

TR 80-06

T H E S O U T H A F R I C A N S H I P P I N G

Q U E S T I O N 1 8 8 6 - 1 9 1 4

Vivian Edgar Solomon

Dissertation submitted to
RHODES UNIVERSITY
for the degree of
Doctor of Philosophy

Johannesburg 1978

When an energetic South African merchant wishes to practise oratory or to exercise his pen in writing to the newspapers the first subject to which he naturally turns is the "Shipping Ring" and its system of rebates. It would be an intense relief to the public generally if the stale and tiresome controversies which have been waged on these matters could in any way be silenced.

The African Review, 2.10.1897

The South African freight problem seems likely to rival or repeat the well-known proverb about the omnipresence of the poor.

South Africa, 29.4.1905

PREFACE

For the best part of a generation the "Shipping Question" was a talking-point in South Africa; yet today it is completely forgotten, and the name of its leading actor is virtually unknown. Scant reference to the controversy will be found in economic- or other histories; in the rare cases where it is alluded to, the treatment is superficial. This study seeks to fill that gap.

At the outset it is advisable to define the scope of the work. It is not a history of the South African shipping trade in the pre-1914 era: shiplovers have had that ground amply covered by Marischal Murray, and indeed are unlikely to find in the following pages much to their taste. Neither is it an economic analysis of shipping conferences: there is a growing body of work on that subject, and this study does not seek to add to it. Nor is it a business history: it does not probe the structure, the management or the profitability of shipping enterprise in the period concerned. A full-scale discussion of these latter topics would be a major undertaking in its own right, nor is it at all certain that the necessary materials are accessible or even extant. In short, the study is concerned with the origins, the course and the outcome of the "Shipping Question" of the period 1886-1914.

Documentation for a controversy that was essentially mercantile in its origins and its first dimensions might be thought to be patchy and sparse; but it is gratifying to record that a substantial volume of material has been uncovered. The newspapers and periodicals of the time, especially in the period before the Boer War, devoted much more attention to shipping than has since been usual; The British and South

African Export Gazette, South Africa, The African Review, and the London edition of The Cape Argus have been of particular value. In that era, again, the Chambers of Commerce occupied a more prominent position in their communities than they seem to do now, and their meetings were reported at length, often to the extent of several columns of newsprint; these reports have been of great assistance. It is fortunate, moreover, that the papers of two of the leading protagonists on the South African side have survived: the Garlick Papers and the Jagger Papers, now housed in the University of Cape Town Libraries; these, while perhaps not as full as might have been hoped, have shed a good deal of light on mercantile thinking and strategy.

If the controversy had been confined to the mercantile sector, however, it would scarcely justify detailed investigation. It entered also into the sphere of government and politics and it came to assume an Imperial dimension; and in these aspects it is pleasingly well documented in official primary sources. The papers of prominent public figures, furthermore, have yielded some valuable insights - and, in some cases, the documents that rightfully belong in official repositories! The minutes of one of the corporate bodies to the dispute - the South African Merchants' Committee in London - are still extant, and they have been of great use in supplementing the (sometimes condensed) versions of the Committee's proceedings that are available from newspaper- and other sources.

While disappointingly attenuated in some areas, the records of the Union-Castle Line have been alike fascinating and indispensable. The papers of Percy Molteno, a member of the Line's management and one of the leading actors in the second part of this study, form a valuable supplement to the records.

One cause for regret has been the absence of primary sources

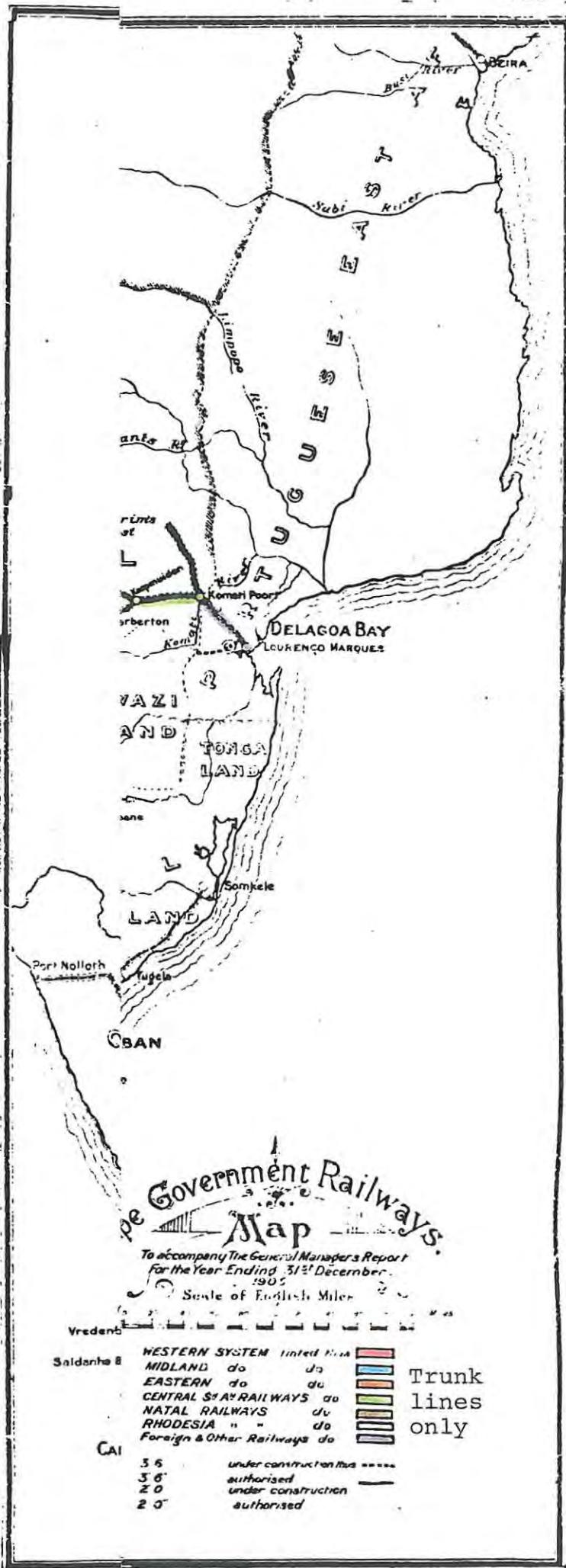
emanating from the other shipping lines involved in the controversy. The Union-Castle Line was the dominant partner in the trade, and will therefore occupy the centre of the stage; but its colleagues' records would have been useful in perhaps correcting undue emphases or false perspectives.

It is a customary and pleasant duty to acknowledge the assistance received in the course of one's research. I am especially indebted to the Union-Castle Line and particularly to Mr Charles Lemon, who went to much trouble to extract long-untouched records and who saw to it that I had willing assistance and comfortable surroundings at Cayzer House, St Mary Axe; to Miss Kathleen Murray, who kindly received me on her farm at Elgin, Cape, and granted free access to the papers of Percy Molteno, her uncle; to Dr P.H.Butterfield of the University of the Witwatersrand and Professor M.L.Truu of Rhodes University, who gave of their time and energy to obtain the minutes of the South African Merchants' Committee; to Professor G.A.Shepperson of the University of Edinburgh, who transcribed a document in the Balfour Papers; to Mr James Taylor of Liverpool, late deputy chairman of Ellermans, who patiently replied to many questions; to Mr K.A.Payne of Cape Town, chairman of Ellerman & Bucknall, who provided a copy of unpublished reminiscences; to Mr D.Staveley Taylor of Liverpool and Mr R.C. Shaw of Cape Town, who supplied information on the Houston Line; to Mr Gordon Rennie of Johannesburg, who gave me temporary custody of clippings and photographs on the early history of South African shipping; to Mrs Maryna Fraser, Archivist of Barlow Rand Limited, who made accessible the records of H.Eckstein & Company; and to Mr J.C.Quinton, Chief Librarian of the Library of Parliament, who readily permitted access to unpublished annexures of the House of Assembly.

PRINCIPAL ABBREVIATIONS

B&SAEG	British and South African Export Gazette
BOT	Board of Trade
BRA	Barlow Rand Archives
CAD	Cape Archives Depot
CO	Colonial Office
DC&Co	Donald Currie & Company
NAD	Natal Archives Depot
RCSR	Royal Commission on Shipping Rings
SAD	Central Archives Depot
SAMC	South African Merchants' Committee
SASFC	South African Shipping Freights Conference
TAD	Transvaal Archives Depot
UCR	Union-Castle Records

"Downing Street" and "Fenchurch Street" are used as synonyms for the Colonial Office and Donald Currie & Company respectively.



The Government Railways Map

To accompany The General Manager's Report
for the Year Ending 31st December
1905
Scale of English Miles

<p>Vredens</p> <p>Saldans</p> <p>CAI</p>	<p>WESTERN SYSTEM <i>intert. line</i></p> <p>MIDLAND <i>do do</i></p> <p>EASTERN <i>do do</i></p> <p>CENTRAL SOUTH AFRICAN RAILWAYS <i>do</i></p> <p>NATAL RAILWAYS <i>do</i></p> <p>RHODESIA " " <i>do</i></p> <p>Foreign & Other Railways <i>do</i></p>	<table border="0"> <tr> <td style="width: 15px; height: 10px; background-color: #f08080; border: 1px solid black;"></td> <td>Trunk</td> </tr> <tr> <td style="width: 15px; height: 10px; background-color: #8080ff; border: 1px solid black;"></td> <td>lines</td> </tr> <tr> <td style="width: 15px; height: 10px; background-color: #ffff00; border: 1px solid black;"></td> <td>only</td> </tr> <tr> <td style="width: 15px; height: 10px; background-color: #808080; border: 1px solid black;"></td> <td></td> </tr> <tr> <td style="width: 15px; height: 10px; border-bottom: 1px dashed black;"></td> <td>under construction</td> </tr> <tr> <td style="width: 15px; height: 10px; border-bottom: 1px solid black;"></td> <td>authorised</td> </tr> <tr> <td style="width: 15px; height: 10px; border-bottom: 1px solid black;"></td> <td>under construction</td> </tr> <tr> <td style="width: 15px; height: 10px; border-bottom: 1px solid black;"></td> <td>authorised</td> </tr> </table>		Trunk		lines		only				under construction		authorised		under construction		authorised
	Trunk																	
	lines																	
	only																	
	under construction																	
	authorised																	
	under construction																	
	authorised																	
<p>3 6</p> <p>3 6</p> <p>2 0</p> <p>2 0</p>	<p>under construction</p> <p>authorised</p> <p>under construction</p> <p>authorised</p>																	

CONTENTS

Preface		iii
List of abbreviations		vi
Map: South Africa, 1905		vii
INTRODUCTION		1
PART I : GENESIS		
CHAPTER I	THE SOUTH AFRICAN SHIPPING CONFERENCE	11
CHAPTER II	THE HOUSTON WAR	106
CHAPTER III	THE INTER-COLONIAL CONFERENCE ON FREIGHTS	199
CHAPTER IV	THE CRISIS OF 1907	293
PART II : JUDGMENT		
CHAPTER V	MAILS AND MAIZE	316
CHAPTER VI	THE POST OFFICE ACT	372
CHAPTER VII	THE WORLD TURNED UPSIDE DOWN	428
CONCLUSION AND EPILOGUE		458
Appendix I	Conference Agreement, 1904	469
Appendix II	Rebate circular and claim form, 1907	472
Appendix III	Legal opinions	474
Appendix IV	Biographical notes	476
Sources		480

I N T R O D U C T I O N

Advances in marine engineering in the middle decades of the nineteenth century gave the shipping trade a dependability and regularity previously unknown; and, while the sailing ship continued to hold her own for some time to come,⁽¹⁾ the spiralling volume of merchandise exported by the industrialised countries and the return flow of food and raw materials from the less developed parts of the world was increasingly carried in steam-powered vessels.⁽²⁾

The development of the steamship introduced a greater measure of specialisation into the shipping trade, and two main types of ship emerged: the liner and the tramp.⁽³⁾ The latter caters for goods shipped in bulk; her speed is relatively unimportant; she usually loads at one port and discharges at one port; and she does not sail until full. By contrast, the liner's cargo consists of a great number and variety of relatively small parcels; she may load at several ports and discharge at several; and, of greatest moment, she keeps to a schedule and sails whether full or not. The distinction between the two ships is functional and not technical: the same vessel may operate now as a liner and now as a tramp; but as a rule the liner is the larger, faster and better-equipped ship.⁽⁴⁾

-
- (1) Gerald S. Graham, *The ascendancy of the sailing ship 1850-85* (*Economic History Review*, 1956-7).
- (2) *The Cambridge Economic History of Europe*, vol. VI: *The industrial revolutions and after*, part I, pp. 267-8; *The New Cambridge Modern History*, vol. XI: *Material progress and world-wide problems 1870-1898*, pp. 5, 52.
- (3) There had been something approximating to liners in the days of sail, but it was steam that crystallised the distinction. See Robert Greenhalgh Albion, *Square-riggers on schedule: the New York sailing packets to England, France, and the Cotton Ports*, chs. I and II.
- (4) On liners and tramps: H. C. Calvin and E. G. Stuart, *The merchant shipping industry*, ch. II; Alfred Marshall, *Industry and trade*, ch. III, iii, 3; Douglas Owen, *Ocean trade and shipping*, pp. 68-71; RCSR I, pp. 11, 95-6. (The Royal Commission on Shipping Rings of 1906-1909 produced five blue books: these will be cited as "RCSR I", etc.)

The cost structure of a liner may be divided into three parts: organisation overheads, voyage overheads and voyage variables. The first category relates to costs that arise apart from the ship's operations: interest, depreciation, insurance, management expenses and the like; the second covers those costs that are inescapable once she is put on the berth, such as wages and fuel; and the third consists of the costs arising directly from the handling of cargo. In the short run these handling costs, which have been variously estimated to comprise some fifteen- to twenty-five per cent of total costs, are for all practical purposes the only variable costs; the other costs may be regarded as fixed. A liner with unutilised capacity will therefore be prepared to cut her rates drastically in order to fill up before her scheduled sailing: a rate only marginally above the variable costs will reduce the standing costs and so add to her profitability.⁽¹⁾ This simple fact underlies the rate wars that are a well-known feature of shipping history: rival shipowners, each anxious to fill up, are in a position to cut their rates drastically in the attempt to outbid each other for the limited cargo available. But in the long run the normal rates must be sufficient to cover total costs; sustained competition with rates down at the level of variable costs will be disastrous. With stakes so high, there is

(1) On liner economics: Esra Bennathan and A.A. Walters, *The economics of ocean freight rates*, ch.4; B.M. Deakin in collaboration with T. Seward, *Shipping conferences: a study of their origins, development and practices*, pp.90-7; Trevor D. Heaver, *The structure of liner conference rates* (*Journal of Industrial Economics*, July 1973); Robert E. Lipsey and Merle Yahr Weiss, *The structure of ocean transport charges* (*Explorations in Economic Research*, 1974); Daniel Marx Jnr, *International shipping cartels*, ch.II; D.L. McLachlan, *The price policy of liner conferences* (*Scottish Journal of Political Economy*, November 1963); Carleen O'Loughlin, *The economics of sea transport*, chs.9 and 10; S.G. Sturmeay, *British shipping and world competition*, ch.X; eadem, *Some aspects of ocean liner economics*, p.7; eadem, *Economics and international liner services* (*Journal of Transport Economics and Policy*, May 1967). The received view on the reduction of rates to the level of variable costs has, however, recently been questioned - vide R.O. Goss, *Studies in maritime economics*, p.16.

a peculiar ferocity attending a rate war . . . , especially where the number of carriers is small and personal feeling can arise. It is primarily not competition to win trade, but to ruin the rival, to drive him off or to bring him to terms. (1)

Wide fluctuations in rates had characterised shipping in the era of sail; but severe competition after the opening of the Suez Canal, when steam tonnage and capacity mushroomed, lent urgency to the quest for rate stability in the liner trade.⁽²⁾ Two main strategies were evolved: either the amalgamation of competing lines into one entity better able to match the supply of tonnage to demand and at the same time to reap the economies of concentration, or the negotiation of a modus vivendi between the several lines in a trade whereby the more damaging features of their rivalry might be tempered.

An early and obvious form of working relationship was found in an understanding to avoid overlapping services such as closely-matched sailings or the use of the same berth ports; but in course of time agreement was reached on the more pressing question of rates. The shipowners who were parties to such understandings met from time to time to consider matters of mutual concern; hence the name that these loose associations were to acquire, "shipping conferences". What has been regarded as the first clear example of the genus, the Calcutta Conference, was formed in 1875, and thereafter similar agreements were negotiated on other trade routes until most of the world's shipping trades were operating

-
- (1) J.Russell Smith, *The ocean carrier: a history and analysis of the service and a discussion of ocean transportation*, p.264.
- (2) Deakin and Seward, *Shipping conferences*, ch.2; L.C.A. Knowles, *The industrial and commercial revolution in Great Britain during the nineteenth century*, pp.307-8; B.R.Mitchell in collaboration with P.Deane, *Abstract of British historical statistics*, p.224; RCSR I, pp.11, 100.

on this basis.⁽¹⁾

Shipping conferences are to be distinguished from combinations: within the framework of the conference agreement, the component lines retain their identity, their management and their freedom of action. They may be regarded, rather, as a good example of cartelisation, insofar as they endeavour to restrict output (namely tonnage and sailings) so as to match what is a largely inelastic demand for ocean carriage; and, this object having been gained, to set an agreed price for their product. Sometimes they go further, by pooling earnings. Although not extinguished by a conference agreement, competition between the lines is relegated to the comparatively harmless sphere of facilities and service.⁽²⁾

But experience was to show that a conference agreement was not in itself sufficient to create stability in a particular trade. There might be lines that elected to stay out; but even if the conference were all-embracing there would still remain the threat of incursions. Taking into consideration the current state of the market, as well as its own strength as against that of the interloper, the conference might view such attacks with concern or disdain; but clearly it would fight if its market were already fully supplied with tonnage. Whatever the ultimate issue, the ensuing contest would hurt the several parties and would put strains on the conference itself.

(1) On the early history of the conference system: Adam W. Kirkaldy, *British shipping: its history, organisation and importance*, book II, ch. III; RCSR I, pp. 10-12; *ibid.* II, app. vi. Although the beginning of the conference system is usually traced to the Indian trade in the 1870s, a "Transatlantic Shipping Conference" was in existence in 1868 - vide J. Russell Smith, *Ocean freight rates and their control through combination* (*Political Science Quarterly*, June 1906), p. 253, and Francis E. Hyde, *Cunard and the North Atlantic*, p. 93 ff.

(2) On the structure and organisation of shipping conferences: Deakin and Seward, *Shipping conferences*, pp. 53-69; John S. McGee, *Ocean freight rate conferences and the American merchant marine* (*University of Chicago Law Review*, Winter 1960), part III; RCSR I, pp. 22-7. For a brief but lucid introduction to the subject see Julia Hood, *Shipping conferences (Cartel: review of monopoly developments and consumer protection)*, April 1955).

Nor is it from liners only that the conference may expect competition: it must contend also with tramps. Liners and tramps cater for different sorts of cargo, to be sure, and on a superficial view might be supposed not to infringe on each other's trade; but in practice the distinction between cargoes, and for that matter between liners and tramps themselves, ⁽¹⁾ is not always clear-cut, and there is a range of cargoes for which the two must be regarded as competitors.

The lines established in a particular trade may thus find themselves, a conference agreement notwithstanding, exposed to the havoc of a rate war. They will have built up a service that for its optimal working depends on the regular support of the shippers in the trade; but they will have no built-in assurance of those shippers' allegiance. Enlightened self-interest, no doubt, may persuade the shipper of the advantages accruing to loyalty; but short-run temptations in the form of an outsider's reduced rates may well militate against the real but less tangible benefits of the established service. Economic illiteracy, plain ignorance, the claims of business connections, sheer pique - these and other factors may spell fickleness. It is not sufficient, then, that the conference lines should have eliminated the more disruptive forms of internal competition: they must find means whereby the steady support of their customers is rendered tolerably certain. In a word, a "tie" must be formed between shipowner and shipper. As it has been wittily put,

the doctrine of the Conference lines has been that in shipping communities the states of polygamy and polyandry are both unstable, tending to decline into the heathen condition of promiscuity, and that group marriages provide the only stable relationship. (2)

(1) "The draftsman of the British Shipping Act of 1935 'gave up in despair the task of providing a statutory distinction'" - vide W.S.Woytinsky and E.S.Woytinsky, World commerce and governments, p.456.

(2) The Round Table, March 1928, p.431.

Several such ties have been evolved.⁽¹⁾ One of the earliest was the system whereby preferential freight rates, or more precisely quantity discounts, were offered to the larger shippers as an inducement for their entire support. This arrangement, however, was never popular with the ship-owner: for one thing, the sanction against the shipper's defection is not severe, being as a rule merely the forfeiture of further discounts; for another, the system understandably irks the smaller shippers, whose business while perhaps individually trifling is nonetheless considerable in aggregate. The alienation of these shippers, or even their outright elimination by their larger competitors, could well mean a drop in the overall volume of cargo, and would tend to concentrate bargaining power in a few hands. An alternative arrangement is that known variously as the "dual rate", "exclusive patronage", "agreement", or "contract rate" system, whereby a shipper is given rates below the standard tariff in return for using the conference ships exclusively; breach of his undertaking involves the immediate withdrawal of the lower rates (which are otherwise guaranteed for a term, usually a year) and possibly other penalties such as a refund of the saving already made. Although well-known in the shipping world of today, this system was less frequently encountered in earlier times; it had, indeed, been employed in the primal days of shipping conferences, but had been found to be a poor sanction against disloyalty; of more moment, it was inferior to what became the classic means of securing a hold on shippers - the deferred rebate, introduced by the Calcutta Conference in 1877.⁽²⁾

Rebates or commissions, it need hardly be said, were nothing new in the business world of that day. The novelty of the

-
- (1) On tying arrangements: Marx, International shipping cartels, ch.X; McGee, Ocean freight rate conferences, pp.231-8; Sturmev, British shipping, pp.337-43.
- (2) On the mechanics of deferred rebates: Cmd.1802(1923); RCSR I, pp.27-32. Specimens of rebate circulars will be found in Roland K.Bridges, Freight conferences and rebate terms.

deferred rebate lay in the fact that the commission was paid not at the time of the transaction but at some future date; more significantly, it was contingent on the buyer's continued support during the intervening period. In order to make the tie still more secure, that period was itself divided into two: the shipper's claim for the rebate was to be submitted to the company at the end of a stipulated period, and would cover all shipments made during that time, while the rebate itself would be paid only at the end of a further period. The actual periods varied from conference to conference, but typically might be six months plus six months or even (as in the South African trade) six months plus nine. In the extreme case, then, a shipper might accumulate rebates on shipments that stretched as far back as fifteen months; and he stood to lose the entire sum, which for a large and regular shipper might be substantial, should he have made even the most trifling shipment by an outsider during that time.

In this way the shipowners were given a powerful hold on their regular customers, who were unable to make use of other opportunities for shipment without risking their rebates. To be sure, there might be occasions when even this penalty was not sufficient to deter an enterprising merchant; but the punishment might indeed not stop at rebates but extend to higher rates, delays in shipment, or even the outright refusal to accept his business. Merchants, and particularly those in fashion lines, must be assured of regularity in supply, both to meet the exigencies of trade and to avoid the economic waste involved in slow movement of stocks; but regularity is the one thing that tramps do not offer, and (leaving aside the heroic but usually impracticable course of chartering a ship) even the larger merchant is perforce thrown back on the facilities of the established lines, and must thus take care to keep on good terms with the shipowners. For all practical purposes those lines are monopolists, at any rate so far as the great bulk of shippers is concerned; the monopoly may not be complete, nor is it unassailable,

but for the average shipper there will be no alternative to the conference ships.

From the shipper's viewpoint monopoly of course has its dangers. Historically the conference system may have evolved from a wish to curtail the ravages of competition; but as a conference waxes strong it is easy for the emphasis to be shifted from protection to aggression - for the shipowners to become concerned less with the minimisation of losses and more with the maximisation of gains. The deferred rebate is then a potent weapon in maintaining an equilibrium position in the trade by preventing shippers from giving support to lower-cost operators who may seek to come in. Nor are the objections to this monopoly wholly economic: secure against outside competition, the shipowners may conduct themselves in a high-handed way that outrages their customers' amour propre more than the "monopolistic" rates hurt their pockets. It is therefore not surprising that shipping conferences have for long been the subject of controversy.⁽¹⁾ The broad charge against them has been that they are monopolies: that they are able to, and do, act "unfairly" towards shippers, while also depriving the community as a whole of the benefits of free competition. In reply the shipowners have been apt to argue that they are not monopolists but that in any case they have invested great capital in the trade and that it would be inequitable to leave this investment at the mercy of casual interlopers or of johnnies-come-lately who break into an established trade to reap where others have sown. Nor, they claim, need a conflict be perceived between the interests of shipowners and of shippers: properly regarded the conference system, while avowedly devised by shipowners for their own ends, serves shippers

(1) On early critiques of the conference system: Report of the Alexander Committee of the United States House of Representatives (quoted in extenso in The Annals of the American Academy of Political and Social Science, September 1914); RCSR I, pp.38-74 and 99-113.

too, inasmuch as it secures them regular services and stable rates. Furthermore, the shipowners stress, under a conference régime identical rates apply to all shippers alike, whereas in an unregulated market the substantial merchant's bargaining power would extract better rates than those available to his smaller brethren.

The early years of the twentieth century were a time of widespread concern at the dimensions that industrial combination of one kind or another was assuming and at the influence it was coming to exert in public affairs: around every corner, it seemed, lurked "rings".⁽¹⁾ Shipping conferences shared in the opprobrium, and several countries conducted investigations into their activities - notably the Royal Commission on Shipping Rings of 1906-1909 in England and the "Alexander" Committee on Shipping Combinations of 1912-1914 in the United States. The thrust of these and later investigations was to uphold the conference system per se but to assert that it embodied features lending themselves to abuse and thus calling for some degree of public control. In recent years there has been a revival of discussion of the question in the United States, as well as a new-found concern on the part of the developing countries, which are inclined to view shipping conferences as a form of neo-colonialism. Conference shipowners have been thrown increasingly on the defensive and have had recourse to extensive self-regulation in order to stave off more stringent state control.⁽²⁾

South Africa, in the years before the Great War, was peculiarly susceptible to the growth of monopoly in her ocean

-
- (1) See, for example, H.W. Macrosty, The trust movement in British industry.
- (2) For recent developments see United Nations Commission on Trade and Development, The liner conference system, which has an extensive bibliography.

carrying trade; she also had what was both the good- and the ill-fortune to have attracted the energies of a man of striking personality and force of character, whose talents had raised him from humble origins to a topmost pinnacle in the shipping world. The conjunction of these things brought the shipowners into collision with the colonies. The controversy would span long years; now ebbing now flowing, its currents would run far and deep; it would have elements of high drama; and it would culminate in a momentous clash.



SIR DONALD CURRIE

PART I

GENESIS

C H A P T E R I

THE SOUTH AFRICAN SHIPPING CONFERENCE

Among the many economic consequences of the mineral discoveries in South Africa in the latter nineteenth century was a great upsurge in the country's overseas trade. Soon beyond the capacity of the individual digger, the new extractive industries called for large injections of capital; the colonial governments, shaking off the poverty that had long beset them, embarked on ambitious plans for development; enjoying unaccustomed wealth, the South African consumer was loud in his demand for goods. Lacking any but the most rudimentary manufacturing industries of their own, the colonists were thrown back on overseas sources, and notably Great Britain, for their needs; concurrently with the exploitation of its mineral riches the country's imports grew by leaps and bounds. As late as 1911 an authority would assert that

South Africa comes nearer the old-fashioned Cobdenite and Manchester ideal of a colony which exports raw materials and imports manufactured goods than any of the other sister states of the Empire. (1)

The export traffic was both narrow and small: apart from gold and diamonds it consisted principally of wool and of other pastoral products such as hides, mohair, ostrich feathers and skins. During the nineteenth century these items virtually exhausted the list: although there was a miscellany of minor products, such as copper, these were not as a rule significant in either value or volume. Exports were indeed to show a striking growth in the closing decades of the century, so much so that South Africa has been credited with having been transformed from a young-

(1) Henry Birchenough, South Africa (in W.J. Ashley (ed.), British Dominions: their present commercial and industrial condition), p.137. On the nature of South Africa's foreign trade before 1914 see also D.M. Goodfellow, A modern economic history of South Africa, pp.196-7; J.W. Root, The trade relations of the British Empire, pp.109, 112-4; Basil Worsfold, The Union of South Africa, p.372.

an old debtor nation as a result;⁽¹⁾ but, so far as volume was concerned, they continued to lag far behind imports.⁽²⁾

The great bulk of everyday imports from Great Britain was channelled through the large mercantile houses established at the main ports of the colonies and dealing in the whole range of consumer goods as well as in capital items such as machinery, tools and agricultural implements. Not only the country's imports but also her agricultural exports flowed through this channel. The more substantial merchants were men of stature and influence in their communities, and they conducted business on a scale that might have aroused comment even in London.⁽³⁾ For the most part they combined wholesale- and retail functions, but exceptionally they might be wholesalers only. These "coast houses", as they were known, sold both locally and through their branches inland, but their business went further than selling on own account. They would, of course, supply goods on wholesale terms to storekeepers: if the customer were financially sound the deal would be outright, but more often a "tied" house was involved - namely, a small inland storekeeper unable to pay cash and thus dependent on the coast merchant for an initial advance of goods and for extended credit. In return the storekeeper bound himself to obtain his supplies from the coast merchant exclusively, and also to channel the primary products of his region - skins, hides, feathers, aloes and the like - through that outlet. In this way the large merchant acquired what in effect were *dépôts* throughout the country.⁽⁴⁾

-
- (1) Donald Wood Gilbert, The economic effects of the gold discoveries upon South Africa 1886-1910 (Quarterly Journal of Economics, August 1933), pp.585-7.
- (2) For apposite statistics see Official Year Book of the Union of South Africa, vol. I, pp.509-14.
- (3) For a good description of a colonial import house see James Salter-Whiter, A trip to South Africa, ch.IV.
- (4) On the structure of colonial trade at the turn of the century see Cd.1844(1903), pp.6-8; T.Nicol Jenkin, Report on the general trades of South Africa, p.24; Ben Morgan, Report on the engineering trades of South Africa, p.19; British & South African Export Gazette (hereafter "B&SAEG"), June 1898, pp.583-5.

In these closing decades of the nineteenth century British manufacturers looked askance at direct dealings with customers overseas. This policy, which by modern standards might be taken as a singular lack of enterprise, had indeed an inner logic - mainly

the division of labour in Victorian trade which encouraged intense specialization. At each stage of manufacturing, packing, shipping and selling, specialists were engaged. Specialization had its advantages. For the small manufacturing establishments characteristic of British industry before the '80s it made good sense to delegate. 'Never thou put salt water between thee and thy money' was the advice which the British manufacturer received from his cradle. (1)

As a rule the link between British manufacturer and overseas importer was provided by the merchant shipper, although as the century drew to its close the commission buying agent was coming into greater prominence in foreign trade. The merchant shipper played an important economic role.⁽²⁾ Ideally, he would not merely receive and execute indents from abroad but would actively promote trade in the colonies, with which as a rule he was himself intimately connected. He would purchase from the British manufacturer on his own account, either for his own establishment in the colonies or to fill out of stock indents from smaller colonial merchants; but more often than not he would also function as a commission agent. In this latter capacity he would handle all aspects of the indent, up to the time the goods were placed on board ship. Although in this capacity he was acting as agent rather than as principal, the manufacturer nonetheless looked to him for payment.

The merchant shipper relieved the industrialist of two major

(1) D.C.M.Platt, Latin America and British trade 1806-1914, p.142.

(2) See Francis E.Hyde and Sheila Marriner, The economic functions of the export merchant (The Manchester School of Economic and Social Studies, September 1952).

tasks, neither of which the latter was eager or indeed fitted to perform: namely, keeping himself informed on overseas conditions and requirements, and assessing the credit standing of prospective overseas customers. But apart from the lack of any incentive to take upon himself functions that another party - the merchant - was already performing, the manufacturer confronted a strong sanction against any temptation to stray in that direction: if he were rash enough to step out of line and accept orders from the importer direct, retribution could be swift and merciless - the powerful London merchant would take his business elsewhere. This was not a risk the manufacturer would care to run for the doubtful gain stemming from the elimination of a middleman. Up to the Great War, then, the doctrine of "Indents through home merchants only" remained largely unchallenged.⁽¹⁾

The South African coast houses would normally have their own offices in London to handle their buying. These would be in charge of a senior partner in the firm who, in addition to his normal buying, would accept indents from smaller importers in South Africa who were unable to maintain a London office of their own. Such customers were known as the London merchant's "marks". As an alternative, the small importer might place his indent with a commission buying agent. In either case the London party was remunerated by commission on the total invoice, including the freight charges. The very small importer, whose volume of business might not justify the merchant in placing a specific order with the manufacturer, might nonetheless obtain the benefits of direct importing by virtue of the London agent's ability to aggregate several indents. On the whole, however, the "small man" was discouraged from importing direct and

(1) On the structure of the British export trade in this period see Frank M. Dudeney, *The exporter's handbook and glossary*, chs. vi and vii. A modern treatment of the subject will be found in Clive M. Schmitthoff, *The export trade: the law and practice of international trade*.

was expected to channel his business through the colonial coast houses.

As opposed to the merchant the manufacturer was not normally to be found involved in the mechanics of exporting. He dealt with the resident merchant or commission agent in exactly the same way as with other buyers in the domestic market; the ultimate destination of the goods was not his concern, and questions of shipping therefore passed him by.

At the time of the diamond discoveries in the late 1860s the chief shipping link with South Africa was the service of the Union Steam Ship Company, which had held the Cape mail contract since 1857 and which provided twice-monthly sailings. At various times other steam lines had tried to get a footing in the trade, but one and all they had failed.⁽¹⁾ Tramps, such as they were, constituted no threat to the Union Line, inasmuch as the country could not supply bulk return cargoes; so small was the volume of South African exports, indeed, that the mailships themselves had difficulty in finding full cargoes for the homeward voyage. Many years later, when the export traffic had grown out of all recognition, this imbalance between outward- and homeward cargo would still exist.⁽²⁾

But the dramatic developments of the late 1860s attracted other hopeful competitors. One was the "Cape and Natal Navigation Company", the guiding spirit of which was G.H. Payne, a London loading broker in close touch with the Cape

(1) On the early history of steam shipping to South Africa: A.8/10/25/84/105 - '65; H.C.334, app.3; Marischal Murray, *Ships and South Africa*; eadem, *Union-Castle Chronicle*.

(2) Cf. Edgar Crammond, *The British shipping industry*, pp.20-1; N.M.Jeffrey, *Load indexes on the shipping route between Europe and Union ports, South Africa, for 1925* (*Journal of the Economic Society of South Africa*, February 1928), pp.65-7. Donald Currie, speaking at a launching ceremony in 1903, lamented that "in no other trade in the world is there this absence of homeward cargo" (*South Africa*, 15.8.1903).

trade. There was place for new blood in the trade, and the perhaps too-complacent Union Line received a jolt; but fortune failed to smile on the newcomer, and wrecks, delays and dissensions brought the company to the brink of ruin. The managers decided to pull out; but in a last effort to stay afloat Payne chartered two ships from a London ship-broker who had large interests in both sail and steam, Donald Currie. But the ships had scarcely sailed before Payne brought Currie the dismal tidings that the "Cape and Natal Line" was finished and that even the costs of the charter could not be met. But Currie's interest had been awakened, and he resolved to continue the service himself, changing its name and keeping Payne on in the rôle of loading broker.⁽¹⁾ In this way a man entered the South African shipping trade who was to dominate it for over a generation.⁽²⁾

In Currie's long life there was little he touched that did not turn to gold; and, once in his hands, the service begun by Payne was no exception. He had a flair for the colourful and the dramatic, and the rapid passages his ships made to the Cape struck the public imagination, not least by virtue of

the skilful manner in which the schedule was arranged. Each ... steamer was despatched from Dartmouth just two days before the corresponding Union mail packet left Southampton. The latter, consequently, proceeding in leisurely fashion to Cape Town, would find on arrival there that it had been forestalled, generally by about ten days, and that the "news" it brought was no news at all. (3)

-
- (1) The Times, 11.1.1886 (statement by Payne; reported in Cape Argus, 5.2.1886); James Taylor, Ellermans: A wealth of shipping, p.237.
- (2) On Donald Currie: South Africa, 17.4.1909, pp.122-9, and 24.4.1909, pp.206-11; B&SAEG, May 1909, pp.409-10; The Times, 14.4.1909 (obituary); Clement Jones, Pioneer shipowners, vol.II, pp.97-105; and the two works by Murray.
- (3) Murray, Ships, p.44.

A period of determined competition between the Union ships and Currie's "Castles" now commenced, which would end only with the amalgamation of the two companies in 1900. Currie's intrusion was regarded by the long-established, powerful and somewhat sniffy Union régime as rather an impertinence; but the brash newcomer went from strength to strength. His ships, indeed, were not the Union's superiors; but he was a past master in the art of securing favourable publicity for himself, and moreover there was a panache to the man that his faceless rivals lacked. So impressed were the Cape colonists that they voted him a subsidy in order to keep him in the field until the current mail contract should expire; and when the new contract was negotiated in 1876 he scored a notable triumph by gaining a half share in it.⁽¹⁾ From this solid base Currie would forge steadily ahead to become the virtual personification of South African shipping. In 1881 his Castle Line became a public undertaking under the name of The Castle Mail Packets Company Limited; but

it made no difference. This new concern had a Chairman; few people knew his name. There was a Board of Directors (or "Members of the Council", as they were called). For practical purposes their influence was nil. For Donald Currie & Company were the Managers ..., and that meant that Donald Currie, for all the change in title, still ran his Castle Line. He knew, personally, almost all the men who served him, whether at sea or whether ashore. He called them by their Christian names. His house at Hyde Park Place, in London, was accessible to all, no matter what their rank. All held him in affection and esteem. His very idiosyncrasies endeared him to his men. Donald Currie was the Castle Line. (2)

-
- (1) There is a brief history of the Cape mail contract in G.20-1908. On the 1876 contract see also P.A.Molteno, The life and times of Sir John Charles Molteno, vol.II, pp. 120-1.
- (2) Murray, Chronicle, p.82 (with slight stylistic changes). The headquarters of Donald Currie & Company were in Fenchurch Street, London, and in this narrative the address will be freely used as a synonym for the firm.

In dividing the mail contract between Castle and Union the Cape government was prompted by something other than abstract notions of equity.⁽¹⁾ It had cast a cold eye on the benefits that might accrue to the Colony from sustained competition in the shipping trade, and the contract thus sought to perpetuate the rivalry between the two contractors - by the carrot of premiums for speed and the stick of a veto on amalgamation.⁽²⁾ An attempt was made, indeed, to prohibit not only amalgamation but also any form of understanding on rates and similar matters; but this stipulation Currie refused to accept.⁽³⁾ Over the course of years the speed premiums were to cost the Colony a good deal of money,⁽⁴⁾ but it is doubtful whether they outweighed the cost to the lines themselves of the racing that was thereby encouraged, and it may well be that the freights controversy of the future had its roots in this expensive competition.

Apart from one or two short-lived ventures by outsiders the steam trade stayed securely in the grasp of the mail lines for the remainder of the 1870s. There was a slight recession in the South African economy in the years 1875-78, but this was followed by a burst of expansion that in the early years of the next decade pushed the country's foreign trade to unprecedented heights. This growth in trade was sufficient to warrant the mail lines in placing on berth extra ships, to sail in what hitherto had been the "fallow" week of each line; shippers were now able to avail themselves of two sailings weekly in place of the former solitary mailship sailing. In course of time these ships came to be known as "intermediates"; on account of their slower pace and

(1) Cf. Cape Argus, 18.4.1876 and 20.4.1876 (editorials).

(2) Murray, Ships, p.70.

(3) RCSR II, app.vi (statement by Currie). Also in South Africa, 22.2.1908, pp.486-93.

(4) Details will be found in G.20-1908.

less elaborate fittings they quoted rates slightly lower than those of the mailships. The increased trade also brought other lines into the field: the firms of John T. Rennie and Bullard, King & Company had traded with Natal for years past, and they now began a switch from sail to steam. It would be some time, however, before their fleets attained any great size. As they sailed to and from Natal direct, they were not viewed by the mail lines with any great concern.⁽¹⁾

But more significant opposition was on the way. The burgeoning exports of British industrial products to South Africa had raised a problem for manufacturers in the Midlands and the North of England, who found themselves at a disadvantage against those of their counterparts located nearer London and thus possessing a competitive edge in transport costs. In an effort to eliminate the extra rail costs under which they laboured they approached Charles Cayzer, whose Clan Line traded from Liverpool and Glasgow to India via Suez; and he agreed to institute a direct service to South Africa from those ports. The new service, which began in late 1881, would clearly be a strong contender with the two mail lines for the west coast trade.⁽²⁾

In 1882 two more lines entered the trade: the "South African Line" and the "International Line", both sailing from London. Despite their grandiloquent names they were hardly lines in the accepted sense of the term, as their fleets consisted of chartered ships despatched irregularly by two firms of London shipbrokers. But the International Line, such as it was, made a serious inroad into the mail companies' preserve by

(1) On these developments see Murray, Chronicle, ch.X.

(2) South Africa, 9.5.1896, p.343. On the Clan Line see Murray, Ships, pp.202-4, and the forthcoming history by Miss M. Davies.

winning the Cape Colony's immigration contract, its tender having been the lowest by far.⁽¹⁾ Moreover, the advent of these newcomers led to a short but sharp rate war with the mail lines, which brought "heavy loss" to the several parties. Peace was soon declared, but not before the International Line, hamstrung by its imprudently-low contract rates, had suffered the humiliation of having to invoke Donald Currie's aid.⁽²⁾ Brief as the episode had been, however, it had alerted the established lines to the dangers that might engulf them; and means were now sought of preventing a recurrence of the danger.

Two strategies were mooted to this end. The one was aimed at gaining a monopoly of the official cargoes and the immigrant traffic of the Cape and Natal alike; and an approach was made to those colonies for their mail contracts, which were then on the point of renewal, to be drafted accordingly. But the colonies, understandably averse to the elimination of competition in their shipping trade, turned the proposal down.⁽³⁾ The other strategy was the simple one of co-operation between the shipowners in the trade; and, taking the initiative, Currie now secured his long-sought object of a formal working agreement.⁽⁴⁾

To begin with, the mail companies hammered out a common policy

-
- (1) Cape Archives (hereafter "CAD"), PWD 354: Agent-General's letter, 11.1.1883; Murray, Ships, pp.60-1. In after years Currie would claim that the International Line had been "encouraged" by the Cape government (RCSR IV, p.87); and there is an echo of this in a commemorative brochure recently issued by the firm of brokers concerned ("Alexander Howden: 150 years of shipping and insurance", unpaginated). But no confirmatory evidence has been uncovered in the course of this work.
- (2) CAD PWD 383: correspondence with Agent-General, August-September 1883; RCSR II, app.vi.
- (3) Natal Archives (hereafter "NAD"): correspondence in CSO 916 2781/1883 and CSO 922 3384/1883, July-September 1883.
- (4) He had first mooted co-operation between the mail lines a decade before - vide H.C.334 (1873), qq.1473-83, and Murray, Chronicle, p.62.

on the immigrant traffic, on troop transport, and on passenger fares. A few months later the agreement was widened so as to embrace both Clan and the broker lines; and this may be taken to mark the beginning of the South African Shipping Conference.⁽¹⁾ No precise details of this first venture at a general understanding are available, but the agreement seems to have been rather rudimentary, and remarkably enough does not appear to have covered rates.⁽²⁾

But the Conference, formed to mitigate the ravages of competition that the boom years had called forth, was no sooner established than it found itself up against a depression that would be long and painful. The several wars of the late 1870s and early 1880s - the "native" wars in Cape Colony, Zululand and the Transvaal, and the first Boer War - had opened new markets and created heavy demands by the army. But the retrocession of the Transvaal left merchants with large stocks on their hands, and indeed with further stocks on the water as indents placed in happier times continued to come forward. Excessive speculation in land and in diamond shares, as well as trouble in the diamond industry itself, added fuel to the fire; and compounding these were difficulties in the export sector brought about by drought and a falling European market for some of the Cape's main products. The upshot was the most severe depression of the nineteenth century.⁽³⁾ The implications for the shipowners

-
- (1) There was no "official" name for the Conference, but the foregoing title will be used in this work. The shipowners usually referred to their collective selves as "the associated steam lines", "the steam lines trading to South Africa", "the shipowners engaged in the South African trade", or in similar general terms.
- (2) Union-Castle records (hereafter "UCR"): Council minutes, Castle Line, 2.3.1883 and 10.7.1883.
- (3) G.T. Amphlett, The Cape crisis of 1881 (Journal of the Institute of Bankers in South Africa, May 1906, pp. 31-45); C.G.W. Schumann, Structural changes and business cycles in South Africa 1806-1936, p. 84; J.A. Henry, The first hundred years of the Standard Bank, ch. 7.

will be apparent from the following table:⁽¹⁾

IMPORTS AND EXPORTS OF CAPE COLONY AND NATAL

Year	Imports £m	Exports £m
1877	6,3	6,0
1878	7,9	6,3
1879	9,3	7,0
1880	10,0	8,6
1881	11,1	9,2
1882	11,6	9,2
1883	8,2	8,0
1884	6,9	7,9
1885	6,3	6,7
1886	5,2	8,1

This shrinking trade was a severe blow to the fortunes of the shipping lines. The mail companies were forced to withdraw their intermediates; several ships had to be laid up; Union started an abortive North Atlantic service; Currie sent his ships to Rotterdam in a vain search for business, and toyed with the idea of a line to the Congo. Not until 1889 would the full capacity of the mail lines again be in use.⁽²⁾

Remarkably enough, however, it was at this moment that a newcomer chose to venture into the South African trade - Arthur Suter, formerly of Bullard, King & Company, who now announced plans for a new service to Natal direct. But the merchants failed to give him the support that, he claimed, they had promised - no doubt for the very good reason that the mail lines promptly countered with direct sailings of their own. Nothing daunted he then boldly carried the war into the enemy camp by adding Port Elizabeth to his itinerary; at the same time he shrewdly played on slumbering resentments by beating the drum on the "monopoly" in South African shipping.⁽³⁾ He gained a partner in T.M. Williams,

(1) Compiled from Goodfellow, A modern economic history of South Africa, p.22.

(2) Murray, Chronicle, pp.110-1; Cape Argus, 19.2.1886. On the Congo venture see further NAD CSO 1075 1525/1886: correspondence with Castle Line, Durban, April 1886.

(3) Cf. Cape Argus, 6.11.1885.

and their "Cape and Natal Merchants' Line" was to find a niche in South African maritime history as Suter, Williams & Company.

To an onlooker the ensuing contest, which began in late 1885, may have appeared grossly unequal; but in the event it was both severe and surprisingly long.⁽¹⁾ It was the first test of the Conference lines' solidarity, but to begin with there was no concerted action on their part, each doing what seemed right in its own eyes. When the newcomer's determination became manifest, however, the Conference shipowners came together to formulate a common strategy; and the upshot was the introduction into the trade of a device already in use on other shipping routes, but one that would become the subject of bitter controversy in South Africa - the deferred rebate.⁽²⁾

On 2nd March 1886 the following notice was issued:⁽³⁾

Shippers to South Africa are informed that, subject to the conditions hereinafter named, a return of 5 per cent. on the Net Freight paid will be allowed from the 1st inst. to all Shippers in Steamers despatched by the undermentioned Lines from the United Kingdom and/or Continent.

The return percentage will be computed quarterly up to the 1st June, 1st of September, 1st of December, and 1st of March in each year, and paid six months after those dates.

The return will only be payable to those Shippers who have, up to the date of payment, shipped exclusively by the undermentioned Lines.

Shippers must send in statements detailing the amounts claimed by them, on the form to be obtained from the respective Lines.

The Union Steamship Company, Limited,
from Southampton and/or London to
Cape Colony and Natal.

-
- (1) The episode is covered in Cape Argus (both the local and the "Home" editions), October 1885 to June 1886.
- (2) UCR: Council minutes, Castle Line, 5.3.1886.
- (3) RCSR II, p.55. An actual rebate circular, with the accompanying claim form, is reproduced as Appendix II below.

The Castle Mail Packets Company, Limited,
from London and/or Southampton to Cape
Colony and Natal.

The Clan Line, from Glasgow and/or
Liverpool to Cape Colony and Natal.

The South African Line from London to
Cape Colony.

The International Line from London to
Cape Colony.

NOTE:- Shipments made by Steamers loaded only
to Natal by Messrs. Bullard, King & Co. and
Messrs. J.T. Rennie & Co. will not prejudice
the claim of Shippers to the above return.

This announcement caused some commotion among the Cape merchants in England, who at once recognised in it a powerful counter to the incursion of outside lines. The wonder indeed is that Suter nonetheless managed to stand his ground for another three months, during which his rates and those of his rivals alike fell to disastrous levels. On 2nd June 1886, after an abortive attempt to come to terms with Currie, he threw in the towel.⁽¹⁾

It had been an instructive episode. If an opponent of this petty dimension could cause such havoc, there was clearly the need for an understanding among the several lines on means whereby similar incursions might be nipped in the bud. In particular, the Conference must embrace all the lines in the trade, so that an intruder would face a united front and be unable to play the one line off against the other. To this end the Conference was now enlarged to include the Natal lines, which hitherto had stood aloof.⁽²⁾ That done, attention was given to the homeward trade as opposed to the outward: here too Suter had underscored the lines' vulnerability, and the homeward-loading companies - the mail lines, the Natal lines and Clan - now applied the rebate system to this portion of the trade as well.⁽³⁾

(1) UCR: Council minutes, Castle Line, 28.5.1886; Cape Argus, 3.7.1886.

(2) UCR: Council minutes, Castle Line, 15.9.1886 and 5.10.1886.

(3) Ibid., 5.11.1886; RCSR II, p.55.

Another lesson driven home by the Suter incursion involved the subject of rates. With each party trying to undercut the other, rates had fallen from the normal range (55/- to 22/6) to an unheard-of 15/- and even 7/6.⁽¹⁾ All parties had suffered severely, and the Castle shareholders consequently found themselves without a dividend for 1886, while their Union counterparts were saved from that fate only by drawing on Reserve.⁽²⁾ A rate cut, obviously, was merely the start of a vicious spiral, and it must therefore be held back until other counter-measures had been tried. Perhaps with this in mind the Conference did not withdraw the rebate circular notwithstanding the ending of the opposition.

Merchants too could draw lessons from the episode. Despite lofty talk of "competition", contests of this kind were no blessing but a curse. Existing stocks in South Africa were automatically depreciated when a trade rival or a speculator landed new stocks at lower cost; and, whatever might be the short-term gains of a few renegades, in the end it was the whole body of shippers that would be called upon to pay the piper when, as must inevitably happen, the opposition was driven off or squared. A few bold souls, and they the larger shippers only, might be willing to brave the rigours of fluctuating rates; the great bulk of those in the trade preferred to see it kept on an even keel. Rate wars set not only shipowner against shipowner but also shippers themselves at one another's throats.

Suter and Williams, finally, could draw a bitter lesson from their ill-starred fight against the Conference. Merchants might be loud in verbal encouragement, but once the battle had been entered upon the new man was all too likely to sink

(1) Cape Argus, 12.2.1886, 9.4.1886, 30.4.1886 and 15.5.1886. See also Daphne Child, Charles Smythe: Pioneer, premier and administrator of Natal, p.122.

(2) Cape Argus, 3.3.1887, 15.4.1887 and 22.4.1887.

for lack of support, while those selfsame merchants sported with drastically-reduced rates from the regular lines and looked on with Gallio-like indifference as he went down.

The folklore that shipping conferences promptly raise their rates after a freight war, so as to recoup their losses, was not borne out in this instance. Far from increasing rates, the shipowners in a conciliatory gesture left them below the ante-bellum level;⁽¹⁾ and the rebate remained, which meant a still further reduction.⁽²⁾ Perhaps this

(1) Cape Argus, 6.8.1886. See also *ibid.*, 29.3.1887 (letter from "Anglo-African").

(2) At this point it will be as well to allude to a subject that was a continual source of misunderstanding. Shippers were inclined to argue that the rebate was a return of their money; the shipowners retorted that it was their's, being simply a commission paid as an inducement to sustained support. By the end of the nineteenth century the very word "rebate" had acquired such pejorative overtones that the Australian Conference sought to replace it by the term "bonus" (John Bach, *A Maritime history of Australia*, pp.207-8). Unfortunately, the question was bedevilled by the widespread custom in the shipping trade at that time of charging "primage", whereby a stated percentage - in the South African trade, ten - was added to the tariff rate of freight. This primage ante-dated the rebate. When rebates were introduced into the trade in 1886, they were fixed at five per cent of the net freight - in other words, they did not involve the primage. Tariff rates, as has been seen, were not raised but instead reduced. In 1892, as will be seen in due course, the rebate was raised to ten per cent; and the fact that the primage and the rebate were henceforth identical in amount gave rise to the easy, recurring and plausible claim that what the shipowners gave with the one hand they had already taken with the other. This confusion comes out clearly in the following exchange at the Freights Conference in London in 1905:

Dr Jameson: I took it that it was the merchants' money.

Sir Donald Currie: That is absolutely wrong. There is no such right on the part of the merchants. It is our money.

Mr Jagger: We do not admit that.

Dr Jameson: You hold the merchants' money as a leverage.

Sir Donald Currie: We deny that it is his money.

The shipowners' version must be upheld - although occasionally even they fell into their opponents' error and spoke of "return primage". On the whole question see Royal Commission I, pp.28-9.

(In a recent work it is stated that rates in the West African trade were raised by an equivalent amount when the rebate system was introduced in 1895, and that the shipowners consequently enjoyed "an interest free loan which was a val-

gesture to the shippers, coupled with the lessons to be drawn from the Suter Williams debacle, serves to explain the absence of further attempts to break into the South African trade in what was now the recovery phase of the depression. For the remainder of the 1880s the trade was free from alarms, and it forged ahead mightily after the epochal discovery of the Witwatersrand gold.

Rates were raised at the end of 1888.⁽¹⁾ The public had been expecting something of the sort, and accepted the move philosophically; informed opinion did not begrudge the mail lines a better return now, after the long years of depression "in which they maintained steam communication with this country at a dead loss to their shareholders".⁽²⁾ And indeed the companies' claim to an increase was equitable enough, not only on that ground but also by virtue of increases in their costs.⁽³⁾ But while rate increases per se might be acceptable to the colonists in a time of returning prosperity, increases that affected the pattern of rates between Durban and the Cape ports were not. For reasons that are obscure but that may have been connected with the growing competition of the two Natal lines, the mail companies had now altered the pattern in Natal's favour.⁽⁴⁾ A storm blew up in Cape

(contd. from previous page) uable addition to their working capital" - P.N. Davies, *The trade makers: Elder Dempster in West Africa 1852-1972*, pp.108-9. But no evidence is adduced to substantiate the claim. Perhaps the author has been led astray by "primage".)

- (1) Cape Argus, 5.1.1889.
- (2) Cape Argus, 15.10.1889 (editorial).
- (3) Ibid. (letter from Castle Line).
- (4) Outward rates were not uniform: generally speaking, they were higher to each successive port of call along the coast. The subject is dealt with in some detail in chapter III below.

Colony: strong protests were made; impassioned meetings were held; long correspondence took place.⁽¹⁾ But to no avail. The mail lines, as it happened, were also under fire from Durban for not having done enough for Natal;⁽²⁾ and it would need something of the wisdom of Solomon to reconcile these conflicting demands. But the wrath of the Cape is understandable: the trade of the goldfields was a rich prize, and anything that might divert it to her sister colony must be vigorously resisted. From now on inter-port rivalry was to be a crucial factor in South African shipping questions.

The shipowners having refused the demands for redress, the Cape merchants turned their thoughts to the feasibility of bringing on an opposition line.⁽³⁾ Interest among the rank and file, however, seems to have been desultory, or perhaps the obstacles were found to be too daunting, for the matter soon petered out. But a few months later subscriptions were publicly invited towards what was described as "The Cape Mutual Line".⁽⁴⁾ This project was to have a long innings, and the episode would not lack elements of farce; but in the end nothing came of it all. No Cape merchant can be traced as being connected with it: its leading light was one Captain P.H. Cowley, and in course of time it became something of a byword for fatuity.⁽⁵⁾ Still, it was a good example of no smoke without fire:

-
- (1) Cape Argus, 8.1.1889 and 15.1.1889 (reports of meetings of Cape Town Chamber of Commerce) and 9.4.1889 (editorial).
- (2) Ibid., 19.1.1889.
- (3) John Garlick Papers: Garlick - his London agents, 13.11.1889; Cape Argus, 18.10.1889 (letter from Thorne, Stuttaford & Company).
- (4) Cape Argus, 31.3.1890.
- (5) There are several contemporary references, e.g. Cape Argus, 23.10.1891 and 10.4.1893; South Africa, 23.1.1892, p.167.

the Cape's disgruntlement had been bruited about, and there were hands ready to respond to it. Those behind the "Cape Mutual", to be sure, might be pathetic and inept; but more capable ones were about to appear.

What follows is to some extent conjectural, as direct evidence is scanty.⁽¹⁾ In 1887 the old-established firm of Henry Bucknall and Sons, cork merchants of London, engaged a young Cardiff shipbroker, Edward Lloyd, to take charge of the shipping side of their various enterprises. Lloyd, a man of great imagination and energy, not only reorganised those shipping interests but also brought the firm more directly into the business of shipowning, establishing a new firm of shipbrokers and charterers, Bucknall Brothers. Among Lloyd's many friends was G.H. Payne, who long years before had been instrumental in introducing Donald Currie to the South African trade. Payne, who it will be remembered had been Currie's loading broker, had been summarily dismissed from that position at the end of 1885. The surrounding circumstances are not altogether clear; but the sudden termination of the long association between the two men had caused some shaking of heads in London mercantile circles.⁽²⁾ Still at something of a loose end in 1890, Payne - who of course had a thorough grasp of the trade, and was acquainted with recent developments - suggested to Lloyd that Bucknall Brothers extend operations to South Africa. With Payne's long experience of the trade and his ready access to shippers, a new line from London should be a reasonable business proposition; but Payne was no doubt human enough to welcome the opportunity of scoring off the man who - by summary dismissal and subsequent hounding⁽³⁾ - had humiliated him in the public eye.

(1) This account is based largely on James Taylor, Ellermans, ch.6.

(2) Cape Argus, 22.1.1886 and 5.2.1886.

(3) Cf. Cape Argus, 10.9.1886 and 10.12.1886.

Lloyd was won over by Payne's advocacy. To take on such doughty opponents as Donald Currie and his confreres was no light matter, to be sure; but he had Payne's abilities and connections to back him up in the task, and no doubt he was actuated by the confidence of a newcomer. More important than these, however, was the prospect of a lucrative freight contract then in the market. For in this same year the Nederlandsche Zuid-Afrikaansche Spoorweg-Maatschappij (NZASM) was inviting tenders for the carriage of 100,000 tons of heavy material to be used in the construction of the line from Delagoa Bay to Pretoria. If Lloyd could secure this business he would be in the position to meet the bulk or even all of his running costs and thus be able to fill up with normal berth cargo at low rates. So he went ahead, making a "most competitive" bid for the railway contract and also placing what was then regarded as a sensational⁽¹⁾ order for nine new ships that would be built to the specific requirements of the South African trade. The new line would be known as the "British & Colonial Steam Navigation Company", and would be managed by Bucknall Brothers. Lloyd also took the imaginative and shrewd step of forming a local committee in South Africa, which included such influential figures as James Sivewright, Ludwig Wiener and D.P. de Villiers Graaff. While perhaps largely ornamental, the committee provided a standing symbol of the new line's attitude to the colonies - in striking contrast to the reluctance on the part of the mail lines to delegate authority to their agents in South Africa, let alone to take counsel with her merchants.⁽²⁾

The new line and its plans were announced to the public in August 1891.⁽³⁾ Aggression was disclaimed: there was room

(1) L.C. Harris's MSS notes on Bucknalls, p.6.

(2) Cf. Cape Argus, 21.1.1888 (meeting of the Cape Town Chamber of Commerce with Sir Donald Currie); *ibid.*, 19.1.1888 (letters from local merchants.)

(3) Cape Argus (Home edition), 22.8.1891.

for all in the trade, Henry Bucknall asserted, but if the newcomers were attacked by the established lines they would fight, and "we will see who will come off worst".⁽¹⁾ This was not mere bombast. Bucknall might be small fry in the shipping world; but the Bucknall family had good connections in the City, and some of its members were reputed to be millionaires. In an age where social nuances counted for something, moreover, the new line could not be written off in quite the same manner as Suter, Williams & Company.⁽²⁾

The Conference's riposte to the announcement was a rate cut.⁽³⁾ The shipowners asserted, indeed, that the cut had nothing to do with Bucknall's advent,⁽⁴⁾ but it is safe to say that no one was taken in. The newcomer's decision to build nine ships was a clear signal that he was in earnest, and if confirmation was needed it was found in his successful wooing of the mail companies' officers.⁽⁵⁾ But the real blow was still to come: for in December 1891 Bucknall triumphantly announced that he had been awarded the railway contract;⁽⁶⁾ with cargo enough in his pocket to keep him busy for three years, he would be a formidable contender indeed. In an attempt to outflank him Currie now called a meeting of the principal Cape merchants in London, at which he pointed out the dire consequences of a rate war and promised to consider shippers' reasonable grievances;⁽⁷⁾ but when the merchants dragged their feet in following up

(1) South Africa, 16.1.1892, p.98.

(2) I am indebted to James Taylor for this point, vide his letter of 10th September 1977.

(3) Cape Argus (Home edition), 19.9.1891.

(4) Cape Argus, 9.10.1891.

(5) John Garlick Papers: London agents - Garlick, 15.1.1892; Cape Argus (Home edition), 12.12.1891; Cape Argus, 12.3.1892 and 3.6.1892.

(6) Cape Argus (Home edition), 19.12.1891.

(7) Ibid., 9.1.1892.

the hint the Conference acted on its own by increasing the rebate from five per cent to ten, retrospective for six months.⁽¹⁾ The decks were being cleared for a fight.

That prospect might delight the dissidents at the Cape; but for the London merchants, with Currie's warning still in their ears, it raised the spectre of wholesale disruption in the trade. So they now took the initiative in an effort to stave off disaster. They were not dissatisfied with the mail lines, neither on service nor on rates; insofar as they felt a grievance it concerned what seems to have been the notoriously poor service of the two broker lines.⁽²⁾ It seemed unquestionable that there was room in the trade for new tonnage, inferior perhaps to that of the mail lines but certainly better than that provided by the brokers. Might not Bucknall, by all accounts a company of standing, simply replace the two poor cousins? If the latter could be persuaded to withdraw peacefully, the merchants would gain better facilities - but without the disadvantages of a rate war.

Negotiations to this end were taken up with Sir Donald; and after some vicissitudes the plan was accepted by the parties most concerned - the mail lines, the brokers and Bucknall.⁽³⁾ Currie, although he professed a decent solicitude for his small London colleagues, can hardly have regarded the two lines with any great affection: both of them had been started in deliberate opposition to the mail lines, and by all accounts their overall standard was some-

(1) RCSR II, p.54; Cape Argus (Home edition), 16.1.1892; South Africa, 16.1.1892, p.98.

(2) Cape Argus (Home edition), 9.1.1892.

(3) Ibid., 7.5.1892.

thing of an embarrassment in the trade.⁽¹⁾ Their extinction in this manner would simultaneously remove the black sheep from the fold and prevent an open clash with a formidable new opponent.

The brokers, of course, demanded a price for their rôle in this neat scenario; and it was agreed that in lieu of chartering and despatching ships they would henceforth act as Bucknall's loading brokers, earning commission in the normal way. This was unexceptionable enough; but there was a further and secret provision, and one that would have raised a howl of indignation in the ranks of shippers: as a solatium the brokers would receive a large annual subvention from the other members of the Conference. While this payment continued the International Line and the South African Line would remain in a state of suspended animation.⁽²⁾

From the point of view of the brokers it was a generous settlement: in place of the uncertain profits generated by their chartered tramps they would be receiving commission on the loadings of a regular and reputable line, and in addition a yearly grant for literally doing nothing. It says something for the honour of the mail lines, indeed, that they did not abandon these petty colleagues to their fate without more ado. But from Currie's viewpoint the advent of Bucknall meant something more than the mere substitution of one rival for another. Bucknall planned a fortnightly service, which was a far cry from the brokers' spasmodic sailings; he also intended to load for Natal, both direct and via the Cape ports, which was something the brokers had not done. Arrangements,

-
- (1) Cf. his scathing references to them in Port Elizabeth in 1888: "the running of outside chartered steamers as a line was freebooting and nothing more. The charterers did not care what class of vessel they got hold of, whether it was seaworthy or anything else" (Eastern Province Herald, 16.1.1888 - report of meeting of Port Elizabeth Chamber of Commerce). This no doubt was a biassed view, but there was ample complaint by the London merchants too.
- (2) UCR: arbitration proceedings between the mail lines and Bucknall, 1898, pp.283 and 292.

then, would have to be made to safeguard the interests of the mail lines: the newcomer, his lofty utterances on the subject notwithstanding, would have to be squared. In the upshot it was agreed that Bucknall would not load for Natal direct and that in one out of three sailings he would not accept berth cargo to that colony; in consideration of this the mail lines would pay him £3000 per year. Nor was he to have the fortnightly sailings he had planned, but a total of only seventeen or eighteen per annum, although provision was made for a negotiated increase in this number should the trade improve. He was not to load homewards; but if the mail lines found themselves unable to meet the demand for homeward tonnage they would turn to him first for help. The new line's rates were to be the same as those of the brokers' ships it was displacing.⁽¹⁾ The agreement would run for eight years, and conferences of the shipowners would be held at regular intervals "for the discussion of all matters affecting the interests concerned".⁽²⁾

Sir Donald's anxiety to avert a rate war can be attributed not merely to concern at Bucknall's potential for mischief but also to concurrent developments in the trade. The Cape mail contract was even then under negotiation, and - while there was no question but that it would go to the two mail lines again - the dissatisfaction of the colonists, and it seems complaints from the cargo lines, had led the Cape government to delete the former provision whereby the contractors had been given a virtual monopoly of its freight.⁽³⁾ Cecil Rhodes, the premier, indeed was reported to have given Currie the private assurance "of favouring the two mail companies as much as possible" with the colony's official ship-

(1) These details of the agreement are based on Taylor, Ellermans, p.240.

(2) UCR: Council minutes, Castle Line, 1.4.1892.

(3) Debates of the Cape House of Assembly, 10.8.1891; RCSR V, qq. 6942-3; Cape Argus, 10.8.1892 (correspondence between Colonial Secretary and Donald Currie & Company, late 1891).

ments; but this promise - although "pointedly" accepted by Currie - was hardly the same as a black-and-white provision in the contract itself.⁽¹⁾ If Bucknall were to come into the trade fighting, the government cargo might become something of a football, and the rival lines would beggar themselves in their attempts to secure it. From this point of view, at least, it was desirable that Bucknall come in peaceably.

But there was yet another factor involved: the appearance of a German line in South African waters.

As the gold of the South African Republic began to be exploited in the later 1880s, German eyes turned to the prospects of gain and influence in a country not noted for its love of things British.⁽²⁾ The Republic herself conceived grandiose schemes of a new shipping line that would both make her independent of British shipowners and serve to link her more firmly to the Continent; plans were set afoot to this end, but various difficulties and blunders brought the whole thing to naught.⁽³⁾ The idea lingered, however, and perhaps especially with the Nederlandsche Zuid-Afrikaansche Spoorweg-Maatschappij, which would naturally aim at a speedy service connecting Europe and the Republic via Delagoa Bay. In 1890 the Deutsche Ost-Afrika-Linie (DOAL) inaugurated a service between Hamburg and the German East African colonies; but despite assistance from its government the company found these colonies' trade insufficient for profitable operation, and it soon extended its service to embrace the

(1) UCR: Council minutes, Castle Line, 19.2.1892.

(2) On German activities in the Transvaal see H.E.Werner Backeberg, *Die betrekkinge tussen die Suid-Afrikaanse Republiek en Duitsland tot na die Jameson-inval 1852-1896*, and Jeffrey Butler, *The German factor in Anglo-Transvaal relations* (in Prosser Gifford and Wm. Roger Louis (eds.), *Britain and Germany in Africa: imperial rivalry and colonial rule*).

(3) The most cohesive account of the various attempts by the Transvaal to establish a national line is in F.G.E. Nilant, *Jhr. Mr. G. J. Th. Beelaerts van Blokland, gesant van die Suid-Afrikaanse Republiek, 1843-1897*, pp. 253-63. See also J.A. Mouton, *Generaal Piet Joubert in die Transvaalse geskiedenis*, pp. 198-9.

Portuguese East African ports.⁽¹⁾ As only a few Conference ships took cargo from Hamburg to South Africa direct, and (as far as can be made out) little of that cargo went to Delagoa Bay, the advent of the Germans in Conference waters initially caused scant heartburning among the British ship-owners. But early in 1892 the DOAL made a deeper incursion by extending its service to Durban and by loading homewards from there with both passengers and cargo. That was a horse of a different colour: the Germans were told plainly that they were trespassing, and when they proved recalcitrant the British lines countered with fighting rates homewards from Durban and with an increase in the homeward rebate from five per cent to ten.⁽²⁾ This German probing began at the very time that Bucknall was knocking at the door, and it was surely present to Donald Currie's mind in the negotiations referred to above.

- - - - -

Bucknall's "peaceable conquest"⁽³⁾ affected not only the relations between the shipowners in the trade but also those between shipowners and shippers. The negotiations that ended in the new line's admission to the Conference had been set on foot by some of the leading London merchants in the Cape trade; these men had acted wholly in their private capacity and not at the behest of the body of London merchants, but their action gave rise to rumours and to rumblings among their brethren, who resented what they regarded as high-handed proceedings. To disabuse the malcontents of this impression, and to restore harmony in the ranks not only of shippers but of shipowners too, some of whom had been left

-
- (1) D.H.Aldcroft, *The mercantile marine* (in Derek H.Aldcroft (ed.), *The development of British industry and foreign competition 1875-1914*), pp.334-5. On the DOAL in this period see Murray, *Ships*, pp.236-7.
- (2) UCR: Council minutes, Castle Line, 27.5.1892; RCSR II, p.55.
- (3) RCSR IV, q.16155 (Edward Lloyd).

in the dark on developments until the last moment, Currie summoned a general meeting of all parties, at which the history of the recent events was set out at such length as prudence dictated.⁽¹⁾ Whatever else might emerge from that recital, one thing at least was plain: among the South African merchants there had been no one body able to deal with the shipowners at a time of crisis. With Sir Donald's blessing a leading merchant now proposed that a committee be constituted

to confer with the steamship owners and companies engaged in the South African trade as to rates of freight, classification of goods, and all other shipping improvements and matters pertaining to the South African trade. (2)

The motion was accepted unanimously, and "The South African Merchants' Committee" came into being. It was to have an eventful life in its early years, and it still exists, now under the name of "The South African Trade Association". As far as can be made out it was the first, or at most the second, body of shippers to be recognised by a shipping conference.⁽³⁾ It tended to take itself perhaps over-seriously in its formative period, but the historian has cause to be grateful for the wealth of documentary material to which it gave birth in the course of its negotiations with the shipowners. No doubt a good many matters were settled informally without being reduced to writing, but the Committee's

(1) Cape Argus (Home edition), 7.5.1892.

(2) Ibid.

(3) According to RCSR I, p.86, the South African body came into being before its Australian counterpart. But at the time of Bucknall's entry into the trade the Cape merchants in London were aggrieved at the fact that they had not been consulted "as in the Australian trade" (Cape Times, weekly edition, 8.4.1892); and the official announcement of Bucknall's adherence to the Conference stated that the merchants and the shipowners would in future confer "as is done in the Australian trades" (South Africa, 19.3.1892, p.509).

minutes and its published correspondence give a good insight into this area of the pre-1914 shipping trade.

A body purporting to represent shippers was not altogether new in the South African trade; but - perhaps because they lacked the shipowners' support, or perhaps on account of the absence of forceful leaders - previous efforts in this direction had foundered.⁽¹⁾ Henceforth things would be different. Within a short time the Committee would have the good fortune to find a pilot in William Garland Soper, who would be its chairman until his death in 1909; a large and influential London merchant with his own house in South Africa and with important connections there, he was a man of a judicial cast of mind and one of unfailing dignity and courtesy but of some urbanity withal, and he was to prove admirably fitted to come to grips with the astute Sir Donald.⁽²⁾

In the nature of things the Committee would find itself having to walk a narrow path between shippers' demands on the one hand and the natural resistance of the shipowners to change on the other. Any wild claims on rates or on other matters touching pockets would be fatal; but, contrariwise, if the Committee were to allow the image of a mere debating society to develop it would inevitably lose the support of its constituency. Concessions must be won by patient, persistent pressure; the shipowners must be persuaded that these concessions were in their own interest, and must concede them willingly rather than grudgingly.

Such considerations, however, appear to have been absent from the mind of the first chairman, Frederick Dyer, for the Committee almost immediately called for a reduction in

(1) R.F.M. Immelman, *Men of Good Hope: the romantic story of the Cape Town Chamber of Commerce 1804-1954*, pp. 261-2; *Cape Argus* (Home edition), 7.5.1892 (editorial). At Sir Donald's prompting just such a committee had been formed in 1888, but it seems to have been still-born (see *Cape Argus*, 27.4.1888).

(2) On Soper see *B&SAEG*, January 1909, p.71.

rates - on the ground that the outward rates to Australia were lower than those to South Africa.⁽¹⁾ So indeed they were; but they were fighting rates to counter a new competitor, and thus afforded no analogy with the South African trade. It was an unfortunate beginning, and Currie for one considered this demand to be entirely opposed to the intent and spirit behind the Committee's formation;⁽²⁾ but he was prepared to negotiate, and after some months - in which Dyer gave way to Soper - agreement was reached on several issues that had been troubling the merchants.⁽³⁾

The agreement was reduced to writing; and this "Compact of March 1893", as it came to be known, would henceforth loom large in the relationship between shipowners and shippers. It will be necessary to examine some of its provisions a little closely.

First and foremost was the question of the "protection" of regular shippers against those of their mercantile brethren who, for one reason or another not being bound by the rebate, could use an outside ship with impunity. Merchants could hardly be expected to look on such competition with indifference; nor was the matter one of academic interest only, as the Germans were even then running in opposition.⁽⁴⁾ After lengthy discussions the shipowners came up with a means of giving the "loyalists" the same rates that their trade rivals might secure from outside lines. This clause was subsequently to become the subject of some controversy, and it is therefore reproduced here in full:

-
- (1) South and East African Freights, p.9.
 - (2) UCR: Council minutes, Castle Line, 28.10.1892.
 - (3) South and East African Freights, pp.14-15.
 - (4) Ibid., pp.9-12.

CLAUSE 4 - a. With reference to the protection of merchants in regard to outside steamers generally, it was agreed that in the event of merchants who confine their shipments exclusively to the South African Steam Lines showing that competitors have had goods shipped from and landed at any ports covered by the Outward Rebate Circular on lower terms than those paid to the South African Steam Lines, these Steam Lines will (whenever they are satisfied the case demands it) allow such merchants a return of the difference between the terms on which they have paid to the South African Steam Lines, and the terms on which other shippers have paid to any outside steamer, provided always that the shipments are similar in character, and have been made within seven days before, or seven days after, the date of the departure from the last port of loading of such outside steamer. This arrangement to be reconsidered if found to work inequitably.

b. No Merchant shall be entitled to claim this return on the same shipment from more than one Line.

c. No claim will be admitted on a less quantity than five tons weight or measurement, nor on any quantity in excess of the largest shipment landed by such outside steamer; and such claim shall only be applicable to one steamer of the Steam Lines.

d. The return of 10 per cent. as per Rebate Circular will not be paid on any shipment on which a return under this resolution is paid, all Rebates, Returns, or Commission on outside steamers having first been allowed.

e. If merchants accept consignments by outside steamers, such Merchants will not be entitled to claim any rebate, it being understood that special circumstances shall be dealt with on their merits by the Shipowners. (1)

This pledge to provide protection for the Conference lines' "loyal" customers against the ravages of lower outside rates was a significant concession, and as far as is known was something unique in the shipping trade of the time. (2) No

(1) South and East African Freights, p.15.

(2) As late as 1909 it could be said that shipping lines "do not undertake, as a rule, any obligation in return for the loyalty of shippers; only in the Cape trade has there been anything in the nature of an understanding given"; vide D.H. Macgregor, Shipping conferences (Economic Journal, December 1909), p.512.

doubt the deferred rebate system was designed to prevent shippers from stepping out of line, but it also ipso facto conferred a measure of protection on the loyal merchant inasmuch as it meant a reduction in his net freight rate; other things being equal, a rival line would have to lower its rates by more than the rebate if it hoped to detach the Conference's supporters. Of course the rival's strategy in the opening stages of a rate war would be precisely that - to bring its rates down to a level below the net rate paid by the loyalist; but in that case the shipper must weigh the one against the other, and he could not be heard to argue that the Conference lines owed him anything more. But in this Compact the shipowners in fact went appreciably further, by agreeing to meet whatever rate an opposition line might quote. There were qualifications, to be sure: the stipulation as to dates of sailing, for example, might conceivably give rise to some hard cases; and, when all was said and done, the shipowners were to be the sole judges of the equity of the shippers' claims. Nonetheless the Compact broke new ground insofar as it did recognise that the Conference owed some kind of duty to its shippers on the score of competitive rates. To the shippers, no doubt, that duty was blindingly obvious: the shipowner was morally obliged to protect his helpless prisoner against those who were still free. As events were to show, however, the remedy now proposed was essentially one suited to fitful or peripheral opposition: the onslaught of a strong opponent determined to establish himself in the trade would be likely to strain the arrangement to breaking-point.

Clause 5 of the Compact dealt with the practice in the shipping world of the time whereby a shipowner might carry goods on his own account if his ship was otherwise likely to sail unfilled. Merchants of course were quick to object to such proceedings, since the shipowner was obviously able to land the goods at a cost lower than their's. Whether the Conference lines in fact indulged in this practice is not apparent; but from the merchants' insistence on discussing the question

it may be assumed that something of the kind was not unknown.⁽¹⁾ Sir Donald and his associates in the trade now agreed, "in a general way", that the thing was undesirable; but they were careful to qualify this admission by linking it to the question of "sufficient cargo [being] supplied by the Merchants to fill the steamers despatched to South Africa".⁽²⁾ In other words, the duty now laid on the shipowner to refrain from carrying on own account was contingent on the provision of adequate support by the shippers.

Clause 6 accepted the obligation of ships to sail whether filled or not. This hardly established anything new as far as the mail lines were concerned; any sinners in this respect were to be found among the cargo lines, and then apparently only exceptionally. But insofar as the shipowners as a group now openly bound themselves to the principle, the clause was to be welcomed, especially when it is borne in mind that it was precisely these guaranteed sailings that would frequently be adduced as justifying the shipowners in imposing a rebate- or other tying system on shippers.

If there were concessions for the merchants in all this, there was something for the shipowners too. The Committee now put on record the fact that

Important reasons having been adduced why it may be reasonable for the rates of freight to be increased, it is agreed that the shipowners shall judge when such increase shall take place, it being understood that the rates of freight are not to be increased -
(a.) Until after reasonable notice has been given;

-
- (1) In after years there were complaints that the Clan Line was in the habit of doing so; but Charles Cayzer argued that the Compact had not been meant to apply to such things as coal and salt. The Merchants' Committee repudiated this interpretation "emphatically" - vide B&SAEG, January 1898, p.471.
- (2) South and East African Freights, p.10.

- (b.) Beyond 5s. for 1st and 2nd class,
3s.9d. for 3rd class, and 2s.6d. for
4th class. (1)

It is true, of course, that the shipowners were perfectly free to raise rates as they chose, and were not beholden to any Committee in that regard; but it would be something, after all, to have that Committee's admission in black and white that an increase was justifiable. It was a tactical victory for the Conference, and one that would be properly exploited in due time.

But such an increase still lay in the future; here and now the merchants too had some cause to be satisfied with the result of their labours. Contrary to what some parties had scornfully predicted,⁽²⁾ more had come out of the Committee than mere talk. But already in these early days there were signs of a conflict of interest between the London merchants and the importers in South Africa, and this would break out into the open a year later.

The Compact had disposed for the moment of certain differences between the shipowners and their customers; but the shipowners were still beset by problems among themselves. By the early months of 1893 Bucknall's had discovered that the South African trade was not so lucrative after all, and in an attempt to diversify they began a service to South Africa from New York. This trade had hitherto been conducted by sailing ships, but the American brokers concerned were at this juncture toying with the idea of changing over to steam, and it was to forestall them that Bucknall's made their move. They were soon joined by Donald Currie & Company in a joint service to be known as the "American and African" line. But this step, taken without any consultation with the other Conference lines, aroused keen resentment, especially on the

(1) South and East African Freights, p.15.

(2) See, for example, Cape Argus (Home edition), 7.5.1892 (editorial).

part of the Union Line, which only recently had made arrangements for the transshipment of American cargoes for South Africa at Southampton. Not to be outdone, Union and Clan promptly retaliated with a joint American-South African line of their own.⁽¹⁾

This new service, even taking the four lines together, was trifling in comparison with the Conference's staple trade from England, as exports to South Africa from the United States were both fitful and small; but events were to prove that the move was an unwise one that would serve to tarnish the shipowners' image.

Bucknall and Currie might be running in harness in the American trade, but in the trade from England there was friction between the two. When Bucknall had joined the Conference in 1892 it had been agreed that there would be three sets of rates in the trade: those by mailship, by intermediate, and by cargo vessel respectively.⁽²⁾ But by the end of 1893 Bucknall was jibbing at the differential between the latter two, regarding it as too narrow. In principle a clear case could be made out for such a differential: the mail lines' intermediates were undoubtedly the cargo vessels' superiors in speed at least, while conversely the cargo lines' cost structure, on account of that and other factors, was lower. The precise extent of the differential that these considerations warranted would of course be a subject for negotiation, but of the need for such a differential there could from the cargo lines' viewpoint be no question - without it they would "cease to exist".⁽³⁾ Be

(1) Cape Argus (Home edition), 29.4.1893 (editorial) and 10.5.1893; Murray, Chronicle, p.301; Taylor, Ellermans, p.242; Robert Greenhalgh Albion, Seaports south of Sahara, pp.9-10.

(2) UCR: arbitration proceedings with Bucknall, 1898, p.86; Cape Argus, 8.4.1892; South Africa, 2.4.1892, p.24.

(3) UCR: arbitration proceedings with Bucknall, 1898, p.86.

that as it may, the mail lines now gave their sanction to a reduction on Bucknall's part.⁽¹⁾ It appears that this decision was not discussed with Clan, however, for Charles Cayzer soon raised the reasonable objection that the difference now created between his rates and Bucknall's would take away his business.⁽²⁾ It was then agreed by the several lines that Bucknall should revert to his old rates and that the proposed differential between mail- and cargo lines would be attained from the opposite direction - namely, by means of an increase in intermediate rates.⁽³⁾

This increase, which became effective in March 1894, served to underline the difference in outlook on the part of the London merchants and the importers in South Africa respectively. In England the change was accepted with equanimity, or at any rate without protest;⁽⁴⁾ in South Africa there was an outburst of indignation. On the face of things, indeed, there seemed to be small ground for an increase at all: the trade had improved during 1893, and the mail companies at all events had enjoyed a good year;⁽⁵⁾ yet those very companies were now raising their rates, and that with scant warning. In response to demands for an explanation the mail lines were careful to say nothing of the arrangement regarding the differential, but sought to justify the increase on several other grounds.⁽⁶⁾ Their arguments

-
- (1) UCR: Council minutes, Castle Line, 1.12.1893.
 (2) Ibid., 12.1.1894.
 (3) Ibid., 2.3.1894; Cape Argus, 20.3.1894 (interview with Cayzer); B&SAEG, May 1894, p.450.
 (4) Cape Argus, 26.11.1894.
 (5) Ibid., 20.3.1894 (report of meeting of Cape Town Chamber of Commerce); Cape Times, 5.6.1894 (eadem); Johannesburg Chamber of Commerce records: Chamber - Union Steam Ship Company, 26.6.1894.
 (6) Cape Argus (Home edition), 10.2.1894; Cape Argus, 5.6.1894; Port Elizabeth Chamber of Commerce annual report for 1894, p.93; B&SAEG, September 1894, pp.76-9.

were not without merit. It was true that the lower rates and enhanced rebate instituted in early 1892 as a counter to Bucknall had remained in force ever since; this, it was now claimed, had involved the mail lines in a "very material" loss of earnings, especially as the trade had been poor during 1892. Operating costs, furthermore, had been rising. On the other hand, the newly-increased rates were accompanied by something of a quid pro quo in the form of a reduction for heavy lifts. But the shipowners' trump card was the fact that, a whole year ago, the South African Merchants' Committee had accepted the prospect of an increase, and that even now the increases were less than those then sanctioned.

All this may have been true enough; but, as was so often the case in matters affecting shipping, the colonial importers were not listening. Whatever the shipowners' reasons might be, to the colonists the increase had come at an unpropitious time;⁽¹⁾ and it was aggravated by the manner of its introduction. A bare week's notice had been given to the Committee in London, and the colonists came to know of the increase only through newspaper reports, as the mail lines' local agents were themselves in the dark. As was but natural, such cavalier treatment was resented.⁽²⁾ Nor was the colonists' mood helped by the remarkably indiscreet utterances of Charles Cayzer, then passing through East London, who artlessly dilated to a public meeting on the real motive for the increase.⁽³⁾ So there were now two versions current of the affair; and, while they might indeed not be mutually exclusive, it was hard for the colonists to resist the feeling that the mail lines had been less than candid with them and that they had been sacrificed to the shipowners' internal squabbles -

(1) Cf. Port Elizabeth Chamber of Commerce annual report for 1894, pp.84-5.

(2) Ibid., p.84 and passim; Cape Argus, 19.3.1894 (report of meeting of Cape Town Chamber of Commerce).

(3) Cape Argus, 20.3.1894 (report of Cayzer's meeting with East London Chamber of Commerce).

and that the medicine prescribed for the Conference's ailment had been "so agreeable to the patient".⁽¹⁾ Dominating the whole issue, however, was the fact that the change had once again affected the structure of rates between the several colonial ports.⁽²⁾

The lead in the shippers' revolt that now began was taken by the Cape Town Chamber of Commerce, and at its head were two influential importers who will figure prominently in this narrative - John Garlick and J.W. Jagger.⁽³⁾ Other Chambers rallied to Cape Town's support, and the annual meeting of the Association of Chambers of Commerce of South Africa in April 1894 adopted a motion declaring the increases to be unjustified.⁽⁴⁾ But the shipowners were unmoved; and, far from making any conciliatory gesture, they added fuel to the flames by emphasising that their dealings with shippers collectively took place through the Merchants' Committee in London, not the Chambers of Commerce in South Africa.⁽⁵⁾ Inasmuch as that Committee was already in being where the shipping companies were located and where the actual commercial side of the trade was conducted, that argument no doubt possessed a certain logic; but the shipowners' attitude displays a curious blindness to the fact that the South African importers could scarcely be expected to rest content with niceties of this sort. Those importers had not been so much as consulted when the Merchants' Committee had been formed; they were not themselves represented on it by election; they had neither been involved in nor kept informed of the long negotiations that had brought

-
- (1) Cape Argus, 20.3.1894 (editorial).
 (2) Cape Argus, 20.3.1894 (report of Cayzer's meeting with East London Chamber of Commerce); Port Elizabeth Chamber of Commerce annual report for 1894, p.91.
 (3) Cape Argus, 19.3.1894; RCSR V, q.6499 (Jagger).
 (4) Cape Argus, 24.4.1894.
 (5) Port Elizabeth Chamber of Commerce annual report for 1894, pp.91-3: Donald Currie & Company (hereafter "DC&Co") - Soper, 24.4.1894.

forth the Compact. The Committee, indeed, had acquiesced in a rate increase without the slightest bow to those who in the last analysis would have to pay it.

