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Title: The Cultural Politics of Metallic Money before the South African Gold Standard Crisis 1920-1933.

by: Keith Brekenridge

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MINELORDS, MIGRANTS AND GOLD: THE CULTURAL POLITICS OF METALLIC MONEY BEFORE THE SOUTH AFRICAN GOLD STANDARD CRISIS, 1920--1933.[1]

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

ABSTRACT: **The gold standard crisis defined the end of an epoch. From at least the end of the first world war to the Christmas of 1932, the South African and Imperial states and mining capital were involved in a struggle over the form of the South African and international money supplies. Whilst in appearance an abstract and mysterious debate, the contest over the form of the money supply laid the foundations for a system of value that penetrated into the daily lives and politics of many southern Africans. Chief amongst these, were the hundreds of thousands of migrant mineworkers who, before 1933, received their wages in gold. This paper explores what is universally understood as being the primary reason for migrant labour--the need for money. The ideas and practices associated with the control and transmission of metallic money were at the core of the experience of migrant labour before the crisis, and, it is argued, formed a major part of the self-definition of migrant gold miners during the 1920s. Following from this, the paper posits a re-interpretation of the gold standard crisis. The turning point that coincided with the new year of 1933 was not merely an economic change but constituted a major transformation of the form, value, velocity and politics of money throughout Southern Africa. Coincidently, the crisis was an economic and cultural transition for the mining industry itself, and marked a dramatic re-definition of the terms of economic conflict between workers and managers. Finally, this paper presents evidence for a new periodisation of capitalist development in Southern Africa that meshes together the cultural and economic dimensions of historial processes in a manner that foregrounds the experience of the African working class.**

* * *

The gold standard crisis occupies an unusual place in South African history. The boom ushered-in by the freeing up of the South African price of gold in December 1932, which lasted until the late 1940s, is widely credited for changing the fiscal character of the South African state and renewing the life and profitability of the gold mining industry. And yet the events and politics of the crisis are poorly understood. The crisis, where it has been examined at all, has been treated as a boring episode in the dull drama of white politics: Hertzog dragged the country, and his most loyal supporters, through economic hell in order to prove the point about South Africa's independence from Britain. Analyses of the economic consequences have been confined to the fact that the new South African price of gold dramatically increased gold mining companies' profits which, in turn, exponentially

[1] Many people have commented on earlier drafts of this paper. I would like to thank the members of the Wits Graduate Seminar for helping me understand what I have been writing about. Russell Ally's criticisms on multiple drafts have been more helpful than any praise. My thanks to Catherine Burns for endless proofreading and advice. Thanks, also, to Carolyn Hamilton for helping to set up my field site in Pondoland. And, finally, I would like to express my everlasting gratitude to the Mzayifani family who have taught me what little I now understand about Mpondo migrancy. None of these people are responsible for the errors in this paper.

augmented state revenue.[2] The published studies have produced some insights into the politics and consequences of the crisis but all missed or ignored the point that the 1931-2 gold standard crisis was a struggle over the meaning and value of gold and money.

Narrowly conceived, the argument of this study is that the gold standard crisis marked the transition between two very different systems of organising value. For the state, mining capital and the societies which provided the mines with their migrant labour force, gold was the primary means of measuring the value of capital, commodities and labour before the crisis. From at least 1886 to 1933, with the exception of the five year period after 1920, gold was money. This metallic form of money had specific consequences for the preservation and reproduction of systems of value. Chief amongst these was the ontological tie that existed between money and the labour power of African goldminers. Before the crisis the wages of mineworkers were held relatively constant by the tangible connection between the value of their labour power and their production. The period thereafter was characterised by the ascendancy of paper money, the cyclical inflationary devaluation of the labour power of African mineworkers and the increasing velocity of money itself. But the 1932 crisis does not mark a clean break between the gold standard system and the practice of managed money supply. Throughout the 1920s systems of value based on gold were unstable and underwent oscillating processes of decay and recovery. This is a well documented fact.[3] What is less well known is how the struggles over value that took place internationally translated culturally and politically in the region that was producing more than half of the world's gold. This study suggests that those who controlled South African gold--whom, for convenience, we will call minelords--were at the center of two overlapping regimes of value. On the one hand, they negotiated with the imperial and national states over the form of the South African and international money supplies. This system was dominated by the ideas and interests of international economists, financiers and bankers. On the other, they confronted their own workers over the form and value of wages. African mineworkers, as much as international financiers, lived within systems of value with their own powerful historical and cultural imperatives. What this account suggests, however, is that the two were engaged with one another politically, economically, and culturally throughout the 1920s. Moreover, this paper argues that we can understand both the historical record of the 1920s crises of value, and their regional cultural implications, only by examining both dialogues.

This study owes much to the recent publication of anthropological and historical studies on the politics of commodities.[4] But it is also intended as a critique of some of the theoretical excesses of this literature, particularly the more extravagant claims of Arjun Appadurai's work. Appadurai's account is a theoretical call for the integration of the study of culture and economics and there is much in his work that has been adopted in this paper.

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[2] See for example O'Meara, D. Volkskapitalisme: Class, capital and ideology in the development of Afrikaner Nationalism, 1934--1940, Cambridge, 1983, pp39-46. Also Bozzoli, B. The political nature of a ruling class: Capital and ideology in South Africa, 1890-1933, London, 1981, pp236--257. It is very strange that Yudelman, who places so much emphasis on 1932 as a turning point in the development of the South African state, gives the crisis such cursory treatment. Had he looked at it more closely he may perhaps have been able to move beyond the banality of the symbiosis he sees between the state and capital. Yudelman, D. The emergence of modern South Africa: State, capital and the incorporation of organized labour on the South African gold fields, 1902--1939, Cape Town, 1984. For a more complex account see van Biljon, F. State interference in South Africa, London, 1938, pp73--85

[3] Ally, R. "Currency, Banking and Politics: the Bank of England, Sterling and South Africa's Monetary System, 1914--25", A.S.I. Wits, 304, 1991; Eichengreen, B. "Editor's Introduction" in Eichengreen, B. (ed.) The Gold Standard in Theory and History, London, 1985.

[4] See Appadurai, A. (ed.) The Social Life of Things: commodities in cultural perspective, Cambridge, 1986; Comaroff, J & Comaroff, J.L. "Goodly beasts, beastly goods: cattle and commodities in a South African context", American Ethnologist,??, 1989; Cronon, W. Nature's Metropolis: Chicago and the Great West, New York, 1991; Ferguson, J. "The Bovine Mystique: power, property and livestock in rural Lesotho", Man, 20, 1985; Ferguson, J. "Cultural exchange: new developments in the anthropology of commodities", Cultural Anthropology, 3, 1988; Mintz, S. Sweetness and power: the place of sugar in modern history, ??, ??

His notion that commodities "circulate in different regimes of value in space and time" is very useful as a means of disaggregating the conflicts over gold, and other commodities, in southern Africa. But his claim, against Marx, that exchange is the source of value, and his call for a self-conscious methodological fetishism in the investigation of the routes through which commodities pass during their histories, lends itself to precisely that sort of analysis of commodities advocated by those who control production. The political consequences of denying the labour theory of value aside, methodological fetishism has three baneful consequences for the study of value. The first is the obvious one, highlighted by Mintz's work, that the conditions of production often directly shape the routes followed by commodities and usually determine their quantity. The second point is historical. As this paper will indicate, regimes of value have a tendency to erase one another. Moreover, commodities can disappear altogether and it then becomes extremely difficult to extract the periodization--not to speak of value--that might easily be revealed by the conditions of production. The third point relates to the manner in which the value of a select few commodities is created by the dialectical engagement of different regimes of value. Gold has played a unique role as a store of value in the twentieth century history of capitalism. But as the Chamber of Mines was to learn in the mid-1920s the demand for gold has often been stronger from non-capitalist countries than from the capitalist West. The two systems acted to bolster the value of the commodity most used to measure value in each. This paper suggests that this sort of dialectical reinforcement, which underpinned the value of gold in a number of geographically and culturally distinct societies, began at the site of production. The value of commodities like gold emerges, in part, from their capacity to mediate the contradictions between different societies, cultures or classes. In direct contrast to a methodological fetishism, this study suggests that it is only by interrogating the dialectics of different systems of value and class struggle present in the workplace that we can understand both the manner in which commodities like gold exhibit value and the way in which the regimes of value they occupy developed historically.

It was characteristic of the fraught marriage of gold and money in the 1920s that the event which triggered the divorce between the British pound and the gold sovereign had nothing to do with the London money market or the supply of gold. When the sailors of H.M.S. Valiant refused to leave the port of Invergordon on Thursday the 17th of September 1931 they had little idea, as the Rand Daily Mail put it, "that their action was going to be interpreted in the Bourses of Amsterdam, Berne ... and Wall Street as the beginning of the end of the British Empire." It was a crisis of confidence in the political will of the British government and anxiety about the socialist presence in the Labour party that prompted foreign and domestic depositors to cash in their sterling balances in London. In the three months preceding the announcement, £200,000,000 was removed from London in the form of bullion. In the days following the Valiant mutiny the rate of withdrawals accelerated so sharply that the vaults of the Bank of England contained a mere £130,000,000 in gold against which to cover the entire money supply.[5]

Britain's move from the convertible gold standard hardly came as a surprise to John Martin, the newly appointed Johannesburg Director of the Central Mining Corporation and the Chairman of Rand Mines, Ltd. Rand Mines--Central Mining had agreed six weeks before the announcement to hold back £600,000 out of the company funds normally

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[5] Rand Daily Mail, 22 September 1931, Star, 21 September, 1931

remitted for deposit in London.[6] That the mining industry, like most of the principals of financial capital in South Africa and Europe could see the collapse of sterling coming, did not prevent the Gold Producers' Committee of the Transvaal Chamber of Mines, and particularly the leaders of the Corner House, from attending a series of frantic meetings with the Minister of Finance, N.C. Havenga, in the week that followed. The British decision to adandon the monetary role of gold, like the 1922 strike and the declaration of war in 1939, initially prompted a dramatic defensive strengthening of the ties between the state and mining capital .

Much has been written about the relationship between the gold-lords and the Hertzog government during the Pact's two terms in office.[7] With surprising consistency these authors have ignored the intimate ties between the different members of the cabinet and the directors of the mining groups. But it is to those networks that we must turn in order to assess the characteristics of the allegiance between state and capital. The relationship between the government and the mining industry in the 1920s was a delicate spider's web of mutual interest and obligation that key members of the Central Mining Corporation and the Pact Government tried to expand and strengthen. The gold standard crisis came closer to tearing the web than any event in the inter-war period. But the 1932 crisis was simply the culmination of a process of political and economic manoeuvring between the state and capital over the relationship between gold and money that framed the Pact administration temporally and splintered it politically.

State and Capital

To say that Sir Evelyn Wallers, Martin's predecessor as Johannesburg Director of the Central Mining Corporation, was anxious about the coming to power of what he called the "Pact-Labour combine" during the campaign that began in April 1924, would be an understatement of the truth. Wallers was so alarmed that he considered running for Parliament himself. Creswell, of course, was very much a known quantity.[8] What frightened Wallers were the hostile declarations of the Nationalist MPs and particularly those of Tielman Roos, who argued that the Pact government would tax the mining industry to the fullest extent possible without crippling it, and C. W. Malan, who announced in the Platteland that the mining industry was a wasting asset from which the most should be extracted in the shortest time possible. Other powerful figures in the industry viewed the probability of a Pact triumph with rather more equanimity than Wallers' could muster. Chief amongst these was Samuel Evans, the Chairman of Crown Mines.[9] Evans was torn in his assessment of the new Pact government by Crown Mines' vulnerability to Creswell's

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[6] Martin to Sir Evelyn Wallers, 12 August 1931, BRA London Letters, Director's Confidential, 1929--35

[7] See for example Bozzoli, B. Political Nature, pp215--257; Johnstone, F. Class, Race and Gold, London, 1976, pp150--66; Kaplan, D. "Class conflict, capital accumulation and the state", U. Sussex, Ph.D., 1977, pp32--116; Yudelman, D. Emergence

[8] The mines had long been familiar with Creswell's white labour policies, and the Central Mining Corporation as well as the rest of the Gold Producers' Committee, realised that the presence of the leaders of the Labour Party in the Cabinet posed a real threat to the systematic managerial discipline that had been established underground following the 1922 strike. The gold producers were also deeply concerned about Creswell's public promises to terminate their Mozambican recruiting operations. The severing of the Mozambican labour supply would have deprived the mines of their most dependable and skilled workers, and exposed them to the seasonal and climatic cycles of the South African labour market.

