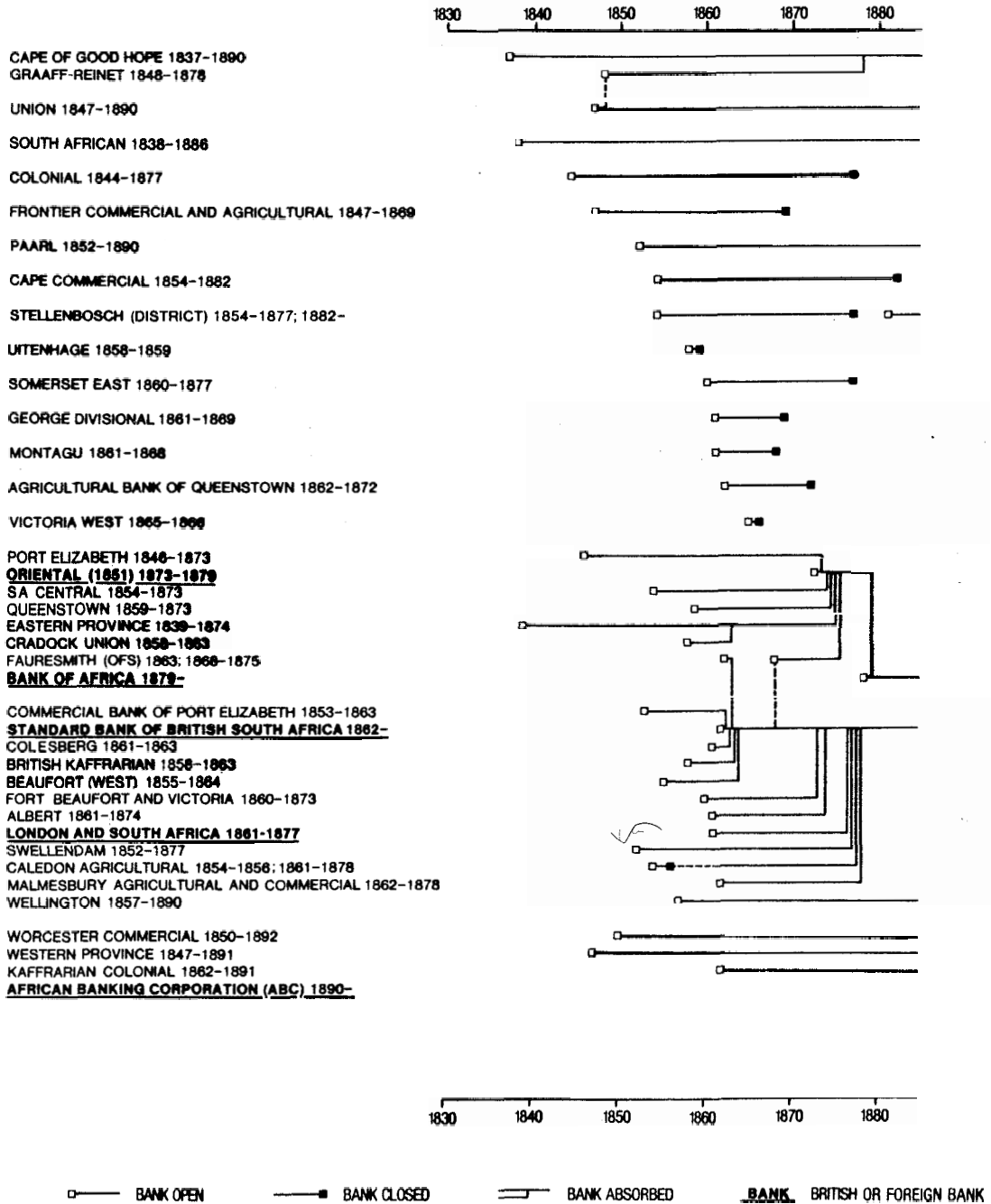
Mr. Green, the Manager of the Bank, arrived in Capetown in the beginning of June, 1861, with £20,000 in specie. Three Assistants accompanied him. The Bank commenced business in Capetown, which was the Head Office in the colony, on the 11th of that month (Barker, 1901a, p. 13).

Thus despite the attempts of Port Elizabeth merchants to expand the supply of money through channels over which they exercised a measure of control, the first imperial bank at the Cape was initially closely tied to Cape Town interests. The Standard Bank, perhaps spurred on by these events, was finally launched in late 1862. Certainly the attitude of many in Port Elizabeth to towards the L & SA Bank was negative (Barker, 1901a, pp. 7, 13). The latter had opened a branch in Port Elizabeth in September 1861, followed by one at Grahamstown. A year later, it transferred its Cape head office to Port Elizabeth, where the Standard Bank opened its General Manager's office in early 1863. Once both these imperial banks were directing their colonial operation from Port Elizabeth, the Cape Town press lost its enthusiasm for them (Barker, 1901a, p. 20). Port Elizabeth merchant houses were now placed in a superior position with respect to banking facilities and credit.

The two imperial banks set about their business quite differently. The Standard's first offices were located in the building of the Commercial Bank of Port Elizabeth, whose directors (including Paterson) had been instrumental in the origin of the new imperial bank. Within a few months this local bank had been merged with the Standard Bank, and this set the pattern for the latter's policy of expansion through acquiring the business of existing local banks. Those in Colesberg and Beaufort West, as well as one of the King Williamstown banks, were eager to accept the overtures of the Standard, while those approached in the Western Province (at Worcester, Caledon, Wellington and Swellendam) remained aloof (Amphlett, 1914, p. 15) (Fig. 3.6). The Standard also opened more than 12 branches in other towns. This Bank's attempt to expand into the Orange Free State was frustrated when the Fauresmith Bank, which it had absorbed, was restored to independence by the wishes of the OFS government, since the Standard's competitiveness had threatened the position of the officially-backed Bloemfontein Bank (Jones, 1976).

Meanwhile the L & SA Bank made few attempts to expand by capitalising on the business of the local Cape banks. Its attempt to expand into the OFS by amalgamation with the Bloemfontein Bank met with rejection (Barker, 1901a, p. 22). While the L & SA Bank's move from Cape Town to Port Elizabeth was presumably motivated by the greater demand for money and higher interest rates in the East, its expansion was less rapid than that of the Standard. The latter made calls on its shareholders such that its paid-up capital had reached £500 000 by the end of 1864 (Henry, 1963, p. 7). Not that the growth of the Standard Bank was without its conflicts. Friction arose between the local boards which had considerable powers in directing the affairs of the Bank. For example, the Port Elizabeth board traded through independent institutions in Cape Town, which gave

Figure 3.6. Banks in the Cape Colony 1837 - 1885



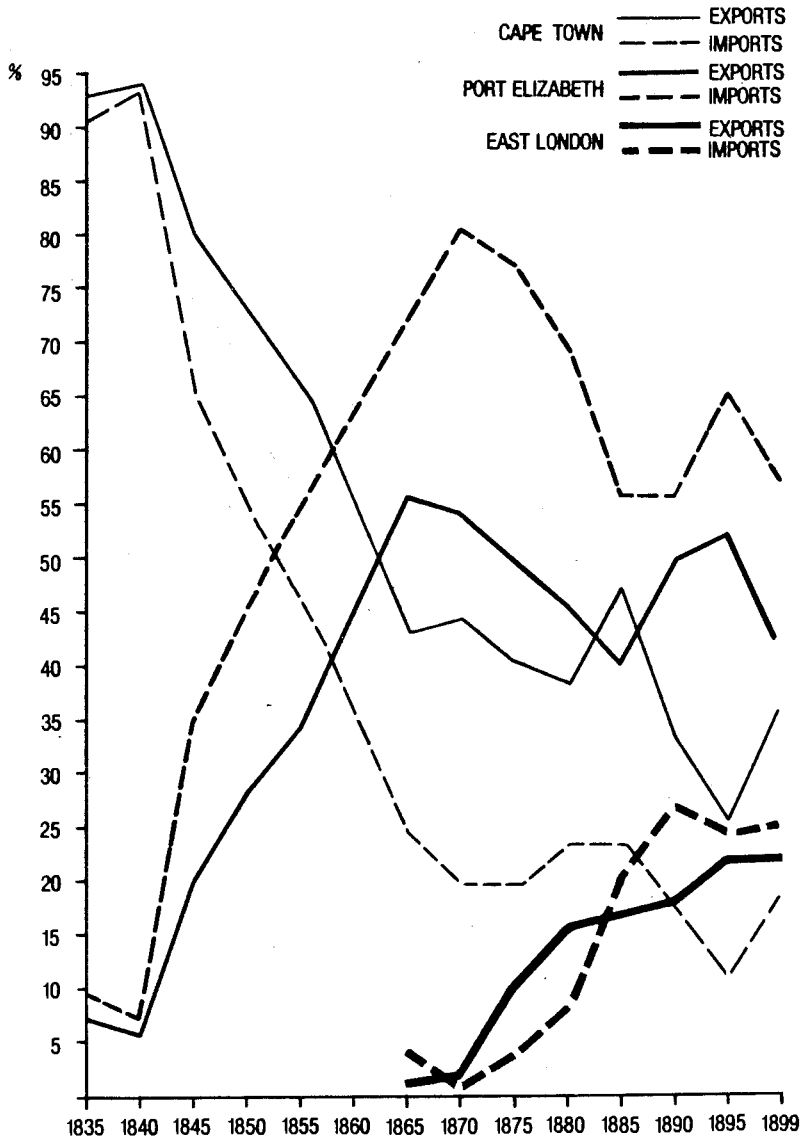
(Sources: Compiled from Arndt, 1928; Amphlett, 1914; SBA; BMA, Smith files)

it better terms than the Bank's own branch there. The latter branch - unsurprisingly given the role of local merchants on both of the boards - refused to

defer to orders from the General Manager at Port Elizabeth, referring its claims to London (Amphlett, 1914, pp. 28-29). As a result the local boards came under increasingly direct instructions from the London board, passed through the General Manager. In 1865, even John Paterson's request for additional facilities for his firm was rejected, and it went into liquidation. The local boards were gradually dissolved and control of the Standard Bank's operations passed into the hands of the General Manager, acting on directions from London. (12) The centralisation of control at Port Elizabeth did not necessarily mean that Port Elizabeth merchants were able to exercise direct influence over the largest financial institution in the colony, though its interests in the growth of trade through Port Elizabeth remained, for the time being, similar to those of the local merchants themselves.

If the greater resources of the Cape Town merchants had militated against their need for greater capital imports as represented by the arrival of the imperial banks in Port Elizabeth, certainly no less did the trade of the latter port excite more enthusiasm among British investors. In 1854 imports through Port Elizabeth exceeded those through Cape Town for the first time (Fig. 3.7). By the end of the fifties exports through Port Elizabeth exceeded those through Cape Town as well (Figs. 3.7 and 3.8). With the support of the new banks, both the trade of the Eastern Province and the position of the Port Elizabeth merchants must have appeared poised for further dramatic improvement. But the boom was already passing. It had been fueled by the expansion of wool production into new areas. Expansion of the labour force had resulted from the defeats of the Xhosa and their allies in the frontier war of 1850-53 (Theal, 1878, Pt. 2, Chapter 25) and the Xhosa cattle-killing movement (see below), as well as the settlement of immigrants in British Kaffraria (De Kock, 1924, p. 104). Based

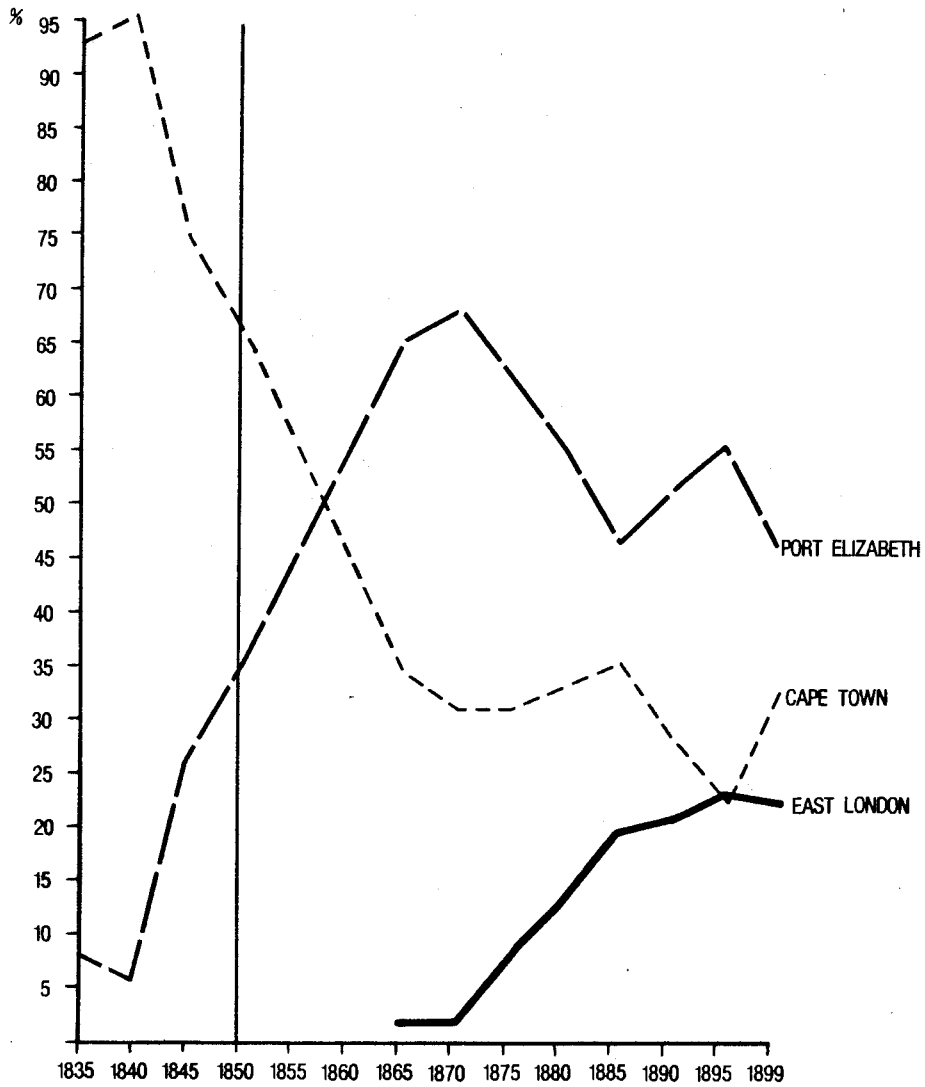
Figure 3.7. Shares of imports and exports through major Cape ports, 1835 - 1899



(Sources: compiled from Cape BB, Cape SR and PECC Reports)

on the perfection of a commercial system involving an interlocking network of merchant houses at the ports, agents in the country towns and credit from banks

Figure 3.8. Shares of trade (imports plus exports) through major Cape ports, 1835 - 1899



(Source: Figure 3.7)

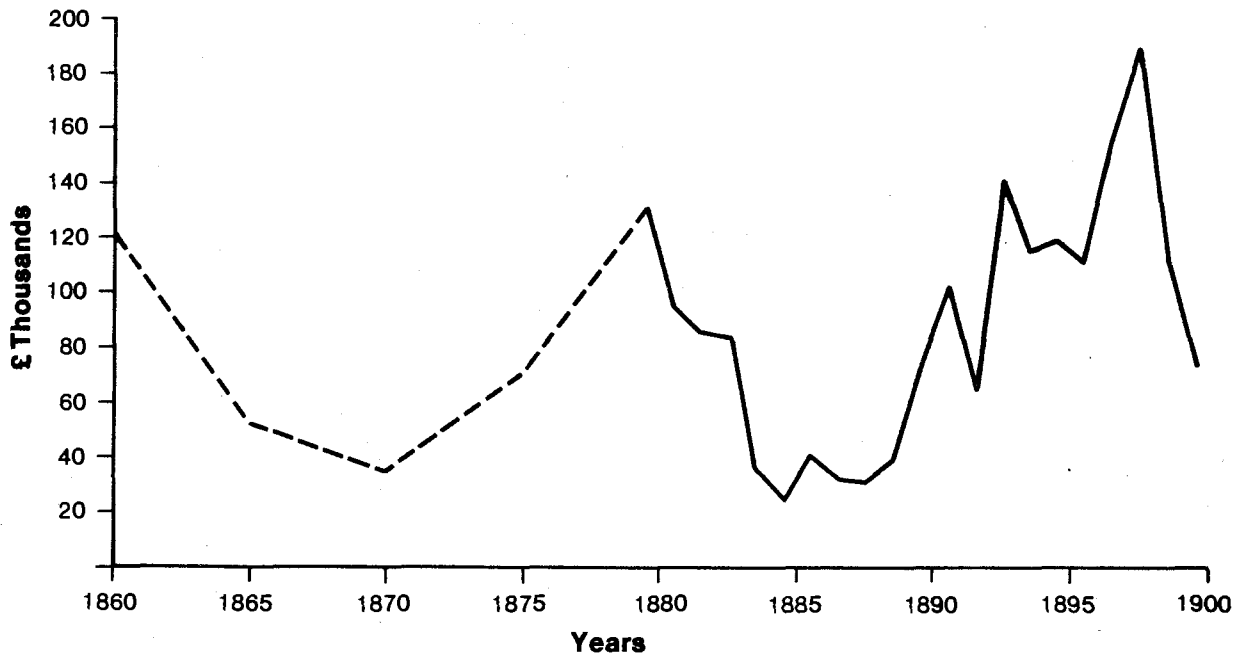
and other institutions, expansion had lasted into the sixties. But the Cape Colony was adversely affected by a number of factors.

First, its wool exports faced competition from other areas, notably from superior and improving quality Australian wools. The inability of merchants at the Cape to encourage the production of better quality wool, and their failure to alter the prices of purchase in order to do so (Dubow, 1982, p. 27), meant that the immediate limit of the market had been reached. It seems probable that the influx of capital associated with the imperial banks proved inflationary, with the result that prices of production rose sufficiently to push Cape wool prices above those appropriate to their quality (Amphlett, 1914, pp. 24-28; Schumann, 1938, p. 81). Simultaneously, the Eastern Province suffered a particularly severe period of drought in the early sixties, perhaps best described by Olive Schreiner:

At last came the year of the great drought, the year of 1862. From end to end of the land the earth cried for water. Man and beast turned their eyes to the pitiless sky, that like the roof of some brazen oven arched overhead. On the farm, day after day, month after month, the water in the dams fell lower and lower; the sheep died in the fields; the cattle, scarcely able to crawl, tottered as they moved from spot to spot in search of food. Week after week, month after month, the sun looked down from the cloudless sky, till the karroo-bushes were leafless sticks, broken into the earth, and the earth itself was naked and bare; and only the milk-bushes, like old hags, pointed their shrivelled fingers heavenwards, praying for the rain that never came (Schreiner, 1975, p. 37).

The net result of the ensuing recession, which appears simply as a lack of expansion in overseas trade figures (Fig. 3.4), was to discourage further capital imports for some time to come, to force the colonial government to retrench, and to bring about a contraction in the financial system. Expenditure on road improvement and bridge construction - vital to cheapening pastoral exports - declined steeply (Fig. 3.9). So slow was the growth of services in the colony that in 1865 only nine towns had populations above 2000.⁽¹³⁾ Overextended local banks were forced to close in Victoria West, George and Grahamstown (cf. Fig.

Figure 3.9. Cape government expenditure on roads and bridges, 1860 - 1900

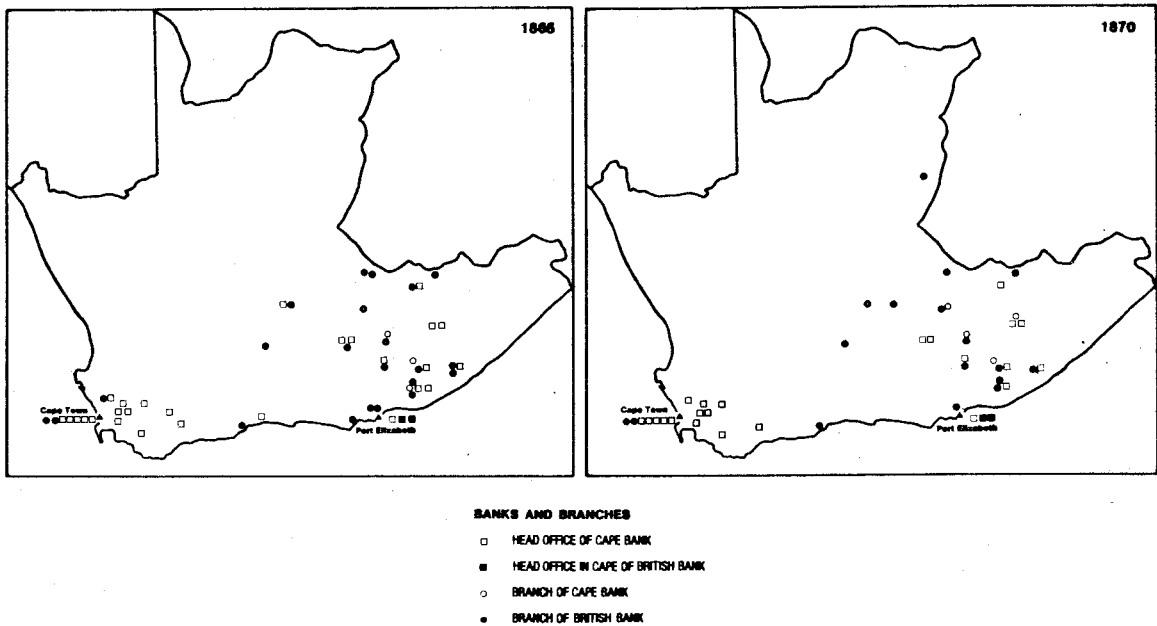


(Source: Cape BB and Cape SR)

3.6). Both imperial banks were unable to sustain operation in Graaff-Reinet, while the L & SA Bank closed a further four branches by 1870. On the other hand some of the stronger local banks were able to open branches during the recession, and the Standard Bank was able to consolidate its position in the Eastern Province (Figs. 3.6 and 3.10).(14)

The slump of the sixties confirmed the emergence of a cyclic pattern within the Cape's economy. Following the copper boom-and-bust, there had been an appreciable shift to the Eastern Province as the regional centre of the Cape's export production. The characteristic cycles of capitalism were already accompanied by significant spatial shifts. They were also accompanied by an increasing concentration of wage labour, in the merchant-dominated economy primarily in the transport and trans-shipment of commodities. It was in these sectors that

Figure 3.10. Locations of banks in the Cape Colony, 1865 and 1870



(Sources: as for Fig. 3.6)

those other characteristics of nineteenth century capitalism appeared - the construction of railways and strikes of wage workers.

Deficiencies of the Transport System

The first proposals for government assistance in the financing of railway construction were heard in the first session of the new colonial legislature. In August 1854, the ubiquitous John Paterson, who was one of the Port Elizabeth representatives, moved for a select committee to investigate government guarantees for railway companies. No immediate results came of this attempt to

secure the assistance of the state in gaining access to overseas capital for railways, and the state's first direct involvement in the use of foreign funds for transport investment had to do with roads.(15)

None of the transport and transshipment facilities at the Cape could have been described as sophisticated in the 1850s. The lack of investment in facilities for the movement of the rapidly expanding commodity trade represented a major barrier to the circulation of capital, a fetter which (as Marx wrote in the Grundrisse (1857) at the time) would have to be burst open before the further development of production was possible. The main motive force of the system was the humble ox, with the result that movement was always slow. Thus, journeys between the ports and interior towns were measured in weeks rather than days; the 300 mile journey by ox-wagon from Prince Albert to Port Elizabeth, for example, took three weeks in 1861. Even passenger transport on the few routes operated by companies with horses and coaches was extremely slow: it took the better part of a week to travel the 350 miles from Port Elizabeth or Cape Town to Beaufort West in the sixties.(16)

If the vehicles and motive power were backward by comparison with western Europe or parts of North America, no less bad were the roads. The records are replete with references to the inadequacy of the main road system, and to the poor condition of those roads which did exist. In 1860, the following reports were made:

(At Fraserburg) ... another drawback is the want of main roads to Capetown ...

(From Middelburg) the main road to Graaff-Reinet is not yet completed. The mountain pass over the Lootsberg, which has never been completed, is now much out of order ...

(At Knysna) this division is still suffering from want of good roads ...
(17)

The merchants who dominated the trade of the colony were not in a position to accomplish very much towards the improvement of transport, since the amount of money required exceeded their means. Hence the early attempts to push the colonial state towards improving roads, and constructing bridges and mountain passes - an area of some urgency, but also some success, sometimes by reason of military requirements. By 1860 the colonial government was spending over £120 000 per year on roads and bridges, the impact of which sum on the landscape was multiplied not only by additional works under Divisional Council control, but also by the fact that of the total some forty per cent was spent on convict rations and supervision, which was at the time the cheapest form of construction labour, obviating as it did direct wage payments. Even road-building was limited, however, by the cost of borrowing: on a loan raised to cover the colonial Road Board debt in 1858, for example, the government had to pay 6 per cent interest, substantially above most prevailing English rates.(18)

In the improvement of transport through port development, the merchants also enjoyed rather limited success. An indication of their inability to intervene directly in the nature of the labour processes in the ports, as well as their dependence on the inefficient methods but continued functioning of freight handling may be gleaned from the occurrence of several early strikes at the ports.

The immediate cause of the first strike known to have taken place, at Cape Town, was the inflation which followed the copper share speculation.

The strike among the boatmen has been brought to a close, the proposal made by the boat owners for an advance equivalent to fifty per cent on their previous earnings having at length been accepted.(19)

As one of those first strikers, Francis Dousing, said to the magistrate before he was convicted of 'intimidation':

Everything has risen. For the bread that you bought for 3d. you have now to pay 4d.; you even have to pay more for your washing and even - I beg your pardon, gentlemen - for carrying out the tubs, and when everything rises so, we can't work for the same wages as before.(20)

The speculative growth of copper mining companies had its effects on the labour market, placing the workers who handled the boats which moved cargo between wharves and ships in Table Bay in a position of relative strength:

... the working boatmen ... demand higher wages, in consequence of the dearness of provisions, and the increased demand for labour to the copper mines.(21)

One of the boat owners complained that, even before the strike, he had found it increasingly difficult to maintain control of his employees and their working hours. The strike began on Friday March 3, 1854, on a small scale against a restricted number of boat owners, and then spread to all the employers. The strikers were sufficiently organised to assemble at the wharves on the Saturday and subsequent days to discourage others from working, with the result that the strike became general not only among the boatmen but also among the less skilled workers who loaded and unloaded the boats.(22) Presumably most of the latter workers were black ('coolies', a term which undoubtedly had a wide meaning in the Cape at the time). But in some instances the heavy work was done by whites; and there is no way of telling who the boatmen were beyond a few names, which certainly do not define their ethnic identity.(23)

Almost as soon as the first workers struck, Cape Town merchants began to pressure the boat owners to settle with the strikers. The workers demanded a

wage increase of 50 per cent - a rise from 3s. to 4/6 a day. The merchants and boatowners agreed to an increase in boat trip and tonnage charges and the boatowners offered the boatmen a 25% rise, which was rejected. By Saturday March 11, the boatmen had won their demand for the fifty per cent increase, and were back on the job. Their strategic position in handling the commodity trade of a commercial town contributed to their success. As a result of the strike, the charges for use of the boats increased by 80%. Whether the 'coolies engaged at the wharves' gained as much from the strike as the 'working boatmen' did is unclear, though subsequent comments by boat owners suggest that they did receive some wage increase.(24) Eleven of the boatmen were tried for actions undertaken during the strike. Jose Massin, Frank Louis and three others were convicted of preventing a ship's captain from using a boat (owned by one of the boat owners) for unloading. Massin and Louis were imprisoned while the other accused were discharged. Francis Dousing, Oelof Williamson, Cornelius Camperdock, Charles Kaber, Leendert de Bes and Alexander Wheeler were tried for 'threatening' a boatman named Jose Joachim and preventing him from working.(25) The exchange between Dousing, the magistrate ('the Baron') and Joachim at the trial provides the first recorded defence of solidarity among strikers in South Africa:

Dousing asked to be allowed to speak. He stated that Joe (Jose) and the whole of them had joined hand and heart when they struck for more wages; they wanted a dollar a day more each man.

The Baron: 'Who said so?'

Dousing: 'One and all; and this man is the first that turns against us. We all firmly agreed not to work below this price, and that one would not go to work unless all got it.'

The Baron: 'That is a combination and unlawful. You are doing yourselves an injury.'

Dousing: 'I don't think so.'

The Baron: 'Will you be so good as to hear me?'

Dousing: 'Most undoubtedly.'

The Baron: "You have a right to leave the service of your employer if he refuses to give you the remuneration you ask, but if another man chooses to accept that rate, as this man did ..."

Dousing: 'But see what a false-hearted man!'

Jose: 'I told you on Saturday frankly, that the master had agreed to give me the 1s. 6d., and that I would go to work.'

Dousing: 'And he was the very man that says to me "If one gets it all must get it", and now he is the first to turn tail upon us.'

The Baron: 'Your views are unreasonable and absurd.' (26)

The magistrate 'bound the whole down to keep the peace', and Camperdock and Kaber were released after paying £50 in security. The other four were jailed, but later released when the security was paid. (27)

In this first known strike in the Cape, workers without formal organisation combined to achieve a wage increase during a period of rapid inflation and 'labour shortage'. The success of the strike depended on solidarity between different types of workers (boatmen and wharf workers). Despite the views of those in authority, the strike was won, and its consequences underlined the dependence of the merchants on primitive freight handling at the ports, which in any event were no more than open roadsteads with primitive wharves or jetties or simply open beaches.

Port Elizabeth merchants also faced strikes by port workers, with similar results. In 1856, work at the boating companies there was stopped for over a week when first the beach and wharf workers (described as 'Fingoes', or Mfengu) and then the boatmen (described as Malays) struck successfully for increases from 5s. to 6/6 and from 7s. to 9s. a day respectively. The following January, the workers who landed and loaded boats serving ships in the roadstead won a

further strike for higher wages.(28) Thus merchants at both the main ports formed an early desire for greater capital investment in harbour works at least in part inspired by the actions of the workers who occupied crucial positions. Proper harbour works would reduce the merchants' dependence on boating companies and undisciplined workers. But despite the increasing lead of Port Elizabeth in the trade of the colony, it was Cape Town merchants who were first successful in persuading the colonial government to proceed with construction of an artificial harbour in Table Bay. Thus in the parliamentary session of 1860, a proposal was carried for the construction of a breakwater in Table Bay, the cost being estimated at almost a quarter of a million pounds, twice the entire annual expenditure on roads (Rush, 1972, p. 57). This early large expenditure on Table Bay harbour easily surpassed the funds which the government was prepared to raise for harbour works in the Eastern Province (Table 3.1).

Among the advantages for Cape Town of the construction of the Alfred Docks, completed by 1870, were the increased revenue generated by having ships handled alongside the harbour wharves rather than by lighters, the reduced dependence on skilled boatmen, and the securing of Cape Town's traditional position as port of call and replenishment for maritime traffic between Europe and the Indian Ocean. Limited revenue, recalcitrant workers and the opening of the Suez Canal all threatened the viability of Table Bay as the port handling the largest number of ships in the colony. The harbour works placed Cape Town securely ahead of Port Elizabeth in this function, if not in tonnage of cargo handled (Table 3.2).

Despite the fact that the colony earned more revenue from trade through Port Elizabeth, loans raised in London and secured on the general revenue of the colony - much of which came from customs dues collected at Algoa Bay - were largely

spent on Cape Town's harbour. At the 6 per cent interest rates which Cape government loans faced in London during the period, 'the shortage of funds resulted in major works being carried on in Table Bay only' (Rush, 1972, p. 58). An outcry from the Eastern Province ensued.(29) Manipulation of the preponderant Western Province representation in Parliament, and the divisions among Easterners brought about by rivalry between Port Elizabeth and Grahamstown merchants (the latter keen to secure expenditure at Port Alfred on the Kowie mouth rather than Algoa Bay), allowed the government to carry its Table Bay harbour schemes. Thus 'one end of the country' obtained the bulk of government-secured foreign capital entering the colony (Theal, 1878, Pt. II, p. 69).

Conflict between different Eastern Province commercial interests continued to plague their common antipathy to Cape Town and the Western Province. That this internal conflict was long-established has been ably demonstrated by Le Cordeur (1981); the extent to which it affected the railway question in the seventies has been revealed by Purkis (1978), and will be discussed in Chapter Five. In some of the earliest railway schemes Eastern Province merchants and their political representatives were unable to agree on priorities among routes

Table 3.1. Loans authorised by the Cape parliament for harbour works, 1854 - 1868

Harbour works at:	£
Cape Town	280 000
Mossel Bay	8 500
Port Elizabeth	119 000
Port Alfred	64 000

(Source: Cape V&P, Ann., G.43-1900, pp. 6-13)

connecting Port Elizabeth and Uitenhage, Port Elizabeth and Grahamstown, and Grahamstown and Port Alfred.(30).

While Port Elizabeth interests failed in the fifties in their first bid to construct railways, the formation of the Cape Town Railway and Dock Company with a capital of £75 000 was more successful. Construction of a sixty mile railway from Cape Town via Stellenbosch and Paarl to Wellington began in 1859 under a government sub-guarantee arrangement.(31) Completion of the line in 1862 did not, however, lead to new construction; apart from a 9 mile branch line from Salt River to Wynberg, opened in 1863 by the Wynberg Railway Company (32), no further construction was undertaken until the late sixties. Not only did recession adversely affect the prospects of raising money for, or making returns on, new railways; the concentration of large numbers of wage workers in railway construction had proved far more expensive than first anticipated. One reason for this was collective action by the workers concerned.

Table 3.2. Harbour statistics, Table Bay and Algoa Bay, 1865 - 1869/70.

	Table Bay		Algoa Bay	
	1865	1869	1865	1869
No. of ships	528	559 (1870)	249	222 (1870)
Wharfage dues	9 074	14 033	6 692	6 850
Customs duty collected	119 352	114 175	147 338	160 813

(Source: Cape BB, 1865, 1869, 1870)

The first strikes occurred soon after construction began on the Cape Town-Wellington line. In January 1861, masons and labourers employed at time and piece rates struck to secure a minimum daily wage of 6d. The workers were losing time (and wages) through the inefficiency of the contractor and delays caused by arguments as to the requirements of the contract for laying the track.(33) Later the same year, on October 31, navvies working on the line at Muldersvlei struck for an increase in wages. Their relative strength on the labour market - most were imported from Britain and Ireland - is revealed by the fact that their wages at the time were already 6s. a day. One of the contributory causes of this strike may have been the dangers attendant on the work: on the same day an Irishman named Hegan was killed in an accident to the train which carried 250 workers to and from work, while 'a dozen others were more or less injured ... some ... seriously'.(34) The experience of having to cope with large concentrations of wage workers was new to the colony, and such occurrences were a discouragement to new railway construction. With the exception of the Wynberg line, over ten years would elapse before any further railway development took place at the Cape. High interest rates, difficulties in government and depression were largely responsible for the length of the delay.

The Cape Colony was dominated by merchants and financiers during the fifties and sixties. But their domination was later to be challenged by organised farmers and others, and was not complete even in the decades here under review. The power of the merchants was constrained by the vagaries of the transport system, as we have seen. It was also subject to their dependence on markets for colonial products in Britain and elsewhere. Underlying these problems was the necessary association of the merchants with the pastoralists who controlled the

production of the main export commodity - an association which was both economic and political.(35)

Despite strong contests among them, which were often related to regional or local allegiances, the merchant and rural groups all accepted the legitimacy of the colonial government, which provided an integrating structure within which the power of the dominant groups could be exercised and conflicts among them resolved. The colonial government was of course not the only, nor necessarily the central form within which the interaction of merchants and farmers or pastoralists was played out. But to understand their relationship the position of the farmers must be addressed. The following section of the Chapter is thus concerned with the transformation of rural areas of the colony in the fifties and sixties.

Rural Transformation: Sheep Farming 1854 to 1868

In the nineteenth century, labour in rural areas of the Cape Colony was performed within social relations which bore the mark of the slavery and forced labour which had long predominated in the colony (cf. Ross, 1983a; 1983b; Newton-King, 1980). Slavery, even before its abolition in 1834, had never been the sole form in which labour was performed at the Cape. The promulgation of Ordinance 50 of 1828 extended formally equal rights to all free persons in the colony; nevertheless, the system of indentures which followed the emancipation involved its subjects in rather less free relations with their masters than might be implied in the wage labour relationship elsewhere (Marais, 1939, pp. 190-192). It was under the impetus of the transition to wool production (Kirk, 1980, pp. 229-232) and of increasing numbers of non-indentured workers in rural

areas that the Masters and Servants Ordinance of 1841 was applied. It laid down the rights and obligations of employers and employees and attached criminal sanctions to breach of contract by either party, with obviously weighted consequences. This Ordinance, which was succeeded by a new Masters and Servants Act in 1856, was the chief legal instrument which controlled the transformation of indentured labourers and their children into contractual, semi-wage labourers (Dubow, 1982, p. 33).

It was in this context of a transformation of relationships in rural areas that the wool production growth of the fifties took place. The most dramatic expansion occurred on large farms in districts such as Beaufort West, Graaff-Reinet, Cradock and Uitenhage.(36) Here the conditions of the period enabled many of the pastoralists, both English and Dutch speaking, to expand their production. Some had taken over farms abandoned or sold by emigrant trekkers, or purchased new land leases after the early action of the new representative government in lowering 'upset' prices on Crown lands (Christopher, 1976a, p. 123). For those interested in increasing their returns the simplest answer lay in adding to their flocks. Under the dry conditions in most of the interior occupied by those engaged in pastoral production for the markets of colonial towns, large areas of land were necessary. Since up to 40 morgen (one morgen is slightly over 2 acres) were necessary in the interior districts to support one head of cattle, while two to five sufficed per head of sheep, small stock predominated. Further, sheep provided a readily exchangeable and transportable commodity, wool, in return for which merchants in the small towns would not only supply necessary or luxury items, but would also allow short term credit secured on wool production. The local merchants, banks and insurance companies would also extend longer-term credit on mortgages secured on land.(37) The

system which arose on these exchange relations nevertheless required that wool be produced, and wool production necessitated the employment of labour. Here the farmers confronted continuing problems in the supply of, and relations with, labour.

The immediate production process on the wool farms involved three main aspects. First, the sheep had to be herded: the system in use was one of 'kraaling', under which numerous shepherds were required to take the sheep out to pasture, where they had to be tended, often day and night, or from where they had to be brought back to kraals at night for protection from predators (including thieves). The consequences of this process were rather detrimental to the land, for highly uneven manuring and soil erosion along well-worn paths were among its results (Noble, 1886, pp. 242-243; Dubow, 1982, p. 46). For the farmers, the immediate problem associated with this labour process was that it demanded the availability of numbers of cheap, trustworthy shepherds. Throughout the nineteenth century the chief source of difficulty for the farmers was the inadequate supply of labour at the wages which the farmers were willing to offer. Local newspapers frequently declared, as one put it in 1854, that 'there was no problem greater than the want of labour ... any servant, though notoriously a thief and a liar, is eagerly sought after and snapped up'.(38)

A second aspect of the production process was the shearing of sheep. Given the lack of skilled labour, as well as the limitations on stock size imposed by lack of herds, and the nature of the available market, farmers developed the practice of shearing twice a year. Merchants encouraged this practice by paying almost as much for six month old wool as for the annually sheared variety, perhaps due to the strong competition between them for the wool supply.(39) The

quality of the wool was much reduced by the frequency of shearing, with dire consequences for the reputation of Cape wool in foreign markets. But more immediate was the problem of reproducing the sheep themselves, something which could not be left entirely to nature. Here some of the early differences among farmers begin to clarify. There were those who invested in the addition of new merino rams to their flocks, bought from merchants whose interest in the deal went beyond the direct profit to the improvement in wool quality which the importation of merinos was expected to bring.(40) Then there were those who were content to reproduce their flocks from within their own stock. Nevertheless, the lambing season demanded labour, supplied by the farmers' families or by workers with some experience of sheep farming.

The most enduring form of labour on the farms during this period involved a combination of wage-work with a measure of independence. Thus, some workers maintained their own small flocks, often encouraged to do so by the farmers whose attitude it was that

the best class of servants ... are those with from 10 - 30 goats, those who have many more are too independent and those who have none are generally too careless.(41)

By the mid-sixties it was the relatively independent employees and the squatters on Crown lands who appeared to provide the most accessible pool of labour, requiring only that their level of independence be reduced in order to turn them into more productive or cheaper labourers, or at least into rent-paying tenants. Dubow (1982) has described how this process took place in the Graaff-Reinet district, and a survey of newspapers from Beaufort West or Colesberg shows how general the change was.(42) But these relatively independent people did not always occupy those roles: they were themselves often recent arrivals in the leading

pastoral districts. Besides the descendants of the original slaves, the Khoi groups and Dutch farmers, who occupied considerable areas as squatters of varying means, a major change delivered an entirely new population into the main pastoral districts. This event was the Xhosa and Thembu cattle killing of 1856-57 (Peires, forthcoming).

The cattle killing began in British Kaffraria and independent Xhosaland in late 1855 and early 1856. Following prophecies of deliverance from the whites who had defeated them in the devastating war of 1850-53, many Xhosa displayed a readiness to accept the millenarian vision which warfare had failed to deliver. The prophets required that cattle be slaughtered and grain pits destroyed in order to bring about the millenium, in which the oppression of the Xhosa at the hands of the colonists would cease. There were several disappointments, but 'millenarian movements have a tendency to feed off their own failures, and the Xhosa cattle-killing was no exception' (Peires, forthcoming, p. 3). Each crisis of the movement led to renewed slaughtering. Eventually the destruction of food supplies - including the seed and calves which were the resources of the future - led to widespread distress. By late 1856, the colonial officials in British Kaffraria had already foreseen the inevitable outcome: an increase in the Cape Colony's labour supply.

From initially small numbers of a few hundred a month, the movement of people entering the Cape to seek sustenance jumped to over 6000 a month by July 1857 (Peires, forthcoming, p. 4). But charity was not a question of handouts to the destitute and starving Xhosa in an era when poverty tended to be seen as an individual failing. Instead the colonial officials instituted a system whereby only those physically unable to be sent on to work would receive food. For the rest,

the military rule of British Kaffraria instituted a form of agreement which Xhosa who were prepared - or forced by circumstance - to move on to the Cape Colony would enter into. It provided for three or five year contracts under which the hapless Xhosa essentially abandoned rights they had. Employers to whom they would become contracted by the Resident Magistrates of districts to which they were sent had complete discretion over wages and rations. Juveniles were not even covered by the five year limit (Peires, forthcoming, pp. 9-10). Farmers literally fetched groups of workers from the Kaffrarian magistrates by the wagon-load; groups of Xhosa were dispatched to the colonial towns. In a single week of November 1858, over 600 Xhosa arrived in Graaff-Reinet, of whom half were assigned to employers in the district.(43) By the end of 1858, over 30 000 Xhosa were employed in the colony (Van der Horst, 1942, p. 28). This tremendous change in the composition of the workforce, especially in the Eastern Province, brought a swift response from the colonial government:

By the close of the 1859 Parliamentary session, six new labour-related Acts were on the statute-book, all expressly designed to control the immigration of Africans and their conditions of service (Dubow, 1982, p. 35).(44)

One of the consequences of the new legislation was to constrict the continued growth of the labour supply by demanding passes of all entrants to the colony from the Xhosa territories to the east. In 1860, this did not appear to be a serious problem, for in addition to the influx of Xhosa-speakers, other groups were also in substantial evidence. Thus Civil Commissioners in the districts of Fraserburg, Beaufort West and Colesberg reported respectively that 'Mantatee' (Basotho), 'Bechuana' (Batswana) and 'natives from tribes to the north of the Vaal River' (probably Bapedi) were maintaining a large supply of labour.(45) But despite the apparently large numbers of potential workers who had entered the colony, the farmers continued to complain of a shortage of labour.

Petitions to Parliament complaining of squatting, vagrancy and stock theft resulted in a Commission of Enquiry on 'Native Affairs' in 1865.(46)

Like most later pass legislation in South Africa, there was a tension in the colonial laws between the objectives of introducing an 'adequate supply of labour' and of controlling the flow of that labour. When the available supply was relatively low, the element of regulation tended to constrict the supply, or so the farming community believed. As the sixties wore on, the clamour for a larger supply of labour increased. In 1867 many of the provisions of the decade-old law were repealed.(47) Simultaneously, an assault on the squatters on Crown land was emerging.

The motivations for legislation which had the effect of bringing squatting to an end in many areas were complex. It is somewhat simplistic to argue that the pressure on government to expand the labour supply by expelling squatters was the sole cause of the sale of Crown lands. Other motives included the revenue which the government stood to gain from Crown land sales during recession (cf. Kantor, 1976), the interest of some larger-scale farmers in expanding their flocks of sheep, and the speculative intent of those with financial resources. Such interests overlapped with the frustration of Divisional Councils at their inability to collect rates levied on private land owners from squatters on Crown land. There was also a preference among many local interests for the purchase rather than licensing of grazing on Crown lands.(48)

The squatters, of course, were a varied category. Some were in reality quite large-scale pastoralists, such as the white squatters along the Kariega River who were reported as owning large flocks of sheep. That there were black as well

as white squatters of considerable means was frequently pointed out by government officials.(49) These squatters were engaged in trade with one another, with farmers and with merchants. Some, as well as many of those who ran small numbers of stock, were involved in a complex system of stock theft and exchange (Dubow, 1982, pp. 66-71). Xhosa-speaking squatters, like their counterparts in service on the farms, were frequently engaged in the accumulation of stock for removal to Kaffraria and independent Xhosaland (Lewis, 1983; cf. Bundy, 1979, pp. 75-76). Obviously enough, some squatters were less well endowed with stock; but it was the apparent ability of squatters to pay rent which encouraged some of the purchasers of Crown land to do so in the 1860s.

As sales and leases of Crown land proceeded, so some of the squatters were forced to seek labour service with the farmers - often to find grazing for their stock - while others became tenants on privately held land. The former outcome was a further step in the creation of a larger workforce, among whom an increasing number depended on wages for much of their sustenance.(50) Thus one of the results of the pressure on squatters was to increase the supply of labour and to increase the proportion of work performed by the workers for the farmers, rather than for themselves. The culmination of the assault on the Crown lands in the late sixties was that the largest farmers acquired more land; that thefts were reduced; that flocks were increased; and that labour was more readily available at low wages to perform the herding and shearing work required. Especially in the Eastern Province, the conditions had been prepared for wool production to grow dramatically once more.

British Kaffraria was incorporated into the Cape Colony in 1865. Apart from ending uncertainty as to the future of that area and contributing to the

repression of stock theft, the surveys of farms and the lease and sale of land provided new opportunities for sheep farming in districts better watered than those to the west. The settlement of frontier districts such as Queenstown provided a further impetus to expansion in the wool economy. While increasing numbers of people of African origin had been propelled into wage labour by war and famine, the extension of merchant activity to Queenstown also extended the market for African producers. By 1863 a few Africans owned several hundred sheep each in the Glen Grey district near Queenstown (Thompson, 1971a, p. 263). The early growth of exports from East London is a reflection of these development (Fig. 4.7). Expansion into the 'frontier' districts enhanced the Eastern Province's ascendancy in the Cape's trading economy.

* * * * *

A decisive shift in the regional focus of productive activity had been consolidated in the fifties and sixties. Yet, while Port Elizabeth was 'at the centre of the commercial map' by 1870 (Purkis, 1978, p.4), its merchants did not play a role as dominant as such a statement might appear to imply. For one thing, the bulk of colonial government expenditure was directed to Cape Town, as shown above. Perhaps as significant, the continued role of local, small-town merchants and bankers in the trade of those areas kept the role of 'Bay' merchants in check. Nevertheless, the larger Port Elizabeth interests did achieve a greater measure of control over up-country trade through their branches and agents in smaller centres; at the same time they benefitted from the declining influence of Grahamstown merchants.(51) Port Elizabeth had become as significant a centre of 'the extension of market relationships' as Cape Town, contrary to a widely-held view (cf. Denoon, 1983, p. 64; Wiese, 1981, p. 213 and Fig. 54).

While Purkis was undoubtedly correct to argue that there were substantial local interest groups in the country towns not dependent on the Port Elizabeth merchants for long-run credit (1978, p. 21), there is evidence that, increasingly, the web of merchants' and farmers' indebtedness fell to the Bay merchants, often via their support of country town storekeepers; and also to the Standard Bank, through advances and bills.(52)

Though the Standard Bank had divested itself of local boards of directors by 1870 (Amphlett, 1914, pp. 27-31), its business was largely conducted - as was the L &SA Bank's - in the Eastern Province, focussing on shipping wool exports and general imports through Port Elizabeth.(53) On one hand the loss of local boards must have subjected up-country merchants and farmers to a greater degree of dependence on the distant decisions of the Standard Bank's board in London. On the other hand, the intrinsic interests of the Bank were closer to those of the Port Elizabeth merchant than they were to those of inland groups, for the Bank's profits were closely tied to the volume of trade carried through Port Elizabeth where it could most efficiently conduct discounting and foreign exchange business.

Between the early fifties and the late sixties the Eastern half of the Cape Colony became the more significant of its two main regions in the wool trade, basic to the colonial economy. But the Port Elizabeth elite, located as they were at the focal point of this region, were unable to capitalise fully on this new-found prosperity. They confronted constraints imposed by their inability to control foreign markets and the imperial banks which they had helped to call into existence. Their influence over the colonial government was severely circumscribed, both by superior Western Province representation in parliament and

by division and competition with other Eastern Province interests. Labour supply and control difficulties compounded the problems of the commercial classes.

In the eighteen sixties, all the merchants of the Cape were confronted by a general recession. The hopes which had attended foreign investment in railways and banks around 1860 were dimmed. But the productive and commercial system which had developed in the colony in the period was intact. In some respects the credit system had been strengthened by bank amalgamations. It was this commercial system which provided the basis upon which the predictable upswing would occur. The infrastructure of further development had been laid. The recession was an encouragement to further shifts in the form and location of economic activity. It is to these shifts, and particularly their consequences for the geographical structure of economic activity, that the next chapter is addressed.

Notes to Chapter Three

1. A settler colony might be defined on the basis of settler predominance over native peoples; while this would ignore differentiation among settler classes it would emphasise that, with very rare exceptions, native people had to be conquered, subdued, pacified or exterminated to bring forth settler colonies.
2. Regional delimitation exercises are liable to produce as much variety as the number of geographers involved in them. It needs to be emphasised that the delimitation used here is extremely simple, limited to the necessities of introducing the subject only.
3. For further treatments of the physical landscape of the Cape Colony see the standard works of Wellington (1955) and Cole (1961).
4. Cape BB, 1855, Return of Population according to the Census of 1855. See also Appendix.
5. Of the government officials, professionals and directors of the local bank in Beaufort West in 1861, for example, two-thirds had 'Anglo' surnames; even in so predominantly Dutch a town as Graaff-Reinet government and professions were mainly run by men with 'Anglo' names; cf. Cape Almanac 1862. Atmore and Marks (1974) follow H.A. Reyburn in pointing out that the active collaboration of Dutch speaking colonists with British administration was well

established as early as 1815 when 'Afrikaners' judged the Slachtersnek 'rebels'.

6. Cape Almanac 1861 pp. 58-62. On banks, see below.
7. Cape Almanac 1861, pp. 58-62, lxiii-clxiv, passim.
8. Cape BB, 1859, pp. FF 2-19.
9. Mosenthal's, 1939. It should be noted that the number of independent local banks in the Western Province weakens Browett's (1975, p. 56) assertion that 'greater interaction and accessibility between subsidiary centres and the dominant position of Cape Town ... precluded the establishment of newspapers in all centres of the subregion except Worcester' (and Swellendam, AM). Rather, the rapid spread of newspaper publishing to towns in the Eastern Province in the sixties reflects both the more vigorous economy in the East, and the greater perceived need for political mouthpieces for local elites (see Chapter Five).
10. Newspaper advertisements in the GRH and Colesberg Advertiser show consistently increasing proportions of space devoted to Port Elizabeth merchants. One suspects that Le Cordeur overestimates the economic predominance of Cape Town.
11. cf. Henry, 1963, p.4; also MA, 14.7.1860; Argus, 21.8.1860.
12. On the conflict between Port Elizabeth and Cape Town boards, see SBA, IR, CT, 10.2.1867; on the suspension of local boards, see, e.g., SBA, 13/1/2, Minutes of the King William's Town local board, 25.6.1867.
13. Cape BB, 1865. See also Appendix.
14. SBA, Branch Index. See also General Directory and Guide Book to the Cape of Good Hope, 1869 and 1872.
15. Hansard, 8.8.1854 (p. 215), 12.9.1854 (p. 420).
16. Cape Almanac, 1857, p. 196, and Cape V & P, Ann, A.13-'68, SC on Railways, Minutes of Evidence.
17. Cape BB, Reports of CCs, pp. JJ 3, 4, 15, 25.
18. Cape V & P, Ann, G.43-1900, Statement of Loans ..., p. 14.
19. MA 18.3.1854.
20. SACA 14.3.1854.
21. MA 8.3.1854.
22. SACA 9.3.1854, 14.3.1854, in particular remarks of Mr Sinclair, boat owner, to merchants' meeting.
23. Ibid. 16.3.1854, remarks of Capt. van Reenen to merchants' meeting.

24. Ibid. 11.3.1854, 14.3.1854, Police Court evidence of Jose Joachim and of Mr Heckrath, boat owner; also 16.3.1854, remarks of Grange and Bates to meeting of merchants; MA 18.3.1854.
25. SACA 14 and 15.3.1854.
26. SACA 14.3.1854.
27. Ibid.; MA 15.3.1854. The importance of the strategic position of the boatmen in their strike is emphasised by the fate of the Cape Town market workers who struck immediately thereafter:

The coolies employed by the farmers in the town market made an unsuccessful strike for an advance of remuneration from 1s. 6d. to 2s. 6d. Instead of complying with this request, the farmers economised still more by unloading their wagons themselves. The coolies consequently returned again to work at their old rate. MA 15.3.1854.
28. EPH 3.6.1856; Mercantile Gazette 16.1.1857.
29. cf. GTJ, 16.10.1860, 1.1.1861.
30. Cape V & P, Ann., A.25-'63, A.26-'63, Petitions ...; see also Purkis, 1978, p. 72.
31. Cape Almanac 1869, p. 158.
32. Ibid.
33. King William's Town Gazette 16.1.1861; SA Advertiser and Mail 16.1.1861; cf. also F. Holland, 1971, pp. 13-16.
34. Argus 2.11.1861. The train struck a mule on the track, but a letter from 'Working Navvy' a few days later indicates that cost-cutting and dangerous practices by the contractors were the underlying causes of the accident; Argus 5.11.1861. CMA 30.10.1861 and preceding weeks gives some insight into the difficulty of the contractors in maintaining 'a full staff of labourers' on the railway works. Strikes by operative workers once the railway opened are not recorded here, but worker action included the deliberate derailment of one of the locomotives during this early period: cf. Holland, 1960, p. 16.
35. The social composition of the colonial parliament in 1870 included 35% farmers, 17% merchants, 7% other landowners. See McCracken, 1967, pp. 55-56.
36. The largest wool producing districts in 1855 were Graaff-Reinet, Colesberg, and Aliwal North (Albert). By 1865 the largest clip came from Colesberg, Richmond and Albert. See Cape BB, 1855 and 1865, Return EE. Evidence of the unprecedented nature of the wool boom in the 1850s is contained in the speech of the Mosenthal's representative at the inaugural meeting of the South African Central Bank at Graaff-Reinet in February 1854:

During my twenty years' residence in the colony I have never witnessed a proposed public company finding such general favour and which has

been taken up with such spirit as the establishment of a new bank in this town ... Our exports of produce, chiefly of wool, have increased tenfold in comparison with former years.