Reinforcing this chagrin at decisions taken over their heads was the growing conviction on the colonists' part that their interests and those of the London merchants were not identical and might well clash in certain respects. Those merchants appeared in two rôles: they might be, and the majority of them were, principals, but they also functioned as agents. In the latter rôle the merchant was remunerated by commission on his total invoice; and, as this included freight, it could be argued that to this extent he was bound to be indifferent to questions of rates; paradoxically, he might welcome higher rates insofar as these increased his commission. On the rebate question, too, the merchant must obviously see matters in a different light: after all, he was not out of pocket for those fifteen months, and there might even be cases where the rebate became his own because the rightful claimant - the consignee - for one reason or another happened to be inaccessible. All this was not to cast any reflection on the merchant's probity, but simply to underline the fact that, in the nature of things, his involvement in freight questions was unlikely to be as close as that of the importer who ultimately paid the bill. In his capacity of principal, it was true, the merchant was bound to resist upward changes in rates; but then not all merchants were principals, and in any event his dual rôle must militate against his taking an unambivalent stand. Another germane point was this: the London merchant was likely to be a senior man come from South Africa towards the close of his business career, and having borne the burden and heat of the day he was now averse to becoming embroiled in controversy.⁽¹⁾

The subject of these reflections would have repudiated them

(1) Cf. Cape Times, 29.9.1894 (interview with Ludwig Wiener); Cape Town Chamber of Commerce records: Chamber - Bucknall Line, 17.8.1895; RCSR V, qq.1303-14, 4275-7, 6868-9.

with some warmth; but, false or true, this was the image that coloured the colonial importer's thinking on the implied claim of the Merchants' Committee to speak on his behalf. It is not surprising, then, that the colonists now determined to take matters into their own hands without further reference to "that absurdity"⁽¹⁾ in London. As it happened, this resolve was strengthened by the appearance of still another competitor in the South African trade. This was the Deutsche Australische Dampfschiffahrt Gesellschaft (DADG), which had been founded a few years before to cater for the Australian trade and which touched at Port Elizabeth on the outward voyage.⁽²⁾ Aware of the agitation in South Africa, and not averse to fishing in troubled waters, this line approached the Port Elizabeth Chamber of Commerce, drawing attention to the advantages the company offered shippers to that port - among which advantages was the exceedingly low rate of 15/- all round, from Antwerp and Hamburg.⁽³⁾ It is unlikely that any great number of South African importers would have switched to the German line, whose sailings were at four-weekly intervals and which in any case touched neither at the British ports nor at the other ports of South Africa; but the fact that a 15/- rate was available must have given a powerful impetus to the colonists' dissatisfaction with the Conference lines.

The Cape Town Chamber of Commerce now embarked on a campaign for lower rates. As a first step the shipowners would be presented with the united demand of the colonial merchants for a reduction, but if this failed an attempt would be made

-
- (1) Cape Argus, 21.8.1894 (editorial). The same newspaper had previously labelled the Committee "Donald Currie's fearful and wonderful invention" - vide editorial of 20.3.1894.
- (2) Murray, Ships, p.235. The company seems to have secured a long-term contract for dynamite, presumably for the Rand mines - vide South African Financial Record, 4.8.1894, p.51, and B&SAEG, February 1898, p.562.
- (3) Port Elizabeth Chamber of Commerce annual report for 1894, p.94; Cape Times, 5.6.1894; Cape Argus (Home edition), 25.8.1894.

to bring on a new line. As an inducement to an outside shipowner to enter the jealously-guarded trade, the colonial merchants were to guarantee him a portion of their business (either a half or a quarter); they must of course be prepared to sacrifice their rebates to the cause, but this in the long run would mean the striking off of their chains.⁽¹⁾ To propagate this scheme Garlick and Jagger, both members of the Chamber's newly-formed Freights Committee, set out on a tour of the country.⁽²⁾

The auguries for an assault on the Conference appeared good. Not only was the German Australian line in the wings, but the DOAL, possibly provoked by its countryman's inroads, now announced a new "Round Africa" service that would circumnavigate the continent in both directions and would touch at Algoa Bay.⁽³⁾ This new service was admittedly experimental, with infrequent sailings; but it was nonetheless a threat to which the Conference could not be blind, and if the South Africans played their cards well it might be turned to good account. Furthermore (although the colonists had only vague rumours to go on)⁽⁴⁾ there was dissension in the Conference camp: Union was up in arms against Castle on a longstanding dispute concerning the carriage of Namaqualand copper,⁽⁵⁾ and Bucknall - who had recently had the chagrin of seeing one of his chief supporters detached by Currie - was champing at the bit.⁽⁶⁾

-
- (1) CAD CHB 255: circular issued by Cape Town Chamber of Commerce, 26.7.1894. Also in Cape Times, 26.7.1894.
- (2) Johannesburg Chamber of Commerce records: minute book, 14.8.1894; Port Elizabeth Chamber of Commerce annual report for 1894, pp.99-106; Cape Argus, 14.9.1894.
- (3) South African Financial Record, 4.8.1894, p.51; Murray, Ships, pp.236-7.
- (4) Cape Argus (Home edition), 28.7.1894.
- (5) UCR: Council minutes, Castle Line, 29.5.1894; Cape Argus (Home edition), 9.6.1894.
- (6) South African Financial Record, 7.7.1894, p.779, and 4.8.1894, p.51.

Not only Chambers of Commerce but also the Cape Parliament took up the cudgels, with a resolution in the Legislative Council that condemned

the present monopoly of the entire shipping trade between this Colony and Europe, [by which] a higher rate of freight for goods outwards and produce homeward is maintained, than would be the case with open competition or free trade. (1)

The resolution, which gained the "entire sympathy" of the government, went on to call for action, via the mail contract or otherwise, to end the "abuses" to which the monopoly had given birth.

With these and other complaints against the Conference Sir Donald dealt patiently, rather as a schoolmaster with a dull boy.⁽²⁾ He was not greatly perturbed at the goings-on in the Colony; such things had been, and no doubt would be, and he had always emerged as the better debater - or, as his detractors would have put it, as a master of the art of fence.⁽³⁾ But the incursion of the Germans boded ill, and called for prompt counter-measures.

The DADG was quickly bought off: as its managers laconically told the bemused merchants of Port Elizabeth,

in accordance with an arrangement which we have made with the South African Conference Lines, London, in order to secure a new contract for Port Elizabeth, our steamers are now prevented from carrying general cargo to South African ports. (4)

-
- (1) Minutes of the Cape Legislative Council, 5.6.1894.
 (2) Cape Argus, 18.8.1894 (Currie - Sprigg, 19.7.1894).
 (3) Cf. Cape Argus, 21.1.1888 (editorial).
 (4) Port Elizabeth Chamber of Commerce annual report for 1894, p.98.

But the DOAL remained in the field; and its low rates⁽¹⁾ put the London merchants in a quandary. Both as principals and as agents they leaned towards continued support of the Conference ships: not only out of concern for the ravages of another rate war - although few of them needed persuading on that point - but also by virtue of the rebates at stake. The merchant, however, accumulated rebates not only for his own account but also for his customers. Some of those customers - perhaps the newer ones - were now giving instructions that their goods go by the German ships; but if the merchant were to give heed to this request he would lose not only that customer's rebates but also his own. In this dilemma there were few options open to him, and none of them was pleasant. He might execute the order as directed, with painful consequences; he might decline the business, but so run the risk of losing a client; or he might pass the indent to a Continental correspondent for execution, ostensibly as a direct order from the importer but in reality on his own behalf.⁽²⁾ This latter course would naturally be distasteful to a man of ordinary probity; but even those of more flexible principles would hesitate before taking such a step, as the consequences of discovery would be serious. There is some doubt, in any case, that even an "unproven" rerouting of orders would have saved the merchant, as the terms of the rebate circular were sufficiently wide to support a repudiation of the rebate on the mere ground that goods for one of his "marks" had been carried in a non-Conference ship.

This German imbroglio showed, indeed, the extent to which the merchant shipper had become the prisoner of the rebate system. There was nothing to prevent one of his "marks" from placing indents with Tom, Dick and Harry; the merchant could not control such action, and very likely would not even be aware of it; yet let that same importer ship a single ton by an

(1) Some examples are given in Cape Times (weekly edition), 16.1.1895 (article, "The new Transvaal-German tariff").

(2) Cf. Cape Argus (Home edition), 8.12.1894.

outside line and the merchant might lose his entire accumulated rebate. The loss of his own rebate, consequent upon another's action and not his, was bad enough; but what of the rebates of his other "marks"? Might not those clients (assuming they had themselves been loyal to the Conference) look to him for their rebates, on pain of taking their business elsewhere? It was a monstrous and intolerable position.

The shipowners too were up against difficulties. How were they to distinguish between the innocent principal who declined his consignee's request to ship by an outside line, and the one who clandestinely shipped via a Continental connection? The Conference lines evidently operated an efficient intelligence service, for they did indeed withhold some rebates on the ground that the consignee had received goods by non-Conference ships;⁽¹⁾ but clearly it would be a nice point, in a particular case, to determine whether the London merchant had in fact passed on the indent. A heavy-handed enforcement of the strict terms of the rebate circular must sooner or later alienate even those merchants normally well-disposed to the shipowners; such action must therefore be avoided as far as possible.⁽²⁾

The situation was unstable: on the one hand the loyal shippers were demanding protection against the Germans, and on the other the Conference lines, and especially Union, which sailed from Hamburg, were beginning to feel the "keen and costly competition" that had been thrust upon them.⁽³⁾ A counter-stroke was necessary: and it was delivered in the dual form of lower rates for fertiliser and machinery (both of which

(1) Cape Argus (Home edition), 8.12.1894.

(2) The difficulty was overcome a few years later, when the shipowners agreed that the merchant would not lose his other rebates but only those of the disloyal consignee - see Soper's evidence in RCSR III, pp.4-5.

(3) Cape Argus (Home edition), 30.3.1895 (report of annual meeting of Union Steam Ship Company).

were prominent in the Germans' manifests) and an incursion into the East African trade.⁽¹⁾ But the fight was soon over. Both sides were alive to the damage that would be caused by protracted hostilities, and early in 1895 they came to terms whereby the DOAL would cease to call at the ports of Cape Colony, the two mail lines would withdraw from East Africa, and rates from Hamburg to Delagoa Bay would be the same.⁽²⁾ The lines also agreed to abandon Lisbon, along with the Portuguese mail contract, to the Germans.⁽³⁾

This settlement took the steam out of the issue as far as the London merchants were concerned; while in Cape Colony the prospect of fighting the Conference now inevitably lost something of its former attraction. But in any event the agitation had already run into difficulties of its own. East London, Port Elizabeth's great rival for the Rand traffic, demanded as the price of her support an adjustment of the port differentials, whereupon the united front that Garlick and Jagger had been striving to build began to crumble. When the matter of action against the Conference came up at the annual meeting of the Association of Chambers of Commerce of South Africa in March 1895 Jagger found himself isolated, and Cape Town's aggressive plan was put aside in favour of the innocuous resolution that an approach again be made to the shipowners for a reduction in rates.⁽⁴⁾ It was precious little to show for a whole year's campaigning; but it underscored, once again, the divergence of interests between the colonial ports that would so often wreck attempts to bring the Conference to heel.

For the moment the agitation at the Cape had lost its thrust.

-
- (1) Cape Argus, 29.8.1894; B&SAEG, September 1894, p.78; Aldcroft, The mercantile marine, p.337.
- (2) UCR: Council minutes, Castle Line, 25.1.1895; Public Record Office, Colonial Office (hereafter "CO") 417/461/2858: Currie - C.J.Rhodes, 24.1.1895(copy); Cape Argus(Home edition), 26.1.1895 and 2.2.1895.
- (3) Transvaal Archives(hereafter "TAD"), BA 50: despatch from British Ambassador, Lisbon, 20.5.1895(in F.O.6773, confidential, no.81).
- (4) Cape Times, 3.4.1895; Cape Argus, 17.4.1895 and 29.4.1895.

But the colonists had been aroused, perhaps as much by Currie's patronising tone as by "excessive" rates, and the movement continued, albeit in minor key. A frontal assault had failed, but flank attacks were still possible. Two further means of putting pressure on the shipowners would now be tried.

The first, behind which Port Elizabeth was the driving force, involved the diversion of rough cargo from steamers to sailing ships.⁽¹⁾ The precise intentions behind this move, it must be said, are rather obscure, and the evidence is conflicting; the idea may in fact have originated in considerations remote from the recent agitation on rates, although it may have been not altogether unconnected with the fact that the London "ring" controlling sailing ships to South Africa was reputed to be dominated by one of Sir Donald's sons-in-law.⁽²⁾ But the public, at all events, seems to have hailed the move as one that would teach the shipowners a salutary lesson. This was wishful thinking: merchants had always been free to use sailing ships, but there were sound economic reasons for shipping by steamers instead.⁽³⁾ It was unlikely, then, that any significant volume of normal berth cargo would be so transferred. Be that as it may, however, the whole thing went awry; the London "ring" replied with fighting ships, thereby unsettling the Port Elizabeth market,⁽⁴⁾ and interport relations were further strained when Cape Town found herself undercut by Port Elizabeth in the trade of the Colony's interior.⁽⁵⁾ These unlooked-for results, allied

-
- (1) John Garlick Papers: Garlick - London agents, 17.7.1895 and 2.10.1895; B&SAEG, September 1895, pp.93-4.
- (2) African Critic, 30.5.1896, p.692.
- (3) This point is dealt with on page 93 below.
- (4) CO 417/196/9757: letter from Wolverhampton Chamber of Commerce, 6.5.1896; B&SAEG, December 1895, p.290.
- (5) Cape Argus, 30.4.1896 (report of meeting of Cape Town Chamber of Commerce).

with eventual conciliatory gestures by the London "ring",⁽¹⁾ caused the charter scheme to fizzle out.

The second move, this time launched by Cape Town, had more serious implications for the shipowners. Veering away from preoccupation with the charge of "excessive" rates, Garlick took up another stick for beating the Conference. The new service from New York, it will be remembered, had caused some friction between the two groups involved in it, with threats even of a rate war. These difficulties had been overcome; but the combined British lines still faced American opposition in the trade, and on that account they kept their rates at a fighting level. The upshot was that some rates to South Africa from America were markedly below the comparable ones from Britain.⁽²⁾ This was understandable in the circumstances; but the American fight became a drawn-out battle, and what in fact were fighting rates began to assume an air of permanence.⁽³⁾ These low rates, and indeed the very existence of the Conference service from New York, were now seized upon as being the cause of a diversion of orders away from Britain to the United States. There was in fact little substance in this charge. American exports to South Africa, to be sure, were to show a not insignificant increase in these latter 1890s, but it would be naïve to attribute this to freight costs alone: the new service gave a steam link that had hitherto been lacking, and it was thus only natural that American exports should show an increase, not indeed because they had necessarily grown in themselves but simply because they had previously been grouped with British exports, being transhipped in England.⁽⁴⁾ In any

-
- (1) Cape Argus, 10.12.1895 (eadem).
- (2) RCSR II, p.69; African Review, 20.6.1896, p.1227 (Currie - Chambers of Commerce of the Empire, 15.6.1896).
- (3) Cf. African Review, 10.12.1898, p.420 (Soper - Currie, 6.12.1898).
- (4) Cape Times, 10.8.1895 (DC&Co - London Chamber of Commerce, 2.7.1895).

event, American exports to South Africa included to a significant degree items (such as flour) that Britain did not herself supply.⁽¹⁾ Furthermore, it was only to be expected that American trade with South Africa would grow in the course of time; if the British shipowners were to bow to their critics' demands and out of pure patriotism refuse to run between the two countries, other shipowners would not be slow in stepping into the gap. But the motives of those berating the Conference were in any case rather painfully transparent: the remedy for the evil, obviously, lay in the equalisation of rates - downwards!⁽²⁾

Whatever its intrinsic merits,⁽³⁾ however, this "diversion" argument promised to be good ammunition against the Conference; and the iniquity of the shipowners seemed to grow with the telling. The charge was also brought to the ear of a wider audience than the tiny mercantile sector in South Africa: the Cape Town Chamber of Commerce took some pains to draw it pointedly to the attention of the leading British Chambers of Commerce,⁽⁴⁾ and Garlick raised it at the congress of the Chambers of Commerce of the Empire in London in mid-1896.⁽⁵⁾ In doing this the Capetonians had an eye not so much to any immediate result but rather to a gradual "education" of the British public to an awareness that

-
- (1) CO 323/430/7356: letter from Board of Trade, 1.4.1898.
- (2) A specific statement to this effect at the time cannot be traced, but the claim may be fairly inferred from the whole tenor of the agitation. A few years later, however, Jagger for one would make no bones about it - see SASFC VI, p.7. (The South African inter-colonial conference on freights of 1904-1906 produced a number of blue books, as shown in "Sources" below; these will be cited as "SASFC I" etc.)
- (3) The whole question is dealt with in RCSR I, pp.61-5.
- (4) CO 417/158/430: letter from Sheffield Chamber of Commerce, 8.1.1895; CO 417/161/20054: letter from W.J.Corder, with enclosures, 19.10.1895; Cape Times, 10.8.1895 (DC&Co - London Chamber of Commerce, 2.7.1895); Cape Argus (Home edition), 20.10.1894 (editorial).
- (5) Cape Times (weekly edition), 18.3.1896 (Jagger's speech at congress of Association of Chambers of Commerce of South Africa); African Review, 20.6.1896, p.1227.

certain gentlemen, who as Members of Parliament profess to work for the commercial and political unity of the Empire ... are diverting the trade from the Empire, and putting foreign manufacturers in a better position to supply some of the Colonial markets than their own people... . (1)

Not only the trade from America but also that from the Continent proved useful as a stalking-horse against the Conference. The agreement with the DOAL, it will be recalled, had equalised the British and the German rates from Hamburg; but the Germans' armoury contained other competitive weapons, which were beyond the British shipowners' reach. For one thing there were the shipping subsidies that the DOAL was receiving from the Imperial German government. Their precise effect is not easy to determine; a recent writer, however, regards them as having had only a marginal effect on costs, and certainly the DOAL, subsidised though it was, contrived to incur losses in its first years.⁽²⁾ More important in practice than these direct subsidies (which British lines did not enjoy) were the closely-guarded arrangements between the German shipping lines and the state railways: these involved a special railway rate for export traffic and a combined sea-and-rail rate for exports coming from a German inland centre and shipped by a designated German line on a through bill of lading. This combined rate, which was introduced into the South African trade in April 1895,⁽³⁾ might in some cases be lower than the straight-forward freight rate quoted by the shipping lines.⁽⁴⁾ The precise impact of these arrangements on British exports to

-
- (1) African Review, 27.6.1896, p.1300 (letter from Garlick).
 (2) Aldcroft, The mercantile marine, pp.334-5.
 (3) P.J.van Winter, Onder Krugers Hollanders, vol.II, p.237.
 (4) Ibid. Some years later a British blue book asserted that the combined rate was understood to be "much lower" than the sea freight alone - Cd.6899(1913), pp.17-18. See also Henri Hauser, Germany's commercial grip on the world, pp.121-2.

South Africa was a question on which few facts were available to contemporaries and on which opinion in consequence was divided;⁽¹⁾ yet it is reasonable to assume that, other things being equal, they gave the German manufacturer an edge over his British counterpart. But this state of affairs could scarcely be laid at the door of the British shipowners, who clearly possessed no control over such things. The Conference lines had done what they could to ward off German competition, for the "diversion of trade" was manifestly to their own detriment; but such restrictions as they were able to lay on the German lines could be circumvented in practice,⁽²⁾ and in any case the crux of the problem - the combined sea-and-rail rate - was patently something for the British railways, or perhaps the Foreign Office, rather than the shipowners.⁽³⁾ But with scant justice they were put in the pillory. Coming at a time of widespread concern at the inroads foreigners were said to be making into Britain's overseas trade,⁽⁴⁾ strictures of this kind could hardly fail to win support in trade- and industrial circles in that country, and the Conference found itself in the glare of unwelcome publicity. Currie with characteristic energy and dialectical skill sought to give the shipowners' side

-
- (1) On German through rates: CO 417/234/4793: Currie - Chamberlain, 23.1.1897; Henry Birchenough, Some aspects of our Imperial trade (Proceedings of the Royal Colonial Institute, 1897-8), pp.112-3; The Times, 18.3.1907 (special article, German through railway and shipping rates); Board of Trade Journal, 5.8.1909, pp.268-71; Cd.9092 (1918), pp.98-9; Aldcroft, The mercantile marine, pp.336-7. The through-rate system was outlawed by the Treaty of Versailles in 1919 - vide C.Ernest Fayle, The war and the shipping industry, pp.353-4.
- (2) Van Winter, op.cit.
- (3) Cf. Currie - Chamberlain, 23.1.1897, loc.cit.; African Review, 5.3.1898, p.370; B&SAEG, September 1898, pp. 129-30. See also South Africa, 26.5.1906, pp.630-1 (interview with Edward Lloyd).
- (4) For a contemporary view see Ernest Edwin Williams, "Made in Germany". A modern summary will be found in Derek H. Aldcroft (editor), The development of British industry and German competition 1875-1914, pp.11-36.

of the picture;⁽¹⁾ but, once thrown, the mud tended to stick.⁽²⁾ An echo of the contretemps, and an indication of the pitch of irrationality and even hysteria that marked it, is to be found in a contemporary work on South Africa, which paraphrases the charge against the Conference as follows:

They [the shipowners] prostitute patriotism for the sake of exorbitant profits [and] handicap the British trader ... by practically prohibitive rates of freight. (3)

Apart from damaging the shipowners' image, this "diversion of trade" charge was to have repercussions on the Conference lines' relationships both with the merchants and among themselves.

The London merchants, although sufficiently informed not to join in the hue and cry, were disturbed at the implications of the relatively low rates enjoyed by American and German shippers. As far as the German aspect was concerned, they realised that British shipowners could not reasonably be expected to claim a voice in matters of German domestic policy. But the American rates were another matter: whatever their justification might be, they were undeniably of the shipowners' doing. Considering the comparative sizes of the American and the British trade it would be fatuous to call on the Conference to reduce its rates from England to the level of those from America; while on the other hand the latter rates, inasmuch as they had been introduced to counter opposition in the trade, could scarcely be raised to the British level.

(1) Cape Argus (Home edition), 21.12.1895 and 28.12.1895; African Review, 20.6.1896, p.1227.

(2) See, for example, Saturday Review, 20.11.1897, pp.541-2.

(3) William Frederick Purvis and Leonard Vivian Biggs, South Africa: its peoples, progress and problems, p.233.

But a solution, so the merchants thought, might be found in an additional service from England that would use "inferior" ships and quote correspondingly-reduced rates.⁽¹⁾ This proposal even Currie judged reasonable; but it remained in the realm of talk, apparently because of resistance by the cargo lines. After some months had thus gone by the mail lines acted unilaterally, announcing the despatch of two extra ships per month, to take cargo at rates below those quoted by the intermediates - to be precise, at Bucknall rates. Bucknall at once claimed a breach of the 1892 agreement, lowered his own rates to preserve the customary differential, and proceeded to arbitration.⁽²⁾

This episode is worthy of some examination, as it throws a good deal of light on relations among the Conference lines.

Currie had watched with growing disquiet the development of the Bucknall service. The newcomer's ships had been specially built to the requirements of the South African trade, and were far and away superior to those they had ousted; given the fact that their rates were slightly below those of the intermediates, they were bound to make inroads into the business of the mail lines. Nor was the danger confined to cargo, for in 1895 Bucknall inaugurated a passenger service.⁽³⁾ As a defensive measure Currie had proposed that the three categories of Conference ship - "mail", "intermediate" and "cargo" - be reduced to two, "mail" and "moderate speed"; in other words, that rates be uniform among the non-mail vessels. Understandably enough the cargo lines

-
- (1) The long correspondence between Currie and Soper is reproduced in B&SAEG, December 1898, pp.386-8; see also African Review, 10.12.1898, p.420.
- (2) UCR: arbitration proceedings with Bucknall, 1898, passim; South Africa, 20.5.1899, p.461; African Review, 28.1.1899, p.140 and 25.2.1899, p.288; Taylor, Ellermans, pp.240-1.
- (3) Cape Argus (Home edition), 11.8.1894 and 23.2.1895; Murray, Ships, pp.199-200; Taylor, Ellermans, p.240.

had turned down the suggestion.⁽¹⁾ Sir Donald had then negotiated directly with Bucknall, and the latter had agreed to accept restrictions on his speed and his passenger traffic; as a quid pro quo the mail lines would join with Bucknall in a pool for outward cargo.⁽²⁾ But the rate differential remained.

In mid-1898 Bucknall made a move that fanned the mail lines' annoyance. Ever on the alert for new opportunities, Edward Lloyd had investigated the possibilities of a service between New York and Australia, and in conjunction with other interests such a service was now begun. The trade in question had hitherto been worked by sailing ships; the advent of the British steamers was a clear threat to these, and the New York loading brokers involved retaliated by laying on steamers of their own. These ships would touch at the Cape for coaling, and the brokers determined to carry the war into the enemy's camp by taking American cargo to South Africa at fighting rates. The Conference lines already engaged in the New York-South African trade retorted with cut rates and an increased rebate; but Currie and his Union counterpart, Sir Francis Evans, were vexed at having been plunged into a squabble of Bucknall's making.⁽³⁾

But Sir Donald was not slow in turning the situation to his own advantage. For some time the Merchants' Committee had been pressing him to provide extra facilities in the British-South African trade, so as to offset the advantages enjoyed

-
- (1) UCR: arbitration proceedings with Bucknall, 1898, p.43 ff.
 (2) Ibid., p.49; UCR: Council minutes, Castle Line, 22.3.1895.
 (3) This paragraph is based on UCR: arbitration proceedings with Bucknall, 1898, pp.96, 157, 281; B&SAEG, June, 1898, pp.941-3, October 1898, pp.215-6, and December 1898, p.387 (Soper - Currie, 7.11.1898); Paul Gottheil, Historical development of steamship agreements and conferences in the American foreign trade (Annals of the American Academy of Political and Social Science, September 1914), pp.67-8; Taylor, Ellermans, p.243.

by American exporters; and the latest phase of the American rate war had given that demand a new shrillness.⁽¹⁾ Currie for his own company had accepted the merchants' claim; but the other lines had dragged their feet. Smarting under Bucknall's ill-advised move, he now determined to kill two birds with one stone: he would meet the merchants' request for extra facilities and at the same time strike a blow at the vexing rate differential. He seems to have won Evans over to this strategy, for, as has been seen, in September 1898 the mail lines announced the despatch of two extra ships per month for Cape Colony ports at rates identical with those of the cargo lines.⁽²⁾

The affair was complicated, and the account here given may in some respects do less than justice to Sir Donald; the evidence available, however, is not inconsistent with this interpretation. But whatever the motives behind it, the mail companies' action caused an explosion in the Conference ranks. Bucknall, with three-weekly sailings, could not be expected to accept meekly the prospect of two further sailings per month by the mail lines, and least of all sailings that did not preserve the customary rate differential; he therefore at once lowered his own rates, and Clan not unnaturally followed suit.⁽³⁾

Wearisome and protracted arbitration proceedings now took place, and a good deal of dirty linen was hung out to view. Accusations and counter-accusations flew thick and fast: certain of the shipowners had "over-reached" themselves; "traps" had been sprung in the "insidious" wording of documents; people had been "tricked and misled" by suggestio falsi; plain language had been "distorted"; and so on.

(1) Cf. African Review, 10.12.1898, p.420 (Soper-Currie, 6.12.1898).

(2) B&SAEG, December 1898, p.388 (circular issued by the mail lines, 9.9.1898).

(3) UCR: arbitration proceedings with Bucknall, 1898, passim.

A passage from the closing address of the mail lines' Counsel both captures the tone of the affair and is deserving of quotation in its own right:

Of course, it is a very touching picture to represent Mr Bucknall and Mr Lloyd as the Babes in the Wood, straying hand in hand in the Wilderness of the African trade, with (I suppose) Sir Donald Currie and Sir Francis Evans as the Wicked Robbers luring them on to destruction - and (I suppose) the Clan Line as the wicked Uncle; but when you find that the Babes have bound the Robbers, and have come out with the Robbers' money in their pockets, and gone off to consult their and the wicked Uncle's joint Solicitor, it takes away some of the guilt ... When there is a new handbook wanted about "How to get into a Shipping Ring", I think one edited by Messrs Bucknall and Lloyd will be exceedingly valuable. (1)

Notwithstanding dialectics and casuistry that would have delighted a medieval Schoolman, the case went against the mail lines: in removing the differential, the arbitrator ruled, they had committed a breach of the Conference agreement, and the several lines must at once revert to the status quo ante. This they did; but the whole affair soured relations not only between the shipowners but also between Sir Donald and the merchants, who would not have been able to avoid the impression that they had been used as something of a pawn in his game. It was scant reward for the restraint they had shown on the "diversion of trade" issue.

- - - - -

(1) UCR: arbitration proceedings with Bucknall, 1898, p.369.

The merchants' patience, indeed, had given rise to yet another challenge to the Conference in these closing 1890s. From its inception in 1892 the Committee had come under fire as being altogether too docile towards the shipowners.⁽¹⁾ The reasons for this - essentially, the different perspectives of London and the colonies - have already been considered; but even had the identity of interest between these two groups been complete the Committee's modus operandi would still have ruffled the colonists' feathers. It held meetings behind closed doors, and excluded the press; communication with its constituents, whether by correspondence or by public gathering, was poor (in the first five years of its life it never once held a general meeting); most remarkable of all, the shipowners not only attended the Committee's meetings but even voted. To these general criticisms a particular one must be added: Johannesburg, the commercial hub of South Africa, was not represented on the Committee, not even at one remove as were some of the "coast houses" through their London partners.⁽²⁾

For these and perhaps other less explicit reasons a rival body styling itself "The South African Mercantile Association" was launched early in 1897. Its leading lights were two South African merchants, Albert Holt and Henry Clarke,⁽³⁾ the latter a Ring opponent of long standing.⁽⁴⁾ What its

-
- (1) See, for example, John Garlick Papers: Garlick - London agents, 9.10.1895; Cape Argus, 5.6.1894 (report of meeting of Durban Chamber of Commerce); B&SAEG, June 1894, p.100; African Critic, 30.5.1896, p.692. The animosity increased over the years - see the evidence given to the Royal Commission on Shipping Rings in 1907 (RCSR V, passim).
- (2) On the whole subject, B&SAEG, April 1897, pp.573-4, and May 1897, p.743. See also Roy Devereux, Side lights on South Africa, p.271.
- (3) CO 323/424/24331; letter from South African Mercantile Association, 22.11.1897; and the sources cited in the preceding note.
- (4) John R. Galloway, Shipping rings and the Manchester cotton trade, p.34.

precise aims were is difficult to pinpoint: it spoke with different voices at different times, and its opponents openly accused it of being actuated by self-seeking motives despite lofty talk of Imperial interests.⁽¹⁾ But certainly a recurrent theme in its propaganda was the "diversion of trade". That theme at this time was not new; but the Merchants' Committee had kept the subject under cover, while the Mercantile Association would henceforth trumpet it from the housetops.

Even its most virulent critics would have been unable to accuse the new Association of lethargy. From the outset it adopted a militant tone, and within a few months it had mounted a vigorous and wide-ranging attack on the Ring and all its works.⁽²⁾ In contrast to the Merchants' Committee it sought also to unite the anti-Ring forces so as to embrace both British and colonial interests and thus to heal the breach in the shippers' body politic that the Conference had not been slow to exploit. To this end the Association courted the British Chambers of Commerce and other business associations, while simultaneously seeking support in the colonies for a blow at the Conference via the Cape mail contract.

Unlike the Merchants' Committee, which had never sought to involve them in freight questions, the Association took pains to secure the adhesion of the British Chambers of Commerce. Within a few months of its formation it had won the support of the influential Chambers at Leeds, Manchester, Sheffield and Wolverhampton for a proposed deputation to the Colonial Office that would call for the appointment of a select

(1) CO 323/425/24745: Currie - Chamberlain, 15.11.1897; CAD, T. 830B : DC&Co - Prime Minister, 25.8.1897. See also African Review, 18.12.1897, p.489.

(2) African Review, November 1897 to January 1898, passim.

committee into shipping conferences⁽¹⁾ - a proposal that the Merchants' Committee, always careful to avoid any suggestion of a recourse to government, would never have countenanced. As was only to be expected in the circumstances, the Association's missionary work in these manufacturing centres found a fertile soil; but Clarke and his associates planned to gain the ear of a wider audience than that of industrialists and traders, and to this end initiated correspondence with the Colonial Office and a debate in the press.⁽²⁾

Clarke's personality stood in marked contrast to that of Garland Soper: far from shirking publicity, controversy and even confrontation he seems to have sought them avidly. He contrived to have the unsympathetic London Chamber of Commerce convene a special meeting on the subject of diversion of trade;⁽³⁾ he gave lengthy interviews to trade journals;⁽⁴⁾ he ventured into print with a tract lambasting the Conference;⁽⁵⁾ he appeared before the Select Committee on Merchandise Marks and gave somewhat irrelevant evidence against the shipowners;⁽⁶⁾ he boldly entered the lion's den of the Merchants' Committee and ran for election.⁽⁷⁾ In open fight with his adversaries, it is true, he came off

-
- (1) CO 323/424/24331: letters from South African Mercantile Association, 9.11.1897 and 22.11.1897.
- (2) CO 417/324/20658, 21.9.1897; CO 323/425/24840, 17.11.1897; CO 323/439/3479, 26.1.1898 (letters from British firms, complaining of diversion of trade); The Times, September to December 1897; Fairplay, November and December 1897.
- (3) African Review, 18.12.1897, p.489, 8.1.1898, p.50, and 15.1.1898, p.88.
- (4) Ibid., 8.1.1898, p.43; B&SAEG, March 1899, p.363.
- (5) H.H. Clarke, The shipping ring and the South African trade (1898).
- (6) See Currie's letter to the Board of Trade, reproduced in South Africa, 1.7.1899, pp.39-40.
- (7) B&SAEG, June 1898, p.922.

badly: he failed to gain a seat on the Committee, and Sir Donald both worsted him in the Select Committee⁽¹⁾ and "pulverized" him at the London Chamber of Commerce meeting.⁽²⁾ But this was immaterial. Victory in the battle against the Ring would not be won in a day: the main task at hand was to educate the public on the baneful effects of shipping conferences and to create some form of countervailing power among shippers that would replace the pallid Merchants' Committee. Whether from conviction or expediency, then, Clarke was careful to broaden the agitation by lifting it out of a purely South African context: a complaint of "excessive rates" would have a very limited appeal in England, whereas "diversion of trade" was a matter of vital concern to merchants, manufacturers and imperialists alike. So he smote the Conference hip and thigh, not on the ground of monopoly, but rather for its lack of patriotism in allowing or even encouraging trade with the colonies to fall into alien hands. The success of his strategy may be gauged from an unsympathetic observer's comment that

the "shipping ring" controversy, which is old enough to have a stale odour so far as it bears on the South African trade, has freshened up into a burning question affecting the general commerce of the United Kingdom with the rest of the world. (3)

While it would be idle to attribute this change to Clarke's advocacy alone, he had skilfully exploited the growing concern at the inroads of foreign competition. In particular, the recent publication of a blue book on colonial trade, which listed freight rates as a factor in the foreign penetration of colonial markets, provided a fortuitous but admirable backdrop to his campaign.⁽⁴⁾ He must, however, be

(1) RCSR V, qq. 1626-7.

(2) African Review, 25.12.1897, p.486.

(3) African Review, 27.11.1897, p.370 (editorial).

(4) CO 323/424/24331: marginal comment on Clarke's letters of November 1897. The blue book in question was Cd. 8449 of 1897. See The Cambridge History of the British Empire, vol.III: The Empire-Commonwealth 1870-1919, p.440.

given credit for these two things at least: he kept the question of freight squarely before the public gaze as an element in the diversion of trade, and he continually hammered away at the alleged culprit - the shipping conference system. That system, which had hitherto been but poorly known and imperfectly understood by the public at large, was now thrust into unwelcome prominence; it was put on trial, and among those in the dock the South African Conference stood out.⁽¹⁾

If numbers be the test of potency, the Mercantile Association went from strength to strength. It soon had over 400 members, for the most part in England and coming from the small manufacturer class.⁽²⁾ The London merchants held aloof, and there were few members in the colonies - for the sufficient reason, no doubt, that Clarke's appeal was pitched at manufacturers rather than traders. Individually his recruits seem to have been lesser lights of small influence;⁽³⁾ but a body of this size and displaying such energy could not simply be ignored by the powers in the South African trade. Currie, at least, took the precaution of warning the Secretary of State for the Colonies, Joseph Chamberlain, against its representations to the Colonial Office;⁽⁴⁾ and the Merchants' Committee, somewhat jolted by this brash challenge to its own position, from now on adopted a more open policy to the outside world.⁽⁵⁾ For some two years Clarke kept up the

-
- (1) Saturday Review, 20.11.1897, p.541; CO 885/17: memorandum, "Summary of evidence with regard to shipping conferences", May 1901, p.3. It is significant that within a short time of the start of Clarke's campaign the following papers were presented to public meetings: "Shipping freights and conferences as affecting the iron and steel trades" (at the congress of the British Iron Trade Association; reported in Engineering, 6.5.1898, p.570), and "Shipping rings and the Manchester cotton trade" (at the meeting of the British Association, 12.9.1898; reported in *ibid.*, 11.11.1898, pp.619-20, and also issued as a pamphlet).
- (2) B&SAEG, April 1898, p.740; RCSR V, qq.1710-2.
- (3) Cf. the scathing attack on them in African Review, 25.6.1898, p.520, and 9.7.1898, p.52.
- (4) CO 323/425/24745: Currie - Chamberlain, 15.11.1897.
- (5) B&SAEG, May 1897, p.743.

pressure: what may be taken as his swan song was an influential deputation to the Board of Trade in June 1899, which both reiterated the allegation that shipping conferences were doing injury to British trade and called for an official enquiry.⁽¹⁾ The outcome was a confidential circular from Downing Street to the leading colonies, asking them for specific details relating to the subject and for their opinion on "the general effect of such combinations upon British trade ... and as to the best manner in which their detrimental results, if any, can be neutralised".⁽²⁾ To this extent, at least, Clarke saw his labours crowned with success.

When all was said and done, however, his campaign in England posed little in the way of a direct threat to the Conference. It was, no doubt, unpleasant for the shipowners to find themselves the subject of vilification; but mere name-calling would break no bones. His second line of attack, - launched in South Africa - was potentially more damaging.

The Cape mail contract would expire in 1900; and Clarke proposed that the new contract include a clause stipulating that

no preferential rates or preferential treatment be granted by the steamship companies to any shipper ... in relation to freight, but that the rates be the same to all shippers, and that therefrom ... no return, rebate or abatement of any kind be made at any time, either directly or indirectly⁽³⁾

As he stated with engaging candour, the object of this was to overthrow the rebate system and thereby to establish a free market in freight. Here was the will-o'-the-wisp that was long to entice South African thinking on the shipping question: once the trade were rid of the rebate incubus the open market would come into being again and rates fall from their "excessive" level. That bête noire of the small merchant, rate concessions to his large brethren, would by the other provision of the clause nonetheless be kept at

(1) The Times, 9.6.1899; South Africa, 1.7.1899, p.39 ff.

(2) CO 885/17, app.A: Chamberlain's despatch of 23.8.1899.

(3) B&SAEG, April 1898, p.739, and June 1898, p.922.

bay. Had this latter provision not been included it is doubtful that the rank and file of South African merchants would have shown any interest in the proposal; with it, the clause seems to have gained widespread mercantile approval.⁽¹⁾ An indefatigable missionary, Clarke also toured the several colonies and states of South Africa, lobbying influential people on his plan; even President Kruger, he reported, "showed a kindly interest" in the subject.⁽²⁾

An attack on the rebate system via the mail contract opens up many questions; but inasmuch as Clarke's proposal ran into trouble in the Cape parliament the matter need not now be pursued. Scant interest in the freight question was shown there: a ministry backed by the Afrikaner Bond had just taken precarious office, and its rural supporters were little involved in questions of overseas trade. More to the point was the fact that the new Treasurer, John X. Merriman, was no admirer of the genus mercator and now scorned to let the mail contract be used as a vehicle for what he regarded as a narrow sectional interest.⁽³⁾ Merriman's dislikes apart, however, there were solid grounds for the government's refusal to adopt the contentious freight clause - the chief, perhaps, being the stark fact that the mail companies would have flatly refused to accept any such provision in the contract.⁽⁴⁾ As things turned out the proposal evoked little

-
- (1) So it was claimed in the Cape House of Assembly on 11.11.1898 (St Leger's speech). But the Association of Chambers of Commerce of South Africa does not appear to have adopted any viewpoint on the question, and certainly the Johannesburg Chamber of Commerce declined to support the freight clause, arguing however that "under no condition should any special rebate be allowed to any shipper" - vide Chamber's annual report for 1897-8, pp.25-6 (emphasis added).
- (2) B&SAEG, December 1898, p.363, and March 1899, p.659.
- (3) Debates of the Cape House of Assembly, 11.11.1898. Cf. Phyllis Lewsen, Selections from the correspondence of John X. Merriman 1890-1898, pp.101-2.
- (4) CAD T.230B: Postmaster-General - Treasurer, 27.4.1898.

enthusiasm in the Assembly and simply fell away.⁽¹⁾

Union and Castle, indeed, emerged from the mail contract negotiations stronger than ever.⁽²⁾ Although the freight clause failed to gain support in the Assembly, there was nonetheless a demand that the contract be thrown open to tender - something that had not been done in a generation and more. The politics of this episode, it may be freely conceded, are somewhat obscure. Merriman was for adopting the course followed on each previous occasion when the contract had come up for renewal, namely, negotiations with the existing contractors; but his proposal to this end was defeated, some of those on his own side of the House voting with the Opposition for an amendment by Rhodes calling for tenders in advance of any negotiations.⁽³⁾ The question was supposed to be non-party in character,⁽⁴⁾ but the discussion was nonetheless marked by a good deal of warmth,⁽⁵⁾ and the voting was later interpreted in some quarters as a defeat for the ministry.⁽⁶⁾ But whatever its inwardness, this ungenerous treatment of the longstanding and confessedly efficient mail contractors played into Sir Donald's hands. For in the event no other shipping line tendered; the mail companies were left

-
- (1) Debates of the Cape House of Assembly, 11.11.1898; G.23-'99, pp.28-30.
- (2) Cf. Milner Papers, TAD FK 1207: Milner's memorandum for Chamberlain, 26.12.1902.
- (3) A.1-'99, p.9.
- (4) Cf. Debates of the Cape House of Assembly, 17.8.1899.
- (5) Cape Times, 12.11.1898 (Parliamentary notes).
- (6) A.1-'99, p.21 (Currie - Agent-General, 31.1.1899); L.Michell, The life of the Rt.Hon. Cecil John Rhodes 1853-1902, vol.II, p.243. There is some evidence that the new ministry was regarded as being tender towards the Castle Line - vide Cape Times (weekly edition), 17.5.1899(editorial). On this point see also chapter III below.

in possession of the field; and Currie made astute use of the situation by submitting a joint tender with the Union Line, thereby achieving de facto that amalgamation of the two rivals that the terms of the past mail contracts had pointedly denied him.⁽¹⁾ The Conference- and other agreements notwithstanding, the continuing competition between the two lines was detrimental to shipowners and shareholders alike,⁽²⁾ and perhaps to shippers as well; and when Sir Donald, shortly after having secured his point of a joint mail service, took renewed steps towards an outright merger of the two companies his attractive terms were accepted in the Union camp. Early in 1900 the formation was announced of the Union-Castle Line. There was free allusion to "merger" and "amalgamation", but it was manifest that the long duel between the two giants had ended in victory for Donald Currie.⁽³⁾

The clause prohibiting amalgamation was in any event something of a dead letter by 1899, as price competition between the two carriers had long since disappeared. So it may be making too much of the Cape parliament's decision to call for tenders to attribute to it the shipping merger that so quickly followed;⁽⁴⁾ but certainly the disclosure that no other established line was in the market for the mail contract underscored the strength of Sir Donald's hand. In these circumstances the freight clause propounded by Clarke, had parliament endorsed it, would have received short shrift in Fenchurch Street.⁽⁵⁾

-
- (1) The mail contract negotiations in London are dealt with in G.31-1900, pp.26-35.
 - (2) See Sir Francis Evans's address to the Union shareholders, in *African Review*, 17.2.1900, p.247.
 - (3) Cf. Murray, *Ships*, pp.70-2, and *eadem*, *Chronicle*, pp.135-9.
 - (4) Cf. Murray, *Ships*, *loc.cit.*, and *South African Mines, Commerce and Industries*, 17.10.1903, p.713. See also Currie's address to the Castle shareholders, in *African Review*, 17.2.1900, p.247.
 - (5) Ironically enough Donald Currie was himself seeking to incorporate a "freight clause" in the mail contract: one that, as in the contract of 1888, would give the mail lines a monopoly of government business. But Merriman would not agree to this, and in the end Currie had to rest content with the assurance that the Colony would deal "absolutely fairly" with him on cargo and would not give an exclusive freight contract to any party. On the whole subject see A.1-'99 and A.1a-'99.

Secure in the possession of the new mail contract, Currie could afford to ignore the South African Mercantile Association. Although the contract had not given him everything he had wanted he was assured of the mail subsidy for the unprecedentedly long term of ten years; what was more, he had accomplished his object⁽¹⁾ of a "federal" mail contract, contributed to by the several states and colonies of South Africa in proportion to their mail matter, which for the moment had put paid to the threat of Transvaal subsidisation of a foreign line.⁽²⁾ So Clarke's campaign ground to a halt. But he had made one notable convert in South Africa in the person of Frederic Spence Tatham, a leading Natal lawyer. A fervent Imperialist, Tatham seems to have been impressed by a reading of Clarke's tract on the diversion of British trade to foreigners, and in the 1899 session of the Natal parliament he launched a violent and intemperate attack on the Ring, calling on the government to adopt the Mercantile Association's strategy towards the Conference. He went too far for the Assembly, but there was sufficient backing for a resolution declaring the Ring "inimical to the best interests of South Africa" and calling on Natal to join hands with the Cape Colony and other parties for the purpose of securing "an amelioration of the present system of freight charges".⁽³⁾ The other South African governments were duly sounded on the matter, but in the end nothing came of it all: at this time grave issues were impending in the political sphere, but in any event the Cape showed no interest in the question, Merriman characteristically pouring cold water on the idea that the state should intervene in things that were

-
- (1) Joseph Chamberlain Papers; Currie - Chamberlain, 28.7.1897.
 (2) G.31-1900, p.26; Natal Departmental Reports for 1899, p.H 10. On the proposed subsidisation of a foreign line by the Transvaal see note (1) on page 96 below.
 (3) Debates of the Natal Legislative Assembly, 27.6.1899; Cape Archives, T 230B: Prime Minister Natal - Prime Minister Cape Colony, 6.9.1899.

best left to "the higgling of the market".⁽¹⁾ The outbreak of the Boer War a few weeks later gave the proposal its quietus; but Tatham, who would shortly go on to add martial lustre to his juristic adornments, was henceforth the "stern opponent of shipping rings"⁽²⁾ and would assail the South African species both in season and out.⁽³⁾

The war, indeed, brought the agitation as a whole to an end. Clarke's Mercantile Association, now vaunting the title of The British Mercantile League, was swept away in the maelstrom; and when on the return of peace the shipping question was taken up again it would involve other grievances and would pursue a significantly different course.

- - - - -

The Boer War caused chaos in the South African shipping trade.⁽⁴⁾ Ordinary business had to wait, sometimes less than fairly,⁽⁵⁾ on military exigencies; the colonial ports were unable to cope with the unprecedented volume of cargo, and there were lengthy delays in turnaround for the regular ships unless they were under charter to the Admiralty. Even the mail lines' intermediates might take months to discharge, while the less prestigious - or less influential - cargo lines suffered severe financial setbacks, from which one of them would never recover. Only the mailships, enjoying priority

-
- (1) NAD, PM 62 PM 1360/1906, various; CADT 230B: Prime Minister Cape Colony - Prime Minister Natal, 20.9.1899 (draft by Merriman).
- (2) Who's Who in South Africa, 1908, p.393.
- (3) See, for example, Debates of the Natal Legislative Assembly, 31.7.1901; Natal Witness, 20.12.1901 (report of public meeting at Ladysmith); TAD GOV 562: Tatham - Milner, 24.11.1902; Debates of the Natal Legislative Assembly, 15.9.1903.
- (4) On the port congestion: The Times History of the war in South Africa, vol.VI, part II, ch.II; B&SAEG for the war years, especially August and September 1901, February and September 1902; Fairplay, 5.3.1903 and 27.8.1903.
- (5) Cf. CO 417/406/27971: letter from Bucknall Brothers, 8.8.1904.

in discharge, were able to maintain their schedules.⁽¹⁾

The detentions along the coast hit the lines in at least two ways. There was, obviously, the direct cost arising from delays in turnaround: a Union-Castle intermediate, for example, was stated to have cost from £80 to £100 per day in upkeep, which in some cases meant a "loss" of from £3000 to £4000 per voyage,⁽²⁾ while Bucknall complained of delays entailing "a direct loss of from £50 to £100 per day per ship".⁽³⁾ But apart from these direct costs there were those arising from the fact that with their ships held up the lines were forced to charter - at a time when charter rates were running high, by virtue not only of the demand for war tonnage but also of brisk business in other trades.⁽⁴⁾

Nor were detentions the only difficulty the shipowners faced. Earnings fell, as gold output and the importation of mining machinery came to a standstill; homeward freight as a whole declined sharply in 1900 on account of the war and of poor results in certain sectors; and working expenses rose by reason of the enhanced cost of coal imported to replace that from Boer-occupied Natal and of the various expedients forced on the shipowners - such as the purchase of special lighters, the transfer of discharging operations to emergency ports such as Saldanha Bay, and the inauguration of direct services to the several main ports in order to lessen delay in coastwise movement.⁽⁵⁾ The precise impact of these things cannot now

(1) Murray, Chronicle, p.143.

(2) South Africa, 25.5.1901, p.426 (report of Union-Castle annual meeting); CO 417/389/11161: Currie - Chamberlain, 19.3.1903.

(3) CADT.651: Bucknall - East London Harbour Board, August, 1902.

(4) This, however, was true of 1900 only: thereafter rates fell steeply. See E.S.Gregg, Vicissitudes in the shipping trade 1870-1920 (Quarterly Journal of Economics, August 1921), pp.611-2, and Cd. 2337(1904), pp.253-7.

(5) B&SAEG, August 1901, p.59, January 1902, pp.491, 495, and April 1902, p.885; African Review, 24.5.1902, p. 372; Murray, Chronicle, p.143.

be specified; but certainly some of the shipping lines were not slow to raise their voices on the subject. Donald Currie dwelt on it at meetings of his company, and took care to keep the Secretary of State for the Colonies informed;⁽¹⁾ Sir Charles Cayzer was later to assert that his Clan Line had lost some £70,000 per annum for three years;⁽²⁾ and Bucknall went so far as to lodge a claim for some £220,000 as compensation for "the grievous loss to which we were subjected by the detention of our vessels" - a claim that the authorities in both England and South Africa rejected outright.⁽³⁾

But if the war placed burdens on the shipowners' backs it also brought blessings in the shape of Admiralty work. The outbreak of hostilities caused

feverish activity in shipping circles in Great Britain, for the Government needed almost every available vessel for trooping purposes. Before long there had come into being a great fleet of hired transports composed of vessels flying the house-flag of nearly every well-known British shipping company. Cunarders and White Stars were diverted from the North Atlantic, P. & O.s and B.I.s from the East, and, joined by many other famous vessels, they were soon hurrying south with men and munitions. (4)

Admiralty arrangements embraced three types of ship. Chartered transports, often passenger liners, took officers, men, civilians and remounts; suitably converted freighters took troops at a fixed rate per head; and other ships, taken up on a "whole tonnage" basis, carried munitions and stores.⁽⁵⁾

-
- (1) South Africa, 25.5.1901, p.426 (report of Union-Castle annual meeting); CO 417/389/11161: Currie - Chamberlain, 19.3.1903.
- (2) CO 417/389/10081: report of shipowners' deputation to Colonial Office, 19.2.1903.
- (3) CO 417/406/23935: Bucknall's letter of 5.7.1904; 6.7-1905, p.4; Taylor, Ellermans, pp.245-6.
- (4) Murray, Ships, p.73.
- (5) The Times History, vol. VI, part II, ch. II; H.C.354 (1903).

The mail lines' ships were admirably suited to the first function, especially as the amalgamation of the two rivals in early 1900 released tonnage from the regular service;⁽¹⁾ the cargo lines, on the other hand, found no employment for their ships in this capacity, and because of the Admiralty's "full tonnage" policy on cargo were left with the crumbs after outside tramps had taken their fill.⁽²⁾ The following table gives the outcome:⁽³⁾

Earnings from Admiralty employment

<u>Company</u>	<u>Transports</u>	<u>Freighters (men)</u>	<u>Freighters (stores)</u>	<u>Total</u>
	£	£	£	£
Union-Castle	746,475	851,728	8,250	1,606,453
Clan	-	-	65,052	65,052
Bucknall	-	16,353	33,043	49,396
Other Conference lines	-	-	32,600	32,600
Total Conference lines	746,475	868,081	138,945	1,753,501
Other lines	9,313,343	311,632	1,327,591	10,952,566
TOTAL	£10,059,818	1,179,713	1,466,536	12,706,067

Earnings are not profits, to be sure; but it is reasonable to assume that the shipowners saw to it that their Admiralty contracts were not unremunerative. It is also a fair assumption that in the abnormal circumstances arising out of the war the lines followed a natural strategy of maximising their revenues so as to offset the losses arising from detention and

(1) Murray, Chronicle, p.149.

(2) CO 417/389/10081: report of shipowners' deputation to Colonial Office, 19.2.1903.

(3) Table compiled from H.C.354.

other causes. At any rate there can be little question that the mail line, even allowing for its greater capacity, scored a notable success in comparison with its partners in the trade: for two of the three war years, at least, it made good profits,⁽¹⁾ while its chief Conference rival was unable so much as to declare an ordinary dividend during this period but passed even its preference dividend in one year and was obliged to seek "extraneous financial assistance".⁽²⁾

On this question, however, it would be unwise to rely on published financial statements, inasmuch as the lines' spheres of operation were not the same: Bucknall and Clan, for example, took cargoes from the East on their homeward voyage via Suez, and in 1902 rates in that trade fell heavily.⁽³⁾ Issues of this sort obviously complicate the picture, but the overall position in the South African trade is clear: during the war years, and indeed for some time after, all the Conference lines were hit by rising costs and reduced earnings in their regular services, but for the mail line these factors were outweighed by Admiralty work in two of the three years.

But despite increases in their costs the Conference lines maintained the pre-war tariff⁽⁴⁾ - at a time when non-Conference rates were rising sharply.⁽⁵⁾ When, later, they were hard-pressed by opposition in the trade they made great play of this fact, virtually posing as philanthropists. This apparently altruistic behaviour warrants some attention.

It may simply have been that the shipowners drifted gradually

-
- (1) Cf. The Statist, 23.5.1903 (report of Union-Castle annual meeting).
- (2) CO 417/406/23935: Bucknall - Colonial Office, 5.7.1904; CO 417/406/27971: eadem, 8.8.1904; Taylor, Ellermans, p.246.
- (3) The Statist, 23.5.1903 (report of Bucknall annual meeting).
- (4) Natal Mercury, 8.10.1902 (letter from cargo lines to Natal premier); RCSR II, p.56.
- (5) Cape Times, 25.1.1904 (letter from Jas. Clunie, local agent for Bucknall); and Jagger's evidence to the Select Committee on Harbour Boards, in A.3-1900.

into that position: that they shouldered the burden of increased costs, at the beginning, in the expectation that hostilities would be short and that normal or even boom conditions would soon follow. By the time this error had become plain the maintenance of the tariff had acquired a certain rigidity, and a rise in freights would have been stoutly resisted by the mercantile community. For if the shipowners were suffering so were their customers: during the first year of the war there was a falling-off in normal business, particularly in orders for the mines, and throughout the war the congestion at the ports was responsible for inordinate delays in delivery, with all that this entailed for merchants. To have raised rates under these conditions, be the "fault" behind the delays whose it might, would certainly have unleashed a storm of protest. An increase in rates beyond a certain limit, moreover, required prior discussion with the Merchants' Committee; and, while that body's views were not binding on the shipowners, some awkward questions would be sure to be raised. For the fortunes of the several lines, as has been seen, varied as a consequence of the war. All the lines, indeed, might suffer from the congestion and disorganisation at the colonial ports; but on the other side there were the Admiralty contracts. There was nothing secret about these: the mail company's annual reports and its chairmen's speeches, for one thing, were quite explicit on the point that the war had brought lucrative business in its wake. The Merchants' Committee would certainly not have left this aspect of the company's finances unprobed had the request been made for an increase in rates.

Fenchurch Street, then, would have been on shaky ground in

raising rates.⁽¹⁾ Its hesitancy on the score would have been reinforced, moreover, by the fact that the public naturally expected the amalgamation of the two former rivals to yield economies in working.⁽²⁾ Donald Currie & Company may not have furnished a textbook example of customer-orientated management; but the shipowners could not be blind to the inferences that must inevitably be drawn if rates were quickly raised by a newly-consolidated company that even in its previous dual guise had been reckoned a monopoly. That being so, the cargo lines were obviously in a difficult position. In terms of the Conference agreements rate changes must be mutually agreed; but, this apart, it would be economic suicide for those lines to raise their rates above those of their dominant partner; as it was, merchants were diverting cargo to the mail line on account of the latter's faster turnaround in South Africa.⁽³⁾

But there may have been rather more substantial reasons for the decision to maintain rates. Some years afterwards Edward Lloyd, harking back to this time, claimed that Sir Gordon Sprigg, the Cape premier, had held out inducements

-
- (1) Many years afterwards Jagger claimed that during the war only "first class" cargo had been taken, and that "second and third class goods had to pay that rate" (Debates of the Union House of Assembly, 29.3.1911). No contemporary reference to such a state of affairs can be found; but in late 1902 Clarke asserted that "for some time past" the shipowners had "seriously raised the rates on many classes of goods by suspending the 2nd, 3rd, and 4th class quotations by the mail steamers, and 3rd, and 4th class, or 4th class alone by other steamers" (NAD PM 34 3439/1902: Clarke - Prime Minister, 12.11.1902). The matter must be left there; but clearly the bare assertion by the shipowners that the tariff had not been raised must be treated with some reserve.
- (2) Cf. South Africa, 23.12.1899, p.930 (editorial) and African Review, 3.2.1900, p.169. Currie himself alluded to the "economy" that would flow from the merger - vide African Review, 17.2.1900, p.247.
- (3) Cf. John Garlick Papers: letter from London agents, 6.12.1902.

to the shipowners to do so.⁽¹⁾ The nature of these alleged inducements is not apparent; it is possible that preferential discharge for Conference ships was contemplated as an immediate quid pro quo,⁽²⁾ but Lloyd seems to have hinted that Sprigg had promised compensation after the war, and that in this he had been backed up by Joseph Chamberlain, the Secretary of State for the Colonies. The other shipowners, however, are not on record as making a similar claim, so the matter must rest there; certainly neither preference nor compensation in fact materialised.

In any event, if the Conference forebore to increase rates when outside ships were earning premiums it maintained those selfsame rates when freights subsequently fell. Responding to the swollen wartime demand for tonnage, shipbuilding went ahead by leaps and bounds; but before this new tonnage reached the market the artificial stimulus had been withdrawn. It was the old story:

overproduction of tonnage, started in the years of prosperous trade, retains the impetus given to it long after the reaction ... has set in, and the effect of the continued overproduction is greatly exaggerated by the ever slow and gradual restriction of trade following the booming times. (3)

When the ships employed by the Admiralty were released they returned to steeply-falling rates in their normal trades; in 1901 a great depression began in shipping, which was to last for a decade.⁽⁴⁾ In these circumstances it would have

-
- (1) Public Record Office: Board of Trade records (hereafter "BOT"); MT 9/926 M 12549/1911: report of shipowners' meeting with President of the Board of Trade, 25.4.1911.
- (2) Cf. TAD GOV 562: minute by Sprigg, 10.12.1901.
- (3) E.A.V. Angier, Fifty years' freights 1869-1919, as quoted in Derek H. Aldcroft, The depression in British shipping 1901-1911 (Journal of Transport History, May 1965), p.19.
- (4) On the depression in shipping: Aldcroft, op.cit.; Gregg, Vicissitudes in the shipping trade, pp.611-4; Kirkaldy, British shipping, pp.629-32; Smith, The ocean carrier, p.253. See also Cd. 2337(1904), pp. 253-7.

been a neat retort to any claims of "sacrifice" by the Conference to point out that rates were still at the old level in the South African trade, whereas elsewhere they had fallen greatly; that after an initial decline the volume of mercantile cargo outwards had reached record levels;⁽¹⁾ that, if the lines were compelled to charter to maintain their sailings in the face of detentions, charter rates too had fallen; and that there were plenty of other shipowners who would be only too willing to relieve the Conference of its burden. That the Conference shipowners were actuated by something less than pure altruism is perhaps borne out by a candid remark at the Colonial Office after the war: it might be asked, said Charles Cayzer, why under such difficult conditions they had maintained their regular service, and to such a question his answer would be that they might otherwise have lost the trade to outsiders.⁽²⁾

There the whole question must rest. Whatever the inwardness of the matter, however, the shipowners contended that they had made sacrifices during the war: and they expected some recognition of this when peace returned. In looking to the advent of an era of great prosperity they were but echoing an opinion current since the early days of the war but now swelling to a crescendo as the end approached. The universal view at this time was of an era of tremendous material development now that the obscurantist Dutch republics had been swept aside; young men saw visions, and old men dreamed dreams.⁽³⁾ From all quarters were coming both exhortation and admonishment: exhortation to be strong and very courageous, admonishment to oppose the Philistines in the shape of Teutons and Yankees even then about to launch a commercial invasion of the promised land.⁽⁴⁾ The last decades of the

-
- (1) Cf. Jagger's exhaustive review of South African trade, in *African Review*, 3.5.1902, p.194 ff.
- (2) CO 417/389/10081: report of shipowners' deputation to Colonial Office, 19.2.1903.
- (3) Cf. Louis Creswicke (ed.), *South Africa and the Transvaal war*, vol.VIII, passim, and the general literature of the time.
- (4) Cf. *African Review*, 19.7.1902, p.106, and 26.7.1902, p.127.

nineteenth century, as already remarked, had seen a good deal of heartsearching by Englishmen on the subject of foreign competition; would the new South Africa, bought at the cost of so much blood and treasure, fall like a ripe fruit into alien hands?

British business interests were not slow in responding to the omens. On the urgings of prominent industrialists a body styled "The South African Trade Committee" had been formed during the war, with the object of investigating the trade of South Africa and its potentialities for the British manufacturer;⁽¹⁾ having secured influential support, it sent out three commissioners soon after the war's end, each assigned to an important branch of trade and with the injunction to report back post-haste. Various other bodies and governments were likewise engaged in spying out the land.⁽²⁾

In due course these emissaries would be loud in their praises of the great future awaiting British trade in South Africa; but as far as the shipowners were concerned this was preaching to the converted. The machinations of foreigners notwithstanding, there could be little doubt that for many years to come the colonies would look to Britain for the overwhelming bulk of their imports; the established lines could thus make joyful preparations for a massive upsurge in business. In expectation of this, indeed, they now went so far as to admit a new member to the Conference, the first since 1892 - the "Ellerman-Harrison Line Joint Service", which in April 1902 began to supply tonnage from the west coast ports in conjunction with Clan, as the latter had been finding diff-

(1) CO 417/366, 19240 and passim; South Africa, 17.5.1902, p.450; Cape Argus, 3.7.1902 and 4.7.1902; Natal Mercury, 25.7.1902.

(2) See, for example, Stafford Ransome, The engineer in South Africa, introduction; African Review, 31.5.1902, p.385, and 21.6.1902, p.546; The Times, 7.6.1902.

iculty in meeting the burgeoning demand for space.⁽¹⁾ For its part the mail line, its eyes on cargo and emigrants, placed orders for several new freighters.⁽²⁾

- - - - -

The shipping conference thus girding itself for the task and the rewards ahead was hardly the monolithic Ring of popular imagination. While from 1901, at least, there was a general agreement to which the several lines subscribed, the essence of the Conference was to be found not there but in the cluster of private arrangements among the shipowners. It would be more correct, indeed, to regard the Conference less as a combination aimed at the outside world and more as a means of settling the relationship of the cargo lines to their big partner. The general agreement was couched in broad terms, whereas the private agreements delimited the parties' domains with some precision. These private arrangements, in a word, were the kernel; the general agreement was the husk.

In mid-1902 the members of the Conference were Union-Castle, Clan, Bucknall, Ellerman-Harrison, the two Natal direct lines and (peripherally) the two brokers' lines, the latter now being described as "inoperative". The general agreement embracing these several lines included stipulations on ports of loading and of discharge, adherence to a common basis of classification, and maintenance of an agreed tariff; in short, it laid down the broad conditions under which the South African trade was to be conducted. Two provisions, however, went beyond generalities of this kind. The one

(1) South Africa, 3.5.1902, p.297 (letter from Staveley Taylor & Company); UCR: agreement between Cayzer, Ellerman and Currie, 26.3.1902; Francis E. Hyde, Shipping enterprise and management 1830-1939; Harrisons of Liverpool, ch. five; Taylor, Ellermans, ch.4.

(2) Murray, Chronicle, p.147.

dealt with "contract cargo", which was defined as "parcels of 1000 tons and over of any cargo not being berth cargo but available in one shipment": this would be pooled, the profit being divided into several equal parts of which the cargo lines would take one each and the mail line two. The other provided for an annual payment to the inoperative lines while they remained in a state of suspended animation.⁽¹⁾

It was in the private agreements, however, that the ship-owners really came to grips with one another. By virtue of these agreements the cargo lines accepted restrictions on their sailings, and in particular on passenger traffic and on homeward loading - the two great preserves of the Union-Castle Line. In extracting such concessions Donald Currie made judicious use of the carrot rather than the stick: the sheer size of his company would no doubt have concentrated the other shipowners' minds wonderfully, but from a long-term viewpoint bullying would be a poor strategy. To use the language of the day, the cargo lines were squared; Clan, for example, was paid an annual sum to keep out of both the passenger traffic and the homeward trade.⁽²⁾ In those cases where it was not feasible to eliminate competition, however, the weaker party's interests could be safeguarded by the institution of a pool. The leading example was the outward pool between the mail line and Bucknall;⁽³⁾ there were also outward pools between Clan and Ellerman-Harrison⁽⁴⁾ and between Union-Castle and the two German lines.⁽⁵⁾ The mail line also participated in a coastwise pool with Clan⁽⁶⁾ and

-
- (1) UCR: "Memorandum of agreement ... for co-operation in working the South and East African trade ...", 16.10.1901.
 (2) UCR: DC&Co - Cayzer, Irvine & Company, 16.10.1901.
 (3) Ibid.: agreement of 16.5.1902.
 (4) Hyde, Shipping enterprise, pp.84-5; Taylor, Ellermans, p.35.
 (5) UCR: agreement of 1.4.1901.
 (6) Ibid.: agreement of 25.3.1898.

in a homeward pool with the DOAL;⁽¹⁾ and, while there is no evidence on the subject, it is reasonable to assume that a pool existed between the Natal lines.

The restrictive nature of the agreements is plain. The mail line demanded a virtual monopoly of the passenger traffic (apart from that of Natal) and of homeward loading from the ports of Cape Colony. With passenger traffic this narrative is little concerned; but it may be remarked that the Union-Castle Line had built up a fleet in whose praise even the most virulent critics were fulsome, whereas the cargo lines' ships were essentially freighters and made few concessions to passenger accommodation. Currie's preoccupation with his confreres' backward glances at the passenger traffic, indeed, must be taken to have stemmed more from a determination to forestall any eventual move in that direction than from fear of such immediate competition as they were likely to muster in that sphere. The absolute or partial ban on homeward loading, similarly, can be viewed as a prudent rather than an oppressive move: as there simply was not enough homeward cargo to fill even the Union-Castle ships, it was not unreasonable that the company obliged by the mail contract to confine a significant portion of its fleet to South Africa should safeguard itself by demanding that its colleagues, who were not so bound, keep off the grass. Except for doctrinaires the shipping public, whose needs were fully met by the mail line, could have had little cause for complaint regarding this arrangement; the homeward shippers did in fact declare themselves satisfied.⁽²⁾

In addition to the full-fledged members of the Conference there were the so-called associated lines - the two German companies, shipment by whom did not invalidate the rebate. These lines were not parties to the general agreement, and

(1) UCR: agreement of 1.4.1901.

(2) RCSR V, pp. vii-viii.

any understanding they had with the British lines had been come to through Donald Currie alone. Only the mail line and Bucknall sailed from Continental ports, indeed, and to that extent the Germans were indifferent to the other members of the Conference; but even as regards Continental sailings they took no official cognisance of Bucknall: a certain quota of sailings was granted to Currie, and Bucknall's share was then a matter for internal arrangement between the two.⁽¹⁾

In the main the various agreements among members of the Conference dealt with the outward trade; as has been seen, however, there were also stipulations relating to the homeward trade and the South African coastwise trade. Strictly speaking, indeed, there was not one Conference but three - the Outward Conference, the Homeward Conference and the Coastwise Conference. Nor is this a distinction without a difference: separate rebate circulars were issued for each of these trades, and at times the curious position might arise where lines at peace in one of these trades might be at war in another; Bucknall, for example, was at one stage undercutting Union-Castle in the homeward trade while adhering to the tariff in the outward.⁽²⁾

Uniform rates were the essence of the Conference agreement, but the elimination of price competition did not mean that competition itself had disappeared from the South African trade. In the nature of things a rough and ready division of labour existed among the several lines: urgently-needed goods, for example, would go by mailship, or a particular line might accept cargo of a class that its confreres spurned.⁽³⁾ The bulk of cargo, and particularly that falling into the

(1) UCR: agreement with Bucknall, 16.5.1902.

(2) NAD PM 109: Durban Chamber of Commerce - Prime Minister, 2.12.1901; RCSR II, p.59; RCSR V, qq.801, 822.

(3) Cf. John Garlick Papers: letter from London agents, 25.4.1914.

lower classes, went by the intermediates and the cargo lines' freighters; but here there was an element of price competition insofar as the latter were permitted to quote slightly lower rates on account of their lesser speed. There was also a geographical aspect to the division of cargoes. Thus Natal business tended to go by the two direct lines, not only because the ships made faster passages to Durban but also because of the financial stake of the Natal merchants in the lines' success;⁽¹⁾ the products of the heavy industry of the Midlands and North of England, again, naturally gravitated to the west coast lines. Allowing for this division of labour there was, however, still an area in which different lines might be competing with one another for the same business. The sphere in which this competition took place was indeed narrow: if the Natal lines be left out of account, the shipper's choice was confined to Union-Castle and Bucknall on the east coast and Clan and Ellerman-Harrison on the west. In each case, to be sure, the parties had made pooling arrangements between themselves, and to that extent even non-price competition must have been tempered; but, whether simply to maintain their quotas or for other reasons, they seem to have made strenuous efforts to attract business by claiming superiority in ships, handling of cargo, or special facilities. Bucknall seems to have gone further and instituted something in the nature of a through bill of lading, whereby cargo via Delagoa Bay was accepted for delivery to towns in the Transvaal at an inclusive freight rate.⁽²⁾ The competition might also embrace somewhat more dubious forms such as the payment of wharfage

(1) Cape Argus, 16.4.1891; B&SAEG, July 1894, p.558; NAD GH 1608: Prime Minister - Governor, 14.11.1901.

(2) Cape Argus, 7.1.1895 (interview with G.A.A.Middelberg, general manager of the NZASM). See also the correspondence reproduced in Johannesburg Chamber of Commerce annual report for 1897-8, pp.26-8. On the general question of through rates at this time see B&SAEG, March 1898, pp. 675-6, and November 1898, p.294.

dues by the ship rather than by the shipper,⁽¹⁾ or the payment of passengers' fares from London to Southampton.⁽²⁾ In short, there was no comfortable cartel dispensing quotas to its members: as far as normal berth cargo was concerned it was a case of every man for himself, and if a line could detach shippers from its rivals it would do so.⁽³⁾ Edward Lloyd once claimed that the competition was "killing";⁽⁴⁾ admittedly this was said some years after the Boer War and in the depths of a depression, but the lament nonetheless underscores the point that the formation of the Conference did not bring competition to an end.

Whatever the position may have been in the outward trade, however, in the homeward trade competition was negligible. For business through the Cape ports the only regular opposition to the Union-Castle's numerous sailings came from Bucknall and from the western service of the DOAL, each of which gave only one sailing a month.⁽⁵⁾ Natal shippers were in a somewhat better position, as they could also use the two direct lines and the DOAL's eastern service. Clan and Ellerman-Harrison called at Beira and Mauritius and then continued as tramps to Bombay, Calcutta and Rangoon, finally returning home via Suez; most of Bucknall's ships loaded sugar in Mauritius, wool and grain in Australia, rice in Burma and dates in the Persian Gulf, or were put to other uses as the freight market might dictate. The Natal lines, in addition to their normal South African service, traded

-
- (1) UCR: letter from Company's attorneys, 8.8.1904.
 (2) Ibid.: Council minutes, Castle Line, 26.10.1888.
 (3) Cf. South African Financial Record, 4.8.1894, p.51.
 (4) RCSR IV, q.16196. On the subject of this competition see further qq.15580-4, 15608-11, 16052-3, 16195-203, 16210-1, 16367 and 16671-8.
 (5) Bucknall's homeward sailings at this time were restricted to thirteen per year - vide UCR, agreement of 16.5.1902.

with India and were involved in the coastwise trade of Portuguese East Africa.⁽¹⁾ Broadly speaking, then, the Union-Castle Line dominated the homeward trade to England; but so precious was homeward cargo that the Conference agreement laid down that ships chartered for the outward voyage must not load homewards from South- or East Africa, on pain of heavy penalty.⁽²⁾

The Conference ships were of course not the only ones trading to South Africa. While the great bulk of the colonies' trade, both outwards and homewards, was with England, there were also important connections with other parts of the world, notably British colonies and dependencies;⁽³⁾ and in this trade the Conference shipowners played at most a small part. In the trade between Europe and South Africa, however, outside competition was insignificant. A number of shipping lines sailing from Europe to Australia and New Zealand, indeed touched at Cape Town (and sometimes at other South African ports) on the outward voyage, and perhaps on the homeward passage; but while they might take passengers they were bound either by agreement with the Conference or by common prudence not to trespass on cargo.⁽⁴⁾ Germany and perhaps Belgium apart, Continental trade with South Africa was in any event of a very minor order; and the direct shipping services involved were trifling in comparison with those from England.⁽⁵⁾ As far as a regular and frequent service was concerned the

-
- (1) Details of the several lines' trades will be found in Murray, *Ships*, part II, *passim*. See also the advertisements in the relevant periodicals of the time, e.g. *South Africa*, *African Review*.
- (2) The agreement of 8.1.1904 stipulates a penalty of £2000. The earlier agreement, of 16.10.1901, does not mention an amount; but there is no reason to suppose that the sum would have been significantly less.
- (3) See the valuable analysis in B&SAEG, October 1902, p.311 ff.
- (4) SASFC VI, p.145; Cd. 7706 (1914), qq.1299-1305; Murray, *Ships*, part II, *passim*.
- (5) For some details of these foreign shipping ventures see Murray, *Ships*, pp.234 and 249-50.

exporter, whether English or Continental, was thus for all practical purposes in the hands of the Conference and its German associates.

So much for the line trade. There were of course tramps; but insofar as these found themselves booked for South Africa it was likely to be for government cargoes of rails, coal or the like. The colonial governments' contracts with the Conference lines as a rule were at net rates that excluded rebates,⁽¹⁾ and to that extent the governments were not precluded from using outside ships for non-enumerated cargoes; thus the firm of Houlder Brothers for several years held the Cape's contract for the carriage of Welsh coal, and also carried rails.⁽²⁾ But the typical merchant would find small use for a tramp. He was indeed permitted, it seems, to charter one without forfeiting his rebates; but this concession was restricted to his own business, and he might not fill up with the goods of others.⁽³⁾ Some large non-mercantile importers made use of this facility,⁽⁴⁾ but full shiploads were beyond the reach of even the largest merchant in the colonies. Of course a group of merchants, if they were prepared to lose their rebates, might charter collectively; but practical difficulties stood in the way of this. For one thing, the rate of insurance would be materially higher than that for a liner;⁽⁵⁾ for another, cargo handling was likely to be somewhat indifferent, and the consequential claim settlement tardy. In brief, tramps would normally be used only for goods of low value; but, even then, charter rates might run high on account of the lack of suitable

-
- (1) RCSR I, p.32.
 (2) B&SAEG, April 1897, pp.579-81; G.37-1904, pp.vcv-vcvi; Reports of the Supreme Court of the Cape of Good Hope for 1906, p.97.
 (3) RCSR I, p.32. The position, however, was not altogether clear - see Byron's evidence in RCSR V, qq.15420-32.
 (4) RCSR IV, qq.15419-33; Debates of the Natal Legislative Assembly, 17.5.1906 (speech by Hitchins); B&SAEG, April 1897, pp.579-81.
 (5) RCSR IV, q.16453.

homeward cargo from South Africa.⁽¹⁾ But such questions of economics apart, mutual suspicions and normal trade rivalry among merchants militated against concerted action of this kind.⁽²⁾ The remaining alternative was the sailing ship. Nominal rates for these ships were very low; but when the additional costs and the several hazards involved were totted up there was little saving worth mentioning over steamer rates. Insurance, for example, had to be "with particular average" in order to cover the risk of damage by sea water, and the additional cost of this over the normal insurance contract was considerable; while the voyage, which took several months, involved an inordinate loss of interest for the merchant.⁽³⁾ Sailing ships, moreover, were ideally suited to a full load of a specific item; but the narrowness of the South African domestic market made such large shipments "suicidal"⁽⁴⁾ for trade. Compounding these difficulties was the fact that there was some uncertainty regarding Conference policy on sailing ships: a shipper might use them for his own goods, certainly, and retain his rebates, but the position of a number of shippers acting together was less clear.⁽⁵⁾ In any event, however unwarranted it may have been to do so in normal times, to charter a sailing ship in 1902 or 1903 would have been rank madness: in the congestion then reigning at the South African ports these vessels had to give place to steamers of whatever sort,⁽⁶⁾ and moreover their wartime rates were on occasion well above the peacetime level.⁽⁷⁾

-
- (1) Cf. The Economist, 22.7.1911.
- (2) On the whole question see under the references to "Chartering" in RCSR V, p.235. A modern analysis will be found in McGee, Ocean freight rate conferences, pp.243-51.
- (3) RCSR V, qq.489, 697, 1086, 4106.
- (4) Ibid., q.1297.
- (5) Ibid., qq.7348-50.
- (6) B&SAEG, August 1900, p.22; CAD T 654: Treasurer - Table Bay Harbour Board, 6.4.1903.
- (7) A.3-1900, q.1709.

Although they had invariably fizzled out, plans to assail the grip of the Conference lines on the South African trade had not been wanting: as an observer pointed out shortly before the Boer War,

One of the hardiest of hardy South African annuals is the proposed new line of steamers to the Cape. For years past it has kept cropping up at regular intervals, but hitherto nothing has come of it. All sorts of stories have been told about powerful syndicates, French, English, or American, with fabulous sums at their disposal. We have been told that the present service would be far outstripped both in speed and general efficiency, that the vessels would be of the most perfect build, would steam twenty knots an hour, and make an excellent addition to the British mercantile navy. In short, there has been no end to the marvels predicted of them. Years have elapsed since the first rumours were heard, and yet the new fleet is still a phantom one, and likely to remain so. (1)

These derisive lines were fair comment. Several schemes had indeed been mooted, but with two notable exceptions they had remained in the realm of thought, or perhaps of wishful thinking. Of those two, Suter Williams had been smashed and the powerful Bucknall had seen the wisdom of coming to terms with the redoubtable Donald Currie; yet the will-o'-the-wisp of a new and untainted line continued to beckon the colonial shipper.

In earlier days the demand for a new service might come equally from the Cape or from London; (2) but as the century drew to a close the London merchants seem to have lost their taste for the idea, (3) and the torch passed into the hands of the South

(1) South Africa, 8.4.1899, p.78.

(2) See, for example, Cape Argus, 4.12.1886 and 7.1.1887.

(3) There was a flicker of interest in late 1900, perhaps under the impression that the Boer War was nearly over, but nothing came of it - vide J.W.Jagger Papers (letter from Jagger's London representative, 23.10.1900), and Rhodes Papers (A.Moseley, London diamond merchant, - Rhodes, 26.10.1900). I am indebted to Dr Andrew Porter, University of London King's College, for this latter reference.

Africans - particularly those of Cape Colony, inasmuch as the Natal merchants were reasonably content with the two direct lines, in which they were financially interested. It would be tedious to go into detail on these various schemes: one and all they were hatched not by reputable shipping companies but by nonentities in shipowning, and they accordingly warrant little discussion. Implicitly or explicitly one theme was common to them all: their hopeful promoters announced themselves happy to lay on tonnage at low rates, if guaranteed a healthy degree of mercantile support or given some other tangible inducement.⁽¹⁾ But the merchants for their part balked at giving any guarantee at all to lines that were not yet in existence and whose credentials were dubious. With each party thus demanding to see the other's money first, deadlock was not surprising; but in any case mercantile and even political rivalries in South Africa militated against success - as had clearly emerged in the case of the Garlick-Jagger plan.

Political animosities, indeed, might themselves set in train plans for new shipping lines; but in the nature of things projects so motivated were unlikely to suit the merchants' book - the interests of governments and their private sectors were seldom identical, especially when complicated by the "racial" differences of the day. Thus in the wake of the Jameson Raid the South African Republic sought to establish "eener mailstoombootverbinding langs de Oostkust met Europa"⁽²⁾ that would fly a Continental flag or even her own; Natal,

(1) Cf. Cape Argus, 9.7.1886 and 10.4.1893; ibid., (Home edition), 17.7.1892 and 24.9.1892; South Africa, 9.4.1892, p.73; B&SAEG, September 1893, p.65, and March 1897, p.505. Even the flamboyant Barney Barnato once toyed with the idea of establishing a rival service - vide Natal Mercury, 28.7.1902 (editorial), and Harry Raymond, B.I. Barnato: a memoir, p.204.

(2) Notulen van de Volksraad van de Zuid-Afrikaansche Republiek, 10.12.1896. See also G.D.Scholtz, Die oorsake van die Tweede Vryheidsoorlog, vol.II, p.27 ff., and Backeberg, Die betrekkinge, pp.169-70.

chronically suspicious of the Bond in Cape Colony and with commercial grievances to boot, was tempted to ally herself with the Republic insofar as the mails at any rate were concerned; but despite the backing of influential German financiers the scheme did not appeal to the merchants affected, and it ultimately fizzled out. The whole thing was highly problematical; but Currie at least professed alarm at the prospect, and appealed to Downing Street for protection.⁽¹⁾ To be sure, the proposal had implications for British trade and supremacy in Southern Africa that warranted Currie's fears; but in its connection with high politics it was exceptional. The several other half-baked schemes for new lines, certainly, left the Conference shipowners unmoved.

The Conference lines can thus be regarded as having held a monopoly of the berth trade between England and South Africa. Leaving questions of rates and perhaps of attitudes on one side, however, only a doctrinaire would have had ground for objection on that score, since the lines provided ample tonnage (the equivalent of a daily service) and operated at a high level of efficiency.⁽²⁾ But the inevitable corollary

(1) The episode is dealt with in CO 417/196/9890: Colonial Office memorandum, 7.5.1896; CO 417/234/4793: Currie - Chamberlain, 23.1.1897; CO 417/227/4272: letter from Foreign Office, 25.2.1897; B&SAEG, February 1897, pp. 437-8, and March 1897, pp.505-6. Several Continental proposals for a new service to Delagoa Bay will be found in the Transvaal Archives (State Secretary, SSa, vols. 181-2). The most substantial one came from the Hansa Line, of Bremen: it involved a subsidy of £244,000 per annum for a fortnightly service.

(2) See Garland Soper's evidence to the Select Committee on Steamship Subsidies, 1902, qq.2819, 2898-2903 (reproduced in SASFC I, p.194 ff.). The sailings were made up as follows:

Union-Castle	150 per year
Bucknall	50
Clan	} 108
Ellerman-Harrison	
Natal lines(combined)	65

was that having a giant's strength the shipowners were tempted to use it like a giant. If much of the criticism of the Conference lines was overdrawn, a solid substratum of fact nonetheless lay beneath the hostility with which the mail lines, and in particular Donald Currie's, were viewed in certain quarters. A good case in point is provided by the efforts of the Transvaal Chamber of Mines to obtain a reduction in the freight on gold. An approach was made to the two lines in April 1897, which elicited assurances of "careful attention" and "early attention" from Union and Castle respectively; yet nothing further had happened six months later, and a reminder from the Chamber was not so much as acknowledged. A second reminder, in June 1898, secured the Union Line's assurance that the matter was "receiving attention"; Fenchurch Street did not rise to even that courtesy. Still another reminder was sent, in October 1898; but with no response. Yet in January 1899 the two companies suddenly reduced the rate by no less than one-third: not, it would seem, in response to the Chamber's request, but on account of competition from the Chargeurs Reunis Line of Havre, which had latterly begun to touch at Cape Town and Delagoa Bay in the course of its trade between France and Madagascar.⁽¹⁾ After wool, gold bullion constituted by far the most remunerative item in the small list of return cargoes; yet the mail lines were apparently content to treat the powerful and influential mineowners in this offhand way. If these things were done in the green tree, what would be done in the dry? "The Economist", surely no anti-business organ, observed a few months later that

[the] attitude towards shippers has been... one of complete indifference to all requests for consideration, safe in the knowledge that the methods employed ... prevent competition from outside lines. (2)

-
- (1) Transvaal Chamber of Mines annual report for 1897, pp. 322-3, 1898, pp.189-92, and 1899, pp.180-4; UCR: Council minutes, Castle Line, 6.1.1899. On the Chargeurs Reunis see Murray, Ships, p.234.
- (2) The Economist, as reported in South African Mining Journal, 1.7.1899, p.710.

That, no doubt, was too broad a generalisation; but it is significant as revealing how the Conference was regarded in a quarter to which neither partisanship nor economic illiteracy can be imputed.

Relations between the lines themselves seem to have been civil but scarcely cordial. To the outside world the ship-owners might present a united front, but when all was said and done they were competing for a limited amount of business, and at times this fundamental fact of their life made for bad blood between them.⁽¹⁾ The arbitration of 1898 was a spectacular manifestation of this; but it was neither the only case of arbitration nor an isolated example of the strain.⁽²⁾ A commercial sequel to the Jameson Raid is instructive in this regard. During that upheaval the transit traffic from the ports to the interior was held back; this led to acute congestion at Port Elizabeth, and in its efforts to relieve the situation the Harbour Board laid down an order of priority in the discharging of ships. Under this ruling ships with upwards of thirty passengers would receive preference; and the Bucknall ships found themselves having to wait on the mail lines' intermediates. In protest they were withdrawn from Algoa Bay altogether; the implications of their departure alarmed merchants and government alike, and on pressure from Cape Town the offending resolution was rescinded. The incident left a bad taste in Bucknall's mouth, not least because there was some suspicion that the mail lines had also used their influence with the local landing agents so as to strengthen their favoured position. And certainly Fenchurch Street did nothing towards co-operating with Bucknall on the question: on the contrary, Currie

(1) Cf. Garland Soper's remarks in SASFC VI, p.29.

(2) Examples will be found in UCR: Council minutes, Castle Line, 28.1.1887 and 19.10.1891; Sprigg Papers, 9695: Currie - Sprigg, 12.5.1887; and NAD PM 109: Durban Chamber of Commerce - Prime Minister, 2.12.1901.

addressed an appeal to the Cape premier for a reversion to the Harbour Board's first ruling, invoking the Castle Line's superiority over "ordinary cargo steamers" in justification of the preference.⁽¹⁾ The matter admittedly was no simple one, but precisely for that reason consultation between the lines, with something of give-and-take on each side, might have been expected; yet as far as the records show there was neither.⁽²⁾ So little did the several parties learn from the affair, indeed, that there was a repetition, and on a larger scale, in 1900.⁽³⁾

And in 1903 there was yet another variation on the theme. The Natal lines had been taking the Durban mails to Cape Town, while the mails from other parts of Natal went overland, and the two lines were therefore given preference in berthing at Durban; a local newspaper reported that in future all mails would go overland; and without apparently so much as consulting their two colleagues the other Conference lines made a prompt and indignant protest to the government against any continuation of the preference. The contract with the Natal lines, as it turned out, still had three months to run - a fact that could, no doubt, easily have been ascertained from those parties themselves. A small incident, perhaps; but, again, one that throws a good deal of light on relationships within the Conference.⁽⁴⁾

This mutual distrust is also apparent from the inability of the lines to speak with one voice in times of crisis. The congestion at the Cape ports during the Boer War affords a good example. Because of the precedence given to the mailships, some merchants switched their allegiance from the

-
- (1) CAD T 751: DC&Co - Prime Minister, 18.6.1896 (copy).
 (2) On this episode see B&SAEG, March 1896, pp.478-9; Cape Argus, 11.3.1896; South Africa, March to May 1896.
 (3) C.1.-1900.
 (4) NAD CSO 1728 2955/1903: Union-Castle, et al, Durban - Colonial Secretary, 23.3.1903, and reply, 9.4.1903.

cargo lines, so much so that the mail line found itself with a great accumulation of cargo at Southampton; to clear this backlog it was willing to despatch extra ships, but as these did not rank as mailships they too would be exposed to the chronic delays in South Africa. Fenchurch Street therefore sought the good offices of the Merchants' Committee in urging upon the Cape government "the advantage of according special facilities in discharge to any vessel which we may set apart"⁽¹⁾ for the purpose in question. News of this unilateral move must have reached the cargo lines, for a few days later Clan similarly approached the Committee,⁽²⁾ but on the broad question of the delays in South Africa rather than the narrow issue of special facilities for one line - a line, moreover, that was attracting more than its usual share of cargo because of the preference it already enjoyed. No doubt much is visible to hindsight; but this, surely, was a matter demanding united action by the lines as a whole instead of manoeuvres by one of them in its own interest. A still better example of this distrust, however, is found in an incident that took place shortly after the Boer War: when asked by the Colonial Office to depute someone to attend a conference in Johannesburg, Fenchurch Street made no bones of the fact that so many separate interests were involved that it would be impracticable to send any one delegate to represent the several lines;⁽³⁾ and when the mountain later came to Mohammed and the conference assembled in London, the ship-owners were careful to attend in force: as the Cape premier saw it, "not one of the seven could really trust the other six to come to any conclusion for them".⁽⁴⁾

(1) John Garlick Papers: DC&Co - Soper, 17.10.1901 (print) (emphasis added).