[9] Three facts determined that Evans was to play a central role in the gold standard drama. In 1909, Evans was appointed Chairman of the amalgamated Crown Mines, Limited by Julius Wernher, a job which he kept until his death in 1935. Crown Mines, was, for most of that time, by far the largest gold producing mine in the world. Evans, then, was present in Johannesburg for very much longer than the string of younger men, like Wallers, Rogers and Martin who were his superiors, and because of the importance of his fiefdom he had direct access to both the state and the twenty thousand men who lived and worked at Crown Mines. Finally, Evans was fixated throughout his life, in the opinion of his peers at Central Mining to the point of mild insanity, by the gold standard question.

embargo on Portuguese recruitment, a condition he blamed partly on the SAP's restriction of the Mozambican supply, and his affinity to the fiscal orthodoxy of the Nationalists. He was particularly attracted to the two candidates for the post of Minister of Finance who were both "out and out adherents of the old-fashioned gold standard", J.G. van der Horst and the M.P. for Fauresmith, O.F.S., N.C. Havenga. Nor did it hurt that Havenga publicly repudiated some of Tielman Roos' more extravagant fiscal proposals.[10]

It took the mine-lords very little time to realize that, politically and personally, Havenga was to be the cornerstone of the new relationship between the Pact and mining capital. The new Minister of Finance flattered Evans by listening to his views on fiscal policy and the gold standard before any of the industry's leading lights had met their Ministerial counterparts, and by confiding, to Evans' delight, his determination to return South Africa to the gold standard with or without Britain. But Havenga's popularity was not confined to the orthodox monetarists of the mining industry, he rapidly earned the approval of all sections of the industrial elite. By the end of May, 1925, Wallers, after bemoaning the obscurity of the rest of the Pact Cabinet, wrote to his directors in London that Havenga was "probably as good a Minister of Finance as we have possessed for many years past, and there is no doubt that by his reasonableness and commonsense he has established a great reputation on all sides".[11]

As it turned out the Groups had a little less to worry about than they had anticipated. Despite his campaign speeches, Tielman Roos rapidly sought to make amends and to accommodate the desires of the mining houses, while Hertzog, after reminding Wallers of the role of the mining industry in the fall of the South African Republic, expressed a desire to let bygones be bygones. With Creswell, as Minister of the newly created Department of Labour, and Beyers as the Minister of Mines, the gold-lords faced more interference and departmental hostility than they had done since the South African War--particularly in terms of the Mozambican quota and managerial discretion--but, before December 1931, they had dependable allies in two of the most powerful figures in Hertzog's Cabinet: N.C. Havenga and Tielman Roos. And it was these two men who were to play the central roles in the gold standard crisis.[12]

Support for the Gold Standard

It was to Havenga, then, that the leading lights of the industry turned in the week after Britain left the gold standard. Evans held a private interview with Havenga on Tuesday the 22nd, just twenty-four hours after it had become known in South Africa that sterling was no longer convertible. On Friday most of the Gold Producers' Committee including the President of the Chamber, John Martin, also met with the minister. At these interviews the counsel of the minelords was unambiguous: South Africa should adhere to the gold standard. Martin, in particular, could see no reason to link the South African pound to a currency as politically and economically unstable as sterling. He argued, against his London Board, that it was not in South Africa's national interest, nor in the

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[10] BRA Private Cables, Oct 1922--Aug 1926, Wallers to Directors CMIC London, 17April1924; BRA Private Letters from Johannesburg, 169, Evans to Phillips L., 7May1924 and; Evans to Phillips, 18June1924.

[11] The mines were also favoured with far better intelligence on the Ministry of Finance than any of the other government departments, as the Secretary, Farrar, provided them with critical information on Departmental funds and ministerial manoeuvring in the early months of the new Cabinet. Evans to Phillips, 24September1924, BRA Private Letters from Johannesburg, 170, July-Sept, 1924; Wallers to Heim, 27May1925, BRA Directors' Confidential Letters, May 1924--Feb 1929; Wallers, E to Dirs, 18March1925, BRA Private Cables, Oct 1922--Aug 1926

[12] Wallers to Holland, 09July1924, BRA Director's Confidential Letters May 1924--Feb 1929

interest of the mining industry, for the SA£ to be linked to sterling until the British political crisis was resolved.[13] It was this position that Arthur French, Chairman of the Chamber, took when he expressed the mining industry's unqualified support for the "wise and necessary decision" made by Havenga and assured the public and the government of the "readiness of the Mining Industry to assist and co-operate in any measures designed to protect and serve the national interests in the difficult times through which we are passing".[14]

We should be a little wary about taking the Chairman of the Chamber of Mines at his word. The minelords had a narrow understanding of the concept of national interest; they were under few illusions as to their own importance to the South African economy and they announced, incessantly, that what was good for the gold mines was good for the nation. And, as we shall see, the mines were rather stingy about assisting the government and the public during the crisis that followed. Nonetheless, it behooves us to look closely at the reasons for the Mining Houses' early support for the gold standard. At the very onset of the crisis those, like John Martin of Rand Mines, directly concerned with the direction and quantity of the flows of capital between the mines and their metropolitan and local shareholders and finance houses, were concerned about the vulnerability of sterling as a store of value. Others, led by Samuel Evans, had been fighting a prolonged struggle, against the recent, powerful, presence of the Central Banks, to secure the monetary value of gold and thus ensure the long-term value of gold as a commodity. To these people the snapping of the legal thread that bound currencies to gold threatened not merely the stores of capital but the future of gold and the Witwatersrand mines. In this sense what they feared most was the predicament which confronts the gold mining industry today. For the industry's pragmatists, and its visionaries, the maintenance of the gold standard system was both economically and psychologically imperative.

If these two themes preoccupied the minds of the minelords for the first week of the crisis, they quickly came up with several more once they had time to think about it. Foremost was the lesson of the last time a gold premium had been achieved by devaluing the pound. The minelords were deeply reluctant to remove the keystone of value that had maintained industrial peace since the early years of the decade. Martin put the issue succinctly in justifying the government's opposition to devaluation to Evelyn Wallers in London:

> ... it has to be remembered that the Union Government were influenced in their decision by what the Minister of Finance considered to be the best interests of the Gold Mining Industry. He had in mind, as we also had in mind, the experience of the Industry ten years ago, when a large portion of the Industry was endangered by the conditions that followed the operation of a substantial premium on gold and the drastic measures it became necessary to take when the premium fell and ultimately disappeared. To have linked ourselves with a fluctuating sterling would have produced a fluctuating premium on gold. Demands for increased wages which it would have been very difficult, and perhaps impossible, to resist would have followed immediately, and any eventual deflation would have produced similar

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[13]The London directors of Central Mining were concerned with the uncertainty that would arise on the London Stock market if dividends and share values were published in a currency different to sterling. But that did not prevent them from attempting to spread the exchange profits earned from the £600,000 that Rand Mines had withheld from London to Central Mining's international subsidiaries. BRA Gold Standard, 1931, 252 CMIC, Ecliptic Cable, London to CMIC, Johannesburg, 24 September 1931; BRA London Letters Directors' Confidential, 1929-35, Martin to CMIC, London, 14 October 1931.

[14]BRA Gold Standard, 1931, 252, Equinox Cable CMIC, Johannesburg to London, 25 September 1931; BRA London Letters Directors' Confidential 1929-35, Martin to Wallers, 4November1931; CMA Gold Standard 1931 Extracts from Chairman's Address Ordinary Meeting of the Chamber, 28 September 1931

problems to those which the Industry confronted in 1922.[15]
In the month following the crisis Martin believed that altering the value of the mines' product could only serve to weaken the minelords in their ongoing struggle with the white workers.

But he also knew that the appearance of a state generated premium would do more than dramatically weaken the managers' hold over production. It would threaten the directors' control over dividends and transform the relationship between the state and mining capital. From the onset of the crisis Havenga made it clear to him that any dramatic increase in profits caused by the devaluation of the pound would be absorbed by the state. Martin and P.M. Anderson, Managing Director of the Union Corporation, who between them formed the dominant alliance within the Gold Producers Committee of the Chamber of Mines, were both convinced that their success in resisting confiscatory taxation under the Pact government would be undermined by devaluation, and that once further taxes were in place the industry would never be able to dislodge them.[16]

During September and October 1931, then, the Johannesburg directors of the mining houses had compelling reasons to urge the government to maintain the gold standard. Yet by the 7th of November the Gold Producers Committee had decided, unanimously, to announce their opposition to South Africa remaining on the gold standard.

The Opposition of the Chamber

The international character of the 1932 crisis granted the Chamber of Mines certain advantages that had not been available during the post-war crisis. Three weeks after Britain and the rest of the Commonwealth had announced the separation of gold and sterling, the Chamber began to communicate with its Australian counterpart--the Australian Mines and Metals Association--in order to gather information on the consequences of devaluation. The link by cable to Australian mining capital gave the minelords the power to look into their own future. They were particularly interested in the affect of devaluation on the demands of Australian workers. The first, terse, reply they received in October, "Up to present, internal price level unaffected by change, consequently no increase in wages or costs", intrigued both William Gemmill, the General Manager of the Chamber, and Samuel Evans. But when the question they posed in December, "Have conditions altered since your cable 16 October ...?", was answered, "No, except that gold premium now approximates 80 per cent", the minelords no longer had any hesitation about confronting the possible demands of their white and black workers, or the displeasure of the state.[17] Towards the end of October, enlightened by their Australian intelligence, the minelords realised that devaluation in the midst of depression and in concert with the rest of the sterling system offered a unique opportunity to undermine the cost of labour. Evans, previously the most militant supporter of the gold standard on the Witwatersrand, explained the shift in a letter to the Princeton economist, E. W. Kemmerer, the most prominent academic proponent of metallic money. He justified the dissolution of the system by arguing that "in countries with strong Trades Unions and adult suffrage, like England, Australia and South Africa, devaluation is the only way in which the serious disparity between the cost of production and wholesale

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[15] BRA London Letters Directors' Confidential 1929-35, Martin to Wallers, 4November1931; For an account of the black and white miners' strikes of the early 1920s see Johnstone, Class, Race and Gold, pp93--104 & 180--184; Yudelman Emergence, pp135--159; Bonner, P. "The 1920 Black Mineworkers Strike: a preliminary account", Labour, Townships and Protest, Bozzoli, B. (ed), 1980?, Johannesburg

[16] ibid.; CMA Gold Standard 1931, Anderson to Gemmill, 16October1931

[17] CMA Gold Standard 1931, Cables exchanged between Australian Mines & Metals Association and Gemmill, 15October1931 & 18December1931; BRA Gold Standard 1931, 252, Evans to Gemmill, 04November1931

prices can be ... remedied". The Chamber of Mines began, thereafter, systematically to contest those who argued that abandonment would mean an increase in the level of white and black wages. Their argument--that the cost of living had declined significantly since the Lucas awards were announced in 1927--served the dual offensive purpose of opposing those who were concerned about the inflationary consequences of devaluation and, more significantly, laid the ground work for the oncoming struggle over the workers' share of the gold premium.[18]

At a special meeting, called on the 13th November, the Chairman announced the opposition of the Chamber to the gold standard and urged the government to link the SA£ to sterling. Even at this point the members of the Chamber could not bring themselves to acknowledge the radical character of the break between gold and money. Anderson remarked from the floor that the mineowners did not see the "departure from gold" as a permanent move, but envisaged a remarriage as soon as it became possible. That the break was to be permanent, and that it would mark a complete change in the manner in which the mines marketed their product, generated profits, and planned production, was something nobody in the Chamber took seriously.[19]

The Reserve Bank, the Chamber and the money supply

The formal announcement of the minelords' opposition was not received in silence by the state. For the first time in its brief history, the South African Reserve Bank entered into the contest between the government and mining capital. On the day of the Chamber's special meeting, the Bank issued a press statement, declaring that "there is no reason apparent to the Reserve Bank why South Africa should go off the gold standard". And, with heavy sarcasm, took aim at the members of the Gold Producers' Committee: "... in some important quarters there has been a difficulty in fully grasping the great change in banking conditions in this country, which has been brought about by the establishment of the Reserve Bank." The statement issued by the Governor, J.M. Postmus, punctuated a period of uneasy cooperation between the Bank and the Chamber that had lasted since the disappearance of the previous gold premium. In the seven years that preceded the gold standard crisis the Gold Producers Committee, the Reserve Bank and the Royal Mint were involved in an uneasy alliance that determined the material economy of the South African money supply. It was their cooperation that made possible the ascendancy of gold coins as the custodian of value for capital, the state and migrant workers. These changes in the political economy of money served to bolster systems of value that had been in place since the beginning of the century. But the struggles within this tripartite coalition nearly wrought much more extravagant transformations to the contours of the international money supply.

From the middle of November 1924, just five months after the Pact government had taken office, sterling began to harden in relation to the dollar and the minelords considered their options in the, now certain, event that the premium disappeared completely. After discussing their predicament with the Treasury and the Mint, Central Mining turned to the Reserve Bank to convert the vast amounts of refined gold into cash.[20] For most of 1925 the relationship between the mines and the Reserve Bank remained on an ad hoc basis with

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[18] CMA Gold Standard 1931, Chairman's Address, 21December1931; For a discussion of the Lucas Awards see Davies, R. Capital, State and White Labour in South Africa 1900--1960, Atlantic Highlands NJ, 1979, pp184--188

[19] CMA Gold Standard 1931, Special Meeting on the Gold Standard, 13November1931

[20] BRA Private Letters from Johannesburg, 171, Oct-Dec 1924, Wallers to Directors, CMIC, 19November1924; *op cit*. Wallers to Holland, 07January1925

the bank undertaking to buy all the gold offered to it. The Mining Houses viewed this relationship as something of a mixed blessing. There was strong resistance within the Gold Producers' Committee to a permanent link between the mines and the central bank, particularly from the groups that had interests in the major commercial banks. But by June 1, 1926, the Chamber, persuaded by the security of a guaranteed market, signed an agreement with the Reserve Bank that formalized the weekly sale of gold to Pretoria.[21]

The eighteen months that preceded the agreement measured the duration of a struggle between the minelords and the South African branch of the Royal Mint over the form in which the mines were to realize their product, and the material character of the South African and international money supplies. After resolving the immediate cash flow crisis that was precipitated by the sudden increase in the value of sterling at the beginning of 1925, the mines began to look around for a more permanent solution. In February the Chamber of Mines asked the Treasury to intervene in order to bring the productive capacity of the Pretoria Mint up to 40 million sovereigns annually--roughly equivalent to the total gold production of South Africa and Rhodesia. By the middle of April the mines had already converted £1.2 million worth of gold into sovereigns to cover wages and expenses, and they estimated that over the period of a year these expenses would amount to £10 million. The remaining 30 million sovereigns would be deposited into the banks and would, presumably, have made their way through either the commercial or central banks onto the international gold markets. The mines' threat to mint all of their gold would have completely reorganised the South African money supply: by the end of 1925 the total issued paper money supply in South Africa amounted to just over £9 million. But it would, simultaneously, have altered the money supply of most of the British Empire and the form of international exchange transactions. For Britain's return to the gold standard on April 27, 1925, unlike South Africa's, did not entail the mass circulation of gold coins but, rather, the use of bullion to resolve trade deficits. Unsurprisingly the Pretoria branch of the Royal Mint was given specific instructions from London to discourage requests for minting, to delay in the event that failed, and, finally, to "refuse point blank" those applications obviously intended for export.[22]

For most of the minelords the minting of gold was a simple way of bypassing the exchange charges levied by the banks on currency transactions, but for Samuel Evans, before 1931, the monetization of gold was an element essential for the maintenance of the industry. Evans, and his mania for monetization, had been instrumental in the establishment of the Germiston Refinery by the Chamber of Mines, and the mines had done well out of that suggestion. By 1928 the mines had saved over a million pounds on the small charges that would have been levied for refining in London. Thus, when Evans presented his mildly eccentric ideas about money and gold to the Gold Producers Committee, his views were given a full hearing. Evans was convinced that the British government was conspiring to drive down the value of gold measured in goods and services by restricting the number of gold coins in international circulation hence weakening demand. His contacts within the Union bureaucracy fed him confidential titbits about the

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[21] BRA Private Letters from Johannesburg, 174, Sept-Dec1925, Rogers to London Directors, 02December1925; BRA Private Letters from Johannesburg, 172, Jan-April 1925, Wallers to London Directors, 04February1925; De Kock, G. A History of the South African Reserve Bank, 1920-52, Pretoria, 1954, p82; Out of a total of 9.5 million ounces of fine gold produced in 1925, the mines sold just over 5 million to the Reserve Bank.