See GRA 16 and 23.2.1854; the former issue contains a list of shareholders of the bank, among whom were local storekeepers and farmers as well as merchants from Grahamstown, Cape Town and Port Elizabeth.

37. The reluctance of the Standard Bank to lend to farmers on the security of stock alone is evidenced in SBA, IR, Cradock, 26.5.1870, comments on discount liabilities of F.J. de Bruin, a tenant farmer who owned 1000 sheep. By contrast, W.J. Botha was able to mortgage his farm of 5000 acres. See also Purkis, 1978, pp. 21-25.
38. e.g., GRH 14.6.1854.
39. e.g., GRH 29.5.1858.
40. cf. advertisement in GRH 31.10.1857.
41. Cape V & P, Ann, unnumbered 1865, Commission on Native Affairs, cited in Dubow, 1982, p. 50.
42. cf. Beaufort Courier 1865-68; Colesberg Advertiser 1865-68.
43. GRH 21.11.1857.
44. Useful contemporary surveys of the situation following the cattle-killing and of the new legislation are to be found in SA Commercial Advertiser 9. and 16.4.1857.
45. Cape BB, 1860, pp. JJ 4, 8, 40; on Pedi migrants see Delius, 1983, Chapter 3.
46. See, e.g., Cape Votes and Proceedings, 1864, Petitions to House of Assembly on squatting and stock thefts, Nos. 16, 17, 22, 23, 115 of 17, 19, 23.5 and 8.7.1864.
47. See Cape Statutes, Act No. 22 of 1867.
48. cf. GRA 14.9.1864; see also Purkis, 1978, p. 40.
49. Cape V&P, Ann., C.3-'64, SC on Cattle Thefts, p. 49; Cape BB, 1865, pp. JJ 34-35; 1869, pp. JJ 36-39.
50. cf. Cape V&P, Ann., G.3-'94, Labour Commission, Minutes of Evidence, Vol. 2, evidence taken in Graaff-Reinet, Cradock, Queenstown, etc.
51. Despite a more rapid decline in Western Province revenue than in that from the Eastern Province there was an increase in general government expenditure in the former and a decrease in the latter province; see Cape V&P, Ann., Unnum. 1865, Return of Revenue and Expenditure ... On Grahamstown, see GTJ 24.10.1870: 'the general business of (Grahamstown) has suffered' (from diversion of a large proportion of the wool trade).

52. SBA, IR, PE, 1870s. The role of the Standard Bank as discounters of inland bills and seller of foreign exchange also tended to align its interests with those of Port Elizabeth merchants. Purkis, who did not consult the Standard Bank archives, appears to have underestimated the importance of the Standard Bank, and other Port Elizabeth and Cape Town institutions, as creditors in rural areas of the colony.
53. On the relative trade at Port Elizabeth and Cape Town, see SBA, IR, CT, 1860s and 1870s, and PE, 1870s.

CHAPTER FOUR

WOOL, DIAMONDS AND STEAM

The trade depression of the mid-sixties checked the growth of wool exports for a time. But the foundations which had been laid in the years before this recession remained intact and capable of bearing much greater economic activity. De Kock (1924, pp. 103-5) saw a number of factors as accounting for the renewed expansion of the late sixties. Banking facilities had been greatly increased with the advent of the imperial banks, the extension of branch systems and the passing of the credit crisis of 1865-66. The apparatuses of government had been strengthened by greatly-increased revenue and tariff autonomy. Uncertainty over the future of British Kaffraria had been ended by its annexation to the Cape in 1865, and the population of the border and midland districts had greatly increased, partly as a result of the thousands of German settlers and assisted immigrants, both farmers and artisans, introduced by the government. Although the state of communications was poor, a telegraph system was being developed and unprecedented sums had been invested in roads, bridges, passes and harbours. In short, given stable financial conditions, the elements for 'an appreciable increase in agricultural and pastoral production ... as well as in foreign trade' (De Kock, 1924, p. 105) were present.

From 1868, an 'appreciable increase' in colonial production did indeed take place. No doubt the factors identified by De Kock were significant in its initiation. But there were several other ingredients of the boom. A search for new individual opportunities and for profits generated both a shift in the nature of capital investment in rural production, and a northward expansion of economic

activity. It is with a discussion of growth changes in rural production from 1868 to 1872 that this chapter commences. The first section of the chapter also addresses the relation between this rural and consequent commercial boom and the early development of the diamond fields.

At the same time the extension of the banking system and a revolution in communications brought about the formation of an urban system, rather than a mere assortment of towns. The relationship of these developments to the expansion of production is investigated in the second section of the chapter, which focusses particularly on the transport system and the political and labour struggles affecting its development. Subsections review the politics of railway extension northwards and the expansion of branch banking during the boom as forces shaping the pattern of the urban system.

In the last section of the chapter the transformation of diamond production from small-scale units to large companies is examined. Tremendous capital accumulation through rural and mining booms facilitated the formation of companies which focussed on diamond production. The speculative environment created by the share market led to an inevitable collapse. This 'bust' was the first moment in a widespread commercial crisis, which in turn ushered in a new era of transformation of society and geography in the Cape Colony.

The Boom: Wool, Feathers and Diamonds

Among the elements involved in the boom of the seventies, the expansion of wool production has received remarkably little attention. While the early diamond fields are the subjects of a substantial literature (e.g., Angove, 1910; Reu-

ner, 1893; Roberts, 1972, 1976; Robertson, 1974; Turrell, 1982b; Worger, 1982) - whatever the quality of much of it - and while railways and even ostrich farming have received some notice, the production of wool has been little studied. Dubow's pioneering research into the transformation of the sheep farms is limited to one district and is, as Ross (1983a) puts it, 'essentially preliminary'. Dubow does not address the conditions of the renewed boom in the late sixties and early seventies.

Apart from the increased availability of land and labour in the late sixties and early seventies, some sheep farms were further transformed by the introduction of new techniques which improved the quality of the wool produced and reduced the demand for labour, particularly shepherds. The building of dams and the installation of lifting pumps had occurred on a small scale in the fifties.⁽¹⁾ It was the drought in the Eastern Province which was one of the contributory elements in the depression of 1865-66, and which encouraged more farmers to build dams for the retention of larger quantities of surface water (cf. Smith, 1976, p. 86). Farmers who could afford to do so invested in dam building and well sinking, and thereby were better placed to retain their flocks. Some of the necessary labour was supplied by squatters who were being forced off the land; these included the earliest among the 'poor whites' in the colony (Bundy, 1983, p. 5). At least as useful were Basotho or 'Mantatee' migrants, whose building skills were applied by farmers to the construction not only of dams but of stone-walled kraals (Dubow, 1982, p. 37). One of the greatest contributions to enhanced productivity was the walling of grazing fields, in which only the wealthiest farmers could indulge. Surface water and shepherds who 'kraaled' the sheep at night continued to predominate.

While windmill pumps and barbed wire, invented in the fifties and sixties, were rapidly being applied in other parts of the colonial world, in the Cape there were relatively few farmers who were able to invest in these advances (Christopher, 1976a, p. 124). To do so, however, was to increase carrying capacity, improve wool quality, reduce stock losses and reduce the workforce required. Once the investments were made, the transformation of the rural landscape was substantial. To divide a farm of 5 to 10 000 acres into fenced camps required several thousand pounds (Noble, 1875, p. 243). These investments thus tended to separate farmers who possessed, from those who lacked, access to the financial resources needed. Increasingly, therefore, the larger farmers came to dominate the wool trade.

Many smaller proprietors were forced into tenancy by the conditions of the sixties. In addition, as the boom developed into the seventies, 'bywoners' - usually white families living as working tenants on the farms - were forced to make way for cheaper forms of labour. Squatters, both black and white, found themselves in the path of the expansion of the larger farmers' stock. Many bywoners and squatters faced a desperate struggle for survival, to which was added their common resistance - albeit for a variety of reasons - to entering the ranks of the completely dispossessed labourers.

Opportunities for wage labour increased, for 'the same forces that had deprived (the newly landless) of access to land offered labour on the property of others - as dam-makers, fence-builders, well-diggers, brickmakers and stone-quarriers' (Bundy, 1983, p. 5). Many moved to villages and towns, where the opportunities for survival were greater. By retaining a wagon, oxen or horses, or by cultivating a town erf or running a small number of stock, many of

these semi-urbanised but not yet fully proletarianised people were able to maintain themselves.(2)

Agricultural change in this period had an impact on black as well as white people. In the sixties, the sales of crown land had not always forced black squatters to move, for many of the purchasers had been farmers and speculators happy to increase their income from squatters-turned-tenants (Dubow, 1982, pp. 80-82). The growing market for wool around 1870 encouraged farmers to increase their flocks and to expel tenants who refused to supply labour; the justification for doing so frequently related to stock theft. Such conditions were not restricted to the interior sheep farming districts. In the western areas of the colony descriptions of the deteriorating conditions of farm workers and the proud refusal of whites (among others) to work for poor wages can be found even earlier. Responses to these changes had a significant impact on the geographical structure of the colony.

Worsening economic conditions necessarily forced a search for new opportunities upon people throughout the Cape during the mid-sixties. At the individual level this could mean that a new inability to survive on the farms pushed people into wage labour. But many were not prepared to accept that dependent status. The Civil Commissioner at Mossel Bay, a year after reporting that drought, depression and repeated subdivision of farms according to Roman Dutch inheritance law had reduced many whites to landlessness, wrote in 1866:

When a Boer has insufficient pasturage, or none, he either treks or trespasses. Neither he nor any of his family will work for wages, for he would thus be brought at once under the Masters' and Servants' Act, and he regards wages as the traditional badge of slavery, as much as the coloured people look upon apprenticing or 'inboeking' their children.

The northward movement of these people to recently surveyed districts such as Aliwal North, Colesberg, or Hopetown and their need to discover new means of survival was frequently referred to by Civil Commissioners. Their presence in the northern districts had much to do with the enormous expansion of wool production there in the next few years, as well as the search for precious stones in those areas.(3)

More successful farmers also endeavoured to find new activities during the sixties. The loquacious Mossel Bay Civil Commissioner reported in 1868 that merino rams were being imported into the district in a bid to improve the quality of wool; and again a year later that

several persons in this and the adjoining district of Oudtshoorn have purchased some of the Angora rams lately imported at Port Elizabeth, and may soon hope for a new article of export (i.e. mohair - AM).

He also remarked that 'ostrich farming (was) being tried by several farmers'.(4) Mohair did supply a major export product later in the century. It was ostrich feathers which proved to be the more immediate success story.

Ostrich feathers had a long history as a minor Cape export. They had been 'produced' by the slaughter of wild birds, a process which had the inevitable result of drastically reducing the number of ostriches by the 1850s. The scarcity of the feathers and the growth of the fashion industry in Europe combined to raise their price rapidly. In response to these conditions a small number of Eastern Province farmers experimented with paddocks for the flightless creatures. It was under these conditions that ostriches were first bred in captivity, so that

another animal was added to our domesticated list, and new life and vigour thrown into our farming population at the Cape (Douglass, 1881, p.2).

Between 1858 and 1865 the export of ostrich feathers multiplied almost tenfold, the value rising to over £60 000. Thereafter exports remained static until the end of the decade. A number of factors brought about a long boom in the industry.

A major technical innovation was the incubator. Douglass, who farmed at Grahamstown, imported one for experimental purposes in 1868. Within a year a number of farmers in the Eastern Cape and the Little Karroo had adopted the practice of incubating ostrich eggs, with the result that the numbers of ostriches bred in captivity rose rapidly. Feather production increased by nearly 40% in two years from 1869-71; the sharp rise in European prices helped to more than double the value of the export in the same time.

Investment in specialised ostrich farms tended to be relatively high. The provision of buildings, fencing, breeding birds, incubators, and irrigated land for lucerne production (adopted as staple feed during the seventies) could cost as much as £5000. On a smaller scale, many Eastern Cape farmers could run a few ostriches for an outlay of perhaps £500. Ostriches provided a new way of 'farming on the half' - essentially a form of share-cropping - in which the tenants paid rent through a portion of the feathers or profits (Douglass, 1881, pp. 26-27, 63-65). Generally bank or merchant credit was necessary to commence feather production, which served to draw farmers more tightly into the commercial economy. More than in the case of wool, the feather trade was dominated by large farmers, closely linked with merchants and the banks. Indeed, in a few instances both wool and ostrich farming were conducted on land bought up by companies formed for the purpose in the late sixties. Examples include the Cape Land and Farming Association (of Port Elizabeth) and the Cape Town Land Company.

The major merchant houses also participated in land speculation. These activities did not have much effect until the turn in the fortunes of Cape wool producers was completed by a substantial rise in the price of wool in the second half of 1869.(5)

Speculation in land and the investments of some of the best connected farmers enjoyed unprecedented financial support in the seventies. At the same time smaller farmers found that they could not acquire the credit to embark on fencing, well-sinking or other improvements. In part this was a product of merchant and bank habits of lending on the short term security of the wool clip or on the relatively low values assessed to land alone at longer term. To an extent it was also due to the increasing involvement of the banks and larger merchants in the diamond fields trade. A further element was the gradual disappearance of the local banks, which had been more prepared to lend to small farmers than were the branches of the Standard Bank. The net result was that while wool production did indeed grow dramatically from 1869 to 1872 the Cape did not realise its potential to compete on any larger scale with the Australian colonies as a wool exporter. While the Cape economy recovered from recession and its government revenue grew to allow responsible government to be granted in 1872, 'the whole economy of the Cape' continued, despite the now-known existence of diamonds, to be 'carried on the sheep's back' (MacMillan, 1919, p. 34). The diversion of attention to land speculation, ostrich feathers and the glamour of diamonds meant the relative neglect of wool.

As noted above, the growth of ostrich feather production was in part due to investment in the birds by many farmers, particularly in the Eastern Province. It was reported that 'farmers have gone out of wool in order that they might go

into feathers' (Trollope, 1878, Vol. I, p. 230). The diversion of capital and labour to ostriches and diamonds led to a slow decline in the mid-seventies in the amount of wool exported through Cape ports. From a peak of almost 49 million pounds weight valued at nearly £3,3 million, an unsteady decline set in, and wool exports fell to a value of about £2,3 million in 1876. Cape wool exports did not reach the 1872 value again during the nineteenth century. Apart from a near 30% decline in weight, prices were also falling. While Australian wools continued to fetch close to 1s. 6d. per pound, Cape wools sold in London fell from an average 1/4 to 1/1 per pound by 1877 (Butlin, 1964, p. 100; Trollope, 1878, pp. 229-230).⁽⁶⁾ Transport costs were increasingly heavy as the long-distance diamond fields trade placed the communications system under strain (Purkis, 1978, p. 71). However, total Cape exports continued to increase, for the decline in wool production was outweighed by the booms in ostrich feather and diamond exports.

Early investments in ostrich feather production and the appearance of improvements on sheep farms illustrate the search for more profitable investment opportunities generated by the recession in the mid-sixties. These were not the only results, within and beyond the colony. In hitherto quiescent districts of the Cape, like Oudtshoorn, farms left abandoned and squatted on for decades were taken up, fenced for ostrich paddocks, and irrigated for lucerne growing. Farmers took up new land leases in the northern districts of the colony. Both farmers and merchants sought to expand their activities, flocks or trade, into new pastures in the Orange Free State (Trollope, 1878, Vol. II, p. 243). The settlement of boundaries between that republic and Basutoland, fixed by the annexation of Moshoeshoe's territory to the Cape Colony in 1868, brought a period of warfare to an end and allowed the 'revival of ordinary intercourse and traffic'

in the southern OFS. At the time the merchants of Port Elizabeth alone were creditors of OFS farmers and storekeepers for over £300 000. Expansion of trade in the area was essential for securing and enlarging this investment.(7)

The enlargement of the geographical territory forming part of the Cape commercial system complemented the intensification of economic activity in the more established districts. Sheep farming extended into the northeast of the colony and southern OFS; trade routes penetrating Griqua, Tswana and Basotho territories thickened in traffic.

Not only did emigration from the Cape exceed immigration during the depression years (Houghton, 1971, p. 9), but displaced and unemployed people moved further afield in southern Africa; some traded as 'smouse' (pedlars) in the Transvaal and other territories to the north. Merchants in every town in the colony supported this geographical expansion through the extension of credit. It was in the context of this widespread search for new opportunities - on the part both of those who controlled substantial resources and those who lacked means that a rash of mineral 'discoveries' took place.

Evidence of the search for minerals all over the subcontinent can be found for decades - and even centuries - prior to the 1860s. Iron was worked in the Transvaal (at sites within a few miles of the later gold mines) as early as the eleventh century (Mason, 1968). Copper, of course, was the first South African metal to be mined in quantity for the world market in the 1850s. Other useful minerals were mined and quarried in the Cape in the fifties and sixties, particularly limestone and a variety of building stone. In the course of the search for lime and building materials, other minerals had been found; silver appears

to have been worked in association with quarrying near Mossel Bay, and small quantities of coal were mined in the Albert (Burghersdorp) district around 1860. Difficulties of transport meant that bulky items tended to be used close to their sources. This was one reason why the rumours of precious metals and stones - which were so much easier to carry - were attractive during the period.(8)

The search for gold had taken people to the Transvaal and beyond by mid-century. In the depressed conditions of the sixties, the search for the money metal gained in intensity, with increased activity in the Transvaal by 1865 (Pieterse, 1943, p. 96). Legal difficulties surrounded prospecting, and tended to discourage publicity at least. Thus it was not until 1870, when President M.W. Pretorius persuaded the Transvaal Volksraad (legislative assembly) to open the country to mineral prospecting, that the first 'discoveries' of gold were made in the Murchison range in the northeast of that republic (Fourie, 1979, p. 3). So the first reported discoveries were in what is now Zimbabwe, at the Tati area and in Mashonaland, in 1868 (Baines, 1877). In Cape Town, the Chamber of Commerce discussed the possibility of raising subscriptions to prospect for gold in the north (Immelman, 1955, p. 227). The Cape government agreed to send a 'commission' to investigate these gold fields, and it did so before displaying any interest in expenditure on diamonds. Indeed, it was on the reports of gold discoveries that 'excitement' focussed in the Cape Colony. Until 1869 the general manager of the Standard Bank wrote that diamonds 'did not create much excitement in the colony'.(9)

Theal's account of the discovery of diamonds in the Hopetown district of the Cape Colony has become the accepted orthodoxy. The story concerns the acci-

dental passage in 1867 of a pebble plaything into the hands of a trader named O'Reilly, who sent it for examination to Grahamstown and Cape Town, where it was duly proclaimed a diamond (cf. Theal, 1878, Pt. II, p. 67). This was the first of those apparently 'fortuitous' events which allowed De Kiewiet to pronounce that

'South Africa has advanced ... economically by windfalls. Diamonds ... were the windfall which undertook for South Africa what wool was doing for Australia, wool and a little later mutton for New Zealand, and fish, furs, lumber and finally wheat for Canada (De Kiewiet, 1941, p. 89).

In so far as any attempt has been made by economic historians to place the 'fortuitous' appearance of diamonds within a larger historical context, that endeavour has rested on the view that 'valuable minerals were known to exist ... several centuries before European settlement' (Houghton and Dagut, 1972, p. 222). The coincidence of the diamond discoveries coming as people in the Cape struggled to rise from a severe economic depression appears to have posed few questions in the minds of scholars. Both Turrell (1982b) and Worger (1982), in their studies of the Kimberley mines, avoided the issue of placing the early discoveries in the context of the political economies of the surrounding territories. Only Robertson (1974) has sought to examine the early diamond discoveries in any detail, and even then fails to connect them to economic developments within the Cape Colony.

In the mid-sixties the districts along the Orange River provided one of the main opportunities for those seeking escape from the depression. The major routes to the interior passed through towns like Aliwal North, Colesberg and Hopetown. They were the centres of trade expansion, such as it was, into the Griqua and republican territory. Ferrying people and commodities across the

Orange was one means of earning money. The growth of the towns provided another opportunity in the form of a market for building stone. The search for minerals turned up saltpetre in small quantities around Colesberg. But more significant in the long term were the reports of semi-precious stones such as agate and bloodstone in and around the river.(10)

Numerous finds of stones of varying value had been made along the Orange River in the period before diamonds were confirmed. Pebble collectors were in the habit of sending hopeful finds to amateur mineralogists in the colony for identification, and among them had been rubies, opals and amethysts. That diamonds were eventually found in 1867 - by a pebble collector and an itinerant trader-cum-ferryman - was a product of this continuing search in the area.(11)

If minerals appeared to provide an avenue for individual escape from the depths of the depression, they had to be present in large quantities to exercise an impact on the colonial economy. The discovery of really large diamond deposits came as an extension of the search for stones around the Orange as well as of a general northward expansion. One major route to the north, that followed among others by the first 'gold rush' to the Tati fields ('Bamang-wato', 1868, pp. 5-6), passed through Hopetown and crossed the Vaal in the midst of alluvial diamond deposits. Pniel, one of the points of crossing the Vaal, was the site of a mission; Klipdrift, on the north bank, a common stopping place on the trade route northwards (Steytler, 1870, pp. 7, 23). The search for opportunities in the north logically took colonists through the heart of the alluvial fields along the Vaal. The fact that Griqua and Tswana people in the area continually supplied small quantities of diamonds to travellers helped to draw the attention of prospectors to the vicinity. The discovery of the diamond fields was hardly

accidental. The very conditions of what Theal (1878, Pt. II, p. 67) described as a 'gloomy period' fostered the prospecting which made mineral discoveries far more likely.

The presence of large quantities of diamonds on the farms Bultfontein and Dorstfontein, held under Orange Free State titles by Afrikaner farmers, was known sometime in 1869. The owners repeatedly tried to remove prospectors and diggers from their land, some twenty miles from the Vaal River.

Landowners did not welcome the increasing number of prospectors ... local Thlaping (Tswana), Kora and Griqua, who had found the diamonds and who claimed sovereignty over the land, at first attempted to steer the prospectors away from the diamondiferous area (Worger, 1982, p. 2).

But once the wealth of the alluvial or 'river diggings' became known, attention was diverted from the dry diggings. The first major 'rush' was thus to the Vaal River in the early months of 1870.(12)

As the rush developed, roads to the banks of the Vaal near its confluence with the Harts, some sixty to one hundred miles north of the Orange, were 'covered with trains of waggons, conveying diggers and supplies of all kinds' (Theal, 1878, Pt. II, p. 68). As many as three-quarters of the diggers were Cape colonists, English and Dutch speaking, coloured and white. White men and women, often with their families, as well as Africans, were soon present as independent diggers; many Africans were also recruited into wage-labour. Of the latter, most were temporary migrants from as far away as Basutoland, Pedi territory in the northern Transvaal, and even Delagoa Bay. Wages fulfilled the need to satisfy obligations within their own polities, such as the purchase of weapons (De-lius, 1980; Harries, 1981; Turrell, 1982b, pp. 44-46). A few companies had been formed, some by Cape colonists of greater resources than most, such as Wollaston

of the telegraph company (Robertson, 1974, Chap. 9). The large majority of claims were worked by independent claimholders.

The assembly of large numbers of people in an area previously thinly populated rendered authority uncertain. The diamond fields were beyond the boundaries of the Cape Colony, but the immediate origins of a majority of diggers and the involvement from very early of Cape merchants and bankers ensured that the Cape government, and Britain in turn, would be interested in the fields.

As the wealth of the dry diggings became known, conflicting claims to the fields became more strident. Between 1869 and 1871, the surface outcrops of four diamondiferous volcanic pipes were located close together and within twenty miles of the river diggings. (The pipes became the Bultfontein, Du Toit's Pan, De Beer's and Kimberley mines.) The Orange Free State, laying claim to all territory between the Orange and Vaal rivers, appointed a number of officials to 'maintain order' at these dry diggings, while the diggers at the river elected their own president. This is not the place to enter into an account of the rival claims of the Transvaal, the OFS and the Griqua and Tswana chiefs over whom Britain claimed suzerainty (see Thompson, 1971a, pp. 253-257). It is plain, however, that there were those to whom it was 'economically advantageous that the diamond fields should come under British control' (Houghton, 1971, p. 12). By the Keate arbitration of 1871, the diamond fields on both banks of the Vaal and for a distance eastwards of the river were awarded to the Griqua captain Waterboer, and, hence, became the British colony of Griqualand West. The Cape governor was High Commissioner charged with responsibility for the area, the Cape's Colonial Secretary, Southey, became Lieutenant-Governor of Griqualand West, and Cape law was generally applied in the area, with additional ordinances deter-

mined by Southey. After the Keate award and the establishment of British hegemony, it was proposed to incorporate Griqualand West in the Cape Colony immediately, but due to the issue of the introduction of responsible government at the time the matter was delayed, and it was not until 1880 that the diamond fields became de jure part of the Cape. More significant was the de facto economic relationship between the Cape and Griqualand West.

From the first the main traffic between the diamond fields and the surrounding territories was with the Cape. While Transvaal and OFS farmers supplied transport and firewood, and Basotho farmers produced much of the grain eaten in Kimberley, enormous quantities of materials of every kind were hauled by ox-wagon from the Cape ports, as well as from some of the Cape's agricultural districts. The difficulties of moving imported goods were immense. In the best weather the passenger coach journey to the diamond fields lasted 5 days from Port Elizabeth and 7 to 9 days from Cape Town (Turrell, 1982b, p. 7). Ox-wagons took as many weeks as coaches took days. The problems of transport intensified as towns - Du Toit's Pan and Bultfontein, later Beaconsfield, and De Beer's and New Rush, later Kimberley - mushroomed at the dry diggings.

From less than £25 000 in 1869, diamond exports through the Cape rose to over £400 000 in 1871. The latter year was crucial in the history of diamond mining, for it was the realisation that a 'kopje', or hill, was the top of a fourth diamond pipe - and the richest - in July, and the annexation of Griqualand West in October, which lent a sense of substance to the fields. The number of people concentrated in the vicinity of what was now Kimberley reached 50 000. And as the value of diamond production surpassed £1,6 million in 1872, so the fields became the most important single market for colonial merchants.(13)

It was the Port Elizabeth merchants who were best placed to establish connections in the diamond fields, for their system of supporting up-country storekeepers had given the Bay houses agents in towns close to the fields. Thus, for example, Mosenthal's had an agent in Hopetown in the shape of Lilienfeld Brothers, through whom they not only supplied commodities to the Kimberley market but speculated in property in the area.(14) The Standard Bank was also early in the field. The first branch of the bank opened at the alluvial diggings in November 1870, followed by the 'agency between New Rush and De Beers' on January 1, 1872. It was in this way that Port Elizabeth merchants and the Standard Bank became the leading buyers of diamonds. By 1875 the London and South African Bank and the Oriental Bank - a new imperial entry attracted to South Africa by the boom in 1873 - had opened offices in Kimberley.(15) The immensity of expansion in the import trade due to Kimberley's growth brought familiar problems in its wake.

The diversity of commodities destined for Kimberley was matched by the enormous weight and volume which they constituted. In 1871 and 1872, when the trade with the diamond fields grew by the day and demanded vast numbers of wagons and oxen for its transport, the difficulties of the physical movement of the commodity form of merchants' capital were compounded by the unprecedented size of the wool clip and the need to move it to the ports. The enormous growth in demand in the interior towns made possible by the trade boom exacerbated the problem. In consequence the demands on the government to improve transport and communication facilities became more strident. For the first time, government authority (through responsible government) and revenue (mainly through greatly increased customs receipts) were sufficient to secure access to really substantial foreign capital.

The boom between 1869 and 1872 was fueled by wool, feathers and diamonds. In its wake it brought the first large-scale applications of steam power to transport and production in the Cape. The different productive sectors contributed to the boom in different ways. It must be emphasised that the boom was not by any means purely a 'diamond boom'. Despite his emphasis on the diamond 'wind-fall', De Kiewiet (1941, p. 89) recognised - unlike some later writers - that this boom was 'much helped by wool'. He neglected to mention ostriches. The common overestimation of the early significance of diamonds is captured in Delius's (1983, p. 218) comment that they 'provided an export commodity which dwarfed the value of previous exports'.

Allowing for the caution due when employing Cape statistics, particularly in connection with diamonds, the relative roles which may be ascribed to the leading commodities in the boom of 1869-72 are apparent from Table 4.1. The total increase in trade due to pastoral products was somewhat more than that due to diamonds up to 1872. The following year's decline in rural production reveals something of the impact of transport and labour difficulties. But more, 1872 was also the peak of the first phase of the diamond boom. In 1874 - with falling diamond prices and the first serious technological problems in the Kimberley mines - and in 1875, pastoral products still formed the bulk of the Cape's exports. It was only in 1877 that diamonds exceeded 40% of Cape exports for the first time.

Economic historians have a tendency to focus on the sparkle of diamonds almost from the moment of their first (confirmed) discovery in 1867. Much is made of the story that Southey, as Colonial Secretary, laid an early stone on the table of the House of Assembly in Cape Town and pronounced, 'Gentlemen, this

Table 4.1. Exports of wool, mohair, ostrich feathers and diamonds from the Cape Colony 1869-1875 (£000).

Year	Wool	Mohair	Ostrich Feathers	Diamonds
1869	1602	15	70	25
1870	1670	27	87	153
1871	2191	43	150	403
1872	3275	59	158	1618
1873	2710	46	160	1648
1874	2948	107	206	1313

(Sources: Cape BB 1869-1875; Turrell, 1982b, App. II.4)

is the rock on which the future of South Africa will be built (Houghton, 1971, p. 11). Unfortunately, for the anecdote helps to add colour to an unlikely saga of accidental discovery and 'sudden' reorientation to diamonds, there is no record of any such incident. The colonial government, while not obstructing diamond prospecting, was not prepared to take active steps to encourage it, and was more prepared to finance an exploration to the reported northern gold fields or to investigate lead deposits.(16) Despite the opportunity to annex Griqualand West, it was partly due to lack of a sense of longevity in the fields that the Cape did not do so until 1880 (Solomon, 1948, p. 126).

There was a reorientation of the Cape's economy which arose from the depression of the mid-sixties. Pastoral production was sufficiently transformed to facilitate its rapid growth from 1869 to 1872. The search for minerals which was intensified by the recession was successful on a small scale in

a number of areas, as mentioned above. Diamond prospecting, which resulted from early finds among semi-precious stones, gave rise to the discovery of the dry diggings, the alluvial fields, and then the recognition of the depth of the diamond pipes. But the basis upon which diamond mining began - the Cape's pastoral and commercial economy - while subjected to strain, did not disappear. It was local accumulation within that economy which funded mining operations until the eighties (Frankel, 1938, pp. 63-64).

What was particularly significant about the diamond fields was that they were so geographically concentrated, and so far distant from the points of entry of essential imports (though less distant than the Tati or Transvaal gold fields). The immediate impact of the fields on colonial communications was to bring about a shortage of means of transport. The fields thus added a considerable incentive to railway building, as well as increasing government revenue through import duties which would facilitate capital borrowing.

Before new railways were begun, however, the difficulties of securing adequate transport - which must have contributed to the reduction in wool exports in 1873 - had been joined by the recurring scourge of Cape capitalists: the labour problem. Africans who might previously have migrated to colonial farms were diverted to the diamond fields. Bijwoners and labour tenants left farms in large numbers to take up transport riding, to seek claims at the fields or to take jobs in Kimberley or elsewhere as trade expanded. The decline in the value of wool exports which became consistent after 1874 must be explained in terms of transport problems, falling wool prices, the popularity of ostriches and the shortage of labour.

If wool became more difficult to produce in profitable, large quantities, ostrich farming was beset by fewer adversities. Once investment in fencing had been made, labour needs were minimal and prices rose from £3 ls. per pound in 1870 to £6 3s. in 1875 (Gresswell, 1892, p. 235). There were thus strong incentives to transfer still more resources to growing ostrich feathers. They were easy to transport to the main markets in Port Elizabeth by comparison with other heavy, bulky farm products. In a sense, therefore, ostrich feathers and wool (as well as skins and mohair) need to be understood as 'joint products' of a single, but changing rural production process.

A further change on farms during the seventies was increasing investment in equipment, fencing and water supplies. The rapid accumulation of capital in the hands of the most commercially oriented farmers and the more ready availability of long-term credit in the liquidity of the period encouraged this investment. The results were a substantial transformation of some of the larger farms in districts such as Beaufort West, Cradock, Graaff-Reinet and Middelburg. An example of one such farm, at Middelburg, is provided by Noble (1886, pp. 244-245); investment of several thousand pounds had enabled the construction of walled and fenced field 'camps', dams and irrigation works (Fig. 4.1). Such improvements were not new, as has been noted above, but their scale was very much greater as the seventies proceeded, and their implications became more significant into the nineties (see Chapter Six).

During the mid-seventies the farms were not the only sphere of investment in the Cape. As the first major production difficulties in the Kimberley mines were partly overcome, the diamond mines absorbed more capital. The trade of the colony continued to grow as railway construction brought foreign capital into

the country. The intensification of economic activity had its reflection in the stronger links forged between the towns of the colony. The geographical extension of the Cape's economic sphere was matched within the old colony by the emergence of modern communications and a developing financial network, which welded the towns into an urban system. As shown earlier (see Chapter Three), most of the towns in the colony were present before 1854. But the mere presence of the towns did not imply that they formed a strongly linked system, as the cities and towns of later phases of South African development have come to do. The earliest formation of such a system, as opposed to a set of isolated urban points, took place in the period which is now under discussion. The next section of the chapter examines the forces producing the configuration of communications, as well as branch banking, which shaped the urban system.

The Formation of an Urban System

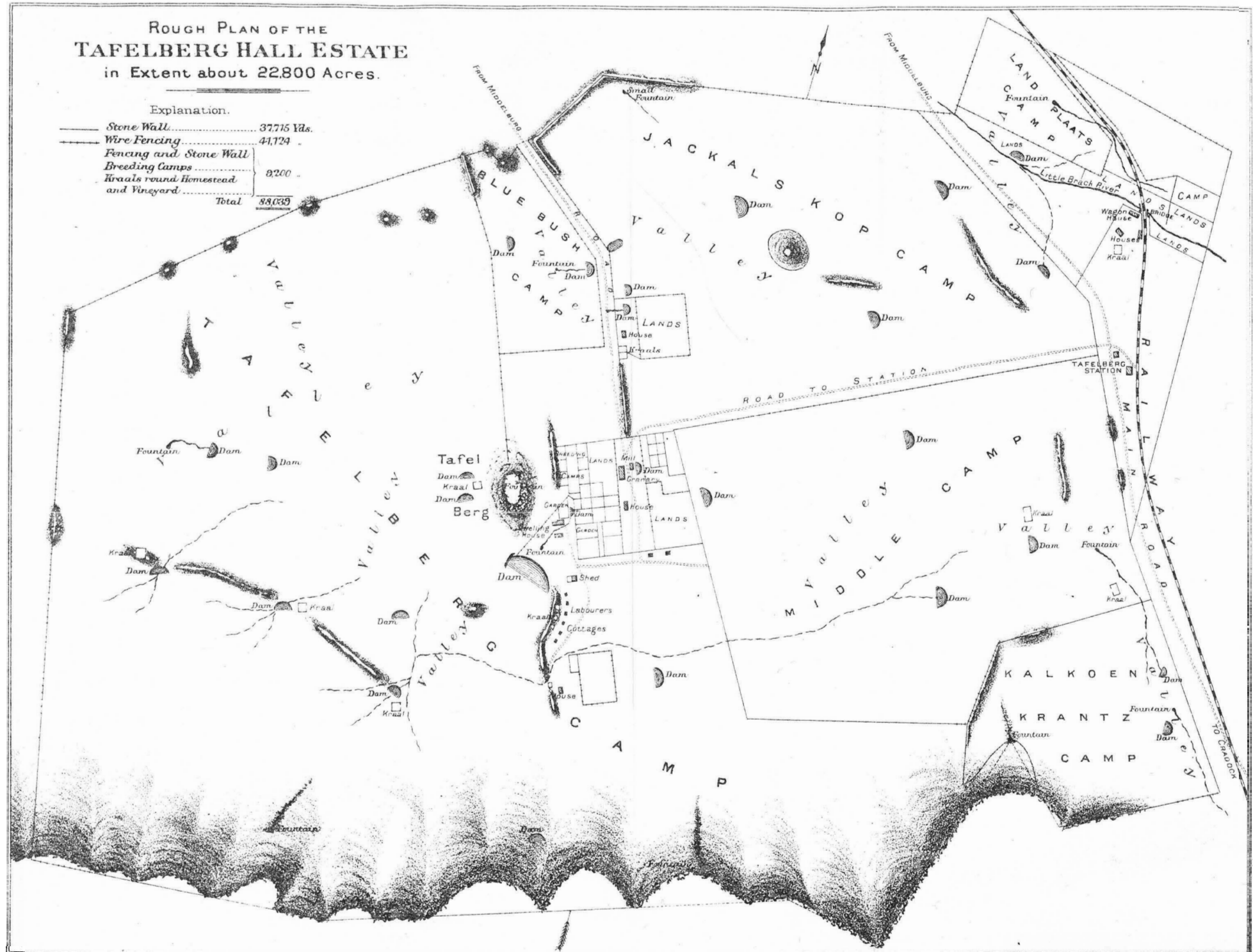
There are many attributes of an urban system which might be examined in order to portray its formation. Browett (1975, p. 51) chose to use newspaper publishing as an indicator of what he described as 'the penetration of a more advanced economy into the interior'. But he did not explore the workings of the commercial system. Had he done so he might have found in the development of banking not an indication of the diffusion of 'advanced economy' but a force contributing to the integration of the urban system.

Figure 4.1. Map of an Improved Pastoral Farm in the Middelburg District
(on following page)

ROUGH PLAN OF THE
TAFELBERG HALL ESTATE
 in Extent about 22,800 Acres.

Explanation.

Stone Wall	37,715 Yds.
Wire Fencing	41,724
Fencing and Stone Wall	
Breeding Camps	8,200
Kraals round Homestead and Vineyard	
Total	88,039



Lithographed in the Surveyor General's Department. Printed by Saul Solomon & Co. Cape Town.

Still more tangible in the landscape were the elements of a growing communications network which tied the towns to one another and, through harbours, to the outside world. Through these links a set of towns came to form something greater than the sum of its constituent parts. The first of the subsections which follows addresses the development of communications to the end of the seventies, and the political and labour struggles surrounding that development. It is followed by a subsection on the politics of northward railway extension from 1879 to 1881. The banking system is discussed in a third subsection.

The development of communications

The construction of the first railway into Cape Town's immediate hinterland in the early 1860s was one of several forerunners of the future. In 1860, a penny post system was introduced in Cape Town and 'extended to various other centres in the following decade' (De Kock, 1924, p. 104). The increased reliability of communications thus rendered did not materially alter the speed with which information flowed. It was the telegraph which accomplished more rapid communication in the colony. But not all places were immediately so connected.

The first telegraphs in the Cape had military significance. One connected Cape Town with the naval station at Simonstown, opened in April 1860. The second, completed within a year of the first, ran from Kingwilliamstown to East London. The government then obtained parliamentary approval for a telegraph line between Cape Town and Grahamstown. Under a contract with a private company, the Cape of Good Hope Telegraph Co., the line between Grahamstown and Port Elizabeth was completed in January 1862, and the whole distance from Cape Town to Grahamstown two years later. By October 1864 an extension from Grahamstown

to Kingwilliamstown was in operation. At this point recession intervened and few miles were added until the government took over the telegraphs in July 1873.(17)

The government acquisition of the telegraphs prefigured the case of railways. There were arguments over the appropriate routes for telegraphs to follow; while not as serious as the railway route question, the character of the telegraph added its own urgency to the contest. The advantages of proximity and accessibility which had given Port Elizabeth merchants ascendancy were in some danger in the face of an innovation which could facilitate the placing of orders between country storekeepers and merchants at a variety of ports. The telegraph to Beaufort West was routed from George via Oudtshoorn, Meiring's Poort and Prince Albert; but when government proposed to lay the telegraph from Beaufort West to Graaff-Reinet rather than direct from Port Elizabeth, the merchants of that port complained. They were joined by people at Graaff-Reinet, this issue being the spur to the formation of a chamber of commerce there, which later played a substantial role in railway agitation. The telegraph department 'rapidly pushed forward', so that by the end of 1875 over 1600 miles had been laid, and by early 1878 the total length of line was about 2700 miles. In order to finance this expansion, the government borrowed £70 000 in the Cape to purchase the private company and well over £100 000 during the seventies for construction. These sums, however, were miniscule by comparison with those invested in railways; but the telegraph system had initiated modern communication between distant merchants, banks, newspapers and officials.(18)

If the welding of the towns into an urban system involved the diffusion of branch banking and the extension of the telegraph system, no less did it require

a means of moving more substantial objects than telegrams between the towns. Transport in the Cape Colony was, with few exceptions, an extremely primitive process until the end of the seventies even between the main towns; it remained rather underdeveloped into the twentieth century with respect to most rural areas. The exceptions were on the lines of railway.

The decline of expenditure on roads in the 1860s had rendered their condition worse than ever. In the Western Province, local interests agitated for the use of the Berg and Brede Rivers as transport routes as a solution to their problems.(19) In the Eastern Province and along the routes linking Port Elizabeth with Beaufort West and other inland districts, the problems were exacerbated by the use of wagons bearing heavier loads than the roads could stand, 'large frontier trek wagons which would be a curiosity in Cape Town'.(20) Storms and flash floods reduced the roads to impassable conditions, with dramatic consequences on occasion:

In October last (1875) the road through Meiring's Poort was completely washed away ... the 'Poort' remained impassable for upwards of a month and the inconvenience to inhabitants in this (Beaufort West) and the neighbouring districts can hardly be described. All articles of consumption rose in a few weeks to famine prices, and many of the common necessities of life could not be obtained for love or money.(21)

All these elements combined to make the cost of road transport extremely high in relation to the value of the commodities conveyed. Thus the carriage of 100 pounds of freight between Port Elizabeth and Victoria West was 11s. 6d. in 1875, while that weight of wool, which was the main commodity carried on the road, was worth only about £6 once it had reached London.(22) It was these costs of transport which provided the impetus for the railway proposals which began to be formulated as the boom gathered momentum from the late sixties. Merchants both at the ports and in the smaller towns were leaders in the railway agitation.

By the early seventies, Port Elizabeth merchants had consolidated their leading position in the trade of the colony. The value of imports and exports passing through the port was more than twice that passing through Cape Town (Fig. 3.8). This trade consisted primarily of wool exports, originating in areas of the colony from Fraserburg and Victoria West to Queenstown and Aliwal North in the East, as well as the Orange Free State to the north.⁽²³⁾ Large merchant houses and the major banks concentrated their activities on the Bay, while Cape Town and Mossel Bay, as well as the newer port of East London, had essentially more local trade hinterlands. To Port Elizabeth fell, also, much of the diamond fields trade. By the construction of railways the relative positions of merchants in different localities could, however, be altered. A lengthy conflict thus developed over routes for railways.

One of the results of the recession of the sixties, as discussed in the first section of this chapter, was to encourage traders to expand their business to the north of the Orange River. This phenomenon, together with the beginnings of growth in rural production in the northern districts of the Cape, which increased the interest among merchants in railways to speed and cheapen their long distance trade. In 1868 a Select Committee of the House of Assembly enquired into the appropriate routes for railways, and considered, in particular, the best means of access to the interior. There was much divergence of opinion among witnesses on this question.

A result of sitting in Cape Town was that most of the evidence heard by the Committee was given by Capetonians, especially local merchants. Nevertheless, some representatives of Eastern divisions also appeared. One, Col. Schermbrucker, proposed that three railways be built, to connect Port Alfred to Grahams-

town, Cradock and the Orange Free State; as a second priority, a line from East London to Queenstown. Although he also thought a railway from Port Elizabeth to Graaff-Reinet via Uitenhage could be built, 'I would take Port Elizabeth last', he said.(24) As an Easterner, Schermbrucker left Cape Town out of his scheme altogether.

In the capital, feelings were different. First, the destination of a railway which all the Cape Town witnesses agreed had to be built from that city was to be Beaufort West. The reasons for this objective were clearly expressed by E.J.M Syfret, executor, agent and landlord:

The object of a Western Province trunk line would be to gain the Karoo as far eastwards as possible, by passing through the best country consistent with directness of route.

There can be no doubt that the Western Province will benefit greatly by a railway to Beaufort (West), though it will not benefit Port Elizabeth; on the contrary, the railway to Cape Town would take in all the traffic from Beaufort, Fraserburg and Victoria West which now goes to Port Elizabeth.(25)

The question of route to Beaufort West was not entirely agreed upon in the Western Province. P.D.J. van der Byl, of Worcester, suggested the alternatives of the Mitchell's pass/Ceres route and that via Worcester and the formidable Hex River pass. While the existing main road went through Ceres, the majority of Westerners preferred the idea of a Worcester railway, for as Syfret put it, a line via Ceres

instead of going to the east, where we want it to go, it turns off to Ceres, thereby taking the railway to the west.

The prospect of some conflict over this question lurked nevertheless in the alternatives of lines via Ceres, Worcester and Montague, but there was near-un-

animity among the Western Province witnesses on Beaufort West as the terminus. (26)

Port Elizabeth interests seemed to have several factors on their side in this discussion of railway routes despite the wishes of those like Syfret to the West and Schermbrucker to the East. First, as noted in Chapter Three, the Bay had fewer physical barriers between it and the interior than Cape Town. It was also closer to the Orange Free State. M. Woodfield, who as Superintendent of the Cape Copper Company's mines in Namaqualand was reasonably disinterested in railway routes elsewhere in the colony, told the committee:

If you wish to bring down produce from the Orange River the proper line would be one from Port Elizabeth through Uitenhage, Graaff-Reinet and Colesberg ... I cannot yet wholly understand why you should wish to go to the Orange River via Beaufort (West). (27)

The Chief Inspector of Public Works was more modest, but recommended that priority be given to a line from Port Elizabeth to Commando Kraal (now called Addo), about 30 miles north of the port.

The conflicts of subsequent years were clearly prefigured in the 1868 Select Committee evidence. In the West, there was a desire for a line to Beaufort West, with some disagreement about the route. The glimmerings of a Border interest appeared in proposals for a line inland from East London. The confusion of possible routes from Port Elizabeth and/or Port Alfred to Grahamstown, Uitenhage, Cradock, Graaff-Reinet and Colesberg resurfaced in competing terms within a few years. Meanwhile conditions became more favourable for railway construction than they had been in 1868, when nothing concrete came of the Select Committee. Colonial revenue grew apace as the pastoral and diamond booms took shape. The transport system, as shown above, proved inadequate to the demands made of it.

Interest rates for foreign loans in Britain declined. From 1870 a clamour for railway building arose.

Prominent among renewed railway proposals was the attempt - not for the first time - to float a company to construct a line from Port Elizabeth to Uitenhage, a distance of about twenty miles. A large part of the potential traffic between the two towns was wool sent to, or dispatched for export from, the wool washeries at the latter town. Owing partly to its position on the trade routes from the northwestern, midlands and northern districts of the colony to the Bay, and the ample clean water of the Zwartkops River, Uitenhage had become the main centre of wool washing in the colony. Of the seven establishments there in 1867, before the boom, only one used steam machinery. By 1875 there were 10 steam powered wool washeries at the town, and the number of workers employed was 800. (28) The enormous wool traffic had been the stimulus for railway proposals in 1858 and 1865. In 1870 the politics of a Uitenhage railway were more complex. By that time the Bay merchants, through their Chamber of Commerce, were concerned to pressure the government to fund the construction of the railway from Port Elizabeth to Commando Kraal, across a sandy area which plagued wagon transport, rather than in the different direction which a line to Uitenhage entailed (Purkis, 1978, p. 73) The Uitenhage railway proposal was thus no longer purely an attempt to gain access to government guarantees for private construction, but a means of forcing government to enter the field itself, so that it would not have to undertake a costly 'nationalisation' when, as seemed increasingly probable, it did go in for railways. The failure of Port Elizabeth financial interest to take up all the shares in the Uitenhage scheme, which must have been a promising venture, supports this interpretation. (29)

It was clear that any extensive program of railway construction would have to rely on capital from beyond the colony. The only institution to which local merchants could turn to gain access to funds on the scale required for a project which was likely to be unprofitable for a long time was the colonial government. Opposition to the sub-guarantee system whereby districts through which the Cape Town and Wellington railway passed were supposed to pay 50% of the government's contribution to a 6% rate of return on capital ruled out the extension of that financial arrangement (Purkis, 1978, p. 52). The alternative was to involve the government directly in railway construction.

The rise in colonial revenue was generated by two quite distinct developments. One was the wool boom, which supplied merchants and farmers with the money to increase customs duty-yielding imports. The other was the diamond fields trade. As shown previously, the rush to the alluvial diggings did not develop until late 1870. There is no doubt that 'diamond fever' ruled in the minds of many colonists but there is less evidence that it dominated railway construction proposals. Purkis, in the most detailed study of the question, argues that in 1871 and 1872

It was widely assumed at this early stage that the obvious aim was to build direct trunk lines from the major ports to the diamond fields (Purkis, 1978, p. 74).

For a number of reasons such a claim is difficult to assess. The literature is, of course, dominated by the theme that the diamond fields formed the objective of railway construction from the moment of their discovery until 1885. Thus Browett wrote that 'the need to rapidly provide linkages between the ports and the mines necessitated the intervention' of the colonial government (1975, p. 151). Such a view seems to have been formed by De Kock's contention that the

necessity of railway transportation between Cape Town and Kimberley was fully realised by the new ministry which came into power in 1872 ...' (1924, p. 109). That it took a decade for proposals to appear in parliament for railways into Kimberley itself suggests that these versions of events are somewhat suspect. Purkis has convincingly demonstrated that the railway proposals of 1873 and 1874 were not predicated on the diamond fields trade but on other factors (see below). Nevertheless, his view that it was 'widely assumed' that the diamond fields were the early goal is open to question.

Later views that Kimberley was the early railway goal - both in the accounts of the fields in the early days and in the newspaper press - tend to colour the image.(30) Significantly, neither the Cape Town nor Port Elizabeth Chambers of Commerce proposed railways direct to the diamond fields in 1871 or 1872. Those at the latter port held to their demand for a railway to Commando Kraal, while a prominent member of the Cape Town Chamber argued in late 1871 for a railway from Cape Town to Beaufort West, stating that it was 'the only thing which could save Cape Town'. The Cape Town Chamber sent a deputation to the governor which pressed for a railway to Beaufort West, not Kimberley. Diamond fields trade was passing through Port Elizabeth in any event and the desire of Cape Town merchants to capture part of the Bay's general interior trade, as expressed to the Select Committee in 1868 and now rendered more urgent by the rural boom, remained paramount.(31) The Inland Transport Company, a stage coach concern started in Cape Town, and Cobb's and Company's coaches operating from Port Elizabeth, were primarily concerned with passenger traffic (Fig. 4.2 (a and b)). Both went bankrupt within a few years and do not reflect the central concerns of merchants at either of the two main ports in the early seventies.

While the growth of the diamond fields trade must have exercised some impact on the mercantile communities' ideas on railways, proposals which emerged both in 1871-2 and during the parliamentary sessions of 1873 and 1874 were in broad terms consistent with the views which had been expressed in 1868. The potential for conflict between those views began to be realised. For mercantile communities in different ports, proposals for railway building were intended to secure trade for their communities at the expense of others, and this implied contradictory pressures on the colonial state.

Until 1873, the colonial government was controlled by an executive answerable constitutionally to the governor, but in practice increasingly susceptible to the legislature. Parliament was more or less evenly divided between representatives of the Western and Eastern Provinces, though alliances and conflicts crossed such geographical lines more frequently than not. The preoccupation of colonial politics was with proposals for a new constitution between 1869 and 1872. The resolution - a unitary responsible government with roughly equal representation for West and East rather than a division of the colony - meant that when attention returned to the resolution of the transport question it did so in one parliament which controlled the whole colonial revenue. From that point the comparative unity of Western Province interests in railways, as expressed in 1868, contrasted with squabbling among the different priorities of the Easterners. Here lay another potential advantage for Cape Town merchants. The costs of putting together a coalition strong enough to carry long-distance railway

Figure 4.2. Advertisements for Competing Stage Coach Companies, 1873
(on following page)

(Source: Port Elizabeth Directory 1873, pp. 20, 22)

Diamond-fields Mail Coaches, COBB & Co. (LIMITED).

DIRECTORS:

A. J. MACDONALD, Esq. (Blaine & Co.), Chairman.
A. TAYLOR, Esq. (Taylor, Kemp, & Co.)
H. B. CHRISTIAN, Esq. (J. O. Smith & Co.)
T. GRIFFITHS, Esq. (G. & T. Griffiths)
W. M. HEMS, Esq. (A. C. Stewart & Co.)

GENERAL MANAGER:

FREEMAN COBB, Esq.

STAGE COACHES Twice a Week between Port Elizabeth and the Diamond-fields in Five Days and a quarter, without Night Travelling. Comfortable Hotels all along the line.

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JOHN FOX, Secretary.

September, 1872.

proposals were, however, high. The first step was the purchase of the Cape Town to Wellington line, and the takeover of the Port Elizabeth-Uitenhage company. This was all that was achieved in the first session of the new responsible government, apart from a start on works to Commando Kraal and Worcester. The slowness of the government aroused criticism. No government could have retained power in the session of 1874 without giving some form of railway largesse to both East and West, and the scheme proposed was in a number of parts. The determination on the part of most Western Province interests to have a line from Cape Town to Beaufort West was not seriously affected by the dissent of a few from the Worcester route. But that dissent did necessitate 'outside' support. Thus, as the Diamond Fields Advertiser put it twenty years later, 'the support of the Frontier vote had to be obtained for this Beaufort West business by the construction of a trunk line from East London'.(32)

The problem with resting the explanation of prime minister Molteno's railway proposal at this level is that, while it accounts for the ability of the government to carry its proposals in the 1874 session of parliament, it does not explain how Port Elizabeth succeeded in securing support for two trunk lines. One was to go to Graaff-Reinet, the other to Cradock. The fifth component of the scheme entailed the sidelining of Grahamstown at the end of a branch from the Cradock railway. The idea of two main lines from the Bay was a political necessity in the midlands for upon it depended the unity of railway lobbying strategy in Port Elizabeth as well as Graaff-Reinet, Colesberg, Cradock and other towns (Purkis, 1978, p. 129). But the enormous outlay required to construct both these midland and northeastern lines is not adequately accounted for by a focus on a Western-Border coalition of votes.

