

BLAINNEY AND THE JAMESON RAID: THE DEBATE RENEWED

by

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It is ironic that the most suggestive and influential contribution of the past decade to the historiography of the late 19th century Transvaal has been that of an Australian filibuster who made a lightning sortie into the territory and then retreated into silence. Geoffrey Blainey, author of a series of books on Australian mining history, wrote a lone article on the Jameson Raid (1), which ended the long-standing preoccupation with the degree of Joseph Chamberlain's complicity in the plot to overthrow Kruger's government (2) and seriously challenged the political interpretation of the origins of the Raid then prevailing.

Blainey's point of departure was the participation of only part of the Rand mining industry in the conspiracy, something which had puzzled previous interpreters who had explained it away in terms of the national ties of the various firms and of historic animosity between certain magnates. Sceptical of "this subtle assumption that emotion and ideology more than economics dictated the behaviour of most mine-owners" (3), Blainey applied his knowledge of Australian mining practice to the problem and discovered what he felt was a far more significant basis for participation or non-participation in the conspiracy, that of the conflicting economic interests of the rebels and of the 'loyalists' arising out of their respective control of deep-level mines or of mines along the outcrop of the main reef. Critical differences in the working conditions and capital requirements of these variants of mining, government policies that exacerbated these differences, and an acute mining and financial crisis in late 1895 that made the differences intolerable, are the material out of which Blainey constructs an economic interpretation of the Raid.

Starting operations in the 1880s, the outcrop companies worked the reef close to the surface where comparatively little effort and expenditure were needed to reach the gold-bearing ore. This meant quick profits which could then be used to finance the further development of the mine. By contrast, the deep-levels on which work began only in the mid-1890s, required an initial capital investment on a scale unprecedented in mining history, and years of costly shaft-sinking, before the reef was struck at depth and gold extracted. By late 1895, the deep-levels were in the midst of their expensive and risky spending programme. Most of the outcrops, on the other hand, were operating profitably, some exceedingly so.

These natural differences were compounded by State policies that threatened the viability of the already vulnerable deep-levels, while leaving the well established and profitable outcrop mines relatively unscathed. The exorbitant prices charged by the dynamite monopoly, with Kruger's approval, fell more heavily on the deeps as they broke rock that was harder on average than that mined in the outcrops. The scarcity, high cost and inefficiency of black labour troubled all mining companies in 1894 and

1895, as did the lack of State action to remedy this. The deep-levels were more threatened by the unsatisfactoriness of the labour supply, though, because of their dependence on the maintenance of a high level of production to cover their considerable overhead costs and to make profits. The cost of coal to fuel the engines of the mines was multiplied by the extortionate tariff charged by the railway concessionaire appointed by the government, and this particularly handicapped the heaviest consumers of energy, the deep-levels which hauled up men and ore and pumped water from great depths.

In addition to these extra burdens on their working costs, the deep-levels were also discriminated against in the administration of the gold law. The system of mining taxation it provided took very little from the rich outcrops, those concerns most able to underwrite the expenses of government, leaving the struggling deep-levels to pay heavy indirect taxes they could ill afford. For historic reasons, many of the outcrop companies, unlike their deep-level counterparts, held their properties under State mining-leases (mijnpachtbrieven) which stipulated the payment either of a nominal annual rental of 10/- a morgen (2.1 English acres) or of 2½% of the value of the year's gold output, which in the case of a producing outcrop would have meant a vastly greater sum. The gold law left the choice to the discretion of the government. Until late 1898 Kruger was content to accept the token fee.

A final and very serious complaint against the government was its indecision over the bewaarplaatsen. These were slivers of ground south of the outcrop mines which had been used as dumping-sites for their tailings before it was realized that the main reef series continued at depths at which mining was feasible beyond the boundaries of the outcrops. With the commencement of deep-level development, the hitherto valueless bewaarplaatsen became dangerous intrusions in the heart of the deep-level properties which threatened their rational and economical development. The government's reluctance to hand the bewaarplaatsen over to the only parties who could mine them and the distinct possibility that these wedges would be awarded instead to Kruger's friends, who could then hold the deep-level companies to ransom, cast a pall over the future of deep-level mining.