[22] CAD SAM 38, c2/57 Pearson, Pretoria to Johnson, Royal Mint, 06April1925; *op cit.* Evans, S. "Memorandum on the future of the Mining Industry", 21December1925; De Kock Reserve Bank, p78; CAD SAM 38, c2/37, Johnson to Pearson, 10March1925. The Pretoria Mint was subject to many of the tensions between South African nationalist governments and British Imperialist fiscal concerns that have received attention in Ally's work. See Ally, R. "War and Gold--The Bank of England, the London Gold Market and South Africa's Gold, 1914-19", JSAS, 17:2, 1991 and Ally, R. "Currency, Banking and Politics: the Bank of England, Sterling and South Africa's Monetary System, 1914-25" A.S.I. Wits, 304, 1991

British Treasury's attempts to discourage the Union from coining gold. As it became clear, from the middle of 1925, that Havenga was, nonetheless, going ahead with the coining of gold, Evans began to direct his venom against the concentrated and invisible power of the central banks. He argued that the profits of the Reserve Banks were directly dependent upon their ability to substitute paper money for gold. The South African Reserve Bank was required to hold 40% of the value of the total note issue in gold while the remaining 60%, or £5,400,000, was held in interest bearing assets. The central banks would not receive any of that income if the money supply was coined in gold. He concluded that "It will always pay the Reserve Bank to give the Gold Mining Industry more for its output than could possibly be got by sending the gold to Pretoria to be minted."[23]

Evans failed in his attempt to convince the Gold Producers' Committee to "convert the whole of our gold output into sovereigns and half-sovereigns at the Mint in Pretoria, use the coin to pay expenses and do everything we possibly can to extend the use of gold coins by the Government and the Public of South Africa". But the reasons for his failure had little to do with their rejection of his anxieties about the long term monetary role of gold. The mines declined to coin their output, partly no doubt because of the resistance of the mint, but mainly because they had found a massive, non-monetary, market to absorb refined gold bars. In the course of 1924 the mines sold, out of the total production of 10.8 million ounces, the extraordinary amount of 5.7 million ounces in bars and sovereigns to India. About one-third of the total production was sold in bars directly to India from Durban. The following year the mines, once again, sold over a quarter of their total output directly from Durban. Some idea of the magnitude of these sales can be gathered by comparison with sales to Europe which, at 627,104 ounces in 1924, amounted to little more than a tenth of the amount consigned to India. It was this massive, apparently insatiable, demand for non-monetary gold, which discouraged the mines from coining their gold. As the Master of the Pretoria Mint put it, "So long as Eastern demand lasts I do not think I shall be called upon to produce forty millions...".[24]

The mines did not flood South Africa's money supply with gold sovereigns. The agreement with the Reserve Bank, and the prior consignment of South African gold to London, ensured that South Africa did not undergo a radical expansion in the national money supply. It was for this reason that South Africa was the first amongst the major international sites of bullion production not to devour its own wealth through the radical

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[23] BRA Directors Confidential Letters May 1924--Feb 1929, Dirs, Central Mining, Johannesburg to Dirs, Central Mining, London, 18April1928; BRA Private Letters from Johannesburg, 172, Jan-April 1925, Evans to ffennell, 18March1925;. Evans' connections with the British and the South African fiscal bureaucracy were formidable. He carried on a continuous correspondence with Farrar, the Secretary of the Treasury, and Middelton, at the Mint, and he was, also, personal friends with R. G. J. Johnson, the Deputy Master of the Royal Mint in London--the man who gave direct orders to the South African mint not to coin the mines' gold. CAD SAM 38, c2/57, Evans, S. "Memorandum"

[24] BRA Private Letters from Johannesburg, 174, Sept-Dec1925 Evans to Sir Reginald, 04November1925; CAD SAM 34, c2/39 Exec Committee, TCM, to Secretary to Treasury, 04February1925; BRA Directors Confidential Letters, May 1924-Feb1929, Rogers to London, 31March1926; CAD SAM 34, c2/39, Pearson to Robertson, 21 December1929. The sale of gold to India also acted to cement the relationship between the Chamber and the Reserve bank. As part of the agreement signed by the Chamber and the bank on June 1, 1926, the mines, as Evans had predicted, were offered a better fixed price for their gold than they could have achieved by minting it. But the other main clause of the agreement stated that the mines and the bank would share, in the ratio of 60% to 40%, all profits earned on sales made directly to India. The Reserve Bank explicitly saw the possibility of a share in the profits of the India trade as a justification for the concessions and complication involved in the sale of the Chamber's gold. The sales did not last for ever--by 1928 they had begun to decline dramatically--and the Reserve Bank learned after 1931 that control over the foreign disposition of South Africa's gold provided it with political and fiscal powers that far exceeded participation in the sale of gold to India. The massive sales of the mid-1920s also came back to haunt the minelords during the Depression. They worried that those who individually held the massive Indian hoard of £600,000,000 worth of gold would take advantage of the inflated prices after Britain left the standard to flood the international gold markets. For this reason the mines made use of Rothschilds' international connections throughout the 1930s to keep a wary eye on the internal Indian gold market in order to assess both the possibilities of demand and the dangers of supply. De Kock Reserve Bank, p83; CMA Marketing of gold--1933, Governor of Reserve Bank to Gemmill, 31January1933; The Star, 24March1932, "India's Colossal Gold Hoards"; See CMA Marketing gold--Rothschilds reports--1933 for the detailed weekly reports sent by Rothschilds' to the Central Mining Corp and the Chamber.

inflation of the money supply. Unlike the West African, Andean, American and Australian gold and silver mines, the bulk of South Africa's gold remained in the hands of the central bank whose chief responsibility was the regulation of the velocity of the domestic money supply. To Evans' fury, the Chamber of Mines even gave the Reserve Bank permission to abolish the half-sovereign, a coin used only by the mines and eastern exporters, in 1927. But they methodically followed the rest of his injunction to "... do everything we possibly can to extend the use of gold coins by the Government and the Public of South Africa". [25]

With few exceptions, between May 1925 and September 1931 the mines paid the wages of both their white and black workers in gold. Of the large mines, only Anglo's Springs and Rand Mines' E.R.P.M., paid their white workers partially in notes or cheques. (The massive Boksburg mine would have preferred to pay in gold but the local banks were unable to meet its demands.) Crown Mines, Evans' fiefdom, paid out more than 12,000 sovereigns every week. Rand Mines, which in the 1920s owned and operated by far the largest group of gold mines, paid out no less than 3.1 million sovereigns in weekly wages during 1927. To the weekly amounts paid out to white and black workers on the Rand, have to be added the gold paid out by magistrates and recruiting officials as deferred pay. The total wage bill for African workers on the gold mines between 1925 and 1933 hovered around 9 million pounds per year. As we have seen, the issued money supply for the whole country amounted to less than 10 million pounds in notes in 1925. The mines were, thus, able substantially to recast both the form and the velocity of the money supply simply by paying their workforce in gold.[26]

The bulk of the gold paid out as wages for white and black workers was immediately recirculated, but the massive proportions of the money supply paid out by the mines in gold, nonetheless, played havoc with the attempts made by the officials at the Treasury to measure the money supply. The gold payments had much the effect that Evans had intended; a portion of the gold was repatriated directly to the homes of migrants in the labour reserves of the Cape and to Portuguese East Africa where it was removed from the reach of either the commercial or the central banks. In the course of disbursing nearly one fifth of their production to migrant workers, the mines ceaselessly fostered the notion that African workers believed that value resided only in gold. [27]

Metallic Mystique

From the end of the first world war to the end of the gold standard crisis the mines were involved in an ongoing struggle with the many arms of the South African and Imperial states over the form of money. As we have seen this conflict exercised many of those who occupied the dizzy heights of capitalist power in South Africa in the interwar period. But the minelords were also embroiled in a debate with their own workers, on an almost weekly basis, over the meanings of gold, the forms of money and the value of labour.

The first serious challenge to the psychological identification of money and gold took place a full decade before the gold standard crisis. In April, 1920--just a week after the first large scale African strike on the Rand--the management of Rand Mines, Ltd.,

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[25] Vilar, P. A History of Gold and Money, 1450-1920, London, 1976, pp131-138; The low grade of gold bearing ore and the vigilance with which the Chamber of Mines and the police prosecuted those dealing in the sale of illicit gold ensured that the monetary role of gold remained stable.

[26] CMA Native Labour Miscellaneous--1927, Table dated 16September1927; Union Statistics for Fifty Years, G-5

[27] CAD SAM 190, 7/6/3 Pearson to Harris, 16May1929; *op cit*. Pearson to de Waal, 04June 1929

began to consider the consequences of paying their African workforce in paper money. The group's compound managers were asked to give details about the manner in which African miners had been paid in the past. Responses varied little from that given by the chief compound manager at E.R.P.M., the fourth largest mine on the Rand, who pointed out that wages had always been paid in gold and that "it would not be advisable to pay wages otherwise than in specie as the natives have a most decided objection to notes". At Crown Mines, the largest and richest mine, the chief compound manager feared for the future of the labour supply because of the workers "doubt of the genuineness of notes". But, faced with the certainty of the introduction of the Currency and Banking Act in December 1920, there was little that the mines could do to accommodate the fears of the compound managers. The acting manager of New Modderfontein, the most profitable mine in the Rand Mines group, downplayed the fears of his own compound officials as he pointed out that if the industry acted in concert, and was "prepared to meet a little disturbance", the workers would have no choice but to accept their wages in paper. In the event this was, more or less, the strategy that the industry employed. On friday December 17, 1920, the first paper money pay-day, the mines ensured that at least twenty shillings of each worker's wage was paid in silver, and the Native Recruiting Corporation supplied the mines with a leather belt to replace the money-belts normally used by workers to safeguard their coins. While it is clear that the workers were suspicious of paper, and that they had good reason for preferring gold, the compound managers' fears of the consequences of violating the conditions of the metallic mystique were not borne out. The workers had very little choice, as S. K. Mckenzie, later the Chief Compound Manager of Crown Mines, in discussing the events of the changeover, pointed out.

> ... the introduction of paper currency was made at a time of general depression and after lean years throughout South Africa, it was very reluctantly accepted by the natives, and then only after the Compound Officials had very minutely and thoroughly explained the position and [because of] the Mine natives great confidence in the Mining Companies, from whom they generally admit they get a straight deal. Fear was often expressed that if Germany won the war, they--the natives--would be holding a large amount of paper money which the Germans would not accept at face value. Gold they contend is always worth its face value.

Nonetheless, within two months the payment of wages in paper money had been routinized and the NRC had withdrawn its injunction that twenty shillings of each pay packet had to be paid in silver.[28] Both the industry and the workers crossed the psychological threshold separating paper from metallic money with less fanfare than many had anticipated.

But the suspension of the gold standard in 1920 was not permanent. In 1924 and 1929, the Kemmerer-Vissering Commission and the controversy over the abolition of the half-sovereign, provided the Industry, and Samuel Evans in particular, with the opportunity to reconsider the attitudes of African workers to money. In the two weeks in December, 1924, that Kemmerer and Vissering had to consider the issue of the restoration of the gold standard, they found time to interview Basil Warner, the Assistant Commissioner of Swaziland, and friend of Evans. The evidence that Warner presented suggested, explicitly, that the labour reserves of Southern Africa had only partially undergone the transition to paper money. After pointing out the initial difficulties that he had had in persuading

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[28]BRA Method of paying natives paper currency, 1473x, 1920 - 42, 856, Manager, E.R.P.M,. to Secretaries, Rand Mines, 21April1920; *op cit.*, Mine Secretary, Crown Mines, to Secretary , Rand Mines, 29April1920; *op cit.*, Acting Manager, New Modderfontein, to Secretary, Rand Mines, 23April1920; *op cit.*, Gemmill, Secretary NRC, circular to all mine managers, 15December1920; CAD SAM 38, c2/57, Mckenzie, S., Chief Compound Manager to Evans, S., 09March1929; BRA Method of paying natives paper currency, 1473x, 1920 - 42, 856, Gemmill, NRC, to All Mine Managers, 16February1921

workers to accept paper money for deferred pay in 1921, he argued that male migrants objected to paper because it was unable to withstand the exigencies of rural life and was particularly unsuited to the forms of saving practised in the labour reserves. Paper money could not withstand burial under the floor of a hut and when hidden in the thatch it was easily destroyed by fire. Warner shared a vision with contemporary rural informants of the labour reserves peppered with small, buried hoards of gold sovereigns. The affinity of Africans and gold went beyond the infrastructure of rural saving. Warner and the Commissioners also felt free to indulge in a bit of speculative metaphysics about the proximity of African workers and their money. "One difficulty with paper money with natives," commented Warner, "... is that the money which they carry on their bodies becomes very insanitary". When Kemmerer, the eminent economics professor from Princeton, asserted magical sterilizing qualities for gold--"With the metal there is said to be an acid action that kills the disease germs?"--Warner, the tax-collector, could only sagely agree.[29]

The rural areas were not the only sites of migrant life unsuited to paper money. When Evans was conducting his unsuccessful campaign for the restoration of the half-sovereign he urged his Chief Compound Manager to examine the adequacy of notes for the trials of mine work and compound existence. In his answer Mckenzie pointed out that between 1920 and 1925 workers had often attempted to exchange mangled notes for valid ones, and he stressed the devastating physical impact of mine work on paper money:

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

Unsurprisingly, in this light, he noted that African mineworkers were generally delighted to see the return of gold coins in 1925 and that notes were shunned by workers thereafter.[30]

"These Mountains are full of Money"

There is much that is a shared in the accounts about gold produced by mine officials and in the contemporary descriptions given by old Mpondo migrants and the folklore that surrounds them. When old Mpondo men who migrated to the mines in the twenties and thirties talk about their work, the word they use to describe the gold underground and the gold that they were paid is *imali*. Indeed, it seems that only recently has the word for money--*imali*--been distinguished from the word for gold--*igolide*. Throughout their accounts old mineworkers deliberately describe their work as the mining of money.