The necessity of maintaining maximum support even within the Western Province provides a partial explanation for the ultimate approval of both Port Elizabeth lines. The government was forced to accede to demands from Malmesbury representatives for a branch line to that town. In doing so it was able to count on the support of Cape Division, Piquetberg and Clanwilliam votes as well as those of Malmesbury. Further north, the importance of Port Elizabeth connections in Victoria West and Richmond boosted the political necessity of a railway from Port Elizabeth to Graaff-Reinet. A railway conference at that town in November 1873, attended by representatives of merchants in 11 towns, agreed almost unanimously on a proposal for the two Bay trunk lines and the Grahamstown branch.(33) Despite Purkis's detailed analysis of the politics of railway schemes in the period, he has not provided an adequate account of the genesis of Molteno's proposal to spend almost £2,1 million on the Port Elizabeth lines as opposed to £1,6 million on the Western Province railways and just over £1 million on the East London-Queenstown route (with a branch to Kingwilliamstown). Despite the votes of disappointed factions, Molteno's government might well have carried a proposal giving less to Port Elizabeth and the midlands: a branch from Cradock to Graaff-Reinet, for example, rather than a trunk line from Port Elizabeth, as Molteno himself had suggested in 1873.(34)

The effects of railway construction confirmed the fears of communities left out or turned into mere stations en route to the chosen termini; but the endeavours of merchants at the termini to secure their new status proved justified. It was a 'bitter moment for (Grahamstown), which ... had in living memory' been the commercial capital of the Eastern Province (Purkis, 1978, p. 162). Within a few years Uitenhage storekeepers found that their business was 'not so extensive or profitable as before the railway was opened'. In Graaff-Reinet, on the other

hand, it was increasingly felt that the railway ... will be the means of attracting to the town the good portion of the business and transport of surrounding districts'. In Port Elizabeth the newspapers rejoiced. (35)

The number of lines approved in 1874 gives some credence to Statham's novelistic comment that while the government's

dominant members were bent upon a railway in one direction, there was an opposition strong enough to carry a railway in another direction. At last a happy thought occurred to a member of the government. They would outvote the opposition by making a third railway by another route, thus securing support for their own line ... (This) secured the construction - or at least the promise of construction - of three railways. One of them was serviceable and carried goods; the other two were political, and kept the government in office, besides improving certain properties (Statham, 1896, p. 49).

The Cape government made its first major entry to the British capital market through the Crown Agents in 1873. The purpose was to acquire the funds for the purchase of the Cape Town-Wellington line and for the initiation of railway works towards Worcester and Commando Kraal. Once the 1874 Railway Act was passed the government borrowed £360 000 in the colony and, over the next four years, £4 000 000 in London. The escalating cost of construction demanded the borrowing of further large sums in 1878 and 1879. The costs of construction to Beaufort West, Graaff-Reinet and Queenstown exceeded the original estimates by 15, 29, 74 and 76 per cent respectively (Purkis, 1978, p. 244).

The causes of cost escalation included the inadequacy of the original estimates. But they were also brought about by the difficulties of finding, disciplining and retaining the first large bodies of wage workers in the Cape's history. During the seventies there were many work stoppages on the railways, though black workers - who made up two thirds to three quarters of the work force

- improved their terms of labour by refusing to leave home for waged work until better terms were offered, or deserting when those terms were not met or better opportunities presented themselves. One instance of a strike by black railway workers occurred in June 1872 at Port Elizabeth, when after several days most of the strikers were discharged.(36) As Purkis has shown, while strikes might not have been won, together with other forms of resistance they did contribute to substantial improvements in wages, forcing the railway department to offer higher wages in order to secure an adequate number of workers (1978, pp. 355-410).

Strikes, work stoppages and desertion combined to impose severe constraints not only on railway construction. Rising wages affected employers of all kinds. Merchants at the ports were more directly affected in the harbours, which fed the clamour for government assistance in port development. The significance of these labour struggles is apparent in cases discussed in the following paragraphs.

Competition for wage labour, especially in the towns, along with strikes by port workers, woolwashers, and roadworkers over the next eighteen months in the Eastern Province and border area seem likely to have contributed to the general rise in wages. The mainly black workers at the woolwashing plants in Uitenhage, for example, were paid 2s. a day in 1872. The woolwashers struck in August 1872 for a 6d. raise. The increase in wages in the Eastern Province was sufficiently rapid that the same workers were out on strike for a minimum of 3s. a day the following May. Similarly, at least once in the latter half of 1872 roadworkers at Kingwilliamstown struck to back up their demand for an increase in wages; and struck again late in 1873 for the same reason.(37)

The wage strikes of the seventies were not restricted to the Eastern Province. In July 1877 a strike over wages took place at Kimberley. This was before the era of large-scale company mining, and the strikers were employees of the Kimberley Mining Board. They struck - without success, it seems - for an increase from 20s. to 30s. a week. But the need for labour was such that at their court appearance the Mining Board asked that they be reprimanded rather than jailed.(38)

It was, of course, not only black workers whose wages improved in the 1870s (cf. Table 4.2). Purkis has demonstrated that white workers, for reasons of labour scarcity and in some cases skills and experience, established higher wages for themselves than did almost all blacks on the railway works in the seventies (Purkis, 1978, pp. 342, 352-353). These factors gave skilled workers - and presumably not only white skilled workers - a strong bargaining position which was exploited in other areas of employment as well as railways. Thus cordwainers in Kingwilliamstown struck for higher wages in the first week of March 1876, returning to work when the increase was won. The highpoint of demands for wage increases came from East London harbour workers at this time: with some surprise it was noted in the press at the end of May 1878 that:

All the native surf-boatmen are out on strike. It seems that they want 9s. per day, which is more than the European men are getting.(39)

Because of the lack of proper harbour facilities at Port Elizabeth the impact of strikes at that port was especially severe. There were several stoppages. In June 1872 the Eastern Province Herald reported that business in Port Elizabeth was 'almost at a standstill, owing to the recent strike among the boatmen.' The boatmen, as in 1856 described as 'Malays', who before the strike received 7/6 a day, demanded 10/- and held out until the boating companies settled at 9/- a

Table 4.2. Examples of Wages and Prices, 1869 - 1875.

	Cape Town		Port Elizabeth	
	Coloured*	White	Coloured	White
Daily wages in 1869 in shillings of:				**
Carpenters & Joiners	5/0	5/6	6/0	7/0
Daily labourers	0/9	1/0	1/0	1/6
in 1875:				
Carpenters & Joiners	?	7/6	7/0	8/0
Daily labourers	?	3/0	2/6	3/6
Price in 1869 of:				
bread (1 lb.)	2d		3d	
a shirt	2/4		1/9	
Price in 1875 of:				
bread (1 lb.)	3d		2d	
a shirt	4/0		2/6	

* Official definitions. Usually 'coloured' or all other races' was distinguished from 'white'

** Uitenhage figures substituted for Port Elizabeth

(Source: Cape BB 1869, 1875)

day. The 'Fingoes' gained an increase to 6/6 per day. Concerned at the effect on wages overall, the Eastern Province Herald pointed out how high these wages were by comparison with English conditions, where 'Warwickshire labourers (were) out on strike because they cannot get 12s. a week.' (40)

This strike was noteworthy for a number of reasons. The coxswains, most of whom were probably white and who received higher wages than the ordinary boatmen (8/6 before the strike, 10/- after it), played a variety of roles. Some 'reasoned with their boatmen' and 'urged them to go to work', while the majority supported the strike. The division of labour in authority and racial terms did not yet yield a division in the struggle for higher wages. Most significantly with respect to the development of communications, the local press was vocal in demanding not only strong police action to support strikebreakers against picketing, but also that the government should invest in landing jetties at the port so that merchants would no longer 'be at the mercy of boatmen and coolies'.(41) Increases in charges at the port consequent on higher wages reinforced this demand for capital investment. The point was underlined in August 1876. The weather being bitterly cold, the workers refused to start at the usual hour, and stayed off work for the day - none of them being arrested or punished for this breach of contract, which was a criminal offence under the Masters and Servants Act. Another strike for higher wages in the port followed in July 1877.(42)

Despite these strikes the Port Elizabeth merchants were unsuccessful in their attempts to push the government to raise the funds for harbour works. Having rejected a £1 million plan for outer breakwaters in 1870, 'the government showed little interest in the problems of Port Elizabeth (harbour)' (Rush, 1972, pp. 132, 148-149). The refusal of the Port Elizabeth Harbour Board (a statutory body composed largely of Port Elizabeth merchants) to pay its debts to the government resulted in the attachment of its income and the resignation of the members of the board in early 1875. After this debacle, the Harbour Board managed to persuade the government to raise several loans for the construction of jetties, but no plan for breakwaters or proper wharves was approved. It was not

until 1879 that merchants at the Bay succeeded in having a further commission appointed to investigate improvement of the harbour. (43)

Meanwhile the harbours of Cape Town and East London had fared rather better. While almost £1 million, raised by government, were spent at Cape Town and over £500 000 at East London, less than £300 000 had gone into the jetty works at Port Elizabeth between 1873 and 1883. Revenue at Cape Town was used to justify the expenditure, though much of that was due to the previous construction of an enclosed harbour (see Chapter Four). The construction of new jetties in the early eighties helped to alleviate the congestion of Algoa Bay as a harbour, but boats or lighters were still necessary to the servicing of ships in the open roadstead. Having been starved of finance during the boom years, Port Elizabeth's Harbour Board could not look forward to any improvement during the recession which developed in 1882 (Rush, 1972, pp. 153, 176-7). Port Elizabeth merchants were trapped between the government's preference for expenditure in Cape Town and East London and their dependence on the 'boatmen'.

But the tide was turning against black workers. The last frontier war in the Cape was already underway in 1877, and one of its results was to dispossess large numbers of Xhosa-speakers, thereby delivering them onto the Cape wage-labour market (often through labour agents: see Saunders, 1980b, pp. 274-275). By 1880, the conditions of the labour market were such that strikers found themselves readily replaced by others 'willing to work' for low wages. Thus a strike on the railway at East London, on December 19, 1880, by workers who wanted 5s. instead of 2s. a day, resulted in the strikers losing their jobs when 'other labour' was 'sent for, to Keston and Peelson.' Black workers were forced

to accept work at reduced wages on the railways and in all the towns of the colony. (44)

The weakened position of many workers and the advantages of Cape Town with its more sophisticated harbour were both expressed in the 1884 strike at the Table Bay docks. By that stage - thirty years after the first strike - a considerable investment had allowed the construction of an enclosed harbour (Rush, 1972), changing the nature of the work and replacing the skilled boatmen with wharf labourers. The strike started on August 1, when 'a score or two of West Indians and American negroes' began an effort to dissuade the workers from starting work. (45) The six or seven hundred strikers came out in response to a reduction in wages from rates of 5/- and 4/6 a day to 4/- and 3/6 for vessel and quay hands respectively, demanding that their wages be 'restored to their normal condition'. The largest employer, A.R. McKenzie and Co., responded by advertising for 300 new vessel hands at 31s. a week and 300 new quay hands at 21s. a week (46) - a proposal which would, of course have increased the wage gap between the two groups. The Cape Argus commented:

As so many men are out of employment in Cape Town at the present moment, there is certain to be no difficulty in filling the void opened by the strikers. (47)

The strike had started on a Friday morning. By the Monday morning many were working under police guard, and the employers commented that 'business was not being seriously impeded', although 'there was room for a couple of hundred more men'. (48)

Cape Town merchants experienced less difficulty in maintaining the functioning of their harbour than did those at Port Elizabeth, partly because of the

greater investment in capital improvements in the former harbour. The long term effect of harbour improvement combined with the actions of workers in Port Elizabeth and elsewhere in the Eastern Province was thus to encourage a shift in favour of the trading position of Cape Town's mercantile community. In some respects the completion of railways had similar effects.

The politics of railway extension 1879 - 1881

Strikes by wage workers, among other difficulties, had slowed the construction especially of the more easterly lines. Although railways to Uitenhage and to Ceres Road in the West were complete by 1875, it was not until five years later that the lines to Beaufort West, Graaff-Reinet, Grahamstown and Queenstown were open; the line to Cradock opened in 1881 (see Fig. 1.1). The plans of merchants could yet be frustrated - and made more expensive - by the collective strength of workers. Nevertheless, as lines planned in 1874 were nearing completion in 1879, a renewed debate on railway extension was gathering momentum.

Many of the factors which influenced the Molteno plan of 1874 were still present at the end of the decade, but the boom of the intervening years had transformed their implications. The progress of railways towards Beaufort West and Queenstown was rapidly accomplishing greater access to interior districts for both East London and Cape Town. The inadequacies of the harbour at Port Elizabeth contributed to the relative diminution of its lead over the other ports (Fig. 3.8). At the same time the falling wool price and soaring diamond production had emphasised the significance of the Kimberley market (Table 4.3) with diamonds passing the value of wool exports in 1878.

Table 4.3. Cape Colony wool and diamond exports 1875-1880 (£000).

Year	Wool	Diamonds
1875	2855	1549
1876	2279	1513
1877	2233	1723
1878	1888	2159
1879	2157	2580
1880	2430	3368

(Sources: Cape BB 1875-1880; Turrell, 1982b, App. II.4)

Trade with territories to the north had also expanded, particularly following the annexation of the Transvaal to Britain, illustrated by the opening of branches of banks originating in the Cape in the Transvaal by 1880 (see Chapter Five). There was, thus, a general and growing demand for transport facilities to serve this trade. It was not purely out of a desire to connect the Cape ports to the diamond fields that a railway debate emerged once more in the colony towards the end of 1878.

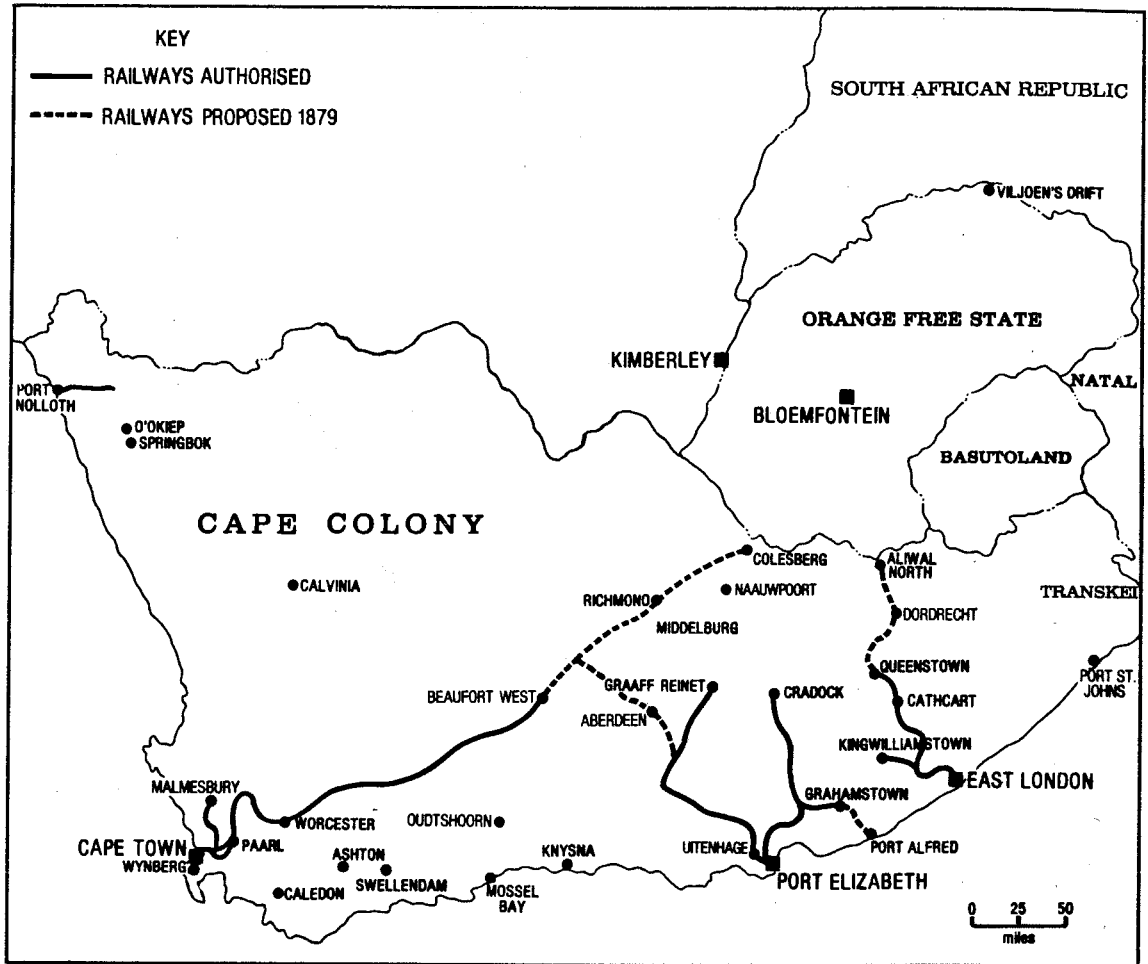
Elections for the Cape parliament had stimulated much of the railway agitation in 1873. Candidates were forced to declare their positions on railway routes and it was this which raised the topic to the major issue of the day. In 1878, elections loomed once more. The issue of railway extension had been raised in parliament that year by John Paterson. He had proposed that extensions of the Cradock and Queenstown lines should be joined north of Queenstown, and that a line from south of Graaff-Reinet should meet an extension of the western line near Murraysburg. Two trunk lines could then be extended northwards from these points of junction. Surveys of the potential routes were authorised.(49)

Townspeople who would be cut out of major trade areas by such extensions, in locations such as Graaff-Reinet, Richmond and Queenstown, as well as those in towns which feared neglect as routes which were extended (like Colesberg and Burghersdorp) reacted by calling meetings and demanding commitments to 'their' railway interests. There was little agreement between the proposals voiced in different towns.(50) Similarly Grahamstown and Port Alfred interests, disappointed by the omission of a line between their towns in 1874, as well as merchants in Mossel Bay, George and Oudtshoorn, agitated for railways connecting the lesser ports with their immediate hinterlands.(51) In addition numerous local merchants and farmers clamoured for branch lines to towns including Somerset West, Montague, Piquetberg, Fort Beaufort and Alice (Purkis, 1978, p. 192). The terrain of railway politics was at least as fragmented from 1879 to 1881 as it was in the earlier seventies.

The hastily-prepared bill brought in by Sprigg's government in 1879 was unable to meet such a range of conflicting interests. Sprigg, an East London representative himself, seemed most concerned with keeping his government in office during a period of vociferous debate on imperial involvement in South Africa and the policies of his government in the Basotho and Xhosa borderlands of the colony (see Chapter Six). Sprigg's involvement in a later attempt to salvage a government from collapse through railway schemes support the view that this was the central intent of his 1879 bill. Once the bill was introduced, however the struggle for new railways became more focussed.

Towns left out of the scheme proposed (Fig. 4.3) were the centres of opposition to the railway bill. The proposals were not viewed as definitive even by the responsible minister, Laing, who remarked in parliament that 'the government

Figure 4.3. Sprigg's Railway Proposal of 1879.



(Source: compiled from Argus 21, 23 and 26.8.1879)

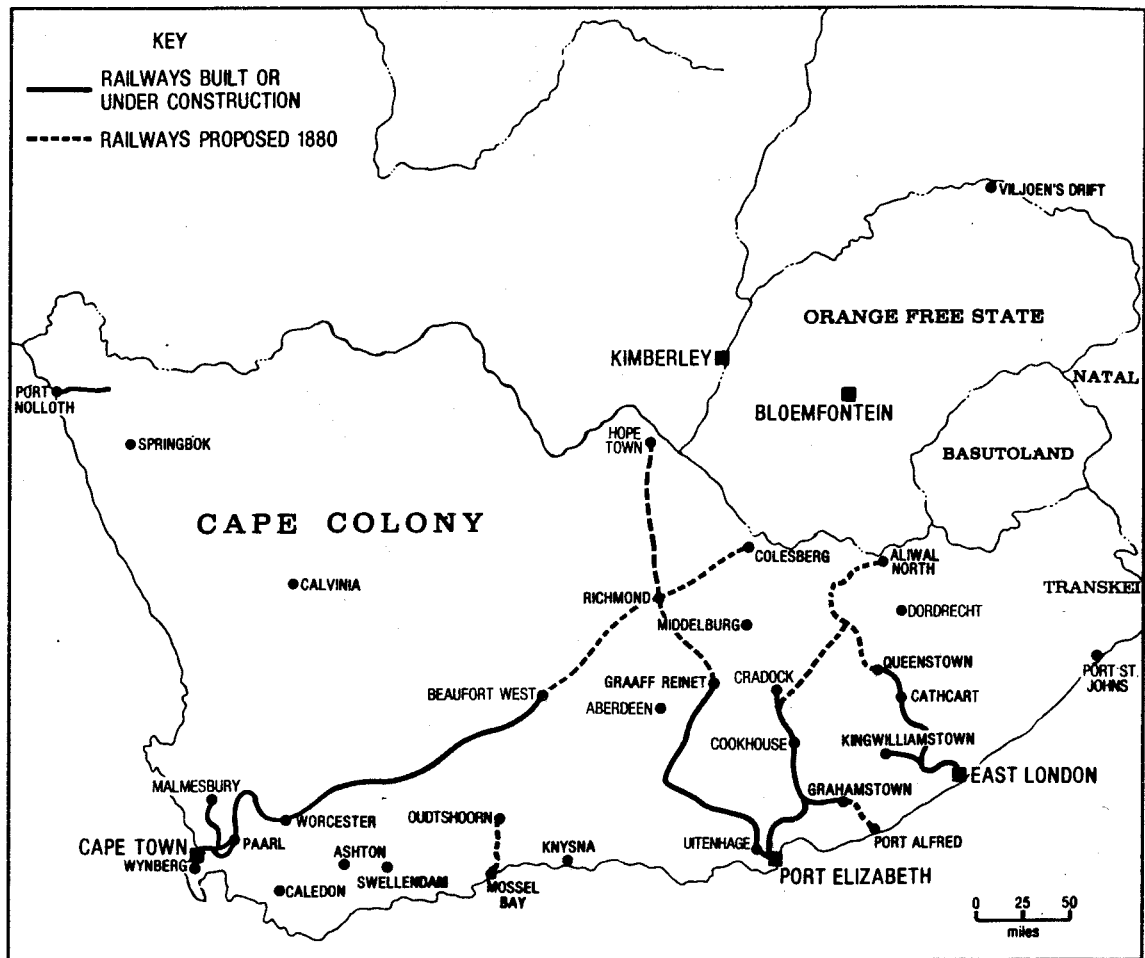
was not wedded to the particular routes which were laid down'. In an effort to placate all three major ports, there was to be an extension from Queenstown to the Orange River; and though the line from Cape Town would be extended direct to Colesberg, cutting still further east into Port Elizabeth's hinterland, the connection from the midlands with the western line, which Laing told parliament was the 'sine qua non' of Bay agreement, was included.(52) The diamond fields did

not figure in the plan, while the Grahamstown-Port Alfred line made a useful vote-catcher.

The Cape Town Chamber of Commerce was undecided about the bill. Not so the Port Elizabeth merchants, who sought lines to west north and east from their city. Indecision in one port and vehement opposition in the other sufficed to shelve the bill.(53) In its wake, Port Elizabeth merchants formed a Railway Extension Committee and distributed a circular to towns all over the colony. They proposed 'junction' lines between both the Cradock and Border railways and the Graaff-Reinet and western lines. But no specific proposals were enunciated, perhaps to avoid arousing opposition (Purkis, 1978, p. 208).(54) The details were left to await government action.

It has been argued that the 'arbitration of railway politics' in the Cape parliament between 1879 and 1881 represented the defeat of the 'merchants of the Bay' (Purkis, 1978, pp. 208-233). Sprigg did draw up his proposals after meeting the Port Elizabeth Railway Extension Committee. But the plans as such were once more illogical in concept and impractical in politics. The prime minister was concerned to reverse the denunciation of his 1879 scheme, but failed to take steps to ensure the passage of his proposals. The scheme alienated Border interests from East London to Dordrecht by proposing a connection from the mid-land line to north of Queenstown on an extension (Fig. 4.4). Opposition in the Western Province included dissatisfaction with his general policies as well as the unnecessary large cost of the railway bill: over £7 million in new loans.(55) Had the Port Elizabeth merchants formulated more concise proposals and conducted effective lobbying for them they might well have reversed the results of voting in the 1880 session. Simply dropping the junction line from

Figure 4.4. Sprigg's Railway Proposals of 1880.



(Source: compiled from Argus 4 and 29.6.1880)

Cradock to the Eastern line would have rendered it less offensive and gained Border votes; removing shorter lines would have overcome cost objections. But the Port Elizabeth representatives did not attempt such a strategy. Instead they voted consistently for the government's plan, while the opposition, led by J.X. Merriman, succeeded in carrying an alternative scheme to build railways from Beaufort West to Hopetown, Cradock to Colesberg and Queenstown to Alwal North with no junctions between systems (Lewsen, 1982, p. 91). The Port Eliza-

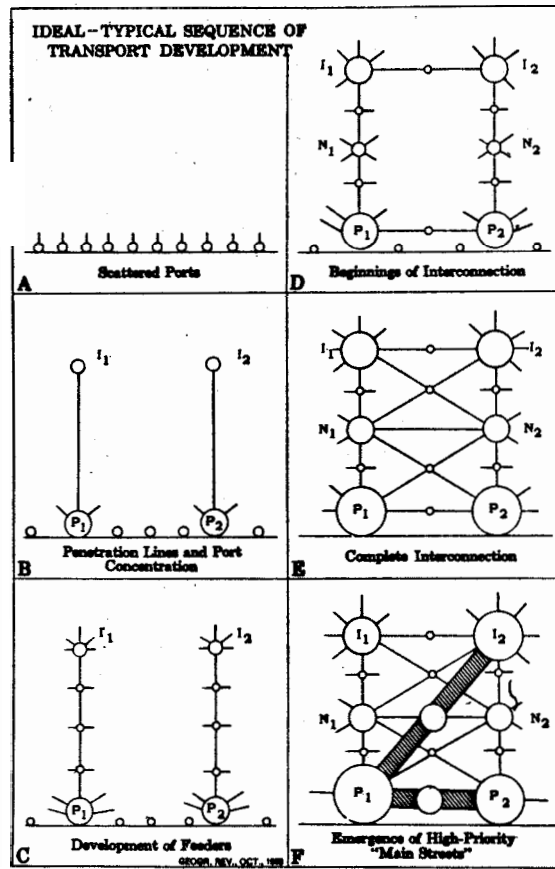
both Chamber of Commerce complained bitterly at this scheme, but fulminated in vain. Some opposition members had been in parliament for many years, while Port Elizabeth was represented by two members who had only recently been elected. Paterson, the experienced Port Elizabeth politician, had died in May 1880; his absence may explain the apparent lack of organisation of a coalition around Port Elizabeth interests.(56) Relatively cohesive Western and Border opposition to a poor plan, general and growing antipathy to Sprigg's government - especially the Basutoland war - Sprigg's arrogance, and the ineptitude of Port Elizabeth merchants as colonial politicians combined to defeat the railway proposals. Sprigg, knowing he would survive a motion of no confidence and not prepared to administer the opposition railway scheme carried in the bill as amended, withdrew the legislation.(57)

Not only had the relative and absolute importance of the diamond fields been greatly enhanced by 1881, with diamond exports topping £4 million that year, but the formation of diamond mining companies with shareholders in every part of the Cape Colony lent a greater commitment to extending railways towards Kimberley. The increasing volume of heavy imports, including mining machinery and coal, added to this thrust (see below). In addition, Griqualand West and its diamond fields were incorporated in the Cape in 1880. In 1881, four new representatives arrived in Parliament from Kimberley and the diamond fields. Together with the government's unpopularity, this shift in the composition of the House of Assembly ensured its early defeat. The new ministry under Scanlen rapidly brought in a railway proposal: it was introduced by Merriman and contained the extensions proposed in his amendments of the previous year. The government allowed no amendments and the bill was carried in May 1881.

The Railway Extension Act was designed to achieve some additional goals over those of the previous year. With Rhodes' assurances of the permanence of the diamond fields ('when Kimberley justified a railway, a railway was made', as he later put it: cf. Phimister, 1974, pp. 85, 89, n. 77), the plan was to connect the line from Port Elizabeth to Colesberg with the line from Cape Town near Hope Town, thus bringing Kimberley within 80 miles of railways to both ports. This would give Port Elizabeth the shortest line to the diamond fields. But at the same time the Act 'marked out new (rural) hinterlands for Cape Town and East London at Port Elizabeth's expense' (Purkis, 1978, p. 233). Finally, by changing the proposed Eastern route from passing through Dordrecht to Burghersdorp, Merriman boosted the prospects of coal mining in the Albert district, and brought the Border line closer to the Midland route for the connection which he promised would later be built between them.(58)

There was still no proposal for a railway into Kimberley itself. The recession into which the Cape descended in the early eighties made it impossible to raise the funds at high rates of interest for a Kimberley extension. That line was only completed in 1885 under an imperial government guarantee, given during the dispute over the western boundary of the Transvaal (see Chapter Five). The 1881 Railway Act fixed the routes of all the trunk lines in the Cape, and set thereby a mould which would last until the end of the century. When these lines were completed the Cape had endowed itself with a system unique in colonial development. Beginning from a series of lines reaching into the interior hinterland of a series of ports, rather similar to some widely known geographical models (cf. Fig. 4.5 (a) and (b)), the colony had built a railway system by 1885 which made Kimberley its focal point, rather than any of the

Figure 4.5. Model of Colonial Transport Route Development.



(Source: after Taafe, Morrill and Gould, 1963).

ports. In this way it differed from the colonial pattern modelled by geographers (cf. Fig. 4.5 (f)).

As shown above it is quite incorrect to argue for the period before 1881 that 'the desire to reach areas of mineral exploitation was paramount in the evolution of the railway network (cf. Browett, 1975, p 163). The corollary to that view, of course, is that 'the railway network had not been constructed so as to act as a connecting linkage between the urban centres and their agricultural hinterlands' (Browett, 1975, p. 106). On the contrary, as shown in this chap-

ter, the purpose of the 1874 railway scheme was precisely to bring the 'extensive livestock areas' (ibid.) within easier reach of the ports. At that time the geology of the diamond pipes at Kimberley was not sufficiently understood to allow the longevity of the fields to be appreciated. The long term future of the colony was thought to lie in the development of its pastoral products and the trade of its interior districts. The railways, it may be concluded, then, rode the sheep's back as much as did the economy as a whole. But the routes laid out were not the product of some overall model of efficiency. Rather, they were the outcome of political resolution through the colonial government of a complex struggle between competing interests. To a considerable degree this was a conflict over the flow of revenue and profits within a commercial system based primarily on pastoral production. In this way, capital borrowed by the colonial state was indeed invested in 'developing the commercial agricultural potential of the Colony'. It was, in some instances, even 'profitably employed' (contra Browett, 1975, p. 157). However, the completion of the rail network also had intricate consequences for the towns of the Cape.

The railway system of 1880 had given Port Elizabeth a degree of interior access superior to Cape Town or East London, with two 'penetration lines' and a 'feeder' (to adopt the terminology of Taaffe, Morrill and Gould, 1963) focussed on that port (Fig. 4.6 (a)). The schematic representation of the railway system of 1885 reveals the centrality of Kimberley to this system (Fig. 4.6 (b)). Furthermore, the completion of the railways to Kimberley made it the point of easiest access to much of the Orange Free State, the Transvaal and Tswana territories. On other continents similar access had encouraged the development of interior entrepot centres, such as Winnipeg (cf. Artibise, 1975). But developments in Kimberley itself, and further north, militated against this newest

and second largest centre of population achieving that status. Nor did the assemblage of a large wage labour force and workshops lead to an industrial transformation of manufacturing in Kimberley or in other towns, unlike that which occurred in the Australian colonies of Victoria and New South Wales (cf. Linge, 1978) (see Chapters Five and Six below).

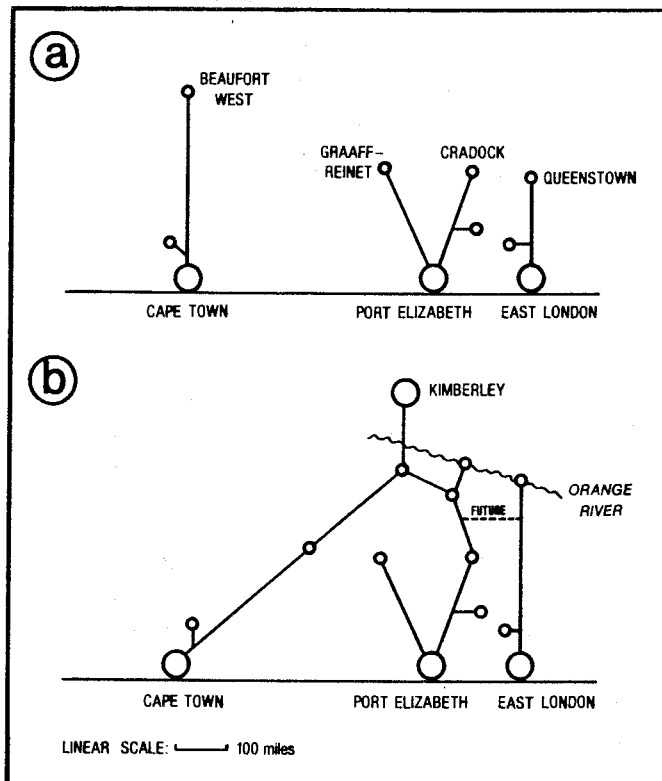
As Browett put it, paraphrasing Morrill,

although the transport network had the ostensible short-run purpose of facilitating movement, its long-run effect, through increasing accessibility and the potential for interaction, was to modify relative location (1975, p. 157).

While Kimberley became the point of greatest access on the railway system, Cape Town gained access to areas of the colony from the trade of which its merchants had previously been excluded. Port Elizabeth, the chief entrepot for the Cape Colony and much of the further interior, lost many of its advantages with the linking of the railways at De Aar and their extension to Kimberley. As the towns were joined into a system by rails, the specific pattern of their incorporation into that system reflected the results of years of political and related struggles over communications.

The further consequences of the first railway building era in South Africa will be discussed in Chapters Five and Six. It is to the more immediate impact of the boom of the seventies on the towns through the banking system that the next subsection is addressed.

Figure 4.6. Schematic Diagram of Cape Railway System (a) 1880 (b) 1885.



Banks and towns

As telegraphs and railways were completed, more and more towns in the Cape Colony were brought into increasingly rapid communication with one another. The increasing volume of messages carried over the telegraph system reflected the boom of the seventies: the number of messages sent rose from 45 534 in 1874 to 541 549 in 1881. Much of the business conducted by telegraph was financial, and the banks were extensive customers. One effect of the opening of the first telegraph link to Europe at the end of 1879 was to decrease the advantages of port merchants over interior import houses, for the latter were thus enabled to order from British suppliers, for example, as rapidly as the former. But tele-

graph extension within the colony tended to increase the advantages of the larger commercial enterprises, as they were able to respond to orders and dispatch them by rail more efficiently. Similarly, the imperial banks were enabled to direct their credit resources rapidly to almost all their branches. (59)

During the boom of the seventies a large number of local banks disappeared, either closing their doors altogether (as did the Colonial Bank in Cape Town) or being absorbed into the Standard Bank (in the case of five other local banks) (cf. Fig. 3.6). The closing of most of these banks was due to a decline in their business, which must be attributed to competition from the Standard Bank in particular. For example, the Somerset East Bank's lending fell from over £60 000 in June 1872 to less than £40 000 in December 1876. Typically, the overextension of credit during the boom also brought problems to this country town bank, and 'whereas it had no overdue bills in 1875, it was now (December 1876) saddled with an amount of £3213' (Arndt, 1928, pp. 275-278).

The uniquely strong position of the Standard Bank not only contrasted sharply with the difficulties of the L & SA Bank, but also evoked schemes to strengthen local banks against the Standard. One such scheme was proposed by Ebdon and Paterson - ever-ready as promoters. It involved consolidating through merging the remaining local banks under the title 'Bank of South Africa'. As it proceeded the proposal came to include the London and South African Bank. The latter, through a curious combination of overextension of credit and supreme caution in opening branches - avoiding the diamond fields, for example - was in difficulties. Its London shareholders were more susceptible to offers from the Standard, which alone could rescue it from its problems, such as £175 000 in overdue bills by the end of 1876 (Henry, 1963, p. 46; Arndt, 1928, p. 279). With

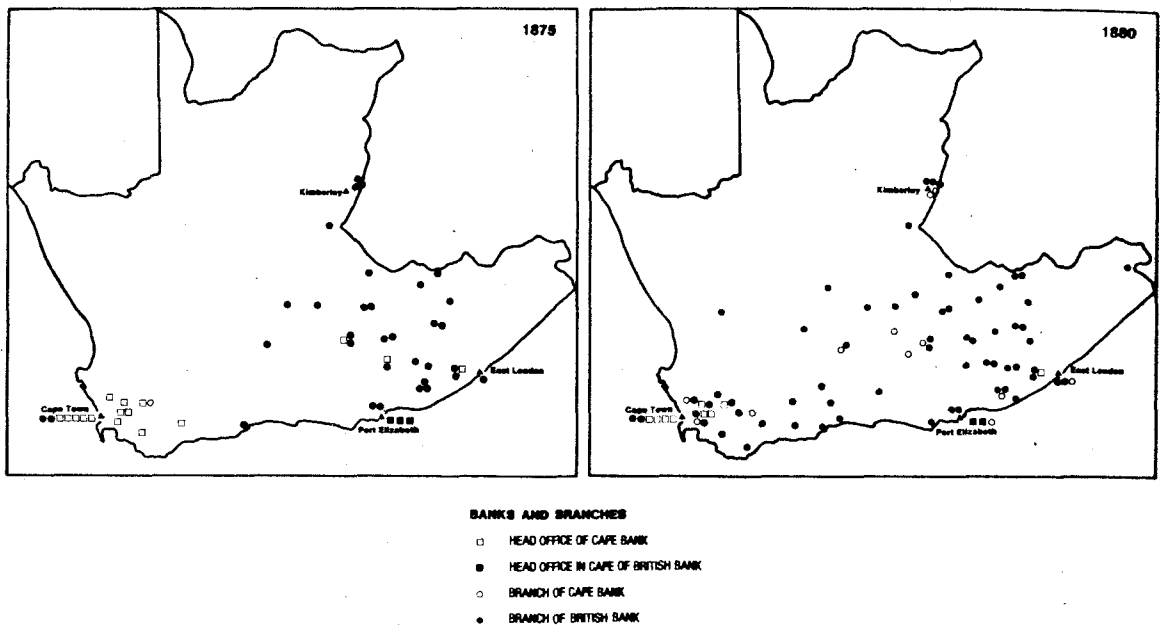
the L & SA Bank's acceptance of a merger with the Standard, the 'Bank of South Africa' project evaporated. (60)

The amalgamation of the original imperial banks brought the number of British-based institutions back to two, for in 1873 the Oriental Bank had opened in Port Elizabeth. It expanded rapidly by absorbing the surviving Port Elizabeth and three other local banks, some of which had branches. The Oriental Bank succeeded in opening in the Orange Free State in 1875.

The pastoral boom of the early seventies being strongly centred in the Eastern Province, that was where branches of the imperial banks were concentrated up to 1875. By 1880 only one country town in the Eastern Province still had an independent bank, though some of the four surviving Cape Town banks, as well as one or two other independents had branches in inland centres (Fig. 4.7 (a) and (b)). In the Western Province the pattern and system of production in the most intensive agricultural areas close to Cape Town had been less disturbed by the events of the sixties and seventies, and independent banks survived in Malmesbury, Paarl, Wellington and Worcester. As the boom proceeded, more branches were opened, particularly in the Western Province, which had not been penetrated by the imperial banks before 1875. Branches were also extended to centres in the pastoral districts. The extent to which the opening of branch banks both helped to integrate inland towns into the urban system, and to divert mercantile profits to the imperial banks, was captured by the Civil Commissioner at Oudtshoorn in 1875:

A branch of the Standard Bank is shortly to be opened here, which will be a very great convenience to the public, and no doubt will prove highly remunerative to those concerned. (61)

Figure 4.7. Banks in the Cape Colony 1875-1880.



(Sources: as for Figure 3.10)

By the time the Cape slid into recession in 1883, the banking system of the colony was largely directed from the Port Elizabeth headquarters of the Standard Bank and the Bank of Africa, which had taken over the interests of the Oriental Bank in 1879. These two banks had a total of 62 branches, while there were nine independent banks with a total of 12 branches (Table 4.4). Only one of these, the Cape of Good Hope Bank, operated an extensive network of branches, but even in its business at Cape Town it was surpassed by the Standard Bank. One reason for this state of competition was that the Standard's Cape Town branch had become the colonial government's bank, an association with officialdom which heralded some major changes in the nature of the banking system itself.⁽⁶²⁾ For the time being, however, the banking system, like much colonial trade, was centred on Port Elizabeth. That city thus continued to be one of the two main foci

Table 4.4. Banks and Branches, 1860-1880.

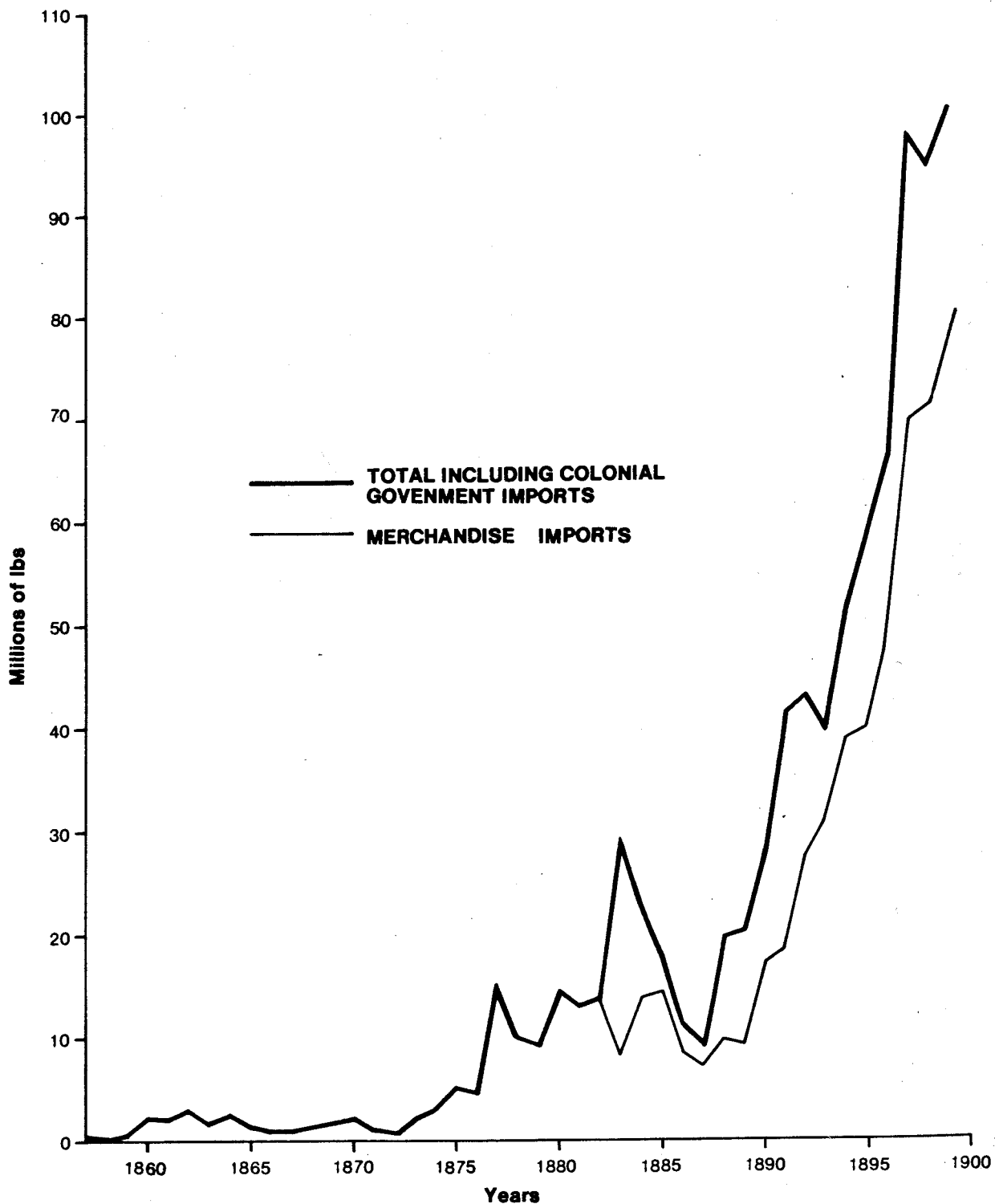
	1860	1865	1870	1875	1880
Local Banks	23	27	23	16	9
Branches of Local Banks	3	3	4	1	12
Imperial Banks	-	2	2	3	2
Branches of Imperial Banks	-	22	17	33	62
<hr/>					
Total Bank Offices Open	26	54	46	53	85

(Sources: compiled from SBA, Branch Index; BMA, Smith Files; Directories)

of the urban system of which the banks, and particularly the imperial banks, had been instrumental in creating by 1880.

Previous authors on the development of the urban system in South Africa have misconstrued both spatial and temporal attributes of that growth in the Cape in the later nineteenth century. For example, Browett (1975) treated Cape Town as the sole 'dominant pole' in the 'space economy', Further, in this view the process of urban growth becomes merely a simultaneous extension of rural and mineral booms. As we have seen, Port Elizabeth's importance throughout the period under discussion was enormous; Cape Town was far from sole dominance in the urban system. Similarly, the development of that system while made possible by the booms which were in turn rurally or minerally based tended to lag some way behind the main trade cycle of the colony. The best available index, that of cement imports, shows how the construction of the urban 'built environment' - inextricably bound up as that phenomenon always is with the capitalist urban process (Harvey, 1978) - lagged behind the ups and downs of the trade cycle (Fig. 4.8;

Figure 4.8. Cape Colony cement imports 1857-1899.



(Source: Cape BB and Cape SR for appropriate years)

cf. Fig. 3.4). Similarly, the opening of new banks - local, British or branch - tended to occur late in the boom phase (as Fig. 4.7 and Table 4.4 reveal). Two reasons for the time lag in the development of the urban system are worthy of note. One lay in the slow progress of the new means of communication: the 1874 plan to link the towns through railways was not completed until 1881. A second reason for the lag in the growth of the system has to do with the caution of investors, particularly bankers, to commit themselves to investment in the 'built environment' - urban real estate and construction - during the early years of a boom which might all too readily prove ephemeral.(63) The irony of course was that the main urban investment occurred as the boom came to an end: thus the massive increase in construction activity in the early eighties (paralleled by use of cement - cf. Fig. 4.8). Indeed, there is a case to be argued that the recessions themselves were in part associated with the switching of investment into speculation in land and the building construction as well as company shares and its consequent loss to more productive activities.

The greater spread of communication brought about by telegraphs and railways reduced the 'distance' between the larger and smaller towns in a myriad of ways. It also facilitated closer control over the branches of government departments, banks and large merchant houses on the part of their headquarters staff. In the case of the Standard Bank, the general manager's office in Port Elizabeth controlled not only the practices of the branches in discounting, credit, and so on, through the inspection branch, but also centralised control over staffing itself. Clerks entering the service of the bank could thus find themselves transferred from town to town. In this way the large, hierarchically organised institutions could control the 'prospects' of their staff.(64) Such practices must have combined to reduce the individuality of the country towns and to

cement them more firmly into an urban system which, socially, politically and economically had become an integrated geographic whole by the early eighties. Within the system the mobility of capital in money and commodity form became easier, which facilitated the concentration of resources at one point: Kimberley.

From Diamond Fields to Industrial Mining

Historians have approached the transformation of diamond mining at Kimberley in the late seventies and early eighties largely as a product of company formation, seeing that process as something almost exclusively due to circumstances within the diamond fields themselves. Turrell has shown in detail how that process of company formation was initiated by the necessity of the transformation of the labour process and the installation of machinery, and further how it resulted in the formation of a 'mineowning class' from a commercial community (1982b, esp. Chapters 1 and 5). The formation of companies, however, was made possible not only by the concentration of wealth in a few small groupings at Kimberley around 1880, but by accumulation in the Cape Colony more generally. In turn, the collapse of speculation at Kimberley in 1881 had severe consequences throughout the Cape precisely because of the deep involvement of merchants, bankers and farmers in the share market. It completed a very large northward movement of capital from the old colony to Griqualand West.

Opportunities for investment of the wealth of the pastoral and commercial elite had been limited. After the emancipation of the slaves in 1834, much of this wealth was placed in land mortgages and buildings through financial companies, which helps to explain the appearance of so many fine architectural struc-

tures from the thirties to the sixties (cf. Radford, 1979) as well as the growth of banking and insurance companies which facilitated the process from 1837 onwards.(65) It was the availability of funds for investment which made the copper boom in the fifties possible. Coupled with an influx of foreign capital through the banks, it was the liquidity of financial institutions which generated the inflation of the sixties, in itself part of the cause of the severe slump in that decade.

During the seventies, as remarked previously, a certain amount of investment in farm improvement took place. This new avenue of financial activity concentrated on ostriches. At the same time the growth of colonial trade stimulated an accumulation of capital in the hands of merchants and others whose opportunities for direct farm investment were already limited. As a result, during the seventies attempts were made to form companies in which these available funds could be invested.

Not all these attempts were successful. Those associated with farming were generally among the failures, with the exception of several companies formed in the Western Province to produce and market wine, brandy and spirits. In the main towns, tramway and boating companies were successfully floated and land and building investment companies as well as building societies and insurance companies also absorbed some funds.(66) It was in this period that the demands of diamond mining for capital investment began to become acute.

The acquisition by Kimberley claimholders and partnerships of steam machinery began around 1877. Machinery was largely employed in hauling the diamondiferous 'blue ground' out of the mines, as well as the ever-growing quantities of

'reef', or non-diamond bearing rock which almost continually collapsed into the mines from their rims. Later, mechanisation was also applied to transporting 'blue' to the depositing floors where it was broken down (mainly by weathering) and sorted. It was the haulage of 'blue' and 'reef' from the mines which was the first focus of industrialisation in Kimberley.(67)

Prior to 1877, Kimberley mine was worked by as many as 1600 different production units, while the other three mines were largely unworked. Once broken up by gunpowder or manual work, 'blue' was hauled out of the deepening pit in buckets, on ropes powered mainly by horse-driven winches. Those claimholders who were able to introduce steam driven machinery began to differentiate themselves from others at this stage.(68) A Mining Board was appointed to take care of general problems such as the removal of reef from the mine. It was funded by fees paid by claimholders, though many defaulted and the Kimberley Mining Board debt mounted steadily until it was bankrupt in 1883 (Henry, 1963, pp. 65-70). From 1877 onwards, steam power began to become the standard means of working the haulage system, as well as pumping out the water which increasingly hampered working at depth. By 1878 railways were complete for some distance inland from the ports and the cost of transport had been sufficiently reduced to allow the import of heavier machinery. The scarcity and high cost of fuel remained a problem, but the sixteen steam engines of 1877 gave way to 306 in 1881. Much of that growth took place in tandem with the investment boom of 1879 to 1881, and most of it was made possible by the formation of stock companies (Turrell, 1982b, pp. 35, 177).

Companies were present in diamond mining from the early alluvial days in 1871. A variety of relatively small companies had been formed during the seven-

ties.(69) Limits on claim ownership had helped to retard concentration until the restrictions were abolished. The abolition was made possible by the strengthening of the Griqualand West government which followed the failure of the 'Black Flag Revolt' in 1875, and the removal of Southey, author of the restriction, from the administration. After a fall in diamond prices in mid-1876, small investors in Britain tended to be wary of diamond investment, but diamond merchants were able to raise overseas funds to buy up claims (Turrell, 1982b, pp. 97-98). This influx of capital formed a basis for early companies in the mines, along with flotations in the Cape itself.

By 1879 the concentration of claims was proceeding rapidly in all the mines. For example, the 1600 claimholders of Kimberley mine had been reduced to 300 between 1872 and 1877. Of these, twenty, mainly diamond merchants, owned half the claims (Worger, 1982, pp. 36-37). A number of companies were formed. One, the Cape of Good Hope Diamond Mining Company, was floated publicly in Port Elizabeth in September 1879. Its capital of £100 000 was subscribed locally by merchants, though by 1881 its main shareholders were Kimberley capitalists, and soon after it came under the control of one individual, J.B. Robinson (Turrell, 1982b, p. 139 and App. IV.4; also see Worger, 1982, pp. 45-46). Once the flotation of public companies took off in 1880, there was no need to conduct the business of flotation in the older established financial centres of the Cape Colony. The interlocking network of banks and other institutions combined with the information conveyed by telegraph, meant that companies floated in Kimberley could attract investment from all over the Cape Colony. The recently completed telegraph link to Europe (see above) provided the essential facility for connecting the share market of Kimberley with diamond merchants in London who were the main channels of European investment (Turrell, 1982b, p. 178).(70)

The first company to be offered to European investors was the 'Compagnie Francaise des Mines des Diamants du Cap', floated with a capital of about £560 000 in 1880. But most of the capital for diamond company formation came from two sources in the Cape: claimowners, merchants and professionals in Kimberley, and the established commercial community of the rest of the colony, through whom funds from outlying areas were channeled (cf. Frankel, 1938, pp. 63-64). The process of company flotation revolved around the sale of claims to the companies, the vendors of the claims taking anything from half to over 90 per cent of the 'value' of their claims in shares. Sales of the remaining shares raised the cash necessary to complete the payment in cash, and to raise working capital. The method was, of course, highly inflationary and claim values were boosted for speculative purposes.

By the end of 1880 some twenty companies had been formed, but the 'share mania' really took off in the first half of 1881. Over seventy companies were formed, mostly registered at Kimberley, and sharedealing took place in the stock exchange established there in February that year. As speculation grew, shares were increasingly purchased on credit advanced through the banks, 'the Cape of Good Hope Bank taking the bulk of the business but being helped out with credit from the Standard Bank' (Turrell, 1982b, p. 181; see also Henry, 1963, p. 68).(71)

Finally becoming disturbed at the inflationary conditions, the banks refused to accept scrip as collateral in April 1881. From June the inflated share prices began to fall, and with them they dragged down numerous people. Even experienced Kimberley merchants like A.A. Rothschild were 'ruined', and it is hardly surprising that large coastal firms were also reduced to insolvency by their

overextension on diamond shares. The best-known individual bankruptcy was that of A.R. McKenzie, Cape Town stevedoring agent and building contractor. Like many others he was unable to pay his bank bills. When the banks called in debts from such speculators late in 1881 they were forced to declare insolvency. McKenzie had lost £200 000; many others had lost lesser sums.(72)

These insolvencies, of course, reflect an enormous transfer of capital from a large number of investors in the 'old' colony into the control of 'diamond magnates' in Griqualand West. Over half of the £12 million capital invested in the diamond mining industry by 1881 had been subscribed in the Cape Colony (Amphlett, 1906). This capital did not simply disappear, though that is no doubt how it appeared to insolvent speculators in Port Elizabeth and Cape Town. On the contrary, the money facilitated both the enrichment of the magnates and the purchase of still more claims. Ownership in the mines became so concentrated that fewer than a dozen companies controlled each of the mines by 1883, which is reflected by maps of claimholdings (cf. Fig. 4.9). The concentration of wealth in the hands of a rather small number of Kimberley capitalists was the most significant result of the boom-and-bust of 'share mania'. It emphasised the redirection of capital from the old colony to its new province, a process begun during the mineral prospecting of the depression of the sixties, fostered by the capital investments controlled by the colonial government, and completed by the subsequent depression.

The recession which developed in 1881 followed more than a decade of economic expansion. The depression of the sixties had resulted in a search for new opportunities which produced two paths of development. The first was a series of shifts in patterns of rural investment which brought about an intensification

of wool production and the growth of the ostrich feather export trade. The second was a geographical expansion of economic activity. Mineral prospecting in new territories resulted in early gold discoveries as well as initiating the exploitation of the diamond fields.

