

SOME NOTES ON THE FINANCIAL STATE OF THE EASTERN CAPE, 1840-1850,
AND THE FATE OF THE KAT RIVER SETTLEMENT

by

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In 1829 and 1830 the government of the Cape Colony allowed several hundred families of Khoi descent to settle on a piece of land near the headwaters of the Kat River. This step had a double purpose: to establish a military barrier against the Xhosa on the other side of the eastern border; and to give a practical demonstration of the legal equality between Khoi and Xhosa implicit in the recently enacted Ordinance 50. During the frontier wars of 1835 and 1846 the Kat River Settlers mostly took the government side against the Xhosa, and suffered heavy material losses in consequence. Despite this evidence of their attachment to the colony, they were regarded with suspicion and dislike by the eastern province colonists. After 1846 tension between the two sides increased sharply. Rumours were revived of an impending combination between Khoi and Xhosa to destroy the colonists. In 1851 another frontier war began, and some 250 Khoi from the Kat River Settlement joined the Xhosa. When the war ended the colonial government confiscated the land of these rebels and granted it to colonists, thus destroying the exclusively aboriginal character of the Settlement. Apologists for the Khoi tried to demonstrate that their disaffection was prompted by purely local considerations, and made great play of the fact that the Settlement had been administered for some time prior to the rebellion by government officials known to have strong antipathies to the independence the Khoi enjoyed because of their individual possession of land. Such local factors may have contributed to the anger and disgust of the settlers, but they leave much unexplained - not least the fact that some one thousand Khoi from elsewhere on the frontier (including the mission stations of Shiloh and Theopolis) also fought with the Xhosa. This paper will attempt to describe certain economic developments which coincided with the Settlement's brief life as an exclusively aboriginal entity and which influenced the rebellion which finally took place.

The Kat River Settlement was not destroyed simply because of social prejudice and race feeling. The increasingly vociferous attacks on it were principally inspired by economic pressures resulting from

expansion in the British and Cape woollen industries. The statistics for the time are unreliable, but certain broad conclusions may safely be drawn from them. The first is that although woollen manufactures declined in relative importance as a contributor to British national income after 1840, this was caused by the increase of other industrial outputs and not by any decline in the woollen industry itself. The amount of wool yielded by the domestic clip in Britain declined in real terms. Simultaneously, the woollen manufacturing industry entered a forty year period of expansion during which its raw wool consumption more than doubled. Imports made up the shortfall between the industry's needs and the domestic clip. London became the central market for imported wool. New machinery introduced into British factories made this expansion possible. The rate of mechanization (and probably of new investment) quickened from 1839 to 1850 and reached its peak in the 1850s and 1860s. Impressed by these rapid advances, men employed in the industry tended to make exaggerated forecasts of its capacity to maintain a similar rate of growth in the future. (1)

The Australian colonies profited most from the growing British demand for imported wool. Continental suppliers - until 1843 the major exporters to Britain - rapidly lost their importance. Cape wool, without approaching the volume exported from Australia, nevertheless gained a significant foothold in the British market. The main expense faced by colonial exporters was ocean freight, and in this respect the Cape, being nearer to London, had an advantage over Australia. Figures for wool exports, computed from accounts kept by customs officials and port authorities, are untrustworthy. But they give some idea of the vigorous progress of Cape wool farming once it had become established:

Annual Wool Exports - Cape Colony

(Rounded to the nearest 000)

1833:	113,000 lbs
1836:	373,000
1839:	586,000
1842:	1,429,000
1845:	3,195,000
1848:	3,671,000
1851:	5,447,000

Of these amounts, the quantity exported to countries other than Britain appears to have been negligible. Domestic consumption was also low.

Although in Britain wool was eclipsed by other industries, at the Cape it rapidly ousted wine as the staple produce and export. Its value to the colony varied according to quality and the ruling price on the London market, where public sales were held every quarter. Fluctuations in price did not depend so much on supply, which continually increased, as on "commercial vicissitudes and political circumstances". (2) Between 1815 and 1870 the lowest point touched was in 1848, when continental revolutions followed the great commercial crisis of 1847. Generally, however, prices mounted regularly every year until 1860. Cape wools were almost unknown before 1840, when London brokers first started to look forward to "a large and valuable export

from that thriving colony ...". (3) Thereafter wool brought more wealth into the Colony every year. Again, the figures are suspect, but it appears that in 1840 the farmers realized well under £100,000; in 1845 the sum rose to £175,000; and in 1851 reached £286,000.