In north-western Pondoland, a region that had amongst the very highest rates of migrancy to the gold mines in the inter-war period, people speak of the way in which the old people used to protect and regulate money. Old migrants and their children are adamant that the wage of a young migrant mineworker was the property of the homestead

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[29] For the fiscal background to the commission see De Kock, Reserve Bank, pp67-78 and for state politics see Ally "South Africa's monetary system", pp27-30; CAD SAM 38, c2/57 Warner, B., Extract of evidence before the Kemmerer-Vissering Commission, 10December1924

[30] CAD SAM 38, c2/57 Mackenzie to Evans, 09March1929

head--usually his father. A very old man, whom we may call Nyati, was unbending when asked teasingly whether he ever kept gold for himself. "There's nothing I thought about. I gave it to Father. Father would buy for me---and he would say: "Here's something I bought for you". The very unanimity of these claims suggests that they are, in part, a criticism of young people today, but they also indicate that there was an association between gold and authority within the homestead. Informants insist that married women and daughters were not allowed to possess their own hoards of gold coins and that young men were obliged to surrender their earnings to their fathers, whose sole responsibility it was to hide the coins. Wives were only expected to keep small change or pocket money; gold was the product of male labour and the property of male homestead heads. Nyati speaks of old men leaving their houses in the dead of night to bury their gold. "Ewe, the old ones hid it underground, you see, in a tin this big. The father would put it in this tin -- - and take it to a mountain and dig to put it there. These mountains are full of money. A person with money there will know that all by himself." Only gold was returned to the ground from which the migrants had worked so hard to remove it . "No, paper money was not hidden underground. Paper money was not dug for." Afterwards, the decision to share the secret of the hiding place with his sons was entirely at the discretion of the homestead head but the ubiquity of stories of middle aged men who are still looking for their fathers' hoards suggests that often they did not. Generational mistrust was at the core of the exchange between fathers and sons. "Unless the father understands your mind, he can't show you when he buries your money --- You'll only see that you have worked when a cow is bought." It is not incidental that the cleavage between father and sons was resolved by the purchase of cattle adding to the prospects of brideprice.[31]

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

In the sixty years since the gold standard crisis, gold has completely disappeared from circulation in the rural areas of Southern Africa. Only recently, in the form of Krugerrands, have gold coins re-entered the domain of the rich as a store of value. In that time the systems of value associated with metallic money, and particularly the symbolic politics of gold, have been replaced by the ferocious liquidity of inflated paper money. For the few people old enough to remember the change, the transition was obscured by the drought that threatened the survival of crops and herds. Nonetheless, those who were old enough to remember stressed that the velocity of metal money was slower than paper, that metallic money was more powerful precisely because people "would be scared to use it" .[32]

The elaboration of cultural fabric around the meaning and value of gold was not an activity unique to migrant mineworkers. The minelords situated gold within their own complex symbolic universes. But in the case of both the mineworkers and their bosses, the meaning of gold that came closest to fixing its value was prompted by the connection between gold and labour. As we have already seen the minelords invested varying amounts of intellectual and psychological energy into the meaning of gold, but there were, nonetheless, ideas common to them all. One of these claims was the association between

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[31] Interview Breckenridge, Mzayifani and Nyati;7/1/92; Discussion with JM, 24May1992

[32] *ibid.*

gold and racial/imperial overlordship. As A. J. Limebeer, the Chamber's resident intellectual, told the Johannesburg Economics Society in 1928, "the races which, from time to time, have been paramount have almost invariably worked or controlled supplies of gold". In other ways the symbolic order in which gold had for long been comfortably situated was obviously decaying around them. By the late 1920s most of the minelords were bitter about the monetary destabilization caused by the enormous quantities of gold being absorbed by the United States, and all of them saw the goldfields of the Witwatersrand as a wasting asset whose decline was remorselessly approaching. But in the decades leading up to the gold standard crisis and for many years afterwards the minelords believed that the primary characteristic of gold as a monetary standard was its capacity to regulate itself. The claim that gold automatically secured the value of money and that it did so without the need for the intervention of the banks or the government was held by all the leading members of the industry and most of the international financial elite. This capacity to secure value without acting was held to be the only satisfactory means of maintaining the psychological credibility of money. As Neville Chamberlain, in the midst of the international death throes of the gold standard system, told the financial leaders of the City of London:

> I have heard it suggested that the measures taken by the various members of what is known as the gold bloc mean the final end of the gold standard, mean that we are about to enter upon a new era, the feature of which will be a permanent establishment of managed currency. Well,I think it is very unlikely. I do not see any reason to alter the view which I have expressed before, that in the end we will probably come back to an international monetary standard on the only basis which appears to give confidence.

The self-regulating quality of gold lay at the heart of the nineteenth century episteme that saw the role of money as a neutral one in which, as Vilar put it, "the economists believed that products were simply exchanged for other products". By the late 1920s the gold standard system was coming apart at the seems, and the tortured relationship between gold, money and commodities was highly visible. Nonetheless, gold's capacity to secure value was held to be an enduring quality by the minelords and it was the conditions of production they believed determined both the value of gold and its capacity to secure the value of money. "A currency based on gold", Limebeer argued,"is linked directly to human effort. Any form of managed paper currency may be based indirectly on human effort, but it is based directly on human judgement". This is not an unambiguous statement of the labour theory of value, but it does suggest that the minelords, not just their workers, saw the value of gold--the first commodity under capitalism--as being anchored by the conditions of mine work.[33]

Banks in the Compounds

Much of what compound managers like Mckenzie thought of mineworkers' ideas about money and value was based on the apparently simple economy of saving that operated on the mines and in the countryside. But in October, 1927, it came to the attention of the Gold Producer's Committee that matters were getting complicated in the compounds. From

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[33]CMA Gold Standard--1933, Limebeer to Johannesburg Economics Society, 21July1928; CMA Marketing of Gold--1936, London Committee to TCM, Report of dinner with the Chancellor of the Exchequer, the Governor and Directors of the Bank of England, and bankers and merchants of the city of London, 08October1936; Limebeer, *op cit.*, There is a strong argument that the gold standard system was in fact managed by the Bank of England, See Eichengreen, B. "Editor's Introduction" in Eichengreen, B. (ed.) The gold standard in history and theory, London, 1985, pp13-15

New State Areas to Crown Mines, workers were paying subscriptions into saving societies in order to supplement the pay they took home at the end of their contracts. Over the next month, probably at the urging of the GPC, the police began to investigate allegations of fraud that had compound managers across the Reef up in arms. Many of the stories of saving societies in the compounds that came to the attention of the authorities and the newspapers involved tales of theft and mismanagement. The organisers of a society at Simmer and Jack lost the £400 that their members had accumulated. At Crown Mines, the treasurer of one of the societies pleaded guilty to pilfering £51 from the collective hoard of sovereigns. Contemporary newspaper reports represent these events as testimony to the naivete and gullibility of the workers, but they also present evidence of the organisation and solidarity characteristic of migrant associations. Formal bureaucratic structures appear to have been a feature of the savings groups. In the case at Crown Mines, the treasurer's theft was brought to the attention of the authorities by the society's secretary. Societies at Springs Mine, Village Deep and Crown Mines appointed workers as treasurers, secretaries and chairmen. All along the Reef the savings groups followed the ethnic fabric of compound accommodation with members initially coming from amongst the occupants of a room and expanding along ethnic networks. Both the police and the Gold Producers Committee saw the savings association as pyramid schemes, where those who were paid out first would benefit at the expense of those paid later. Much of the evidence supports this. Kotazile, a mineworker at Village Deep, explained that the system offered workers £3 for every £1 paid in, that pay-outs were made in the same order as deposits, and that "as more boys paid in, more were paid out". But those being prosecuted in the Village Deep case, and the workers giving evidence against them, agreed that workers could not leave the system until the others "became rich". Moreover, the state failed to prove that the savings associations were criminal in intent or function. Most significantly, as they investigated claims of fraud, the police uncovered evidence of legitimate associations with massive financial resources. A treasurer at the Village Deep mine was found to be in possession of £2000--the full monthly wages of five hundred workers. Another at the Robinson Deep held over £900.[34]

The compound managers acknowledged that they knew very little about the dynamics of the savings societies. The workers tended to avoid the financial structure sponsored by the mines. This may have been because the GPC prevented compound officials from accepting funds from savings societies, but it also seems that they were designed to bypass the systems of "safe-keeping" offered by the compound managers. The officials acknowledged that the amounts held on deposit at mine offices had declined dramatically since the expansion of the savings societies. Saving in the compounds was, thus, very much more complicated and sophisticated than those officials who were responsible for assessing African attitudes to money were prepared to acknowledge. The efforts of the workers to increase their earnings contradicted the tight corporeal relationship between workers and their money that Mckenzie offered to his Chairman. Nonetheless, while the infrastructure of saving did not marry with the essentialist features of the metallic mystique, the savings associations still operated very much within a metallic economy. On all the mines the collected capital--held exclusively in gold coins--was kept in the compounds, usually in the steel trunks that became markers of migrancy from the mid-

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[34]CMA Native Labour Miscellaneous--1927, Minutes of the GPC, 24October1927; Rand Daily Mail, "Mine Boys Pacified--Investment Disillusion", 11November1927; Rand Daily Mail, "Native 'Banking' Systems", 16November1927; Rand Daily Mail, "Native 'Treasurer' Steals £51", 22November1927; Rand Daily Mail, "Big Sums from Mine Boys--£4600 involved in Native Banks", 22November1927; Rand Daily Mail, "Get Rich Quick System", 26November1927

1920s. The workers at Simmer and Jack, who lost £400, had kept their hoard in a ventilator high up the compound wall. Between 1925 and 1931, mineworkers mobilized their own metallic economy in an attempt to secure the value of money and labour.[35]

What, then, are we to make of these anomalous hoards of gold in the compounds? The first point is the simple one that contradicts the representation of mineworkers as alienated drones of industrial capitalism.[36] Collective saving disrupted the binary exchange of labour between African migrants and white capitalists. Saving societies, like other forms of migrant organisation, were expressions of collective solidarity and mutual interest. The dismissal of most of the prosecutions directed against the compound banks suggest that very few of the subscribers had complaints against the societies. Unlike other popular forms of worker association, the saving societies confronted the symbolic core of industrial and financial capitalism directly and sought to recast it on the collectivist terms of migrancy. Contemporary newspapers ridiculed the mineworkers' claims that the savings societies were attempts to make money the way that white people did, but discussions with old migrants suggest that the workers in the compounds organised collective saving in order to avoid the exaction of interest payments. Mineworkers were involved in a complex set of overlapping pools of debt and interest. The most prevalent of these were the advances offered by traders to secure the recruitment of workers. The indebtedness of migrant workers to the traders is a subject that requires a more detailed examination than there is space for here. A short extract from Hunter's wonderful ethnography of Pondoland must suffice to reconstruct the perils indebtedness.

> Many Natives are in debt to traders. Book-debts of traders in the Transkei are estimated at £1,000,000. Traders frequently charge a very high rate of interest. I knew one who kept his own police, prison hut, and handcuffs and incarcerated debtors until they were released by their relatives. Had he sued them under the civil law of the country he would have been charged under the Usury Act.

As Taberer explained to Gemmill in 1924, South African mineworkers organised collective credit in order to limit their exposure to the usurious interest rates charged by the traders, and in the process avoided the rigid infrastructure of savings and transmission offered by the deferred pay system.

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

Both in Pondoland and in the compounds on the Rand, mineworkers organised collective credit associations of varying scale and effectiveness specifically in order to avoid the immense cost and unique perils of rural credit.[37]

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[35] Rand Daily Mail, 11November1927

[36] The theme of the alienation of industrial labour, and particularly of underground work, is one that can be found in a number of studies of South African migrant workers but it is particularly strong in the Comaroffs work. See Comaroff, J. L. and J. "the madman and the migrant: work and labour in the historical consciousness of a South African people", american ethnologist, 14, 1987, p200.

[37] Rand Daily Mail, "Mine Boys Pacified--Investment Disillusion", 11November1927; Rand Daily Mail, "Native 'Banking' Systems", 16November1927; Interview with JM 25May1992; Interview with QD 23August1992; For a history of the struggles between the Chamber and recruiters over advances in Pondoland before 1930 see Beinart, W. "Joyini Inkomo: Cattle Advances and the Origins of Migrancy from Pondoland", JSAS, 5, 1979; CMA Native Labour Mis--1924/5, Taberer to Gemmill, 16September1924; Hunter, M. Reaction to Conquest: Effects of Contact with Europeans on the Pondo of South Africa, London, 1936, p143 and
CAD NTS 7239, 167/326 Transkeian Territories Co-operative Credit Societies.