(2) Ibid.: Cayzer, Irvine & Company - Soper, 23.10.1901 (copy).

(3) CO 417/406/27848: Evans - Lyttelton, 5.8.1904.

(4) Cape Times, 26.1.1906 (Jameson at banquet in Cape Town).

The impression that emerges is that the cargo lines resented the dominance of their big partners in the trade and were constantly on the lookout for the slightest sign of double-dealing. The closing address of the mail lines' Counsel in the arbitration proceedings, already quoted, makes no attempt to conceal the underlying animosity; but other examples may conveniently be cited here. In the negotiations for the renewal of the mail contract in 1899 Sir Donald and his Union counterpart, Sir Francis Evans, made strenuous but ultimately unsuccessful efforts to secure all the official cargo of Cape Colony, insisting however that they wanted this monopoly not for themselves but to protect the trade as a whole; they would distribute the business, they declared, in fair proportions among the several Conference lines, as they had done in the past. But Clan and Bucknall, evidently not persuaded on the point, protested to the Agent-General in London against "such an unusual course" being taken with regard to government freight, and hinted that the real object behind the proposal was the forging of a weapon against them.⁽¹⁾ Whatever the inwardness of the whole affair, it throws an interesting light on attitudes in the Conference ranks. A year later there was another contretemps. Appealed to by the cargo lines, the Cape government directed the Harbour Boards to observe the rule of strict rotation in the handling of (non-mail) steamers at the congested ports. To this rule there was however one exception: the monthly intermediate that carried the mails to and from St. Helena and Ascension.⁽²⁾ But even this solitary concession, which in any case was severely hedged about with conditions, aroused the fears of the cargo lines: quick to see sharp practice by the mail line, they contended that it had cunningly put its biggest cargo ships on that run and would thereby entice a goodly volume

(1) CAD T 230B: Cayzer, Irvine & Company and Bucknall Brothers - Agent-General, 21.6.1899. The question as a whole is dealt with in A.1 -'99 and in Debates of the Cape House of Assembly, 17.8.1899.

(2) A.3 - 1900, q.755.

of business to "this specially favoured monthly steamer".⁽¹⁾ Characteristically observing that "it is my intention to protect the public interests",⁽²⁾ Sir Gordon Sprigg thereupon withdrew the concession. But at this very time the cargo lines affected to discover their great rival engaged in yet another stratagem - the conversion of intermediates into mail carriers. Such was indeed Currie's plan, and he put forward plausible arguments in its defence; but as the cargo lines saw the move,

whatever the plea or pretext on which
 [it is] based, its real object [is] simply
 to injure competitors ... by thus securing
 for all the ... company's steamers an undue
 preference in the shape of earlier berthing
 and discharging. (3)

Once again a protest was lodged; once again Sir Gordon acted, and once again Sir Donald was checkmated. This episode too - and especially the fact that the cargo lines sought to hush up their protest to the Agent-General⁽⁴⁾ - is instructive on the subject of relations between the Conference shipowners.

These examples are perhaps less than fair to the mail lines insofar as the latter may seem to emerge as the villains of the piece. But there was self-seeking on the other side too. Thus in 1894, at the very time that the mail companies agreed to raise their intermediate rates in response to Bucknall's claim for a greater differential, Sir James Sivewright

-
- (1) CAD T 751: Bucknall and Clan, Cape Town, - Prime Minister, 31.7.1900.
 (2) Ibid.: minute by Sprigg, 11.8.1900.
 (3) C.3 - 1900, p.9 (Agent-General - Treasurer, quoting from interview with representatives of Bucknall and Clan on 14.8.1900).
 (4) Ibid.

approached Pretoria with a novel and far-reaching proposal.⁽¹⁾ Alluding to the "Ring" in the South African trade prior to Bucknall's advent, he lauded that line for having accomplished "het verbreken van dezen afschuwelyken toestand van zaken", painted a glowing picture of its facilities, and on its behalf offered to put at least two of its largest ships under the Transvaal flag. No subsidy would be required, only an undertaking on Pretoria's part

dat voor eene vaste tijdperk, zegge niet minder dan tien jaren - wy zullen liever vyftien jaren kiezen - dat de Regeering aan ons waarborgen zal, dat alle materialen, goederen enz., benoodigd voor publieke dienst, en alle opdrachten, die het gouvernement kan influenceeren toevertrouwd zullen worden voor verschepping aan de Heeren Bucknall Bros, op de uitdrukkelijke verstandhouding, dat de vrachtprijsen op dezelve, in geen geval hooger zyn zal, dan hetgeen gechargeerd kunnen worden, door eenige mededingende Stoomboot Maatschappy naar Zuid Afrika. (2)

As far as can be ascertained from the Union-Castle records, no agreement between the several lines on the subject of government cargoes existed at this time,⁽³⁾ and to that extent Bucknall was not precluded from seeking to capture such business; but the terms of the offer, and still more the disparaging references to the other lines in the trade, throw light into dark places.

At more mundane levels the several lines seem to have worked together, so far as this was required, in a reasonable degree of harmony. Matters of everyday import involving such things as reclassifications and "contract" cargo would be handled either informally or at what was known as a "Minor Conference" - a meeting of the operating officials of the companies concerned.

-
- (1) Sivewright was a member of Bucknall's South African committee - vide p.30 above. On the rate differential, vide p.44 above.
- (2) TAD SS 181Ra 1229/95: Sivewright - State Secretary, 14.4.1894.
- (3) The mail lines and Bucknall later formed a pool for the outward trade - vide UCR: Council minutes, Castle Line, 22.3.1895.

Matters of policy, on the other hand, or topics calling for urgent decision at high level, were reserved for a "Major Conference" attended by the shipowners themselves or the lines' executive heads.⁽¹⁾ These latter meetings, however, seem to have been infrequent. Where particular interests clashed, as happened with Bucknall and the mail lines on more than one occasion, the difference would be settled by the lines concerned, without reference to the other members of the Conference.

The loose nature of the relationship between the lines is well illustrated by the admission of Ellerman-Harrison in 1902. Charles Cayzer, whose Clan Line stood to be most affected, reached an understanding with the newcomers on his own account, after no more than a conversation with Sir Donald; the arrangement was then presented to the remaining lines as a fait accompli. It is true that those lines' interests were only lightly touched by happenings on the west coast; but nonetheless the casual way in which considerable new tonnage⁽²⁾ was thus allowed into the trade is noteworthy. Equally instructive is the sequel to this episode. The Natal lines tried to use the enlargement of the Conference as a means of righting an old grievance: as a condition of their signing the new rebate circular they demanded that the restriction on their calling at the ports of Cape Colony be lifted. The west coast lines, who could well afford to do so, gave their consent; Bucknall, more directly affected, waited to see how the mail company would jump; but Currie refused to hear of the change, and the Natal lines were sent away empty handed.⁽³⁾ The fact that questions of so fundamental a nature could be disposed of in this summary fashion, without so much as a meeting of the various parties, provides a healthy corrective to the lay view of a conference's cohesion.

(1) UCR: arbitration proceedings with Bucknall, 1898, p.180.

(2) Cf. Hyde, Shipping enterprise, pp. 84-5.

(3) UCR: memoranda and correspondence, March to April, 1902.

Donald Currie was ever quick to dismiss notions of a "ring" in the South African shipping trade; if by that pejorative term his critics meant a tightly-knit or highly-structured body, his denial must be upheld.

Such, then, was the South African Shipping Conference at mid-1902. At tolerable peace among themselves, working in some harmony with their customers, and presenting a united and formidable front to the outside world, the ship-owners hailed the ending of the protracted war. It was time to go up and possess the land.

CHAPTER IITHE HOUSTON WAR

Turned 49 on the same day that the peace terms were signed at Pretoria, Robert Paterson Houston of Liverpool was no newcomer to shipping. Trained as a marine engineer, he had early forsaken that calling for the more lucrative sphere of shipowning, beginning business with a few tramps built to his own specifications. In an age when mechanical failure was still a potent factor in shipping he won a solid reputation for sound design; he was also a capable and enlightened employer. But his ambitions went beyond the fitful tramp trade; and, among the first to discern the potentialities of the Argentine trade as it was developing in the early 1880s, he started a regular service to that country in 1886. His essay into the line trade was opposed by the companies already in the field, and the young Houston acquired a sharp taste of vested shipping interests and their methods. But despite the vigorous counter-measures of his opponents he succeeded in establishing himself in the trade; and in "one of the most striking individual achievements in the modern history of shipping"⁽¹⁾ he built up a flourishing business in the carriage of railway- and other heavy material from England, coming back with the products of the frozen meat industry of Argentina. He later entered other trades such as that between New York and the Plate. The basis of his fortune, however, was laid in the Boer War, when both his own ships and those chartered through him were extensively used by the Admiralty in the conveyance of commissariat and livestock. His share in this trade was evidently great, for questions were asked in the Commons on his "monopoly"; but he had his defenders as well as his detractors, and was lauded for his ability and energy. A Conservative in politics,

(1) The Times, 15.4.1926 (obituary).

he entered Parliament in 1892, holding the same seat until 1924. In his very appearance something of the buccaneer, he had a reputation for ruthlessness and for unorthodox or even questionable methods of business; he also liked a fight, and was frequently in the courts against fellow ship-owners. (1)

This was the man who now elbowed his way into the South African trade. The Boer War had convinced him of the country's potential, and as early as mid-1901 he decided to start a new line service; but being conversant with shipping conferences and their ways he took the trouble to notify the South African Conference of his intentions. The letter in which he did this was subsequently to achieve some notoriety, and it is thus given here in full:

As we have made large contracts and have received promises of support from many important shippers, we have arranged to run a regular line of steamers from this country to South African ports, and as we understand existing lines are in conference, we shall be glad to learn at your earliest convenience if you would prefer us to enter your conference or to remain outside of it, and to quote competitive rates of freight. (2)

The Conference lines forbore to reply to this somewhat curt

-
- (1) This sketch of R.P.Houston is based on Lord Birkenhead, F.E.: The life of F.E.Smith, first Earl of Birkenhead, pp.71-2; Frank C.Bowen, Seventy years of Houston's (The Nautical Magazine, 1950), pp.173-6; *eadem*, A fifty-year-old fight (*ibid.*, 1952), pp.339-41; Percy Harley, My life in shipping 1881-1938, pp.122-5; John McRoberts, The Houston story (series in Sea Breezes, May to July 1970); Guy R.Sloman, Some lesser-known Liverpool shipping companies (Transactions of the Liverpool Nautical Research Society, 1952-3), pp.21-34; and on the following newspaper articles and obituaries: The Porcupine (Liverpool), 6.6.1896 and 30.1.1915; Post and Mercury (Liverpool), 2.1.1922 and 15.4.1926; The Times, 15.4.1926.
- (2) African Review, 9.8.1902, p.216.

epistle; nor, under the circumstances then prevailing in the trade, were they greatly concerned at this threat of opposition. But the letter was sent to the Merchants' Committee for its information.⁽¹⁾

That Committee found itself in a dilemma. By inclination it was all for co-operation with the established lines; but it could not close its eyes to the longstanding demand in South African mercantile circles for more competition in the trade. From the Committee's viewpoint the advent of a new line would be harmful, whether the newcomer were in the Conference or out of it: in either case the immediate effect would be a worsening in the already serious port congestion, but if the Conference refused him entry a rate war, with all its disruption would be on the cards. So the Committee was all for leaving well alone; but it had to tread carefully so as not to bruise the colonists' susceptibilities. In the event it did nothing - which was tantamount to giving Houston the thumbs-down.⁽²⁾

This appeared to be the end of the matter; but just before the end of the war, as has been seen, the Conference admitted the Ellerman and Harrison lines. Whether it was this nod to others, after the deafening silence that had greeted his own "application", that galvanised Houston into action,⁽³⁾ or whether he had prudently been waiting for the war and its dislocations to end, cannot be said; but in July 1902 he announced the inauguration of "a regular and continuous service of fast cargo boats" from Glasgow, Liverpool and Middlesborough to South Africa. He also threw down the gauntlet

-
- (1) John Garlick Papers: Lee Wright (Conference secretary) - Soper, 7.6.1901 (copy).
 (2) Ibid.: South African Merchants' Committee minutes, 2.10.1901 (print).
 (3) Cf. Natal Mercury, 28.7.1902.

to the established lines by declaring that he was fighting in the public interest. He did not, indeed, foreclose the possibility of his coming to some arrangement with the established shipowners; but this eventuality, he emphasised, would not imply his acceptance of the Conference tariff, and in any event he would in that case insist that the rebates forfeited by his supporters be reinstated. And, not content with challenging the Conference on its own ground, he also began a service to South Africa from New York.⁽¹⁾

Something of the man's sangfroid is apparent from the name of his first ship on the Liverpool - South Africa run: "Hostilius".⁽²⁾ Sailings were at fortnightly intervals to begin with, but by the end of the year a weekly service had come into being and London and Bristol had been added to his berth ports.⁽³⁾

What were Houston's chances in the battle that now began? He was no inexperienced newcomer but a man with an established position in the shipping world, who had already given ample proof of his mettle; moreover he was working not with chartered tonnage but with a respectable fleet of his own, comprising twentyone good ships and with six more building. Most important of all, he was coming into the trade with a considerable volume of guaranteed cargo in his pocket: he had used the time leading up to the inauguration of his service to good advantage, and had secured long-term contracts from a number of "the largest Corporations and principal firms and Companies connected with South Africa". With these contracts as mainstay he was able to offer exceptionally

(1) The inauguration of the service is dealt with in African Review, 26.7.1902; B&SAEG, July 1902, pp.57-9; and South Africa, 26.7.1902, pp.264-5.

(2) South Africa, loc.cit. The names of his ships invariably began with an H.

(3) The Times, 7.11.1902 (special article, The South African shipping trade); Bristol Times and Mirror, 11.12.1902.

low rates for general cargo; but even then, it seems, he insisted on a special contract for a period of years, thus ensuring that he was not placed at the mercy of casual shippers. Finally, he was coming into the trade at a time when the accumulated rebates were believed to be at a low level owing to the wartime fall in mercantile shipments.⁽¹⁾ On the debit side, however, there was the fact that he was patently unable to match the Conference on tonnage or facilities: thus he could not look for a wholesale defection to his standard. Apart from that, the established lines undoubtedly enjoyed a great measure of goodwill on account of the excellent service they ran; merchants were reluctant to venture into the unknown after the long years of the Conference lines' monopoly; there was a deep-seated aversion to the dislocations of a rate war; and, of course, rebates stood to be lost. If Houston were to succeed in getting a foothold in the trade it would have to be through large contractual cargoes, not through the day-to-day business. His target must be governments, municipalities, corporations, and others of that kind, together with the more substantial of the merchant shippers.

His inducement to these would lie "simply" in cut rates.⁽²⁾ Whether the rates he now quoted were fighting rates or paying ones cannot now be said - claims at the time, on both sides, were legion.⁽³⁾ On the face of it, however, there was sound reason for his quoting rates well below the Conference tariff. He was already well established in the River Plate trade, which - in striking contrast to South Africa - offered regular

-
- (1) The foregoing details are from African Review, B&SAEG and South Africa, loc.cit.
- (2) African Review, 20.12.1902, pp.452-3 (interview with Edward Lloyd).
- (3) See, for example, Star, 22.9.1902 (letter from Houston's Johannesburg agents); Westminster Gazette, 31.10.1902 (interview with unidentified Conference shipowner = Edward Lloyd); RCSR V, qq. 6842-3.

and remunerative return cargoes, which he would now be able to pick up on the homeward voyage from the Cape.⁽¹⁾ His insistence on contract cargo must have meant certain economies in loading; and as he was not hamstrung by any agreement with the London merchants he would be able to quote ad hoc rates in accordance with the business at stake. Whatever the precise economic justification, he did quote rates that were markedly below those of the Conference; moreover, they were without either primage or rebate.⁽²⁾

What were the choices open to the Conference lines in reply? It might be argued that there was no cause for any great alarm - with peace in South Africa, the backlog of cargo would ensure that their ships would sail with full holds for a long time to come; Houston with his handful of sailings would be no more than a fleabite. But while that might be true enough of berth cargo, the competition of even a few ships could well make serious inroads on government- and quasi-government business and on that of the more substantial merchants. Government cargo, in particular, must long have figured prominently in the Conference picture of the post-war period: with the reconstruction of the two new colonies in prospect, as well as the expected economic development of the coast colonies, those cargoes must have formed a dazzling picture. The shipowners had made their plans for this business, even to the extent of permitting the introduction of additional tonnage on the west coast; they could hardly be expected to view the imminent intrusion of still

-
- (1) The Times, 7.11.1902 (special article); Cape Times, 16.12.1902 (letter from "Another Onlooker").
- (2) For examples of Houston rates see Barlow Rand Archives, H.Eckstein & Company 215S. (hereafter "BRA"); Fraser & Chalmers - Houston, 22.8.1902 (copy); SASFC VI, p.8; RCSR V, q.4345. The (intermediate) rates are given in RCSR II, p.56; the cargo lines' rates were slightly lower in two of the four classes. But as there were variations in the bills of lading of the two parties, an unqualified comparison of the rates would be misleading.

further tonnage with equanimity. In the nature of things the post-war boom must slacken off sooner or later; in the meantime every ton of freight going forward must be secured. It was true that the lines were having difficulty in meeting the current demands made on them; but if the regular tonnage were insufficient it should be augmented through chartering, certainly not through the admission of yet another line.

But it is unlikely that the situation was viewed in so dispassionate a light. The Conference lines felt that they had lost out in the war - that, if they had indeed not suffered serious loss (and some of them undoubtedly had), they had not prospered as they ought. Their patience was to be rewarded in the great upsurge of trade expected now to begin; yet at this very time along comes an interloper who not only seeks to reap where others have sown but also to snatch the reward away from those who have borne the burden and heat of the day.⁽¹⁾ At even the best of times a shipping conference will view a newcomer with hostility, and any intruder at this stage would certainly have been resisted; but now there were also historical and personal factors at play that intensified the natural reaction. Houston was not just another shipowner, but one who had made a very good thing out of the Boer War: who, indeed, had thereby built up the very resources that he was now planning to use in an assault on the established lines. He had taken on, and beaten, conferences in other trades; and his new American service threatened to open up the old sore of "diversion of trade". As a man, finally, he was unacceptable to some at least of the Conference principals.⁽²⁾

(1) "There is a capital of £12,000,000 sterling involved in the eight companies that form the Conference. They have established a trade from all ports in this country without the help of any subsidy. [They] are determined at all costs to repel what they consider to be a piratical attack upon their business." (Unidentified shipowner, loc.cit.).

(2) Cf. NAD PM 93 PMC 279/1902: Union-Castle Line, Cape Town - Prime Minister, 29.9.1902.

The first step, then, must be to deny him large cargoes. His service would be of little interest to smaller shippers, who required prompt and regular despatch of small parcels and who were unlikely to jettison the Conference lines for the problematical savings that Houston might give - if indeed he wanted their type of business at all. If he could be checkmated in contractual cargoes, the Conference shipowners may have reasoned, ordinary berth cargo could be left to look after itself.

Overtures were thus made to some of the principal public bodies in South Africa. As far as Natal was concerned the matter was particularly pressing, as the government's freight contract was due to expire at the end of July 1902; furthermore, her Prime Minister was even then in London attending the Colonial Conference, and Houston was already in touch with him. To ward off this threat Charles Cayzer offered the Natal government a new contract at remarkably low rates, going so far as to let the Agent-General, Sir Walter Peace, name his own rates until such time as the new contract was concluded. When it is borne in mind that the Natal government already enjoyed what appear to have been the lowest rates on record, the shipowners' anxiety and urgency will be apparent. Peace, in terms of this arrangement, fixed his rates at levels ranging from 10/- to 7/6 below the low ones already obtaining. On some specified items the cuts were even more spectacular: locomotives, for example, were quoted at £200 in place of the normal £333. It is instructive to note that Houston offered to take these at a mere £100; but, with his small fleet, he could not provide the despatch that Peace sought. But it was not price alone that entered into Peace's reckoning: he insisted on sailings to Natal direct - a matter of some touchiness in his colony - and this Houston could not give. In any event the bulk of the government cargo was shipped from the east coast, and Houston was not yet calling at London. The upshot

was that Natal's contract again went to the Conference.⁽¹⁾

On the other hand, there was stalemate on the question of the official cargo of the Cape Colony. Both Houston and the Conference lines quoted for it, but neither party was successful: the Cape government elected to forego an exclusive contract and to ship as and when circumstances might dictate.⁽²⁾ Insofar as Houston in this way failed to obtain guaranteed shipments the Conference may be said to have scored a point against him. But he brought off a coup by winning the substantial business of the Table Bay Harbour Board. At this juncture the latter body's relations with the Conference lines were somewhat strained: owing to the urgent need for certain material the Board had chartered a ship a few months before, and the Conference was now withholding rebates amounting to some £1600. Negotiations on this point and on a new freight contract had been in progress in London for some little while;⁽³⁾ but when Houston now appeared with an attractive offer the Board's general manager, R.H.Hammersley Heenan, soon closed with it.⁽⁴⁾ Houston seems to have been as desperate to obtain such contracts as the Conference was to deny him them, for he continually gave ground before Heenan's remorseless demands, even agreeing to the humiliating provision that should he fail to provide tonnage as needed the Board would ship by other means but debit him with a penalty of 17/6 per ton.⁽⁵⁾ On the other hand, he was able to

-
- (1) The lengthy correspondence is in NAD PM 93 PMC 279/1902. See also Debates of the Natal Legislative Assembly, 15.9.1903.
- (2) G.34-1903, pp.xc-xci; Debates of the Cape House of Assembly, 14.10.1902. For the quotations see CAD T 783: memorandum by E.H.Walton, Treasurer-General, n.d. circa July 1904.
- (3) CAD CHB 255: letter from Harbour Board's London agent, 24.10.1902; C.1-1902, p.2.
- (4) C.1-1902, p.2.
- (5) CAD CHB 255: copy of contract.

tie the Board down to giving him parity in berthing with the Conference ships (apart of course from mailships) - a wise precaution in view of previous squabbles over berthing among the Conference lines themselves and of the possibility of his ships' being designated tramps and so given low priority in discharge⁽¹⁾ during the continuing congestion.⁽²⁾ That these fears of hostility in high places were not groundless was perhaps borne out when an attempt was later made in the Cape Legislative Council to censure Hammersley Heenan and set the contract at naught.⁽³⁾

The race for contract cargo ended in victory for Houston. This is not to say that he secured more business than his rivals did; but he succeeded in obtaining enough cargo to maintain his footing in the trade. At the end of 1902 he held contracts with the Table Bay Harbour Board, the Municipality of Pietermaritzburg, the Cape government for a year's supply of Welsh coal, the British South Africa Company and its satellites, the Rhodesia Railways, and some substantial British manufacturers such as Cammells, Lysaghts and Fraser & Chalmers.⁽⁴⁾ The Conference lines, to retain old connections, were forced to cut their rates: those for the Municipality of Cape Town, for example, were fixed at 25/- to 17/6 for general cargo at a time when the ordinary tariff stood at 42/6 to 22/6.⁽⁵⁾ These and similar rates were later

-
- (1) CAD CHB 255: London agents - Table Bay Harbour Board, 4.10.1902.
- (2) Cf. CAD T 651: Bucknall - East London Harbour Board, August 1902.
- (3) CAD T 653: Legislative Council - Table Bay Harbour Board, 26.11.1902; C.1-1902, passim; Cape Argus, 16.9.1902.
- (4) C.20-1903, passim; NAD PM 92 PMC 185/1902: draft cable, Colonial Secretary - Prime Minister (in London), n.d. circa July 1902; B&SAEG, July 1902, p.57; Bristol Times & Mirror, 11.12.1902; BRA: Fraser & Chalmers - Houston, 22.8.1902 (copy). See also CO 417/390/10871: R.P.Houston - Joseph Chamberlain, 23.3.1903.
- (5) CAD T 783: copy of contract.

(and privately) asserted by Conference spokesmen to be unremunerative but to have been quoted for the express purpose of keeping the business away from Houston.⁽¹⁾ So despite the staunch declaration that they would not beggar themselves by a war of rates⁽²⁾ the Conference lines found themselves engaged in just such a war, although admittedly one confined as yet to the field of contract cargo.

But in their anxiety to outflank Houston the shipowners were beginning to move on dangerous ground as far as their relationship with the merchants was concerned. The freight of governments and of similar bodies such as Harbour Boards was generally regarded as being of a character that justified rates below the normal tariff: this might be defended on various grounds of economics and public policy but also on the perhaps more pertinent score that the cargoes involved (railway materials and the like) were not such as to harm the legitimate business interests of merchants. But between these cargoes on the one hand and merchants' berth cargo on the other there were bound to be grey areas in which conflicts of interest might arise. A case in point was that of imports for municipalities: several items that a municipality might conceivably require could be supplied through the normal mercantile channels, and, other things being equal, it was more convenient for the municipality to buy through local merchants than to buy overseas itself. But if other things were not equal and the municipality were able to secure lower freight rates for itself, then clearly the merchant might be left out in the cold.

The Conference lines were aware of this complication, but they were between Scylla and Charybdis. Too dangerous to be ignored, Houston would have to be met by a rate cut for contract cargo; but this would certainly strain relations

(1) CO 417/389/10081: report of shipowners' interview with Lord Onslow, 19.2.1903.

(2) NAD PM 93 PMC 279/1902: Agent-General - Prime Minister, 29.7.1902.

with the merchants, particularly as they were already demanding protection against those of their number who had defected. Which was to weigh heavier - the outflanking of Houston or the retention of the merchants' goodwill?

The shippers too were engaged in some heart-searching. Although a good sixteen years had passed since the last full-scale rate war in the trade, its disruptions were remembered only too well; moreover, a war at this particular moment would be even more disastrous, as spectacularly low rates might well entice completely new exporters into the market with an eye to the widely-heralded boom.⁽¹⁾ Such a development would scarcely be in the established merchants' interest; and to that extent they were at one with the shipowners in looking for the intruder's speedy repulse. But if this were not feasible, then the shipowners must certainly give the protection envisaged by the Compact of 1893.

The question was promptly raised by the Merchants' Committee, and a series of discussions with the shipowners took place.⁽²⁾ On 24th July 1902 the Committee pressed for a liberal interpretation of clause 4 of the Compact: which, it will be remembered, guaranteed equality of rates between Conference- and opposition ships, subject to certain stipulations regarding time of shipment and type of cargo. That method may have worked reasonably smoothly in the case of an opposition liner loading on the berth at a published tariff; but here, where Houston was accepting cargo only by special arrangement and from large customers, the issue was not so clear-cut. What precisely were Houston's rates? Even if they could be ascertained (and there was no indisputable evidence on

(1) B&SAEG, July 1902, p.59, and September 1902, p.209.

(2) Cape Town Chamber of Commerce records: report of Freights Committee, 13.3.1903; RCSR III, qq.13-14.

the point, only hearsay and second-hand reports),⁽¹⁾ was it equitable to expect the Conference lines to give small and perhaps merely casual shippers the same rates that Houston was giving large shippers bound to him by contracts running for lengthy periods of time?⁽²⁾ Conscious of these difficulties, Garland Soper came forward with two alternative proposals: that shippers either be granted Houston contract rates or be permitted to ship by that line without the loss of their rebates. To neither of these propositions would the shipowners agree; instead, they reiterated that the Compact as it stood gave loyal shippers the necessary protection. At this early stage of the battle, indeed, it was not unreasonable of them to argue that the existing arrangements must be given a fair trial; and perhaps the merchants would have gone along with this had the fact not now come to light that they might be standing in need of protection not only against Houston's depredations but also against the Conference itself.

For at the meeting of 24th July it somehow or other emerged that the Conference lines had been granting concessionary rates to large non-merchant shippers; in particular, to the well-known mining house of Wernher, Beit & Company.⁽³⁾ The facts were simple enough. Back in 1898 Donald Currie, acting for the Conference as a whole, had entered into such a contract; renewed from time to time, it was now again under negotiation; the rates involved were incontestably below the normal tariff.⁽⁴⁾ In mitigation, however, it could be

-
- (1) Cf. Rand Daily Mail, 15.12.1902 (South African Merchants' Committee minutes, 29.10.1902).
- (2) Houston seems to have offered shippers contracts for three or five years - vide RCSR II, p.160, and RCSR V, qq.247, 6453, 7282-3.
- (3) SASFC VI, p.33.
- (4) Archives of Consolidated Goldfields of South Africa, A 23: agreements between Wernher, Beit & Company and Sir Donald Currie, 3.6.1898, and between eadem and "The Conference Steamship Lines", 8.8.1902.

argued that the contract was confined to "mining machinery and fixed plant" and that in any event the merchants' interests were safeguarded by the stipulation that the importing companies must not themselves be "suppliers". But these extenuating circumstances the London merchants brushed impatiently aside: whatever the shipowners' explanations might be, the unpalatable fact was that certain importers were stealing a march over others. Henceforth the Merchants' Committee seems to have been more occupied with these rates than with Houston's; and Soper went so far as to take legal opinion on clause 4 of the Compact. That opinion contended that, within the several classifications, the Conference lines were bound to quote uniform rates to all shippers alike; but the shipowners refused to accept this interpretation, neither would they adopt Soper's proposal that the question be referred to arbitration. For their part the merchants declined to adopt the Conference suggestion that they reaffirm the Compact as it stood. ⁽¹⁾

So the two parties remained deadlocked on the meaning of the protection clause. Conversations indeed continued; but the shipowners steadfastly rejected any idea of a general rate cut. Nor indeed were they as yet under any great competitive pressure from Houston: their ships were sailing fully laden, so much so that cargo was being shut out, sometimes for weeks on end. ⁽²⁾ But there was no certainty that this happy state of affairs would continue indefinitely: sooner or later the feast might become famine, and if Houston were then still in the field he would do mischief. He must be driven off; but, in the meantime, the influential shippers represented on the Merchants' Committee must be appeased. How might this best be done?

(1) SASFC VI, p.33.

(2) CO 528/3/79: letter to Crown Agents from their shipping agent, 4.12.1902(copy); Cape Times, 18.12.1902(letter from H.B. Black); RCSR V, qq. 6783-4.

The time-honoured riposte of a general rate cut could not be seriously considered. It might, to be sure, ultimately knock Houston out; but as he was not lacking in means the contest was likely to be a protracted one, and by the time he threw in the towel the Conference lines would have lost heavily by virtue of the much larger volume of cargo they carried. There was also the consideration that the west coast lines would bear the brunt of the fight, at least until such time as Houston began calling at London, and possibly even subsequently in view of the fact that the bulk of his cargoes came from the industrial Midlands and North of England. There could be little economic sense in a rate cut by the east coast lines at a time when they were deluged with cargo, so much so that they had even introduced a special express rate, double the ordinary tariff, that gave priority to urgently-needed shipments.⁽¹⁾

A general cut in rates, then, was out of the question. Could Houston be beaten by putting fighting ships on the berth? Here too there were difficulties. Fighting ships are designed less to retain existing custom than to prevent the diversion of new business to the opposition; so a fighting ship, while it might well prove a serious embarrassment to Houston, might also further estrange the loyal shippers when they saw newcomers getting a foot in the door at low rates while the same facilities were denied or only grudgingly accorded themselves. Even if thrown wide open to the loyalists the fighting ship would still not give them the protection they craved. In comparison with the tonnage being despatched by the Conference Houston's was insignificant, and a ship to match each of his sailings would cater for only a fraction of the cargo now going forward; at best, then, a loyal regular shipper would obtain protection on only a very small part of his shipments, and at worst no protection at all. A fighting ship protects loyal supporters not by carrying

(1) London Daily Express, 8.11.1902; B&SAEG, January 1903, p.783.

their goods at rates below a competitor's but by knocking him out.

A modified form of fighting ship was nonetheless introduced. On 6th August Fenchurch Street notified the Merchants' Committee that the Conference lines were willing to make refunds to loyal shippers, whereby the freight for all ports in the South African range would be reduced to a mere 10/-.⁽¹⁾ These refunds, however, would apply only to goods shipped in the Conference ship, of whatever line, that immediately preceded a Houston sailing. This proposal, while no doubt of considerable value to any shipper lucky enough to find room in the ship concerned, was obviously of little use to the merchants as a body;⁽²⁾ and the Committee never gave this new version of clause 4 of the Compact its official support, although the new arrangement was put into force all the same.⁽³⁾ For the reasons already discussed, a scheme of this kind could be no answer to the continuing cry for protection.

The Conference, thus, must still find a weapon to repulse Houston: but one that would simultaneously keep the shippers reasonably calm until this happy end had been attained. The crux of the problem, in fact, lay in denying him business. If this could be done he must eventually be forced to withdraw; but in the meantime, with little cargo going to him, the shippers' grievance would be swept away. How was this to be done? Normally of course freight is diverted away from a competitor by means of lower rates - the carrot; but might the same end not be gained by use of the stick?

-
- (1) Minutes of the South African Merchants' Committee, in minute books in the possession of The South African Trade Association, Essex (hereafter "SAMC minutes"), 7.8.1902: draft of new clause 4 of the Compact. See also NAD PM 93 PMC 279/1902: Agent-General - Prime Minister, 12.9.1902, and Transvaal Leader, 8.10.1902 (editorial).
- (2) Cf. John Garlick Papers: letter from London agents, 13.3.1903.
- (3) SAMC minutes, 14.1.1903.

On 18th August 1902 the Conference lines issued the following notice:

Shippers are respectfully informed that the ordinary tariff rates will only apply after this date to those shippers who ship exclusively by the Conference Lines. (1)

Those tempted to defect to Houston, in other words, would now have to face the prospect not only of rebate forfeiture but also of enhanced rates for any cargoes they might still send by Conference ships. These rates, it was soon rumoured, would be double or even treble the ordinary rates; continuance in his disloyalty, indeed, might expose the shipper to the complete shut-out of his goods. In this light Houston's cut rates must have lost something of their sparkle.

Nor was Houston vulnerable on the score of price alone. The Conference at this time was despatching ships to the several South African ports direct, which meant a valuable saving in time when compared with the slower pace of the opposition ships creeping from port to port up the coast.⁽²⁾ Conference agents also assiduously drew attention to other Houston drawbacks such as his alleged slow passages and his coal cargoes - which inevitably meant delays in turnaround in South Africa, where colliers were low on the harbour boards' priority list.⁽³⁾

These tactics were legitimate enough, and if the Conference had stopped its counter-offensive at this point it might have gained its end and yet kept the goodwill of its supporters. But it went further. As 1902 drew to its close still stronger punitive measures were used against defectors, and

-
- (1) CAD CHB 255: letter to Table Bay Harbour Board from its London agents (Chalmers & Guthrie), 23.8.1902; South Africa, 23.8.1902, p.538.
- (2) Fairplay, 25.9.1902.
- (3) Cape Times, 16.2.1903 (letter from "A South African Merchant").

price- or service competition was reinforced by direct action that would soon earn the title of "terrorism".

The new strategy was breathtakingly simple: shippers who stepped out of line were to be exposed to a form of psychological warfare before which even the stoutest-hearted were likely to quail. Not merchants or shippers only but any of the parties in the complicated chain linking manufacturer and consignee were to be harassed by Conference agents and threatened with penalties that went beyond mere rebates or rates and touched commercial survival itself.

The "whiskey case" is the best-documented of several⁽¹⁾ and depicts the new methods clearly. Mackie & Company, Glasgow distillers, had built up a flourishing trade with South Africa; in September 1902 their Durban agents, Findlay & Company, experienced a sudden increase in local demand, and they cabled Mackie to ship 500 cases by the first mailship and another 100 by Clan. The business was being conducted on the basis of a consignment account; perfectly within his rights, Mackie ignored Findlay's request and shipped by Houston. In due course a Conference representative called on the distiller and presented an ultimatum: throw over Houston, or face double rates for two years, perhaps even a complete shut-out. But Mackie was not the man for browbeating of this sort, and he showed his visitor the door.

So far the Conference's proceedings were legitimate if somewhat distasteful; but they were now to assume a character that at best indicated a legalistic and oppressive interpretation of the rebate circular and at worst a naked show of power. Although the whiskey had been shipped by Mackie

(1) The fullest account of the alleged victimisation of shippers and others is in John Strahan Smith, *The South African shipping question* (supplement to *South African Exports*, 5.1.1903). Other references will be found in *Cape Times*, 18.12.1902; *London Daily Express*, October and November 1902; *Liverpool Daily Post*, 10.1.1903; *Produce Markets Review*, 27.12.1902; *Rand Daily Mail*, 21.2.1903. See also RCSR III, q.10211.

from Glasgow, the Conference approached Findlay's agent in London, who had had no part or lot in the affair, and warned him that he would face both loss of rebates and double rates on any of his consignments, whether to Findlay or to others - unless Mackie paid the difference between the Conference rates and Houston's and also undertook not to ship by Houston again.

This demand placed the three parties - Mackie, Findlay and the latter's London agent, Penney - in an impossible position. It was one thing for Mackie to ship as he chose and to accept the consequences, but quite another for Findlay and Penney to face enhanced rates and loss of rebate on their other business. If Mackie still refused to back down, what would be gained apart from pride? Findlay like as not would withdraw his custom, but even if he too should stand like a man against the shipowners' demands he would soon find himself deserted by Penney. As each party weighed up the prospective losses arising out of this one miserable shipment, it was obvious that the game was not worth the candle; and it is not surprising that Mackie surrendered and returned humbly to the Conference fold, paying over the saving he had made by shipping through Houston. It amounted to about £80, and he managed to salvage some part of his self-respect by paying this sum (with Conference consent) to a charity.

If this account is to be accepted - and there are two versions of the tale, which corroborate each other⁽¹⁾ - it is plain that the shipowners were not acting within the spirit or even the letter of the rebate circular. As long as they confined themselves to Mackie and Findlay they were clearly within their rights, however hard the loss of rebates would have been on Findlay who had not had control over the shipment; but when Penney and (it appears) other London agents shipping to Findlay were threatened with penalties with regard to all their business, then the terms of the rebate circular

(1) CO 417/389/5813: letter from Mackie & Company, Glasgow, 11.12.1903; Rand Daily Mail, 6.11.1902 (letter from E. Behr, partner in Findlay's).

had been exceeded.⁽¹⁾ This of course refers to rebates only; as far as rates were concerned there was nothing to prevent the shipowners from charging what they pleased, but the use of such a weapon against the innocent London intermediaries goes a long way to justify the charges of "boycott" and "terrorism" then current.

But it is needful to tread warily here, both because the surviving accounts of high-handed action are plainly ex parte statements, which while grounded in fact may well have grown with the telling, and because the shipowners themselves were perhaps not always aware of the lengths to which their subordinates' zeal was extending; it has not been unknown for shipowners to complain that such things have happened without their knowledge.⁽²⁾ It is also necessary to add that most of the surviving accounts prove on close examination to have involved action not inconsistent with a strict construction of the rebate circular; whether such action was conducive to good relations with shippers is of course another question.

Charges of "infringement", in any event, were necessarily confined to rebates; such other means that the Conference might employ to keep shippers from straying would have to be weighed not on grounds of contract but of policy. The fact that a handful of disloyal or careless shippers might be hurt in the process would have to be set against the prospect

(1) Cf. the provisions relating to the payment of rebates RCSR III, q.35):

The said commission ... to be payable ... to those shippers only who ... have shipped exclusively [through the Conference] and provided that such shippers, either as principals or as agents, have not directly or indirectly made or been interested in any shipments ... by steamers other than those [of the Conference]... . The ... commission is not payable on the goods of any consignee who directly or indirectly imports goods by steamers other than those [of the Conference].

(2) Cf. Sturmev, British shipping, p.330.

of a wholesale alienation of the Conference's supporters if these were left unprotected against their defaulting brethren. Turning a blind eye to the scriptural injunction, the shipowners may have concluded that in this instance at least it was lawful to do evil that good might come.

This new ploy - namely, going beyond the actual shipper and striking at his consignee or at other parties involved, however remotely, in his business - seems to have had several variations. For example: a firm of forwarding agents shipped to one of their customers through Houston; subsequently, when they used a Conference ship for the goods of a different customer, himself a loyalist, they found to their consternation that

the "Ring" (Messrs Cayzer) ignoring us and without our knowledge wrote direct to the consignee stating that as they had elected to ship through us, whom they had discovered to have made shipments by the Houston Line, they would in consequence be charged a penal rate of £4 a ton on all their goods so long as they continued to do business with us. As a result we have lost this connection, after having retained it for many years. But this is not all, as we are informed ... by the "Ring" that they will not accept any cargo from us for any of our principals except at penal rates. (1)

Another expedient was to threaten a defecting manufacturer not only with double rates on further Conference shipments but with concessions to his competitors in the same product. (2)

No one was immune from inquisition and browbeating: the important Liverpool Shipping and Forwarding Agents' Association was given to understand that a Houston shipment for a particular principal would mean refusal to carry goods for the other principals of the agent concerned, and that the

(1) Liverpool Chamber of Commerce records: letter from Townsend & Mellor, Liverpool, 11.12.1902.

(2) Smith, The South African shipping question, p.9.

Conference would not hesitate to go past the Association and deal with principals direct;⁽¹⁾ while humble carters were called upon to divulge the origin of their Houston parcels on pain of being debarred from Conference ships.⁽²⁾ A wide-ranging espionage network was evidently in operation, for the Conference lines seem to have been skilful in tracking down defectors,⁽³⁾ so much so that Houston supporters were obliged to have recourse to various subterfuges such as the shipping of goods under assumed names or from offices other than their own.⁽⁴⁾

The impression that emerges from all this is that the Conference had decided to throw the book and more not only at actual or prospective defectors but at anybody in the trade whose position could be used as a means, albeit indirect, of tightening the screw on Houston. But it must surely have been apparent to the shipowners that action of this kind must eventually come into the light of day and that indignation and protest were bound to follow - in the event, with a sustained roar that must have given even Sir Donald pause. Were the stakes so high as to warrant the lines in running such a risk?

That this frenzied onslaught on all and sundry was the fruit of genuine concern at Houston's inroads seems doubtful: the available evidence suggests that it was rather a response to the loyalists' insistent demands for more effective protection than that provided by the Compact. It seems unlikely that Houston at this stage was much more than an irritant as far as berth cargo was concerned: his capacity was insignificant in relation to the Conference's, especially as he

(1) Liverpool Chamber of Commerce annual report for 1903.

(2) Smith, op.cit., p.6.

(3) Cf. CO 417/389/15819: letter from John Bedford & Sons, Sheffield, 28.4.1903; and Cape Times 7.2.1903(editorial).

(4) South Africa, 14.2.1903, p.559.

was taking coal and heavy equipment under contract. There is, however, more direct evidence. Edward Lloyd, interviewed by a London newspaper on the Conference's reputed punitive actions, defended these on the ground that chaos would follow a war of rates in the South African trade; he emphasised the damage to merchants, rather than to shipowners, that would be the outcome of such a war. This may of course have been a red herring, but - significantly - he added that the Conference's policy was "not disapproved by the leading houses in the South African trade".⁽¹⁾ Certainly the Merchants' Committee neither now nor later raised its voice against these methods; it had its grievance against the shipowners, to be sure, but not on that count. Still more revealing is the attitude of the Conference to returning penitents: the penalty, it seems, involved not the forfeiture of rebates or even the imposition of higher rates but simply the payment of a "fine" equivalent to the freight savings they had gained; on at least one occasion, as has been seen, the shipowners were indifferent to the money and allowed it to be donated to a charity. From this it can be inferred that the Conference's prime object was to have the defectors put on the same footing, so far as rates were concerned, as the loyalists; which, of course, was what the cry for protection was all about. Fortunately a letter from the Union-Castle Line to one of these offenders has survived, and it puts the matter beyond doubt: after accepting the consignee's explanation of the circumstances in which a shipment had inadvertently been made through Houston, it goes on to say that

Our loyal supporters are pressing us to protect them by penalising those who support the opposition, and it is on this account that we feel bound to ask for the difference in freight so that your house may not be in a position to compete on more favourable terms

(1) African Review, 20.12.1902, pp.452-3.

with shippers of the same article by
the Conference steamers. (1)

Methods of warfare that made another party bear the cost of the merchants' protection were no doubt preferable to those that would hit the shipowners themselves; but it is nonetheless unlikely that the Conference would have gone to the lengths it did for the sake of the merchant community alone. Houston was not, perhaps, taking a significant volume of cargo away from the Conference; but in terms of the amended clause 4 of the Compact every sailing of his meant a large loss of earnings by the Conference ship immediately preceding it. With the tariff ranging from 55/- to 22/6 the shipowners would not for long care to contemplate fully-laden ships taking cargo at a flat 10/-. (2)

The proximate reason behind the Conference's onslaught on disloyal shippers, then, was to remove the ground for the loyalists' grievances and claims. And had the war been short the shipowners may have found themselves to have been justified in using such questionable methods. But as 1902 wore on it became clear that Houston would be an unconscionable time a-dying. He extended his berth ports to the heart of Conference territory - London - and to Bristol; he increased his sailings so as to give a weekly service from the United Kingdom in place of a fortnightly; and he scored a notable victory in detaching J.W.Jagger and other important South African merchants.

-
- (1) RCSR V, q.267(emphasis added). The SAMC minutes contain no explicit reference to the subject; there is, however, a cryptic allusion by the shipowners to "the existing understanding", but Soper was quick to take exception to the remark and to contend that "from first to last such an alleged existing understanding has been distinctly opposed" (Soper - DC&Co, in SAMC minutes of 19.2.1903). The absence of any understanding with the Merchants' Committee does not, of course, prove that the Conference was not under pressure from shippers generally.
- (2) The tariff rates are taken from RCSR II, p.56. As the tariff included landing at certain ports and the 10/- concession was "ex ship", the loss of earnings involved was not as large as a simple subtraction of the one rate from the other would suggest; but large it must certainly have been.

The story of Jagger and his fellow Capetonian Garlick provides a classic example of the discord that Houston's advent sowed in the merchants' ranks. Here was a textbook case of A and B: two leading merchants, keen business rivals, each busily extending his capacity in anticipation of the post-war boom, both importers of fine goods on a large scale, each with branches and satellites inland, and both long-standing critics of the Conference. As able businessmen they would have to weigh up Houston's pros and cons.

Jagger, nicely biding his time until he had obtained the last ounce of rebate, took the plunge in December 1902, becoming an eponym in the process as the rates he obtained from Houston were thereafter to be known as "Jagger rates".⁽¹⁾ Garlick however did not follow: he imported a good deal, it appears, for his affiliates in Natal, and as Houston was not at this time giving a direct service to Durban Garlick judged himself unable to leave the Conference. Risks of this sort were of course ultimately a matter of money: the Houston savings would have to be weighed against the consequent reprisals; and Garlick felt that the advantage lay with his remaining with the Conference unless Houston would cut his rates still more. This Houston would not do.⁽²⁾

Jagger and Garlick, then, were henceforth in the two opposing camps. How did they now compare? Primarily it was rates that would determine their position, and these were as follows:⁽³⁾

<u>Class</u>	<u>Conference tariff</u>	<u>Houston rate</u>	<u>Houston reduction %</u>
I	42/6	32/6	23½
II	31/3	23/9	24
III	25/-	20/-	20
IV	22/6	20/-	11

-
- (1) J.W. Jagger Papers: Jagger - London office, 5.11.1902; CAD T 783: Houston's Cape Town agent - Treasurer, 18.8.1904.
 (2) CO 417/421/3569: letter from R.P. Houston, 2.2.1905.
 (3) The rates are taken from SASFC VI, p.8.

These were considerable reductions - hardly the "some small savings" later referred to by an understandably irate ship-owner.⁽¹⁾ Jagger through them would clearly be able to score against Garlick. For one thing, with lower landed costs he could undersell his rival; the extent to which he was able to do this would of course depend on a number of variables such as the proportion of freight- to total cost, the elasticity of demand for the good, and the contractual relations between these two wholesalers and their customers. On the other hand Jagger might elect not to pass on any part of his freight saving but simply to regard it as a windfall profit and plough it back into his business. Either way Garlick was the loser.

Against his lower rates Jagger would naturally have to set the loss of his rebates, although even here he attempted to safeguard himself by a provision in his contract with Houston whereby the latter, should he ever join the Conference, would "induce" the other shipowners to pay the rebates forfeited.⁽²⁾ Jagger would also have to face drastically-increased rates on such of his shipments that for speed or other reasons went by Conference ships. Contrariwise, Garlick now had certain advantages over him: speed in certain cases, direct sailings, and possibly faster discharge. These factors cannot be quantified, but it is unlikely that they would have made any appreciable difference to Jagger's cost advantage. Houston's supporters were certainly not heard to complain: one openly claimed to have scored to the extent of £3000 in the first month of his contract, and others, while less specific, painted glowing pictures of their gains.⁽³⁾ Men of Jagger's calibre, it may be assumed, were hardly likely to transfer their custom unless perfectly assured that they stood to score. Garlick was later to assert that, by remaining with the Conference, he had "lost" some £20,000 over the period of the Houston

(1) SASFC VI, p.45 (Edward Lloyd).

(2) J.W.Jagger Papers: Jagger - London office, 13.1.1904.

(3) RCSR V, qq.4341-7; Star, 3.5.1904 (joint meeting of Johannesburg Chambers of Commerce and Trade).

contracts.⁽¹⁾

The financial drawback under which the loyalists laboured was compounded by insensitivity, carelessness and downright indifference on the part of the shipping lines. To take Garlick's case again: the goods of this important and influential shipper were shut out, on account of congestion apparently, at what was a particularly inopportune time, a few weeks before the Christmas season;⁽²⁾ there may well have been good reasons behind it, and it is not necessary to impute mala fides, but this was the sort of thing that the shipowners might have been expected to take pains to avoid or at least to explain. The low point in the relationship between the two, however, was reached in an incident that in happier days would not have been devoid of its humour. It is best told in Garlick's own words to the Royal Commission in 1907:

Q. You say "I was personally threatened with confiscation of rebates of a considerable amount because a party from the Orange River Colony without any advice or previous intimation consigned a shipment of furniture to me as a forwarding agent by the Houston Line". Explain a little more clearly what that question was?

A. The first intimation that I had of anything of the kind was a notification from the agents of the Union-Castle Company that we had forfeited our rebate. I made enquiries for the reason why, and I found that a shipment of furniture - comparatively speaking, a small shipment - was coming by one of the Houston boats, consigned by a lady in the Orange River Colony who was visiting England and had purchased furniture, and knowing nothing at all about shipping and having no agents or anything of that description ... and knowing our firm, with whom she had done some business, it occurred to her, "Mr Garlick is a safe man to send this furniture to", and she sent it to us.

Q. Was the threat carried out?

A. They threatened, and I explained the circumstances of the case to them, and they said that if I would write an apology and undertake that such a thing would not occur again they would not forfeit my rebates. I told them I

(1) RCSR V, qq. 6761-4.

(2) Ibid., qq. 6782-4.

would see them hanged before I would either write the letter or do anything of the kind, because, I said, I was not in a position to control anybody from consigning goods to me without my knowledge, and I also pointed out to them that I would rather forfeit my rebates, much as they were, than have to write such a letter.

Q. What happened after that very intelligible answer?

A. I heard no more about it.

Q. And your rebates were not forfeited?

A. No. (1)

It is true that John Garlick was hardly one of the Conference's favourite sons after the part he had played in the agitation of the 1890s; but in the Houston war at any rate he had remained loyal, and he scarcely merited humiliation of this kind because of a chance and innocent involvement in an isolated shipment that even if his own doing would have been a bagatelle in comparison with his regular and substantial business with the established lines. If the shipowners themselves were aware of this incident, their notion of customer-relations seems inexplicably poor; if they were not, their companies' internal management clearly left a good deal to be desired.

As far as can be made out the Conference as a body did little to take shippers into its confidence on the complexities of the situation. The shipowners did stress the non-price aspects of the battle - the Conference's greater tonnage, better speed, and more frequent sailings;⁽²⁾ but these things were of marginal importance to the individual shipper. That greater tonnage was being supplied was of course indisputable, but the claim had something of a hollow ring at a time when goods were being shut out on account of the unprecedented volume of business and when merchants had been refused permission to charter for themselves in order to make

(1) RCSR V, qq.6750-3.

(2) John Garlick Papers: Garlick - London agents, 13.3.1903; African Review, 20.12.1902, pp.452-3.

up the deficiency.⁽¹⁾ As to frequency and speed, these were not universal desiderata, and in any event were being paid for in higher rates; from time to time, indeed, there had been grumbles that the service was too good and that an inferior service but at lower rates would be more acceptable.⁽²⁾ And even granting the Conference's claims on the score of better facilities, these things were unquantifiable and of little comfort to shippers who saw their Houston rivals gleefully sporting with hard cash.

So the loyalists' demand for protection continued. The system of cash refunds under clause 4 of the Compact had been tried and found wanting by both shippers and shipowners;⁽³⁾ the Conference's fighting ship, likewise, was failing to provide a solution. The long months of latter 1902 went by; but the Conference still refused to cut its rates. How long the shipowners, in the absence of further developments, would have continued in this refusal it is impossible to say; but as 1902 drew to a close new elements began to enter the situation and complicate it still further, and the controversy started to spill over from the trade sphere to the general public and even the government.

- - - - -

It was inevitable that the "terrorism" against shippers would become a talking-point in mercantile circles; and, had the charge against the shipowners been confined to that particular point, the Conference may well have ridden out the storm. Squabbles among middlemen are, after all, scarcely the stuff

-
- (1) Star, 7.10.1902; The Times, 7.11.1902 (special article, The South African shipping trade); Cape Times, 18.12.1902 (letter from H.B.Black); RCSR V, qq.6782-4.
- (2) Cf. P.A.Molteno Papers: Molteno - Union-Castle, Durban, 3.2.1903.
- (3) Johannesburg Chamber of Trade annual report for 1902-3, pp.9-10 (DC&Co - Soper, 10.2.1903).

of which drama is made, and the fact that a few merchants and shippers were having life made hard was not news likely to grip the popular imagination. But these trivia were coming to be overshadowed by their remoter implications and by the other segment of the Houston-Conference battle: the trade from America. Houston, it will be remembered, had also started a service to South Africa from New York; and this had opened the old sore of the "diversion of trade".

From the Conference's point of view the imbroglio could not have come at a less opportune moment. As has been seen, the post-war period was one in which influential bodies and individuals were voicing misgivings regarding a commercial invasion of the new South Africa by foreigners, and British manufacturers were keenly alert to the danger posed by "Teutons and Yankees". Anything that promised to place still further advantages in those foreigners' hands was bound to attract close and hostile scrutiny.

The question was brought prominently to the fore by the reports of the commissioners despatched to South Africa by "The South African Trade Committee", to which reference has already been made. The moving spirit behind this committee, and himself a commissioner, was Ben Morgan, editor of The Engineering Times; and his tour of the colonies soon led him to the conclusion that "the future of British trade in South Africa is largely a question of freight".⁽¹⁾ His voluminous report, published in November 1902, drove home this point in forceful if not hysterical language, and the same refrain was sung in more modulated tones by his fellow commissioner T. Nicol Jenkin.⁽²⁾

(1) CO 417/369/38960: Ben Morgan - Chamberlain, 17.9.1902.

(2) Ben H. Morgan, Report on the engineering trades of South Africa, pp.26-32; T. Nicol Jenkin, Report on the general trades of South Africa, pp.42-6. See also Cape Times, 28.7.1902 (interview with Morgan and Jenkin).

Their indictment of the Conference lines was twofold. On the one hand, the high freight rates between England and South Africa were held responsible, "to no little extent",⁽¹⁾ for the notoriously high cost of living in the colonies; but the real issue, in the commissioners' eyes, was the diversion of rightful British trade to America and Germany. The gravamen of the charge was the low level of rates then ruling from New York. By virtue of both tariffs and superior techniques of production, so the argument ran, American industrialists already had something of a head start over their British counterparts; when to these advantages were added freight rates materially lower than the "high" rates from England it was not difficult to

realise the feeling of indignation and distrust for the future which the continued operations of this combine excite in the minds of British manufacturers and the South African commercial community. That it has deeply affected the prosperity of the whole of South Africa there is no doubt whatever. ⁽²⁾

In the light of well-publicised⁽³⁾ strictures of this kind the policy of the South African Shipping Conference would inevitably come to be viewed on a broader canvas than that of mere traders' wrangles and be translated from the arena of personal interests to that of the common weal. From now on the controversy was to remain prominently before the public gaze.

The subject was raised in the Leeds Chamber of Commerce in late November 1902, where the following resolution was adopted:

The Council of the Leeds Chamber of Commerce desires to draw the attention of the President of the Board of Trade and the Government to the position at present existing in the carrying

-
- (1) Morgan, Report, p.26.
- (2) Ibid. At this time American rates had fallen as low as 10/- per ton - vide TAD GOV 22: British Consul, New York - Foreign Office, 17.7.1902(copy); and B&SAEG, July,1902, p.57.
- (3) See, for example, The Times(weekly edition), 15.8.1902; London Daily Express, 11.11.1902; African Review, 22.11.1902(special supplement on South African trade).

trade between the United Kingdom and South Africa, owing to the present methods adopted by the South African Conference of Shipowners, by which not only, it is believed, preferences are given to foreigners, but Shippers in the Home Trade who make use of any competing Line are threatened with higher rates unless they promise adhesion to the Conference Lines in the future; and it would appear, moreover, that customers in South Africa of firms making any use of such competing Lines are threatened with similar penalties.

As such Conference Lines are receiving the substantial support of His Majesty's various Government Departments, i.e., by means of mail contracts, shipments of stores, &c., this Council suggests that the President of the Board of Trade, the Secretary of State for War, and the First Lord of the Admiralty, should decline to support the South African Conference Lines until they abandon such methods as are prejudicial to and adversely affect the prosperity of this country's commercial interests. (1)

This resolution was circulated to the other Chambers in the United Kingdom, who were asked for their support. A few days later, however, and independently of the Leeds move, the Bristol Chamber of Commerce held a similar meeting, but one that in the nature of things reflected the interests of shippers to a greater degree than those of manufacturers. Houston, bolstered by a long-term contract with the large manufacturer Lysaghts, had begun sailings from Bristol's Avonmouth docks on 1st December; and Bristol traders, long irritated by the Conference's refusal to give them a direct service to South Africa, were naturally elated at Houston's enterprise and sought to drum up support for it. To that end the Bristol Chamber convened a meeting of the Midlands- and West of England Chambers of Commerce to consider several cognate matters: the South African trade generally, the facilities the new line was offering, and "the attitude assumed by the South African Conference". A number of Chambers attended, and messages of support came from others; Houston

(1) Leeds Chamber of Commerce annual report for 1902.

sent a representative, but the other lines ignored the whole affair. The outcome was predictable: Houston was applauded, the Conference lines were roundly condemned, and it was resolved that the whole subject be put on the agenda for the next meeting of the Association of Chambers of Commerce so that concerted action might be devised to counter the "boycotting tactics" that were "so injurious to British trade and to the prosperity of the South African colonies".⁽¹⁾

Meanwhile the Leeds resolution had come before the important Liverpool Chamber of Commerce.⁽²⁾ Liverpool was not only Houston's home ground but also the natural port for the heavy engineering industries of the Midlands, and this at a time when machinery of all sorts was in great demand in South Africa; on the other hand it was also a berth port for Clan and Ellerman-Harrison, and of course a major port in its own right. The conflict of interest between shipping lines, and between shippers and shipowners, could thus be expected to arise here in a dramatic form. For that very reason, however, the Chamber had to walk delicately so as not to antagonise powerful interests in its own ranks: the rival shipping lines were themselves among its members and its sitting President was the prominent shipowner Sir Alfred Jones, whose own virtual monopoly of the West African trade would scarcely endear him to attacks on shipping conferences.⁽³⁾ In the event the Chamber's Council adopted a somewhat anaemic resolution that deprecated "the methods of any Shipping Conference which acts prejudicially to British Manufacturers or Shippers"; but it nonetheless went so far as to convene a meeting in Liverpool of Chambers of Commerce "to consider the present position of the Export Trade to South Africa,

(1) Bristol Times & Mirror, 11.12.1902.

(2) Liverpool Chamber of Commerce annual report for 1902.

(3) Cf. Charlotte Leubuscher, The West African shipping trade 1909-1959, pp. 14-15.

and the attitude assumed by the South African Steamship Conference".⁽¹⁾ For his part Sir Alfred Jones sought to arrange for the Council to meet the shipowners in a friendly discussion.⁽²⁾ Sir Donald Currie, however, purporting to take umbrage at the Chamber's having "set forth their views on the question of shipping freights to South Africa without previously asking us for any information",⁽³⁾ declined the invitation, while the other lines either ignored it or replied with the tart comment that they did not require to be taught their business.⁽⁴⁾ Deprecating any further "interference" by the Chamber,⁽⁵⁾ Sir Alfred Jones then withdrew; and perhaps with a sigh of relief the Council postponed the question for a month. When it came up again, discussion was foreclosed as the matter was now sub judice: living up to his reputation, Houston had served a writ against the several lines and their brokers, on the grounds of illegal conspiracy, inducement to break or not to enter into contracts, coercion, intimidation, illegal boycott, and defamation.⁽⁶⁾

Houston's suit against the Conference, which was to become something of a cloak-and-dagger affair and also to provide a good example of "the law's delay",⁽⁷⁾ quashed the attempt of Leeds, Bristol and other Chambers to have the matter thrashed out at the congress of the Association of Chambers of Commerce in March 1903. An eleventh-hour warning from

-
- (1) Liverpool Chamber of Commerce records: minutes of General Purposes Committee, 8.12.1902.
 (2) The Times, 19.12.1902.
 (3) Liverpool Daily Post, 3.1.1903 (DC&Co - Liverpool Chamber of Commerce, 20.12.1902).
 (4) Liverpool Chamber of Commerce records: minutes of General Purposes Committee, 22.12.1902.
 (5) Ibid.
 (6) South Africa, 24.1.1903, p.289.
 (7) African Review, 7.11.1903, p.225; Birkenhead, The life of F.E. Smith, p.72.

the Conference lines' several solicitors led the congress to drop the whole question, despite a last-ditch stand by Bristol; but the tone of the meeting was clearly against the shipowners.⁽¹⁾

So the attempt to grapple with the Conference petered out. Apart from the obvious fact that the question had become sub judice, there were several reasons for this failure. For one thing, there was little identity of interest among the several Chambers when it came to the particular point at issue: Houston, although sailing from London also, was involved more with the heavy cargoes of the west coast than with the parcel cargoes of the east, and it was therefore to be expected that Chambers in the Midlands and the West of England would take up the cudgels while London, for example, remained noticeably aloof. Then again the Chambers themselves embraced divergent and possibly conflicting interests that would find no common ground on the question: the manufacturing element was more inclined to stress the "diversion of trade" aspect, while merchants and other shippers naturally placed more emphasis on immediate contingencies such as shut-outs, penalty rates and "terrorism". Aggravating this lack of cohesion was the fact that shipping companies were themselves members of the Chambers located in the principal ports: those Chambers consequently found themselves in an awkward position, and were likely to fight shy of contentious matters that would split their ranks or tend to encourage factions.⁽²⁾ There might, furthermore, be jealousies and rivalries between even those Chambers that might ordinarily be expected to see eye to eye on an issue such as this. Finally, there was the consideration so pithily expressed by a leading industrialist: should dog eat dog? Merchants, manufacturers, forwarding agents: all were in the same boat as the shipowners, and were likely to

(1) The Shipping Gazette, 5.3.1903.

(2) On this point see Leubuscher, The West African shipping trade, p.45.

be found in collusion on prices or trade practices. To single out one specific combination for attack would be not only inequitable but also impolitic - it would lay them open to the damaging retort of tu quoque.⁽¹⁾

But to say that the Chambers as a body failed to bring the issue to some concrete end is not to say that the whole agitation was abortive: what had hitherto been confined largely to the realm of talk in the trade had thereby reached a wider audience, and in this way (but not in this way only) the subject had become one of some public- as opposed to purely private concern. In any event some of the Chambers, undeterred by what might or might not take place at the national level of organised commerce, continued the campaign on their own: the Leeds Chamber conducted a lengthy public correspondence with Sir Donald that neatly pinned him down on the central issue of "terrorism" despite his red herrings,⁽²⁾ and Bristol, fast developing into the champion of the anti-Conference forces, asked Joseph Chamberlain, then on his celebrated tour of South Africa, to investigate Conference doings on the spot.⁽³⁾ But what was probably the crucial aspect of this three months' agitation by the Chambers of Commerce was the fact that it occurred at the right moment: when the government, for reasons of its own, was taking a close look at the South African shipping trade.

- - - - -

With the ending of the Boer War the great hour had struck for Milner's reconstruction of the Orange River Colony and

(1) Cf. African Review, 24.1.1903, p.152 (meeting of the Birmingham Chamber of Commerce).

(2) Ibid., 31.1.1903, p.182.

(3) CO 417/389/6037: letter from Bristol Chamber of Commerce, 12.2.1903; The Times, 28.2.1903.

the Transvaal. In the halcyon days that followed the conclusion of peace he, along with most opinion on South African affairs at the time,⁽¹⁾ looked forward to the great upsurge in economic activity that was speedily to follow; but already there were disquieting signs that the prophets might be confounded. One of these pointers was the very high cost of living in South Africa, and on the Witwatersrand in particular. This could pose a threat to Milner's ambitious plans for the economic development of the new colonies, by discouraging the wave of British immigration that figured so largely in his thinking in this period.⁽²⁾ Apart from that aspect, however, the high cost structure naturally threatened to place a damper on economic activity generally; perhaps the most vital of all considerations in the short run, it would prevent the reopening or exploitation of a number of marginal gold mines to which even slight decreases in costs meant the difference between profit and loss.⁽³⁾

As 1902 drew to its close and a boom on the scale predicted failed to arrive, the urgency of reducing the cost structure began to loom large in Milner's mind;⁽⁴⁾ and by the time of his long discussions with Chamberlain at Sunnyside in early January 1903 "the enormous expensiveness of living" had come to occupy second place in his catalogue of the barriers to rapid economic development, only the burning issue of native labour exceeding it in importance.⁽⁵⁾ As Milner

-
- (1) A.A.Mawby: Capital, government and politics in the Transvaal 1900-1907 (Historical Journal, 1974), p.399.
- (2) Cf. Cd. 1552(1903), p.3, and Benjamin Kidd's series on "Economic South Africa" in The Times, early January 1903. For Milner's immigration plans see M. Streak, Lord Milner's immigration policy for the Transvaal 1897-1905.
- (3) Cf. J.B. Robinson, The South African settlement (Contemporary Review, October 1900), p.463.
- (4) TAD GOV 562: Milner - Lawley, 18.11.1902.
- (5) Milner Papers, TAD FK 1207: Milner's memorandum for Chamberlain, 26.12.1902. On the Sunnyside meetings see Julian Amery, The life of Joseph Chamberlain, vol.IV, ch. XC.

saw it, high costs could be explained by three things: the inadequate communications linking the new colonies and the seaboard, the "enormous cost of transport, both by land and by sea", and the excessive trading profits that flowed from a high level of concentration in business. The "notorious Shipping Ring" could not of course be held responsible for the poor internal communications, but it stood indicted on both the other counts: it was "very largely responsible" for the high overall cost of transport, and indisputably it monopolised the seaborne trade from England. But the Ring was guilty not only in this general way but more specifically: by refusing to lower its rates to the Houston level, and by penalising those shippers who broke away, it was wantonly introducing a complicating and aggravating element into the situation.⁽¹⁾

To Joseph Chamberlain the question was by no means new. Complaints of shipping conferences and their effects on British trade had been in the hands of the Colonial Office for some few years;⁽²⁾ more cogently, the current ferment in the South African trade had also found its way there, shortly before his departure from England.⁽³⁾ Soon after his arrival in Natal the subject had been broached to him by Tatham, who had suggested that the Transvaal and Natal join forces and establish a new shipping line in opposition to the Conference.⁽⁴⁾ (The Cape, presumably, was to be written off as hopeless.) A similar solution, indeed, had been proposed during the course of the war by the Natal Governor; but Milner had turned it down on the reasonable

-
- (1) Milner Papers, loc.cit.
- (2) CO 885/17: memorandum by J.F.N.Green on shipping conferences, May 1901 and December 1902, p.3. See also BOT MT 9/764 M 934/1903: memorandum by W.J.Howell on shipping conferences, 14.1.1903.
- (3) CO 323/747/39637: letter from Crown Agents, 23.9.1902; BOT MT 9/764 M 21183/1902: letter from Colonial Office, 13.11.1902.
- (4) Monk Bretton Papers: diary entry, 29.12.1902; South Africa, 3.1.1903, p.20.

ground that the "magnates", who clearly would have to be behind the plan, had sufficient on their hands as it was.⁽¹⁾ Milner now once again rejected that line of attack, nor was he enamoured of Tatham's alternative proposal - one dear to the heart of a lawyer - to establish in the coastal colonies commissions that would adjudicate on "unfair preference" between shippers.⁽²⁾ Both of these proposed remedies would obviously take some time to implement, whereas action to trim the Conference sails was wanted now. It could be achieved, Milner argued, through the leverage afforded by the great volume of shipping business that was now at the government's disposal.

Crown Colony government having been instituted in the former Republics, their official purchases abroad automatically devolved on the Crown Agents for the Colonies. The Crown Agents were (and are) a somewhat peculiar institution in the British body politic: a number of individuals, three at this period, appointed by the Secretary of State for the Colonies but not forming part of the civil service and accountable only in rather a tenuous way to the Colonial Office. They functioned as a kind of superior indent agent: the official requirements of Crown Colonies were channelled through them, and they in turn were responsible for the due supply of the colonies' needs. Their income was derived from a flat commission charge on the total cost of the shipment, and was borne by the colony concerned.⁽³⁾

-
- (1) Milner Papers, TAD FK 1132: Milner - Governor of Natal, 21.3.1902; NAD GH 1608 PMC 131/1902: memorandum by Governor, 14.11.1901.
- (2) TAD HC 108: despatch by Milner, 13.2.1903, transmitting Chamberlain's notes on the Sunnyside decisions.
- (3) On the Crown Agents in this period: Robert V. Kubicek, *The administration of imperialism: Joseph Chamberlain at the Colonial Office*, pp.62-5; Vincent Ponko Jr, *Economic management in a Free Trade empire: the work of the Crown Agents for the Colonies in the nineteenth and early twentieth centuries* (*Journal of Economic History*, September 1966, pp.363-77). On the subject generally see A.W. Abbott, *A short history of the Crown Agents and their office*.

At this time the Crown Agents, working through their long-standing shipping agents J. & A.B. Freeland, were old customers of the Conference lines: they had shipped to Natal until that colony acquired responsible government in 1894, and, more recently, they had been handling the official business of the newly-annexed inland colonies. On Houston's advent they had shown no disposition to change their arrangements - an understandable reaction in view of the Agents' rather gentlemanly background and Houston's somewhat forbidding reputation, to which no doubt must be added the natural inertia of what was essentially a bureaucracy. They had considered the question in a desultory way; but their enquiries convinced them that Houston was simply fighting for a place in the Ring, and they were not prepared to imperil their relationship with the Conference lines for the sake of doubtful but in any case short-lived gains in freight.⁽¹⁾ But they were not above turning Houston to advantage: very large shipments, of heavy material especially, were in the offing to the new colonies, and these could be dangled before the Conference with the hint that they would go to Houston if rates were not to the Crown Agents' liking.⁽²⁾ With the Conference lines desperate to keep cargo away from Houston it would be a potent threat indeed.

To this extent, then, Milner and the Crown Agents were moving along similar lines. Their aims, however, were different: while Milner was preoccupied with the problem of reducing the cost of living in South Africa, the Agents were confessedly indifferent to considerations other than those of straightforward "business"; their function, as they conceived it, was to drive the best bargain for their shipments, and broader issues of public policy were beyond their province.⁽³⁾ If left to themselves they would support their present carriers:

(1) CO 528/3: Freeland - Crown Agents, 4.12.1902 (copy).

(2) CO 879/90/715: Onslow - Chamberlain, 22.1.1903.

(3) CO 417/378/9825: letter from Crown Agents, 14.3.1903; RCSR III, q.10673.

Houston would be used only to wring concessions from the Conference and then, like a squeezed orange, be thrown aside.

But this tidy scenario was to be upset by Sir Percy Girouard, the head of the Central South African Railways. Coming to South Africa with a distinguished record of military railway operation behind him, he had earned high praise for his handling of the Imperial Military Railways during the war, and was now a power in the land. His relations with the Crown Agents, however, were none too friendly: in the position of a virtual dictator while the war lasted, he seems to have scorned the Agents' more leisurely ways, and he bypassed them by establishing his own buying office in London.⁽¹⁾ By all accounts this office functioned efficiently and with little red tape; but, no doubt on the remonstrances of the Crown Agents, it was closed down; the railway orders then reverted to the normal channels. Sir Percy took this as a slight on himself, and the incident rankled with him for some time, during which he was quick to criticise the Agents as opportunity offered.⁽²⁾

It so happened that news of Houston's contract with the Table Bay Harbour Board came to Girouard's ears. Perhaps still smarting at the London affair and sensing an opportunity of showing what could be accomplished without the aid of the Crown Agents, he now entered into negotiations with both Houston's Johannesburg agent and Bucknall's loading broker, Houlder, who was then on a visit to South Africa. With an eye to Houston, Houlder offered Girouard a reduction of 25% on tariff rates to all ports, provided the contract ran for two years; Houston countered with 20/- flat to East

(1) South Africa, 3.1.1903, p.50.

(2) Milner Papers, TAD FK 1191: Milner - Ommanney, 10.5.1902; CO 879/90/715: Chamberlain - Onslow, 21.1.1903; CO 528/3/7187: letter from H.W. Just (Chamberlain's private secretary), 29.1.1903. See also CO 417/356/28184: letter from Crown Agents, 10.7.1902.

London, Durban and Delagoa Bay under a contract to run for a year or two, but with a special rate of 18/6 for rails and fastenings.⁽¹⁾

Both these sets of rates were in fact no more favourable than those the Crown Agents had already managed to secure from the Conference lines, and they would certainly have aroused no enthusiasm in England; but Houston had introduced an entirely new element into the question by coupling with his offer on these railway imports "a general proportionate reduction" on berth cargo; a reduction, moreover, that he pledged himself to maintain even if he were later to join the Conference. Hedged about though it was, this proposal was exactly in line with Milner's great desideratum. Thus the element of public policy implicit in Milner's approach to the shipping question had been made explicit by the Girouard negotiations, at the very time that Milner and Chamberlain were devising a strategy on shipping. A long tug-of-war now began, with the High Commissioner and the Secretary of State on one side and the Crown Agents on the other.

Milner's standpoint was clear: he wanted freight reductions and he wanted them now. His conviction that the shipowners were in a position to grant such reductions was based, it may be, on general and perhaps rather simplistic reasoning; but it was reinforced by a recent loudly-trumpeted case in which significant freight reductions had indeed been secured. The British South Africa Company - one of Houston's earliest supporters, if not indeed the instigator of that line's entry into the trade⁽²⁾ - had lately mounted something of a campaign of its own against the Conference, publishing to the

(1) CO 879/80/716; cables between Chamberlain and Onslow, January 1903.

(2) CO 417/402/19945: letter from Crown Agents, 4.6.1904.

world the favourable rates it was enjoying from outside lines⁽¹⁾ and giving glowing accounts of the considerable savings that Rhodesia had gained in consequence. The Company's energetic secretary, J.F. Jones, took pains to bring these things to the notice of government in both England and the Transvaal, spelling out in some detail the alleged benefits for the four colonies of following Rhodesia's lead.⁽²⁾ He even broached the subject to the King.⁽³⁾ Arguments of this kind, however specious some of them were and however unjustified the assumption that it was inordinate greed that lay behind the Conference lines' refusal to match Houston's rates, were not lost on the hard-pressed High Commissioner;⁽⁴⁾ and to Milner's concern at the consequences of "high" rates to South Africa was added Chamberlain's pique at the apparent dereliction of the Crown Agents in not having secured a similar bargain for themselves.⁽⁵⁾

The example of the Chartered Company's savings, Milner's insistence on lowering the cost structure, and the general hostility in the colonies towards the Conference thus combined to bring Chamberlain squarely down in the Houston camp. The strategy now devised at Sunnyside was simple: Houston would be used to maintain competition in the South African trade. But there was a significant difference between this strategy and that of the Crown Agents: Houston might be used, indeed, but he would not be sent away with empty hands. His opposition to the established lines, after all, had been the instrument of making them, even now, somewhat more responsive to public opinion; and as far as official shipments were

-
- (1) The lines concerned were Houston and British India, the latter coming to Beira via Suez.
- (2) TAD GOV 562: Jones's memorandum for Lieutenant-Governor, 13.11.1902; Onslow Papers, 173/9/5: Onslow - Chamberlain, 24.1.1903.
- (3) BRA: letter from Wernher, Beit & Company, London, 6.2.1903.
- (4) TAD GOV 562: Milner - Lawley, 18.11.1902.
- (5) CO 879/90/715: Chamberlain - Onslow, 21.1.1903.

concerned there had already come about a marked reduction in rates. Whatever his detractors might say as to his motives, that fact gave him a just claim on the government's gratitude. Chamberlain in particular would never lose sight of this debt;⁽¹⁾ now, with the Girouard contract in the scale, he proposed that the business go to Houston, as the promising competition he had introduced might otherwise be crushed and the Conference then be able to dictate terms.⁽²⁾ The great objective, he told his Parliamentary Under-secretary, was a "very large" reduction in rates on the Crown Agents' shipments and "if possible" some corresponding advantages for ordinary shippers.⁽³⁾

In the latter half of January 1903, then, several strands were converging towards what would now be described as a confrontation with the South African Shipping Conference. In England an agitation had been carried on through letters, articles and editorials in the press, meetings and resolutions of Chambers of Commerce and kindred bodies, and official representations to government; in South Africa the old antagonism had been given fresh life by Houston's spectacular rate cuts and by the preferential rates to Wernher Beit et al., and Tatham had again entered the lists; in South Africa, too, but as an imperial design, Milner and Chamberlain were taking the question into their hands. In short,

the South African freight question, in the past endemic, is now almost an epidemic, and is spreading from quarter to quarter with increasing intensity. (4)

The mounting agitation called for some kind of official response; and the urgent need to make proper arrangements for

-
- (1) CO 879/90/716: Chamberlain - Onslow, 8.2.1903 and 19.2.1903.
 (2) CO 879/90/715: eadem, 21.1.1903.
 (3) CO 879/90/716: eadem, 12.2.1903.
 (4) African Review, 10.1.1903, p.52 (editorial).

the transport of reconstruction- and other material to South Africa was now to provide both the cause and the occasion of intervention by the British Government.

The Board of Trade, to which several complaints had been made by irate shippers and which in the normal course of its functions was well abreast of the development of the "South African shipping question", was inclined to view the whole matter from the broad viewpoint of British commercial and industrial interests. At the turn of the century, as has already been remarked, there was widespread concern over the rise of formidable competition in Britain's traditional markets; a number of official enquiries bearing on this had been held, among them the Select Committee on Steamship Subsidies of 1902.⁽¹⁾ That Committee, if it had done nothing else, had focussed attention on shipping "rings" and the adverse consequences they might have for British overseas trade; and, in the very same year, the formation of the International Mercantile Marine Company, a great "trust" of British and American steamship lines engineered by J.P. Morgan, caused a wave of hysteria on the score of its threat to British predominance in Atlantic shipping.⁽²⁾ And, more cogently, there was the recent case of a specific shipping conference regarded as inimical to British interests - the Straits Homeward Conference, damned by an official commission in Singapore as the cause of diversion of trade to foreigners.⁽³⁾ This charge, in particular, must have struck a responsive chord in the Board of Trade, which had been hearing similar complaints for years.

(1) H.C. 300 (1901) and 165 (1902).

(2) BOT MT 9/764 M 934/1903: W.J.Howell's memorandum on conferences, 14.1.1903. On the Morgan combination see Vivian Vale, Trusts and tycoons: British myth and American reality, in H.C.Allen and Roger Thompson (editors), Contrast and connection: bicentennial essays in Anglo-American history, pp.225-44.

(3) BOT MT 9/764 M 21183/1902: letter from Colonial Office, 13.11.1902.

This was the background against which the Board applied itself to the indictment of the shipowners in the South African trade. The question was gone into at some length, and from the materials at their disposal the Board's officials drew the conclusion that in the present dispute the Conference lines were aiming at

not merely a reasonable and regular share of the trade, not merely an assurance against being undersold by the casual tramp - but a monopoly, and the absolute control of rates. They do not want competition in the trade at all, and they are using the full strength of their position to keep it away. (1)

But diagnosis was one thing, prescription another. In the absence of British legislation analogous to the Sherman Act of the United States, the Board held itself to have no locus standi, and the less so in view of the ruling in the "Mogul" case that understandings between shipowners were not in themselves to be regarded as being in restraint of trade.⁽²⁾ That case, to be sure, had left the broad question somewhat open by suggesting that intimidation or coercion might give grounds for precisely such a charge; and, on the face of things, the methods now alleged to be employed by the South African Conference might well fall within those categories; but these methods, deserving of censure though they might be, would require to be backed up by more than hearsay evidence before legal action could be commenced, and the garnering of evidence would take time, whereas the aggrieved shippers were demanding immediate relief. In point of fact, however, Houston's suit against the Conference lines made legal action by the Board of Trade superfluous. Nor is it clear that the Board, as a department, wished to embroil itself in so complex and contentious an issue as the legality of shipping conferences: the whole tradition of the British civil service - the "English genius", perhaps - was to shy away from abstract questions and to deal rather with the particular and concrete implications of a given and delimited state of affairs.

(1) Howell's memorandum, loc.cit.

(2) See n.3 on p.421 below.

In the matter now at issue, these implications were plain: the "selfishness and greed of some of our own people"⁽¹⁾ might well be harming the new colonies (by increasing the cost structure) and British trade generally (by gradually diverting orders to foreign sources). As far as the latter aspect at any rate was concerned, the Board felt itself called upon to take a stand.

As early as 10th November 1902 the Conference's methods had been raised in Parliament.⁽²⁾ Having notice of the question - which involved the alleged penalty rates - the Board had asked Donald Currie & Company for comment, only to receive a disingenuous and evasive answer.⁽³⁾ The President of the Board, Gerald Balfour, had then told the House of Commons that there were no grounds on which he might intervene; but, significantly, he had added that he recognised the matter to be one of public interest and would watch developments. Now in late January 1903 he prepared to make a striking entry on to the stage.

- - - - -

The target of public vilification, facing pressure from their customers, and perhaps not unaware of what was brewing in the government camp in both England and South Africa, the shipowners at long last abandoned their stubborn stand on rates. In December 1902 mining machinery - a large element in Houston's manifests - was transferred from class II to class III;⁽⁴⁾ and early in January 1903 the following reductions in tariff rates to Cape Town were announced:⁽⁵⁾ classes I and II, 20%; class III, 15%; class IV, 10%. The cut may have been designed to forestall government criticism, but the real weight behind the decision was more

(1) Howell's memorandum, loc.cit.

(2) The Times, 11.11.1902.

(3) BOT MT 9/764 M 20505/1902: letter from DC&Co, 9.11.1902.

(4) RCSR III, q.3777.

(5) South Africa, 24.1.1903, p.289.

probably the disaffection of the loyal shippers - disaffection that hinged less on Houston's rates than on the preferential rates of the Wernher, Beit genus. There was a point beyond which the shipowners could not go in ignoring or evading the voice of their own supporters; and, while they might wash their hands in innocence as far as Houston's "piratical attack" was concerned, they could not be deaf to the insistent charge that they had discriminated between their own customers - that they had violated the Compact. Those special contracts were becoming an albatross around their necks.

To be sure, the Conference lines took steps to quash or dampen this complaint: merchants shipping for large importers such as governments, municipalities and mining corporations would from now on be given the same rates as such importers themselves.⁽¹⁾ That was something, no doubt, but it did not squarely meet the merchants' main objection: as long as the shipowners gave special contracts at rates below the tariff there would be the danger of clandestine bargains that would take business out of the merchants' hands and also damage their competitive standing as traders in South Africa. The shipowners, however, replied to charges of that kind with the assertion that the preferential rates were in the merchants' own interest, inasmuch as they served to take such cargoes off the market, where they might do still greater harm.⁽²⁾ But this rationalisation was far from satisfying the merchants, and the disaffection continued.

Whether motivated by that disaffection or not, the long-demanded rate cuts failed to stifle public criticism. It was the old story of too little and too late. For reasons that are not altogether clear, the reduced rates applied to Cape Town only; but Cape Town for many years now had catered

(1) Rand Daily Mail, 15.12.1902 (summary of South African Merchants' Committee minutes of 29.10.1902, in report of meeting of Johannesburg Chamber of Commerce).

(2) Ibid.

chiefly for mails and passengers, while the great bulk of the goods traffic to the dominating Transvaal market went via the ports to the eastward. Even John Garlick was ready to acknowledge that his position vis-à-vis his great rival in Cape Town was now "fair and reasonable";⁽¹⁾ but his main port of entry was Port Elizabeth, and there he still lacked proper protection. Furthermore, even had the cuts been applied to all ports they nonetheless took effect from January only, whereas Houston's opposition dated back to July; if protection were to be real it must be retrospective. This was how Garlick saw matters;⁽²⁾ and however open to debate this viewpoint may have been (after all, the shipowners had allowed the clause 4 refunds up to this time), it must have been echoed by other shippers facing the rivalry of the Juggers of their world. The South African Merchants' Committee, in unwontedly firm language, now rejected the concessions out of hand, "protesting" at the shipowners' action and "demanding" that the discount be allowed to all ports instead of to Cape Town alone.⁽³⁾

The Committee's protest, however, was motivated by considerations somewhat different to those of the South African importers. The Conference's latest move had stirred up that old hornets' nest, the structure of rates between the several colonial ports. This question had formed part of the negotiations following the formation of the Committee in 1892, and in clause 2 of the Compact it had been agreed that the then pattern of rates would be maintained. The rate cut now threatened to open the whole question again by placing Cape Town on a much more favourable basis than the other ports. It is not to be wondered at that the London merchants, whose business tended to be concentrated in particular ports, were perturbed at this move and went so far as publicly to accuse the shipowners of having

(1) RCSR V, q.6776.

(2) Ibid.

(3) Johannesburg Chamber of Trade annual report for 1902-3 (summary of South African Merchants' Committee minutes of 14.1.1903).

"distinctly broken" the Compact.⁽¹⁾

So the belated cut in rates failed to appease the shippers. Nor could it undo the harm the shipowners had done themselves by their own "methods of barbarism" - the point upon which feeling in England had been so aroused, and on which the Board of Trade was now to make itself heard.

Speaking, appropriately enough, at the Leeds Chamber of Commerce, Gerald Balfour on 23rd January 1903 took the unusual step of commenting in public on what was essentially a matter of private trade. Although averring that in view of the incomplete data at his disposal he took up the question with some reserve, he pointedly remarked that Sir Donald Currie's apologia in the recent exchange of correspondence with the Chamber did not seem to meet the crux of public criticism. No one would dispute the right of shipowners as of anyone else to combine for common ends; but the "real question" was whether this combination was not abusing its immensely strong position to the detriment of the public interest, and whether the methods it had used to oppose competition in the trade were "reasonable and proper and legitimate". There was evidence, he asserted - carefully repeating the adjectives - that the Conference's methods were not reasonable or proper or legitimate. He would express no opinion on the legal aspect of the shipowners' moves - "they may possibly be legal", he threw out scornfully - but he would be glad to see the matter tested in the courts: a pointed reference to the Houston writ. But, illegal or not, those methods would be regarded by the commercial world as "very harsh and very tyrannical".⁽²⁾

-
- (1) Johannesburg Chamber of Trade annual report for 1902-3 (summary of South African Merchants' Committee minutes of 14.1.1903).
- (2) African Review, 31.1.1903, p.182. A fuller report is in The Yorkshire Post, 24.1.1903.

Coming as it did from a minister of state, and putting the shipowners in the witness box if not indeed in the dock, Balfour's speech must have caused some pained raising of eyebrows. But if it contained a clear indictment it offered little in the way of remedy: nothing more than a suggestion, perhaps a mere rhetorical question, addressed to the "victims" that they should consider forming a combination of their own.⁽¹⁾ He did also hint at the use of the colonies' official cargo as a lever to prise from the Conference lower rates for the general public; but as such cargo did not fall under the Board of Trade the warning, if such it was, lost much of its force.

Anaemic though his proffered solution might be, however, the mere fact of Balfour's intervention in the controversy set the alarm bells ringing for the Conference. Shippers, public and now government were mustering in opposition; there could be no telling where the whole thing might end; a prompt attempt must be made to defuse the bomb. But the options, as has been seen, were limited. Certainly there could be no surrender on the point of a general rate cut; but was there no halfway house between such a cut on the one hand and the present tariff on the other?

Casting about for a solution to their dilemma, the shipowners took up the idea of a drastic rate cut on a portion of the cargo coming forward from the loyalists.⁽²⁾ But while this possibility was still under consideration the government made a second and more dramatic entry on to the stage.

Quite independently of the Board of Trade, the Colonial Office had decided to throw its weight into the scales.⁽³⁾ As has been seen, freight rates as a component in the high

(1) Cf. *Transvaal Leader*, 5.3.1903 (editorial) - "the insipidities of Balfour".

