

RHODES AND HIS BANKER

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RHODES AND HIS BANKER

EMPIRE, WEALTH AND THE COMING OF UNION

RICHARD STEYN

Jonathan Ball Publishers
Johannesburg • Cape Town

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*To my dearest Elizabeth, who has supported
and looked after me for more than half a century.*

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The naive insistence on moral purity removes all perspective and critical debate when it comes to history.

JAWAD IQBAL, COLUMNIST FOR *THE TIMES* OF LONDON

History contains an ocean of injustice, most of it unremedied and now lying beyond correction in this world.

NIGEL BIGGAR, THEOLOGIAN AND ETHICIST, OXFORD UNIVERSITY

One of history's most useful tasks is to bring home to us how keenly, honestly and painfully past generations pursued aims that now seem to us wrong or disgraceful.

JOHN CAREY, LITERARY CRITIC

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Preface

R*hodes and his Banker* is an account of the remarkable friendship between a larger-than-life historical figure and a modest, unassuming banker, both of whom were personally involved in all the major political and financial developments in southern Africa during the closing decades of the 19th century. The financial institution that brought the pair together – the Standard Bank – was at the heart of South Africa’s rapid transformation during those times from a struggling agrarian economy to the world’s leading producer of gold and diamonds.

The book chronicles the activities and growth of the Bank under the remarkable stewardship of Lewis Michell and recounts his role as the trusted confidant of Cecil John Rhodes, the diamond and gold magnate, and the most controversial and self-driven of British imperialists. It describes Michell’s singular contribution to the cult of Rhodes that grew up during the early 1900s – before being steadily dismantled by revisionist historians and armchair critics over the next century.

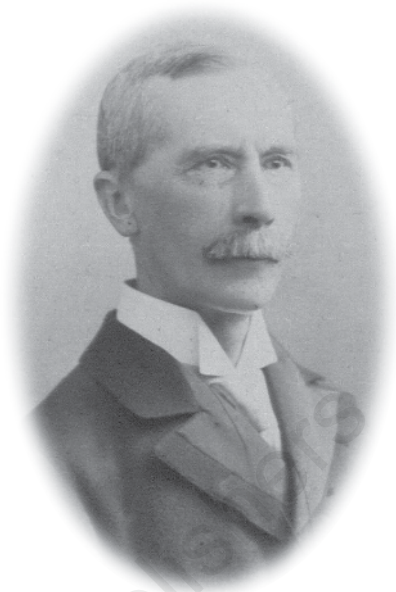
No individual has had a greater influence on the early political and economic fortunes of South Africa than Rhodes. To this day, historians continue to argue over his motives in trying simultaneously to advance the British Empire’s interests in Africa, on the one hand, and to unify South Africa’s four diverse and unequal colonies, on the other.

That the Standard Bank became the country’s biggest bank by the turn of the century must be ascribed to the quality of two of the men who had guided its fortunes since 1864. One was a Scot, Robert Stewart, its first General Manager, who ran the Bank for 11 of its earliest years, during which he grasped the opportunity (and took the risk) of opening on the diamond fields, and in so doing made the Standard the leading bank in the country. The other was Lewis Michell, who built upon and expanded Stewart’s legacy.

Michell, an adventurous young Cornishman, had been trained as a bank clerk in London before being sent out to the eastern Cape in the



Cecil John Rhodes



Lewis Michell

early 1860s at the height of the worldwide wool boom. Resigning after a few years of service from the stuffy institution that had dispatched him to a distant colonial outpost, he joined the Standard Bank and was instrumental in expanding it into southern Africa's leading financial institution in the years before and during the second Anglo-Boer War (1899–1902). In so doing, his path inevitably crossed that of Rhodes, the most famous (and to many, most notorious) empire-builder of the late Victorian era.

Keeping his distance at first, Michell eventually fell under the spell of Rhodes, whom he came to regard as 'a great man, great even in his faults'.¹ During his stellar career in banking and for many years after Rhodes's early death, Michell worked unceasingly to perpetuate his client's legacy in South Africa and neighbouring Rhodesia. On Rhodes's death in 1902, the Standard Bank's head kept a promise he had made, retired from banking and spent the rest of his long life promoting, protecting and defending his late hero's legacy. He wrote one of the first of many biographies of the man aptly nicknamed 'the Colossus', succeeded Rhodes as chairman of De Beers Consolidated Mines, the world's biggest diamond company, and served for many years as a director of the British South Africa Company (BSAC). As an

executor and member of the Rhodes Trust, he also played a key role in setting up its world-famous Rhodes Scholarship programme, which continues more than a century later to attract to Oxford University some of the best and brightest young men and women.

Unusually for a busy banker, for most of his life Michell was a diligent diarist and letter writer, combining notes and reminiscences into a lengthy and at times rambling autobiography that was never fully published. At the Standard Bank, he came into regular contact with every leading South African and imperial politician of his day, faithfully recording his impressions and chronicling his experiences in his adopted country for more than half a century.

Having an interest in South African history of the late 19th and early 20th centuries, I have long been intrigued by how one small island race off the coast of Europe could rule a quarter of the world by remote control, and how men such as Rhodes and Michell were able to impose their imperialist credo upon the people of southern Africa – with consequences both positive and negative. At the British Empire's zenith, the Standard was the most important of the imperial banks in South Africa; Rhodes the foremost believer in the superiority and mission of the Anglo-Saxon race; and Lewis Michell one of many well-intentioned Englishmen who felt called upon to bring enlightenment and economic development to the backward people of the continent at whose foot they had landed.

Weaving these three themes into a coherent narrative about a seminal period in South African history – brought to life primarily but by no means exclusively by Michell's ground-breaking manuscript – has presented a series of challenges I hope to have overcome. But that judgement I must leave to those readers who seek a better understanding of the cross-currents that still swirl beneath the surface of our turbulent and perennially underperforming country.

Richard Steyn

Author's note: The names of many cities and towns across South Africa have changed since 1994. Throughout this book, the place names mentioned in the text are, for the most part, those in use at the time.

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Prologue

On 20 September 1890, the oldest and largest of the Cape Colony's banks, the Cape of Good Hope Bank, was reported to be 'in difficulties'. That day, the Prime Minister of the Cape, Cecil John Rhodes, a long-standing client of the Good Hope, strode unannounced into the Adderley Street office of the head of Standard Bank, Lewis Michell, 'with so much vehemence' that he failed to observe an elderly gentleman already in the room.

'He burst into a torrent of words urging me not to let the other bank close its doors through lack of support,' Michell wrote. 'I had the satisfaction, perhaps malicious,' he recalled, 'of introducing my other visitor as the Chairman of the bank in trouble, to whom, I added, I had just made an offer of adequate support to avert a run, [but] which had been declined under legal advice.'

Taken aback, Rhodes observed that there was now sure to be 'a general panic' nonetheless and asked if his government could be of assistance. He was surprised to hear that the Standard Bank had been expecting its rival's failure for some two years and had accumulated sufficient reserves of coin to meet all probable demands from customers.

The collapse of the Good Hope Bank had its lighter moments, wrote Michell. After a two-day run on the banks, the public 'regained its sanity and returned their money'. One alarmed Standard customer withdrew his cash, hired a cab and went across town to deposit his funds with the Bank of Africa, a smaller and – he thought – much safer institution. While doing so, he met a friend trying to retrieve his funds from the Bank of Africa in order to deposit them with the 'more stable' Standard. 'Both men returned post-haste to their respective institutions, and the story, leaking out, helped to restore confidence all round.'

The Cape's Attorney-General, Sir Thomas Upington, had an Irish sense of humour. When he showed emotion at the failure of the Good Hope, a friend inquired whether his loss had been a heavy one? 'No,'

said Upington, ‘but the Bank was very useful to me. It was here I kept my overdraft.’

The significance of the Good Hope Bank’s demise was not lost on Rhodes, who promptly transferred his personal loyalties, and his corporate accounts, to Michell’s Standard. As the Bank’s historian JA Henry observes, were it not for the failure of the Good Hope, where Rhodes had been a customer of long standing, the diamond magnate might never have become a Standard customer. Until then, his relationship with the Standard Bank, if not with Michell personally, had ranged from ‘ambiguous’ to ‘delicate’. Used to getting his own way, the man they called ‘the Colossus’ (not altogether admiringly) had been less than impressed with the Bank’s ‘lukewarm’ responses to his expansionist aims – whether in Kimberley, Bechuanaland or Matabele/Mashonaland.

Conscious of reputational risk, the Standard had managed up to then to steer clear of involvement in the affairs of Rhodes’s British South Africa Company, which had few tangible assets and seemed more of an administrative and policing vehicle than a profit-making venture. The Bank had also declined to lend £500 000 to the new De Beers Mining Corporation, although agreeing to a small personal advance of £12 000 to its powerful chairman. It was to Lewis Michell that Henry ascribes the personal credit for managing to win Rhodes’s confidence and his valuable custom.

As Duncan Campbell-Smith points out in *Crossing Continents* (2021), his definitive history of Britain’s Standard Chartered Bank, as the Cape’s leading banker, Michell may have had little option but to develop an amicable relationship with the man who controlled the world’s diamond industry, was a significant investor in gold mining on the Rand and had recently stepped up to become premier of the Cape Colony. For almost half of the Colony’s annual revenue was derived from Rhodes’s various business undertakings.

But as Michell’s friendship with Rhodes grew during the 1890s, his ties went well beyond the normal obligations of a bank manager, even towards an illustrious client. He came to believe that Rhodes was the only person in South Africa capable of bringing Britain and the Boers together politically. And Rhodes, for his part, developed a high regard for the Standard banker’s grasp of the broader issues facing the Colony

and for his attention to detail. The closeness of their relationship was exemplified by Michell's and the Standard Bank's support for Rhodes's ambitious campaigns to extend the boundaries of empire well beyond the borders of South Africa.

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PART I



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On the Sheep's Back

1860s

Today's Standard Bank of South Africa had its origins in the eastern Cape of the mid-19th century – the epicentre of the Cape Colony's thriving wool trade. In response to a worldwide demand for woollens sparked off by Britain's industrial revolution, wool-bearing sheep had been introduced into the arid *platteland* (countryside) around Port Elizabeth in the 1830s, enabling the growing settlement to overtake Cape Town temporarily as the busiest town in the British-ruled Colony. If England's economy in the 19th century depended largely upon woollen products, the same was true of the economy of the Cape. Between 1862 and 1869, wool accounted for 73 per cent of the value of exports to Britain and the United States (US) through the Colony's two seaports. As the Standard Bank's historian JA Henry observes, before the discovery of diamonds and gold, the entire economy of the Cape was carried on the sheep's back.¹

Elsewhere in the future South Africa, local economies were mostly agrarian and poor, with ostrich feathers and ivory 'providing the only exotic supplements to the conventional agricultural products of the land'. The frequent wars on the eastern Cape frontier – besides being a constant drain on the British taxpayer – kept the Colony in a state of permanent unrest.²

Not that the wool from the eastern Cape was of high quality – far from it. Perennially short of cash and plagued by livestock losses during the Frontier Wars against the Xhosa, sheep farmers were obliged to shear twice a year instead of once, producing wool that was not strong or fine enough to meet the standards required by British and American mills.³ And the marketing of wool, like much business activity in the Colony, was rudimentary and slow. Nonetheless, Port Elizabeth's warehouses were filled to bursting with wool bales, its streets regularly clogged by heavily laden ox-wagons on their way to the harbour. Wool replaced wine as the Colony's chief export.

Financing was urgently needed to send the Cape's wool crop to overseas markets, hence the need for better banking services. Although small banks were scattered around the Colony, most lacked capital and reserves and struggled to withstand the regular droughts and trading downturns that were the bane of a largely single-product economy. Yet every dorp (small town) worthy of its name boasted its own bank, 'generally owned by one or two leading businessmen and farmers in the community, who extended credit in none-too-vigorous fashion to themselves as well as local tradesmen'.⁴

It took the initiative and thrust of an enterprising young Scottish immigrant, John Paterson, to raise the quality of banking services in the Colony. The son of an artisan, young Paterson was educated in Aberdeen, graduating in 1840 with an MA to his name. A year later, he took advantage of a sponsored scheme that took schoolteachers out to the Cape Colony. Passing out top of the recruitment process, Paterson was sent to Port Elizabeth to open a senior government school there, which in time became Grey High School. After running the school for six and a half years – during which he made many shrewd investments in land and helped found the *Eastern Province Herald* – the enterprising Scotsman abandoned teaching as a career in favour of becoming joint-proprietor, publisher and editor of the newspaper still in print today. Paterson's restless temperament and growing interest in civic affairs led ineluctably to his involvement in politics, in which the *Herald* campaigned actively for the introduction of municipal government to Port Elizabeth and for greater autonomy for the eastern Cape. In 1849, he married Frances Mary Kemp, daughter of a prominent local businessman, who bore him five children.

During the late 1840s and early 1850s, Paterson helped to buy up Crown land for the town and to set up a hospital, library and wharves for the harbour. His business interests expanded to include retailing, real estate development, importing, ship victualling and insurance, and in 1853 he became chairman of the board of Town Commissioners. A year later, when representative government came to the Cape and Port Elizabeth was granted two representatives in the first colonial parliament, Paterson was a shoo-in as one of them. Before long, he became a member of the Cape's Legislative Council, where he was noted for his forcefulness (and long-windedness) as a speaker.

* * *

By 1857, Port Elizabeth had two banks of its own, with John Paterson a prominent shareholder in each. This did not deter him, however, from attempting – along with other prominent businessmen – to establish a third, the ‘Standard Bank of Port Elizabeth’, to offer commercial services to the rapidly growing trading centre that the other banks were unable to provide. But when his attempts to raise sufficient capital locally were unsuccessful, and his wife died suddenly, leaving him with five young children, Paterson resigned as a town commissioner and colonial parliamentarian and, in 1858, decamped for London. It was time to take advantage of the mid-Victorian economic boom in Britain, ignited by positive developments in banking legislation and regulation.

*John Paterson*

Returning ‘home’ as a wealthy and enviably successful businessman from the Empire’s outer reaches, Paterson soon established a presence in the City of London. Besides promoting his own business interests, he produced, within a few short months, the first prospectus for the ‘Standard Bank of British South Africa’, with nominal capital of £1 500 000, not all to be called upon immediately. The new bank would not be confined to the eastern Cape but would aim to attract capital and custom from all quarters of the Colony.⁵ An inducement to potential British investors was the Companies Act of 1862, which significantly reduced the risk of doing business in distant imperial destinations. As chairman, Paterson also took the crucial decision to set up a reserve fund, so that the Bank did not have to distribute all its profits to shareholders.⁶

In booming Victorian London, Paterson’s salesmanship had City investors falling over themselves to buy shares in the Standard Bank, among the first to be registered under the new banking legislation. As Campbell-Smith records,⁷ by 1862 the new Standard’s paid-up capital



Port Elizabeth branch, c.1882.

of £2 million was twice as great as that of the 29 other banks operating in the Cape Colony, excluding the UK-based London & South Africa Bank. The enthusiasm of shareholders was a reflection of Paterson's energy and persuasiveness. After his election as executive chairman by a board based in the City, Paterson opened his fledgling Standard Bank of British South Africa for business on 20 February 1863.