Money and Mozambican migrants

The material economy of money in the compounds and the reserves played an important part in mineworkers' valorizations of gold as money in the 1920s, but another, equally important imperative, was the enthusiasm that workers recruited from Portuguese East Africa had for metallic money. These men, variously known as East Coasters or Portuguese natives by mine officials and as Mashangane by South African workers, never constituted less than 40 per cent of the mine workforce between the end of the first world war and the onset of the Depression. Their presence in every compound, and the fact that the average length of time they spent on the mines was almost double that of South African migrants, meant that they had a powerful influence on the cultural characteristics of mine life. Mozambican workers, negotiating a journey between the competing sovereignties of the South African and Portuguese colonial states, had very good reasons to prefer gold to paper money. Even before the first implementation of inconvertibility, in December 1920, Portuguese officials had been quick to ensure that they did not have to bear the same inflationary burdens as their workers. They informed their workers, informally, that those bringing South African paper money back with them to Mozambique would face a two shilling charge on every pound. After the devaluation those workers who managed to carry their South African wages through the border faced even more serious encroachments on their meagre savings. Workers at Modderfontein B informed their compound manager that storeowners in the Delagoa Bay area were offering only 15 shillings for every pound that the migrants presented. And, as Gemmill pointed out to Modderfontein's manager, there was little that the mines or workers could do to prevent the discounting of paper money:

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

Mozambican migrants learnt from bitter personal experience that paper money did little to protect the paltry fruits of their labour. It is not surprising that "during the period of paper currency", as Mckenzie from Crown Mines reported, Mozambican migrants "sought for and obtained gold at a premium of from 10 to 12.5%".[38]

The migrants personal financial incentives to secure their wages in gold were complemented by the reluctance of Mozambican officials to accept their spoils in South African paper money. In 1922 the Portuguese authorities enacted legislation that prohibited the circulation of all foreign currency, except the gold sovereign, within Mozambique. The legislation made any South African money in the territory, including the repatriated wages of mineworkers, subject to confiscation. From 1922 to 1925, migrants were forced to exchange their South African paper money wages for Portuguese currency, minus a 5% discount, at the four points of entry at Ressano Garcia, Pafuri, Maplanguene and Massengeri. In 1928, the Portuguese Government ensured that both wages and state revenue would not be earned in paper by including Article 26 of the convention regulating Mozambican recruitment: "All moneys payable under this Convention whether taxes, fees,

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[38] BRA Method of paying natives paper currency, 1473x, 1920 - 42, 856, Acting Manager, New Modderfontein to Secretary, Rand Mines, 30August1920; *op cit.*, Gemmil to Rand Mines, 06September1920; *op cit.*, Compound Manager to Manager, Modderfontein B, 24January1921; *op cit.* Gemmill, WNLA to Manager, Modderfontein B, 11February1921; CAD SAM 38, c2/57, Mckenzie to Evans, 09March1929

wages, gold or other moneys shall be paid and settled in gold".[39]

Within a week of the announcement of Britain's withdrawal from the gold standard, local banks were attempting to withhold the gold used by the mines to pay the wages of African workers. The suddenly increased speculative value of gold sovereigns made the banks reluctant to issue them as wages. The Curator of Portuguese Natives, resident in Johannesburg, as well as a number of mine managers reluctant to deal with annoyed workers, immediately drew the attention of the Gold Producers' Committee to the conditions of the Mozambique Convention. The Chamber of Mines, accordingly, brought the banks quickly back into line. On October 16, the mines conceded that white wages would be paid in paper but that "this arrangement does NOT, of course, apply to the payment of natives". Throughout the remainder of the crisis, while the speculative value of gold followed the political and economic oscillations of both Britain and South Africa, mineworkers continued to receive their wages in gold.[40]

Many of the cultural, especially the symbolic, characteristics of the system of value generated by metallic money have not been recovered here. Simple difficulties of memory make the recovery of the ideas and ideologies associated with gold almost impossible to recapture. Moreover the qualities of paper money have tended to be superimposed on the symbolic systems that existed during the gold standard period. We know very little about the manner in which African migrants read the signs that gold coins carried into the hinterland of the labour reserves. But the silence about the meaning of money has not merely been produced by the shortcomings of human memory; invisibility is one of the central cultural characteristics of money. It is for this reason that the fact that mineworkers were paid in gold has for so long gone unnoticed in the academic literature.

During the gold standard period a number of detailed ethnographic monographs and overviews were written about the societies that provided much of the gold mines' labour force. Junod's Life of a South African Tribe was based on mission work in Mozambique during the first quarter of the century. Monica Hunter's Reaction to Conquest was researched in Pondoland during the gold standard crisis. Isaac Schapera wrote overviews of the economic life and cultural change of the South African peoples, as well as a more detailed study of the BaKxatla reserve in Botswana, much of which was researched during the years of the crisis. Both Hunter and Schapera document the importance of money to the economic life of the societies they studied, and as we have seen, Hunter's work was particularly sensitive to the gendered character of money and the particular dangers of debt. Yet none of these texts mention the presence of gold coins or notice any clash between paper and metallic money. This silence stems, perhaps, from the desire to highlight the apparently unchanging aspects of African social organisation and culture. This charge is supported by the fact that ethnographers documented archaic and extremely rare examples of gold workings and precious metal trade. But it was also a product of the immense interest shown by both ethnographers and their subjects in the economic and symbolic value of cattle. [41]

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[39] BRA Method of paying natives paper currency, 1473x, 1920--42, 856, Gemmill, Circular 6/22; *op cit.*, Gemmill to Manager, Modderfontein B, 11February1921; CMA Gold Standard--1931, Manager, Randfontein Estates to J.C.I. to TCM, 16October1931

[40] CMA Gold Standard--1931, TCM Secretaries, 01October1931; *op cit.*, Minutes of the GPC, 12October1931; *op cit.*, Randfontein Estates to J.C.I. to Gemmill, 16October1931; *op cit.*, Gemmill to GPC, 13October1931; BRA Method of paying natives paper currency, 1473x, 1920 - 42, 856, Secretary, Rand Mines, Circular No. 104/31, emphasis in the original.

[41] Junod, H. The Life of a South African Tribe, New York, 1962 (First Pub. 1926); Hunter, M. Reaction to Conquest: effects of contacts with Europeans on the Pondo of South Africa, London, 1936; Schapera, I. "Economic conditions in a Bechuanaland Native Reserve", South African Journal of Science, 30, 1933; Schapera, I. and Goodwin, A. "Work and Wealth" in Schapera, I. (ed.) The Bantu Speaking Tribes of South Africa, London, 1937

It is not the object of this study to dispute the claim made by earlier ethnographers, or more recent ones, that "livestock remain the ideal medium for the exchange of wealth". As Ferguson has shown, investment in cattle is the product of ongoing political struggles within the households of migrant workers and, as the Comaroffs have also suggested, such investment is a conscious strategy to restrict the erosive capacity of money. The centrality of cattle to the maintenance of social and symbolic integrity of most Southern African societies for most of this century is not in question. Indeed, old male informants stress the importance of investing in cattle as one of the primary uses of money, whether metallic or paper. It may be true that money appeared to undermine the systems of value associated with cattle, in the manner that Ferguson and the Comaroffs have suggested, but certainly not always in the same way nor with the same velocity.[42] Moreover, the fact that the meaning of money was shaped by a hidden politics is not a reason to ignore its history. For it was the interior politics of money, involving a shifting matrix of relations between labour, commodities, and the infrastructure of savings and transmission, which, by the 1920s, underpinned the systems of value centred on cattle. By 1930 the number of cattle in Pondoland had reached the highest point in over a century. This accumulation was not simply the result of the removal of resources from the monied economy. It reflected, on the one hand the value of labour and wages measured in cattle during the gold standard period, and, on the other, a set of savings practices and ideas that maintained the hold of males and their fathers over the flows of gold into rural households.[43] Before 1933, metallic money served to hold the value of African labour, more or less, constant. It fostered forms of saving and transmission that differed materially from the infrastructure that followed. And it shaped the consciousness of migrant mineworkers directly. Gold mining was seen as the making of money. Popular memories of gold reflect an epoch in which the value of money and labour was both tangible and enduring. It was this system that was brought to a close in December 1932.

The Great Depression and the Gold Standard Crisis

For migrant mineworkers the gold standard affair involved more than a struggle between paper and gold, it was a crisis over the supply and velocity of money itself. Between 1930 and the end of 1933, the temporal shift from the gold standard system to managed paper money, was marked in the countryside by the desperate shortage of money. The depression, and the inflated SA£, wrought economic havoc in the rural areas of South Africa. The long term degradation of agriculture in the labour reserves was highlighted by the alarming evidence given to the Native Economic Commission during the years of the gold standard crisis. To make matters worse, the events that followed Britain's announcement of inconvertibility coincided with the last years of the worst drought in South African history. The drought caused crop failures throughout the labour reserves set aside for African cultivation and in some areas the state was forced to declare that "actual famine conditions" existed. In an urgent cable dispatched to the Director of Native Labour in June 1932, the magistrate of Mount Fletcher summarised the disastrous conditions in the north-western Transkei. After imploring the Director to assist the four hundred migrants looking for work in his district, the magistrate stressed the ruinous combination of crop failures and restricted mine recruiting practices:

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[42] Quote from Comaroff, J. and Comaroff, J.L. "goodly beasts, beastly goods", p210; Ferguson, J. "Bovine Mystique"

[43] Beinart, W. The Political Economy of Pondoland 1860--1930, Johannesburg, 1982, p81

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

The magistrate stressed that the root of the crisis in Mount Fletcher was a desperate shortage of cash.

> No prices for produce and unless work on Mines etc. improve Natives unable to buy grain and pay taxes as no money is in circulation

By the end of January 1932 the Department of Native Affairs had spent £55,000 on emergency food aid for the rural areas. But they balked at embarking on large scale public works programs in the reserves. They argued that the state would not be "justified in placing this additional burden on the tax-payers so long as foreign Natives continue to be employed in the Union's primary industry". Mozambican migrants, for decades the mainstay of the mining industry and themselves suffering the consequences of drought and depression, were thus held responsible for the predicament of South African migrants. As the mines fiercely resisted the reductions in their Mozambican workforce the state was provided with an easy excuse for its refusal to address the crisis in the rural areas. Nor were the mines above taking advantage of the crisis in rural reproduction to reduce the cost of African labour.[44]

Towards the end of May, 1932, the Gold Producers' Committee considered the possibilities for a general reduction in the level of African wages. As Gemmill pointed out, there was very little that could be trimmed. In November 1931, as a means of increasing revenue to subsidize farmers suffering the effects of the gold standard crisis, railway tariffs had been increased by a third. Since that time workers coming from the Transkei had faced a £4 return ticket, in addition to the cost of bus transport from the rail depot to their homes. The total amounted to more than a month's wages. Out of an average wage of 1s/10d per shift, after transport costs, workers had to pay for two pairs of boots that cost 26 shillings. If the mines had made the ten percent reduction considered by the GPC that would have put the average wage at 1s/7d and left the bulk of workers with less than 1s/1d per shift. Even Gemmill, who was as diametrically opposed to liberalism as it was possible to be, argued that such a reduction in African wages, unless applied to "all salaries and wages, European and African", would be unfair. As a compromise measure the GPC abolished the re-engagement bonus of 5 shillings for every thirty shifts worked paid to those who had worked more than 270 shifts. The move amounted to a reduction in the wages of experienced workers of 2d per shift and it was directed very largely at Mozambican workers whose contracts, at 313 shifts, automatically qualified them for the bonus. The abolition of the bonus was clearly a serious misfortune for the workers, but it also represented a change in the strategy of the mining industry and a move away from a progressively skilled workforce to take full advantage of structural unemployment.[45] As the events of the gold standard drew to a close the minelords were in an unprecedented position of strength in relation to their African workers. The same cannot be said of their relations with the state.

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[44] Report of the Native Economic Commission, 1930--1932, U.G.-22; CMA Native Labour Supply--1932, Secretary for Native Affairs to Director of Native Labour, 21January1932; *op cit.*, Magistratr Mount Fletcher to Director of Native Labour, 02June1932

[45] CMA Native Wages--1932, Gemmill to GPC Members, 26May1932; BRA Private Letters from Johannesburg, 195, Martin to London Directors, 17August1932. The bonus had been introduced in 1919 to encourage workers to extend their contracts, and was heavily supported by those who argued for a trained workforce and the introduction of scientific management in the late 1920s.

Antagonizing the State[46]

The mines, of course, were not powerless but they were wary of the consequences of antagonizing the dangerously beleaguered state. In the middle of October, as the consensus in the Gold Producers Committee was shifting from support to opposition to the government's policy, the Germiston Refinery--effectively a subsidiary of the Chamber of Mines--urged its members to withhold all gold not directly required for the cash requirements of the mines, thus limiting the gold available to support the South African pound. John Martin was urged by the London directors of the Central Mining Corporation to transfer the large sterling balances of Rand Mines from Johannesburg to Paris. He refused, arguing that such an open violation of the industry's public protestations of co-operation would simply invite retaliation from the state. He added that the Gold Producers Committee was already afraid that the state would act to regulate the supply of gold coming from the mines in the next parliamentary session.[47]

The Pact government did not, as it turned out, confiscate the mines gold production or enforce sales to the Reserve Bank, but that did not heal the relationship between the Gold Producers' Committee and the Cabinet. The war of words began when Havenga, no doubt intentionally, quoted the views of Sir Henry Strakosch in support of the gold standard. Strakosch was the Chairman of the Union Corporation and P.M. Anderson's boss.[48] Like most of the intellectuals appended to the mining industry he had changed his views on the gold standard and the Chamber requested Havenga to retract his statement or to publish a correction. In answer, the Minister attacked the Chamber directly, accusing Martin, who was President in 1931-2, of supporting the abolition of the gold standard in order to increase profits at the expense of wages. During the same debate the dangers of the rift between state and capital were made explicit when Hertzog rose to speak:

> If there is one thing which my Minister's and I have consistently tried to do, it is to make it as easy as possible for the mines to carry on their industry in the interests of the country, as well as in their own interests. It will go very hard with them in the future, however, if we find them striving to conceal a desire to further their own interests behind a pretence of patriotism.