(2) SAMC minutes, 28.1.1903.

(3) Cf. *Onslow Papers: Onslow - Chamberlain*, 31.1.(1903). Later, however, the two cabinet ministers privately discussed strategy against the Conference lines - vide *Gerald Balfour Papers: Onslow - Balfour*, 21.2.(1903).

cost structure in the new colonies had been receiving a good deal of attention in Downing Street; but the question had been bedevilled by divided counsels. Chamberlain and his proconsul were seeking to encourage Houston; the Crown Agents, their thinking coloured by the notion that Houston was merely another self-seeker aiming at joining the charmed circle in the South African trade, jibbed at any such suggestion. The Agents found an ally in Sir Montague Ommanney, the permanent Under-secretary at Downing Street and himself a former Crown Agent; between them they now applied what Milner in another context would refer to as the "steady drip, drip of depreciation",⁽¹⁾ assiduously finding arguments against Houston while tacitly deprecating the agitation against the Conference.

In the absence of his chief the parliamentary Under-secretary, Lord Onslow, fell uneasily between the two stools. The Crown Agents, after all, were the economic, financial and technical advisers to the Colonial Office; they were also, in the nature of things, experts in matters of shipping and rates; and it would be no light matter for him to disregard their considered views, especially when those views were backed up by his own permanent official. On the other hand, Chamberlain had expressed a clear wish that something be done for Houston, and had laid down that while low freights for government shipments were the chief desideratum the interests of the public too must be kept in sight - a notion that the Crown Agents found alien and anathema. In the event Onslow seems to have decided to keep his options open by playing the rival shipowners off against each other, so extracting the lowest rates that he could for both government and public. Unlike the Crown Agents, however, he was willing to let Houston have some cargo, provided this outcome was compatible with economic-as opposed to political criteria.⁽²⁾

(1) Quoted in G.H.1e May, *British supremacy in South Africa 1899-1907*, p.176. Ommanney's sympathies are not hard to detect in the official files; a few years later, indeed, he was to join the Council of the Union-Castle Line.

(2) CO 879/90/716: Onslow - Chamberlain, 12.2.1903.

As part of the wearing-down process he now aligned himself with Balfour by making a public declaration on the controversy. In a post-prandial speech at Edinburgh on 4th February 1903 he gave the Conference the challenge direct: skilfully playing on his commercial audience's interest in the trade of the new South Africa, he sketched the "unrivalled opportunities" that were now emerging there, but emphasised that such opportunities were confronted by the daunting prospect of "the very great cost of freight". If these freight rates were the outcome of normal economic laws, well and good; but they were, rather, the result of a shipowners' combination. The situation was one that the government could not countenance. Large orders for material needed in the reconstruction of the new colonies were in the offing; and the Colonial Office was determined to secure "fair though remunerative" rates for these shipments, and indeed for the public as well - if necessary by chartering. He ended his speech with a stirring peroration in which the Milner-Chamberlain policy was clearly brought out:

The great difficulty, the paramount difficulty, in the occupation both by the military and civilians in South Africa is the enormous cost of living in that part of the world, and anything which tends to reduce it must be a benefit both to the new colonies, to the old colonies, and to the Old Country. It is the duty of the Government to see that it is obtained. (1)

The speech was greeted with cheers by the earl's audience, with "unfeigned satisfaction" by the public and with "immense consternation" by the Conference.⁽²⁾ Sir Francis Evans, in Sir Donald's absence the shipowners' spokesman, returned "hurriedly"⁽³⁾ to London the next day and called on Onslow

-
- (1) African Review, 7.2.1903, p.240 (tense altered). A fuller version of the speech appears in The Scotsman, 5.2.1903.
- (2) London Daily Express, 11.2.1903. One London correspondent, somewhat carried away, reported that there were "paens of praise in the City" now that "Ringism is dead!" - vide Transvaal Leader, 7.3.1903.
- (3) Cape Times, 7.2.1903.

at the Colonial Office; Onslow gained the impression that the Conference was "much frightened" and that the game was now in the government's hands.⁽¹⁾

Bereft of Currie's leadership the shipowners handled the issue maladroitly. Onslow, by stressing the cost of living issue, had placed the Colonial Office argument on a shaky foundation: an astute critic could reply that as far as the new colonies at any rate were concerned railage in South Africa added a great deal more to the final cost of imports than did sea freights. Donald Currie, surely, would have exposed the argument for the non sequitur that it was; never the one to back away from a fight, he might also have called Onslow's bluff on the subject of chartering: for with the rush of cargo coming forward the Crown Agents could not lightly brush aside the regular, efficient and assured service of the Conference lines for the difficulties, the delays and the inconvenience of chartered ships. But (to judge from the admittedly fragmentary and ex parte account of the interview that is available) Sir Francis Evans appeared before Onslow as something of the humble supplicant, lamenting the paucity of homeward cargoes but asserting that no one was more willing to treat the government fairly. At the same time he was indiscreet enough to remark, apparently unprompted, that government pressure for lower rates on official business might force the shipping lines to recoup themselves from the general body of shippers - an admission, or at least an implication, that would have proved a damaging weapon in the hands of the merchants smart-

(1) Monk Bretton Papers: Onslow - Chamberlain, 7.2.1903, recounting the interview with Evans. The latter, however, saw things differently - "My impression is that I satisfied Onslow that the Conference lines are doing all that they can be fairly asked to do in the matter. There can be no doubt that both Lord Onslow and Mr Gerald Balfour have been labouring under a misapprehension, not having been sufficiently advised of what is really the truth on this question." (African Review, 14.2.1903, p.284).

ing under the mining house contracts. The interview as a whole ended inconclusively, however, no doubt for the good reason that Evans had not yet consulted his colleagues; but a full meeting was arranged for 19th February. ⁽¹⁾

- - - - -

On the same day that Onslow spoke in Edinburgh the Merchants' Committee called a special meeting of the whole trade to discuss the impasse on rates. The "protection" given by the Conference lines was again pronounced to be inadequate; but in an attempt to resolve the issue the meeting took up the shipowners' own suggestion of a rate cut that would apply to a fraction of cargo only, and it was agreed that

having regard to the larger tonnage provided by the Conference lines as compared with the opposition line, ... the Conference Lines should take under consideration ... a cash refund at the port of shipment on not less than 40% of the shipment, on the basis of 15/- for all classes (2)

Coming in the wake of Onslow's attack, this definitive refusal by the merchants to approve the January rate reductions

-
- (1) Evans's public statement after his meeting with Onslow was an ingenious, if not a disingenuous, attempt to trail red herrings. Claiming that rates had been lowered continually since the end of the war, he emphasised the shipowners' "active sympathy" with South African economic development and asserted that in some cases this took the form of unremunerative rates. As an example he cited galvanised iron, for which the rate was then 15/-. The truth of the matter, however, was that Houston had cornered the market in this article, so that little galvanised iron was likely to come the Conference's way in any case. By offering to take it at what was undeniably an uneconomic rate, the Conference could pose as a public benefactor, at negligible cost to itself. See CO 528/4/6580: Houston - Ommanney, 17.2.1903; Rand Daily Mail, 21.2.1903 (article, "'Ring' Conferences"); Cape Times, 4.3.1903 ("New Mail's News").
- (2) Johannesburg Chamber of Trade annual report for 1902-3 (South African Merchants' Committee minutes, 4.2.1903).

made a quick riposte by the shipowners all the more imperative. As if to emphasise the exposed position in which they now found themselves, moreover, a request had just been made by the Crown Agents for a rate for 86,000 tons of heavy material going to the inland colonies, the request being coupled with "a very pointed warning" that the business would go to others unless an "exceedingly low" rate were granted.⁽¹⁾ In these circumstances the merchants' resolution manifestly had its advantages: if rates were to be reduced on some fraction of berth cargo corresponding to Houston's total capacity, then the claim might justly be made that the Conference lines were doing as much or more than their opponent in providing low-cost transport to South Africa. This would neatly spike Onslow's guns; moreover, it might furnish ground for resistance to the government's demand for low rates on its own shipments.

The Merchants' Committee, then, was told that as the January reduction had proved awkward in practice a new scheme would be introduced at once; this would be based on the Committee's recent resolution, but with important modifications. The berth rate on shipments to Port Elizabeth and eastwards would be cut drastically - but on one-fifth of the consignment only.⁽²⁾ The rationale of this was plain enough, although the shipowners took the trouble to spell it out to the merchants and others: Houston's tonnage being so much smaller than the Conference's, it was unreasonable for shippers to except a general reduction, but if the Conference were to cut its rates on a quantum of cargo equal to that which

(1) P.A.Molteno Papers: DC&Co - Molteno, 14.2.1903.

(2) A somewhat similar dilemma, it may be noted, had faced the shipowners in the Australasian trade some years before; then, in response to shippers' demands for protection, they had agreed to take the individual shipper's "average cargo" at opposition rates, while anything in excess of this average would have to pay the normal Conference rates, which were not cut to match those of the interloper - vide RCSR III, qq.2939-40.

Houston was carrying it would be effectively matching his facilities. The ratio of tonnages was taken as five to one; reduced rates on one-fifth of consignments, thus, would mean that the Conference ships were taking as much low-rated cargo to South Africa as was Houston. The ratio adopted was, in fact, generous towards Houston, as the Conference tonnage exceeded his to a greater extent than five to one, and in any case Houston was carrying not berth cargo alone but contract coal.⁽¹⁾

From the uncharacteristic haste with which these reduced rates were brought into force⁽²⁾ it is a fair inference that they were aimed primarily at Downing Street. In past dealings with the merchants the shipowners had invariably been content to let matters develop at a sedate and unhurried pace: the fact that this new and controversial system of rating was now so precipitately introduced supports Onslow's perception of their "fright". But to attempt to appease the government in this fashion carried with it two dangers: it would create the impression of concessions made under pressure, and - given its deviations from their own proposal - it might fail to win over the merchants. The reductions might indeed appear sensational at first glance, but once they were examined from the viewpoint of the individual merchant they looked much less rosy. Taking Port Elizabeth as an example, the results would be as follows:

<u>Class</u>	<u>Normal rate</u> ⁽³⁾	<u>Reduced rate</u> <u>on 20% of cargo</u>	<u>Effective</u> <u>rate on</u> <u>total cargo</u>
I	42/6	) 15/-	37/-
II	31/3		28/-
III	25/-		23/-
IV	22/6		21/-

-
- (1) Cf. Cape Times, 16.2.1903 (letter from "A South African Merchant").
- (2) The new arrangements were notified to the trade by circular on 11th February 1903 (reproduced in African Review, 14.2.1903, p.284). The correspondence surrounding the reduction is reproduced in Johannesburg Chamber of Trade annual report for 1902-3.
- (3) The cargo lines' rates are quoted; in classes I and II the rates by Intermediate were slightly more - vide p.183 below.

A merchant's catalogue of objections to these rates would have been along the following lines. To begin with, the fact that a flat rate of 15/- applied over the entire classification introduced what might be regarded as yet another form of discrimination between shippers, inasmuch as the merchant whose cargo was concentrated towards the higher classes obviously stood to gain more, both absolutely and relatively, than his colleague whose goods fell in the lower classes. A simple example will make this clear:

	<u>Merchant A</u> (Class I)	<u>Merchant B</u> (Class IV)
	£	£
Normal freight on 1000 tons	2125	1125
Reduced freight	1850	1050
Saving	275	75
Saving %	12,9	6,7

Human nature being what it is there were bound to be complaints on the score that the reduction glaringly favoured one class of shipper above another: the more so, perhaps, as the favoured group was already something of an elite among shippers. Then too the effective— as opposed to the nominal reduction was hardly of a dramatic order: as may be seen above it ranged from 12,9% to 6,7% (for classes II and III it was 10,4% and 8,0% respectively). An individual shipper's cargoes, of course, were unlikely to be distributed evenly over the four classes, but on the assumption that a particular shipment was so distributed the median reduction would be less than 10%, whereas the median reduction given by "Jagger rates" was twice as much.⁽¹⁾ The rate on one-fifth of the loyalists' cargoes might indeed be 25 to 50 per cent below that of the opposition's rates, as the shipowners somewhat disingenuously told Onslow a few days later;⁽²⁾ but what mattered to a John Garlick was his overall rate in comparison with that of his Houston rival. When viewed in this light the loudly-trumpeted reductions must

(1) See page 130 above.

(2) CO 417/389/10081: report of shipowners' interview with Lord Onslow, 19.2.1903 (remarks by Mirrielees).

appear rather hollow.

Nor did the latest reductions meet the demand of the Merchants' Committee for the restoration of the old differentials between the several ports of South Africa. In particular, there was dissatisfaction because Port Elizabeth had lost her long-standing parity with Cape Town.

The new system of rates, thus, encountered resistance. The Merchants' Committee was inclined to stress the disturbance in the port differentials, while remaining silent on the "protection" aspect; the colonial importers on the other hand, and not unnaturally, were loud in their cry for that protection, going to the hardly reasonable extent of demanding that all Conference rates be brought down to the Houston level.⁽¹⁾ These objections, surely, were predictable, and prior discussion might have been successful in removing them, in mitigating criticism or at the least in clearing the air; yet the shipowners went ahead unilaterally.

Of course the reductions, "infinitesimal" though they might appear to an exasperated merchant,⁽²⁾ must in aggregate have represented a considerable sum to the shipowners in earnings foregone. No direct evidence on this point has been uncovered; and the paucity of other data, as well as the number of variables that would have been involved, militate against any plausible estimate. Nonetheless there are some fragments of indirect evidence that, supported by fair conjecture, suggest that the concessions were of an order that could not have been long sustained. Signs were appearing of a drop in exports to South Africa; the American-South African rate war was cutting into profits; some of the lines were running into lean times in their other trades. To these general diffic-

(1) African Review, 14.3.1903, p.439; Johannesburg Chamber of Trade annual report for 1902-3 (Soper - DC&Co, 10.2.1903).

(2) SASFC IV, q.256.

ulties was added the Crown Agents' insistence on prompt shipment of cargoes, which prevented an optimum allocation of sailings among the several lines and might mean the despatch of ships with holds half empty; finally, the still unsatisfactory turnaround in South Africa imposed the continuing strain of detention costs.⁽¹⁾ When on all this there was superimposed the incontestably uneconomic rate of 15/- on a large segment of the berth shipments, the position of the cargo lines at all events must have verged on the critical. Sir Charles Cayzer, for one, claimed that the break-even rate for the voyage to Natal, returning in ballast, was 27/6, yet the concessions meant that Clan's rate for class IV (which constituted probably the major portion of its cargoes) came down to 27/-; while Edward Lloyd asserted that the new rates would mean a loss to Bucknall of at least £1000 per voyage.⁽²⁾ Allowing for a normal measure of overstatement by those who felt themselves threatened in name and in pocket, it is clear that the concessions were of an order that must give the shipowners pause.

It seems a reasonable inference, then, that these concessions were meant to be temporary, and were designed with an eye to the coming meeting at the Colonial Office more than with a view to providing an answer to the merchants' cry for protection. If this was indeed the shipowners' strategy, it succeeded: when Onslow met the delegation on 19th February he was willing to concede that the new berth rates were "not unfair"⁽³⁾ - in other and less circumspect words, that the goal of "fair" rates envisaged in his Edinburgh speech

-
- (1) CO 417/378/9825: "Supplementary notes for Sir Howard Vincent", apparently compiled by DC&Co, n.d. circa 18.2.1903 (copy).
- (2) Shipowners' interview with Lord Onslow, loc.cit.
- (3) Ibid.

had been attained. He might well congratulate himself on what that speech had achieved: not only had berth rates been reduced but the Conference lines had just quoted the Crown Agents a bare 16/- for the impending official shipments to the new colonies.⁽¹⁾ On the face of things Chamberlain's twin requirements - low freights on government cargoes and better rates for the public - had been met.

But there was a fly in the ointment. As a quid pro quo for these low rates on government shipments, the Conference lines demanded a monopoly of the Crown Agents' cargoes for the whole of 1903 - and if this were conceded Houston of course would be left out in the cold. This, it is not uncharitable to say, would have caused few tears to be shed by the Colonial Office or the Crown Agents; but it had certain implications for Onslow's hand in the game. If Houston, deprived of the official cargoes he was anxiously seeking, were driven out of the trade one of Onslow's main cards would be surrendered, and the Conference would then be in a position to revert to the normal tariff for berth cargo. Looking ahead to the expiry of the government contract in 1904, furthermore, it would be better if Houston were still afloat then, otherwise the low official rates might be withdrawn.

The last consideration was, admittedly, a minor one, as the Crown Agents could be relied on to drive a good bargain under any circumstances; but the issue of berth rates was intimately bound up with the cost structure in South Africa and could not be ignored. Nor indeed did that issue hinge altogether on Houston: even if he were to remain in the trade the Conference lines, once assured of the bulk at any rate of the Crown Agents' shipments, could not be prevented from withdrawing the berth rate concessions: ironically enough, they might claim that the low rate wrung from them

(1) CO 528/4/6580: Freeland - Crown Agents, 19.2.1903 (copy).

by the government obliged them to take this step. This was a claim that the merchants would only too readily support; moreover, it might be politically embarrassing.

To overcome this difficulty Onslow broached the delicate matter of a Conference guarantee that the reduced berth rates would remain in force for the remainder of the year.⁽¹⁾

The shipowners, however, were in no mood to abandon any further defensive positions. The combined effect of the low official rate and the reduced berth rates was daunting enough: to tie themselves to this arrangement for almost a year was simply not to be considered.⁽²⁾ But apart from this objection on economic grounds there was a vital principle at stake: to parley with Onslow on this point could be taken as an admission, however shadowy, that the government had the right to a voice in the fixing of mercantile freight rates. It was a trap into which the shipowners declined to fall.⁽³⁾

But Onslow's query touched them on a tender spot. The lower berth rates could not be maintained indefinitely: sooner or later the concessions would have to be withdrawn, which would still further embitter the merchants. From all points of view it would be better if those concessions could be prolonged; and this might be feasible if the loss of earnings involved were offset by higher earnings on government cargoes. Perhaps Onslow's anxiety on berth rates could be used as a bargaining counter.

They therefore replied to his enquiry with one of their own. The low rate for the Crown Agents, they asserted, precluded any further reduction in berth rates, or indeed the long

(1) Shipowners' interview with Lord Onslow, loc.cit.

(2) Ibid. (remarks by Edward Lloyd).

(3) P.A.Molteno Papers: DC&Co - Molteno, 14.2.1903.

continuance of the recent concessions themselves; but if the Crown Agents would temper their demand for immediate shipment and allow ships to sail fully laden, it might be possible to consider the guarantee Onslow was seeking. Better still, would the government be willing to pay a higher rate itself as quid pro quo for the guarantee?

The ball was back in Onslow's court. He could hardly take a lofty tone and insist on an unconditional guarantee on berth rates, for despite his Edinburgh allusions to chartering he was aware that the present state of the freight market precluded chartering at the low rate the Conference was now offering the Crown Agents; and in any case chartering would not solve the question of berth rates. To call for tenders would be to run into similar difficulties: outside lines were unlikely to quote rates below the Conference's, if at all, but in any event the Crown Agents were reluctant to tie themselves down to specific dates for shipment.⁽¹⁾ The only apparent alternative, if low rates for both government- and private cargoes were the aim, was to go to Houston - who, anxious for the Crown Agents' business, had brought his rate for rails down to 16/6 and was coupling this with a guarantee of "Jagger" rates to the public for the remainder of 1903, while stoutly declaring himself ready to meet any further fighting rates coming from the Conference.⁽²⁾ But there were cogent arguments against Houston, which will be examined below.

Onslow for his part was also coming to a fuller appreciation of the shipowners' position.⁽³⁾ The Conference lines had played a vital imperial role in the late war, and, like it or not, they were now the dominant force in the South African shipping trade. So important a British interest should not be taken on too lightly, or pushed too far. He therefore tacitly

(1) CO 417/389/11161: minute by Ommanney on Mirrielees - Chamberlain, 23.3.1903. See also G.24-1903, pp.xc-xci.

(2) CO 528/4/6580: R.P.Houston - Onslow, 16.2.1903 and 18.2.1903.

(3) And to realise that his efforts were not altogether welcome to the shippers, since "a large body ... (& they are influential) do not wish to see freights lowered until they have worked off their present stocks /in South Africa/" - vide Gerald Balfour Papers, Onslow - Balfour, 21.2.(1903).

accepted the idea of a compromise between government- and public rates, and asked the shipowners to submit a new offer on government cargoes that would enable the berth rate concessions to be maintained.

They gave him their answer later the same day; and to judge from the tone of their letter they had scented that the wind was veering in their favour. Stipulating clearly that they were unable to admit any claim on the government's part to settle rates, they observed that they had no "intention" of departing from the present berth rates during 1903; on that understanding, "and on the condition that no precedent is created", they were willing to take the Crown Agents' business at 20/- in place of the 16/- already quoted.⁽¹⁾

Ommanney, his outraged official dignity of more immediate moment than his dislike of Houston, was all for rejecting this imperious missive out of hand, but Onslow's cooler counsel prevailed: the offer seemed to meet the twin objectives sought by his chief now in South Africa, and he was prepared to close with it. In his eagerness to clinch the whole matter, it seems probable, he was turning a blind eye to the weighty arguments that could be deployed against a trade-off of this kind; this question too will be examined below.

But apart from theoretical and perhaps academic arguments there was still one great obstacle to the conclusion of the deal: Milner. Not only did he stand by Chamberlain's view that something was owed to Houston for his part in forcing the Conference's hand: he was also unhappy about the longer-term consequences of a Houston withdrawal. Despite the extra cost of a contract with Houston - Freeland had estimated it, on the basis of the latest Conference offer, to run to £5000 - Milner was willing to let him have the Crown Agents' current business in order to keep competition alive.⁽²⁾

(1) CO 417/389/6357: DC&Co - Onslow, 20.2.1903.

(2) CO 879/90/716: Onslow - Milner, 19.2.1903, and Milner - Onslow, 4.3.1903.

Something of a deadlock, then, came about between Colonial Office and Proconsul; and the one man who could resolve it was then on the high seas returning to England. Onslow thus shelved the matter for the short time being. (1)

- - - - -

While these negotiations had been in progress a storm had broken around the Conference's head. As has been seen, individual Chambers of Commerce were keeping the "terrorist" question alive; but the agitation was passing beyond the stage of mere personal squabbles. Ben Morgan, in a paper to the prestigious Royal Colonial Institute, returned vigorously to his theme of the diversion of British trade to foreigners, flayed the Ring for hampering the progress of a country that had cost Britain so much blood and treasure, and upbraided the government for its failure to support the only competition in the trade. (2) His strictures were strongly reinforced by a recent visitor to South Africa, himself the author of a series of articles in "The Times" on the country's future: what one heard in the colonies, he pointed out in the discussion following Morgan's paper, was not

execration of the British by the Boer, or of the Boers by the British, but execration of the shipping ring, the meat ring, and monopolies of that sort, by both sides. (3)

Coming in the wake of Onslow's speech, the rate reductions of 11th February merely added fuel to the fire: justly enough they were regarded as an artlessly-embroidered response to government pressure. (4) Blows now rained down on the shipowners thick and fast. At a meeting of the Imperial South African Association a former secretary of the Port Elizabeth Chamber

-
- (1) CO 879/90/716: Onslow - Milner, 7.3.1903.
 (2) Ben Morgan, The trade and industry of South Africa (Proceedings of the Royal Colonial Institute, 1902-3), pp.135-8.
 (3) Ibid., p.154 (remarks by Benjamin Kidd).
 (4) Cape Times and Rand Daily Mail, 13.2.1903; African Review, 14.2.1903, p.267 (editorial).

of Commerce, then in England, added his voice to the chorus of condemnation;⁽¹⁾ two days later an influential gathering called to discuss the forthcoming industrial exhibition in Cape Town heard the legendary Matabele Thompson make a "slashing attack" on the Ring, which was greeted "with the wildest enthusiasm";⁽²⁾ Earl Grey, President of the British South Africa Company, raised the question of government shipments in the Lords;⁽³⁾ as has been seen, the Association of Chambers of Commerce at its annual congress had on its agenda resolutions that "animadverted in strong terms" on the Ring;⁽⁴⁾ there were rumours that Sir Alfred Jones would enter the South African trade;⁽⁵⁾ and the report of the third of the trade commissioners was published, which, like its predecessors, condemned the Ring and called for stern action to "sweep the abuse aside".⁽⁶⁾ Running as a kind of contrapuntal theme to these utterances was a press duel between the shipowners and the secretary of the Chartered Company on Conference sins of omission and commission towards Rhodesia;⁽⁷⁾ but although the shipowners scored some telling debating points the agitation, as a perceptive observer noted, had now taken so firm a root that "mere dialectics and wordy manifestoes fail to dispose of the question or decide its merits".⁽⁸⁾

- - - - -

-
- (1) African Review, 28.2.1903, p.365.
 (2) Transvaal Leader, 2.3.1903.
 (3) The Times, 3.3.1903.
 (4) African Review, 7.3.1903, p.399; Cape Times, 6.3.1903.
 (5) African Review, 7.3.1903, p.412.
 (6) S.W.Whitham, Report on the textile and soft goods trades of South Africa, p.4.
 (7) African Review, 7.2.1903, p.252; The Times, 17.2.1903 and 27.2.1903.
 (8) African Review, 28.2.1903, p.356 (editorial).

The differences between Milner and the permanent officials in Downing Street now came to a head. Chamberlain, who arrived back in England on 14th March 1903, found awaiting him a parliamentary question on shipping freights. He had been kept abreast of developments while in South Africa, where the matter had formed part not only of official discussions with Milner but also of public representations,⁽¹⁾ and was thus no newcomer to the controversy. The coming question in the Commons, however, which dealt with the government's policy on its freight contracts, demanded that a decision on Houston at last be taken.

His brave words notwithstanding, Houston was unable to go as low as the Conference on government rates.⁽²⁾ But his Achilles heel lay exposed when facilities were at stake: between them the Conference ships provided what was virtually a daily service, while he could manage only four sailings a month. He was therefore no serious contender for the business of the Crown Agents, since that involved immediate acceptance of cargo tendered and its prompt shipment. Normal trade principles, then, would see to it that the business went to the Conference. But more than trade principles were at issue - the agitation had acquired a politico-economic complexion, and the question had arisen whether Houston should not be supported on the broader ground of the public interest. It was here that the divergence between the two

-
- (1) CO 417/389/10818: Cape Town Chamber of Commerce - Chamberlain (in Cape Town), 24.2.1903 (referred to in Cape Times, 25.2.1903); CO 417/389/10810: Bucknall's Cape Town agent - Chamberlain, 24.2.1903; The Times, 28.2.1903, mentioning representations to Chamberlain by Bristol Chamber of Commerce; TAD GOV 562: Tatham - Milner, 5.3.1903; CO 417/390/25202: William Dunn & Company's letter of 3.7.1903, enclosing copy of memorandum handed to Chamberlain in South Africa.
- (2) CO 528/4/6580: Freeland - Crown Agents, 19.2.1903 (copy).

schools in the Colonial Office was most marked, and Ommanney in a lengthy memorandum pitilessly laid bare the weak points in the Chamberlain-Milner case.⁽¹⁾

Suppose Houston were given the Crown Agents' business: the colonies would pay more in freights, true, and would be exposed to inconvenience and delay in shipment; but might it not be argued that South Africa as a whole would benefit through the universal "Jagger" rates that merchants would then secure? A moment's reflection would show the flimsiness of this argument: Houston at present could not hope to carry more than a small fraction of the mercantile cargoes now going forward, and (on the assumption that freight savings did in fact percolate down to the consumer) the overall impact on the cost structure in South Africa would thus be insignificant; but against even that would have to be set the higher rates being paid on official shipments. The ironical situation might arise, indeed, where the large government cargoes carried by Houston would leave him little space for berth goods.⁽²⁾

It was doubtful, then, that the public interest would be served by government support for Houston; such support, on the contrary, might well have adverse consequences. What after all was "the public interest"? Was it served when the interests of merchants were harmed? And harmed they were by rate wars, which did great damage and little good: established lines were injured, with obvious repercussions on owners, employees and shareholders, and the baneful ramifications extended to other sectors of the economy; merchants as a body abhorred them for this disruption; and the general public, who as consumers might

-
- (1) What follows is a paraphrase of Ommanney's lengthy memorandum of 21.2.1903 in CO 879/80/720.
- (2) Ommanney's argument is being quoted. Houston would of course have been able to charter; charter rates, in fact, at this time were at their lowest level in many years (cf. E.S.Gregg, *Vicissitudes in the shipping trade 1870-1920*, p.606).

be expected to reap the benefit of cheaper transport, were in fact the ultimate payers when the shipowners' losses eventually came to be recouped. In actively encouraging the present opposition in the South African trade the government would be stirring up a hornets' nest.

The argument of "public interest", then, must be set aside. The only remaining argument - the "debt of honour" - was also shaky. If the reasoning of the preceding paragraph was well founded, then it followed that the government was under no obligation to Houston, as his entry into the trade had brought not blessing but a curse. It was true, no doubt, that he had been instrumental in bringing down Conference rates on the Crown Agents' shipments; but to give him government business as a token of gratitude would be to take the first step on a road whose end could not be clearly seen. For one thing this generosity, itself quite unjustifiable on business grounds, might be counter-productive insofar as it "offended"⁽¹⁾ the Conference shipowners and led them to impose higher rates on the official cargoes that Houston with his small capacity was unable to take; for another, it might so come about that the government, committed to Houston in this way, found itself called upon to subsidise him in order to keep him from going under. This was a quicksand that the government would do well to avoid.

To such arguments, forceful enough in themselves, Ommanney could not forbear to add one regarding Houston the man. He had come into the South African trade not as a public benefactor but in pursuit of his own interests: his South American operations were ample proof that he was not actuated by patriotic motives.⁽²⁾ If he were now given government

(1) A term used by the Crown Agents - vide their letter of 14.3.1903 in CO 417/378/9825.

(2) Houston's detractors made endless use of a circular he had issued in the American trade to the effect that he would at all times quote rates "that will enable the American merchants and manufacturers to compete with those of Europe" - vide e.g. Natal Mercury, 8.10.1902, where the circular is quoted by the cargo lines. See also Onslow's remarks in the Lords, reported in The Times, 3.3.1903.

business he would be enabled to approach the Conference with a strong hand; he would probably be admitted into the Ring; and the last state would be worse than the first, as eight lines would have to make a living from a trade that reputedly did not suffice for seven.

So much for Houston. The Crown Agents, however, were now holding two freight offers from the Conference, one with a guarantee of maintained berth rates for 1903 and the other without; and this called for decision on the question whether the government was justified in seeking lower rates on private shipments at the cost of higher rates on its own.

The Milner argument was rooted in the drive to lower the cost structure in South Africa, and particularly in the Transvaal. To that end lower freights might seem an obvious means; but closer analysis would disclose the tenuous nature of the link between them. If freight reductions were to serve the purpose in mind then clearly they must have a significant and not merely a notional impact on costs.

"Costs", of course, was a cord made up of different strands, and not all of these had reference to transport. As far as sea freights were concerned it may be pointed out here that not all imports came in Conference ships: a large portion of foodstuffs, for example, came from Australia.⁽¹⁾ But, even leaving that out of account, freight costs were a relatively small segment of the final cost to the inland consumer: railway carriage in South Africa for the most part added a good deal more.⁽²⁾ This consideration did not apply, admittedly, to the coast towns and their environs; but even in their case the freight element could not conceivably be

-
- (1) On this point see the analysis in B&SAEG, October 1902, p.311 ff.
- (2) See, for example, CO 417/405/8184: DC&Co - Lyttelton, 4.3.1904, which gives a comparative statement of selected sea- and rail rates. Further specimens will be found in the minutes of the inter-colonial railway conference at Johannesburg, February 1905, statements 57-76.

reduced to an extent that would make any noticeable difference to the final price.

The cost argument, furthermore, assumed that freight savings ultimately reached the consumer: but here was the weakest link in the whole chain. Did they? On two grounds at least there was room for scepticism. The final difference in price attributable to lower freights might be so small that it could not be passed on in the coin of the realm (this was particularly the case in Johannesburg, where the penny had disappeared from circulation);⁽¹⁾ or the merchant, quite naturally, would appropriate any such saving for himself. Was the general public's tax burden, via higher government freights, to be increased so that merchants' pockets might jingle the merrier?

The cost structure, moreover, did not hinge on imports alone but included several elements originating within South Africa. These local costs, it was freely prophesied, could be reduced if the country's economic infrastructure were extended and improved; that, indeed, was the very purpose behind the large shipments by the Crown Agents. But if increased freight rates on those shipments were the price to be paid for low mercantile rates, an untenable position would be created: the chance of securing solid and lasting reductions in the cost of living would be sacrificed to the unlikely prospect of an immediate reduction via lower import prices. This would be taking with the one hand and giving with the other; but by any reasonable criterion the giving would surely outweigh the taking.

There was yet another objection to a contract resting on the shipowners' conditional guarantee on berth rates. Onslow had called for "fair" rates to the public; but what, after

(1) RCSR V, qq.4087-91; Neville Edwards, *The Transvaal in war and peace*, p.328; *African Review*, 23.5.1903, p.348; *Debates of the Transvaal Legislative Council*, 15.6.1903 (Patrick Duncan on copper coinage).

all, was "fair"? Many variables must enter into an equation of that kind: different cost structures between lines or ships, the volume of return cargo, the speed of turnaround, conditions in other trades and in the charter markets, to name a few; who would be bold enough to say which rate was "fair" and which not? As Ommanney with gentle irony put it,

How his Majesty's Government proposes to satisfy itself from week to week and month to month that the terms offered by shipowners to the public are reasonable is a question to which the answer is not obvious. (1)

In embarking on a crusade for "fair" rates the government would make itself vulnerable on two fronts. To designate any given rate "fair" did not make it such: the private shippers, who after all were the parties directly affected, would have their own views on that subject, and the government might end up antagonising shipowners and shippers alike. But there was a larger issue at stake: was it the function of government to adjudicate between warring groups of traders? If this particular set of prices were to be controlled, why not others as well? It would be the start of the slippery slope.

This last point also had implications for domestic politics. The government's intervention might be aimed at the South African trade alone, but could it be halted there? In equity other shipping trades could not be left to their own devices while this one was singled out: merchants in those other trades would look for similar protection against "unfair" charges, and the upshot would be to unite against the government a "powerful and influential" opposition of British shipowners as a class.

- - - - -

(1) Ommanney's memorandum, loc.cit., p.8.

These arguments appear to have carried weight with Chamberlain, for on 19th March he replied to Peel's question in the Commons with the assertion that "in the present condition of the South African shipping trade" the Colonial Office could not employ non-Conference ships unless assured that these were able to maintain the service it demanded. That answer was a true statement of the views of his officials and the Crown Agents, and as far as it went it was unexceptionable and unarguable. But he did not leave the matter there, in an obiter dictum going on to say that "the acceptance of a casual tender would place the Crown Agents ... absolutely at the mercy of the Conference".⁽¹⁾ This was surprisingly sharp language to be used in answer to a tabled question of a non-political nature -- the more so when contrasted with Onslow's bland reply to Grey in the Lords a fortnight before. Nothing in the official correspondence with the Crown Agents or in Ommanney's brief could justify so waspish a reference to the shipowners; and the question of Chamberlain's motive in adding this gratuitous and offensive phrase thus poses itself. Was he seeking to gain public support for his own inclination to back Houston, thereby being put in a stronger position to overrule his officials, or was he hoping to rally popular opinion still further against the Conference? The whole thing may have been a ballon de essai to enable him to gauge the public mood: he had by innuendo upheld the charge of Ring tyranny, but had not shut the door on Houston, who did not fall into the category of "casual"; so the Colonial Office's options were still open, and its policy would hinge on public reaction to the statement in the House.

That reaction was not slow in manifesting itself. Many shippers had been awaiting Chamberlain's return from South Africa with some impatience, in the expectation that he would pronounce on the controversy; to these his reply to Peel came as a slap in the face. In consternation and dismay

(1) The Times, 20.3.1903.

they sought official clarification of this apparent climb-down from the Onslow stance; and some of the many letters of protest that now reached Chamberlain must either have confirmed him in his attitude to the Conference or been a force making for a reassessment of his public viewpoint. He would hardly be able to ignore the protest of bodies such as the powerful Workingmen's Conservative Association of Liverpool,⁽¹⁾ which saw its members' economic welfare closely linked with the continued existence of the Houston Line⁽²⁾ and which had indeed helped to return Houston himself to parliament against strong Liberal opposition;⁽³⁾ nor, it may be imagined, would he remain unmoved by the appeal of a fellow Brummagian claiming to speak for

the thousands of struggling middle-size firms who form the backbone of Birmingham and of the Country, and who bore the burden of the late war in men and taxes, (4)

but who now saw their trade melting away to America and Germany. Arguments of this kind might be easily refuted, and Sir Donald in another magisterial apologia, this time from Brindisi, did so;⁽⁵⁾ but they revealed a state of mind and a concern that it would be impolitic for Chamberlain to brush aside even if his sympathies were with the Conference - which quite clearly they were not.

Nor was it only shippers and traders who were now bombarding

- (1) Cf. Harold Jager, *Brief life*, p.116.
- (2) CO 417/390/11156: letter from Liverpool Workingmen's Conservative Association, 24.3.1903
- (3) *The Porcupine* (Liverpool), 6.6.1896.
- (4) CO 417/389/15159: letter from Arthur Holden & Sons, Birmingham, 24.4.1903 (see also *The Times*, 16.12.1902 and 16.1.1903). Other letters in the same strain are in CO 417/389/11644, 12350, 13224, and in CO 417/390/11046 and 12183.
- (5) CO 417/389/11161: Mirrieles - Chamberlain, 23.3.1903, sending Sir Donald Currie's letter of 19.3.1903 (the latter is reproduced in "*South and East African Freights*", pp.37-41).

the Colonial Office. Taking his cue from Chamberlain's Commons statement, Houston himself was quick to assure Downing Street that his line was no fly-by-night but one that could supply the regular facilities required by the Crown Agents, and that its entry into the trade had been the means of compelling the Conference lines to reduce freights⁽¹⁾ - a shrewd thrust that could not have failed to remind Chamberlain of conversations at Sunnyside on the subject of "debts"; and J.F. Jones again took up what was becoming the well-worn theme of the economies the British South Africa Company had made by using non-Conference ships.⁽²⁾

Chamberlain's precise thinking on the subject at this time is not clear. On the one hand he seems to have rejected both the diversion-of-trade and cost-of-living arguments;⁽³⁾ on the other he was resolved to retain Houston as a weapon in his hand. No doubt a number of motives, some perhaps barely formulated, entered into this latter decision: the chance of driving a good business bargain, the need to mollify an aroused public, loyalty to Milner, the debt of honour. Be that as it may, from now on until his precipitate resignation as Colonial Secretary in October 1903 he was adamant that the Crown Agents keep a free hand in their dealings with the Conference.⁽⁴⁾ He had also made up his mind on another aspect of the question, that of guaranteed berth rates: the cost-of-living argument, so far as freight rates were concerned, had been highly exaggerated,⁽⁵⁾ and with its chief prop gone the claim for lower berth rates would have to be dropped.⁽⁶⁾

-
- (1) CO 417/390/10871: R.P.Houston - Chamberlain, 23.3.1903.
 (2) CO 417/382/11641: J.F.Jones's letter of 26.3.1903, alluding to his interview with Chamberlain on 24.3.1903.
 (3) CO 417/389/15159: minute on Arthur Holden & Son's letter of 24.4.1903.
 (4) CO 417/402/19945: Crown Agents' letter of 4.6.1904.
 (5) Cd. 1844 (1903), p.39.
 (6) CO 417/389/11161: minute by Ommanney, 26.3.1903.

- - - - -

The Conference lines now had their backs to the wall. They had been bitterly assailed by the press in both South Africa and England; ⁽¹⁾ the organised commerce of both countries was campaigning against them; ⁽²⁾ they had been publicly denounced by Ministers; the Crown Agents were demanding low rates; the Merchants' Committee was hostile; and their tormentor was still there.

Houston was far from surrendering: like John Paul Jones in 1779, he had "not yet begun to fight". He was giving now a weekly service from England, sailing from the east- and west coasts alternately; he turned at Cape Town, but two coasters transhipped cargoes to the other ports, as far north as Beira; and he used his own lighters to speed up discharge at Port Elizabeth and Durban - a necessary precaution, at the latter port, where the Union-Castle's "African Boating Company" had a monopoly of landing arrangements. ⁽³⁾

There were also rumours of still more competition in the trade. Sir Alfred Jones's Elder-Dempster Line has already been mentioned; Harris & Dixon, a wealthy shipowning firm of high standing in the City and already holding Cape government contracts, sought Colonial Office backing for a new service: ⁽⁴⁾ the Navigazione Generale Italiana sent a mission

-
- (1) See, in particular, London Daily Express, October and November 1902. Even sources normally well-disposed to the shipowners, such as the African Review, advised them to come to terms with their critics - see, for example, the issue of 14.2.1903, p.26 (editorial comment).
- (2) For the South African attitude see CO 417/389/20155: letter from Association of Chambers of Commerce of South Africa, 13.5.1903; Cape Times, 28.4.1903 (Jagger's speech at meeting of Cape Town Chamber of Commerce); Rand Daily Mail, 28.5.1903 (editorial) - "No one has any sympathy with the great shipping combine of which Sir Donald Currie was the originator and is now the master. On the contrary, every class and every interest in South Africa groans under its grinding tyranny [and] would willingly join to destroy the power of the Ring".
- (3) B&SAEG, April 1903, p.1141; Rand Daily Mail, 26.11.1902 (letter from F.S. Tatham).
- (4) CO 417/390/8495: Harris & Dixon's letter of 3.3.1903. See also Rand Daily Mail, 11.2.1903, and CO 417/378/10120: letter from Crown Agents, 6.4.1903.

to South Africa with a view to a possible service via Suez;⁽¹⁾ a Portuguese company announced a service to Delagoa Bay via the Cape;⁽²⁾ and in South Africa Sir George Farrar toyed with the proposal of a Newcastle shipowner whereby the mining houses and the principal Rand merchants would sponsor a new line geared to the Transvaal's particular needs.⁽³⁾ These several schemes were abortive;⁽⁴⁾ but while they were in the air they must have added to Conference unease and increased the shipowners determination to restore the South African trade to a "proper" basis before worse befell.

In South Africa, too, the agitation was spreading. A proposal was placed before the Transvaal Legislative Council that negotiations be opened with the other colonies whereby measures might be concerted "to reduce and control ... freights to South Africa".⁽⁵⁾ This too came to nothing; but it was an ominous straw in the wind.

With various sectional interests to be found in the South African trade, furthermore, the shipowners might end up in the unenviable position of "damned-if-they-do-and-damned-if-they-don't". In what may have been a gesture to Chamberlain or a carrot to those of its large shippers who might be wavering the Union-Castle Line on 27th March 1903 dropped the differential between its (intermediate) rates and those of the cargo lines.⁽⁶⁾ This move, which had been envisaged in

-
- (1) South Africa, 23.5.1903, p.621.
 - (2) African Review, 31.1.1903, p.194.
 - (3) BRA: Reyersbach - Wernher, Beit & Company, 4.5.1903; Milner Papers, TAD FK 1192: Milner - Chamberlain, 31.5.1903.
 - (4) The Portuguese line began operations, but its ships did not call regularly at the Cape until 1906 - Murray, Ships, p.250.
 - (5) Debates of the Transvaal Legislative Council, 2.6.1903.
 - (6) John Garlick Papers: London agents - Garlick, 21.3.1903 and 28.3.1903; NAD PM 95 PMC 104/1903: General Manager, Natal Government Railways - Minister of Lands & Works, 22.6.1903.

the 1902 agreement with Bucknall,⁽¹⁾ was obviously one that shippers must welcome, even if the amounts involved - 2/6 for class I and 1/3 for class II - were small. But it upset one of the Conference's few friends, the Natal government: the differential had applied only to the Cape ports, and its removal now gave Cape Colony an added advantage over Natal in rates, as follows:

	Class I		Class II	
	<u>Old rate</u>	<u>New rate</u>	<u>Old rate</u>	<u>New rate</u>
Cape Town and Port Elizabeth	45/-	42/6	32/6	31/3
East London	51/3	48/9	40/-	38/9
Durban	52/6	52/6	40/-	40/-
Rate advantage over Durban:				
- Cape Town and Port Elizabeth	7/6	10/-	7/6	8/9
- East London	1/3	3/9	Nil	1/3

The Natal government, always sensitive to the rate structure between the colonial ports, and having been treated with scant courtesy by being left for some time in ignorance of this change, was stung into making a "strong protest";⁽²⁾ and its feelings were not smoothed by Fenchurch Street's leisurely and bland reply that there had been no intention to discriminate against the Colony.⁽³⁾ Whatever the "intention" may have been, the fact to the irate Natalians was clear enough: the Cape ports had stolen a march over them. The shipowners were well aware of inter-colonial and inter-port rivalry, and, while Donald Currie & Company may not have been able to avoid this move at this time, a dash of "public relations" in the recipe would have made the dish less unappetising.

(1) UCR: agreement of 16.5.1902.

(2) NAD PM 95 PMC 104/1903: Prime Minister - Union-Castle, Durban, 24.6.1903.

(3) Ibid.: Union-Castle, Durban - Prime Minister, 6.10.1903.

Attacked on all hands, the shipowners were also falling out among themselves. It is reasonable to assume that Houston's inroads were affecting the several lines⁽¹⁾ in unequal measure and would call forth distrust and suspicion; and something of that atmosphere is captured in a private letter between two members of the Union-Castle management:

Our friend Cayzer is taking the opportunity to interview members of the Government, professedly on behalf of all the Lines, but principally on behalf of Charles Cayzer; while whatever he may say, as professedly spokesman for us, can do us little else than discredit, coming through such a source. (2)

These strains made Houston's destruction all the more imperative, even if this should involve further losses in the short term. To that end the shipowners now braced themselves to accept the Crown Agents' business at whatever rate might be necessary to keep it out of the intruder's reach. And they found a hard bargainer in Joseph Chamberlain, who took the unusual step of removing the freight negotiations from the Crown Agents' hands and placing them in his own.⁽³⁾ Under relentless pressure from that skilful businessman the Conference finally came down to a mere 16/- all round⁽⁴⁾ - which must certainly have been "wholly unremunerative", as the shipowners claimed,⁽⁵⁾ but which is a measure of their increasing desperation. It was a rate that even Houston, apparently,⁽⁶⁾ was unwilling to counter; but in any case his chances of sharing

-
- (1) For public references by the Conference lines to the rate war see the annual reports and chairmen's addresses of Union-Castle and Bucknall, reproduced in the financial journals of the time (e.g. The Statist, 23.5.1903 and 30.5.1903).
- (2) P.A.Moltano Papers: Mirrieles - Moltano, 8.3.1903.
- (3) Milner Papers, TAD FK 1192: Chamberlain - Milner, 25.4.1903; CO 417/402/19945: Crown Agents' letter, 4.6.1904.
- (4) CO 879/90/716: Chamberlain - Milner, 16.6.1903. See also H.C. 222, 14.8.1903.
- (5) CO 417/378/9825: "Supplementary notes for Sir Howard Vincent", apparently prepared by DC&Co, n.d. circa 18.2.1903 (copy).
- (6) CO 417/378/38908: Crown Agents' letter, 23.10.1903.

in the business were now to be dealt a perverse blow by his chief protagonist, Milner.

Not Milner personally, to be sure, but Milner as the official head of Sir Percy Girouard. The great bulk of the business coming forward for shipment consisted of rails and other heavy material for the Central South African Railways; and the railway administration, which had been working tirelessly to repair the ravages of the war and had prepared ambitious plans for new lines, was insistent that its indents be executed promptly; "Urgent, ship earliest possible date" was the order of the day. Proper forecasting by the railway managers might have ensured a more orderly matching of shipments and sailings; but Girouard's control of his departmental officials seems to have been none too tight,⁽¹⁾ and notwithstanding the Colonial Office's admonitions such forecasts remained in abeyance.⁽²⁾ The upshot was that the Crown Agents, even had they been so minded, were not in a position to ship by Houston, whose meagre sailings in comparison with the Conference's were ill-suited to that prompt despatch for which the railways clamoured. As the Crown Agents themselves tartly observed, the "absurd position" had come about where the High Commissioner and his Director of Railways were making demands that cancelled each other out - Milner was anxious to employ Houston while Girouard in effect was making that impossible.⁽³⁾

Milner now faced what a later generation might call an agonising reappraisal. He had made a great point of the pressing need for reduced freight rates; but rates had been reduced. The reduction, from the point of view of the shipper, might

-
- (1) Cf. A.H.Duminy and W.R.Guest, Fitzpatrick, South African politician: selected papers 1888-1906, pp.348, 361 and 375. Girouard was eventually forced to resign - see Donald Denoon, A grand illusion: the failure of imperial policy in the Transvaal Colony during the period of reconstruction 1900-1905, pp.194-5.
- (2) CO 879/90/716: Chamberlain - Milner, 31.3.1903; Milner Papers, TAD FK 1192: eadem, 25.4.1903.
- (3) CO 417/378/9825: Crown Agents' letter, 14.3.1903.

not seem very large; but in aggregate the saving to the country must be considerable. Now that lower berth rates had been obtained, was it not quixotic to throw the government's weight behind Houston simply to uphold an abstract principle? Sea freights, after all, counted for little against the customs duties and railway rates of the coastal colonies; a lower cost structure must be sought through those items, surely, rather than through such freight reductions as the shipowners could conceivably be expected to grant. The whole question of the cost of living, indeed, was even now under discussion at Bloemfontein, and in the event the labours of the Customs- and Railway conferences being held there would make the issue less pressing.⁽¹⁾ To continue to support Houston might be to pursue a chimera; more to the point, it might jeopardise the swift execution of the great programme of reconstruction.

When these things were considered the decision could scarcely be in doubt: Houston would have to be dropped. With a last backward glance at "the public interest" Milner cabled Chamberlain that

the railways must have their material, and unless we should, by accepting the Conference offer, be giving up all hope of improving the position of the public at a later opportunity, I am prepared to waive my preference for Houston in favour of a speedy settlement with the Conference Lines. (2)

The upshot was that 50,000 tons went to the Conference at the extremely low rate of 16/-.⁽³⁾ As the Natal Agent-General saw things, the Conference's "despairing effort"⁽⁴⁾ had

-
- (1) Cf. John Buchan, *The African Colony*, pp.238-41.
 (2) CO 879/90/716: Milner - Chamberlain, 31.3.1903.
 (3) Ibid.: Chamberlain - Milner, 16.6.1903.
 (4) NAD PM 95 PMC 104/1903: Agent-General - Prime Minister, 24.4.1903.

succeeded in keeping out of Houston's hand the valuable cargo he had so tenaciously sought. But it was a Pyrrhic victory. For one thing, 16/- was far from being a payable rate, the economies of bulk cargoes notwithstanding,⁽¹⁾ especially as the shipments were later found to embrace an inordinately large number of heavy lifts, which added greatly to handling costs.⁽²⁾ The shipowners, certainly, described 16/- as "wholly unremunerative" or even "ruinous", and were willing to open their books to Downing Street in substantiation of the claim.⁽³⁾

More crucial than that, however, was the fact that the Conference had merely scotched the snake, not killed it. For Chamberlain was adamant that only a portion of the prospective business of the Crown Agents should be committed at this stage. He may have reckoned that the public feeling against the Conference lines was too strong to be ignored, and that to strengthen their "monopoly" would be impolitic; a capable businessman himself, he perhaps wished to keep some bargaining power in his hand; and he may, even now, have hoped that something might yet be done for Houston. Whatever his precise motives, he turned a deaf ear to Sir Francis Evans's insistent demands that the Conference be given a greater or lesser monopoly of government business.⁽⁴⁾ Houston, then, was deprived of 50,000 tons only - a grievous blow, no doubt, but no coup de grâce. And in the ensuing months the Conference "victory" became even more hollow: Houston secured important business from the Cape Agent-General and the Municipality of Port Elizabeth,⁽⁵⁾ and Downing Street announced

(1) "Supplementary notes for Sir Howard Vincent", loc.cit.

(2) CO 417/402/19945: Crown Agents' letter, 4.6.1904.

(3) "Supplementary notes ...", loc.cit.

(4) CO 417/389/18553: Evans - Ommanney, 19.5.1903; CO 417/378/23645: Crown Agents' letter, 24.6.1903.

(5) Cape Times, 18.8.1903, and African Review, 17.10.1903, p.95; G.23-1904, p.3.

a change in policy whereby the Crown Agents' business would henceforth be put out to tender instead of being privately negotiated.

Moved partly by conviction and partly by public demand, Chamberlain was set upon a new dispensation with regard to government cargo.⁽¹⁾ It was confidently expected that some half-million tons of material and stores would be coming forward for shipment to the new colonies in the course of the next year or so,⁽²⁾ and the Crown Agents were directed to draw up a suitable contract and to put the business out to tender. But there would be no question of an exclusive contract: only a part, albeit a large part, of the prospective shipments would be offered at the moment, the rest being kept back for use as circumstances might dictate.

In principle this was an important gain by the anti-Conference camp. For long years the Crown Agents had dealt with the established lines alone; formally at any rate the whole world would now be able to try its hand at the South African trade. The change, however, was by no means to the Crown Agents' liking: they had established a good working relationship with the Conference lines, and they resented the subordination of their arrangements to what they regarded as extra-commercial contingencies. Perhaps because of this, or perhaps because a contract of this kind was new in their experience and posed certain technical difficulties, the tender proceeded in somewhat dilatory fashion and was finally advertised only late in November 1903.⁽³⁾ By then Chamberlain was no longer Colonial Secretary, and - of more moment - developments overseas had made a mockery of the whole thing.

-
- (1) Chamberlain's statement in the Commons, reported in The Times, 25.4.1903.
- (2) CO 417/378/45346: Crown Agents' letter, 16.12.1903.
- (3) CO 417/378/41881: Crown Agents' letter, 17.11.1903. The draft tender is reproduced in SASFC I, pp.101-7.

The post-war boom in South Africa was flickering out. The new United States so sanguinely prophesied in the heady days following the peace of Vereeniging was slow in appearing; instead, depression settled over the land.

The causes and the course of that depression are not at issue here;⁽¹⁾ but one of its repercussions was retrenchment in the new colonies and a pruning of Milner's plans for reconstruction.⁽²⁾ In particular the railway programme was held up, not only on account of the general policy of economy but also as a deliberate move to release African labour for the all-important gold mining industry;⁽³⁾ as a result the Crown Agents' shipments were whittled down from half a million tons to a mere 100,000, of which a scant 40,000 would be put out to tender. Chamberlain's great weapon was broken; as the Crown Agents were not slow to point out, the half-million tons "might possibly have been made the basis for revolutionizing the South African freight market", but 40,000 tons certainly could not.⁽⁴⁾

In the event neither Houston nor the Conference lines as a body tendered.⁽⁵⁾ In part this may have been caused by sheer red tape: although the draft contract had been submitted to the rival shipowners for comment, in its final

-
- (1) For a contemporary view of the causes of the depression see South African Mines, Commerce and Industries, 2.1.1904, pp.959-61. A concise account of its dimensions will be found in L.M.Thompson, The unification of South Africa 1902-1910, pp.52-4.
- (2) Ommanney's minute on Crown Agents' letter, 17.11.1903, loc.cit.
- (3) Cd. 1895 (1904), p.68; Transvaal Chamber of Mines annual report for 1903, p.XXVII ff. See also Christiaan Petrus Jamneck, Die Milner-regime in Transvaal 1902-1905, p.37, and Samuel Jacobus Esterhuizen, Die ekonomiese en maatskaplike toestande ... in die Transvaal-kolonie 1900-1910, p.153 ff. It was hoped to replace African labour by Indian, but the attempt failed - vide Cd. 1683 (1903) and Hugh Tinker, A new system of slavery: the export of Indian labour overseas 1830-1920, p.295 ff.
- (4) CO 417/378/41881: Crown Agents' letter, 17.11.1903.
- (5) CO 417/378/45346: Crown Agents' letter, 16.12.1903.

version it was still "one of the most onerous and stringent ... ever to be seriously proposed as a freight engagement",⁽¹⁾ and Fenchurch Street declined to tender on precisely that ground.⁽²⁾ In this attitude Clan concurred, but was outspoken enough to deprecate the use of government business "to bring on erratic competition by steamships that only appear when cargo is plentiful and disappear when there is a scarcity".⁽³⁾ That was hardly a fair description of Houston; but it is a revealing insight into the Conference mind.

Ommanney, no doubt with a large sigh of relief, minuted laconically that "The attempt has failed."⁽⁴⁾ The "real reason" behind this, the Crown Agents thought, lay not in the shipowners' proffered objections but in clause 2 of the contract, which stipulated that "the Shippers shall be under no obligation to make all their shipments [during 1904] through the Contractors."⁽⁵⁾ This, in Conference eyes, clearly defeated the whole point of their tendering at fighting rates: if cargo were then still free to go to Houston, the game would not be worth the candle. One experience of "ruinous" rates that had served no purpose was enough.

But there may have been a further reason, and perhaps the main one, for the Conference lines' aloofness: the conviction that the price already paid to keep Houston out had been too great - in terms of earnings foregone, embittered relations with the merchants, public vilification, and stresses among themselves. Could much more be lost with Houston in the Conference than had been lost already with him outside?

(1) Fairplay, 3.12.1903.

(2) CO 417/378/45346: Crown Agents' letter, 16.12.1903.

(3) Ibid.

(4) Ibid.: minute by Ommanney.

(5) CO 417/378/45346: Crown Agents' letter, 16.12.1903.

There were differences on this point in the Conference ranks;⁽¹⁾ but events in these last weeks of 1903 were rapidly creating a situation in which the decision could no longer be evaded.

- - - - -

By virtue of its passenger service, its Continental loadings and its virtual monopoly of return cargo, the Union-Castle Line had enjoyed a certain degree of immunity against Houston's initial inroads; but one by one he had stormed these bastions. In May 1903 he began monthly sailings from Antwerp, thereby avoiding the costs and inconvenience of transshipment at London; this service evidently paid him, for within a few months it was increased to give fortnightly sailings and was also extended to Hamburg.⁽²⁾ Here was the challenge direct to one of Donald Currie's lesser interests, the Liverpool and Hamburg Line, which soon retorted with a rate cut of fully fifty per cent.⁽³⁾ Houston, whose ships had hitherto made the return voyage via South America, also boldly entered the jealously-guarded homeward trade from South Africa, in August 1903 inaugurating a "fast cargo service" at rates as much as seventy per cent below those of the mail line.⁽⁴⁾ But the culminating blow fell in November with the commencement of his passenger service.

This hit Fenchurch Street in its vitals. The mail line's splendid service, as well as its subventions to the cargo lines, had made it supreme in the South African passenger trade;⁽⁵⁾ Houston, with his drastically-cut fares, bade

-
- (1) CO 417/378/45346: Crown Agents' letter, 16.12.1903.
 - (2) African Review, 16.5.1903 (advertisement); Cape Times, 25.9.1903 and 19.10.1903 (eadem).
 - (3) African Review, 28.11.1903, p.357.
 - (4) Cape Times, 22.8.1903 (advertisement); RCSR II, p.59.
 - (5) Apart from the "Natal direct" traffic, which is not at issue here.

fair to upset this applectart. Disturbing enough in its own right, his new move also came at a singularly unhappy time: the White Star Line, which touched at Durban and Cape Town en route from Australia, had recently been making inroads into the homeward passenger traffic, and both Union-Castle and Bucknall had reduced their homeward fares to meet this competition.⁽¹⁾

Whether Houston seriously planned to maintain the new service, or whether the latest move was a characteristically bold stroke to cut the Gordian knot, is difficult to say; the fragmentary evidence available, however, leans to the former view.⁽²⁾ There had long been South African complaints on the score of high fares, and he may have reckoned that this was a gap in the trade that he could fill. The mixed bag of passenger ships that he now brought together was a far cry from the fine ships of the Union-Castle Line; but so were his fares,⁽³⁾ and the Conference ships faced the unwelcome prospect of having to make yet another reduction. His first ship, the chartered "Manuka" bound for New Zealand, brought 43 passengers to Cape Town in an encouragingly fast voyage;⁽⁴⁾ the second, his own "Helius", carried an ominous 150;⁽⁵⁾ a

-
- (1) Cape Times, 15.9.1903; South African Mines, Commerce and Industries, 19.9.1903, p.627; Murray, Ships, p.228.
- (2) Cf. TAD CS 403: Houston Line (Liverpool) - Colonial Secretary, 14.12.1903: "The Colonial Secretary of the Transvaal is no doubt aware that Messrs Houston & Co have entered into the Passenger Service to South Africa, and as they have a large number of Agents up and down the Country shall be glad if the Colonial Secretary of the Transvaal will kindly furnish them with a large supply of permit application forms for distribution."
- (3) TAD GOV 55 1273/1903: letter from prospective immigrant, 21.12.1903, quoting Union-Castle and Houston fares; Bowen, A fifty-year-old fight, p.340; McRoberts, The Houston story, p.306; Murray, Ships, p.77.
- (4) Cape Argus, 16.12.1903.
- (5) African World, 2.1.1904, p.391.

third was scheduled for early January 1904. The extent of Houston's commitment to the passenger trade was also made disturbingly plain by his announcement that he would operate both "fast" and "intermediate" services and that his sailings would cover Liverpool as well as London.⁽¹⁾

Concurrent developments were adding to the pressure on the Conference lines. In another of its periodic irruptions the DADG announced a new fortnightly service from Hamburg and Rotterdam to Cape Town, to be operated in conjunction with the DOAL;⁽²⁾ and, primed by Milner, the Lloyd Austriaco increased its sailings to Durban via Suez, introducing two fast new ships built specially for this trade.⁽³⁾ In tonnage these new services may indeed have added but little to the South African trade, but coming when they did they posed further problems for the harassed shipowners in England.

The duel now reached its climax. Nearly eighteen long months had gone by, but to all appearances Houston was far from being finished; on the contrary, he was showing startling signs of renewed vigour. The Conference lines, on the other hand, were plainly feeling the strain. For the best part of a year they had been carrying cargo at sub-tariff rates; and, while the precise extent of the loss of earnings entailed cannot now be known, the Union-Castle Line despite its comparatively strong position spoke of earnings having been "much reduced" for 1903,⁽⁴⁾ and the claim has been made that "much of Donald Currie's private resources went into fighting the intruder"⁽⁵⁾ - which suggests that Houston's inroads were considerable. It is significant, too, that at about this

(1) Cape Times, 7.12.1903, and 24.12.1903.

(2) South Africa, 19.12.1903, p.962.

(3) TAD CS 403: British Consul, Vienna, - Foreign Office, 19.11.1903 (copy); African World Annual, 1.12.1904, p.9; Murray, Ships, p.232.

(4) Union-Castle annual report for 1903 (reproduced in The Statist, 28.5.1904).

(5) Murray, Chronicle, p.148.

time Bucknall's debentures were falling heavily.⁽¹⁾ Coming on top of these depredations Houston's passenger service was decisive.

Towards the end of 1903 Sir Donald, perhaps the chief obstacle to an armistice, was incapacitated; and in his absence Sir Francis Evans, his deputy, took a larger part in the active management of the company.⁽²⁾ He and Houston both sat in the Commons; talks between them were now begun;⁽³⁾ and on 8th January 1904, after "extremely difficult and intricate negotiations",⁽⁴⁾ the war came to an end.

- - - - -

The contest with Houston occupies a pivotal position in the history of the South African Shipping Conference, and it has therefore been treated in some detail. A few conclusions are now in order.

A first and obvious question is "Who won?". Protagonists of both sides were not lacking in 1904; but as will appear, the answer is not quite clear-cut. The Union-Castle chronicler, to be sure, is untroubled: Houston "capitulated" when his assault on the Conference ended "in failure".⁽⁵⁾

-
- (1) African Review, 7.11.1903, p.233; Stock Exchanges ten-year record, p.390.
- (2) Murray, Chronicle, p.148.
- (3) Houston later claimed that the initiative was taken by the Conference, and the evidence indeed points in this direction; nor did the Conference lines see fit to dispute the assertion. But the overtures could not have been unwelcome to him in view of the toll the fight was taking. There is no way of gauging his losses in the war, but on this point see the interesting letter by "A Sufferer" in Natal Mercury, 20.1.1904, which asserts that Houston had accumulated a massive burden of debt.
- (4) UCR: undated note in the file on Houston.
- (5) Murray, Ships, pp.63 and 78.

But this surely is naïve. For eighteen months the ship-owners had striven desperately to ward Houston off, using methods that even the circumspect Sir Donald described as "somewhat unusual and rigorous";⁽¹⁾ that being so, his admission now to the Conference was indeed a capitulation, but scarcely on his part.

The question of Houston's precise objective is vital. Once his letter of 4th June 1901 to the shipowners had been made public, his detractors assumed that he was seeking to enter the charmed circle and that the battle was merely a means to that end. That letter, to be sure, was cryptically worded; but it is capable of supporting another construction. It is not implausible that Houston was aiming at a place in the South African sun, but not necessarily in the Conference. He may have argued that with the great expansion in trade that would follow the Boer War the Conference lines would be willing to tolerate the introduction of new tonnage - as indeed they showed themselves to be with the accession of Ellerman-Harrison in early 1902. Being new and unknown in the trade (so he may have continued the argument) he would obviously have to quote lower rates, for a time at least; but with the large volume of business in prospect, and with his small capacity, there would be room and enough for all.

Such sweet reason from the swashbuckling Houston, it must be admitted, is not very credible; and the curtness of his letter to the Conference argues against such a view. It may not be far-fetched to suggest that his overtures were designed to be rejected, whereupon he would be able to pose as the crusader against monopoly in the trade - as he subse-

(1) Currie's address to annual general meeting of Union-Castle Line, reported in Cape Times, 29.5.1903 and reproduced in full in "South & East African Freights", pp.44-6. In commenting on the address the Cape Times observed in its editorial that "If Sir Donald admits unusual rigour, the average man is probably not far wrong in describing the rebate system as tyrannous if not something worse."

quently seems to have done.⁽¹⁾ But this interpretation, too, is compatible with the hypothesis that he was aiming at an independent service.

When he began his service in July 1902, certainly, there seems to have been room for a new line in the trade; in any event, he held long-term business that was obviously no longer at stake for the Conference, and a policy of live-and-let-live may have been appropriate for the period of those contracts at least, as his available space after loading those shipments was by all accounts insufficient to cause the Conference lines more than a pinprick. A wait-and-see policy could have been followed by counter-action if it were to turn out that the newcomer was syphoning off an appreciable volume of business.

This of course is to approach the matter with the benefit of hindsight and in too detached a way: the shipowners not unnaturally reacted with warmth rather than dispassionate analysis when they saw a trespasser. But it is a moot point whether they did not over-react. Whatever the precise meaning to be read into Houston's letter, it surely warranted a reply; yet he was treated as an untouchable and given no answer, while his letter was placed in other and predictably unsympathetic hands. To add insult to injury Ellerman-Harrison was subsequently allowed in without the firing of a shot. To any shipowner with a spark of self-respect, let alone the formidable Houston, such cavalier treatment would be a red rag to a bull.

If the viewpoint of Conference sympathisers and of sceptics is to be accepted - that Houston was seeking simply admission to the Ring - then he did not lose the fight but patently won it. But if the alternative hypothesis be nearer the mark - that he was resolved to run an independent service

(1) Cf. Bowen, A fifty-year-old fight, p.339.

in the South African trade - then in that sense, but in that sense alone, it can be said that he failed. In either case, however, the Conference lines were the loser. Their object was plain enough: to exclude him from the South African trade altogether; and in this they had patently come off worst.

The drawn-out struggle, as has been seen, weakened the Conference lines; it also damaged the fragile relationship that they had established with the merchants. The goodwill between the two parties, already badly strained by the mining house contracts and the failure to provide protection, was - paradoxically - to be dealt a severe blow by the very arrangements that brought the opposition to an end, as will be seen in due course.

It was the Houston war, furthermore, that rekindled the agitation in South Africa. This agitation had been quiescent, for the most part, during the Boer War; and, with other large problems facing the colonists in the post-war era, it would perhaps have died out altogether in course of time. But the high-handed punitive action taken against shippers, and, perversely enough, the newcomer's "failure" against the big battalions, caused an outburst of anger and set the South Africans and the shipowners on a collision course.

Houston himself was a changed man after the long fight. Like Pilgrim he had won his way sword in hand into the ranks of the elect; but it is questionable whether that had been his original aim, and in a short time the victory was to turn to ashes. He had entered the trade with promises of backing from shippers, yet only a handful had reinforced their easy denunciations of the Ring by coming over to him; unkindest cut of all, those very shippers who had supinely kept to the Conference during the weary eighteen months were now loud in "I-told-you-so" when, deprived of their support that may have turned the scales in his favour, he had harkened to the Conference overtures. And the war had left scars among

the belligerents too, that time would do little to heal:
in the Conference, Houston would never be of it.

- - - - -

It is naïve to seek heroes or villains in commercial warfare: each party looks to his own interests alone and as a rule is honest enough to waive any claim to altruism. Questions of victory or defeat, moreover, will obviously be regarded differently from the varying perspectives of the several parties affected by the contest. But, that said, it is difficult to withhold one's admiration from the man who took on the powerful South African Shipping Conference and the redoubtable Sir Donald Currie and who with great tenacity, resource and dash fought them to a standstill. At the outset he had scouted any notion of David-and-Goliath;⁽¹⁾ yet the battle became precisely that, and Goliath was discomfited. With pardonable hyperbole a contemporary journal summed it up as "the most gallant fight ever recorded in similar warfare".⁽²⁾

(1) Transvaal Leader, 15.12.1902 (interview with Houston's Johannesburg agent).

(2) African World, 16.1.1904, p.547.

CHAPTER III

THE INTER-COLONIAL CONFERENCE ON FREIGHTS

Houston's entry called for new arrangements among the several members of the reconstructed Conference; and, for the first time, a general agreement was drawn up, to which all the lines were signatories and which set out their rights and duties in some detail.⁽¹⁾ It will be necessary to examine the salient points.

To start with, sailings were reduced and placed on the following basis:

<u>East coast lines</u>		<u>West coast lines</u>	
Union-Castle	160 p.a.	Clan	90 p.a.
Bucknall	48	Ellerman-Harrison	38
Bullard, King	38	Houston	14
John T. Rennie	38		
Houston	14		

Houston thus cut his sailings from 52 to 28; he also agreed, so far as his west coast sailings were concerned, that he would neither carry passengers nor load homewards. The agreement itself did not bind him in his east coast sailings, but in fact he at once withdrew from the passenger traffic, and it is a fair assumption that Donald Currie's hand was behind this: certainly, the mail line made a private arrangement with him whereby "in consideration of your signing [the agreement] you are to be at liberty ... to load five steamers homewards ... at approximately equal intervals at equal rates".⁽²⁾

-
- (1) UCR: General Conference Agreement, 8.1.1904, and Cargo Contract Agreement, eadem. Unless otherwise stated, the following details are from these sources. The General Agreement is reproduced as Appendix I below.
- (2) UCR: DC&Co - R.P.Houston, 8.1.1904. The arrangements between these two parties seem also to have involved Currie's purchase of the "Helius" - vide Murray, Ships, pp.78 and 297.

The general agreement also stipulated that all the lines would adopt "the present Conference tariff of rates for Berth Cargo". But Houston had hardly signed before he was publicly asserting that he had not accepted the full range of Conference rates but had secured certain important reductions.⁽¹⁾ No announcement by the other lines of any such reductions can be traced; but it is significant that the classification was now extended to embrace a new category, class V. More will be said on this below.

The most contentious issue surrounding Houston's reception into the Conference was that of his long-term contracts. These contracts posed difficult questions, to which the ship-owners were unable to find answers that would not conflict with one interest or another. Some contract-holders had been guaranteed a fortnightly service: Houston, who was now restricted to a three-weekly service, would obviously be open to action for damages, unless the other lines came to his assistance. Even then, however, a litigious shipper would be able to claim specific performance from the Houston Line itself. To safeguard himself against this contingency Houston wrung from his new partners a collective indemnity to cover "all claims, liabilities, guarantees and obligations under the said contracts" and also against actions that might arise "by reason of the Houston Line joining the Conference". On one point however the older lines refused to give way: the defectors' rebates would not be refunded.

This arrangement might be all very well for Houston and his shippers; but to the Conference loyalists it would be bitter and gall. The preferential contracts made by the established lines with mining houses and other large shippers had been explained away, to some extent, on the ground that they involved only non-mercantile goods; but that argument, clearly, was untenable for the Houston contracts. Another

(1) Cape Times, 15.1.1904.

nail, and a large one, was being hammered into the coffin of shipowner-shipper relations.

The precise implications of these contracts were discussed at Conference meetings early in February 1904.⁽¹⁾ The contracts were of two kinds: those with a guaranteed (fortnightly) service, and those without. Shippers of the latter sort, it was now proposed, should be restricted to Houston, his fewer sailings notwithstanding; those with guaranteed sailings, on the other hand, would be permitted to use the other lines in order to make up a fortnightly service, but their cargoes would not be taken beyond Cape Town. These proposed restrictions, it was apparently hoped, would be found irksome and would compel the Houston men to have done with their troublesome contracts and revert to the status of ordinary shippers. But Houston found this proposal unacceptable: indemnified he might be, but he did not care to invite litigation. He himself, to be sure, was anxious to be rid of such business;⁽²⁾ but at this stage at any rate he preferred to achieve that object through persuasion rather than by stratagems that recked of illegality or dubious morality. So other proposals were made. One mooted a reduction of 2/6 and 1/3 in classes I and II respectively as some set-off to the loyalists; another, smacking of vindictiveness, provided for penalty rates on Houston men who used the other lines' facilities beyond the extent necessary to make up their fortnightly service: these shippers, it was suggested, should be charged an extra 10/- in classes III and IV. Nothing seems to have come of either of these proposals,⁽³⁾ but from later evidence it is clear

(1) Hyde, Shipping enterprise, pp.87-8.

(2) Cf. J.W.Jagger Papers: Jagger - London office, 3.2.1904.

(3) This reconstruction of the formulation of Conference policy is based on Hyde, op.cit. But the treatment of the subject there is tantalisingly brief, and the other references to the Conference are marred by several inaccuracies.

that Jagger for one was charged penalty rates when he used the mailships.⁽¹⁾ The Houston men, thus, continued in the full enjoyment of their contracts, but with the important difference that they might now freely ship by the other lines as well. Later, however, Houston's attitude to his contract-holders seems to have changed: with tariff rates again in operation he no doubt resented having to carry cargo at his old fighting rates, and he raised all sorts of petty charges, legitimate enough in themselves, that he had not previously claimed.⁽²⁾

What were the respective gains of the shipowners now that peace had been declared? The overtures for a settlement had come from the Conference, not from Houston;⁽³⁾ and, while neither party in fact claimed a victory,⁽⁴⁾ it might seem that Houston would be the one to carry off the spoils. But on closer analysis it is plain that he had signed his death-warrant in the South African trade.

To shippers the one advantage of the Houston Line was its lower rates. It is unlikely that merchants felt impelled to support the interloper on any ground of principle: far from seeing Houston the man as a champion of free competition or a crusader against the tyranny of rings, the public by and large looked on his fight against the Conference with scepticism, as one more attempt by a hopeful outsider to get inside the charmed circle. Those shippers that broke away from the Conference did so with their eyes open - not out of any solidarity with the ring-buster but from a keen appreciation of what they stood to gain in hard cash; indeed, they did not scruple to show their hardheadedness, demanding from him guarantees of one sort or another to protect themselves

(1) RCSR V, qq.6454-5.

(2) RCSR V, q.4425.

(3) Rand Daily Mail, 14.1.1904 (report of interview with R.P. Houston).

(4) African World, 16.1.1904, p.547.

should he go over to the enemy. When he ultimately joined the Ring there were jeers of "I-told-you-so!"; and, far from feeling any gratitude, shippers as a body were loud in their denunciations of the disruption he had caused. And even those who had supported him, such as Jagger, were now estranged by his failure to "induce" the Conference to refund the forfeited rebates,⁽¹⁾ or by the grudging way in which their contracts were now carried out.

There would, then, be scant cause for the average shipper to support Houston, now that he was part of the Ring: on the contrary, everything was now in favour of the older lines. There might well be shippers who were indifferent as to which line carried their cargo, and in the nature of things the new Conference line was bound to get business; but when all was said and done he was no longer a rival on the score of rates. He may, of course, have possessed certain non-price advantages in the form of speed, efficiency and so on; but in the absence of firm evidence on this point it is unwise to speculate. What is indisputable is that by the end of 1905 he was complaining of "heavy losses" by virtue of scant cargoes, even going so far as to cancel scheduled sailings from the west coast; and the fact that Clan and Ellerman-Harrison apparently did not share his views on the state of business may perhaps be taken as

(1) J.W. Jagger Papers: London office - Jagger, 23.3.1904. For the wording of the "refund" condition see BRA: agreement between Houston and Fraser & Chalmers Limited, 22.8.1902 (copy).

an indication that Houston was losing out to them.⁽¹⁾

- (1) SASFC VI, p.162. As this source - a circular issued to the trade by Houston - lets some light into dark places it is worth reproducing in full:

Referring to the sailing card recently issued in the joint names of the Clan, Ellerman-Harrison and Houston Lines, on which a sailing is allocated to a "Houston Liner" (name not given), for Algoa Bay and East London, closing Glasgow, January 9th, Birkenhead, January 16th, we beg to inform you that the aforementioned advertised sailing was not only unauthorised by us, but inserted in opposition to our wishes.

We have for some considerable time past protested against the unnecessary, and consequently extravagant, number of steamers despatched to ports in Cape Colony, resulting in heavy losses being incurred on each of the voyages made to these ports by reason of shortage of cargo.

As a protest against this state of affairs we declined to despatch a steamer for Cape Town during December, and as a further protest, notified the other Lines that we would not despatch a steamer for Algoa Bay and East London on the aforementioned date in January, but notwithstanding our arguments and protests the sailing card in question has been issued.

We have pointed out to the other Lines that the same number of departures to Cape Colony ports could be given to shippers by coupling Cape Town with Algoa Bay and East London, and at the same time considerably reduce the losses incurred on these voyages by reason of employing fewer steamers, and thereby increasing the quantity of cargo each vessel would obtain.

We have further pointed out that should the volume of cargo at any time increase, it will be an easy matter to revert to direct sailings to each port, but up to the present our arguments have been unavailing and our protests disregarded.

Under the present state of affairs it is manifest that no reduction in freights can be made to meet the wishes of shippers and consignees without further increasing the losses incurred by the steamers employed in the trade.

As the unauthorised inclusion of a "Houston Liner" in the sailing card referred to may possibly put you to an inconvenience, through relying upon a departure which will not be filled, we have deemed it due to you that you should be advised thereof, and at the same time give you our reasons for not despatching a steamer for the ports and on the dates named in the said sailing card.

It is clear that the new colleagues were uneasy bedfellows. Had the fight been short the reconciliation might have been genuine and the scars less permanent; but the struggle had been vicious, costly and long, and the hostility it had aroused would not easily subside. The older lines, moreover, may well have smarted under the obligation to carry the very cargo that had enabled the intruder to maintain himself for so long, and which indeed was now bringing their own supporters up in arms against them. Little love can have been lost between the two sides in the reconstructed Conference, and Houston must have been well aware that he would be unable to count on his partners beyond the strict terms of the agreement. The older lines were themselves no model of fraternity, to be sure; but their relationships inter se and with Houston would remain on entirely different footings. As has just been seen, by the end of 1905 (if not before) there would be an open rift in the lute.

Houston's shipping interests, indeed, were not confined to South Africa, and he may well have planned to make better use of his ships elsewhere, either in his other trades or by putting them on charter. The imminence, in the closing weeks of 1903, of the Russo-Japanese War lends some weight to this latter supposition: as a shrewd shipowner he would naturally seek to have his hands free to reap the business that war brought in its wake.⁽¹⁾ The outcome of his settlement with the Conference should therefore not be viewed through the prism of the South African trade alone: what he lost there he might have reckoned to gain elsewhere. But, that said, it seems indisputable that for his South African venture that settlement was the beginning of the end. Within a short time, as has been seen, he was complaining of poor cargoes and small profits;⁽²⁾ in a characteristically flamboyant gesture in late 1904 he offered to run at the behest of the

(1) Cf. Cape Times (weekly edition), 20.1.1904.

(2) Vide note 1 on p.204.

Imperial government, provided only he were guaranteed five per cent on his capital;⁽¹⁾ by 1907 he apparently no longer provided a regular service;⁽²⁾ and by 1911 he regarded his line as "inoperative".⁽³⁾

From an economic standpoint, then, his entry into the Conference soon turned sour. But it can be argued that in this instance an economic criterion is the wrong one to apply to the question of victory or defeat. There are natures that exult in battle; and by all accounts R.P. Houston's was one of these. Having made his point that he was entitled to a place in the South African sun, and having humbled his opponents, he was perhaps satisfied. In the long run the eighteen-month war seems to have done little to impair his fortunes: when he died twenty years later he was a millionaire and a baronet.⁽⁴⁾

The other shipowners, for their part, were not without cause for self-congratulation. Having disposed of the intruder they could revert to full rates and fewer sailings; they were bound, it might be, to carry some of Houston's cargo at low rates, but when spread over the several lines the volume could not have been significant. Whatever might be the public's views on victory or defeat, the damaging rate war was over: Houston was in the trade, to be sure, but as a very junior partner withal, carrying little weight in council and outnumbered in sailings by twenty to one on the east coast and nine to one on the west, while in tonnage the odds against him were even greater. His presence in the Conference ranks might be distasteful, but his competition had been neutralised.

(1) SASFC V, p.145 (Houston and Bucknall - Lyttelton, 27.10.1904).

(2) RCSR IV, qq.15401-4.

(3) UCR: Houston - Houlder Brothers, 2.6.1911 (copy).

(4) The Times, 15.4.1926 (obituary).

- - - - -

In South Africa the news that Houston had thrown in the towel caused consternation and dismay. Whatever might be the inwardness of the arrangement between the contending parties, the public had little doubt that the Ring had triumphed once more. The most promising competition ever seen in the trade had been snuffed out; and if Houston with all his resources and skill had been forced to capitulate, then South Africa must despair of ever being delivered from the incubus by ordinary commercial means.⁽¹⁾

Different instances, admittedly, saw the matter in different lights. Those not directly involved as shippers were inclined to stress what they regarded as the broad principles involved: for how long was South Africa to be bullied by the Ring, or consumers to be milked by the shipping companies to make up for the losses of the battle, estimated at some one million pounds?⁽²⁾ But the brunt of the opposition to the reconstructed Conference came not from journalists or consumers but from merchants, and not on abstract or suppositious grounds but on one of greater immediacy - the Houston contracts.

In itself the ending of the fight was bound to be hailed by the mercantile sector with a sigh of relief:⁽³⁾ in merchants' eyes fluctuations in freight rates were a greater evil than the allegedly high level of Conference rates. But it stuck in the throat of the ordinary shipper that "Jagger" contracts, at rates well below the tariff, would not only continue for some years but would also be executed by the Conference lines

-
- (1) This was the trend of opinion in leading newspapers of the period: see, for example, Cape Times, 13.1.1904 (editorial).
- (2) Star, 14.1.1904. The estimate came from British sources - see London Daily Express, 12.1.1904.
- (3) Cf. Transvaal Leader, 14.1.1904.

themselves. If these contracts were persisted in - while the loyalists were simultaneously charged tariff rates - there would be "ructions in the state of Denmark".⁽¹⁾

Coming as it did on top of the notorious special contracts with mining houses, this latest manifestation of the Ring's bad faith was the last straw for the embattled merchants of Johannesburg. Argument and protestations, clearly, had availed nothing; the time for talking was past. There must be an appeal to Caesar; and it was lodged by William Hosken, a prominent importer, who on 19th January 1904 gave notice to the Transvaal Legislative Council of a motion whereby the Transvaal government would convene an inter-colonial commission of enquiry

with the object of devising some means
by which rates of freight now current
may be reduced. (2)

When the motion was debated, Hosken was ready with a proposal: in concert with the other colonies the Transvaal should open an agency in England through which imports into South Africa could be channelled; with massive shipments then at their command, the colonies would be in a strong position to force the Ring's hand on rates. The proposal had little appeal for Pretoria, however: the Transvaal government had problems enough of its own without getting bogged down in cumbrous experiments of this kind. But Hosken's complaint, if not his remedy, struck a responsive chord. Patrick Duncan, the Colonial Secretary, had never reconciled himself to the failure of the Milner initiative on freights in early 1903; now, with the full Conference tariff reimposed, he saw his own gloomy prophecies at that time fulfilled all too well.⁽³⁾ South Africa was sinking

-
- (1) Cf. Transvaal Leader, 19.1.1904 (report of interview with Ludwig Wiener).
- (2) TAD LC 134: Draft motion by Hosken, 19.1.1904.
- (3) TAD LG 145 121/1: Chamberlain - Milner, 16.6.1903, with Duncan's marginal comment.

deeper into the slough of depression: might the time not be ripe for a revival of the attempt to reduce this particular component in the cost structure? Duncan, for the government, therefore aligned himself with Hosken on the general question of freight rates: steps would be taken, he announced, towards convening an inter-colonial conference on the subject.⁽¹⁾

One of Milner's favourite nostrums in the post-war period, inter-colonial conferences had already been held to discuss a number of matters of common concern to the four colonies;⁽²⁾ and the proposal found ready approval in official quarters throughout the country.⁽³⁾ Mercantile response, however, was somewhat muted. A conference of this sort was indeed to be welcomed, as was anything at all that would keep the Ring in the spotlight; but the pressing problem was the Houston contracts and the competitive edge that they gave their lucky holders. In normal times those contracts might have been shrugged off as legitimate albeit annoying competition; in the current depression they assumed forbidding and intolerable dimensions. Government confabulations on the general question of freights were all very well in their way, but too often commissions or conferences of this kind proceeded along leisurely lines and ended inconclusively; what was wanted was action now. While giving its blessing⁽⁴⁾ to the plan, then, organised commerce sought prompter means of its own for bringing the Ring to book. Its campaign would be conducted on two fronts: the shipowners would be asked to give the loyalists fair treatment vis-à-vis the Houston shippers, but simultaneously the possibility would be investigated of using the colonial governments' business as a lever

-
- (1) Debates of the Transvaal Legislative Council, 1.2.1904.
 (2) Cf. W. Basil Worsfold, The reconstruction of the new colonies under Lord Milner, vol. ii, p. 305.
 (3) SASFC I, p. 217 ff.
 (4) Cape Times, 17.6.1904 (Jagger's presidential address to Association of Chambers of Commerce of South Africa); Johannesburg Chamber of Commerce annual report for 1904, p. 26.

to extract concessions on rates.

As was customary and indeed inevitable the approach to the shipowners was made through the South African Merchants' Committee, which was asked by certain Chambers to clarify the position of the Houston contracts and to ascertain whether the Conference lines intended doing anything for their loyal supporters. But to this enquiry the shipowners returned a brusque and arrogant answer.⁽¹⁾ It is a measure of the Committee's own exasperation that, quite unprimed by the more militant spirits in the colonies, it now took the extreme step of demanding "Houston" rates for all and sundry. Such a proposal, as the shipowners were quick to point out, was obviously so inequitable as to be undeserving of a moment's consideration: it was, surely, utterly unreasonable to expect the lines to reduce the rates being paid by thousands of shippers to the level of those granted to a mere handful under the pressure of unprecedented events.⁽²⁾ And indeed the Merchants' Committee, led by the sagacious Garland Soper, could not seriously have imagined that the Conference would give heed to this call; it may be inferred that the demand was made either recklessly by men smarting under a sense of injustice and their own impotence or in the hope that its very enormity might impress the shipowners with the merchants' state of mind, as such a demand coming from such a source could have left them in no uncertainty regarding their customers' feelings.

In calling for parity in rates the Committee invoked the Compact of 1893. But here it was on weak ground. To begin with there was the inconvenient fact that the Committee itself had demurred to reaffirming the Compact when called on to do so in July 1902. This refusal, it is true, had been defended on the ground that by granting preferential rates under the notorious special contracts the Conference lines had breached

-
- (1) Cape Times, 19.4.1904 (meeting of Cape Town Chamber of Commerce); SASFC V, p.142.
- (2) Cape Times, 17.5.1904 (meeting of Cape Town Chamber of Commerce, quoting SAMC minutes).

the Compact; but, be that as it might, the shipowners could now retort that the merchants were asking for an agreement to be upheld which they themselves had previously declined to support. More pertinent still was the fact that when the Conference cut its rates in early 1903 the Committee, while arguing that the "protection" thus afforded was not adequate, had not demanded Houston rates all round: to come at this late stage with the argument that the Compact envisaged that form of protection was therefore singularly unconvincing. At the height of the rate war the claim might have had some force: now, when the fight was over and the opposition had ceased to exist, it was specious. For whatever else the Compact might be taken to envisage, it patently dealt with what were designated "outside steamers"; it was, admittedly, not a formal legal document, but in the light of that terminology the contention now advanced by the merchants - that clause 4 obliged the shipowners to quote identical rates to all shippers - would be impossible to sustain: there were no "outside steamers", and therefore the question of protection against them did not arise. Nor could the merchants be heard to argue that the Conference lines might not discriminate between shippers, as they were now in fact doing: one of the prime objects of a shipping conference is indeed the maintenance of equal rates, but this is designed to serve the shipowners' own ends, not those of their customers. Nowhere in the Compact was it laid down, even by inference, that shippers would be guaranteed parity of rates. If it came to that, the shipowners could plausibly argue that Houston's admission to the Conference was the best "protection" the merchants could desire, insofar as the extension of his low rates to still more defectors was thereby cut short, and at a trifling price. For that matter the competitive edge imputed to the Houston men was more apparent than real: whatever they had gained in low rates was offset by the fewer sailings - fortnightly at best - and by other inconveniences, not to mention the penalty rates that faced people like Jagger in the event of their having to use the mailships.