The already shaky prospects of the deep-levels were dealt a potentially decisive double blow in the last months of 1895. The collapse of a year-long boom in South African mining shares "probably created crisis within the inner circles" (3a) of Rand Mines and of the Consolidated Gold Fields of South Africa, the chief deep-level companies. Most of their profits during 1895 had come from speculation on a buoyant share-market and from the sale of surplus mining claims at inflated prices. The evaporation of European investor confidence now removed their major source of present income. The slump also provoked strong doubts about the possibility of obtaining the large amounts of capital the deep-level programme still required. Their chances of doing so were further reduced by the news in November 1895 that the pioneer deep-level, the Geldenhuis Deep, which had recently entered the actual production stage, was working at a loss. "The bell-wether of the deep mines, its initial failure shook the deep-level capitalists. They argued that the mine itself was not failing; it was the economic environment of Kruger's land that had failed." (4) The Raid was their attempt to correct this.

This theory has stimulated a radical reinterpretation of the politics of the adjacent Reconstruction period (5) and has also suggested fresh insights into the conquest of Rhodesia. (6) It has also drawn a critical broadside which has knocked great holes in it. (7) Blainey's critics challenged the primary distinction upon which Blainey had built his whole argument, that between deep-level and outcrop firms. An analysis of the patterns of control and the distribution of profits of the outcrops showed that, in addition to its heavy investment in deep-level mining, the firm of Wernher Beit, to which a number of the conspirators belonged, had retained vast outcrop holdings which considerably exceeded those of any other Rand firm. Of the 79 main reef outcrop mines which had produced gold between 1887 and mid-1895, only 10 were held by Wernher Beit, but these had produced 32% of the total gold output and paid 45% of the total dividends distributed during this period. (8) Thus the chief beneficiary of any favour Kruger might have shown the outcrops was in fact simultaneously the largest deep-level firm. The critics' conclusion that the boundary between deep-level

and outcrop ownership was blurred needs some qualification. It does not particularly apply to the other major member of the conspiracy, the Gold Fields Company, which had made use of the share market boom of 1894/5 to liquidate its outcrop holdings. The only exception to this was its acquisition of the Simmer and Jack company in 1894, but this failing outcrop was needed to facilitate the firm's deep-level plans in that area of the reef. The proceeds of the outcrop realizations were reinvested in deep-level development, and by late 1895 Rhodes's firm had become the classic deep-level company of Blainey's theory. As regards Wernher Beit, its deep-levels were of greater strategic importance to it than its outcrops. The deeps were relied upon to provide the firm's profits long after its outcrops were worked out. This might have made the firm more sensitive to governmental policies discriminating against the deep-levels than would otherwise have been expected from a firm with such extensive outcrop interests.

It is also argued that not all the advantages lay with the outcrops. (9) The deep-levels had learnt from the costly mistakes made during the early years on the Rand, owing to the unique character of its deposits and the lack of relevant mining experience on the part of the original promoters. Thus the outcrops began with inadequate machinery and ill-planned installations which required expensive replacement during the 1890s. Mistakes were made in the underground lay-out of the mines which could not be altered. The deep-levels were suitably equipped from the start by some of the best mining engineers of the age. As the first to work the main reef, the outcrops bore the main costs of its exploration, much money being wasted on attempts at working badly faulted, impoverished, and even barren, ground. With the advantage of this hard-won experience, the deep-levels were able to avoid many of these expensive geological pitfalls and to choose the most promising ground. (10) Wernher Beit and the Gold Fields took care to site their projects to the south of the most successful outcrops on the theory, subsequently profitably vindicated, that the value of the reef close to the surface was a reliable guide to the character and value of the same section of reef at depth. Finally, the greater cost of sinking and equipping a deep mine was compensated for by working a much larger claim area with a bigger mill than that of the average outcrop, thus achieving important economies of scale.