While Paterson was still in London, negotiations for a merger with the Commercial Bank of Port Elizabeth were already under way. The Standard agreed to take over the Commercial's impressive building in the town, in addition to its chief cashier, James Tudhope, who became the merged bank's first branch manager. In the meantime, Paterson busied himself transferring capital to the Colony by means of bills of exchange drawn on City banks into which shareholders' subscriptions had been deposited.

Having persuaded the London board to agree that the business of the Standard Bank would be conducted from Port Elizabeth, now the principal port of the Colony,⁸ and armed with the authority to establish a network of branches in pro-British parts of South Africa, Paterson sailed for the eastern Cape in February 1863, after shipping off £10 000



Port Elizabeth branch interior, c.1883.

in gold coins before departing. Accompanying him was a new wife, an 18-year-old Scottish lass, Marizza Bowie, who would bear him no fewer than eight more children.⁹

Within weeks of opening, the new Standard had taken over the Colesberg and British Kaffrarian banks in the eastern Cape, the Fauresmith bank in the Orange Free State and the Beaufort West bank, while negotiations had opened with others in the western Cape. Besides these mergers, several new bank branches were started from scratch. By the end of 1864, the Standard had 19 branches (or agencies) – eight in the eastern Cape (including Port Elizabeth), five in the western Cape, three in the Free State, two in Natal and one in British Kaffraria (outside East London) – and its nominal capital had been increased from £2 million to £3 million. While the overall direction of the Bank came from the main board in London, local boards were established in Port Elizabeth, in Cape Town and in several smaller branches. Capital was sorely needed at this time for infrastructure, bridge-building and particularly railway construction.¹⁰

Amalgamating with other banks did not always proceed easily: there was a prejudice against imperial newcomers, and antagonisms surfaced

when the Standard's more modern methods showed up past deficiencies and new accounting systems were imposed upon managements accustomed to a more 'happy-go-lucky' style of banking. In a capital-deficient environment, many local bank managers made interest-bearing loans to their friends or even to themselves, cloaked as 'Advances on Sundry Accounts', and thought of it as a normal way of doing business. Even more damaging to the Bank was the habit of isolated branches to set their own overdraft rates in order to enhance profitability. The London board, as may be expected, was kept in the dark about these activities.

In 1864, a collapse in the international wool price, a result of the American Civil War, had a damaging impact on the Cape economy, which was already plagued by locusts and a severe drought that had set in two years earlier, causing the loss of thousands of sheep. In the severe recession that ensued, wool farmers and banks – including the Standard, whose shares fell steeply – struggled to survive. Railway construction came to an abrupt halt 70 miles (110 km) outside Cape Town for want of money.¹¹ In London, interest rates shot up and the board decided that expansion in South Africa had gone far enough: no new branches were to be opened until the existing network had been knocked into shape.

Concerned about the amounts of capital they had poured into the Colony, Paterson's City colleagues were uncertain where final authority for the bank lay: was it with the chairman, no longer in London, or with Tudhope, the manager in Port Elizabeth? They resolved, therefore, to create the new position of General Manager and to send out someone with proven banking credentials 'to exercise a firm hand in the Cape'.¹² The man chosen was another Scot, 34-year-old Robert Stewart, an up-and-coming banker of excellent reputation, who arrived in Port Elizabeth in February 1865 to manage the Standard's operations in South Africa. His arrival was not met with much enthusiasm by local directors and branch managers, for reasons that soon became apparent.

★ ★ ★

Stewart arrived in the eastern Cape to find himself at the head of a bank not only serving an agricultural and commercial community in the midst of a severe and prolonged drought but also in some danger of falling apart because of its independent-minded directors and managers, who ignored the instructions they were given by head office.¹³

Credit had been extended to borrowers with 'a shocking recklessness'¹⁴ and managers had covered up the loans going into their personal accounts.¹⁵ Stewart also concluded that the existing banking capital in South Africa was 'far beyond the legitimate business requirements of the country'. 'Unless we have a change of seasons, I tremble to contemplate the future of the Bank here,' he wrote.¹⁶

Putting aside his concerns, Stewart set about cleaning out the Augean stables with his customary vigour: local boards were disbanded, inefficient staff weeded out and many managers (including James Tudhope) dismissed. His most important innovation was the introduction of regular branch inspections that were not announced in advance, a system that still survives in the Bank to this day.



Robert Stewart

In a report to the board in London, Stewart was unsparing in his criticism of the way in which the main branch in Port Elizabeth had been managed: 'The board here had practically ceased to exist, a fortunate circumstance for the bank for had it done so much longer, the members would have absorbed all the capital of the Branch for themselves and their friends ... The Bank has in this respect been shamefully managed. You have a right to know the true state of matters and I should be failing in my duty were I to withhold it from you.'¹⁷ When it emerged that the dismissed Tudhope had been acting on his chairman's direct instructions, there was not much left of John Paterson's reputation.

Making matters worse for the founder was the collapse of his firm Paterson, Kemp and Co, forced into liquidation in 1865 after Stewart had flatly refused to lend it more money. When the economic crash of 1865 resulted in the Standard's share price in London plummeting from £100 to £9,¹⁸ and the Bank had insufficient reserves to pay a dividend, Paterson resigned as chairman. Two years later, he became insolvent.

The irrepressible Paterson's return to politics in 1872 – and desire to

hit back at Stewart – gave him sufficient confidence to embark on a legal case against the Standard and to initiate another round of banking mergers. In 1873, the Oriental, another City-based imperial bank with a charter to operate ‘East of the Cape of Good Hope’, opened in Port Elizabeth, under Paterson’s direction. Based largely in India and Ceylon, the Oriental accumulated 11 branches in the eastern Cape before mounting debts in Asia forced it to sell out in 1878 to another City-based venture, the Bank of Africa.¹⁹

It was Robert Stewart who rescued the Standard Bank from an early closure and set it on course as a going concern by enforcing a restrictive lending policy uncomfortable to pursue and unpopular with customers. His problems were not confined to the Cape Colony, however. In Natal, where the Bank had opened in Pietermaritzburg in 1864, the fledgling sugar industry was struggling, and the Standard found itself managing several large sugar estates until they could be sold.

By this time, old Boer-Brit animosities had resurfaced in the Orange Free State, where the Standard had branches at Bloemfontein, Smithfield and Fauresmith, and was a rival of the Bloemfontein Bank, which was often unable to redeem its own notes. Resentful of competition, directors of the Free State bank petitioned the Volksraad, the republic’s parliament, to ban the Standard, on the grounds that it was a ‘foreign’ bank, with limited liability, whose profits were sent out of the country.²⁰

The Volksraad voted overwhelmingly to support the local institution and debar the Standard, which closed its doors in late 1865 – at great inconvenience to its customers. Another 35 years were to pass before the Bank was allowed back into the Free State.

With wool prices at low levels, drought widespread and locusts rampant, and the new Suez Canal about to divert shipping from Cape ports, the Colony’s economy languished in the mid-1860s, and many of Robert Stewart’s letters to London were tinged with despondency. In one he wrote, in bankerly fashion, ‘I must question ... whether the conclusion is not forced upon us that the Cape Colony, as a merely pastoral country, has not struck something of a limit to its further progress until some other resources are discovered.’²¹

★ ★ ★

Luckily, Providence was about to intervene to give both the Colony and

the Standard a helping hand. In 1866, a 15-year-old youth, one Erasmus Stephanus Jacobs, picked up the first diamond to be found in South Africa, at Hopetown on the Orange River. Other sporadic finds were also made, but the frantic rush to the area only began in 1869, after the 83.5-carat rough white diamond the Star of Africa (also known as the 'Dudley Diamond') was found by a Griqua shepherd on the banks of the Orange. A year later, more alluvial finds were made along the Vaal River near Barkly West and at various 'dry' sites on farms surrounding the future Kimberley. Within weeks, hopeful fortune seekers, white and black, from every nook and cranny in southern Africa and beyond had descended upon the northern Cape and 'trekked across the sandy veld to scratch for luck in the mud and gravel of the riverbeds'.²² The Standard first felt the effects of the diamond rush when its branch at Colesberg, the closest to the diamond discoveries, began to run out of notes and coins. Stewart, whose glass had begun to rise from half empty to more than half full, sent the Standard's first parcel of diamonds to London on 13 September 1870, with an accompanying memo saying, 'I hope this is the first of a series of many other similar transactions which will yield handsome profits to the Bank and open up a remunerative branch of business which was little contemplated when the institution was first established.'²³

Stewart barely hesitated before deciding to open a branch of the Standard on the diamond fields – at Klipdrift in the centre of the 'dry' diggings. By October 1870, he had transferred a sub-manager to New Rush and dispatched, by ox-wagon from Port Elizabeth, the necessary equipment to set up new premises. The requirements took five to six weeks to arrive, but not before the Bank's safe had slipped its moorings along the way and fallen into the Vaal River between Pniel and Klipdrift. The Standard was not only the first bank to open on the diamond fields but for some time it was the only one, having to act as bank, diamond broker and insurance company despite lacking any of the necessary expertise to do so.

The discovery of diamonds turbocharged the Colony's notoriously sluggish economy, particularly after the British government first ruled that the diamond fields belonged to the Griqua tribe and then, in 1871, declared the Griqualand West area to be a protectorate of the Crown. At last, the lengthy drought had broken, the wool price had recovered



Kimberley branch, c.1878.

and, most important of all, new discoveries of diamonds were being made almost daily. A sign of the times was the arrival of another foreign bank, the Oriental, in South Africa.

Thanks largely to Stewart, who laid the foundations of a successful retail bank 'with only the barest rudiments of modern communications',²⁴ the Standard emerged from a succession of lean years in fair shape. As General Manager, Stewart had to depend on the regular but slow sea-mail service to London to report to the board, and on horse-drawn post carts to supervise the widely dispersed branch network. He met the latter challenge by relying heavily on the work of travelling inspectors.²⁵ As Terry records, suspect accounts were well monitored, liquidations carefully controlled, business routines remodelled and the staff moulded into a cohesive unit.²⁶

Most importantly, public confidence in the Bank, initially at a low ebb, had begun to rise. Banking historians are agreed that had it not been for Stewart's firm hand on the tiller, and the wisdom of the board in appointing him, the Standard would probably not have survived the 1870s. As the other great figure in the Standard's early history, Lewis Michell, acknowledged modestly, 'the Bank's foundations were so well and truly laid by Robert Stewart that his successors only had to follow in his footsteps'.²⁷

Early Days

1860s & 1870s

Lewis Lloyd Michell, second son of a Cornish solicitor, was born at the naval port of Plymouth in southwest England on 11 August 1842, to devout Anglican parents. Educated in London at Christ's Hospital, he joined a bank in 1859 in Penzance, Cornwall, where he underwent four years of rigorous training at a low salary. In 1863, he was offered a choice of three clerkships: by the news agency Reuters; by Lynch Bros, a commercial company in Baghdad; and by the newly established London & South Africa Bank. Having recently read *The Arabian Nights*, he leant towards Baghdad, but his mother 'scented danger in a place where men slept on flat roofs and indulged in a plurality of wives'.¹ Without having much say in the matter, young Lewis bowed to his parents' wishes and chose South Africa.

The bank to which he was apprenticed, the London & South Africa Bank (L&SAB), was the first of the 'imperial' banks to set foot in the Cape Colony. It had opened in 1861, one year before the Standard issued its prospectus in London. Although some of the L&SAB's directors were Cape Town merchants, within 12 months the new bank had moved its headquarters to the eastern Cape to take advantage of the wool trade.

Michell signed on with the L&SAB in London in August 1863, shortly before his 21st birthday. Six months later, he was on his way to South Africa to join the bank's complement in Port Elizabeth, embarking on a long and tedious sea voyage which he shared with a handful of hardy passengers. In his memoirs, he 'draws a veil' over his first seven days at sea, describing the weather as 'exceptionally wild'. Yet the merchant ship SS *Briton's* 42-day passage to Table Bay ended four days ahead of schedule, which drew a congratulatory gunshot fired from a hill above Sea Point.²

For emigrants from relatively sophisticated mid-Victorian Britain, arriving at the Cape meant taking a few steps backward in time. Not yet

a country, underpopulated South Africa was little more than ‘a hotch-potch of races engaged in elbowing each other out of the way’.³ The Cape Colony, the largest region, formally in British hands since 1814, was run by an elected local government under guidance from London.

Before the opening of the Suez Canal in 1869, the Cape’s strategic significance lay in the services it provided for ships from European ports sailing around the foot of Africa on their way to India. To the northeast of the Colony were the Boer-held territories of the Transvaal and Orange Free State, founded after the Great Trek of 1836–1843, when 7 000 ‘Dutch’ stock-farmers and their families, resentful of British rule (and racial attitudes), had ventured into the interior to set up their own rudimentary republics. To the east was Natal, proclaimed as a district of the Cape Colony in 1843, after the British government had annexed the short-lived Boer republic of Natalia.

