Journal of African History, **36** (1995), pp. 271–304

Copyright © 1995 Cambridge University Press

'MONEY WITH DIGNITY': MIGRANTS, MINELORDS AND THE CULTURAL POLITICS OF THE SOUTH AFRICAN GOLD STANDARD CRISIS, 1920–33*

BY KEITH BRECKENRIDGE
University of Natal, Durban

'... money is a social rather than an economic phenomenon, a kind of myth or belief universally held in society...': Pierre Vilar, *A History of Gold and Money 1450–1920*.

DURING August 1920, Induna Mgwiya at the East Rand Proprietary Mine's Driefontein Compound began to circulate the news that the mines had run out of gold and that, forthwith, workers would be paid with notes. Workers in the compound promptly informed officials that they would not work for paper money and would strike if they were prevented from converting their wages into gold. Similar protests took place on the other side of the Rand at the Porges Compound a month later. At ERPM and Randfontein, two of the largest gold mines on the Witwatersrand, these protests were met with an immediate resumption of the payment of wages in gold. The significance of these events lies not in the fact that workers staged successful protests but that they mark the beginning of a prolonged struggle between the South African state, mining capital and migrant workers over the form of wages, the monetary role of gold, the metaphysical characteristics of money and the value of labour.[1]

The argument that follows may be capitulated in a single sentence: in the course of the 1920s African migrant mineworkers and their white bosses on the South African gold mines conspired to make gold coins the regional corner-stone of value. But making this point raises a set of important corollary issues. First is the argument that the gold standard epoch in southern Africa constituted what Appadurai has recently called a regime of value – 'the cultural framework that defines the commodity candidacy of things', or, more prosaically, the inter-related political, economic and

* The research for this study was completed with the aid of a MacArthur PICA research fellowship. Particular thanks are due to Russell Ally, Mark Auslander, Karin Barber, David W. Cohen, John Comaroff, Michael Cross, Clive Glaser, Jim Oakes, Keith Shear and Charles van Onselen. The usual reservations apply. My thanks, also, to Carolyn Hamilton for introducing me to Jones Mzayifani. Without the support of the extended Mzayifani family, this paper would not have been written. Another indispensable contributor was Nontobeko Luqhola, who turned impenetrable Xhosa tapes into reams of idiomatic English transcripts. Finally, my appreciation to Catherine Burns, who has read more drafts of this paper than can reasonably be expected of any academic.

[1] Affidavit from Native Spatch, 27 Aug. 1920; Chairman, NRC to Prime Minister, 20 Aug. 1920; Secretary for Native Affairs to Secretary of Finance, 14 Sept. 1920; all in Transvaal Archives Depot [hereafter TAD] GNLB 251, 340/16/90(1) Export of Gold over Inland Borders: Question of Payment to Natives of Paper Currency, 1919–22.

intellectual fields that determine value regionally and historically.[2] The system of value which characterized most of the period between 1879 and 1917 was remarkable in economic terms for the stability of commodity prices and, culturally, because the money supply took the form of gold coins. The paper's second major point is that the ideas and practices associated with the control and transmission of metallic money were at the heart of the experience of migrant labour before the 1932 gold standard crisis and formed a major part of the self-consciousness of migrant gold miners during the 1920s. The paper demonstrates that the form of the South African money supply in the period between 1917 and 1933 was determined by a global struggle to restore the gold-basis of the international money supply in the face of the massive war-debts, international mistrust and an acute global shortage of gold. A handful of the managers on the Witwatersrand mines were conspicuous participants in the global economic controversy that took place in this period, but the industry as a whole – by virtue of its production of half the world supply of newly mined gold – was uniquely positioned to shape the basis of the international money supply. In their debates with the local and imperial states, international economists and metropolitan banks, the minelords defended the gold standard by presenting evidence of the centrality of gold in the lives of African migrant workers. And, in their efforts to encourage the preservation of metallic money, the mines ensured that the 200,000 migrants at work on the mines were paid in gold.

The significance of this association goes beyond what Merriman called 'the nauseous hypocrisy of caring for Native interests masking desire to get cheap servants'.[3] For, as the extraordinary boom that followed the abolition of the gold standard demonstrated, the minelords were acting against their own immediate material interest in attempting to bolster metallic money. Rather, the paper's third major point is that the minelords and the migrants were motivated by the shared idea that gold was a touchstone of value. Amidst the crises of the 1920s both groups believed that gold coins served to enclave value against the predations of the state and the perils of inflation. Finally, the paper offers new insights into a periodization of South African cultural and economic history that stresses the importance of the turning point that coincided with the new year of 1933 and the final collapse of the gold standard. In the decades that followed the gold standard epoch the minelords and the state were well positioned to take advantage of the constant inflation of the South African money supply, while the migrant mineworkers faced the devastation of reserve agriculture and a continuous degradation of the value of their wages.

THE GOLD STANDARD

From the middle of the nineteenth century until the end of World War I, the South African money supply was based on gold. The official paper currency was gradually withdrawn from the Cape after Britain established a gold

[2] A. Appadurai, 'Introduction', in A. Appadurai (ed.), *The Social Life of Things: Commodities in Cultural Perspective* (Cambridge, 1986), 14; J. Ferguson, 'Cultural exchange: new developments in the anthropology of commodities', *Cultural Anthropology*, III (1988), 492–4.

[3] M. Chanock, *Unconsummated Union: Britain, Rhodesia and South Africa* (Manchester, 1977), 33.

standard for sterling in 1821. In the countryside, both in and beyond the British colonies, gold coins probably circulated in proportion to the frequency of migrant labour from the 1850s. And it was as the first large-scale industrial enterprizes were developing at Kimberley that the Imperial government withdrew the last of the notoriously unstable bank notes that had plagued the Cape and placed both British colonies formally on the gold standard. From 1867 to 1933 it was the British sovereign that defined the meaning of money in Southern Africa. Even the South African Republic, which before the gold discoveries in the Eastern Transvaal had been an indigent state, copied the form and content of the sovereign when they began to issue gold coins in earnest after 1880. The Krugerpond, as the Republican coin was known, was systematically re-cast after 1900. After the South African War, it was the sovereign that migrant labourers carried back with them into the reserves.[4] In the century before 1917, when the last new coins were struck in London, over nine hundred million sovereigns were sent into the global money supply. But after the outbreak of the First World War, and the desperate strains that the war, and the peace that followed, placed on global gold supplies, sovereigns were removed from circulation in Britain and all the colonies, save one. Only in South Africa were gold coins minted and used as currency after 1924.[5]

The importance of the South African gold supply in British imperial politics has been widely documented. The establishment of the international gold standard in the 1880s, as Marks and Trapido have pointed out, gave particular urgency to imperial strategy in Southern Africa in the 1890s.[6] And it has been convincingly argued that control of the South African gold supply was the cornerstone of the City of London's pre-eminence as an international money market into the 1920s.[7] But the reverse was also true. In the period before 1933, South Africans, and particularly those connected with the mining industry, were materially and discursively situated within an international economy which established the contours of value in the region. And the crisis that wracked the international economy had direct consequences for the character of daily life in South Africa. The reason for this was that the heart of the global crisis in the 1920s was the gold standard.

In a recent, meticulous study, Barry Eichengreen has demonstrated a direct causal relationship between the operations of the post-war gold standard and the financial crises that devastated the global economy after 1929. In other words, he argues that the attempts by commodity-producing countries to bolster exports and restrict imports during 1929, the Wall Street crash and the precipitous collapse of the American commodities markets, the collapse of many of the major European banks and, finally, the disintegration

[4] E. Arndt, *Banking and Currency Development in South Africa, 1652–1927* (Cape Town, 1928), 66, 93–122; B. Dalgaard, *South Africa's Impact on Britain's Return to Gold, 1925* (New York, 1981), 34.

[5] *Gold: A Reprint of the Special Number of the Times: Tuesday, June 20, 1933* (London, 1933), 66.

[6] S. Marks and S. Trapido, 'Lord Milner and the South African state', in P. Bonner (ed.), *Working Papers in Southern African Studies: Volume 2* (Johannesburg, 1981), 58–61.

[7] R. Ally, 'War and gold: the Bank of England, the London gold market and South Africa's gold, 1914–19', *J. Southern Afr. Studies*, XVII (1991), 224–38, and Dalgaard, *South Africa's Impact*.

of the US Federal Reserve system in 1933 were all products of the desperate global struggle to secure enough gold to maintain the value of money.[8] The gold standard theory that came along with metallic money was also 'the binding constraint preventing policymakers from averting the failure of banks and containing the spread of financial panic'.[9]

While the flows of gold coins had the effect of binding geographically displaced economies, it was the ideas associated with gold that determined the workings of the system. And, Keynes' early protestations of the virtues of a managed money supply notwithstanding, the intellectual model offered by the gold standard wielded uncontested sway over the field of international finance before 1933.[10] Indeed, amongst the politicians, financiers and bankers who controlled the global monetary system, the theory and practice of the gold standard was as hegemonic in these years as Keynesianism was in the period after the Depression. An official historian of central banking in the 1920s has noted, 'so influential was the gold standard vision that the few attempts to develop alternative conceptions to the working of the world economy were dismissed or ignored by authorities'.[11] Of the many things motivating this tight intellectual grip, the most important was the experience of the global economy in the quarter century after 1879. The growth of the industrial economies in this period was seen as a product of the expansion of international trade. And the explosion of global trade, contemporaries argued in a decade ravaged by trade imbalances and import tariffs, was a product of the enduring exchange rate stability and steady domestic price levels that coincided with the operations of the gold standard system.[12]

But the popularity of the gold standard was also nurtured by the elegance of the economic theory associated with it. At its heart the gold standard was widely understood to be a mechanism that would secure appropriate domestic prices levels and balance international trade without the intervention of bankers or state officials. This property – what has subsequently been called automaticity – stemmed directly from Hume's 1752 price-specie-flow model which demonstrated that policy makers could rely on a metallic currency automatically to eliminate trade imbalances by driving down domestic price levels.[13] Other theorists added their own nuggety insights into the workings of the system. At least since Ricardo's observation in 1816, it has been noted that the gold standard placed severe constraints on the state's ability to manipulate the value of currency, or in its nineteenth-century proverbial form: 'We have gold because we cannot trust Governments'.[14]

That the nineteenth-century gold standard had little of the automaticity attributed to it did nothing to undermine the intellectual hold that the system

[8] B. Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression, 1919–1939* (Oxford, 1992), 230–84, 319–32.

[9] Eichengreen, *Golden Fetters*, xi.

[10] Keynes was practically alone in publicly opposing the restoration of the pre-War value of sterling in 1925. Eichengreen, *Golden Fetters*, 163.

[11] S. Clarke, *Central Bank Cooperation, 1924–31* (New York, 1967), 27.

[12] Eichengreen, *Golden Fetters*, 29; Dalgaard, *South Africa's Impact*, 1.

[13] D. Hume, 'On the balance of trade', in B. Eichengreen (ed.), *The Gold Standard in Theory and History* (London, 1985), 39–48; see also D. W. Kemmerer, *Gold and the Gold Standard* (New York, 1944), 180–1.