Blainey's analysis of the special burdens State policy placed on the working costs of the deep-levels has gone largely undisputed, but his claims about the effects of the gold law are misconceived. He is correct in arguing that a number of highly profitable outcrops largely escaped direct taxation through the State's lenient application of the *mijnpacht* royalty system. This was not, however, a source of grievance to the deep-level firms, as he suggests. The interpenetration of deep-level and outcrop capital meant that Wernher Beit, for example, were taxed £50 annually on a *mijnpacht* covering nearly all of the gold-bearing area of its Robinson mine, which had paid £1,225,337 of the £5,589,286 distributed by the 42 mines which had paid dividends between 1887 and June 1895. (11) The alternative form of mining taxation, the monthly licence of 20/- per claim, was barely felt by super-mines like Wernher Beit's *Geldenhuis Deep*, which spent £343,000 between the formation of the company and the start of production in late 1895 on developing and equipping the 218 claim property. (12) The *mijnpacht*/claim distinction was of little relevance for tax purposes till the Boer government decided in late 1898 to enforce the 2½% royalty on the output of *mijnpachts* and to impose a 5% tax on the profits of the mining of claims. The real significance of the *mijnpacht* before this lay in its role as the linchpin of a system of gold law that guaranteed the leading mining capitalists a monopoly of the best mining land. Wernher Beit and the Gold Fields were to make very successful use of this device a few years after the Jameson Raid. (13)

The *bewaarplaatsen* question was a major source of anxiety to the industry in 1895 as it involved the disposal of mining rights worth millions of pounds. During the year the industry had come close to a settlement in its favour only to have this snatched away by Kruger in a late intervention which left the *bewaarplaatsen* question in a dangerous state of suspension at the end of 1895. Some important progress had been made, though, during the year. Nearly 2/5 of the area in dispute had once been held by the outcrop companies under mining licences which had long since lapsed. With a swiftness remarkable in a bureaucracy renowned for its tardiness, and without the consultation with Kruger and Leyds required by law, C. J. Joubert, the Minister of Mines, who was financially beholden to the Randlords (14), J. L. van der Merwe, the

Mining Commissioner of Johannesburg, one of an important group of "progressive" officials who shared the pro-industry stance of the progressive party in the Volksraad, and the Assistant Mining Commissioner, F. Smits, later to join the Gold Fields as the firm's negotiator with government, rushed through the renewal of the long since expired licences, thus handing the magnates the mining rights to a large part of the bewaarplaatsen, much to the fury of the Kruger party in the Volksraad. (15) The bewaarplaatsen that remained in the balance were a source of grievance not only to the deep-level companies, as Blainey maintains, but to the outcrops as well. When the issue had first arisen in 1892, the mining industry had collectively decided that the holders of the surface rights on the bewaarplaatsen, that is the outcrop companies, had a preferential claim to the undermining rights. This had the full support of Wernher Beit for the usual reason, the overlap in the control of deep-levels and outcrops. While the bewaarplaatsen were needed for the rational exploitation of the firm's deep-level holdings, they could also contribute significantly to the asset-value of the firm's outcrop holdings.

The mining and financial crisis of the last months of 1895, which Blainey represents as the proximate cause of the revolt, does not seem to have had the special significance for the deep-level firms that Blainey's hypothesis requires. On the contrary, Wernher Beit and the Gold Fields were much less vulnerable to the market collapse than the chief outcrop firms that took no part in the conspiracy. (16) Wernher Beit was the most financially sophisticated and secure of the Rand houses in 1895. In Rand Mines, formed in 1893 to develop the deep-level area the firm had previously assembled, it had created the prototype of the group system which in the 20th century was to become the financial mainstay of the South African mining industry. This vehicle brought together successfully the needs of professional investor and of mining company. It was of sufficient size and strength to guarantee the systematic provision of capital to a series of planned operating subsidiaries, while at the same time this spread of investments insured it against the failure of any one mine. The security this offered made Rand Mines sufficiently attractive to European financiers to insulate it from the vagaries of the stock market. During the 1894/5 gold rush, the firm did not share the popular delusion (characteristic of all stock market booms) that prices would continue to rise indefinitely (17), and was aware of the disproportion between the intrinsic and market values of most Rand stocks. (18) Consequently, it had avoided the small investors' futile piling-up of paper profits and concentrated instead on the winnowing of its investment portfolio through the lucrative disposal of "rubbish" to the less percipient. (19) Contrary to Blainey, Wernher Beit emerged from the market débâcle of late 1895 somewhat strengthened and with its lines of communication to European capital intact.

The Gold Fields company had no illusions either about the permanence of the boom. "There cannot be the slightest doubt that any rapid increase of prices, such as we have seen lately, must be followed by a more or less severe re-action ...", wrote Rudd, the joint managing director with Rhodes of the Gold Fields. (20) Prompt advantage was taken of the rising market to cash in the company's interests in outcrop ventures and the Chartered Stock with which Rhodes had lumbered the Gold Fields during the euphoric early days of Rhodesian mining. The enormous profits from these realizations, together with large sums raised through the issue of debentures and preference shares in 1894, meant that Gold Fields was well placed in late 1895 to pursue its deep-level strategy despite the down-turn in the stock market.