In the Cape, distances between the scattered towns were long, telegraph links limited and internal transport restricted to horse-drawn carts and stagecoaches or cumbersome ox-wagons. The first railway in the Colony, from Cape Town to Wellington via Eerste Rivier, had opened in the year before Michell’s arrival. One of his first assignments from the L&SAB in Cape Town was to take a consignment of specie (gold coins) out to the Wellington branch, some 45 miles (75 km) away. He went there and back by train in one day, noting that, in doing so, he had traversed the entire railway system of southern Africa.⁴

From Cape Town, the ‘Mother City’, the young Englishman sailed on to the mailboat terminus at Algoa Bay. ‘I can vividly remember our landing in a surf boat amid what appeared appalling breakers,’ he recalled. ‘Port Elizabeth was singularly unattractive to a newcomer.’ Reflecting ruefully that he was bound by indenture to remain there for at least five years, ‘I little thought I should remain at the Port for twenty-one years and leave it with regret. We never know what fortune has in store for us.’⁵

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In his unpublished autobiography, much of it compiled later from notes in his diary, Michell recalled the drawbacks of early life in Port Elizabeth, which was ‘in a primitive stage: the landing facilities were archaic, the streets windswept and storms frequent, drinking water

scarce, telegraphic facilities not yet available and not a mile of railway even in prospect ... but with all its deficiencies it was a cheery spot, with a progressive tone about it which promised well for its future'.⁶

'There were of course gradations of society,' he reflected, 'but they were not very rigid. Of pretentious entertainments there were none, unless on the infrequent visit of a man of war, or the more infrequent visit of the Governor. But there was much informal hospitality and friendliness and when young men were asked to "drop in of an evening", the invitation was meant seriously and accepted readily'.⁷

Michell was impressed by the healthy spirit of discontent of the citizenry, who 'strenuously' insisted on improvements to the town and threatened the government in Cape Town with secession if their demands were not met. Under this stimulus, he reflects, 'the bi-weekly post was accelerated, telegraphic communication was promised, and a few years later engineers arrived to examine the possibilities of a railway'.⁸

Many tales of early life in Port Elizabeth had to do with its stormy weather, which made arriving by sea so hazardous and often drove ships onto the sandy beaches of Algoa Bay.⁹ Overcoming his initial concerns, Michell set out to make the best of his new posting and never lost an opportunity to get to know the countryside. Among his greatest pleasures was walking: one long weekend he and a friend walked to St Francis Bay and back, via the Van Stadens River, a round trip 'of at least 100 miles'.¹⁰ Not long after his arrival, he volunteered to take his bank's gold specie to King William's Town, via Grahamstown, during a war scare along the border. He travelled in a post cart with a 'Hottentot' driver, the gold coin hidden under mailbags. It was an almost non-stop journey, save only for changes of horses along the way: At various unbridged rivers, he records, 'the specie had to be hauled across by ropes, sometimes at night. But the roads were good, horses were better and the driver hard to beat'.¹¹

In subsequent years, Michell made many other 'delightful journeys over our mountain passes' before the routes fell into disuse after the arrival of railways. 'Visitors who have not seen the Amatolas, the Hogsback, the Zuurberg, the Katberg, Montague Pass, Bains Kloof, Mitchell's Pass, the Hex River Heights, Sheba Hill and the Valley of Desolation cannot be said to have seen the finest views in South Africa,' he wrote.¹²

With horses being relatively cheap, Michell and fellow bachelors spent many weekends in the saddle, visiting neighbouring farms as far away as the Sundays River, Addo Heights and Grahamstown. Uitenhage (now Kariega) was a favourite place because of its 'pretty girls', including one 18-year-old Maria Agnes Philpott – daughter of the hospitable resident magistrate and civil commissioner, Edward Philpott and his wife, Sophia – to whom Michell before long became engaged. Whether 'Mary' Philpott was blonde, blue-eyed or vivacious we will never know, for her fiancé does not tell us. But of his ardour there can be no doubt: during his courtship, he would often ride 17 miles (28 km) to Uitenhage and back, after a busy day at the office, arriving home 'a tired man' around midnight.

After a clerkship of only two years, Michell was promoted by the L&SAB to the posts of accountant and then acting manager. Though junior to other members of staff, he was entrusted by London with a secret power of attorney that enabled him to assert full authority over the branch in case of emergency. He held 'no illusions' about his employer, however. The L&SAB's ultra-cautious and vacillating policies, framed 6 000 miles away, and its resistance to branch expansion, indicated that the bank was unlikely to succeed in South Africa, 'and I knew it'.¹³

The L&SAB's commercial troubles were temporarily alleviated by the economic boom in diamonds, even though the upturn led also to 'unlimited gambling and heavy losses'. In 1869, Michell travelled to Grahamstown and Queenstown to lend support to two bank managers who wished to deal in diamonds, but in doing so alarmed his risk-averse employer in London, which ordered the staff in South Africa under no circumstances to accept diamonds as security for advances. For Michell, this prohibition was the final straw: he was shortly to be married and had to think seriously about his financial future.¹⁴

After his marriage, on 13 June 1871 at St Katharine's Anglican church in Uitenhage, Michell embarked on a protracted correspondence with his board in London hoping to 'mitigate their drastic decision' not to do business in the diamond market. When he failed to carry the board with him, he resigned, having soldiered on at the L&SAB for nine years, the last six as Port Elizabeth branch manager.¹⁵

By now, 'South Africa had begun to exercise that strangle-hold which it maintains on a great majority of those who set foot upon its shores', he

wrote.¹⁶ In 1872, the Michells' first son, John Bentley, was born in Port Elizabeth,¹⁷ followed in 1874 by a daughter, Dora, the first and second of the couple's eight children. After John and Dora came Edward (1876), Francis (1878), Ethel (1881), Lewis Edward Barbary (1883), Sophie (1885) and Rodon (1888). Worried about Mary's health and his own, Michell dispatched mother and infants to England to consult doctors and meet their grandparents. Following them as soon as his work allowed, Michell brought the family safely back to South Africa on the *Windsor Castle*, which was shipwrecked shortly thereafter.¹⁸

Resignation was a risky step for a newly married man amid a commercial crisis that was causing heavy bank losses in the Colony, but the Standard – in the person of Robert Stewart – came to Michell's rescue. Stewart had been impressed by his younger rival and had long suspected that Michell would not put up with his employer's timid lending policy for ever. Before departing for the UK on home leave, Stewart left behind a written offer of employment for Michell with HC Ross, the Acting General Manager. When, by coincidence, the Standard's Port Elizabeth branch manager also resigned, Ross called Michell in for an interview. On learning that the younger man was thinking of going to Australia, a broadly smiling Ross handed him an offer in Stewart's own hand to become manager of the Standard's Port Elizabeth branch. Michell had little hesitation in accepting.¹⁹ Reflecting later that his former employer 'had consistently mismanaged its affairs to the day of its death', Michell notes wryly that it was a welcome change 'to be associated with a real live bank, with a good London board laying down sound general principles but leaving their local representative to apply them'.²⁰

Two innovations that Stewart had introduced into the Standard's operations made a deep impression on Michell: one was the Bank's method of avoiding the dominance of any individual on the London board by having no chairman but requiring every director by rotation to be 'chairman of the week'. This rule required the chairman's attendance at the office each day of 'his' week, which helped to familiarise him with the business. The second unique feature was Stewart's adoption of the Scottish system of regular inspection. Every branch was visited

without warning at least once a year, and 'overhauled and reported on by a thoroughly competent official'. Michell believed this system ought to be adopted by all colonial banks with head offices in London. Without such regular inspections, the Cape of Good Hope Bank, once the Colony's premier bank, was to close its doors in September 1890.

After three years at the helm in Port Elizabeth, the Standard's new manager was described in the following terms by a visiting bank inspector: 'His conduct is that of a gentleman and of a wide awake, large-minded man of business combined ... In point of efficiency, he is remarkably cool and collected, intelligent, watchful, firm and energetic, possessing tact, judgment, promptitude and experience. The Bank is to be congratulated upon having so able and trustworthy representative at its chief branch.'²¹

By 1870, the Standard had taken a healthy lead over rival banks in the Colony in note circulation, deposits and discounted bills of exchange. It was also the main provider of cash in the Colony. Like other banks, it had to import coinage (specie) from London but was permitted by the colonial authorities to print its own bills of exchange and bank-notes, which had to be backed by sufficient reserves.

The physical difficulties of sending large amounts of gold and silver coin into remote rural areas by slow, irregular transport were considerable, and the expense of doing so forbidding. Most unskilled Africans would only accept gold or silver coins as payment for their labour, and shortages of the currency required by farmers and diamond diggers restricted both the expansion of the Cape economy and the Bank's business.²² Stewart was able to report, however, that notes issued by the Standard Bank were 'held in high favour on the diggings and [had] latterly come to be preferred by many even to gold'.²³

By 1877, the Standard had doubled the number of its branches to 34.²⁴ The Bank had grown in tandem with the expansion of the railway network to the diamond fields from Cape Town, Port Elizabeth and East London, with new branches opening at temporary railheads along the way. Short of capital to finance its own expansion, the Standard was helped greatly by being appointed as the Cape government's official banker.

The Bank's quasi-official status gave it access to substantial cash deposits, particularly during the Frontier Wars, and enabled it, in the absence of a central bank, to effectively control the foreign exchange market in South Africa.²⁵ But the appointment also imposed additional responsibilities. As Campbell-Smith points out, the Bank had to protect its own balance sheet in a feverish trading environment, while taking a stand against excessive volatility; it had to be seen as an institution concerned not just about its own profitability but with the long-term interests of the country; and it had to deal equitably with all the parties contending for control of the diamond fields – 'challenges with few parallels in the chronicles of capitalism'.²⁶

By now, the Bank had come to be regarded as very much a South African operation.²⁷ In 1875, Stewart wrote to the board saying that while the Standard had become the leading institution of its kind in the country, a constraint on its activities was the perception that it also carried on business in London. If the public could be satisfied by a declaration from the UK that the Bank's entire capital was employed in South Africa and its position in the City simply that of an agency, 'I would be able to advise without the slightest qualifications whatsoever that their confidence in the Bank was quite unbounded'.²⁸

Stewart himself was not in the best of health, however, and informed the board that when Francis Searle, the incumbent manager in London, retired, he wished to succeed him in a lowlier post as a way of retreating gradually from the front line. When Searle died suddenly in late 1875, the board offered his position in the City to Stewart, instructing the chairman 'to express the great satisfaction of the directors with the manner in which he had managed the affairs of the Bank during the past ten years under very difficult circumstances'.²⁹

In 1876, 11 years after arriving at the Cape, Robert Stewart left for home, appointing two of his colleagues, Gilbert Farie and Hugh Cameron Ross, as joint general managers to succeed him. As Campbell-Smith records disapprovingly, Stewart was not offered a seat on the board upon returning to London, despite thoroughly deserving one. Victorian class snobbery still drew a distinction between bank directors and mere bank managers.

One of Stewart's several accomplishments as 'Chief Manager' in London before his death from a cerebral haemorrhage in 1885, at the

age of only 55, was to encourage the board to acquire the business of the London & South Africa Bank. Though it had been trounced by its imperial rival, the L&SAB nonetheless provided the Standard with no fewer than three of its future general managers.³⁰

Jonathan Ball Publishers

Fortune Seekers

1870s

The discovery of diamonds was first felt in the Cape economy in the early 1870s, shortly before Lewis Michell switched banks. While wool sales remained the Colony's chief revenue earner, the requirements of the diamond fields offered new opportunities to farmers, both white and black, and transformed what had previously been a subsistence economy. Secondary industries emerged to meet the rising demand from Kimberley for food, clothing, consumer goods, footwear and machine tools.¹ Government spending on railway, telegraph, road and bridge construction, made possible by the Colony's improving finances, created new employment opportunities and helped to bring an end to the financial downturn of the 1860s.

On the diamond fields, the frenzy that set in after the promising discoveries at Klipdrift had attracted more than 5 000 diggers to the area by 1870, and 10 000 by 1871.² While the earliest discoveries were mostly alluvial – along an 80-mile (130 km) stretch of the Vaal River – much richer 'dry' discoveries were made 20 miles to the south, in a layer of 'reddish-yellow' earth below the surface soil of farms such as Dutoitspan, Bultfontein and especially Vooruitzicht (later 'New Rush'). On New Rush, a hillock on the farm of the De Beer brothers, known as the 'Colesberg Kopje', was on its way to becoming the 'Big Hole' of Kimberley, a huge crater whose four volcanic diamond 'pipes' were to yield many millions in revenue over the next ten years.

However, as the highly literate English prospector Charles Payton recorded, the early days on the diamond fields were backbreakingly hard for the poor diggers: supplies of everything were scarce, the food was coarse, and there were no luxuries or many of life's necessities. Temporary shelters were insufficient to counter 'the inclemency of the weather, the chill blasts of winter, and the terrible heats and nerve-destroying thunderstorms of the summer'.³ Payton's description of a day on the diggings was vivid:



Bultfontein Mine, 1880s.

There was a strong wind blowing; as usual the whole camp was enveloped in clouds of stifling, penetrating white and red dust; the heat was excessive, and it was very thirsty work ... Liquor took the place of water, and so-called canteens were erected on the perimeter of the mines. Filled with customers, they added to the noise that afflicted the diggings, day and night. Donkeys brayed, mules snorted, cattle lowed, dogs snarled, and chickens clucked. The shouting of the cart-drivers competed, as did the noise of the mines themselves. There was camp fever and dysentery, a vast armada of flies, and a celebrated infestation of fleas.⁴

Most daunting of all was the physical labour required to unearth the 'dry' diamonds, buried in deeper 'blue' ground below the yellow earth. At the Big Hole, there was constant danger from crumbling roadways, the falling walls of claims and the frequent fires in the makeshift tented city. All supplies for the diggings had to be hauled up from Cape Town or Port Elizabeth (and the Transvaal, in due course), at great expense. Only hard liquor was readily available. For single men, besides their many material discomforts, there were few suitable women to divert or entertain them.



Photo of camp at 'New Rush' by GW von Ahlefeldt, 1873.

The demand from the diamond fields might have been 'manna from heaven' to the struggling Cape economy but it also put a severe strain on the Colony's inadequate transport system. It took until 1875 for the first railway in the eastern Cape to be opened, stretching for 32 miles (50 km) inland from Port Elizabeth harbour, while in the western Cape, the railway line extended from Cape Town only as far as the Hottentots-Holland mountains. Until the advent of rail, transport to the diamond fields from the coastal ports was either by cumbersome ox-wagon or horse-drawn post carts travelling at six miles an hour, their journeys often interrupted by 'impassable roads or bridgeless rivers'.⁹ Persistent droughts sent fodder prices soaring, helping to make the Cape one of the most expensive colonies in the Empire.

As the old saying goes, it never rains but it pours. Adding to the diggers' difficulties, a break in Kimberley's long-lasting drought in the early 1870s inundated mining operations and severely reduced production. To make matters worse, by 1873 – the year in which Michell joined the Standard Bank – the volume of new diamonds flooding the

world market had caused a collapse in prices. From 1874 to 1876, the diamond industry was brought to a virtual standstill, forcing many of the 50 000 prospectors and traders to abandon the diggings in droves. For the Standard, it was an anxious period, with many of its diamond-dealing clients driven out of business before the world market could recover. Stewart, Michell and their colleagues had to devote much of their energies to protecting the Bank against the seesawing diamond price.⁶ Fortunately for the Colony's economy, wool sales had recovered thanks to renewed demand worldwide for woollen clothing.

Throughout the 1870s, the Standard Bank's chief kept his eye fixed on the bigger picture. As he wrote to the board in London, diamonds were making 'localities rich and produced wealth in places where pastoral and agricultural pursuits never flourished'.⁷ Added to which were promising gold discoveries in the northern Transvaal. For the Standard, Stewart declared, 'as the Colony progresses, there can be no standing still ... in the position now occupied by us. If we cannot fairly meet the business requirements of our customers, some other bank will most assuredly push us to the rear and probably we would never thereafter be able to recover the ground we had lost.'⁸

Thanks to Stewart's energy and enthusiasm, the Standard managed not only to consolidate its leading position in the Cape but to extend its network into every corner of the Colony.⁹ It was also primed to open beyond the borders of British colonies in South Africa as soon as circumstances permitted. The Bank offered overdraft facilities, the discounting of trade bills and the exchange of its own notes for gold at any of its branches, no matter where the paper in question had been issued – services unmatched by any of its rivals.¹⁰

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Not surprisingly, the headlong rush to the alluvial diggings along the Vaal and 'dry' discoveries around the newly named Kimberley set off a multitude of claims to ownership of the land on which diamonds were located, long considered a part of the Orange Free State.¹¹ There were heated exchanges between the British, Free State and Transvaal governments over a region recognised unofficially by the British since 1834 as belonging to the Griqua tribe, now led by their chief Nicolaas Waterboer, who appealed to the Cape government for 'protection'

against the rival claimants. In London, the Colonial Secretary, the Earl of Kimberley, was keen to deny the Boers who had trekked away from the Cape 'an extended field for their slave-dealing operations'.¹² Instead, the Earl favoured the formal annexation of the diamond fields by the British government, to be administered not from Whitehall but by the Cape government, which would have to bear the costs of their acquisition.