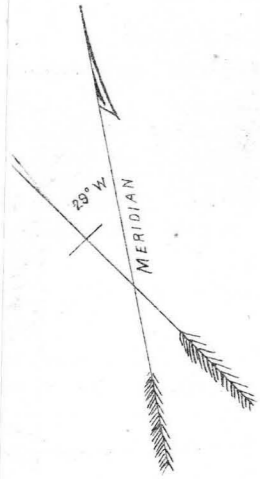
In the early years of the boom, intensified rural production formed the main focus of colonial attention. But as wool prices declined, credit problems increased for many farmers and labour difficulties asserted themselves, it was activity to the north of the established areas of the colony - specifically in the diamond fields - which increasingly dominated the Cape. International conditions encouraged this shift, through falling wool prices and the increasing attention which European diamond merchants paid to Kimberley. Colonial politicians also shifted their attention from the provision of transport facilities within the longer established productive regions of the colony to the extension of railways to the north. Subsequently constraints on overseas capital borrowing would make even the railway to Kimberley difficult to complete.

At the same time as this northward expansion of the colonial economy was developing, a restructuring of the economic geography of the colony itself was in progress. The gradual completion of railways, along with the telegraph system and branch banking, welded the towns of the colony into an urban system. Though rural production for export focussed in the east, western commercial interests gained ground by the routing of railways and the improvement of Table Bay harbour, while Port Elizabeth merchants were beset by the inefficiency of a poorly developed harbour and problems with the workforce on which they depended. Inability of Port Elizabeth merchants to gain the access to capital necessary to maintain commercial dominance; northward movement of capital; relative decline

in productive investment in the older areas of the colony; all were significant aspects of geographical restructuring which had emerged in the depression of the sixties, taken shape in the seventies, and were to be confirmed by the recession of the eighties and its aftermath.

Figure 4.9. Plan of Kimberley Mine in 1883
(on following page)

(Source: General Directory 1883)



Area of Surface of Mine = 20 Acrs. 2 Rds. 24 Pls.

Length of East-West Diameter = 1100 ft

Length of North-South Diameter = 1020 ft

Area of Surface of Claims 9 Acrs. 1 Rd. 6 Pls

420 Claims at 961 Sq. Ft each

Greatest Depth of Mine 400 ft

PLAN OF OWNERSHIPS

KIMBERLEY MINE.

Value of Mine: 5 Millions £.

Amount of Mine pro 1881 2860717 £ 1/5.

Value of diamondiferous ground 1/5 = 600,000. at 52 s. each.

Estimated during 1881: 360.

Value per Claim 2 1/4 in the £.

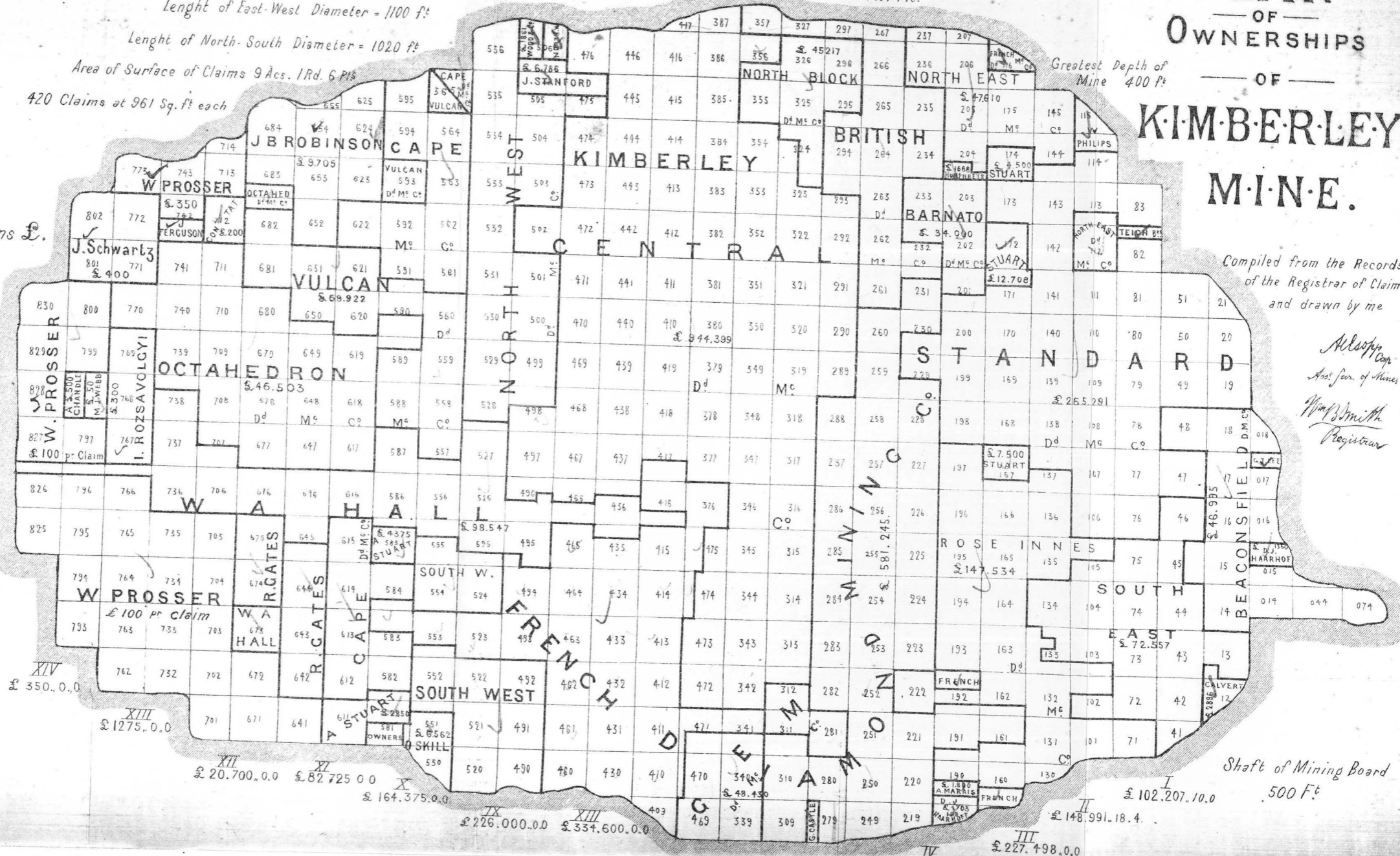
Value standing 3/8 per load fallen 1/6 " "

Water: 6d per 100 glls

Value in 1881 = 1665258 loads.

Compiled from the Records of the Registrar of Claims and drawn by me

Alcock
Asst. Gen. of Mines
Wm Smith
Registrar



XIV £ 350,000

XIII £ 1275,000

XII £ 20,700,000

XI £ 82,725,000

X £ 164,375,000

IX £ 226,000,000

XIII £ 334,600,000

III £ 227,498,000

II £ 148,991,18.4

I £ 102,207,10.0

Shaft of Mining Board 500 Ft

Notes to Chapter Four

1. cf. Cape BB, 1860, Observations of Civil Commissioners, Graaff-Reinet, p. JJ 33.
2. For examples, see SBA, IR, Graaff-Reinet, 18.1.1877; Smith 1976, pp. 86, 188. An indication of the origins of 'poor whites' in various districts in the period may be found in the reports of Civil Commissioners: see, e.g., Cape BB, 1865, Return JJ. Also Cape V & P, Ann, G.3-'94, Labour Commission, Evidence, esp. Vol. II, and Bundy, 1983, pp. 5-7.
3. Cape BB, 1860, ... Civil Commissioner, Piquetberg, p. JJ 3; 1865 and 1866, ... Civil Commissioner, Mossel Bay.
4. Cape BB, 1868 and 1869, ... Civil Commissioner, Mossel Bay.
5. For ostrich feather exports see Cape BB, 1869 and 1871. For the scale of operation of farmers engaged in feather production see, e.g., SBA, IR, Craddock, 20.6.1877, Discount Liabilities, cases of G.C. Venter, farmer at Tar-kastad, 'worth £12 000 above liabilities'; and of C. Heathcote.
6. For wool exports see Cape BB and Cape SR, 1870-1899. Wool prices did decline generally, including Australian wools, from 1875; cf. Butlin, 1972. It was the wool price decline which encouraged many farmers to invest in ostriches:

The fall in wool and advance in ostrich feathers induced many farmers to sell their sheep and invest in ostriches;

cf. SBA, IR, Graaff-Reinet, 5.4.1879, p. 112. Thus while the 'quantity and quality' of wool declined, there was 'a great increase in ostrich farming'; cf. SBA, IR, Graaff-Reinet, 22.2.1878, p. 117.
7. Cape V & P, Ann, A.1-'68, Speech of the Governor at Opening Parliament, pp. 5,6.
8. On building and lime stone quarries, see Cape BB, 1865 to 1868, Returns FF; on coal, see Cape BB 1859, p. FF 19. On silver, see Houghton and Dagut, 1972, p. 222.
9. CPL, Parliamentary Debates 1868. Cape V & P, House of Assembly, 9.7, 3.8 and 5.8.1868, pp. 150, 330 and 346. Argus 11.8.1868. SBA, JAH 6/2/1, GM-LO, 15.8.1867 and 15.1.1869.
10. On Hopetown and the Griqua trade, see Road Committee of Graaff-Reinet, 1857: 'Hope Town, the most northerly town in the colony, lies on the banks of the Orange River ... It has also considerable advantages from its proximity to the Griqua country, with the natives of which it carries on a large trade'. On semi-precious stones and saltpetre see Cape BB, 1859, pp. FF 18-19.
11. Evidence of the long standing knowledge of precious and semi-precious stones in the area is in CA, Southey Papers, Atherstone to Southey, 2.4.1867, etc.

- For a detailed account of the period see Robertson, 1974, pp. 35-38, in which the letter mentioned is quoted in full. See also Argus 18.4.1867: 'For some time past rumours have been in circulation to the effect that precious stones exist in the neighbourhood of the Orange River'.
12. cf. UWL, MacKenzie Papers, Correspondence 1858-1880, No. 103 of 29.3.1868. On Pniel and Klipdrift see Steytler, 1870, pp. 8-24; see also Shillington, 1981, pp. 72-90. On the alluvial discoveries, see Robertson, 1974, esp. Chap. 11.
 13. For production figures see Turrell, 1982b, App. II.4, p. 392.
 14. SBA, IR, Kimberley, 23.6.1875. See also Turrell, 1982b, p. 97.
 15. SBA, Branch Index, Kimberley and Klipdrift; GMO 3/1/9 (3) 15.1.1872; BMA, Smith file.
 16. cf. Cape V & P, House of Assembly, 1867, pp. 193, 211, 400-401. On lead deposits see, e.g., Cape BB, 1867, Report of Civil Commissioner, Hopetown.
 17. The Cape Town Railway and Dock Company also operated a telegraph along its line between Cape Town and Wellington. Cape Directory 1869, pp. 164, 166; General Directory 1878, p. 69a.
 18. *ibid.*, pp. 69a, 70a; Cape BB, 1875, pp. JJ 8, 11; GRH 29.3, 2.4 and 25.4.1873; Cape V & P, Ann, G.10-'82, Report ... Telegraphs, 1881, p. 61; G.43-1900, Statement of Loans Raised, pp. 6, 14.
 19. Cape BB, 1860, Reports of Civil Commissioners, Piquetberg, p. JJ 3; 1880, Reports of Civil Commissioners, Swellendam, App. p. 15.
 20. Cape BB, 1860, Reports ..., Cradock, p. JJ 22.
 21. *ibid.*, 1875, Beaufort West, p. JJ 7.
 22. *ibid.*, Victoria West, p. JJ 5.
 23. cf. comments of Civil Commissioners on the destination of local produce in their reports in Cape BB, 1870, 1875, etc. For example, Port Elizabeth was described as 'the seaport' of Victoria West in 1875.
 24. Cape V & P, Ann, A.13-'68, SC on Railways, Evidence, QQ. 984-991.
 25. *ibid.*, Memorandum, p. lxvi, and Evidence Q. 341; cf. also QQ. 397, 402.
 26. *ibid.*, QQ. 262, 402.
 27. *ibid.*, Q. 419. Nor, in later years, could numerous people interested in capturing the Transvaal trade: cf. DFA 19.5.1894.
 28. Cape BB, 1867, p. FF 12-13; *ibid.*, 1875, p. JJ 37.
 29. PECC Annual Report for 1870, pp. 10-12; EPH 8.10.1875.

30. See, e.g., DFA 19.5.1894.
31. GTJ 20.11.1871.
32. DFA 19.5.1894. See also Purkis, 1978, p. 160.
33. Cape V & P, Ann, A.11-'73, SC on Malmesbury Railway Petition, Report; Argus 18.9.1873; GRH 15.11.1873.
34. EPH 19.6.1874; GRH 3.9.1873.
35. SBA, IR, Port Elizabeth, 31.12.1877, Discount Liabilities, C. Holmes, Uitenhage; IR, Graaff-Reinet, 22.2.1878, p. 117; EPH 7.7.1874.
36. CA, Colonial Office Papers, CO 950, Letter of Chief Inspector of Public Works to Colonial Secretary, No. 183, 28.6.1872.
37. GTJ 9.9.1872; Cape V & P, Ann, G.28-'73, Report of the Chief Inspector of Public Works for 1872, p. 1; CA, Public Works Department Papers, Semi-Official Letters Received, A. De Smidt to Chief Inspector, 17.11.1873.
38. Independent 27.7.1877.
39. Kingwilliamstown Gazette 6.3.1872 (cordwainers were leather workers making the uppers of shoes); GTJ 29.5.1878.
40. EPH 14.6.1872.
41. PEA 1 and 5.6.1872; EPH 14.6.1872. The increase in charges at the port consequent on higher wages reinforced this demand for capital investment: see PEA 22.6.1872 and GTJ 9.9.1872.
42. EPH 5.9.1876; Cape Times 24.7.1877.
43. Cape V & P, Ann, G.49-'75, Correspondence ... Algoa Bay Harbour Board, pp. 2-6; G.25-'79, Report of the Commissioners for Improving the Port and Harbour of Algoa Bay, p. 3; C.1-'80, Petition from Port Elizabeth on Harbour improvements.
44. Argus 21.12.1880. It seems that there were possibilities of informal organising against the worst employers in small towns and rural areas; cf. Colesberg Herald quoted in GTJ 14.7.1882. A measure for the control of unemployed people was the Vagrancy Act, 1879, under which 'idle persons' could be arrested. As Hindson (1983, p. 44) points out, the result was to enforce an informal (but for Africans, vital) pass system, despite the supposed official abolition of passes.
45. Argus 2.8.1884.
46. idem.
47. idem.

48. *ibid.*, 4 and 5.8.1884. The last known Cape dock strike in the nineteenth century took place at Simonstown naval base in 1886, when construction workers struck unsuccessfully against a pay reduction; cf. DI 16 and 20.4.1886.
49. QFP 2.8.1878; GRH 7.12.1878.
50. GRH 9 and 18.11.1878; Colesberg Advertiser 25.1.1879. See also Richmond Era for August 1879 and Burghersdorp Gazette for January 1879.
51. Argus 23.4 and 29.5.1880.
52. *ibid.*, 23 and 26.8.1879.
53. *ibid.*, 21.8 and 4.9.1879; EPH 22.8.1879; PET 22.8.1879.
54. PET 28.11.1879, 6.1.1880.
55. Argus 4 and 29.6.1880. On opposition to Sprigg, see also Lewsen, 1982, pp. 89-90.
56. Merriman, for example, had been in parliament for 13 years; other Western Cape representatives, like Manuel, had over 20 years' experience. Paterson had represented Port Elizabeth in the fifties, and again from 1873; cf. Kilpin, 1930, Annexure E. There were no parties in parliament at the time, although the Afrikaner Bond was soon to become the first. A motion in favour of the Aberdeen Road - Nelspoort link between midland and Western lines, which would have been advantageous to Port Elizabeth merchants, mustered 33 of the 37 votes needed for an absolute majority. But careful lobbying gave the opposition the upper hand in the crucial votes, so that two days later fewer members were prepared to support this line; cf. Cape V & P, House of Assembly, results of divisions on 12 and 14.7.1880.
57. On Sprigg's arrogance, see Dictionary of South African Biography (Cape Town, 1972), Vol. II, p. 670. On withdrawal of the Railway Bill see Argus 17.7.1880.
58. Argus 24.5.1881; also Rhodes to Merriman, 16.5.1880, cited in Turrell, 1982b, p. 174.
59. Cape V & P, Ann, G.10-'82, Report ... Telegraphs, 1881, p. 61; G.34-'80, Report ... Telegraphs, 1879, p. 1.
60. SBA, JAH 6/2/1, GM-LO, 13.4, 11.5, 1.6, 15.6, 6.7 and 27.7.1877.
61. Cape BB, 1875, Reports of Civil Commissioners, pp. JJ 11.
62. Compare SBA, IR, Cape Town, of 18.5.1871 and of 28.2.1881. For the bank-government agreement, see Cape V & P, Ann, C.1-'76, Agreement with Standard Bank, 11.5.1876.
63. cf. SBA, IR, Cape Town, 12.8.1874, p. 220; IR, Port Elizabeth, 31.7.1876, p. 802..

64. See for example the cases of William Rigg, A.H. Gott and H. Gammidge, three members of Standard Bank staff at Port Elizabeth; SBA, IR, Port Elizabeth, 31.7.1876, pp. 812-814.
65. See various Directories for period 1857 onwards; also UCT, BC 635, Smalberger Papers, C 1.15.
66. For the failure of an attempt to float a farming company, see Cape BB, 1880, Report of Civil Commissioner, Jansenville, App. p. 22. Successful company flotations included the Kaffrarian Steam Landing, Shipping and Forwarding Company (1876), the City Tramway Company (1878), the Port Elizabeth Tramway Company (1879), the City Steam Laundry Company (1879), and the Grahamstown Brickmaking Company (1881); financial institutions formed included the Aegis Assurance and Trust Company (PE, 1873), the Provident Insurance Company (PE, 1873), the Colonial Assurance Company (1873), and the Cape of Good Hope Permanent Building Society (1877); see General Directory 1884, pp. 73-75; Argus Annual 1891, pp. 657-692.
67. Cape V & P, Ann G.22-'89, Reports of Inspectors of Diamond Mines for 1888, p. 3.
68. *ibid.*, pp. 3-4.
69. e.g., Prospectus of Klipdrift Mining Company, Diamond Field 3.8.1871, calling for £2500; Kimberley Mining Company (1875), capital £36 000; Turrell, 1982b, p. 139.
70. The number of telegraph messages dispatched at Kimberley rose from 14 225 in 1879 to 24 073 in 1880 and to 43 682 in 1881; Cape V & P, Ann, G.34-'80 and G.10-'82, Reports ... Telegraphs, 1879 and 1881.
71. SBA, IR, Kimberley, 12.11.1881, p. 478; JAH, 6/2/1, GM-LO, 8.4.1881.
72. SBA, 3/1/9, GMO (12), 2.6.1881, p. 294, and JAH 6/2/1, GM-LO, 26.11 and 3.12.1881.

CHAPTER FIVE

RECESSION AND ITS AFTERMATH

Among the consequences of the slump-and-boom of the sixties and seventies in the Cape Colony had been a substantial redirection of the economy towards the diamond fields, both in patterns of trade and through investment. It was the weakness of this dependence which became apparent in the recession which followed the collapse of the share market in 1881. Nevertheless, the problems of the Cape economy after 1881 could not be ascribed to the diamond fields alone. The condition of international markets as well as drought and other internal problems combined to yield a long and deep depression. The first section of this chapter charts the course of recession from 1881 to 1886.

The remainder of the chapter considers the consequences of the depression and its association with certain other factors in South African development at the time. With a decline in prices and production of pastoral commodities came increasing difficulties for merchants. Unable to secure assistance from the colonial government, numerous commercial communities faced decline. Perhaps the most significant decline was that of Port Elizabeth. The second section of the chapter examines the consequences of the recession through the experience of that city's commercial community.

One result of depression was the increasing predominance of Kimberley - where so much money had been invested by coastal interests - in financial matters. The struggle for control in diamond mining had a number of facets, each of which had implications for the geographical structure of the colony. Most signif-

icantly, however, the availability in Kimberley of funds for investment during the depression tended to encourage northward expansion rather than intensification of activity in the 'old colony'. The third section of the chapter explores the generation and results of conflicts in the Kimberley environment.

The last two sections analyse the various forces, arising before and during the recession, which both encouraged and opposed northward expansion. The relation between the 'imperial factor' and Cape expansionism is discussed first, followed by a final section on the politics and economics of intensification and expansion in the economic geography of the colony during depression.

The Course of Recession, 1881 - 1886

As early as the winter of 1880 Cape Town firms were facing severe financial difficulties in increasing numbers. M.L. Bensusan and Co., Barry, Arnold and Co., and several other merchant houses collapsed as the extension of easy credit began to catch up with them. H. Fisher, of L. Alexander and Co., asked the Standard Bank to release him from liabilities for 'fictitious bills' and F. Smale, a middle-sized draper, had to meet his creditors 'in consequence of the dullness of business'.(1) Despite the rapidly growing speculation in shares - which of course included those of suspect diamond companies - inflation helped to give an appearance of buoyancy to trade. Normally cautious observers like the Standard Bank's inspectors could comment in mid-1881 that

Recent failures in Cape Town afford evidence of the great desire Merchants here exhibit in pushing trade, but there does not appear to have been much in the shape of rash speculation in this place, and I believe business to be fairly healthy.(2)

Just as Port Elizabeth merchants had rejoiced at the Molteno plan of 1874, so now as the extension from Beaufort West to Hopetown was begun

... the Cape Town merchant is gratified with the probable diversion to this market, by the present Railway scheme, of that portion of the Beaufort West and Victoria West trade, which formerly found its way to Port Elizabeth. (3)

The predictions of prosperity proved to be illfounded, for by the second half of 1881 the bubble of diamond share mania had burst. The setback to trade caused by the resulting insolvencies and bankruptcies combined with a number of other adverse factors to precipitate a general commercial depression, which began in the Western Cape.

Several weaknesses had developed within the commercial system over the course of the boom which came to an end in 1881. The maintenance of large wholesale stocks in upcountry towns, a practice indulged in both by small inland and large port merchants, was increasingly rendered unnecessary by the completion of telegraphs, particularly the cable to Europe, as well as the colony's railways. The rapid execution of orders made possible by these new means of communication meant that large quantities of unsold merchandise could build up in the warehouses of some traders. The overstocking was made that much more embarrassing by the general decline in trade with African polities and then by the sudden cessation of wars involving British troops in southern Africa in 1881 (Amphlett, 1906, pp. 4-6). (4)

The last general war in the Eastern borderlands of the Cape Colony, begun in 1877-78, was brought to a close by 1879. It was followed by the disarmament war waged against the Basotho under Sprigg's government. Meanwhile, British troops had been engaged, with a variety of allies, in the defeats of Zulu and Pedi poli-

ties in 1879. Following the defeat of the Pedi, the burghers of the Transvaal rose against the unwanted British annexation of 1877. A British army sustained a series of defeats on the Natal-Transvaal border, and the new Liberal government entered into negotiations towards restoring the independence of the Transvaal (the name reverting to South African Republic in 1884) (See Thompson, 1971a; Thompson, 1971b; Guy, 1979; Delius, 1983). The effects on the economy of the Cape were immediate.

The country had become so accustomed to war that the sudden cessation of the struggle in the Transvaal embarrassed the mercantile community who had accumulated large stocks in the expectation of its continuance. The embarrassment was augmented by the execution of indents previously arranged (Amphlett, 1906, p. 4).

As commercial stocks built up in the towns of the colony, merchants searched for customers. The search was made more difficult by the losses sustained by their prospective customers in the Kimberley share collapse. The agricultural situation was also bleak.

A variety of pressures had adversely affected the output and consequently the exports of the Cape farms. It was pointed out in Chapter Four that wool exports fell unevenly from 1873 onwards, and their fall was not compensated by the increasing value of ostrich feathers or other rural produce. Falling prices were dampening the production and marketing of other commodities too. For example, during the seventies the prices of wheat and flour had declined, and by the early eighties the Cape was importing three quarters of a million pounds worth of these breadstuffs a year (Easton, 1886, pp. 51-52, 78). If the decline in wheat prices and the poor yield of the 1881 crop was injurious to Western Cape farmers, the shrinkage in the Kimberley market for other Western Cape products - wine, brandy, dried fruit - was equally damaging. (5) Wine farmers who had specu-

lated in diamond scrip were especially hard hit by falling demand for Cape brandy (Amphlett, 1906, p. 5). The local banks and merchants of Western Province towns like Paarl and Worcester were forced to tighten their credit as they sustained losses through insolvencies, in turn precipitating further individual crashes (with political consequences discussed later in the last section of this Chapter).

It was in the Western Province that the commercial crisis first became severe. A contemporary observer remarked that

At first the brunt of the crisis was undoubtedly borne at Cape Town and in the South Western Districts, where trade had been pushed with little discretion. Business at Port Elizabeth was relatively on a much sounder footing, the depression in fact, with few exceptions, left the position of the merchant houses there virtually unimpaired (Amphlett, 1906, p. 11).

At this early stage of recession, business in the Eastern Province was less severely affected than at Cape Town; wages reflected the regional difference, remaining high at Port Elizabeth (Table 5.1). Insolvencies of merchants and farmers during 1881 were concentrated in the Western Province and that part of the colony was viewed as the 'weakest' well into 1882.(6) The price and quantity of wool exports declined only slightly in 1882, and the banks and merchants continued to do relatively well in the East.(7) But this regional buoyancy was not to last. As the effects of the American civil war and the English financial crisis of 1864 had lowered prices of the Cape's staple export, wool, in the previous depression, so once more a decline in foreign markets affected the Cape. The greater spread of staples - wool, diamonds and ostrich feathers - was of little avail, for Cape wool was of poor quality and luxuries tend to be early and severe casualties in slumps. The 'moderate recession' in England and America in

Table 5.1. Sample daily wages, Cape Town and Port Elizabeth, 1883

	Cape Town		Port Elizabeth	
	Coloured	White	Coloured	White
Carpenters & Joiners	5/0	7/0	?	10/0
Day labourers	1/6	3/6	3/6	4/0

(Source: Cape BB 1883)

1882-83 (Schumann, 1938, p. 86; see also Chapter Two above) had an immediate and devastating impact on diamond prices.

While the spark to the Western Cape's commercial crisis of 1881 was the collapse of diamond share mania, it is misleading to describe the depression as a 'diamond crisis' (as Schumann did: 1938, p. 85). The Cape's economy, as shown in Chapter Four, was less dependent on diamonds than is usually believed. Despite the gathering depression, Cape exports rose in 1881 and 1882 (Table 5.2) But while 'continued prosperity' could be reported in Kimberley in February 1882 amid a building boom and the installation of electric light, 'stagnation of trade upon the Diamond Fields' had begun by June. (8) The average price for diamonds from Griqualand West was about 30s. in 1882; in 1883 it dropped to below 23s. (Turrell, 1982b, App. II.4). In addition, mineowners faced difficulties in recruiting labour, high costs of fuel for steam machinery and enormous problems of falling 'reef' in the mines (which are further discussed below). By early 1883,

the course of the crisis ... veered in a pronounced manner towards the Diamond Fields (Amphlett, 1906, p. 11).

The enormous reduction of diamond exports placed great strain on the commercial system of the Cape; imports fell dramatically (Fig. 4.4) and government revenue suffered accordingly. The influx of foreign capital both privately and publicly raised became constricted. Each of these developments affected the Eastern Cape adversely, and Port Elizabeth in particular.

The failure of Barry and Nephews, large merchants of Swellendam and Cape Town in July 1882, was another sign of the generalisation of the crisis. By the end of 1882, one of the nine remaining local banks, the Cape Commercial, was in liquidation, having sustained heavy losses in the Transvaal as well as during the diamond share crash. Early in 1883, as the effects of years of drought were telling on the Eastern Province (Amphlett, 1906, p. 5), business declined in that region.(9)

Nevertheless, it was not until the collapse of wool and ostrich feather prices in 1884 and 1885 that the recession in the Cape Colony plumbed its depths. The northern hemisphere recession reduced the price of ostrich feathers from some £5 8s. per pound in 1880 to £2 6s. in 1885 (Gresswell, 1892, p. 235). The long drought in the Eastern Province affected the quality of wool, ultimately affecting even the best Border districts, so that by April 1885 both Port Elizabeth and East London were in the grip of depression. What made matters worse was that farmers had sold sheep and invested in ostriches; the ostrich industry had not been as profitable as some had anticipated and the fall in the value of the birds affected farmers' credit. Conditions had seemed at their worst in Cape Town in 1883, and although an improvement in the 'tone' of business at Kimberley was reported in 1884, 1885 was the year of deepest depression.(10)

Table 5.2. Selected Cape Colony Exports 1880-1887 (£000).

	Wool		Ostrich feathers		Diamonds	
	lb(000)	£(000)	lb(000)	£(000)	carats	£(000)
1880	42 468	2430	163	884	3140	3368
1881	42 771	2181	194	894	3090	4176
1882	41 690	2062	254	1094	2660	3993
1883	38 029	1993	247	931	2414	2742
1884	37270	1745	233	966	2264	2807
1885	34 433	1426	251	585	2440	2490
1886	47 454	1581	289	546	3135	3505
1887	44758	1676	269	366	3599	4242

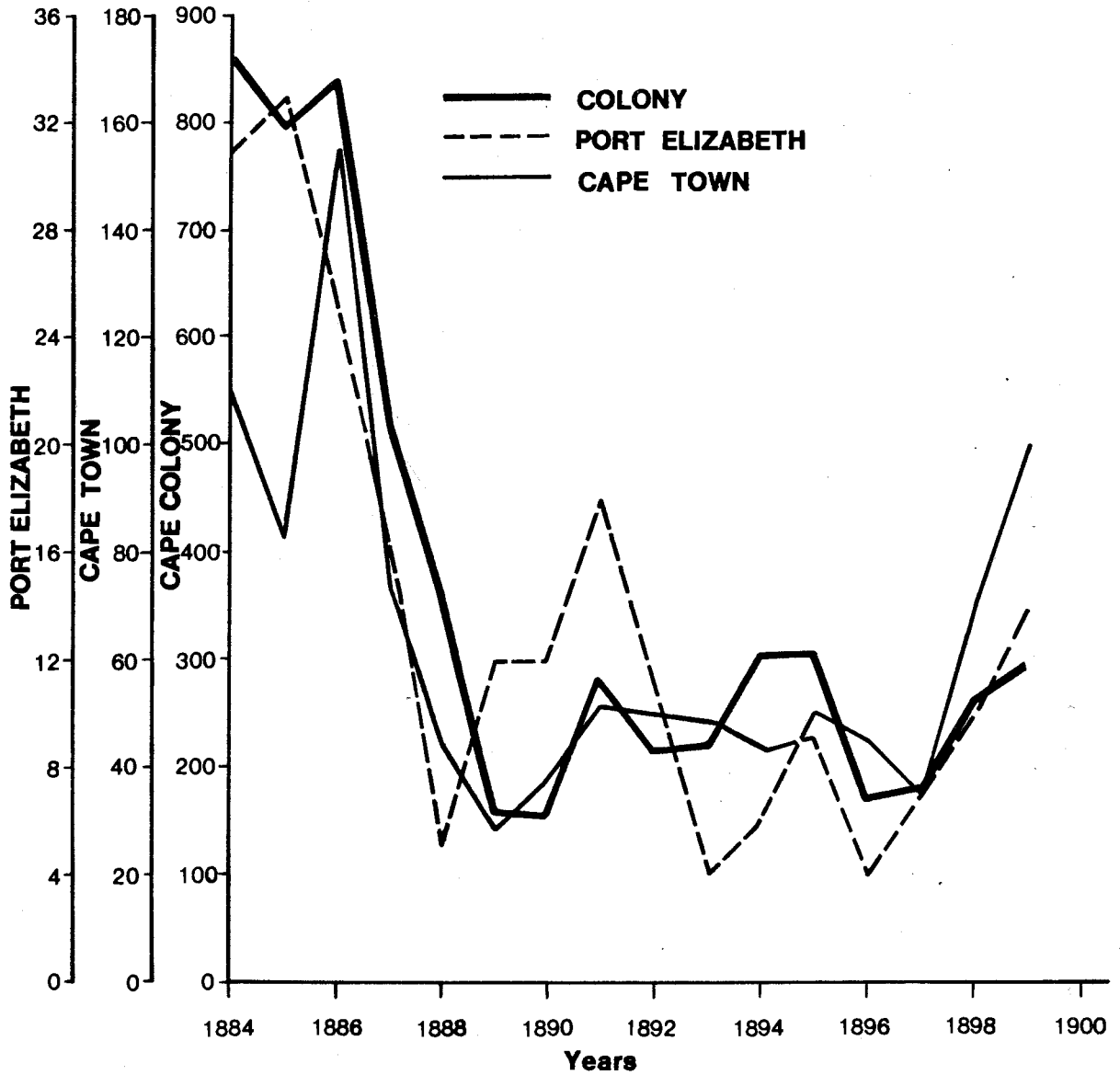
(Sources: Cape BB and SR 1880-1887; Turrell, 1982b, App. II.4)

The crisis had now become general. The diamond mines had not recovered from the slump (cf. Table 5.2); trade in the Western Province was considered 'very poor'; discouraged by the lowest London wool prices in 35 years sellers withdrew half their produce from colonial markets. Nevertheless, the turning point had been reached. Although there was no rapid recovery, in 1886 most observers saw improving trends. Insolvencies and sequestrations began falling rapidly in the course of the year (Fig. 5.1). Improvement in the European wool market and good rains in the Eastern province helped exports through Port Elizabeth to rise by eight per cent. The Port Elizabeth Chamber of Commerce spoke of 'recovery' and the general managers of the Standard Bank wrote in August 1886 that

The mining industry at Kimberley has recovered its position in a most marked and gratifying manner since the commencement of the year.

With the elimination of so many weaker firms - culminating in the liquidation of the South African Bank at Cape Town in March and the disappearance of associated firms - the commercial system had been reformed.(11) The Cape Colony was on its

Figure 5.1. Insolvencies and sequestrations, Cape Colony, Cape Town and Port Elizabeth, 1884-1899.



(Source: Cape SR 1884-1899).

way to another boom. The new phase of expansion was to be more revolutionary than any that had gone before. In order to examine how that boom was directed, it is necessary to explore how Cape society and geography had been restructured

during the depression. Its effects on Port Elizabeth form a useful vantage point.

The Decline of Port Elizabeth

In the eyes of most geographers who have discussed the early development of the South African urban system, Port Elizabeth figures without many exceptions as a rather minor point on the urban map. Always smaller than Cape Town in terms of population size, never the seat of government, its enormous importance as the premier centre of trade and finance throughout much of the period covered by this thesis are readily overlooked. Yet from the fifties to the eighties, Port Elizabeth was in many respects the key centre of the Cape economy. How Port Elizabeth's merchants acquired this focal position has been described in part in Chapter Four. Together with Cape Town, Port Elizabeth's significance was much reduced by the development of the Kimberley market, and in particular the diversion of investment to that city. What requires explanation is the fall of Port Elizabeth to the position of a functional centre within the urban system, but one very much controlled from elsewhere.

Of primary importance both in the rise and in the decline of Port Elizabeth were the structure and trajectory of the colonial economy. The boom of the seventies was rooted in the farms of the Eastern Province and the diamond mines of Griqualand West: both areas were linked more strongly to 'the Bay' than to other colonial ports. Thus the growth of Port Elizabeth was dependent not only on the growth of its wide hinterland. It depended on the superior access to the interior which Bay merchants enjoyed. That was why they rejoiced at the Molteno railway plan in 1874, for it gave them the makings of a fan of railways, collect-

ing and distributing commodities not only along the length of the lines, but also through the termini at Graaff-Reinet, Cradock and Grahamstown. The outcome of railway politics in 1881, which was quite removed from the best interests of Port Elizabeth merchants, was enormously threatening.

The problems confronting the Bay mercantile community were compounded by their inability to develop the port facilities in Algoa Bay. The expanded supply of wage labour after the last 'frontier' war (1877-78) gave merchants some respite from strikes and rising wage levels. But they were increasingly dependent on the diamond fields trade, and to a lesser degree on their monopoly of the ostrich feather market. When both of these springs of fortune faltered in the eighties, the negative effects of recession combined with the changing transport system to disadvantage the 'Liverpool of the Cape'.(12)

With the completion of the railway to Beaufort West in 1880, the fastest route from Europe to Kimberley became that via Cape Town. Table Bay also had the docks to facilitate safe handling of passengers, and the bulk of this traffic passed through Cape Town. At the same time as the crucial railway debates of 1879 to 1881 were taking place, the harbour problem which beset the Port Elizabeth mercantile community was also the source of dissension. In 1878, the Port Elizabeth Chamber of Commerce complained to the government that

whereas the interest upon the expenditure of the other ports of the colony is paid mainly out of the general colonial revenue, in the case of Port Elizabeth the whole interest is made a charge upon the local trade of the port.(13)

The occasion for the complaint was that the Harbour Board had had to increase wharfage dues by fifty per cent; the merchants felt that Port Elizabeth harbour was too expensive, with cargo handling charges of about 5s. 6d. per ton - twice

as much as Cape Town. The key issue was still the lack of an 'adequate scheme for the improvement of the harbour'; it was the opinion of the Chamber of Commerce that a plan for an enclosed harbour should be drawn up for the government by consulting engineers, and this suggestion was endorsed by a petition with over 500 signatures. The Sprigg government undertook to introduce legislation for the construction of an enclosed harbour at Port Elizabeth in the 1881 parliamentary session, but as described in Chapter Four, Sprigg was defeated before a bill could be introduced. (14)

The new government was less sympathetic to the Port Elizabeth merchants than the previous one. The Treasurer-General (or minister of finance), C. Hutton, was a representative of an Eastern Province division, but told the Chamber of Commerce after his appointment that while 'the trade with the Free State was the legitimate property of the Eastern Province', that of Kimberley belonged to Cape Town. He was not prepared to commit the government to harbour works, but - in what was to become familiar rhetoric for the next few decades - 'said ... he thought that it should have protective works'. Similarly, Merriman, although assuring the Chamber of Commerce in August 1881 that the new South Jetty would be built, would not promise a full harbour scheme. (15)

Among the problems which Port Elizabeth merchants faced in securing a good supply of shipping, safe and inexpensive cargo handling, and rapid turnaround times for ships, were labour and fuel. Although no reported strikes appear to have taken place in the port in the early eighties, the difficulties of retaining a disciplined workforce were legion. Failure to turn up at work was common. On occasion this was brought about by 'riots' in the 'locations', the camps where Mfengu and Xhosa workers lived on the outskirts of the town. One such event

began with 'a serious disturbance on Sunday evening' in early October 1881. Fighting continued on the next morning and 'broke out afresh' on the Tuesday. A local volunteer regiment was then called out to 'disarm' the location residents, and to make a show of force. The effect on Port Elizabeth was that

Nearly every store in town were without their 'boys' yesterday, and work on the beach was much retarded by the absence of the natives. (16)

Although Port Elizabeth was a more profitable place for ships to call than Cape Town, given the greater volume of cargo handled there, the lack of coaling facilities served as a discouragement. Cape Town harbour possessed the only coaling station on the South African coast, and it was recognised at the Bay that both the enclosure of the harbour and the provision of fuel were essential to the port. A local newspaper wrote that

Among the requirements of this port - and there are not a few - may be named needful arrangements for coaling steamers ... That many (ships) would prefer calling here, especially in the winter season, is a fact well established ... The only reason they do not do so is that which we have stated, namely, the absence of means and appliances for coaling vessels. How long, we ask, is this great hindrance to the larger development of our legitimate trade and commerce to be permitted? (17)

The numerous 'hindrances' of Algoa Bay as a harbour continued, partly because during the depression the government was neither willing, nor, because of high interest rates able, to raise the capital necessary for harbour construction at Port Elizabeth. Without breakwaters ships could not berth alongside wharves, without the wharves coaling was far more expensive than at Cape Town. Without the income which would have been generated by wharf charges and larger numbers of ships calling for fuel and replenishment, as at Table Bay, the Port Elizabeth Harbour Board could not afford to finance its own works. The opening of the new South Jetty in 1884 (Redgrave, 1947, p. 3) was no compensation for the absence of outer harbour works. Merchants at the Bay were trapped between the expensive

and inefficient labour process in their port and the unfriendly government in Cape Town. Not only did that government fail to improve their harbour works, it tended to assist Cape Town merchants through another cost which it controlled: railway rates.

As the railway systems under the Molteno scheme stretched inland from the three ports during the seventies, it was soon found that they were not only more expensive to build than anticipated (see Chapter Four), but also that they were subjected to substantial competition from the ox wagon, especially in the Eastern Province. By 1877 less than a quarter of the tonnage moved into and out of Port Elizabeth was carried by rail, one of the reasons being the 'low rates ruling for ordinary ox-wagon transport'. More than ten per cent of the wool traffic even between Uitenhage and Port Elizabeth was still carried by ox-wagon, though that line had been open since September 1875.(18) In his report for 1880, when railways were open to Graaff-Reinet and Queenstown, the general manager of railways noted that

The competition with the ox-wagon in the East is too keen and considerable to be despised.(19)

Since the railways were nowhere near earning the whole interest on borrowed capital in the early eighties, some means of improving their earning capacity was sought. A partial solution was found in reducing rates in the Eastern Province in order to increase revenue. This action caused vociferous complaints from the Cape Town Chamber of Commerce, whose members

discovered that the railway rates ruling on the Eastern and Midland systems were in most instances far below those prevailing on the Western lines. This was brought to the notice of the Commissioner of Crown Lands ...

After parliamentary lobbying the Cape Town merchants gained rate changes which they considered inadequate and 'by united action with the upcountry districts' attempted to secure better treatment. (20)

The advantages which Cape Town merchants enjoyed over their Port Elizabeth counterparts included ready personal access to members of parliament, senior government officials and cabinet ministers. Deputations could lobby those in positions of political power at short notice, simply by virtue of proximity. The connections were sufficiently close that in the nineties, while Port Elizabeth's Chamber of Commerce could boast only local officials as members, in the Cape Town case the general manager, chief traffic manager, and engineer-in-chief of railways, the postmaster-general, the superintendent of telegraphs, the collector of customs and the government surveyor were honorary members. Success in presenting their case to the government is evidenced by a cabinet minister's acceptance in 1881 that Kimberley trade was the 'property' of Cape Town (cited above), despite the Bay's handling the bulk of that traffic. In consequence of these close links the Cape Town Chamber's committee on railway rates were, in 1883,

happy to report that many, if not all, their grievances have been redressed. (21)

If the Capetonians were 'happy', there was usually reason for their Port Elizabeth competitors to feel otherwise. As shown above, the latter were still in a better trading position than were merchants under very depressed conditions in Cape Town until late in 1883. But the completion of sections of the new railways was not advantageous to Port Elizabeth.

The completion of the 125 mile line from Cradock to Colesberg by October 1883 was not calculated to add much trade to Bay merchants' businesses, for it merely helped to speed up the movement of traffic with which they were already concerned. By contrast, the opening of the Beaufort West extension to Victoria West Road in May 1883 made the Western Railway the cheapest line of transport for the large and prosperous districts of Victoria West and Carnarvon - whose trade, as we have seen, had previously gone largely through Port Elizabeth - and even parts of districts such as Richmond. Bay merchants feared that much of their Kimberley trade would be diverted to Cape Town once the Western line reached the Orange River. A special general meeting of the Port Elizabeth Chamber of Commerce was convened during a visit to their city by the general manager of railways to complain about the 'slow rate at which the works towards D'Aar (junction of the two systems of railway - AM) were progressing in comparison with the Western extension in that direction'.(22)

The Western and Midland railways were linked at De Aar on 31 March 1884, and the line was opened to the Orange River near Hopetown in November. With Cape Town and Port Elizabeth sharing railway access to the same point, about 80 miles south of Kimberley, the struggle over railway rates intensified. A new uniform scale was introduced in April 1884. But the Cape Town Chamber of Commerce favoured a sliding scale, with a decreasing ton-per-mile rate over increasing distance. Their goal was, in the Port Elizabeth view,

to get the total charge from Cape Town to Kimberley reduced to the same as the total charge from Port Elizabeth to Kimberley, or nearly so, in order to take away from Port Elizabeth the Kimberley traffic in imported goods.

In the Cape Town view the lack of a sliding railway rate scale meant that

the trade of the Western Province with distant portions of the Colony is much interfered with.

By lobbying, the Cape Town Chamber succeeded in securing special rates for selected commodities railed to Kimberley, involving reductions of 13 % from Cape Town but only 1 % from Port Elizabeth.(23) To add to the competition faced by Bay merchants, the Border railway reached Molteno in September 1884, Burghersdorp six months later, and Aliwal North before the end of 1885.

Faced with the slump in the Kimberley market, a succession of poor wool seasons, the collapse of ostrich feather prices and the loss of a large part of their trade to west, east and north, Port Elizabeth merchants experienced an enormous shrinkage in their trade. After a poor year in 1884, exports through Algoa Bay fell 27 % and imports 14 % in 1885. When recovery began in 1886, the loss of markets told heavily. Trade through East London took a large slice of the pie. For the first time since the fifties, commodities imported through Cape Town exceeded the value of those through Port Elizabeth in 1885 and 1886 (Fig. 4.7).(24) The preeminent position of the 'Liverpool of the Cape' had suffered deeply in the recession. Its position as a financial capital was also threatened.

Since the first imperial banks had established themselves at Port Elizabeth in the early sixties, the city had become established as the centre of the colony's financial system. The Oriental Bank had opened its operations there in 1873, and its successor, the Bank of Africa, had maintained its headquarters there from 1879. The Standard Bank, easily the largest in the Cape, had originated in Port Elizabeth and was still managed from there. However, the Standard's management was beginning to contemplate a change in the early eighties. The directors of the Standard Bank in London and the general managers in Port Elizabeth began to discuss relocating the bank's South African headquarters to

Cape Town from late 1880. One of the advantages of such a move was seen to be the very fact which so irked Bay merchants: the existence of 'important docks in Table Bay', and their absence in Port Elizabeth. In addition the Standard Bank had a network of branches in the Western Cape for the first time, while the local Cape Town banks were thought to be gradually losing business. The Standard was the official bank of the government and the Cape Town branch handled that large account. As the erection of the new bank building in Adderley Street, Cape Town, proceeded, the plans were altered to provide additional office space in order to house the general manager's office and the inspection department. The building was to be 'impressive and in keeping with the general idea of what a bank should be'.(25) But the general manager wanted to keep the possibility of a move confidential, for

it would probably give rise to a feeling of jealousy and dissatisfaction in the minds of our customers in the Eastern Province.(26)

With the completion of a rail link between Cape Town and Port Elizabeth via De Aar, government offices began to be concentrated in Cape Town, a process speeded by the recession. The Standard Bank, with some pressure from the Cape government, decided on the move to Cape Town by December 1884. It planned its relocation to be unobtrusive: the longer-serving joint general manager (L.L. Michell) moved to Cape Town in August 1885, taking control of branches in the Western Province, Griqualand West and the Transvaal with him. The final transfer of management to Cape Town was completed in January 1886.(27)

The eighties had started well for the Bay. Its trade was booming, and seemed more resilient than that of Cape Town as recession followed the collapse of diamond share speculation. In 1882 the first telephone exchange in the country

opened in Port Elizabeth, a mark of 'progress' (Redgrave, 1947, p. 3). The writing was already on the wall, however. New railway building was cutting away hinterlands in the northeast and northwest. No new harbour works were approved. The depression caught up with Port Elizabeth and, by the time recovery came, the image of the Bay had been tarnished. Trade had gone to other ports; its premier financial institution had moved to Cape Town. In a rather pathetic gesture, the Port Elizabeth Town Council decided to assert what little remained of the Bay's independence. When the newly-united railway system adopted Cape Town time at all its stations, the Town Clerk wrote to the centralised railway management at Cape Town:

I have the honour to inform you that at the Town Council meeting held yesterday it was unanimously determined to abide by the local time of the town. (28)

The real autonomy which Port Elizabeth had once enjoyed was gone.

Labour, Capital and the Kimberley Environment

The recession sharpened many conflicts within the Colony. It threw Port Elizabeth and Cape Town merchants into renewed competition over railway rates and government finance, with the former group eventually suffering substantial decline. Not only did Port Elizabeth decline in relation to Cape Town; in terms of the investment of capital both declined relative to Kimberley. In the latter town, the only centre of large scale industrialised production in the colony, sharpened competition led to concentration of capital through the amalgamations of companies. Profits and the proceeds of speculation as well as money realised by those who sold their claims to newer or larger companies meant that capital for new ventures was available in Kimberley on a scale previously unthought of

in South Africa. Under depressed conditions in the Cape Colony, the owners of money capital turned north in their search for profitable opportunities.

The geographical restructuring made possible by the concentration of capital in Kimberley was contemporaneous with other forces of restructuring. The slump in diamond prices strengthened the need to cheapen production costs, in particular the costs of labour and fuel. It also brought to a head a conflict between labour and capital. This section of the chapter investigates restructuring fostered by the depression, first of the relations between capital and labour in Kimberley, and its consequences within the Kimberley environment; and second of the ownership and control of the diamond mines which established one of the conditions for the investment to the north which is investigated later in the chapter and in Chapter Six.

The diamond mines were not the only site of an increasing tension between wage workers and employers in the recession. The first trade unions came into being at Cape Town and Port Elizabeth at that time. Among them were a branch of the (English) Amalgamated Society of Carpenters and Joiners, formed in Cape Town on December 23, 1881; a typographical Society in Cape Town at much the same time; and the Eastern Province Typographical Society, established in Port Elizabeth in 1883.(29) Bankruptcies and failures to pay wages were common during the depression, while larger employers took advantage of high unemployment to tighten their control over workers both black and white. One example of workers' response was the strike over pay reductions in Cape Town docks in 1884, described in Chapter Four. Increasingly repressive conditions were especially apparent in the mining towns. The oldest of these was O'Okiep in Namaqualand, where the rule of the Cape Copper mining Company was almost absolute in the

eighties: the company showed a 'high degree of overlordship ... in connection with the lives of their workers and anyone dependent upon them'. The town was very unhealthy, the air and even the water being contaminated due to the copper smelter, and the death rate at times reaching two or three per week in a population of 2000. In these circumstances a strike of 'by far the larger number of Cornish and German miners' took place in 1882. While the workers were 'discontented with their earnings', 'several other reasons have been given'. The strike began on September 5, 1882; after ten days most miners were back at work and only a few workers tried to hold out; several were dismissed. Even though the company would have faced extensive losses had the strike continued - there was no possibility of rapid substitution of the skilled miners - the strikers were forced to concede. The power of the employer in an isolated company town proved too great for the workers.(30)

Kimberley in the eighties was par excellence the site of tightening control over labour. As in other colonial towns, some workers had tried to organise in the early eighties. The earliest forms of collective support had been in benefit societies, which, given the casualty rates in the diamond mines, had been more than a convenience.(31) Later in 1882, as conditions in Kimberley worsened and the mining companies proposed to reduce overseers' wages, workers formed the Working Men's Association of Griqualand West, the first body to approximate a union on the fields. The members were primarily white mine overseers, but the organisation was open to 'every branch of industry' and to 'all nationalities'. Most people in evidence at its meetings were overseers, many of whom were former claimholders, and who were more susceptible to unemployment in the depressed conditions of the early eighties than other groups of employees. The central demand at the organisation's first meeting was that working hours be

reduced if wages were cut, a weak demand reflecting, perhaps, the weakness of the organisation. The Association did not last for long.(32) It was not until the depression had worsened and the employers took concerted action against workers that unions reappeared.

In 1883 a system of searching mineworkers at the end of each shift was formally introduced. While 'most mine managers' doubted its effectiveness in preventing theft of diamonds, which was its ostensible purpose, its institution required a greater regimentation of the workforce than was previously possible (Turrell, 1982b, p. 243). At first the search was applied only to labourers, but amended searching regulations were published in September. Under the new rules supervisors and artisans were also to be searched,(33) which meant that those employees - mainly white - were to be subjected to a degradation along with ordinary labourers - mainly Africans - which would clearly demonstrate their complete subjection to the mine companies. Under the impact of recession, wage cuts, redundancies (lay-offs) and searching, the mainly white artisans and engine drivers at Du Toit's Pan mine formed the Artisans and Engine Drivers Protection Association (A & EDPA). This Association spread to other mines when the mine worker searching regulations were extended to the engine houses and workshops - that is to say, to mainly white artisans - on September 27, 1883.(34) The A & EDPA was probably the first whites-only trade union in South Africa. In October 1883 it led a week-long strike against the searching system, supported by the unorganised (white) overseers. Black workers also participated, but the strike ended with the mining companies promising that searching of whites would be restricted to occasional checks, while blacks gained nothing. In the event, it was 26 blacks who were convicted and sentenced to one month's hard labour for 'actions ... related to the strike'.(35) Thus the 1883 strike illustrates how

organisation of some workers to the exclusion of others could contribute to extending divisions in working conditions, wages and the supervisory hierarchy - in this case, between black and white workers. The companies were later to formalise and extend this division to the residential geography of Kimberley.

As Turrell (1982b, pp. 265-266) shows, the mineowners proceeded to renege on their promise and in late March, 1884, again enforced the regular stripping and searching of all white workers. New branches of the A & EDPA were formed and two branches of a new body, the Overseers and Miners Protection Association (O & MPA) were established in early April. The workers did not launch a strike until they were locked out at the De Beers and Bultfontein mines on April 23 and 24. Provocative displays by armed special constables - some of whom were company directors - preceded the events of April 29, 1884, when for the first time in Cape history, six workers on strike were killed by police.(36)

During the strike large parties of strikers had been successful in shutting down operations at almost all the mining companies; it was in the abortive attempt to shut down the steam driven water pumping gear at the Compagnie Française in Kimberley Mine (now the 'Big Hole') that Philip Holmes and five others were killed.(37) In this endeavour the white workers, who had organised in the A & EDPA and the O & MPA were joined by a crowd of several hundred black workers. To this, Rhodes remarked that it was

what he hoped never to see in this colony again, white men supported by natives in a struggle against whites.(38)

The mineowners thenceforth took measures designed to separate black and white workers.

Because there was a history of racism at the diamond fields, expressed most prominently in the suppression of claim licences for Africans in the seventies,(39) and given the twentieth century racial division of labour in South Africa, it is easy to exaggerate the separation existing between black and white workers prior to the 1884 strike. Thus Worger (1982, p. 230) asserts that 'white workers ... feared the power of black workers to get beyond their control' and that black workers involved in the strike had to be restrained from 'a wholesale attack on white people and property'. These views are not supported by the sources, except insofar as they reflect the editorial opinions of the company-supporting Diamond Fields Advertiser. Indeed, there were contemporary organisations in Kimberley within which black and white cooperated for political ends, as revealed by the joint actions of the (mainly coloured or black) Afri-cander League and the (white) Griqualand West and South Africa Association (Turrell, 1982b, p. 349).(40) The separation of white and black workers, supported though it generally was by the division of skilled and supervisory from ordinary manual labour, was not immutable. The companies took steps to enforce it.

When the 1884 strike ended, three hundred white men were dismissed from their jobs.(41) The shootings and the dismissals cowed the white workers and broke their organisations, but this did not mean that the potential power of the white workers was 'destroyed in the strikes', as Turrell implies (1982a, p. 67). Certainly the companies were concerned to increase their control over their workforce, but from their point of view an excellent way to achieve this goal was by separating black from white. Thus 'white workers' authority in the workplace was reinforced by their exclusion from compounding' (Turrell, 1982a, p. 67).