By contrast, J. B. Robinson and Barney Barnato commanded financial sand-castles in late 1895. Prior to the boom each, unlike Wernher Beit, had depended on a narrow outcrop base for most of his firm's cash-flow. Thus Robinson was excessively reliant on a single mine, the Langlaagte Estate and Gold Mining Company, while only three of Barnato's were still producing dividends in 1895. (21) In addition, each held a large number of indifferent, unproven or low-grade properties. (22) When the boom came, this dross was turned into gold. Dubious companies were floated and worthless paper printed at a rate which eventually outstripped public demand and glutted the market. The culminating effort of each was the creation of an eponymous bank, for which the Economist felt "a better word than 'banking' might have been found to describe it". (23) The "banks" were "blind pools" (24) into which each placed a list of unspecified assets and which were then floated at exorbitant capitalizations of £3½ millions in Barnato's case (25) and £3 millions in Robinson's. (26) Barnato's

timing was unfortunate. Just as the shares were offered to the public, the market sagged. His vain efforts to shore it up to save the bank scheme cost him the profits of his earlier jobbing. Robinson survived the crash with his winnings intact, but with his reputation as a successful company promoter, previously his chief financial asset, badly shaken.

The contrast Blainey's critics draw between the financial stability of the conspirators' firms and the instability of the non-conspirators' is too stark. The finances of the deep-level houses, particularly of the Gold Fields, need to be seen in the context of their overall requirements and objectives. As Wernher Beit had gained a virtual monopoly of the deep-level ground immediately south of the best outcrop mines, Gold Fields, as a late starter, had to content itself with the deep levels of Wernher Beit's deep levels. While their geological prospects were bright and their exploitation presented no special mining problems, these second row deeps did require even greater capital sums than Wernher Beit's first row mines and would have even longer lead-times before there was any return on the investment. The considerable funds accumulated by the Gold Fields in 1894 and 1895 fell well short of the total that would eventually be needed, and were not available in large part for deep-level development, for, competing with the publicly proclaimed mining programme for the finite resources of the firm, was the Gold Fields barely concealed private objective of providing Cecil Rhodes with the means of pursuing his broader ambitions. Thus the company paid away large sums in dividends in 1894/5 and 1895/6, despite the management's awareness that the "profits" during these financial years came mainly from the once-off realization of assets and that more concrete profits would only be available for distribution in a few years time, when the deep-levels came into full production. (27) The financial unorthodoxy of this policy of paying dividends out of capital (needed for development) is highlighted when it is compared with the more conservative approach of Rand Mines, which was much stronger financially but only paid its maiden dividend in December 1898 after nearly all its deep-levels had been brought to the production stage and were self-supporting. (28)

The other half of Blainey's deep-level crisis of late 1895 was the failure of the pioneer deep-level mine to work at a profit. The Geldenhuis Deep was, in fact, in serious difficulty during its early months of production, the long-awaited first crushings of deep-level ore yielding disappointingly small quantities of gold, shaking popular confidence in the future of this type of mining. While these poor results were a matter of considerable concern to Rand Mines, the operators of the mine, the management, unlike the public, remained confident of the venture's prospects, attributing its problems to the normal difficulties of starting any big mine. (29) Johannesburg wrote to the London principals that "the results will not look so bad to those who understand something about mining". (30) It seems that, relying on this professional judgement, Wernher Beit took advantage of the deep-level scare to buy back cheaply shares dumped by the public on news of the bad crushings. (31) The firm's confidence was vindicated by the "exceptionally high" profits of the mine from 1897 onwards. (32)