[14] Eichengreen, 'Editor's introduction', in *idem* (ed.), *Gold Standard*, 7; Dalgaard, *South Africa's Impact*, 58.

wielded in the 1920s. As Eichengreen has suggested, the international gold standard in operation before World War I did work, in part, because the credibility that gold lent to a national currency tended to discourage the unrelenting speculation that plagued free-floating currencies. But his work also presents an undeniable case that the success of the pre-war gold standard, far from being the result of automatic gold movements, was a product of the concerted co-operation of the European central banks which, in moments of extreme crisis, acted as lenders of last resort to the central bank facing the depletion of its gold reserves.[15]

What is noteworthy for our purposes here is that the international financial system in the 1920s had neither of these strengths. Both of the keystones of the prewar system – co-operation and credibility – were thoroughly undone by the war and the bitter peace that emerged from Versailles. The gentlemanly arrangements among the directors of the European banks could do little to compensate for either the enormous post-war surpluses of US trade with Europe, or the conundrum of war-debts and reparations. More importantly, these aristocratic fraternities were ill-suited to deal with post-war politics. And, as Eichengreen has pointed out, at its heart the failure of the gold standard in the 1920s was a product of new forms of national politics yoked unhappily together by international flows of gold.[16] For the war had also changed the domestic politics of international monetary policy in two fundamental ways. First, the fiscal basis of state revenues was transformed by the imposition of income taxes in the European countries – and in South Africa – which required the bourgeoisie to pay for the explosion of public spending during the war. Second, the war, and the revolution in Russia, encouraged state corporatism and the expansion of the franchise to the working class and to women. For the first time international monetary policy was placed at the heart of domestic political struggles over taxation, expenditure and unemployment. In dozens of countries across the globe the struggle over the raising of income taxes and the disbursement of social welfare benefits played havoc with the value of individual currencies.[17]

The South African custodians of the gold standard were, then, small bit-players on a global stage, but for two important features of the mining industry. The South African mines produced just less than half of the global supply of newly mined gold in a decade whose economic history was defined by a shortage of gold. And, in the subcontinent, work on the gold mines in the 1920s was the definitive experience of wage labour. These two features of the industry served to amplify the ideas and practices of those involved in the gold standard debate far beyond the Witwatersrand.

As already noted, one of the purposes of this paper is to endorse the argument that the end of the gold standard in 1933 coincided with a critical turning point in modern South African history. This is not a new argument: scholars as theoretically hostile as Yudelman and Wolpe have hinted at this point, although not for the same reasons offered here.[18] But this study will also show that the tools of periodization that have thus far been used to

[15] Eichengreen, *Golden Fetters*, 65. [16] *Ibid.* 10.

[17] *Ibid.* 6, 9, 24, 92.

[18] H. Wolpe, 'Capitalism and cheap labour power in South Africa: from segregation to apartheid', *Economy and Society*, 1 (1972), 425–56; D. Yudelman, *The Emergence of Modern South Africa: State, Capital and the Incorporation of Organized Labour on the South African Gold Fields, 1902–1939* (Cape Town, 1984), 257–61.

delimit the historical development of the South African state, the wider political economy and processes of class formation are unnecessarily detached from the changes that have taken place in the daily lives of the masses.[19] For all southern Africans the years between 1910 and 1933, with the exception of the post-war inflationary crisis, were characterized by stable or declining price levels. While this deflationary epoch wrought havoc amongst both white and black cash crop producers, it served to protect the labour of migrant workers.[20] The stability of value in the period before the mid-1930s stands in marked juxtaposition to the chronic inflation of the years between 1940 and the present.[21] The dominance of gold in the regional economy during these years was the primary reason for the stability of value, it was recognized by contemporaries as such and is today remembered by old migrant gold miners in stark contrast to the inflated paper money that replaced it.

But the gold standard epoch was itself marked by clearly discernible chronological breaks, and the rest of the paper takes its narrative structure from the periodization suggested by the three most important of these changes. The end of the pre-war gold standard is the first of these. The nineteenth-century gold standard system collapsed with the outbreak of the First World War, although it was not until 1917 that Britain formally prohibited the export of gold coin. After 1915 the British government bought sterling in order to hold the market price of the currency at rough parity with the dollar. In March 1919 the purchases stopped, and sterling dropped precipitously against the dollar. This dramatic decline in the value of sterling meant that the sale of gold could earn a 25 per cent premium on the face value of the currency, and it offered the South African mining industry what was ubiquitously labelled 'the premium' on the sale of unminted gold sold to New York. This is the point at which the paper begins to examine events on the gold mines in earnest. Over the next four years, the gold mines benefited from a fluctuating premium on the price of gold, but it was also a time of extraordinary labour unrest. The protests and investigations that took place during the suspension of the gold standard allow us unprecedented insights into the sociology of money amongst the migrant workers.[22]

The premium disappeared very quickly in the early months of 1925 when speculators, anticipating the expiry of the act suspending the operations of the gold standard in Britain, bid up the value of the currency to its gold parity. In April, Britain restored the gold standard, and by the end of the year more than thirty other countries – including South Africa – had fol-

[19] The most important examples are: R. Davies, D. Kaplan, M. Morris and D. O'Meara, 'Class struggle and the periodisation of the State in South Africa', *Review of African Political Economy*, VII (1976), 4–30; D. O'Meara, 'The 1946 African mineworkers' strike', *Journal of Commonwealth and Comparative Politics*, XII (1975), 146–70; C. Simkins, 'Agricultural production in the African reserves of South Africa, 1918–1969', *J. Southern Afr. Studies*, VII (1981), 257–83; Wolpe, 'Capitalism and cheap labour power'.

[20] The best account of the ferocity of class conflict in the deflation-plagued agricultural sector can be found in H. Bradford, *A Taste of Freedom: The ICU in Rural South Africa, 1924–1930* (New Haven, 1987), 21–62.

[21] Index of retail prices: food, *Union Statistics for Fifty Years* (Pretoria: 1961), h-24.

[22] Eichengreen, *Golden Fetters*, 102; Dalgaard, *South Africa's Impact*, 46.

lowed suit. But even the form of the gold standard system restored after 1925 was different from its predecessor. Most fundamentally, this system – what Ricardo called the gold bullion standard – did not involve the circulation of minted gold. The Bank of England was permitted to sell gold only in the form of bullion bars. In the course of the war, $3 billion in gold had been added to global bank reserves by the withdrawal of gold coins from circulation in the metropolitan countries, and in the post-1925 period, with the international economy facing an acute global shortage of gold, only the South African mint continued to produce sovereigns.[23]

Finally, in 1929, the international economic collapse we call the Depression began as commodity-producing countries imposed import tariffs and export subsidies in an attempt to hold onto their gold reserves. In quick succession, the Wall Street crash, the collapse of US commodity markets and the explosion of unemployment placed gold-based currencies across the globe under intense pressure. In Britain, the inability of the government of national unity elected in 1931 to control spending was signalled by a dramatic wage strike by the sailors on the battleships of the North Sea fleet at Invergordon. Following the mutiny, the withdrawal of capital from London accelerated and threatened to deplete the last gold reserves of the Bank of England. On 19 September 1931, the international gold exchange standard collapsed as Britain suspended the convertibility of sterling. The end of the international gold standard presented both the minelords and the mineworkers on the Witwatersrand with a new crisis. The last part of the paper is concerned with their reactions to the collapse of the international gold standard.[24]

LEAKING GOLD

The first collapse of the classical gold standard gathered a powerful group of men at the Chamber of Mines building on 3 October 1919. Sir Evelyn Wallers, Arthur French and their attendant technical and legal advisers represented the lords of the gold mining industry. They hosted the Secretary of Finance, E. H. Farrer, the government's Director of Native Labour, S. M. Pritchard, and South Africa's agent in Lourenço Marques. The general manager of the National Bank of South Africa and the manager of the bank's Delagoa Bay branch were also present. Finally, the meeting was attended by the mining industry's experts on 'Native Labour': amongst them, Dr Bostock, the General Manager of the Chamber's Mozambique-based Witwatersrand Native Labour Association, and Charles Villiers and Henry Taberer of the Native Recruiting Corporation – the South African recruiting division. They had come together to consider the 'leakage of gold and the Government proposal to relieve East Coast Natives of their gold coins at the border'.[25] In broad strokes, the problem that the South African Treasury and the commercial banks faced was that gold paid out in wages on the Witwatersrand was being exported from Delagoa Bay to the Indian gold

23 Eichengreen, *Golden Fetters*, 82, 165–99.

24 *Ibid.* 216–84.

25 Report of Meeting held in the Transvaal Chamber of Mines on Friday, 3 Oct. 1919, TAD Government Native Labour Bureau [hereafter GNLB] 251, 340/16/90(1) Export of Gold over Inland Borders, 1919–22.

markets where it could be sold at a premium. Every year about 40,000 migrants returned to the Province of Mozambique from the mines, and the recruiting officials estimated that each carried about £12 in gold. None of this gold was being returned. The South African money supply had begun to haemorrhage gold coins through Mozambique at a rate in excess of 5 per cent per annum.[26]

The banks and the Treasury resolved on the stop-gap measure of 'relieving' returning migrants of their gold as they crossed the border back into Mozambique. The long-term solution that the meeting agreed on was the eventual substitution of a paper currency for the gold sovereigns that had made up the Southern African money supply since the 1860s. Neither of these ideas was to meet with much enthusiasm in the mine Compounds. The desultory attempts by South African officials to enforce the ban on the export of gold sovereigns by Mozambican workers were met with open protests and routine evasion. The more daunting prospect of changing the entire money supply met with the turbulent opposition of both workers and officials on the mines.

The legislation for the withdrawal of gold from national circulation was passed through Parliament in July 1920, but it was not until December that notes were introduced into the compounds. The mines spent much of the year leading up to the withdrawal attempting to assess the reactions of their workers. In those months a consensus emerged amongst almost all the labour officials of the Chamber and the State that African workers believed that value, and particularly monetary value, resided only in gold. In April 1920, the management of Rand Mines – the dominant mining house on the Witwatersrand – began to consider the consequences of paying their African workforce in paper money. The group's compound managers were asked to give details about the manner in which African miners had been paid in the past. Responses varied little from that given by the chief compound manager at ERPM who pointed out that wages had always been paid in gold and that 'it would not be advisable to pay wages otherwise than in specie as the natives have a most decided objection to notes'. At Crown Mines, the largest and richest mine, the chief compound manager feared for the future of the labour supply because of the workers' 'doubt of the genuineness of notes'.[27]

Both the Secretary for Native Affairs and the Chamber's recruiting officials worried that the introduction of paper money effectively nullified the spirit of the contracts that held the workers on the mines. 'It had been the custom for more than 20 years', Dr Bostock argued, 'to pay in gold and the natives now on the Mines would consider it a breach of faith if paper were tendered'.[28] Others were concerned that the introduction of paper money would expose mineworkers to a set of dangers for which the mines would be held responsible. The Witbank Native Labour Inspector worried that

[26] *Ibid.*; I am estimating the total number of gold and silver coins in public circulation at about 10,000,000. See Pearson to Harris, 16 May 1929, Central Archives Depot [hereafter CAD] South African Mint [hereafter SAM] 190, 7/6/3.

[27] Manager, ERPM, to Secretaries, Rand Mines, 21 April 1920; Mine Secretary, Crown Mines, to Secretary , Rand Mines, 29 April 1920; in Barlow Rand Archives [hereafter BRA] Method of paying natives paper currency, 1473x, 1920–42, 856.

[28] Report of the Meeting held in the Transvaal Chamber of Mines, Friday 3 Oct. 1919, TAD GNLB 251, 340/16/90(1).

precisely because workers were familiar with the 'characters denoting figures' they would fall prey to the obscure literary conventions that separated the value of different denominations and national currencies.[29] The officials' anxieties were nurtured by sporadic strikes and protests. Above all, they feared that workers would hold management responsible for withholding their wages. 'It is becoming apparent that the payment of native wages on the mines in paper currency will cause considerable unrest among the natives', the NRC's Chairman Villiers cabled Prime Minister Smuts in August, 'Mine Natives state that no notification has been received in their homes through Government sources and are inclined to believe that mine owners are responsible for withdrawal of gold.'[30]

The voice of the radical wing of the Transvaal Native Congress on the Witwatersrand, *Abantu Batho*, attacked this sensitive point directly. They argued that 'the mines have succeeded to persuade the government to adopt this scheme so as to give them a fillip in the place of the gold premium that has recently gone down' and urged mineworkers to 'refuse to be paid in paper money instead of in hard sovereign coins'.[31] The respectable editors of *Umteteli wa Bantu*, John Dube and Sol Plaatje, shared the radicals' contempt for paper money. 'It is fairly certain', they pointed out, 'that we shall receive flimsy pieces of decorated paper in payment for our labour, instead of the good red gold we know and love'. Dube and Plaatje provided most eloquent denunciations of the inadequacies of paper money for migrant life: 'Bank notes burn, they get wet, they rot and they lead to fraud.... We might add that they get lost, they get stolen and are a fattening diet for cockroaches.' But, despite their fondness for the durability and authenticity of gold coins, and no doubt partly because their newspaper was wholly owned by the Native Recruiting Corporation, they counselled workers not to put their 'heads against the brick wall of a legislative enactment which does not distinguish white from black'.[32] But the moderate voices of the Chamber's African newspapers did little to calm the fears of the officials.