In 1871, the autocratic Sir Henry Barkly became the Cape's new governor.* He quickly realised that ownership of the diamond fields was more than just a territorial dispute but a matter that might determine the political future of South Africa. He immediately appointed an arbiter, Robert Keate, the Lieutenant-Governor of Natal, to determine the ownership issue. Keate duly ruled in favour of Waterboer, who asked for the territory to be taken over by Britain. Barkly then infuriated the Earl of Kimberley by jumping the gun and annexing the diggings in the name of the British government, rather than the Cape Colony. The Cape's eastern border with the Free State was carefully readjusted to ensure that all of the diamond fields fell within Britain's jurisdiction.¹³ Lacking sufficient military power, there was nothing either Boer government could do about it.

In 1872, Griqualand West was formally declared a Crown Colony, and eight years later it was incorporated into the Cape Colony. Needless to say, Britain's annexation of the diamond fields aroused bitter resentment among the Boers of the Free State and Transvaal, and the subsequent loss of diamond revenues gave the two republics a grievance they would never get over.¹⁴ The annexation also angered immigrant diggers, who thought the British administration unduly favoured the interests of local Africans.

Johannes H Brand, the President of the Free State and a London-trained lawyer, had argued strongly that Griqualand fell within the sphere of influence of the old Orange River Sovereignty (1848–1854), and protested year after year to the British government about his republic's loss of land until the Free State was paid off in 1876 with

* Barkly became a good friend of Michell's and, in retirement, a Standard Bank board member. Invited to attend the funeral, in London, of the Cape's Agent-General, Sir Charles Mills, Barkly told Michell that the next funeral he would attend was his own, and only because he saw no way of avoiding it.

£90 000 by way of compensation.¹⁵ In his memoirs, Michell surmises that the shrewd old president – who later became a good friend – had never really coveted the responsibility of administering the turbulent and troublesome diamond fields. Yet his tactful manner in dealing with the British gained him a knighthood, which raised some eyebrows in Volksraad circles. In due course, the compensation received was used to found the National Bank of the Free State, and a few years later led – against Brand’s wishes – to the expulsion of the Standard Bank from the Boer republic.

Although the diamond discoveries in Griqualand also attracted a steady stream of black migrants from across southern Africa,¹⁶ from the 1870s onwards most unskilled workers came from neighbouring Basutoland (now Lesotho). They had one object in mind: to earn enough money to buy arms to ensure their security and then return home. As Roberts observes, ‘inevitably and understandably, there was a brisk trade in illicit diamonds, because for raw tribesmen the temptations of easily acquired wealth were enormous.’¹⁷ White diggers, who relied heavily on African labour, complained endlessly about the constant movement of workers from one claim to another in search of better pay, claiming that it led to diamond theft. Loud cries went up for the colonial government to impose tighter methods of labour control.¹⁸

Among the hopeful hordes who flocked to South Africa at the time of the diamond rush was one Cecil John Rhodes, a fair-haired English teenager in poor health, dispatched by his parents to join older brother Herbert on a cotton farm in Natal. In Pietermaritzburg, the youngster from Bishop’s Stortford in Hertfordshire ran into fellow British immigrants returning from Kimberley with tales of the riches to be found on the diamond fields. Not long after Cecil’s arrival, Herbert abruptly abandoned his cotton farm and set off for the diggings on his own.

Having initially thrown himself wholeheartedly into cotton-growing, the 17-year-old Cecil soon gave in to what he described in a letter home as the ‘awful enticement’ of the diamond fields. In October 1871, he loaded his few possessions onto an ox-cart, his precious Classical books among them, mounted a pony and took off across the Tugela, through the Drakensberg via Van Reenen’s Pass and onto the

wide-open highveld. The journey of 400 miles (650 km) took him a month, during which his horse died, and he was forced to complete the trip on foot.¹⁹

Cecil turned up at the diamond fields not intending to be there long, or to make his fortune: his aim was to earn enough quick money to take him back to England to study law at Oxford. By the time Cecil arrived in Kimberley, Herbert Rhodes already had three claims on the Colesberg Kopje, still a primitive camp of tents and covered wagons. By now, the fast-growing Big Hole was 60 feet deep and was yielding between £40 000 and £50 000 worth of diamonds each week.²⁰



Cecil John Rhodes, age 16

Only two weeks after his younger sibling had joined him, brother Herbert was off again – to settle his affairs in Natal and depart for England to bring back a third brother, Frank, to show him the diggings. The 18-year-old Cecil was left to manage Herbert's claims, now worth about £5 000, among people whom historian John Flint describes as 'a motley and cosmopolitan collection of adventurers, riff-raff, swindlers, profiteers, a few professional mining engineers, and even an occasional English gentleman'.²¹

The youngest Rhodes approached the task with the determination and thoroughness for which he would one day become famous – digging, sieving, sorting and selling his diamond finds himself. It was not long before he was making £100 per week, standing out among his peers for his combination of hard work, good management – notably of his African labourers – and evident business shrewdness.²² In 1872, soon after Herbert and Frank returned from England, Cecil suffered his first recorded heart attack. Although slight, the attack was a forewarning of others to follow.

Believing that Cecil was overworked, Herbert took his youngest brother off on a leisurely trek lasting several months into the Transvaal, where it was rumoured that gold had been found. His claims were left

in the hands of brother Frank and a trusted friend, the Harrow- and Cambridge-educated Charles Rudd, who had arrived in the Cape in 1870 and was struggling to make ends meet as a digger, diamond dealer and supplier of mining equipment.

The Rhodes brothers' journey through the Transvaal not only enabled Cecil to recover his health; it became a turning point in his life, bringing him into contact for the first time with the ways of the Boer people, whom he was famously to befriend and betray before his days were done. On his way through the Zuid-Afrikaansche Republiek (ZAR), Cecil bought, on impulse, 3 000 acres of farmland at Roodepoort near the future Johannesburg in the hope that gold might be found there. It turned out to be one of his less successful investments.²³

Despite finding no signs of gold, Herbert had been badly bitten by the gold bug and, on returning to Kimberley, sold his claims at New Rush to Rudd and Cecil and headed north once more. The two brothers were never to see each other again. Three years later, in present-day Malawi, Herbert died from injuries sustained in a fire. In July 1873, the now 20-year-old Cecil, exercising his 'rare charm' on Rudd, persuaded the older man to look after their joint interests on the diggings while he returned to England to fulfil his ambition of being admitted as an undergraduate at Oxford.²⁴

The Young Idealist

1870s

Cecil Rhodes's companions on the diamond fields were often at a loss to know what to make of him: although outwardly friendly, the young Englishman seemed frequently lost in his own thoughts. Not caring for small talk, he was 'a compound of moody silences and impulsive actions',¹ and when excited his voice would rise to a squeaky falsetto. He kept largely aloof from his fellow diggers and they kept their distance from him.

One contemporary described him as 'taciturn, abstracted and thin-skinned'.² Another remembered him as 'a tall, gaunt youth, roughly dressed, coated with dust, sitting moodily on a bucket, deaf to the chatter and rattle about him'.³ From time to time, he would suddenly get up without a word and go out with 'some set purpose in mind, which he was at no pains to communicate'.⁴ Felix Gross writes that Rhodes's delicate and youthful appearance gave the impression of a rather effeminate schoolboy, which led to a defensive aggressiveness and 'the forceful adoption of rough manners and coarse language by which he wanted to show the Kimberley diggers that he was their equal'.⁵

Throughout his life, Rhodes was to display little interest in women. The colourful Louis Cohen, who arrived at the diggings in 1872, noted that 'for the fair sex, he cared nothing': 'I do not believe that if a flock of the most adorable women passed through the street, he would have gone across the road to see them ... It is a fact that Rhodes was never seen to give the glad eye to a barmaid or tripping beauty, however succulent ... No woman in Kimberley, where every chap had his white or black mate, was ever linked with his name'.⁶

Rhodes was seldom without a book in his hand, however, and read unceasingly, if not always discerningly. Searching for some purpose in life, his already wavering faith in Christianity was brought to an end by Winwood Reade's polemic, *The Martyrdom of Man*. Reade, a disciple of Charles Darwin, argued that man by his very nature could not know

God, and urged upon his readers a new religion: ‘God is so great that he cannot be defined by us ... [and] does not deign to have personal relations with us human atoms that are called man. Those who desire to worship their Creator must worship through mankind. To develop to the utmost our genius and our love, that is the only true religion.’⁷

Rhodes’s adolescent mind was also much influenced by Edward Gibbon’s *The History of the Decline and Fall of the Roman Empire*, which depicted the collapse of an imperial system eroded internally by an alien Christianity before being brought down by barbarians, and Marcus Aurelius’s *Meditations*, based on the teachings of Aristotle, with its emphasis on virtue amid the brevity of human life. As Flint observes, both of these books were ‘by pagan authors who emphasised political virtue and service to the state as among the highest ideals’.⁸

Rhodes’s philosophy of life, according to Flint, was nurtured during the five years between 1872 and 1877, and hardly developed thereafter: ‘It was compounded of two influences: the decline of religious certainty, and the growth of imperialism.’⁹ He was particularly attracted by Aristotle’s dictum that one’s aim in life should be lofty enough to spend a lifetime endeavouring to achieve it, his sojourn in Kimberley having impressed upon him the apparent futility of lives dedicated to the sole pursuit of money. Persuaded, while at Oxford, by the urgings of Ruskin and others that spreading the Anglo-Saxon culture, with its emphasis on justice, liberty and peace, was the most noble and practical cause to which a young Englishman could dedicate himself, Rhodes embraced the Pax Britannica with an unrivalled enthusiasm. The British Empire would become his emotional outlet, and the furthering of imperial aims his lifelong mission.

Although keeping his distance from most people, Rhodes nonetheless made a few good friends in Kimberley who had a significant influence on his career path in life. He grew close to John Xavier (JX) Merriman, son of the Anglican Archdeacon of Grahamstown, 12 years his senior and recently elected to the Cape parliament – an unpaid occupation in those days. A tall, patrician figure of refined tastes, Merriman regarded money-making as no more than a means to an end, his own ‘end’ being a life devoted to politics. JX’s temperament, values and scruples, according to his biographer Phyllis Lewsen, put him at a disadvantage ‘in the competitive, free-wheeling, dog-eat-dog milieu of the diamond fields’, during his regular visits to his investments there.¹⁰



John Blades Currey



John Xavier Merriman

Although of lesser scruple, Rhodes became the Cape politician's staunchest friend in Kimberley. The intellectually brighter and much better-read Merriman, in turn, was drawn to his fellow Englishman by 'some quality of largeness, simplicity, and even intuitive penetration', being particularly fascinated by the younger man's aptitude for business.¹¹ Early every morning, the pair would take off together for a long ride in the veld: 'Merriman fresh and neat despite the grime of the camp; Rhodes untidy and sloppy in his dirty shrunken white flannels, sitting clumsily on his rusty black pony.' Together the two men talked about world history, classical literature and the socio-political environment in South Africa, agreeing that politics was the only worthwhile career for a colonial immigrant. It was Merriman, Lewsen claims, who first aroused Rhodes's interest in becoming a politician.¹²

Another of Rhodes's close but much older friends was John Blades Currey, an Oxford graduate and immigrant from Britain who had arrived in South Africa in 1850 to farm in the eastern Cape. The portly Currey had fought in two Frontier Wars before becoming a minerals expert in the Colonial Service and being sent to Kimberley, where he, his wife and family took the youngest Rhodes under their wing. Currey was intensely unpopular with the diggers because of his aloof manner

and evident sympathy for indigenous Africans. But to the young men in his social circle, he was 'genial, relaxed, and wise, with an empathy that drew even the most reserved – like Rhodes – to ask advice or confide their troubles'.¹³ After Rhodes's first heart attack, in 1872, he was nursed back to health by Merriman and the Curreys, whom he later described as 'being mother and father to me when I was a sickly and penniless lad without a home and never a thought of having money'.¹⁴

Rhodes's third and most intimate friend at this time was his business partner, Charles Rudd. Nine years older and also in uncertain health, Rudd struggled to make ends meet. Neither he nor Rhodes enjoyed the physical hardship of digging, so 12 months before Rhodes 'went up' to Oxford for the first time in late 1873, the pair decided to pool their capital and embark on a variety of business ventures, the earliest of which was the purchase of an ice-making machine, which enabled them to do a brisk trade in ice cream and cold drink sales to thirsty diggers. When flooding began to cause problems on Kimberley's ever-deepening mines, the Rhodes/Rudd partnership, without any suitable equipment of their own, decided to become water-pumping contractors.¹⁵ They also began selling their interests in the richer Kimberley Mine and buying up cheaper claims on the adjacent De Beers New Rush Mine.

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Rhodes was determined to study at Oxford for a number of reasons, one being his long-held belief that a law degree from England's most famous university would be useful to fall back on if he ever had to make a career in England. But John Marlowe suggests that the former grammar school boy went to Oxford to acquire a background and a polish that would enable him 'to live with gentlemen, to deal with gentlemen, to use and to dominate gentlemen. And he worked harder at that than he worked at his books'.¹⁶

Gaining admission to Oxford was more difficult than Rhodes anticipated. University College refused to accept him because his Greek and Latin were not up to scratch, and he was passed on to Oriel College, where he had to 'matriculate' before being admitted to read for an honours degree. At the end of his first term, he caught a severe chill while rowing on the River Isis. The specialist physician he consulted advised him to return at once to the dry climate of southern



De Beers Mine, 1872.

Africa, noting on his file that his young patient ‘had not six months to live’. So, in early 1874, Rhodes returned to Kimberley – fast becoming the second-largest town in South Africa, and the first to introduce electric street lighting – and to his partner Rudd, who had kept their businesses going during their briefer-than-expected separation.

Arriving home to find that the drought in the northern Cape had broken with a vengeance – damaging claim walls and access roads on the diamond diggings and flooding the four main mines – Rhodes, helped by Rudd, immediately set about expanding their water-extraction business. Pumping equipment was difficult to come by but, after acquiring a second-hand water pump, the partnership won contracts to clear water from the Dutoitspan and De Beers mines.