The Chamber was in no position to answer the Prime Minister's threat in kind. As usual they turned to their daily newspapers as a means of pressuring the government and the public into abandoning the gold standard. In fostering opposition to the gold standard the

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[46] As 1931 drew to a close the fabric of the alliance between the state and mining capital, that had been so carefully woven by Martin and Havenga, began to tear violently. Capital's first actions to earn the wrath of the state came not from the mining industry--which had so piously declared its public allegiance to the state's strategy--but from the two largest banks, Barclays and Standard. The Department of Finance was furious with the two banks for insisting on buying their massively increased sterling requirements from the Reserve Bank. Havenga believed that the banks were refusing to draw on their own sterling balances in order to force the country off the gold standard. By the end of the first week of November sterling sales from the Reserve Bank had been so heavy that only the weekly supply of gold from the mines maintained the country's supply of foreign currency. The bankers were summoned to meet Havenga in Pretoria where, according to Martin, "great pressure" was placed on the two banks to make available between them five million pounds sterling. In exchange Havenga agreed to raise the same amount in the form of a foreign loan from New York. But both in the United States and, thereafter, in Europe, the South African Treasury's attempts to raise capital for foreign exchange were vetoed by the J. P. Morgan Bank. The relationship between Anglo and J.P. Morgan is, of course, obscure. Hocking's evidence suggests that in the early 1920s Ernest Oppenheimer viewed the relationship between the mining house and the bank as a long term, strategic one. He was certainly extremely candid with the bank about his long term plans in the diamond industry. After the 1922 strike the Morgan group sold their Anglo holdings but the close relationship between the company's did not end. In 1925-6 J. P. Morgan, and its London subsidiary, Morgan Grenfell, provided the financial backing for Anglo's takeover of De Beers. Hocking, A. Oppenheimer and Son, Johannesburg, 1973, pp69-140. In the light of the immense investment this would have involved, it seems extremely unlikely that Oppenheimer would not have made his views on the gold standard known to the bank. CAD TES 6730, f53/289/6, Eric Louw "Memorandum on the attempts to obtain a Union Government loan or credit in New York", 04November1931; *op cit.*, From Saleg, the Hague to Primus, Pretoria, 11November1931; *op cit.*, Louw, 04November1931.

[47] CMA Gold Standard--1931, Gemmill to GPC members, 16Octovber1931; BRA Private Cables, Jan 1931--Jan 1932, Martin to London directors, 16November1931

[48] For Strakosch's pivotal role in the previous gold crisis see Ally "South Africa's monetary system", pp17-19

newspapers enabled the minelords to focus on the English-speaking bourgeoisie whose faith in the stability of the South African pound was essential to the maintenance of the gold standard system. But the state, too, had dangerous tools at its disposal. By the middle of 1932, Martin wrote to his superiors that he was being pressed to "do voluntarily a variety of uneconomic things". One example was the employment of an additional eight hundred white silicotics in Rand Mines companies, "The suggestion", he complained, "amounting to something like a threat, is that if we do not yield in this direction we are running the risk of having additional burdensome legislation passed upon us....".[49]

Despite being sorely tempted, the directors of Central Mining, Anglo American and the Union Corporation could not bring themselves to enter into open conflict with the South African cabinet during 1932.[50] But as South Africa approached the Christmas the minelords were, once again, approached for their support from a political movement opposed to the gold standard. On the 20th, representatives of Tielman Roos, the Nationalist politician whom Hertzog had attempted to exile by appointing him to the Appeal Court, called upon P.M. Anderson asking for the backing of the mining industry for a non-partisan, populist campaign against both the gold standard and the Nationalist government. To Martin's astonishment and dismay, Anderson liked the idea and cabled off to his chairman, Strakosch, for approval. In London, Wallers and Strakosch evidently discussed the proposal and sent word to both Martin and Anderson vetoing any political adventurism on the part of either the Union Corporation or Central Mining--Rand Mines. The following day, Tielman Roos resigned from the Appeal bench and entered politics with a campaign against the gold-standard and a proposal for a government of national unity. In the course of 1932, the general economic depression, the opposition of Smuts' SAP, and the sustained media campaign of the English-language dailies, had so weakened the psychological credibility of the gold standard that, within three days of Roos' political re-entry, the country was forced off the gold standard by the removal of middle-class savings from the

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[49]CMA Gold Standard--1931, Minutes of the GPC, 23November1931; The Star, 25November1931; Rand Daily Mail, 25November1931; See CMA Gold Standard--1931, Minutes of GPC meeting, 21December1931, for the Chamber's decision to publish comparative information from Australia in the largest daylies owned by Central Mining and Sir Abe Bailey; BRA London Letters--Directors' Confidential, 1929-35, Martin to Rogers, 19April1932

[50]By March 8, 1932, some of the members of the Chamber of Mines decided to confront the state on its own political terrain. On that day, William Gemmill held an interview with George Albu and N. S. Erliegh. The two men discussed their intention to form the Non Party Anti-Gold Standard Association of South Africa and asked for the formal support of the Gold Producers Committee. To bolster their petition they mentioned that they had secured the full support of both The Star and the Rand Daily Mail and that advertising costs would thus be kept to a minimum--not necessarily the wisest argument to make to those who owned the papers. Both of these men held interesting places within the mining ruling class. Erliegh's position in the Chamber was an unusual one. As the representative for Luipardsvlei Estate, he was one of only two members not affiliated to any of the powerful mining houses. George Albu was one of the few genuine young turks amongst the minelords. His father was Sir George Albu, the last of the republican magnates still on the Rand. Unlike Evans, who had been around since before the South African war, and those, like John Martin, who managed the largest mining houses, Albu's family owned a controlling share in the General Mining and Finance Corporation as well as heavy investments in the Durban Deep and E.R.P.M companies managed by Rand Mines. George Albu was shortly to inherit both his father's title and his position as Chairman of the board of General Mining. At the meeting of the GPC called to discuss the proposal on March 14 the members representing the six powerful groups deliberated about formally entering into politics against the government. The minutes of the meeting provide little information about what was said but it is clear that there was disagreement about supporting the movement. Resolutions from the GPC normally use the word "unanimous" to describe the manner in which decisions were reached. The record from that day is one of only a handful that reveal a majority decision. At the very least we can assume that Albu and Erliegh got the support of Arthur French, the General Mining representative, and it is possible, especially in the light of later adventures, that Goldfields backed them as well. Gemmill's letter to Erliegh summed up the ambivalence of the minelords feelings about open political conflict. "The GPC", he wrote, "while in full sympathy with the objects of your association, feels that ... it would be contrary to its policy to associate itself, and the mining industry as such--for the present, with the campaign that you have in mind". The GPC's reluctance to support Albu and Erliegh speaks volumes about the political contours of the mining ruling class. Throughout the 1920s and 1930s, Anglo-American, Central Mining and the Union Corporation nurtured close, cooperative ties with both the Pact and Fusion governments. None of these groups were prepared to jeopardize the political capital, however attenuated, of their relations with the cabinet by returning to the overt political conflict of the Unionist party. CMA Gold Standard--1932, Erliegh to Gemmill, 09March1932; *op cit.*, Minutes of the GPC, 14March1932; *op cit.*, Gemmill to Erliegh, 14March1932

banks.[51]

For the Treasury and the Reserve Bank, Tielman Roos' announcement of opposition to the gold standard put an end to what they saw as a period of fiscal recovery. They had come to rely on the naive conviction that the mere fiscal stabilization of the monetary system would restore the credibility of the gold standard. Postmus, the Governor of the Reserve Bank, could even speculate about extending the assistance given to the Nationalists political constituency, "the farmers, the unemployed and other innocent sufferers of the world depression".[52] But within three days of the announcement, the stumbling momentum of the recovery had turned into an hysterical retreat. On December 23, the banks let Havenga know that they were very anxious to meet with him to discuss state intervention into the deteriorating conditions of foreign exchange. By the end of the week, the commercial banks and the Reserve Bank sent a joint appeal to the Minister of Finance. The thrust of the letter was contained in its first paragraph:

> We have the honour to inform you that in consequence of the political situation that has developed, the public, acting upon the assumption that South Africa's departure from the gold standard is imminent, are purchasing exchange and withdrawing gold coin so heavily that it is reasonably certain that the position will become untenable within a few days. It is our duty to inform you that in our view, in order to avoid a crisis of the first magnitude, immediate steps should be taken to protect the Bank's exchange and gold resources by suspending the convertibility into gold coin of Reserve Bank notes.

The following day, an extraordinary Government Gazette announced the formal separation of gold and money.[53]

Consequences

The most immediate result of the abandonment of the gold standard was the dramatic increase in the monthly profits announced for each of the mines at the end of January. The annual figures for 1933 are testimony to the spectacular increases in revenue and profits generated by the devaluation of the South African pound. Revenue from the sale of gold jumped by twenty million pounds after 1932, a record year itself that saw the mines' gold revenues approach 50 million pounds for the first time. The gold mines announced dividends of slightly more than 13.5 million pounds in the year following the gold standard crisis, a 50 percent increase on the figures produced for the previous year. But more significant than the massive increases in profits and revenue was the shift that took place in the long term development of the mines. Between 1912 and 1932 the annual revenue of all the mines had risen from 38 million to about 50 million pounds, and for much of that period revenue had remained in a tight band around 40 million pounds. After the gold standard crisis the mining industry entered a new period of exponential growth that would see revenue double in the short space of four years and then triple after the next devaluation of South African currency in 1950. What these figures reflect is the fact that

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[51] BRA London Letters Directors' Confidential, 1929-35, Martin to Wallers, 23March1932; BRA Private Letters from Johannesburg, 1932, 195; BRA Private Cables, 1932-33, Martin to Wallers, 21December1932; *op cit.*, Martin to Wallers, 22December1932

[52] In the course of 1932 the central bank had managed to accumulate gold reserves equivalent to 60% of the country's money. Most of the other financial institutions, from the Commercial banks to the insurance companies, had managed to re-establish normal lending operations without assistance from the state. The central bank had even been able to return 1.3 million sterling of the uncovered funds made appropriated from Barclays and the Standard. The bank and the Treasury were confident about the country's trade surplus and the relatively healthy condition of the national budget.

[53] CAD TES 6715, 53/289/26, Postmus to Havenga, 23December1932; *op cit.*, Banks to Havenga, 27December1932; Rand Daily Mail, 29December1932

prior to the gold standard crisis the industry had functioned on the basis of a more or less fixed price of gold. After 1932 the South African gold mining industry was fuelled by two new factors. The first was the cyclical increase in the demand, and corresponding increase in the value, of gold during periods like the 1930s, and the second was the intervention of the state to adjust the South African monetary value of gold so as to secure mining profits. After 1932 the profitability of the mining industry was driven less by the technological and managerial imperatives that had increased profits and revenue in the 1920s, than by the steadily advancing value of gold measured in South African currency.[54]

The fact of the mining industry's dependence on the state for its massively increased profits was not lost on either the Afrikaans press or the Nationalist cabinet. Worried about Die Burger's incitement for state seizure of the gold premium, John Martin went to interview Havenga in Pretoria to try to sort out what the government intended to do about taxing the premium.[55] He came away reassured that the Nationalists intended to "do nothing of a confiscatory nature". Despite the finance minister's assurances, and the entrance of the mines' closest friends, like Patrick Duncan, into the cabinet after the Fusion of the SAP and NP, the Budget speech that Havenga delivered on May 30, 1933, came as a devastating shock to the minelords. In justifying the appropriation of the lion's share of the gold premium, Havenga made it very clear that the industry owed its dramatically renewed profitability, and durability, entirely to the state.

> South Africa's departure from the gold standard and the subsequent depreciation of our currency have had the effect of increasing the value ... of the production of the gold mines by many millions. This is an increment due solely to State action. It is maintained by State action under the Currency and Exchange Act, and is no wise an appreciation of the assets of the shareholders .... In considering its attitude to the premium, the State need therefore not be concerned with any claim that this money belongs by right to the shareholders.

The minelords, having at last won the war of the gold standard, seemed set to lose the peace.[56]

To reverse Havenga's proposed seventy percent appropriation, the Chamber of Mines turned to their most influential ally in Parliament. Sir Robert Kotze immediately began a systematic campaign against Havenga's tax proposals.[57] In both the press and in private correspondence with Smuts he stressed the threat of the tax proposals to the mines' plans for expanded development and the investment of new foreign capital. Within a month, Patrick Duncan, acting as Minister of Finance in Havenga's place, had redrawn the tax proposals. The new plans limited state income earned directly from the excess profits tax to £6,000,000. (Other state revenue from leased mines and normal income tax amounted to almost fifteen million pounds in 1933, an increase of more than 10 million pounds.) In the end the mines managed to hold the excess profits tax to what amounted to

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

[55] Martin's confidence that he could negotiate with a Nationalist government in no way dampened his encouragement for the establishment of the alliance the SAP and the Nationalists that began to come together after February 15. He saw an alliance between Hertzog and Smuts as the best means of limiting the excesses of the nationalists, while maintaining the legitimacy, and power, of the mines' political allies in the SAP.

[56] BRA London Letters Director's Confidential, 1929-35, Martin to Phillips, 01February1933; O'Meara, D. Volkskapitalisme, p45; CMA Taxation (1)--1933, Budget Statements 1933-4, 30May1933

[57] Kotze was the SAP member of parliament for Springs, had been appointed Government Mining Engineer in 1908 and held that position until 1926, when Creswell fired him. Kotze's authority on the gold mines was unmatched in parliament and he was a close friend and confidante of Smuts. See Kotze in Rand Daily Mail, 6June1933; CMA Taxation--1933, Kotze to Smuts, 09June1933 and 14June1933; Yudelman Emergence, p231; Rand Daily Mail, 15June1933. Havenga had not given up his attempt to seize the premium for the state. In 1939 he attempted, once again, to appropriate all profit generated from a gold price in excess of 150s per ounce. The mines were only saved by the outbreak of the second world war and the disintegration of Fusion.

a fifty-fifty deal. But from 1933 the fiscal relationship between the state and the mining industry lost its symmetry. Both the cabinet and the GPC were acutely aware that the profits of the gold mines were dependent upon state intervention.

The new system of value inaugurated by the abandonment of the gold standard endowed both the state and capital with considerably increased wealth. This change came largely at the expense of African workers. The snapping of the ties of value that bound money and gold freed the mines to shift the scale upon which the value of the labour power of African workers had been measured. From the late 1880s to 1933 the labour power of African workers had been measured at about a fifth of the total value of their product [Figure 3]. Throughout that period, with the exception of the 1920-5 interlude, the value of African wages had been kept relatively constant and literally tangible by the payment of gold. The abandonment of the gold standard dramatically increased the commodity value of African labour whilst, initially, holding wages constant. Those who sought to address the state and the Chamber of Mines on behalf of the voiceless mineworkers did not miss the evidence of surplus labour extraction. In March 1933 the United Transkeian Territories General Council appealed to the government to ask the Chamber of Mines to pay all underground workers an additional shilling for every shift worked. In justifying his appeal, Counsellor Bokleni used the firm logic of metallic money to represent the extraction of surplus value.