To clinch their counter-argument aimed at restoring a political interpretation of the origins of the Raid, Blainey's critics attempt to minimize the possible financial implications of the leadership of the conspiracy by key figures in the mining industry. Alfred Beit is reduced to a small supporting role and the Gold Fields Company dissociated from its revolutionary co-founder. "It was Rhodes, a director of the company in name only, who had, behind the backs of its London managers, the real developers of its capital structure, plunged it into subversive politics." (33) Rhodes, it is claimed, was absorbed with his Cape and Rhodesian concerns and took little interest in the operations of his Transvaal company; this was reflected in his failure to attend a single annual meeting of the Gold Fields during the 15 years in which he was associated with it. (34) He was seriously at odds in 1895 with those in the Gold Fields who were most involved in its management and most concerned with its financial well-being, particularly with Rudd, the co-founder, who protested in March 1895 that he was no longer prepared to work with Rhodes. (35) The managerial faction was not party to the conspiracy (36) and was bitterly disapproving when it was revealed. (37) This version of Rhodes's relationship with the Gold Fields is unsatisfactory. Wherever Rhodes's personal preferences lay, Johannesburg was critically important to him financially. It provided the asset-base and large income upon which his outside

schemes depended. Consequently, the prospects of the Rand mining industry could not be regarded with indifference. His interest and participation in its management were hardly "minimal". (38) While he was not involved in the company's day-to-day administration, he took a full part in strategic decisions such as the switch from outcrops to deep-levels. (39) He conducted high-level mining negotiations on behalf of the Gold Fields with the principals of other Rand firms. (40) He chose key personnel, such as John Hays Hammond, who was to plan and supervise the development of the firm's properties, and his brother Ernest who, it was arranged, would relieve Rudd as far as possible of active management and would take full charge of the Johannesburg office. (41) In late 1895, Cecil substituted brother Frank, formerly a colonel in the Royal Dragoons, who was eminently unqualified as a director of mining companies (42) (and of military operations, as the fiasco in Johannesburg at the end of the year was to reveal). This appointment to high office in the firm over the strong objections of Rudd (43), the joint managing director, together with the ease with which Rhodes propelled the company into the conspiracy, demonstrate how closely identified the Gold Fields remained with Cecil Rhodes on the eve of the Raid.

Besides Rhodes, Alfred Beit was the only conspirator of first magnitude importance in the mining constellation. Just as Frank Rhodes, Hammond and Jameson were satellites of Cecil Rhodes, so all the other conspirators, excepting the Imperial officials, were either Beit's employees or his clients. Lionel Phillips, for all his stature as President of the Chamber of Mines, as Chairman of Rand Mines and as the first citizen of Johannesburg, was nevertheless dependent on Beit's grace and favour for the maintenance of his position. However important Percy Fitzpatrick might have become in the months before the Boer War, at this time he was simply a functionary who was co-opted into the conspiracy in its final stages. Charles Leonard, leader of the Transvaal National Union, was solicitor to Beit's companies on the Rand, and George Farrar, another late initiate, had supplied them with mining machinery, while Beit's firm was the chief underwriter of Farrar's East Rand venture. Because Beit (with Rhodes) is clearly at the centre of gravity of the conspiracy, his motives are a vital clue to its character and causes. His participation presents Blainey's critics, however, with something of a conundrum. As he was a German, it is unlikely that Beit joined the conspiracy to further Britain's imperial interests. Since Blainey's critics rejected the deep-level hypothesis, Beit could not be allowed economic motives either. This meant falling back on a rather unsatisfactory psychological interpretation. "Perhaps the explanation lies in the relationship which had evolved between Beit and Rhodes since their first encounter on the Kimberley diamond fields. Rhodes had become dependent on Beit for financial advice and aid.... In return it would appear the diffident Beit derived a sense of status and satisfaction from his association with the assertive imperial schemer." (44) Without disputing Rhodes's and Beit's long-term business and personal association, it seems nevertheless unlikely, in view of Beit's very skilful and highly successful pursuit of his financial self-interest over the years, whether in Kimberly, on the Rand or in Rhodesia, that he so forgot himself in 1895 that he joined the conspiracy without first fully considering its economic implications and the possible financial advantages it offered his firm. The probability that Beit's actions (and hence those of all his subordinates) were governed largely by economic considerations constitutes a very good prima facie case for a renewed search for an economic explanation of the Raid.

While Blainey's extended argument that economic necessity drove the Rand's deep-level companies to rebellion in 1895 has effectively been dismantled, his basic technique of exploring the contrasting economic interests of the firms that joined the conspiracy and those that did not might still provide the best means of uncovering the "lost causes" of the Raid.