It was the political turmoil on the Witwatersrand and the particularly explosive history of the high summer months that concerned the Secretary of Native Affairs, as it became clear in the third week of December that the Treasury was about to suspend the gold standard. It had been a torrid period for the Native Affairs Department. The massive strikes of African mineworkers earlier in the year, the massacres and violence surrounding the activities of the ICU in Port Elizabeth in October, and, at the time of the proclamation, the obstinate resistance of the Israelites near Queenstown, had left a powerful imprint on the political mood of the Witwatersrand. 'The general attitude of the native labourers on the Reef', the Secretary of Native

[29] Inspector, NAD, Witbank to Director of Native Labour, 19 Feb. 1920, TAD GNLB 251, 340/16/90(1).

[30] Chairman, NRC to Prime Minister, 20 Aug. 1920, TAD GNLB 251, 340/16/90(1).

[31] *Abantu Batho*, 29 July 1920.

[32] *Umteteli wa Bantu*, 7 Aug. 1920; see also *Abantu Batho*, 26 Aug. 1920; for the political turmoil surrounding the 1920 suspension of the gold standard, see P. Bonner, 'The Transvaal Native Congress 1917–1920: the radicalisation of the black petty bourgeoisie on the Rand', in S. Marks and R. Rathbone (eds.), *Industrialisation and Social Change in South Africa: African Class Formation, Culture and Consciousness 1870–1930* (London, 1982), 270–313.

Affairs wrote to his colleague in the Finance Department, 'is one of alert if not uneasy sensitiveness... the minatory action of the Police is being observed and the native agitators and alarmists have never been more vigilant and venomous than at the present moment'.[33]

It was no great surprise, then, that when the Inspectors of Native Labour took General Smuts' pompous announcement of the withdrawal of gold to the mine compounds on December 15 they were not well received. Workers on the central Witwatersrand – dominated by the four massive compounds of Crown Mines – received the message with 'extreme signs of dissatisfaction' and on the Far East Rand migrants were 'practically unanimously opposed to the innovation'.[34] But faced with the nation-wide introduction of the Currency and Banking Act, there was little that the mines could do to accommodate the protests of the workers or the fears of their compound managers. The acting manager of New Modderfontein, the most profitable mine in the Rand Mines group, downplayed the fears of his own compound officials as he pointed out that if the industry acted in concert and was 'prepared to meet a little disturbance', the workers would have no choice but to accept their wages in paper.[35] In the event this was, more or less, the strategy that the industry employed.

On the first paper money pay-day, the mines ensured that at least twenty shillings of each worker's wage was paid in silver, and the Native Recruiting Corporation supplied the miners with a leather belt to replace the money-belts normally used by workers to safeguard their coins.[36] On most mines the compound managers' fears of the consequences of paying wages in paper money were, on the whole, not borne out. The workers had very little choice, as S. K. Mckenzie, later the Chief Compound Manager of Crown Mines, in discussing the events of the changeover, pointed out.

> ... the introduction of paper currency was made at a time of general depression and after lean years throughout South Africa, it was very reluctantly accepted by the natives, and then only after the Compound Officials had very minutely and thoroughly explained the position and [because of] the Mine natives' great confidence in the Mining Companies, from whom they generally admit they get a straight deal.[37]

But not all the mines experienced a peaceful transition.

Despite the prolonged discussions and delayed implementation of the act, on some of the collieries in the Witbank area no period of formal notice had been given. The Chamber was furious. 'The first intimation of the coming into force of the Act', the secretary wrote to the government's Director of Native Labour, 'was the refusal of the Banks at Witbank to pay out gold

[33] Secretary of Native Affairs to Secretary of Finance, 14 Dec. 1920, TAD GNLB 251, 340/16/90(1).

[34] Town Inspector, NAD, to Director of Native Labour, 17 Dec. 1920, TAD GNLB 251, 340/16/90(1).

[35] Acting Manager, New Modderfontein, to Secretary, Rand Mines, 23 April 1920, BRA Method of paying natives paper currency, 1473x, 1920-42, 856.

[36] Gemmill, Secretary NRC, circular to all mine managers, 15 Dec. 1920, BRA, Method of paying natives paper currency, 1473x, 1920-42, 856.

[37] S. Mckenzie, Chief Compound Manager to Evans, 9 Mar. 1929, CAD SA38, c2/57.

yesterday morning, and, as you know, on several mines the natives refused to accept the notes and are on strike today ... very serious consequences may follow the abrupt procedure followed in bringing the Act into force without notice'.[38]

At the forefront of the protests against the withdrawal of gold were the Mozambican workers, and it was on the collieries – where the Mozambicans made up almost the entire workforce – that the protests were most intense. These men, variously known as East Coasters or Portuguese natives by mine officials and as maShangane by South African workers, never constituted less than 40 per cent of the mine workforce between the end of the First World War and the onset of the Depression. Their presence in every compound, and the fact that the average length of time they spent on the mines was almost double that of South African migrants, meant that they had a powerful influence on the cultural characteristics of mine life. Mozambican workers, negotiating a journey between the competing sovereignties of the South African and Portuguese colonial states, had very good reasons to prefer gold to paper money.

From the beginning of the debates over the monetary role of gold on the mines, officials of the Native Affairs Department, the Chamber of Mines and the Portuguese government presented evidence of African customary uses of gold in their attacks on the feasibility of paper money. 'Natives', Dr Bostock noted at the October 1919 meeting at the Chamber, 'preferred to take home as much gold as possible for the purchase of wives'. Portuguese officials also stressed that it was 'established custom' for Mozambican migrants to make use of 'gold in their social and tribal dealings'. Taberer, who was responsible for recruitment in the Transkei and an uncompromising modernist, was quick to point out that the use of gold in the reserves was a relatively recent phenomenon and could hardly lay claim to a great deal of cultural capital.[39] At the heart of this disagreement between Bostock and Taberer were different histories of commodification in their respective labour reserves. In the Transkei, and most of the rest of South Africa, cattle retained their pre-eminent position as the commodities that secured the fabric of rural life. But in Mozambique, gold coins reigned uncontested over the field of customary and economic exchanges. Here we must allow Henri Junod, a missionary and ethnographer, to explain:

> The scarcity of oxen ... was no doubt the reason why they were replaced by hoes [in the payment of marriage transactions] ... But hoes have also been superseded by the universal power of the pound sterling ... In 1870 ... gold coin began to spread amongst the tribe with all its usefulness and all its dangers. It is now [*c.* 1912] becoming more and more current, as from 50,000 to 70,000 Natives of the Thonga tribe are now working in the Johannesburg mines. First of all £1 was worth ten hoes, and the lobola money was fixed at £8 by the chiefs. But this price was soon considered insufficient by the parents. They wanted £10.10.0, ten guineas! They had already learned that, amongst cultivated people and in refined transactions, we talk of guineas not of pounds![40]

[38] Inspector, Springs NAD, to Director of Native Labour, 21 Dec. 1920; Gemmill to Director of Native Labour, 18 Dec. 1920, all in TAD GNLB 251, 340/16/90(1)

[39] Report of the Meeting held in the Transvaal Chamber of Mines, Friday 3 Oct. 1919, TAD GNLB 251, 340/16/90(1)

[40] H. A. Junod, *The Life of a South African Tribe* (New York, 1962), 275-8.

In the Delagoa Bay hinterland, as Harries has argued, gold was 'encapsulated within the system of bridewealth circulation and was seldom exchanged, except in emergency conditions, for common commodities such as food'.[41] From the late nineteenth century it was the manner in which gold facilitated the overlap of the mines' intensely capitalist relations of production with non-capitalist forms of accumulation and exchange that underwrote Mozambican migrants' valorizations of gold.

But there was clearly more at stake in the representation of the customary practices of Mozambican migrants than colonial concern for the cultural integrity of rural life. The migrants' personal financial incentives to secure their wages in gold were complemented by the reluctance of Mozambican officials to accept their spoils in South African paper money. Even before the implementation of inconvertibility, in December 1920, Portuguese officials had been quick to ensure that they did not have to bear the same inflationary burdens as their workers. Mozambican peasants were required to pay Portuguese domiciliary taxes in gold prior to 1920. After the suspension officials advised workers, informally, that those bringing South African paper money back with them to Mozambique would face a two shilling charge on every pound. Those workers who managed to carry their South African wages through the border faced even more serious encroachments on their meagre savings. Workers at Modderfontein B informed their compound manager that storeowners in the Delagoa Bay area were offering only 15 shillings for every pound that the migrants presented.[42] And, as William Gemmill, the manager of the Chamber of Mines, pointed out to Modderfontein's manager, there was little that could be done to prevent the discounting of paper money:

> It would ... be no benefit to the natives to provide Portuguese notes for them, as these would be received with even greater reluctance by traders. As a matter of fact the currency which is most in favour at the moment in Portuguese territory – although like Union notes illegal – is British silver, and I would strongly urge that Portuguese natives returning to their homes be recommended to take a proportion of their savings in the form of British silver.[43]

In 1922 the Portuguese authorities enacted legislation that prohibited the circulation of all foreign currency, except the gold sovereign, within Mozambique. The legislation made any South African money in the territory, including the repatriated wages of mineworkers, subject to confiscation. And from 1922 to 1925, migrants were forced to exchange their South African paper money wages for Portuguese currency, minus a 5 per cent reduction, at the four points of entry at Ressano Garcia, Pafuri, Maplanguene and Massengeri. Mozambican workers learnt from bitter personal experience that paper money did little to protect the paltry fruits of their labour.

[41] P. Harries, 'Kinship, ideology and the nature of pre-colonial labour migration: labour migration from the Delagoa Bay hinterland to South Africa, up to 1896', in Marks and Rathbone (eds.), *Industrialisation and Social Change*, 151–3.

[42] Acting Manager, New Modderfontein to Secretary, Rand Mines, 30 Aug. 1920; Gemmill to Rand Mines, 6 Sept. 1920; Compound Manager to Manager, Modderfontein B, 24 Jan. 1921, in BRA Method of paying natives paper currency, 1473x, 1920–42, 856.

[43] Gemmill, W. N. L. A. to Manager, Modderfontein B, 11 Feb. 1921, BRA Method of paying natives paper currency, 1473x, 1920–42, 856.

It is not surprising that 'during the period of paper currency', as Mckenzie from Crown Mines reported, Mozambican migrants 'sought for and obtained gold at a premium of from 10 to 12.5%'.[44] Once the gold standard had been restored in South Africa the Portuguese took steps to secure their access to the gold earned by Mozambican workers. In 1928, the Portuguese government ensured that both wages and state revenue would not be earned in paper by including Article 26 of the convention regulating Mozambican recruitment: 'All moneys payable under this Convention whether taxes, fees, wages, gold or other moneys shall be paid and settled in gold'.[45]

METALLIC MYSTIQUE

The suspension of the international gold standard in 1920 was not permanent. Four years later, as sterling approached parity with gold, the new Pact government instituted proceedings to return the country to the gold standard. In December 1924, E. W. Kemmerer, a Princeton economist and the most conspicuous international exponent of the metallic standard, was invited to South Africa to hold an inquiry into the question of restoring gold. The commission that followed took most of its evidence from the leading figures in the banks and the mining industry. Many of the most powerful men in the industry, and most of the banking officials, opposed South Africa's returning to gold parity independent of Britain. Aside from the imperial sentiments of many of these officials, the source of this antipathy was the premium the mines received on the sale of gold. As sterling strengthened against the dollar, it became increasingly difficult to make a persuasive case against the restoration of the gold standard, especially in the face of the commission's star witness, Samuel Evans, the Chairman and Managing Director of Crown Mines.[46]

Dr Samuel Evans was appointed chairman of Crown Mines in 1909, a job he kept until his death in 1935. During that time, Crown Mines was by far the largest gold producing mine in the world. Evans was present in Johannesburg for very much longer than the string of younger men, like Evelyn Wallers, who were his superiors, and because of the importance of his fiefdom he had direct access to both the state and the 20,000 men who lived and worked at Crown Mines. His connections with the British and the South African fiscal bureaucracy were formidable. He carried on a continuous correspondence with Farrar, the Secretary of the South African Treasury, and Middelton, at the Mint, and he was, also, personal friends with R. G. J. Johnson, the Deputy Master of the Royal Mint in London. Evans, who was one of the most prolific letter-writers of the century, had also been in correspondence with Kemmerer since the last valuation crisis in 1919. Between them they ensured that the 1924 commission proclaimed gold standard orthodoxy. Both Kemmerer and Evans saw the restoration of the

[44] Mckenzie to Evans, 9 Mar. 1929, CAD SAM 38, c2/57.