The Conference lines, then, could legitimately claim that there had been no breach of the Compact on their part: certainly not in the letter and, on any reasonable construction, not in the spirit either. From a review of the circumstances surrounding the Compact's genesis it is plain that the "protection" at issue was related to the competition of casual interlopers and did not contemplate a protracted struggle of the Houston kind - a freight war unprecedented in South African shipping history. Drastic ills call for drastic remedies: the Conference lines had finally been driven to come to terms with the outsider by taking him into their ranks, contracts and all, and in this novel situation it was somewhat naïve for the merchants to imagine that the arrangements made in earlier and simpler days could be applied holus bolus to totally different conditions.

At the lowest, then, the shipowners must be given the benefit of the doubt on the alleged breach of the Compact. But whether they were wise to assume responsibility for Houston's contracts in the way they did is another matter. Houston, after all, was still despatching 28 ships per year: they were divided between the east- and the west coast equally, but in total he was giving a fortnightly service from England. Could the expedient not have been tried of diverting his contract cargoes from the one coast to the other as occasion demanded, even at the cost of some inconvenience to the shipper and some money to the shipowners by way of railage and other handling charges? This indeed may not have been acceptable to all Houston's contract-holders, but some of them, surely, would have been indifferent on the score, and to that extent the Conference ships would have been able to avoid carrying his cargoes. It may also have been possible for Houston to have come to some arrangement with his shippers whereby in return for some slight rate concessions on his part they accepted fewer sailings than their contracts specified, such concessions to be financed by the Conference as a whole; in this way, again, the older lines would have escaped the invidious task of carrying cargo that was held to be harming

their customers.

All this is conjectural and no doubt takes insufficient account of the great pressure on the shipowners to come to a quick agreement with Houston; with so much at stake the niceties of the loyal shippers' position were unlikely to loom large in negotiations that strove to reconcile the shipowners' own conflicting interests, and it would be unreasonable in these circumstances to apportion blame. But it is hard to escape the impression that no thought at all was given to the merchants' predicament.

The shipowners could hardly have been unaware of the depth of feeling against them following their tactics in the Houston war and the concessionary rates they themselves had granted a few powerful importers; they must have realised, too, that the imprimatur now placed on Houston's contracts would inevitably evoke still greater wrath. Some conciliatory gesture was imperative: now if ever was the time to take shippers into their confidence, to explain the dilemma in which the lines had found themselves, and shrewdly to stress the long-term advantages of the new order despite the pain of the transition period. An approach of this kind must have gone a long way to mollify wounded sensibilities and to secure, not acquiescence perhaps, but a greater degree of understanding of the shipowners' point of view. Garland Soper, certainly, was nothing if not a moderate and judicially-minded man, and it is clear that he was not unsympathetic to the shipowners' case: yet even this important ally, instead of being kept apprised of developments and taken into counsel, seems to have been kept at arm's length. (1)

The most damning example of the shipowners' indifference, ineptness or plain lack of candour is to be seen in their

(1) This is the impression that emerges from the SAMC minutes for the months following the admission of Houston to the Conference.

handling of the one undeniably positive result (from the merchants' point of view) arising from the reconstruction of the Conference: the extension of the classification to embrace a new category - class V. Houston, it will be remembered, maintained that he had not accepted the full tariff but had secured reductions "in some important instances". These were never spelled out, but it is a fair inference that his claim related to this new category in the classification. Whereas the lowest tariff rate had hitherto been 22/6, from now on a few items of large bulk and low value would be taken at 20/-.

The introduction of class V is shrouded in some mystery. No public announcement of the change can be traced, nor is there any reference to it in the minutes of the Merchants' Committee. Even William Hosken, certainly one of the larger South African importers, was still unaware of it some months later, and both he and his coadjutors at the freights conference in Johannesburg in August 1904 based their calculations on four classes only.⁽¹⁾ But from later evidence it is plain that the new class came into being in January 1904, the month in which the Houston fight ended.⁽²⁾

It is doing Houston himself no injustice to suggest that it was no sense of obligation to shippers that moved him to seek this reduction in the Conference tariff. He had, it is true, once maintained that even if driven to some agreement with the established lines he would not accept their rates; but it would be unrealistic to suppose that he would now feel bound by vague promises made in the heat of battle and probably for tactical reasons, the more so when his treatment at the hands of the mercantile community is borne in mind. If the reduced rate emanated from Houston, then, it is reasonable to suppose that he saw in it some measure of protection for himself against his new colleagues.

(1) SASFC II, p.31.

(2) RCSR II, p.56.

In the absence of direct evidence on the subject any attempted explanation of this move must rest on conjecture. At first blush it may appear to have been simply a sop to the disgruntled loyalists - some measure of redress for the continuation of the Houston contracts under Conference auspices. There are indeed indications that the idea of a gesture of this sort was a talking-point among the lines at this time;⁽¹⁾ but the evidence is scanty and ambiguous, and in any event the hypothesis is damaged by the fact that for some time to come the new rate seems to have remained unknown to the generality of shippers, including even the Merchants' Committee. It is a strange charity, surely, that takes care to prevent its recipients from enjoying its benefactions. Far from proclaiming their generosity, in fact, the shipowners did not see fit to rebut the widely-held view that rates were bound to rise now that the battle was over. But the hypothesis is also untenable on other grounds: protection, if it were to be worthy of the name, must extend to all cargo, not merely that in the lowest class; of what use would reductions in class V be to a John Garlick while a Jagger merrily shipped at Houston rates in classes I and II?

The question need not be pursued; but, whatever the motive behind class V, the new rate would obviously not meet the general demand for protection against the Houston contracts. So the Merchants' Committee continued to press the shipowners. Years afterwards echoes of this demand would still be heard - and understandably so, as some of the contracts (Jagger's was one) lasted until well into 1907. The Conference lines would pay a high price for this failure to mollify their supporters.

- - - - -

(1) Vide note 3 on p.201.

The South African merchants' second line of attack involved the use of government influence to tip the scales. The precise tactics, however, differed among the several colonies; or, more precisely, between the Cape and the Transvaal, as the Orange River Colony, largely unaffected by the freights controversy, was content to follow her powerful northern sister, while mercantile Natal showed comparatively little interest in the whole affair.

Resentment at "Jagger" rates was most vigorous in Cape Town; and, with John Garlick on the Freights Committee of the Cape Town Chamber of Commerce, action against them was a foregone conclusion. To add to the local merchants' ire at the turn of events in January 1904 was the fact that the Chamber's enquiries to the local agents of the shipping companies drew a blank, being met civilly enough but with a plea of ignorance of the post-Houston arrangements. The position of the local agents, who were themselves members of the Chamber, was unenviable, nor is it here suggested that any blame lay at their door; but the fact that even after repeated enquiry by the Chamber they were unable to spell out the new position is a telling commentary on their principals' attitude to the public.⁽¹⁾

A happy conjuncture in the political heavens added strength to the Chamber's arm. In February 1904 the Sprigg ministry was ousted by Dr Jameson, whose Progressive Party drew its main support from the British element in the Colony and in particular from the mercantile interests located in the ports. The Legislative Assembly now elected, indeed, contained the largest representation of merchants in nearly half a century,⁽²⁾ and Garlick and Jagger were among them.⁽³⁾ Not only was the

(1) Cape Times, 15.3.1904 (report of meeting of Cape Town Chamber of Commerce).

(2) J.L. McCracken, The Cape Parliament 1854-1910, p.56.

(3) Cape Times, 23.1.1904.

new ministry bound to lend a ready ear to its supporters' grievances on the freight issue, but its election platform pledged it to reduce the high cost of living in the Colony;⁽¹⁾ and, beyond this, something of party politics entered into the question, as the opposition South African Party of John X. Merriman was suspected of being tender towards the Union-Castle Line.⁽²⁾ Sir Donald Currie, for that matter, was a vintage pro-Boer, while Percy Molteno, his son-in-law and partner in the firm, had come out openly on that side in the late war, and moreover was known to be Merriman's close friend.⁽³⁾ It is not here suggested that the Jameson ministry was hostile to the mail company on political grounds; but in the nature of things the climate in Cape Colony was likely to be more favourable now to government intervention in the shipping dispute.

In April 1904, then, the Cape Town Chamber of Commerce, having obtained no satisfaction from the shipowners, approached Dr Thomas Smartt, Commissioner of Crown Lands and Public Works, to find out how the wind lay in that quarter.

The wind was fair. Smartt indeed had turned his attention to the subject of freight rates soon after the new ministry assumed office on 22nd February; coached by his Progressive colleague Garlick,⁽⁴⁾ and fortified by the stinging attacks

-
- (1) The Progressive manifesto will be found in Cape Times, 14.9.1903. The promise to reduce "the cost of the necessaries of life" appears to have made a lasting impression: cf. "Excubitor", The political outlook in Cape Colony (African Monthly, December 1907), p.13, and Sir James Tennant Molteno, Further South African recollections, p.119.
- (2) Cf. Cape Times, 1.5.1903 (editorial) and 12.5.1903 (speech by Owen Lewis, Progressive organiser).
- (3) Arthur M. Davey, The British Pro-Boers, chs. I and VI. See also John Nixon, The complete story of the Transvaal from the Great Trek to the Convention of London, p.287.
- (4) NAD PM 98 PMC 113/1904: Smartt - Girouard, 8.4.1904 (copy).

on the Ring that were appearing in his party's chief organ,⁽¹⁾ he sounded the Attorney-General on the legality of the rebate system and the feasibility of legislation against it. The answer he received was discouraging;⁽²⁾ but at that very time a proposal came from Sir Percy Girouard that the Cape and Natal governments combine with the Central South African Railways to wring better terms from the Conference once their current freight contracts had expired. This proposal won Smartt's ready acceptance: he wished, he told Girouard, not only to reduce government freights but also to stop the "overcharging" of the public and to eliminate the "discrimination" shown to "Foreign Shippers".⁽³⁾

The Chamber of Commerce deputation of 16th April 1904 therefore found the Commissioner in a receptive mood; and Smartt, who inveighed against the "pernicious" rebate system, asked the merchants for their suggestions on the best means of using government shipments as a lever to secure freight concessions. As the present freight contract was due to expire at the end of May, the matter was one of some urgency. The Chamber immediately cabled the Merchants' Committee in London, seeking its advice on the prospect of putting the government's business out to tender; but the Committee poured cold water on that idea, stressing that no great good would come of it at the moment, particularly in view of the comparatively small volume of cargo at issue - some 45,000 tons.⁽⁴⁾ But, as a contemporary journal drily observed, the government "being thus advised not to call for tenders, of course did call for tenders".⁽⁵⁾ The forebodings of

-
- (1) Cape Times, 13.1.1904 and 22.1.1904 (editorials).
 (2) CAD T 783: opinion by Advocate Morgan Evans on rebates, 31.1.1904.
 (3) NAD PM 98 PMC 113/1904: Girouard - Smartt, 5.4.1904 (copy).
 (4) Cape Town Chamber of Commerce records: report of Freights Committee, 16.5.1904.
 (5) South African Mines, Commerce and Industries, 21.5.1904, p.241.

the London merchants were borne out, however, as no outside lines tendered; but, although the Cape government was thus thrown back on the Conference lines, the mere fact that business that time out of mind had naturally gravitated to those lines was now being put out to tender must have sounded the tocsin to the shipowners.⁽¹⁾ Smartt, however, had further weapons in his armoury: unaware of Sprigg's concurrence in the Transvaal proposal for an inter-colonial conference on freights, he now put forward such a proposal himself, suggesting that the other colonies support the Cape in an endeavour to secure "more favourable rates and open competition".⁽²⁾ When Jameson announced this to the Assembly on 9th May "the House shouted its approval".⁽³⁾

As has already been suggested, the accession to office of the Jameson ministry marks a new phase in the relationship between the Conference lines and South Africa. Hitherto the shipowners had been able to count on at least the benevolent neutrality of the Cape government: that government, to be sure, had driven hard bargains on its mail contract, and had let drop the occasional incautious remark on shipping matters, but on the whole its relations with the lines, and with the mail company in particular, had been businesslike and uncomplicated by any great concern for importers. This neutrality would now fall away.

- - - - -

-
- (1) Fenchurch Street went so far as to claim that inviting tenders was a breach of the understanding on freight arrived at in 1899 (see page 73, note 4 above), and called for arbitration; but the Cape government ignored this claim - vide SASFC II, p.33.
- (2) CAD T 783: Jameson's minute, 30.4.1904 (also in SASFC I, p.222).
- (3) Debates of the Cape House of Assembly, 10.5.1904. The words quoted are from Cape Argus, 10.5.1904; the Cape Times report of the next morning, however, refers to "loud Progressive cheers".

The bête noire of the Cape merchants was the "Jagger" rates; the importers of the Witwatersrand, on the other hand, were restive under the mining house contracts.

The mainstay of the Johannesburg wholesale merchants was the impressively large trade in mining plant and stores; but in early 1904 this trade was taking a hard knock following upon the general retardation of the gold mining industry.⁽¹⁾ But to this "natural" cause of falling business there was added an artificial one in the shape of a directive from Downing Street that government indents must be placed not through local merchants but through the "usual channels" - the Crown Agents for the Colonies.

This directive, reaffirmed in a time of shrinking trade, touched the Transvaal merchants on the raw, not only as traders but also as citizens and as men. The Rand was the economic hub of South Africa, but was being treated as some piddling Crown Colony with plumed governor and traders in white ducks.⁽²⁾ This was regarded as a gross slight on "a community of singularly independent character and business alertness";⁽³⁾ it was also held to breach an assurance claimed to have been given by Chamberlain on his tour, that while the Transvaal might indeed rank as a Crown Colony in matters imperial it was to be on all fours with a self-governing colony in matters domestic.⁽⁴⁾ The merchants' wounded pride, however, was the lesser aspect of the question: that indeed might be stoically endured, but when their very life-blood

-
- (1) Stafford Ransome: *The engineer in South Africa*, p.119; *Star*, 20.2.1904 (interview with president of the Chamber of Trade); *South African Mines, Commerce and Industries*, 14.5.1904, p.221; *Johannesburg Chamber of Commerce annual report for 1904-5*, p.57.
- (2) Cf. *Rand Daily Mail*, 28.4.1904 (editorial); *Debates of the Transvaal Legislative Council*, 11.7.1904.
- (3) CO 879/85/757: Milner - Lyttelton, 13.7.1904.
- (4) Cf. Cecil Headlam, *The Milner Papers*, vol.II, p.461, and *Johannesburg Chamber of Trade annual report for 1903-4*, p.63 (Chamber - Lieutenant-Governor, 29.4.1904).

was taken by functionaries in London it was time that the trumpet give no uncertain sound.

Although the contretemps was to assume proportions that disturbed even Milner it need not be pursued in detail here.⁽¹⁾ Backed up by their colleagues of the Orange River Colony, the Transvaal merchants made the predictable representations to the Imperial authorities; but Alfred Lyttelton, Secretary of State for the Colonies in Chamberlain's place, refused to sanction a departure from the accepted practice, and indeed added insult to injury by what the merchants took to be innuendoes on their probity. So keenly was the question felt that the Johannesburg Chamber of Commerce and its rival the Chamber of Trade held a rare joint meeting to debate it, at which an "emphatic protest" was recorded against this aspect of Downing Street policy.⁽²⁾ But the organisers also grasped the opportunity to ventilate the subject of shipping freights - an issue before which the Crown Agents controversy, important though it was, "paled into insignificance".⁽³⁾ The two issues, in fact, were regarded in Johannesburg as by no means distinct but on the contrary closely interlinked, inasmuch as the Crown Agents' attachment to the Conference and their failure to support Houston had enabled the Ring to tighten the screw; as a local newspaper put it, "the boundary between the Crown Agents' sphere of influence and that of the Conference Lines would be hard to delimit".⁽⁴⁾

-
- (1) On the controversy: CO 879/83/739, passim; Debates of the Inter-colonial Council of the Transvaal and the Orange River Colony, 3.6.1904; Debates of the Transvaal Legislative Council, 11.7.1904; Johannesburg Chamber of Trade annual report for 1903-4, pp.58-65; Rand Daily Mail, April and May 1904, particularly the editorials.
- (2) The Johannesburg Chamber of Trade, which consisted mainly of merchants dealing in mining material, was a breakaway from the Johannesburg Chamber of Commerce. The two bodies merged in 1910. (L.V.Praagh: The Transvaal and its mines, pp.280-2; African Review, 21.3.1903, p.489; Johannesburg Chamber of Commerce yearbook for 1911, p.1.)
- (3) There is a full report of the meeting in Star (weekly edition), 7.5.1904.
- (4) Rand Daily Mail, 30.4.1904 (editorial).

The second part of the great meeting of malcontents dealt with the freight question, and it was livelier than the first: not all merchants were directly affected by the Colonial Office decision on indents, but all could claim or imagine that they were being hurt by the machinations of the Ring. Rather unbridled language was now used, but the burden of the charge against the shipowners was neither monopoly nor high rates but that running sore the mining house contracts. These contracts were stigmatised as "unjust, unfair and dishonourable": mining houses were importing at rates at least thirty per cent below merchants' (cries of "Shame!"), which placed the merchants in an impossible position; the shipowners, were there a spark of honour among them, would make haste to disburden themselves of the contracts, be the cost what it might; and so on.

The episode is instructive. In general it was the mine-owners' settled policy to place orders through the local merchant houses;⁽¹⁾ by the Chamber of Trade's own showing, direct importation by the mines was a very small thing.⁽²⁾ In the straitened circumstances of early 1904, however, the loss of business by virtue of those obnoxious contracts, minuscule though it might be, loomed dauntingly large. In the ordinary course of events, no doubt, "disloyalty" of this kind on the part of a merchant's customer would have been visited with swift retaliation; but how were the mine-owners - the economic, the social and perhaps even the political power in the land - to be chastised? Baulked here, the traders' wrath was diverted to a safer target - the overseas abettor.

-
- (1) Lionel Phillips: Transvaal problems: some notes on current politics, pp.89, 253; Cd. 3564 (1907), p.34.
- (2) The Chamber of Trade's annual reports contain statements of "direct" imports into the Transvaal, i.e. purchases not made through merchants. For the year ended 30.6.1903 such imports of mining machinery appear to have been less than 5% (by value) of mining machinery imports as a whole - vide report for 1903-4, pp.87 and 96.

The villain thus identified, attention was given to a remedy. Several schemes were mooted at the meeting, but underlying the fervid denunciation of the Ring was the uneasy feeling that organised trade was helpless against men who openly scorned Chambers of Commerce as "debating societies".⁽¹⁾ More powerful batteries were needed; and the government would have to supply them.

The Rand merchants' appeal to Caesar, however, was couched in more concrete terms than that of their Cape compatriots; it also reflected their particular preoccupation. There was no talk here of an open market: what the Transvaal traders sought was, indeed, precisely the opposite, namely uniform rates to one and all;⁽²⁾ and to this end the government was asked to stipulate in its contracts with the Conference lines (through the Crown Agents) that private cargo must be carried at the same rate. In other words, the general public must be given most-favoured-nation treatment - on the rather specious ground, apparently, that in aggregate the mercantile cargo was greater than that of the colonial governments.⁽³⁾ And, to make doubly sure, the several governments were called upon to legislate against any form of differentiation in rates between shippers. These resolutions, adopted enthusiastically at the mass meeting, were conveyed to the appropriate authorities, and to the other Chambers of Commerce throughout the country with an appeal for support.

In Natal the mercantile community seems to have shown only desultory interest in the question, perhaps because the Natal direct lines had suffered less severely than the others under Houston's inroads. The preferential contracts made by the Conference lines were indeed regarded as objectionable,⁽⁴⁾

-
- (1) African Review, 4.6.1898, p.396 (Sir Donald Currie, speaking at a launching ceremony).
 (2) Cf. Transvaal Leader, 22.3.1904 (presidential address to Johannesburg Chamber of Commerce).
 (3) Ibid.
 (4) Durban Chamber of Commerce annual report for 1904, p.22.

but a more responsive chord was struck by the Johannesburg claim for equal rates to governments and merchants alike, as the Durban Chamber of Commerce nourished a distinct if unusual grievance of its own - the low rates that its government had succeeded in wringing from the Conference. These rates, it was held, reacted adversely on the mercantile sector, insofar as the shipowners used them as a pretext for maintaining berth rates at a high level.⁽¹⁾ But this grievance was scarcely the stuff of drama on the Cape Town or Johannesburg scale; and the Natal Chambers of Commerce, while they indeed endorsed the Johannesburg resolutions, were largely content to leave the initiative to Frederic Tatham. His contribution at this stage was twofold: he seems to have induced the Pietermaritzburg Chamber to raise the whole matter with the government, and he was instrumental in placing certain restrictions on Natal's freight contract whereby her hands would be left relatively free to deal with shipping matters in such a way as the outcome of the approaching inter-colonial conference might dictate.⁽²⁾

By the middle of May 1904, then, all the South African governments had entered the arena. Nor were these official moves the only efforts being made to come to grips with the Ring. Leopold Albu, chairman of the General Mining and Finance Corporation, urged the Chamber of Mines to join with the Johannesburg Chambers of Commerce and Trade in a grand chartering scheme that would bring the shipowners to a more amenable frame of mind, in the same way that the local fire insurance ring had recently been tamed;⁽³⁾ Jones of the Chartered Company, seeing his vaunted freight savings crashing about his ears, pleaded with the Transvaal government to succour the British India Line, which was now "the only

(1) Natal Mercury, 1.5.1904.

(2) NAD CSO 1761 4148/1904: Pietermaritzburg Chamber of Commerce - Colonial Secretary, 11.5.1904; Debates of the Natal Legislative Assembly, 17.5.1904.

(3) South African Mines, Commerce and Industries, 23.1.1904, p.1030.

independent line to South Africa";⁽¹⁾ shipowners and others put forward schemes for new lines.⁽²⁾ But whatever their real or alleged merits might be, with the inter-colonial conference at the doors proposals of this sort were not taken up.

- - - - -

Now that an official conference was to discuss the "shipping question" the precise issues at stake called for some elucidation. The matter came up at the annual congress of the Association of Chambers of Commerce of South Africa in June 1904, and it was resolved that "reasonable, uniform and maintained" rates of freight were desirable, that the governments' freight contracts provide for berth cargo to be taken at the same rates, that legislation be passed to prevent discrimination between shippers, and that rebates be made illegal along the lines of the recent Elkins Act of the United States. If these measures were nonetheless insufficient to bring the shipowners to heel, then discriminatory harbour dues should be imposed on Conference ships.⁽³⁾

The substantive motion was proposed by the same William Hosken who some months before had initiated the movement for inter-colonial action on freights. He seems to have been in the habit of tackling a question with somewhat inadequate preparation,⁽⁴⁾ and this was one such occasion. He could apparently see no economic difficulty in the way of

-
- (1) TAD LG 146: Jones - Lawley, 11.3.1904. The B.I.Line did not, in fact, call at South African ports.
- (2) NAD PM 111 and CSO 1762 4490/1904: letters from H.T.van Laun, 26.2.1904 and 2.5.1904 respectively; TAD CS 507: resolution of Executive Council, 26.5.1904; CAD T 783: G.T.Symons & Company - Smartt, 22.7.1904; South African Mines, Commerce and Industries, 4.6.1904, p.286.
- (3) The congress is reported in Rand Daily Mail, 18.6.1904; there is a fuller version in SASFC I, pp.129-32.
- (4) Cf. his discomfiture in the Inter-colonial Council on the subject of insurance (Debates, 5.6.1905) and his faulty estimate of freight savings in his motion in the Legislative Council (Debates, 1.2.1904, read in conjunction with Edward Lloyd's remarks in SASFC VI, p.45).

the shipowners' taking berth cargo at bulk cargo rates; and the inconsistency between calling for rebate abolition on the one hand and demanding "uniform and maintained" rates on the other seems to have eluded him. It eluded others at the congress too, for an amendment that would have deleted those two adjectives was defeated.

That amendment reflected a division in the ranks of South African importers that would bedevil efforts to build a united front against the shipowners. The majority was loud for abolishing rebates; but only a few, such as Jagger, were prepared to face the consequence in the shape of fluctuating rates. The bulk wanted to have their cake and eat it too: not only must there be an open market, but rates must be "uniform and maintained". Ommanney, prejudiced though he was against them, was surely justified in his comment that the South African merchants were unable to grasp the rudiments of the problem. (1)

If the merchants were having difficulty in knowing exactly what it was they were after, the High Commissioner's officials in Pretoria were in scarcely better case; but after some attempts to frame terms of reference for the proposed inter-colonial meeting they came up with a press notice that was neither good syntax nor the clarion call for which the public had been waiting: the conference would meet, it was stated,

to enquire into the charges now obtaining for ocean freight to South Africa, and the disposal of shipping orders by the various Governments, and to endeavour to arrive at some means of securing advantages equal to those enjoyed by the Government for the general public. (2)

Each of the four colonies, it was agreed, would send two delegates, and Rhodesia also would be represented. In the event Natal, the Cape and the Orange River Colony each sent

(1) CO 417/396/42710: Ommanney's minute on Milner's despatch of 28.11.1904.

(2) SASFC I, p.2.

one official- and one private delegate; the Transvaal administration, stressing the great importance of the freight question to the colony's private sector, selected both its delegates from the sphere of commerce and industry. In the course of a meeting of the Cape and Natal premiers with Milner in June 1904, furthermore, it was agreed that the conference should call on the assistance of a shipping expert, but someone unconnected with either shipping interests or with governments; such a man Lyttelton found in Douglas Owen, secretary of a marine insurance company and a recognised authority on shipping law and practice. (1)

Common justice, of course, demanded that the shipowners too be heard; and the Colonial Office invited them to send a representative. But this invitation they declined. The characteristic hauteur of the Conference comes out clearly in the reply made by Sir Francis Evans, whose Olympian detachment was to draw a rebuke from even the gentle Lyttelton: the Conference lines, Sir Francis observed,

are managed in this country, so that
it is impossible for the respective
managements to betake themselves to
South Africa(2)

Not only were they unwilling to "betake" themselves to the country on which their trade depended: they went so far as to question whether the merchants of that country, or indeed even its governments, were to have any voice in shipping matters at all. Such matters, Sir Francis pointed out, were dealt with by the Merchants' Committee in London, and the shipowners were thus

at a loss to understand how third
parties can with advantage to either
side intervene between them, partic-
ularly when no request has been made
by either party for such interference. (3)

-
- (1) CO 417/369/24370: Milner's despatch of 9.7.1904.
(2) SASFC I, p.233.
(3) Ibid.

Although this missive bears the signature of Sir Francis Evans, its tone is that of a typical non possumus from Donald Currie. The agitation in South Africa was no matter of yesterday but had been smouldering for a decade or more; and, while it might be true that the shipowners' proximate customers were the shippers in England, it was surely artless to affect ignorance of the ultimate customers in South Africa.

The shipowners too were determined both to have their cake and to eat it: not content with giving the inter-colonial conference the thumbs-down they appealed to Lyttelton to protect them against it, on the ground that their absence would mean they were being judged unheard.⁽¹⁾ Their unwillingness to go to South Africa was, perhaps, defensible; but they were hardly lacking in local agents there who might have been deputed to attend in their stead: Lachlan MacLean, the mail line's capable agent at Cape Town, would have made an admirable representative. Mutual suspicion among the lines no doubt played a part;⁽²⁾ but a golden opportunity was missed to present the Conference case and perhaps to temper the colonists' mounting hostility.

It is only fair, however, to add that the shipowners had some cause for exasperation, as the preliminaries to the conference were badly managed. The terms of reference were never precisely stated, if indeed they were formulated at all: as has been seen, Milner's officials issued a press notice describing in general terms the objects in view, but matters were subsequently allowed to drift and no terms of reference as such were ever drawn up; on the first day of the conference, indeed, a delegate would assert that "we have no terms of reference".⁽³⁾ The shipowners' reluctance to commit

(1) SASFC I, p.233.

(2) Cf. CO 417/406/27848: Evans - Lyttelton, 5.8.1904 ("it would be quite impracticable to send any one delegate ... to represent the several Lines as a whole").

(3) SASFC II, p.5.

themselves to a meeting of this kind is readily understandable, as is their vexation at its timing - when the continuing depression in South Africa was having serious effects on their trade.⁽¹⁾

Had they been aware of the conference's composition, moreover, their professions of inability to attend would have been turned into an outright and indignant refusal. For the colonies had made the inexplicable and fatal blunder of appointing as delegates two of the shipowners' most relentless critics - Garlick and Tatham. Even one of the minor Conference lines, which moreover had never been at the centre of the freights controversy, would later be moved to protest at the nomination of men

who are responsible for the whole agitation against the shipowners, and who are leaders and instigators of the movement. They have abused us in unmeasured terms for years past ... and it is certainly a travesty of British justice and fair play to ask us to present ourselves before a body of men for trial, who are practically our accusers. (2)

Garlick, of course, was well-known as a hostile critic; he was now also labouring under not only a general grievance but also a specific and personal one - the "Jagger" rates. To take evidence from this man would be one thing; to give him a voice in the conference's judgment another. It is remarkable, indeed, that Garlick did not feel called upon to recuse himself, but the explanation is probably bound up with the nebulous form the conference as yet presented: imagining that the shipowners themselves would be present and that something in the nature of round table talks would take place, he may justly have regarded his nomination as unexceptionable.

(1) SASFC I, p.233 ff.

(2) CO 417/406/43301: John T.Rennie, Son & Company - Lyttelton, 23.12.1904.

Objection could also be taken to the presence of Tatham. As a leading light of the Natal Bar he was unlikely to have a personal axe to grind; but his very eminence in the legal profession could be urged against his being given a voice on matters so far removed from his field. There was also the rather more cogent argument that he had for some years crusaded against the Ring, even propounding the radical idea of a state-owned line. Lawyer or no, a balanced judgment was hardly to be expected from him.

The inter-colonial conference, then was suspect even before it assembled. Its proceedings would do little to allay the shipowners' misgivings.

- - - - -

Hailed as "one of the most important Conferences ever held in South Africa",⁽¹⁾ the South African Shipping Freights Conference gathered in Johannesburg on 23rd August 1904. Cape Colony sent its Treasurer-General, Edgar Walton, as well as John Garlick; Natal its Colonial Secretary (J.G. Maydon) and Tatham; and the Transvaal William Hosken and Harold Strange, President of the Chamber of Mines. The Orange River Colony and Rhodesia were also represented, but their delegates played a minor part and will be left out of this account. Douglas Owen was present as an advisory member. At the conference's first meeting Walton was elected chairman.

Although now in office for only six months, the Cape Treasurer-General was no newcomer to the freights controversy: hailing from Port Elizabeth, where he edited the Eastern Province Herald, he was well aware of the currents among merchants, and he had in fact raised questions in the Cape Assembly back in 1902.⁽²⁾ Before coming to Johannesburg he had made a careful

(1) Rand Daily Mail, 22.8.1904 (editorial).

(2) Debates of the Cape House of Assembly, 25.9.1902 and 14.10.1902.

study of the history of the Cape's freight contracts, and had also taken some pains to secure from Houston's and Bucknall's Cape Town agents a breakdown of the cargoes and the earnings of some of their recent arrivals.⁽¹⁾ To that extent he could not be charged with ignorance; but in neither his official nor his private capacity was he directly involved in freight matters, and on the mercantile and technical aspects of the issues now at stake he would not unnaturally tend to be influenced by the views of his Progressive colleagues, one of whom indeed was now his partner at the conference table.

Be that as it may, his opening address when the conference got down to business hardly ranks as a judicial masterpiece. Observing, truly enough, that freight rates were widely regarded in South Africa as being too high and a heavy burden on the country, he immediately went on to make the ill-judged and sweeping claim that "we know [this] is due to the rebate system". Still more unfortunately, he at once set the tone of the conference by proposing that evidence need not be taken: if that were done, he pointed out, the proceedings would be protracted, but it was unnecessary in any case as evidence already existed "in the form of reports issued by Governments and Chambers of Commerce".⁽²⁾

With little demur the other members fell in with this suggestion, Tatham going so far as to say - in a phrase that would long dog the conference - that

We need take no evidence ... We do not want to prove that the sun is going to rise tomorrow, and it is proving that the sun is going to rise tomorrow to prove that the South African Shipping Ring is adverse to the interests of South Africa and the Imperial interests. We know that, and we do not want to take up our time ... upon that point. (3)

(1) CAD T 783: letters from Houston and Bucknall, August 1904, and MSS notes by Walton.

(2) SASFC II, p.3.

(3) Ibid., p.5.

This breezy approach to an issue that was widely held to be of large importance at the present juncture in South African affairs was in the highest degree impolitic, and would damn the conference in the eyes of fair-minded men; as *The Times* would aptly put it, "the delegates were in such a hurry to pass sentence that they forgot to try the prisoners at the bar".⁽¹⁾ The spectacle of a distinguished lawyer and parliamentarian propounding a doctrine of this kind is not without its piquancy.

Secure in its certitude, the conference turned its attention to a resolution proposed by Hosken. After smiting the ship-owners hip and thigh, this revived his previous suggestion that the colonial governments establish a kind of freight agency in England through which all shipments, both public and private, would be made. With so large a volume of business at their command, the colonies would then be able to extract good terms from the shipowners. This resolution, proposed by one of South Africa's leading merchants, was however brushed aside by Tatham as "academic", on the ground that it merely repeated what "the whole world" knew already. Hosken thus withdrew it; but, to illustrate the type of reasoning that seems to have informed his and others' thinking on shipping matters, some of its assertions will be of interest.

The resolution began with the bald statement that the rates from England to South Africa were "excessive"; but when Walton suggested that some data be added in support of this contention Hosken could only point to the quite exceptional rates then being quoted by the Prince Line for shipment from Liverpool via New York. It was common knowledge that the rates were being quoted simply to fill the Prince ships on their voyage to America, which they would otherwise have made in ballast, and were also a handy weapon in Prince's current

(1) *The Times* (Financial and Commercial Supplement), 6.3.1905 (special article, "Shipping freights to South Africa").

fight with the Conference in American waters;⁽¹⁾ yet Hosken, seriously it must be assumed, gave these as a criterion of the rates in the normal British-South African trade. Quite apart from the fact that the Prince rates were exceptional, furthermore, the difference between the irregular and slow voyages via New York and the regular and rapid sailings from England would put any such comparison out of court. Hosken, to do him justice, seems to have been a trifle uneasy as to his argument; but the fact that it was the best one he could lay his hands on at the moment is instructive.

It may be that he was hesitant because the general level of freight rates was not after all his first concern. The gravamen of his charge against the Ring was the reduced rates for mining houses, and even those for governments: these, the resolution delicately asserted, were "inimical to general South African interests" and would lead to "the disorganisation of trade throughout South Africa". Hosken's objection to contracts of the Wernher, Beit kind was shared by the mercantile community as a whole, and indeed from that standpoint was valid enough; but in what way could government contracts at low rates be said to be harmful? The objection seems to have been grounded in the belief that those low rates were offset by higher rates on berth cargo; this was a plausible assumption, to be sure, and Douglas Owen in the long memorandum he had prepared for the conference supported it.⁽²⁾ But when all was said and done there was no evidence that such was in fact the case; on the contrary, there were a priori arguments that could be urged against it. Government business, which was of a nature usually lending itself to full cargoes, brought economies of scale; it did not follow, thus, that in granting low rates the shipowners "lost" something that must then be recovered from the merchants. Moreover, the conditions surrounding such shipments were not

(1) On the American freight war: British trade depression and the South African shipping ring (supplement to *The Phoenix*, August 1904), pp.10-12.

(2) SASFC I, pp.137-47.

invariably identical with those applying to mercantile business: the 1904 contract with the Crown Agents on behalf of the inland colonies, for example, made provision for "ex ship" rates,⁽¹⁾ whereas berth cargo rates to certain of the South African ports normally included landing. Once again, then, the objection to low rates on government business would fall to the ground.

Even on the premise that the low government rates were eventually made up through higher rates on berth cargo, however, it did not follow that "general South African interests" must suffer in consequence. A John Garlick, to be sure, was ready enough to equate the interests of South Africa with those of her merchants;⁽²⁾ but the general public, and consumers in particular, could be expected to take a different view of this supposed identity; the consumer, certainly, might well have resisted the idea that his government should forego a legitimate price advantage at the instance of a trading community not without its critics on the score of the high cost of living.⁽³⁾

Hosken's motion is important for what it leaves out as much as for what it puts in. After all these years of controversy it is remarkable, surely, that the word "rebate" does not occur.

The omission of any reference to what was popularly held to be the fons et origo of the shippers' plight was a reflection, as already suggested, of the divergence of opinion among the colonial importers. To some extent this difference arose from temperament; but it was compounded by the nature of the trade in which the merchants of the coast colonies and those of the Transvaal respectively were engaged. Garlick, and

(1) SASFC I, pp.108-12; Transvaal Leader, 23.7.1904.

(2) SASFC II, p.48.

(3) Cf. Buchan, The African Colony, pp.220-1.

par excellence Jagger, were for an open freight market: this, they argued, would enable businessmen to strike the best bargain with the shipowners. In a world where other costs varied freely there was something to be said for that viewpoint - although, as Dr Jameson would sardonically remark, it was an opinion "that is modified by the number of storeys each individual merchant has to his warehouse".⁽¹⁾ More simply: the small merchant was for uniform rates, and for exactly the opposite reason - that bargains could then not be struck. The large merchants of the Rand, for their part, were also opposed to an open market,⁽²⁾ but for another reason. As big shippers themselves they were not averse to striking bargains, but they disliked the idea of rates that fluctuated: mining machinery, the main component of the Transvaal import trade, was supplied under contracts of six months at least, and for this class of cargo it was desirable that rates be fixed for a reasonable time ahead.⁽³⁾ The Rand traders wanted rate stability; and so Hosken's resolution, despite the explicit terms of the motion adopted at the congress of the Association of Chambers of Commerce only two months before, steered carefully away from rebate abolition, although it still called for rates that would be "uniform and maintained". Hosken, at any rate, had now come to a somewhat clearer understanding of the complexities of shipping.

Further currents among the delegates may be charted. Not only were there differences between coastal- and inland merchants, but also between merchants and governments; and Maydon and Walton found themselves in an uneasy position. Here were the merchants demanding, in effect, that the gov-

-
- (1) SASFC V, p.6. This however was not invariably so: the large firm of Mosenthal's, interviewed by Douglas Owen in London, came out for stability in freights - vide uncatalogued file on the Freights Conference, HC series in Transvaal Archives.
- (2) Johannesburg Chamber of Commerce annual report for 1903-4 (presidential address); Johannesburg Chamber of Trade records: letter book, 11.5.1903 (Chamber - Soper).
- (3) SASFC II, p.26.

ernments forego their low rates; but such a move would be resisted, and rightly, by the consuming public, nor did it make economic sense in a time of falling revenues. On the general question of their colonies' official relationship with the Conference lines, furthermore, they must look askance at joining in any blanket condemnation of the shipowners, as that relationship had always been businesslike and even cordial, particularly in the case of Natal, who indeed had only recently been favoured with particularly good terms for her official shipments.⁽¹⁾ It would be impolitic, then, for the government members to associate themselves with the more radical demands of the merchants.

This quandary became real when Garlick proposed a motion that condemned the Conference in strong terms. Beginning with the bald assertion that "the present rates of freight enforced by the Shipping Ring ... are excessive and detrimental to the interests of South Africa", it went on to advocate a scheme that in its essentials was the old South African Mercantile Association plan of a "freight clause" in the mail contract that would prohibit discrimination between shippers. Endeavouring to enlist the support of municipalities and other large shippers, the colonial governments would enter into a five-year contract with the Conference: the low rate that this imposing volume of cargo must inevitably secure would then be applicable to all shippers alike. This resolution too made no reference to rebates. But the government members from the Cape and Natal found such censure of the shipowners unacceptable: Maydon went so far as to make the veiled threat that he would withdraw from the conference if the clause were passed, while Walton, seeking to reach the same end by less abrasive means, tactlessly put forward the counter-proposal that the "excessive" rates were the fault not of the shipowners but of the merchants of South Africa, whose failure to act in concert against the Ring's impositions was at the root of the problem. Tempers

(1) Debates of the Natal Legislative Assembly, 17.5.1904.

flared; and, in the solitary vote taken at the conference, Garlick's censure clause was carried 7-3, only Walton, Maydon and a Rhodesian delegate voting against it.⁽¹⁾

Other currents too were now discernible. Tatham had not hammered away at the shipping question since 1899 merely to see the shipowners castigated for high rates: he had his own view of the iniquity of the Ring, and his own solution. Pooling of business was all very well in its way, but if the programme stopped there the evil, far from being destroyed, would be perpetuated, for the root of that evil was the rebate system. A latter-day Cato, he would hold through thick and thin to one notion - that rebates must be destroyed. While supporting the thrust of Garlick's motion, then, he added a long section whereby it might be given teeth in the form of legislative- and administrative action that abolished rebates or nullified their effect.⁽²⁾

It is not necessary, however, and it would be tedious, to follow the conference's proceedings in detail. The delegates faced a difficult task: pressed by Tatham, and for that matter by the recent congress of the Association of Chambers of Commerce, they must stand against the rebate system, but at the same time they must avoid its corollary - the "free market". Far from opening the door to such a market, indeed, the conference must take steps to ensure that there be no rate discrimination between shippers, including even governments.

The outcome was a scheme standing on two legs: combination and legislation. The colonial governments, supported it was hoped by other large importers such as municipalities and harbour boards, would merge their shipments and put them

(1) SASFC II, pp.47-8.

(2) Ibid., p.51 ff. The suggested legislative measures appear to have originated with the Pietermaritzburg Chamber of Commerce - vide NAD CSO 1761 4148/1904: notes on interview with Chamber's deputation, 16.5.1904.

out to tender under a long-term contract; assured of this considerable volume of cargo, the contractor would be able to quote low rates; and all shippers alike, whether signatories to the contract or not, would be entitled to its benefits. Against outside competition the contractor would be protected in two ways. Firstly, the rebate system would be made illegal; secondly, under a complex scheme of differential dues and other discriminatory treatment in the colonial harbours, the outsider's lower rates or other competitive devices would be neutralised and his effective rate brought up to that of the contractor. In short the Ring would be shorn of its main weapon, but fixed and uniform rates would nonetheless be secured. Furthermore, the American anomaly would be rectified, as ships coming from the United States would now be regarded as coming from Europe: their rates, thus, would if necessary be brought up to the level of those in force under the contract.

Such, in broad outline, was the scheme evolved in Johannesburg in August 1904. Details were embodied in an Interim Report,⁽¹⁾ which was submitted to the public, and more particularly the Chambers of Commerce, for comment; and the conference then adjourned. A few general observations on its proceedings are now in order.

If the shipowners showed no disposition to extend the olive branch to their detractors in South Africa, the conference was no more forthcoming towards the merchants in London. Whatever the suspicions of the colonists, the Merchants' Committee was recognised by the shipowners' as the shippers' mouthpiece; yet this body was not so much as notified, officially, of the Johannesburg deliberations. Not only did this display of aloofness and incivility needlessly chill relations between the South Africans and their London counter-

(1) The report appears in SASFC I, pp.5-8 and its conclusions are reproduced in full in South African Mines, Commerce and Industries, 22.10.1904, pp.721-2. Summaries will be found in the leading newspapers for 17.10.1904 and 18.10.1904.

parts, but it also played into the hands of the shipowners: who, as has been seen, had not been slow to take refuge in the assertion that shipping matters were constantly under discussion with the Committee and that the interposition of third parties was not required. The open association of the Committee with the Johannesburg conference would have spiked that particular gun; instead, the South Africans not only now but for some time afterwards studiously ignored those who should have been their main ally.

Douglas Owen, the expert nominated by the Colonial Office and unquestionably the member of the conference with the best grasp of shipping technicalities and problems, fared little better. Before coming to South Africa he had taken some trouble to sound out shipowners and shippers alike, and while at sea he had prepared a balanced and illuminating memorandum on the issues at stake: but this valuable contribution was ignored by virtually all the delegates, and Tatham went so far as to insinuate that he was the shipowners' tool.⁽¹⁾ His essays into the discussions were treated with an impatience and brusqueness verging at times on downright rudeness, and he soon resigned himself to playing a backstairs rôle at most.⁽²⁾ So the conference cast away the chance of profiting from the wisdom of a man able to view an emotional issue with detachment, and one who when back in England might be of some use to the South African cause. Bruised by his experience in Johannesburg, he became a somewhat hostile critic instead.⁽³⁾

The conference, indeed, seems to have been so persuaded of its ability to deal with the intricate questions at issue that it adjourned after a session lasting only three days, although

(1) SASFC II, p.18.

(2) CO 879/85/757: Owen's report, 16.9.1904.

(3) This is apparent from his evidence before the Royal Commission on Shipping Rings in 1908 (RCSR III, qq. 10202-3) and from his textbook "Ocean Trade and Shipping", pp.66-7.

Milner had expected it to continue for some time longer,⁽¹⁾ Once the Garlick-inspired plan of a collective freight contract had been put forward no other scheme was proposed; nor indeed was that plan itself exposed to the pitiless questioning of an advocatus diaboli. The delegates, it seems, were in a hurry to get back to their own affairs,⁽²⁾ Sympathy for them will not be lacking from those with experience of committee work; but the freights controversy was both longstanding and important, and it is fair criticism to suggest that the subject warranted more serious consideration.

- - - - -

The conference's Interim Report was published in October 1904, and for some weeks South Africa buzzed with comment and debate.

Lay opinion, as expressed in newspaper editorials and correspondence, was generally favourable;⁽³⁾ but mercantile views were sharply divided. On all hands there was agreement that something must be done to bring the shipowners to book; but when closely examined the contract plan raised several doubts on points of detail and of principle alike. One monopoly, it was averred, might simply be replaced by another; to approve government interference in this field would be to open a Pandora's box; red tape would strangle enterprise; and so on and so forth. Not surprisingly, the larger merchants jibbed at the notion that rates be uniform to one and all: why should their leverage thus be made of no account?

(1) SASFC I, p.227.

(2) CO 879/85/757: Owen's report, 16.9.1904.

(3) There is a conspectus of South African newspaper reports, editorials and interviews in an uncatalogued file on the Freights Conference in the HC series, Transvaal Archives. A conspectus of British opinion will be found in NAD PM 51 PM 2023/1904.

These divisions in the merchant body can be seen in the responses of the various Chambers of Commerce: the majority, including that of Johannesburg, indeed upheld the contract scheme, but the important Chambers of Port Elizabeth and East London rejected that scheme in favour of the straightforward abolition of rebates.⁽¹⁾ Even where the scheme was accepted the vote was sometimes extremely narrow: in Cape Town Garlick encountered strenuous opposition not only from the shipping interest but from some of his leading colleagues, and the decision was carried by only 22-20, while in the Johannesburg Chamber of Trade the chairman was obliged to use his casting vote in a 7-7 division.⁽²⁾

The scheme met with a further setback at the resumed meeting of the conference in Cape Town in January 1905, when Chambers of Commerce and other interested parties submitted their views on the proposals. While with one exception they were all happy to damn the rates as excessive and the rebate system as pernicious, the majority, and those the more influential, came down squarely against the contract scheme as impracticable⁽³⁾ - a view shared more vehemently albeit sub silentio by the London merchants.⁽⁴⁾ From private sources, moreover, Walton learned that many of the large coast houses wanted neither more nor less than legislation outlawing rebates, and would not touch the Johannesburg plan.⁽⁵⁾

-
- (1) CAD T 783: epitome of resolutions of Chambers of Commerce, and T 784: report of Walton's interview with Port Elizabeth Chamber of Commerce, 6.12.1904.
- (2) Cape Times (weekly edition), 23.11.1904; Rand Daily Mail, 26.11.1904.
- (3) CAD T 783: Walton's summary of evidence taken at Cape Town; SASFC IV, passim.
- (4) Cf. Soper's memorandum of 30.11.1905 (copy in NAD PM 111).
- (5) CAD T 782: Walton - Strange, 11.1.1905; TAD, uncatalogued file on the Freights Conference, in the HC series: H.F.Gill - conference secretary, 14.2.1905.

This opposition reached its peak at the congress of the Association of Chambers of Commerce at Cape Town in February 1905. Hosken, the President, moved the adoption of the Johannesburg proposals; but Jagger's amendment calling instead for legislation against rebates was carried, and by a clear margin of 16-9.⁽¹⁾

The contract scheme having been roundly rejected by the very people for whom it had been designed, the freights conference found itself in a dilemma. To press ahead with the proposal, now, would be fatuous; and in the Cape parliament, at any rate, it would be defeated.⁽²⁾ On the other hand, both the Transvaal and Natal were not prepared to pull merchants' chestnuts out of the fire through legislation against rebates;⁽³⁾ and legislation by the Cape alone, where such action was most in demand, would thus be futile.

The conference began to drift, and its underlying tensions to break into the open. Walton himself was in something of a cleft stick: as the Cape's Treasurer-General he was not enamoured of contentious and intricate but probably ineffectual legislation at a time when the government had its hands full with economic and political difficulties aplenty;⁽⁴⁾ as Port Elizabeth's representative in the Assembly he could not turn a blind eye to the voice of his constituents demanding the destruction of rebates; as chairman of the freights conference he could not lightly abandon the scheme to which it had lent its name. It was but politic, however, that the

-
- (1) Cape Times, 25.2.1905.
- (2) NAD PM 100 PMC 126/1905: Walton - Maydon, (early) March 1905; CAD GH 35/91: Governor - High Commissioner, 5.6.1906.
- (3) CAD T 783: Strange - Walton, 11.1.1905; TAD EC 49: memorandum by Curtis and Hichens n.d. circa October 1904; NAD PM 100 PMC 126/1905: Maydon - Walton, 10.3.1905, and Maydon's draft cable to Natal Agent-General, n.d., circa early March 1905.
- (4) Patricia Cuthbert: The administration of Dr Jameson as prime minister of Cape Colony 1904-1908, passim; M.A.S. Grundlingh: The Parliament of the Cape of Good Hope, with special reference to party politics, 1872-1910, ch.IX; John Hatherley: The effects of the depression after the Anglo-Boer war on Cape politics 1902-1910, passim; G.Seymour Fort: Dr Jameson, pp.258-65.

mercantile community's viewpoint should be decisive; and he opted for legislation against rebates, even drafting a bill himself.⁽¹⁾ But this ran into opposition from Maydon, who came out strongly against it and proposed instead that the tender scheme be put forward for discussion with the shipowners at a round table conference.⁽²⁾

At first glance this disagreement between Cape Colony and Natal is rather curious: the purpose of the freights conference, after all, was to secure lower rates for the public, and without the merchants' cordial co-operation the tender scheme was doomed. But closer examination will disclose solid grounds for Maydon's attitude.

Natal had never shown the same concern with freight rates per se as had the Cape. She had her Tatham, to be sure, but he was notoriously something of a doctrinaire and certainly no practical man of business, and in any event his thrust had always been towards the American anomaly, not freight rates themselves. In participating in the freights conference she was moved as much if not more by considerations involving the rate structure between the colonial ports than those regarding the level of rates as such. And Maydon had in fact scored a notable victory in Johannesburg: the Interim Report, which had been unanimously approved by the delegates, laid down that the contract scheme would not be put into operation before the pattern of rates to the colonial ports had been restructured.⁽³⁾ While perhaps appearing

-
- (1) CAD T 783: Walton's draft second report of the conference; TAD GOV 910 PS 62/2: draft bill.
- (2) TAD, uncatalogued file on the conference, in the HC series: Strange, - Walton, 25.2.1905; NAD PM 100 PMC 126/1905: Maydon's draft cable to Natal Agent-General, n.d. circa early March 1905.
- (3) "The proportionate differences in rates to various ports having first been arranged, the South African Governments should jointly call for tenders"

innocuous, this clause was political dynamite;⁽¹⁾ and it will be necessary to pause here to consider its implications.

- - - - -

The ports of the coastal colonies, which were also among those colonies' leading towns, were directly interested in the volume of traffic, both local and transit, that entered South Africa through their harbours; their prosperity, perhaps their very existence, was derived from that trade, and they naturally looked askance on anything that threatened to injure it. But overshadowing this question of local interests was the crucial rôle played in the revenue of the colonies by railway earnings generated by the transit trade to the north. Direct taxation in the Cape and Natal was of minuscule proportions, and the largest single contribution to their exchequers came from the railways, with customs usually a good runner-up.⁽²⁾ But in these early post-war years a disturbing downward trend in those revenues was emerging. This was attributable to two main causes: the depression that lay over the land, and the growing ascendancy of Delagoa Bay as the favoured port of entry for the Transvaal.⁽³⁾

Delagoa Bay and her railway had long been a rock of offence to the maritime colonies: a decade before, indeed, the dispute with the NZASM had brought Kruger and Chamberlain to the brink of war. In those days the Transvaal, seeking to lessen her dependence on the British colonies, had nourished

-
- (1) It is not clear how Natal managed to get this through in Johannesburg: Walton's notes (CAD T 783) indicate that he wished this aspect of the subject to be left alone, but after what appears to have been only desultory objection by the Cape the clause was allowed to stand. Natal would, however, have been able to count on the support of the Transvaal, as will emerge below.
- (2) See, for example, Hatherley, *The effects of the depression*, app.I; Zbigniew A.Konczacki, *Public finance and economic development of Natal 1893-1910*, p.75. Merriman went so far as to claim that "the whole revenue of the [Cape] Colony is derived from railway freight" - A.3-1900, q.1708.
- (3) G.37-1904, p.2, and G.1-1906, p.20.

the Delagoa Bay line, in particular by manipulating rates so as to secure a large share of the transit traffic; and Milner in 1901, bowing to the force of circumstance, had concluded the controversial modus vivendi whereby the pre-war distribution of traffic among the several railway systems of South Africa had been entrenched.

Viewed solely from the aspect of railway mileage, Delagoa Bay was no doubt the natural port of the Transvaal; but when other factors were taken into account the picture was not so clear-cut. The bulk of seaborne traffic came via the western route, and rates to Delagoa Bay were thus higher than those to the colonial ports, especially in the case of heavy lifts; insurance was higher; harbour facilities were poor; time was lost on account of the successive calls at the other ports along the coast.⁽¹⁾ Costs on the Delagoa Bay - Pretoria line were indeed lower than on the corresponding colonial lines,⁽²⁾ and this fact alone must always ensure a goodly share of the Rand traffic; but if the several disadvantages mentioned were taken into consideration then it would by no means follow that Delagoa Bay must monopolise the trade. In any event, in 1905 the railway to the Transvaal seems to have been unable to cope with the demands being made upon it.⁽³⁾ The coastal colonies were perfectly willing to take their chance in any straight economic contest:

-
- (1) The drawbacks of Delagoa Bay, as listed by the Portuguese, are set out in the minutes of the conference held at Lisbon in November 1905; there is a copy in the Smuts Papers, 102/65. See further Cd.1844 (1903), p.10; Star, 1.3.1905 (report of meeting of Delagoa Bay Chamber of Commerce), and 23.5.1905 (editorial); Johannesburg Chamber of Commerce annual report for 1904-5, pp.65-8; South African Mines, Commerce and Industries, 16.9.1905, p.647 ff.; RCSR IV, q.15089; RCSR V, q.4575 and app; XIID.
- (2) "Report by Mr J.Conacher upon the distribution of overseas traffic between the South African railways", (1908), appendix H.
- (3) Cf. Cape Times 6.6.1905 (letter from T.L.Schreiner).

what stuck in their throats was the "artificial" advantage their rival enjoyed under the modus vivendi, whereby any rate reductions they might make to attract traffic would at once be neutralised by countervailing increases on the part of the Central South African Railways. ⁽¹⁾

Railway rates, however, were not the only element in the final cost of goods delivered in Johannesburg; sea freights, of course, played a part. Might relief not be sought in that quarter?

The pattern of rates to the several ports was a longstanding bone of contention between the maritime colonies, between the ports themselves and between shipowners and shippers. In particular, Natal for some time, but more especially since 1904, had laboured under the grievance that the rates to Durban were unfair in comparison with those to the ports of Cape Colony; while Port Elizabeth and East London, although they obviously had little sympathy with that viewpoint, were themselves in bitter rivalry to snatch every ton of trade they might. ⁽²⁾

-
- (1) On the whole question: The Times (Financial and Commercial Supplement), 7.8.1905 (special article on "Railway Problems"); Cd. 3564 (1907); Jean van der Poel, Railway and customs policies in South Africa 1885-1910, chs. VII and VIII; W.J. Busschau, The development of the Natal Government Railways, ch. VI; C. Verburgh, The competition of South African harbours and Lourenco Marques for the ocean-borne imports of the Transvaal "competitive area" (South African Journal of Economics, December 1957); Cornelis Verburgh, Havens en scheepvaart van Zuid-Afrika, ch. II.
- (2) Cf. Selborne Papers, vol. 49; Selborne - Elgin, 23.10.1906: "The whole politics of South Africa are being subordinated to the interests of a group of merchants at Port Elizabeth, East London and Durban. Neither of these groups is willing to part with a ton of trade to another group, and yet all are constantly inciting their Governments to ... filch as many tons ... as they can from the other groups." Cape Town, it may be remarked, played little part in the inter-port rivalry: her distance from the Rand put her out of the race except for passengers, mails and light goods urgently required.

In any discussion of the subject the nominal rates of freight must be the starting-point: in 1905 these were as follows:⁽¹⁾

<u>Class</u>	<u>Cape Town and Port Elizabeth</u>	<u>East London</u>	<u>Durban</u>	<u>Delagoa Bay</u>
I	42/6	48/9	52/6	55/-
II	31/3	38/9	40/-	42/6
III	25/-	32/6	32/6	35/-
IV	22/6	30/-	30/-	32/6
V	20/-	27/6	27/6	30/-

These differences are striking enough at first glance, but they do not tell the whole story - a point too often overlooked by partisans in the dispute. Whereas the rates to the three easternmost ports included landing, those to Cape Town and Port Elizabeth did not, and to arrive at a true comparison of the landed cost to the importer it is necessary to add the landing charges of 2/- and 3/- respectively.⁽²⁾ Up to the point where his cargo was placed on the wharf, then, his cost would be as follows:

<u>Class</u>	<u>Cape Town</u>	<u>Port Elizabeth</u>	<u>East London</u>	<u>Durban</u>	<u>Delagoa Bay</u>
I	44/6	45/6	48/9	52/6	55/-
II	33/3	34/3	38/9	40/-	42/6
III	27/-	28/-	32/6	32/6	35/-
IV	24/6	25/6	30/-	30/-	32/6
V	22/-	23/-	27/6	27/6	30/-

In the light of these figures Natal's grievance is more readily grasped. To be sure, freight rates are not a simple function of distance; but, that said, there was no obvious explanation of a rate structure that asked merely an extra

(1) NAD PM 64 PM 546/1907: memorandum by Durban Chamber of Commerce, April 1907; RCSR II, p.56.

(2) Landing charges are given in the memorandum of the Durban Chamber of Commerce, loc.cit. It is necessary to add, however, that the whole question of landing charges is both obscure and involved; the nominal figures quoted should therefore be treated with some reserve.

1/- for the long run from Cape Town to Port Elizabeth while claiming from 4/6 to 7/- for the shorter run from Port Elizabeth to Durban, or from 1/3 to 3/9 for the trifling run from East London. But in any event the rate structure seemed to lack a rational basis: why, for example, was there parity of rates between East London and Durban in some classes, or why did the differentials between Port Elizabeth and Durban vary whereas those between Durban and Delagoa Bay were uniform?

An obvious rejoinder to such complaints would have been to stress what was after all the crucial factor in rates from the shipowner's viewpoint: the return to him. Harbour facilities varied widely on the South African coast, and a truer comparison of the several rates would allow for this by the calculation of a "net" rate - the amount received by the ship after the port costs had been met. But such a comparison, unfortunately, is beset with difficulties. The nominal charges at each port are ascertainable; but they were fixed on differing bases, and in practice the sum payable was the function of a number of variables,⁽¹⁾ so that a general model of port costs would have to invoke various assumptions that in the end would give it an air of unreality. Such evidence as is available, however, indicates that port charges per se were not significantly different between the ports - with the great exception of Port Elizabeth, a free port where the ship paid nothing in dues.

Nominal port charges, of course, were not the only costs that confronted the shipowner on the South African coast. Quite apart from dock dues of various kinds - port dues, light dues, crantage, tug services and the like - a harbour might be "cheap" or "expensive" by virtue of its facilities, its efficiency or its physical features. Port Elizabeth, for example, had attractions for the shipowner not only on account

(1) Antonie Troskie Moolman: 'n Histories-ekonomiese ontleding van hawetariewe in Suid-Afrika, chs. II and III.

of its status as a free port but also because landing was handled entirely by lighters: with both sides of the ship being worked simultaneously unloading might be speeded up relative to quayside discharge (in the conditions of the day) and the ship thus clear the sooner. The roadstead of Algoa Bay, furthermore, had a relatively high incidence of good sea weather, so that few working days were lost. But against these attractions there would have to be set the damage and loss inseparable from shipside handling of cargo.⁽¹⁾ East London, by contrast, suffered from relatively adverse weather conditions, which might cause delay in discharge in the roadstead. Buffalo Harbour could, indeed, take all regular callers except the mailships, but berthing was sufficient for five or six ships only, and even then there was some reluctance on the part of the shipmasters to cross the bar, not only on account of navigational hazards but also because the bad weather for which the port was notorious might delay the ship's egress.⁽²⁾

It is difficult to quantify these several elements in the ship's costs, but clearly they would have been given weight in rate-making. Only a few generalisations are possible here. Cape Town was regarded as "expensive", whereas Port Elizabeth was regarded favourably⁽³⁾ - a fact that no doubt accounts to some extent for the parity in rates between these two ports despite the latter's greater steaming distance.⁽⁴⁾

-
- (1) On Port Elizabeth harbour: U.G.13-'26; N.Manfred Shaffer: The competitive position of the port of Durban, chs. II and III.
- (2) On East London harbour: TAD CT 231 T 94/1: Bucknall Brothers and John T.Rennie, Son & Company - Freeland, 27.7.1905 (copy); G.89-1904; q.762 and passim; G.90-1904, qq.262, 315, 320 and passim; A.1-'05, q.195 and passim; RCSR V, qq.1385, 1552-4; Shaffer, op.cit., chs. II and III.
- (3) G. 89-1904, q.762; TAD CT 39: letter from Transvaal government's shipping agents, 5.11.1904; RCSR III, q.8967.
- (4) Cf. U.G.13-'26, p.10.

East London seems to have been bottom in the shipowners' scale of preference; Port Natal, by all accounts, had the most efficient docks of all. ⁽¹⁾

But, while this element in costs cannot here be calculated, it is nonetheless possible to approach a little more closely to the suggested "net" rate by deducting from the nominal freight rate the cost of landing - which, it will be remembered, formed part of the freight to the three easternmost ports. If allowance be made for this the table of rates will be as follows:

<u>Class</u>	<u>Cape Town and Port Elizabeth</u>	<u>East London</u>	<u>Durban</u>	<u>Delagoa Bay (2)</u>
I	42/6	48/3	50/-	50/-
II	31/3	38/3	37/6	37/6
III	25/-	32/-	30/-	30/-
IV	22/6	29/6	27/6	27/6
V	20/-	27/-	25/-	25/-

It cannot be said that these figures take the question much further: if anything, this version of the rates would have strengthened the Natalians' conviction that they were being monstrously dealt with vis-à-vis Delagoa Bay, since the rates for the two ports were now identical. On the other hand, Durban would now appear in a better position with regard to East London. But here too there are complications that serve to warn against hasty conclusions. The landing charge at East London allowed for in this table, it will readily

-
- (1) Cf. G.89-1904, q.762; South African Mines, Commerce and Industries, 5.5.1906, pp.180-1; E.J.Edwards, The amalgamation of the Transvaal and Natal, p.19.
- (2) Except for Delagoa Bay, the landing charges have been taken from NAD PM 64 PM 546/1907: memorandum by Durban Chamber of Commerce, April 1907; but on this point see note 2 on page 247 above. The Delagoa Bay charge varied between 4/- and 7/6 depending on volume and nature of cargo (letter from Transvaal government's shipping agents, 5.11.1904, loc.cit.); 5/- has been taken here as a reasonable estimate of what the Conference ships would have been charged under contract.

be seen, is a mere 6d: this rate applied only to transit traffic, and it must be obvious that it was a nominal charge bearing little relation to the cost involved. Such as it was, however, it covered the landing of goods on the quay from a vessel berthed alongside. But, as already mentioned, it was not always practicable for the ship to enter Buffalo Harbour; and, even when practicable, for some reason or another the ship might elect to stay outside. In such cases discharge would take place in the roadstead, involving a charge of 5/- for lighterage. The extent to which outside discharge occurred cannot be stated with any precision: the East London Harbour Board, as may be imagined, looked upon the eventuality as exceptional, whereas the shipowners for their part regarded it as nothing out of the ordinary.⁽¹⁾ At any rate, the figures given for East London in the table above will clearly stand in need of some qualification. Certainly in those cases where lighterage was necessary the return to the shipowner would be reduced significantly: the gap between rates to East London and to Durban would then widen, thereby lending greater point to Natal's complaint.

But the idea of a "net" rate to the shipowner, arrived at by the simple process of subtracting the nominal landing charge, is itself not free from difficulty. For one thing, there is the likelihood that the contracts between the shipping lines and the (private) boating companies that did the landing were at rates below those quoted to the public generally. Still more pertinent is the consideration that the landing might be done by agencies in which the shipping lines were financially interested. At Durban, for example, the work

(1) On these several points, G.90-1904, p.25; TAD CT 231 T 94/1; Bucknall Brothers and John T.Rennie & Company - Freeland, 27.7.1905 (copy); RCSR V, qq.3385-6; G.29-1908, p.21. East London had long tried to have freight placed on an ex ship basis, but the shipping lines had refused all such overtures - vide Johannesburg Chamber of Commerce annual report for 1898-9, p.36, and Cd. 7707 (1914), q.2687.

was in the hands of a firm largely owned by Donald Currie & Company;⁽¹⁾ in some measure, then, the landing charge incurred by the Union-Castle ships was merely a movement from one of Donald Currie's pockets to another.

Still, with all its limitations the table of "net" rates does bring out, and strikingly, the perhaps simplistic grounds on which the inter-port freights dispute was based. In the light of these figures Natal could plausibly claim that she was being unfairly treated vis-à-vis Delagoa Bay, since the shipowners accepted identical rates to the two ports despite Delagoa's disadvantage of another 300 sea miles. (At Delagoa Bay, it is true, there was the added complication of the German ships that came down the east coast. To that extent the "low" rate to that port might be justified; but the Natalians, even had they been enlightened on the point by the shipowners, would hardly have been appeased by explanations of this kind.) East London, for her part, could point to the glaring anomaly of rates that in four classes out of five were apparently higher than those to Durban; and Cape Town, had she regarded herself as involved in a life-or-death struggle with Port Elizabeth, would no doubt have protested against the parity in rates between them.

Natal's grievance on the subject was becoming an idée fixe. Since 1896 she had spent large sums on her harbour, turning it into one of the finest in the southern hemisphere and certainly the premier port of South Africa in its facilities.⁽²⁾ In particular, the bar had finally been conquered in 1904 and the port opened to the largest ships on the regular run. But despite these things the Conference lines had made no change in their rates: which, it will be remembered, included landing. The boating company's nominal charge for discharge

(1) Rand Daily Mail, 26.11.1902 (letter from F.S.Tatham); UCR: Council minutes, 11.12.1912.

(2) O.P.F.Horwood (general editor): Natal Regional Survey, vol.15: The port of Durban - history and development, ch. one.

alongside the quay now ranged from 1/6 to 2/6; but the Conference rates had been fixed at the time when discharge had taken place in the roadstead, and lighterage charges had ranged from 4/- to 6/6. The shipowners' continued refusal to pass on the notional reduction in their costs rankled with the Natalians.⁽¹⁾ Those harbour improvements, moreover, had been made with an eye not so much to Natal's domestic trade as to the transit traffic to the interior. This trade was the colony's economic mainstay; and in refusing to lower their rates the Conference lines appeared to be not only depriving Natal of her just reward for enterprise but also sucking away her lifeblood.⁽²⁾

In the last analysis, however, it was apparent that little could be done about Delagoa Bay as long as the hated modus vivendi continued in being: if Natal were to gain relief, it must be at the expense of the Cape. That colony, by virtue of the same convention, was in a vulnerable position relative to Natal: for if the latter managed to secure lower freight rates, the Cape would not be able to neutralise them by the simple process of adjusting her railway rates, since the modus vivendi governed the relation between the through rates on the several trunk lines. Sound tactics, then, pointed to a reduction in the freight rates to Durban as the most promising immediate move. But long-term strategy pointed in much the same direction.

Natal tended to look upon the Cape ports rather than Delagoa

(1) NAD PM 111: "Precis on general question of sea freights in their relation to railway rates from the ports to Johannesburg", n.d. circa June 1907; RCSR V, qq.2034, 2046, 2447-8; South African Mines, Commerce and Industries, 5.5.1906, p.181.

The question, however, of the consequential gain by the shipping lines was not as simple as the officials in Pietermaritzburg seem to have thought. For more details on the point see S.C.11-'13, qq.1314-27 and pp.188-90.

(2) The latest customs report would have shown a staggering fall in imports through Durban - from 1,287,508 tons in 1903 to 802,968 tons in 1904 (Natal Colony: report of Collector of Customs for 1904, p.9).

Bay as her main enemy. At first glance this proposition may seem doubtful: each of the Cape ports was significantly farther by rail from the Witwatersrand than was Durban, and (given the disproportion between sea- and rail rates) Durban might seem to be the Transvaal importer's obvious choice among the colonial ports. But in reality certain institutional- and political factors went some way to nullify Durban's apparent advantage over her western rivals. For one thing, under the modus vivendi the rail rates from East London and Durban to the so-called "competitive zone" of the Transvaal had been equalised: with lower sea rates, and ceteris paribus, East London must obviously have an edge over Durban. East London, however, was small fry in comparison with Natal's chief enemy, Port Elizabeth.

This proposition too may seem doubtful, as for her part Port Elizabeth was up against rail rates to the competitive zone that heavily outweighed her apparent advantage in freights, as may be seen from the following table: ⁽¹⁾

	Rail rate				Freight rate				
	Normal	Intermediate A	Intermediate B	Rough	Class I	Class II	Class III	Class IV	Class V
Port Elizabeth	£8. 1.8	6. 3.4	5. 5.0	4.15.0	45/6	34/3	28/-	25/6	23/-
Durban	£7.13.4	5.15.0	4.18.4	4. 8.4	52/6	40/-	32/6	30/-	27/6
Difference (per ton of 2240 lbs) in favour of									
- Port Elizabeth	-	-	-	-	7/-	5/9	4/6	4/6	4/6
- Durban	9/4	9/4	7/6	7/6	-	-	-	-	-

(1) The rail rates are taken from the minutes of the Johannesburg railway conference of February 1905, statement 48. They refer to a Cape ton of 2000 lbs. The freight rates include landing.

The colonial railways and the shipping lines used different classifications, and the precise saving to a Johannesburg importer in delivered cost through the two ports would thus depend on the category into which the goods fell in each case; but it will be seen that the net cost advantage of using Durban ranged from 2/4 to 3/7 and perhaps even to 4/10, although the latter possibility is clearly unlikely. As Durban was also superior to Port Elizabeth in harbour facilities, the only obvious advantage of Port Elizabeth would thus be a saving in time.

But despite what appear to be grave drawbacks Port Elizabeth's trade prospered: starting in 1903 with a smaller share of the transit traffic than East London's she gradually overhauled her sister port and by 1909 was handling tonnage well above the latter's, while she more than held her own, proportionately, with Durban over the same period.⁽¹⁾ This apparent anomaly is not difficult to explain. For one thing, it would be unrealistic to expect an importer's choice of entry point to be governed solely by considerations of comparative transport costs: the existence of vested interests at a particular port, the advantage of consolidating his local- and his transit consignments, and the adequacy of the port facilities, are some obvious other factors that he would take into account.⁽²⁾ To give one example, at Port Elizabeth there were at least two drawbacks attending landing by lighters: the incidence of breakage was high, so much so that fragile cargo was routed via East London,⁽³⁾ and goods such as galvanised iron were exposed to serious damage from spray.⁽⁴⁾ On the score of transport costs alone, however, Durban would clearly seem to have had incontestable advantages over Port Elizabeth. But it was in fact in the very sphere of comparative transport costs that Port Elizabeth was able to

(1) R.822 (1910), statements 25-6.

(2) Cf. "Evidence to the Durban Inner Harbour Enquiry Committee" (1902), pp.112-3; Phillips, Transvaal problems, p.259; RCSR V, qq.4558-9; U.G. No.39-1911, p.16.

(3) G.12-1907, p.40; U.G.13-'26, p.11.

(4) U.G.13-'26, pp.22-3.

score over Durban. The reason for this seemingly perverse state of affairs arose from the universal practice in the shipping trade of charging freight either by weight or by measurement, at the ship's option. It is customary for 40 cubic feet to be taken as the equivalent of one ton; generally speaking, then, bulky goods will pay more than the nominal freight rate. That being so, it is evident that Port Elizabeth's handicap of rail rates might well be mitigated or even swept away by the saving in freight over Durban. If, for example, a consignment of 2240 lbs measured 120 cubic feet it would be rated as three tons; and in that case the actual additional freight for the run from Port Elizabeth to Durban would fall in the range of 13/6 to 21/- instead of the nominal range of 4/6 to 7/-. Durban's advantage over Port Elizabeth in railage to the competitive zone, however, would not exceed 9/4. Under these circumstances, and ceteris paribus, no Johannesburg importer worth his salt would dream of letting the goods go past Algoa Bay.

The degree to which this factor affected shipments as a whole cannot be stated with any precision; a host of variables, clearly, would enter into the equation. But although somewhat fragmentary the evidence on the point is instructive.

At the inter-colonial conference held at Johannesburg early in 1905 W.A.Martin, a prominent Johannesburg merchant, emphasised this aspect of delivered cost: taking a representative sample of sixteen consignments from England to Johannesburg, he calculated the costs according to port of entry. The following table is derived from his data: ⁽¹⁾

(1) Inter-colonial railway conference, Johannesburg, February 1905, minutes of meetings: statements 57-76. See also South African Mines, Commerce and Industries, 18.3.1905, pp.49-50.

	<u>Freight to:</u>		<u>Railage from:</u>		<u>Net saving via Durban</u>
	<u>Port Eliz- abeth</u>	<u>Durban</u>	<u>Port Eliz- abeth</u>	<u>Durban</u>	
By weight alone (incl- uding land- ing)	£237	£274	£1183	£1106	£40 (= $\frac{1}{4}$ 4/10d per ton)
By weight or measure- ment	£398	£469	(Not applicable)		£6 (= $\frac{1}{9}$ 9d per ton)

In other words, if freight were to be calculated on a measurement basis Durban's advantage over Port Elizabeth would virtually be wiped out. But aggregates of this kind may be misleading, and it is more helpful to look at the consignments separately; if this is done it will be found that Durban, although cheaper than Port Elizabeth in six of the consignments, was dearer in the other ten, and in any event was the outright loser in the overall struggle between the ports:

<u>Cheapest port of entry</u>	<u>Number of consignments</u>
Delagoa Bay	7
Port Elizabeth	7
East London	2
Durban	0

Another piece of evidence comes from the data supplied by T.R.Price, general manager of the Central South African Railways, to the Royal Commission on Shipping Rings in 1907.⁽¹⁾ Taking his aggregate imports by the Conference lines over one year, he estimated that about one-fifth had been rated on a measurement- as opposed to a weight basis, and that in consequence the freight on that portion had been 72% above the nominal figure.

Perhaps the most conclusive evidence comes from Conacher's 1908 report on the colonial railways. In an effort to determine once and for all the relative costs of traffic from the coast, the colonies engaged J.R.Conacher, a railway expert from England, to run test trains with similar loads from the

(1) RCSR V, q.4996.

several ports. Transport costs were to be considered in all their ramifications; and, to this end, the Johannesburg Chamber of Commerce compiled a sample covering twenty-seven representative consignments that had come in on Conference ships. This showed that, in aggregate, the consignments could indeed be imported more cheaply through Durban than Port Elizabeth; but, if they came in separately, Port Elizabeth would be cheaper than Durban in ten cases, while Durban once again would in no case be the cheapest port of entry - in those instances where she scored over one rival she was herself trounced by another, usually Delagoa Bay.⁽¹⁾

In short, then, Port Elizabeth was in a position to score heavily over Durban on shipments rated by measurement as opposed to weight. But there were also other devices that might compound the advantages of the Cape ports over Natal. Railway rates had indeed been settled by the Bloemfontein (Railway) Conference of 1903, but it was known that the Cape Government Railways was giving rebates on traffic bound for the inland colonies: at Port Elizabeth, for example, 2/6 was allowed off the landing charge, and a further 2/6 off wharfage, for traffic to Bloemfontein or beyond,⁽²⁾ while at East London there were concessions on crange- and haulage charges.⁽³⁾ Some of these allowances, although perhaps not in the spirit of the Bloemfontein agreement, were open and above board; but there were other and hidden ones, Maydon believed, that were "subversive of the principles of public morality" - as he did not hesitate to tell his counterpart in the Cape.⁽⁴⁾

-
- (1) "Report by Mr J. Conacher upon the distribution of over-sea traffic between the South African railways", (1908), appendix S.
- (2) CAD PEHB 88: report to Harbour Board, 11.9.1905.
- (3) NAD PM 111: "Precis on general question of sea freights", loc.cit. On the whole subject of port concessions see the report of the "Port Rebates Enquiry Committee" of 1909.
- (4) NAD PM 100 PMC 123/1905: Maydon - Smartt, 24.8.1905.

For their part the inland colonies approached the port question from their individual points of view. The Transvaal was tied to Delagoa Bay by the modus vivendi; but a more compelling reason for her leaning towards that port lay in the Central South African Railways. In this period railway earnings constituted a large segment of the revenues of both the inland colonies; and of the several trunk lines the eastern line was far and away the most profitable.⁽¹⁾ Other

- (1) J.W.Jagger, The railways of South Africa (in Addresses and papers read at the joint meeting of the British and the South African Associations for the Advancement of Science, 1905, vol.IV, pp.40-51).

The point emerges very clearly from Conacher's report, as follows (p.20):

"The profits on the [trial-train] traffic ... to Germiston, as a representative point [within] the competitive zone ..., may conveniently be summarised in the following alternative forms:-

(1) TOTAL PROFIT ON EACH ROUTE -

Via Durban	£1,155
Port Elizabeth	1,119
East London	999
Lourenco Marques	869

(2) PROFIT TO EACH RAILWAY ADMINISTRATION -

Cape	Via Port Elizabeth	456
	East London	354
Natal	Durban	705
Central	Lourenco Marques	869
South	Port Elizabeth	663
African	East London	645
	Durban	450

(3) PROFIT IN EACH COLONY -

Cape Colony	Via Port Elizabeth	456
	East London	354
Natal	Durban	705
Orange River Colony	Port Elizabeth	473
	East London	455
Transvaal	Lourenco Marques	869
	Durban	450
	Port Elizabeth	190
	East London	190 . "

things being equal, the Transvaal importer, not only as merchant but as consumer and taxpayer too, would clearly be drawn to Delagoa Bay.⁽¹⁾ This is not to say that the Transvaal was indifferent to an eventual transfer of her import trade to that route alone: her merchants' interests might be bound up with the colonial ports in one way or another,⁽²⁾ and there were of course reasons of state against the growing ascendancy of what was a foreign port. But in the short run she could look with some detachment on the squabble between the ports: certainly she had no intention of playing the philanthropist.⁽³⁾ The Orange River Colony, on the other hand, had thrown in her lot with the Cape. She was as yet unconnected by rail with Natal, except through Johannesburg; she participated in the lucrative transit trade between the Cape ports and the Transvaal; and she conducted her own import- and export trade through those ports. In a word, her economy was closely bound up with Cape Colony's; with Natal she had little to do.⁽⁴⁾

Behind Walton's reluctance to follow up Maydon's proposal for a meeting with the shipowners, then, there was more than the humiliation of having to run to Donald Currie:⁽⁵⁾ Natal, he suspected, was not beyond turning the freights question to her own advantage - at the Cape's expense.⁽⁶⁾ Herein he was a true prophet. Maydon, with precisely that purpose in mind, was determined not to let go of the tender scheme:

-
- (1) The Transvaal point of view is succinctly expressed in R.H.Brand's memorandum of April 1907 (copy in Smuts Papers, 104/1). See also Johannesburg Chamber of Commerce report for 1899-1902, p.32, and for 1904-5, pp.66-8.
- (2) Cf. Phillips, Transvaal problems, p.259.
- (3) Star (weekly edition), 7.10.1905 (editorial).
- (4) Cf. minutes of the Johannesburg railway conference, 1905, p.57; Debates of the Cape House of Assembly, 2.7.1906; G.74-1906, pp.15, 43 and 48.
- (5) NAD PM 100 PMC 126/1905: Walton - Maydon, March 1905.
- (6) Ibid.: Maydon - Prime Minister, 12.5.1905; CAD T 784: Walton's memorandum, November 1905.

whatever else it might achieve, it manifestly opened the door to rectification of the rate disadvantage under which Natal laboured. So Walton held fast to simple rebate abolition, and Maydon to the Johannesburg scheme; neither would budge, and the conference was deadlocked. The High Commissioner, sensing a stiffening in Downing Street against Walton's hard line, threw his weight behind Maydon;⁽¹⁾ but Milner was now a spent force in South Africa and on the verge of departure, and his successor knew little of the tangled freights question and was in any event careful and troubled about many things during his first days of office. Matters continued to drift.

The shipowners for their part had not been left unmoved by the long months of open and outright censure. Criticism from shippers was a normal incident of life and could be shrugged off; detraction that bore the impress of the colonial governments was something else, and must be resisted with might and main. Going over to the attack, they condemned the partisan composition of the Johannesburg conference;⁽²⁾ and when by some devious means its rather too candid Verbatim Report fell into their hands they publicly "made mincemeat" of it.⁽³⁾ Polemics of this kind were natural enough; but the shipowners also showed their teeth by refusing to renew the colonial governments' freight contracts in the usual course, and it took a joint remonstrance by the Agents-General and the Crown Agents to make them more

-
- (1) TAD uncatalogued volume on the Freights Conference, in the HC series: Milner - Maydon, 17.3.1905 (unsigned fragment, but from internal evidence clearly by Milner).
- (2) CO 417/406/43301: John T. Rennie, Son & Company - Lyttelton, 23.12.1904.
- (3) CO 417/421/3445 and 3634: DC&Co - Lyttelton, 31.1.1905 and 3.2.1905 (both are reproduced in "South and East African Freights"; the former was sent to the parliaments of the Cape and Natal). The quotation is from Ommanney's minute. See also *ibid.*, 3569: R.P. Houston & Company - Lyttelton, 2.2.1905.

accommodating, although even then they demanded that there be no changes in harbour regulations to their detriment while the contracts endured.⁽¹⁾

What course the freights conference would have pursued if left to its own devices it is difficult to say; but it now came up against a new element in the shape of the Imperial government.

The Johannesburg proceedings had evoked sardonic comment in the Colonial Office;⁽²⁾ but as the whole question was a technical one it was referred to the Board of Trade. That body poured a copious draught of cold water over the conference's proposals.⁽³⁾ To start with, "serious objection" could be taken to the conference itself, on the ground that in a matter involving such important economic interests there had been no "full and impartial enquiry into the facts". This indeed was merely to state the obvious; but the Board was fertile in forceful criticisms of the proposals themselves. For one thing: would sufficient support be forthcoming from the mercantile sector for so long a contract - five years at least? It was unlikely that a merchant would let himself be tied down for that length of time, surely. Then again, the use envisaged of the colonial harbours was object-

-
- (1) CO 417/403/42160: letter from Crown Agents, 14.12.1904; TAD LG 145 121/1: John T. Rennie, Son & Company - Freeland, 30.12.1904 (copy).
- (2) See, for example, CO 417/396/42710: minute by Lambert on High Commissioner's despatch of 28.11.1904 enclosing the verbatim report ("The proceedings ... have a family resemblance to a very famous trial - that in Alice."); ibid., /421/3445: minute by Ommanney on letter from DC&Co, 31.1.1905 ("What has seemed so astonishing is that Lord Milner has seemed to treat this Conference hitherto quite seriously, and its preposterous resolutions as something to which effect might possibly be given. Perhaps these statements in the verbatim report may open his eyes.").
- (3) CO 417/414/5229: memorandum by Board of Trade, 17.2.1905.

ionable in principle: the proposed privileges in berthing and discharging would impose on the colonial authorities

the invidious task (which it is usually the effort of a government to avoid) of granting favours to certain traders which it withholds from others and of conducting an inquisition into the affairs of all. (1)

In addition there was the question of the mechanics of the thing: difficulties were likely to arise in connection with the countervailing dues. Moreover, legislation against rebates, or to prohibit discrimination between shippers, would open up a hornets' nest. Most weighty of all, however, was the possible impact of the Johannesburg scheme on treaty rights. In short, the Board of Trade declined to lend its support to the colonies' proposals; and in conveying this to the High Commissioner Lyttelton took care to emphasise that

His Majesty's Government should be afforded a full opportunity of expressing their views before any legislative action is taken by the South African Governments. (2)

This was another blow to a body already under a cloud,⁽³⁾ and to Walton's viewpoint in particular. But paradoxically this further nail in its coffin galvanised the conference into life. At a third session, this time in Durban, a compromise between the Walton- and Maydon viewpoints was reached, and it was decided that the conference would proceed to London to discuss with the British government the contemplated legislation: the delegates were also empowered to discuss the shipping question with the Merchants' Committee, with the shipowners, or indeed with anybody; but should the diffic-

(1) CO 417/414/5229: memorandum by Board of Trade, 17.2.1905.

(2) TAD CS 508: Lyttelton - Selborne, 10.6.1905.

(3) Cf. P.A. Molteno Papers: Merriman - Molteno, 26.2.1905 (the conference is "only another instance of Milnerism" and is "pretty well discredited"). See also *ibid.*, Merriman's letter of 17.10.1905, and Cape Times (weekly edition), 22.3.1905 (meeting of Durban Chamber of Commerce).

ulties in the way of implementing the tender scheme prove insurmountable

the Conference recommends that the South African Governments should introduce legislation making illegal, under penalty, Deferred Rebates, Differential Rates of Freight, or the granting of any unequal consideration to any shipper or importer. (1)

With some prospect now in the offing of a definitive settlement of the long controversy, the incipient mistrust among the various elements in the freights conference again raised its head. As will appear, in addition to the rivalry between the coastal colonies there were differences between the official- and the non-official delegates; there were also conflicting objectives being pursued by the Transvaal mercantile sector and by its Cape counterpart. The Transvaal merchants, still under the shadow of the mining house contracts, were willing to tolerate rebates insofar as these facilitated uniform rates, and in this view the Durban merchants concurred; whereas Cape Colony, come fresh from Jagger's triumph at the congress of the Association of Chambers of Commerce and indeed with Jagger himself now in the van,⁽²⁾ was still loud for rebate abolition. Before ever the conference assembled in London its members were at loggerheads, and suspicion and accusation of double-dealing were in the air. The Lieutenant-Governor of the Transvaal found it necessary to lodge a "most emphatic" protest with the High Commissioner against an apparent move by the Cape to assemble the conference even without the Transvaal delegates;⁽³⁾ but the northern colony could scarcely claim clean hands herself, as her lawyers were even then drafting schemes that the Cape in her present mood must find unpalatable.⁽⁴⁾ Both the Cape and the Transvaal, for

(1) SASFC V, p.155.

(2) Cf. Cape Times, 4.3.1905 (Jagger's remarks at a political meeting).

(3) TAD LG 146 121/1: Lawley - Selborne, 1.11.1905.

(4) CO 879/90/743: High Commissioner's despatch of 5.12.1905. See also SASFC V, p.88.

their part, (and in bad faith, Maydon later believed), saw to it that they would each have two delegates in London, while Natal found herself there with only one.⁽¹⁾

With these currents flowing the South African Shipping Freights Conference met in London on 1st December 1905. Its welcome by the British government was in keeping with the northern winter.

Since August 1904 Downing Street had watched the conference and its works with growing disquiet, and had taken some pains to keep it at arm's length, even refusing to distribute its reports to commercial- and shipping interests in England.⁽²⁾ The conference's decision to come to London had indeed been well received: not, it may be said, with any expectation that this would lead to agreement with the shipowners, but rather in the hope that "the ignorance which prevails on the whole subject in those colonies" would be dispelled on exposure to metropolitan realities.⁽³⁾ But now that those provincials were actually at the door the Colonial Office found itself in something of a quandary: what standing did they warrant?

Perhaps not unaware of the way the wind was blowing, the delegates themselves were seeking an imprimatur on the forthcoming conference. Deeming it unwise in "the present state of exaggerated mutual suspicion between the Colonies"⁽⁴⁾ to have one of their own number occupy the chair, they approached Milner: "unemployed"⁽⁵⁾ he might be, but his patronage would

(1) NAD PM 57 PM 151/1906: report of Maydon's address to Pietermaritzburg Chamber of Commerce, 7.2.1906.