That white workers were still capable of organised strength in Kimberley was demonstrated by the six week occupation of the unfinished railway station in April and May 1886.(42) But on the mines the companies succeeded: attempts to organise new unions failed. One of the new trump cards held by employers was that scab labour could rapidly be brought from the coast by the newly-completed railways.(43)

Although proposals for the compounding of white workers occasionally resurfaced, they were never again to be housed in compounds as had been the case for small numbers in the past.(44) Reflecting the hierarchical division, the spatial separation of their living circumstances became absolute in the wake of the 1884 strike.

Something resembling the later closed compounds was first proposed for workers in Kimberley in the seventies. In a report on the diamond mines, T.C. Kitto, an engineer who had spent some time at diamond mines in Brazil, remarked that there

The blacks are lodged in barracks, which are built in the form of a square, the outer wall being much higher than the inner wall; the roof slopes inside. The entrance to the place is by a large gate ... Men and women answer to their names while passing out at the gate in the morning and in the evening when entering ... an overseer locks up the premises each night ... the natives of South Africa, under European supervision, are capable of being made almost - if not quite - as good as the blacks of Brazil, provided they are dealt with in the same manner.(45)

As long as the mines were worked by small production units, such a proposition was impractical. But as companies grew by feeding on each other in the early eighties, the position altered. In evidence to the Commission on the Diamond Mines in 1882, many company managers thought that

all employees should live and board on the premises of their masters

and more particularly, they were adamant that it be made

compulsory that natives should live and board on the premises of their masters (emphasis added).(46)

It was at this time that proposals not merely for on-site housing were heard, but also for closed, barracks-like compounds:

The natives should be kept in walled-in locations, provided with food, liquor, etc., and no communication with the outside world allowed without special permission.

Open compounds were increasingly built by several of the companies, but it was immediately after the 1884 strike that the directors of De Beers Diamond Mining Company decided to investigate 'the desirability of the isolation of the company's servants'. The resolve of the other leading companies moved in the same direction, for in his report for that year the Inspector of Diamond Mines wrote that it was generally accepted that 'mining employees' should be housed in compounds, amongst other reasons 'to bring them under better control'.(47)

The sociological similarity between compounds and prisons has been noted in South African historical literature (e.g., Van Onselen, 1982, Vol. II, p. 171). In Kimberley the origins of compounds owed much to the use of convict labour. Although the mines were emerging from the recession in 1884, the same was not true of the Cape Colony as a whole. As one means of trimming costs, the Colonial Office in Cape Town noted in a circular in March that in 'the present condition of the finances' it was worth 'making prisoners earn something towards defraying the cost of their maintenance'. In response the Resident Magistrate at Kimberley suggested that unskilled labour, both black and white, could be employed at the mines. Thus it came about that De Beers Co. resolved in October 1884 to 'arrange a contract with the Cape Government in regard to the employment of convict labour on the company's works', being careful to note to the government that

quarters for convicts should be built at the mine, which the company would take over if the system changed. By early November a contract had been concluded. Convict labourers and carpenters duly built the barracks. But the supply of convict labour was always insufficient for the company's purposes. As a result, De Beers' interest in the compounding of 'free' labour increased. The company began building a new compound in late 1885.(48) But they were behind the Kimberley Central Company, which had already 'closed' its compound by confining the black workers for the duration of their contracts. Initially, black mine workers resisted the compound system by refusing to work. A short strike marked the first day of the Kimberley Central's new closed compound on April 27, 1885. The managers immediately fired the 'ringleaders' and the remaining workers went back to work. The closed compound was then 'opened' (sic) by a large party of managerial guests, who heartily toasted the 'success of the compound system and the purpose for which it has been inaugurated'. When the De Beers Company closed their first compound on 1500 or 1600 Africans in July 1886, the workers struck, some for up to a week - to no avail.(49)

The purposes of introducing the closed compounds were complex, and no single factor can be employed as an explanation. The orthodox view (cf. Smalberger, 1975) that closed compounds were necessitated by the ease of theft of the mines' product is inadequate (Turrell, 1982a, pp. 46, 68).(50) Underground mining, through shafts sunk round the open mines, was emerging in 1884 and 1885 as the only viable system of extracting 'blue ground' at deeper levels, and underground working made labour discipline still more essential than earlier methods (Turrell, 1982b, p. 286). The compounds fostered tighter discipline. They allowed the mine companies to maintain a reserve supply on their own premises, a proportion of compound residents usually being a reserve supply of labour - idle, but

certainly desirable.(51) The compounds were also useful in reducing the loss of diamonds: in all these ways they tended to increase productivity. In the mid-eighties, that consideration was crucial to the relative power of the companies operating in the mines, and thus to the outcome of amalgamation schemes (see below). For immediate purposes it is significant simply that the closure of the compounds, initiated immediately after the 1884 strike, came to exclude white workers. Instead of compounding, the companies looked for other means of housing white workers in an appropriately ordered fashion. The Kimberley Central Co. converted an old hospital into a 'barracks' for single white workers in 1884. In 1888, De Beers, by then one of the two remaining giant companies in Kimberley, commenced the construction of a 'village' to house white workers at Kenilworth, a few miles from the mine. The Inspector of Mines reported that

It is situated upon land belonging to the company. Married and single quarters, mess-houses, reading and recreation rooms, gardens and cricket grounds will be provided. I believe it is intended that no alcoholic liquor, not even table beer, is to be allowed in the village; such an absolute prohibition seems rather grandmotherly and unnecessary.(52)

Control of the labour force had extended to the social and spatial separation of black and white workers. In the conflict between labour and capital, which was sharpened by the depression, the latter had asserted its dominance in part through compounding and the manipulation of a hierarchical, racial and geographical division of labour. In the conflict between 'capitals', the monopoly of power in Kimberley was brought closer to completion, with significant consequences for wider geographical structures. It is to the concentration of capital that this section now turns.

By 1886, all work in the Kimberley and De Beers mines was carried on by companies. The effects of the recession had included the consolidation of blocks of

claims into about half a dozen production units in each of these mines. Furthermore, it was during the recession that difficulties faced by some companies led to proposals for amalgamation of working, at least in each pipe. Most of the stages in the 'struggle for control of the diamond industry' have not been examined in detail by historians, and only the 'last stages ... have been dealt with in any detail' (Roberts, 1972, p. 181). The legendary (or perhaps mythological) battle between Barnato and the Kimberley Central Company on one side, and Rhodes and the De Beers Company on the other, has been the subject of a number of accounts and, more recently, some demystification by Turrell (cf. Chilvers, 1939; Roberts, 1972; Flint, 1974 and Turrell, 1982b, Chapter 9). It is not proposed to describe the course of amalgamation in detail here, but the origins of the process in the depression are worthy of mention, since the process itself contributed to the availability of capital for investment in northward expansion.

It was not that there were no plans for amalgamation of working in the mines prior to the depression. Various schemes were proposed in the late seventies (Roberts, 1972, pp. 103-104). More serious proposals emerged after the slump in the share market. The De Beers Company then proposed an amalgamation in De Beers mine, with support from European backers, for underground mining, compounding and centralised control. The state of the diamond market was not weak enough to pressure overcapitalised companies like the Victoria, and the scheme fell through (Turrell, 1982b, pp. 360-361). It was not long before depression encouraged new attempts to improve the conditions of the mines. J.B. Robinson, whose holdings were in companies which faced severe difficulties, called a meeting of companies in July 1883 at which he argued for regulation of production. He was opposed by Rhodes, who wanted producers to agree merely not to sell dia-

monds below an agreed floor price based on the cost of production (Roberts, 1972, p. 170). The companies which were able to produce in quantity did not face a crisis of overproduction, contrary to the position espoused by Turrell (1982b, pp. 220 ff). It was only with monopoly in sight that Rhodes, able to regulate total output, reduced production to maintain market prices. In 1883 competition, not monopoly, characterised the diamond trade, and low prices affected poor producers more severely than companies like De Beers or the Compagnie Française.

The involvement of bankers in attempts to merge companies at Kimberley was largely due to their desire to recover losses incurred through speculation in poorer companies. For some, like Rothschild's, the losses were direct (though through European share markets); for others, in particular the Standard Bank, the losses were indirect, through advances to share purchasers (Henry, 1963, pp. 63-65). J.X. Merriman's ideas on amalgamation gelled with those of the Standard Bank, and he spent several months in early 1885 trying to negotiate a merger on behalf of the Standard Bank in Du Toit's Pan mine. When the scheme failed, Merriman acted as broker for the Standard Bank's attempt on the Kimberley mine. The purpose was the liquidation of the Mining Board's debt of over £400 000. Through defaults by its debtors the Cape of Good Hope Bank had come to control a portion of the mine, but unlike the Standard was itself a debtor of the Mining Board (Henry, 1963, pp. 66-76). Opposition from the Cape bank, together with that of Robinson and others involved in the mine, led to another failure (Lewsen, 1960, pp. 205-208; Turrell, 1982b, pp. 356-360).

Merriman failed a third and last time as amalgamation broker in the colossal scheme for the 'Unified Diamond Mines Limited'. Once more this scheme was pri-

marily aimed at regulating production (Lewsen, 1960, p. 209; Turrell, 1982b, p. 365). As a result it was opposed by De Beers and the Kimberley Central, though not by the Compagnie Francaise since its major shareholders were involved in the Unified scheme as promoters. De Beers and the Kimberley Central were engaged in the development of underground mining, and were prepared to compete with the lesser producers by 'swamping them with production'.(53) The inability of the promoters to draw the largest companies into the 'Unified' led to its failure. A factor in the collapse of this scheme was the cheapening of fuel prices following completion of the railway to Kimberley (see below). Near-total amalgamation was finally brought about under the De Beers Consolidated Mines Limited in a process commencing in 1886.

Rhodes made initial proposals for buying out the companies in the De Beers mine to the De Beers Company board in January 1886. He had initially appeared to go along with the Unified scheme, but perhaps used it as a cover for his own plans. Once the De Beers proposals were published in February Merriman's efforts disintegrated (Lewsen, 1982, pp. 118-119).(54) Dropping its share exchange scheme De Beers proceeded to acquire other companies mainly through purchase, and with the achievement of control in the Victoria Company via the London share market, became the first company wholly to own one of the mines late in 1887. Going beyond their own mine, De Beers succeeded in acquiring the Compagnie Francaise in Kimberley mine. The Central Company had meanwhile absorbed the Standard, Kimberley United, North East and North Block companies, and with its purchase of the De Beer's portion (ex-Compagnie Francaise) acquired full control of Kimberley mine in November 1887.(55)

It was generally held that with the whole of the richer Kimberley mine in one company, it was merely a matter of time before that concern would be able to absorb De Beers. (56) But Rhodes and his co-directors had prepared a number of tactics which placed them in a superior position. In selling the French Company back to the Central, they had been paid in Kimberley Central Company shares, yielding a presence in that concern. It seems that some of the Central's directors had already agreed to join Rhodes, in particular Barnato, by the end of 1887. With convict labour De Beers was able to work more cheaply than the Kimberley Central Company. Its managers pushed the workers to the limit and beyond, culminating in the great fire disaster of 1888 in which over 200 miners died (the company refused to shut down the mine for eight hours after the fire first broke out). By these means they were able to maintain a high volume of production, generating the profits necessary to attract European financial backing to enable De Beers Company to acquire the Kimberley Central, rather than the other way around (cf. Turrell, 1982b, pp. 358-376; Worger, 1982, pp. 255-310).

The main amalgamations of diamond mining companies took place in 1886 and 1887, though the final consummation of the De Beers Consolidated only took place in early 1889. By then the largest investments in South Africa were no longer being made in the Cape, but in the Transvaal gold fields. The profits made by numerous individuals in the process of amalgamations in Kimberley were redirected northwards once more. The financial structures and experience available to those who had control of amounts of money capital previously unheard of in the Cape allowed a rapid movement of capital to take place in search of new opportunities. Investment opportunity was not the only attraction which led Kimberley capitalists to look northwards during the eighteen eighties however.

Before considering the antecedents of the shift of capital further into the interior those other forces, which themselves affected the mobility of capital, require examination.

The Imperial Factor and Cape Expansion 1875 - 1885

The recession in the eighties followed a trajectory which steadily engulfed the whole Cape Colony and much of the rest of South Africa in its toils. Among responses to that recession were attempts both to restructure and to intensify economic activity in the Cape, and to search for new sources for profit beyond the colony. The economic environment within which such experiments were made had been transformed by the communications system, the growth of towns, substantial rural changes, and the beginnings of industrial diamond mining, as already described. The political environment within which these varied endeavours were conducted also differed substantially from that of the previous depression in the sixties. The annexation of the Transvaal to Britain in 1877, the wars in Pedi territory, Zululand, Basutoland and elsewhere, the entry of Portugal and Germany as interested parties in southern Africa as well as internal changes such as the emergence of the Afrikaner Bond as a political party provide examples of the changes. The complex interplay of local and foreign economic interests with South African and imperial politics conditioned the pace and character of northward movement of people and capital from the Cape Colony. There was an enormous increase in the area subjected to rule by the settler states, particularly the Cape, or direct rule from London. At the same time this expansion was neither even nor consistent. There were more advances than retreats, but there were nevertheless withdrawals, both by British 'imperialism' and by Cape 'colonialism'. These two forces were sometimes in accord with one another and on

occasion in conflict. The significance of this interplay has been recognised by De Kiewiet (1937) in his classic Imperial Factor in South Africa, and it has been elaborated more recently by Schreuder (1980).

The coincidence of the 'imperial factor' with internal, mainly economic, forces, has been stressed by Atmore and Marks (1974). They do not go so far as to suggest that the internal forces of 'colonialism' were always coincident with imperial policy. There was enormous conflict within the Cape over imperial proposals for confederation with other territories (cf. Lewsen, 1942), over the annexation of the Transvaal, and on the Basutoland, Transkei and Bechuanaland issues. It was this pattern of conflict, and the insistence on an autonomous role for the Cape in its own expansion, which lent a complex appearance to the widening of colonial boundaries.

Both colonial and imperial policy and debate were informed by internal questions. Atmore and Marks (1974) and Etherington (1979, pp. 235-239) have demonstrated how imperial policy was influenced by local officials' views on the labour needs of mines and farms. Other recent literature (e.g., Kimble, 1981; Delius, 1983) has supplemented this analysis in helping to detail the relationship between the mobility of labour and the 'imperial factor'. These studies form an exception to a singular gap within the literature on the 'imperial factor' in South Africa between 1875 and 1885. This literature has generally been silent on the internal economic forces at work, not so much in terms of their own coincidence or otherwise with imperial politics, but with a view to their own dynamics of expansion. There has been, as a result, a tendency in geographical terms to analyse the changing 'political geography' of the period rather than the mobility of capital, which is by no means necessarily the same thing. The

subsequent section of this chapter returns to the mobility of capital in and from the Cape Colony as the recession worsened in the early eighties. As background to that discussion the main events of 'political' expansion must be considered.

Whatever the chemistry of the confederation policy initiated by the British colonial secretary, Carnarvon, in 1875, the question of economy of administration was certainly among its elements.(57) Carnarvon's fears that the costs of divided colonies faced with disrupted and therefore hostile indigenous populations on all sides would be very large, were justified over the next few years. He noted the 'danger of widely extended disaffection' among African polities in his well-known confederation dispatch to the Cape Governor, Barkly, in May 1875.(58) Other prompting factors were the express fears of Griqualand West (and Natal) officials over labour supplies (Immelman, 1955, p. 227; Etherington, 1979, pp. 235-239, 247). As Kimble (1982, p. 136) has pointed out, migrant labour depended on the 'conditions prevailing at both the point of supply and that of demand'. Conditions in the Transvaal seemed to threaten that supply. The refusal of the Cape government to participate in the proposed conference on confederation; the arbitration award of Delagoa Bay to Portugal in July 1875; the financial weakness of the republican government; the unsuccessful republican war against the Pedi in 1876; all strengthened imperial resolve (Delius, 1983, p. 212). In April 1877 Britain annexed the Transvaal (De Kiewiet, 1937, pp. 73-83).

There was a strong commercial lobby in the Cape Colony in favour of Transvaal annexation. That republic had first been viewed as a potential source of substantial wealth during the seventies. Apart from labour migration which under-

pinned the diamond fields, gold discoveries in the Eastern Transvaal proved payable and attracted attention. A commentator at the Cape in 1875 held that

The whole course of past, recent and passing events seem to indicate, with a probability nearly amounting to certainty, that a few years, indeed, will see the Transvaal territory occupy a most important position in South Africa. (59)

Cape colonists held extensive interests in Orange Free State and in the Transvaal (Trapido, 1980b, p. 353). At least one Cape bank had investments in the Transvaal. Through lending £60 000 to the government of President Burgers, the Cape Commercial Bank had been allowed to open branches in the republic in the early seventies. The financial problems of the Burgers government led the bank to press for the annexation in 1876 (De Kiewiet, 1935, pp. 104-105). Once it occurred, Cape-based financial interests were not far behind. On May 2, 1877, the Standard opened in Potchefstroom, and on May 16 in Pretoria. (60) The imperial bank, kept out of the Orange Free State since 1868, was eagerly awaiting the chance to enter the new British territory (Amphlett, 1914, p. 45). Reflecting these financial links, the telegraph system was extended from the Cape through the Orange Free State and into the Transvaal, the line to Pretoria being opened at the beginning of 1880. (61)

While the Cape government was not enthusiastic about the annexation, which helped to stimulate the rise of a Dutch-speaking political movement in the colony, it was not averse to territorial expansion. Labour supplies, the prospect of 'unrest' and the expansion of trade all encouraged the Port Elizabeth Chamber of Commerce to press for the annexation of the Transkeian territories in the mid-seventies.

We believe it would be wise of Her Majesty's Government to ... (annex) ... the tribes and their country lying between Natal and the (Cape) colony.

The long unsettled condition and warlike desires of the natives have seriously retarded the advancement of public works, greatly increased the rise in wages, the cost of living, and the public expenditure for internal protection and frontier defence, and made it necessary for the government at the Cape to confer with Parliament now in Session how best to provide against a native uprising and against attempts at invasion. (62)

The adoption of a more 'vigorous' policy towards Africans in the borderlands of the Cape - Ciskei, Transkei, and Basutoland - included the passage in 1877 of a 'Permissive Act' providing for Transkeian annexation. More ominously, Sprigg's government - brought to power by the governor's dismissal of Molteno, and disposed to expansionism (Beinart, 1982, p. 31) - began to pursue a policy of disarmament of Africans. It was partly successful in the Border area but disastrous in Basutoland. 'Disturbances' led to war in 1877-78 within the colony and beyond the Kei; parts of the Transkei and the large and productive area of Griqualand East were annexed. By contrast, the 'gun war' against Basotho chiefdoms in 1880-81 was enormously expensive and quite without rewards. The Cape had agreed to take on Griqualand West, which had a large public debt, in 1880; but the needs of 'economy' led to a retreat: a temporary cessation of annexation across the Kei, and the return of Basutoland to the status of a British protectorate - where the chiefs maintained declining powers - in 1884 (Thompson, 1971a, pp. 259, 270).

This setback for Cape expansionism coincided with the defeats of British forces in the Transvaal; Gladstone's government rediscovered its electoral intentions and the independence of that republic was restored by negotiation in late 1881. Both imperialism and Cape colonialism entered the eighties in retreat. The linkage between these setbacks and the recession has been mentioned in the first section of this chapter. But this was not the end of expansionist designs in the Cape. The same forces which had encouraged the former

officials of Griqualand West to look northwards were still present: labour migration from the Transvaal and territories to its west and north continued to maintain the diamond fields. With a gathering recession in the early eighties, the smooth passage of that labour to and from the fields was crucial to its cost. Politicians from Kimberley were vociferous in their concern to secure the 'road to the north'.

Immediately north of the Vaal River and within a relatively short distance of Kimberley lay a territory which had been disputed for decades. The western boundary of the Transvaal had been fixed by the Keate award of 1871, but this did not prevent its settlers from occupying land across that line. Two small republics had been set up, centred on Vryburg and the Rooigrond. Both complicated the passage of labour from the north, and greatly exacerbated the existing tensions between Setswana speaking people as well as settlers in the area (Thompson, 1971a, p. 273). The emergence of these republics posed a threat to the labour supplies of the Kimberley mineowners. Rhodes, one of the four new Griqualand West representatives elected to the Cape parliament in 1881, told the House of Assembly in a pitch designed to gain merchants' support:

I look upon this Bechuanaland territory as the Suez Canal of the trade of this country, the key of its road to the interior (Williams, 1921, p. 73).

On the recall of the British resident in Bechuanaland, Rhodes managed to gain the appointment to this post in August 1884 (Maylam, 1980, pp. 18-19). Within six months a new boundary had been fixed for the Transvaal, the area between Griqualand West and the Molopo River had become a British Crown Colony, and the rest of Bechuanaland was a British protectorate. The road to the north was in British hands.

The change had been brought about by a number of new factors. Maylam (1980, p. 20) stresses the strategic motive: control of the interior was necessary to British retention of the coast and its supposed command of the route to India. A further element is said to have been the apparent threat of German occupation of the vast territory inland of what is now the Namibian coast, as well as a general concern in the 'official mind' with Portuguese and South African Republic expansionism (cf. Maylam, 1980; for a review see Schreuder, 1980, pp. 145-149). While Schreuder (1981, p. 19) claims that 'the German factor was not yet involved', almost the whole coastline of South West Africa was annexed to Germany in August 1884, and recognised as German territory by Britain in September - the month in which Rhodes became involved in Bechuanaland and sought troops to help secure control. If the direct impact of the German action was limited, it certainly helped to increase concern over the future of Bechuanaland in the Cape Colony. Schreuder himself has pointed out that the Cape's trade with the territories accessed by Rhodes's 'Suez Canal of the country' was worth more than £250 000 a year. The colony's merchants were also deeply involved in South West Africa (Pearson, 1984, pp. 48-50), which had motivated a struggle to exclude Germany from the territory and in the course of which Merriman had even suggested a 'precolonizing chartered company' to Rhodes (Lewsen, 1982, pp. 111-115). It was Cape politicians and commercial groups, unable to pay the cost of militarism themselves, who pressured Britain into providing the 4000 troops of the Warren expedition which resulted in the creation of a crown colony up to the Molopo, and a protectorate beyond (Schreuder, 1980, pp. 169-177).

In the course of the early eighties commercial interests in the Cape had sought to expand into new territories yet again, but their prospects were limited by at least two political considerations. One was the German annexation in

South West Africa, which operated to exclude colonial traders from the concessions and commercial rights they had sought with the indigenous people (Lewsen, 1982, p. 113). The other was the resumption of Transvaal independence. The latter served to discourage Cape investment immediately, especially under the nationalist aura of the monopoly concessions granted by the republican government (Reunert, 1893, p. 83). The Cape Commercial Bank had succumbed to the added pressure which diamond share lending had placed on it, but primarily to its earlier and continuing losses in the Transvaal, and went into liquidation in 1882. The Standard Bank pursued a policy of reducing its business in the republic from 1881 to 1883. By the latter date, however, the Cape recession had taken its toll in turn of the Western Province and Kimberley, and was clearly weakening business in the Eastern Province as well. Political conditions in the Transvaal were judged to be less problematic than Cape merchants had previously thought - perhaps in comparison with the economic problems of the 'old colony' where 'new large failures' were reported from Cape Town. It was with the beginnings of 'gold mania' in that territory that interest in its potential for expansion was renewed. By mid-June 1883 the Standard Bank was proposing to reopen its closed branches in the Transvaal.(63) An economic rather than strictly political expansion to the north was once more underway.

In this renewed expansion of colonial capitalism into the Transvaal in the eighties, it was forces largely internal to the Cape which engineered the movement of capital in that direction. It is thus to the interplay of those forces and their relationships in the further interior that the last section of this chapter is devoted.

Protection and Prospecting

In the first part of this chapter the course of the recession in the Cape was outlined. It was noted that the impact of this recession was considered to be deeper than that of the sixties. The economy in the eighties was, of course, larger in scale and quicker in pace; it had a far more complex structure, with companies in Kimberley beginning to play a role unthought of years earlier, and government involvement through railways in particular being an entirely new factor. The Cape's economy had become more deeply inserted into foreign trade, and at the same time more diversified. As the slump deepened, a new range of responses both possible and realised was therefore to be expected. Nevertheless, in broad terms those responses can be treated once more as contributing either to the geographical intensification or to the spatial expansion of economic activity. In either event, it was the nature of the response which would shape the development of the colony in the boom which followed. Outward expansionist responses will be considered in the light of attempts to intensify economic activity within the Cape and their outcomes, which are discussed first.

The recession affected farmers in the Cape particularly severely; in many respects it was caused by the decline in rural production, which in turn caused storekeepers, port merchants and banks to shorten credit, particularly after the losses sustained in the collapse of diamond share mania. The combined effects of poor seasons, falling prices and restricted credit produced a large number of insolvencies among Western Cape wheat farmers in particular. As the Argus put it,

The immediate causes of these agricultural insolvencies are twofold - pressure from the storekeepers, who in turn have been pressured by the town merchants, and unexpected pressure from the banks. (64)

Farmers in the Cape were not unorganised. Hofmeyr's Farmers' Protection Association increasingly merged with the more nationalist Afrikaner Bond in the early eighties (Davenport, 1966, pp. 54-70). The Bond, apart from preparing to support candidates at the elections, began to organise on an economic front too. The banks were viewed as a major cause of distress among farmers; the easiest target among them was the Standard Bank, the largest and besides, British-based. The government was criticised for maintaining an exclusive account with the Standard, for this was held to divert funds from banks more disposed to support farmers, such as the South African Bank in Cape Town and the surviving district banks in the Western Province. The Standard Bank was accused of 'draining the country'.(65) Partly in response to these attacks, the Standard Bank changed its name in early 1883, dropping the 'British' from its full title.(66)

The Bond employed more than rhetoric alone on economic issues. In an attempt to expand credit available to farmers, Bond branches tried to sponsor new local banks. At Stellenbosch the old local bank was revived as the Stellenbosch District Bank, which was well-supported in that wealthy farming area and survived into the twentieth century. In outlying districts where the necessary financial support was limited, such attempts were less successful. The Hopetown Boer Bank, for example, opened in mid-1882 but had collapsed by the end of the year.(67)

One of the central problems faced by farmers was the expense of transport especially away from the railway lines, a phenomenon which militated against competing with imported wheat and otherwise hampered their attempts to deal with the slump. Insolvencies in the Western agricultural districts had reached their peak in 1882, and the wealthier farmers pressed for railway building to help

restore prosperity. Appeals for branch lines were to become a 'hardy annual' (Davenport, 1966, p. 98). In the face of falling revenue the colonial government was not prepared to countenance new schemes: even the line to Kimberley was not sanctioned until the imperial government provided a guarantee (Purkis, 1978, p. 256). As a result, the only railway proposal to win approval in the early eighties was a private scheme to build a line from Worcester down the Brede River valley to Ashton. With the support of the Bond a bill providing for a government subsidy to be paid on completion of this line was approved in 1883, and a company was floated in London to carry out the work. The 43 mile line was not completed until 1887, however. (68)

The 'plight' of Cape farmers formed the focus of much political debate during the recession. Scanlen's ministry, which had replaced Sprigg's government in 1881, suffered a setback in the 1883-84 elections and finally resigned over an apparently minor defeat in May 1884. Embattled over his Transkei and Bechuanaland policies, which were opposed by the Bond, Scanlen's ministry was censured for partially lifting an embargo on plant imports. The purpose of the restriction was to prevent further contamination by the vine disease phylloxera, but the Bond's core in the wine districts was not convinced that the amendments were safe (Lewsen, 1982, p. 110). However 'minor' the issue might have appeared to later historians, it captures the concern of the Bond with the situation of Cape farmers during the depression.

It was in this context of depression that the issue of protection for colonial producers arose (cf. Knowles and Knowles, 1936, p. 296). In part this related to existing interests: it was agricultural, not industrial protection which was mooted at the Bond congress in 1882 (Hofmeyr and Reitz, 1913, p. 264).

Thus the Bond expressed concern over imported liquor which threatened Cape brandy producers, particularly given competition both within the colony and from the protectionist South African Republic (Davenport, 1966, p. 98). Moreover, Cape farmers found it difficult to compete with cereals imported from Australia, Basutoland, Bechuanaland and the Orange Free State. De Waal, a Bondsman representing Piquetberg, moved in parliament for higher import duties on grain and flour in 1885.(69)

It was not only with respect to agriculture that protection was sought in the Cape. One reason for interest in manufacturing industry was the fear that as in the sixties a proportion of the Cape's white population would emigrate.(70) Noting that import duties on raw materials were often higher than on finished products, a select committee on colonial agriculture and industries recommended tariff changes and a system of bonuses to encourage the establishment of manufacturing in the colony. The committee included a number of Bond representatives (Hofmeyr, De Villiers and Marais).(71)

Manufacturing was particularly undeveloped in the Cape at the time. The Statistical Register for 1883 listed hundreds of 'manufactories and works', but few employed more than a handful of workers (see Chapter Six).(72) Several witnesses to the 1883 select committee urged various forms of government assistance to industrial development. For example, a senior railway official recommended the establishment of a scrap iron mill at the coal fields in the Albert district, through which the Border railway passed. Merchants, however, tended to oppose protection of industry; Searle, president of the Cape Town Chamber of Commerce, was opposed to protection generally, while Twentyman, a Cape Town merchant, held that

If commodities can be imported cheaper than they can be made here, I should say that they should be imported.

The recommendations of the committee were hardly 'protectionist'; the limited system of bonuses was the strongest encouragement proposed for manufacturers.(73) In any event no legislation was introduced to implement the bonus system.

The Afrikaner Bond always maintained an ambivalent attitude to protection and assistance for colonial industries. With a constituency mainly of farmers, and to a degree of merchants and financiers in the towns, the increases in taxation and the probable rise in commodity prices which could be expected to result from protectionist policies were counterposed by the 'nationalist' position which the Bond tended to adopt. The new member for Grahamstown, Douglass, introduced a motion calling for protective duties on a series of commodities. On being supported by the Bond the motion was carried, but the threatened resignation of Upington's government required its dilution (Hofmeyr and Reitz, 1913, pp. 264-266). When the House of Assembly adopted a resolution in favour of bonuses for manufacturers in July 1885 it was not at the instigation of the Bond, and it was opposed by merchants' representatives such as Barry. One of its authors was again Douglass, whose interests in ostrich farming had been devalued by recession and who hoped for benefits from the government not only for manufacturers but also in the experimental agriculture in which he, among others, was interested. Cotton, olive oil, rope fibre and silk were among the products whose cultivation he wished to see rewarded. Once more, although the resolution was adopted by the House and supported by Sprigg, Treasurer at the time, legislation was not introduced to provide for its implementation.(74)

The subject of industrial protection reappeared in parliament in 1886 and by that time elicited still less interest from the government. Far from advocating protection, merchants in Port Elizabeth were pleading for customs duty rebates on traffic in transit to the republics to meet competition from Natal importers.(75) It was partly this competition which discouraged a colonial response to Orange Free State President Brand's call for a customs conference to negotiate a sharing of coastal revenue with his state (Davenport, 1966, p. 99). In the Cape the Bond was playing an increasingly powerful role and although its acknowledged leader, Hofmeyr, was not a minister, it was widely believed that he 'held the whole Ministry in his hands'. Hofmeyr had spoken against protection in 1885, and no great enthusiasm greeted a renewed protectionist motion from Douglass in 1886.(76) With easier credit being allowed once more by merchants, the issue of protection for agriculture was silenced for several years. The slump had not turned the colony towards a more intensive development of its own productive resources in agriculture or industry.

Another opportunity for colonial production to which attention was turned during the depression was mineral resources. A wide variety of mines and quarries opened in the early eighties; new equipment was imported and installed. For example, a manganese mine in Du Toit's Kloof, near Paarl, was reopened during 1883-1884.(77)

More significant was the development of coal mining in the Cape Colony. There were two main sources of the burgeoning demand for fuel: the government railways and the mines at Kimberley. At the diamond mines the high and increasing cost of fuel coupled with falling diamond prices led mineowners to seek sources of cheaper fuel. The lack of local coal had forced the use of timber,

and for up to a hundred miles in all directions the sparse tree cover of the area around Kimberley had been completely destroyed (Reunert, 1893, p. 14). Before the recession had bitten deeply at Kimberley, about 30% of working expenditure in companies using steam machinery was on fuel. The search for coal which could be transported cheaply to the diamond fields led to the formation of a company to work coal mines in the Orange Free State. Rhodes and Rudd of De Beers were on the board of the Kimberley Coal Mining Company, which hoped to deliver coal to Kimberley by wagon at a few pounds a ton. Poor resources of coal in the Winburg district where the company planned to mine were one source of its failure, although other Transvaal and Free State coals were being used 'extensively' at Kimberley in 1882.(78)

The existence of coal in the Stormberg series of the north-eastern Cape had been known for some time but supplies at Kimberley were erratic. Colonial coal was competitive for use in stationary steam engines, although it was usually only about 65% as efficient as English coal, since in 1881 it cost approximately £12 per ton at the diamond fields as opposed to £17 10s. for the imported article.(79) The chief difficulty was the unreliable and costly nature of its production and transport.

In late 1881 and early 1882 several companies were floated to work the coal of the Stormberg area. An incentive in this connection was the construction of the railway from Queenstown northwards. These companies included the Cyphergat, Great Stormberg, Indwe and Paarde Kraal Coal Companies. Some fared better than others. By 1884 only the Cyphergat and Indwe companies survived, and only the Cyphergat company, whose property was on the railway, was producing coal.(80)

The existence of the coal mines led to pressure on the Cape government to use colonial coal on the railways, to reduce the rates on its transport and to build a 'junction' line between the Eastern and Midland railway systems.(81) Trials of Cyphergat coal were carried out, and its use was gradually adopted on the Eastern system. But the tight finances of the government militated against building a junction line. Cyphergat is about 220 miles from Kimberley; Indwe was a week's journey by ox wagon even from the Eastern railway. With the completion of the railway to the Orange River in 1884 and to Kimberley in 1885, the cost of imported English or Welsh coal was cut in half at Kimberley. Fuel costs in the diamond mines dropped to about 16% of working expenditure (Turrell, 1982b, p. 39). It was not until the nineties that colonial coal again became competitive anywhere beyond the Eastern railway, after the completion of the junction to the other systems (see Chapter Six).

If the greater exploitation of colonial coal was prevented by government inaction (or inability to act), there were other avenues open both to individuals and to companies to pursue mineral ambitions. As in the sixties, attention was easily turned to precious metals in the 1880s. Very little is known of prospecting in the Cape during this period, but it certainly occurred. A new feature was that it depended less on individual actions than before. Reports of gold in Namaqualand, along the Swartberg and in the Ceres district encouraged the formation of prospecting companies in the early eighties. For some reason Worcester seems to have given rise to at least six such companies by 1883.(82) The survival of the local bank in Worcester, which played a central role in the flotation of a number of later companies involved in the Witwatersrand gold fields is perhaps a clue to the channeling of local capital into these ventures. Among other towns where gold prospecting became more than merely a topic of con-

versation was Oudtshoorn, where a company was formed in 1883 to prospect in the Knysna area. Exploration in the Cape was not entirely without rewards, for gold was discovered near Knysna in the mid-eighties.(83) It was worked on a small scale later in the decade.

It was during 1883, as the deepening recession spread to Kimberley and threatened to engulf the entire colony, that the Standard Bank remarked on an increase in speculation in the Cape. The reason for this turn of events was not success in finding new payable minerals in the Cape Colony. It was the continuing growth of rumours of the immense mineral wealth of the Transvaal.(84)

There had already been a number of minor gold 'scrambles' in the Transvaal, and one event which could be described as a small gold 'rush'. The discoveries of gold which took place in (or before) 1870 served to draw the attention of itinerant prospectors to the Eastern Transvaal mountains and the gold fields of Spitzkop, MacMac, and Pilgrim's Rest had in turn drawn a crowd of fortune, or perhaps survival, seekers. Gold worth at least £1 million was produced in the Pilgrim's Rest valley between 1873 and 1875, but production declined rapidly thereafter as alluvial gold was worked out, and the mineralised forms were not susceptible to the treatment available to diggers in the area. Attention was diverted to the Kaap Valley, near the Swaziland border, in 1875; but the precarious financial situation in the Transvaal discouraged foreign prospectors. The wars against the Pedi in 1876 and, after the British annexation, in 1879, further discouraged exploration. It was during the general South African depression - acute in the Transvaal as well as in the Cape - that individuals and companies again took up the search for minerals. This renewed search was predicated on the observation made by Baines in the seventies that

no payable alluvial gold field has been discovered in South Africa, a fact which goes a long way to prove that Africa is to be a reefing country (Baines, 1877, p. 125).

In the speculative period beginning in 1883 remarked on above, companies were floated to work the Lydenburg gold area, but failed 'to answer expectations'. It was the discovery of the Pioneer Reef on Moodie's farm in the Kaap Valley that initiated the more rapid development of the Transvaal gold fields (Reunert, 1893, pp. 83-84). Thorough prospecting in the Kaap Valley turned up numerous sources of gold, including the Sheba mine; companies were floated in Natal and the Cape Colony and a large variety of people set off to investigate the prospects of the new - and the older - gold fields to the north.

In early 1884 Cape interests were involved in ventures like the Transvaal Gold Company, formed to work at Pilgrim's Rest and in the Kaap fields. Leading merchants such as Ebdon of Dunnell, Ebdon and Co. were interested in properties such as the Ceylon mine in the Eastern Transvaal. The Cape Town Chamber of Commerce was 'watching the gold fields in the Transvaal with great interest and anxiety'. Among the pressures encouraging this interest in Transvaal minerals were the long drought in the Eastern Province, and the prospect of the 'gold connection' being monopolised by Durban merchants, who were geographically much closer to the Kaap gold fields than any of the Cape ports. There was also the possibility that Delagoa Bay in Portuguese territory and closest port of all to the new goldfields would capture much Transvaal trade.(85) In March 1884 the Standard Bank noted that

Reports from the gold fields continue to excite much interest and organised parties to proceed to the Transvaal are in course of formation at Port Elizabeth, East London and other centres.(86)

The willingness of the Standard Bank to extend credit on Transvaal activities had been increasing in 1883, as noted above, and its attitude continued to change in favour of business there in early 1884.(87) Despite signs of recovery, the depression in the Cape continued into 1885 and with the 'falling off' of trade at Port Elizabeth and East London more and more people were encouraged to look elsewhere for opportunities.(88)

It was not only in the Cape that the prospects of payable minerals in the Transvaal were receiving increasing attention. About three quarters of the gold exported from South Africa between 1882 and 1886 went through Natal, not the Cape Colony. When Moodie's farms were sold into a company with a nominal capital of a quarter of a million pounds in 1883, the flotation was in Pietermaritzburg, the Natal capital (Reunert, 1893, pp. 84, 220). Vigorous prospecting by Natal-based interests was responsible for several of the 'finds' in the Kaap area. Nevertheless, most shares in companies operating in the Transvaal were, according to the Cape Town Chamber of Commerce, held in the Cape (Immelman, 1955, p. 228).

Within the South African Republic itself, the presence of numerous foreign prospectors and the expectation of gold finds had a considerable impact. Numerous 'burghers', or citizens of the republic, were involved in the Pilgrim's Rest diggings; among them were the Struben brothers whose names were later to become widely known. Their attention was drawn to the Witwatersrand, a rather barren series of ridges on the highveld south of Pretoria, by reports of alluvial gold from Kromdraai, at the north-western edge of the 'Rand'. A syndicate was formed to develop the Kromdraai area; it consisted of two burghers interested in prospecting, J.G. Bantjes and S.J. Minnaar, and three Potchefstroom merchants

(Smith, Hollins and Douthwaite) who were able to supply some necessary resources. During 1884 this syndicate made an active effort to mine, sinking a 30 foot shaft. The first stamp battery for rock crushing in the vicinity of the Witwatersrand was installed on a neighbouring farm in June 1885. Discoveries of small quantities of mineralised gold in the area became frequent, though none seemed to be payable (Fourie, 1978, p. 11). Meanwhile at least two small companies formed to prospect in the Witwatersrand area were acquiring farms. Between 1882 and 1884 one company, in which the Struben brothers were involved, purchased a number of properties in the Wilgespruit area as well as taking options on farms further east along the Witwatersrand (Fourie, 1978, p. 12).

With the concentration of activity in the Kaap Valley and Witwatersrand areas, the government of the republic proclaimed the Kaap gold fields and the Kromdraai farm as public diggings during 1885. By this time the Struben brothers had found the first of the Witwatersrand gold reefs. At first they ignored the conglomerate rock concerned, and paid attention instead to the Confidence Reef, a quartz formation which assayed large amounts of gold. On the strength of this discovery, made in September 1884, the Strubens ordered a stamp battery from England. By the time it was installed and working at Wilgespruit in December 1885, the Confidence Reef had been worked out and the battery was used to crush conglomerate (Fourie, 1978, pp. 12-13; Reunert, 1893, pp. 85-86).

One of the sources of credit for these prospectors on the Witwatersrand was the Standard Bank. It was thus to the Bank that the Strubens sent the first sixty ounces of gold extracted from crushing conglomerate in February 1886 (Henry, 1963, p. 91). The significance of this new development - gold had nowhere been extracted from rock of this type before - was not yet apparent, however.

Attention was thus readily diverted to the share boom at Barberton in the Kaap fields, where, following in the footsteps of Cape investors - including his brother - one of the general managers of the Standard Bank, L.L. Michell, opened a new branch in April 1886.(89) It has been observed above that from 1883 people and money from the Cape were involved in the Barberton area. The most successful were perhaps S. Marks and I. Lewis, Kimberley storekeepers and claimholders who had merged their diamond claims into the Compagnie Francaise in 1880.(90) In 1881 they had been bought out, and with their proceeds had purchased farms on the Transvaal bank of the Vaal River from where they supplied firewood to Kimberley. They were among the first to sell coal from the vicinity of the Vaal River to Kimberley in 1882.(91) Through trading Lewis and Marks acquired a large area of land in the Transvaal, and were among the company promoters active in Barberton in 1886. Their investments spread into the building boom in the town. Their greatest fortune, however, was to be involved in the promotion of the Sheba Gold Mining Company, which proved to be the only really productive mine in the Kaap Valley (Emden, 1935, pp. 94, 282). In the boom of 1886,

£1 shares rose to over £100 ... while shares in other Barberton mines, on which absolutely no work had been done, rose to twenty or thirty times their nominal value. Disappointment and ruin naturally followed (Reunert, 1893, p. 84).

The money which produced this boom came primarily from the coastal colonies, and through them, in late 1886 and early 1887, from London. The involvement of J.X. Merriman at Barberton illustrates the nature of the process. A syndicate was formed in Cape Town and Merriman went to Barberton to represent it there. Fooled by faked gold panning, he recommended the purchase of the Gem mine to his backers. They floated a company which paid £80 000 for the property. In March rumours spread that no gold had been found and the shares became worthless soon afterwards (Lewsen, 1982, pp. 129-131). Cape Town merchants were also involved

in the Highland Reef Gold Mining Company, formed to work a mine near Barberton in 1886. Companies were also formed in other towns in the Cape to invest at Barberton. In 1886 several directors of the Stellenbosch District Bank were involved in the Ophir Gold Mining Company, while the Union and the Thomas Reef Gold Mining Companies - the latter with a paid-up capital of £170 000 largely subscribed by merchants such as H. Christian, Salomon, and Dunnell - were floated in Port Elizabeth.(92) Once again, money capital was being siphoned from Cape investors into the interior.

Much of the investment in Barberton came from Kimberley, as indicated by names such as the Kimberley Imperial Gold Mining Company. While Barnato and other Kimberley interests had been involved in investigations of the Eastern Transvaal gold fields in 1882, the depression in Kimberley initially focussed attention on restructuring labour control, techniques of production and finances in diamond mining: It was through the agency of those who, like Lewis and Marks, were forced or bought out of the diamond mines that resources from Kimberley began to enter the Transvaal. The trickle flowed more swiftly with the Barberton boom. During 1886 the smaller mineowners' resources were increased by rising share prices and their ability to sell out on the wave of amalgamations. The proceeds, originating in Kimberley and European funds channelled through share markets, often found their way to the Transvaal. An excellent record of this process exists in the letters of Hermann Eckstein, diamond merchant, representative of London interests and manager of the Phoenix Diamond Mining Company, written from Kimberley in the second half of 1886.

Speculating in the shares of companies which were prime amalgamation prospects, Eckstein realised 'suitable profits' and took out claims at Barberton in

July and August 1886. He participated in the flotation of Barberton companies, writing to an agent that

I need hardly tell you that with my connections both here and abroad I can insure (sic) success to the undertaking. (93)

Eckstein felt that the best speculative opportunities at Barberton had passed by August, but by that time new possibilities were opening for investment and speculation on the Witwatersrand, which he had visited en route to Barberton in September. (94)

Prospecting activity on the Witwatersrand had gathered strength after the initial gold finds in 1885; farm prices had risen, and the population of that rural district had increased. Early in 1886, Bantjes and the Strubens began to look for gold in the east west ridges to the south of the Struben's original conglomerate find. But they could not locate conglomerate outcrops. It was some miles to the east of their area that an Australian digger, who was engaged as a builder by a local farmer, found the outcrop of what became known as the 'main reef' in March 1886. Within a few months it had been followed up on several other farms along the line of the Witwatersrand. Gold began to reach Pretoria in small quantities as crushing indicated the possibilities of the area. In July 1886 the government in Pretoria ordered an inspection of the diggings which were developing, and after a petition from some 70 diggers proclaimed some of the most promising farms as public diggings in September (Fourie, 1978, pp. 13-14). (95)

Samples of Witwatersrand gold and of conglomerate ore began to reach Kimberley in mid-1886 (Cartwright, 1965, p. 30). In June, a Kimberley merchant named Alexander travelling in the Transvaal acquired some samples from Bantjes. Back

in Kimberley he had the rock crushed and invited some 'prominent Kimberley men' to see a panning on 16 July 1886 (Roberts, 1972, p. 249). The Barberton boom and developments in Kimberley itself still occupied the attention of many involved in diamond mining. But some who had been severely affected by the recession had become interested in the potential of the Witwatersrand. One was J.B. Robinson.

Robinson had few liquid assets in 1886. He was deeply indebted to the Cape of Good Hope Bank. He had tried to secure support from the Standard Bank and from Cape Town sources without success. On the basis of gold prospects in the Transvaal, he appears to have formed a syndicate with Beit and an old associate, Marcus, in July 1886. With about £20 000 from Beit, who was profiting extensively from his role in the diamond mine amalgamation process, Robinson proceeded to the Witwatersrand in late July, and purchased a number of farms. This was the first significant infusion of money from the Cape colony to the Witwatersrand gold fields (Roberts, 1972, pp. 217-218; Kubicek, 1979, pp. 126-127).

Much of the literature on the origins of mines, companies and towns on the Witwatersrand professes surprise at the 'slowness' with which Kimberley or other Cape capitalists developed an interest in the Witwatersrand (cf. Roberts, 1972, pp. 224, 249; Cartwright, 1965, p. 5). This view suggests that what has to be explained is why the response in the Cape was slow, whereas from the point of view of the Cape Colony, the more rewarding enquiry is into why, and how, it came about at all. At the same time the effects of the gold discoveries are taken to have been almost instantaneous on the whole economy of southern Africa. From the sketch presented here, the history of varied but quickening interest within the Cape Colony in the productive possibilities of the Transvaal can be seen to have developed over a long period. Particularly during the depression of the

eighties this interest gained intensity in the Cape. It focussed on Pilgrim's Rest, Barberton, and only then on the 'Rand' (Witwatersrand). Furthermore, when the Rand gold fields were first proclaimed, in September 1886, the majority of Cape speculators or investors were still involved in the Barberton boom. It was only at the end of 1886 that financial community attention in the Cape was increasingly focussed on the Rand.

By that time large areas on the Witwatersrand had been purchased by Robinson on behalf of his syndicate, by Beit on his visit in September, by Rhodes and Rudd during August, and by others (Roberts, 1972, pp. 219, 251-253; Kubicek, 1979, pp. 57, 87). The amount of actual mining remained limited, and the new town of Johannesburg was the centre of speculation, claim and land deals and promotion (Emden, 1935, p. 231; Kubicek, 1979, p. 42). Barberton was still the gold town of the Transvaal. Nevertheless, as interest increasingly turned to the Rand, the Standard Bank's caution gave way to a desire to open an office there. As rumours spread of the fickleness of Barberton's riches, companies began to be formed in the coastal colonies (and particularly at Kimberley) to purchase claims and (in some cases) to work Rand gold. Among the earliest were the Witwatersrand Gold Mining Company, formed in Kimberley in September 1886 with a capital of over £200 000 to acquire a farm and 64 claims on the main reef; the Jubilee Gold Mining Company, formed in Natal in December 1886; and the Vierfontein Farm and Gold Mining Company, formed by merchants in Kingwilliamstown in the Eastern Cape in January 1887 to acquire property near the Rand gold outcrops, and for exploration, in January 1887. (96) The crash at Barberton came in mid-1887, when mining authorities reporting to Kimberley, such as J.B. Taylor, demonstrated the worthlessness of many properties there.

Never previously at Kimberley nor subsequently at the Rand was there anything like the number of bogus flotations that there was in Barberton (Emden, 1935, pp. 95-96).

From that time on the number of Rand gold mining companies formed in the Cape, and the amount of money capital subscribed, rose very rapidly. Apart from the companies formed at Kimberley in 1887 (for example, the Bantjes Reef, Evelyn, Roodepoort, Wemmer and Wolhuter Gold Mining Companies), groups in various other colonial towns were eagerly engaged in share purchasing and company flotation. The Paarl Ophir Gold Mining Company was registered in Cape Town in 1887 with a capital of £10 000; on a larger scale the Worcester Exploration and Gold Mining Company, on the board of which were several local farmers, merchants and directors of the Worcester Commercial Bank, was floated with a capital of £100 000. Those already in the Transvaal could count on Cape investors as subscribers to new companies, as the origins of the Cape-Transvaal Gold Mining Association and the Paarl-Pretoria Gold Mining Company reveal. The National Gold Mining Company of Paarl, with a capital of £120 000, was controlled by Kimberley emigres in Johannesburg. Almost all of these companies were formed through the sale of claims into them, the vendors taking payment in shares and the cash subscribed by share purchasers going sometimes into the purchase of machinery and equipment for the development of the mines and, more often than not, to the credit of successful speculators. Whichever outcome resulted, the overall impact was to withdraw an enormous sum of money capital from the Cape to the Transvaal, probably reaching several million pounds in the first few years of Rand gold mines.(97) The depression had prepared the conditions for a rapid transfer of money capital to the north; persistent effort, largely financed from the Cape, produced the results of new gold fields, and capital flowed to this new and attractive investment opportunity.

By comparison, new companies floated to pursue activities within the Colony were scarce. Colonial gold rumours aroused their own interest, and on the strength of early speculation in South African mining shares in 1887, local companies were able to attract foreign capital to the Knysna area (as in the case of the London Knysna Gold Prospecting Association, floated in London in 1887). A few companies were formed in connection with agricultural interests in the Western Cape, such as the Paarl Berg Wijn, Brandewijn en Spiritus Maatschappij in 1885, and the Colonial Brandy Company at Worcester in 1887. In Port Elizabeth a group of merchants floated a company to work the Zwartkops salt pan in 1887. Kingwilliamstown interests invested through the Kaffrarian Steam Mill Company (1887) in the expansion of productive activity in the area - not least with an eye to the Witwatersrand market as its growth raised prices for colonial produce. (98)

All these Cape companies were small in comparison with the sums invested in the flight of money capital from the Cape to the Transvaal. A substantial movement of people as well as money was also developing. The emigration which had been in evidence during the recession (Easton, 1886, p. 45) was now more clearly a northward movement towards the Transvaal - a movement of what the Standard Bank's general managers saw as a 'redundant population'. Perhaps insofar as recession had rendered it so, this was not an inaccurate description. Farmers in the northern districts of the colony again turned to transport riding with oxen and wagons: not since the Western and Midland railway systems had been linked at De Aar had so large a potential traffic presented itself as the burgeoning import trade of the Transvaal. (99)

In 1885 and 1886, the Cape Colony's economy had begun to quicken. In a public lecture in 1886, James Easton, an official of the Cape government, remarked that we are all, Micawber-like, waiting for something to turn up; the Colony's eyes are on the Knysna Gold Fields and the boring operations for the discovery of coal (Easton, 1886, p. 46).

Apart from diamonds and copper, coal appeared to provide the best opportunity for mineral development within the Cape. In mid-1886, prior to their first mention of the Witwatersrand gold fields in their London correspondence, the general managers of the Standard Bank were intrigued by samples of coal from the Eastern Province, which they hoped might augur the development of new colonial industry. With gold 'turning up' in the Transvaal, this hope receded:

Colonial coal field development is likely to be retarded by the excitement attaching to gold. (100)

The recession had produced diverse responses, but none was more marked than the northward search for profitable opportunities. With the efflux of capital to the Transvaal, new opportunities did indeed become available. They involved a geographical expansion of what was still essentially a commercial economy in the Cape, rather than an intensification of development in the colony itself.

The last section in this chapter has examined, in the context of depression in the early eighties, the forces affecting the Cape's economy making for intensification on one hand and expansion on the other. The failure of attempts at intensification through new internal railway development, local banking, coal mining and protection of colonial production has been reviewed. The forces of expansionism, encouraged by the 'imperial factor' and generated by internal political developments as well as the concentration of capital in Kimberley and the problems of commercial communities, became dominant during the depression. The

immediate result was a probing of the potential of territories to the north, particularly the Transvaal. The restructuring of colonial economic geography produced by the recession and exemplified in this chapter by the decline of Port Elizabeth was thus extended to a northward reorientation of trade and investment. In the longer term these forces of geographical expansion involved the Cape inextricably in the new industries of the South African Republic.

Gold mining in South Africa did not develop 'consistently' from the early seventies (contra Richardson and Van-Helten, 1980, p. 18). The early exploration and development of the Barberton and Witwatersrand gold fields must be placed against the background of the recession in the entire area, and particularly in the Cape Colony. Recession did not simply produce a condition of 'waiting for something to turn up', as Easton put it. It spurred a variety of responses, some directed to internal investment, others to spatial expansion of the economy. As in the sixties, the economy of the 'old colony' had already begun to pick up prior to the excitement of precious minerals. But in the eighties, there were important differences. The concentration of capital, particularly at Kimberley but also elsewhere in the colony, meant that the diversion of capital to the Transvaal was more rapid and more decisive than that to Kimberley had been. The results of these new developments were thus more immediate, more dramatic than the story of the diamond industry. In the end they were cataclysmic. For the Cape Colony, they spelled a new form of dependence. It is to the situation of the Cape Colony after 1886 that the next Chapter is devoted.