The discovery of a breed of woolled sheep suited to South African conditions, coinciding with the prolonged and spectacular expansion of the British wool market, created a good climate for capital investment. But the Cape faced serious difficulties in this respect. British wool dealers were unwilling or unable to extend their operations to the colonies until much later in the century, and the leading banking and issue houses of the London capital market preferred to look elsewhere for business. A change to wool farming was too expensive for many individual Cape farmers. Communications were poor and those living in remote areas could not afford to transport their produce to the nearest port or market. The money which defeated these problems seems to have come mainly from two sources: private investors from overseas and the merchant houses of Cape Town.

A new class of wealthy immigrant started to arrive from Britain and other parts of the empire. In 1841 a number of settlers in the eastern districts negotiated bills in favour of the colony to the value of £20,000. Two years later "several Indian capitalists and others" bought farms in the western division. An Englishman named Nicholson spent £2,100 on stock in a single year at Uitenhage. On another occasion a colonel named O'Reilly sold out of the British army for £4,000, all of which he invested in a farm on the eastern frontier. Not all participation was as direct as this, however. In some instances British capitalists played the role of sleeping partners in ventures with colonial farmers. The arrangement between the Earl of Sheffield and a Cape sheep breeder during the 1820s and 1830s seems to provide an early example of one such relationship. These examples show the important part played by individual contributions in the financing of the Cape woollen industry.

Elsewhere the merchants of Cape Town provided vital services for the wool farmers. The most important were Maximillian Thalwitzer and the two Mosenthal brothers, German Jews who had emigrated to the Cape earlier in the century. Thalwitzer indirectly encouraged wool production in the 1830s by acting as an itinerant wool buyer in the sheep country of the western Cape. After 1840 he became more directly involved, hiring the Cape packet to import merino sheep and bringing in men from Holstein who could teach the farmers how to shear and tend them. As consul for the Hanseatic cities of Hamburg, Lubeck and Bremen, he encouraged German investment. Through him the Hamburg firm of Lippert & Co built up a flourishing connection as wool importers from the Cape. Mosenthal Bros opened a branch at Port Elizabeth in 1842. To overcome the problems caused by poor communications, they established a chain of stores and agencies throughout the eastern districts to which farmers could bring their produce and receive payment without the expense and inconvenience of a long journey. When sufficient quantities were accumulated they could be cheaply transported to the nearest port or market. The Mosenthals "created an organized system of commerce by means of which the produce of the individual farmer, in itself perhaps economically insignificant, could profitably reach the national and

world consumer market in the mass". (4)

They did not confine themselves to acting as middlemen. They also became financiers and bankers to the first generation of eastern Cape wool farmers. When times were hard they provided the credit which kept their clients in business. Their notes began to circulate, drawn on their Cape Town offices; when that was discontinued they became representatives on the boards of banks. "The role they filled in quickening the economic pulse of the area they served can hardly be overestimated." (5) Other establishments in Cape Town were quick to see the possibilities offered by the sheep walks of the eastern districts. One of the most important reasons for the failure of the separation movement in this area (which has been overlooked in the recent Oxford History of South Africa, I) was the extent to which the east was controlled by Cape Town money. As a prominent western politician and businessman observed in 1851, "a large proportion of the money in Cape Town is derived from mortgages on frontier farms and frontier estates; a large portion of the trade of Table Bay is connected with the frontier; and a great many people in Cape Town have an interest in estates in the eastern province". (6)

The Hottentots (7) of the Kat River Settlement were unable to take part in this new phase of economic development. They soon learned that they could not avail themselves of the vitally important credit which sustained the farmers of European origin. On 10 November 1831 an incident occurred which made their position graphically clear. The occasion was a public sale of farming stock conducted by an English auctioneer named Joseph from the village of Somerset, at which many people from the Settlement were present. Before starting the sale Joseph announced that all purchases made by the Hottentots would have to be paid for in cash before delivery. He allowed the European farmers to buy at a credit of several months. The Settlement people were discriminated against because "they possessed but little property ..." (8) The announcement gave immediate and bitter offence. One party of Hottentots adopted so menacing an attitude that rumours began to circulate of a Hottentot rebellion and a spasm of panic shook the frontier. Since land was an important form of security and a principal element in the Victorian conception of "property", it may be seen that the colonial government's refusal to grant lands in freehold tenure to Hottentots severely limited their financial prospects.