(2) CO 417/412/6223: High Commissioner's despatch of 6.2.1905.

(3) CO 417/414/44933: letter from Board of Trade, 20.12.1905 (minute by Ommanney).

(4) CO 879/90/743: High Commissioner's despatch of 28.10.1905.

(5) Vide Winston Churchill's celebrated speech in the Commons, 21.3.1906.

give the conference a certain standing in public estimation. But Milner - perhaps weary from his long labours in South Africa, perhaps wishing to withdraw from public affairs for a time, or perhaps having had his eyes opened by Downing Street to the colonists' infelicities in the controversy - demurred to joining the conference as then constituted.⁽¹⁾ The delegates were thrown back on the Colonial Office for a suitable chairman, and the request brought the whole question of the government's position in the affair to a head.⁽²⁾

The problem with which the approaching conference would seek to grapple was not one merely of South African domestic concern: it opened up a wide vista, and would necessarily affect Imperial trade. Weighty issues of policy were involved; and for that reason at least - quite apart from the fact that Downing Street held no high opinion of the colonies' ability to handle the question - it was undesirable that the proceedings be given any official colour. On the other hand, a body begotten by Milner and now including Dr Jameson - hero of British South Africa and premier of a colony where British supremacy was hanging by a thread - could not with decency or safety be repudiated. In the event a middle course was steered: let the colonies by all means hold their precious conference, but take care to lend it no shadow of official credence. In line with this thinking the Colonial Office refused to supply even so small a thing as clerical assistance; and it was only after a firm stand by the delegates that they were granted the use of a room in the Downing Street building.⁽³⁾ From the official files it is clear that the whole thing was an embarrassment.

- - - - -

-
- (1) CO 417/414/36080: correspondence with Milner, October and November 1905.
 (2) Ibid.: Salisbury - Lyttelton, 1.11.1905 (personal).
 (3) NAD PM 111: Maydon's letter of 29.11.1905.

The composition of the London session of the South African Shipping Freights Conference was significantly different to that of the Johannesburg session fifteen months before. The firebrand Tatham was absent: not because of any difficulty in the way of his being in London (he was in fact there at this very time)⁽¹⁾ but either to avoid an outright clash with the shipowners or because Natal, under the impression that only one delegate from each colony was envisaged, had already chosen her delegate in Maydon, who at this juncture would not stand down. Garlick being unavailable,⁽²⁾ his place had been taken by the more forceful Jagger, widely regarded as the fons et origo of the agitation against the Conference lines; and Jameson, prime minister of Cape Colony, added a touch of weight and class that the conference had hitherto lacked. The Transvaal, adhering to her policy of leaving the shipping question in the hands of her private sector, sent Hosken and H.D.Solomon ("The People's Harry"), an influential Johannesburg merchant. The Orange River Colony and Rhodesia sent a delegate each, the latter choosing the able Henry Birchenough, who in 1903 had presented a masterly report on the trade of South Africa; and, for the first time, the Portuguese were represented. Rebuffed by the Colonial Office and to lesser extent by the Board of Trade - which refused to let its officials take part⁽³⁾ - the conference appointed a Cape civil servant, R.Sothern Holland, as its secretary, and was fortunate in obtaining the services as chairman of a neutral man who would be acceptable to both sides: Sir Alfred Bateman, a respected former officer of the Board of Trade.⁽⁴⁾ It was also agreed, somewhat to Maydon's vexation,⁽⁵⁾ that the South African Merchants' Committee and the South

(1) BOT MT 9/803 M 21958/1906: Hopwood - Churchill, 28.12.1905.

(2) CAD AGL 5: cables between Treasurer and Agent-General, November 1905.

(3) CO 417/414/43117: letter from Board of Trade, 5.12.1905.

(4) SASFC VI, p.1.

(5) SASFC V, p.132.

African section of the London Chamber of Commerce be associated with the conference; and these bodies deputed Garland Soper and Harry Mosenthal respectively. While it is true that the invitation was not spontaneous but had arisen from those bodies' overtures to the Colonial Office,⁽¹⁾ this willingness to hear the London merchants boded well for a united front towards the shipowners and was a welcome change from the attitude that on the shipping question all wisdom dwelt in the colonies.

The conference eventually published not only its minutes but also a valuable verbatim report of the discussions among the delegates and with the shipowners; this report provides absorbing reading, and makes for some drama at the point where after long years of controversy the South Africans finally met their adversaries face to face. But little purpose would be served by a simple summary. The specific issues between the two parties were not dealt with sequentially, but came up in different contexts and at different times; a mere narrative of the proceedings would involve a good deal of repetition and amplification; and the better course will be to isolate the issues and examine them independently. It will be apparent, however, that this approach must impart to the conference's proceedings a degree of rigour and terseness that was not present at the time.

RATES The Johannesburg conference had declared the rates to be "excessive"; and the delegates were now unanimous in calling for a reduction. But on what grounds were they excessive, and what was to be the criterion of the reduction urged? Some nebulous notion of an "open market rate" seems to have dominated the delegates' thinking: the trade was in the hands of a monopoly, and ergo rates were at an "artificial" level; if the fetters were struck away, rates would fall to their "natural" level. But as this hypothetical open market had not been seen in the South African trade for some

(1) CO 879/88/779, p.192.

twenty years at least, and indeed was now to be found on virtually none of the main trade routes of the world, the delegates had some difficulty in laying their hands on a rate that might serve as a yardstick. Garland Soper, however, toyed with the idea of taking charter rates as a touchstone: the Conference lines (to maintain their schedules in the face of accidents or other contingencies) themselves chartered from time to time, and those charter rates might serve as a guide to the "fair" rates the delegates were seeking - after making some allowance, naturally, for the undisputed benefits of the present service.

Here at last was some kind of standard for the shipowners to go on, in place of the sweeping generalisations and unbacked assertions that had hitherto been the South Africans' stock in trade. And Edward Lloyd in a masterly analysis used it to sweep the ground from under their feet. His exposition is so trenchant and of such importance that it warrants presentation here in some detail.

Let it be granted, he agreed, that the charter rate should be the floor. The first difficulty, however, would be to find such a rate. The South African charter market was extremely narrow, the Conference lines for all practical purposes being the only buyers: in so thin a market the rates fluctuated wildly, varying by as much as 10/- in the course of a few days, depending on the ships available and on prospects elsewhere. For all that, let the charter rate be the basis. To Lloyd's knowledge the most recent rate had been 27/6; but this had been fixed for one port of loading and three ports of discharge, and clearly something would have to be added to allow for the further ports being served by the Conference ships at both ends of the voyage. A half-crown per port would be reasonable; so, with Bucknall loading at four ports and discharging at four, an extra ten shillings must be added, bringing the rate to 37/6. But to accept 37/6 would be to imply that the Conference ships were no better than tramps; and at that even the most bitter critic must pause. Their superiority over chartered ships was not denied:

they offered regular and dependable sailings, adequate facilities, and good speed; they gave savings in the form of lower insurance rates and better settlement of claims. But not only must the shipper's side be considered: the shipowner, in tying himself to these arrangements, often found his ships sailing with unfilled holds, and he was surely entitled to look to the shipper for some measure of compensation for the earnings thus foregone; the tramp, after all, waited until she was full. These various factors, although they might indeed be difficult to quantify, must clearly be considered in rate-making; let them be worth 2/6, say, and the charter-based rate would then stand at 40/-. This being a break-even rate, the corresponding tariff would probably be shifted to a higher level than the tariff in force at the moment. So far, then, the charter basis had brought not lower rates but higher. But in any event it would have a fatal flaw for the great bulk of merchants - the rates would inevitably fluctuate, in accordance with the charter market. In short, Soper's proposal was impracticable.

But if that fell to the ground what else could serve as a peg for "fair" rates? Prompted by Jagger, the delegates in an unwary moment plumped for "Houston" rates: these by all accounts, and certainly to Jagger's knowledge, had been some twenty- or twenty-five per cent below the Conference tariff, and it was now proposed that the shipowners be offered the entire government shipments, in return for a reduction of twenty per cent on all cargo.⁽¹⁾

With some justice the stunned shipowners replied that this was "the most astounding proposal [ever] put before a body of business men":⁽²⁾ without having been presented with a particle of proof that the existing rates were "excessive" they were being asked to throw away a large fraction of their

(1) There were some qualifications, but the proposed reduction would undoubtedly apply to the great bulk of cargo.

(2) SASFC VI, p.42.

earnings - and that during a severe depression in the trade. At the best of times the proposal would have been preposterous; now, when some of the lines were not breaking even and ships were laid up, it was rank madness. The shipowners rejected it out of hand.

Deprived of any notional basis for a "fair" rate, the delegates fell back on simple bargaining. But despite long sessions with the shipowners no agreement could be reached: there was too great a gap between the colonists' expectations and the shipowners' grudging concessions. The actual offers and counter-offers may be summarised here: ⁽¹⁾

<u>Class</u>	<u>Existing rate</u>	<u>Reduction proposed by</u>	
		<u>Delegates</u>	<u>Shipowners</u>
I	42/6	2/6	Nil
II	31/3	4/-	1/3
III	25/-	5/-	1/6
IV	22/6	5/-	2/-
V	20/-	2/6	Nil

There are difficulties in the way of translating these figures into percentages. A simple unweighted average of the five classes would clearly be unsatisfactory; but in the absence of any definite knowledge of the distribution of cargoes among those classes it is not possible to calculate a weighted average. Even so old a hand as Garland Soper was unable to form an estimate of this distribution; and a host of variables, it is apparent, would enter into the equation. But from the two sets of rates proposed it is manifest that the parties were never within grappling distance of each other.

It can scarcely be expected of vendors that they are to lower their prices at the mere whim of their customers; but, that apart, it is doubtful whether the shipowners had much room

(1) SASFC VI, pp.155, 161. The rates are for Cape Town.

for manoeuvre. Some of the cargo lines, if not the mail company, went so far as to offer their books to the Merchants' Committee, the London Chamber of Commerce and the Colonial Office;⁽¹⁾ Houston and Bucknall jointly made the brash offer to run their ships at the entire direction of the British government, in return only for a guaranteed five per cent on their capital;⁽²⁾ Lloyd "unhesitatingly" asserted that the cargo business was not paying, and even invited the redoubtable Jagger to examine Bucknall's cost structure so as to satisfy himself on that score;⁽³⁾ Cayzer undertook to furnish evidence that on most of his voyages he was not breaking even.⁽⁴⁾ No doubt assertions of this kind can normally be taken with a pinch of salt; backed up by an appeal to the companies' books, however, they assume a different complexion. Fenchurch Street is on record (in a private communication) as believing that the cargo lines had been doing "very badly" of late,⁽⁵⁾ an opinion that was also held by Mosenthal;⁽⁶⁾ and if the stock exchange be invoked on the score, then certainly the South African shipping trade seems to have held little attraction for investors.⁽⁷⁾ The more level-headed among the delegates to the London conference, indeed, were willing to concede that the lines as a whole were in no position to make wholesale reductions in rates.⁽⁸⁾

-
- (1) SASFC VI, pp.30 and 147; CO 417/421/1876: letter from John T.Rennie, Son & Company, 21.1.1905.
- (2) CO 417/406/37112: letter from R.P.Houston & Company and Bucknall Brothers, 27.10.1904 (reproduced in SASFC V, p.145).
- (3) SASFC VI, p.44. See also Lloyd's remarks at the Bucknall annual meeting a few months later - South Africa, 26.5.1906, p.636.
- (4) SASFC VI, p.46.
- (5) P.A.Molteno Papers: Molteno - Currie, 18.4.1905.
- (6) SASFC VI, p.116.
- (7) Ibid., p.115; Stock Exchanges ten-year record, p.390 ff.
- (8) On this point see further correspondence between the shipping lines and the Board of Trade in April 1906, in BOT 9/803 M 7665, 7666, 7742 and 7743).

In any event, the shipowners could retort that they had been reducing rates for some years past. The tariff as such had remained unaltered, to be sure, but by means of reclassification a large number of items had been put into lower categories, bringing about rate reductions that in some cases were substantial. These changes had been made either as a response to the competition of sailing ships for bulk cargoes or in the normal course of bargaining between shipper and shipowner; but whatever the motive might be the fact itself was indisputable.⁽¹⁾ Whether such changes benefited all shippers equally, or went far enough, is of course another matter.

Against these indications of lean times in the trade, and in the face of the shipowners' expressed readiness to consider further reductions through reclassification, the radicals among the delegates could muster only the threadbare and by now fatuous assertion that the rates were "excessive". The onus of proof clearly lay with the accuser; yet beyond renewed allusions to the notorious special contracts no evidence was forthcoming.⁽²⁾

The large reductions being demanded, it is true, were envisaged as part of a deal that included a guarantee of the governments' cargo for five years, as well as the prospect of a large volume of business from quasi-government bodies and private shippers. In other words, a quid pro quo was involved; and to that extent what seems to be an unreasonable claim for reduced rates must not be judged in isolation. This aspect of the question will be considered below.

Given the position taken up by the mercantile element among the delegates it is safe to say that the rates issue had no prospect whatever of being solved. As the conference pro-

(1) SASFC VI, pp.88-90; BOT MT 9/926 M 539/1912: schedule of freight reductions, 1902-1911, supplied by DC&Co, 27.4.1911.

(2) SASFC VI, p.129.

ceeded the other delegates were to have their eyes increasingly opened to the complexity of the subject: Birch- enough, for example, was sufficiently candid to say that "people in South Africa have talked rather wildly about what is possible [and] expectations have been raised which cannot be fulfilled";⁽¹⁾ while Jameson, whose common sense was a happy feature of the London meetings, with characteristic breeziness would declare on his return to Cape Town that he had learned more in a month around the conference table than in five years at school.⁽²⁾

DISCRIMINATION The dominant question with the Transvaal delegates was not "high" rates but discrimination between shippers; or, perhaps, discrimination between merchants on the one hand and mining houses on the other.

Hosken, with whom the matter seems to have become an obsession, was firm on the score of uniform rates to all; and he sought to bolster his argument by drawing an analogy with the railways of South Africa, on which the principle of uniform rates was maintained. That the elementary difference between rail- and sea transport was apparently not present to his mind is yet another revealing insight into the conference's approach to the complex problems of shipping economics; and Lloyd in a forceful reply nailed the fallacy down:

I was going to say that the principles now enunciated by Mr Hosken cannot fail to be acceptable in the highest degree to us as shipowners, but he leaves out an all-important fact, that it is very easy for you to sit down and adjust all those rates and moneys on your railways, because it is impossible for me to go and put an opposition railway alongside and draw away the traffic. If you will give us that security in the shipping trade, which of course you cannot do, why obviously it would be easy for us to sit down and say (and we would be delighted to do so), we will not give a lower rate ... to the Rand Mines or to the De Beers Company, because they cannot go elsewhere. (3)

(1) SASFC VI, p.120.

(2) Cape Times, 26.1.1906.

(3) SASFC VI, p.61.

The case was simple but unanswerable: as long as competition was feasible the lines must have their hands free to deal with it. Uniform rates, clearly, were wanted by merchants as a means of keeping their competitors on the leash; were the shipowners to be denied a similar weapon in the form of rate concessions? But in any event uniform rates were no guarantee that one shipper might not steal a march on his fellows, as large parcels of business were always open to go by tramp.

The shipowners nonetheless professed themselves ready to consider a policy of non-discrimination. There was indeed an impelling reason for adopting a conciliatory approach on the issue: those special contracts had in the end wrought great mischief, giving little profit but straining relations with the great body of the lines' customers; if a way out could be found, well and good. The shipowners, the delegates were now told, would be happy to refuse such contracts in future - whether with harbour boards, municipalities, mining houses or anybody - if there were a guarantee that the business would not go to outsiders but remain with the Conference. Provided such a guarantee - backed by the colonial governments, the freights conference and the Merchants' Committee - were forthcoming, the shipowners would be willing to contract for a period of years at uniform rates.

It is difficult to decide whether this proposal was serious or frivolous: how could the parties called upon give any such guarantee? But the demand neatly threw on them the onus of finding a way out of the shipowners' dilemma. This onus the delegates tried to discharge by the lame suggestion that, while they could hardly give a guarantee, the parties would "use their influence" to secure general adhesion to the contract; but such nebulous protection against outside carriers the shipowners declined to accept.⁽¹⁾ In this way the whole question of uniform rates came to grief.

(1) SASFC VI, p.109.

It may be asked, however, whether a compromise was not possible. The colonial governments must have wielded some influence over the harbour boards and municipalities; the mining houses wished to work in harmony with the mercantile sector, and would not have stood out had the merchants been solid for the contract; and with Hosken, Jagger and their peers in the van the mass of merchants would have been pleased to follow. There would be the usual renegades and loners, no doubt, but as Mosenthal aptly phrased it,

You cannot bind the whole world, but
you can bind a sufficient number to make
it worth your while... Of that I am perfectly certain. (1)

A trial period of six months or a year might have been adopted; if during that period the Conference lines had found themselves losing business to outsiders' cut rates the agreement could have been terminated by mutual consent or modified as required. But neither side seems to have contemplated any such accommodation of interests: as was too often the case in these and similar negotiations, each party was anxious to secure its own ends and paid scant regard to the other's point of view.

It must be added, however, that the shipowners stood to gain nothing from the proposed contract (which in essence was the Johannesburg scheme) as long as the colonists persisted in their demands on rates. The contract envisaged not merely uniform rates but uniform low rates; as a quid pro quo for these the government cargoes were to be guaranteed for five years, and some minor advantages would accrue to the lines in other directions. But the government shipments, even in normal times, were trifling in comparison with the business of the private sector: for the shipowners to make a general reduction in rates to the level now asked would be disastrous, as the net annual loss of earnings - as calculated by the delegates, it should be noted, not the shipowners - would be something in the region of £500,000. (2)

(1) SASFC VI, p.65.

(2) Ibid., p.118.

Birchenough spoke with the voice of reason when he remarked that there was no trade in the world that could stand such a loss.⁽¹⁾

REBATES In this sphere at all events there was some openness of mind. One of the main points discussed between the delegates and the London merchants was the feasibility of "uniform and maintained" rates in the absence of rebates; and the upshot was the acceptance of Soper's view that the rebate system provided the only practicable means whereby these great desiderata of the typical merchant might be attained. This view was welcome enough to the Transvaal camp; and Jagger, although he expressed a personal preference for the termination of rebates, was prepared to fall in line with his northern colleagues for the sake of unity. With that doughty abolitionist Tatham safely out of the way the conference agreed that the rebate system per se might be tolerated provided certain changes in its mechanism were introduced. Shippers had long complained that payment lay in the sole discretion of the shipowners: if the system were to be retained, the conference now declared, the final say must come from a neutral party. After some deliberation the shipowners agreed that rebate disputes might henceforth go to a committee of two arbitrators, one appointed by themselves and the other by the Merchants' Committee; if these could not agree, then the final decision would lie with an umpire nominated by the Board of Trade. Of more moment was the offer to cut the rebate period from fifteen months to twelve.⁽²⁾

The proposed changes in the modus operandi, it is safe to say, could have involved no great sacrifice by the shipowners. Among their numerous shippers complaints on the score of rebates withheld must have been negligible; to the vast body of shippers there was simply no alternative to the Conference ships, and in any event the average rebate in the shipowners'

(1) SASFC VI, p.120.

(2) SASFC V, p.12.

hands was so small that disputes over it would have been both unprofitable and undignified.⁽¹⁾ It was unlikely that any great call would ever be made on the rather cumbersome machinery now envisaged: at the most, then, justice would henceforth be seen to be done - an outcome that the ship-owners could accept with perfect equanimity.

But with this proposal for a reconstructed rebate system the shipowners coupled a proviso that at once wrecked it: the "concession" was to be contingent on the extension of the rebate circular to embrace shipments from the United States.

It is hard not to sympathise with the shipowners' resentment at the way in which the American rate war had been used against them: since the 1890s they had been hearing of the harm done to British industry by the diversion of trade on account of low rates, and they had been vilified for lack of patriotism in stimulating American exports to South Africa. But with scant regard for "patriotism" themselves the very men loud with such charges had not scrupled to take advantage of those fighting rates; some of those men, the shipowners believed, had indeed been the driving force behind the whole contretemps.⁽²⁾ Patently the American rates were being used as a lever to force down those from England, notwithstanding the fact that the two trades were on entirely different footings. It was well that such hypocritical self-seeking should

(1) In 1911 Sir Charles Cayzer claimed that the average rebate held by Clan was about £20 (BOT MT 9/926 M 12549/1911). The equivalent of this in 1906 (allowing for the changes subsequently made in the basis of the rebate) would have been some £50; but as 1906 was a depressed year in the trade the actual figure would probably have been lower. With its higher-rated cargoes the mail line, on the other hand, would presumably have held a higher average sum.

(2) SASFC V, p.56. The shipowners themselves, however, do not seem to have been above turning "patriotism" to their own account: interviewed shortly after the London conference had ended, one of them made the novel claim that

the object of the Conference lines in adopting the rebate system has simply been to keep the carrying trade between Great Britain and South Africa as far as possible in British bottoms. (South Africa, 6.1.1906, p.25).

be exposed; and this the shipowners now sought to do by the proposal that for rebate purposes American shipments and British should rank as one.

Predictably, the proposal was rejected. On the shipowners' own past showing the Conference lines per se had no connection with the American trade: although some of the lines, or their managers, were in fact active in that trade, they were there in a different guise - so much so, indeed, that the shipowners had hitherto declined even to discuss American matters with the Merchants' Committee. That being so, they could scarcely now bring such questions into the ambit of the trade from England. In doing so they scored a good debating point against their opponents; but as the upshot was the retention of the rebate system in its present form, they threw away the opportunity of creating some measure of goodwill at small cost.

PORT DIFFERENTIALS Not only was the conference up against shipowner intransigence: it was also under strain within. At an early stage in the proceedings Maydon insisted on raising the thorny question of the rate structure between the ports, and he subsequently kept this issue to the fore despite the spirited objection of Jameson and the vexation of the other delegates. In so serious a light did he regard the "preposterous"⁽¹⁾ position of Durban as compared with the Cape ports that he several times threatened to withdraw from the conference if Natal's claim for some rectification of the wrong were not recognised.⁽²⁾ After a good deal of

(1) SASFC VI, p.9.

(2) NAD PM 111: draft statement of withdrawal from the conference. See also SASFC VI, passim, especially the proceedings of 4.12.1905. Maydon seems to have been given to such threats - vide minutes of the Johannesburg railway conference of February 1905, p.57.

wrangling the quick-tempered⁽¹⁾ Natalian accepted a compromise: any reduction in rates would be subject to subsequent adjustment on this point.

This truculence on Natal's part went far to paralyse the conference. The differences in the rates to the various ports were not vitally important in themselves, and there were admitted anomalies in the pattern, to the rectification of which the other colonies would not in substance have offered any great objection. But, as has been seen, these rates could not be treated in isolation: they were part and parcel of the larger problem of the transit trade. A fragile creation, the concordat on railway rates was even now under discussion in Lisbon;⁽²⁾ by entering the room by this side-door Maydon threatened to bring the whole house crashing down. Even if his fellow-delegates should be amenable to this oblique attempt to undo the work of the Johannesburg railway conference of some ten months before - and they assuredly were not - the issue was patently not within the province of the freights conference.

As may readily be imagined, Sir Donald quickly seized on this peripheral issue and astutely turned it into an apple of discord. As will be apparent from the following table, the shipowners' final offer on rates - made after inklings of this dissension among their opponents had reached their ears - indicated a significant shift from the previous one and strikingly favoured Natal:⁽³⁾

(1) Cf. Milner Papers, TAD FK 1132: Sir Henry McCallum - Milner, 22.2.1902, CO 417/369/16397: Newdigate's report on a visit to South Africa, April 1902; W.K.Hancock and Jean van der Poel (eds.), Selections from the Smuts Papers, vol. II, document 432.

(2) Vide the minutes, in Smuts Papers, 102/65.

(3) SASFC VI, p.161.

	<u>CLASS I</u>		<u>CLASS II</u>		<u>CLASS III</u>		<u>CLASS IV</u>		<u>CLASS V</u>	
	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed
Cape Town and Port Elizabeth	42/6	42/6	31/3	30/-	25/-	23/6	22/6	20/6	20/-	20/-
East London	48/9	48/9	38/9	37/6	32/6	30/-	30/-	28/-	27/6	27/6
Durban	52/6	50/-	40/-	37/6	32/6	30/-	30/-	28/-	27/6	27/6
Delagoa Bay	55/-	52/6	42/6	40/-	35/-	32/6	32/6	30/6	30/-	30/-

FREIGHT ADVANTAGE
OVER DURBAN

- Cape Town and Port Elizabeth	10/-	7/6	8/9	7/6	7/6	6/6	7/6	7/6	7/6	7/6
- East London	3/9	1/3	1/3	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The question may also be approached from the point of view of the percentage reductions involved in Currie's proposals: calculated on the basis of simple averages they were as follows:

Cape Town and Port Elizabeth	4,0%
East London	3,5
These ports combined	3,8
Durban	5,5
Delagoa Bay	5,1

Manifestly, these changes were unacceptable to Cape Colony: not only would Natal gain the better part, both absolutely and proportionately, but the differential between Port Elizabeth and East London would be upset. In the rivalry between those two ports the transit traffic, important though it might be, was not the sole consideration: they also vied with each other for local business, and a proposal that threatened to dislocate the established pattern of trade would set them at each other's throats. Jameson's ministry had already been dealt a rebuke in parliament on this very issue, and he must tread warily to avoid a repeat performance;

whatever the merits of Natal's claim for lower rates, concessions on his part at this juncture might well lead to the loss of his tiny majority and bring in Merriman, now waiting impatiently in the wings.⁽¹⁾

Insofar as the proposed reductions predicated a shift in the distribution of the transit traffic they posed certain difficulties for the inland colonies too. Any fall in the total cost of imports must of course be welcomed; but against this would have to be set the loss of earnings by the Central South African Railways consequent upon a transfer of traffic from the Cape to Natal, as the earnings from the Natal line were lower than those from the Cape Colony's Midland- and Eastern lines.⁽²⁾ The Orange River Colony for its part could not look kindly on a proposal that would mean not only the diminution of railway revenues in which that Colony shared but also a drop in local earnings arising from the transit traffic. Maydon thus found himself up against a solid wall of opposition; but his ill-judged insistence on raising the ports issue was a godsend to Currie, and would be a prime reason for the breakdown of the negotiations.

What was behind it? Natal admittedly had some cause to be sensitive on the rate structure, which indeed seems to have rested on no scientific basis but rather had "just growed" in the course of time; but it is inconceivable that Maydon could have been unaware that he was opening up a matter ultra vires the conference or that his proposals would encounter strong resistance. Only a few months before this he had turned down the request of the Durban Chamber of Commerce

(1) Debates of the Cape House of Assembly, 2.6.1905; Ian Colvin, The life of Jameson, vol.II, pp.251-2. For an analysis of Jameson's political position in this period see South Africa, 23.6.1906, p.918.

(2) See page 259 above, note 1.

for a rectification of these rate anomalies on the precise ground that the issue had formed no part of the conference's deliberations in South Africa; ⁽¹⁾ he was aware that the Johannesburg railway conference, in coming up with changes in the railway rates, had left freight rates out of account; ⁽²⁾ he also knew that Jameson's ministry was precarious, and good Briton that he was he naturally shrank from the prospect of a Bond-backed ministry in the sister colony. ⁽³⁾ He was, perhaps, playing a dangerous game of brinkmanship - by threatening to withdraw unless Natal gained her way on the port rates, he may have hoped to wring from Jameson a recognition of Natal's claims; or, at the least, to foreclose any later contention on the Cape's part that any agreement reached with the shipowners had been final.

All this may be true, but in fact there was a more pressing reason for Maydon's embarkation on a course that estranged his colleagues around the conference table. For the past two years the Union-Castle Line had been bringing its mail-ships up to Durban instead of turning them at Cape Town; for this extended service the Natal government paid the company £500 per ship, remitted the harbour dues involved, and gave the ships preference in berthing. ⁽⁴⁾ This service, which eliminated the delay and inconvenience of transshipment lower down the coast, ⁽⁵⁾ had enabled the mail line to secure

-
- (1) Durban Chamber of Commerce records: minute book, 12.9.1905.
 (2) Natal and the Cape, however, drew different conclusions from this fact - vide Chapter IV below, p.298 note 1.
 (3) Cf. his remarks to the Durban Chamber of Commerce, 2.2.1906 (NAD PM 57 PM 151/1906).
 (4) UCR: file, "Natal mail contract", passim. See also A.1-'05, q.122.
 (5) Cf. NAD PM 109: Durban Chamber of Commerce - Prime Minister, 2.12.1901 ("the very word transshipment is fatal").

a good footing⁽¹⁾ in a trade that hitherto had been something of a preserve of the two direct lines; and Natal for her part benefited from the new traffic.⁽²⁾ But the arrangement was due to expire at the end of 1905; and Maydon intended to use it as a bargaining counter in the present negotiations.⁽³⁾ In the event, however, it would prove a broken reed.⁽⁴⁾

LEGISLATION The negotiations having proved abortive, the conference turned its mind to the extreme step of legislation. Hosken and Jagger had come over on the same ship and had occupied their time on the voyage in drafting yet another bill to destroy the rebate system; regarded as "monstrous" by the Board of Trade,⁽⁵⁾ this introduced a fresh element of dissension into the conference ranks. Its very manner of introduction gave offence to some of the delegates: it was "tossed upon the table" without prior intimation, and its sires submitted it to the Board of Trade for comment before ever the conference had officially discussed it.⁽⁶⁾

The bill undeniably contemplated a radical interposition of government in the field of private contract. In brief, it bound the shipowners to abandon rebates and to charge uniform rates to all shippers alike, on pain of dire penalties including imprisonment. To guard against any evasion of these obligations an elaborate machinery was to be set

(1) UCR: Currie - DC&Co, 31.3.1906, and DC&Co - Currie, 25.9.1906.

(2) NAD PM 109: Agent-General - Prime Minister, 7.9.1906.

(3) NAD PM 111: letter from Maydon, 29.11.1905.

(4) Cf. UCR: memorandum by Natal Agency, 2.10.1906.

(5) BOT MT 9/830 MT 23208/1905: minute on Colonial Office letter of 18.12.1905 enclosing draft bill for comment.

(6) NAD PM 57 PM 151/1906: Maydon's address to Pietermaritzburg Chamber of Commerce, 7.2.1906.

up, some flavour of which may be gathered from the following heads of the draft bill: ⁽¹⁾

Prohibition on discharge of merchandise unless provisions of the Act complied with

Prohibition on removal of merchandise from docks ...

Prohibition of ships clearing ...

Arrest of ships

Power to recover penalties by distress levied on ship [i.e. by "sale of the ship, her tackle, furniture and apparel"].

With Natal and the Portuguese adamant that they would decline to introduce such legislation the bill was wrecked from the start; ⁽²⁾ but even stronger resistance was encountered at the Board of Trade, whose new President, David Lloyd George, considered it "a most drastic measure". ⁽³⁾ In order that the delegates might be left in no uncertainty as to its views on the subject, the Board furnished them with a memorandum criticising the proposals in some detail and concluding that

the measure as a whole is open to objection on the broad ground that it sanctions a continuous and elaborate interference by Government in ... contractual relations It has so far been the policy of the Imperial Government to interfere in such matters as seldom as possible and only ... when such interference is proved to be clearly in the public interest. ⁽⁴⁾

Knowing something of the colonists' mood on the shipping question, however, the Board of Trade may well have concluded that lectures of this kind were likely to stiffen resistance rather than weaken it; and a warning was thus

-
- (1) TAD CS 508 and NAD PM 111 (reproduced in SASFC V, pp. 111-6).
- (2) CO 417/434/9232: Currie - Elgin, 8.3.1906; SASFC VI, p.149.
- (3) The Times, 16.2.1907.
- (4) CO 417/414/45636: memorandum by Board of Trade, 27.12.1905.

added against precipitate action:

In the event of the South African Colonies rejecting the suggestion for further inquiry and passing the proposed Bill ... the Board of Trade assume that His Majesty's Government will carefully consider whether the Royal Assent ... should not be withheld. (1)

Here was another dead end. Its several proposals checkmated, there was nothing for the conference to do save to close its proceedings and return to South Africa, there to consider the whole question anew. With mutual recriminations publicly passing between shipowners and delegates, and with one at least of the latter involved in a maladroit but obnoxious attempt to commit his fellows to a one-sided and incorrect version of the outcome of the negotiations,⁽²⁾ the London session of the South African Shipping Freights Conference came to an end.

Further moves, albeit unofficial ones, took place behind the scenes prior to the delegates' departure from England. To some among both delegates and shipowners the whole dispute had increasingly come to wear the guise of "an absolutely personal question" between Currie on the one hand and Hosken and Jagger on the other:⁽³⁾ if any progress at all were to be made, a way would have to be found of getting around this obstacle. To go behind Sir Donald was of course unthinkable: the cargo lines' men, indeed, had the appearance of being more conciliatory,⁽⁴⁾ but given the mail line's preponderance in the trade no deal would be possible without Currie's approval. The two merchants, however, were another

(1) CO 417/414/45636: memorandum by Board of Trade, 27.12.1905.

(2) A statement was issued to Reuter claiming that the colonies had agreed to introduce legislation against the rebate system. This was not true; and the statement was promptly repudiated by Sir Alfred Bateman (South Africa, 6.1.1906, pp.24-7).

(3) RCSR IV, q.21203.

(4) SASFC VI, p.83; NAD PM 109: Maydon - Agent-General, 14.4.1906.

matter: they might be spokesmen for the mercantile viewpoint, but in the last analysis it was the voice of colonial governments that would be decisive; and, to do them justice, these merchants were themselves not averse to the idea that the person to secure still further concessions from the ship-owners was Jameson. With the abrasive elements out of the way the Cape premier, supported by Maydon and Soper, did manage to extract a slightly better offer; but as it too would disturb the pattern of rates between the ports it was not acceptable to Cape Colony, while for her part Natal was less than enthusiastic.⁽¹⁾

- - - - -

The delegates were scarcely back in South Africa before the various interests involved in the freights controversy began to fall out among themselves. With the prospect of some small rectification of her complaint now dangling before her, Natal pressed for Currie's final offer to be accepted; but Cape Colony would have none of it.⁽²⁾ The jealousy between Port Elizabeth and East London stood to be inflamed by the proposed changes, which favoured the latter; and even Cape Town, long indifferent to the rivalry between her sister ports but now spying an opportunity to gain something for herself, entered the fray by claiming lower rates on the score of distance and allegedly superior facilities.⁽³⁾ Moreover, whereas the colonial governments - and especially that of the Transvaal, whose Crown Colony officials were perhaps more attuned to Downing Street nuances⁽⁴⁾ - began to shy away from

-
- (1) NAD PM 57 PM 129/1906: Maydon's minute of 30.1.1906; RCSR V, app. II.
- (2) RCSR V, app. II.
- (3) CAD T 860: Table Bay Harbour Board - Treasurer, 5.3.1906; Cape Times, 3.3.1906.
- (4) Cf. TAD CS 508: memorandum by Curtis and Hichens on the Johannesburg proposals, n.d. circa early November 1904.

legislation against rebates, some influential mercantile opinion was increasingly clamorous for action of just that sort.⁽¹⁾ A further division, it is safe to say, was that between coastal- and inland merchants, since the former were affected not only by rates as such but also by the general prosperity of their ports and perhaps, in some cases, by their own position as the shipping companies' local agents.⁽²⁾

In the event these wrangles were a waste of energy; for when the conference reassembled in Pietermaritzburg on 21st March 1906 for what was to be its final session the High Commissioner placed in its hands a long despatch from Downing Street that rang the knell for prompt legislation against rebates. Sketching the course of the controversy since those far-off days of the first meeting in Johannesburg, Lord Elgin observed that in calling for such legislation the conference was seeking

to render illegal a system which is an integral feature of British trade as at present organised, which the delegates themselves were ready to continue, and which the South African merchants in London hold to be essential to the attainment of one of the main objects of the Conferences [*i.e.* rate stability]. At this stage the question becomes one of more than South African interest and importance.

If rebates are to be penalised by legislation it is obvious that the only satisfactory method is by similar legislation in the Imperial and Colonial Parliaments. It is, however, the deliberate opinion of His Majesty's Government that they could not be a party to any such policy without a far more comprehensive enquiry than has up to the present been possible. Such an enquiry would give an opportunity to all interests to be heard and would cover questions connected with shipping and other allied interests not merely in South Africa but in other parts of the Empire.

His Majesty's Government trust that the

-
- (1) Rand Daily Mail, 27.2.1906 and 1.3.1906 (report of congress of Association of Chambers of Commerce of South Africa).
- (2) Cf. CAD PMO 197: proceedings at the final session of the Freights Conference, Pietermaritzburg, March 1906 (Hosken's remarks, p.21).

South African Governments on consideration will see their way to accept the suggestion for such an enquiry as an essential preliminary towards the settlement of the matter. (1)

Soften this message as Selborne might to the assembled delegates, its import was unambiguous: South African legislation on rebates would be vetoed. The conference, in short, was once again in a cul-de-sac, with nothing to show for its labours save the promise of yet another enquiry and still more delay.

Hosken was all defiance: he had not devoted several years to the subject to see it thus sputter out, and he now moved

That the Conference proceed to discuss the terms of the draft Shipping Rebates Prohibition Act, so that a joint recommendation may be made to the South African Governments to legislate in terms of that Act. (2)

But saner counsels prevailed, and the motion was lost. Tatham, in harness again but reluctantly recognising that action against rebates must be shelved for the time being, then submitted a programme whereby the conference would wash its hands of any further responsibility and place the question squarely on the shoulders of the British government - where indeed it manifestly now belonged. Toned down by the removal of certain abrasive passages, this programme was adopted in the following form: (3)

(a) That this Conference, confirming the decisions of previous Conferences, and the opinions of the Chambers of Commerce throughout South Africa, expresses its deliberate opinion in favour of the principle of abolishing the existing rebate system.

-
- (1) CAD GH 35/90: despatch no. 100, 24.2.1906 (copy).
 (2) TAD CT 141 T 33/65: minutes of the Pietermaritzburg session of the Freights Conference.
 (3) Ibid., read in conjunction with the record of the proceedings in CAD PMO 197.

(b) That, having regard to the terms of the despatch of the Right Honourable the Secretary of State for the Colonies dated 24th February, 1906, this Conference leaves for the present in the hands of His Majesty's Government the responsibility of dealing with the situation.

(c) That this Conference is of opinion that the reduction in rates offered by the Ship-owners is inadequate and objects to the extension proposed by them of the rebate system.

(d) That pending the result of the proposed enquiry this Conference recommends that the Secretary of State for the Colonies be asked to negotiate, in conjunction with the Agents of the Colonies, with the Shipowners for a further reduction in the rates on the basis of

1. Government freights to remain free.
2. All other shippers to be treated alike.
3. Term to be one year.
4. The other conditions as to sailings and arbitration to be as laid down in London at the previous Conference.

(e) That in the opinion of this Conference, the Governments of South Africa should accept any invitation to participate in the enquiry proposed by His Majesty's Government and to appoint delegates and to send witnesses to it.

(f) That having regard to the need for a prompt dealing with the question, His Majesty's Government be urged to enter upon the enquiry at the earliest possible moment, and that it be a suggestion that evidence be also invited and taken in this country.

(g) That this Conference is of opinion that no Contracts for a longer term than twelve months should be entered into by the South African Governments with the Shipowners pending an issue of this question.

The only one of these resolutions that called for any immediate response was (d), wherein Downing Street was asked to approach the shipowners for a reduction in rates beyond that envisaged by Currie's final offer. But Elgin demurred to the idea that he should thus take the colonies' chestnuts out of the fire: the most he was prepared to do was to ask the Conference to implement that offer as it stood. But, as already seen, the offer was unacceptable to the Cape; and the proposal set the cat among the pigeons yet again.

Natal made overtures to Pretoria for support in a stand against Cape obstruction, on the argument that half a loaf was better than no bread;⁽¹⁾ but after some hesitation the Transvaal, along with the Orange River Colony, stood by the Cape.⁽²⁾ Faced with continuing squabbles among the South African colonies, Downing Street declined to proceed any further in the matter;⁽³⁾ and Natal thus found herself out of harmony with her sisters and out of pocket to boot.

On this jangling note the conference's labours came to an inconclusive and inglorious end. After some two years of work there was nothing to be shown; on the contrary, the colonies' amateur but strident approach to a complex economic issue had served merely to heighten the tension between shipowner and shipper. The Houston contracts were still there; the "pernicious" rebate system was unreformed; the "excessive" rates held good; the American anomaly continued. In a straight contest of wills the combined South African governments had been left "humbled and impotent in the hands of the Ring".⁽⁴⁾

Barren of immediate result, the conference had nonetheless played a crucial rôle in the long controversy. It had crystallised attitudes and brought the whole freights question into sharper focus: the colonial governments were now squarely in the arena, and what had been a matter solely of private contract had been transformed into one of public policy. Moreover, the controversy had been raised to a

-
- (1) TAD CT 230 T 94/1: Maydon - Hichens, 6.7.1906 (private).
 (2) NAD GH 1608: "Précis of correspondence and documents on the shipping freights controversy", 18.9.1907.
 (3) CO 879/106/807: Secretary of State - High Commissioner, 24.10.1906.
 (4) (Lionel Curtis et al), The government of South Africa, vol. I, p.229.

higher and more portentous plane, where it would henceforth remain: it had been translated from the domain of domestic colonial interests to that of Imperial trade and policy. And the economic historian, at least, is indebted to the South African Shipping Freights Conference insofar as it was the true progenitor of what to this day has been the most thorough investigation into the origins and mechanics of shipping conferences - the Royal Commission on Shipping Rings.



SOUTH AFRICA'S "OLD MAN OF THE SEA."

Reprinted Daily Mail, 12.1.1906

C H A P T E R I V

THE CRISIS OF 1907

In a moment of exasperation Maydon with characteristic forcefulness remarked that he would prefer to have his throat cut rather than bleed to death.⁽¹⁾ He had in mind his colony's position in the struggle between the ports: the "unjust" discrimination in freight rates, to say nothing of the modus vivendi, was draining her lifeblood away. The Cape's intransigence had now foreclosed even the small measure of relief held out by Sir Donald's final proposals; and the Natalian therefore turned his mind to other means of salvation.

One of these was an offer that had recently been made to Tatham by the shipbroking firm of G.T.Symons & Company, somewhat along the lines of that made to Smartt two years before. The London session of the South African Shipping Freights Conference, if it had done nothing else, had impressed the shipowners with a sense of the depth of mercantile feeling on the subject of special contracts; and when the Wernher, Beit contract itself came up for renewal in January 1906 Fenchurch Street demurred to the inclusion of items that while designated "mining machinery" could plausibly be regarded as merchants' stock-in-trade. Although the differences between the two parties gradually narrowed, agreement on the point was found to be impossible;⁽²⁾ and the upshot was that the supplier - Fraser & Chalmers, in whom the mining house was financially interested⁽³⁾ - turned to Symons instead. Those shipbrokers, encouraged by a Fraser & Chalmers guarantee of 10,000 tons per month, were willing enough to provide tonnage; but additional cargo was needed if the stipulated weekly sailings were to be economic. In

(1) UCR: Natal Agency - DC&Co, 2.10.1906.

(2) BRA: Wernher, Beit - Union-Castle, 8.3.1906.

(3) Ransome, The engineer in South Africa, p.23; RCSR III, p.3751.

an effort to find this additional business the brokers approached Tatham. With the combined cargoes, and possibly others,⁽¹⁾ the projected service looked viable; but for various reasons, among them Symons's refusal to give Durban a rate advantage over Delagoa Bay, the negotiations with Natal came to nothing. No more successful was a proposal from another source, involving a service to Durban via Suez. Maydon thus turned again to the Conference lines and pressed for the implementation of Currie's final offer.⁽²⁾

This request placed Fenchurch Street in an awkward position. Much as the renewal of the Natal mail subsidy was to be desired, particularly in view of the fact that the colony's attitude was hardening,⁽³⁾ there was little room for manoeuvre. Times were still bad in the trade, for both outward- and homeward business;⁽⁴⁾ the Bucknall Line, indeed, was so far from profitable working that it was driven to reducing its registered capital by half;⁽⁵⁾ and in these circumstances the cargo lines would hardly look favourably on any proposal to reduce rates - least of all if this were designed to benefit their dominant partner.⁽⁶⁾ But without the cargo lines' concurrence Fenchurch Street would be hard put to it to meet Maydon's demand. Lloyd indeed had come up with the suggestion that the Natal rates be put on an ex-ship basis, as in that case the nominal difference between Durban and Port Elizabeth would fall to 5/- for all classes, which even the most rabid Natalian must admit was not unreasonable; but, although Sir Donald himself looked with favour on the

-
- (1) Garlick Papers: letter from London agents, 14.7.1906; NAD PM 109: Agent-General - Maydon, 7.9.1906.
- (2) NAD GH 1608: "Précis of correspondence and documents on the shipping freights controversy", 18.9.1907.
- (3) UCR: Natal Agency - DC&Co, 2.10.1906.
- (4) BOT MT 9/803: letters from Clan, Houston, Rennie and Union-Castle, 9.4.1906 and 10.4.1906; P.A.Molteno Papers: James Searle - Molteno, 16.4.1906.
- (5) UCR: MacLean - DC&Co, 26.12.1906; South African Mines, Commerce and Industries, 8.12.1906, p.307.
- (6) NAD PM 109: Agent-General - Prime Minister, 20.7.1906, and Agent-General - Maydon, 3.8.1906.

idea despite the loss it might involve for his African Boating Company, his partners in the firm correctly pointed out that rates to East London would then be higher than those to Durban and fresh complications would thus arise.⁽¹⁾ Enmeshed in the spider's web of inter-port rivalries the shipowners found that attempts to break free only bound them more firmly: whatever they might do to please one party must inevitably antagonise another.

In these circumstances a policy of drift had its virtues;⁽²⁾ and, in any event, the whole question would before long come to wear the aspect of sub judice, for on 30th November 1906 that "more comprehensive enquiry" into shipping to which Elgin had alluded was set in motion with the appointment of a Royal Commission

to inquire into the operation of Shipping "Rings" or Conferences generally, and more especially into the system of deferred rebates, and to report whether such operations have caused, or are likely to cause injury to British or Colonial trade, and, if so, what remedial action, if any, should be taken by legislation or otherwise. (3)

By this time, too, the pressure from Natal had somewhat abated, for Maydon had fallen from power following a change of government. The incoming ministry, to be sure, was equally concerned to right Natal's wrongs in the sphere of freight rates; but the new premier, F.R.Moor, was content to let the matter stand over for a while: he would be attending the Colonial Conference in London in May 1907 and would

-
- (1) UCR: Lloyd - Currie, 2.2.1906, and Currie's note of 6.2.1906.
- (2) Cf. NAD PM 109: Agent-General - Maydon, 3.8.1906, reporting on interviews with shipowners.
- (3) The Statist, 1.12.1906, p.1010; RCSR I, p.i. Although the South African agitation was the principal force behind the Commission's creation, unrest in other trades also played a part - vide RCSR II, app. II, and Bach, A maritime history of Australia, p.174.

then take the opportunity of talking the matter over with Sir Donald. The rate question therefore hung fire for a few months. ⁽¹⁾

By the time the two men met, homeward rates had been added to the agenda. Moor came seeking concessions for Natal's maize export trade; more precisely, he wanted a rate drastically below even the reduced rate of 15/- that had already been quoted by the local agents of the homeward-loading lines. ⁽²⁾

There were sound economic reasons behind the demand. The maize crop of the inland colonies had recently grown to such proportions that the traditional outlet for Natal maize - the Witwatersrand mines - was shrinking at the very time that the coast colony's output was rising by leaps and bounds. The bumper crop of 1907 presaged a disastrous break in local prices; but it so happened that tempting prices were then prevailing in Europe. Hard hit by the recent Bambata rebellion, Natal was ready to turn her hand to whatever might offer financial relief; and, among other possibilities, an export trade in maize held distinct promise. A determined attempt, then, would be made to put maize exports, hitherto minuscule, on a proper and profitable basis. ⁽³⁾

To this end the government itself entered the trade: maize was subvented in various ways, and the Agent-General undertook to receive and dispose of shipments; the entire transaction, between delivery at the railhead and receipt of the proceeds, was taken out of the producer's hands, all the work being performed by the government at nominal charge. ⁽⁴⁾ But

(1) UCR: MacLean - DC&Co, 26.12.1906.

(2) NAD PM 111: "Notes for the Prime Minister [on] special freight for mealies", n.d. circa April 1907.

(3) On the pioneer period of maize export: Transvaal Leader, 27.12.1907 (special article); Burtt-Davy, Maize, ch. XII; Herbert Frankel, Co-operation and competition in the marketing of maize in South Africa, ch. I; M.D. Marais, Ontwikkeling van die mielienywerheid in Suid-Afrika, ch. IV.

(4) TAD CT 87 T 1/27: "Arrangements introduced by the Natal Government for the export of mealies", n.d. circa late 1907.

questions of export naturally involved transport costs; and when Moor met Currie in London he broached the subject of a specially favourable rate that would help to put the infant trade on its feet.⁽¹⁾ In addition, he renewed Maydon's call for the implementation of Currie's offer of early 1906 on outward rates.

On the latter question the shipowners were caught between the Natal hammer and the Cape anvil. Jameson, also in London for the Colonial Conference, was immovable on the port differentials: any change in these, he argued, would upset South Africa's delicately-poised railway concordat, and the freight question must therefore be held over until the whole railway issue had been thrashed out at yet another inter-colonial conference. There had, in fact, been something of a railway "war" between the colonies only a few months before; and with that squabble still fresh in mind the Cape was in no mood for freight adjustments that must inevitably favour Natal.⁽²⁾ But Moor, contending that rail- and sea freights were separate issues, demanded that Durban be given justice there and then.⁽³⁾

Whatever the intrinsic merits of these rival interpretations might be, at the moment the stronger hand was held by Natal, as her mail subsidy was still to be renewed and her freight contract was even then about to expire; moreover, it may have been known to Fenchurch Street that she had been putting

-
- (1) NAD PM 111: "Notes for the Prime Minister", loc.cit.
- (2) UCR: MacLean - Natal Agency, 10.9.1906; Van der Poel, Railway and customs policies, ch. VII.
- (3) Cf. UCR: MacLean - DC&Co, 26.12.1906. It was Jameson's view that freight rates were part and parcel of the railway concordat, and that a change in the pattern of those rates would ipso facto upset the agreement. For an exhaustive discussion on the point see Kerr's memorandum enclosed in Kerr - Selborne, 28.6.1907, in TAD GOV 1039.

out feelers for an alternative service.⁽¹⁾ On a more gracious and positive note, however, there is the fact that Sir Donald seems to have felt indebted to Natal for Maydon's stand at the London conference in refusing to support legislation aimed at overthrowing the rebate system.⁽²⁾ The Cape, by contrast, had no pressing claim on the shipowners' favour; on the contrary, she had endeavoured to enlarge the scope of the Colonial Conference in London to embrace questions of freights and rebates.⁽³⁾

Discussions of a sort took place in London during May 1907, between Currie on the one hand and Moor and Jameson (supported by Smartt) on the other. What precisely was agreed upon during those conversations would afterwards be a matter of some dispute; but on the day the colonial premiers sailed for home Sir Donald put in their hands a schedule of reductions that he proposed to make in rates. Although these applied to both colonies they glaringly favoured Natal.⁽⁴⁾

It is difficult to unravel the rationale of this move. As far as a reduced rate on maize was concerned Natal was clearly the supplicant; in return for the low rate of 10/- that he now conceded, Currie could reasonably have demanded the renewal of her mail subsidy, without having to yield anything on outward rates. Nor was Moor in a position to make other than empty threats on that subsidy, since his colony's straitened circumstances militated against any move that would deprive her of the income generated by the mailships' regular calls.⁽⁵⁾ Currie was therefore under no compelling pressure to reduce outward rates; nor would the cargo lines be enamoured of any reduction, however small, at a time when some of

-
- (1) NAD PM 109: Russell (on the Agent-General's staff) - Plowman (Prime Minister's secretary), 23.4.1907.
- (2) RCSR IV, q.15111.
- (3) CO 885/17/195, reproducing Jameson's minute of 22.8.1906.
- (4) RCSR V, p.5 (Currie - Jameson and Moor, 18.5.1907).
- (5) NAD PM 109: Agent-General - Maydon, 7.9.1906; UCR: Natal Agency - DC&Co, 23.2.1906 and 3.3.1906.

them were in the financial doldrums. Recent rises in operating costs, indeed, pointed to an increase in rates rather than a reduction.⁽¹⁾ But whatever their motivation the proposed changes would be bound to exacerbate the shipowners' strained relations with Cape Colony; and with the expiry of the mail contract already casting its shadows that colony, for all her "ingratitude", surely needed to be appeased rather than provoked.

Given the mutual distrust of the coast colonies, to alter the pattern of rates between their ports was serious enough; but no sooner were Moor and Jameson on the water than Sir Donald gave another rub to that reputation for astuteness that for so long had been associated with his name. Although the matter clearly fell within their province and affected them vitally, the London merchants had so far been kept in the dark on the discussions with the premiers:⁽²⁾ now they were suddenly presented with a fait accompli and told that the rate changes would take effect from 1st July 1907. They were also told something as yet unknown to Moor and Jameson: the rebate, which had stood at ten per cent for many years past, would now be cut by half.⁽³⁾ This at once overturned the changes already proposed to the premiers: the minor reductions to Cape Town and Port Elizabeth were transformed into increases and those to East London were partly nullified, while the advantage Durban had just

(1) RCSR IV, q.15647.

(2) CAD PMO 196: memorandum by Soper, 19.7.1907 (print).

(3) RCSR V, p.6 (Currie - Soper, 23.5.1907).

obtained over the Cape was slightly eroded.⁽¹⁾

In this tortuous fashion Natal drew closer to her long-sought goal of "fair" rates - but at the expense of shippers as a body, and of Cape Colony, rather than at the shipowners' cost. In reflecting on this episode it is not easy to dismiss Walton's acid comment of some two years before, that South Africa regarded Sir Donald as "a past master in tricky negotiation distasteful to plain men".⁽²⁾

(1) The changes may be summarised as follows:

<u>Additional freight to Durban compared with Port Elizabeth and East London</u>	<u>Class I</u>	<u>Class II</u>	<u>Classes III to V</u>
(1) Under existing tariff			
- Port Elizabeth	10/-	8/9	7/6
- East London	3/9	1/3	Nil
(2) Under Currie's proposals to Moor and Jameson			
- Port Elizabeth	7/6	7/6	5/-
- East London	1/3	Nil	Nil
(3) Under Currie's notice to the Merchants' Committee			
- Port Elizabeth	7/11	7/10	5/3
- East London	1/4	Nil	Nil

For the actual changes see e.g. CAD PMO 197: Jameson's minute of 20.6.1907; Durban Chamber of Commerce records: minute book, 18.6.1907; South African Commerce and Manufacturers' Record, July 1907, p.166.

(2) NAD PM 100 PMC 126/1905: Walton - Maydon, March 1905.

What is there to account for behaviour that must inevitably have brought the bulk of shippers up in arms? The firmer allegiance of Natal is hardly a sufficient explanation. Scrutiny of the available evidence gives no unambiguous clue to a rational motive, but by piecing together several scraps of information it is possible to construct a conjectural account.

On 16th May 1907 the shipowners met in conference, heard Currie on his discussions with the premiers, and approved the reductions he proposed. There is no indication that he suggested a change in the rebate; certainly there is no allusion to this subject in Currie's letters to the departing premiers, and Moor at least was later emphatic that neither the general question of freight rates nor the specific one of rebates had at any stage entered into the discussion, which had been confined to the subject of the port disparities.⁽¹⁾ Both Jameson and Moor claimed that they had been under the impression that the new scale of rates was tentative and contingent on the colonies' acceptance; and certainly the wording of Currie's final letter seems to bear this out.⁽²⁾ Yet a few days later Currie not only told the London merchants of the rebate alteration and of other matters that had not been raised with the premiers, but flatly decreed that the new rate structure would come into force in a month's time.

Astute he may have been, but one hesitates to charge Sir Donald Currie with duplicity. Evidently something had happened between 18th May, when he wrote to the premiers, and 23rd May, when he wrote to the Merchants' Committee - something that moved him to take a precipitate step that made a mockery of his provisional offer on rates.

-
- (1) NAD PM 64 PMC 546/1907: Moor's minute of 25.6.1907; Debates of the Natal Legislative Assembly, 26.6.1907.
(2) Cf. CAD PMO 197: Agent-General - Jameson, 12.6.1907.

On the very day that Moor and Jameson sailed, the incoming mail brought a report of the recent congress of the Association of Chambers of Commerce of South Africa,⁽¹⁾ That hardy annual, "Freight Rates", had again appeared on the agenda; and Jagger had carried a motion calling for the abolition of rebates. Not only that, but he had secured unanimous approval of the principle that the mail contract be put out to tender.⁽²⁾ It was a spark to the brushwood.

Sir Donald was now 82; and, although a remarkably alert and forceful man still, he was not exempt from the infirmities of age - including, no doubt, petulance and irascibility. At some risk to his health, he claimed, he had come to London to meet the colonial premiers; but the Cape delegates had left him cooling his heels for a fortnight and had then given him a bare half hour of their time - in striking contrast to Moor, who had been friendliness itself. This offhand treatment greatly upset Sir Donald, coming as it did on top of what seems to have been his dislike of Jameson and the rankling memory of an alleged threat by Smartt in years gone by to "crush" him.⁽³⁾ On the other hand Natal, as already seen, had shown herself to be well-disposed; she had resisted punitive legislation; and she was now offering him her freight contract for a comparatively long period - two years - instead of the grudging six months of Cape Colony.⁽⁴⁾ So the latest attack by Jagger, the Cape's leading mercantile figure and widely regarded as the fons et origo of the whole shipping controversy, goaded Currie into teaching that unfriendly colony a lesson.

(1) RCSR V, p.6 (Currie - Soper, 23.5.1907).

(2) South African News, 25.4.1907.

(3) NAD PM 64 PMC 546/1907: Agent-General - Acting Prime Minister, 18.5.1907; NAD PM 109: Russell - Plowman, 25.5.1907; TAD CT 230 T 94/1: Currie - Sir Richard Solomon (Transvaal Agent-General), 8.7.1907 (personal; copy).

(4) NAD PM 64 PMC 448/1907: O'Grady Gubbins (Colonial Secretary) - Moor (in London), 13.5.1907; CAD PMO 197: Agent-General - Smartt, n.d. circa June 1907 (copy).

Jagger wanted rebates abolished, did he? - well, the ship-owners would meet him half way.

It is unfortunate that no material on the topic seems to have survived in the Union-Castle records and that an explanation of this singular episode has to rest on conjecture. But insofar as Currie frankly told the Cape Agent-General that "my action [was] precipitated by the hostile action of certain merchants"⁽¹⁾ this reconstruction of motives seems plausible. More difficult to explain is the cargo lines' role in the affair. Currie of course had great influence with his Conference brethren, and some of them at least were apparently satisfied that Natal had made out a case for a (small) cut in rates;⁽²⁾ but it is still somewhat hard to understand their apparent acquiescence in a move that must inevitably bring down colonial wrath on their heads. It may be that the other shipowners were imperfectly acquainted with the ramifications of the port rivalry in South Africa; but, if so, that in itself is a telling commentary on the degree to which they were out of touch with their market.⁽³⁾

The decision to cut the rebate may, however, have been prompted by rationality rather than caprice. The cargo lines, after all, were not faced with any demands from Natal with regard to a mail subsidy; there was no reason for them to reduce their rates as part of any such bargain. But the cut in the rebate would have the effect of actually raising freight earnings in the majority of cases, and very probably aggregate earnings as a result;⁽⁴⁾ that being so,

(1) CAD PMO 197: Agent-General - Jameson, 14.6.1907.

(2) RCSR IV, q.16730.

(3) Cf. RCSR I, p.73.

(4) TAD RC 30: memorandum by T.R.Price (General Manager, CSAR), 19.6.1907. See also the interesting letter from E.Verne Richardson in Star, 25.6.1907. It can easily be shown that a British shipper sending one ton in every class to each of the South African ports would have found his freight bill marginally higher.

the nominal reduction in rates would pose less difficulty to the other shipowners. The absence of evidence on this point makes speculation idle, but it must be added that the ultimate reductions applied only to East London and Durban - those ports that had long demanded lower rates on the ground that their harbour improvements justified a pruning of the charge for landing. The small reductions now made were in fact more than covered by the allegedly unearned landing component of the freight rate.⁽¹⁾ That this aspect of the rate structure was not absent from Sir Donald's mind at the time is, perhaps, borne out by the fact that the mail company now suddenly sought to divert class II cargo for East London from the mailships to the intermediates - a move that would boost his company's receipts, inasmuch as the mail ships did not enter Buffalo Harbour and thereby incurred lighter-age charges that their smaller sisters could avoid.⁽²⁾

Another point warrants consideration. Once the news of the rate adjustments reached the colonies there was no lack of suggestion that the purpose of the whole move was to play off one colony against another, and in particular to weaken their united stand against the Ring when local evidence came to be taken by the sub-commission of the Royal Commission on Shipping Rings, due to arrive in a few months' time.⁽³⁾ Inasmuch as the Natal government did in fact prove a reluctant and taciturn witness before the sub-commission,⁽⁴⁾ there may well have been some substance in that suggestion; and

-
- (1) On this question see Chapter III above. East London and Durban now obtained effective reductions of 1/-, 1/2 and 1/3 for classes III, IV and V respectively; in addition, Durban gained 8d off class II.
- (2) CAD PMO 197: correspondence between Jameson and the Cape Government Railways, August 1907; RCSR V, q.960.
- (3) See, for example, Price's memorandum, loc.cit.; Cape Times, 29.6.1907 (editorial); Bloemfontein Post, 18.7.1907; Star, 22.6.1907 (meeting of Johannesburg Chamber of Commerce).
- (4) RCSR V, pp.73-7. Cf. Natal Advertiser, 18.9.1907 (editorial): "The Prime Minister, instead of standing by a just cause and accepting risks, has been overcome, and, in fear of the Ring, has sent two of the Colony's officials with their hands tied, to voice awkwardly [these] colourless views."

Currie's pointed failure to consult the Merchants' Committee on the rate changes perhaps lends weight to it, insofar as the merchants would have been bound to oppose unilateral changes that upset the established pattern of trade. The haste with which the change was introduced, then, may have been prompted by a wish to present the colonies with a fait accompli.

Sir Donald's announcement caused an outburst of anger in the South African colonies - other than Natal. The consumer in Cape Colony was now in a manifestly worse position: certain of the East London rates, it is true, had been cut, but these reductions were outweighed by the higher rates to Cape Town and Port Elizabeth. With the bulk of the Colony's white population to be found in those latter ports and their hinterlands, the new rates spelled a higher cost of living for the preponderant part of her consumers; to be sure, the increase would on average be so tiny as to warrant no notice,⁽¹⁾ but whatever the impact on individuals the Colony would have to foot a larger import bill. Insofar as the two inland colonies might continue to channel their imports through the Cape's Midland line at least, they would share in the same predicament; contrariwise, their consumers (but more particularly those of the Transvaal) would score on goods imported via Durban. To that extent the inland importers might be tempted to transfer to Natal the business that hitherto had come via the Cape; but in practice the choice of port of entry was not a function of transport costs alone, and changes in freight rates - especially of the minor order now in prospect - would not immediately or at all lead a Johannesburg merchant to move his coastal establishment. When all was said and done it was plain that after long years of asking for bread the colonial consumer had been

(1) Cf. CAD GH 35/91: Hely-Hutchinson - Crewe (Secretary of State for the Colonies), April 1908. The Cape Governor calculated that a reduction of 20% in freight rates would lead to a saving of no more than 2d in the pound for the typical consumer.

given something that looked uncommonly like a stone.⁽¹⁾

But if the colonist was a consumer he was also a taxpayer: and this latest move would affect him in that rôle too. The Cape, certainly, must brace herself for attenuated earnings from two at least of her trunk lines: some diversion of traffic there must be, and there were prophets of doom who saw the Colony brought to the verge of ruin.⁽²⁾ Nor could the inland colonies be complacent: in the absence so far of any indication by the shipowners that the Delagoa Bay rates would be reduced pro tanto, it was clear that traffic would be diverted from that port to Durban and would enter the Transvaal by the Natal line, which as far as the Central South African Railways was concerned was the least profitable of the lines from the coast.⁽³⁾ In other words the Cape, the Orange River Colony and the Transvaal all stood to lose precious revenue to Natal. Nor was that all: the move threatened to put new strains on the uneasy partnership of the inland colonies in the Inter-colonial Council, since traffic was bound to be diverted away from the line through the Orange River Colony and so swell the Transvaal's proportion of the joint railway revenue.⁽⁴⁾ Finally, there was an element of wounded pride: Moor's coquetting with Currie was scant reward for the support the Transvaal had given Natal in the railway dispute of the previous year.⁽⁵⁾

Jameson personally, the Cape and the Transvaal through their

-
- (1) Cf. South Africa, 22.2.1908, p.493 (Sir Donald Currie's evidence to the Royal Commission on Shipping Rings).
- (2) Cape Daily Telegraph (editorial), as reported in South African Commerce and Manufacturers' Record, June 1907, p.134.
- (3) The whole question is admirably dealt with in Rodwell's memorandum for Selborne, 28.6.1907, in TAD GOV 1039.
- (4) Cf. Bloemfontein Post, 24.6.1907 (editorial). The CSAR earnings were divided between the two colonies in proportion to the traffic over their respective lines.
- (5) TAD RC 30: Price's memorandum, 19.6.1907.

Agents-General, and Soper on behalf of the Merchants' Committee all lodged a protest against the new scheme of things, asking Currie to postpone the implementation of the changes he had announced; but these entreaties fell on deaf ears.⁽¹⁾ In this extremity Cape Colony, turning to the imperial factor that had so decisively intervened in the inter-colonial railway crisis the year before, appealed to the High Commissioner to use his influence in bringing Natal to her senses or, if this could not be achieved, in enlisting the support of the inland colonies so as to neutralise the mischievous consequences of her "defection".⁽²⁾ Gravely concerned at the prospect of a fresh episode in the railway quarrel that his celebrated Memorandum so trenchantly dissected, Selborne acted at once: officially he warned Moor of the serious implications of the rate changes,⁽³⁾ and privately he urged Sir Hamilton Goold-Adams, Lieutenant-Governor of the Orange River Colony and thus less directly involved in the controversy, to convene a conference of the three colonial premiers at Bloemfontein.⁽⁴⁾ Thus approached, the premiers eventually fell in with the proposal, and a meeting was fixed for 6th July.

Other moves were adding their quota to the atmosphere of impending crisis. With what seems remarkably bad timing but could be interpreted as yet another display of Conference arrogance the shipowners chose this moment to refuse an extension of the freight contracts of the Cape and the Transvaal unless these were placed on a basis longer than

-
- (1) CAD PMO 197: Currie - Agent-General, 8.6.1907 (copy), Jameson - Currie, 18.6.1907, and Soper - Jameson, 28.6.1907; TAD CT 230 T 94/1: Hull - Solomon (Transvaal Agent-General), 24.6.1907.
- (2) CAD PMO 197: Jameson's minute of 20.6.1907.
- (3) CO 417/442/27742: Selborne - Administrator of Natal, 27.6.1907.
- (4) Orange Free State Archives (hereafter "OAD") G 2: Selborne - Goold-Adams, 27.6.1907 (personal); Selborne Papers, box 59; Goold-Adams - Selborne, 7.7.1907.

the six months on which they had been kept for some time past. The undisguised intention behind a six months' contract had been to leave those colonies' hands free in the shipping controversy, and to that extent the shipowners' annoyance is readily understandable; moreover, Natal's willingness at this very moment to conclude a two-year contract gave point to that annoyance, and perhaps appeared as a good occasion to put pressure on the other colonies to mend their ways. But the time was singularly ill-chosen for what looked suspiciously like threats, and the two colonies immediately prepared a counterstroke.⁽¹⁾

As if all this were not enough, another blow now fell on the hapless Cape.

Although the ocean mail contract was on federal lines, with the several colonies contributing towards it in proportion to the volume of their respective mails, Cape Colony was the contracting party and had in the past settled the details.⁽²⁾ Perhaps ineptly but certainly provocatively at this delicate stage in inter-colonial relations, Moor now proposed that the contract in future be negotiated by the colonies jointly. In Natal's eyes the Cape, by virtue of the commanding voice she had hitherto held in that contract, was able to wrest favours from the mail line; the contract, which would expire in 1910, was even now being discussed in London, and the Cape might well take the opportunity to improve her position vis-à-vis Natal.⁽³⁾ While in London Moor had sounded Louis Botha on the subject and had won his support for a joint contract; he had obtained Currie's "entire" approval of the suggestion; he had not scrupled to counsel the Imperial postal authorities against entering

(1) CAD PMO 197: minute by Jameson, 27.6.1907; TAD CT 230 T 94/1: Hull - Solomon, 29.6.1907.

(2) G.20-1908, p.77.

(3) NAD PM 104 PMC 69/1907: O'Grady Gubbins - Moor (in London), 28.3.1907.

into negotiations with Somerset French, the Cape Postmaster-General, who was then on his way to England for that purpose;⁽¹⁾ and with Transvaal support as his trump card he now asked Jameson to suspend the negotiations until the whole matter had been discussed at an inter-colonial conference.⁽²⁾ Isolated on this point and desperately in need of Transvaal backing on the rates issue, the Cape had little option but to accept this humiliating proposal.⁽³⁾

Natal's tide was at the flood; and it may well have led her to fortune had not Sir Donald for once overplayed his hand.

It will be remembered that the announcement of the rate changes had made no reference to Delagoa Bay. Had the rates to that port been reduced pro tanto, the Transvaal would have shown little solicitude for the plight of Cape Colony;⁽⁴⁾ but the apparent maintenance of those rates immediately raised the weighty question of the impact of Currie's changes on the revenues of the Central South African Railways. Moreover, in these years the inland colonies were fond of complaining that they were monstrously "taxed" by their maritime sisters by way of railage- and other charges; and from that point of view the rate changes could with little difficulty be interpreted as yet another example of coastal cupidity. The outcome was that the Transvaal roused herself against those responsible for this latest imposition, and rounded on Natal.

-
- (1) NAD PM 104 PMC 69/1907: Moor - Botha, 11.6.1907. In fairness to Natal it should be added that the idea of a joint mail contract had already been mooted in Pretoria (TAD CT 175 T 43/38: memorandum by Treasury, 11.3.1907); but there is no evidence that the Transvaal made any official move in the matter, and the Natal correspondence indicates that the initiative was taken by Moor.
- (2) Ibid., Moor - Jameson, 11.6.1907.
- (3) TAD GOV 1115 86/11/07: Jameson - Moor, 20.6.1907, and Jameson's minute of 6.8.1907 (copies).
- (4) This point emerges explicitly in Botha's letter of 24.6.1907 to Solomon (TAD PM 64).

At two special meetings called by the Johannesburg Chamber of Commerce the effects of the new rates were analysed in searching detail,⁽¹⁾ and an influential deputation went to Pretoria to lay a remonstrance before the Colonial Treasurer and the Prime Minister. Smarting under Currie's high-handed treatment, those ministers were in a responsive mood. The remedies open to them, to be sure, seemed few; even the Chamber was uncertain of the best means of defence, and the most acceptable proposal - to impose countervailing rates on the trunk line from Natal - suffered from the drawback that it would unfairly hit goods that had come by non-Conference ships.⁽²⁾ But H.C.Hull, the Colonial Treasurer, was the last man to balk at obstacles, and he now rose to the occasion. In peremptory tones Moor was asked to "post-pone" the new rates pending the proposed inter-colonial conference on railways, on pain of such countervailing rates; at the same time the Transvaal government came down squarely for concerted action by the inland colonies and the Cape on the use of outside ships for their official cargoes.⁽³⁾ Hull being chairman of the Railway Committee of the Inter-colonial Council, there was little difficulty in securing the support of the Central South African Railways for drastic action to deflect the impending disturbance of the railway status quo; while for good measure the Railway Committee pointedly read Moor a lecture on the inter-relationship of sea- and rail rates.⁽⁴⁾

Natal thus found the tables turned against her: she had sought to isolate the Cape but was now isolated herself, with her sister colonies loud in denunciation of her self-

-
- (1) Star, 15.6.1907 and 22.6.1907; South African Commerce and Manufacturers' Record, July 1907, pp.166-8.
 (2) TAD PM 47 105/1/07: minutes of meeting, 28.6.1907.
 (3) TAD CT 230 T 94/1: Botha-Jameson and to Moor, 28.6.1907.
 (4) Ibid.: Railway Committee - High Commissioner, 2.7.1907.

seeking schemes. Within her own borders, indeed, there was little elation at the concessions won from Currie:⁽¹⁾ for consumers they were negligible, and now even the great prize - a larger share in the transit trade - was in jeopardy. Moor himself was in an unenviable position, as counter-vailing rates would be disastrous for his ministry's standing in the depression- and debt-ridden Natal of 1907; and there must have been present to his mind the nagging and unpalatable thought that he had been taken in by the amiable Currie. Assailed on all hands, the victim of his own "overreaching slimness or sheer stupidity",⁽²⁾ his halting defence that sea- and rail rates were unconnected brushed impatiently aside, the hapless premier set out for Canossa.

The irony of circumstance now gave a final twist to the drama and in so doing dealt Currie's strategy a shattering blow. Since June 24th the Transvaal Agent-General had been seeking clarity on the position of Delagoa Bay; but Sir Donald, who had returned to Scotland, proved both elusive and vague, and it was not until 2nd July that Solomon heard from Fenchurch Street that the Delagoa Bay rates had been adjusted so as to preserve the differential between that port and Durban.⁽³⁾ This information was cabled to Botha on 3rd July, but by that time the meeting arranged by Goold-Adams was imminent. The Transvaal's great fear - lost railway earnings - evaporated; but the die had been cast. Apart from questions of the Transvaal's material interests, Louis Botha felt keenly the slight to his government in Currie's failure to consult this the leading colony of South Africa;⁽⁴⁾ and coming as it did on the eve of the Bloemfontein meeting the belated announcement of the Delagoa Bay reduction

-
- (1) Debates of the Natal Legislative Assembly, 26.6.1907; South African Commerce and Manufacturers' Record, July 1907, p.107.
- (2) Selborne Papers, box 57: Selborne - Patrick Duncan, 8.7.1907.
- (3) TAD CT 230 T 94/1: Solomon - Hull, 6.7.1907.
- (4) TAD PM 64: Botha - Solomon, 24.6.1907.

had all the appearance of yet another manoeuvre in the game of divida et impera.⁽¹⁾ At this late stage the Transvaal would not draw back: she would continue to act in concert with the Cape, and the meeting would go ahead.

How is it that Sir Donald, great diplomatist that he was, came to make so disastrous a blunder? Had all the reductions been announced simultaneously the Transvaal would have had scant reason for dissatisfaction with the change in the rate structure, as her trade via Delagoa Bay would have been left untouched; and in that case the design (if such it was) to play off the colonies against one another would have succeeded, leaving the Cape helpless. Why then the delay in fixing the rates for Delagoa Bay? Because, it seems, the new rates were contingent on certain reductions in harbour dues - a subject on which Currie was negotiating with the Portuguese up to a few days before the Bloemfontein conference.⁽²⁾ Had he held back the announcement of the several rate changes until this issue had been settled, few feathers would have been ruffled, save of course in the Cape.⁽³⁾ But petulance at the news of Jagger's renewed attack threw the whole plan out of gear; and the precipitate announcement of the new rates omitted Delagoa Bay, with predictable repercussions.

- - - - -

On Saturday 6th July 1907 the three premiers met in Bloemfontein under the chairmanship of the Lieutenant-Governor, who was playing the role of honest broker to perfection.⁽⁴⁾

-
- (1) Cf. Cape Argus, 17.7.1907 (editorial); Cape Times, 17.7.1907 ("Notes in the House").
- (2) TAD CT 230 T 94/1: British Consul-General, Lourenco Marques - Price, 6.7.1907, and Price - Hull, 10.7.1907. See also The Times (Financial and Commercial Supplement), 8.7.1907.
- (3) Cf. Star, 17.7.1907 (meeting of Chamber of Trade).
- (4) NAD PM 104 PMC 124/1907: Goold-Adams - Moor, 29.6.1907.

In seven hours of hard bargaining⁽¹⁾ an agreement was hammered out whereby Moor would retain his new rates to the benefit of his own consumers but the railway status quo would be upheld by means of rebates on the transit traffic. These rebates, to which even Natal would contribute, would apply to the Cape's Midland and Eastern lines, and would be so calculated as to neutralise the increases in freights,⁽²⁾ Some of these rebates, in the event, were so small as to be of no account to merchants, and they involved office work and vexation out of all proportion to their sum;⁽³⁾ but the significance of the Bloemfontein concordat lay not so much in its material effects as in the fact that the colonies despite their sectional interests had for once stood united against the Ring. To make this message plain to the ship-owners the premiers added a rider to the agreement whereby the same prescription would apply to any further tinkering with freight rates in the near future. When details of the arrangements were released there was widespread approbation, except naturally in Natal: the Ring was seen as having deliberately invited a trial of strength and having been roundly trounced.⁽⁴⁾

Another victory followed hard. Resolved not to submit to what they regarded as dictation by the Conference the inland colonies and the Cape, as has been seen, had set on foot enquiries for outside tonnage for their official shipments. But the old difficulties again reared their heads: other shipowners were reluctant to antagonise the Ring; chartered sailings would be irregular and infrequent, whereas government departments were shrill in the demand for urgent ship-

-
- (1) Selborne Papers, box 59: Goold-Adams - Selborne, 7.7.1907.
 (2) RCSR V, pp.42-4; Debates of the Cape House of Assembly, 16.7.1907.
 (3) RCSR V, qq.62-74.
 (4) Cf. contemporary newspaper editorials, particularly Cape Times, 17.7.1907 ("Sir Donald Checkmated") and Star, 18.7.1907 ("Euchred").

ment; the berth ports of outsiders would be fewer and less convenient; British suppliers would not tolerate delays in the acceptance of their deliveries; and so on. In a word, the established lines were the best bet.⁽¹⁾ To crown it all, the one quotation the Agents-General did succeed in obtaining was not particularly favourable.⁽²⁾ It is doubtful, indeed, whether the three parties concerned - the Agents-General for the Cape and the Transvaal, and the Crown Agents - would have been able to bridge their differences on the whole question of using outside tonnage;⁽³⁾ but, be that as it may, the issue was resolved when the Conference, aware of these enquiries, "spontaneously" approached the Cape Agent-General and offered to renew the old contracts. The outcome was that the three colonies gained even better terms than those secured by Moor in London; his prized maize rate, too was extended to them.⁽⁴⁾ These concessions were important in themselves, but their true significance lay in the fact that by standing together the colonies had made the ship-owners climb down. The Crown Agents, keeping the even tenour of their way, might fulminate at the "grave inconvenience caused to everyone by the suspension of shipments" that had occurred while the enquiries were being pursued;⁽⁵⁾ but on the broader canvas of South African affairs the renewal of the freight contracts on favourable terms was another pointer to what united and resolute action might achieve. The most significant outcome of the whole episode, however, was the firm stance adopted by a Transvaal newly come to responsible government and now the power in the land, as her attitude must obviously be decisive in the "impending struggle"⁽⁶⁾

(1) CAD PMO 197: Agent-General - Jameson, 5.7.1907, and PMO 195: eadem, 26.7.1907.

(2) CAD PMO 197: Jameson - Botha, 9.8.1907. There was, however, some dispute on the point: cf. TAD CT 230 T 94/1: Price - Hull, 9.8.1907.

(3) TAD CT 230 T 33/75: Solomon - Hull, 2.8.1907.

(4) RCSR V, pp.44-5.

(5) CO 417/443/31496: Crown Agents' letter, 2.9.1907.

(6) Star, 17.1.1907 (editorial).

with the Ring. Were they wise in their generation the shipowners would take heed of these omens.

- - - - -

Outwardly, then, things were restored to what they had been before Moor's ill-judged negotiations with Currie. But not inwardly: for the events of mid-1907 had dramatically opened eyes to the disquieting fact

that it was in the power of the Conference Lines, and, it might be, of one man, to injure or benefit this or that port, and thus to play off one colony against another.(1)

This theme - that South Africa was at the mercy of "a stroke of the pen in some London office"⁽²⁾ - had a wide currency, finding an echo even in Selborne's memorandum, which made its public appearance at this time.⁽³⁾ In the light of recent events the shipowners could plausibly be represented not only as longstanding exploiters of merchants and consumers, but also as enemies of South Africa herself. The colonies had succeeded in averting the latest blow; but there still waited a final reckoning with the Ring, and more especially with the Old Man of the Sea.

(1) RCSR I, p.73.

(2) H.E.S.Fremantle, The new nation, p.8.

(3) Cd. 3564 (1907), pp.48-9.



Cape Times, 9.3.1911

Mc. 1911, after Sir Joshua Reynolds.

PART II

JUDGMENT

CHAPTER V

MAILS AND MAIZE

With the crisis of mid-1907 the mercantile phase of the controversy began to draw to a close. There was, indeed, a sudden flare-up later in the year when the Table Bay Harbour Board, casting about for ways of reducing its losses, raised its dues by 25%, causing the shipping lines to retaliate with a surcharge of 2½% on Cape Town rates: this evoked a fierce reaction by the city's merchants, with protracted and acrimonious correspondence and with an exciting Harbour Board election in which Garlick unseated MacLean, but in the nature of things it was a local issue and aroused little interest elsewhere.⁽¹⁾ By late 1907 the main mercantile grievances against the Conference lines either had ceased to exist or were fast melting away: the provocative special contracts were no more,⁽²⁾ and the remaining contracts with Houston were nearing their end. Except among the inveterate opponents of the Ring there was no longer a casus belli; interest among commercial men flagged; and when the Royal Commission held its sittings in South Africa during September and October the evidence it garnered was by no means unambiguously hostile. There was, indeed, some reluctance even to testify; the Port Elizabeth Chamber of Commerce was unable to reach a consensus on its views, and perforce sent two witnesses to explain the opposing points of view;⁽³⁾ the Durban Chamber was unable so much as to raise a quorum at a special meeting to discuss the question.⁽⁴⁾ The evaporation

(1) RCSR V, app. XXVIII; South African Commerce and Manufacturers' Record, November 1907 to February 1908; Cape Argus, 19.9.1907 and 20.9.1907.

(2) RCSR IV, qq.15520-9.

(3) RCSR V, pp. 11 and 29 of minutes of evidence.

(4) Durban Chamber of Commerce records: minute book, 9.4.1907; Durban Chamber of Commerce annual report for 1907, p.28; Natal Advertiser, 18.9.1907.

of the merchants' more specific grievances is no doubt a sufficient explanation of this waning interest; but, paradoxically enough, the recent crisis had also served as a pointer to the railway disruptions that in all likelihood would become endemic in an unregulated freight market, and some who had previously denounced the Ring and its works were now given furiously to think.⁽¹⁾

The character of the agitation against the shipping lines was beginning to undergo a subtle change. From now on the emphasis would be on homeward rates of freight instead of outward; the Conference's adversaries would be governments rather than merchants; and leadership in the campaign would pass into other and more remorseless hands.

- - - - -

Commencing soon after the climacteric of the Bloemfontein conference, a minor running battle took place between the shipping lines and the Transvaal government on the colony's official freight contract. To enter into the details would be tedious and of little profit: fine questions of the shipping practice of the day were involved, and it would be presumptuous now to attempt to adjudicate between the two parties. The government, through the general manager of the Central South African Railways, was ready enough to bandy technicalities with the shipowners; but, on the assumption that in the last resort the judgment of the producer rather than of the consumer must be decisive, it is open to question whether in seeking to lay down the law on such things as landing charges Price was not exceeding his brief. If, however, the Transvaal was imprudent in entering such troubled waters, the Conference lines for their part were equally rash to venture, as they did, into the field of the colony's economic policies. It would be an invidious task to apportion further praise or blame; but it is indisputable that Fenchurch Street's

(1) See the evidence given to the Royal Commission by Colonel Price of East London (RCSR V, q.965).

pretensions and intransigence went a long way towards creating or aggravating a sense of grievance in Pretoria. Logic and right may well have been on the side of the ship-owners; but it was impolitic, to put it no higher, for them thus to treat the power in the land to lectures and to open rebuttals of its perhaps poorly-informed but strongly-held views.⁽¹⁾ Notwithstanding his reputation for astuteness Sir Donald Currie seems to have been oddly blind to the keen resentment that must inevitably be roused by such imperiousness - the more so, indeed, in the light of the marked tenderness being shown towards little Natal.⁽²⁾ How is this obtuseness to be explained, except on the supposition that Sir Donald was at last beginning to lose his grip on affairs? Pro-Boer that he had been, it seems incredible that he should make no effort to strike up a rapport with Louis Botha, but on the contrary allow a situation to develop where Botha's sensitivity and his pride as the Transvaal's first premier would be bruised. The northern colony, it is true, had played a leading rôle in the stand taken against the Conference at Bloemfontein; but that whole imbroglio had been Currie's own doing, and in any event pique is a poor basis for business. This abrasive treatment of the leading colony is all the more surprising when the fact is borne in mind that Sir Donald's son-in-law and partner, Percy Molteno, was both exceptionally well informed on South African affairs and in close touch with a broad spectrum of influential colonial opinion. The enigma may perhaps be solved with one word: hubris; or, at a more mundane level, it may be not unconnected with the fact that Currie at the time of these exchanges with Pretoria was engaged in giving evidence to the Royal Commission, the appointment of which he resented and had striven

-
- (1) The lengthy correspondence, during late 1907 and early 1908, is in TAD CT 231 T 94/1 and CT 298.
- (2) TAD CT 231 T 94/1: Solomon - DC&Co, 25.3.1908 (copy); RCSR V, qq.4869-70. The Transvaal government was not permitted to do its own landing at East London - a right that the Conference lines had conceded to the Natal government with respect to Durban.

at high level to prevent.⁽¹⁾

However all that may be, from now on the Transvaal would be in the forefront of the agitation against the Conference. But at the very time she was stiffening herself for the fight she came under sniping fire from the Cape.

- - - - -

The unity achieved at Bloemfontein on the freights question was a fragile creation. The colonies had stood together at a time of crisis; but now that the crisis was past, could unity be maintained? Certainly Jameson, realising as he must that without Transvaal support the Cape was doomed in the railway struggle, could be counted on to act in concert with Pretoria; but in the closing months of 1907 it was plain that the days of his ministry were numbered, and Merriman's well-known views on the Cape's superior wisdom boded ill for a continuation of the two colonies' harmonious working on the shipping question. On the other hand the Transvaal, although she had allied herself with the Cape to undo Moor's mischief, was bound to look to her own interests - in short, to Delagoa Bay. No doubt aware of the instability of the situation, the Cape went so far as to conclude an arrangement whereby the Transvaal's official business would be channelled via Port Elizabeth or East London under special rail rates and other charges that would make the total cost of importation no higher than that via Delagoa Bay.⁽²⁾

It will be remembered that at the height of the 1907 crisis Moor had manoeuvred to take control of the ocean mail contract out of the Cape's hands. On this subject, at least, he was successful; he won support in Pretoria, and the upshot was

(1) BOT MT 9/803 M 12440: Lloyd George - Currie, 21.6.1906.

(2) TAD CT 230 T 33/75: Tender Board - Treasury, 26.9.1907;
NAD PM 109: Agent-General - Moor, 1.11.1907.

an inter-colonial conference at Cape Town in October 1907. With the recent crisis still fresh in mind, there was some feeling against the shipowners; and in addition to accepting Natal's view that all the colonies should henceforth be parties to the mail contract, the conference agreed that the contract be used as a means of obtaining reform in the sphere of freights. This would be done by calling for alternative tenders for the mails, the one excluding freight matters (as hitherto) and the other making certain stipulations on that score. The decision to put the contract on a joint basis may in other circumstances have been regarded by Cape Colony as unfriendly, but at this juncture she was under a sincerely-held debt of gratitude to the Transvaal for that colony's support a few months before, and was reluctant to jeopardise her relations with Pretoria by opposing such a move;⁽¹⁾ while on the freights question there was little to divide them. Natal, on the other hand, is unlikely to have held any strong views against the linking of freights and mails; and, having secured her main immediate objective⁽²⁾ at the conference - the extension of the mail service to Durban without a specific subsidy of her own - she was presumably content. The proposal for a joint mail contract, and one moreover that might include provisions as to freights, was therefore carried unanimously.⁽³⁾

But this unanimity failed to survive the fall of the Jameson ministry in February 1908. John X. Merriman, the incoming Prime Minister and Treasurer, was well acquainted with mail contracts and their problems; he was temperamentally averse to becoming embroiled in what he scorned as shopkeepers' squabbles; and he held the whole freights agitation in some

-
- (1) TAD CT 230 T 94/1: Jameson - Botha, 29.6.1907; TAD GOV 1115 86/11/07: Jameson's minute of 6.8.1907 (copy).
 (2) NAD PM 107 PMC 197/1907: Moor - Agent-General, 12.10.1907.
 (3) CAD GH 35/92: Smartt's minute of 8.10.1907; TAD CT 175 T 43/38: Treasury memorandum, 4.5.1908.

contempt.⁽¹⁾ On taking office he found awaiting him a despatch from the Secretary of State for the Colonies to the effect that the Imperial Post Office, which paid the largest part of the mail subsidy,⁽²⁾ objected to the inclusion of provisions relating to freights; and, although professing himself anxious to maintain continuity in South African policy as far as possible, he concurred in that view. He therefore told Pretoria that the Cape could no longer support the freights part of the Cape Town resolution: the call for alternative tenders for the mails "would result in a complete failure".⁽³⁾

It was the first crack in the unity so recently forged; and from now on the paths of Hull and Merriman on the freights issue would increasingly diverge. On the face of it, Merriman was in the stronger position: a veteran parliamentarian with wide experience of financial administration, he could point to the backing of the British postal authorities, whose expertise and financial stake in the mail contract could not be gainsaid. He also had the High Commissioner on his side, albeit in a personal capacity: Selborne, holding that South African opinion had "gone off the rails altogether"⁽⁴⁾ on the freights question and perhaps fearing another inter-colonial clash in which he would have to intervene, privately suggested to Botha that the Transvaal fall in with the Cape viewpoint.⁽⁵⁾

-
- (1) Cf. P.A.Molteno Papers: Merriman - Molteno, 26.2.1905 and 17.10.1905; Selborne Papers, box 55; Hely-Hutchinson - Selborne, 9.3.1908 (personal); Cape Times, 17.7.1907 ("Notes in the House"). See also South African News, 28.10.1904 (editorial).
- (2) TAD GOV 1115 86/11/07: memorandum by Postmaster-General (London), 4.6.1907, enclosed with Jameson's minute of 6.8.1907.
- (3) TAD CT 175 T 43/38: Merriman - Hull, 17.2.1908; CAD GH 35/92: Merriman's minute of 2.3.1908.
- (4) Selborne Papers, box 55: Selborne - Hely-Hutchinson, 14.3.1908.
- (5) TAD CT 175 T 43/38: Selborne - Botha, 14.3.1908 (personal).