In the years before the Boer War, the firm of Wernher Beit achieved a position of power in the mining industry matched only by that of Anglo-American since. Through a combination of financial and organizational skills, good fortune and financial muscle (early success in Kimberley and Continental connections), the firm had acquired by the early 1890s a large stable of successful outcrops. These provided the base for the next stage of the firm's growth, its expansion into deep-level development. With the security its substantial resources gave it, it could risk a heavy investment in the theory that the main reef series continued beyond the southern boundaries of the outcrop at depths and at gold values that permitted profitable mining. Encompassing

an area of mining ground nearly equal to that of all the outcrop companies of the Central Rand combined (45), the Rand Mines project, publicly launched in 1893, committed Wernher Beit to bringing to production over a period of years a series of operating subsidiaries that would be producing large quantities of gold long after the adjoining outcrops were exhausted.

The Gold Fields shared this lien on the long-term future of the Rand. Until late 1894 the company was an untidy patchwork of mining interests reflecting its uneven course since its foundation in 1887. The company still held the remnants of its abortive ventures on the Rand in the mid-'80s. Through bad judgement and ill-fortune the founders had selected the least promising of the many outcrop possibilities available in the early days, including a large area of barren ground. This failure had encouraged the diversion of funds into diamond-mining and Rhodesian development, and in mid-1894 the Gold Fields still held 165,000 Chartered shares, £78,000 of Chartered debentures, and 20,000 De Beers. (46) The lack-lustre performance of these investments, plus fresh opportunities on the Rand, had prompted the recapitalization of the company in 1892 and the switching of its attention to the Transvaal once more. It had acquired undeveloped deep-level ground plus a range of minority shareholdings in outcrop, deep-level and land companies controlled by other firms. It did little mining itself and was "mainly a huge share trust company". (47) This changed with the upsurge of share prices in late 1894 which stimulated the rationalization of the firm's interests and its conversion to a more active mining policy. The London management sold quickly and heavily, fearing a swift reaction. (48) The problem was now how best to reinvest the proceeds. It made no sense to buy back outcrops standing at market capitalizations out of all proportion to their relatively short remaining productive lives. It was far preferable to use the gains to expand the firm's deep-level interests and to begin the development of a new generation of mines. (49) Once the firm was committed to such a programme, it was logical to realize the remainder of the firm's outcrop shares and its other marginal interests. It also seemed advisable to seek an alliance with Wernher Beit and thus avoid costly competition. Agreement was reached in November 1894, which envisaged the joint purchase and development of property even further south than the deep-level mines currently planned. (50)

George Farrar's East Rand project matched those of Wernher Beit and the Gold Fields in boldness of conception. The East Rand Proprietary Mine was formed in 1893 to attempt the systematic development of a four-mile stretch of the outcrop hitherto avoided because of doubts about the payability of the ore and because of difficulties in tracing the badly disturbed reef. Good progress had been made by the outbreak of the Boer War. (51)

The Barnato and Robinson firms rivalled the Rand Mines and Gold Fields in popular esteem in 1895, but ran a very different sort of business. Barnato and Robinson were more concerned with milking the present boom than with preparing for future mining development. To attract the investing public they set up schemes which superficially resembled those of Wernher Beit and the Gold Fields, but were in fact simply means of jobbing shares. During the late 1880s Robinson had acquired a large tract of land on the western fringe of the Witwatersrand, some miles from the central portion where the reef had proved payable and where mining was concentrated before the Boer War. Until shortly before this conflict, little had been discovered about the gold-mining prospects of a property which insiders considered "problematical". (52) Nevertheless, in 1894/5, Randfontein Estates, the proprietary company in which ownership of the undeveloped and largely unexplored ground was vested, floated 5 operating subsidiaries, each with a large share capital. Very little of the money subscribed seems to have gone into the equipment of these mines (53), all but one of which performed dismally till the discovery of a new and payable reef at Randfontein in 1898. While Robinson counterfeited the Rand Mines' group system, Barnato simulated its deep-level programme. Responding to popular demand for this class of share, he formed the Barnato Consolidated Mines in July 1895, into which he placed an odd assortment of deep-level claims. These holdings differed in critical and revealing respects from those of the genuine deep-level ventures. Rand Mines and Gold Fields deeps were placed south of successful outcrops to maximize their chances of striking rich ore. Many of Barnato's claims were south of struggling or unproven outcrops. (54) The Gold Fields and Rand Mines held extended tracts of deep-level ground that could be sub-divided into compact units of sufficiently large size to sustain deep-level mining

with its high initial costs. Much of Barnato's holdings were in unviable, dispersed pockets.