Notes to Chapter Five

1. SBA, IR, Cape Town, 14.5..1880, Discount liabilities.

2. *ibid.*, 28.2.1881, p. 867.
3. *ibid.*, p. 868.
4. SBA, JAH 6/2/1, GM-LO 19.11 and 10.12.1881.
5. *ibid.*, 19.11.1881.
6. SBA, GMO, 3/1/9 (12) 3.12.1881, pp. 471 ff.; and JAH 6/2/1, GM-LO 6.5.1882.
7. For wool exports, see Cape BB, 1881 and 1882. Deposits at the Standard Bank in Port Elizabeth rose by 8% between January 1882 and February 1883, while the volume of other business rose similarly; cf. SBA, IR, Port Elizabeth 30.1.1882 and 13.2.1883, Abstracts of General Ledgers. See also SBA, JAH 6/2/1, GM-LO, 8.7.1882. That the buoyancy of the Eastern Province was relative is revealed by failures of several Port Elizabeth firms in early 1882. By this time it was obvious that the recession was the worst since the sixties; see SBA, JAH 6/2/1, GM-LO 11.2.1882.
8. SBA, JAH 6/2/1, GM-LO 10.2, 24.6 and 1.7.1882.
9. *ibid.*, 7.10, 15.7.1882, 6.1.1883.
10. SBA, JAH 6/2/2, GM-LO 9.8.1884, 27.4 and 11.5.1885. Also IR, Cape Town, 29.9.1883, 1.3.1887; IR, Graaff-Reinet, 5.4.1879, p. 112; 15.5.1880, p. 129.
11. SBA, IR, Cape Town 13.9.1884; 14.9.1885; 1.3.1887; JAH 6/2/2, GM-LO 9.11.1885, 2.8.1886. PECC Report 1886, pp. 3, 8.
12. cf. CTCC Annual Report for 1898, p. 7.
13. PECC Report for 1878, App. p. 29.
14. SBA, JAH 6/2/1, GM-LO 14.1.1882; PECC Report, 1880, pp. 12-13; 1886, App. p. 30. On handling charges, see also Cape V & P, Ann A.3-1900, SC on harbour boards, Evidence, QQ. 123-127.
15. *ibid.*, 1881, App. pp. 52-54.
16. PEA 5.10.1881.
17. Port Elizabeth Telegraph quoted in Argus 14.9.1882.
18. PECC Report for 1877, App. pp. 49-50.
19. Cape V&P, Ann G.64-'81, Report of GMR for 1880, p. 4.
20. CTCC Report for 1882, pp. 9-11. The Commissioner of Crown Lands and Public Works was in charge of railways. The position was occupied by J. Laing until the fall of the Sprigg government, and thereafter by J.X. Merriman until May 1884.
21. CTCC Report for 1883, p. 8; 1898, p. 127.

22. For railway completion dates see Argus Annual 1897, p. 109. On diversion of trade to Cape Town, see, e.g., SBA, IR, Carnarvon, 22.4.1885, p. 76, and on Port Elizabeth see PECC Report for 1883, p. 18.
23. CTCC Report for 1884, p. 10; 1885, p. 3; PECC Report for 1884, pp. 16-17; 1886, App. p. 32.
24. PECC Report for 1885, p. 35; 1886, pp. 8, 19. On diversion of trade to the border line and on the favourable effects of the extensions for Cape Town, see also SBA, JAH 6/2/2, GM-LO 11.5, 18.5 and 8.8.1885.
25. SBA, B. Conradie, 'The Standard Bank of South Africa Limited - Cape Town Branch Premises - 1883', unpub. ts., 1983, p. 8; JAH 6/2/1, GM-LO 14.1.1882.
26. SBA, B. Conradie, op. cit., pp. 7, 20; also GMO 1/1/20, P/O 28.9.1882, p. 1.
27. SBA, JAH 6/2/2, GM-LO 26.8.1885; B. Conradie, op. cit., p. 21.
28. PECC Report for 1884, App. p. 63.
29. Little research has been conducted on the origins of Cape trade unionism in the nineteenth century. See Gitsham and Trembath, 1926, p. 15; Downes, 1952, pp. 2, 8; Ticktin, 1973, pp. 553-557.
30. Argus 12.9, 23.9 and 5.10.1882.
31. e.g., UCT, BC 635, Smalberger Papers, B2.110, 'Revised Rules and regulations of the Guiding Star Lodge No. 3, Independent United Order of Scottish Mechanics' Friendly Societies, Kimberley ... 1881'.
32. DI 18, 25.11 and 6.12.1882.
33. DI 13.10.1883
34. UCT, BC 635, Smalberger Papers, B16.4, Kimberley Central Diamond Mining Company, Daily Minutes Book 2, Meeting of Directors, 7.8.1883, p. 116; DI 13 and 16.10.1883.
35. The most accessible contemporary accounts of the strikes are contained in DI and DFA of 20.10.1883, both of which reproduced many articles relating to the strike. See also Turrell, 1982b, pp.255-257; DI 17 and 19.10.1883.
36. DI 5, 9, 12, 24, 25, 29 and 30.4.1884. Among the conflicting accounts of events on 29.4.1884 - newspaper reports, inquest evidence etc. - perhaps the clearest is provided by the Daily Independent of 30.4.1884. Company directors among the special constables at the shooting were English, Tracey and Wright; cf. evidence of H. Freeman to inquest, DI 1.5.1884.
37. The inquest exonerated the 'firing party', but some stigma attached to those who 'had saved their property from being tampered with ... but at the cost of human life'; Angove, 1910, pp. 184-185.
38. Hansard 20.5.1884, p. 36.

39. UCT, BC 635, Smalberger Papers, B28.4 (at 34.0), Notes and clippings on black claim holders.
40. DI 13 and 22.12.1883, 26.1.1884. Worger does not appear to have consulted the inquest reports, for he mentions only the 'two versions' given in DI and DFA of 30.4.1884.
41. Cape V&P, Ann G.11-'90, RIDM for 1889, p. 13.
42. The occupation was occasioned by the failure of the contractors on the Kimberley railway to pay wages. The government eventually paid the workers and the station was completed late in 1886; cf. Mabin, 1983, pp. 9-10.
43. Diamond Field Herald 14 and 27.10.1885.
44. UCT, BC 635, Smalberger Papers, B16.5, De Beers Diamond Mining Company, Daily Minutes Book, 13.12.1886, p. 76.
45. *ibid.*, B28.4, T.C. Kitto, Report on the Diamond Mines of Griqualand West by the order of H.E. Col. C. Warren, Administrator, pp. 59-60. Also cited in Turrell, 1982a, p. 56.
46. Cape V&P, Ann G.86-'82, Commission on Diamond Mining, Replies to Questionnaires, by Anglo-French DMC, Anglo-African DMC, and French DMC.
47. Cape V&P, Ann G.28-'85, RIDM 1884, p. 11.
48. UCT, BC 635, Smalberger Papers, B20.1.3, J.M. Smalberger, 'Pass laws, convict labour and the compound system', unpub. ts., pp. 5-6; B16.18, De Beers Diamond Mining Co., Daily Minutes Book, 3.11.1884; B16.34, B16.35, De Beers DMC, Daily Minutes Book, 3 and 13.12.1885. De Beers used convict labour until 1932; cf. Turrell, 1982b, p. 288.
49. DFA 28.4.1885. The guests included several later extenders of the compound system, such as Lionel Phillips, H. Eckstein, O. Staib, etc. See also Cape V&P, Ann G.3-'88, Commission on the Diamond Trade Acts, Evidence, Q. 108, evidence of F.R. Thompson; and Rouillard, 1953, pp. 43-44.
50. It is worth noting that Smalberger recognised the same point in unpublished drafts of one of his papers; compare Smalberger, 1974, and the ts. cited here in note 47.
51. Cape V&P, Ann G.3-'88, Commission ..., Evidence, QQ. 180 and 2222.
52. On Kimberley Central Co. white worker housing see DI 12.8.1884; on Kenilworth see Cape V&P, Ann G.11-'90, RIDM 1889, p. 27.
53. SAL, Merriman Papers, Merriman to Posno, 22.10.1885 (also cited in Turrell, 1982b, p. 366). Turrell failed to note that the 'overproduction' which threatened the inefficient companies whose costs were high was not viewed as a problem by De Beers or the Central Company.
54. Cape V&P, Ann G.28-'87, Report ... Vooruitzicht Estate, 1886, p. 4. A copy of Rhodes amalgamation scheme dated 15.1.1886 is in UCT, BC 635, Smalberger

Papers, B16.5, De Beers Diamond Mining Co., Daily Minutes Book 2, 5.2.1886, pp. 13-20, in which it is noted that 'Mr Rhodes's proposals' were 'unanimously approved', p. 21. See also DFA 13.2.1886.

55. Cape V&P, Ann G.28-'88, RIDM 1887, pp. 5, 10.
56. *ibid.*, p. 95.
57. cf. R. Cope, 'Carnarvon and Confederation', unpub. ms., University of the Witwatersrand, Chapter 5.
58. BPP C.1244, no. 1, Carnarvon to Barkly, 4.5.1875.
59. General Directory 1876, p. 100a.
60. SBA, GMO 3/1/9 (7), 25.5.1877.
61. Cape V&P, Ann G.34-'80, Report ... Telegraphs, p. 1.
62. PECC Reports for 1874, p. 26; 1875, p. 43.
63. SBA, JAH 6/2/1, GM-LO 7.10.1882 and 31.3.1883; also 6.1, 24.4, 2.6 and 16.6.1883.
64. Argus 14.1.1882.
65. SBA, JAH 6/2/1, GM-LO 18.3, 13.5, 30.9 and 14.10.1882.
66. *ibid.*, 14.4.1883.
67. *ibid.*, 16 and 30.12.1882.
68. Argus Annual 1897, p. 118.
69. Hansard 29.7.1885, pp. 491 ff.; 10.8.1885, p. 531. On Bechuanaland and Basutoland as the 'granary of Kimberley', see Kimble, 1981; also Merriman in Hansard 29.6.1888, p. 293.
70. cf. Cape V&P, Ann A.3-'83, SC on Colonial Agriculture and Industries, Evidence, J.H. Hofmeyr, QQ. 1972-1981. The general concern with emigration is expressed in Easton, 1886.
71. A.3-'83, SC ... Report, p. iv ff.
72. Cape SR 1883, pp. 615-616.
73. A.3-'83, SC ... Report, p. iv; Evidence, QQ. 452, 634, 1564, 1963.
74. Hansard 11.6, 8.7 and 29.7.1885, pp. 168, 375-376, 491. The politics of protection were also evident in the elections of 1884; cf. advertisement placed in support of R.M. Ross's campaign for the Legislative Council, Argus 21.4.1884.

75. Cape V&P, Ann A.6-'84, Petition of the Mercantile Community of Port Elizabeth, 7.6.1884.
76. Hansard 20.4.1886, p. 60, speech by Douglass.
77. Cape SR 1883, p. 617.
78. Prospectuses of Kimberley Companies (DI, Kimberley, 1881), pp. 33-34; SBA, JAH 6/2/1, GM-LO 5.8.1882.
79. Cape V&P, Ann G.11-90, RIDM 1889, p. 5.
80. SBA, JAH 6/2/1, GM-LO 25.2.1882; *ibid*, 6/2/2, GM-LO 9.2.1884; Cape SR 1883 p. 618.
81. Cape V&P, Ann A.3-'84, SC on Coalfields Railway, Evidence, *passim*.
82. Cape SR 1883, p. 617.
83. SBA, JAH 6/2/2, GM-LO 25.11.1885, 19.5.1886; see also General Directory 1884.
84. SBA, JAH 6/2/1, GM-LO 7.8 and 29.12.1883.
85. CTCC Report for 1883, p. 8; SBA, JAH, 6/2/2, GM-LO 2, 6 and 16.2 and 19.5.1884. See also Immelman, 1955, p. 228.
86. *ibid.*, 8.3.1884.
87. *ibid.* 5.1.1884.
88. *ibid.*, 27.4, 9.11.1885; SBA, IR, Cape Town, 14.9.1885, p. 366.
89. SBA, JAH 6/2/1, GM-LO 21.4.1886.
90. Cape Times 8.4.1880.
91. The early wood and coal interests are mentioned in the Dictionary of South African Biography Vol. 1, 1968, p. 515.
92. Company information derived from Argus Annual 1891, pp. 670, 680, 687.
93. BRA, HE 124, Eckstein Correspondence, Private Business Letters; Eckstein to Wernher, 2.8.1886, pp. 90-91; to Littlejohn, 31.7.1886, p. 99; to Sharpe, 7.8.1886, pp. 101-102.
94. *ibid.*, Eckstein to Sharpe, 23.10.1886, p. 171.
95. The sources of this and subsequent paragraphs include Fourie, 1978, pp. 10-14; Roberts, 1976, pp. 176-177, 239-240; Roberts, 1972, pp. 217-225; 249-255; DFA 17.7.1886; SBA, JAH 6/2/2, GM-LO 25.8 and 15.9.1886; South Africa 23.12.1893; Kubicek, 1979, p. 126, n. 17.

96. SBA, JAH 6/2/2, GM-LO 25.8 and 15.9.1886; company information derived from Goldmann, 1892, pp. ii-xxv, 101, 247, 259.
97. *ibid.*, pp. 182, 238 and 268; Argus Annual 1891, pp. 649, 691. See also Chapter Six.
98. *ibid.*, pp. 662, 672, 675, 680, 692; SBA, JAH 6/2/2, GM-LO 2.8.1886.
99. *ibid.*, 2.8. and 6.10.1886.
100. *ibid.*, 24.6, 7.7 and 2.8.1886; also, for first mention of Witwatersrand, 14.7.1886.

CHAPTER SIX

COMMERCIAL COLONY, INDUSTRIAL HINTERLAND, 1886 - 1899

South African historiography has found the glitter of Witwatersrand gold so irresistible that its discovery has become a point on which the whole trajectory of development in the subcontinent is made to turn. The stirrings of this giant in the Transvaal did indeed shake the entire landscape (cf. Van Onselen, 1982. Vol. 1, p. 1). Yet as the preceding chapter has shown, the redirection of the economy of the Cape Colony was not accomplished by the mere proclamation of new gold fields. The venture to the north had been long in its gestation. The period in which it had taken on recognisable form was one of economic recession. As northward expansionism gathered force, those depressed conditions which had nourished it were dissipating.

In 1886 the period of commercial depression was at an end. Financial difficulties resulting from this depression were being grappled with ... in the Cape Colony ... (Statham, 1897, p. 174).

Signs of improvement in the Cape during 1886 included quickening markets for some export commodities (see below); while the speculation associated with the Barberton gold fields provided a boost to confidence:

... when public spirit was languishing, the development of the Transvaal Gold Fields infused new life and hope into the public mind. (1)

Yet, whatever the psychological impact of the gold fields, and even with the commitment to investment in the Transvaal described in the previous chapter, the Standard Bank's inspectors, among others, thought that the bank's fortunes were 'dependent upon (improvement) in the general welfare of the colony'. (2) People

in the Cape still thought of that colony as the centre of development in southern Africa:

In the exuberance of his imagination one man sees a new Melbourne springing up in the vicinity of the Knysna Heads, and another, huge factories spreading themselves over the Colony, the outcome of an inexhaustible supply of colonial coal (Easton, 1886, p. 46).

Within a decade, the new metropolis of southern Africa would indeed be rising. But it would be hundreds of miles from the Cape coast in the highveld of the Transvaal. Coal from much the same locality would be fueling the Cape Government Railways, while the largest sphere of industrialised production would no longer be at Kimberley but on the Witwatersrand. This spatial shift in the core of the 'regional economy' (Phimister, 1974, p. 74) of southern Africa was begun during the recession in the early eighties. In the latter years of the same decade, it was fostered by a massive movement of capital from the Cape. Subsequently it was further encouraged by the restructuring of communications to service the long-distance carrying trade not only of the Transvaal, but of territories still further to the north. All these changes took place in a political context within the Cape dominated by an alliance the essence of which might be captured in the friendship of Rhodes, Kimberley magnate, and Hofmeyr, leader of the Afrikaner Bond. Beyond the Cape, the spatial shift led to political and economic contests which were among the tensions culminating in war.

This chapter examines the further genesis and consequences of the northward, commercial orientation of the Cape Colony's economic geography. Its first two sections address the origins of dual thrusts towards the Transvaal and areas further north, and the associated politics of railway extension between the discovery of Witwatersrand gold and the slump of 1890. Turning to the consequences

of northward expansionism for the Cape's economic geography, subsequent sections analyse the struggle within and beyond the colony for the Transvaal carrying trade; colonial government policies regarding internal development after 1890; and the paths of agriculture, industry and non-diamond mining activity. It is argued that in the 'old colony', the intensification of the economy was largely subordinated to the needs of spatial expansion.

Looking North, 1886 - 1890

In the Public Gardens in Cape Town, a site steeped in the historical mythology of white settlement in South Africa, stands a statue of Rhodes, pointing to the north. The inscription reads, 'Your hinterland is there'. As Western (1981, p. 140) put it, 'the gesture is decisive'. The northward reorientation of the Cape's economy involved more than a gesture, however; and in geographical terms it followed more than one path of expansion. This first section explores the forces behind the two main thrusts of that economic expansion.

As increasing numbers of companies were formed to purchase claims and land on the Witwatersrand, so increasing amounts of capital were devoted to those endeavours. Labouchere, editor of Truth, estimated that perhaps £10 million were necessary to the flotation of the pioneering companies in the first Witwatersrand boom.(3) Much of this capital originated in the Cape, particularly Kimberley. In addition to the earliest companies mentioned in Chapter Five, Kimberley interests were instrumental in forming the Main Reef, Mitchell, Modderfontein and Nooitgedacht companies, among others, during 1888 and the Doornkop, Flora and New Grahamstown companies in 1889, with combined capital of over £1 million. Prominent Cape Town names were among the directors not only of a

variety of new gold mining companies; individuals such as Sivewright (former superintendent of telegraphs), Ross (member of the Legislative Council) and Scanlen (former Prime Minister) were involved in promoting the Johannesburg Gas Company and the Johannesburg Land Investment Company in 1889.(4) That the capital resources of the Cape were stretched by this boom in company formation is apparent from the increasingly frequent resort to the London capital market in order to float companies to operate in the Transvaal.

Some of those who were slow in buying into the Witwatersrand gold fields, who were encumbered by depreciated shares in Barberton companies or whose choices in Witwatersrand investment proved unprofitable, sought opportunities afforded by gold fields elsewhere in the South African Republic. Cape Town merchants were involved in the Thornhill Gold Mining Company (1889), floated to work the Crocodile River gold field. Many Kimberley and other colonial investors took up shares in the Malmani Primrose Gold Mining Company and the Prince of Wales Reef Gold Mining Company (which held claims in the Zoutpansberg) in 1888. With renewed interest in Barberton in the late eighties, Grahamstown merchants Wilmot and Barr were able in 1889 to sell their Grahamstown Gold Prospecting Company, of 1886 vintage and £6000 capital, into the Great Scot Gold Mining Company with capital of £50 000.(5)

It was not only the Transvaal which acted as a magnet for new companies. In 1887-88 at least two companies were floated in London to take up gold-related activities in the Knysna area.(6) Though of little importance in themselves, the companies formed to undertake exploration and to seek concessions north of the Cape - but west and north of the Transvaal - were representative of a development with more enduring significance.

A widening search for trade and mineral concessions in areas across the Orange River and beyond Griqualand West had begun during the recession. In some instances concessions secured from local chiefs were sold into companies, such as the Otymakoko Mineral Company, floated by Cape Town merchants (including Markham) in 1885 with a capital of over £100 000.(7) Among many other concessions, spurious or valuable, obtained in the late eighties was that sold into the Kanya Concession Company in 1887, with a brother of Rhodes's among the directors, and that purchased by the Tati Concession Company at Kimberley in 1888. Among the directors of the latter were Beit, displaying more catholic investment interests than in the Witwatersrand alone, and E.W. Tarry, a hardware merchant and engineering shop owner whose Kimberley business had been adversely affected by amalgamations of diamond mines and the closed compounds.(8)

The most sought-after concessions, however, were those which would give access to territory controlled by the Ndebele polity under Lobengula to the north of the Transvaal. These territories had been sources of diamond mine labour since the seventies and Cape Town merchants had, through their Chamber of Commerce, taken a quickening interest in them during the recession in the early eighties (Immelman, 1955, p. 220). The gold finds of the eighteen sixties, mentioned in Chapter Three, and the reports of gold in Mashonaland (cf. Baines, 1877) had helped to stimulate a long-standing fascination with the area between the Limpopo and the Zambesi Rivers. It was the direct route from the Cape to those territories which Rhodes and others had succeeded in placing in friendly hands through the annexation of British Bechuanaland and the protectorate over the remainder of Tswana territory in 1885 (see Chapter Five). Concession hunters were numerous in Swaziland (Bonner, 1982, Chap. 9) and Bechuanaland (Maylam, 1976, p. 80) at the time, and the numbers turning north to Ndebele territory

were considerable (Schreuder, 1980, p. 205). It was during this period that the interests around De Beers and Rhodes took a more active role in shaping the future of 'Zambesia', or Matabeleland and Mashonaland (the modern Zimbabwe).

While Rhodes had consistently maintained the importance of the 'Suez Canal of the Colony', the road to the north through Bechuanaland, it seems that his main concerns were with labour supplies and trade prior to 1886. In July 1885 he described Matabeleland as 'fever-ridden' and colonisation plans as 'absurd' (Galbraith, 1974, pp. 40-41). Over the next five years both Rhodes's views and actions altered, so that by 1890 the 'pioneer column' of settlers was dispatched to Mashonaland as the fruit of a process largely instigated by Rhodes and his associates.

This change in Rhodes's plans was accounted for by Phimister (1974, pp. 75-76) on the grounds that Rhodes's failure to secure remunerative investments on the Witwatersrand between 1886 and 1888 led to the diversion of his interests to Mashonaland. Galbraith (1974, pp. 40-41), however, has shown that by August 1886 Rhodes was already advocating expansion in Zambesia. His first complaints of difficulties on the Witwatersrand were made as early as February 1887 (Kubicek, 1979, p. 87). But Rhodes's capital and energy was devoured by Kimberley and amalgamation, which combined with missed opportunities on the Witwatersrand (Roberts, 1972, pp. 252-253) and unproductive properties (Phimister, 1974, p. 76) to shape Rhodes's ambitions in an alternative direction.⁽⁹⁾ Economic activity in Zambesia, however, would be predicated at least initially on agreements with the Ndebele polity.

The group around Rhodes was not the first to secure a general concession from Lobengula. That distinction appears to belong to a burgher of the South African Republic named Grobler, who acquired a treaty with the Ndebele ruler in July 1887. Within a year Grobler was dead, killed in a skirmish with Tswana forces (Schreuder, 1980, p. 205). Subsequently Rhodes established advantages over competitors through successful manipulation of a network of British officials, including Shippard and the Rev. John Moffat, respectively the commissioner and deputy commissioners of Bechuanaland, as well as Sir H. Robinson, the High Commissioner, and members of his staff (cf. Schreuder, 1980, pp. 205-210, 219-221; Bonner, 1982, pp. 204-206). In October 1888, Rhodes's associates Rudd, Maguire and Thompson joined Shippard and Moffat at Lobengula's court where, with apparent support from Robinson, Lobengula was persuaded to sign a treaty which became known as the Rudd concession. In the interpretation of the concessionaires, the loose phrase contained in the document giving 'full power to do all things necessary to win and procure' minerals (Schreuder, 1980, p. 223) was the opening to colonisation in Mashonaland. The Ndebele state, however, rejected this interpretation, and found ready supporters to convey their repudiation to London among the Rhodes group's competitors.

One competing syndicate had, in fact, already drawn up draft articles for a company to be incorporated by royal charter as the coloniser of 'Central Africa' in September, a month before Rudd's concession was signed.⁽¹⁰⁾ Maund, a representative of that syndicate, was able to place substantial opposition in Rhodes's path to a charter for his own group, which had initiated plans for a chartered company in July. With the merging of these two sets of interests, objections to the grant of a charter were removed, and the British South Africa (BSA) Company came into being late in 1889 (Galbraith, 1973, pp. 155-170).

The financial vehicles which Rhodes and Rudd employed to launch their northern plans were numerous. Among them were the United Concessions Company, which was the holder of the Rudd concession, and Gold Fields of South Africa Limited (GFSA). Rudd had gone to London in early 1887 to promote the latter as the means of acquiring more capital than he or Rhodes could spare for gold mining at the time of the amalgamations of the De Beers mine in Kimberley (see Chapter Five; cf. Kubicek, 1979, p. 87). GFSA was structured to give Rhodes and Rudd an enormous measure of autonomy in their capacities as joint managing directors, which they used to the full in supporting not only the De Beers Co. at the peak of its capital needs in 1888, but also the United Concessions Company and the flotation of the BSA Company in 1889 (Maylam, 1980, pp. 56-57). In all of the large companies which he directed - De Beers Consolidated, BSA Company and GFSA - Rhodes had inserted very wide powers into deed or charter. He had acquired an enormous addition to his own power through these means.

Rhodes developed a commitment to the northward extension of the Cape's economy through Bechuanaland and on to the Zambesi certainly by late 1886. It seems justifiable to suggest that this commitment, forged towards the end of the Cape recession, shaped a northward thrust which bypassed the Transvaal. The political expansion which Rhodes espoused was thus in part at least concomitant with this economic expansionism, a relationship captured by Newton, an official on the High Commissioner's staff, when he wrote to Moffat in 1888 that

You know yourself what an enthusiast Rhodes is in the matter of the extension of British influence northwards; in this case he is doubly enthusiastic, viz. politically and financially (cited in Schreuder, 1980, p. 220).

Newton, along with other imperial officials, was a willing object of Rhodes's patronage: their independence was undoubtedly impaired and they lent political weight to the Rhodes group's economic expansionism (cf. Maylam, 1980, pp. 128-130; McCracken, 1967, p. 43; Schreuder, 1980, pp. 242-244). Nevertheless, this economic background to imperial political expansionism did not amount to Rhodes diverting GFSA from the Witwatersrand purely because of a complete lack of success there. As Kubicek put it, 'Goldfields's withdrawal from the Rand' had much to do with 'Rhodes's objectives in Kimberley and the north' (1979, p. 95). The relative poverty of GFSA gold properties gave Rudd the reason for diverting funds to De Beers and BSA Company shares.

If Rhodes found it necessary to employ a variety of means to influence imperial officials, no less did he find it useful to seek accommodation with political groups in the Cape Colony itself. Renewed conflict took place over the control of the government as the northward expansion of the colonial economy both towards the Transvaal and into Bechuanaland and Zambesia became crucial issues in the Cape.

In the period after 1886, the two northward thrusts of the Cape economy, together with the financial restructuring of diamond mining, dominated parliamentary debate directly or indirectly. The strong representation of the Afrikaner Bond in the House of Assembly implied that new policies would have to be supported by the Bond. In later years Rhodes described the beginnings of rapprochement between his aims and the Bond's power:

the 'English' party in the Cape was hopelessly divided and individually incapable. And it had nothing beyond that of serving office. On the other side was a compact body of nominees of ... the Afrikaner Bond, who all acted together at the dictation of Hofmeyr. Hofmeyr was, without doubt, the most capable politician in South Africa ... Hofmeyr was chiefly inter-

ested in withstanding Free Trade and upholding Protection on behalf of the Dutch, who were agriculturists and vine growers. I had a policy of my own ... to keep open the road to the north, to secure British South Africa room for expansion (quoted in Michell, 1910, Vol. 2, pp. 93-95).

The chief contradiction facing Rhodes and his allies in their bid for expansion towards the Zambesi was that there were ties between the Bond and the republics which had been strengthened by the founding of Bond branches in both the Orange Free State and the Transvaal in the early eighties, and that the support of the Bond for outflanking the Transvaal in the extension of the colonial economy was nevertheless essential. Yet there was a contradiction within the Bond itself which gave the 'Rhodesians' an opening. As shown in Chapter Five, Hofmeyr's protectionism was limited to his desire to secure tariff protection against products which would compete with Cape agricultural produce. At the same time the Bond wanted to gain easier access to the Transvaal market, which was itself protected by high tariffs. The president of the South African Republic, Kruger, took up a firm position against a customs union or lowered tariffs after gold mining began to boost Transvaal revenues and increase the financial strength of his government from 1887. Hofmeyr personally, and other members of the Bond on occasions, represented the Cape government on a series of missions to the Transvaal seeking trade concessions, which were rebuffed (Davenport, 1966, p. 128; Van der Poel, 1933, p. 40; Hofmeyr and Reitz, 1913, p. 348).

Kruger's rejection of a customs union widened the gap between the Afrikaner Bond and the republican government, and propelled Hofmeyr's group towards Rhodes. The 'Rhodesians' had in any event been assiduously preparing the ground for an alliance with the Bond. The earliest evidence of a political approach came in debates over legislation affecting the operations of the diamond mines. Rhodes and other mining representatives sought the support of the Bond against a

measure designed to make employers liable for injuries to workers in the mines, which the mining companies vigorously opposed. The Employers Liability Bill was stalled by Bond fears that it would also apply to farmers - fears encouraged by Rhodes. It was not until Upington threw prime ministerial weight behind the bill that it was finally passed in 1886.(11)

A second legislative threat appeared in the form of the 'anti-truck' bill introduced in parliament by O'Leary, the newly-elected representative of the Kimberley Licensed Victuallers Association in 1886. It was intended to prevent mining companies from selling commodities in their compounds (Turrell, 1982b, p. 354), which would have made the operation of closed compounds very difficult. The mineowners were already facing a storm of opposition to the law against illicit diamond buying.(12) Rhodes and other members of the 'Kimberley detachment' opposed the bill, but Rhodes's strategy was distinct. He negotiated Bond support for a compromise law.(13) Faced with the Rhodes-Bond ensemble, the bill's original supporters were forced to accept Rhodes's amendments, and the Act as carried merely restricted the companies from paying wages in any form other than cash, and from purchasing supplies for the compounds elsewhere than in Kimberley (Turrell, 1982b, p. 354). These events contributed to an emerging understanding between Rhodes and the Bond, which was facilitated by elections in the Cape and by the uncompromising attitude of the Transvaal government.

The elections of 1888 gave timely assistance to the 'Rhodesians'. Among the Bond's nominees returned to parliament was J. Sivewright, who had been superintendent of telegraphs in the Cape and was involved in several Witwatersrand companies, and who was already an associate of Rhodes (Lewsen, 1982, p. 135). Soon after came Kruger's sharp rejection of a tariff agreement. The prospect of

expanded trade in Bechuanaland and Zambesia, the alternative north, was attractive to the Bond, which, though its membership was largely made up of farmers, was strongly influenced by townspeople with merchant and financial interests, including D.C. De Waal, D.P. De Villiers Graaff and Hofmeyr himself.(14) In 1889, Rhodes was able to reach agreement with Hofmeyr: the former promised support for Bond policies on trade and labour, the latter gave assurances that northward moves towards Matabeleland and Mashonaland would not be obstructed (Michell, 1910, Vol. 2, pp. 93-95). To cement this new alliance, Rhodes distributed largesse in the form of preferential shares in the British South Africa Company in April 1890. Sivewright accepted 4500 shares, De Waal 2500 and three other Bond members of parliament lesser numbers. Further prominent members of the Bond receiving shares included T. Hofmeyr, politician Jan Hofmeyr's brother, who took 3000 (Maylam, 1980, pp. 132, 138). The influence which this share distribution enabled Rhodes to exercise was considerable: it not only helped to form the initial basis of a political alliance between Rhodes and the Bond; it also helped to sustain it during later tensions.(15) Under the circumstances of this alliance the Sprigg government, which had succeeded Upington's ministry in November 1886, steadily lost the confidence of the Bond (Vanstone, 1980, Chap. 5) and was finally defeated on its railway proposals in July 1890 (see next section of this chapter). Hofmeyr declined to form a ministry and Rhodes became Prime Minister.(16)

In proposing policy for the Cape government before becoming its head, Rhodes stressed the drive to establish control over the north and the usefulness of the Cape government in achieving this aim:

the Cape Colony should hold the keys to the interior; we should state we are prepared to take administration right through to the Zambesi ...

... the gist of the South African question lies in the extension of the Cape Colony to the Zambesi. (17)

Rhodes sought control, or at least a major influence, in the affairs of the colonial government for complex reasons. His ambition did not follow from the threats to mining company power in Kimberley alone (contra Worger, 1982, p. 310); nor did his ascendance spell simply the rise to state power of 'industrial capital'. Pushed initially by the desires of Kimberley diamond company directors, Rhodes sought an alliance with the central parliamentary force in the Cape, the Afrikaner Bond. As his ambitions turned more substantially towards the 'hinterland' of Zambesia, he was able to use both that alliance and his increasing financial power to establish (temporary) dominance over the colonial government. Over the few years in which that power was achieved, economic conditions in southern Africa had been significantly altered, the Cape was engaged in two northward thrusts, and Rhodes's own interests were again focussing on the Transvaal. His government policy concentrated on facilitating northward expansion, but it was not the first to do so. The question of northward railway expansion had exercised the colonial government prior to Rhodes assuming office. The politics of that issue between 1886 and 1890 must therefore be examined.

Gold, Railways and Slump, 1886 - 1890

As Cape trade stretched towards the Transvaal in 1886 and 1887, renewed pressures for railway building arose. Kimberley was the nearest railhead to the Witwatersrand, and the relatively level country which lay between the diamond and gold fields acted as a further inducement to make the route via Kimberley the main means of transport not only between the Cape and the Transvaal, but

also between the Transvaal and the outside world through Cape ports. By the end of 1887 the General Manager of Railways could report that

a considerable quantity of gold mining machinery ... has been conveyed chiefly from Port Elizabeth to Kimberley.(18)

As a result of the increase in traffic carried on all colonial lines, but particularly the expansion of traffic through Kimberley to and from the Transvaal and Bechuanaland, the Cape railways returned a profit above the interest on capital for the first time in 1887. The General Manager had expressed a desire to see 'one or more' railways extended to the gold fields as well as a connection with the Cape coal fields in his report for 1886. A year later he commented:

The necessity for pushing on the Railway to the Transvaal is becoming more apparent. If something is not done in this direction soon, most of the traffic we are now having, is pretty sure to be lost, as soon as the extensions of the Natal Railway are carried out.(19)

Ironically, the Cape had rejected an approach from President Kruger's government for an extension of the railway from Kimberley to Pretoria in early 1886. This proposal was made before the Witwatersrand gold fields had begun to contribute to Transvaal revenue. As Statham (1897, p. 192) put it, 'it never was given to Cape Ministries to possess much foresight'. Uppington and Sprigg had dismissed Kruger's invitation and instead imposed taxes on Transvaal tobacco, which competed with a new crop significant among Afrikaner Bond farmers. The tobacco duty rankled with Kruger and may have contributed to his hard line against customs and railway overtures from the Cape in subsequent years.(20) There were brief flirtations with ideas for syndicates to build railways in and to the Transvaal in late 1886, but the only agency with the ability to raise the necessary capital was the Cape government.(21) By mid-1887 the volume of traffic to the Transvaal had increased sufficiently to encourage the premier, Sprigg, to propose a conference with the Orange Free State. The purpose was to investigate

the extension of railways towards the Transvaal, even though that republic had rejected the Schermbrucker-De Waal attempt to gain agreement on customs and railways earlier that year.(22) The chief obstacle to proposing specific routes was the attitude of the Bond that the Transvaal should not be offended by insistence on schemes which it had not approved.(23) There were nevertheless several alternatives.

One possibility was to extend the Kimberley line to the Vaal River or beyond into British Bechuanaland, so reducing the ox wagon mileage to the Witwatersrand, while servicing the growing trade of Bechuanaland itself. It was this route which was most strongly opposed by Hofmeyr, rendering it a non-starter for the time being. The Bond tended to favour a second route from Kimberley into the Orange Free State, which suited their allies in the republics but had the disadvantage for colonial merchants of increasing the potential distance by rail from all Cape ports to Bloemfontein and Johannesburg. A third possibility was to build a line from Colesberg to the Orange River and thence to Bloemfontein and ultimately on to the Transvaal if the Free State approved. Merriman moved this third option in response to Sprigg's conference proposals in parliament.

Still enjoying the support of the Bond, Sprigg's motion was carried in the House of Assembly on July 20, 1887, with the result that railway extension to the north was stalled for another year. At the same time the alignment of forces in parliament was such that support could not be gained for further railway development in the colony itself. The recommendations of the General Manager for a line to the coal fields were passed over; motions for connections between the Midland and Eastern systems and for a railway to Oudtshoorn were defeated. A member for Queenstown, Du Plessis, requested that

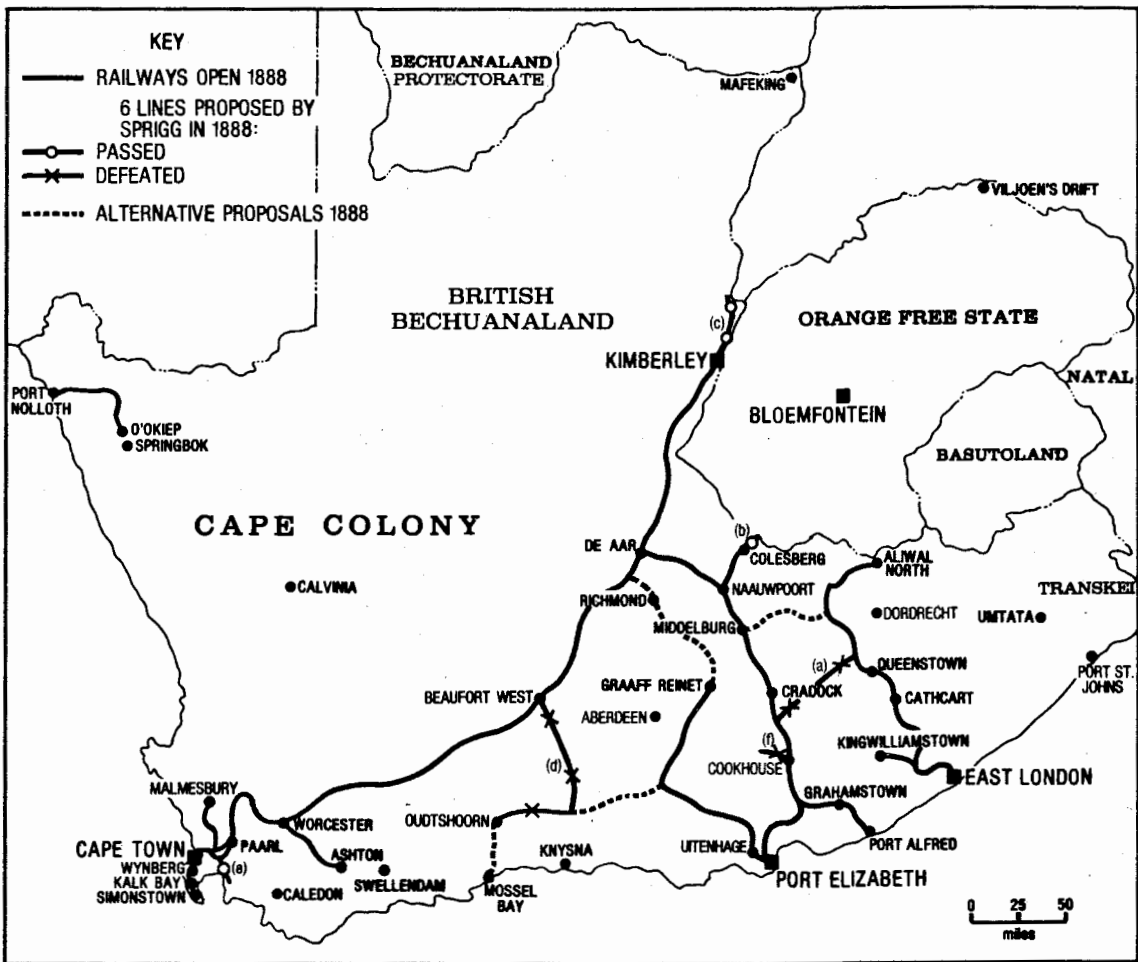
A connection between the different lines in the Colony should not be lost sight of in the attempt to reach the Goldfields.

But surveys and reports on these intracolonial lines were the only expenditure which a parliament generally committed to northward expansion would approve. (24) Intensification of the rail network was not commenced on any scale within the Cape until late in the nineties (see below).

By the opening of the 1888 session of parliament, Sprigg had still not achieved agreement with the Orange Free State on railway extension, but the Free State Volksraad (parliament) had approved surveys for a line from the Orange River to Bloemfontein (Wilburn, 1982, p. 7). Political geography made it possible for a railway constructed through the Free State to approach within 50 miles of Johannesburg. In an attempt to secure wide-ranging support (and avoid the complete defeat of a railway scheme such as he had suffered in 1879 and 1880), Sprigg proposed an extensive scheme at a total estimated cost of almost £2,5 million (Fig. 6.1). (25)

Both northward thrusts were represented in the proposals, by the line from Colesberg to the Orange River (marked (b) in Fig. 6.1) and by the extension from Kimberley to the Vaal River (c). Within the colony Sprigg's proposals included the lower junction line from south of Cradock to north of Queenstown (a) which had been part of his ill-fated 1880 plan; and lines from Beaufort West to Oudtshoorn (d), a branch to Sir Lowry's Pass in the Western Cape (e) and a branch to Somerset East in the Eastern Province (f). The diversity of alternatives put forward is reflected in Figure 6.1. Sprigg failed to gain adequate support for any of his internal proposals except the Sir Lowry's Pass line, which was agreeable to the Bond farmers in the south western districts. The strongest colonial

Figure 6.1. Sprigg's railway scheme, 1888.



(Source: see text)

commitment was not to internal development of the railway system, but to northern extension, which ensured the passage of the Colesberg and Kimberley routes.⁽²⁶⁾ The latter in particular reflected Sprigg's attempt to push the Orange Free State, which stood to lose if an ultimate line to the Transvaal were to bypass it, into full agreement on a railway to the Vaal River via Bloemfontein (Wilburn, 1982, p. 7). Rhodes and Hofmeyr both opposed the Kimberley extension: Hofmeyr because Kruger wanted to stall railways nearing the South

African Republic until the line from Delagoa Bay reached the highveld; Rhodes to strengthen his alliance with the Bond. (27)

At the close of the parliamentary session in August 1888 it seemed that both Kimberley and Colesberg extensions were to be built. The elections which followed increased the Afrikaner Bond's parliamentary strength and Hofmeyr persuaded Sprigg to delay the Kimberley-Vaal River project (Wilburn, 1982, p. 8). Under a variety of pressures the Orange Free State government agreed to the construction of a line to Bloemfontein and its future extension to the Vaal River, with the proviso that it should receive 75% of Cape customs duties collected on commodities in transit to that republic. The Cape and the Free State concluded a convention under which the colony was to build and operate the railway from the Orange River to Bloemfontein, providing finance and sharing any profits with the republic. Construction started almost immediately and the line reached Bloemfontein in late 1890. (28)

This alliance between the Cape Colony and the Orange Free State in a railway thrust towards the Transvaal diverted attention from the other northern route from Kimberley. But opposition to that line within the Afrikaner Bond was weakening. In October 1889, an agreement was signed between Rhodes, on behalf of the British South Africa Company, and the Cape Government, under which the BSA Company took over building the line from Kimberley to the Vaal River, and undertook to extend it to Vryburg in what was still British Bechuanaland. In return, and under pressure from Rhodes, the colonial government agreed to finance and operate the railway to Vryburg, while in British Bechuanaland the BSA Company acquired a land concession of 6000 square miles with mineral rights. (29) The turnaround in Rhodes', and Hofmeyr's, attitude to the Kimberley extension has to

be explained in terms of the former's undertaking, in the BSA Company's charter, to construct a line into Bechuanaland, and the latter's disillusionment with Kruger's policies as well as his acceptance of preferential shares in Rhodes's chartered company. As an additional factor, the completion of the line to Kimberley in 1885 had cut Sotho and Tswana farmers out of that grain market to the advantage of members of the Bond (Worger, 1982, p. 113); within Hofmeyr's party there was support for a similar strategy with respect to the Witwatersrand. With the completion of the railways to Vryburg and Bloemfontein in December 1890, two separate but closely related northward movements from the Cape were well established and reflected in railways.

The line to Bloemfontein facilitated the movement of Transvaal traffic via Port Elizabeth. From the Cape Town point of view, the Vryburg line was the key to trade with the Transvaal as well as Bechuanaland. The Cape of Good Hope Weekly Commercial Record commented that

it is confidently expected that (Vryburg) will secure the largest part of the Transvaal forwarding trade for years to come. The place is getting busier every day. (30)

Nevertheless the Cape Town Chamber of Commerce expressed concern that the line to Bloemfontein placed Port Elizabeth 'many miles nearer than Cape Town to the common goal, viz., Johannesburg', and protested at the lack of progress in 1888 and 1889 on the Kimberley-Vaal River extension. The fears of Cape Town merchants were added to those of Kimberley at the prospect that Bloemfontein would replace the latter town as a distribution point on the 'road to the Transvaal'. (31) The construction of both lines, however, had been engineered as much by Rhodes and his Bond allies as by Sprigg's ministry: the basis of the government's support was being weaned away by a new and formidable political

force. In response, Sprigg, who 'coveted power and clung to it tenaciously' (32) tried to build a new coalition in the 1890 session of parliament around the theme of 'independence' and a massive scheme of internal railway development. In part, this was a response to a slump which hit the colony in 1890.

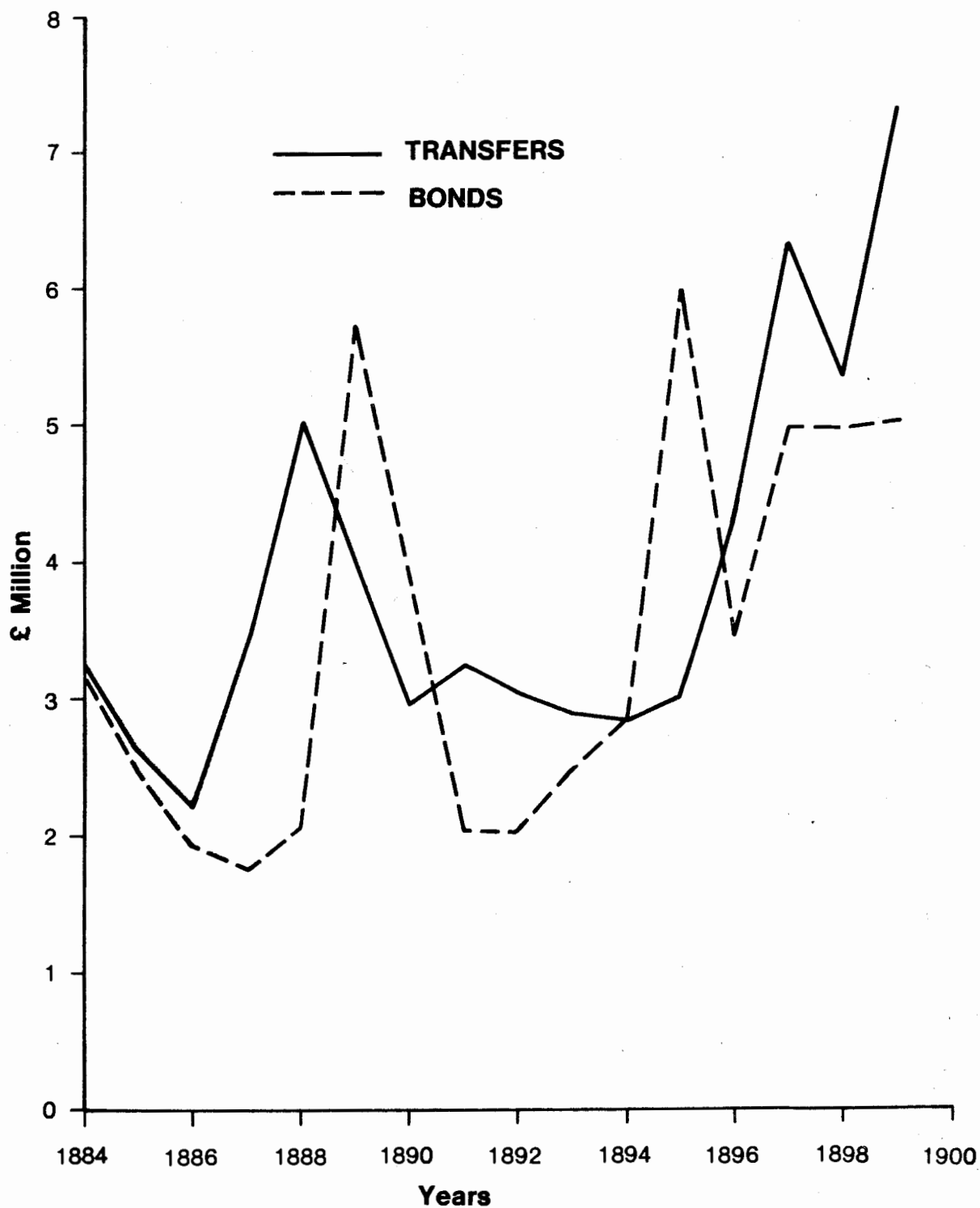
As in the early eighties, the initial trigger to recession was a speculative boom and slump. Speculation in the gold share market was 'rampant' in 1888, with 'the public throughout South Africa' taking up shares (Amphlett, 1914, p. 109). As in the earlier share mania, the banks were 'instrumental in intensifying' inflation of the share market (Schumann, 1938, p. 89). When mining share prices collapsed in early 1889, the banks drastically curtailed credit (Arndt, 1928, pp. 289-291; Amphlett, 1914, p. 111). The decline in total market value of gold shares amounted to close on fifty per cent (Schumann, 1938, p. 87). From the point of view of the 'speculative classes' (Schumann, 1938, p. 88),

the wealth that had been so fictitious disappeared (Statham, 1897, p. 177).

Unlike the situation in the eighties, the subsequent recession in the Cape's trade was relatively slight (cf. Fig. 3.4), but there were nevertheless sharp and spreading effects on the financial system as a number of statistical series reveal; the numbers of transfers of property and mortgage bonds passed provide two such indicators (cf. Fig. 6.2). The Standard Bank's inspectors commented on their Cape Town branch in September 1889:

it is a matter for regret that so large a proportion of (bank business) has to do with gold scrip speculation and so small a proportion with commerce and trade. (33)

Figure 6.2. Transfers and bonds passed in the Cape Colony 1884 - 1899.



(Source: Cape SR 1884-1899)

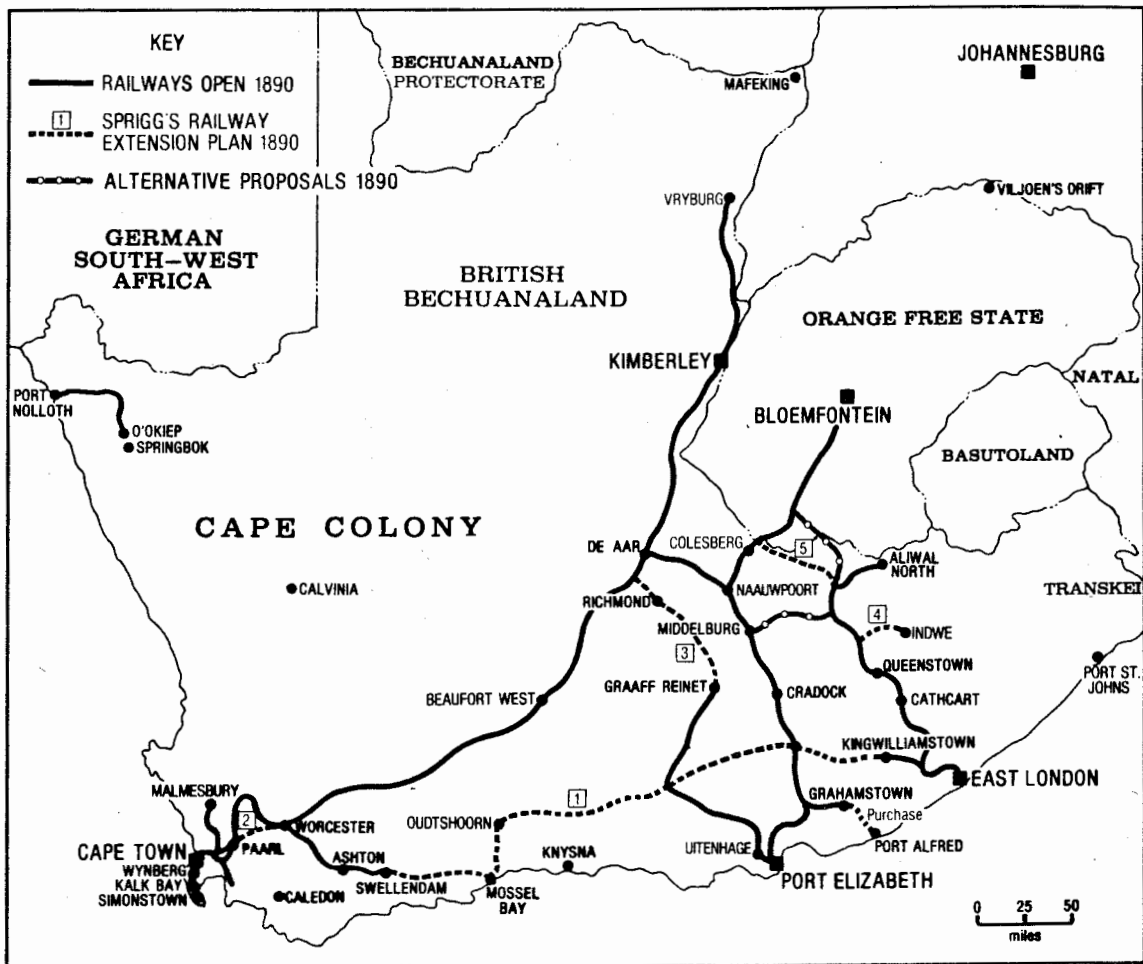
In Port Elizabeth the bank sustained 'large losses' in 1889 and 1890.(34) It was in this context that the Cape found itself in the midst of a mild depression by June 1890 (Schumann, 1938, p. 88).

The collapse of gold share speculation combined with the expression of fears over chartered company expansionism in the Cape to suggest a response to renewed depression through directing investment into the colony itself.(35) The declining yields of Witwatersrand mines as pyritic ores encountered at increasing depth confounded existing extraction processes had helped to trigger the share market collapse (Kubicek, 1979, pp. 42-43), and seemed to demonstrate the fickleness of gold mining. Sprigg's railway scheme, unveiled in the Cape house of Assembly on 10 June 1890, pandered to what he believed was a shift in opinion in favour of internal development.(36)

The railway proposals (Fig. 6.3) were on a larger scale than any previously proposed, though their estimated cost of £7,7 million did not exceed the actual cost of building the Molteno plan of 1874. The enormous interest on railway loans which had only recently been exceeded by net railway revenue served as the central obstacle to Sprigg's plan. It contained, in addition to proposals for £500 000 worth of improvements on existing lines - such as a £150 000 station at Port Elizabeth - five main parts.(37)

The centrepiece of Sprigg's railway extension scheme was the 'Grand Junction Railway' (Fig. 6.1 |1|) to run from the Cape Central line at Ashton via Mossel Bay and Oudtshoorn, connecting with both Port Elizabeth lines and linking with the Eastern system at Kingwilliamstown. In response to the clamour of merchants in Cape Town for improved access to the interior (38), a line was proposed

Figure 6.3. Sprigg's railway extension plan 1890



(Source: see text)

through the Du Toit's Kloof mountains (|2|); Graaff-Reinet was to be linked via Richmond to the Western line (|3|); a branch line to the Indwe collieries (|4|) and a line from Burghersdorp to a point near Colesberg (|5|), which would provide a means of carrying coal to Kimberley as well as giving East London access to the Orange Free State line, completed the scheme.

Sprigg argued that the railway plan would bring 'life instead of stagnation through many parts of this country'.(39) Anticipating parliamentary support from representatives of districts favoured by a railway scheme, he had tried to lay the basis for a wide coalition. Despite the cost, he claimed that the use of colonial coal on the completed railway system would save sufficient money to cover over half the total interest payments, supported by the fact of rapidly rising prices on imported coal.(40) But Sprigg was unable to retain his majority, despite rhetoric on the 'defence of the colony against the British South Africa Company' and Cape 'independence'.(41) Line by line the railway scheme went down in the House of Assembly, until the final defeats on July 7 and 8. On July 10 Sprigg announced his intention to resign, and on July 17 Rhodes became Prime Minister.(42) Wilburn (1982, p. 57) noted

With the ascension (sic) of Rhodes a railway program of trunk lines to the north was emphasised over local railway development.