[45] Gemmill, Circular 6/22; Gemmill to Manager, Modderfontein B, 11 Feb. 1921, in BRA Method of paying natives paper currency, 1473x, 1920–42, 856; Manager, Randfontein Estates to JCI, to TCM [Transvaal Chamber of Mines], 16 Oct. 1931, Chamber of Mines Archive [hereafter CMA] Gold Standard, 1931.

[46] Dalgaard, *South Africa's Impact*, 102.

gold standard as part of a global struggle over the future of gold. For Kemmerer, South Africa's early return to gold would guarantee Britain's restoration, and for Evans the restoration of the gold standard was the only possible redemption from a host of dangers that imperilled the gold mining industry.[47]

The most deeply feared, and furtively discussed, of these threats was a deliberate policy of state-sponsored inflation. Fuelled by the example of the cataclysmic collapse of the German currency, the minelords watched the new Pact government, and their heavily indebted rural supporters, with some trepidation. 'A policy of inflation would reduce the burden of their debts measured in farm products', Evans wrote to Lionel Phillips, 'and might even abolish them altogether, as has been the case in Germany'.[48] The restoration of the gold standard offered the one sure impediment to a policy the minelords could not even discuss in public for fear of attracting the attentions of the farmers.

But Evans was also furious with what he saw as the 'anti-capitalist' racial corporatism of the Smuts government. And he believed, correctly, that the suspension of the gold standard during and after the war had allowed the state to indulge a spending spree that had caused the post-war inflationary crisis. In a democracy – even a racially exclusive one – only gold could ensure fiscal discipline. In this he found a strange ally in the new minister of finance, N. C. Havenga. Perhaps because both men saw the British government as a menace to South African fiscal independence, Havenga and Evans became stalwarts in the effort to restore the gold standard and orthodox finance.[49]

In the course of the 1920s there was widespread anxiety about the international shortage of gold, and the British government repeatedly sought ways to husband global resources.[50] In 1922, they argued to the League of Nations that 'the global gold shortage could be alleviated by concentrating the available gold in a few central banks and encouraging other countries to accumulate claims on those centers'.[51] The central banks of Europe and the US had already added more than the total sum of gold produced on the Witwatersrand by withdrawing circulating gold coin. And by 1924 Evans feared that, in the absence of a global gold standard, the British government might prevent the mines from selling gold to New York.[52] The consequences for the South African mining industry were obvious. 'If the British succeed in limiting the use of gold to the settlement of international trade differences, and preventing its use in the British Empire and in other countries', Evans wrote early in 1925, 'there is bound to be a considerable further depreciation in the value of gold measured in commodities and services'.[53]

[47] *Ibid.* 72–97.

[48] Evans to Phillips, 23 July 1924, BRA Private Letters from Johannesburg, 170, July-Sept. 1924; see Eichengreen, *Golden Fetters*, 125, on German inflation.

[49] Evans to Sir Reginald, 4 Nov. 1925, BRA Private Letters from Johannesburg, 174, Sept.-Dec. 1925; Evans to Phillips, 24 Sept. 1924, BRA Private Letters from Johannesburg, 170, July-Sept. 1924.

[50] Eichengreen, *Golden Fetters*, 155.

[51] Eichengreen, *Golden Fetters*, 159.

[52] Evans to Phillips, 24 Feb. 1923, BRA Evans Letterbooks.

[53] Evans to ffennell, 18 Mar. 1925, BRA Private Letters from Johannesburg, 172, Jan.-April 1925.

The restoration of the global gold standard, then, was the only way to ensure that the market for the mines' product was not drastically restricted by either the British government or an alliance of the central banks. The first step in that direction was to secure the restoration of metallic money in South Africa. And the heart of Evans' public campaign to the commission, and to other state officials, was a two-part metallic mystique: gold was peculiarly suited to the social conditions of the South African economy, and African migrant workers, and their families, believed that value resided only in gold. With the walls of the gold standard system crumbling around them, and Keynes beginning to articulate ideas about the possibility of a permanently managed money supply, African workers' ideas about value became a theoretical touchstone for the minelords.[54]

In the two short weeks that Kemmerer and Vissering had to examine the issue of the restoration of the gold standard, they found time to interview Basil Warner, the Assistant Commissioner of Swaziland and a close friend of Samuel Evans. The evidence that Warner presented suggested, explicitly, that the labour reserves of Southern Africa had only partially undergone the transition to paper money. After pointing out the initial difficulties that he had had in persuading workers to accept paper money for deferred pay in 1921, he argued that male migrants objected to paper because it was unable to withstand the exigencies of rural life and was particularly unsuited to the forms of saving practised in the labour reserves. Paper money could not withstand burial under the floor of a hut and when hidden in the thatch it was easily destroyed by fire. Warner shared a vision with present-day rural informants of the labour reserves peppered with small, buried hoards of gold sovereigns.

The evidence that Warner presented to the Kemmerer-Vissering commission resonated with other colonial representations of Africans. For example, the commissioners felt free to indulge in a bit of speculative metaphysics about the proximity of African workers and their money. 'One difficulty with paper money with natives', commented Warner, '... is that the money which they carry on their bodies becomes very insanitary'. When Kemmerer, the eminent economics professor, asserted magical sterilizing qualities for gold – 'With the metal there is said to be an acid action that kills the disease germs?' – Warner, the tax-collector, could only sagely agree.[55] Debates amongst state officials about Africans' use of paper money often reproduced common colonial anxieties about contact between diseased African bodies – particularly women's bodies – and white ones. 'These East Coast Natives and especially the women suffer to a large extent from venereal disease', the Witbank Native Labour Inspector wrote in 1920, 'and as it is possible for Notes to become contaminated there would be a great risk of

[54] Evelyn Wallers noted that 'Keynes' book seemed to have produced little short of panic in Evans' mind' in 1923. Wallers to Phillips, BRA Directors' Confidential Letters, May 1924-Feb. 1929.

[55] B. Warner, Extract of evidence before the Kemmerer-Vissering Commission, 10 Dec. 1924, CAD SAM 38, c2/57. For the fiscal background to the commission, see G. De Kock, *A History of the South African Reserve Bank* (Pretoria, 1954), 67–78, and for state politics see R. Ally, 'Currency, banking and politics: the Bank of England, sterling and South Africa's monetary system, 1914–25' (African Studies Institute Seminar, University of the Witwatersrand, 1991), 27–30.

disseminating this and other complaints in the interchange of Notes between Natives and Europeans'.[56]

But rural homes and urban townships were not the only sites of migrant life deemed unsuited to paper money. Notes were also not considered suitable for the trials of mine work and compound existence. In a later campaign to extend the life of the half-sovereign Evans solicited the expertise of his chief compound manager. Mckenzie, Crown Mines' leading expert on 'native labour', pointed out that between 1920 and 1925 workers had often attempted to exchange mangled notes for valid ones, and he stressed the devastating physical impact of mine work on paper money:

...having no means of hoarding or saving money except by carrying it on their persons in armlets or body belts... paper money becomes very insanitary, torn and dilapidated almost beyond recognition, and when tendered was either rejected or paid out at less than its face value. I have experienced notes rendered to a mass of paper pulp – through being carried next to the owner's body and becoming saturated with perspiration or water while at work, or during rains. This condition is also brought about by being folded and refolded into very small capacities and the friction caused during work. When in this state they become a dead loss to the natives and a gain at their expense to the Government.[57]

Unsurprisingly, in this light, he noted that African mineworkers were generally delighted to see the return of gold coins in 1925 and that notes were shunned by workers thereafter.

After the Kemmerer-Vissering commission issued its ringing endorsement of the gold standard, and the minting of gold coins, the South African government announced that convertibility would be restored no later than 1 July 1925.[58] Within three months, Churchill had established the gold-exchange standard in Britain at sterling's pre-war parity. Under this new system, the Bank of England was permitted to sell gold in bars to financiers needing to make international currency transactions, but smaller quantities of gold were not made available. And British officials set out to dissuade their South African counterparts from the minting of gold coins.[59] In March Evans was told that the British Treasury had sent a 'strictly confidential minute' to the South African government which read:

...the Lords Commissioners of the Treasury hope that the Union authorities will recognise the advantage of not using such a costly device as gold for internal circulation, and that, in the event of gold being coined, the sovereigns will be South African... which will not be legal tender outside the Union.[60]

But the mines had been preparing for this moment for some time. The First World War had brought home to them the dangers of their dependence on the Rothschild's refinery in London, and the Chamber had opened a jointly owned local refinery in Germiston in December 1921. With the en-

[56] Inspector N. A. D. Witbank to Director of Native Labour, 19 Feb. 1920, TAD GNLB 251, 340/16/90(1).

[57] Mckenzie to Evans, 9 Mar. 1929, CAD SAM 38, c2/57.

[58] Dalgaard, *South Africa's Impact*, 160; De Kock, *South African Reserve Bank*, 70.

[59] Eichengreen, *Golden Fetters*, 163.

[60] Evans to ffennell, 18 Mar. 1925, BRA Private Letters from Johannesburg, 172, Jan.-April 1925.

couragement of Sir Ernest Oppenheimer and Samuel Evans, the same Currency and Banking Act of 1920 that had suspended convertibility had made provision for the establishment of a local branch of the Royal Mint. The new Pretoria mint, which came on line in January 1923, offered the minelords a powerful instrument in their efforts to retain the monetary role, and commodity value, of gold.[61]

Evans' strategy to counteract the attempt by the British government to limit the market for gold was simple. He advised the leaders of the Chamber of Mines to 'convert the whole of our gold output into sovereigns and half-sovereigns at the Mint in Pretoria, use the coin to pay expenses and do everything we possibly can to extend the use of gold coins by the Government and the Public of South Africa'.[62] In February 1925, the Chamber of Mines asked the Treasury to intervene in order to bring the productive capacity of the Pretoria Mint up to forty million sovereigns annually – roughly equivalent to the total gold production of South Africa and Rhodesia. By the middle of April the mines had already converted £1.2 million worth of gold into sovereigns to cover wages and expenses, and they estimated that over the period of a year these expenses would amount to £10 million. Had the mining industry persisted with their plans, the remaining thirty million sovereigns would have been deposited into the banks and would, presumably, have made their way through either the commercial or central banks onto the international gold markets.[63] The mines' threat to mint all of their gold would have completely reorganized the South African money supply – by the end of 1925 the total issued paper money supply in South Africa amounted to just over £9 million. But it would, simultaneously, have altered the money supply of most of the British Empire and the form of international exchange transactions. Unsurprisingly the Pretoria branch of the Royal Mint was given specific instructions from London to discourage requests for minting, to delay in the event that failed and, finally, to 'refuse point blank' those applications obviously intended for export.[64]

Evans failed in his attempt to convince the Gold Producers' Committee to coin their entire product. But the reasons for his failure had little to do with their rejection of his anxieties about the long-term monetary role of gold. The mines declined to coin their output, partly no doubt because of the resistance of the mint, but mainly because they had found a massive, non-monetary, market to absorb refined gold bars. In the course of 1924 the mines sold, out of the total production of 10.8 million ounces, the extraordinary amount of 5.7 million ounces in bars and sovereigns to India. About one-third of the mines' total production was sold in bars directly to India from Durban. The following year the mines, once again, sold over a quarter of their total output directly from Durban. Some idea of the magnitude of these sales can be gathered by comparison with sales to Europe, which, at 627,104 ounces in 1924, amounted to little more than a tenth of the amount

[61] De Kock, *South African Reserve Bank*, 12–13; Dalgaard, *South Africa's Impact*, 53.