Unfortunately for Merriman this difference of opinion arose at the precise time that the Transvaal's annoyance at what it considered Conference obstruction came to a head. The points at issue already alluded to had formed the subject of protracted discussions in London; but on some of those points the shipowners were immovable,⁽¹⁾ and when negotiations were at last concluded in March 1908 Botha told Percy Molteno, who was then in Cape Town, that "we are very dissatisfied with the treatment which has been accorded us."⁽²⁾ With the Transvaal in this black mood the protestations of Merriman and Selborne on the mail contract fell on deaf ears: Hull stuck to his guns on the scheme for alternative tenders, although agreeing that the question might stand over for discussion at the forthcoming inter-colonial railway- and customs conference at Pretoria.⁽³⁾

That conference gave Merriman what was perhaps his first taste of those "Transvaal methods" that he would come to fear and despise. The Transvaal delegates were alike well-prepared and forceful, and on the freights issue they were in no mind for compromise. Smuts proposed that the decision of the Cape Town conference, whereby the mail tender would embrace freight rates, be upheld; and, with the Cape abstaining, the motion was carried.⁽⁴⁾ This was something of a slap in the mother colony's face, and indeed in Merriman's own when regard was had to his long parliamentary- and administrative experience and his undoubted ability.⁽⁵⁾ It was also a portent: prophetically, Merriman confided to

-
- (1) TAD CT 231 T 94/1: Solomon - DC&Co, 23.3.1908 (copy).
 (2) TAD CT 298: Botha - Molteno, 10.3.1908.
 (3) TAD CT 175 T 43/38: Treasury memorandum of 4.5.1908; TAD CT 109: Brand - Selborne, 22.4.1908 (copy).
 (4) T.G. 15-'08, p.10.
 (5) Cf. Phyllis Lewsen, Selections from the correspondence of John X. Merriman 1905-1924, p.71.

his diary that he saw a good deal of trouble ahead.⁽¹⁾
 And, if this victory for the Transvaal viewpoint were not enough, a few days later Hull secured the adoption of a motion whereby

this Conference re-affirms the principle:

- (a) that no government should enter into independent negotiations with the Conference Lines; and
 (b) that concerted action be taken in the matter of freights. (2)

To be sure, the motion was aimed primarily at Natal; but its adoption meant that the Transvaal was now safe against any backsliding on the Cape's part. Hull - whom Merriman found both "difficle" and "obnoxious"⁽³⁾ - would henceforth be able to chart his course without needing to glance over his shoulder.

The mail contract, then would be handled along Transvaal and not Cape lines; and, despite even Solomon's objections, Pretoria had its way in at once calling for tenders⁽⁴⁾ rather than first negotiating with the contractor who had efficiently carried the mails for half a century and more.⁽⁵⁾ Understandably taking umbrage at this unfriendly treatment, Fenchurch Street declined to tender along the prescribed lines at all; instead, the firm put in an offer of its own that not only differed from the colonial draft on several technical points but also embraced

other conditions which we find it necessary to claim in view of the treatment we have experienced at the hands of certain commercial

-
- (1) Merriman Papers: diary entry for 5.5.1908.
 (2) T.G. 15-'08, p.16.
 (3) Lewsen, op.cit., pp.71, 77.
 (4) TAD PM 64: Solomon - Botha, 29.5. (1907.) (personal); Cape Government Gazette, 14.7.1908, p.184.
 (5) Cf. Cape Times, 3.8.1908 (editorial).

men, writers in the public press, Chambers of Commerce, and representatives of Governments by efforts to interfere with, and even control, our business by legislative action, and otherwise, during the last few years. At the Conferences in London we were threatened with such legislation as would place us at the mercy of the authorities at the ports of the Cape Colony, while Imperial interference and legislation were invoked to alter wholly our relation to the Government as mail contractors. We must provide against all this in future, and we cannot do otherwise than insist, as a condition of the Contract, that there shall be no legislation or administrative regulations enforced to our disadvantage during the currency of the Contract, if we are to be the contractors. (1)

This proposal the colonies found unacceptable;⁽²⁾ but, as no other tenders had been received, there was nothing to be done but to drop the whole tender plan and to start again from the beginning - by negotiating with the mail line.⁽³⁾ A relieved and somewhat complacent Merriman therefore told his Agent-General to take steps to this end; what was at issue, he emphasised, was a cheap, efficient and speedy mail service, and

we may leave on one side a good deal of the embroidery with which the subject has come to be overlaid; which has, indeed, hampered the consideration of the main question. (4)

To that extent, then, the Cape had scored over the Transvaal;

-
- (1) UCR: "Tender for the South African Mails", 13.10.1908, p.6, and Council minutes of 31.1.1908.
- (2) Hull would later propose to tell Fenchurch Street that "the conditions submitted were such that none of the Governments could for one moment think of agreeing to them" - vide draft letter of August 1909 in Merriman Papers, 552/1909.
- (3) NAD PM 107 PMC 29/1909: memorandum on meeting during Durban session of the National Convention, n.d. circa 14.10.1908.
- (4) Ibid., Merriman - Somerset French (Cape Agent-General), 30.12.1908 (copy).

but by this time the latter was involved in other ructions with Fenchurch Street. These would place the relations between the Conference and South Africa under still greater strain.

- - - - -

In September 1908 certain changes had been made in homeward rates. Among the items involved were cotton and ores, and by any normal criterion the proposed changes would seem to have been reasonable enough. Iron ores were now placed on an ad valorem basis (on which basis, it should be noted, they were already being carried by the railways),⁽¹⁾ and the rate for cotton was increased on the ground that when regarded on a measurement basis the existing rate of 60/- in reality gave the ship a mere 12/6.⁽²⁾ But the infant cotton industry of the Transvaal was precarious;⁽³⁾ the prospect of higher rates was seen as a threat to its development; and the government, which had set its hand to the promotion of the colony's natural resources,⁽⁴⁾ reacted with vigour. It would not be far-fetched, indeed, to suggest that the Transvaal Treasurer - prompted by his general manager of railways - found this fresh opportunity to belabour the shipowners too good to be missed: for without making any preliminary enquiry into either the economics of the question or the accuracy of his information he read them a long and turgid lecture on the gravity of this latest misdemeanour, which was viewed as

so clearly antagonistic to the welfare of the Transvaal that we shall feel ourselves constrained to take the first and every

-
- (1) Minutes of the South African Railway Officers' Conference, 1906, p.9.
- (2) TAD CT 87 T 1/27: DC&Co - Solomon, 23.10.1908 (copy).
- (3) On Transvaal cotton: African Observer, March 1907, pp.428-33; Progressive Monthly, December 1907, p.263; Rand Daily Mail, 16.1.1908.
- (4) Cf. Rand Daily Mail, 15.1.1908 (meeting of Johannesburg Chamber of Commerce).

opportunity offering to remove the possibility of this Colony continuing to be subject to such a state of affairs. (1)

The minor changes in rates, which were subsequently easily explained by Donald Currie & Company and which in any event are unlikely to have had much impact on the industries concerned, were hardly a casus belli; clearly they were grasped for use as a pawn in Hull's game. That this is a valid construction is perhaps borne out by the fact that at Hull's prompting Botha now wrote to the other premiers seeking their support for a "very firm attitude" towards the Conference lines.⁽²⁾

In seeking to put her economy on a broader base the Transvaal was not alone. Since the institution of the special arrangements for export, Natal's trade in maize had flourished mightily; encouraged by her success, the Orange River Colony was now entering the trade, as indeed was the Transvaal herself.⁽³⁾ As it happened, Hull's missive to the shipowners coincided with a move by Moor to unite the colonies in an approach to the Conference lines for a renewal of the low rate on maize; and from now on it would be home-ward rates for South African produce, rather than outward rates on merchandise, that would dominate the shipping question. As the maize rate was henceforth to form the touchstone of relations between the shipowners and the colonial governments it will be necessary at this stage to review the salient aspects of the controversy to which it gave rise.

The rate of 10/-, it will be remembered, had formed part of Moor's subsequently notorious bargain with Sir Donald Currie. To judge from the many protestations that later emanated from

(1) TAD CT 87 T 1/27: Hull - Solomon, 14.9.1908. The letter, which was to be handed to the shipowners, was drafted by T.R.Price.

(2) Ibid., Botha's letter of 21.9.1908.

(3) Cf. Transvaal Agricultural Journal, April 1909, p.565; T.G. 4-1909, p.100; Burtt-Davy, Maize, pp.530-1.

the shipowners, this rate was uneconomic: conceded as a gesture to colonial development, it had not been intended to be permanent.⁽¹⁾ Quite soon after its introduction, in fact, some of the shipping lines were being heard to express their annoyance at having ever made the concession.⁽²⁾ While the trade remained small and was easily handled the vexation could be borne with some equanimity; but the growth of these exports brought complications in its wake. For one thing, an "unfortunate mistake"⁽³⁾ had been made at the outset: the shipping lines, building on experience in other trades or working by rule of thumb, had imagined that a ton of South African maize would take up some forty cubic feet, in which case the rate quoted would cover a measurement ton; but it was to transpire that by virtue of the dry winters experienced in the producing districts South African maize was appreciably lighter than its American counterpart and in the upshot occupied not forty cubic feet but sixty.⁽⁴⁾ In effect, then, this cargo was being carried at a mere 7/- or so per measurement ton.⁽⁵⁾ When the export of maize was in its infancy, furthermore, the impression had been current that it would be channelled largely through the government scheme; but once the initial consignments had proved eminently successful more and more middlemen entered the trade, which had the effect of increasing the number both of consignments and of consignees. With the business going through the Agent-General it had been

-
- (1) CAD PMO 197: Mirrielees - French, 5.3.1908 (personal; copy); NAD PM 106 PMC 140/1908: Currie - Hitchens (former Minister of Railways and Harbours, Natal), 9.11.1908 (copy).
- (2) NAD PM 109: Russell - Moor, 9.11.1907. It should not, however, be imagined that in granting the low rate the shipowners had acted disinterestedly: as Mirrielees told French (*loc.cit.*), that rate was "part of a bargain" that included a slightly increased rate for the Natal government's railway material.
- (3) NAD PM 83 PM 350/1910: Hitchens - Moor, 14.4.1910.
- (4) NAD PM 81 PM 135/1910: Association of Chambers of Commerce of South Africa - Moor, 8.2.1910; African Monthly, September 1909, p.521; Burt-Davy, Maize, p.622.
- (5) To their honour, the shipowners remained true to the agreement nonetheless - vide Debates of the Senate, 4.4.1911, col.384.

a relatively simple matter for the ship to undertake the landing and sorting of the bags, the cost of which was included in the freight; now, with so many separate parcels coming forward, that cost began to mount. The difficulty was compounded by the colonial governments' insistence that there be several grades for maize: this involved a large variety of marks and sub-marks on the bags, and with the ship's deck no longer sufficient for sorting the operation had to be transferred to the quay - which meant increased costs for the shipowner.⁽¹⁾

It was never disputed, even by the Conference lines' most jaundiced critics, that 10/- was a low rate; and, as these unforeseen costs began to take their toll, the rate became downright "ruinous" in the shipowners eyes.⁽²⁾ Long before the expiry of the concession, indeed, the inevitability of an increase had been made plain.⁽³⁾ Despite this warning, however, Moor was anxious that the rate be held; and, at the same time that Somerset French was negotiating with Fenchurch Street on the mail contract, William Arbuckle - the Natal Agent-General - was instructed to press the company on maize. Natal's freight contract was due to expire in July 1909, and the negotiations on its renewal would afford a good opportunity for ventilating the maize question. But, thus sounded, the shipowners proved unwilling to continue the rate, which they regarded as both temporary and unremunerative; they mooted 12/6d or even 15/-, and it was only after some argument, and Arbuckle's vigorous advocacy of Natal's claims, that they agreed to leave the rate itself at 10/- for a further year. To cover the extra port costs,

(1) CAD T 1127: French - Merriman, 8.4.1909 and 29.4.1909; NAD PM 107 PMC 47/1909: Morrison (London shipowner) - Hitchins, 15.6.1909; TAD CT 179 T 43/465: memorandum by Cape Town Chamber of Commerce, 16.6.1909 (reproduced in Cape Times, 19.6.1909). See also Transvaal Agricultural Journal, April 1909, p.560, and Cape Times, 15.6.1909 (meeting of Cape Town Chamber of Commerce).

(2) NAD PM 106 PMC 140/1908: Currie - Hitchins, 9.11.1908 (copy).

(3) Ibid.; CAD T 1127: French - Merriman, 9.9.1908.

however, there would be added an impost of 1/6d.⁽¹⁾

By any normal criterion this impost was reasonable enough. The shipowners contended that 1/6d represented the average additional cost of discharging the proliferating consignments, and that it put nothing in their own pockets; significantly, no attempt was ever made by their critics to rebut this claim. That apart, the increase in freight could have had little impact on the producer, since it amounted to merely 1½d or so per bag of 200 lbs. In a memorandum drawn up by Natal officials in early 1908 it was estimated that the Natal farmer shipping under the government scheme would finally obtain about 8/7d per bag;⁽²⁾ that being so, 1½d was negligible. It is true that the figure of 8/7d refers to gross profit; but it is hardly likely that the farmer's margin was so fine that 1½d would make a significant difference to his net return. Evidence bearing on this point is scanty, but one or two fragments lend support to that contention. Thus, a contemporary estimate of the cost of production of maize in a particular district of the Transvaal arrived at 3/8d per bag, delivered at station;⁽³⁾ while in 1910 a well-known agriculturist in the Orange Free State claimed that any return over 5/- per bag would represent profit.⁽⁴⁾ That being so, a conservative estimate would place the producer's margin somewhere in the neighbourhood of 4/-; and, while he might

-
- (1) CAD T 1127: French - Merriman, 8.4.1909; NAD PM 76 PM 174/1909: Arbuckle - Moor, 23.4.1909; TAD CT 87 T 1/27: Solomon - Hull, 7.4.1909. Imposts, it may be noted, are the usual response by shipping lines to what are regarded as temporary increases in costs.
- (2) TAD CT 87 T 1/27. See also Transvaal Agricultural Journal, January, 1908, p.339.
- (3) Bruce Hutchinson, Cost of production of maize in the Standerton district (Transvaal Agricultural Journal, April 1909), p.396.
- (4) Rand Daily Mail, 15.7.1910. In 1913 the Dominions Royal Commission was told of a cost of production of 4/5d - vide Cd.7706 (1914), p.50.

naturally grumble at any diminution in his earnings, he could scarcely argue that 1½d was ruinous.⁽¹⁾ The firm of Donald Currie & Company had made some trial shipments on its own account,⁽²⁾ and was fully cognisant of the state of the trade; and when regard was had to these considerations the homeward-loading lines were within both right and equity in levying the 1/6d. For good measure, indeed, Fenchurch Street emphasised that the price of maize on the European markets had risen to a figure well above that which had been ruling when the freight rate of 10/- had been granted - in other words, that the impost was fully covered by the producer's enhanced return.⁽³⁾ It may be added that at this particular juncture the shipowners had some reason to be cool towards the colonial governments on account of alleged "disloyalty": Natal had shipped meat to England by non-Conference ships that touched at Durban on their return voyage from New Zealand, and the Cape and the Transvaal had jointly imported a large cargo of rails by tramp without giving the regular lines the opportunity of tendering,⁽⁴⁾ There were justifications for these shipments, to be sure;⁽⁵⁾ but the shipowners were annoyed at what they considered poor courtesy to say the least, and for this and other reasons they were in no mood to be accommodating on the maize rate; the wonder indeed is that no more than 1/6d was added.⁽⁶⁾

But small though it might be when viewed in the light of the

-
- (1) Cf. Cape Times, 15.6.1909 (meeting of Cape Town Chamber of Commerce, where this point is made).
- (2) CAD T 1127: French - Merriman, 9.9.1908.
- (3) TAD PM 47 105/3/09: DC&Co - Solomon, 22.4.1909.
- (4) NAD PM 109: Russell - Plowman, 19.3.1909.
- (5) Cf. Cape Argus, 20.8.1909 (interview with Trade Commissioner) and Hull's statement to the Transvaal Legislative Assembly (Debates, 22.6.1909). See also Johannesburg Chamber of Trade annual report for 1910, pp.30-4.
- (6) Cf. NAD PM 109: Russell - Plowman, 26.3.1909.

European price, this impost caught the colonial maize industry off balance. The Transvaal and the Orange River Colony were enjoying a bumper harvest; and, fearing a disastrous fall in the domestic price consequent on a contraction of demand in her traditional market across the Vaal, the Orange River Colony was anxious to make all possible use of the overseas safety valve for her maize.⁽¹⁾ In Natal, on the other hand, "east coast fever" had decimated the herds of transport oxen and thereby raised the cost of bringing maize to the railhead.⁽²⁾ In these circumstances it was no doubt only natural that exaggerated fears should be held of the impact of the additional 1/6d on the trade; and the three producing colonies, with the Cape reluctantly in tow, joined their voices in a demand that the rate of 10/- be left unchanged.⁽³⁾

The ascendancy of the Transvaal in South African affairs emerges clearly from this episode: despite the fact that her maize exports for the past season had lagged behind those of both the Orange River Colony and Natal,⁽⁴⁾ those two colonies now placed their cause squarely in her hands. Hull, certainly, was not unwilling to assume the burden: happily donning the mantle of leadership in the South African cause he cabled his Agent-General that

I have consulted with South African Colonies ... and we are strongly opposed to increase. ... [A] public announcement on the subject of increased export charges would raise a bitter feeling throughout the country and would create strong hostility against the Conference Lines. You should warn them

-
- (1) TAD CT 179 T 43/35: General C.R.de Wet (Minister of Agriculture, Orange River Colony) - Botha, 15.4.1909. See also Bloemfontein Post, 4.5.1909 and Rand Daily Mail, 24.7.1909.
- (2) TAD PM 47 105/3/09: Moor - Botha, 16.4.1909.
- (3) TAD CT 179 T 43/35: Department of Agriculture, Cape Colony - eadem, Transvaal, 15.4.1909; CAD T 1127: French - Merriman, 20.4.1909.
- (4) Transvaal Agricultural Journal, April 1909, p.565; R.822 (1910), p.6.

[that] persistence in demands may have most serious results. (1)

But this outburst left the shipowners unmoved - possibly because in relaying the message Solomon had omitted the last portion, thus failing to "warn" of the "most serious results" envisaged by Hull.⁽²⁾ The message also came at a singularly unfortunate time: for Sir Donald Currie had died a week before.

His death marked the end of an epoch;⁽³⁾ it also came at a time when his guiding hand was sorely needed. Hull's missive, in fact, reached Fenchurch Street on the very day of the funeral; and Currie's sons-in-law, occupied in obsequies that assumed something of a national character,⁽⁴⁾ may be forgiven for being unreceptive to the signals coming from Pretoria - and, perhaps, for feeling some coolness towards what could be interpreted as a certain lack of sensitivity. However that may be, Solomon was now given plainly to understand that there would be no backing down on the maize impost: the lines, he was told, had "really considered this matter very carefully"; the "very small

(1) TAD PM 47 105/3/09: Hull - Solomon, 20.4.1909. Cf. Hull's statement in the Transvaal Legislative Assembly (Debates, 22.6.1909).

(2) UCR: Solomon - DC&Co, 21.4.1909.

(3) This is not the place for an assessment of his life and work. History has done him less than justice: he unquestionably played an important role in South African economics and politics, yet no "Life" has appeared. Although even his detractors were unable to withhold a grudging admiration for his ability and force of personality, he was not liked in South Africa and today is forgotten, despite the association of his name with cricket and rugby. (For two earlier "popular" views - both derogatory - see Louis Cohen, *Reminiscences of Johannesburg and London*, p.147, and H.O'Kelly Webber, *The grip of gold: a life story of a Dominion*, p.71). But he remains the most imposing figure in South African shipping history.

(4) Cf. South Africa, 24.4.1909, pp.206-11.

fractional increase" that was contemplated was reasonable; there could be no justification for any feeling of hostility in South Africa.⁽¹⁾ Nor did the combined representations of the four Agents-General succeed in moving the shipowners from that position.⁽²⁾

It is hard to resist the thought that the Transvaal, at least, is open to a charge of double-dealing on the question. Botha and Hull alike were perfectly well aware that at this juncture maize prices in Europe were "exceptionally favourable";⁽³⁾ and even Price, perhaps the Conference's most implacable opponent in South Africa,⁽⁴⁾ could muster no direct argument against the impost on economic grounds but had recourse to the rather lame assertion that

the feeling of uncertainty created as to what may be in store for producers in the future is calculated to be far more prejudicial in its effect than the sum involved.⁽⁵⁾

The Transvaal government, furthermore, was aware that even now the rate quoted by the homeward-loading lines compared favourably with that obtaining in the maize trade from Argentina,⁽⁶⁾ for a voyage of approximately the same length. The colonies indeed made no attempt to deal with the shipowners' arguments for the increase but contented themselves

-
- (1) UCR: DC&Co - Solomon, 21.4.1909; NAD PM 76 PM 174/1909: John T.Rennie, Son & Company - Arbuckle, 22.4.1909 (copy).
- (2) TAD CT 87 T 1/27: Solomon - Hull, 26.4.1909; CAD T 1127: French - Merriman, 29.4.1909.
- (3) TAD CT 179 T 43/45: Botha - A.Fischer (Prime Minister, Orange River Colony), 28.4.1909; and Hull's statement in the Transvaal Legislative Assembly (Debates, 22.6.1909).
- (4) Cf. P.A.Molteno Papers: DC&Co - Molteno, 4.5.1910, quoting Union-Castle Durban Agency.
- (5) TAD CT 87 T 1/27: Price - Treasury, 7.5.1909. It should be added, however, that Price judged this hypothetical reaction by the farming community of sufficient weight to justify the government in shouldering the extra 1/6d itself; but this suggestion, although favoured by Hull, in the end came to nothing - vide Hull's statement to the Transvaal Legislative Assembly on 22.6.1909.
- (6) TAD CT 87 T 1/27: Agent-General - Department of Agriculture, Pretoria, March 1909; CAD T 1127: French - Merriman, 20.4.1909.

with the bald statement that the impost was "unjustifiable" and with something resembling a claim that the shipping companies were duty-bound to carry South African maize even at uneconomic rates.⁽¹⁾ But to round out the picture it should be added that Pretoria had some cause for complaint at this particular time insofar as the shipowners' insistence on levying certain charges at Delagoa Bay was held to have caused the diversion of Transvaal maize exports to Durban, with obvious implications for the colony's revenues.⁽²⁾

With the prospect opening up of a head-on clash with the shipowners Moor, who had some reason to be indebted to them, backed down and allied himself with Merriman in accepting the fact of the impost.⁽³⁾ But Pretoria, with Bloemfontein in tow, stood fast. Not only Hull but Louis Botha was now in the arena; Minister of Agriculture in the Transvaal government and a keen farmer himself, as the leader of Het Volk he was also sensitive to an issue that so directly impinged on the platteland vote. Zeal without knowledge it might be, but he looked upon the maize rate as being "of such grave importance" as to warrant discussion at the imminent and final session of the National Convention, where it should have priority "over everything else".⁽⁴⁾

When the Convention assembled in Bloemfontein on 3rd May 1909 Hull was ready with a statement on "the position of the South African Governments in relation to the Conference Steamship Lines".⁽⁵⁾ Drawing particular attention to the

(1) NAD PM 76 PM 174/1909: Fischer - Moor, 29.4.1909.

(2) Price - Treasury, 7.5.1909, loc.cit.; African World, 26.6.1909, p.407.

(3) CAD T 1127: Botha - Merriman, 28.4.1909.

(4) TAD CT 179 T 43/45: Botha - Fischer, 28.4.1909.

(5) Minutes of proceedings of the South African National Convention, p.251.

proposed increase on maize, which he described as "inequitable and dangerous", he told the delegates that the day was coming when South Africa would have to fight the shipowners; but here and now only two courses were open - either to yield on the maize rate or to break off negotiations, including those on the mail contract.⁽¹⁾ With Jagger and Walton among the delegates, it is not surprising that the tone of the ensuing discussion "was opposed to the deferred rebate system ... and in favour of an open freight market",⁽²⁾ and on 6th May Walton formally moved that the question of the new mail contract be referred to the Finance Committee.⁽³⁾ The contract, as already seen, was even then under negotiation between French and Fenchurch Street; the fact that the matter was now being taken out of the Cape's hands was yet another victory for the Transvaal viewpoint.

The weights on the Finance Committee were Merriman, Fischer, Hull, Farrar and Jagger.⁽⁴⁾ Merriman, certainly, must have been opposed to any precipitate suspension of the mail contract negotiations, but Hull would have had the blessing of a Fischer anxious to promote his colony's exports and of a Farrar who was an old hand at schemes to introduce outside tonnage into the South African trade; and Jagger, while not at the moment vociferous on the subject of shipping conferences, would no doubt have welcomed this opportunity of striking a blow at his adversaries of yore. Indeed, Jagger annoyed Merriman by coquetting with the Transvaal delegates;⁽⁵⁾ and he seems to have struck up a rapport with Hull on the

-
- (1) Johann F. Preller, *Die Konvensie-dagboek van sy edelagbare Francois Stephanus Malan 1908-1909*, p.222. (Malan's words: "onbillik en gevaarlik".)
- (2) E.H. Walton, *The inner history of the National Convention*, p.260.
- (3) *Minutes of proceedings ...*, op.cit., p.258.
- (4) Ibid., p.251.
- (5) Lewsen, *Selections ... 1905-1924*, p.126.

shipping question, afterwards sending him statistical ammunition for the fight.⁽¹⁾ The Cape premier, then, must have found himself isolated on the Finance Committee, despite his being its chairman; but in fact the whole issue seems to have passed him by, occupied as he was with the far weightier subject of South African unification.⁽²⁾ The upshot was that the Committee followed Hull's prescription and recommended that negotiations on the mail contract be suspended forthwith, to be resumed in two months' time when the leading delegates would be in London as part of the constitutional deputation for the passage of the South Africa Act. In a rider redolent of the usages of international diplomacy, the Conference lines were warned that "if the maize rate is raised in the meantime such action will be considered as unfriendly by all the South African Governments".⁽³⁾

Hull had skilfully used the maize issue as a means of forging a formidable new weapon against Fenchurch Street: the mail contract would be put on the shelf, to be taken down as tactics might dictate. For he and his lieutenant had their sights on something beyond the trifling 1/6d now at stake; on action, as Price cryptically phrased it,

to place the relative positions of South Africa and the steamship lines, which have a virtual monopoly of the over-sea carrying trade ..., on a more satisfactory footing than has hitherto obtained. (4)

Confronted with the label of "unfriendly", the shipowners might well have chosen discretion and called off the proposed

(1) TAD CT 179 T 43/465 and CT 178 T 43/195: Jagger - Hull, 22.5.1909 (copy) and eadem, 5.6.1909, respectively.

(2) There is no allusion to the matter in his diary; and the resolution apparently made so little impression on him that a day or two later he was obliged to ask Fischer to repeat its exact terms (Merriman Papers, 190/1909: Fischer - Merriman, 13.5.1909).

(3) Minutes of proceedings ..., op.cit., p.273.

(4) TAD CT 309: memorandum by Price, n.d. circa mid-1909.

impost. But, once again, communication lagged. The Cape's cable to French was bungled; the Transvaal's to Solomon was inordinately long in appearing; only Natal's to Arbuckle was both correct and prompt.⁽¹⁾ After some discussion the three Agents-General decided that the two issues involved should be handled separately: Arbuckle would deal with maize - a subject involving more than one of the shipping lines - while French approached Fenchurch Street on the mails.⁽²⁾ But in the event this division of labour had unfortunate consequences: coming from different parties and relating to different subjects the separate messages lost the impact of the unified version emanating from Bloemfontein, and this was compounded by the innocuous terms of Arbuckle's letter, which concluded with the mild observation that "there is evidently dissatisfaction [in South Africa] at your proposal to increase the rate"⁽³⁾ - a far cry from the forceful language of the National Convention. The lack of thrust was still further reinforced by the fact that for some days Solomon had been left in official ignorance of the terms of the Bloemfontein resolution - an oversight that may have created an impression in the shipowners' minds that there was a rift in the colonies' lute.⁽⁴⁾ All this, of course, is not to say that in its unadulterated form the resolution would inevitably have led to a different response from the shipowners; but it is to be regretted that the stiffening in the colonial attitude was not at once brought home in the right quarter.

As matters stood, the shipowners were in a difficult and unenviable position. In both England and South Africa grain dealers with forward contracts on their books were pressing

(1) CAD T 1127: French - Merriman, 14.5.1909.

(2) Ibid.

(3) UCR: Arbuckle - DC&Co, 14.5.1909.

(4) Ibid.: Solomon - Molteno, 19.5.1909 (personal).

for the rate on maize to be fixed without further delay;⁽¹⁾ in the last analysis the impost would be passed back to the producer, and to that extent the dealers were indifferent on the score of the extra 1/6d.⁽²⁾ The colonial governments, on the other hand, naturally had their ears attuned to the producers' cry. But by now the bulk of export maize was going not through the government scheme but through the normal commercial channels;⁽³⁾ in effect, then, the ship-owners were being called upon to answer to a third party despite the fact that they and their mercantile customers were already at one. Determined to avoid giving any colour to such interposition, and resenting the pressure coming from governments whose own cargoes at this time were negligible,⁽⁴⁾ the lines stood firm against Hull's threats: the impost would not be withdrawn, although a short period of grace would be allowed in order to protect forward contracts.⁽⁵⁾

This decision at this juncture speaks more of stubbornness or an unworldly faith in the power of sound argument than of prudent business policy. Donald Currie & Company, perhaps because the hand of its founder was gone, now stood perilously near the precipice. The mail contract would expire in a bare year's time: when it did the company would face not four squabbling colonies but one powerful Union, and if things continued along their present path the Transvaal and not the Cape would then be calling the tune. Of equal moment was the fact that the agreement among the Conference lines would terminate in January 1911: in coming to a new

-
- (1) NAD PM 107 PMC 47/1909: Arbuckle - Moor, 12.5.1909 et al.
 (2) Cf. TAD CT 179 T 43/465: memorandum by Cape Town Chamber of Commerce, 16.6.1909 (also in Cape Times, 19.6.1909).
 (3) UCR: Molteno - French, 8.9.1909; African World, 4.9.1909, p.193; RCSR V, qq.1886-90.
 (4) CAD T 1127: French - Merriman, 8.4.1909.
 (5) Cape Times 10.7.1909; Johannesburg Chamber of Trade records: minute book, 15.7.1909.

agreement with the cargo lines it would not do for the firm then to be found without the mail contract securely in its hands.⁽¹⁾ Sound tactics, thus, called for the renegotiation of the contract now: certainly the comparatively trifling matter of the maize rate should not be allowed to obscure the prime issue. By Fenchurch Street's own reckoning, some 100,000 tons of maize was expected in the coming season: the loss of earnings consequent upon the withdrawal of the impost would thus be a mere £7500, which was trifling in comparison with the annual mail subsidy of £135,000 or more. Policy surely pointed to an immediate accommodation with South Africa, particularly now that political power there was moving to the landed- rather than the mercantile or financial elements: pains should be taken, indeed to quash any suggestion that the shipowners were indifferent to the claims of the agricultural sector, unreasonable though those might be.

On the other hand, Fenchurch Street's intransigence on maize is perhaps accounted for by the developments on the mail contract itself. After the fiasco of Hull's tender scheme, negotiations had finally begun early in 1909, and Sir Donald had adopted a firm and even rigid attitude on the question. Ailing now and unable to take part in the negotiations himself, he admonished his partners "in the strongest possible manner" not to "show the white feather";⁽²⁾ and in the last few days of his life he returned to this theme. It was his view that the mail company had not been treated fairly: instead of negotiating for a new contract with those who had long carried the mails with what was admitted even by hostile critics to be commendable efficiency, the colonies had put the contract out to tender, "inviting thereby the whole world to drive us out of the trade if they could".⁽³⁾ Not only that, but Jameson had reneged on Merriman's 1899 assurance

(1) Cf UCR: Molteno - Mirrielees, 30.7.1909.

(2) Ibid.: Currie - DC&Co, 30.1.1909.

(3) Ibid.: eadem, 3.4.1909.

of fair dealing in the matter of government freight: from 1904 onwards the Cape Colony had supported, if not indeed instigated, the agitation against the Conference, and had gone so far as to turn to tramps. In the old man's mind there festered memories of his early days in the South African trade, when at the instance of the Cape government Union had fought Castle at heavy mutual cost; despite that, over long years he had built up the mail line to its commanding position in the trade, and he would not allow that dominance to be upset by the ungrateful South Africans. In short, there would be no surrender to the colonies on the mail contract: the mails would be carried on the company's terms or not at all. Sir Donald was prepared if need be to brave the prospect of going without the contract for a space: not bound to its demanding schedule his mailships would be able to reduce their speed and thereby cut costs to the extent of half the subsidy; and any other shipowners who might be rash enough to tender for the mails would have to do so with their eyes open, as Fenchurch Street would retaliate by sailing

from any port in Great Britain we please, on any day and at any hour and on any conditions and to such ports and places in South Africa as may seem to us to be most fitting. (1)

It was, perhaps, with these valedictory words ringing in their ears that Molteno and Mirrielees refused to give way on maize. But it was a surprisingly impolitic move. In South Africa the news of the extra 1/6d was greeted with indignation; so seriously was it viewed that an attempt was made to adjourn the Cape House of Assembly on a matter of urgent public importance,⁽²⁾ and in the Transvaal Hull found himself in the humiliating position of having to disclose that his most strenuous endeavours had failed to impress the shipowners.⁽³⁾ Feeling also ran high when "their High

(1) UCR: Currie - DC&Co, 30.1.1909.

(2) Debates of the Cape House of Assembly, 7.6.1909.

(3) Debates of the Transvaal Legislative Assembly, 22.6.1909.

Mightinesses in London",⁽¹⁾ who did not supply such a service themselves, refused to relax the rebate provisions insofar as the direct shipment of maize to America was concerned.⁽²⁾ Until the coming meeting in England between the shipowners and the National Convention delegates nothing more could be done; but these further manifestations of Fenchurch Street intransigence would not be forgotten.

- - - - -

In the midst of these alarms the Royal Commission on Shipping Rings at last issued its Report.⁽³⁾ Lengthy and intricate though it was, its conclusions were a victory for the shipowners: the South African Conference, and Sir Donald personally, indeed came in for criticism on the score of their "arbitrary" actions and "autocratic" spirit,⁽⁴⁾ but on the main issue of combination in shipping the findings of the Commission went squarely against South African opinion.

The Majority Report, although evidently reluctant to give explicit approval to shipping conferences per se, held that such bodies were necessary if regular services and stable rates were to be maintained.⁽⁵⁾ Once grant that premise and the question immediately arose whether a conference could effectively exist without some tie on the shipper: and the conclusion was that it could not.⁽⁶⁾ Those signing the Majority Report thus set their face against legislation to abolish rebates; and, indeed, the body of evidence was itself against such a course, with the notable exception of

-
- (1) Cape Times, 15.6.1909 (editorial).
 (2) TAD CT 179 T 43/465: Jagger - Hull, 22.5.1909 and 17.6.1909; Cape Times, 15.6.1909 (meeting of Cape Town Chamber of Commerce).
 (3) Cd. 4668, published in June 1909.
 (4) RCSR I, pp.72-4. Cf. The Times, 3.6.1909 (editorial).
 (5) RCSR I, Part IV.
 (6) Ibid., p.50.

South Africa. Such legislation, it was pointed out, would obviously be ineffective against ties as such, since ship-owners would no doubt soon come up with a substitute; and legislation enacted in England would, in any event, expose British shipowners to inroads by foreign competitors not similarly bound.

But that was not to say that the rebate system, useful though it might be in its own right, was not open to abuse: it was, and there should consequently be some form of check or control. The Majority Report, however, was not in favour of the proposal for a rate-fixing Board similar in character to the Railway Commission set up in England in 1888; it would be neither practicable nor desirable "to invest any external body with power to fix rates of freight".⁽¹⁾ Also ruled out was the exercise of government influence through either mail contracts or official freight business: there were objections in principle to the former, but in any case pressure of either kind would by itself afford only a "very inadequate" remedy.⁽²⁾

But if the rebate system were to be sanctioned, might it nevertheless not be modified, by legislation if need be, so as to bring it more in line with the reasonable demands of shippers? Several proposals to this end had been put forward by witnesses before the Commission, including a "code of conduct" modelled on the Compact of 1893; but for one reason or another these were rejected.⁽³⁾

In other words, all the pet nostrums of the South African critics were taken up, examined, and then gently laid aside. But the Majority Report went on to frame remedies of its own, the crux of which was the creation of countervailing power

(1) RCSR I, p.83.

(2) Ibid.

(3) Ibid., p.84.

in the shape of associations of the shippers in particular trades. Such associations would qualify for recognition by the Board of Trade; they would discuss with the shipowners matters of common interest; they would present a united front in matters of controversy; out of this would come a better understanding between the two parties, and reciprocal rights and duties would be more clearly defined. There were, no doubt, objections that could be urged against bodies of this kind, and more particularly the divergent or conflicting interests inevitably to be found in the ranks of shippers; but these obstacles need not prove insurmountable. Of more substance was the contention that, faced by shipowner intransigence, such associations would be impotent. To meet this contingency the Board of Trade should be given power to act in those cases where the parties failed to reach agreement, by appointing a conciliator upon the application of one party to the dispute and an arbitrator if requested to do so by both. If it had good grounds for believing that "important national or imperial interests are affected" the Board of Trade should itself enquire into the point at issue, and perhaps submit a report to Parliament - but only after an attempt at conciliation had been made. ⁽¹⁾

So far the Majority Report. The Minority Report, although taking a less sanguine view of shipping conferences, was similarly averse to legislation that abolished rebates or envisaged "interference by a Government department with the details of a highly complex industry"; before such "novel and drastic" measures were resorted to an opportunity should be given to shipowners to put their house in order by bringing into being "a real system of consultation and conciliation". ⁽²⁾ The Board of Trade, nonetheless, should play a more dynamic role than that envisaged by the Majority Report: in partic-

(1) RCSR I, pp.85-9.

(2) Ibid., p.114.

ular, it should be empowered

to direct an inquiry, with full powers as to taking evidence and the production of documents, where it appears that important public interests (including those of consumers and producers) are affected by the action of Shipping Conferences; or upon the representation of Colonial Governments interested that such an inquiry is expedient. [A] report of the nature and result of such inquiries should be presented to Parliament in all cases promptly. (1)

The trumpet of the Royal Commission, then, gave an uncertain sound. Not only were there majority- and minority reports, but each of them had its own dissentients, one of whom went so far as to call for legislation along the lines of the Sherman Act of the United States; and Merriman, who was not unfriendly to the shipowners, spoke tartly but truly when he later remarked that either report would leave its readers "in pretty nearly as great a fog as when they began". (2) This ambivalence, however, is scarcely to be wondered at when the intricacy of the subject is considered: as a contemporary observer trenchantly pointed out, the Commission

was set the task of trying to reconcile the interests of several parties, each of whom naturally tries to secure advantages for itself regardless of the interests of the others. The public want cheap freights, and pay no heed to the incomes of shippers or the dividends of shipping companies; the shipowner looks to make as large profits as he can out of carriage of cargo, and is indifferent whether it is the shipper or the consumer who pays; the merchant is mainly concerned with the task of increasing in his own interests the difference between the cost of distribution and the payment which he receives for the service, and in his turn asks for terms which satisfy neither the public nor the shipowner. (3)

-
- (1) RCSR I, p.116.
 (2) Debates of the Union House of Assembly, 6.3.1911.
 (3) Comment by Philip Kerr (The State, September 1909, p.264). For further comments see The Statist, 12.9.1909; The Economist, 19.9.1909; Financial Review of Reviews, August (?) 1909 (quoted in extenso in Cape Times, 13.9.1909); and D.H.Macgregor, Shipping conferences (Economic Journal, December 1909).

However that may be, the long controversy - which might variously be dated from 1904, 1902, 1894, 1886 or still earlier - had ended in a victory for the Conference. The whole question of combination in shipping had been exhaustively examined by a Royal Commission on which the South African colonies had been represented and which indeed had taken special pains to hear their complaints: and qualified though it might be the verdict had clearly been given for the shipowners.

In the days when South Africa was breathing fire and brimstone against the Ring this outcome would have raised a storm; now, for reasons already alluded to⁽¹⁾ but also because of increasing prosperity and the near advent of Union, it was passed by. The Report was barely noticed in the old hotbed of the agitation, Cape Town;⁽²⁾ the country's chambers of commerce had little or nothing to say on it;⁽³⁾ among the country's leading newspapers only the Star spoke out boldly, fulminating against the Commission's "weak-kneed, milk-and-watery recommendations" and "flabby and impotent remedies" and calling for a continuance of "the struggle".⁽⁴⁾ But that was a voice in the wilderness. The shipping question was moribund; and, had there been no Hull, it would have been allowed to depart in peace.

The Royal Commission itself was to have no practical outcome. Its recommendations, mild as they were, found little favour

(1) See above, p.316.

(2) Cf. the local newspapers of the period; in particular, the reports of the monthly meetings of the Cape Town Chamber of Commerce.

(3) Cf. the annual reports for 1909 of the leading Chambers, and the 1909 congress of the Association of Chambers of Commerce of South Africa, reported in South African Commerce and Manufacturers' Record, August 1909, pp.296-7.

(4) Star, 3.6.1909.

with the Board of Trade, which was reluctant to play the rôle assigned it; and after a tortuous exercise in evasion the whole matter was quietly dropped.⁽¹⁾ When, two years later, the shippers in a certain trade were so bold as to adopt the Commission's recommendations and form themselves into an association of the kind that it had contemplated, their request for registration by the Board was turned down;⁽²⁾ but for the most part, it should be added, shippers were lukewarm towards the idea that they combine so as to be able to negotiate from strength.⁽³⁾ Interest in the Commission's

- (1) BOT MT 9/869 M 1569/1910: memorandum, 18.1.1910. There was "one real and practical objection" to the Commission's proposal, namely that it would be

quite impossible to recognise one side to a dispute without the other, to register the Association without registering the Conference. Now whilst the majority of the Commission appear to regard the operation of the Conferences as beneficial, the minority whilst equally insistent on the advantages of the formation and recognition of Associations of Shippers, obviously regard the Conferences with considerable disfavour. The definite recognition and registration of the Conferences for purposes of negotiation with the Associations might easily lead to the opinion that the State approved of their existence and their activities, even if it did not actually involve the likelihood of the formation of other Conferences on other trade routes, in view of such advantages as might arise to shipowners as well as to shippers from the existence of recognised methods, by which each party could ascertain the prevalent views of the other.

Before therefore any steps are taken in the direction of encouraging the formation of Associations, it is important to realise that the consequent result would probably be the perpetuation of existing, and possibly the creation of new Conferences of Shipowners.

- (2) BOT MT 9/926 M 1826/1912: letter from Australasian Merchants' Association, 27.6.1912.
- (3) Ibid., M 12174/1911: report of meeting between Association of Chambers of Commerce of the United Kingdom and Sydney Buxton (president of the Board of Trade), 11.5.1911.

findings died out even before the Great War,⁽¹⁾ and none of its proposals requiring government action was ever implemented.

- - - - -

The dispute over maize ushered in a new phase of the South African shipping question - one that would increasingly bear the aspect of a duel between two strong men.

Percy Alport Molteno⁽²⁾ was the second son in the gifted family of Sir John Charles Molteno, first prime minister of Cape Colony. Born in Edinburgh in 1861, he spent his boyhood in Cape Town amid gracious surroundings and in comfortable circumstances; after having attended the Diocesan College and won honours at the University of the Cape of Good Hope, he read law and mathematics at Cambridge and qualified as a barrister. He returned to South Africa and set himself up in Chambers; but few briefs came his way, and after two years of disappointment he settled in England - not however to pursue his legal career but to marry Currie's second daughter and to join his father-in-law as a partner in the firm of Donald Currie & Company. Henceforth assured of what his biographer calls a "handsome" or "fine" income, he was able to devote himself to things other than economic; but he was no dilettante in shipping, and among his accomplishments in that sphere was the development of the export trade in South African fruit.⁽³⁾ Somewhat retiring by nature but widely-travelled and well-read, he maintained close links with South Africa, conducting

-
- (1) House of Commons Debates, 26.6.1913 (Buxton's replies to questions). For a contemporary analysis of the Commission's lack of impact see Cd. 7351 (1914), pp.101-3.
- (2) The following sketch is based principally on Davey, The British Pro-Boers; F.W.Hirst's unpublished biography of Molteno; and the P.A.Molteno Papers.
- (3) See R.H.Marloth's article on deciduous fruit, in Standard Encyclopaedia of Southern Africa, vol.5, p.62 ff.

an extensive correspondence with many of her public figures; keenly interested in her past and her future, he published both a treatise on the possible federation of her colonies and republics and a two-volume biography of his father.⁽¹⁾ A Liberal in British politics, he entered Parliament in 1906; staunchly pro-Boer during the war, he was no armchair sympathiser but actively supported such unpopular figures as Merriman and Emily Hobhouse, while he also provided comforts for Boer prisoners-of-war and funds for the education of Boer orphans. Demagogy was far from him, for he held a firm belief in the power of reason; and his good works, although open enough, were performed without a flourish of trumpets.⁽²⁾ In the post-war years he was the moderate South Africans' good friend and helper in London; in particular, he stood by Louis Botha during the latter's visits to England. In this period, too, his attachment to a cause did not stop at rhetoric or empty gestures: a determined opponent of Chinese labour in the Transvaal, he resigned his mining directorships rather than be identified with that policy. A fitting tribute was paid to his selfless work for South Africa when the colonial premiers turned to him in 1910 as "the person best suited to undertake a task of some delicacy but at the same time of the last importance to our Country".⁽³⁾

Very different was Henry Charles Hull.⁽⁴⁾ Born in Caledon

-
- (1) A Federal South Africa (1896) and The life and times of Sir John Charles Molteno (1900).
- (2) For a touching example see Johan Louw, Ds.A.F.Louw op St Helena, p.77.
- (3) Lewsen, Selections ... 1905-1924, p.165 (Merriman - Molteno, 31.1.1910).
- (4) There is surprisingly little material on Hull, and much of it is partisan. The following sketch is derived from Arthur G.Barlow, Almost in confidence, ch.XXIV; Maryna Fraser and Alan Jeeves, All that glittered: selected correspondence of Lionel Phillips 1890-1924, document 85; B.K.Long, Drummond Chaplin: his life and times in Africa, pp.101-4; Arthur Andrew Mawby, The political behaviour of the British population of the Transvaal 1902-1907, pp. 257-9; S.B.Spies, Methods of barbarism?, p.104; obituaries in Cape Times and Rand Daily Mail, 10.10.1932; and newspaper reports of his speeches during the elections of 1907 and 1910.

in 1860, he joined the Cape civil service in 1879, but soon left it for the law, by private study qualifying as an attorney. He practised at Kimberley for some years, but then moved to Johannesburg, where he was involved in the Uitlander agitation and was incarcerated as a member of the Reform Committee. He fought with distinction in the colonial forces during the Boer War; Milner appointed him to the first Legislative Council of the Transvaal; he was an ardent "Responsible" in the colony's politics; he became Treasurer in Botha's 1907 cabinet; he was among the Founding Fathers of the Union of South Africa. A wealthy man, he nonetheless entered parliament on a populist platform - and his political opponents did not hesitate to brand his anti-capitalist diatribes the veriest sham.⁽¹⁾ Even his enemies admitted his intelligence, ability and force of character; but along with those qualities went other traits such as impishness, a scant regard for conventional proprieties, and "a tongue that could cut a rhinoceros hide into thin strips".⁽²⁾

Although in the nature of things there is little evidence bearing on the point, the clash of temperaments between the two men may easily be imagined. Hull had risen from humble origins to an enviable legal practice; Molteno, despite the advantages of birth, money and the best education England and South Africa could give, had made no mark as a lawyer, and the wealth he now enjoyed came not from talent but from marriage. He was, for that matter, something of Hull's *bête noire* - the "absentee capitalist". If all that were not enough, he was also one of those renegade Englishmen that had succoured their country's enemies - enemies against whom Hull had taken up arms. Molteno, finally, was a man of

(1) Cf. Percy Fitzpatrick in *Star*, 9.2.1907 and 11.2.1907.

(2) N. Levi, *Jan Smuts: a character sketch*, p.182. Maydon in writing to Merriman was less restrained - vide Merriman Papers, 110/1912. For a sample of Hull's humour and language see Hancock and Van der Poel, *Selections from the Smuts Papers*, vol.III, document 626.

learning, sensitivity and refinement; Hull, rough in manner and a great raconteur of risqué stories, cared little for such qualities himself and took pleasure in making mordant sport of them in others.

These, then, would be the chief protagonists in the coming clash of wills. No doubt others were involved on both sides; but Hull and his lieutenant Price were the driving force in Pretoria, and from the Union-Castle records it is apparent that Molteno, although not the senior partner in the firm, was Fenchurch Street's main thinker and planner.

The two men came face to face when the mail contract negotiations were resumed in London in mid-1909. Maize, indeed, was no longer at issue; and three of the colonies, at any rate, were prepared to regard the incident as closed. But for Hull the shipowners' decision to go ahead with the 1/6d impost had meant a steeling of his resolve to bring the Conference to heel. Molteno for his part did little to defuse the bomb. In the brief reference made to maize when the two negotiating parties met he was adamant that the impost was justified, nor did he make any attempt to be conciliatory: freight rates, he emphasised, did not fall within the province of the colonial governments, and he warned those governments that the Conference lines were perfectly willing to jettison the concessions they had made and revert to a normal commercial rate. He also adopted a rather unfortunate tone with the South Africans by lecturing them on the subject of export markets - a point on which his advice, however well-meant, was not disinterested and had not been asked.⁽¹⁾ To the "injury" of an increased maize rate despite the strong Bloemfontein protest was thus added "insult" - and it played right into Hull's hands.

(1) Merriman Papers, 552/1909: French's record of meeting between colonial delegates and shipowners (Mirrielees and Molteno), 29.7.1909.

With maize temporarily out of the way, the battle lines began to be drawn around the mail contract. But the initial skirmishes in this contest were to be between the colonial governments themselves. Discussions - unedifying, petty and even puerile⁽¹⁾ - would indeed continue with the ship-owners, but for the moment the crucial differences lay between Merriman and Hull.

The term of the contract now drawing to its close was ten years; the mail line wished the prospective contract to run for the same length of time, while French in his negotiations up to this point had been aiming at seven years. In either case the new contract would thus extend several years into the life of the first Union parliament; and, with Union a bare ten months away, the delegates in London questioned the propriety of thus binding the coming central government. But they found it difficult to agree on an alternative. Merriman was for concluding the new contract there and then but with the proviso that it be subject to ratification by the Union parliament; Hull, for reasons of his own, declined to bind South Africa's hands to even that extent. He was willing to consider an extension of the present contract for one or two years, if need be at an increased subsidy; beyond that he would not go.⁽²⁾

From a purely commercial viewpoint there was no doubt much to be said for Merriman's proposal. If the conclusion of the new contract were delayed for two years the volume of mail matter would have risen, and the subsidy (which was geared to that volume) would therefore be higher; moreover, the company itself would probably then demand a higher subsidy on account of the interruption of its building pro-

-
- (1) Merriman Papers, 552/1909: French's record of meeting of 3.8.1909; and Merriman's diary entry for that date.
- (2) Ibid.: French's record of discussion among colonial delegates, 6.8.1909; and Merriman's diary entry for that date (Hull was "most obstructive").

gramme.⁽¹⁾ On these and other grounds the Imperial Post Office, which bore the brunt of the subsidy, gave its backing to Merriman's view; and Moor and Fischer acquiesced.⁽²⁾ Botha's voice would probably have been decisive at this juncture, for he had already told Molteno of an anxiety to see the mail contract settled before the delegates returned to South Africa;⁽³⁾ but the Transvaal premier was occupied with many other things, and just before the second and crucial meeting with the shipowners he departed from London to take the cure at Bad Kissingen.⁽⁴⁾ The premiers of the three southern colonies thus found themselves ranged against Hull.

By this time Hull was making scant effort to conceal his hostility to Fenchurch Street, and perhaps to Molteno personally:⁽⁵⁾ he was

very bitter against the Union-Castle Steamship Company, and never misses an opportunity of giving expression to his feelings in language more forcible than polite.⁽⁶⁾

Before coming to England he had gone carefully into shipping matters with Price; and it is clear that certain plans against the Conference were then laid. These are not spelled out in the correspondence that survives, but their existence is apparent enough: Price was free with allusions to "the important purposes in view" and to the need to place relations between South Africa and the shipping lines "on a more satisfactory footing".⁽⁷⁾ Hull was now firm in his purpose to

-
- (1) NAD PM 107 PMC 83/1909: DC&Co - French, 18.8.1909 (copy); TAD CT 178: French - Merriman, 19.8.1909.
- (2) UCR: Molteno - Mirrielees, 12.8.1909; Merriman Papers, 502/1909: Hull - Merriman, 7.8.1909.
- (3) UCR: Molteno - Mirrielees, 30.7.1909.
- (4) P.A.Molteno Papers: Botha - Molteno, 2.9.1909; Rand Daily Mail, 2.8.1909.
- (5) UCR: Molteno - Mirrielees, 9.8.1909.
- (6) Ibid.: Hitchens - MacLean, 20.9.1909, quoting Moor.
- (7) TAD CT 309: Price's list of points at issue with the shipping lines, n.d. circa mid-1909.

hold back the mail contract for use as a weapon in this campaign. Even Merriman's proposed provisional contract was therefore deemed unacceptable; and rightly so, as the Union parliament would have no obvious ground for refusing to ratify it in due course, especially as the government would then in all likelihood include the very men now assembled in London.

Whatever his other failings may have been, Hull was not two-faced: and he now told the shipowners his real objection to a new mail contract at this juncture.⁽¹⁾ To Merriman he was even more explicit: strong feeling, he pointed out, had been aroused by the decision, in defiance of the Bloemfontein resolution, to increase the maize rate; and in view of that

it would be unwise to do anything on the eve of Union which would in any way hamper the Union Government or Parliament in dealing with the Mail or the Freight question. (2)

The Transvaal, then, would not be party to a new contract, even a provisional one; if the other colonies were to persist in that they must do so on their own.⁽³⁾ But, given the Transvaal's dominance in South African affairs, that was hardly practical politics, and in any event the Pretoria agreement of 1908 bound the four colonies to act unanimously on shipping questions. Merriman's star, along with that of his colony, was waning; he had an inkling that when the coming Union government finally settled the mail contract he would not be involved;⁽⁴⁾ he was moved by no passion akin to Hull's either for or against the shipowners; and so, with private fulminations but in characteristically forthright language, he eventually yielded.⁽⁵⁾ French was

-
- (1) TAD CT 178: Solomon - DC&Co, August 1909 (draft).
 (2) Merriman Papers, 502/1909: Hull - Merriman, 7.8.1909.
 (3) Ibid.
 (4) Cf. his remarks in the Cape Assembly (Debates, 4.11.1909).
 (5) Merriman Papers: diary entries for 29.7.1909, 3.8.1909 and 6.8.1909; ibid., 503/1909: Merriman - Hull, n.d. (8.8.1909); TAD CT 178: French - Solomon, 26.8.1909.

therefore instructed to reopen negotiations, but only on the basis of a short extension of the existing contract.

- - - - -

Mirrielees and Molteno had already shown signs of that crumbling of resolve against which Currie in his last days had warned. Despite brave words at the start of the mail negotiations a few months before, they had subsequently agreed to negotiate not on the basis of their own offer - as Sir Donald had insisted - but on that of the Agent-General's official tender form; and now, faced with an entirely new situation and the prospect of losing the contract entirely, they found it still harder to stand firm. That the Union-Castle Line should be deprived of the mail contract, its traditional life-blood, was unthinkable; Currie himself, it is true, had been prepared under certain circumstances to contemplate even that eventuality, but in the face of French's proposal - which would maintain the existing contract for two years more and would also leave the door open to a new contract - it was doubtful whether such heroic measures were demanded as yet. The Clan Line had been growing restive and had only recently been bought off from its claim to homeward loading;⁽¹⁾ but this arrangement would expire early in 1911, and it was imperative that the mail line be not then without at least the prospect of the new mail contract. At this very time, moreover, the German lines were in another of their periodical bad moods; they were tied to the Conference by flimsy ad hoc arrangements alone, and a minor rate war was indeed already on the go.⁽²⁾ In bracing itself against these threats to its position in the trade Fenchurch Street would have to ensure that its mail contract flank was not exposed.

The resumed negotiations on the mails dragged on for several

(1) UCR: correspondence with and on Sir Charles Cayzer, July 1908 - March 1909, and agreement between Union-Castle and Clan, 19.3.1909.

(2) Star, 18.8.1909 and 19.8.1909; Cape Times, 23.8.1909.

months; but in the face of the colonies' obduracy the two partners were forced to abandon one position after the other, and in the end had little option but to accept Hull's terms. Despite their utmost endeavours they were unable to extract any concessions, being denied even a reaffirmation of Merriman's "pious opinion" of 1899 that the mail line would be treated "absolutely fairly" on the score of government freight. Merriman himself, indeed, saw little harm in repeating that assurance; but the whip was firmly in Transvaal hands, and he wearily bowed to yet another of its cracks.⁽¹⁾

Fenchurch Street's final capitulation on the mails took place in March 1910,⁽²⁾ when the trade was in the midst of a fresh and more serious German onslaught.⁽³⁾ During the intervening months of negotiation, developments in maize had strained relations between the colonies and the ship-owners to breaking point.

- - - - -

The maize trade was becoming the victim of its own success. Encouraged by the favourable reception of South African maize on the European markets, the colonial producers and dealers hastened to get rich, so much so that some bad parcels, evading the official graders at the ports of shipment, threw overseas buyers into consternation. That aspect, however, need not be pursued here;⁽⁴⁾ more to the point is the problem of capacity that this upsurge in trade created for the shipping lines.

-
- (1) TAD FM. 40 92/7/01: Merriman - Botha, 3.3.1910.
 (2) The negotiations are in UCR, "Copy of correspondence [on] extension of contract beyond 30th September 1910" (print).
 (3) South Africa, 5.2.1910, pp.301-2.
 (4) For a lengthy but partisan account see African Monthly, September 1910, pp.520-1.

Although not so stipulated in black and white in Moor's agreement with Currie, the understanding had been that the low rate of 10/- presumed that maize would be taken as filling-up cargo. In the light of the well-known paucity of return cargo in the South African trade this proviso had seemed innocent enough; but with the growth of the trade it became a thorny issue. Several factors lay behind this new crisis. The maize trade was poorly organised in the colonies: there was no forward planning by the several governments, and as a result it was not easy for the ship-owners to put on extra tonnage to match the volume of maize coming forward; some ships therefore sailed with unfilled space while others were obliged to shut cargo out. The speculative element in the export trade constituted another difficulty: maize arriving at a port might find adequate tonnage awaiting it, but a fall in the overseas price or expectations of a rise would induce the exporting merchant to hold back; the ship would sail with empty space, whereas her successor would have to shut out cargo when the accumulated maize finally came forward. Nor was that all: farmers or produce dealers (each blamed the other) sent forward "wet" grain; picked up by the graders and put aside to dry, this took up scarce warehouse room and delayed the offloading of further maize coming by rail from inland. Another difficulty arose from the fact that the bulk of the maize shipments came at a time when wool exports were at their peak; the ships naturally gave priority to this higher-rated cargo, and maize might thus be shut out. Inter-port rivalry also played a rôle: maize graded at Durban, it was asserted, was particularly well regarded in Europe, and dealers were reluctant to lose this hallmark by shipping from the Cape ports; while Natal for her part was naturally loth to see traffic diverted to her sister colony, even to relieve congestion at Durban, as such traffic might never be recovered. From the shipowners' point of view, however, this simply meant that on the one hand maize would be shut out at Durban while on the other their ships would leave South Africa with unfilled holds because the space allocated

to the westerly ports had not been taken up - a situation that could be remedied quite easily if the colonies would only apply their minds to the matter and spread their maize shipments among the several ports. The congestion at Durban, finally, was also aggravated by the dispute over port charges at Delagoa Bay,⁽¹⁾ which for some time kept Transvaal maize away from that port.⁽²⁾

Congestion and confusion were no doubt inseparable from the pioneer period of the maize export trade; given patience on all hands, in time these various difficulties must be overcome. But patience and mutual understanding, like tonnage, were in short supply; and the air rang with re-criminations on all sides. Every man's hand seemed to be against his brothers': inland colony and coastal colony, government and private sector, railway and port, farmer, speculator, merchant, shipper and shipowner - each blamed the other and washed his own hands in innocence.

As far as tonnage was concerned the issue was simple: while the homeward-loading lines had undertaken to carry maize at the low rate only in such space as was available after normal commercial cargo had been taken on, they were nonetheless willing to put on extra ships - provided the tonnage were duly taken up, in default of which dead freight would have to be paid.⁽³⁾ To this stipulation the grain merchants demurred: they gave irregularity in rail delivery as their reason,⁽⁴⁾ but it is likely that guarantees of this kind

(1) See note 2 on page 334 above.

(2) On the maize congestion: Natal Mercury, 10.8.1909; Transvaal Weekly, 21.8.1909 and 4.9.1909; Transvaal Leader, 4.9.1909; Natal Agricultural Journal, 27.8.1909; South African Commerce and Manufacturers' Record, September 1909, pp.358-9; UCR: "Agreements and correspondence relative to homeward shipments of maize 1907-1911" (print).

(3) Rand Daily Mail, 29.7.1909 (report of conference at Durban).

(4) Star, 11.8.1909.

fitted ill into the speculative scheme of things. The shipowners, however, were firm on the point, as they had already burned their fingers in fruitlessly laying on extra tonnage.⁽¹⁾

On the general question of capacity the shipowners would seem to have been more sinned against than sinning, as there can be little doubt that the shoreside part of the maize export trade still had to find its feet.⁽²⁾ But, that said, it must at once be added that those shipowners hardly came with clean hands themselves. A year previously Sir Charles Cayzer, his Clan Line running into bad times in its Indian trade, had broached the subject of loading homewards from South Africa. Sir Donald had been willing to concur in this so far as deadweight cargo was concerned, including maize; but Molteno had set his face against it on the ground that the Union-Castle ships were themselves coming back with short cargo and that in any event concessions of that kind to Clan would prompt similar demands from Ellerman-Harrison. There were also reasons of high policy: Molteno suspected that Cayzer was toying with the idea of seeking Colonial Office support for a new service to Mombasa - a venture that would look more promising if homeward cargo were available in South Africa. Mirrielees, who tended to approach questions more from the practical- than the theoretical side, feared that Glasgow would prove more attractive to the Cape's new whale-oil industry than London and that Clan would consequently make inroads into that cargo;⁽³⁾ but he was willing to make some gesture to retain Cayzer's goodwill, and he suggested that Clan be permitted to load such cargo as the Union-Castle ships for one reason or another were not able to accept at a particular time. Sir Donald, who somewhat reproachfully told Cayzer that "I have never interfered with

(1) UCR: DC&Co - Arbuckle, 3.1.1908.

(2) Merriman Papers, 552/1909: French's record of meeting with shipowners, 29:7.1909; Star, 14.8.1909; Natal Agricultural Journal, 27.8.1909, pp.156-7.

(3) On this industry: Star, 6.8.1909.

your business or sought to take anything from you",⁽¹⁾ grasped at this suggestion; but Molteno was adamant that Clan should get nothing at all. After some weeks of correspondence it was agreed that Clan continue to be subvented to stay out of the passenger trade and of homeward loading.⁽²⁾ That in all this Fenchurch Street was acting to protect its own interests, and had the good right to do so, may be freely conceded; but it remains true that by virtue of this arrangement ships were kept out of the homeward trade at the very time that complaints were being heard of insufficient tonnage.

Moreover, the homeward-loading lines adopted a dog-in-the-manger attitude towards the suggestion that maize be removed from the ambit of the rebate system and thus be free to go by outside ships.⁽³⁾ With the regular lines unable, for whatever reason, to take all the maize offering, there could surely be little objection in principle to this proposal, especially as the shipowners were insisting in season and out that the low maize rate did not pay; yet it was only after much prodding that the concession was granted, and even then it was so hedged about as to be of little use.⁽⁴⁾

Tonnage was in any case only one aspect of the growing antagonism between shipowner and maize shipper: another involved ports of discharge. This point, too, had not figured specifically in the 1907 agreement, and it was to cause some controversy; but the shipowners were stout in their insistence that the 10/- rate contemplated delivery at their

-
- (1) UCR: Currie - Cayzer, 15.2.1909.
 - (2) UCR: negotiations with Cayzer, July 1908 - March 1909, and agreement of 19.3.1909.
 - (3) Natal Mercury, 10.8.1909; UCR: Solomon - DC&Co, 17.8.1909.
 - (4) Star, 18.9.1909 (meeting of Johannesburg Chamber of Commerce); Smuts Papers, vol.110: Merriman - Botha, 12.4.1910, enclosing memorandum by Cape Town Chamber of Commerce; U.G. 43-1911, p.67.

berth ports.⁽¹⁾ This seems reasonable enough: what was generally admitted to be at best a low and at worst an unremunerative rate obviously did not envisage the extra costs involved in transshipment to outports. But with burgeoning trade the grain dealers found it irksome to channel their maize to the markets served by the berth ports of the homeward-loading lines. Two matters were especially vexing: a large proportion of maize imported into Great Britain was consumed in Scotland, Ireland and the hinterlands of Liverpool and Bristol, none of which was served direct; and Dutch buyers, who seem to have developed a distinct preference for South African maize, were thrown back on Antwerp notwithstanding Rotterdam's position as the grain entrepôt of the world.⁽²⁾ The colonial grain merchants thus claimed that they were not only precluded from enlarging the market but also prevented from taking advantage of the higher prices ruling on the markets thus denied them.⁽³⁾

The Union-Castle Line, which carried the bulk of the maize, was prepared to deliver at the other ports in question, but of course by transshipment - which entailed extra cost. On this point, as may be expected, differences arose between grain dealers on the one hand and the colonial governments on the other. The former were relatively indifferent to the extra costs, since in the last analysis this was passed back to the producer; the extension of the market that would follow might, indeed, be held as sufficient inducement for the producer to accept a small reduction in his margin.

-
- (1) UCR: DC&Co - Arbuckle, 26.9.1907; cf. African World, 13.2.1909.
- (2) CAD T 1127: Rotterdam maize dealers - Agent-General, 18.4.1910 and 10.5.1910; U.G. 43-1911, p.28.
- (3) Cape Times, 22.7.1909 (congress of Association of Chambers of Commerce of South Africa); NAD PM 81 PMC 135/1910: Association of Chambers of Commerce of South Africa - Moor, 8.2.1910.

But, naturally enough, the governments were loth to give their approval to anything that might cause both complications in the infant maize export trade and political repercussions with the rural voter.

The maize concession, indeed, had become something of a sorcerer's apprentice. Encouraged by the success of the export trade, and prompted by their governments, farmers were turning their ploughs not to maize alone but to rye, oats and kafir corn; and when these crops flourished voices were raised - plausibly enough - for similar concessions in freight rates. Nor did this demand stop short at the grains themselves but was soon extended to their derivatives.⁽¹⁾ Weary of these incessant demands and disputes the shipowners would fain have withdrawn the maize concession altogether had they not been bound to it until mid-1910; and the requests for its extension they turned down flat.⁽²⁾ Once again, the decision may have been good economics; but it was poor diplomacy at a time when the Conference needed friends. Molteno complained, justly enough, that the shipping lines had assisted the development of the maize export trade but were now being pilloried for their reluctance to broaden their beneficence;⁽³⁾ but he seems to have been surprisingly unaware of, or indifferent to, the animosity building up in South Africa. So far as his motives at this stage can be unravelled he appears to have been moved by a fixed resolve not to concede anything that could be construed by the colonies as recognition of a claim on their part to a voice in the fixing of rates; this determination was no doubt sound enough in the abstract, but the colonial governments were undeniably

-
- (1) UCR: C.R.de Wet - Currie, 9.3.1908; OAD Prime Minister's general correspondence (unnumbered): De Wet - Fischer, 27.7.1909; Debates of the Orange River Colony Legislative Assembly, 25.10.1909; TAD PM 47 105/2/09: Moor - Botha, 7.6.1909; UCR: French - DC&Co, 31.1.1910. See also South African Commerce and Manufacturers' Record, November 1909, p.518.
- (2) UCR: DC&Co - C.R.de Wet, 10.4.1908; NAD PM 108 PMC 83/1909: Arbuckle - Moor, 19.3.1909.
- (3) UCR: Molteno - Botha, 13.9.1909.

parties to the maize rate and it was poor policy, and indeed bad logic, now to argue that the question was one for the grain merchants to handle - a contention that the colonial governments indignantly rejected.⁽¹⁾ It is unfortunate, too, that his exasperation spilled over into his correspondence with the Agents-General at the very time that unguents were needed.⁽²⁾ It may all have been a move in the mail contract negotiations then in process, although it must be said that there is no evidence to support this view and that such tactics on Molteno's part would not have been in character. Whatever the explanation may be, the dispute over maize and allied products continued to simmer - and to rankle.

Things came to a head at an inter-colonial conference on the maize trade held at Bloemfontein in January 1910.⁽³⁾ The produce shippers, as has been seen, were restive under the restriction of maize shipments to the berth ports of the homeward-loading Conference lines; to overcome this difficulty they now put forward a proposal that maize be taken at a "commercial" rate that would cover not those ports only but a large number of other ports as well. In this way South African maize would gain access to promising markets in Europe. The grain dealers, of course, would pass any increase back to the producer, and from that point of view it was easy enough to make such a suggestion; but there were also sound economic reasons in its support. On markets such as Belfast, Bristol, Glasgow and Liverpool as much as 6d per bag was obtainable above the prices on those markets linked with London: enough to cover, and more than cover, the likely increase in freight.⁽⁴⁾ Producer and dealer

(1) UCR: French - Molteno, 25.8.1909.

(2) Ibid.: Molteno - French, various, August and September, 1909.

(3) On this conference: Burtt-Davy, Maize, p.537 ff.; Natal Agricultural Journal, 1910, p.521 ff.

(4) Smuts Papers, vol.110: memorandum by Cape Town Chamber of Commerce, enclosed in Merriman - Botha, 12.4.1910.

alike would stand to benefit from this extension of the market for South African maize; and a commercial rate to the shipowner would no doubt lead to greater promptness and regularity in shipment, which among its other advantages would tend to reduce the incidence of weevils in the grain.⁽¹⁾ The merchants and the shipowners found it difficult to agree on the precise rate that could be regarded as "commercial", but in the end the difference between their respective proposals was slight; outweighing this difference, however, was the significant fact that they were at one on the point that the existing rate of 11/6d was satisfactory to neither. The shipowners, furthermore, came up with a plan to utilise the mailships: hitherto the rail charges from Southampton had made shipment by this means prohibitively costly,⁽²⁾ but the Union-Castle Line now offered to tranship maize direct from Southampton to a wide range of ports, at an inclusive rate slightly above that quoted by its intermediate- and cargo vessels for transhipment from London.⁽³⁾

It might be supposed that these proposals, hammered out by businessmen, were well grounded and had good prospects of success. But they were resisted by the third party to the maize export arrangements - the colonial governments, speaking through Sir Thomas Price. In the nature of things Price, who happened to be chairman of the Bloemfontein conference, was bound to be unsympathetic to these schemes: as a leading official of a government that derived its power from the rural vote he would tend to be responsive to the farming- rather than the mercantile interest, and as the general

-
- (1) NAD PM 81 PM 135/1910: Association of Chambers of Commerce of South Africa - Moor, 8.2.1910.
- (2) Star, 18.9.1909 (meeting of Johannesburg Chamber of Commerce).
- (3) UCR: Molteno - Plowman, 24.12.1909; NAD PM 83 PM 850/1910: Hitchins - Moor, 4.4.1910.

manager of the Central South African Railways he could not ignore the fact that an increase in freight rates might well be followed by the maize producers' demand for an equivalent reduction in rail rates.⁽¹⁾ It is unlikely, however, that injustice will be done him if it be suggested that these were not his main motives for thus brushing aside a serious attempt by shippers and shipowners to find each other on the maize issue: Union was just around the corner, and (as he later told Hull) it would then be possible to accomplish "a final settlement of the freight business on proper lines".⁽²⁾ But whatever his precise motives may have been, the Bloemfontein conference left the rates issue unresolved: after a lengthy and acrimonious discussion that seems to have provoked threats on both sides, Price and the shipping representatives separated in resentment and anger.⁽³⁾ To a local observer it was the final parting of the ways.⁽⁴⁾

In the northern colonies "maize" and "shipping question" were by now synonymous. To Botha, keenly alive to its political implications, the maize rate had become a burning issue;⁽⁵⁾ and in this he was closely echoed by Fischer. With a shrewd eye to the latest irruption by the German shipping lines the two premiers now launched an attack on the Conference, dilating to platteland audiences on its sins and even threatening that South Africa might be driven to run a line of her own.⁽⁶⁾ Merriman, whose farmers were less

-
- (1) Cf. Rand Daily Mail, 6.10.1909, and Hull's statement in the Transvaal Legislative Assembly (Debates, 22.6.1909).
 (2) Smuts Papers, vol.110: Price - Hull, 18.4.1910.
 (3) NAD PM 83 PM 850/1910: Hitchins - Moor, 14.4.1910.
 (4) Bloemfontein Post, 2.2.1910 (editorial).
 (5) P.A.Molteno Papers: Union-Castle, Johannesburg - Molteno, 4.4.1910.
 (6) Bloemfontein Post, 24.2.1910 (speech by Fischer); Rand Daily Mail, 2.3.1910 (speech by Botha); UCR: Botha - Molteno, 18.3.1910 (personal). Cf. Bloemfontein Post, 1.2.1910 (editorial).

involved in the maize issue and who himself found the whole thing rather tiresome, maintained something of an attitude of benevolent neutrality towards the shipowners;⁽¹⁾ but Moor, whose colony was heavily bound up with the trade and who personally was well-disposed towards them,⁽²⁾ took alarm at the widening breach, and in what was perhaps an attempt to bypass Hull⁽³⁾ despatched an unofficial emissary to Pretoria in the person of Charles Hitchins, his former Minister of Railways and Harbours. Hitchins, who through his association with the African Boating Company was well up in matters of shipping, endeavoured to enlighten Botha on the broad technicalities of the issue; but he found the Transvaal premier immovable. The farmers, Botha asserted, would "never" accept an increase in the maize rate, while he himself expected the Conference lines to play their part in the development of South Africa's agricultural resources by keeping rates down.⁽⁴⁾

As far as can be made out Botha seems to have demanded that the shipping lines accept all maize offering - at 11/6d. But this was something that Molteno and his associates would not do. They had probably never envisaged the great strides that the maize trade would so quickly take; and, while they were willing enough to carry the grain at 11/6d as filling-up cargo, they naturally withstood the idea that it should have priority over normal business, especially now that the general trade of South Africa was at long last beginning to show signs of revival. The trade from Mauritius, too, was picking up, and the mail line's recently-inaugurated East African service

-
- (1) NAD PM 81 PM 135/1910: Merriman - Moor, 14.2.1910; Smuts Papers, vol.110: Merriman - Botha, 12.4.1910.
- (2) Cf. his speech to Association of Chambers of Commerce of South Africa, reported in South African Commerce and Manufacturers' Record, August 1910, p.177.
- (3) Cf. his views on Hull as reported in UCR: Hitchins - MacLean, 20.9.1909 (copy).
- (4) NAD PM 83 PM 350/1910: Hitchins - Moor, 14.4.1910.

was promising well - developments that put a premium on homeward space.⁽¹⁾ Moreover, the stowage of the bagged grain was time-consuming, and the mail line was reluctant to subject its passengers to the attendant inconvenience and delay.⁽²⁾ In short, the shipowners stood firm on their contention that 11/6d was a filling-up rate and that there could thus be no guarantee that all maize coming forward would be accepted.

It would not be uncharitable to assume that the deadlock was grist to Hull's mill. The joint freight contract of the four colonies would expire at the end of June, 1910; now that the mail contract had been extended without any stipulation as to government cargo his hands were completely free to use that cargo as a lever for prising concessions on export produce. But in fact he planned to go a good deal further: prompted by Price, who had been making enquiries at Thomas Cook's in Cape Town, he was prepared to dispense with a freight contract altogether. Price was confident that there would be "little difficulty" in obtaining outside tonnage at rates comparing favourably with those of the Conference; these outside ships would then be available to carry South African produce on the return voyage.⁽³⁾ There might be less regularity in despatch, to be sure, but this inconvenience should be tolerated for the time being "in the light of the advantages that would be gained later on" when the "final settlement" had been accomplished.⁽⁴⁾

Once again the Transvaal took the initiative: Botha put this proposal to the other premiers, adding that it was undesirable that the first Union government be confronted

-
- (1) P.A.Molteno Papers: enclosure in DC&Co - Molteno, 4.5.1910. On the East African service see Murray, Chronicle, p.289.
- (2) DC&Co - Molteno, 4.5.1910, loc.cit.
- (3) Central Archives (hereafter "SAD") TES 5240 F 32/1: minute by Treasury, Pretoria, 29.3.1910.
- (4) Smuts Papers, vol.110: Price - Hull, 18.4.1910.

with a fait accompli in the matter of government freight. The other colonies, without a policy of their own on the shipping question and having had some experience of Hull's intransigence in an analogous situation, eventually fell into line.⁽¹⁾

Fenchurch Street's bastions were being eroded. The mail contract had not been renewed; the onslaught of the German lines had been stayed only by a precarious truce, and had troubled the relations among the Conference lines themselves;⁽²⁾ the Bucknall Line had recently passed into other and more powerful hands,⁽³⁾ and the new owners were already uttering thinly-veiled threats of independent action if their demands were not met;⁽⁴⁾ and now the government freight was about to be whisked away. Whether Molteno and his partners were fully alive to their danger is not apparent; certainly the company's officials in South Africa conveyed their own sense of alarm at the turn of events,⁽⁵⁾ but beyond a somewhat platitudinous private letter from Molteno to Botha⁽⁶⁾ there is no indication in the Union-Castle records or elsewhere of a new initiative from London.

The advent of the Union of South Africa on 31st May 1910 saw the Conference's opponents in the seats of the mighty: Hull was now Minister of Finance and Price a member of the Board controlling the consolidated South African Railways. Merriman by contrast was but a humble musket-bearer; and

-
- (1) TAD PM 47: Botha - Merriman et al., 1.4.1910, and replies.
- (2) The Times, 3.2.1910 ff.; B&SAEG, May 1910, p.444; UCR: Mirrielees - John Currie, 25.6.1910.
- (3) Taylor, Ellermans, p.58 ff. The new owner was Sir John Ellerman.
- (4) UCR: correspondence with Ellerman, April-May 1910; P.A.Molteno Papers: Ellerman - Molteno, 11.5.1910.
- (5) P.A.Molteno Papers: DC&Co - Molteno, 4.5.1910.
- (6) P.A.Molteno Papers (Elgin): Molteno - Botha, 31.5.1910.

Moor, although now Minister of Commerce and Industries, would shortly be unseated and retire from politics. The checks to resolute action, halting though they had been, were gone; and the new order of things had barely commenced than Sir Richard Solomon, now High Commissioner, was directed not to renew the freight contract with the Conference lines but instead to "make widely known through shipping agents or Lloyds or by advertisement" that the government was in the market for shipping facilities.⁽¹⁾ Solomon however advised caution, emphasising that the shipowners if denied the freight contract would retaliate by raising the rate on maize,

as their contention has always been that it is not a paying freight, but that they are prepared to sacrifice themselves on the altar of patriotism to South Africa provided they have the Government freight contract. (2)

Now that the end of the existing contract was only a few weeks away, indeed, Price's airy allusions to the ease of securing alternative tonnage perhaps looked somewhat less convincing. The difficulties in the way of obtaining a suitable service from outside lines had frequently been demonstrated in the past; and if this were the case with outward tonnage what was to be said of homeward-bound cargoes, given the paucity and irregularity of non-Conference ships in that trade? No doubt some arrangement might eventually be made, but here and now maize was dependent on the Conference lines; the attempt made during the previous season to charter a tramp had ended in fiasco,⁽³⁾ and there would certainly be ructions from dealers and producers alike if the Conference service, with all its alleged defects, were

(1) SAD TES 5240 F 32/1: Solomon - Hull, 3.6.1910, and reply.

(2) Ibid., Solomon - Hull, ([±] 8).6.1910.

(3) South African Commerce and Manufacturers' Record, September 1909, pp.358-9.

thus precipitately to be thrown over. Faced with this unwelcome prospect, and under Solomon's prodding, Hull relented slightly: no great harm need be done to his grand design if the freight contract were renewed for one more year, especially if it were made the quid pro quo for concessions on maize; this would enable the whole shipping question to be dealt with at greater leisure than was now possible with the government newly come to office and with the Union's first general election at the door. Solomon was thus authorised to begin negotiations on a new contract; but he must warn the shipowners that, failing suitable terms on homeward cargoes of grains and ores, outside offers would be sought.⁽¹⁾

The upshot was that MacLean went to Pretoria; and in return for certain concessions on his part the existing freight contract was extended for one year.⁽²⁾

Fenchurch Street, however, appears to have yielded little of substance. Kafir corn and oats remained at 15/-, nor were there any concessions for processed maize - despite the fact that a year earlier General Christiaan de Wet had roundly asserted that the colonial governments would peg away at that point until the rates had been reduced.⁽³⁾ As to maize itself, the rate of 11/6d for berth ports was now extended for another year; but 11/6d, after all, was at the bottom of the whole rumpus.

In fact the actual concessions seem to have been comparatively slight. Firstly, the mailships would now take maize at 15/-

-
- (1) SAD TES 5240 F 32/1: Hull - Solomon, 15.6.1910.
 (2) SAD PM 356 211/2/1910: Hull - Botha, 22.6.1910; Government Gazette, 28.6.1910 (notice 105).
 (3) OAD Prime Minister's general correspondence (unnumbered): De Wet - Fischer, 27.7.1909. See also De Wet's speech reported in Bloemfontein Post, 21.7.1909.

for a large number of outports both British and Continental, this rate to include the cost of transshipment. Whether at this stage 15/- was much of a concession is doubtful: Price indeed claimed that Fenchurch Street had turned it down at the Bloemfontein conference in January, but on the other hand the Cape Town Chamber of Commerce had told Merriman in April that MacLean was offering 15/8d for outports;⁽¹⁾ at the most, then, a mere 8d had now been gained. The other concession was the more important: while still not guaranteeing that all grain would be accepted at the rates quoted, the shipowners would "use their utmost endeavours" to supply tonnage, but if cargo were nonetheless shut out the shipper would be permitted to use non-Conference facilities without restriction.

However late and grudging the latter proviso may have been, it could have caused little heartburning in the Conference ranks; from the point of view of their pockets the only significant concession the shipowners had made was the continuance of 11/6d for maize despite their repeated protestations that the rate was too low.⁽²⁾ But the extension was for one year only; and when it is borne in mind that organised commerce had been calling for the rate to be fixed for three years at least,⁽³⁾ the concession must appear rather hollow. Nor had the shipowners yielded ground on their contention that 11/6d was unprofitable: its maintenance for another year, Molteno told Botha, sprang not from the economics of the question but rather from a wish not to embarrass the

(1) SAD TES 5240 F 32/1: Price - Hull, 27.6.1910; Smuts Papers, vol.110: memorandum by Cape Town Chamber of Commerce, enclosed in Merriman - Botha, 12.4.1910.

(2) Smuts Papers, vol.110: French - Merriman, 11.3.1910 (copy); Star, 28.6.1910 (Union-Castle annual meeting).

(3) South African Commerce and Manufacturers' Record, August 1909, p.296.

new government in the impending elections.⁽¹⁾

In the event, however, the agreement upset the other parties involved: the maize shippers and the cargo lines. The former were not enamoured of a dual rate structure, preferring a single rate that would cover the whole range of ports of discharge;⁽²⁾ they also considered the concession on rebates inadequate, and they resented Pretoria's failure to consult them before concluding the agreement.⁽³⁾ The cargo lines for their part apparently laboured under a similar complaint, inasmuch as the agreement committed "the Conference Lines of Steamships" to arrangements made by the Union-Castle Line alone.⁽⁴⁾

Never one to hide his light under a bushel, Hull was nonetheless quick to claim that the government had triumphed: the shipowners, he announced to the world, had been brought to make "substantial concessions", and the country had been given some idea

of the strength of the Union Government in conducting such negotiations as compared with the former state of affairs. (5)

It was a wispy portent of the hurricane.

-
- (1) UCR: Molteno - Botha, 28.4.1910 and 13.1.1911.
- (2) Memorandum by Cape Town Chamber of Commerce, enclosed in Merriman - Botha, 12.4.1910, loc.cit.
- (3) Rand Daily Mail, 27.6.1910; Johannesburg Chamber of Commerce yearbook for 1911, p.68.
- (4) Rand Daily Mail, 27.6.1910; SAD TES 5240 F 32/1: Price - Hull, eadem. It is unlikely, however, that the cargo lines would in fact have been ignored in the negotiations.
- (5) Cape Times, 25.6.1910 (Reuter report). From the file referred to in the preceding note above it is clear that the report emanated from the Treasury.

CHAPTER VITHE POST OFFICE ACT

During the Hitchins mission to Pretoria there had been hints from Hull that a satisfactory settlement on maize would prepare the way for a new mail contract.⁽¹⁾ Whether Hull was sincere in this expression of belief it is difficult to say; both his previous and his later actions belied such a prospect, but on the other hand the question naturally turns on the meaning given to "satisfactory". The maize agreement of June 1910, Hull's public boast notwithstanding, was hardly a triumph for the Union government; and to that extent he would have been justified in arguing that the mails were once again in the melting pot. However that may be, now that Union had been accomplished negotiations on the new contract were to be resumed; and Molteno, conscious of the issues at stake, planned to go to South Africa in late October, ostensibly to attend the opening of the first parliament but primarily as his company's negotiator.⁽²⁾

But in the meantime the maize export trade once again ran into difficulties: September 1910 saw a recurrence of the congestion of the year before, and another crisis loomed as maize poured into Durban only to find tonnage lacking. By virtue of the June agreement the maize dealers were now free, if the Conference lines found themselves unable to take the consignments offering, to engage outside tonnage; this they indeed tried to do, but they found few offers and a rate of 14/- at best.⁽³⁾ With the Conference rate 11/6d and with

(1) P.A.Molteno Papers: DC&Co - Molteno, 4.5.1910.

(2) P.A.Molteno Papers (Elgin): Molteno - Botha, 31.5.1910; UCR: Molteno - Hull, 9.8.1910.

(3) South African News, 20.9.1910.

forward contracts already made on that basis, the exporters were in a dilemma. The shipping lines were duly upbraided for a failure to meet the shippers' demands, but the blame seems to have lain at the door of the dealers themselves. The maize price had fallen on the English market, and they were now eager to ship to the Continent instead;⁽¹⁾ but very few of the homeward-loading ships sailed there, and thus the demand for tonnage at 11/6d (i.e. without transshipment) could not be met. Compounding this difficulty was the old story of mountains of maize at Durban while the Conference ships left the Cape ports with their holds unfilled.⁽²⁾

In this episode, at least, right was certainly on the side of the shipowners;⁽³⁾ but in any event a charge against them of contractual default would have been virtually impossible to sustain. In the June agreement they had undertaken to use their best endeavours - no more - to supply tonnage at 11/6d for whatever maize might be offering; of that endeavour they, and none other, must clearly be the judge. That they did go out of their way to meet the swollen demand for tonnage to the Continent is clear;⁽⁴⁾ but they not unnaturally declined to go into the charter market merely to carry maize at a fixed and unremunerative rate, especially as changing market conditions in Europe might well lead dealers to withhold shipment at the last moment.⁽⁵⁾

But whatever the precise rights and wrongs might be, one thing had now emerged plainly: the new arrangements for

-
- (1) SAD TES 5240 F 32/1: Port Captain, Durban - Treasury, Pretoria, 15.9.1910; Cape Times, 21.9.1910; Rand Daily Mail, 22.9.1910.
- (2) SAD PM 356 211/1/1910: Botha - Moor, 6.10.1910, quoting Molteno - Sauer.
- (3) Cf. Cape Times, 3.10.1910 (editorial).
- (4) SAD TES 5240 F 32/1: Port Captain, Durban - Treasury, Pretoria, 15.9.1910; Cape Times, 10.10.1910.
- (5) SAD TES 5240 F 32/1: John T. Rennie, Son & Company, London - Solomon, 21.12.1910.

maize were no better than the old.