Robert Rotberg, author of the most comprehensive biography of Rhodes yet written, observes that, in tandem, Rhodes and Rudd were able to produce a synergy far greater than their individual efforts: Rhodes had ideas, enthusiasm, drive and persistence; Rudd was steady and sure, a reliable executor of their money-making schemes and a cautious steward of their growing wealth.¹⁷

Yet Rotberg also notes the darker side of Rhodes’s character: his frequent use of dubious methods to acquire contracts and (although it



A day in the life of the diggers.



The 'ant walk': diggers going home after a long day of work.

was never proven) his readiness to resort to bribery and even sabotage to get his own way: 'By one daring, imaginative – conceivably fraudulent – expedient after another, he kept his fortunes buoyant.'¹⁸

In 1876, shortly before leaving for his second sojourn at Oxford, Rhodes was brought before a Royal Commission of Inquiry set up to investigate mining conditions at Kimberley and hear the complaints and grievances of diggers. One of the latter had to do with flooding claims and pumping contracts.¹⁹ A 35-year-old Mauritian known as Heuteau,

who had secured a cheaper pumping contract for part of the De Beers Mine, claimed to have been offered a bribe of £300 by a speculator if he would damage his pumping machinery in some way. He declined the offer and soon afterwards his pump engine was sabotaged, flooding the mine. Pressed to name the speculator, Heuteau refused until ordered to do so by the head of the commission, a Colonel Crossman, whereupon he scrawled 'Mr Cecil Rhodes' on a piece of notepaper.

Summoned by Crossman to appear before him, Rhodes dismissed Heuteau's charge as 'a fabrication'. But, after consulting lawyers, he decided to go on the offensive and charge Heuteau with perjury. This took the matter out of the inquiry and into a preliminary hearing in the magistrate's court six days later. A sympathetic prosecutor called witnesses who testified that Heuteau had told them Rhodes was *not* the man who had offered the bribe. With no evidence before the court other than Crossman's piece of paper, the Attorney-General of Griqualand West, Sidney Shippard, a friend of Rhodes's in Kimberley, declined to prosecute Heuteau, and Rhodes let the case drop without making any further attempt to clear his name. But some of the mud had stuck to Rhodes, of which he was painfully conscious. 'My character was so battered at the diamond fields that I like to preserve the few remnants,' he wrote later from Oxford.²⁰

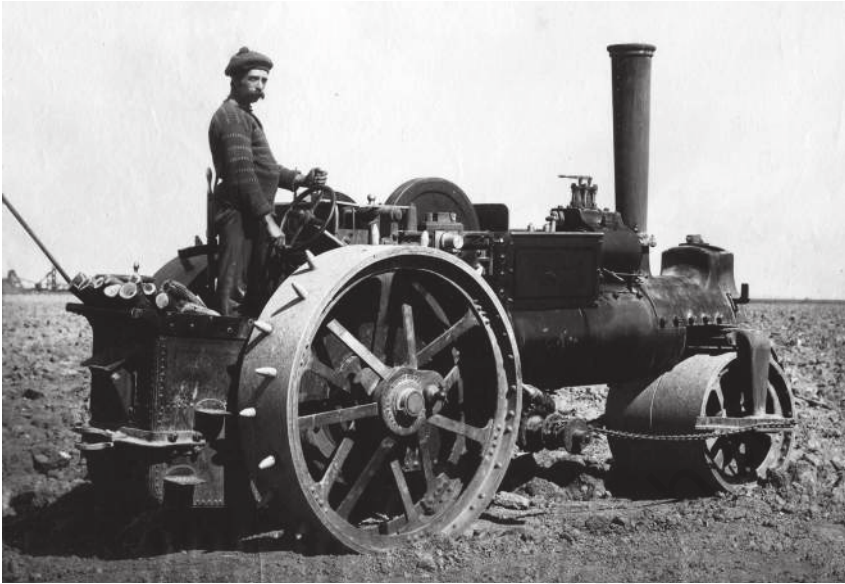
In his *Life of Rhodes*, Michell does not mention the Heuteau incident, which only became known years later, but recounts an occasion not long afterwards when the partners' contract with the De Beers Mine was about to be terminated because of the inadequacies of their pumping equipment. Hearing of a Boer farmer in Victoria West, eight days away by cart, who possessed the kind of pump they needed, Rhodes trekked there himself, only to find the farmer flatly refusing to part with his pump. After camping for day after day on the Boer's doorstep, charming his wife and raising his price repeatedly, Rhodes finally managed to persuade the farmer to part with both the pump and the oxen needed to carry it back to Kimberley. With no pen and ink at hand, Rhodes wrote out a cheque in pencil and departed gleefully with his purchase. His critics were to say this episode taught him early on that every man has his price. Michell records that Rhodes would often refer to the Victoria West farmer as one of 'Nature's gentlemen' and from that day on always had a greater respect for his Boer countrymen.²¹

The Rhodes/Rudd partnership did not suffer financially because of Heuteau's accusations. On the contrary, the acquisition of a reliable water pump 'took the partners out of the ranks of the small-time diggers' and gave them a monopoly of the water-extraction operations at Dutoitspan and De Beers.²² Soon, their business went well beyond working claims and pumping water. In 1876, the restriction that prevented any individual from owning more than ten claims was lifted and, as those with capital created companies and syndicates, the days of the individual diamond digger came to an end. Rhodes and Rudd, it goes without saying, were well placed to take advantage of the ensuing free-for-all in share speculation, despite not yet having enough money to do so.²³

For most of 1876 to 1878, Rhodes was kept busy at Oxford, trying to balance his studies with his growing business interests. Throughout this time, he corresponded regularly with Rudd, advising his partner of the latest developments in pumping technology and complaining about the lack of capital preventing the partnership from acquiring more mining claims. Marlowe speculates that Rhodes had already begun planning by this time to acquire the De Beers Mine and bring the whole of the diamond industry into single ownership, and under his control.²⁴

During his seven terms at Oxford up to 1878, Rhodes rarely attended lectures or devoted much time to his studies, doing no more than was necessary to earn a 'pass' for his degree and making little impression on his tutors or fellow students. Nonetheless, he 'fitted into the life of Oxford and obtained from Oxford what he had set out to obtain'.²⁵ For occasional exercise, he would row on the Isis or play polo, and the only clubs he joined were those associated with drinking or horse racing. He made no friends important to him in later life, showed little interest in politics and never joined the Oxford Union. In *Legacy*, his study of the Rhodes Scholarship programme, historian Philip Ziegler observes that 'the Founder conducted himself in a way almost entirely contrary to what was expected of the Rhodes Scholars who would enjoy his bounty in later years'.²⁶

On 2 June 1877, halfway through his Oxford years, Rhodes was inducted into the Masonic Order, becoming a Freemason for the same reason he joined other exclusive clubs. But he never took his membership



Steam engine crushing blue ground.



Miners and washing gear, Bultfontein diamond mine in Kimberley, 1888.

seriously, wondering how ‘a large body of men can devote themselves to what at times appear the most ridiculous rites, without an object and without an end?’²⁷ Yet his investiture prompted him to put down his own purpose in life in writing – in the form of a ‘Confession of Faith’.

Assuming as his starting point that the English were ‘the finest race

in the world and that the more of the world we inhabit, the better it is for the human race', Rhodes asked rhetorically 'why should we not [like the Jesuits], form a Society, with but one object, the furtherance of the British Empire and the bringing of the whole uncivilised world under British rule, for the recovery of the United States and for the making [of] the Anglo-Saxon but one Empire?'²⁸ Ziegler describes the rambling and long-winded Confession as 'a document of striking naivety, combining the simplism of a contribution to *Boy's Own* with the fervour of an Old Testament prophet'.²⁹ Flint regards it as being 'of low intellectual content and even less literary merit'.³⁰

The Confession ends with the declaration 'For fear that death might cut me off before the time ... I leave my worldly goods in trust to SG Shippard and the Secretary for the Colonies at the time of my death.' It instructs his friend Shippard and Lord Carnarvon (or his successor) to administer his estate and to establish the secret society of his dreams. This absurd instruction was dated and signed in 1877 and perpetuated in several subsequent wills, until wiser counsellors such as Michell persuaded him before he died to refine his legacy primarily into a worldwide scholarship scheme for English speakers.

In *Rhodes of Africa*, Gross observes that Rhodes 'was never able to cast off his school-boyish romanticism. The combination of his two "universities of life", Kimberley and Oxford, had nurtured in him a conglomerate of contradictions. In his brain, insufficiently-digested political ideas from the classics, political catch-phrases of the time, the claptrap display of British Imperialism, his freshly acquired second-hand Darwinism, his own juvenile optimism and the anxiety-neurosis caused by his defective heart all battled against the base, the corrupt, the merciless methods which one had to apply to be successful in the world of business.'³¹

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Rhodes went back to Kimberley in mid-1878 intending to spend six months there before completing his final term at Oxford but was caught up in 'a hectic bout of mining activity'.³² The surface 'yellow ground' in which the dry diamonds were first found had yielded to much richer 'blue ground' underneath, and the introduction of steam engines had deepened the Kimberley and De Beers mines, increasing



Kimberley, 1878.

labour productivity and boosting diamond output. A revival of the diamond price after the mid-1870s slump had restored profitability and sparked off another rush for new claims.

According to Michell, 1878 was also the year in which Rhodes encountered the man who became his closest companion and lifelong ally, Dr Leander Starr Jameson. Ian Colvin, Jameson's biographer, says no one can be sure how the pair first met, but their friendship matured into a 'marriage of twin minds' in the 1880s.³³ Born in Scotland in the same year as Rhodes, Jameson had grown up and qualified as a medical doctor in London. Possessed of a restless disposition and a love of adventure that lured him into strange places throughout his life, Jameson also had a passion for gambling, 'which always inclined him to prefer the dangerous to the safe certainty'.³⁴ At the age of 25, small in stature, slightly built, confident in look and bearing³⁵ but not in the best of health, Jameson came by chance upon an advertisement offering a partnership in a medical practice on the diamond diggings in faraway South Africa. Having settled the terms of the partnership, Jameson arrived at some time in 1878 in dry and dusty Kimberley.

An attractive young man, popular with women but never marrying, 'Dr Jim' made his medical rounds wearing a bowler hat and driving



Dr Leander Starr Jameson

a carriage drawn by two black horses. He soon became well known throughout the diggings for his flamboyance, medical skills and gambling exploits. Legend has it that on one celebrated occasion, he staked all he possessed – horses, carriage and furniture – on a hand of poker, losing everything and winning it back again on the same night. Early in the 1880s, Jameson joined a bachelor's 'digs' in which Rhodes also had a room. In 1886 their friendship began in earnest over the sickbed of a mutual friend.

By 1879, a mere dozen private companies controlled three-quarters of the huge Kimberley Mine, and a similar process was underway at De Beers, where an expanded Rhodes/Rudd partnership had put together a syndicate with the second-largest holding in the mine. However, no one party had sufficient capital to acquire a controlling interest in De Beers.³⁶ Deciding to abandon their water-extraction business, Rhodes, Rudd and four other partners set about buying up as many more claims as they could afford in the De Beers Mine, in which other syndicates also had shares.

Following in the steps of French investors who had acquired a substantial shareholding in the bigger and more expensive Kimberley Mine, on 1 April 1880 Rhodes and his partners took the plunge and registered the De Beers Mining Company, with a capital of £200 000 (more than £30 million today), with a solicitor, Robert Graham, as its chairman and Rhodes as its secretary. While the new company still held only a minority interest in the De Beers Mine, its listing enabled it to raise money from the public if and when required. By the end of 1880, De Beers' capital had risen to £841 550 (about £130 million today). It gave Rhodes a sound financial base from which to mount his struggle for control of the entire diamond industry.³⁷

Glints of Gold

1870s & 1880s

South Africa's – and the Standard Bank's – second stroke of economic good fortune in the late 19th century was the discovery of gold in payable (profitable) quantities. The first findings in the northeastern Transvaal countryside were alluvial. As discoveries at ancient sites such as Mapungubwe indicate, gold had been mined in southern Africa for centuries before colonisation.¹ Yet the precious metal was only 'rediscovered' in the Transvaal in appreciable amounts from the 1850s onwards. The merest glint of gold, however, was enough to arouse the Standard Bank's interest in doing business in the Boer republic.

The Bank's first exposure to gold occurred in 1871, when a digger returning from Tati, on today's Zimbabwe/Botswana border, offered to sell two pounds of the precious metal to the Klipdrift branch on the diamond diggings.² Two years later, there were reports of small quantities of alluvial gold being found in the vicinity of Lydenburg and Pilgrim's Rest in the eastern Transvaal.³ The ever-watchful Robert Stewart wasted no time in writing off to London for gold scales and testing materials in case the discoveries were as promising as they sounded.⁴ In 1874, he reported proudly to London that the Cape Town branch was about to ship to the UK a box of gold dust weighing 30 lbs and insured for £1 200 (about £170 000 today), describing it as 'the second and largest parcel of gold that has yet found its way to the coast from the gold fields of the Transvaal'.⁵

The news that gold had been found in the Transvaal aroused 'both hope and fear' on the diamond fields.⁶ Hope for the diggers, because the diamond industry was temporarily in the doldrums and the finds offered an alternative to itinerant fortune seekers. And fear on the part of mine owners, in case labourers and supplies for the diggings were diverted to the Transvaal. Stewart wrote to JW Harsant, manager of the Kimberley branch, asking for his appraisal of the gold finds: the

advice he received confirmed his belief that the sooner the Standard opened in the Transvaal, the better.

This was more easily said than done. Travelling time to the gold discoveries was reckoned to be 30 days by ox-wagon from Durban and 33 days from Kimberley, the latter route along roads 'fairly good' to begin with but 'something frightful' in the vicinity of Lydenburg. An added hazard was the lurking presence of bandits, making the conveying of cash to branches impossible without an armed escort. Bank staff also had to exercise great caution when assaying, testing and buying gold dust and nuggets from prospectors and speculators.⁷ Brass filings were easy enough to detect when mixed with gold dust, but far more difficult to assess were the samples 'salted' by the firing of shots of gold into the ground.⁸

The immediate obstacle to the Standard's opening in the Transvaal, however, was the Bank's own Articles of Association, which prohibited it from doing business in non-British territories. Stewart had to watch in exasperation as the Bank's smaller rivals were able to establish a presence in the republic. It took until 1877, when Britain was on the verge of annexing the cash-strapped Transvaal, before an inspector could be placed on stand-by in Kimberley, ready to travel to Pretoria at a moment's notice if and when the annexation took place. Fortunately for the Standard, not much gold had been discovered in the interim, so it had lost little business.⁹

In 1875, in an attempt to safeguard and extend British interests in southern Africa, the Colonial Secretary, Lord Carnarvon, put forward a plan to draw Britain's two colonies and the two Boer republics together in a confederation, modelled on the successful amalgamation of four British colonies in Canada in 1867. Carnarvon regarded the Cape and its naval facilities as essential to the defence of Empire.¹⁰ The Transvaal and Free State governments, on the other hand, having been bitten by the Colonial Office over Griqualand West, fought shy of any British schemes.