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Opinion in the eastern Cape, while unanimous that to "turn land to advantage a supply of labour must be found", was divided about the best means of procuring it. The mass of Boers and one portion of the British settlers looked to the Hottentots and aborigines as the source. The Boers were seldom inclined to make active attempts to influence the colonial government; but the British lost no opportunity to do so. They clamoured against any measure calculated to make the aborigines independent of the labour market. The mission stations, which gave some colonial Hottentots an opportunity to live self-sufficient lives without the need to work for others, were particularly unpopular. The missionaries were accused of acting in a spirit of "abominable false Philanthropy" and so keeping labour away from the market. (9) The Hottentots themselves were fully aware of these

sentiments. One of them told a select committee of the House of Commons in 1836 that "since the Hottentots went to the Kat River and got ground, it appears that the English settlers are angry about it, and say everything that is bad against us". (10)

There was one aspect of Hottentot reluctance to work which no farmer at the time cared to comment upon: the low level of wages. The information available on this subject is patchy and sometimes unreliable, but some tentative conclusions may be drawn from it. The first is that European labourers in the colony received twice the salary for the same work as that performed by the Coloureds. The second is that agricultural work paid less than any other kind. Thirdly, the rate of agricultural pay, as in Britain, remained static or actually declined between 1830 and 1850. In the district of Albany (for which the figures are comprehensive) the wage for manual labourers on sheep farms was 1/6d per day, or, assuming a six day week, about £1.15.0. to £2.0.0. per month. This wage did not alter between 1842 and 1858. In the surrounding districts it was lower. The general practice was to provide food and lodging in addition to the money, but "lodging" often consisted merely of permission granted to the labourer to build on his employer's land. There were, of course, exceptions. A few farmers gave their shepherds 5% of the annual profit on the flocks, but this practice was not widespread. Nevertheless, at the close of 1839 it was estimated at the Cape that from 35,000 to 40,000 Hottentots and aborigines were working within the Colony, a considerable number on farms.

Sheep farming advanced rapidly in the eastern Cape after 1840. In the season from November 1841 to February 1842 sixty-four additional flocks came into clip and there were several large importations of fresh stock direct from Europe, with married immigrants and servants to carry on sheep farming. Albany pastured some 200,000 woolled sheep in 1842, so recently introduced that only one half were ready for clipping. By 1846 the number rose to 500,000. As the quality of wool improved it commanded better prices on the London market. Among the settlers of British origin this growth led to a feeling of euphoria. The future seemed to lie with "the golden fleece - the true and permanent riches of South Africa". (11) In 1841 a speaker told the annual meeting of the Cape Agricultural Society that wool production might be increased "to an almost unlimited extent". (12)

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To flourish in the Cape, imported sheep needed good grazing and an equitable climate. Conditions were not ideal, and sheep such as Leicesters never managed to establish themselves. But Saxons and merinos quickly adapted to those areas called the "highveld" in the Orange River territory and eastern Cape, where the rainfall varied from sixteen to twenty-five inches a year. The north-eastern portions of the semi-desert Karroo, with a rainfall of under fifteen inches, were also satisfactory. The uncertainty of rainfall and the prolonged dry season, however, made it essential for every sheep run to have some permanent supply of water in the form of a spring, river frontage, or dam. Grazing could be grass or shrubs, depending on the nature of the country. It had to be "sweet". In the "sour" areas (known to the Boers as zuurveld) the vegetation was unsuitable. South African sheep territory

did not experience extremes of temperature, in either summer or winter, although the range between day and night was sometimes considerable. Provided they had water, the sheep could survive the occasional hot spell; the snow which frequently accompanied the last weeks of the cold season rarely lasted long enough to destroy them.