> The young men who are working on the mines are helping to work the gold in the mines so that gold can be made into money.... I think that the labourer drilling holes at the mines is earning hundreds of pounds and he only gets a few shillings.[58]

But the contours of the distribution of wealth on the gold mines had transcended the simple extraction of surplus labour by the time Bokleni spoke. As the councillors soon became aware, the portion of the mines' product paid to the miners was also declining in value.

From the mid-1930s, inflation began to undermine the value of mineworkers' wages [Figure 5]. In October 1935, the Transkeian council again requested the mines to raise the general level of wages. The councillors pointed to the increased cost of living and stressed the massively increased profits being earned by the mines in the wake of abandonment. Wellbeloved, the man who replaced Taberer as Native Labour Advisor after the latter's death in June 1932, responded to the Council's demand by denying that any important changes "in the mode of living of the raw native" had taken place since the end of the first world war. But, from Christmas 1935, the mines did increase the minimum wage of underground workers to two shillings per shift. This increase affected the least skilled of underground workers and particularly those employed on lashing and tramming whose numbers had increased dramatically during the expansion of development work and more efficient machine drilling. It was specifically designed to meet the "popular native conception of a cash wage [of] about 2 shillings per day". The increase had only a very small influence on the average wages of African workers which, in any case, were at their lowest levels since before the first world war.[59]

The position of white workers on the mines after 1933 in many ways appears to resemble that of African workers. Despite the initial militance of both rank and file and officials of the South African Mine Workers Union, by the end of 1934 Martin noted that the mines had not been forced to make significant concessions to their employees. "It is, I

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[58] CMA Native Labour Miscellaneous--1933, United Transkeian Territories General Council to Gemmill, 28March1933

[59] CMA Native Labour Miscellaneous--1935, Acting Director of Native Labour to General Manager TCM, 16October1935; *op cit.*, Wellbeloved to Roberts, 02November1935; *op cit.*, Limebeer to Roberts, 02November1935; *op cit.*, Gemmill to All Mine Managers, 23December1935

consider, remarkable", he wrote to Frank Phillips, "that in these two years of off-gold standard conditions, with all the spectacular increases in profits, the large increases of average dividends, the enormous appreciation of share-market values, the atmosphere created by periodical share-market 'booms', there has been no increase of wages ....". What the stagnation of white wages does not reveal is the manner in which the mines provided for the welfare, recreational and retirement needs of white workers during the 1930s. During the same period, apart from the increase of the minimum wage to 2 shillings per shift, African mineworkers received a 2 shilling subsidy on the price of the boots they were required to buy and, in 1939, the Chamber agreed to pay the rail-fares of South African and Tropical recruits. The total annual cost of the concessions granted to African employees amounted to £730,000 and involved, by 1941, over 350,000 men. The benefits granted to the forty thousand white workers, not including the cost of living allowance or the unemployment fund, amounted to about £80 pounds per worker and cost the minelords in excess of 3 million pounds. There is strong financial evidence that the gold standard crisis marked the point at which white mineworkers, on the whole, began to view their interests less as being in contradiction with those of mining capital, and came, increasingly, to see themselves as allies of the mining groups in the struggle against African workers.[60]

In the wake of abandonment, gold ceased to circulate in the compounds and communities of Southern Africa. Where gold was kept on the bodies of migrants before 1933, those that followed rarely even saw it. Dzingwe, a man from Mount Frere who worked on the mines for many years after the gold standard crisis reflected on the forbidden and inaccessible character of the products of gold mining. "There, there were other people --- even the clothes they wear don't have pockets---the overalls then. Because people working there used to steal the mud and go to sell it in the locations. Gold mud. When it comes out of the place where it's cooked, being taken to the Time Office, it comes out being a brick---this big. It goes to---that money is sent to England. We never saw it but it's a stone---the small brick---is this big, of gold."[61] The complex overlapping arenas of value ascription that had characterized the operation of the gold standard system were distilled to a single distant site involving half-a-dozen men. After January 1933, every working day at half-past eleven, representatives of the gold merchants, the Bank of England, and Rothschilds met in the London offices of Rothschild and Sons on Threadneadle Street to decide the value of the gold produced by the South African mines.[62]

Implications and Conclusions

This re-examination of the gold standard crisis suggests that we need to look much more closely at the cultural history of Southern Africa in the twentieth century. In particular, it questions assumptions about the history of commoditization and monetization and implies that the sharp dichotomy that is said to exist between money and cattle is real

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[60] In 1934 the mines set up a provident fund for its white workers, provided it with an initial capital of £500,000 and made monthly contributions of 24 shillings for every worker. In the same year all employees received an extra week's paid leave. The amounts paid out in leave bonuses, medical benefit allowances and the provident fund were increased almost every year thereafter. In 1938 the Chamber set up the Provident Fund Savings Branch and contributed £13 to the accounts of all white adult employees. In 1940 the mines established an unemployment benefit fund and made weekly contributions on behalf of all their white employees. From the middle of the following year all white workers received a cost of living allowance based on the Witwatersrand retail price index. BRA London Letters Directors' Confidential 1929-35, Martin to F. Phillips, 04December1934; CMA Native Labour Miscellaneous (2) 1941, Concessions to European Mine Employees and Concessions to Native Labourers, 7November1941; op cit., Limbeer to Members of the GPC, 7November1941

[61] Interview Breckenridge, Mzayifani and Dzingwe 22August1992.

[62] Rand Daily Mail-Mining & Finance News, 14November1933

only in the most abstracted historical sense. Whilst the substantive and relational qualities of metallic money are certainly very different from those of cattle, there are similar differences between paper and gold. The transition effected by the gold standard crisis suggests that systems of value in Southern Africa have undergone at least one major reorganisation in the period of the monied economy. We have seen that many of the most rapacious qualities of paper money, especially its velocity and capacity to undermine the value of labour, were institutionalized after 1933. The contemporary ritual and rhetorical symbolic power of coins, particularly as indicators of wealth, needs to be interrogated against the historical backdrop of a system of value based on metallic money that has itself been eroded by paper money. This task is all the more urgent if, as the Comaroffs have convincingly argued, hegemony "is a product of the dialectic whereby the content of dominant ideologies is distilled into the shared forms that seem to have such historical longevity as to be above history--and, hence, to have the capacity to generate substantive practices along the surfaces of economy and society.... They belong to the domain of fact, not value. They are just there, ineffably."[63] The gold standard crisis marks the point at which some of the most powerfully naturalized forms and practices of the early twentieth century underwent challenge and decay. The alliance between cattle and gold that characterized the period after the first world war in the Transkei, gave way during the crisis to an economy of practices assymetrically dominated by paper money. This paper has done little more than to point to the existence of this abrupt transformation. A better understanding of the character of this change awaits more research. But this study has also tried to show that the tools of periodization that have thus far been used to delimit the historical development of the South African state, the wider political economy and processes of class formation are unnecessarily detached from the changes that have taken place in the daily lives of the masses. The actions and ideas of the African working class were directly involved in a struggle with those who have shaped the economic history of South Africa. At many points their efforts were defeated but that is surely no reason for ignoring them. The attempts to define periodization should not, perhaps, be so concerned to discover why shifts in the political economy took place but rather to explore the manner in which temporal processes shaped the lives of those who lived through them.

Which brings us to the broader question of the character of the transformation that took place between September 1931 and Christmas 1932. The nature of the processes of rural impoverishment has been the subject of considerable debate in Southern African historiography. Simkins' work has been an especially useful caution against the invocation of unwarranted and, often, unconscious teleological processes of proletarianization. But his claim that rural African subsistence agriculture remained at a relatively constant level between 1918 and 1955 is untenable. There is no doubt that, for migrants and minelords, the gold standard crisis and the Depression which coincided with it constituted a dramatic redefiniton of the political terms upon which they confronted each other.[64]

A few metaphorical points must serve here in place of a more detailed study. In the course of 1920s the Chamber of Mines faced persistent and serious shortages in their attempts to fill recruitment quotas. Moreover, Taberer and Gemmill constantly noted the development of both subsistence and export agriculture in many areas of the Transkei. In the period during and following the gold standard crisis, and prior to the second world war, the mines enjoyed an abundant labour supply from those same areas. By the end of

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[63] Comaroff, J amd J.L. Of Revelation and Revolution: Christianity, Colonialism and Consciousness in South Africa, Vol I, Chicago, 1991, p.30

[64] Simkins, C. "Agricultural Production in the African Reserves of South Africa, 1918--1969", JSAS, ??,??, p270

the decade the primary concern of the recruitment officials and medical officers appended to the Chamber was for the declining basis of subsistence in the Reserves and the consequent deterioration of the "physiques" of African mineworkers. But the gold standard crisis did not simply coincide with the most serious crisis in rural reproduction in the interwar period, it also served to shift resources into the hands of the minelords. In the course of the 1930s, the mines abandoned the attempts made by Taberer, Charles Villiers of the NRC, and a number of other mine managers throughout the 1920s to raise the level of skill and wages of South African migrant mineworkers. The mines turned away from scientific management to a recruitment policy that took full advantage of structural unemployment, in part, because of the dramatic expansion in the size of the workforce caused by the expansion of development and the opening of newly profitable goldfields. But the fat profit margins that came after 1933 also quickly deflated any urgency to increase the productivity, skill and motivation of South African workers.[65]

For the minelords the crisis was not an unambiguous victory. The Central Mining Corporation, which up to that point had been completely dominant on the Witwatersrand, entered a period of inexorable decline. During the speculative booms that followed the crisis the company sold off shares in the mines that it believed were above "real" values only to discover with time that they could not afford to buy them back. The corporation's failure to invest as heavily as Goldfields and Anglo-American in the new mines of the Far West Rand and the Orange Free State stemmed directly from the crisis. The snapping of the thread between gold and money shattered Frank Phillips' faith in the future of gold, and the economic potential of the South African gold mines. It was not the "imperial" character of the Central Mining Corporation that was responsible for the company's failure to invest in the West Wits, Klerksdorp or Free State Goldfields, as Kaplan has suggested. It was the inability of those nurtured in the epoch of the gold standard to take seriously the "unreal" value of gold shares, and their timidity in exploiting the new psychology of value ushered in by the gold standard crisis.[66]

Finally, the crisis punctuates the history of the consciousness of migrant mineworkers. After 1933 the products of minework were systematically removed from the experience of most mineworkers. However poorly paid and alienating minework was during the 1920s, it earned meaning as the making of money. The invisible inflationary forces that undermined the value of migrant labour after the crisis were harnessed to a new form of alienation aided by the obfuscation of mine work.

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[65] see CMA Native Labour Miscellaneous files for the years 1920--1948. For a discussion of scientific management see Leger, J. "Scientific management and skill in South African gold mining", Wits S.W.O.P. Seminar, 1992

[66] Kaplan, D. "Class conflict, capital accumulation and the state: an historical analysis of the state in twentieth century South Africa", Ph.D., 1977, Chapter Seven, p17

Figures:

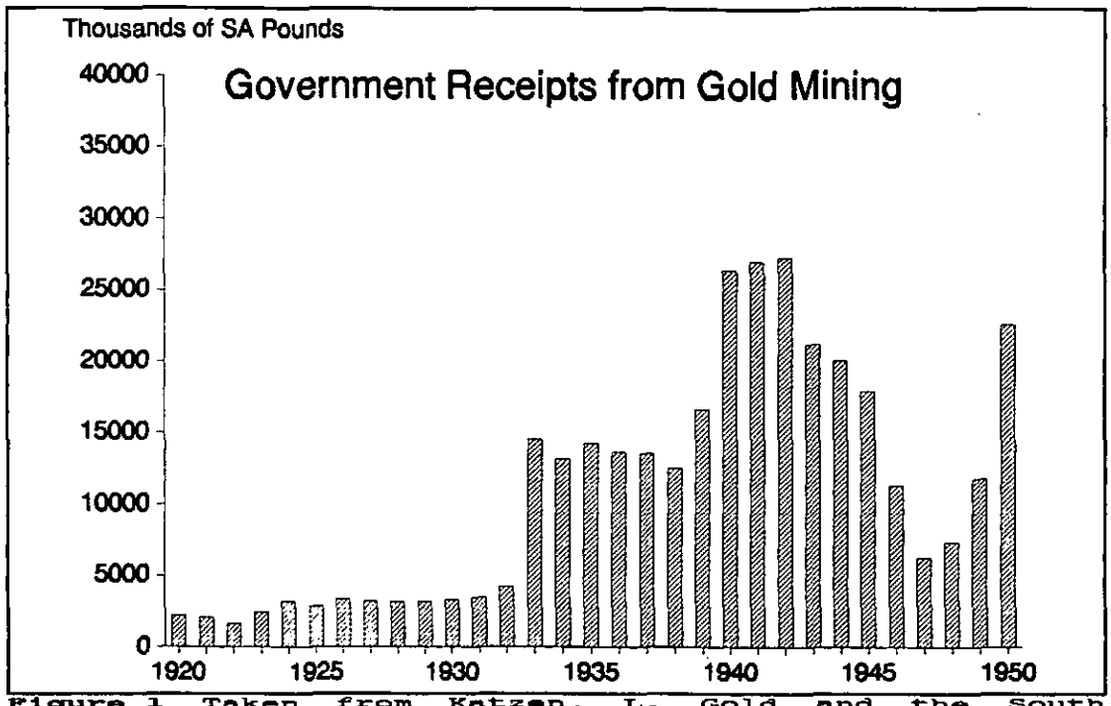


Figure 1 Taken from Katzen, L. Gold and the South African Economy, Cape Town, 1964, p56