Two years later, Carnarvon took a decisive step towards confederation by sending a senior civil servant from Natal, Sir Theophilus Shepstone, on a salvage mission to the Transvaal, then led by Thomas F Burgers, a former Dutch Reformed clergyman from the Cape. Burgers was deeply unpopular with the many stern Boer Calvinists for being a

Freemason who travelled on the Sabbath and even attended dances.¹¹ His administration was on its knees financially because of its failure to collect taxes from unwilling burghers or even to levy duty on sales of farmland. Within Boer ranks, factional disputes had brought the sparsely populated Transvaal close to civil war, and in the far north a war had broken out with the Pedi tribe, under its chief Sekhukhune, which the government was struggling to contain. With Shepstone unable to persuade Burgers of the seriousness of his financial predicament – and anticipating that Britain would have to foot the bill – Carnarvon's envoy went ahead and formally annexed the Transvaal as the third British colony in South Africa on 12 April 1877 at a ceremony in Church Square, Pretoria. Burgers agreed under protest to submit to British rule and departed the Transvaal soon afterwards.

The furious Boers were powerless to resist. Paul Kruger, accompanied by a lawyer, the liberal Hollander EJP Jorissen, was dispatched to London to plead with Carnarvon for the restoration of the Transvaal's independence but the pair returned empty-handed. In the British election of 1880, in which Disraeli's Conservatives were ousted, Boer hopes were dashed when the new Gladstone government declined to restore the Boers' sovereignty.

It took 12 days for the news that the Transvaal was now a British colony to filter through to Kimberley. On 24 April, Inspector Rees Williams of the Standard Bank and a teller boarded the mail-coach to Pretoria in the company of JG Kotze, a 27-year-old Cape lawyer on his way north to become the Chief (and only) Justice of the Transvaal. The coach party and their horses crossed the Vaal River by pontoon, travelled the whole of the following day and night, with the passengers snatching what sleep they could, until they reached Potchefstroom. There, the two bankers disembarked, and after spending a few days assessing the prospects in the little town, opened the Standard Bank's first branch in the ZAR on 2 May 1877. They lodged gold coin worth £500 and another £500 in Kimberley branch notes temporarily with the Board of Executors next door until their own premises and safe could be acquired. Two weeks later, the Standard's second branch was opened in Pretoria.

Rees Williams was not a man to let grass grow under his feet. Not satisfied with merely opening two new branches, he reported

at length to Stewart on the Transvaal's economic prospects and set about (unsuccessfully at first) winning the new government's custom. To establish better communication with the Cape, he recommended to Shepstone the extension of the telegraph line from the diamond fields to the Transvaal.¹² After a replacement banker from Kimberley had taken over in Pretoria, Rees Williams hurried on to the eastern Transvaal goldfields, where he opened another branch of the Standard, at Lydenburg, in August 1877, and, for good measure, one more at Heidelberg, south of Johannesburg, in November.

Business in the Transvaal grew slowly, but in June 1878 the republican government transferred one of its accounts in the Cape to the Standard and was rewarded with an advance of £150 000. The Bank also offered to float a loan for the contentious but much-needed construction of a railway from Pretoria to Delagoa Bay (now Maputo).¹³ Among the Standard's early clients in the Boer republic were the trio of Paul Kruger himself, Commandant-General Piet Joubert and former president MW Pretorius.¹⁴

As Henry's history of the Standard Bank records, the Transvaal at this time was a country of vast open spaces in which a small white community lived a 'somewhat primitive life', based on a barter or near-barter subsistence economy. Money was chronically scarce and its use correspondingly restricted.¹⁵ An imperfect census indicated that, out of a white population of more than 40 000, only 8 000 were men of arms-bearing age. The African population, by contrast, was thought to be well over a million.¹⁶

Wool – grown on farms around Heidelberg – and ivory were the republic's primary exports, alongside wheat and maize meal, which sold well on the diamond fields. Coal seams stretched across the countryside and were visible on the surface in the Middelburg area. The Transvaal badly needed better roads and railways but with its finances in disarray the necessary capital was not forthcoming.

For the Standard Bank, a more serious drawback was the absence of 'a commercial morality' and any insolvency laws. Several dubious characters – well known to the Bank – had fled from the Cape or

Natal to the Transvaal to avoid arrest. Yet the Standard took a positive view of its overall prospects in the territory, as Britain's annexation promised to herald more efficient government and easier access to the financial resources needed for development.¹⁷

Resentment at Britain's high-handedness ran deep, however, and after a second fruitless visit to London in 1878 by Vice President Kruger, accompanied by General Piet Joubert, rural Boers – far from the seat of power in Pretoria – began to agitate for independence again and, at a series of public meetings and rallies, gave voice to their opposition to British rule. In December 1880, at the farm Paardekraal (at Krugersdorp), the Volksraad elected the triumvirate, led by Kruger, to replace the departed Burgers. A reluctant Joubert was nominated as Commandant-General.

That the Transvaal Boers were far from united in their opposition to Britain was apparent from a letter to head office from the Standard's branch manager in Pretoria:

The Boer agitation should now, if properly managed, be a thing of the past; they see how much the country, even under present adverse circumstances, has benefited by British rule, and they are beginning to see that the only object of the leaders of the opposition is their own self-aggrandisement. There has also been a great split among the leaders, in fact it has gone so far that ex-President Pretorius has openly stated that he would rather remain under British rule than be governed by a president elected from the people, and that should the country be given to the Boers again, he would resist by force of arms the election of Paul Kruger, the popular candidate.¹⁸

With the Anglo-Zulu War of 1879 over, the Standard Bank's hopes that Britain and the Transvaal would iron out their differences and focus on economic development were dashed when, on 16 December 1880, the opening shots of the Transvaal War of Independence (or first Anglo-Boer War), were fired in Potchefstroom. Despite having several garrisons and more than 1 000 troops in the former republic, the British struggled to contain the Boer uprising.¹⁹ A relief force was hurriedly sent up to the highveld by the military commander and Governor of Natal, Sir George Colley, via Laingsnek, a pass through the Drakensberg mountains along the wagon trail to the north. In successive skirmishes at

Majuba, a hill outside Newcastle, in January 1880, and at Schuinshoogte in February 1881, Colley and his men were routed.

At Majuba, an overconfident Colley led a group of 570 troops up Majuba to overnight on the summit, without taking any artillery pieces with him. Next morning, Boer sharpshooters picked off the red-coated soldiers, silhouetted against the skyline, as they fled one by one down the hill. Six British officers and 86 troops, including Colley, were killed and more than 120 wounded at Majuba, while two Boers died and two were lightly hurt.²⁰ The British Army regarded the manner of its defeat as a shameful chapter in its celebrated history, and 'Remember Majuba' became its battle-cry in the second Anglo-Boer War. At Laingsnek, a few days after the Boer victory at Schuinshoogte, the two sides signed a ceasefire agreement.²¹ A few months later, on 3 August 1881, the Pretoria Convention restored the Transvaal's independence, save in respect of foreign relations, where Britain regained her 'suzerainty' and authority over legislation affecting black people. Five days later, the British formally handed over governance of the ZAR to the trio led by Kruger.

Of greater significance than the wars in Zululand and the Transvaal was the opening of southern Africa's first telegraphic link with the northern hemisphere by submarine cable along the east coast of Africa in mid-1879.²² Previously, it might take up to five weeks for a reply to an order from the Cape to London. Now, an answer could be received within a day, which had far-reaching consequences. The Standard Bank managed to contain any excitement, however. A General Manager's monthly report to London (known as a 'GMO') simply noted that 'this country is about to be connected with the Eastern system of Telegraphy by means of a cable from Aden to Zanzibar, thence to Mozambique [Portuguese East Africa], Delagoa Bay and Natal. With this new means of communication with other parts of the world, we must expect considerable changes to take place in business.'²³ In their book marking the Standard Bank's 125th anniversary, historian Alan Mabin and archivist Barbara Conradie point out that the laying of the undersea cable 'was the greatest single revolution in communications between South Africa and the rest of the world up to that time'.²⁴

Within South Africa itself, almost 3 000 miles (4 800 km) of inland cable had been laid by 1879, but Natal had been in direct communication

with the Cape Colony for only a year. In 1879, the first telegraphic link from Natal to the Transvaal – via Pietermaritzburg, Heidelberg and Standerton to Pretoria – was destroyed by the Boers and had to be temporarily replaced two years later by a chain of heliograph stations installed by troops specially sent out from Britain.²⁵ Until then, the Transvaal's only physical link with the outside world was the weekly mail-coach from Kimberley.

For most of the 1870s, Lewis Michell devoted himself assiduously to the affairs of the Bank in Port Elizabeth. Mary's indifferent health was causing him much anxiety, while his own was 'none too good' either.²⁶ Approaching his thirties, the young Standard banker set about becoming a useful member of Port Elizabeth society. Appointed a justice of the peace in 1874, he took to lecturing occasionally at the local club, the Athenaeum, and becoming active in Anglican church affairs. He also served on the board of the Provincial Hospital, on which, he records, there were so many members it was difficult to get anything done. He came later to appreciate Sir Alfred Milner's dictum that the model committee was 'one of three men, with two of them away ill'.²⁷

By 1878, the expansion of the Standard Bank's business required an enlargement of its premises in Port Elizabeth, and Michell's work became increasingly onerous. On 25 July, the couple's second son, Francis (Frank), was born to an unwell Mary, soon after which the family enjoyed a brief holiday in England. Feeling 'much run-down' himself, Michell consulted two doctors in Britain who 'painted his health in rather alarming colours'. But looking back, many years later, he concluded that his symptoms at the time must have been due to overwork, and nothing more serious.²⁸

In his reminiscences of 1879–1880, besides noting the opening of the telegraphic line to Europe, Michell makes mention of the Anglo-Zulu War raging in Natal, which benefited the Standard considerably because of the presence of a large number of imperial troops in the colony; the launch in London of the Bank of Africa, soon to become a significant rival of the Standard's; a further healthy increase in the Bank's share capital; and the unfortunate and untimely demise of the Standard's founder, John Paterson.²⁹

The larger-than-life Paterson, by then the father of 13 children, had continued to figure prominently in Cape business life and politics, commuting regularly between Port Elizabeth, Cape Town and London from 1863 onwards. In 1880, he sailed home from England aboard the SS *American*, which sank off Las Palmas without the loss of any passengers. Paterson set off back to the UK aboard the SS *Sentinel*, which was also wrecked off the Canary Islands. While helping to launch one of the lifeboats, he fell into the sea and drowned, the only passenger on board the ship to be lost.

John Paterson was only 58 years old.

Jonathan Ball Publishers

Into Boer Country

1880s

The Standard Bank could not avoid being caught up in the short-lived Anglo-Boer War of 1880–1881. As Henry notes,¹ the Bank had come to accept that political conflicts were as much of an occupational hazard in South Africa as droughts, locusts and other natural calamities. They came with the territory. The Bank thus paid less attention to the quarrel itself than its effect upon the regional economies. On the diamond fields, the Standard had to maintain a strict neutrality between the various competing interests – both public and private – while shrugging off frequent accusations that it was taking sides.² In the Transvaal, where there were only two sides, the pressure on the Bank was even greater, and its staff had to tread carefully. It helped to have customers from both warring communities, concerned only that their savings were in safekeeping.

During the three-month war, communications between the Standard's head office and its newly opened branches in the Transvaal all but ceased, with news filtering through only intermittently.³ But HC Ross, the Joint General Manager, reassured the board in London that the Bank remained 'popular amongst the Boers and we think that whatever takes place ... its officials will be respected and unharmed, though the effects of the rising otherwise causes us no small concern for the safety of our advances'.⁴

Ross predicted correctly that no great harm would befall the Standard or its staff members. In the besieged capital, Pretoria, the branch was allowed by the Boers to open for an hour each day, with cash brought in and out by special delivery from the British fort outside the town. At Heidelberg and Potchefstroom, the Bank was given special protection by the Boers. At Potchefstroom, where the Boers were in charge of the town but not the military camp, there was indignation when staff at the Cape Commercial Bank deserted their posts and closed for business – while the Standard's branch defiantly remained open.

On one memorable occasion, the Potchefstroom branch was presented with a cheque for £1 000 drawn by a 'Boer Trading Company', which the manager, William Smart, refused to honour on the grounds that the company could not prove its credentials, and monetary transactions were in abeyance anyway. Not even a personal visit from Mr Bok, the government's secretary – who accused the Standard of political bias and obstructing the interests of the ZAR – could persuade the punctilious manager to change his mind. (Bok himself was a client of the Bank.) At 5 pm that day, Smart was arrested for 'treason' and put in prison, where he was visited by Bok in the evening and told that Paul Kruger himself had instructed that the funds be taken by force if the manager did not comply. Realising that further resistance was futile, Smart satisfied himself that Bok's instructions were in writing and, as the funds belonged to the ZAR government rather than to the Bank itself, paid up reluctantly. Forever after, he took great delight in recounting how, on meeting Kruger by chance in the street one day, the President had shaken him by the hand 'to show his regard for an Englishman who stuck to his post'.⁵

When news of the skirmishes in the Transvaal reached London, the Standard's directors met urgently to assess the threat to the Bank. The conflict had already prompted the Cape government to ask London for additional funding, and there was much concern about the Standard's operations in the Boer republic, which had commenced only three years earlier.⁶ What is more, the Bank had lent £150 000 to the triumvirate-led administration, which had been no more successful than its predecessor in recovering loans to the farming community.

Unsure of where to turn, the board prevailed upon Robert Stewart to return temporarily to South Africa to assess the situation at first hand. Stewart left without delay and reached Port Elizabeth in mid-February 1881. Within days of his arrival, HC Ross was forced to resign because of ill health, leaving Gilbert Farie in sole charge in South Africa. Not having sufficient confidence in Farie, however, Stewart created a new position of Assistant General Manager, to which he appointed the man he had always eyed as his potential successor, Lewis Michell, not yet into his forties. In his memoirs, Michell merely records that in 1881, 'promotion again came my way ... branch routine was thus for me at an end, but greater responsibilities were incurred, and for some years I had to travel widely through South Africa'.⁷

If Farie regarded the new appointment as a threat to his position, he betrayed no sign of it. Writing to London, he predicted that Michell's varied experience in the Bank's service and his 'thorough knowledge of all matters connected with and affecting the business of the Colony ... will make his appointment an excellent one for the Bank's interests ... and will be much appreciated by customers and the public generally, with whom Mr Michell's name is held in high esteem'. Farie himself was 'extremely gratified' by the appointment as he held Michell in high regard, and 'it would be a pleasure to work with him'.⁸

Little over a month after Michell's appointment, the hostilities in the Transvaal ended, and in due course the Boers' independence was restored by a 'retrocession' of the 1877 annexation by Shepstone. It was agreed that the terms of settlement would be decided by a royal commission of three men: Sir Hercules Robinson, Britain's High Commissioner-designate; Sir Henry de Villiers, the Cape's Chief Justice; and Sir Evelyn Wood, commander of British forces in South Africa. The respected President Brand of the Orange Free State was in attendance as an *amicus curiae* (friend of the court).