The best land for sheep farming in the 1840s and 1850s was described at length in contemporary accounts of the eastern Cape. As the zuurveld gave way to the grasslands of upper Albany the traveller entered "the land of English sheep farming par excellence". (13) Moving further inland, he discovered large stretches of productive country. In the Fort Beaufort district sheep farming was the principal occupation, "much of the country being grassy and suited to the fine woolled sheep which are pastured on it". (14) The Bruintjes Hoogte area of Somerset, and the lands along the Baviaans and Mankazana rivers as far as the Winterberg, had "some of the largest and most valuable flocks of wool-bearing sheep that are to be found in the colony". (15) The district of Cradock was celebrated for the fatness of its stock and the opulence of its proprietors. (16) Victoria East contained large tracts of fine and productive country with pasture particularly healthy for sheep and cattle. This was especially true of the part towards Cradock and the Bontebok Flats, where there was rich grass, permanent water, and clear, open land. (17)

A glance at the map immediately explains the significance of this analysis: the Kat River Settlement, with its numerous streams and fertile soil, lay right at the heart of the finest sheep territory in the eastern division. What the map does not reveal, however, is the composition of the settler population in those districts which impinged upon the Settlement. Until 1834 this had been overwhelmingly Boer, but the Great Trek had resulted in a wholesale abandonment of the area. The British settlers in Albany, among whose chief grievances in the preceding fifteen years had been the small size of the farms allotted to them on their arrival, immediately took advantage of the exodus to establish themselves in the place of the Boers. Between 1834 and 1854 there was a marked change in the demography of the eastern districts. The British settlers left Albany for precisely those areas where sheep farming was most profitable and congregated along the boundaries of the Kat River Settlement. They were joined by many emigrants from Britain who further strengthened the British character of these formerly Boer centres. After the annexation of Victoria East to the Colony in 1847 they were also able to move into the sheep country of the Xhosa. The extent of this movement into Victoria was remarkable. So many farmers from Lower Albany had "received grants of land between the Fish River and the Keiskamma", the Cape Parliament heard in 1855, that the population was "much scarcer" than before the war of 1846. (18) Away from the best sheep land, however, the Boer population continued in a majority.

By the mid 1840s practically all the worthwhile farming land in the Cape had been granted by the government to private individuals. In 1846 the total area of the colony was estimated at about one hundred and ten thousand square miles, or seventy million acres. Of this, approximately forty-three million acres (or three-fifths) had been granted. Most of the remaining two-fifths comprised "mountain ranges

and arid plains, almost entirely unfit for agricultural or pastoral purposes". The balance was loan tenure farms, missionary institutions, town commons, outspan places, lands formerly surveyed but to which title deeds still had not been issued, and, finally, the Kat River Settlement. (19) Nobody showed interest in the land unfit for either agriculture or ranching. One observer pointed out in 1842 that although there was much vacant land in Graaf Reinet, Uitenhage and Somerset, it was destitute of water. Another added that many of the areas designated as "unoccupied" formed pockets in the midst of occupied farms and could be of use only if attached to them.

The lack of suitable land in the Cape did not deter some spokesmen for the British settlers from trying to attract emigrants by promises of available farms. J. C. Chase described the colony as "under-peopled", and spoke of five million "unappropriated acres saleable by the government". Outside the colonial boundaries there was an inexhaustible supply, he wrote, adding, in "the productive, but inadequately peopled country of the Kaffirs, in extent upward of twenty million acres, whose inhabitants would gladly admit European settlers", there were "immense tracts of land fitted for the reception of emigrants". (20) One settler who believed this account became disillusioned after arriving at the Cape, and criticized Chase for his inaccurate statements. This criticism was quite justified: not only was virtually nothing available in the colony, but over its immediate borders as well the land had been appropriated. In 1847 Governor Smith annexed thirty million acres adjoining the north and east of the colony, partly because he hoped to raise revenue by selling it. But he shortly reported that nearly all had been occupied by the Boers for some time and the government could find very little to dispose of.