[62] Evans to Sir Reginald, 4 Nov. 1925, BRA Private Letters from Johannesburg, 174, Sept.-Dec. 1925. [63] Pearson to Robertson, 21 Dec. 1929, CAD SAM 34, c2/39.

[64] Pearson, Pretoria to Johnson, Royal Mint, 6 April 1925; Evans, 'Memorandum on the future of the Mining Industry', 21 Dec. 1925, both in CAD SAM 38, c2/57; De Kock, *South African Reserve Bank*, 78; Johnson to Pearson, 10 Mar. 1925, CAD SAM 38, c2/37.

consigned to India.[65] It was this massive, apparently insatiable, demand for non-monetary gold, which discouraged the mines from coining their gold. As the Master of the Pretoria Mint put it, 'So long as Eastern demand lasts I do not think I shall be called upon to produce forty millions...'.[66]

Instead of coining the total gold supply, the South African mint followed the recommendations of the Kemmerer-Vissering commission and quickly substituted coins for the notes that had been in circulation since 1920. But the mines methodically followed the rest of Evans' injunction to '...do everything we possibly can to extend the use of gold coins by the Government and the Public of South Africa'.[67] With few exceptions, between May 1925 and September 1931 the mines paid the wages of both their white and black workers in gold sovereigns. Crown Mines, Evans' fiefdom, paid out more than 12,000 sovereigns every week. Rand Mines – the finance house that dominated the Witwatersrand in the interwar period – paid out no less than 3.1 million sovereigns in weekly wages during 1927. To these amounts have to be added the gold paid out by magistrates and recruiting officials as deferred pay. The total wage bill for African workers on the gold mines between 1925 and 1933 hovered around nine million pounds per year. As we have seen, the issued money supply for the whole country amounted to less than ten million pounds in notes in 1925. The mines were, thus, able substantially to recast both the form and the velocity of the money supply after 1925 simply by paying their workforce in gold.[68]

The bulk of the gold paid out as wages for white and black workers was immediately recirculated, but the massive proportions of the money supply paid out by the mines in gold, nonetheless, played havoc with the attempts made by the officials at the Treasury to measure the money supply. The gold payments had much the effect that Evans had intended; a portion of the gold was repatriated directly to the homes of migrants in the labour reserves of the Cape and to Portuguese East Africa, where it was removed from the reach of either the commercial or the central banks. In the course of disbursing nearly one-fifth of their production to migrant workers, the mines ceaselessly fostered the notion that African workers believed that monetary value resided only in gold. This representation of a metallic mystique was, in part, an extension of their own ideas about the security the gold standard promised in an epoch in which systems of value had gone completely awry. But it was, nonetheless, largely true.[69]

THESE MOUNTAINS ARE FULL OF MONEY

As we have seen, Mozambican workers made their preferences for gold clear, even in the years when it was not officially available. The other large group

[65] Executive Committee, TCM, to Secretary to Treasury, 4 Feb. 1925, CAD SAM 34, c2/39; Rogers to London, 31 Mar. 1926, BRA Directors' Confidential Letters, May 1924-Feb. 1929. [66] Pearson to Robertson, 21 Dec. 1929, CAD SAM 34, c2/39.

[67] Vilar, *History of Gold*, 131–8. The low grade of gold-bearing ore and the vigilance with which the Chamber of Mines and the police prosecuted those dealing in the sale of illicit gold ensured that the monetary role of gold remained stable.

[68] Table dated 16 Sept. 1927, CMA Native Labour Miscellaneous, 1927; *Union Statistics for Fifty Years* (G-5).

[69] Pearson to Harris, 16 May 1929, CAD SAM 190, 7/6/3; Pearson to de Waal, 4 June 1929, *loc. cit.*

of workers on the mines in the 1920s were Xhosa speakers from the Transkei districts. Between them, the East Coasters and Cape migrants made up more than 80 per cent of the 200,000 workers on the gold mines in 1928.[70] In the Transkei, an area that offered up very large numbers of migrants only after 1910, the grip maintained by gold coins on customary practices was more ambiguous than in the Portuguese colony, as Taberer had pointed out in 1920. In the late 1920s, Monica Hunter noted that in Pondoland, a district in the north-eastern Transkei, *lobola* marriage transactions were changing: 'Goats, sheep, horses, saddles, guns, and money are all used as substitutes for cattle. They are still called cattle.'[71] This process of transformation was drawn out and ambiguous. 'Payment for wives', Taberer pointed out in 1920, 'had only been made for the last ten or fifteen years and fathers at first had rather resented receiving gold instead of the customary cattle'.[72]

We should be a little wary of treating the penetration of metallic money as an index of proletarianization. The power of gold coins in Mozambique was indubitably linked to a long and intense history of migrant mine labour. But the maintenance of the cattle economy in specific areas of the Transkei, like Pondoland, was, as Beinart has pointed out, partly dependent upon an expansion of the levels of migrancy. The point here is not so much that there were differences between the regions that provided migrant workers for the gold mines, but that gold coins were certainly important in secular and sacred transactions in both areas. And the association between money and gold remains powerful into the present amongst those who worked on the mines in the 1920s.[73]

The Tabankulu, Mount Frere and Mount Ayliff Districts of the northern Transkei have contributed amongst the highest proportions of South African migrant labourers to the Witwatersrand mines, and most of the oldest men living in these districts served many contracts on the mines before the end of the Second World War. These old Mpondo and Bhaca mineworkers deliberately describe their work as the mining of money. Johannes Mdlamza, who worked as a machine driller at ERPM and New Modderfontein before the gold standard crisis, explained his work like this:

> The machine goes du-du-du-du-du, du-du-du-du-du and ijombolo [the drill stick] goes right into the stone. You're drilling money. Money is taken out by us there emgodini – As you see people earning it. It will then go to eCyanide on top to be – ground eCyanide and that mud would be taken to a place we don't know about to be made into money. These are the people who take out money. (Mzayifani: You are the people who take out money?) Exactly, me. I used to take out money a lot underground.[74]

[70] Territorial analysis of desertions, 21 Mar. 1928, CMA Native Labour-Miscellaneous 1, 1929.

[71] M. Hunter, *Reaction to Conquest: Effects of Contact with Europeans on the Pondo of South Africa* (London, 1936), 193.

[72] Report of Meeting held in the Transvaal Chamber of Mines on Friday, 3 Oct. 1919, TAD GNLB 251, 340/16/90(1), Export of Gold over Inland Borders, 1919–22.

[73] On the expansion of cattle holdings in Pondoland, see W. Beinart, *The Political Economy of Pondoland 1860–1930* (Johannesburg, 1982), 81.

[74] Over the course of the last year, with the help of Jones Dingiwonga Mzayifani and the members of his household, we were able to collect rich life histories from a small number of these men. The transcripts of these interviews are presently in the possession

When the men who migrated to the mines in the 1920s and 1930s talk about their work, the word they use to describe the gold underground and the gold that they were paid is *imali*. Indeed, it seems that only recently has the word for money – *imali* – been distinguished from the word for gold – *igolide*.

There is much that is shared in the accounts about gold produced by mine officials and the contemporary descriptions given by Xhosa-speaking migrants. The most obvious areas of overlap are those that deal with the physical qualities of gold. As Mdlamza put it:

It's better because even if you hit it, it remains money. It does not get soaked in rain – it still remains money. The paper money is different because you must always be careful – it's something that can be torn anytime, it can get wet. Money with dignity that you can even feel when you're handling it is this red money.[75]

But the memory of gold for old migrants extended beyond the physical differences of the paper currencies that followed it. The metaphysical characteristics of gold were shaped by its solidity and weight. And the dignity of gold has much to do with its association with the *abantu abadala*, 'the old people' – the ancestors of those who are today the old people of the villages.

Old migrants, and their children, are adamant that the wage of a young migrant mineworker was the property of the homestead head – usually his father. Ngilambi Sohlathi, a very old man, who worked his first contract in 1921 at Rose Deep and his last in 1937 at Modder East, was unbending when asked teasingly whether he ever kept gold for himself. 'There's nothing I thought about', he answered sternly, 'I gave it to Father. Father would buy for me – and he would say: "Here's something I bought for you"'.[76] The very unanimity of these claims suggests that they are, in part, a criticism of young people today, but it also indicates that there was a powerful association between gold and male authority within the homestead. Informants insist that married women and daughters were not allowed to possess their own hoards of gold coins and that young men were obliged to surrender their earnings to their fathers, whose sole responsibility it was to hide the coins. Women were expected only to keep small change or pocket money; gold was the product of male labour and the property of male homestead heads. Sohlathi speaks of old men leaving their houses in the dead of night to bury their gold. 'Ewe, the old ones hid it underground, you see, in a tin this big. The father would put it in this tin – and take it to a mountain and dig to put it there. These mountains are full of money. A person with money there will know that all by himself'.[77] Only gold was returned to the ground from which the migrants had worked so hard to remove it. 'No, paper money was not hidden underground. Paper money was not dug for.' Afterwards, the decision to share the secret of the hiding place with his sons was entirely at the discretion of the homestead head but the ubiquity of stories of middle-aged men who are still looking for their fathers' hoards suggests that often

of the author. They will be placed on deposit at the African Studies Institute at the University of the Witwatersrand. Interview of Johannes Dlamza by Jones Mzayifani and Keith Breckenridge, 17 Oct. 1992.

[75] Interview of Johannes Mdlamza by Mzayifani and Breckenridge, 17 Oct. 1992.

[76] Interview of Ngilambi Sohlathi by Mzayifani and Breckenridge, 7 Jan. 1992.

[77] *Ibid.*

they did not. Generational mistrust was at the core of the exchange between fathers and sons. 'Unless the father understands your mind, he can't show you when he buries your money – You'll only see that you have worked when a cow is bought.' It is not incidental that the cleavage between father and sons was resolved by the purchase of cattle adding to the prospects of a successful marriage.[78]

Sad tales about lost or forgotten hoards of buried gold are commonplace in the Tabankulu district of western Pondoland. These stories stress the need for inter-generational communication in both the real world and between the living and the dead. But read collectively they suggest that the popular memory of the period before the gold standard crisis emphasizes the permanence and durability of gold. Moreover, in stark contrast to paper money, these hoards of metal are represented as having almost magical abilities to accrue value.[79]

In the sixty years since the gold standard crisis, gold has completely disappeared from circulation in the rural areas of southern Africa. Only recently, in the form of Krugerrands, have gold coins re-entered the domain of the rich as a store of value. In that time the systems of value associated with metallic money, and particularly the local symbolic meanings of gold, have been replaced by the ferocious liquidity of inflated paper money. Nonetheless, those who were old enough to remember stressed that the velocity of gold was slower than paper, that metallic money was more powerful precisely because people 'would be scared to use it'. These memories of the symbolic power of gold coins have unquestionably been shaped by the experience of inflation in the period after 1932, but they are also a reflection of the changing characteristics of commodity flows in the South African countryside. As Mdlamza put it, in the 1920s, 'It was difficult to use it at home'.[80]

Most of the sovereigns in circulation before the final collapse of the gold standard were minted or recast during the period of George the Fifth's reign. His moustachioed, uncrowned profile formed the one side of the coin. On the other side was an elaborately cast picture of St George slaying the dragon. A romanic St George and his horse dominated the foreground of the image and in the background, perspectively diminished, was the winged-dragon on its belly. All of this was cast on a coin, about an inch in diameter, in gold's distinctive yellow-red colour. It is very difficult to gauge whether migrants read the signs on the coins that they carried with them on their bodies to work underground. None of those interviewed for this study noted anything about the coins except their colour: *imali bomvu*, red money. But the

[78] *Ibid.*; discussion with Jones Mzayifani, 24 May 1992. Hunter noted that homestead heads might occasionally give money to their wives to prevent its being spent but that 'the woman has no right to use any part of it without his consent'. M. Hunter, 'The effects of contact with Europeans on the status of Pondo women', *Africa*, VI (1933), 270.