Anxious about the fate of the Bank's advances of more than half a million pounds, Stewart lost no time in sending his new Assistant General Manager to Pretoria to represent the Standard at the commission's hearings, and to confer with Boer leaders about the Bank's future in the republic. As the Standard's loans had been in British sterling, if repaid in the depreciated ZAR currency, the loss would be considerable.⁹

With the commission's proceedings already under way, Michell hastened to the Transvaal via Durban and Pietermaritzburg to join in the deliberations. Arriving at the border village of Newcastle in Natal on 19 May 1881, he found the commissioners there too, engaged in preliminary consultations with the Boer triumvirate. The Standard banker was able to 'snatch a few moments' with Robinson and De Villiers before they departed for Pretoria next morning.¹⁰

For some days, Michell was unable to journey on beyond Newcastle 'for the prosaic reason that no conveyance seemed obtainable for love or money'.¹¹ While his agent searched for transport, the banker paid a courtesy call on Kruger's friend, Dr Jorissen, whom he had met

previously. Jorissen invited Michell to come and meet members of the triumvirate at their headquarters in the town, a canvas house with carpets instead of walls, and facetiously referred to as 'Biltong Hall' by the villagers. 'There for the first time', Michell recorded excitedly, 'I met three men, each of whom will live in history.'¹²

In a report to Gilbert Farie, Michell described his introductory encounter with the triumvirate: 'I stated that I was the Assistant General Manager of the Bank and was empowered on its behalf to express our high appreciation of the handsome manner in which the Bank had been treated by the [Transvaal] authorities generally ... Minor differences may have arisen ... yet on the whole we felt and desired to record that the Bank had received all the fair and honourable protection the Triumvirate were able to afford.'¹³

'Mr Kruger was strangely moved by this assurance. Speaking with much emphasis and animation, he said he placed the highest value on my remarks, that they were the first kind words he had heard from anyone holding a responsible position in the country, and that they were a solace to him under the many grievances and unfounded calumnies by which the authorities had been assailed in the press and by the public.'¹⁴ Kruger closed by remarking that the Bank would again receive, in case of need, the best protection his government could afford.'¹⁵

Michell replied by saying that the Standard had 20 years' experience in South Africa as bankers to the imperial and Cape governments, and as an agent of the Free State National Bank, and that 'should we remain in the country, we should be prepared to give the Transvaal Government such financial advice as they might happen to require ... [Kruger] thanked me for the offer and said that their financial affairs would be dealt with by the Commission, before which I should doubtless appear, and he was sure the Bank's views on questions of finance would be valued by the Commissioners, as they were by himself.'¹⁶

In his reminiscences, Michell recalled his first impressions of the three Boer leaders: 'Pretorius was a giant in stature and not a bit like a Boer. With his blue eyes and fair hair, he was built like a Viking ... He was a handsome and picturesque man, who said nothing at all.

'Piet Joubert, on the other hand, was a small rather commonplace looking Boer, with a foxy expression not inviting confidence ... [He] was civil but I put him down as untrustworthy.'¹⁷

‘Paul Kruger was of an entirely different type and no one could fail to see that he was a formidable character. Courage, decision, obstinacy, and consciousness of power sat upon his impassive face. In repose, his look was what is known in Scotland as dour, but at intervals he showed a glint of grim humour ... One felt oneself up against a serious proposition and several subsequent interviews in later days strengthened my first impression that in spite of his limitations, he was a great man. I thanked him for his protection of the Bank and its officials on more than one occasion during the war and bowed myself out.’¹⁸



President Paul Kruger

Later that day, Jorissen asked Michell to call on him after dark in order to inquire, it transpired, whether the Bank might give his young son a clerkship in Pretoria, ‘which I thought it politic to do, stipulating, however, for an interview before finally deciding. In a moment, there was a scuffle behind a curtain at the end of the room and out came a small figure in nightclothes, crying “I’m the boy”. I engaged him on the spot, and he has since risen high in the banking world.’¹⁹

While awaiting some form of conveyance to the Transvaal, Michell took himself off to climb Majuba Hill in the company of Captain Grenfell, a British officer who had survived the battle: ‘Though reticent, he gave me the impression that the [British] forces did not think much of Colley ... who drew very beautiful plans for each action, but the enemy, very reprehensively, were never to be found in the place he assigned to them.’²⁰

‘I shall never forget that Sunday morning on the summit of Majuba,’ Michell recorded. ‘A glorious view on a glorious day is by itself a pure delight, but the interest is far greater when one is standing on a spot where history has been made ... My friendly guide, who was in the 60th Rifles, was a discriminating critic and his description of

the action was so graphic that I almost came to think I was present myself. Here and there strips of uniform were still fluttering on the bushes on that side of Majuba on which the survivors of the disastrous engagement had retreated, [while] the Boers, against all precedent, had gained the summit of the hill and our commander had expiated his mistake with his life.²¹

Back in Newcastle, Michell was offered a ride to Pretoria in a Cape cart, owned and driven by a man described by his friends as a 'black sheep' and by his enemies as a 'horse-thief'. He turned out to be a resourceful individual and excellent driver: 'The rivers were all unbridged, the drifts bad, and the roads worse. The usual operations of war were visible on every side. Wrecked vehicles and dead transport oxen and mules were frequently seen, and abandoned homes occasionally came in sight. We had restricted food supplies but on no occasion lacked one hearty meal a day. Even a change of horses was accomplished, but this was always done at night, and I asked no questions. As my silence was tacitly understood, we had an altogether harmonious journey.'²²

Michell describes at some length their first night out from Newcastle, spent at a wayside shanty 'humorously calling itself an inn ... It was mid-winter and extremely cold; the rain fell in torrents and the wind, wailing and shrieking from Majuba Hill, sounded to me like the moans of the unburied dead. However, there was a log fire, a ham and "lashings" of whisky and we might easily have fared worse.'

Just before dinner, 'a native tapped at the door and said that a great *baas* in a travelling wagon had capsized in a ditch. The innkeeper declined to budge an inch, and I, as a town-bred man, felt rather helpless. But not so my lawless driver. In a moment he seized our only light, a stable lantern, buttoned up his overcoat and vanished in the darkness to render first aid. In half an hour, I heard the patter of a team of mules and in another minute he ushered in the rescued traveller, and announced in a loud voice, "Mr President Brand", and this is where and how I first met that great and genial South African. He told me he was on his way to Pretoria at the request of Sir Hercules Robinson and when the accident happened, he almost gave himself up for lost when my friend, the driver turned up.'²³

The noise made by the party on arriving at the inn had attracted the attention of a passing Irish Catholic military chaplain, who joined the

group and the 'four famished travellers fell upon the provisions which disappeared as if by magic. There were no beds, nor did any of us feel sleepy once the President, the priest and our driver began to cap one another's stories around the log fire. In short, it was a great night for, by a chance never vouchsafed to me before or since, I found myself in the company of three of the best raconteurs in South Africa. Brand had been at the Cape Bar, the padre was a priest with a brogue, and the driver told some excellent stories, mainly against himself. What more could I desire? The morning dawned at length on four tired but happy men and an empty bottle, the rain had ceased, and we all went our several ways.'²⁴

Michell eventually reached Pretoria on 7 June, in time to attend several sessions of the Commission. He had two important issues to resolve: the first was whether the Standard would still be welcome in a Transvaal no longer under British control; the second was the ticklish question of the government's overdraft of £150 000. What helped resolve the first issue was Michell's response to the second. When the British administration tried to shift responsibility for repaying the overdraft onto the new republican government, the Standard banker reacted immediately. Invoking an old law that prevented a debtor from leaving the country in order to escape his debts, he threatened an injunction to restrain Sir Evelyn Wood, the outgoing and irascible representative of the Colonial Secretary on the commission, from leaving the Transvaal until the matter was settled. His shock tactics were successful. 'Of course, an explosion occurred – [Wood's] ADC called on me with an ill-concealed grin on his face and asked me to be at Government House at 7 am the following morning. Our interview started at "stormy" [and] gradually veered round to "set fair";' Michell recorded. 'The Bank was promised a full settlement, and got it partly because Sir Evelyn also had Cornish connections.'²⁵

Michell also held further discussions with the triumvirate, who urged the Standard not to withdraw from the Transvaal but to continue as a banker to the government. This required a change in the Bank's articles. By an Act of Parliament, the Standard Bank of British South Africa shed the 'British' from its title in 1881 and agreed to carry on

doing business in the ZAR while it reconsidered its future.

In his submissions on the Bank's behalf to the royal commission, Michell's suggestions for the management of the Transvaal's accounts drew the compliment from the commissioners that he was the only witness who had given disinterested advice, instead of merely advancing the claims of his own institution.²⁶ Michell records that he had 'no great difficulty' in framing a clause in the retrocession agreement to safeguard the banking and mercantile interests he had been sent to protect: 'That clause, as it stands in the Convention of Pretoria, was in my own handwriting and simply affirmed that all debts should be repaid in the currency in which they had been contracted, and as, since annexation, [the Bank] had made advances only in sterling, we were safeguarded ... from the danger of having to accept repayment in depreciated paper.' Had the commission only adopted the same sensible course in protecting the Uitlander franchise, the banker reflected, 'there may have been no second Boer War'.²⁷

Michell's impressions of the royal commission and its members are noteworthy: he found the Chief Justice to be 'a model of judicial gravity', Sir Hercules 'tactful and diplomatic', but Sir Evelyn Wood, 'a disgusted soldier, was an explosive force', with Brand being 'just the man to smooth him down'. Yet all three commissioners, Michell noted, 'regarded a retrocession burdened with a suzerainty clause as a palliative rather than a cure for the troubles of South Africa, as it would only postpone and not avert an inevitable struggle between the two [white] races. Sir Evelyn was particularly outspoken, making no secret of his belief that 'to obtain present ease, we were courting future dangers, and he lived to see that he was right'.²⁸

While in Pretoria, Michell became friendly with President Brand, 'whom I liked the more I saw of him. He honoured me with his confidence in regard to several questions threatening to disturb South Africa in the near future. He informed me that Kruger had offered to stand down in his favour if he would advocate the amalgamation of the two Republics and that he had refused the tempting offer.' Asked why by Michell, the President replied with frankness that he had sworn to protect the interests and independence of his pastoral state, and that oath he would keep. He regarded the Free State as a model republic without great riches but also without any great difficulties. Its problems

in the past had been Basutoland on the one side and the turbulent diamond diggers on the other. 'We acquiesced, though reluctantly, in your [Britain's] settlement of both,' he said, 'but we are now content; we have peace and your protection on all our borders, we govern ourselves in our own primitive way and have no disturbing ambitions. But with the Transvaal it is different. We in our small way are perfectly independent, whereas they are under your suzerainty. Believe me, there will be trouble some day between you.'²⁹

The American-born historian VC Malherbe described Brand as 'having come to maturity possessed of that particular blend of Afrikaner patriotism and respect for British institutions which made of a handful of Boer leaders such staunch allies, or formidable adversaries, depending on circumstances'.³⁰

Having disposed of the Bank's business in Pretoria, Michell made his way home to the Cape via Bloemfontein, receiving 'a pleasant welcome' when staying for a day or two at the Presidency: 'All I saw and heard of Brand convinced me that he was a sagacious and worthy Africander [*sic*] without any bitterness against England ... To the day of his death he kept his self-contained little State free from entangling alliances. It is a pity his successors stepped aside from this wise policy.'³¹

Michell's return to the Cape was hampered, north of the Orange River, by a lack of transport: the only conveyance was one occupied by a revenue gatherer, and 'to zig-zag across rough country with a tax collector was not altogether an enviable experience'. In his memoirs, the banker recorded retrospectively, and sadly, that while his wife, Mary, was in England, she had given birth to their second daughter, who entered 'a snow-covered world' in January 1881 but passed out of it in August 1908, 'leaving a void in many hearts in and outside the family circle.'³²

Rhodes's Ambitions

1880s

The incorporation of Griqualand West into the Cape Colony in 1880 was the only initiative to survive Lord Carnarvon's ill-fated plan for confederation in South Africa. The move also paved the way for Cecil Rhodes's entry into politics. For the previous nine years, the diamond-rich territory had been governed as a British Crown Colony, but from now on it was officially part of the Cape Colony and entitled to four representatives in the Legislative Assembly. Two new electoral divisions for Griqualand were created, one for Kimberley and the other for the rural district of Barkly West, each to be represented by two members. The first parliamentary poll was set for March of 1881.¹

It took some time for candidates for the four seats to come forward, since election campaigns were expensive and the victors had to absent themselves for lengthy periods spent in Cape Town. But this did not deter the ambitious 27-year-old Englishman who had decided, while at Oxford, to enter politics. Rhodes put himself up for election in the predominantly Boer constituency of Barkly West, formerly Klipdrift. Elected unopposed as one of the two Barkly West representatives, Rhodes went on to hold his seat, often in the face of fierce opposition, until the day he died – an indication of the loyalty he could inspire even among the Afrikaner people.²

Of the two Kimberley seats, one went to Rhodes's sworn rival, the South African-born Joseph B Robinson, chairman of Standard Mining, the best known but most feared and least liked diamond magnate, 'notorious for being a penny-pinching bigot'.³ The 'Buccaneer', as he was called, had made a small fortune on the alluvial diggings in the early 1870s. Since then, he had served on many diggers' committees, been mayor of Kimberley and regarded himself and not Rhodes as the leading figure on the diamond fields. The two men disliked each other on sight and remained in constant disagreement over the years, except when their own pockets were affected and they had to make common cause on diamond issues.

On 7 April 1881, Rhodes took his seat in the Cape legislature as a member of an informal and non-aligned 'Diamond Fields' group in the House of Assembly. At that time, there were no political parties to speak of in the legislature: the Afrikaner Bond, comprising mainly Dutch-speaking farmers, was the largest faction* but fell short of having an outright majority. Heading the Legislative Assembly was the Cape premier, J Gordon Sprigg (later Sir), an immigrant wool farmer from Britain whose ministry was dominated by fellow descendants of the 1820 Settlers and who had put down roots in the eastern Cape. Sprigg could also not command a majority in the legislature, being opposed by members of the previous Molteno government summarily dismissed by the High Commissioner, Sir Henry Bartle Frere, because of their resistance to confederation. Within the Assembly, allegiances and alliances were constantly shifting.