It is not difficult to fathom one reason for Chase's deception. A section of the British settlers, with which he sympathized, feared the day when the imperial government would surrender control of the colony's internal affairs to the colonists. The Boers outnumbered the British settlers and would then gain the upper hand, to the detriment of all interests but their own. In the years after 1840 this danger was clear but did not appear imminent. To anticipate it, men like Chase, Robert Godlonton and Richard Southey put their trust in the economic development of the country, which would attract British immigrants and concentrate all the wealth in their hands. Political power would then follow. By 1850 this policy was sufficiently defined for Southey to state it openly. "Were it not for the superior energy of the English, we should long since have been swamped", he wrote. "We should therefore encourage by every possible means the increase of the English population - vote as much as possible to bring out English labour, and in every way encourage capitalists to come." (21)

Albany, like the rest of the Cape, had little established industry - only a few tanneries and a soap factory. Agriculture offered the best hope for fulfilling Southey's plan: "... open up the resources of the country", he proposed, "let the attention of all Agricultural Societies and private individuals be directed to improvement in Agriculture and Stock - to the production of exportable articles, wool, cotton, etc, etc." The absorption of the Hottentot and Xhosa lands was a key feature of the scheme. Thus Southey and

Godlonton corresponded as early as 1848 about taking over the Kat River Settlement (22), and in 1850 Godlonton presented Smith with a suggestion for turning Kaffraria into cotton farms. (23) An additional advantage was the lack of competition offered by the Boers. In 1848 an Englishman described Graaf Reinet in terms bordering on contempt:

A vexatious quiet ... pervades everything and everyone; and none of that bustling energy of our countrymen, which is looked upon by these slow-thinking gentlemen as something quite ridiculous, is discernible in the trading operations of the imperturbable Dutchman. (24)

To other observers it appeared inevitable that the Boers would be eclipsed by the expected rush of British immigrants. "Albany must be considered as occupied, speaking generally", declared a visitor in 1844, "and the Dutch districts are in a state of gradual revolution, which will consummate in the occupation of all the most fertile parts by English settlers ..." (25)

British capitalists did not buy Boer land only to farm sheep, but also for purposes of speculation. In the areas of densest British settlement many farms were unoccupied or held on leases from private owners. "A spirit of speculation (for it would appear that wherever they go, the English will speculate) gives rise to frequent changes of property ...", recorded Gilchrist, "and sales of land are often made more upon speculative principles than with a view to farming ..." The result was that, as British purchasers penetrated Boer districts, the Boers began to value their land more highly. Godlonton observed this phenomenon, and thought it "worthy of remark" that just as the British settlers had "spread themselves out" so had land risen in value. Thus in the eastern Cape the scarcity of land was to some extent artificially created. At each successive advancement of the frontier a number of wealthy men bought farms for speculative reasons, and so excluded poorer applicants for land. The career of a man named Stanton provided a good example of this process. By 1854 he had three farms, each on a former boundary of the colony: "the one was at Kluklu, only divided by the Kat River from Kafirland; ... the other was about seven miles back, called Reading; the other farm was on the Fish River, called Schelm Kloof, about forty miles from the boundary." (26)

Without more detailed analysis, purely speculative transactions cannot be separated from those made with a view to farming. In the Cape as a whole a rough idea of private dealing in property may be obtained by studying the transfer dues paid to the colonial treasury. These were collected under the authority of a colonial government proclamation dated 2 January 1818. They were fixed at 2% on the transfer of loan places and 4% on the sale of transfer of houses or landed property, whether freehold or quit-rent.

Transfer Dues - Cape Colony

1847:	£23,051
1848:	24,505
1849:	20,714
1850:	24,929
1851:	23,940
1852:	31,552
1853:	42,119
1854:	44,125

Supposing each figure to represent not less than 2% nor more than 4% of the total paid in private transfers, it can be calculated that in 1847 between £575,000 and £1.5m changed hands on property deals. By 1854 the figure rose to between £1.1m and £2.2m. It is impossible to say precisely how much of this related to land in the eastern Cape and how much was speculative. But in view of the accusations made by Sir Andries Stockenstrom and C L Stretch (27), the statements of Godlonton and Gilchrist, and the allegation in 1851 that "a great many people in Cape Town" had an interest in estates in the eastern province, it may be assumed that speculators found an important field for their operations in the area.