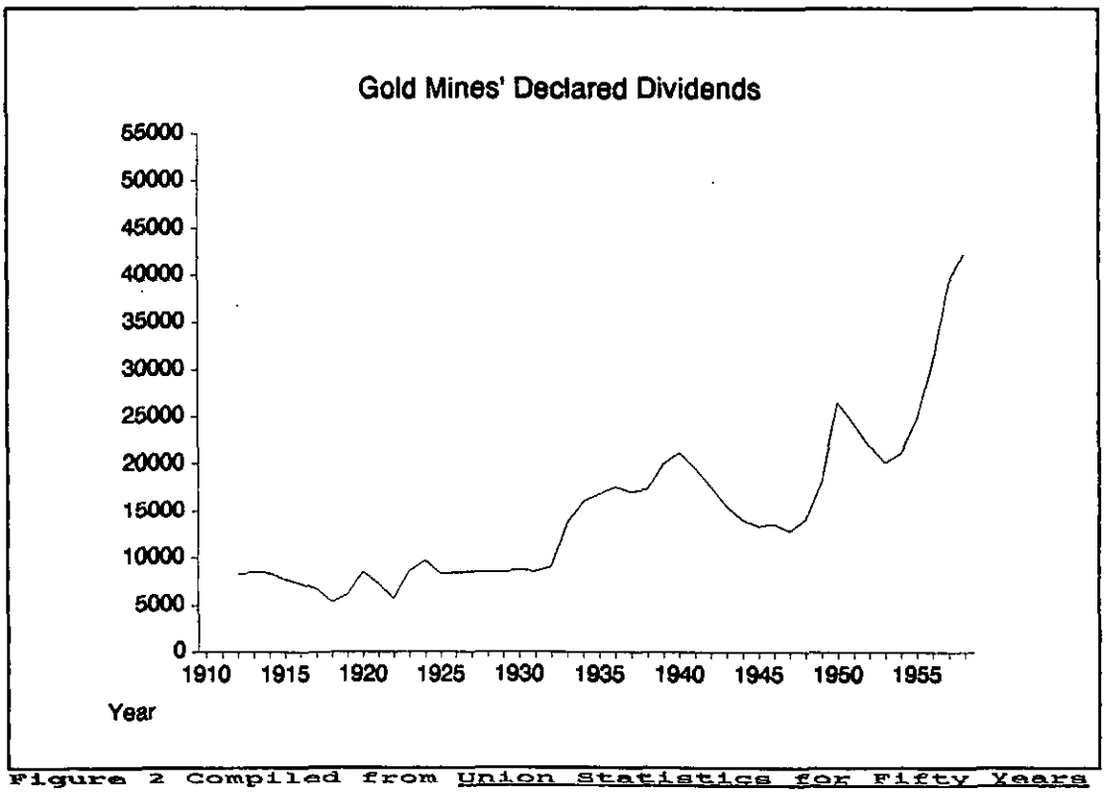


Figure 2 Compiled from Union Statistics for Fifty Years

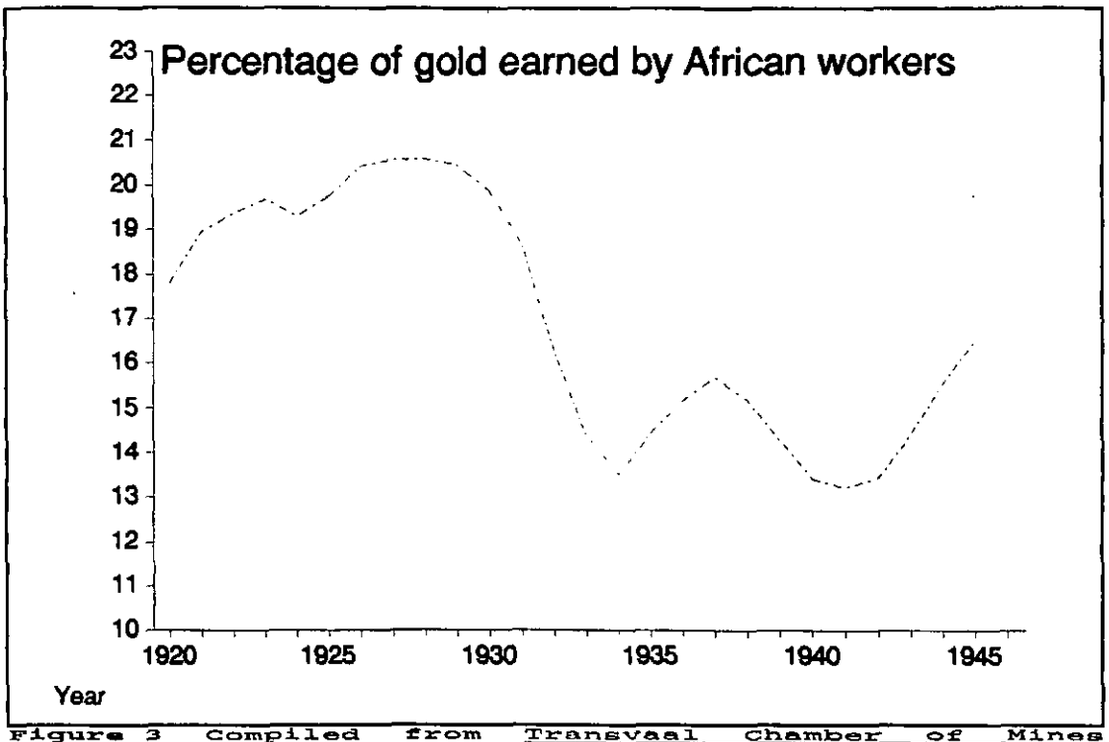


Figure 3 Compiled from Transvaal Chamber of Mines Annual Report 1950, p135; Katzen, L. Gold and the South African Economy, p56

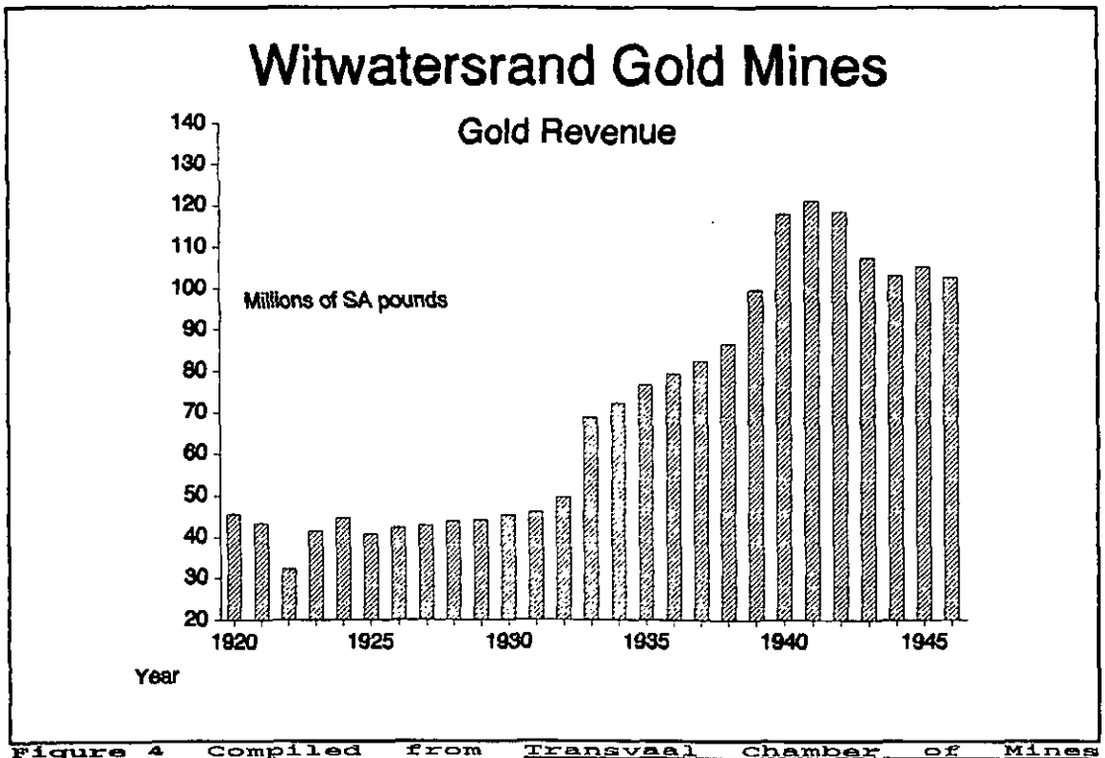


Figure 4 Compiled from Transvaal Chamber of Mines Annual Report 1950, p135

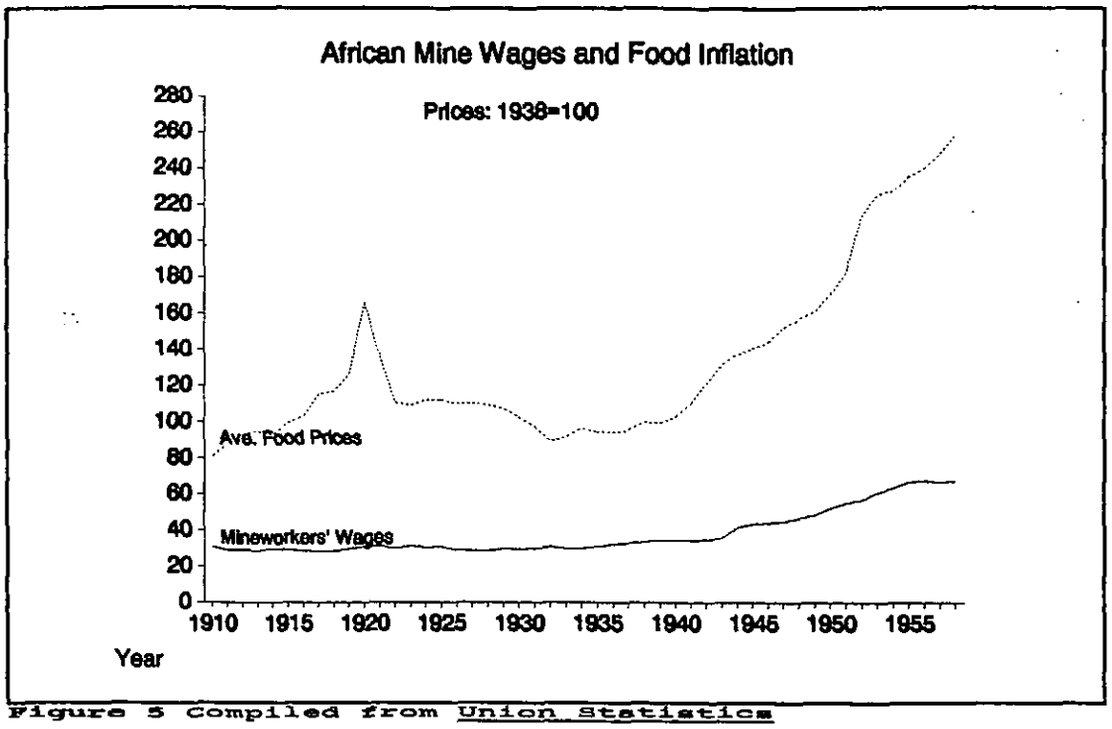


Figure 5 Compiled from Union Statistics

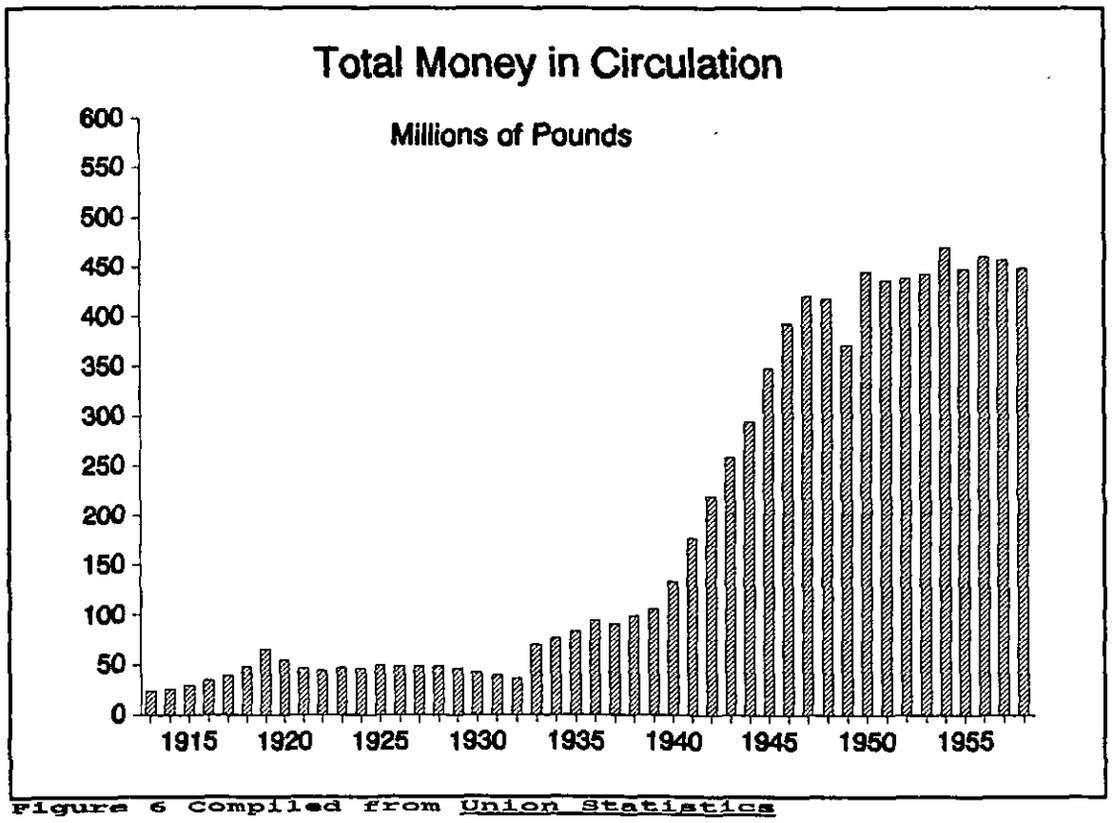


Figure 6 Compiled from Union Statistics