Neither of the principal German firms was involved in any large-scale development programme in 1895. Both Adolf Goertz, who had come to the Rand in the late 1880s as the representative of the Deutsche Bank, and George Albu, who had arrived soon after and was closely linked with another of the large German universal banks, the Dresdener, had specialized in the takeover and revitalization of existing mines that were foundering. (55) In 1895 each ventured conservative amounts of capital on a handful of deep-level projects (56), but these were of much less consequence to the firms than their older ventures.

The chief difference between firms inside and those outside the conspiracy was that the former were committed by 1895 to long-range mining programmes while the latter were either preoccupied with stock-jobbing or were content with modest holding operations. This meant that the conspirators stood to gain far more over the long term than the rest from the replacement of a self-willed and frequently obstructive Boer government by one more easily manipulated by the mining industry. The Beit, Rhodes and Farrar firms would be the prime beneficiaries of the radical changes that could then be effected in the cost of dynamite, coal and labour, which would significantly increase profit margins over the decades of operation of their large-scale projects. The establishment of a captive government in the Transvaal could also be expected to enhance the credit-rating of Rand mining on the international capital market, which would make it possible to raise funds on easier terms than in the past. This offered major savings in the financing of Gold Fields' second row deeps and its joint deep-deep ventures with Wernher Beit, for which enormous sums of capital would still have to be raised. Significant reductions in working costs and in financial charges would in turn greatly enhance the value of the conspirators' deep-level assets. The chance of multiplying the already considerable profits their projects promised could well have had an irresistible appeal to Rhodes, an inveterate gambler, as his career shows, and to Beit, whose more cautious partner complained of his "wild" behaviour on the stock market. (51) Perhaps the Jameson Raid was not the last throw of the despairing but, instead, a bold bid by the audacious.

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Notes

- (1) G. Blainey, "Lost Causes of the Jameson Raid", Economic History Review XVIII (1965), 350-366.
- (2) M. G. Holli, "Joseph Chamberlain and the Jameson Raid: a bibliographical survey", Journal of British Studies III (1964), 152-166.
- (3) Blainey, 351. (3a) Blainey, p. 361.
- (4) Blainey, 355-356.
- (5) D. Denoon, "'Capitalist Influence' and the Transvaal Government during the Crown Colony Period, 1900-1906", Historical Journal XI (1968).
- (6) I. R. Phimister, "Rhodes, Rhodesia and the Rand", Journal of Southern African Studies, I (1974), 74-90.
- (7) A. H. Jeeves, "The Rand Capitalists and Transvaal Politics 1892-1899", unpublished PhD thesis, Queen's University, Ontario, 1971. R. V. Kubicek, "The Randlords in 1895: a reassessment", Journal of British Studies XI (1972), 84-103. A. A. Mawby, "Capital, Government and Politics in the Transvaal, 1807-1907: a revision and a reversion", Historical Journal XVII (1974), 387-415.
- (8) Jeeves, 151.