[79] Nor is this a feature unique to the Transkei. Such tales are ubiquitous in the townships of the Witwatersrand. For one example, see D. Mattera, *Sophiatown: Coming of Age in South Africa* (Boston, 1989), 8.

[80] Interview of Ngilambi Sohlathi by Mzayifani and Breckenridge, 7 Jan. 1992; interview of Johannes Mdlamza by Mzayifani and Breckenridge, 17 Oct. 1992; see, on a similar theme, W. Beinart, 'Joyini inkomo: cattle advances and the origins of migrancy from Pondoland', *J. Southern Afr. Studies*, V (1979), 199–219.

symbolism of the coins was dramatic and conspicuous, especially in relation to the paper money introduced in 1921–5 and that which replaced the sovereign after 1932. And it was the presence of the dragon that would seem to be most interesting in shaping symbolic interpretations of the coins.

For serpents are ubiquitous features of the cultural landscape of Southern Africa. The borderlands between what is today known as Pondoland, and what used to be called East Griqualand, are dominated by a spectacular mountain called Ntsizwa. The meaning of the mountain, to those who live in its large shadow, is shaped in part by the idea that it is the home of an enormous many-headed snake. There is no reason to believe that this is a new idea. Indeed, the ethnographies written in the 1930s are replete with references to the magical and metaphysical importance of snakes. Real snakes – as opposed to dragons – formed an important part of the mythical and magical world of Mpondo homesteads when Hunter did her fieldwork. But it is also clear that mythical snakes – of the kind that had 'a stone in its head which shines like a candle at night. It is about six feet thick. A fearful snake! It has a crest like a cock'[81] – were as much a part of the landscape of the Transkei in the 1920s as they are today. Nor is it simply the fact that mythical, dragon-like snakes played central roles in the geographical and metaphysical worlds of Nguni speakers in the 1920s which highlights the importance of the symbolism of the coins. For migrants associated some of the mines with a massive, ferociously violent beast called Imbawula. Imbawula, sometimes described as an underground tornado, but usually as *inyoka* – a snake – embodied the enormous dangers of mining at great depths in the hot mines of the Far East Rand in the 1920s and 1930s. A full explanation of the role of this snake awaits a study of the violence of work underground on the mines, but for our purposes here, the symbolic significance of the snake is amplified by the conditions of its propitiation. Some migrants believe that the wives of white workers travelled to the deepest of the mines and, there, threw coins into the tunnels to pacify Imbawula. Johannes Mdlamza described the veneration of Imbawula:

> I used to hear people telling a story about that, I never saw it. That when the mine [umgodi] is going to fall Mr What-You-Call goes down and begs. The Mrs- (Mzayifani: Going with the Mrs?) With their Mrs, with money. Millions of money to be put there – and they beg.[82]

The symbolic resonance of the images on gold coins should not lead us into believing that migrants 'read' the coins in identical or even similar ways. The point here is that gold coins were intimately associated with migrants' experience of work underground in ways that far exceeded the physical connections between the form of their wages and the products of their labour. No such claim can be made for paper money.

Much of what compound managers like Crown Mines' Mckenzie and other officials thought of mineworkers' ideas about money and value was based on what they understood as the primitive economy of saving that operated on the mines and in the countryside. In this respect the metallic mystique could hardly have been more wrong. In October 1927, it came to

[81] Hunter, *Reaction to Conquest*, 284, 496.

[82] Interview of Kathazo Sodladla by Mzayifani and Breckenridge, 16 Oct. 1992; interview of Johannes Mdlamza by Mzayifani and Breckenridge, 17 Oct. 1992.

the attention of the Gold Producers Committee that financial matters were getting complicated in the compounds. From New State Areas to Crown Mines, workers were paying subscriptions into saving societies in order to supplement the pay they took home at the end of their contracts. Over the next month, probably at the urging of the Gold Producers Committee,[83] the police began to investigate allegations of fraud that had compound managers across the Reef up in arms. Many of the stories of saving societies in the compounds that came to the attention of the authorities and the newspapers involved tales of theft and mismanagement. The organizers of a society at Simmer and Jack lost the £400 that their members had accumulated. At Crown Mines, the treasurer of one of the societies pleaded guilty to pilfering £51 from the collective hoard of sovereigns. Contemporary newspaper reports represent these events as testimony to the naiveté and gullibility of the workers, but they also present evidence of the organization and solidarity characteristic of migrant associations. More importantly, they shed precious light on the networks used by migrants to control the flows of money.[84]

Formal bureaucratic structures were central to the organization of the savings groups. In the case at Crown Mines, a treasurer's theft was brought to the attention of the authorities by the society's secretary. Societies at Springs Mine, Village Deep and Crown Mines appointed workers as chairmen, secretaries and treasurers. All along the Reef the savings groups followed the ethnic fabric of compound accommodation, with members initially coming from amongst the occupants of a room and expanding along ethnic networks. Both the police and the Gold Producers Committee saw the savings associations as pyramid schemes, where those who were paid out first would benefit at the expense of those paid later. Much of the evidence supports this. Kotazile, a mineworker at Village Deep, explained that the system offered workers £3 for every £1 paid in, that pay-outs were made in the same order as deposits, and that 'as more boys paid in, more were paid out'. But those being prosecuted in the Village Deep case, and the workers giving evidence against them, agreed that workers could not leave the system until the others 'became rich'. Moreover, the state failed to prove that the savings associations were criminal in intent or function. Most significantly, as they investigated claims of fraud, the police uncovered evidence of legitimate associations with massive financial resources. A treasurer at the Village Deep mine was found to be in possession of £2,000 – the full monthly wages of 500 workers. Another at the Robinson Deep held over £900.[85]

When pressed by their superiors, the compound managers acknowledged that they knew very little about the dynamics of the savings societies. Workers tended to avoid the financial structure sponsored by the mines. This may have been because the Gold Producers Committee prevented compound officials from accepting funds from savings societies, but it also seems that they were designed to bypass the systems of 'safe-keeping' offered by the

[83] The GPC, which came into existence after the 1922 strike, was composed of representatives of the six major mining houses. The Committee effectively controlled the Chamber of Mines and oversaw almost all of its activities. For most of this period it was dominated by Rand Mines-Central Mining and their allies in the Union Corporation.

[84] Minutes of the GPC, 24 Oct. 1927, CMA Native Labour Miscellaneous, 1927; *Rand Daily Mail*, 11 Nov. 1927; *Rand Daily Mail*, 16 Nov. 1927.

[85] *Rand Daily Mail*, 22 Nov. 1927, 26 Nov. 1927.

compound managers. And mine officials acknowledged that the amounts held on deposit at mine offices had declined dramatically since the expansion of the savings societies. Saving in the compounds was, thus, very much more sophisticated than those officials who were responsible for assessing African attitudes to money were prepared to acknowledge. The efforts of the workers to increase their earnings contradicted the tight corporeal relationship between workers and their money that Mckenzie, for example, offered to his Chairman. Nonetheless, while the infrastructure of saving did not marry with the essentialist features of the metallic mystique, the savings associations still operated very much within a metallic economy. On all the mines the collected capital – held exclusively in gold coins – was kept in the compounds, usually in the steel trunks that became markers of migrancy from the mid-1920s. The workers at Simmer and Jack, who lost £400, had kept their hoard in a ventilator high up the compound wall.[86]

What, then, are we to make of these anomalous hoards of gold in the compounds? Contemporary newspapers ridiculed the mineworkers' claims that the savings societies were attempts to make money the way that white people did, but discussions with old migrants suggest that the workers in the compounds organized collective saving in order to avoid the exaction of interest payments. Mineworkers were involved in a complex set of overlapping pools of debt and interest. The most prevalent of these were the advances offered by traders to secure the recruitment of workers. The indebtedness of migrant workers to the traders is a subject that requires a more detailed examination than there is space for here. In short, South African mineworkers organized collective credit in order to limit their exposure to the usurious interest rates charged by the traders and in the process avoided the rigid infrastructure of savings and transmission offered by the deferred pay system. As Taberer explained to Gemmill in 1924:

> The growing difficulty the natives find in taking advantage of the Deferred Pay Scheme is due to the system of credit obtaining amongst traders in Native Territories. Owing to this system most of the recruits on arrival at work borrow from their friends in order to liquidate the debt they left unpaid at home and these friends will not make loans if the borrowers happen to be on Deferred Pay and so are unable to make refunds until the expiration of their contracts....[87]

Both in Pondoland and in the compounds on the Rand, mineworkers organized collective credit associations of varying scale and effectiveness specifically in order to avoid the immense cost and unique perils of rural credit. In doing so they set in place a metallic economy under their own supervision that paralleled the national money supply and, like the buried hoards in the countryside, sought to enclave their wages.

These efforts to increase the wages that migrants took home with them became increasingly serious towards the end of the decade as famine and the global collapse of commodity prices wiped out most of the additional income

[86] *Rand Daily Mail*, 11 Nov. 1927.

[87] *Rand Daily Mail*, 11 Nov. 1927, 16 Nov. 1927; discussion with J. D. Mzayifani, 25 May 1992. For a history of the struggles between the Chamber and recruiters over advances in Pondoland before 1930, see W. Beinart, 'Joyini inkomo'; Taberer to Gemmill, 16 Sept. 1924, CMA Native Labour Miscellaneous-1924/5; Hunter, *Reaction to Conquest*, 143, and CAD NTS 7239, 167/326 Transkeian Territories Co-operative Credit Societies.

that rural households in the Transkei were able to earn. Between 1929 and the end of 1933, the shift from the international gold standard system to managed paper money was first marked in the South African countryside by the withdrawal of the convertibility of Australian coins. 'Australian money is known to the people as money that depicts a bird. There is a lot of that money in Pondoland and people have been harmed by it', Councillor Siko complained to the Transkei Bungha. 'You want to make a purchase and the trader says the money you tender has the picture of a bird and he does not want it'.[88]

But, as the Depression worsened, the global crisis was experienced in the South African countryside as a desperate shortage of all forms of money. The long-term degradation of agriculture in the labour reserves was highlighted by the alarming evidence given to the Native Economic Commission. But what made matters much worse after 1929 was the global crisis' coincidence with the worst drought in South African history. The drought caused crop failures throughout the labour reserves set aside for African cultivation, and in some areas the state was forced to declare that 'actual famine conditions' existed. In an urgent cable dispatched to the Director of Native Labour in June 1932, the magistrate of Mount Fletcher summarized the disastrous conditions in the north-western Transkei. After imploring the Director to assist the 400 migrants looking for work in his district, the magistrate stressed the ruinous combination of crop failures and restricted mine recruiting practices:

> Position from Native point of view serious as crops have failed for fifth consecutive year. Recruiting has been restricted from January 1931. 21 Medically fit recruits sent Maclear this morning only 13 accepted... appeal to you for intervention on behalf of large number of Natives seeking employment in any sphere 12 months contract or over.

The magistrate stressed that the root of the crisis in Mount Fletcher was a desperate shortage of cash. 'No prices for produce and unless work on Mines etc. improve Natives unable to buy grain and pay taxes as no money is in circulation.'[89] Nor were the mines above taking advantage of the crisis in rural reproduction to reduce the cost of African labour.

Towards the end of May, 1932, the Gold Producers Committee considered the possibilities for a general reduction in the level of African wages. As Gemmill pointed out, there was very little that could be trimmed. In November 1931, as a means of increasing revenue to subsidize farmers suffering the effects of the gold standard crisis, railway tariffs had been increased by a third. Since that time workers coming from the Transkei had faced a £4 return ticket, in addition to the cost of bus transport from the rail depot to their homes. The total amounted to more than a month's wages. Out of an average wage of 1*s.* 10*d.* per shift, after transport costs, workers had to pay for two pairs of boots that cost 26 shillings. If the mines had made the 10 per cent reduction considered by the GPC that would have put the average wage at 1*s.* 7*d.* and left the bulk of workers with less than 1*s.* 1*d.* per

[88] Proceedings of the United Transkeian Territories General Council, 16 April 1932 (Government Printer, Cape Town, 1933).