Sprigg's defeat did not mark the end of new railway construction within the Cape, but it did delay significant investment for a number of years. The exception was the decision, within two weeks of the Rhodes government taking office, to raise £1 million to build railways from Indwe to the Eastern main line (Sprigg's line |4|) and the 'upper junction' between the Eastern line and Middelburg, which had been proposed as an alternative to Sprigg's 'lower' route in 1888 (cf. Fig. 6.1).(43) These lines were designed to carry colonial coal to Kimberley, which was entirely in accord with Rhodes's own financial interests (see further below). The government turned its closer attention to securing an extension of the Bloemfontein line towards the Transvaal. It was this emphasis on northward expansion of the colonial economy by political means which allowed the judgement to be made that

This is our only colony in which politics, in opposition to local requirements, have played an important part in railway construction. Railway construction at the Cape is a fair representation of the history of the colony ... (44)

The results of the recession in 1890-91 thus confirmed the reorientation of colonial policy which had first been evident in the early eighties, despite Sprigg's rather opportunistic attempt to return to a policy of internal development. The recession's effects on the Cape tended to reduce still further the independence of the colonial economy.

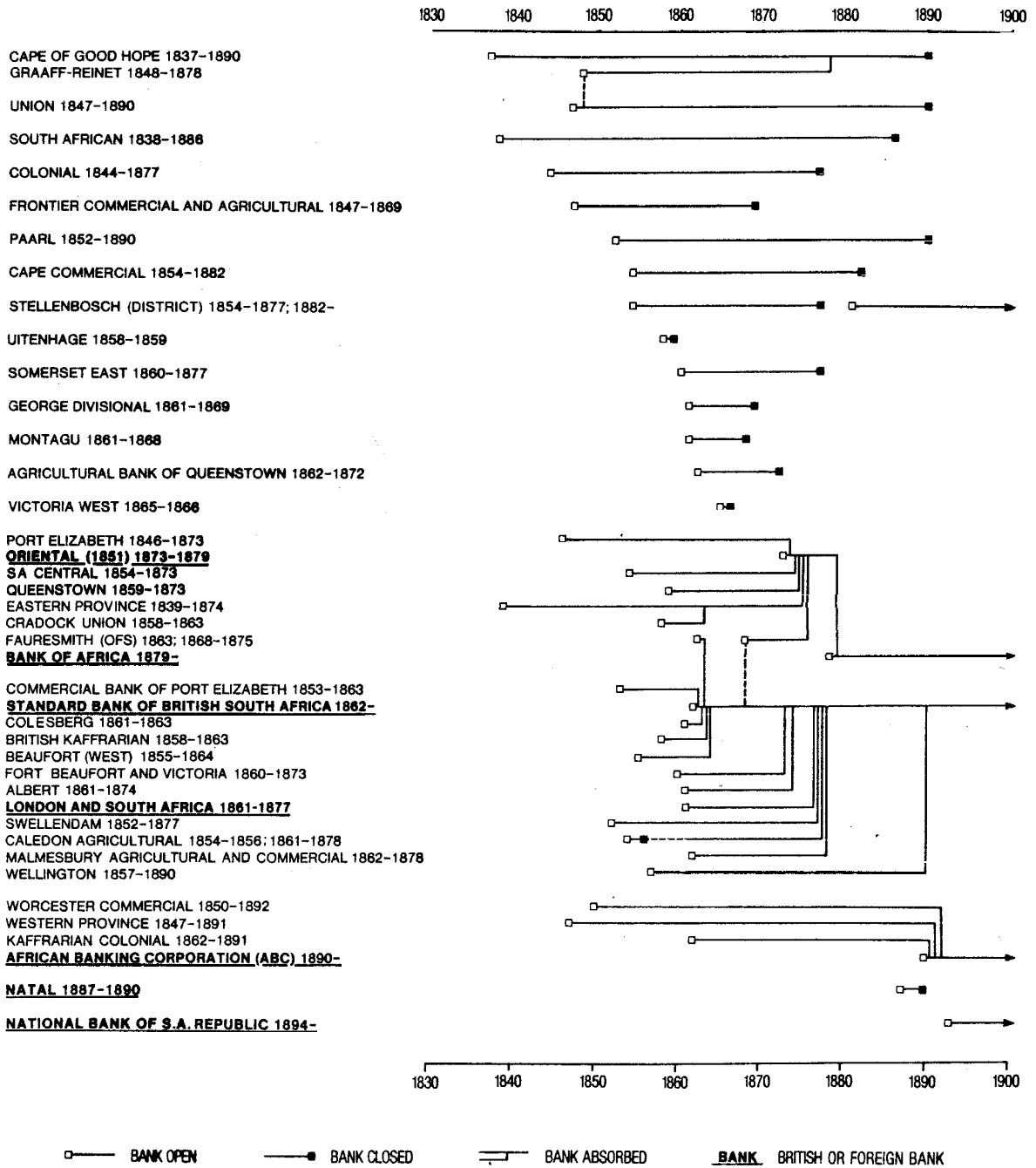
For one thing, a large but non-quantifiable proportion of the inflated share values which 'disappeared' in 1889 and 1890 represented a transfer of money capital to the Transvaal and elsewhere. The ensuing depression led to large-scale retrenchment.(45) Also significant, was the disappearance of seven of the eight remaining local Cape banks.

The first of these to collapse was the Union Bank of Cape Town at the beginning of August 1890. It was enormously overextended by advances on gold shares; one of its main customers, Lippert, had liabilities greatly exceeding the bank's capital. The fear of the Cape commercial community was that the unlimited liability of the Union Bank's shareholders would drag down the other banks in which they were interested.(46) It did not take long for these fears to be realised. Through overextension on share speculation, runs on their cash holdings and general commercial stagnation, pressure built up on the local banks. Six weeks after the fall of the Union Bank, the Cape of Good Hope Bank suspended payment, and it was followed by the Paarl Bank in December 1890. The Natal Bank was forced to close its branch at Kimberley. Only the two imperial banks - the Standard and the Bank of Africa - remained in a relatively strong position.(47) A

new bank, the African Banking Corporation, was formed in London late in 1890 and it absorbed three of the five remaining local banks during 1891 and 1892. The Standard Bank took over one other, leaving the Stellenbosch District Bank the only surviving independent bank in the colony at the end of the century (illustrated in the 'tree' of bank history in Fig. 6.4). Both the ABC and the Bank of Africa joined the Standard in locating their South African headquarters at Cape Town. In the course of a few decades the banking map of the Cape had been transformed into a pattern overwhelmingly made up of branches of these British-based institutions (Fig. 6.5; cf. Figs. 3.5, 3.10, 4.7).

Railway politics between 1886 and 1890 reflected the uncertainty of the Cape's position as it emerged from depression. The events of 1890, including a slump and the accession of Rhodes to the premiership, helped to dispel that uncertainty. The Cape Colony had become embedded in a system of expansion controlled by a strongly-linked set of powerful interests - De Beers, the BSA Company, the Afrikaner Bond, the Cape government itself and other forces all pointed in the same expansionist direction, aided and encouraged by the imperial banks and other British interests. Gold mining in the Transvaal was increasingly the key to the South African economy. More and more intensely capitalised and industrial in nature, it had no parallels of large-scale new industry in the Cape Colony. The Cape's own production grew very slowly, while its commerce became ever more dependent on Transvaal trade. The colony was becoming a commercial partner to an industrial hinterland. To play that role effectively its communications with the interior had to be improved. Its government and merchants had to compete successfully in a struggle with other colonies and states which was both political and economic.

Figure 6.4. The concentration of banks in the Cape Colony, 1837 - 1900



(Sources: compiled from Arndt, 1928, and various materials in SBA and BMA)

Figure 6.5. Locations of banks in the Cape Colony, 1885 - 1895



(Sources: As for Fig. 3.5)

The Struggle for the Carrying Trade

Communications were extremely unevenly developed in southern Africa in the late nineteenth century. New telephone systems in Cape Town, Port Elizabeth and Johannesburg contrasted in the nineties with the weekly mail service carried by runners in the territory occupied by the British South Africa Company.(48) Railways stretched from the coast to Vryburg and Bloemfontein, from which termi-

ni ox wagons hauled commodities to the Witwatersrand. Through more difficult terrain transport riders drove their wagons over the Drakensberg escarpment from the railhead in Natal into the two interior republics. In this context the mercantile communities of the colonial ports - Cape Town, Port Elizabeth, East London and Durban - battled for advantage in the carrying trade. No longer were the main contenders able to seek arbitration of their differences through a single colonial parliament, as the Cape Colony's merchants had done in the seventies and early eighties. To competition within the Cape was added rivalry with Natal and the autonomous strategies of the republican states. It was the inability of the Cape government to control the direction of interior development and trade which forced the colony into a struggle over the nature of the transport system.

The two main competing routes for traffic outside the Cape Colony were those from Durban through Natal, and from Lourenco Marques on Delagoa Bay into the eastern Transvaal. Kruger's return, after being rebuffed by the Cape in 1886, to the earlier Transvaal policy of favouring the Delagoa Bay route involved blocking the attempts of both the Cape and Natal interests to build railways from their respective colonies into that republic. More immediate competition for trade came from Durban-based merchants. By 1887 the Cape Town Chamber of Commerce was concerned at

the competition for the Transvaal trade between the Cape Colony and Natal ... to the great loss and injury of the respective revenues, and to the benefit of the Transvaal and the Free State. (49)

As a result Cape Town merchants were prepared to concede that

we must not lose sight of the fact that as we shall have to compete against ports geographically nearer to Witwatersrand, the shortest route which would secure the trade should, in the interests of the colony, find support. (50)

This approach was reflected in Merriman's proposal in parliament during 1887 for a commitment to the Colesberg-Free State-Witwatersrand route, which, he argued, would add only just over 30 miles to the distance from Cape Town to Johannesburg via a Kimberley route. The saving in distance from Port Elizabeth to the Transvaal via a Free State line would, he continued, be over one hundred miles, and that from East London twice as great.(51)

Port Elizabeth merchants continued to complain that the railways did not take full advantage of the lower working costs of the midland line, with its easier gradients and curves, in competition with Natal. Both the 'unreasonable time taken in the conveyance of goods by rail from Port Elizabeth' and the failure of railway management to reduce rates to match the low working costs of the midland route rankled.(52) With the commitment of the Cape to the Vryburg and Bloemfontein extensions in 1889, and their completion in 1890, both Cape Town and Port Elizabeth merchants were placed at an advantage over the Durban commercial community. By then the outcome of recession had confirmed the drive to northward extension of railways, as discussed in the previous section of this chapter.

Negotiation between the Cape and the Orange Free State resumed in late 1890 and culminated in an agreement to extend the railway to Viljoen's Drift on the Vaal River, which was signed by Rhodes and President Reitz on December 23, 1890.(53) More difficult was the problem of securing agreement from Kruger to allow the railway to be completed the remaining 50 miles to Johannesburg. The recession of 1890-91, which was sharper in the Transvaal than the Cape, pushed Kruger towards acquiescence with Cape wishes.

Transvaal revenue dropped sharply in 1890 and 1891 (Schumann, 1938, p. 88). Burdened with guaranteed payments on money borrowed by the NZASM (Netherlands-South Africa Railway Company) to build the Delagoa Bay railway, the republic's government was close to bankruptcy in December 1891. It was in these circumstances that Sivewright, who was Commissioner of Public Works in Rhodes's first ministry, negotiated an agreement providing for the Cape, with its better credit, to raise a loan to assist the NZASM, in return for which it would build the last leg of the first railway to Johannesburg and Pretoria from the Vaal River (cf. Wilburn, 1982, pp. 69-83; Katzenellenbogen, 1982, pp. 23-24; Lewsen, 1982, pp. 150-151).⁽⁵⁴⁾ Under this agreement the railway was constructed in record time, and the first train from the Cape reached Johannesburg in September 1892.⁽⁵⁵⁾ The Cape ports were now well placed to handle an overwhelming proportion of Transvaal trade, as much as 85 % in 1893 and 1894; without through railways Durban merchants were 'unable to compete'. Nevertheless, the through traffic represented only 20 to 25 per cent of railway revenue and 'only about one-seventh of the total tonnage'.⁽⁵⁶⁾ Katzenellenbogen (1982, p. 25) and Wilburn (1982, p. 87) both overestimate the importance of Transvaal trade to the Cape railways at the time, falling into the trap of accepting Sivewright's rhetoric in justification of the loans to the Transvaal as representative of the actual position.⁽⁵⁷⁾ Going further, Schreuder (1980, p. 194) suggested - in the face of a table in his own text (Table 6.1 below) - that additional capital outlay on railway extensions burdened the Cape, while the revenue earned on the railways actually rose more rapidly than did the level of outstanding loans. The respective increases in railway investment and revenue between 1886 and 1890 were 4 and 81 percent; between 1890 and 1894, the difference was less marked, but the increase in investment of 37 per cent was still less than the 43 per cent rise in revenue.

Table 6.1. Cape Railway investment and revenue 1886 - 1894 (£000)

	Investment	Railway revenue	Total Cape government revenue
1886	14 130	1048	3039
1887	14 186	1271	3159
1888	12 214	1451	3426
1889	14 282	1759	3836
1890	14 665	1896	4430
1891	14 686	1896	4495
1892	18 557	2248	4971
1893	19 557	2559	5321
1894	20 092	2713	5390

(Source: Schreuder, 1980, p. 194)

Nevertheless, the increasing dependence of Cape government revenue on railway earnings was a real factor. From a third to two fifths to over half, railway income increasingly made up a substantial fraction of colonial government funds (see Table 6.1). As the Delagoa Bay and Natal railways approached the Witwatersrand in 1894, the Cape government faced the prospect of declining revenue. At the same time the Sivewright agreement's imminent expiry was due to give the NZASM power to raise rates (and disadvantage Cape lines) on the Vaal River-Johannesburg section; while the agreement between the Transvaal and Natal on the line from Durban guaranteed both competing routes at least one-third of imported traffic to the South African Republic (Katzenellenbogen, 1982, pp. 28-29).

There were at least three different responses to this situation in the Cape which sought to maintain the viability of northern expansion. Attempts were made to enhance the competitive advantages of the Cape ports and railways; alternative directions of outward expansion were sought; and political means of

pressuring the Transvaal to restore advantage to the Cape were contemplated. These responses met with varying degrees of success and failure, while investment in internal development, which might have enhanced the trade of the colony and the revenue of its government, remained limited.

An immediate material response was possible through improving the efficiency of Cape harbours and railways. Continued investment in Cape Town harbour and the scheduling of fast trains from shipside to Johannesburg maintained passenger traffic in Cape hands, with Cape Town as the closest port to Europe.(58) Lengthened hours of work decreased the 'cost of native labour per ton' at Port Elizabeth by an eighth.(59) The focus of attention on the railways was the midland line.

The reason for this focus - the route from East London to Johannesburg was fifty miles shorter than the midland after the completion of the Burghersdorp-Bethulie link between the Eastern railway and the northern trunk line in 1893 - was quite straightforward. While the Natal railways were

heavily handicapped by the 1 in 30 grades and curves of 300 feet radius which ... cannot be improved ... the Midland system should in the long run be able to compete successfully ... for the Johannesburg trade.(60)

With few grades of 1 in 40 and easier curves, the midland line was much cheaper to operate per mile than any other railway from the coast. This advantage was supplemented by relatively heavy traffic already carried on the Midland system, which helped to ensure fuller train loads - in both directions - and reduced staffing costs.(61) The midland line was relayed with heavier rails, and further easing of gradients was carried out in 1893 with 'appreciable' amounts saved 'in the expenses of working'.(62) At the same time the advantages of Port

Elizabeth as the commodity port for the Witwatersrand were infringed by familiar problems which plagued that city's merchants. Rolling stock on the railway was insufficient for the traffic, railway management was unsympathetic (and centralised in Cape Town), there were delays in transshipment, and, of course, the colonial government continued to invest only minimal sums in the improvement of the harbour.(63) Between 1890 and 1895 the government raised only £153 000 for harbour works in Port Elizabeth, compared with £720 000 in the Cape Town case. While handling costs were twice those at Cape Town, the government would not even allow the Algoa Bay Harbour Board to lower its own charges.(64) The Board invested in electrically driven cranes on the wharves, but the harbour remained unenclosed and relatively expensive to operate (see frontispiece). The continuing powerlessness of Port Elizabeth merchants to improve their harbour had become a liability for the colony as a whole, despite the declarations of various politicians that they 'would rather fight with the Port Elizabeth line' than with others.(65) This was not the only arena of partial success in answering the challenges of increased competition.

Trade expansion in the territories beyond the eastern border of the colony also faced stiff competition from Natal based merchants. It was in this context that the Cape annexed Pondoland, the last independent polity in the area, in 1894 (Beinart, 1982, pp. 23, 31-36). At the other extremity of Cape territory, British Bechuanaland provided scope for expansion of cattle farming, possible mineral wealth and speculation in land: it was annexed to the colony in 1895 (Thompson, 1971a, p. 274; Shillington, 1981, Chap. 7). There were high hopes for expansion of Rhodesian trade. The railway was extended from Vryburg to Mafeking by 1894 (Phimister, 1974, p. 84). But with disappointment in gold prospecting, communication problems, and war between the BSA Company and the

Ndebele (Phimister, 1974, pp. 77-79), 'development' went on 'more slowly than was expected in some quarters'.(66) It was not until late 1896, when 'rebellion' in Rhodesia and disease among oxen (the rinderpest) increased the costs incurred by the BSA Company that the railway line to Mafeking was again advanced (Phimister, 1974, p. 85). Opportunities being limited, at least for the moment, in the direction of Rhodesia, colonial expansionism was concentrated on the Transvaal, reflected in the return of Rhodes's and Rudd's Goldfields Company's attention to the Witwatersrand. This return, initially stimulated by deep level mining possibilities recognised by people other than Rudd or Rhodes, became especially apparent in 1894 and 1895 (Kubicek, 1979, p. 105). Rhodes was nevertheless in power in the Cape government until the end of 1895, and he used this position to place political pressure on the Transvaal over railway rates.

The Delagoa Bay line to Johannesburg opened at the end of 1894, and traffic was carried at rates below those of the Cape line. The Cape government and railway administration reduced their rates in mid-1895; the Transvaal response was to increase the charges on traffic between the Vaal River and Johannesburg to offset the Cape's strategy. The Cape railways then secured the use of large numbers of oxen and wagons, and carried much of their traffic from the river to Johannesburg by those means. In accord with the NZASM administration, Kruger's government closed the drifts (fords) over the Vaal River to imported commodities in August 1895. A political crisis resulted (Katzenellenbogen 1982, pp. 31-32; Wilburn, 1982, pp. 174-175).

Rhodes had been considering active alternatives to accomplish political goals in the Transvaal from at least late 1893. By the middle of 1894 he was engaged in elaboration of ideas for the overthrow of Kruger's government in

order to bring about radical economic changes on the Witwatersrand.(67) Preparations for a simultaneous invasion from Bechuanaland and a rising in Johannesburg were accelerated. In mid-October 1895 Rhodes called on Britain to force Kruger to reopen the Vaal River drifts, with overwhelming support within Cape politics, given the opening of the Natal-Transvaal line and the threat to Cape revenue. Pressured by Rhodes's government, Britain issued an ultimatum to Kruger, who reopened the drifts in November. Rhodes had lost his opportunity for imposing a political solution on wider issues in the Transvaal, but in late December 1895 his associate, Jameson, nevertheless led a 'raid' into the South African Republic which utterly failed to incite an 'uitlander' (foreigner) rebellion in Johannesburg. Rhodes was immediately implicated, and resigned the Cape premiership in January 1896. Political means of resolving railway competition had achieved only partial success and had contributed to a widening of conflict between states in South Africa.(68)

The Cape's relative position in the Transvaal trade, to which a large commitment had been made, deteriorated after the opening of the Delagoa Bay and Natal lines (Table 6.2; Table 6.3 D). Though the Cape's share of tonnage carried to the Transvaal declined, the absolute volume of commodities carried on the Cape railways generally did not do so until the recession of 1897-98. Nor did the Cape's share of total South African railway revenue dip as precipitately as its percentage of Witwatersrand traffic; despite the large investment in Cape railways the colony managed to achieve a return on capital well above interest rates on loans until 1897, after which Natal railways and the NZASM encountered similar difficulties - though the Cape railways continued to cover interest payments. Furthermore, despite the enormous economic expansion in the Transvaal the Cape remained the largest unit in the southern African economy, with its

Table 6.2. Shares of South African railway revenue accruing to Cape Colony and Natal Government Railways, and to the NZASM, 1891 - 1899

	Total revenue (£000)	Percentage Shares		
		Cape	Natal	NZASM
1891	2557	74,1	22,4	3,5
1892	2914	77,2	18,3	4,5
1893	3586	71,4	11,6	17,0
1894	3977	68,2	11,7	20,0
1895	5466	62,0	9,6	28,3
1896	8196	49,8	13,9	36,4
1897	7211	42,6	14,6	42,8
1898	6175	47,8	16,0	36,2
1899	5980	46,7	15,7	37,6

(Source: compiled from Wilburn, 1982, Table E, p. 230)

trade and government revenue remaining well above its northern neighbour's (cf. Schumann, 1938, pp. 60, 62). For these reasons it is possible to reject Schreuder's (1980, pp. 188-189) assertion that the Transvaal had 'surged ahead' of the Cape. Nevertheless the colony had committed itself to northern expansion. The revenue to service the Cape's public debt was generated by railways carrying the transit trade. The renewed recession late in the decade revealed how precarious was its position when its trade with the interior flagged (Table 6.3 C).

The Cape's government railways and merchants were reasonably successful in retaining a strong position in the Transvaal trade. The fiscal problems of the Cape Colony did not assume crisis proportions (cf. Wilburn, 1982, pp. 231-235) and it was not until after the Anglo-Boer War that the underlying weakness of its financial situation was exacerbated by a transfer of railway revenue to the

Table 6.3. Selected Cape railway statistics 1894 - 1899.

	Railway Investment £000	Railway Receipts as % of Government Revenue	Net Receipts % of Capital £.s.d.	Share of Witwatersrand traffic % by weight
1894	20 092	51,9	5.06.05	85
1895	20 404	64,2	7.09.10	75
1896	20 790	61,1	8.19.07	33
1897	18 936	42,3	6.02.06	30
1898	10 027	46,1	4.13.11	31
1899	20 800	45,1	4.12.07	32

(Source: Wilburn, 1982, Tables E and F, pp. 230 and 232)

interior. However, the reorientation of the economy towards the development of the 'north' diverted investment from within the colony itself. The option of internal development was pursued less than vigorously by colonial governments during the nineties. Their minimal contributions to railway network development, outlined in the next section of the chapter, illustrate this contention.

Colonial Development in the Nineties

The Rhodes governments, which were in office from July 1890 to January 1896, initially made few investments in the intensification of the railway network in the Cape Colony. Its first contribution was to approve the long-awaited link between the Eastern and Midland railways in late July 1890. By that time, as noted above, the increasing price of imported coal had given added weight to the junction line proposal; the general manager of railways wrote in his report for 1889 that

I trust that Parliament will no longer delay the construction of a Junction line and the construction of a branch to the Indwe, so that colonial coal may be used on all our railways ... It would be better to decide the question of the route by lot than to have no junction.(69)

Construction of the junction line was complete by February 1892, but despite parliamentary approval of the Indwe branch, continuing argument over the precise route - and over the use of colonial coal, as outlined below - delayed the building of that line.(70) In the following four years, almost no additions were made to the railway system within the Cape Colony.

During the 1890 and 1891 parliamentary sessions numerous proposals for branch, junction and new trunk lines were made, but, except for the two potential coal-carrying routes, none was graced with government funding. A thorny issue for the Rhodes ministry was the clamour for branch lines in the Western Province, since supporters of railway extension and the leading lights of the Afrikaner Bond - which was keeping the government in power - were frequently one and the same. Initially this problem was managed by hinting at intended extensions while making no promises and using financial excuses for delay.(71) By 1892 pressure for investment in railways within the colony had increased sufficiently to elicit a promise from Rhodes that legislation for lines to Caledon and Oudtshoorn would be introduced the following year.(72) But it was not until 1895 that the government proposed a line to Oudtshoorn, while the southwestern districts waited until 1898 for approval of a line to Caledon. Instead the government raised loans for railways to the Transvaal, including the connection from the Eastern main line to the Colesberg-Bloemfontein trunk route.(73) The only other encouragement which Rhodes's government was prepared to give to local railway building was through land grants and subsidies to private companies.

The first land grant to be approved was that to a syndicate which proposed a 120 mile railway from Port St. John's on the Pondoland coast, to Maclear in Griqualand East. The syndicate had already acquired 100 000 acres of land in the Maclear district; it was promised over 6000 acres in the Tsolo district as well as 3000 acres with river frontage at Port St. John's and a monopoly of the river ferry there as soon as a company was floated with sufficient capital to construct the railway. Merriman, as Treasurer-General in the cabinet, pointed out in moving the Port St. John's land grant that

the ground at present was absolutely valueless, but it was hoped when the railway was made that its worth would be considerable.(74)

Despite opposition from Border merchants who foresaw the prospect of losing their trade in Griqualand East, the bill passed without difficulty.(75)

Since the Indwe branch had not been built by 1892, the Imvani and Indwe Colliery Company applied for a subsidy and land grant to assist it in building a railway from Sterkstroom, on the Eastern main line, to Indwe. During 1892 parliament approved a grant of £50 000 and 25 000 morgen (over 50 000 acres) of land to the company.(76) Despite the recommendations of a Select Committee a year later that the government should purchase the Indwe mine for £87 000 and build the still incomplete railway, the subsidy to the company was increased in 1893.(77) In the same vein Rhodes proposed to devote £30 000 to assist the flotation of a new company to take over the working of the Grahamstown-Port Alfred railway. The upshot was a loan of £20 000 to the Kowie Railway Company in 1894.(78)

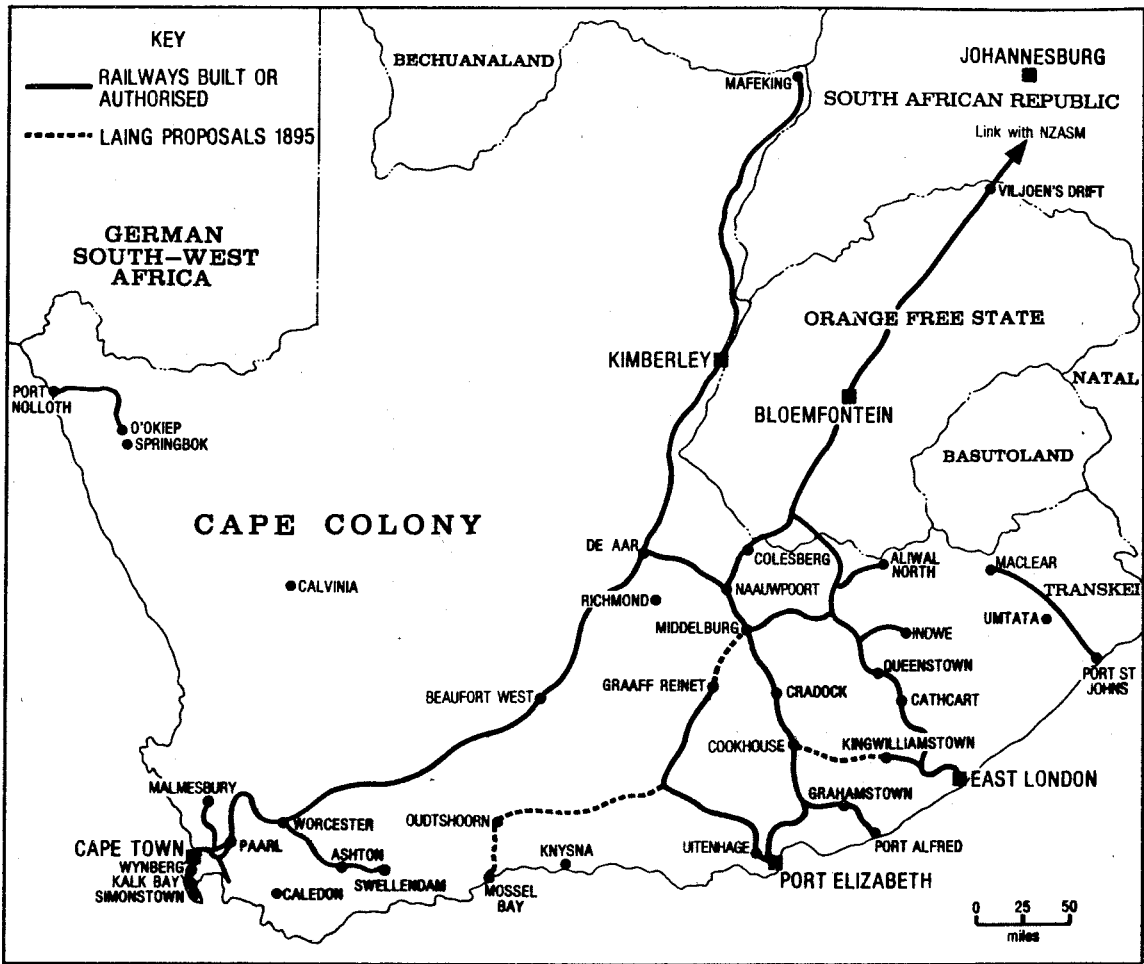
The government continued to demur at initiating railway works within the colony in 1894. Laing, who had taken over the public works portfolio after

Sivewright's resignation in the midst of a scandal over a railway contract (Lewsen, 1982, pp. 160-161), pursued the subsidy system with an Act to pay £1500 per mile on the extension of the Cape Central Railways line from Ashton to Swellendam.(79) In each case these subsidies were given to companies proposing to build railways on a relatively modest scale. The same could not be said, however, of the Grand Junction Railway plan, which had first been mooted by in 1890 by Sprigg among the proposals which precipitated him from power, and which reappeared as a private company scheme in 1895.

Several members of parliament - including Abrahamson and Palmer who represented Somerset East - were directors of the Grand Junction company, which proposed to revive the project for a railway from Kingwilliamstown to Somerset East, Oudtshoorn, Mossel Bay and Swellendam.(80) Laing's proposals, introduced early in the last parliamentary session before the Jameson Raid, included a 40 per cent subsidy for costs of construction of the two sections of the Grand Junction Railway, from Mossel Bay via Oudtshoorn to the Midland system, and from Somerset East through Cookhouse to Kingwilliamstown. In addition the government proposed to build a line across a difficult escarpment from Graaff-Reinet to Middelburg (Fig. 6.6).(81)

The 1895 railway scheme represented a singular volte-face for a government which had steadfastly refused to countenance calls for inquiry into the intensification of the existing transport system in the colony. Commitment to northern expansionism drew aside for a moment to allow debate on this issue. Merriman, who had resigned from Rhodes's first ministry over the Sivewright-Logan scandal, explained the shift in terms of the strengthening of the coalition which kept Rhodes in office.(82) Despite the more remunerative prospects of railways in

Figure 6.6. Laing's railway proposals 1895



(Source: see text)

districts like Caledon and Piquetberg in the West or Humansdorp in the East, the government was assured of Bond support in those areas and did not include or even investigate such potential routes. Merriman, in opposition since 1893, compared the scheme with Sprigg's plan of 1890, but the strength of Rhodes's political base was demonstrated in the size of the majority against Merriman's motion: 45 votes to 22. (83)

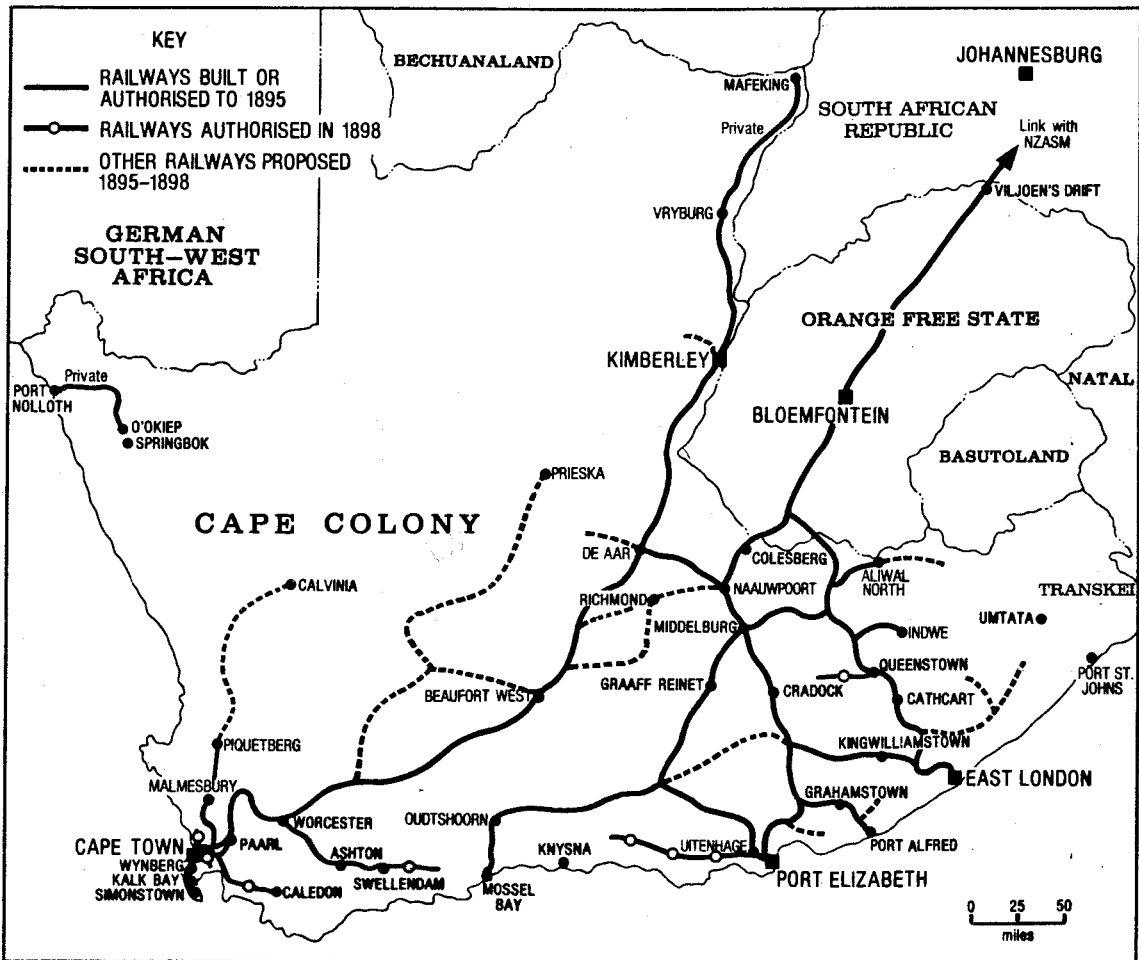
The most expensive part of Laing's proposals was the Graaff-Reinet-Middelburg line, which together with the Mossel Bay railway gave theoretical access to interior markets to merchants at that port. The strength of the Bond caucus, and its acquiescence in Rhodes's wishes, was reflected in the remarks of a member for Malmesbury who broke ranks to oppose the Graaff-Reinet line:

if the government brought in a bill to obtain possession of the moon some members would vote for it.(84)

With minimal amendments the 1895 railway proposals were carried, even members of the opposition who had undertaken to oppose it being absent from the house for the final critical votes.(85) It was this political control which militated against the considered development of the Cape railway system in the first half of the nineties. Subsidies and land grants were made to companies which completed railways slowly if at all. The Maclear line was never built; nor were the Kingwilliamstown-Somerset East and Mossel Bay railways completed before 1900. The Indwe and Swellendam routes took years to build.(86)

The 'hardy perennials' of local branch line proposals continued to pop up in the Cape parliament after Rhodes's resignation in 1896. Browett (1975, p. 152) was quite incorrect to suggest that 'it was only after the Anglo-Boer war that attention was turned towards the provision of rail communication for commercial agricultural areas'. It was, rather, a matter of gaining government support for lines which had long been the subject of 'attention'. But while the new Sprigg government, with Sivewright restored to the public works portfolio, was prepared to encourage the extension of railways from Vryburg to Mafeking and on to Bulawayo, or to devote considerable sums to increasing capacity on the Midland line which carried the bulk of northern traffic, it was not until 1897 that the government proposed its first branch line: from Sir Lowry's Pass to Caledon. By

Figure 6.7 Railway proposals 1895-1898



(Source: see text)

that time, however, a political crisis over control of government had developed, and the Caledon Railway bill died when parliament was prorogued. (87)

Both before and after the general election which separated two sessions of parliament in 1898, a great variety of branch line proposals was aired (illustrated in Fig. 6.7). (88) After the election Sprigg brought in a bill providing for four new branch lines, between Malmesbury and Piquetberg, Sir Lowry's Pass

and Caledon, Queenstown and Tarkastad, and Port Elizabeth and Avontuur. Two days later Sprigg was defeated and resigned over policy towards the Transvaal. The new government under W.P. Schreiner, supported by some of the 'liberals' including Merriman and by the Afrikaner Bond, took over the bill despite levelling criticism at the Sprigg ministry's railway policies. Railway development continued to be subordinated to political conflicts over the Cape's relationship with the Transvaal, with the upper house (Legislative Council) opposing the government and almost upsetting this bill. The branch line plan was finally carried on December 21, 1898.(89) For the first time since 1890 the government of the Cape had proposed a railway scheme aimed primarily at the internal development of the Cape Colony. For the first time since the recession of the eighties, a significant intensification of the internal transport system was actually commenced by the colonial government. In addition a further subsidy to the Cape Central Railways company for the extension of their line to Riversdale was agreed to. At the end of the decade railways had been laid from Klipplaar to Willowmore on the line to Oudtshoorn, and from Queenstown to Tarkastad ; the Indwe and Swellendam lines were completed in 1899. The Caledon, Piquetberg, Mossel Bay, Avontuur and Somerset East lines were still under construction.(90)

A shift in emphasis towards internal development of the Cape Colony can be discerned at the very end of the period covered by this thesis. It was concomitant with the recession which took place in Transvaal trade in 1897 and 1898 (Schumann, 1938, pp. 90-91). This recession had some impact in the Cape and led to a degree of reconsideration with respect to the policy of building the Cape's economy around northern trade. But the main alternative which was contemplated was Rhodesian trade, the second path of northward expansion discussed in the first part of this chapter.(91) The recession of the eighties had produced an

orientation to northern interior trade which in turn had led to neglect of productive development in the Cape Colony. Along with railways from Natal and Delagoa Bay, the Cape had contributed to making the Witwatersrand the point of best access in southern Africa (cf. Browett, 1975, p. 157), to a still greater degree than had occurred in the Kimberley case (see Chapter Four). The Cape had remained a commercial colony while fostering the development of an industrial hinterland.

Agriculture, Industry and Coal Mining

The consequences of pursuing northern economic expansion went beyond neglect of the railway network within the Cape. Productive activities - primary and secondary - were also underdeveloped after the setbacks of the depression. Rural production continued to engage the majority of people in the Cape Colony at the end of the century.⁽⁹²⁾ But in contrast to the post-recession period in the seventies, when the value of wool production boomed (see Chapter Four), exports of this major Cape staple remained relatively static. Colonial agriculture generally passed through a period of contraction during the depression, and the diversion of capital and labour to the north left the land neglected ⁽⁹³⁾ - although as far as the Cape alone was concerned mineral exports did not 'dwarf' pastoral exports as some have claimed (cf. Denoon, 1983, p. 85). Ostrich feathers and, more immediately, mohair, became increasingly significant contributions to colonial trade (Table 6.4). However, the undramatic fluctuations in wool export values and the increases in value of the other two rural commodities mentioned concealed major changes in prices and in the composition of wool exports in particular.

Table 6.4. Pastoral exports 1886 - 1889 (£000)

	Wool	Mohair	Ostrich Feathers	Skins
1886	1581	232	546	279
1887	1676	268	366	277
1888	2181	305	348	307
1889	2251	352	366	366
1890	2196	337	564	374
1891	2264	355	468	418
1892	2029	374	517	504
1893	1856	528	462	418
1894	1600	421	477	341
1895	1696	711	528	363
1896	1875	572	520	319
1897	1497	677	605	296
1898	1767	648	749	379
1899	2185	780	842	374

(Sources: Cape SR 1886-1899)

The fall in the price of ostrich feathers during the recession encouraged farmers to turn to Angora goats, which were cheap to run and produced a readily saleable product (Noble, 1893, p. 325). The weight of mohair exports more than doubled between 1883 and 1888. But by the latter date a severe drop in prices - from an average of 10,3d. per pound in 1886 to 7,6d. per pound in 1888 - led to a check in production growth. With unevenly rising prices from 1893 onwards, a slower rate in the quantity of mohair produced yielded a substantial increase in the value of the export by the end of the decade.⁽⁹⁴⁾ Districts of greatest mohair production tended to be concentrated in the Eastern Province (cf. Christopher, 1976b, Fig. 4). While numbers of Angora goats in the Cape remained fairly even during the nineties, production of mohair was increasingly concentrated in the Cradock, Jansenville and Uitenhage districts to the north and nor-

thwest of Port Elizabeth, where Angora herds increased by ten to forty percent between 1891 and 1898.(95)

With the rise in ostrich feather prices in 1890-91 - during a period when other activities were adversely affected by recession - investment in ostriches again increased. From a low point of £1 7s. per pound in 1887, feather prices reached £2 13s. in 1890. There was a further drop in the market in 1894-95, but prices rose again to over £2 by 1898. The weight of feathers exported was consistently above 300 000 pounds after 1894. Once again the main producing districts were in the Eastern Province, except for Oudtshoorn which for economic purposes could be regarded as part of the East. In the colony as a whole the number of ostriches rose from 155 000 at the 1891 census to 260 000 in 1899, with the main ostrich districts reporting increases in flocks of 50 to over 100 per cent.(96)

With this shift towards ostriches and Angora goats in some of the key pastoral districts of the colony, numbers of woolled sheep declined and pastoral activities became more mixed in the nineties (Christopher, 1976b; pp. 316-319. Whereas seven of the ten leading wool-producing districts had been in the Midlands (i.e., the Eastern Province less the Border area) in the sixties, by 1875 only four of the top ten were in the Midlands and another four in the Border region. The eastward shift of wool production as Midlands farming became more mixed and many Western pastoralists concentrated on running sheep for slaughter (for the Transvaal market), reflected both the preponderance of Border districts among the leading wool producers (six out of the leading ten in 1891) and the emergence of Barkly East and Griqualand East as major wool districts.(97) Additionally a substantial contribution, probably in excess of fifteen per cent of

the total, was being made to Cape wool exports by African peasants in Herschel, Glen Grey, Tembuland and the Transkei (Bundy, 1979, pp. 88-89; 1980, pp. 215-217). Tembuland and the Transkei produced over 3,5 million pounds of wool according to the 1891 census; by 1898 well over a tenth of all woolled sheep in the Cape were run in these districts.(98) Merchants in towns with trade in districts such as those mentioned were increasingly dependent on their business with African peasants: as a Standard Bank inspector noted of Queenstown in 1899,

The trade of the town depends just as much on the trade carried on with the natives as on any other factor.(99)

This new geographical pattern was intimately connected with the changing structure of wool prices, which contributed to a major shift in the composition of Cape wool exports.

At the height of the wool boom in the early seventies, prices for wool exported in the grease (i.e., in the raw state) reached 10d. per pound. Prices for scoured wool, the most refined variety, topped 22d. a pound. With the long-term decline discussed in Chapters Four and Five, grease wool prices fell to an average of just over 8d. per pound in 1880 while scoured wool fell to about 18d. per pound by that date. Prices continued to fall during the recession, reaching turning points below 5d. per pound for grease and below 12d. for scoured wool in 1886.(100) Subsequently the total weight of wool exported grew fairly rapidly to a peak of over 75 million pounds in 1891 (Table 6.5). But by then a signal change in the composition of wool exports had occurred.

Until the end of the depression in the mid-eighties, over half of Cape wool exports by weight were in treated form, either fleece washed or scoured. From 1888 onwards an increasing proportion of the clip was exported in the grease;

Table 6.5. Wool exports 1886 - 1899: weight, composition and average prices

	Total weight (000 lb)	Price (d./lb)		% Washed by final weight
		Scoured	Grease	
1872	48 822	22,3	10,0	61,4
1880	42 468	18,3	8,3	64,7
1886	47 454	11,8	4,9	50,9
1887	44 758	13,9	5,6	51,7
1888	66 354	12,5	5,5	38,4
1889	68 107	13,8	6,2	26,4
1890	65 656	13,7	6,2	28,4
1891	75 521	12,9	5,7	24,4
1892	70 335	12,3	5,3	26,9
1893	66 660	12,3	5,5	20,7
1894	54 541	11,9	5,3	30,1
1895	65 632	11,3	4,8	24,5
1896	73 443	11,6	5,1	18,4
1897	60 256	11,5	4,9	17,2
1898	73 733	11,8	5,2	10,0
1899	69 290	15,5	6,9	8,8

(Sources: calculated from Cape SR 1872, 1880, 1886-1889)

between 1889 and 1895 about a quarter of the export was washed, with a further decline to less than a tenth by 1899 (Table 6.5). This shift was clearly connected to the relationship between prices of treated and unwashed wools. The margins between costs of production of treated wools and their market prices must have declined to yield greater profits on the export of grease wool. As cause or effect, but nevertheless concomitantly, the wool washing industry declined.

Since the early eighteen sixties Uitenhage had been the pre-eminent wool-washing centre in the colony. In 1875 there were twelve wool washeries at

the town, employing about 800 workers; ten were steam powered. In 1883 the total number had been reduced to nine, each of which employed two to three hundred people.(101) Despite the 'high reputation' of 'Uitenhage snow-white wool' on the London market, the wool washeries declined as a 'tendency to ship wool to England in grease' developed. Some of the company owners sold up, and costs rose while little new investment was made.(102) The decline of the Uitenhage wool-washing industry, which treated about half of the 27 million pounds of wool washed in the colony in 1891 (103) was paralleled in wool washeries elsewhere in the colony. By 1904 only 6,6 million pounds of wool were treated. Uitenhage's role as an industrial centre was consequently undercut, manufacturing employment falling by half in the nineties.(104)

While it is not possible to conclude that the diversion of capital to the north led to the impoverishment of the wool industry in the Cape Colony, there are grounds for suggesting that the lack of investment might have contributed to its decline. In addition the marginal situation of many Cape farmers helped to depress wool quality and prices. Transport difficulties multiplied, especially when oxen died during the rinderpest epidemic of 1896.(105) The lack of railways in districts such as Richmond, Victoria West, and Willowmore discouraged wool production. Whatever the precise causes of the reduction in scale of this industry, it was an indicator of the underdevelopment of industry in the Cape after 1886. Far from advancing to the manufacture of woollen cloth from this major agricultural product, as Douglass and others had hoped in the eighties (see Chapter Five), the proportion of wool exported in a completely unmanufactured state had increased many times since the recession (Table 6.5).(106)

Other manufacturing industries, however, were not totally stagnant. They included confectionaries, breweries, match factories, steam mills and leather factories. According to the censuses of 1891 and 1904, which rendered the only reasonably reliable overall data on manufacturing in the Cape, the number of people employed and the value of commodities produced grew at an average annual rate of ten per cent or more between those dates (Table 6.6). The value of machinery, plant and buildings per worker employed rose from about £122 in 1891 to over £200 in 1904. On the other hand value added per worker remained more or less constant at about £105. It is this last statistic which suggests the limitations of investment in manufacturing during the period. Allowing for depreciation, in the thirteen years from 1891 to 1904 only four or five million pounds appear to have been invested in plant, buildings and machinery in manufacturing industry in the Cape. Assuming that this investment took place disproportionately rapidly during and after the Anglo-Boer War beginning in 1899, a crude estimate of perhaps two or three million pounds at the outside might have been devoted to manufacturing in the Cape, by comparison with perhaps twenty times that amount in the Transvaal gold mines. Yet the value of output from manufacturing in the Cape exceeded the value of diamonds produced in 1891 (about £3,8 million) and in 1904 (about £4 million: Christopher, 1976a, p. 58). Many in control of manufacturing believed that there was scope for substantial growth.

The report of a select committee on colonial industries in 1891 maintained that

it is full time for us to bestir ourselves in earnest to increase the number of our industries.

Various manufacturers gave evidence to the committee seeking tariff protection, not only in order to increase their production but also in order to export. (108)

Table 6.6. Manufacturing industry in the Cape Colony 1891 - 1904

Characteristic	1891	1904
No. of Plants	2116	2527
No. of Workers:		
Total	15 748	30 318
other than white, female	918	907
other than white, male	6 130	13 782
white, female	1 583	1 679
white, male	7 117	13 950
No. of Plants using non-manual machines	507	690
Horse-power of engines	3 319	14 029
Value of Machinery and Plant	£ 901 074	2 180 336
Value of Buildings	£ 1 014 208	3 927 709
Value of Materials used per year	£ 3 094 816	5 843 593
Value of Commodities production per year	£ 4 751 359	9 040 579

(Sources: Cape Census 1891, pp. 468-469; 1904, pp. 260-261).(107)

Conflict between merchants and manufacturers was evident; the underlying reason was the difficulty of competition with Natal and other importers if protectionist tariffs were introduced.(109) Little came of this commission under the circumstances of Rhodes's government.

Another source of arguments for industrialisation with government assistance lay among the urban working class. For example, a newspaper published in Woodstock, a distinctly working class district of Cape Town, appealed on behalf of workers for development of an iron and steel industry.(110) Yet this group had still less political power than the manufacturers, who sought to organise themselves later in the decade.(111)

Up to the end of the nineteenth century the Cape had more industrial manufacturing activity than any other part of South Africa (Richards, 1940, p. 8); as one Cape Town monthly put it in 1895,

With pessimistic politicians declaring throughout the length and breadth of the land that the Cape is in a very bad way - she imports everything and exports nothing, save scabby wool - it is extremely comforting to remind ourselves that even the poor old Cape, the country which lags so woefully behind in the march of the nations, has a few industries, scattered here and there over her vast area.(112)

Most Cape manufacturing establishments depended on imports of local raw materials, but many were larger and more centralised than the early agricultural processing plants had been (cf. Christopher, 1976a, pp. 92-94). Cape Town and Port Elizabeth were the main 'industrial' centres, though they remained essentially commercial towns.(113) There was some industrial movement between the two main ports as well as Kimberley; for example, Sanderson's Tannery, Saddlery and Harness opened a branch plant in Cape Town in 1889, subsequently moving its headquarters from Kimberley; while the South African Steam Milling Company opened a branch of its Port Elizabeth-based business in Cape Town in 1891. At least one early engineering works moved from Kimberley to Johannesburg in the nineties - E.W. Tarry and Company, which raised capital in London for expansion at its new location.(114) Relatively few manufacturing establishments were really on an industrial scale. On information drawn from parliamentary papers and the press, only 15 companies have been identified which employed more than one hundred workers in the nineties.(115) Changing international economic conditions constrained the possibilities of industrialisation in settler colonies (see Chapter Two; also Denoon, 1983, Chap. 6). Yet the involvement of some of these Cape companies in trade all over southern Africa suggests that wider scope existed for manufacturing activity at the time.

While industrialists were vocal in their demands for government assistance, one area in which they appeared to experience little difficulty was in securing labour. Even skilled labour faced unemployment as intending emigrants from England were warned. The increasing employment of women in factories probably helped to maintain relatively low wages.(116) In the rural districts, however, matters were otherwise.

White farmers had long confronted the problem of finding labour at wages which they were willing to pay. The printed papers of the Cape government are replete with the clamour of Cape farmers for more and cheaper labour throughout the nineteenth century. In the early nineties this demand took on a new urgency as wool prices fell and diamond, gold and railway employers recruited widely. Competition from African producers in the eastern areas was also increasing (Bundy, 1979, pp. 88-89). Farmers consequently sought government assistance, which was preceded by two inquiries into the labour market. The first was in the form of a select committee of the Legislative Council which sat in 1892. The evidence tended to suggest that competition for labour from the railways and towns had raised the price of labour.(117) In response to the increasing demand for action, Rhodes's government appointed a Commission of Inquiry.

Despite the apparent scarcity of labour, farmers in the Cape Colony did not turn to capital investment in order to reduce their labour problems. In this they contrasted quite starkly with Australian farming, where small farmers had early relied on aboriginal labour, but from the time of the gold rushes in the eighteen fifties had begun to turn to mechanisation and to fencing of sheep runs (Jeans, 1972, pp. 75, 174). Part of the reason for this contrast was the relative ease of access to credit in Australia which Cape farmers, with rare

exceptions, seldom experienced. After the recession in the eighties capital resources in the Cape were directed northwards to the gold mines, to a greater degree even than during the 'diamond share mania'. A second difference, however, involved the availability of farm labour on a scale never experienced in Australia. Thus, while some farmers did turn to machinery, a large-scale wheat producer, D.P. de Villiers Graaff, commented to the 1893-94 Commission that

Manual labour is the rule and the use of machinery the exception amongst the farmers.(118)

A wide variety of arguments was put forward by farmers for the labour shortage, from the belief that farms were too extensive for fencing, or the notion that the 'locations' of huts on the outskirts of the towns of the colony provided the sustenance to keep people from working, to the contradictory position that railways would help to solve the problem - while complaining that public works absorbed available labour.(119)

In the midst of these strands of ideology the understanding emerges through the voluminous evidence of the 1893-94 Commission that, if wages were higher, housing provided, or better provisions and security supplied, farmers could more readily obtain workers.(120) Even more strongly, the same view was expressed by the few workers whose evidence the Commission heard. It was their position that the scarcity of labour could be attributed 'less to the men than to the masters'.(121)

Being either unwilling or unable, or both in varying degrees, to increase wages, farmers pressed the Commission for government action. The Commissioners reported that

There exists material in considerable quantity for a labour supply ... but the difficulty is to induce these populations to work or move towards where they are wanted to work. Government and other great employers of labour occasionally employ agencies to obtain the labourers they want ... but farmers have no workable organisation among themselves ... to attain this end ... Government should therefore establish a permanent organisation ... to provide employment and service.(122)

The government's response, however, was already in preparation. By breaking up communal lands in the 'tribal' districts of the colony, it was hoped to develop a small property owning class among Africans. But by limiting the size and number of plots which individuals would be able to own, it was intended to 'encourage' more Africans to leave their own land and enter 'service' with farmers. One motive was to sustain a labour supply for the diamond mines, and for the gold mines which were becoming both more capital and more labour intensive as the deeper levels were exploited. Out-migration from the Transkei to the Transvaal was nevertheless limited prior to 1911 (Browett, 1975, pp. 112-113); motives internal to the colony were more significant in the origins of legislation. In order to sustain his alliance with the Bond, Rhodes also found it expedient to take steps to address the farmer's labour demands. Thus the Glen Grey Act was born, which provided for the application of individual tenure to that district and which was later extended elsewhere (Bundy, 1979, pp. 128-137). Along with the earlier Locations Act of 1892, which forced many Africans and other squatters off white owned farms, legislation contributed to easing the labour pressure complained of by farmers - and reducing any necessity for investment in agricultural machinery or other improvements.(123)

Although there were investments in the intensification of colonial agriculture - the 'most famous' being on Rhodes's fruit farms in the Paarl-Franschoek area - landowners 'were not in the van to promote' such intensification (Denoon,

1983, pp. 118-119). Both agricultural and manufacturing development in the Cape were retarded after the 1880s depression. The reasons were complex; they included a limited level of investment both by government and by private investors in colonial production. A symptom was the neglect of irrigation until the very end of the century.