- (9) Jeeves, 157-159.
- (10) The Economist, 18.12.97.
- (11) F. H. Hatch and J. A. Chalmers, The Gold Mines of the Rand (London, 1895), p. 286.
- (12) South African Financial Record, 21.3.96, p. 1282.
- (13) I demonstrate at some length in my thesis that the gold law, which regulated the distribution of mining rights, a key activity in the first stages of any mining industry, formed an important bond of mutual advantage between the landed ruling class of the Transvaal and the mining capitalists, which compensated to a large extent for the shortcomings of Boer government. The Gold Law was amended and interpreted in such a way that the magnates were given first choice of the pick of the mining ground available (and then allowed to hold and work this ground under conditions far less rigorous than those on the other major gold-fields of the world). The Boer elite readily assented to this because the same provisions of the gold law greatly enhanced the value of their major source of wealth and power, their land-holdings, which remained considerable despite the alienation of large tracts to Uitlander speculators. The allocation system provided in the gold law supplied the Boer elite with an additional hold on power, through the opportunity it provided for the distribution of patronage on a wholesale basis to the Boer citizenry.
- (14) In early 1892 Joubert had got into financial difficulties and was threatened with the sequestration of his estate by the Netherlands Bank, which held mortgages over his numerous properties. A consortium of Randlords came to his rescue and arranged to take over the debts, leaving Joubert with full continued use of his farms. Joubert proclaimed his intention "to devote the whole of his time to the interests of gold fields [sic] where he trusts that his efforts on their behalf will prove his gratitude" (HE 3: M. M. Spence to H. Eckstein, 19.2.92).
- (15) Staatscourant, 16.9.96, pp. 1178-1180.
- (16) Kubicek, 99-102.
- (17) Archives of H. Eckstein and Company (HE), 147: L. Phillips to Ralli, 23.8.95.
- (18) HE, 170: G. Rouliot to J. Wernher, 21.10.95.
- (19) HE, 167: J. Wernher to G. Rouliot, 15.11.95.
- (20) Consolidated Gold Fields of South Africa Archives (CGFSA): C. D. Rudd to Captain E. F. Rhodes, 16.11.94.
- (21) Jeeves, 151-152.
- (22) The Economist, 13.2.97.
- (23) The Economist, 14.12.95.
- (24) The Economist, 18.1.96.
- (25) C. S. Goldmann, South African Mines, Volume I (London, 1895-6), p. 551.
- (26) Ibid., p. 573.
- (27) For management's attitude, see report of Gold Fields annual general meeting, November 1896, in The African Review, 14.11.96. The net profits for the financial year till the end of June 1895, after deducting all expenses, preference and debenture interests, were £2,161,778 as against £309,563 in the previous year. Out of this, the company paid a dividend of £781,250 on its nominal capital of £625,000 ordinary shares. The net profits for the following year were £1,119,726 out of which a dividend of £856,250 was paid on a nominal capital of £725,000 expanded by the issue of £100,000 ordinary shares to Rudd and Rhodes in extinction of their previous rights to a proportion of the profits of the company as joint managing directors. (Figures collated from South African Financial Record, 23.11.95, African Review, 31.10.96, and R. R. Mabson, The Statists' Mines of the Transvaal (London, 1904), 3rd ed., p. 131.
- (28) Mabson, p. 516.
- (29) HE, 174: Rouliot to Wernher, 8.12.95.
- (30) HE, 174: Rouliot to Wernher, 30.11.95.
- (31) HE, 144: Wernher to Phillips, 5.12.95.
- (32) J. H. Curle, The Gold Mines of the World (London, 1899), p. 82. See also Mabson, p. 248.
- (33) Kubicek, p. 94.

- (34) Kubicek, p. 89; Jeeves, p. 146.
- (35) Kubicek, p. 93; CGFSA, "Notes on the History of the 'Gold Fields'", p. 6.
- (36) Jeeves, p. 145.
- (37) Kubicek, p. 93.
- (38) Kubicek, p. 89.
- (39) CGFSA: H. E. M. Davies to E. F. Rhodes, 22.11.94; Davies to Managing Director, London, 23.11.94.
- (40) CGFSA: Davies to E. F. Rhodes, 22.11.94; Rudd to E. F. Rhodes, 23.11.94.
- (41) CGFSA: Agreement, Rudd and E. F. Rhodes, 20.4.94.
- (42) CGFSA: Rudd to E. Rhodes, 6.10.95.
- (43) CGFSA: Rudd to Cecil Rhodes, 10.10.95.
- (44) Kubicek, p. 98.
- (45) South African Financial Record, 21.3.96, p. 1274.
- (46) C. S. Goldmann, South African Mines, Vol. III, p. 141.
- (47) Ibid.
- (48) CGFSA: Rudd to E. F. Rhodes, 16.11.94.
- (49) CGFSA: Davies to Managing Director, London, 23.11.94; Davies to E. F. Rhodes, 22.11.94; Rudd to E. F. Rhodes, 30.11.94.
- (50) HE, 66: J. Princep, Secretary CGFSA, to Wernher Beit, 2.1.99.
- (51) Malson, p. 204.
- (52) HE, 174: Rouliot to Wernher, 4.1.97; Curle, pp. 71-2.
- (53) Supplement to African Review, 2.12.99, p. 39: J. H. Hammond report.
- (54) Goldmann, Volume I, p. 551; The Economist, 23.11.95, 18.12.97.
- (55) Information from W. Randerson. Notes on the History of the Union Corporation (unpublished).
- (56) Goldmann, Volume I, p. 182; Malson, pp. 115, 342, 561.
- (57) HE, 167: Wernher to Rouliot, 26.12.95.