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These details, imperfect as they are, indicate the nature of the economic climate in the eastern Cape during the forties. The boom in wool produced a demand for land, labour and capital. Local businessmen, eager to share in the new prosperity and sustain the boom, clamoured for the government to take measures for forcing labour onto the market because they themselves were not prepared to pay wages high enough to attract it. It was against this background that the government appointed officials to the Kat River Settlement chosen from among the wool farmers and businessmen of the area. In itself this was hardly enough to turn the Kat River people into rebels, however arbitrary the treatment they received may occasionally have seemed. Much is still obscure about this rebellion, but first examination suggests that clarification must be sought in the general economic and political atmosphere of the Cape rather than the activities of a few officials in the three years leading up to its outbreak.

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Notes

- (1) The material on which this paragraph is based may be found in P. Deane and W. A. Cole, British Economic Growth, 1688-1959 (1969), pp. 192-201.
- (2) A. Hamilton, "On Wool Supply", Journal of the Statistical Society, Vol. XXXIII, Part IV (December 1870), p. 498.
- (3) T. Southey, A Treatise on Sheep ... (1840), pp. xi-xii.

- (4) G. Saron and L. Hotz (eds), The Jews in South Africa - A History (1955), p. 250.
- (5) Ibid., p. 350.
- (6) Reports from Committees, 1851, XIV (635): Report from the Select Committee on the Kafir Tribes ... Evidence of J. Fairbairn, 12 June 1951. Q 454.
- (7) The word "Hottentot" is used in this paper to disguise certain divisions among the people of the Kat River Settlement, not all of whom were, strictly speaking, "Khoi".
- (8) R. Godlonton, Introductory Remarks to a Narrative of the Irruption of the Kafir Hordes (1835), p. 97.
- (9) Quoted by B. A. Le Cordeur, "Robert Godlonton as Architect of Frontier Opinion", Archives Year Book for South African History (1959) - Part II, p. 38.
- (10) Reports from Committees, 1836, VII (538): Report from the Select Committee to decide what measures ought to be adopted, etc. Evidence of Andries Stoffel, 27 June 1836. Q 5076.
- (11) Cape of Good Hope Almanac and Annual Register (1853), p. 258.
- (12) Quoted by R. Godlonton, Sketches of the Eastern Districts ... as they are in 1842 (1842), p. 122.
- (13) [Gilchrist] The Cape of Good Hope. A Review of its Present Position ... (1844), p. 44.
- (14) W. Irons, The Settlers' Guide to the Cape of Good Hope and Colony of Natal ... (1858), p. 88.
- (15) R. Godlonton, op. cit. (1842), p. 44.
- (16) J. C. Byrne, Emigrant's Guide to the Cape of Good Hope (1848), p. 47.
- (17) Cape of Good Hope Almanac and Annual Register (1853), p. 254.
- (18) Cape of Good Hope. Report from the Select Committee of the House of Assembly on Frontier Defence (1855). Evidence of T. J. Biddulph.
- (19) Reports from Commissioners, 1850, XXIII (1204): Tenth Report of the Colonial Land and Emigration Commissioner, p. 28.
- (20) J. C. Chase, The Cape of Good Hope and Eastern Province of Algoa Bay... (1843), pp. 221-3.
- (21) R. Southey to R. Godlonton, 29 July 1850. Cape Colony Letters, Rhodes House, Oxford. (MSS Afr s 1, f 129)
- (22) Le Cordeur, op. cit., p. 36.
- (23) Entry for 12 September 1850 in Godlonton's Diary, Library of Parliament, Cape Town.

- (24) G. Nicholson, The Cape and its Colonists ... (1848), p. 52.
- (25) Gilchrist, op. cit., p. 6.
- (26) Cape of Good Hope. Report from the Select Committee on the Defence of the Eastern Frontier. House of Assembly, 1854, Q.150.
- (27) A. H. Duminy, "The Role of Sir Andries Stockenstrom in Cape Politics", Archives Year Book for South African History (1960) - Part II, pp. 84-5, 160 ff.