[89] Magistrate, Mount Fletcher to Director of Native Labour, 2 June 1932, CMA Native Labour Supply, 1932.

shift. Even Gemmill, who was not renowned for his liberalism, argued that such a reduction in African wages, unless applied to 'all salaries and wages, European and African', would be unfair. As a compromise measure the GPC abolished the re-engagement bonus of five shillings for every thirty shifts worked paid to those who had worked more than 270 shifts.[90] This move amounted to a reduction in the wages of experienced workers of *2d.* per shift and it was directed very largely at Mozambican workers whose contracts, at 313 shifts, automatically qualified them for the bonus. The abolition of the bonus was clearly a serious misfortune for the workers, but it also represented a change in the strategy of the mining industry and a move away from a progressively skilled workforce to take full advantage of structural unemployment. From the outset of the First World War, the South African workforce constantly fell well short of the needs of the gold mining industry. In 1929, and for much of the decade that would follow, the minelords enjoyed a constant surplus as impoverished migrants from throughout the region turned to the mines as their only income.

ABANDONING GOLD

It was characteristic of the fraught marriage of gold and money in the 1920s that the event which triggered the divorce between the British pound and the gold sovereign appeared to have very little to do with the London money market or the supply of gold. When the sailors of HMS Valiant, the flagship of the North Sea Fleet, refused to leave the port of Invergordon on Thursday, 17 September 1931 they had little idea, as the *Rand Daily Mail* put it, 'that their action was going to be interpreted in the Bourses of Amsterdam, Berne ... and Wall Street as the beginning of the end of the British Empire.' But the mutiny is a better example of the interconnectedness of the global politics of the gold standard than of the caprice of financial capital. 'There was good reason for the events at Invergordon to unsettle the financial markets', Eichengreen noted. 'They signaled the Government's inability to balance the budget with further reductions in public sector pay and suggested that still more widespread unrest was likely to occur if officials attempted to impose dramatic reductions in unemployment insurance'.[91]

Within a week of the announcement of Britain's withdrawal from the gold standard, South African banks were attempting to withhold the gold used by the mines to pay the wages of African workers. The suddenly increased speculative value of gold sovereigns made the banks reluctant to issue them as wages. The Curator of Portuguese Natives, resident in Johannesburg, as well as a number of mine managers reluctant to deal with annoyed workers, immediately drew the attention of the Gold Producers Committee to the conditions of the Mozambique Convention. The Chamber of Mines,

[90] Gemmill to GPC Members, 26 May 1932, CMA Native Wages, 1932; Martin to London Directors, 17 Aug. 1932, BRA Private Letters from Johannesburg, 195. The bonus had been introduced in 1919 to encourage workers to extend their contracts, and was heavily supported by those who argued for a trained workforce and the introduction of scientific management in the late 1920s.

[91] *Rand Daily Mail*, 22 Sept. 1931; *Star*, 21 Sept. 1931; Eichengreen, *Golden Fetters*, 284.

accordingly, brought the banks quickly back into line. On October 16, the mines conceded that white wages would be paid in paper but that 'this arrangement does NOT, of course, apply to the payment of natives'. Throughout the remainder of the crisis, while the speculative value of gold followed the political and economic fortunes of Britain and South Africa, mineworkers continued to receive their wages in gold.[92]

It was to the Minister of Finance, N. C. Havenga, that the leading lights of the industry turned in the week after Britain left the gold standard. Samuel Evans held a private interview with Havenga on Tuesday, 22 October, just 24 hours after it had become known in South Africa that sterling was no longer convertible. On Friday most of the Gold Producers Committee, including the President of the Chamber, John Martin, also met with the minister. At these interviews the counsel of the minelords was unambiguous: South Africa should adhere to the gold standard. Martin, in particular, could see no reason to link the South African pound to a currency as politically and economically unstable as sterling. He argued, against his London board, that it was not in South Africa's national interest, nor in the interest of the mining industry, for the South African pound to be linked to sterling until the British political crisis was resolved.[93] It was this position that Arthur French, chairman of the Chamber, took when he expressed the mining industry's unqualified support for the 'wise and necessary decision' made by Havenga and assured the public and the government of the 'readiness of the Mining Industry to assist and co-operate in any measures designed to protect and serve the national interests in the difficult times through which we are passing'.[94]

At the very onset of the crisis those minelords, like John Martin, the chairman of Rand Mines, directly concerned with the direction and quantity of the flows of capital between the mines and their metropolitan and local shareholders and finance houses, were concerned about the vulnerability of sterling as a store of value. Others, led by Samuel Evans, had been fighting a prolonged struggle to secure the monetary value of gold and thus ensure the long-term value of gold as a commodity. To these people the snapping of the legal thread that bound currencies to gold threatened not merely the stores of capital but the future of gold and the Witwatersrand mines. For the industry's pragmatists, and its visionaries, the maintenance of the gold standard system was both economically and psychologically imperative.

If these two themes preoccupied the minds of the minelords for the first week of the crisis, they quickly came up with several more once they had time

[92] TCM Secretaries, 1 Oct. 1931; Minutes of the GPC, 12 Oct. 1931; Randfontein Estates to JCI to Gemmill, 16 Oct. 1931; Gemmill to GPC, 13 Oct. 1931, all in CMA Gold Standard-1931; emphasis in the original, Secretary, Rand Mines, Circular No. 104/31, BRA Method of paying natives paper currency, 1473x, 1920–42, 856.

[93] The London directors of Central Mining were concerned with the uncertainty that would arise on the London stock market if dividends and share values were published in a currency different from sterling. CMIC, Ecliptic Cable, London to CMIC, Johannesburg, 24 Sept. 1931, BRA Gold Standard, 1931, 252; Martin to CMIC, London, 14 Oct. 1931, BRA London Letters Directors' Confidential, 1929–35.

[94] Equinox Cable CMIC, Johannesburg to London, 25 Sept. 1931, BRA Gold Standard, 1931, 252; Martin to Wallers, 4 Nov. 1931, BRA London Letters Directors' Confidential 1929–35; Extracts from chairman's address Ordinary Meeting of the Chamber, 28 Sept. 1931, CMA Gold Standard, 1931.

to think about it. Foremost was the lesson of the last time a gold premium had been achieved by devaluing the pound. The minelords were deeply reluctant to remove the keystone of value that had maintained industrial peace since 1924. Martin put the issue succinctly in justifying the government's opposition to devaluation to Evelyn Wallers in London:

> ...it has to be remembered that the Union Government were influenced in their decision by what the Minister of Finance considered to be the best interests of the Gold Mining Industry. He had in mind, as we also had in mind, the experience of the Industry ten years ago, when a large portion of the Industry was endangered by the conditions that followed the operation of a substantial premium on gold and the drastic measures it became necessary to take when the premium fell and ultimately disappeared.[95]

In the month following the crisis Martin believed that altering the value of the mines' product could serve only to weaken the minelords in the struggle with white and black workers over wages. But he also knew that the appearance of a state-generated premium would do more than dramatically weaken the managers' hold over production. It would threaten the directors' control over dividends and transform the relationship between the state and mining capital. From the onset of the crisis Havenga made it clear to him that any dramatic increase in profits caused by the devaluation of the pound would be absorbed by the state. Martin and P. M. Anderson, Managing Director of the Union Corporation, who between them formed the dominant alliance within the Gold Producers Committee of the Chamber of Mines, were both convinced that their success in resisting confiscatory taxation under the Pact government would be undermined by devaluation, and that once further taxes were in place the industry would never be able to dislodge them.[96] During September and October 1931, then, the Johannesburg directors of the mining houses had compelling reasons to urge the government to maintain the gold standard. Yet by 7 November the Gold Producers Committee had decided, unanimously, to announce their opposition to South Africa remaining on the gold standard. Why?

The Tories' landslide victory in October certainly did much to restore their faith in sterling. And, after the primary producers conference in Pretoria, it became clear that the mines would have to bear the cost of the subsidies that were to be extended to all other exporters. But the force motivating the minelords to abandon the gold standard was their recognition that a concerted international devaluation offered an unprecedented opportunity to increase profits and permanently undermine the costs of labour. The staggered international character of the devaluation crisis had presented the minelords with a powerful resource for research into the political economy of devaluation.

The link by cable to Australia gave the minelords the power to look into their own future, and they were particularly interested in the effect of

[95] Martin to Wallers, 4 Nov. 1931, BRA London Letters Directors' Confidential 1929–35. For an account of the black and white miners' strikes of the early 1920s, see Johnstone, *Class, Race and Gold*, 93–104, 180–4; Yudelman, *Emergence*, 135–59; P. Bonner, 'The 1920 black mineworkers strike: a preliminary account', in B. Bozzoli (ed.), *Labour, Townships and Protest* (Johannesburg, 1979), 273–97.

[96] Martin to Wallers, 4 Nov. 1931, BRA London Letters Directors' Confidential 1929–35; Anderson to Gemmill, 16 Oct. 1931, CMA Gold Standard, 1931.

devaluation on the demands of Australian workers. Towards the end of October, enlightened by their Australian intelligence, the minelords realized that devaluation in the midst of depression and in concert with the rest of the sterling system offered a unique opportunity to reduce the cost of labour.[97] Evans, previously the most militant supporter of the gold standard on the Witwatersrand, explained the shift in a letter to the Princeton economist, E. W. Kemmerer, who was still the most prominent international proponent of metallic money. He justified the dissolution of the system by arguing that 'in countries with strong Trades Unions and adult suffrage, like England, Australia and South Africa, devaluation is the only way in which the serious disparity between the cost of production and wholesale prices can be... remedied'.[98] The Chamber of Mines began, thereafter, systematically to contest those who argued that abandonment would mean an increase in the level of white and black wages.[99]

At a special meeting, called on 13 November 1931, the Chairman announced the opposition of the Chamber to the gold standard and urged the government to link the South African pound to sterling. Even at this point the members of the Chamber could not bring themselves to acknowledge the radical character of the break between gold and money. The Managing Director of the Union Corporation remarked from the floor that the minelords did not see the 'departure from gold' as a permanent move but envisaged a re-marriage as soon as it became possible.[100] That the break was to be permanent, and that it would mark a complete change in the manner in which the mines marketed their product, generated profits and planned production was something nobody in the Chamber took seriously.

It was to take more than a year before the mines finally got their way. Over the course of 1932, the general economic depression, the opposition of Smuts' South Africa Party and the sustained media campaign of Rand Mines' English-language dailies had so weakened the psychological credibility of the gold standard that it took only the re-entry into politics of the Afrikaner populist Tielman Roos to destroy it completely. Within three days of the start of Roos' anti-gold campaign, the country was forced off the gold standard by the flight of middle-class savings into gold.[101]

CONSEQUENCES

The most immediate result of the abandonment of the gold standard was the dramatic increase in the monthly profits announced for each of the mines at the end of January. The annual figures for 1933 are testimony to the

[97] Cables exchanged between Australian Mines and Metals Association and Gemmill, 15 Oct. 1931 and 18 Dec. 1931, CMA Gold Standard 1931; Evans to Gemmill, 4 Nov. 1931, BRA Gold Standard, 1931, 252.

[98] Evans to Kemmerer, 18 Jan. 1932, BRA Gold Standard, 1932.

[99] Chairman's address, 21 Dec. 1931, CMA Gold Standard, 1931. For a discussion of the Lucas Awards, see R. Davies, *Capital, State and White Labour in South Africa 1900–1960* (Atlantic Highlands NJ, 1979), 184–8.

[100] Special Meeting on the Gold Standard, 13 Nov. 1931, CMA Gold Standard, 1931.