Determined not to let politics distract him from his business activities, especially his plans to take control of De Beers, Rhodes attracted the attention of Members of the Legislative Assembly (MLAs) from the outset by deliberately ignoring the formal dress code and turning up in the House in Oxford tweeds. He was also the first of the diamond foursome to rise to his feet, on the question preoccupying the Assembly and of special concern to the mining industry: what to do about Basutoland, the British protectorate near the diamond fields and, since 1868, administered from Cape Town?

In 1880, the Sprigg administration had unwisely extended a ban on Africans bearing arms to the fiercely resistant Basuto people on both sides of the Cape's northern border, thereby provoking an uprising known as the 'Gun War'. At the end of an unconvincing maiden speech on the issue, in a style described by a reporter as 'bluff and untutored ... with no traces of oratory',⁴ Rhodes left members of the House uncertain on which side of the argument he stood.⁵

Twelve days later, he was on his feet again, this time to attack Sprigg

* The Bond, according to its founder Ds SJ du Toit, was open to anyone of Dutch, English, French or German origin who did not regard England as 'home' or Holland and Germany as their 'fatherland'. But its true aim was to prevent the 'sacrifice of Afrikaner interests to England'. See Martin Meredith, *Afrikaner Odyssey: The Life and Times of the Reitz Family* (Jonathan Ball Publishers, 2017), p 31.

directly for disarming the Basuto, who formed a significant part of De Beers' labour force on the diamond fields. Until then, the non-aligned Rhodes had been prepared to back Sprigg – whose coalition held a narrow majority in the Assembly of 37 to 34 votes – primarily because of the premier's intention to extend the railway line to Kimberley. Unbeknown to the House, however, before rising to his feet a second time Rhodes had approached Sprigg privately, threatening to deliver the votes of the diamond faction to the opposition unless progress on the railway was more rapid. A nonplussed Sprigg had refused to horse-trade, which prompted Rhodes to make a scathing denunciation of the premier's disarmament policy.⁶

Concluding that Sprigg was too weak to push the railway extension forward with sufficient energy or speed, when the Basuto debate came to a head, Rhodes persuaded two of his fellow 'diamond' representatives to join him in voting against the premier thereby bringing the Sprigg administration to a sudden end. A quiet Cradock lawyer, Thomas Scanlen, became the Cape's new premier, at the head of a seven-man cabinet that now included Rhodes's confreres John X Merriman and JH Hofmeyr. Of the youthful newcomer's performance in the House, the veteran liberal politician Saul Solomon is said to have remarked percipiently: 'Watch that man. He is the future man of South Africa, and possibly of the world.'⁷

After Rhodes's first few months in parliament, a commentator wrote of him: 'He is an exceedingly nervous speaker; there is a twitching about his hands, and he has a somewhat ungainly way of turning his body about ... he is in a continued state of restlessness, whether sitting in his seat or standing on his legs. He is never still from the time he enters the House to the time he leaves it.'⁸ GH Wilson, political reporter of the *Cape Times*, described Rhodes's general attitude as being 'that of a large overgrown schoolboy, particularly in debate. He would spring to his feet, deliver a sudden and unexpected attack on some Honourable Member opposite, and then sit down again on his hands and bounce up and down for some seconds, as if he were saying "there's one for you, old boy", chuckling enormously as he did so.' Another favourite attitude of his in later years was to lie at full length on the premier's bench and apparently go to sleep. At any critical moment, however, he would open one eye and look searchingly at whoever might be attacking him.⁹

Rhodes usually displayed little interest in the speeches of others, particularly the more long-winded Members. His own speeches, in the words of a leading opposition MLA and close friend, Thomas Fuller, had 'no introduction or peroration' and went straight to the point, 'dealing with the subject under discussion with an easy, masterful confidence'.¹⁰ But whenever he became excited, his high-pitched voice would break into a squeak. A gallery reporter noted that Rhodes 'could hit hard and delighted in the joy of combat, but he never gave the House in those days an inkling of his great plans'.¹¹

An early example of the neophyte politician's manipulative powers was his purchase of a controlling interest in the *Cape Argus*, the city's main newspaper. Through an intermediary, and in the utmost secrecy, he paid the owner, Saul Solomon, £6 000 in two instalments. The reason for this 'cynical and stealthy' purchase, according to Rotberg, was so that Rhodes could have his speeches printed in full and exercise better control over the public's reaction to debates in parliament. Before clinching the purchase, Rhodes had a lengthy discussion with the *Argus's* long-standing editor, Francis Dormer, at which it was agreed that the paper would steer 'a middle course where native policy was concerned'. By now, there was no question in Rhodes's mind that white political interests in the Colony had to prevail over those of Africans. To him, the central issue in South African politics had become 'whether English-speaking or Dutch-speaking South Africans would control the future of the interior'.¹²

Another of Rhodes's shrewd tactical manoeuvres was to cultivate a close relationship with the Afrikaner Bond leader JH 'Onze Jan' Hofmeyr, MLA for Stellenbosch and editor of *De Zuid-Afrikaan*, the main Dutch-language newspaper of the day. Once again, his motive was purely opportunistic: Dutch speakers outnumbered the English by two to one in the Colony and were, Rhodes believed, 'obviously the coming race'.¹³ Unlike the Bond, the pro-imperial faction in the Cape parliament was, in his opinion, 'hopelessly divided and individually incapable', with 'no policy other than that of keeping office'.¹⁴ He regarded the politically moderate and widely respected Hofmeyr, eight years his senior, as 'without doubt the most capable politician in South Africa'.¹⁵ The Bond leader – who quietly admired British culture, historical traditions and sport¹⁶ – became Rhodes's most highly trusted

political ally over the next 15 years.¹⁷

During his first parliamentary session, which ended in June 1881, the fledgling MLA for Barkly West intervened twice more in debates – to support the territorial enlargement of Griqualand West and to oppose the use of Dutch in parliament because he judged there was insufficient enthusiasm for it. But only a year later, when Hofmeyr reintroduced the language motion, Rhodes voted in favour. In late 1881, after returning briefly to Kimberley for a rowdy report-back meeting at which he and Robinson crossed swords over Rhodes's defenestration of Sprigg, Rhodes sailed for England for his final term as a student, to acquire at last – after eight years – the cachet of a degree from Oxford.¹⁸

Now an Oxford alumnus, Rhodes returned to the Cape in early 1882, intent on first cementing his credentials as a reliable and trustworthy representative of the diamond industry. While he had been away, his *bête noire* Robinson had stolen a march on him by drafting a Diamond Trade Bill whose harshly punitive measures were aimed at putting an end to illicit diamond buying. As Antony Thomas notes, Rhodes nonetheless was in wholehearted support of legislation that made provision for closed compounds to house African mineworkers, the introduction of passes, fixed contract periods and body searches, and other controls that were to become common features of 'an expanding and diversifying economy increasingly dependent on black labour'.¹⁹ During the heated debates on the Bill, which took up most of the 1882 parliamentary session, Rhodes found himself close to the Afrikaner Bond's position on most issues affecting black people.

His embedded editor, Francis Dormer, claimed that Rhodes's great dream of imperial expansion only really took off in 1884.²⁰ While his youthful 'Confession of Faith' (to which had been added a 'Draft of Ideas'), composed back in 1877 when he was an idealistic and ambitious Oxford student, had expressed his belief in the superiority of the Anglo-Saxon race and his desire to expand the British Empire, Rhodes's more immediate concern in the mid-1880s was the obstacle that Kruger's Boers presented to his plans for the Colony to 'go north', where, he believed, gold and diamond riches were to be found. Well before Rhodes, Christian missionaries such as David

Livingstone and Robert Moffat had urged the British government to keep open the trade route via Kuruman through southern and central Africa and beyond. These men of the cloth, according to Rotberg, had also shown 'a humanitarian interest in a corridor that was specifically anti-Boer, imperialist and expansionist'.²¹

After the disaster at Majuba and the Transvaal's retrocession, Rhodes had become deeply disillusioned with the Gladstone government's lack of resolve, at a time when many European powers were scrambling to carve out new territories in Africa. Despite Carnarvon's failure, Rhodes still harboured hopes of a united, federal South Africa under



Cecil John Rhodes, c.1885.

British dominium, a country strong and rich enough to support his ambitions elsewhere in Africa. But to achieve that, it was necessary to unite the two white races into one. The vexed 'native' question – which had caused such division between Englishmen and Afrikaners in the past – should no longer be allowed to keep them apart.²²

Throughout his endeavours in the mid-1880s to monopolise the diamond industry, Rhodes kept an eye on developments in neighbouring Bechuanaland (now Botswana) and Matabeleland (southwestern Zimbabwe). Impatient to acquire mineral concessions in these territories – and pave the way for more white settlement from Britain – and deeply concerned about Germany's intentions in southern Africa, Rhodes persuaded the Cape premier, Thomas Scanlen, to send him to investigate the situation in Bechuanaland.²³ He returned more convinced than ever that the Cape government should move quickly to take control of the Tswana territory, claiming melodramatically that 'the whole future of the Colony is at stake'. Speaking in parliament in August 1883, he described Bechuanaland as 'the Suez Canal of the trade of this country, the key of [*sic*] its road to the interior'. Assiduously wooing the British High Commissioner, the pro-imperial Sir Hercules Robinson, Rhodes had himself appointed as a deputy commissioner in Bechuanaland.

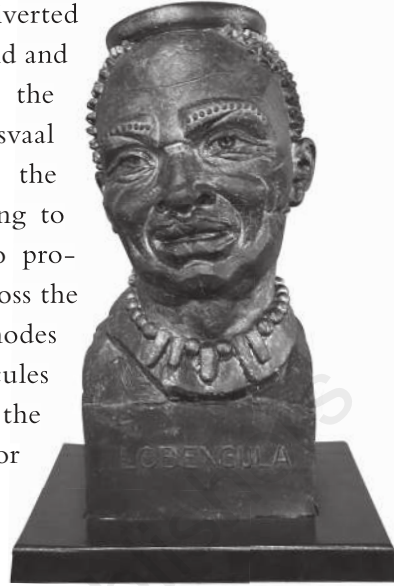
Bismarck's proclamation of South West Africa (now Namibia) as a German protectorate in 1884 finally brought home to a dithering British government that it had better establish a greater presence in neighbouring Bechuanaland without further delay. That meant confronting Kruger over two small breakaway Boer republics that had sprung up over the Transvaal/Bechuanaland border, at Stellaland and Goshen (near today's Mahikeng), 'at the mouth of Rhodes's Suez Canal to the north'.²⁴ As much to impress the Germans as the Transvaal Boers, the Gladstone government dispatched the belligerent Sir Charles Warren and a party of 4 000 troops to the Cape in early 1885 for a showdown with Kruger on the Vaal River.

Deputy Commissioner Rhodes insisted on joining Warren at the meeting – his first encounter with Kruger, who was almost twice his age. Having little to say to the Boer leader, Rhodes allowed Warren to dictate the proceedings,²⁵ which resulted in an outgunned Kruger backing down and consenting to Goshen and Stellaland being incorporated into Bechuanaland. It was subsequently decided that the vast territory, home of the Tswana people, would be divided into a Crown Colony in the south and a British Protectorate in the north, to be administered from Whitehall and not Cape Town, as Rhodes had hoped. Furious at being thwarted by the Colonial Office, he promptly resigned his deputy commissionership and retired to Kimberley to consider his alternatives.

Having satisfied himself that the road to the north via Bechuanaland was now safely in British, though not yet his own, hands, Rhodes could refocus on his objective of unifying South Africa's four states in order to provide a base for further imperial incursions into Africa. His more immediate goal, in the meantime, was to consolidate the four major diamond mines of Griqualand West into one great company that would give him the capital he required to achieve his expansionist aims. As Brian Roberts observes in his biography of Rhodes, 'as a capitalist and an imperialist, nothing short of outright monopoly in both spheres would satisfy him ... the breath-taking scope of those plans in no way lessened his resolve to implement them'.²⁶

As his campaign to take control of the diamond industry gathered

momentum, Rhodes's attention was diverted by alarming reports from Matabeleland and Mashonaland, where the Germans, the Portuguese and particularly the Transvaal Boers were making overtures to the powerful Chief Lobengula. According to these reports, Kruger was poised to proclaim a protectorate over the land across the Limpopo. With no time to waste, Rhodes persuaded a sympathetic Sir Hercules Robinson to send John Moffat, son of the missionary Robert and now a senior official in Bechuanaland, rushing to Matabeleland to conclude a 'treaty of peace and unity' between Queen Victoria and Lobengula. Signed on 11 February 1888, the treaty was only ratified in mid-April – after the personal intervention of Britain's prime minister, Lord Salisbury.



*A sculptor's impression
of Chief Lobengula.*

Having gained a little breathing space, Rhodes moved next to acquire a concession from Lobengula that would give him exclusive mineral rights in the lands occupied by the Matabele and Mashona people. In August 1888, he dispatched a three-man delegation to Lobengula's royal kraal, Gu-Bulawayo, led by Charles Rudd, his trusted associate.* Rudd found no fewer than 30 other concession-seekers patiently waiting outside the royal kraal. It took weeks of delay and a visit from the Great White Queen's representative in Bechuanaland, Sir Sidney Shippard, resplendent in formal attire and pith helmet, before an indecisive and suspicious Lobengula was persuaded it would be better to deal with one single entity, who enjoyed the support of the Queen, than a handful of lesser contenders.

A week after Shippard departed, Lobengula granted a concession that was mired in controversy from the outset.²⁷ In return for granting Rudd and company 'complete and exclusive' rights to all the metals

* Rudd was accompanied by Francis 'Matabele' Thompson and Rhodes's friend from Oxford, the lawyer James Rochfort Maguire.

and minerals in his domain, the 'King of Matabeleland, Mashonaland and adjoining territories' affixed his seal to a written agreement that would reward him with a payment of £100 from the company on the first day of each lunar month, 1 000 Martini-Henry rifles, 100 000 cartridges, and – at Rhodes's suggestion – an armed steamboat on the Zambezi.²⁸ According to a missionary present at the signing, the illiterate Lobengula was given the impression, orally, that no more than ten white men would enter his domain to dig for gold, and then depart, leaving his rule undisturbed. But the wording of the concession he had granted went much further, conferring powers on Rhodes's representatives that were open to much wider interpretation.

When rumours reached the Ndebele that their chief had conceded much more to the British than he intended, Lobengula tried repeatedly to disavow the agreement – on the grounds that he had been misled. And so he had. Rhodes had no intention of ever leaving Matabeleland and, what is more, the concession he had been granted was invalid: under Cape law and an international treaty, no arms could be provided to Africans outside the Colony, yet Lobengula's primary reason for granting permission to mine was because of the weapons it would provide for his people.²⁹ Not long after the departure of Rudd's delegation, a deeply worried and distressed Ndebele king sent two emissaries to Windsor Castle in early 1889 to plead unavailingly with Queen Victoria to revoke the concession he had granted.