Between 1888 and 1893 so little interest was taken in the Irrigation Act that it was said to be 'almost inoperative' ... (it was only in) January 1898 that the first irrigation district was proclaimed (Meiring, 1959, p. 48).

A similar underdevelopment was especially marked in coal mining.

Delays in the construction of a junction line between the Eastern and Midland systems have been described earlier in this chapter. Without that connection coal from the Albert and Wodehouse districts - around Burghersdorp and Molteno - was uncompetitive in the Kimberley market as well as for railway use on the Midland and Western systems. The largest quantities of reasonable quality colonial coal were expected to come from Indwe, but transport difficulties made the Cyphergat mines, on the railway, the cheaper supplier. It was in this context that the Cape Government Railways negotiated with the owners of the Indwe Company (Weir, Byrne and Johnson of Kingwilliamstown being the main partners) for construction of a rail link to their mine and the supply of coal to the railways at a fixed price. The company insisted on a minimum of 12s. 6d. per ton which was about two and a half times the cost of production at the pit. Sivewright, as Commissioner of Public Works in charge of the railways, scuttled the negotiations soon after taking office under Rhodes in 1890.(124)

There were six main areas of supply of coal used in the nineteenth century. Two were in the Cape: the Molteno-Sterkstroom area, and the Indwe field. Coal

imported from England and Wales was the chief source of energy until late in the century. From 1890 Natal coal began to compete with other coals in and around the ports.(125) Most threatening to the development of the colonial coal fields, however, was the growth of coal production in the Orange Free State and the Transvaal.

After breaking off negotiations with the Indwe Company in 1890, the Cape government conducted trials of Free State coals and concluded, without detailed comparison with the colonial product, that the former were the best available for railway purposes.(126) The Indwe Coal Mining Company, despairing of achieving a contract with the government, offered to sell their interests for £100 000. But under Sivewright's direction the Cape railways paid almost exclusive attention to coal from the northern Free State and the Transvaal.(127) The railway to the Transvaal, completed in 1892, passed adjacent to the Lewis and Marks colliery at Viljoen's Drift. In 1893 that mine supplied over 100 000 tons of coal to the Cape.(128)

It was only after Sivewright's resignation from the ministry in 1893 that parliament showed more interest in the Indwe coal fields. An agreement between De Beers Consolidated Diamond Mines and the Indwe Company helped to push the government towards subsidising the Indwe-Sterkstroom branch line. There had been complaints that northern coal sources were being favoured at the expense of the colonial coal fields. Sivewright, however, denied allegations that he had financial interests in the Lewis and Marks collieries at Viljoen's Drift.(129)

There is circumstantial evidence to suggest that advantages were given to Lewis and Marks by the Cape government. De Beers tested various South African

coals in the early nineties and concluded that Indwe coal was superior to that from Lewis and Marks. In 1893 machinery in the diamond mines was largely powered by coal from Cyphergat and Molteno, and in order to cheapen supplies from Indwe, took a one-third share - worth £75 000 - of the public company floated to purchase the mine, railway concession and land holdings of the old company.(130)

The diamond monopoly was clearly impressed by the economics of using Cape coal: but the same was not true for the colonial government. The results of tests in 1893 and 1894 showed that Cape coal from several sources was more or less equal to coal from the republics. Viljoen's Drift coal also lost more weight through deterioration on atmospheric exposure than did the Cape products. The advantage of price was minimally in favour of northern coal north of Colesberg, but not in the colony itself. But the railways continued to import coal from the north. After Sivewright returned to the public works portfolio in Sprigg's ministry in 1896, the railways adopted a standard of comparison from limited tests conducted in that year which suggested that Free State coal was superior. In 1899 a select committee on the question found that Lewis and Marks had been given advantages by the Cape government.(131)

A number of factors combined to produce the situation in which the Cape government favoured the development of coal mining in territories to the north rather than within its own borders. Among them were construction of railways to carry Transvaal trade which also tapped the Vaal River coal fields; the involvement of Cape financial interests in the Transvaal; deliberate neglect of colonial coal mining; and government reluctance to increase its financial commitment to the coal industry. In an open letter to Sivewright, written in 1897, a Kimberley financier appealed for a

more progressive policy with regard to the development of the Colony ... divert capital that is now enriching a foreign State, to the more politic purpose of improving our own colony ... I plead to you to support with colonial money mining industries, especially that of Coal.

Perhaps with deliberate irony, the appeal continued

You are not asked to sacrifice any pecuniary interests of your own, but to give the industry support out of funds to which we have as a community contributed (Johns, 1897, pp. 1-2).

Along similar lines a correspondent to the Diamond Fields Advertiser wrote that

The Cape Government thinks more of being carriers to a foreign state ... than to bring their own wealth to the surface.(132)

Continuing investment in gold and other mines in the Transvaal emphasised the point(133), while new mineral developments in the Cape - on a small scale - were largely sponsored by English, and not colonial interests.(134) Foreign capital seemed to prefer 'speculative ventures, rather than humdrum and predictable (though often lucrative) operations such as coal mining' (Denoon, 1983, p. 143).

Colonial productive resources were little developed during the period following the depression of the eighties. Pastoral, industrial and coal mining activities were neglected. To a considerable degree this underdevelopment must be seen as a product of the colonial commitment to conducting the commercial business and carrying trade of territories to the north of the Cape Colony which had strengthened - not without opposition - since the depression.

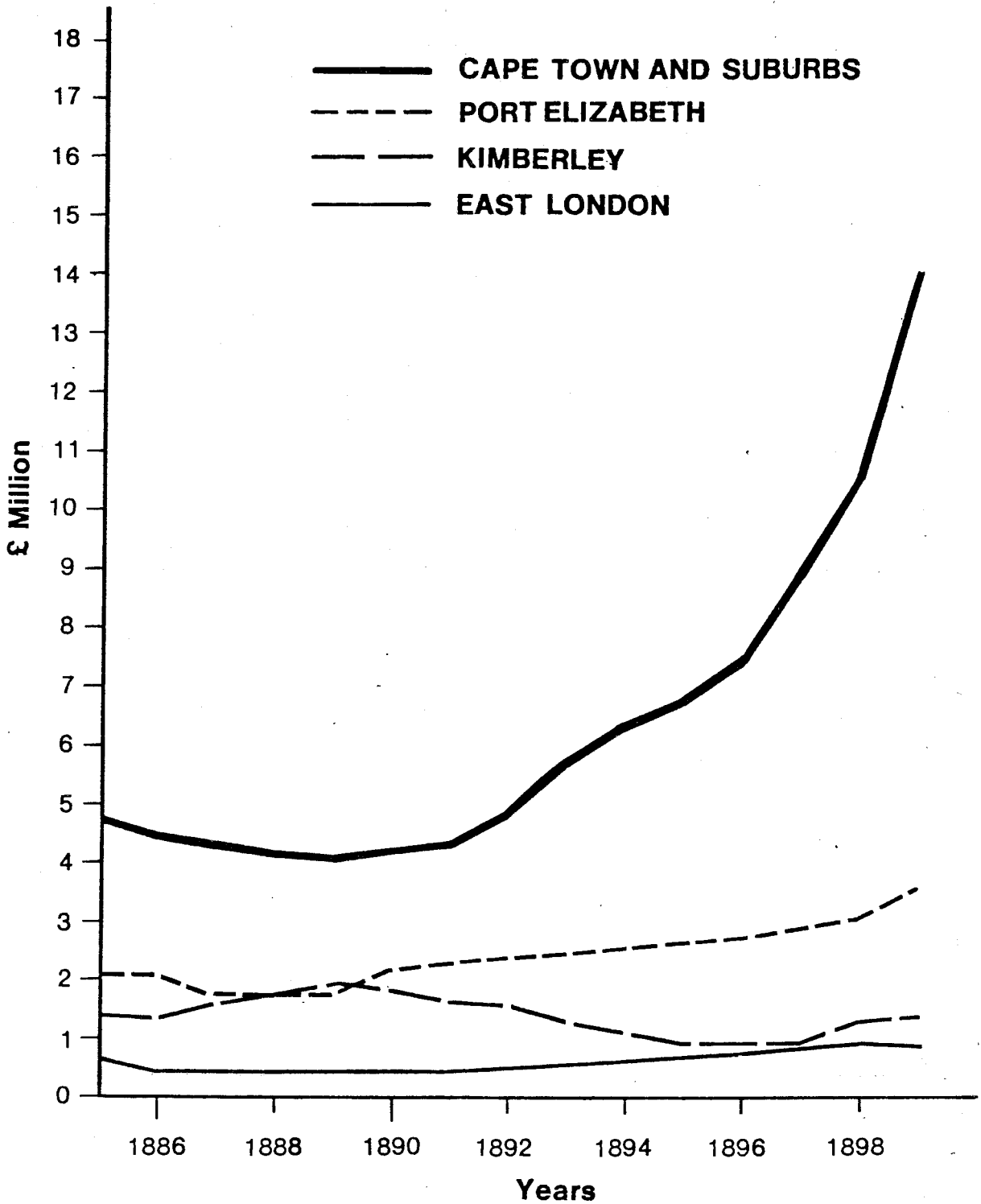
Commercial Colony in the Nineties

This chapter has been concerned with the multiplying effects on various aspects of the Cape's economy of increasing orientation towards northern, extra-colonial development. That orientation first emerged during the depression in the early eighties, accelerated after the initial investments in the Witwatersrand

gold fields, and dominated the Cape's economy in the nineties. In railways, agriculture, manufacturing and mining the same pattern is evident: relative neglect of intensification of productive activity in the Cape, and a commitment on the part of private investors and of the colonial government to investment in a northward spatial expansion of the commercial economy. In Denoon's terms (1983, p. 147) there was neither diversification nor specialisation in the economy of the Cape Colony. Instead capital was directed to outward expansion.

Both rural and urban areas of the colony reflected the shift to northward expansionism. A general shortening of credit terms characterised trade in the country districts with a consequent scarcity of capital for investment in long-term improvements such as fencing, dam building, better stock and machinery.(135) In the towns manufacturing cried out for assistance; yet the government failed to marshal the resources available to the development of production. For all the writing on the fiscal difficulties of the colony in the nineties, the diamond mines - with their fabulous profits - were never taxed.(136) Kimberley was deadened by the hand of monopoly.(137) Port Elizabeth never regained the sparkle of the heady, booming seventies: its prosperity surpassed Kimberley's, but it was left behind by Cape Town (cf. Fig. 6.8). Only the capital became something resembling a city: it achieved this growth on the basis of government and long-distance financial activities, not of local production (see Appendix One).(138) These were the products of a process of underdevelopment initiated by a commitment to northern expansion rather than internal intensification in the Cape's economy.

Figure 6.8. Municipal property valuations in the Cape Colony, 1884 - 1899



(Source: Cape SR 1884-99)

Notes to Chapter Six

1. Cape V & P, Ann G.24-'87, Report of GMR 1886, p. 9.
2. SBA, IR, Cape Town 1.3.1887, p. 257.
3. Truth 18.3.1897.
4. Argus Annual 1891, pp. 664-679; cf. also Reunert, 1893, passim.
5. *ibid.*, pp. 668-687.
6. These were the London-Knysna Gold Prospecting Association, mentioned in Chapter Four, and the Knysna Concession Gold Mining Company; cf. Argus Annual 1891, pp. 673, 675.
7. *ibid.*, p. 680.
8. *ibid.*, pp. 667, 672, 680, 686. On E.W. Tarry see further below.
9. This is not to exclude the importance of the distraction caused by the death of Rhodes's friend Pickering in Kimberley in October 1886, an event perhaps overlapped by Roberts, 1972, pp. 250, 253-254, but of note nonetheless.
10. UWL, A.77, Maund Papers, fo. 22, draft of charter dated 6.9.1888.
11. Hansard 18, 21 and 22.6.1886, pp. 428-430, 434-436, 441-443. See also Worger, 1982, pp. 260-310; Rosengarten, 1983, p. 64.
12. cf. DFA 23.7.1886.
13. SAL, Merriman Papers, Merriman to Currey, 18.8.1886; also printed in Lewsen, 1960, p. 214.
14. cf. Argus Annual, 1888, pp. 235, 237, 278.
15. Jan Hofmeyr signed for the shares in his brother's name, and to conceal his direct interest in the BSA Company - and De Beers, in which he also acquired preferential shares - Hofmeyr agreed to refrain from attacking the royal charter after the Jameson Raid. See Lewsen, 1963, p. 63, n. 208; Lewsen, 1982, p. 189; and UWL, P. Lewsen, 'John X. Merriman', unpub. ts., p. 470, n. 32.
16. Hansard 10, 16 and 17.7. 1890, pp. 144-149.
17. Hansard 23.7.1888, p. 336.
18. Cape V & P, Ann G.31-'88, Report of GMR, 1887, p. 1.
19. Cape V & P, Ann G. 24-'87, Report of GMR, 1886, pp. 17-18; G.31-'88, ... 1887, p. 17.

20. Hansard 7.6.1888, p. 65, Merriman speech; see also Lewsen, 1982, p. 127.
21. SAL, Merriman Papers, Clark to Merriman, 3.12.1886; Merriman to Von Wierllich, 11.3.1887. See also Lewsen, 1960, p. 252.
22. Hansard 14.7.1887, p. 229; Lewsen, 1960, p. 252, n. 53.
23. Hansard 14.7.1887, pp. 231-232 and 20.7.1887, p. 253, speeches of De Waal and Hofmeyr.
24. *ibid.*, 18.5.1886, pp. 240-243; 28.6; 6 and 13.7.1887, pp. 122, 176 and 223; 19.7.1887, p. 243. See also Cape V & P, Ann, G.46-'88, Reports on proposed junction lines between Eastern and Midland systems of railway.
25. Hansard 19, 20, 22 and 28.6; 2 and 6.7; 3.8.1888; pp. 130-131, 153-165, 196-208, 212-218, 248, 278 and 399.
26. *idem.*; the debate on the various proposals for lines to Oudtshoorn captured the absurdity of Sprigg's scheme:

Sir T. Upington: What is before the Committee (of the whole house) now?

The Chairman: Only the words, 'A line from, including rolling stock';

cf. Hansard 2.7.1888, p. 213.
27. Hansard 18.7 and 3.8.1888, pp. 309-310, 336-340.
28. Cape V & P, Ann G.26-'89, Correspondence ... regarding a customs union and railways; G.27-'89, Railway convention; G.33-'90, Report of GMR, 1889, p. 4; G.39-'91, Report of GMR, 1890, pp. 1-5.
29. Cape V & P, Ann A.6-'90, Memorandum of agreement ... between ... Commissioner of Crown Lands ... and Hon. C.J. Rhodes, MLA, esp. paragraphs 1 and 8; and on Rhodes's pressure on Sprigg, paras. 5 and 8, Rhodes to Sprigg, 24.10.1890. Phimister, 1974, p. 84, noted that the railway to Vryburg 'in fact cost the Chartered Company nothing'; the agreement did however specify that the company should reimburse the government for road building expenses (para. 5).
30. CGH WCR 3.9.1890.
31. CTCC Report for 1888, pp. 8-10; DI 4.2.1887.
32. Dictionary of South African Biography Vol. 2 1972 p. 670.
33. SBA, IR, Cape Town, 21.9.1889, p. 210.
34. SBA, IR, Port Elizabeth, 30.6.1891, Report on Advances.
35. e.g., Hansard 21.7.1890, pp. 162 ff., debate on motion introduced by Laing.
36. cf. Argus 10.7.1890.

37. Hansard 10.6.1890, p. 21.
38. CTCC Report for 1889, App. pp. 35-36; cf. Cape V & P, Ann, G.27-'90, Reports on railway surveys, Part K, Du Toit's Kloof.
39. Hansard 27.6.1890, pp. 92-93.
40. *ibid.*, 27.6.1890, p. 94; cf. Cape V & P, Ann G.33-'90, Report of GMR, 1889, p. 32.
41. Argus 10.7.1890.
42. *ibid.*, Hansard 30.6; 1, 7, 10 and 17.7.1890, pp. 107-110, 111-118, 135-142, 144-149.
43. *ibid.*, 28, 29 and 30.7.1890, pp. 206-207, 213-214, 225.
44. E.E. Sawyer in discussion on paper delivered by D. Tennant at the Royal Colonial Institute; see Tennant, 1897, p. 29.
45. cf. Cape V & P, Ann G.39-91, Report of GMR, 1890, p. 19.
46. CGH WCR 6.8.1890; Argus 4.8.1890; Truth 25.9.1890.
47. Argus 24.9.1890; Truth 25.9.1890; CGH WCR 24.9, 12.11.1890, 7.1.1891; BMA, B of A, Report at 18th Ordinary Meeting, 17.9.1890; ... 23rd Ordinary Meeting, 29.3.1893; SBA, IR, Cape Town, 15.11.1890, pp. 309-310.
48. SATJ & SG March 1894, p. 5.
49. CTCC Report for 1886, p. 3.
50. *ibid.*, pp. 17-18.
51. Hansard 14.7.1887, p. 230.
52. PECC Report for 1887, p. 15; ... 1888, App. pp. 49-50.
53. Cape V & P, Ann G.45-'91, Railway convention.
54. Cape V & P, Ann, G.5-'92, Agreement ... re the completion of the railway from the Vaal River to Johannesburg and Pretoria.
55. LC Debates 2.8.1892, p. 127; Argus 16 and 24.9.1892.
56. SBA, IR, Port Elizabeth, 2.12.1892, p. 50; Cape V & P, Ann G.15-'94, Report of GMR, 1893, p. 13.
57. Hansard 29.6.1892, p. 102, Sivewright speech.
58. CTCC Report for 1893, p. 13; ... for 1896, p. 5; Emigrants Guide to South Africa, 1894, pp. xvi-xxi; South African Bradshaw, No. 10, 1897, pp. 53, 61.
59. Cape V & P, Ann G.15-'94, Report of GMR, 1893, p. 24.

60. Cape V & P, Ann G.39-'91, Report of GMR, 1890, p. 18.
61. *ibid.*; also C.12-'93, Papers with reference to gradients on Midland line; G.46-'88, Reports on proposed junction lines, p. 20.
62. G.51-'92, Report of GMR, 1891, p. 19; Cape V & P, Ann G.15-'94, Report of GMR, 1893, p. 7.
63. cf. PECC Reports for 1893, pp. 45, 79; ... 1896, p. xv.
64. Cape V & P, Ann G.43-1900, Statement of loans raised, pp. 10-13; A.3-1900, SC on Harbour Boards, Evidence, Q. 127; Hansard 21.5.1894, p. 14. Planning for the enclosure of Port Elizabeth harbour commenced in 1897 but the project was not completed until 1933; cf. EPH 28.10.1933.
65. Hansard 4.7.1894, p. 476.
66. BMA, B of A, Report, 27th Ordinary Meeting, 3.4.1895.
67. Cape V & P, Ann, A.6-'96, Report of SC on Jameson Raid, p. iv; Wilburn, 1982, p. 146.
68. For a recent and extended account of the 'drifts crisis' and the Jameson 'raid' see Wilburn, 1982, Chap. 5, pp. 156-213. Wilburn provides convincing evidence on the nature of Rhodes's strategy and the loss of his 'chance of a lifetime' to launch an attack on the Transvaal with Cape and British support, prior to Kruger's unexpected retreat. On the other hand, his argument that railway matters were the central cause of the 'raid' and subsequently the South African War (cf. p. 212) is less credible.
69. Hansard 28.7.1890, p. 207; Cape V & P, Ann G.33-'90, Report of GMR, 1889, p. 32.
70. Hansard 29.7.1890, pp. 213-214; Cape V & P, Ann G.53-'91, Papers and correspondence relating to Indwe coal fields railway, *passim*. See also below.
71. Hansard 18.6.1891, p. 92; 16.7.1891, p. 232.
72. *ibid.*, 14.6.1892, pp. 21-22.
73. *ibid.*, 28.7.1891, p. 290; 1.7.1892, pp. 99-105; 25.7.1892, pp. 256-258.
74. *ibid.*, 29.7, 10.8.1891, pp. 300-302 and 360-361; SATJ & SG Nov. 1891, p. 10.
75. Hansard 3 and 29.7, 11.8.1891, pp. 168-169, 300-302 and 367.
76. *ibid.*, 25.8.1892, pp. 383-384.
77. *ibid.*, 4 and 14.8, 7.9.1893, pp. 248, 283, 388-390. The subsidy was worth about £150 000 in agricultural land and a grant of 2000 acres of coal-bearing land; cf. Hansard 31.7.1894, pp. 394-396.
78. *ibid.*, 28 and 29.8.1893, pp. 349-357; 13 and 14.8.1894, pp. 491-492.

79. *ibid.*, 16 and 24.7, 17.8.1894, pp. 290, 341, 517.
80. *ibid.*, 11, 17 and 18.6, 4.7.1895, pp. 232, 268-285, 433.
81. *ibid.*, 31.5 and 6.6.1895, pp. 155, 246-256.
82. *ibid.*, 6.6.1895, p. 250, Merriman speech. Sprigg was now a member of Rhodes's ministry.
83. *ibid.*, 6 and 18.6.1895, pp. 250 and 285.
84. *ibid.*, 15.7.1895, p. 455, Ryan speech. Compare this with a remark attributed to Rhodes by W.T. Stead:

I would annex the planets if I could. I often think of that.

Cited by M. Friedmann in Introduction to Schreiner, 1974, p. 17.

85. cf. Innes's remarks in Hansard 15.7.1895, p. 458; and his absence on 23.7.1895, p. 510. Dempers and De Waal, of Caledon and Piquetberg respectively, both moved for railways in their districts but were not prepared to oppose the Rhodes-Laing bill on those grounds; cf. Hansard 20.6. and 4.7.1895, pp. 301 and 391.
 86. Cape V & P, Ann G.20-'98, Report of GMR, 1897, p. 5.
 87. Cape V & P, Ann G.13-'96, Report of GMR, 1895, pp. 3, 23-24, 46; G.21-'97, p. 4
- Hansard 4 and 17.6.1897, pp. 400-402, 435-438.
88. Some of the lines proposed were those to Alexandria, Avontuur, Barkly East, Barkly West, Britstown, Calvinia, Carnarvon, Fraserburg, Piquetberg, Prieska and Sutherland, two routes in the Transkei, two alternative lines through Richmond and the Grand Junction segment from Somerset East to Klipplaat; see Hansard 1898 (Vols. I and II), *passim*. Most of the towns concerned were connected to the railway system in the first quarter of the twentieth century particularly after union of the Cape with Natal, the Orange Free State and the Transvaal in 1910; cf. Day, 1963.
 89. Hansard 10 and 12.10; 7, 13, 16, 19 and 21.12.1898 (Vol. II), pp. 9, 404-417, 445-451, 483-489, 509.
 90. Cape V & P, Ann G.15-1900, Report of GMR, 1899, *passim*.
 91. SBA, IR, Port Elizabeth, 25.1.1896, p. 36; 14.5.1898, pp. 51, 53.
 92. cf. Cape Census 1891, p. 16.
 93. Cultivated land in the colony may have dropped by as much as 30 % between 1875 and 1904. See Christopher, 1976a, p. 122.
 94. Calculated from Cape SR 1883-1899. See also SBA, IR, Graaff-Reinet, 23.9.1887, p. 27.

95. Cape SR 1891, p. 315; 1899, p. 341.
96. *ibid.*, 1891, p. 315; 1899, p. 340. Also SBA, IR, Graaff-Reinet, 20.10.1888, p. 65.
97. Cape BB 1868, pp. EE 3,5; 1875, p. EE 3; Cape SR 1891, p. 309.
98. Cape SR 1891, p. 309; 1899, p. 341.
99. SBA, IR, Queenstown, 26.7.1899, p. 33.
100. Cape BB 1872 and 1880; Cape SR 1886.
101. Cape BB 1875, pp. FF 10-11; 1883, pp. 616-617.
102. Cape V & P, Ann C.1-'91, SC on colonial industries, Evidence, QQ. 784-786.
103. From which about 4 million pounds fleece washed and 14 million pounds scoured wool resulted: Cape Census 1891, p. 473; Cape SR 1891. See also Noble, 1893, pp. 319-320.
104. Cape Census 1891, p. 470; Cape SR 1905 pp. 260-261.
105. Cape V & P, Ann, A.1-'98, SC on Agricultural Distress, Report and Evidence, in extenso.
106. Cape V & P, Ann C.1-'91, SC on Colonial Industries, Report, p. xiv.
107. Figures for 1891 have been adjusted to exclude districts with mining production, viz. Albert, Barkly West, Kimberley, Knysna, Namaqualand and Wodehouse. The table thus excludes some non-mining industry in those districts; it therefore exaggerates slightly the growth of manufacturing between 1891 and 1904.
108. e.g., Cape V & P, Ann C.1-'91, Evidence, Q. 561, Attwell of Attwell Bakeries.
109. SATJ & SG Jan 1893, p. 200.
110. South Easter and Salt River Good Iron 1.12.1892.
111. Nevertheless printers as well as carpenters and joiners did win two strikes in Cape Town in the nineties; cf. Mabin, 1983, pp. 15-16. Some labour candidates stood for parliament in 1898 and in a by-election in 1899, but none were elected; EPH 23.7 and 20.8.1898; see also Ticktin, 1973, pp. 45-57. On the Manufacturers' Association, see Bozzoli, 1974, p. 197.
112. SATJ & SG March 1895, p. 239.
113. SBA, IR, Port Elizabeth 30.6.1891, p. 51.
114. SATJ & SG Feb. 1893, p. 218; Cape V & P, Ann C.1-'91, Q. 582; Argus Annual 1891, p. 667; 1897,

115. Examples, with numbers of workers in parentheses, followed by sources:

- Cape Town
 - Atwell Baking Co (150 in 1895)
 - JJ Hill and Co (confectioners; 250 in 1900)
 - A Ohlsson (brewers; 200 in 1891)
 - Trebor Freres (fish cannery; 120 in 1893)
 - SA Steam Milling Co (250 in 1891)
 - Mossop and Garland (tanners; 150 in 1897)
 - Sanderson's Tannery (150 in 1895)
 - D Isaacs (furniture; 160 in 1891)
 - W & G Scott (sawmills; 150 in 1900)
 - Rosebank Match Co (100 in 1892)
- Great Brak River.
 - Searle and Co (boot and shoe; 90 in 1894)
- Paarl
 - Retief De Ville and Co (wagon makers; 130 in 1896)
- Port Elizabeth
 - WB Anderson (confectionary; 100 in 1891)
 - SA Steam Milling Company (250 in 1891)
- Uitenhage
 - Despatch Co (woolwashery; over 160 in 1891)

See SATJ & SG July 1891, p. 2; Dec. 1892, p. 182; June 1893, p. 60; Aug. 1895, p. 340; Dec. 1895, p. 417; Jan. 1896, p. 436; Jan 1897, p. 208. Also Cape V & P, Ann C.1-'91, QQ. 515, 522-523, 582 and 780-784; G.39-'93/G.3-94, Labour Commission, Report and Evidence, QQ. 9885, 9903; A.6-1906, SC on Factory Act, Evidence, QQ. 179-228 and 522-600. Whether or not sources exist for further research into this area is unclear.

116. West Briton 4.7.1895; Cape V & P, Ann G.39-'93/G.3-'94, Labour Commission, Report and Evidence, QQ. 644 and 1598.
117. Argus 12.2.1892; Cape V & P, Ann C.2-'92, SC on Labour Question and Farm Labour Supply, Evidence, QQ. 39, 41, 44, 49, 213, etc. See also G.39-'93/G.3-'94, QQ. 4849, 5803, 7469.
118. *ibid.*, Q. 2161.
119. e.g., *ibid.*, QQ. 1744, 5708, 8912, 8994.
120. *ibid.*, QQ. 561, 1660, 5657-5661.
121. *ibid.*, Q. 7361; also QQ. 6650-6658, etc.

122. ibid, Report, pp. xv-xvi.
123. cf. Cape SR 1891, pp. 311-312; 1905, pp. 433-434.
124. Cape V & P, Ann G.53-'91, Papers and Correspondence Relative to Indwe Coal-fields Railway, *passim*.; G.39-'91, Report of GMR, 1890, p. 19.
125. CGH WCR 26.11.1890.
126. Cape V & P, Ann G.52A-'91, Report on Trials of Free State Coal, p. 7.
127. Cape V & P, Ann G.52-'91, Reports and Correspondence Regarding Negotiations with Indwe Coal Mining Company for the Acquisition of their Property by Government, esp. pp. 51, 53; Hansard 9.6.1896, p. 13, Sivewright speech.
128. Hansard 29.5.1894, p. 47. Cape coal production was of the same order: 127 500 tons in 1897, which the Indwe Company claimed it could easily double; cf. Cape V & P, Ann G.80-'99, Report of Inspector of Mines ... , pp. 1, 8.
129. Hansard 7.9.1893, pp. 380-390; 29.6 and 10.7.1893, pp. 126, 175.
130. Cape V & P, Ann G.27-'92, Report of the Inspector of Diamond Mines 1891, p. 13; G.15-'94, Report of GMR, 1893, p. 20; Argus Annual 1897; BRA, HE P111, Prospectus of Indwe Railway, Collieries and Land Company Ltd.
131. Cape V & P, Ann G.64-'93, Correspondence Relating to the Supply of Coal and Trials of Coal, *passim*.; A.5-'99, SC on Railway Coal, Report, pp. iii and vii; Evidence, QQ. 1990-1995, 2010-2107.
132. DFA 17.5.1894.
133. As an example of such investment, two Cape Town businesses invested £50 000 in one deep level gold mine in 1897; see Kubicek, 1979, p. 108.
134. e.g., asbestos mines near Prieska owned by the Cape Asbestos Company formed in London in 1893; cf. Argus Annual 1897, p. 486; Cape V & P, Ann G.80-'99, Report of Inspector of Mines ..., pp. 19-20.
135. SBA, IR, Port Elizabeth, 2.12.1892, p. 49.
136. Various attempts were made to tax the diamond mines, including the royalty proposed as early as 1869 and income tax moves of 1884 and 1899; cf. Cape V & P, House of Assembly, 14.9.1869, pp. 327-328; Hansard 27 and 30.6.1884, pp. 252, 254, 261; *ibid.*, 14, 15 and 22.8 and 4.9.1899, pp. 213-223, 289, 384. See also Statham, 1897, pp. 192-195.
137. On the effects of monopoly on Kimberley, see Worger, 1982, pp. 311 ff.; Cape V & P, Ann, A.7-'91, SC on Griqualand West Trade and Business; SAL, South African Pamphlets, Cronwright-Schreiner, 'Some vital facts about Kimberley ...' (South African Conciliation Committee, No. 35).
138. On Cape Town ascendancy and Port Elizabeth stagnation, see SBA, IR, Port Elizabeth 2.12.1892, pp. 50-51; 15.12.1894, p. 32; 25.1.1896, p. 36;

14.5.1898, p. 51; 15.7.1899, pp. 45-48; CTCC Report for 1898, pp. 20-21;
... for 1899, pp. 17-18; SATJ & SG Aug. 1893, p. 91.

CHAPTER SEVEN

CONCLUSION

In 1897, a member of the Royal Colonial Institute told a meeting of that body in London that

In South Africa ... industrial conditions have changed like magic ... (J.W. Leonard in discussion on D. Tennant, 1897, p. 27).

This thesis has examined the sources of changing 'industrial conditions' in southern Africa with particular reference to the changing geographical structure of the economy. It has argued that within the international context of the late nineteenth century, forces within the Cape Colony produced the restructuring of that geography.

The international context of colonial development was described in Chapter Two. It was concluded that in the investigation of the economic geography of the Cape Colony, questions of varying access to overseas capital and of demand and prices for the staple exports of the Cape and South Africa impinged on the development of the geographical structure of the Cape's economy. Within those constraints and the context of late nineteenth century imperialism, it was further concluded that the geographical restructuring which took place in the Cape and beyond should be related to the interaction of social and regional classes, both more and less powerful, in the colony.

The structure of the Cape's economy and its geography in the eighteen fifties and sixties were discussed in Chapter Three. The increasing importance of pastoral activity in the Eastern Province was identified. In the latter decade, pas-

toral and commercial growth was dampened by a general recession. But the productive and commercial system which had developed in the colony was intact, and in some respects strengthened as the recession drew to a close in 1868, and the infrastructure of further development had been laid. The depression had also encouraged many in the Cape Colony to seek new opportunities; some chose, or were able, to redirect patterns of pastoral investment, while others responded by looking outwards from the colony.

Chapter Four addressed the period following the slump of the sixties, focusing first on the boom in rural production which was facilitated both by rising staple prices and by new forms of investment. The effects of northward expansion were then examined, and the discovery and initial development of the diamond fields were placed in the context of the responses to depression in the late sixties. The genesis of the railway construction plans of the seventies was related to the internal economy of the Cape Colony and political struggle over its development. The politics of railway extension around 1880 were more closely connected to northward expansion. The development of communications, together with the extension of the financial system, fostered the welding of the towns into an urban system with a structure related to the increasing importance of trade and investment in the diamond fields. Chapter Four also, therefore, explored the formation of mining companies of increasing size and the development of diamond production into an industrial activity on that basis. Speculation and a crash in the share market helped to precipitate the recession which began in 1881.

The recession was first felt severely in the Western Cape. Chapter Five traced its spreading effects in that area and subsequently in Kimberley. With

falling wool prices the depression became general, involving the Eastern Province along with the rest of the colony. Commercial collapse and the weakness of pastoral production, as well as the restructured geography of transport, helped to bring about the decline of Port Elizabeth. The depression also sharpened conflicts at various levels in the colony. In Kimberley the struggle between labour and capital contributed to restructuring the residential geography of the town, while the competition and conflict between companies both reflected the transfer of capital to Kimberley from the rest of the colony, and generated mobile capital capable of rapid transfer to other areas.

While the 'imperial factor' was in decline in South Africa in the early eighties, forces within the Cape Colony were making for renewed northward expansionism. Chapter Five further argued that, of the various responses to the depression in the Cape, those aimed at northward expansion emerged more powerfully than those making for intensification within the colonial economy and its geographical structure.

The consequences for the Cape Colony of the commitment to northern expansion of the commercial economy, rather than internal productive development, were examined in Chapter Six. In railways, agriculture and mining, the same pattern was evident: relative neglect of intensification of productive activity in the Cape, and a commitment on the part of private investors and of the colonial government to investment in northward spatial expansion of the economy.

The increasing orientation of the Cape Colony towards northern expansion developed in a number of phases. The depression of the sixties has been identified in this thesis as a first moment in the process of encouraging external

expansion, though at the same time, among its results were new forms of internal investment in the Cape which contributed to the subsequent boom. Nevertheless, as the first flush of economic revolution faded in the seventies, it was the pattern of geographical extension of the Cape's economy which asserted itself. Through the channelling of colonial capital to diamond mining companies the conditions were laid for a devastating recession in the eighties. During the ensuing depression, which marked a new phase in the geographical restructuring of the colony, the pressure for northward expansion mounted. As recovery dawned in the later eighties, an uncertain period saw delay and indecision over the commitment of the Cape government to interior development, while large amounts of capital were moved by private interests to the Transvaal. The slump of 1890, and the simultaneous accession of Rhodes to political power, confirmed the northward thrusts of the Cape economy towards the Transvaal and Rhodesia. Thereafter the Cape engaged, privately and governmentally, in the pursuit of the trade of the interior regions of southern Africa. It was only towards the end of the nineties that internal development reappeared prominently on the agenda of government and other interests.

While international conditions exercised a substantial influence on economic and political forces in the Cape Colony in the period covered by this thesis, it was those at the Cape who made the decisions and engaged in the struggles which shaped the immense geographical restructuring of the colonial economy. Although with longer hindsight and different questions in view the central conclusions of the first major historical geography of that colony might be modified, one of them has been confirmed by this study:

It is not so much England or the English Government that has made South Africa, as the men on the spot ... who have lived and worked in and for the

land, who have seen the things whereof we read in Blue Books or newspapers, not in a glass darkly but face to face (Lucas, 1897, Part I, p. 338).

This thesis has proceeded by different methods from previous historical geographers writing on South Africa in the second half of the nineteenth century. It has examined the forces generating economic and social changes and related those forces and changes to the developing geographical structure of the Cape Colony and, by extension of that colony's interests beyond its own domain, to the reorientation of the human geography of South Africa in the period. Its conclusions provide support for Blainey's (1970) proposition that mineral discoveries in the nineteenth century - and subsequent mining development - were not accidental but had a rationale. Further, it illustrates the application to the South African case of his argument that domestic economic conditions throw light on the periodicity of mineral discovery and development: in South Africa, as in other colonial territories, 'mineral discoveries ... rescued or seemed to rescue' the economy from depression (Blainey, 1970, p. 313). In the argument of this thesis those 'rescue operations' are seen to have been produced within the very conditions of depression, particularly in the Cape Colony. Thus the overarching geographical problem confronted by this thesis - the association of major moments in the geographical restructuring of South Africa with mineral development at Kimberley and on the Witwatersrand - has been explained primarily in terms of the responses and conflicts generated by a variety of internal forces in the depressions of the sixties and the eighties. The ultimate consequence of that restructuring for the Cape Colony - the economy which not only provided the basic infrastructure for, but indeed gave rise to, interior economic expansion - was the relative underdevelopment of productive activity in the Cape.

In the field of geographical research, various attempts have been made to address theoretically the spatial expansion and restructuring of economic systems. The most recent and ambitious project of this nature is contained in Harvey's Limits to Capital (1982, esp. Chap. 12 and 13). For Harvey,

The historical geography of the capitalist mode of production is constructed ... out of the intersecting motions of the different kinds of capital and labour power (p. 405).

Further, Harvey conceptualises the notion of a 'spatial fix' - a geographical solution - 'to capital's problems' (p. 415) in particular regions.

The frontiers of the region can be rolled back ... devaluation can be avoided by successive and ever-grander 'outer transformations'. This process can presumably continue until all external possibilities are exhausted ... (p. 427).

The connection of these ideas with the course of geographical restructuring in the Cape Colony and South Africa as portrayed in this thesis is plain enough. Depressions produced a variety of responses; among them the predominant 'fix' which emerged was one of northward 'outer transformation', with a relocation of productive investment and a reorientation of trade patterns. But the separation of 'theory, abstractly formulated, and history, concretely recorded' (Harvey, 1982, p. xiv) remains. The experience of the Cape Colony was not, in the abstract, unique; but in its concrete form it produced a particular, even singular, geographical structure.

The connections of politics, economics and geography implied in theoretical work such as Harvey's are as yet the subject of little research into the Cape colonial and South African past. To take some cases from this study in which those connections might be elaborated by further research: the detailed history of the movement of capital and labour into coal and other non-precious-substance

mining; the history of expansion and intensification of pastoral activity; the interconnections in the expansion and contraction of activity in different districts and regions of the subcontinent. The list could be indefinitely extended. This thesis has argued for new historical interpretations of aspects of South African geography. The further application of that approach would more than fulfil its modest ambitions.

APPENDIX

Population of the Cape Colony 1856 - 1904

This Appendix contains three tables which describe aspects of the composition of the population of the Cape Colony as reflected by censuses and estimates. Since the census figures used were compiled on the basis of the boundaries of the colony in the years concerned, and the physical size of the colony varied (see Fig. 3.1 above), there are limitations on the comparability of the data from one point in time to another.

Table A.1 gives a breakdown of population by region and by the definition of 'white' and 'other than white' people for each census. As new regions were added to the colony - particularly the relatively densely populated Transkeian territories - the distribution of population shifted increasingly heavily to the east. But that tendency was already evident in the concentration of population in the colony as bounded in 1875. The numbers of African people added to the colonial population simply by annexation were so large that even the unprecedented growth of white population - 60 % between 1875 and 1891 - was easily outweighed by the increase in the 'other than white' population.

Initially the growth of towns was rather slow. In the sixties less than one in six of the population lived in towns of over 2000 inhabitants. But urban expansion accelerated within the colony's 1875 boundaries plus Griqualand West (the diamond fields), so that by 1891 almost a quarter, and by 1904 nearly a third, of the population within the 'original' boundaries (with Griqualand West) lived in towns of 2000 or more. By the end of the century over 40 towns exceeded

2000, while in the sixties fewer than a dozen had been of that size (Tables A.2 and A.3).

The sources for all tables are the Cape Blue Books and Censuses for appropriate years (see Bibliography).

Table A.1. Proportion of population by region and proportion other than white, per cent, and total population, Cape Colony, 1856 - 1904

Region:	Year				
	1856	1865	1875	1891	1904
Western Prov.	55,1	47,6	38,7	26,1	25,0
Eastern Prov.*	44,9	52,4	61,3	28,7	32,6
Griqualand W.				5,5	4,5
Transkei, GLE				39,7	34,8
Br. Bech'land					3,1
Population Other than white (%)	56,7	63,4	67,2	75,3	75,9
TOTAL POPULATION	267 096	496 381	720 984	1 527 224	2 409 804

* The Eastern Province was divided more or less consistently from the Western Province by a line drawn northwards from the coast a little east of Knysna (see also Fig. 3.3 above). There were inconsistencies in the separation of Eastern Province and Transkei/Griqualand East (GLE) areas, which account in part for the relative drop in Eastern Province proportion of the population in 1891.

Table A.2. Cape Colony towns over 2000 inhabitants 1865 - 1904
 (grouped according to those exceeding 2000 at each census
 1865 - 1904) (* = 1877; ** = SBA, Inspection Report
 estimates for 1898 or 1899)

Town	1865	1875	1891	1904
Cape Town (+ suburbs)	37 791	45 240	78 866	166 864 (135 000**)
Port Elizabeth (+ Walmer)	10 773	13 049	23 793	32 278 (32 500**)
Grahamstown	8 072	6 903	10 498	13 887
Paarl	4 929	5 760	7 668	11 290
Graaff-Reinet	3 869	4 562	5 946	10 080
Uitenhage	3 342	3 693	5 331	12 193
Worcester	3 257	3 788	5 404	7 885
Stellenbosch	2 975	3 173	3 462	4 969
Swellendam	2 016	2 008	-	2 406
Kimberley (+ Beaconsfield)		17 849*	39 196	43 664 (27 200**)
Kingwilliamstown		5 169	7 226	9 506
Simonstown		2 447	3 576	4 648
Queenstown		2 320	4 094	9 585
Somerset East		2 231	2 894	5 216
Wellington		2 192	2 725	4 881
East London (+ Cambridge)		2 134	7 918	27 771
Cradock			4 389	7 753
Oudtshoorn			4 386	8 847
George (+ Pacaltsdorp)			3 017	4 077
Beaufort West			2 791	5 463
Somerset West-Strand			2 544	5 580
Malmesbury			2 461	3 807
Robertson			2 121	3 244
Mossel Bay			2 061	4 107
Kokstad			2 059	2 870
Aliwal North			2 057	5 338

(Table A.2 continued overleaf)

(Table A.2 continued)

Town	1865	1875	1891	1904
Aberdeen				2 545
Bedford				2 255
Burghersdorp				2 894
Caledon				3 508
Ceres				2 402
Colesberg				2 666
De Aar				2 857
Dordrecht				2 024
Indwe				2 608
Kalk Bay				3 594
Mafeking				2 713
Middelburg				6 138
Molteno				2 723
O'Okiep				2 099
Riversdale				2 588
Steynsburg				2 250
Tarkastad				2 264
Taung				2 715
Umtata				2 306
Upington				2 508
Victoria West				2 716
Vryburg				2 955
Willowmore				2 167

	1865	1875	1891	1904
Total population in towns over 2000	77 024	122 518	236 483	481 704
Proportion of total population within 'old colony' and Griqualand West in towns over 2000 (%)	15,5	17,0	22,9	31,3

Table A.3. Number of towns over 2000 population by region 1865 - 1904

	1865	1875	1891	1904
Western Province	5	7	13	20
Eastern Province *	4	5	6	13
Border *	-	3	4	9
Griqualand West and British Bechuanaland	-	1	1	5
Transkei and Griqualand East	-	-	1	2
Total	9	16	25	49

* In this Table the Eastern Province is defined without the 'Border' districts, i.e. without East London, Kingwilliamstown, Queenstown, Aliwal North and certain other districts.

BIBLIOGRAPHY

The following bibliography is divided into four sections:

1. Archival and Related Sources
2. Printed Primary Sources
3. Directories and Newspapers
4. Books, Articles, Theses, Papers and Pamphlets

All materials to which reference is made in this thesis by the Harvard system - for example, 'Ross (1980)' or '(Ross, 1980)' - whether in the text or notes at the end of each Chapter - are listed in the fourth section of the bibliography. Other materials referred to in the notes at the end of each Chapter are contained in the first three sections of the bibliography.

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Census 1891 (G.5-'92)

Census 1904 (G.19-1905)

CAPE COLONY: PARLIAMENTARY DEBATES

Cape of Good Hope, Debates in the House of Assembly (Hansard) 1854; 1884 - 1899

Cape of Good Hope, Debates in the Legislative Council 1867 - 1899

CAPE COLONY STATUTES

Statutes of the Cape of Good Hope 1652-1895 (ed. by H. Tennant and E.M Jackson)
(Cape Town: Juta, 1895)

CAPE COLONY: PARLIAMENTARY PAPERS

Votes and Proceedings of Parliament 1864 - 1883

Annexures to the Votes and Proceedings of Parliament:

A. Select Committees (SCs) (Usually bound as Appendix One to Votes and Proceedings)

A.21-'54 SC on the system of selling Crown lands

C.3-'64 SC on cattle thefts

A.13-'68 SC on railways

C.2-'69 SC on railway extension

A.11-'73 SC on Malmesbury railway petition

A.15-'74 SC on the Fences Bill

A.11-'78 SC on the port of Table Bay

A.26-'79 SC on the supply of the labour market

A.9-'82 SC on illicit diamond buying in Griqualand West

A.3-'83 SC on colonial agriculture and industries

A.3-'84 SC on coalfields railway

A.6-'84 SC on improvement of the wine industry

A.15-'89 SC on domesticated and wild ostriches

A.12-'90 SC on the labour question

A.7-'91 SC on Griqualand West trade and business

C.1-'91 SC on colonial industries

C.2-'92 SC on the labour question and farm labour supply

A.6-'96 SC on the Jameson Raid into the Transvaal

A.33-'98 SC on the Glen Grey Act

A.5-'99 SC on railway coal

A.3-1900 SC on Harbour Boards

A.6-1906 SC on the Factory Act

B. Other Parliamentary Papers (Usually bound as Appendix Two to Votes and Proceedings)

A.25-'63 Petitions ... from Alexandria

A.26-'63 Petitions ... from Albany

(Unnumbered 1864) Proceedings and evidence of the Commission on Native Affairs

(Unnumbered 1865) Minutes and evidence of the Commission on Native Affairs

(Unnumbered 1865) Report of the Commission on Native Affairs

(Unnumbered 1865) Return of revenue and expenditure for 1863 (July 1864)

- A.1-'68 Speech of the Governor at the opening of Parliament
- G.28-'73 Report of the Chief Inspector of Public Works for 1872
- G.34-'73 Statistics collected of the weight of traffic between King Williams Town, East London and other places during the year 1872
- A.16-'75 Correspondence re the introduction of labour from the territory beyond the Transvaal Republic
- G.49-75 Correspondence between the Government and the Algoa Bay Harbour Board
- C.1-'76 Agreement with the Standard Bank, 11th May 1876
- A.14-'77 Results of the census in Griqualand West
- G.25-79 Report of the Commissioners for improving the port and harbour of Algoa Bay
- C.1-'80 Petition from Port Elizabeth on harbour improvements
- G.34-'80 Report of the Superintendent of Telegraphs for 1879
- G.60-'81 Reports on the railways of the colony
- G.10-'82 Report of the Superintendent of Telegraphs for 1881
- G.32-'82 Report of the General Manager of Railways for 1881
- G.86-'82 Report and evidence of the Commission on the working and management of diamond mining
- G.61-'83 Report on progress in construction of several railways of the colony
- G.88-'83 Report of the General Manager of Railways for 1882
- G.114-'83 Report on colonial coal
- A.6-'84 Petition of the mercantile community of Port Elizabeth on the customs tariff
- A.11-'84 Statement showing probable excess in cost of railways etc. compared with Railway Act (Act 19, 1874)
- G.2-'84 Report of the Commission on Griqualand East
- G.47-'84 Report of the General Manager of Railways for 1883
- G.28-'85 Reports of the Inspectors of Diamond Mines for 1884
- G.38-'85 Report of the General Manager of Railways for 1884

- G.8-'86 Report on a supposed deposit of coal
- G.38-'86 Report of the General Manager of Railways for 1885
- G.46-'86 Report of recent gold discoveries in the Knysna district
- G.24-'87 Report of the General Manager of Railways for 1886
- G.26-'87 Reports of the Inspectors of Diamond Mines for 1885
- G.28-'87 Report on the Vooruitzicht Estate
- G.3-'88 Report of the Commission on the Diamond Trade Act, the Detective or Searching Department, the compound system and other matters connected with the diamond mining industry of Griqualand West
- G.28-'88 Reports of the Inspectors of Diamond Mines for 1887
- G.31-'88 Report of the General Manager of Railways for 1887
- G.46-'88 Reports on proposed junction lines between the Eastern and Midland systems of railway
- G.66-'88 Report of the Commission of Enquiry into the recent disaster in De Beers Mine
- G.22-'89 Reports of the Inspectors of Diamond Mines for 1888
- G.26-'89 Correspondence regarding a customs union and railways
- G.27-'89 Report of the General Manager of Railways for 1888
- G.44-'89 Papers re proposed purchases of coal rights from Indwe coal mining company
- G.53-'89 Railway Convention between the Cape Colony and the Orange Free State
- A.6-'90 Kimberley to 14 Streams and Bechuanaland railway extensions: copy of Memorandum of Agreement dated 19th October 1889 between the Commissioner of Crown Lands and Public Works and the Hon. C.J. Rhodes MLA
- G.11-'90 Reports of the Inspectors of Diamond Mines for 1889
- G.27-'90 Reports on railway surveys undertaken during 1889 and 1890
- G.33-'90 Report of the General Manager of Railways for 1889
- G.39-'91 Report of the General Manager of Railways for 1890
- G.45-'91 Railway convention between the Cape Colony and the Orange Free State
- G.52-'91 Reports and correspondence regarding negotiations with the Indwe Coal Mining Company for the acquisition of their property by government

- G.52A-91 Report on trials of Free State coal
- G.53-'91 Papers and correspondence relating to the Indwe coalfields railway
- G.5-'92 Agreements between the Colony and the Netherlands South African Railway Company re the completion of the railway from the Vaal River to Johannesburg and Pretoria
- G.27-'92 Reports of the Inspectors of Diamond Mines for 1891
- G.51-'92 Report of the General Manager of Railways for 1891
- C.12-'93 Papers with reference to gradients on the Midland line and the Naauwpoort tunnel
- G.39-'93 Labour Commission, Evidence Vol. 1
- G.43-'93 Report of the General Manager of Railways for 1892
- G.43A-'93 Further Report of the General Manager of Railways for 1892
- G.64-'93 Correspondence relating to the supply of coal and trials of coal
- G.3-'94 Labour Commission, Report and evidence Vols. 2 and 3
- G.15-'94 Report of the General Manager of Railways for 1893
- A.17-'95 Papers in connection with the supply of colonial coal to the railway department
- G.11-'95 Report of the General Manager of Railways for 1894
- G.13-'96 Report of the General Manager of Railways for 1895
- A.11-'97 Coal for railway purposes (May 1897)
- G.21-'97 Report of the General Manager of Railways for 1896
- G.76-'97 All papers re closing of drifts on the Vaal River in 1895
- G.20-'98 Report of the General Manager of Railways for 1897
- G.35-'98 Report of the Chief Inspector of sheep for 1897
- G.5-'99 Report of the General Manager of Railways for 1898
- G.20-'99 Report of the Chief Inspector of sheep for 1898
- G.80-'99 Report of the Inspector of Mines on the mining and production of coal, copper, asbestos and crocidolite
- G.15-1900 Report of the General Manager of Railways for 1899

G.43-1900 Statement of loans raised on the general revenue of the Colony to 31st December 1899

3. Directories and Newspapers

DIRECTORIES

Cape Almanac 1850 - 1868

Cape Town Directory 1865

Cape of Good Hope Directory and Almanac 1869 - 1875

Port Elizabeth Directory and Guide Book to the Eastern Province of the Cape of Good Hope 1873, 1876, 1882

General Directory and Guide Book to the Cape of Good Hope and its Dependencies 1876 - 1884

Eastern Province Yearbook and Commercial Directory 1883

Cape Town Commercial Directory 1885

Cape of Good Hope Post Office Directory 1886

Argus Annual 1888 - 1899

Port Elizabeth Directory and Guide 1893

Port Elizabeth Yearbook and Directory 1899

NEWSPAPERS

(Beaufort) Courier (Beaufort West) (weekly) 1.10.1869-1872

Burghersdorp Gazette (weekly) 1865-1868; 1878-1879

Cape Argus (Cape Town) (twice weekly) 3.1.1857-1858; (thrice weekly) 1858-1880; (daily) 1880-1899

(Cape) Mercantile Advertiser (Cape Town) (weekly) 1854-1881; (daily) 1881-1889

Cape of Good Hope and Port Natal Shipping and Mercantile Gazette (Cape Town) (weekly) 1854-1861

Cape of Good Hope (Weekly) Commercial Record (Cape Town) (weekly) 1890-August 1892

Cape Register (Cape Town) (weekly) April 1890-1895

Cape Times (Cape Town) (daily) March 1876-1887

Colesberg Advertiser (weekly) 1865-1868

(Daily) Independent (Kimberley) (frequency varies) September 1875-August 1879;
(daily) August 1879-April 1892

Diamond Field (Klipdrift, Kimberley) (weekly) October 1870-April 1876; (twice
weekly) April 1876-July 1877

Diamond Fields Advertiser (Kimberley) (thrice weekly) March 1878-April 1882;
(daily) April 1882-1899

Eastern Province Herald (Port Elizabeth) (weekly) 1854-September 1858; (twice
weekly) September 1858-1877; (thrice weekly) 1878-1897; (daily) 1898-1899

East London Dispatch (weekly) September 1872-1874; (twice weekly) 1881-1887;
1897

Graaff-Reinet Advertiser (weekly) April 1860-1887

Graaff-Reinet Herald (weekly) 1854-1874

Grahamstown Journal (frequency varies) 1854-1887

King William's Town Gazette (weekly) August 1856-1858; (twice weekly) 1859-Au-
gust 1875

Port Elizabeth Advertiser (twice weekly) May 1867-1890

Port Elizabeth Telegraph (weekly) 1860-June 1861; (twice weekly) June 1861-June
1882; (thrice weekly) June 1882-1887

Queenstown Free Press (weekly) 1865-1895

Richmond Era (weekly) 1872-1887

South Africa (London) (monthly) May 1888-1899

South African Advertiser and Mail (Cape Town) (irregular) October 1860-Septem-
ber 1869

South African Commercial Advertiser (Cape Town) (irregular) 1854-September 1860

South African Star (London) (weekly) August 1896-May 1897

South African Trade Journal and Shipping Gazette (Cape Town) (monthly) July
1891-April 1898

South Easter and Salt River Good Iron (Woodstock, Cape) (weekly) January-April
1892

Truth (London) (weekly) 1890-1899

De Zuid Afrikaan (Cape Town) (frequency varies) 1880-1887

4. Books, Articles, Theses, Papers and Pamphlets

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- Amin S. (1977) Unequal Development (Hassocks, Sussex: Harvester)
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