[101] Martin to Wallers, 23 Mar. 1932, BRA London Letters Directors' Confidential, 1929–35; Martin to Wallers, 21 Dec. 1932, BRA Private Cables 1932–33; Martin to Wallers, 22 Dec. 1932, BRA Private Cables 1932–33.

spectacular increases in revenue and profits generated by the devaluation of the South African pound. Revenue from the sale of gold jumped by twenty million pounds after 1932, a record year itself that saw the mines' gold revenues approach fifty million pounds for the first time. The gold mines announced dividends of slightly more than 13.5 million pounds in the year following the gold standard crisis, a 50 per cent increase on the figures produced for the previous year. But more significant than the massive increases in profits and revenue was the shift that took place in the long-term development of the mines. Between 1912 and 1932 the annual revenue of all the mines had risen from 38 million to about 50 million pounds, and for much of that period revenue had remained in a tight band around 40 million pounds. After the gold standard crisis, the mining industry entered a new period of exponential growth that would see revenue double in the short space of four years and then triple after the next devaluation of South African currency in 1950.[102]

What these figures reflect is the fact that prior to the gold standard crisis the industry had functioned on the basis of a more or less fixed price of gold. After 1932 the South African gold mining industry was fuelled by two new factors. The first was the cyclical increase in the demand and price of gold during periods like the 1930s, and the second was the intervention of the state to adjust the South African monetary value of gold so as to secure mining profits. After 1932 the profitability of the mining industry was driven less by the technological and managerial imperatives that had increased profits and revenue in the 1920s than by the steadily advancing value of gold measured in South African currency. In the end the mines managed to hold the tax levied on their new 'excess profits' to a fifty-fifty split with the government. But from 1933 the fiscal relationship between the state and the mining industry lost its symmetry. Both the cabinet and the Gold Producers Committee were acutely aware that the profits of the gold mines were dependent upon state intervention.[103]

The new system of value inaugurated by the abandonment of the gold standard endowed both the state and capital with considerably increased wealth. The snapping of the ties that bound money and gold freed the mines to shift the scale upon which the value of the labour power of African workers had been measured. From the late 1880s to 1933 the labour power of African workers had been measured at about a fifth of the total value of their product. Throughout that period, with the exception of the 1920–5 interlude, the value of African wages had been kept relatively constant and literally tangible by the payment of gold. The abandonment of the gold standard dramatically increased the commodity value of African labour whilst, initially, holding wages constant. After 1933 the mines' profits were largely protected by increases in the price of gold or the devaluation of South African currency. In the decade-long boom that followed, the size of the mine workforce would double in the course of a decade, profits for most of the mines were unprecedented and the mine-fields expanded into the West Rand and the Orange Free State. But for individual African workers, the period from the

[102] *Union statistics for fifty years; Transvaal Chamber of Mines Annual Report, 1950.*

[103] See Havenga's dramatic and vengeful budget speech. Budget Statements 1933–4, 30 May 1933, CMA Taxation (1), 1933.

1930s was characterized by a new and relentless struggle against the ongoing inflation of the paper money supply.

In the wake of abandonment, gold disappeared, once again, from the compounds and villages of southern Africa. This time, the workers passed over the boundary of the gold standard period with no recorded disruption. Johannes Mdlamza remembered his first paper money pay day with a mixture of curiosity, suspicion and nostalgia:

We handled it then as it was given to us by abelungu even though our hearts were still with that red money – money that had dignity such that even if you're holding it you can feel that it's money that you're holding. That other money is a weightless thing. But then we took it because it was called money – everyone was given this money.

Where gold was kept on the bodies of migrants before 1933, those that followed rarely even saw it. Mdumani Dzingwe, a man from Mount Frere who worked on the mines for many years after the gold standard crisis, reflected on the forbidden character of the products of gold mining.

There, there were other people. Even the clothes they wear don't have pockets – the overalls then. Because people working there used to steal the mud and go to sell it in the locations. Gold mud. When it comes out of the place where it's cooked, being taken to the Time Office, it comes out being a brick – this big. It goes to – that money is sent to England. We never saw it but it's a stone. The small brick is this big, of gold.[104]

The complex overlapping arenas of value ascription that had characterized the operation of the gold standard system were distilled to a single distant site involving half-a-dozen men. After January 1933, every working day at half-past eleven, representatives of the gold merchants, the Bank of England and Rothschilds met in the London offices of Rothschild and Sons on Threadneedle Street to decide the value of the gold produced by the South African mines.[105]

THEORETICAL IMPLICATIONS AND CONCLUSIONS

This study has taken much of its direction from a new literature that incorporates the study of culture and economics, but it also offers two gentle revisions to what is already a complex scholarship.[106] While these scholars do not agree on all matters, they share the idea that things previously thought of as economic may be fruitfully interrogated for cultural dynamics, and vice versa. As Ferguson has pointed out, this research 'is a matter of grasping political and economic realities in a culturally sensitive way, and grasping

[104] Interview of Mdumani Dzingwe by Mzayifani and Breckenridge, 22 Aug. 1992.

[105] *Rand Daily Mail-Mining and Finance News*, 14 Nov. 1933.

[106] See Appadurai, (ed.), *Social Life of Things*; J. Comaroff and J. L. Comaroff, 'Goodly beasts, beastly goods: cattle and commodities in a South African context', *American Ethnologist*, XVII (1989), 195–215; W. Cronon, *Nature's Metropolis: Chicago and the Great West* (New York, 1991); J. Ferguson, 'The bovine mystique: power, property and livestock in rural Lesotho', *Man*, XX (1985), 647–74; J. Ferguson, 'Cultural exchange: new developments in the anthropology of commodities', *Cultural Anthropology*, III (1988), 488–513; S. Mintz, *Sweetness and Power: The Place of Sugar in Modern History* (New York, 1985).

culture in a way that convincingly relates it to political economy'.[107] Another feature of all of this scholarship is the centrality that it offers to the study of politics. For example, Appadurai, while arguing for a turn away from a focus on production in the analysis of things, has suggested that '*politics* is what links value and exchange in the social life of commodities'. In his excellent study of cattle holdings in Lesotho, Ferguson repeatedly stresses the importance of what he calls the 'domain of contestation' within rural households in shaping the economic and cultural characteristics of commodity and capital flows. And in the Comaroffs' work, the politics of colonization looms large in shaping the practices, social relations and meaning of commodities and labour.[108] But what is also remarkable about these studies is how little attention they pay to the complex intersections of state and class politics Marx introduced to political economy in *The Eighteenth Brumaire of Louis Bonaparte*.[109]

This examination of the South African gold standard epoch has sought to demonstrate that there is still much to be gained from a Marxist analysis of the class politics of production in our attempts to understand economics, culture and history. This type of analysis has the singular advantage of encouraging connections between local political sites, like Ferguson's household 'domain of contestation', and regional or global ones, like the South African state or the international financial system. Again, the reverse is also true. For without attention to the class politics centred on production, we too easily lose sight of the influence of global and regional imperatives on local cultural and economic phenomena. Attention to the historically specific but regionally dominant forms of class struggle is all the more urgent if, as the Comaroffs have convincingly argued, hegemony, in the political and cultural sense Gramsci intended, 'is a product of the dialectic whereby the content of dominant ideologies is distilled into the shared forms that seem to have such historical longevity as to be above history – and, hence, to have the capacity to generate substantive practices along the surfaces of economy and society .... They belong to the domain of fact, not value. They are just there, ineffably'.[110] Gold, and the practices and meanings associated with it, was one such ineffably and ubiquitously real, shared form in the development of capitalism in Southern Africa. And its dominance in the region was the result of a particular set of relationships between capital and labour in the mining industry.

It is in this regard that this paper offers up its second revision. Some of the richest studies of the anthropology of commodities have been taken from southern African examples. And this paper suggests that we need to look closely at the cultural history of southern Africa in the twentieth century. In particular, it suggests that the dichotomy between money and cattle, which

[107] Ferguson, 'Cultural exchange', 490. As Ferguson has also noted, much of the space for this interpenetration of analytical boundaries has been opened up by J. Baudrillard, *For a Critique of the Political Economy of the Sign* (St Louis, 1981).

[108] See also 'The madman and the migrant: work and labor in the historical consciousness of a South African people', *American Ethnologist*, XIV (1982), 191–209, and J. Comaroff and J. L. Comaroff, *Of Revelation and Revolution: Christianity, Colonialism and Consciousness in South Africa* (Chicago, 1991).

[109] K. Marx, *The Eighteenth Brumaire of Louis Bonaparte* (New York, 1967).

[110] Comaroff and Comaroff, *Of Revelation and Revolution*, 30.

serves as the pivot for much of the anthropology of commodities, must be qualified by the insertion of a third term: gold, or *imali bomvu*.[111] Whilst the substantive and relational qualities of metallic money are certainly very different from those of cattle, there are similar differences between paper and gold. The most important of these is the capacity to hold value in relation to other commodities, a characteristic that has been manifestly absent from paper money in Southern Africa since 1935. But what is particularly noteworthy is that gold shared with cattle two very important characteristics. The first was the intimate association that each had with forms of male labour. We have seen that male migrant workers understood the years they spent away from their families, and the long hours they worked underground, as literally the making of metallic money. The similarities with cattle herding of this highly gendered activity go far beyond coincidence.[112] The second was the power that gold coins, like cattle, offered senior men to enclave wealth away from the demands of women and children. The practice of hoarding buried gold, which was clearly the primary means of storing money in the countryside, served much the same purpose as investments in cattle.[113] What was especially remarkable about gold in the 1920s was that its capacity to fix value was embraced by both capitalists and workers on the Witwatersrand.

The dominance of gold coins in the region before 1933 marked off the social and economic history of that period. By 1930, for example, the number of cattle in Pondoland had reached the highest point in over a century.[114] This accumulation was not simply the result of the removal of resources from the monied economy. It reflected, on the one hand, the value of labour and wages measured in cattle during the gold standard period and, on the other, a set of savings practices and ideas that maintained the hold of males and their fathers over the flows of money into rural households. With the exception of the 1917–22 inflation, the period between 1910 and 1933 was one in which the value of labour remained stable. The same forces that tended to drive down prices for agricultural goods and intensify political struggle on the farms served to protect the value of labour for male migrant workers. For the same reasons, the 1913–33 period was also the heyday of better-paid and skilled African labour on the South African gold mines.

One final point. Above all, this study has tried to demonstrate that the economic and cultural histories of South Africa were powerfully intermingled. As a consequence of this, we must consider the ideas, as much as the actions, of the African working class in the struggle over the economic history of South Africa. As with other forms of activity their efforts were often defeated, but that is surely no reason for ignoring them.

111 My thanks to John Comaroff for this idea. The centrality of cattle in the maintenance of the social and symbolic integrity of most of Southern Africa for most of this century is not in question. Indeed, old male informants interviewed for this study stressed the importance of investing in cattle as one of the primary uses of money, whether gold or paper. Comaroff and Comaroff 'Goodly beasts, beastly goods', 210; Ferguson 'Bovine mystique'.

112 Comaroff and Comaroff, 'Goodly beasts, beastly goods', 200–1.

113 Ferguson 'Bovine mystique', 649.

114 Beinart, *Political Economy of Pondoland*, 8. A similar trend took place in Lesotho after the large wage increases on the Orange Free State gold mines in the 1970s: Ferguson, 'Bovine mystique', 659.

SUMMARY

This paper takes as its point of departure a simple fact that has gone largely unnoticed in the historical and ethnographic literature of migrant mine labour: prior to 1933 mineworkers were paid in gold. It is argued that the ideas and practices associated with the control and transmission of metallic money were at the heart of the experience of migrant labour before the crisis and formed a major part of the self-definition of migrant gold miners during the 1920s. Moreover, both the practices and ideas of African mineworkers were reciprocally linked to the global political struggles taking place over the gold standard. From the First World War to the Christmas of 1932, the South African and Imperial states and mining capital were involved in a controversy over the form of the South African and international money supplies. Whilst in appearance an abstract and mysterious debate, the contest over the form of the money supply laid the foundations for a system of value that penetrated into the daily lives and politics of many southern Africans. Chief amongst these were hundreds of thousands of migrant mine-workers. Following from this, the paper posits a re-interpretation of the gold standard crisis. The turning point that coincided with the new year of 1933 was not merely an economic change; it constituted a major transformation of the form, value, velocity and politics of money throughout Southern Africa. Coincidently, the crisis was an economic and cultural transition for the mining industry itself and marked a dramatic re-definition of the terms of economic conflict between workers and managers. Finally, this paper calls for a new periodization of capitalist development in Southern Africa that meshes together the cultural and economic dimensions of historical processes in a manner that foregrounds the experience of the African working class.