It was in the midst of this contretemps that the mail negotiations were resumed in Cape Town on 27th October 1910, with Molteno and MacLean on the one side and Hull, Solomon and D.P.de Villiers Graaff, Minister of Posts and Telegraphs, on the other. It is not surprising that maize rather than mails was uppermost in Pretoria's mind; and most of this first meeting was devoted to that issue, the mails receiving only cursory attention. The ground previously traversed at wearisome length was gone over yet again: the same allegations of Conference default were made, and the same defences returned. But no more than before was Hull open to argument.⁽¹⁾ He insisted that the Conference lines, if they were unable to take all maize coming forward, should charter; alternatively - and here he began to probe the weak joint in Molteno's armour - Clan and Ellerman-Harrison should be allowed to load homewards, and not with maize alone but with other exports as well. With Sir John Ellerman at this very time demanding precisely such concessions,⁽²⁾ Hull's proposal opened up ominous prospects for Fenchurch Street, and Molteno was firm in declining to consider it; but this very refusal manifestly gave point to the charge that private business arrangements, and made in England at that, were standing in the way of the economic development of South Africa.

At a second meeting, on 9th November, further proposals were examined. The government side was now joined by Smuts: making no secret of the fact that he had the platteland

-
- (1) Cf. Merriman Papers 503/1909: Merriman - Hull, n.d. (8.8.1909): "I understand that you have consistently declined to listen to any explanation on their Union-Castle's part which if I may be allowed to say so, does not seem altogether businesslike."
- (2) UCR: negotiations with Ellerman, culminating in Bucknall - DC&Co, 16.12.1910.

voter in mind, he proposed that the mail subsidy be increased as a quid pro quo on maize. But this suggestion, apart from its doubtful equity as far as the general taxpayer was concerned, ran up against Solomon's contention that the Imperial Post Office would not countenance an increase in its portion of the mail subsidy on this account - although it is not clear that it would have been called upon to do so in any case. Smuts also grasped at MacLean's suggestion that the Union government instead forego the normal discount on its outward shipments; but here too he backed down before Hull's intransigence. The Minister of Finance, his position newly strengthened by his by-election victory at Barberton,⁽¹⁾ was determined to have his way on maize at 11/6d: whether out of any conviction on the merits of the case or as part of a long-term strategy of bringing the shipowners to heel it is not possible to say with certainty, but the probabilities point to the latter hypothesis. True to form he now tried to browbeat Molteno, threatening to channel export produce into non-Conference ships by manipulating railway rates in their favour. It may be added that Sauer, the Minister of Railways, was not present at this meeting; the fact that threats of this kind could emanate from the Minister of Finance throws an interesting light on the first Union cabinet, and the episode is not without its irony in view of Hull's resignation eighteen months later on the score that his Railways colleague was not in the habit of consulting him.⁽²⁾

But Molteno was not to be bullied; and he stood his ground on the claim that, except for filling-up, 11/6d was uneconomic. His own proposal was for an all-round rate of about 14/- that would do away with the present two-tier structure and take maize to any European port envisaged. But this was simply to resuscitate the difficulty that had hamstrung the

(1) Star, 18.10.1910.

(2) A.H.Marais, Die bedanking van Minister H.C.Hull (Historia, December 1970, pp.256-62).

Bloemfontein conference. The grain shippers, whom Hull now took the opportunity to deride, were prepared to accept an all-round rate, and were indeed pressing for it; but the government, with an eye to the electorate, must resist it. The proposal was, however, left open; and on that note the negotiations ended, with no decision on either mails or maize but on the understanding that discussions would be resumed by Solomon when he returned to London.⁽¹⁾

There was afterwards some controversy on these two meetings. Molteno accused Hull of having no wish or intention to come to an agreement on the mail contract; but this Hull strenuously denied, and he was backed up by Graaff and by Louis Botha.⁽²⁾ On the basis of evidence already referred to in this narrative, Molteno's impression on the point cannot be summarily dismissed; on the other hand it is clear that, whatever may have been in Hull's mind when the negotiations began, the shipowner's manner during the discussions can have done little to advance his company's cause.

Molteno had acted rather tactlessly even before the two men met. Although he landed at Cape Town on 27th September he soon left on a holiday trip to the Victoria Falls, and was not available until the second half of October - despite Hull's previous hint that the negotiations might be lengthy.⁽³⁾ It was an imprudent move, for in the current strained atmosphere between the parties it might be taken - and it was -

-
- (1) This account of the discussions is based on UCR: memoranda by Molteno and MacLean, November 1910, and on Annexures to the votes and proceedings of the House of Assembly, 380 1910-'11 (Hull - MacLean, 21.11.1910).
- (2) UCR: Molteno - Botha, 13.1.1911, Molteno - Graaff, 22.1.1911, and Graaff - Molteno, 15.2.1911; P.A.Molteno Papers (Elgin): Molteno - Merriman, 3.2.1911; SAD PM 99 20/32/1910: Botha - Molteno, (?) February 1911.
- (3) Cape Times, 28.9.1910; UCR: Molteno - Hull, 4.10.1910 and Hull - Molteno, 19.8.1910.

as a slight to the government, which must needs await his lordship's pleasure in this fashion.⁽¹⁾ It was a small matter, perhaps, but it shows an unfortunate lack of perception on Molteno's part - or an unworldly trust in his fellow man. To add coals to the fire he was rash enough to treat Hull, then smarting under a crushing political defeat,⁽²⁾ to a homily on "electoral difficulties":⁽³⁾ to someone of Hull's temperament this would have been bitter and gall.

Friction between Hull and Molteno was perhaps inevitable; but Molteno's dealings with other members of the cabinet unfortunately appear to have been marked by scant awareness of the delicacy of his position. Four colonies that had been at loggerheads and whose divisions had indeed been exploited by his father-in-law were now united and strong; there had already been public hints that the coming of Union would at last give the opportunity of dealing with the "shipping question";⁽⁴⁾ Hull's hostility was patent; yet Molteno now affected something of a hectoring tone towards the government and laid down the law on its "interference" in the maize trade and in shipping matters generally, going so far as to prescribe for the internal organisation of the wool industry. This was not only foolhardy but also unnecessary: with the advent of Graaff as Minister of Posts and Telegraphs, Hull's power for ill was waning, and a more conciliatory approach may well have won over the other members of the government and isolated the Minister of Finance. Instead, Molteno seems to have antagonised even those who had hitherto stood on the sideline: in their first meeting with one of the Fenchurch Street partners they had expected

(1) UCR: Wisely - Molteno, 30.4.1911.

(2) Star, 17.9.1910. Hull, standing for Georgetown, was beaten 1109-515 by Sir George Farrar.

(3) UCR: Molteno - Hull, 4.10.1910.

(4) See Cape Times Special Number, 31.5.1910.

to find him conciliatory, but lo and behold he turned out to be more autocratic than even the late Sir Donald!⁽¹⁾

Molteno, it must be admitted, seems to have been guilty not only of these sins of omission but of an astonishing one of commission too: he disclosed that the Conference agreement was due to expire in the near future.⁽²⁾ This revelation, given quite gratuitously and apparently in the expectation that it would serve to impress the government with a sense of urgency on the mails, was immediately seized upon by Hull, who pointedly suggested that the mail company should stay out of any new agreement. Molteno demurred to this, and the subject was dropped; but the incautious disclosure had given Hull another argument in favour of prompt action. If steps were contemplated against the Conference then the present moment - with the ship-owners' solidarity in the melting-pot - was clearly an opportune time.

- - - - -

To these currents Molteno was blind or indifferent. He took it that Hull's blusterings were moves in a game of bluff aimed at driving a hard bargain;⁽³⁾ but, bluff or no, he felt secure in the knowledge that the Imperial Post Office expected the definitive negotiations on the mail contract to take place in London,⁽⁴⁾ and in any case would not

-
- (1) UCR: MacLean - Molteno, 1.3.1911, quoting Jameson's account of government reaction to Molteno; CO 551/10/11635: cable from Governor-General, 8.4.1911 (secret) - "It appears that Percy Molteno during his recent visit was most unconciliatory and dictatorial."
- (2) Hull - MacLean, 21.11.1910, loc.cit.
- (3) P.A.Molteno Papers: Molteno - MacLean, 29.12.1910.
- (4) UCR: Imperial Post Office - Mirrielees, 24.8.1910.

look kindly on a contract that included stipulations on freights. The last word on the mails, thus, did not lie with Pretoria. But in holding these views he underestimated the tenacity and ingenuity of his opponents - and their remorselessness.

Scarcely had Molteno sailed for home than epistles from the farming sector began to descend on Louis Botha, who was not only premier but also Minister of Agriculture. One theme ran through them all: it was "understood" that an increased maize rate was in prospect, but the industry would be unable to bear it; the government must therefore take appropriate steps.⁽¹⁾ The sudden advent of these letters, all within a short space of time and making the same point (sometimes indeed in virtually identical phraseology), seems to point to a common origin. There is no direct evidence to support such a presumption, to be sure; but one may be permitted to draw certain inferences. Whoever was behind it may be congratulated on an adroit move. The government was not of one mind on the issue of action against the Conference lines: broadly speaking the Cape members of the ministry, with the possible exception of Graaff, appear to have been reluctant to go to extremes,⁽²⁾ and it was therefore imperative that the premier give a bold lead in the matter so as to win over the waverers. Botha was no student of economics, and to that extent he would doubtless give considerable weight to the views of his Minister of Finance; but it would be sound tactics to make allowance for the fact that he moved on a footing of some intimacy with Molteno and was likely to cherish a sentimental regard for the shipowner's pro-Boer stand during the war and his manifold services to South Africa then and since. Botha, in short, must be led

-
- (1) SAD TES 5240 F 32/1: various letters, November and December 1910.
- (2) UCR: copy of letter from unidentified correspondent in South Africa (= Hitchins), 20.2.1911.

to declare himself unequivocally against Fenchurch Street: which might well happen if once he came to believe that his great hopes of South African agricultural development⁽¹⁾ were in jeopardy.

If such a plan indeed existed, it succeeded admirably: Botha, at once the cautious politician and the warm-hearted leader of his own people, could not have remained unmoved by cries that

het bestaande tarief van 11/- (sic) per ton is reeds hoog en behoorde niet hooger dan het vroegere van 10/- per ton te zyn. ... Wy zyn, met alle verschuldigde eerbied, van opinie dat het vaststelling van het laagst mogelyke tarief eene levenskwestie voor onze Z.A. produchten export handel is. (2)

These cries for aid, moreover, came when the overseas market was again depressed: farmers, discouraged by poor financial returns on maize, were reported to be reducing their acreage or abandoning the crop altogether.⁽³⁾ In these circumstances an appeal to the Prime Minister and Minister of Agriculture, to say nothing of the leader of Het Volk, was unlikely to fall on deaf ears.

- - - - -

On 23rd December 1910 Graaff summoned MacLean and informed him that the government had decided to legislate against the rebate system.⁽⁴⁾

The precise origins of this decision are not known. So far as the homeward trade was concerned the rebate system had never been a grievance, and certainly with respect to maize the rebate was now of academic significance only. The great bulk of the ministry's supporters, it is safe to

(1) Cf. African World Annual, 20.12.1911, p.289.

(2) SAD TES 5240 T 32/1: Heidelberg Ko-operatieve Landbouwen Vereeniging - Botha, 25.11.1910.

(3) Ibid.: J.Burtt-Davy (Government Agrostologist) - Botha, 21.11.1910.

(4) UCR: MacLean - Molteno, 2.1.1911, and MacLean's memorandum on interview with Graaff on 29.12.1910.

say, knew little of rebates and cared less; the government was thus under no pressure from its own side to outlaw the system. Its great object at this stage, clearly, was a low rate for maize; and it is difficult to perceive why legislation should have been invoked rather than a simple threat to take the mails elsewhere.

It may be that the decision to legislate was a political move designed to secure solid parliamentary backing for the government's demands on Fenchurch Street. Given its composition, the official Opposition can scarcely have viewed the maize question with any great interest; but if the issue could be broadened to encompass the "shipping question" of old, and if in particular the bait of lower outward freight rates could be dangled before the Unionists, the two political parties would stand as one man in bringing the Conference to heel. For some time, it is true, the agitation over rebates had been moribund; but among those on the Opposition benches there were some who, having once come off badly in the fight against the Ring, would be receptive to a new call of the trumpet.

There is some evidence, indeed, that this latest offensive against the rebate system in fact originated in the Unionist ranks. On 21st November Hull had sent MacLean a long letter in which the several outstanding questions between the government and the shipowners were set out in some detail and in which certain queries were raised.⁽¹⁾ To judge from its tone and construction this letter was drafted with an eye to publication; but, as it stood, it clearly envisaged further negotiations, and certainly both Hull and Graaff were afterwards loud in their protestations that they had always been anxious for an amicable settlement of the whole question; yet before Fenchurch Street had had a chance to reply the Cabinet took the decision to legislate. But it

(1) Annexures to the votes and proceedings of the House of Assembly, 380 1910-'11.

is significant that between these two dates

a set of resolutions on shipping was submitted to the Unionist caucus by Chaplin on behalf of the magnate group... . These were adopted. Jameson opposed but did not press his opposition; later a conference between Chaplin, Phillips, Hull, Graaf (sic) and Smuts resulted in the Post Office Bill being drafted. (1)

This account comes from Major P.A. Silburn, who was not a Unionist but a "Natal Independent";⁽²⁾ as he was therefore not a member of the Unionist caucus his reference to the meeting must be treated with some reserve. But it is not intrinsically implausible. Drummond Chaplin, certainly, had raised the question of the renewal of the mail contract in the House of Assembly only a few days before: and in the short debate on the subject not only he but also two other "magnates", Farrar and Phillips, had apparently shown hostility to the mail company.⁽³⁾ If Silburn's account is to be accepted, however, the question poses itself whether the Unionists were taking the initiative or were merely responding to overtures from the ministry. Graaff was later reported to claim that the Opposition had "volunteered" to him that "now was the time to break the Ring", and that the other side of the House was indeed warmer on the subject than his own.⁽⁴⁾ The ministry would have been acting only with common prudence in sounding the Opposition on what was not inherently a party question; but the sudden decision to introduce legislation, without so much as giving Fenchurch Street time to answer Hull's queries, points to the intrusion of some extraneous factor into the suspended negotiations. On the evidence available, this seems to have been the Unionist

(1) P.A. Molteno Papers: Silburn - Hitchins, 13.9.1911 (copy).

(2) There is some disagreement on Silburn's political status at this time: cf. the following: Thompson, The unification of South Africa, p.476n; Dr A.H. Marais (ed.), Politieke briewe 1911-1912, letter no. 20; I.D. van der Walt, Die eerste algemene verkiesing na die vorming van die Unie van Suid-Afrika 1910, p.244.

(3) Silburn - Hitchins, 13.9.1911, loc.cit.

(4) UCR: MacLean - Molteno, 2.1.1911.

resolution. But, if that be so, a further question raises its head: why should the Opposition, in these first weeks of the first Union Parliament, be concerned with the comparatively unimportant subject of shipping? That Opposition, to be sure, included such "old tilters at the Ring"⁽¹⁾ as Jagger and Walton; but the freight agitation, as has been seen, was moribund, and certainly there was no pressing reason to revive it now. Moreover, to judge from Silburn's account the fons et origo of the agitation - Jagger - was not in the Unionist van;⁽²⁾ on the contrary, the new assault came not from the traditional mercantile opponents of the Ring but from "magnates" whose interest in the whole question was peripheral and who seem indeed to have been going against the wishes of their party leader. Silburn himself, it should be added, was not lacking in an explanation of this apparently singular behaviour: the magnates were in cahoots with Graaff (a "magnate" too, albeit of a different ilk) to run a shipping line of their own, "so that by it they may increase their hold over South Africa".⁽³⁾ But Silburn - in this attitude faithfully reflecting his Province⁽⁴⁾ - detested capitalists and their works, and to that extent that rather improbable explanation must be discounted; the more so, indeed, as he seems to have been given to conspiracy theories.⁽⁵⁾ Perhaps the truth of the matter lies somewhere between the two extremes of Opposition- and government-inspired legislation: at this stage Botha and Jameson were working in a "curious alliance",⁽⁶⁾ and Hull

(1) UCR: Wisely - Molteno, 25.3.1911.

(2) Cf. UCR: James Searle - Molteno, 21.1.1911, reporting conversation with Merriman, and MacLean - Molteno, 1.3.1911.

(3) Silburn - Hitchins, 13.9.1911, loc.cit.

(4) Cf. Rand Daily Mail, 27.6.1910.

(5) Cf. Thompson, Unification of South Africa, pp.393-4.

(6) UCR: Merriman - Molteno, 5.2.1911. On the subject generally see P.F.van der Schyff, Die Unioniste Party in die Suid-Afrikaanse politiek 1910-1921, ch. 7.

and Graaff, anxious to bring the mail company to terms on maize, sought the advice and support of their political opponents - who for their part were not averse to seizing this opportunity of righting wrongs both old and new. Learning that the Opposition was in fact eager to strike a blow at the Ring, Hull and Graaff then jettisoned the idea of further negotiations and took the decision to legislate.

But such conjectures leave a nagging sense of unreality. The evidence available indicates that the mercantile community as a whole showed scant interest in the new crusade;⁽¹⁾ Jagger, certainly, as has been seen, played no prominent part in its inception and when he finally gave it his support he seems to have done so with some reluctance.⁽²⁾ To that extent Silburn's charge of "magnate" influence is credible. But if the Unionist resolution is to be interpreted simply as a gesture of goodwill towards the ministry at a time when Jameson was co-operating with Botha it comes up against the awkward fact that the resolution not only originated with others but in fact encountered opposition on Jameson's part. Admittedly that opposition was not pressed; but its existence is enough, surely, to discount the theory that the resolution was inspired by the general policy of supporting Botha.

Molteno would come to hold, albeit reluctantly, another interpretation. In the nature of things the Unionists were more likely to be unfriendly to the shipowners than were the rank and file of government supporters; but a new wrong, as suggested above, had recently been added to the catalogue of Ring iniquities: in the recent general election Graaff had been returned unopposed for Namaqualand, and in the Opposition ranks there was talk that the Namaqua Copper Company, which was controlled by Fenchurch Street,⁽³⁾ had

(1) Cf. Rand Daily Mail, 18.3.1911, and Cape Argus, 20.3.1911 (editorials).

(2) UCR: James Searle - Molteno, 8.3.1911.

(3) A.7-1900, q.381.

been instrumental in securing this result by putting pressure on its employees. Jameson indeed went so far as to send Molteno a bantering message that he would retaliate by using his influence with Botha against a renewal of the mail contract; but, jocular or not, he appears to have been annoyed by the incident.⁽¹⁾ The Unionists' hostility could thus be interpreted as political pique.⁽²⁾

It is hard to know what to make of this episode. Jameson, after all, was notoriously given to a brusque humour; and whatever his faults, pettiness and spite were not among them. He did in fact, as has been seen, oppose the magnate-inspired resolution in caucus; and to that extent he may perhaps be acquitted of complicity in the whole manoeuvre. But on the principle of "no smoke without fire" it seems reasonable to assume that the Namaqualand incident had generated some warmth in the Unionist ranks, and an understandable if unworthy desire for revenge. Nor is it far-fetched to suggest that Imperialists such as Chaplin and Fitzpatrick, at least, had not forgotten the proclivities of Sir Donald Currie or the pro-Boer stance of his son-in-law, who was a detested Liberal to boot.⁽³⁾ On this interpretation the magnates, who constituted the weight in the Unionist Party, were clearly the ones who would take the lead against Fenchurch Street. They may indeed not have been the instigators: but when Graaff made his overtures they were ready enough to respond.

-
- (1) On this incident see UCR: MacLean - Molteno, 15.8.1910 and 23.9.1910; and P.A.Molteno Papers, James Searle - Molteno, 18.2.1913. This was an old accusation against Fenchurch Street - vide Cape Times (weekly edition), 17.5.1899 (editorial).
- (2) Cf. P.A.Molteno Papers: Molteno - J.B.M.Hertzog, 16.3.1911.
- (3) Cf. P.A.Molteno Papers (Elgin): Molteno - Merriman, 18.4.1911 ("... it is the war policy over again ... all the identical men, Hull, Chaplin, Smartt, Jagger, Walton etc. No doubt they wanted to pay Sir Donald out because he always refused to be a party to the Raid or the War policy of that party, and now to pay me out for my attitude during the war as well...").

And there, for lack of other evidence, the matter must rest.

- - - - -

The mail line was now fair game to both parties in parliament. Each of them might have its own perspective, be it maize, rebates or political animosity; but in perfect amity they could join together in denouncing the Ring and in deploying the strength of a united South Africa in a new and final crusade.

What would be Pretoria's strategy? Rebate abolition, after all, would have no effect on the maize rate, nor would it necessarily usher in a "free market", as outside shipowners would scarcely fall over one another to carry maize at incontestably low rates. The threat of legislation, it appears, was being used simply as a pawn in the game of maize politics. There may well have been some nebulous idea of breaking up the Conference, but this was a minor object: the prime aim was to force Fenchurch Street to yield on maize. It is true that the mere threat to withhold the mail contract might have served the same purpose; but an open crusade against rebates would enlist the support of those who ordinarily gave little thought to questions of agriculture. It would also clothe the government in the garments of righteousness: what in essence was a perfectly legitimate move to drive a good business bargain would thereby be exalted to the plane of principle.

The vehicle for action was to be the Post Office Bill. This bill was designed to consolidate the postal laws of the four colonies; among other matters it dealt in a routine way with the ocean mail contract. It had been drafted early in 1910, but the draft was now amended⁽¹⁾ to incorporate provisions whereby the mail contract might not be awarded to a

(1) SAD HPK 1502: Legal adviser to Minister of Justice - Postmaster-General, 22.12.1910.

shipping line that offered rebates or similar rewards for exclusive support. Rebates were not indeed to be made illegal - the South African Shipping Freights Conference, if it had done nothing else, had shown the difficulties in the path of that policy; but clearly, with the mail contractor no longer permitted to grant rebates, the whole system must sooner or later disintegrate. Nor did the government's strategy stop short at that particular point: rebate or no rebate, the mail contract would not be awarded to a line that was

connected directly or indirectly with any such shipping ... combination as the Governor-General may deem detrimental to, or likely to affect adversely, South African trade or industries. (1)

In other words, if it wished to continue in the enjoyment of the mail contract the Union-Castle Line would not only have to foreswear rebates but in all likelihood have to dissociate itself from any rump Conference that might remain after that drastic surgery had been performed.

The same purpose, no doubt, could as easily have been achieved by the simple means of suitable provisos in the mail contract tender form; by trumpeting forth its policy in this way the ministry was both announcing to the world its opposition to the conference system and forging its weapons in full public view. But in doing so it ran the risk of exposing the one great chink in its own armour: the rôle of the Imperial government. For the mail service was not an exclusively South African affair: while the contract itself might be signed by the Union authorities, the Imperial Post Office was an acknowledged and influential partner, paying indeed the bulk of the subsidy - and that body was known to have firm views on the question of intruding freight matters

(1) Government Gazette, 13.1.1911 (draft Post Office Bill).

into mail contracts.⁽¹⁾ The clear danger existed that the Imperial authorities would decline to go along with the Union's policy and might even enter into a separate contract for the outward mails alone, leaving the Union to arrange for the homeward mails as it saw fit.⁽²⁾ This contingency was real, and the Post Office Bill in fact made provision for a system of "ship letters" by adopting certain provisions of old Cape Colony legislation whereby passing vessels could be compelled to accept the mails at specified rates. But an arrangement of this sort was obviously in the nature of a makeshift, and was hardly intended as a substitute for a proper mail contract; if then the Imperial authorities were to go their own way on the outward mails Fenchurch Street would be able to withstand pressure from Pretoria on the homeward side. South Africa would then have little to show for her pains, and would once more be forced to come to terms. It was to foreclose this possibility that Graaff now took a shrewd step: Solomon was directed to obtain an assurance from the Imperial Post Office that it would not "under any circumstances" negotiate with the mail company separately. If this assurance was not forthcoming, moreover, he was to approach the British government direct.⁽³⁾ It was a bold move, and it came just in time; for a week later Molteno did as expected and sought to enlist the Post Office on his side.⁽⁴⁾ As Graaff would tell a gleeful House, "We got in first!"⁽⁵⁾

- - - - -

The Post Office Bill came at an awkward moment for Fenchurch

-
- (1) Cf. UCR: MacLean - Molteno, 18.1.1911; and *ibid.*, Merriman - Molteno, 5.2.1911 ("If the British government had the smallest modicum of backbone ... they would let it be understood that they would not hesitate to enter into a separate contract ...").
- (2) A similar position had arisen in the Australian trade some years before - vide Cd. 1639 (1903).
- (3) SAD TES 5240 F 32/1: Graaff - Solomon, 30.12.1910.
- (4) UCR: DC&Co - Postmaster-General, London, 10.1.1911.
- (5) Rand Daily Mail, 18.3.1911 (parliamentary report).

Street. The Conference agreement was even then in the scales: it was due to expire on 7th January 1911, and there was some friction between the mail line and its confreres.⁽¹⁾ The prospect of a battle over the mail contract at this particular juncture was scarcely one to be viewed with complacency: the cargo lines would look with some smugness on their big partner's predicament, nor will it be doing them any great injustice to suggest that some of them were not averse to capitalising on the situation. Despite lofty talk of open markets the Post Office Bill was patently aimed not at the Conference as such but at the mail company; and the position might well be reached where Fenchurch Street would stand contra mundum.

The signals coming from his lieutenants in South Africa could have left Molteno in no ignorance of the situation's increasing gravity.⁽²⁾ Now if ever was the time for the olive branch - to "grovel a bit",⁽³⁾ if need be, in order to disarm the opposition. He was well aware that homeward rates, rather than rebates, constituted the real issue, and that if met on this point Pretoria would be found in softer mood on the mail contract; but, instead of doing as MacLean urged and boldly grasping this nettle, he embarked on a tediously academic defence of the rebate system. And, what was worse,

(1) Arising from the agreement with the Germans, and out of other difficulties with Fenchurch Street, Bucknall in late 1910 gave notice of termination of the agreement between the two lines; but the Union-Castle managers were adamant that this agreement and the Conference agreement were coterminous and that if the notice were pressed the whole Conference would end. The feeling of the other cargo lines seems to have been solidly behind Lloyd, and there was some wild talk of forming a new conference from which Fenchurch Street would be excluded; but cooler counsels won the day. (UCR: memoranda and correspondence, April 1910 to April 1911.)

(2) Ibid.: passim.

(3) P.A.Molteno Papers: Wisely - Molteno, 27.5.1911.

his letters to Botha and Graaff were couched in self-justifying and somewhat shrill terms that were hardly calculated to gain him understanding in those quarters. (1)

His strategy, so far as it can be unravelled, seems to have been dominated by two considerations. Uppermost was the conviction of the justness of his cause: the maize question had been thrashed out time and again, he had put his finger on the poor organisation in South Africa that was at its root, and there was nothing further to be said on the subject - least of all to those who would not hear. There would be no compromise on maize; and in that case it was obvious that little purpose would be served by appeals to the Union government to stay its hand. But the threatened legislation clearly struck at an important British economic interest; and recourse might thus fittingly be had to the Imperial authorities.

This appeal to Caesar would take three forms. Knowing the views of the Imperial Post Office on the subject of freight provisions in mail contracts, Molteno approached Herbert Samuel, the Postmaster-General, emphasising that restrictions on the Union-Castle's freedom of action would result in a call for a larger mail subsidy and pointedly enquiring whether

His Majesty's Government has accepted the principle of associating the terms upon which goods may be carried with the question of subsidy in respect of a new South African Mail Contract. (2)

The Post Office, it is safe to say, would have been happy to answer this question with an emphatic negative; but only a week before it had received Graaff's almost imperious request not to negotiate with the mail line in any way. To that request it had returned the surprisingly soft answer that it did not wish to embarrass Pretoria and would co-operate as far as possible. That reply was vague enough, to be sure; but it now precluded a direct answer to Molteno's blunt enquiry. He was therefore told that the matter would have to wait until the South African mail proposals had been

(1) UCR: letters of 13.1.1911 and 22.1.1911 respectively.

(2) UCR: DC&Co - Postmaster-General, 10.1.1911.

received. (1)

Molteno's second string involved the Board of Trade. Shipping law had long been a vexed matter in the relations between Britain and her colonies, but a rule seems to have been evolved that in a conflict of laws Imperial legislation must be paramount; in any case, it was understood that Dominion legislation must not impose restrictions on British ships beyond those contained in the merchant shipping legislation of Great Britain. Molteno now suggested to Sydney Buxton, President of the Board of Trade, that these principles would be infringed by the threatened legislation; and he called on the Board for protection. But Buxton's officials were reluctant to take up such a hot potato. The rebate clauses of the Post Office Bill, they argued, although perhaps open to interpretation as an attack on the shipping industry, might equally be regarded as an imposition not on shipping but on the postal authorities of the Union. Putting casuistry aside, however, they also made the valid point that the Union's options were not restricted to legislation of this nature, since the same object might be achieved by straightforward administrative measures with which Downing Street would clearly be unable to interfere. In short, there was nothing to be done - a viewpoint to which the Board would resolutely adhere despite Molteno's repeated calls for protection. (2)

The last of the three parties approached was Lewis Harcourt, the new Secretary of State for the Colonies. To him Molteno made the same point regarding Dominion shipping legislation (as he was pleased to regard the Post Office Bill); but he now added a wider Imperial dimension by claiming that the abolition of rebates by the British lines would play straight into the hands of their German competitors. To add weight

(1) UCR: Postmaster-General - DC&Co, 12.1.1911.

(2) CO 551/20/5144: memorandum by Board of Trade, 16.2.1911.

to this charge he made the startling allegation that Graaff had begun mail negotiations with the DOAL.⁽¹⁾

In this appeal to the British government the decisive rôle fell to the Post Office: since if that department were to come out for a separate mail contract Graaff's whole strategy must fail. The Post Office was not of course concerned with questions of shipping policy per se; but it could not close its eyes to the likelihood that the impending legislation would disrupt the current mail service, that public opinion in England would demand the retention of at least the outward service, and that the British subsidy would consequently have to be increased.⁽²⁾ On the other hand the Secretary of the Post Office, Sir Matthew Nathan, who had been governor of Natal from 1907 to 1910, was well abreast of the currents in the new Union: both political and economic considerations, in his view, overshadowed the purely postal aspects of the issue, and despite the consequences for the British postal authorities

it may be better that [South Africa] should make a mistake, even if it costs us some money, than that she should be kept right by what could be represented as undue interference. (3)

Post Office policy on mail contracts notwithstanding, then, there would be no categorical refusal to act in concert with the Union government. Nonetheless, Graaff should be made fully aware of London's apprehensions. Nathan was on a friendly footing with Solomon: a discreet message through the High Commissioner, who was himself averse to the policy embodied in the Post Office Bill,⁽⁴⁾ might serve

-
- (1) CO 551/21/3666: letter from DC&Co, 3.2.1911. There is some mystery about these negotiations; but, whatever Graaff's precise aim, they came to nothing - vide CO 551/21, passim and UCR, MacLean - DC&Co, 15.3.1911.
- (2) Ibid.: letter from General Post Office, 13.3.1911.
- (3) CO 551/21/7995: Nathan - Just, 10.3.1911 (semi-official).
- (4) UCR: Morrison - Hitchins, 27.1.1911 (copy), and DOAL Cape Town - DOAL Hamburg, 15.2.1911 (translation of copy).

to give Pretoria pause. Solomon therefore cabled Graaff for an assurance that the rebate clause did not imply either an impairment of the present mail service or an increased British mail subsidy;⁽¹⁾ and, to make matters quite plain, Nathan simultaneously wrote privately to Dr O'Grady Gubbins, Natal's member of the Cabinet, warning him of the shoals ahead.⁽²⁾ Both Herbert Samuel and his Secretary were well-disposed towards South Africa, and they hoped by this oblique remonstrance to delay the passage of the Bill and thus gain time for cooler counsels. But matters in South Africa had by now acquired a momentum that no murmurs from London would retard.

- - - - -

The second reading of the Post Office Bill had been set down for 6th March 1911; and early that afternoon its turn came on the order paper. This was to be the occasion for Graaff's first important speech as a Union minister; he had sat rather nervously through the minor business of the day, and now - pale and somewhat tremulous - he arose in a thronged and expectant House to a chorus of mighty cheers.

In a long and sober speech he reviewed the salient points in what was now the old familiar tale of the iniquities of the Ring. Sketching the long history of the freights controversy, with particular emphasis on the South African Shipping Freights Conference and its findings, he indicted the shipowners on several well-worn counts. Rates were excessive; competition had been smothered; freight costs could make or mar South Africa's fledgling industries. For many years past the shipowners had played fast and loose with the mutual jealousies of the four colonies; but the advent of Union had created an opportunity of at last putting these wrongs to right. His speech punctuated by cheers and by murmurs of incredulity at the state of affairs being

(1) CO 551/21/8231: Post Office letter of 13.3.1911.

(2) Enclosure in Nathan - Just, 10.3.1911, loc.cit.

disclosed, he reeled off tellingly unfavourable comparisons of South African shipping rates with those in other trades; and, skilfully playing on national sentiment, he soon had the House behind him almost to a man, evoking shouts of anger from backbenchers with his allusions to maize. Sleeves, it was clear, were being rolled up; as a parliamentary reporter saw it,

With unflinching mien he announced war to
the Combine! war against rebates! war against
dictation! war against unfair charges! war,
red war! (1)

So much for the diagnosis; but what was to be the prescription? The objective was simple and clear: a free freight market; the shipowners must now choose between their combination and South Africa. The government was hardly powerless in the matter: it had not only the mail contract but also important freight contracts at its disposal, and moreover it was quite prepared to decree that gold and ostrich feathers - important elements in homeward freight earnings - go via the parcel post, as diamonds did already. In short, an outside line stood to win some £500,000 in annual earnings from Pretoria - and the Conference lines, obviously, to lose that sum. With this inducement to outsiders there should be no great difficulty in the way of a new mail service; but in any event the absence of a mail contract would not be the end of the world, as there were enough non-Conference ships calling at South African ports to provide an adequate if admittedly less regular mail service. But be the difficulties what they might the government had set its hand to the plough and would not look back. In a stirring closing peroration that was pointedly directed at the shipping representatives seated in the public gallery he threw down the gauntlet:

One thing is certain: we cannot allow
the present state of affairs to continue.
We have made up our minds, once and for

(1) Cape Argus, 7.3.1911 (with a slight stylistic change).

all, that the people of South Africa
must be masters in their own house. (1)

It was the first time the young nation had stood up on its hind legs and roared - and the roar was long and full. Graaff was cheered to the echo as he sat down; members crowded around him to press their congratulations; even the ranks of Tuscany could scarce forbear to cheer. It was his finest parliamentary hour; twenty years later the memorable occasion would still be recalled. He had become the leader of a crusade. (2)

The ensuing debate revealed the strength of feeling on the subject and the futility of opposition; but in any event those mustering in the forlorn hope opposed to the Bill did their cause little good. Merriman, given his scorn for merchants, his detestation of Transvaal influence and his distrust of Graaff as someone who in the premiership stakes had stabbed him in the back, (3) could be expected to give the Bill a rough passage; but (as was not uncommon) he overreached himself with sarcastic gibes and with offensive allusions to "my friend the Baronet" that merely gained Graaff the sympathy of many who ordinarily did not care for the man. (4) But, that apart, Merriman's

-
- (1) Debates of the House of Assembly, 6.3.1911, col. 1569 (tense changed).
- (2) The foregoing account is based on the Hansard report; on CO 551/10/9994 (Governor-General - Colonial Office, 8.3.1911); on newspaper accounts, especially those in Cape Times, Cape Argus and Rand Daily Mail; and on the obituaries for Graaff in Cape Times and Star, 14.4.1931 and 13.4.1931 respectively.
- (3) Cf. T.R.H.Davenport, The Afrikaner Bond: the history of a South African political party, 1880-1911, p.295.
- (4) Cf. "A Unionist", The Nationalists (The State, July 1911, pp.17-32). Merriman made great play of the fact that Graaff - who had recently been created a baronet - had himself been involved in a "ring" in the Cape meat trade. On this latter point see the excellent cartoon in Star, 18.3.1911.

attitude of hostility to the Government when they were in the right put a very heavy discount, or rebate, on his criticism where they were not, and in fact simply made [the government benches] think ... that the opposition to this Act was factious. (1)

Those who spoke in support of Merriman were a motley crew, and unfortunately for the shipowners' cause included Professor Fremantle, claimed to be the least popular man in the House.⁽²⁾ As befitted an academic his analysis of the shipping question was salient and penetrating, and it also served to expose some of what Molteno justly called "the slovenly and incorrect statements"⁽³⁾ in Graaff's speech; but he spoiled its effect by a needless and irritating imitation of Merriman's abrasive style. He further annoyed members by becoming embroiled with the Speaker on a trivial point of order, and he made a tactical blunder by prematurely calling for a division.⁽⁴⁾ By a procedural mistake James Searle, whose long commercial experience might have been expected to count with the mercantile element, deprived himself of the chance to deliver his carefully-prepared speech;⁽⁵⁾ and Maydon, the only other speaker of weight, was made to look singularly unconvincing when Walton cruelly exposed his quondam views on the subject of rebates. The remaining dissidents were parliamentary lightweights whose contribution to the debate was scarcely likely to affect even moderate men, let alone radicals scenting victory. At 11 o'clock that night the second reading was passed by a massive majority.

If the company's supporters bungled the fight in parliament,

-
- (1) P.A.Molteno Papers: H.E.S.Fremantle - Molteno, 14.5.1911.
 (2) "A Unionist", loc.cit.
 (3) Fremantle Papers: Molteno - Fremantle, 7.4.1911. Merriman considered Graaff's data "extraordinarily partial" - vide Debates of the House of Assembly, 6.3.1911.
 (4) UCR: James Searle - Molteno, 5.4.1911.
 (5) Ibid.: eadem, 8.3.1911.

Molteno did little better himself. Graaff had acceded to MacLean's request for a postponement of the second reading on the ground that an "important communication" was on its way from England; but this turned out to be merely a circular letter to members of the Union Parliament, that dealt at wearisome length and in a sterile debating fashion with the theory and practice of rebates.⁽¹⁾ This was a bad mistake: it gave the impression that a private company, and a "foreign" one at that, was appealing to the country over the government's head. Molteno was imprudent enough, furthermore, to resurrect Sir Donald's letter of 1905 to the Colonial Office disparaging the South African Shipping Freights Conference and invoking the aid of the Imperial government against the colonial legislation then threatened. That may have been legitimate enough in 1905, when the inland colonies were under Crown Colony rule; to flourish it now, when a proud Dominion was starting out on her career, was an indiscretion bordering on the incredible.⁽²⁾ In the event Graaff neatly turned the circular against its author: he would make no attempt, he told the House, to give both sides of the controversy, since the Union-Castle Line had already made its defence. So it had; but that defence would scarcely sway a platteland thirsting for lower maize rates, not dry disquisitions on rebates. It is odd that Molteno's long and close experience of South Africa did not keep him from composing a tract that made great play of the findings of a British Royal Commission and the British Board of Trade while denigrating a body that for all its faults had been South African.⁽³⁾

- - - - -

-
- (1) UCR: circular letter and enclosure, 26.1.1911.
- (2) Cf. Bloemfontein Post, 8.3.1911 (parliamentary notes). - "Outside the precincts of the House the opinion about the propriety of that circular letter ... was emphatic in its condemnation ...".
- (3) Long before this, Merriman had impressed on Molteno the shortsightedness of invoking Downing Street, "whose authority in our affairs we do not acknowledge" - vide letter of 26.2.1905, in P.A.Molteno Papers.

Before the second reading debate Graaff had told MacLean that the government was not bluffing, and had advised him - "as a candid friend" - to urge Fenchurch Street to cut adrift from the Conference, "otherwise greater surprises would be in store";⁽¹⁾ and when the House went into committee on the Bill he unsheathed his last and most formidable weapon. Actuated, it was claimed,⁽²⁾ by the strength of public feeling the government now moved from a defensive posture to an outright assault on the Ring, in the process giving a belated vindication to the South African Shipping Freights Conference. The scheme of differential harbour dues propounded in Johannesburg in 1904 was taken from the shelf, dusted off and added to the Post Office Bill - but with the crucial change that the differentiation would embrace railway rates as well.⁽³⁾ The government's grand strategy now stood revealed: the contractor for the mails would be offered a financial inducement that provided a solid basis for a regular shipping service and would simultaneously be protected against Ring reprisals by discriminatory charges of various kinds. As even opponents of the Bill were ready to admit, the differ-

(1) UCR: MacLean - Molteno, 1.3.1911.

(2) SAD J 57: report by Minister of Justice on Act 10 of 1911.

(3) Votes and proceedings of the House of Assembly, 1910-1911, vol. 1, pp.827-8. As finally embodied in Act 10 of 1911 the clause read as follows:

6.(3) The Governor-General may make regulations -

(A) differentiating as regards dock, wharfage, transhipping, or any other like dues at any port or harbour of the Union on goods landed from, shipped in, or transhipped from vessels owned or chartered by persons with whom the Governor-General under sub-section (2) may not contract [= the Conference]; and

(B) differentiating as regards freight for the transport, over any railway belonging to the Government of the Union, of goods which have been landed or transhipped from, or are to be shipped in, vessels owned or chartered by [such persons]

entiation clause was a very powerful weapon, and one shrewdly forged.

When these tidings reached Molteno the equanimity that had so far sustained him took a severe blow, and his varying loyalties were placed under great strain. A South African by upbringing, temperament and sympathies, he was taken aback by this treatment at the hands of the very men he had so warmly supported in time past and who should now have been his natural allies against the magnates and their ilk. That the latter were hostile he could accept, but not the fact that they were belabouring him

with the aid of Botha, Fischer, Hertzog
and Sauer!!!! I could not have believed
it possible that these men would have con-
sented to such a course!!!! (1)

But apart from these personal considerations there were the interests of his shareholders to be taken into account. "Union-Castle" was a household name in South Africa; the ships had been specially constructed for the trade; a transfer of the business to other spheres was unthinkable. But the mail contract was the line's traditional lifeblood; it would be a bold man that would contemplate its loss with complacency.

What strategies were open to Fenchurch Street? An attempt might of course be made to come to terms on the great rock of offence, maize. At this stage the Union Cabinet was not altogether happy about pressing things to an extreme: the object in view, Gladstone was privately told by Botha, was positively to secure better rates, and the Post Office Bill was simply a forcing-card that the government must play.

(1) P.A.Molteno Papers (Elgin): Molteno - Merriman, 18.4.1911. See also ibid., eadem, 24.3.1911.

Smuts (whom Gladstone found "just as slim as they are made") was even more reassuring: a satisfactory rate for maize would settle the whole matter and lead to the deletion of the rebate clauses of the Bill.⁽¹⁾ Even Hull, free though he was with talk of bringing the mail company to its bearings,⁽²⁾ contemplated the ultimate continuance of the existing service,⁽³⁾ as did Graaff himself.⁽⁴⁾ When the course of the negotiations in 1910 was borne in mind, along with the absence of any mercantile agitation against the rebate system, it must have been clear that the attack on rebates was merely a tactical move; a bold offer by Molteno at this stage may thus have had the result that Smuts claimed to envisage. On the other hand it is open to question whether the government, after its professed concern over rebates, would have been quite so quick to climb down on that point: apart from the effect on its credibility that such a move would inevitably have, there was the inconvenient fact that the Post Office Bill had been presented to the Opposition as opening the way to a free freight market and lower outward rates; the Unionists would hardly relish the discovery that they had played the rôle of dupes. But however all that may be, Molteno in fact made no conciliatory gesture, neither on maize nor on anything else, even brushing aside Jagger's mild suggestion that the maize traffic be unqualifiedly freed from rebates.⁽⁵⁾ There may have been something of injured rectitude in this, as he told MacLean that while he was not

(1) Harcourt Papers: Gladstone - Harcourt, 28.3.1911, 5.4.1911 and 12.4.1911.

(2) UCR: copy of letter from unnamed correspondent (= Hitchins), 20.2.1911.

(3) Ibid.: James Searle - Molteno, 8.3.1911, reporting remarks attributed to Hull.

(4) Ibid.: J.T.Molteno (Speaker of the Union House of Assembly) - Molteno, 29.3.1911, reporting conversation with Graaff.

(5) Ibid.: MacLean - Molteno, 14.2.1911.

averse to the proposal it must come from the government side; but his aloofness seems to indicate that even now he was unaware of the knife-edge on which the company stood.

Unaware or complacent? From the start he had pinned his faith to the intervention of the Imperial government; now, with the climactic threat of differentiation rising up before him, he took the drastic step of asking that the Bill be reserved for the royal assent.⁽¹⁾

This appeal raised difficult questions in the Colonial Office. The South Africa Act certainly made provision for reservation; but the legal grounds for such action on this particular Bill were not clear and in any case were overshadowed by reasons of state: reservation in the very first months of the Union Parliament would raise an outcry in South Africa, especially since the Bill was one on which government and opposition were united. As Seely, the Under-secretary, would point out to Harcourt, the British government was already identified with a "bludgeon policy" in the East, and must be careful to avoid anything approaching threats to a self-governing Dominion.⁽²⁾ Furthermore, the damage to the British shipping industry that Moltano claimed to foresee was, after all, conjectural: his gloomy prophecies might not become reality, but in the meantime the Union would have been alienated - for the sake of a chimera. Reservation, then was not to be considered.⁽³⁾ Nonetheless anxious at the turn events were taking, Harcourt tried to gain a breathing space by proposing that the matter stand over for the approaching Imperial Conference in London⁽⁴⁾ -

-
- (1) CO 551/24/7897: Moltano - Seely, 9.3.1911 (personal);
CO 551/21/8632: letter from DC&Co, 16.3.1911.
- (2) CO 551/10/8964: minute on Gladstone's cable of 18.3.1911.
- (3) CO 551/24/7897: memorandum, 16.3.1911.
- (4) SAD PM 356 20/32/10: Harcourt - Gladstone, 16.3.1911.

at which, indeed, a South African motion on shipping conferences was due to come up.⁽¹⁾ But Pretoria now had the bit firmly between its teeth, and would hear of no delay; and, to guard against any possible obstruction in Downing Street, Gladstone for good measure was told that his ministers

beg to impress on His Majesty's Government the advisability of continuing, as heretofore, to act in concert with them in a matter which is not merely one of mail service but which gravely affects great South African interests. (2)

But even a successful outcome of his appeal for reservation would have done Molteno's cause little good. Smarting under this latest manifestation of shipowner intransigence, and humiliated as a nation,⁽³⁾ the South Africans would have been steeled in their determination to smash the Ring - which they might easily do through simple administrative action along the lines of the Post Office Bill. That in these circumstances the normally equable Molteno resorted to such an appeal may be taken as another indication that the strain was beginning to tell.

Was the abandonment of rebates ever seriously considered? There is no evidence of a Conference meeting on the subject, but one at least of the cargo lines felt that it might be possible to jettison the system in favour of some less objectionable tie.⁽⁴⁾ But, whether from conviction or from pride, Molteno was adamant that there would be no surrender on the point. Injured rectitude, and a not unnatural indignation at the South Africans' ingratitude or even

(1) See p.405 below.

(2) SAD PM 99 20/32/10: minute, 20.3.1911 (drafted by Smuts).

(3) Cf. SAD GG 1042 43/63: Gladstone - Harcourt, 7.4.1911 ("I think reservation would be much resented. It would be very unpopular here.").

(4) UCR. Molteno's memorandum of meeting with Sir John Ellerman, 4.7.1911.

duplicity,⁽¹⁾ seem to have been the driving force behind his actions at this time - if a simple stance of non possumus deserves such a title. During the whole period in which the Bill was before Parliament he made no attempt to parley - something that is all the more remarkable when the concurrent difficulties with his Conference partners are borne in mind. Sir John Ellerman, as has been seen, was even then making threats of withdrawal unless his demands for increased facilities were met; and he and Lloyd were now sufficiently "disloyal" to turn an ear to Solomon's proposal that they consider carrying the mails.⁽²⁾

In the absence, then, of any overtures from Fenchurch Street, the Post Office Bill pursued its course. An incipient breach in the united front of the two parties in Parliament, arising from a Unionist amendment that sought to restrict the mails to British ships, and which would have weakened the government's hand, was averted by Botha at the bedside of the ailing Jameson;⁽³⁾ the third reading was passed 86-12 after heated scenes in the Assembly;⁽⁴⁾ in the Senate there was enthusiastic support that would later evoke a resolution calling for a Union shipping line;⁽⁵⁾ and on 13th April Gladstone gave his assent to the "Post Office Administration and Shipping Combinations Discouragement Act". The date of its promulgation, however, was still to be fixed.

-
- (1) According to Molteno, Botha in 1909 had given him the assurance that he would not permit hostile action to be taken against the Union-Castle Line (SAD PM 99 20/32/10: Molteno - Botha, 13.1.1911; P.A.Molteno Papers: Molteno - J.B.M.Hertzog, 16.3.1911).
- (2) UCR: Molteno's memorandum of meeting with Ellerman and Lloyd, 7.4.1911.
- (3) Harcourt Papers: Gladstone - Harcourt, 28.3.1911.
- (4) Merriman Papers: diary entry, 29.3.1911; Debates of the House of Assembly, 29.3.1911 and 30.3.1911.
- (5) Senate Debates, 19.4.1911.

Armed with formidable new powers the government was now ready to resume negotiations on the mails. But first Graaff would play two other cards. Gladstone, who so far had been kept at arm's length,⁽¹⁾ was now taken into his ministers' confidence and told their professed plans: if a mail contract could not be secured, the government would consider building ten ships of its own. This would be at the Union's sole expense if need be, but the ships should preferably be built to Admiralty specifications and so be available for use as armed merchant cruisers in time of war. The effect of this throughout the Empire, Graaff pointed out, would be "splendid".⁽²⁾ Whether this proposal was seriously meant, was a ballon de essai, or was simply a move in a game of bluff is not clear; Gladstone thought it serious, but Harcourt scouted the whole thing.⁽³⁾ Its real motive may have been to convey to Fenchurch Street, in this roundabout way, that as Pretoria had contingency plans in its pocket negotiations had best be resumed. Harcourt at any rate so interpreted it, and he personally advised Molteno to take up the broken threads.⁽⁴⁾

Molteno ignored this counsel and maintained his deafening silence. As it happened, he had just vaulted one hurdle by concluding a new Conference agreement running for the lengthy period of eight years: in that quarter, at least, the mail line was now secure.⁽⁵⁾ Moreover, he knew that Graaff would be accompanying Botha to the Imperial Conference shortly to be held in London; by all accounts this rather unusual choice of a delegate had reference to the mail contract,

(1) SAD GG 1042 43/51: Gladstone - Harcourt, 18.3.1911 (secret).

(2) CO 551/10/11635: Gladstone - Harcourt, 8.4.1911 (secret).

(3) Gladstone Papers, Add. Mss. 45997: Harcourt - Gladstone, 21.4.1911.

(4) Note by Harcourt on Gladstone's cable of 8.4.1911, loc.cit.

(5) UCR: Conference agreement of 11.4.1911.

and Fenchurch Street would therefore simply await any new proposals that he might bring.

As it happened, the Imperial Conference was to be used as a board for Graaff's other card - a resolution calling for united action by the Empire against shipping conferences. If the focus could be shifted from the domestic squabble with the South African Ring to the wider question of the damage being inflicted by the conference system on British trade as a whole, Molteno and his confreres would no longer be able to hide behind the contention that the Post Office Act was a danger to the British shipping industry; on the contrary, the South Africans would emerge as true imperialists. Armed with the Imperial Conference's disapprobatory resolution, Graaff would hold a winning hand when the negotiations on the mail contract were eventually resumed. (1)

As finally submitted the resolution called for concerted action

to discourage shipping conferences or combines for the control of freight rates between the various portions of the Empire. (2)

Introducing the motion, Graaff in what another delegate considered a "very powerful, exhaustive and convincing speech" (3) expounded the problems raised by shipping conferences and the remedy that South Africa had adopted; shrewdly, he dwelt on the alleged benefit to trade that would follow similar action throughout the Empire. Something of his optimistic outlook, or of what may be termed a surprising naïveté on the part of an accomplished man of business, may be gathered from his statement that the abolition

-
- (1) This interpretation is based on Botha's letter of 15.6.1911 to Smuts, reproduced in Hancock and Van der Poel, Selections, vol. III, document 500.
- (2) CO 886/3/19, p.121; Cd. 5745 (1911), p.372.
- (3) Sir John G. Findlay, The Imperial Conference of 1911 from within, p.52.

of rebates would

create a healthy competition among shipowners. This must benefit the whole of the Empire ... The competition thus stimulated would oblige shipowners ... to provide faster and better vessels and, in this way, better trade and postal communication would be promoted [which would be] without any additional cost to the public. ... The shipowners, on the other hand, would be more than compensated for their increased outlays by larger volume of trade. (1)

The motion gained some sympathy from the other Dominions; but Buxton, especially in view of the findings and recommendations of the Royal Commission a scant two years previously, would accept no such blanket condemnation of what in the final analysis was an integral part of the British shipping industry. He expressed his readiness, however, to support the motion provided a qualifying clause were added whereby the implied 'censure of shipping conferences would be made contingent on proof that they were prejudicial to British trade; and it was in that form that the resolution was adopted. (2) The added clause, of course, turned the resolution into a tautological pious opinion; but Botha, at any rate, claimed a victory for the South African point of view. (3) For good measure, too, the Union delegation dangled the merchant cruiser plan before the Admiralty's eyes - a move, Botha gleefully told Smuts, that gave Downing Street "een freeslijk schrik". (4)

Having thus prepared the ground Graaff instructed Solomon

(1) Cd. 5745 (1911), p.380.

(2) Ibid., p.392. As finally adopted the resolution called for
concerted action ... by all Governments of the Empire ... to discourage shipping conferences or combines for the control of freight rates between the various portions of the Empire, in so far as the operations of such ... are prejudicial to trade.

(3) The Times, 28.6.1911. Botha regarded Buxton's amendment as merely a "klein verandering" - vide Hancock and Van der Poel, Selections, vol. III, document 500.

(4) Hancock and Van der Poel, op.cit., document 498.

to resume the mail negotiations, but on the distinct understanding that the Union-Castle proposals must be in accordance with the Post Office Act; and a meeting was arranged for 5th July 1911. In the meantime, however, both Buxton and Samuel made it their business to warn Molteno privately that they gathered the Union government was not bluffing, and that he had better consider coming to terms with his adversaries. Worse still was the crushing news that the Post Office would not part company with South Africa on the mail contract: the trade interests of the Union, it had been decided, outweighed postal considerations, and the two countries would therefore continue to act in unison on the mails.⁽¹⁾ Molteno's great hope thus evaporated; the coming fight would be a straight one between Fenchurch Street and Pretoria.

So at the fateful meeting on 5th July the two camps faced each other squarely: Mirrielees and Molteno on the one side and Graaff, Price and Solomon on the other. Once again they trod the weary round; but all paths led to the immovable rock of the Post Office Act. The one party would not tender unless the penal clauses of the Act were repealed; the other would accept no proposals that were not in conformity with that legislation. After lengthy discussions Graaff reiterated that the Act must be accepted as it stood; and when the shipowners declined to contract on such a basis, "a considerable silence ensued".⁽²⁾

There was afterwards some disagreement on precisely what had taken place during these negotiations; accounts were drawn up by both parties, but in some important respects the two versions could not be reconciled.⁽³⁾ It does appear, however,

(1) UCR: memoranda by Mirrielees and Molteno, 3.7.1911 and 5.7.1911 respectively; CO 551/23/25329: minute on letter from Graaff, 1.8.1911.

(2) UCR: memorandum by Mirrielees on meeting of 5.7.1911.

(3) Ibid.: Mirrielees - Leisk (High Commissioner's office, London), 17.7.1911.

that there were hints from the government side that if there were adequate concessions on rates the shipping clauses of the Act might be repealed. Buxton, certainly, later gained the impression from Botha that he was anxious to come to an arrangement that would

enable him to go to his Parliament and argue that he had obtained an agreement which would justify him in repealing Clause 6 etc. of the Act. (1)

However that may be, the negotiations ended inconclusively. Neither side wished to see a final breakdown, however; both had recourse to Buxton as honest broker; and Botha, although he despondently told Fischer that "het lyken voor my wy zullen maar moet bouwen", (2) sought out Molteno and in his simple but endearing way urged him to make a definitive offer on rates "leaving aside the question of rebates and the Post Office Act". (3)

The alarm bells were now ringing loudly. Not only had the Union government showed itself to be implacable on the question of rebates, but it was already taking steps to find alternative sea transport: Graaff and Solomon, it was reported to Molteno by the embarrassed parties involved, were making enquiries of various shipping lines and shipbuilders, (4) and they indeed went so far as to retain the services of the shipping manager of the Canadian Pacific Railway, a company that operated its own fleet. (5) The prospect of such induced competition raised weighty issues for the shipowners as a body.

-
- (1) BOT MT 9/926 M13968/1909: Buxton's notes on various interviews, July-August 1911.
- (2) Marais, Politieke briewe, document 14 (9.7.1911).
- (3) UCR: Molteno's notes on meeting with Botha on 26.7.1911.
- (4) Ibid.: memoranda by Mirrielees and Molteno, July and August 1911; South Africa, 20.7.1912, p.112.
- (5) SAD FIN 1: letter from Postmaster-General, 5.10.1911.

No record has been found of Conference discussions on strategy; the general impression that emerges from the Union-Castle records, indeed, is that the cargo lines showed no particular concern for their big partner's plight. If, however, the shipowners had collectively turned their minds to the situation, their reasoning would no doubt have been somewhat along the following lines.

Clearly, rebates might be abandoned. Molteno chose to argue that this would expose the trade to attack; but, as had once been pointed out to the Royal Commission, rebates were not in themselves enough to keep a determined intruder out; Houston, certainly, had not found them any great deterrent. On the other hand, to scrap rebates would ex hypothesi restore good relations with Pretoria; with the mail- and freight contracts in their pockets, the Conference lines would make short work of anyone "insane enough"⁽¹⁾ to take them on. The redoubtable Sir John Ellerman, for one among the shipowners, was thus prepared to face the prospect of dropping rebates: particularly, he thought, as another and less objectionable form of tie might be devised in their place.⁽²⁾ But Molteno was immovable: he professed to be fighting for a principle, and far from being willing to bow to Pretoria's demand he looked to the British shipping industry to support him against government interference in the field of private enterprise. In the event this appeal seems to have borne little fruit: outside shipowners, while indeed careful not to rock the boat by tendering for the mail contract, showed little disposition to become embroiled in a quarrel that did not directly concern them.

If rebates were persisted in, then the mail contract and government freight would be lost to the Conference. The immediate outcome, however, would not be too serious: no

(1) UCR: Cayzer - Molteno, 11.9.1911.

(2) Ibid.: Molteno's memorandum of 5.7.1911.

longer bound to the mail schedule, the Union-Castle Line - and by extension the cargo lines - would be able to achieve operating economies through lower speed. This very course, which it will be remembered had been contemplated by Sir Donald in his closing days, was indeed now advocated by Sir Charles Cayzer, who was of the opinion that "far too much money is being put up the funnel".⁽¹⁾ Moreover, the loss of government freight would not be fatal: that business might help a new line, to be sure, but at most it constituted some ten per cent of Conference cargo,⁽²⁾ and it was carried at low rates.

The more pressing danger, clearly, was the threat of differentiation in South Africa. But this might be more apparent than real. The point of the differential charges was that they would equalise landed costs between goods coming on Conference- and non-Conference ships; the Conference, in other words, would be prevented from undercutting any new line induced to enter the trade. But supposing there were no new line? That was certainly a possibility;⁽³⁾ and in such case things would go on as before. Assume for the sake of argument, however, that Pretoria with its £500,000 per annum succeeds in attracting an outside line. If the newcomer sticks to mails and government freight, then the Conference may elect to tolerate him; but if he goes for berth cargo there will be a fight. Other things being equal, the new man will have to cut his rates substantially if he is to overcome the merchants' natural inertia and their reluctance to forfeit rebates. It is doubtful that any tempting cut in berth rates can in fact be made; assuming, however, that this happens, the Conference will be

(1) UCR: Cayzer - Molteno, 11.9.1911.

(2) BOT MT 9/926 M 12549/1911: printed report of meeting between Buxton and Conference shipowners, 25.4.1911 (remarks by Cayzer).

(3) Molteno and Mirrielees themselves pooh-poohed the idea of another line coming in on a commercial basis - vide Buxton's notes on interviews, loc.cit.

bound to retaliate. At this point, presumably, Pretoria will commence to differentiate against goods landed from Conference ships. But would that be practical politics? The effect, after all, will be to increase the landed cost to the merchant - and, in due course, the price to the consumer. No doubt the aim behind the whole thing is to lower costs by keeping the new line in being; but there can be no telling how long it will take to bring the Conference to reason, and in the meantime the cost of imports is deliberately being raised. After the long years of agitation against "excessive rates" the spectacle would not be lacking in either irony or fatuity.

Even if South Africa as a whole were prepared to bear this lesser evil for the sake of the greater good to come, there would be difficulties in the way of the smooth working of the differentiation plan. Unlike the Johannesburg plan of 1904, the Post Office Act envisaged charges not against the ship but against her cargo. But how were consignments, once landed, to be easily identified as "Conference"? Ships of all kinds, and from all over the world, called at South African ports; endless administrative problems would arise if the scale of wharfage- and other dues were to vary from ship to ship depending merely on her stable. Not only her ownership, indeed, but also her route would be involved - cargo landed from a Union-Castle ship, for example, would have to be treated differently according to whether she came from England or from America (on which run, ex hypothesi, the new line would not operate). But these dockside difficulties would be child's play beside those faced on the railways: with a thousand separate parcels going on a single train, how were the sheep to be divided from the goats? No doubt teething troubles of these several kinds would be overcome in time, given the South African attitude towards the shipping question; but viewed in the round it was plain that the administration of this part of the Post Office Act bristled with difficulties.

It was doubtful, in any event, that the Act could be wholly effective. Union legislation, clearly, did not apply to foreign harbours; and, in the absence of any indication that the Portuguese would co-operate there would always be a gaping backdoor into the country - for how were "Conference" consignments to be distinguished from others at Komatipoort? The ironical upshot, indeed, might be that the Union ports saw a further drain of traffic to Delagoa Bay.

There was also an Imperial dimension to the question: if the German lines, say, were to jettison rebates, would the English element in South Africa - to say nothing of the British government - stand by with folded arms while British ships were thus put at a disadvantage against these foreign rivals? The outcome would once more be ironic: the old issue of "diversion of trade" would have been resuscitated, but with the important difference that not the shipowners but South Africa herself stood accused.

Reasoning along lines such as these the shipowners may well have concluded that the differentiation clauses were a paper tiger and that the Conference had little to fear from the Post Office Act. But it would never do for Pretoria to be openly defied: given the recent course of events and the hardening of attitudes, a fight could end only in a Conference defeat. Any apparent "victory" in the short term, indeed, would serve merely to intensify the demand that the Ring be smashed once and for all. The simple truth was that Union had radically changed the situation: whatever may have been possible in a previous era and under the astute Sir Donald, the shipowners could no longer afford to be at daggers drawn with South Africa.

A last effort, then, must be made to break the deadlock; and, acting on Botha's suggestion and on other hints, Molteno and Mirrielees met Graaff and Solomon on 9th August and presented their final proposals. These may be summarised as follows:

1. Outward rates to be reduced by 5/- in class I and 2/6d in classes II to IV. (As class IV would then be equal to class V, the latter to fall away.) Anomalies in the rates to be remedied.
2. Rates for cattle to South Africa to be reduced by 20%.⁽¹⁾
3. Maize rates to be 11/6d for berth ports and 13/6d for outports, guaranteed for 10 years. Tonnage up to four- or five hundred thousand tons per annum to be assured, "subject to suitable arrangements at South African ports for shipment".
4. Rates for wool, mohair and skins to be reduced by 10% and by a further 5% for wool "when pressed to an equal extent [as] in the Australian trade". A 30% reduction for dry hides.
5. Rates for fruit to be reduced by 10% mailships and 15% intermediates.
6. Anomalies in coastwise rates to be remedied.

These proposals, however, were contingent on the assurance that the shipping clauses of the Post Office Act, or other punitive legislation, would not be invoked against the Conference lines during the term of the new mail contract, which it was suggested should be ten years.⁽²⁾

By any normal standard these were significant concessions.⁽³⁾ Remarkably enough, however, they somewhat skirted Pretoria's bête noire, the maize rate. The exporters of wool, mohair, hides, skins and fruit, on the other hand, who as far as is known had not been pressing for reductions, came out very well; and it is not clear why Fenchurch Street made a point

(1) The rates for livestock had formed a minor subject of dispute - vide OAD G 4 pp.173-6 and G 5 pp.13-15.

(2) UCR: DC&Co - Solomon, 17.8.1911.

(3) It was estimated that they would cost the Conference lines £175,000 per annum, with almost half this sum falling on the mail line - vide memorandum in ibid., 18.5.1912.

of pruning those rates while leaving "berth port" maize unchanged.

To be sure, the shipowners were in a cleft stick. They would not jettison rebates; so, to pave the way to a new mail contract, they must come up with concessions weighty enough to justify repeal of the punitive clauses of the Post Office Act. From the point of view of the South African importer, however, concessions on maize and other export products were largely irrelevant: what was at issue was the outward trade. But large concessions in the latter sphere would clearly leave less room for manoeuvre in homeward rates - the real object of the Act. Nonetheless it is strange that in the proposals now made maize came off worst.

The Union government, too, was in a dilemma. Outward rates, Graaff's eloquence in Parliament notwithstanding, were of little concern to it; with significant concessions gained on produce it would probably have been not unwilling to drop the shipping clauses of the Act. But Pretoria had become the prisoner of its own strategy: the Post Office Act had indeed brought the Ring to heel, but the rebate clause now stood in the way of settlement. The Unionists were demanding their pound of flesh: through Bouchier Hawkesley Botha learned from Jameson that the Opposition intended to raise the question at the beginning of the next parliamentary session and that nothing short of rebate abolition would be acceptable.⁽¹⁾ Whether the rank and file of Unionists were in fact so enamoured of an open freight market may well be doubted; but Botha and Graaff appear to have taken this message at face value, and for that reason at least they now considered it impossible to back down on

(1) BOT MT 9/926 M 13968/1909: Buxton's notes on conversation with Botha, 11.8.1911. A similar view was expressed by Graaff - vide Buxton's notes on conversation of 24.7.1911.

rebates. There is some conflict here in what is admittedly fragmentary evidence; but in the event the Conference proposals were rejected, on the ground that the rebate clause must stand.⁽¹⁾ But the shipowners claimed that the retention of rebates was "a principle of vital importance",⁽²⁾ and so the negotiations again broke down - but this time for good.⁽³⁾

More with a view to winning a breathing space than with any hope of success,⁽⁴⁾ Graaff now invited tenders for the mails. But - either lacking any interest in the contract, persuaded by the Conference to keep out,⁽⁵⁾ or as a gesture of protest against South African policy⁽⁶⁾ - no other shipping line tendered.⁽⁷⁾ Even before this result became known, however, Graaff had been turning his mind to alternatives: in particular, to the possibility of establishing a state shipping line; and, as the prospect of a new mail contract began to recede, this alternative loomed larger in the public eye. The ministerial organ, "The South African News", ran what presumably was an inspired series of articles on the subject;⁽⁸⁾ the influential Senator Sir J.H.Meiring Beck, an ardent exponent of the doctrine of South African self-sufficiency

-
- (1) Cf. Graaff's statement to the House of Assembly, 15.2.1912.
 (2) Cape Times, 16.11.1911, reporting Mirrielees's speech at a shipping banquet.
 (3) UCR: Mirrielees's memorandum on meeting of 9.8.1911; TAD CT 231: DC&Co - Solomon, 17.8.1911.
 (4) Buxton's notes on conversation with Botha, 11.8.1911, loc.cit.
 (5) UCR: Molteno's memorandum of 8.9.1911.
 (6) Cf. South African Commerce and Manufacturers' Record, October 1911 (editorial).
 (7) There was, indeed, one tender; but it came from a former nautical man now resident in a sailors' home, who in a masterpiece of understatement was described in a press report as "not a prominent shipping company" (SAD PMG 565: Solomon - Graaff, 17.10.1911; South African News, 20.10.1911).
 (8) South African News, September and October 1911 (editorials).

in the economic sphere, lent his support;⁽¹⁾ and local pundits gave their approbatory views.⁽²⁾ Discreet approaches, furthermore, were made to Union-Castle officers.⁽³⁾

Whether all this was seriously meant or was windowdressing to impress Fenchurch Street cannot be said with certainty. Graaff himself told Buxton that while he would not shrink from the step if there were no other way out neither would he welcome it, as he was already bearing a heavy load of work;⁽⁴⁾ Hull as Minister of Finance would apparently not hear of the proposal;⁽⁵⁾ and Botha fought shy of the protracted struggle with the Conference lines that such a move would inevitably provoke.⁽⁶⁾ But in public at any rate there was robust talk of South Africa's duty and ability to run her own line: thus Botha, speaking at Rietvlei in September, referred to the "great struggle" upon which South Africa had entered, and envisaged a state line;⁽⁷⁾ while Fischer, touring the Free State, lambasted the Ring and welcomed the proposal, not only as a way out of the cul-de-sac but also as the means of enabling Afrikaner lads to take to the sea.⁽⁸⁾ When A.H.Rennie, one of the Conference shipowners, called on several Cabinet ministers in Pretoria, he was taken aback at the

-
- (1) See his letter in South African News, 23.9.1911 and cf. W.C.Scully, Sir J.H.Meiring Beck: a memoir, p.73.
- (2) South African News, 14.9.1911 and 22.9.1911; South African Commerce and Manufacturers' Record, October 1911, p.472.
- (3) P.A.Molteno Papers: Wisely - Molteno, 16.9.1911.
- (4) Buxton's notes on interview with Graaff, 24.7.1911, loc.cit.
- (5) UCR: A.H.Rennie - John Byron, 20.9.1911 (copy).
- (6) Ibid.: Molteno's notes on interview with Botha, 26.7.1911.
- (7) South African News, 28.9.1911. The state of feeling at about this time may be gathered from the fact that the Union-Castle's Johannesburg agency resorted to something in the nature of cloak-and-dagger operations, using special telegraphic codes and even sending cables via Lourenco Marques - vide UCR, Johannesburg - DC&Co, 20.10.1911.
- (8) Bloemfontein Post, 23.9.1911 and 28.9.1911.

ignorance of their minds on the matter; they told me that they thought there would not be the slightest difficulty in building, manning, and running a Government Line of Mail Steamships, in fact they talked about the thing as being as easy as going out and buying a pound of butter. (1)

No doubt Pretoria, whatever its misgivings and divisions on the subject, was bound to keep a stiff upper lip in the presence of the enemy, and perhaps to indulge in a bit of bluff; Rennie himself, certainly, took much of what he was told with a pinch of salt. The creation of a state line was a matter on which opinion in South Africa, even on the government side, was by no means united; the mercantile sector, certainly, although the purported beneficiary of Pretoria's solicitude, was not enamoured of state intervention in private enterprise, with all its trappings of bureaucratic muddle and inefficiency, and the proposal would find no support from organised commerce. (2)

Although the half-baked arguments that the "South African News" put forward on the economics of a state line drew the withering scorn of Fenchurch Street's marine experts, (3) such a line was no doubt perfectly feasible; but, as it happened, building costs were now running high and orders were unlikely to be quickly filled. (4) The whole thing, clearly, would take a good deal of time; and while the plans were on the drawing board an aroused Ring would seek to retaliate, especially with regard to maize. Still more disconcerting would be the long-term problems. A mail

-
- (1) UCR: Rennie - John Byron, 20.9.1911 (copy).
 - (2) Cape Times, 3.11.1911 (congress of Association of Chambers of Commerce of South Africa).
 - (3) P.A.Molteno Papers: memorandum for Molteno, 3.10.1911.
 - (4) The Times, 19.12.1911 (special article, South African mails and shipping).

fleet - and this was all that was envisaged - would clearly be unable to take more than a small fraction of the outward cargoes: the bulk of shippers, then, would still be bound to the Conference lines, and with an eye to their rebates they would decline to patronise the government ships. In that case, clearly, it would be fatuous to invoke the differentiation clauses of the Act; besides which the merchants, hit by loss of rebates or higher dues or both, would be loud in their demand for compensation.⁽¹⁾ There might also be damaging political repercussions. But if there were no certain means of channelling cargo into the government ships the latter would face serious financial problems, inasmuch as they would have no passenger earnings and little berth cargo on which to fall back in the manner of the present mailships, while their return cargoes would consist of maize and other agricultural products that ex hypothesi would go at very low rates. A further difficulty was posed by gold bullion. The Post Office Act envisaged the classification of gold as postal matter, and to that extent the proposed line would be assured, albeit at one remove, of high-rated return cargo; but the mining industry viewed the question with some uneasiness, as the new mode of conveyance would bring in its wake problems of insurance, of loss of interest by virtue of slower passage, and not least of forfeited rebates. Graaff was prepared to give the Chamber of Mines the assurance - in writing, as requested - that under the new scheme the total cost of carriage, including insurance, would be no higher; but he would accept no responsibility for loss of interest, nor would he take up the question of rebates. He gave it as his opinion, indeed - an opinion fortified, he claimed, by the views of the Department of Justice - that the mines would be able to recover any rebates lost in consequence of the withdrawal of bullion from the Conference ships; but understandably enough the Chamber was

(1) Cf. African World, 4.11.1911, p.624.

reluctant to accept this view of the case, the more so as its own legal advisers held to the opposite opinion. It therefore urged that the government should undertake to make good any such loss. With annual gold shipments currently running at £35 million⁽¹⁾ the rebates at stake might be as much as £66,000:⁽²⁾ the beneficiaries being who they were, for the government to accede to the request would be not only questionable finance but also bad politics. But, from the opposite point of view, it would be political madness to compel the mineowners to incur a loss of that magnitude; and Graaff therefore backed down to the extent of disclaiming any immediate intention of classifying bullion as postal matter.⁽³⁾ But in that case the mining industry would obviously continue to ship through the Conference, and the proposed state line would be deprived of valuable earnings.

The idea of a state line, indeed, was beginning to threaten the amity that the two parties in parliament had hitherto maintained on shipping. Perhaps because of these very difficulties on gold the "magnate" group was now strongly opposed to any such plan;⁽⁴⁾ and despite Botha's personal appeal to Jameson the Unionist caucus came out unanimously against the whole proposal.⁽⁵⁾

- - - - -

-
- (1) Union Statistics for fifty years, p.N5.
- (2) The rate for bullion was approximately 7/6d% ad valorem, with a rebate of slightly over 2/6d after eighteen months - vide Transvaal Chamber of Mines annual report for 1911, p.82.
- (3) The correspondence is in ibid., pp.82-6. See also the interview with the President of the Chamber, reported in Cape Times, 20.9.1911.
- (4) UCR: MacLean - Molteno, 25.10.1911.
- (5) Ibid., eadem, 14.2.1912. This episode is presumably what Merriman had in mind in writing to Steyn on 11.2.1912 (Lewsen, Selections ... 1905-1924, p.222):

Botha threw himself into the arms of Jameson and the mercantile party and created a most impossible condition. Now they have left him in the lurch after an (sic) humiliating effort to obtain their co-operation.

The Post Office Act had failed. To be sure, it had driven Fenchurch Street to concessions unthinkable in the days of Donald Currie; but, perversely, the insistence on rebate abolition now blocked the way to the consummation Pretoria so devoutly wished. There was deadlock, and with no clear way out. The plan for a state line promised nothing but difficulties: it would be no more than a salve for injured pride. Nor did an outside line hold much brighter a prospect. No line of standing was likely to venture into Conference waters, government support notwithstanding: in all likelihood South Africa would be thrown back on a service of glorified tramps. What would be achieved by it all? But both sides had gone too far to retreat with dignity.

The various contracts with the Conference lines were running out; if Pretoria were then to go cap in hand to Fenchurch Street for their renewal Graaff and his compatriots would be a public laughing stock. Accustomed to an outstanding mail service, the South African public was scarcely likely to tolerate for long the rickety ship-letter plan; and more pressing still was the question of agricultural exports and government freight. Other avenues would have to be explored, and quickly. Enquiries elicited offers from shipowners and brokers who had previously shown some interest in entering the South African trade: Bisschop & Hudig of Rotterdam, Harris & Dixon, G.T.Symons & Company, and that inveterate opponent of the conference system, Maclay & MacIntyre.⁽¹⁾ Details of these offers are unfortunately not available⁽²⁾ except in the case of the last-mentioned, and even this can be reconstructed in broad outline only: it involved a fortnightly service under a five-year contract,

(1) SAD TES 5240 F 32/1: memoranda and correspondence, December 1911 and January 1912.

(2) In a press interview (South Africa, 20.7.1912, p.112) Graaff stated that "at tremendous trouble, and not a little expense, the information was collected, and is in the possession of the Government, and will remain there"; but an extensive search has failed to bring it to light - vide letter of 17.3.1977 from the Central Archives Depot, Pretoria.

and included a novel provision whereby the government might itself fix the homeward rates for produce, provided the voyage returned gross earnings of £6500. The outward voyage, for its part, must earn £7500 gross. This was a clumsy arrangement that must surely have led to endless bickering; and, as Graaff testily remarked, anybody could run ships on a basis of that kind.⁽¹⁾ In the event the offer was put aside; but it would stand Pretoria in good stead.

The battle was arousing the keenest interest both in the shipping world and among the public. In the "momentous fight" against the Conference, the sober "Times" pointed out in a special article, the Union government

is seeking to disturb the basis on which practically all British liner trade is maintained today [and has] deliberately entered on a crusade which, should it be successful, will have far-reaching effects on the shipping industry throughout the world. (2)

The duel indeed raised wide questions. There was nothing in English law analogous to the Sherman Act of the United States: industrial combination was not illegal, and the only ground on which bodies such as shipping conferences might be attacked, and then doubtfully, was that of restraint of trade. In the one decided case involving deferred rebates the defendants had emerged unscathed;⁽³⁾ the whole question,

(1) SAD PM 467: Graaff - Botha, 19.7.1912.

(2) The Times, 5.4.1911. The articles in this newspaper, although maintaining a good balance, should be treated with some caution, as partisan material on the subject was supplied by Fenchurch Street - vide UCR: Mirrieles's memorandum of 16.2.1911.

(3) The "Mogul" case of the early 1880s. For a recent discussion see B.S. Yamey, Predatory price cutting: notes and comments (Journal of Law and Economics, April 1972), p.138 ff.

moreover, had been gone into by the Royal Commission, and not only the majority- but also the minority report had shied away from legislation. British law, experience and shipping practice alike could be invoked against the South African viewpoint; but in defiance of all this that puny country, herself without a shipping industry, was boldly standing contra mundum.⁽¹⁾

There were those, however, who saw in the impasse an opening for themselves. Rumours began to circulate of attempts to secure a controlling interest in the Union-Castle Line: various parties were said to be involved, including even the Union government and indeed General Botha in his private capacity.⁽²⁾ Although Fenchurch Street denied these rumours for the most part, the price of Union-Castle ordinary shares now began to rise. For years the £10 shares had stood close to par; at the end of October 1911 they were at £11.5.0, but thereafter they forged ahead rapidly to reach double that price two months later.⁽³⁾ Clearly something was happening behind the scenes.

- - - - -

With deadlock complete, Moltano had found the prospect of a drawn-out battle with South Africa daunting. The threatened struggle posed all sorts of imponderables; but even now the uncertainty was beginning to affect the company's operations.⁽⁴⁾ There was still something of a breathing-space, to be sure, as the mail contract would continue until 30th September 1912; but, knowing his Graaff, he could look

-
- (1) It was exquisitely apt that the South African champion bore the name of David. See the splendid cartoon in Star, 22.8.1912.
- (2) See, for example, Cape Times, 12.11.1911; Rand Daily Mail, 17.11.1911; The Economist, 2.12.1911; The Times, 18.12.1911.
- (3) The Economist, 21.10.1911 and 16.12.1911.
- (4) P.A.Moltano Papers (Elgin): Moltano - Merriman, 18.4.1911; UCR: memorandum on meeting of 6.7.1911.

forward only to intensified pressure thereafter. South Africa, it was plain, had been roused, and was now in the mood for a fight to a finish. Matched against so formidable an opponent and left in the lurch by its own government, the company could hardly hope to win; but even in the unlikely event of its being able to ride out the storm it would have so exacerbated South African hostility as to make its long-term position untenable. Only a surrender on rebates could save the day; but it was not in Molteno's nature to yield on a point of conviction, and least of all to the particular men now involved. When a prominent shipowner sounded him on the sale of the company, then, the proposal found a receptive ear.

The offer came from Lord Furness, an industrialist and shipowner of standing.⁽¹⁾ He planned to buy the Union-Castle Line lock stock and barrel for some £5,000,000, and then bid for the mail contract in accordance with the stipulations of the Post Office Act. He would immediately build at least three more mailships; he was prepared to bring some forty other ships into the trade, and to take on the cargo lines, if they were rash enough to oppose him. All this, he estimated, would cost the reconstructed mail company some £10,000,000, half of which would be raised in share capital and half in 4% debentures. In view of the magnitude of the undertaking, however, the debentures would need outside guarantees, for interest and capital alike; and he asked Solomon whether the Union government itself would give guarantees of this kind. He would welcome the government's close co-operation in the scheme, and would be happy to have its nominee on the new Board.

This proposal placed Graaff in a new dilemma. The proposition was certainly attractive: as yet there was no prospect of a regular mail service after September 1912, and

(1) P.A.Molteno Papers: Furness - Molteno, 16.9.1911. Nothing on this episode was found in the Union-Castle records; what follows is based on Solomon's reports to Graaff, November 1911 to January 1912, in SAD PMG 565.

even the freight offers in his dossier envisaged a service that would be no more than a pale reflection of the present one: on all scores, surely, it would be better to strive for a continuation of the existing service, subject of course to compliance with the Act. Furness was asking not for a financial contribution but only for a guarantee; nor did any risk seem to be involved, as the reconstructed mail line could if necessary be protected to some extent against the rump Conference by differential dues: under such conditions the service must surely be a financial success, and that being so the guarantee might be given without qualm. But there were political factors to be considered. During the past Session the ministry had come under heavy attack on the score of its alleged prodigality: proposals that contemplated largesse to a mere private company would be bound to cause further upheavals, however academic the question of payment might seem. It might plausibly be argued, moreover, that what the country stood to gain through the creation of an open freight market it would throw away in subventions to the reconstructed mail line: as the government, to avoid the eventuality of having to honour its guarantees, would be bound to support its protégé with doles. After some heartsearching, then, Graaff reluctantly agreed to guarantee the debenture interest of some £200,000 per year; but a guarantee for the capital sum he ruled entirely out of court.

But his decision came too late to save the negotiations from shipwreck. On the ground that the Donald Currie Trust precluded that method of settlement, Fenchurch Street was unwilling to accept as part of the purchase price Furness's offer of preference shares in the new company; hard cash was demanded, and when Furness asked for time to raise the considerable sum involved Mirrielees somewhat abruptly broke off negotiations. The subsequent course of events, however, points to other, or additional, reasons, for the breakdown: for on 18th December 1911 the sensational news was given to the world that in a mammoth deal involving leading shipping

lines Donald Currie & Company had withdrawn from the South African trade.

The joint purchasers were the Elder Dempster Line and the Royal Mail Steam Packet Company; and the terms were breathing-taking. The Union-Castle £10 shares would be bought for £32.10.0; each of the nine figureheads on the Council would be awarded £3000 as compensation for loss of office; and the seven partners in Donald Currie & Company would receive £100,000 apiece for resigning the management.⁽¹⁾ The total purchase price would thus be some £5,300,000 - a sum large not only in itself but more especially in comparison with the net asset value of the Union-Castle Line, which as shown by its latest balance sheet was a mere £1,900,000. Making all due allowance for under-valuation of assets in published accounts, the gap between the two figures was impressive; it could be regarded, indeed, as a belated vindication of those who in the long shipping controversy had argued that the company's dividends were no criterion of its earnings.⁽²⁾

The actual transfer of ownership was delayed for some months: and it was only in April 1912 that Molteno and his partners bowed out. The occasion has been feelingly portrayed:

[On] April 18th, 1912, while excited crowds outside were snatching the latest bulletins of the Titanic disaster from the newsboys, a memorable ceremony took place in the London office of Donald Currie and Company in Fenchurch Street ... [The] Management and Council of the firm formally handed in their resignations and Sir Owen Philipps was duly elected Chairman of the Union-Castle Line. To Sir Frederick Mirrielees [he] handed a cheque for £5173572.10s, and received in exchange a certificate for the bulk of the ordinary shares ...

-
- (1) Murray, Chronicle, ch.XV. The transaction is given great prominence in the financial journals of the time.
- (2) See, for example, The Economist, 23.12.1911, pp.1313-4, and The Statist, eadem, pp.820-1. The Times of 18.12.1911, however, alludes to a contrary view.

Before the proceedings terminated the new Chairman paid fitting tribute to the manner in which the Union-Castle Line had upheld the prestige of British shipping, and Sir Frederick Mirrielees and Lord Selborne having replied, the Currie régime was at an end.

Outside the head office the brass plate with the familiar inscription 'Donald Currie and Company' had already been superseded by one bearing simply the official title of the Union-Castle Line, and with the disappearance of the old name a chapter had indeed been closed in the annals of South African shipping. (1)

For Molteno it was a bitter turning-point in his life. He had played an important rôle in South African shipping, but in terms of the deal he and his partners must now withdraw from the trade completely, after having sold their company within a bare three years of its illustrious founder's death. Most wounding of all was the knowledge that things had been brought to this pass by the very men who should have been his natural allies and on whose gratitude he had strong claims. His feelings at this time are forcefully set out in a letter to Robin Wisely at Durban:

I can assure you it is a tremendous and painful wrench to me to be dissociated from you and others on the shore and sea staffs, who have done such splendid work for the Company and given such loyal service for so many years in building it up. It is now second to none in the whole world, and to cease at such a time from all connection with it is a tremendous change. Nothing but the extreme disgust and distrust caused by the scandalous treatment of us by the Union Government would have induced us to look at the proposition to go out of the Company For three generations - my grandfather, my father and I have done our best to develop the resources and communications of South Africa by land and sea; and this is the reward we get from men who can't show they have done a hand's turn to enrich or develop South Africa. [They are] as ignorant as

(1) Murray, Ships, p.87. (Selborne was a member of the Council.)

children of the very elements of shipping and full of enmity and suspicion; and they were backed by men who admitted that their leading motive was a vindictive feeling against Sir Donald! (1)

Although something of the Stoic he felt this shabby treatment keenly; and, albeit for a brief space, the iron entered into him. In the stress of the moment he would make the wild claim that had the Union government invoked the differentiation clauses he would have seen to it that no single ship, not even a tramp, sailed to or from South Africa;⁽²⁾ in the Commons and elsewhere he struck out at the men who had worsted him;⁽³⁾ he huffily withdrew from a good work simply because it would take place under the aegis of government.⁽⁴⁾ It was a distressing episode in a noble life. But there were compensations: as a somewhat wistful Solomon characteristically put it,

he is now a very rich man and can give all his attention to his politics. He might erect a monument to the Post Office Act. (5)

-
- (1) P.A.Molteno Papers (Elgin): Molteno - Wisely, n.d. circa April 1912.
- (2) SAD PMG 565: Solomon - Graaff, 2.2.1912.
- (3) SAD . . . PM 467: Molteno - Botha, 11.7.1912, enclosing copy of Molteno's speech to The Real Estate Corporation of South Africa Limited; Merriman Papers, 7/1913: Molteno - Hull, 11.9.1912 (copy); House of Commons debates, 27.6.1912. See also Marais, Politieke briewe, document 53 (Botha - Harcourt, 6.8.1912).
- (4) Hirst's biography of Molteno, p.391.
- (5) Montage from Solomon - Graaff, 2. 2.1912, loc.cit., and Merriman Papers, 21/1912: Solomon - Merriman, 31.1.1912. See also Merriman's speech in the House of Assembly, 10.3.1913.

REVENANT A SES MOUTONS.



David, having slain the Philistine and cut off his head, returneth unto his Sheep-folds.

The Star, 22.8.1912

C H A P T E R VII

THE WORLD TURNED UPSIDE DOWN

Control of the Union-Castle Line was now in the hands of the Royal Mail Steam Packet Company and the Elder Dempster Line; but in practice it would vest in the commanding figure of Sir Owen Philipps, the chairman of each. Not yet fifty, he could look back on a spectacular career which had culminated in the "daring and brilliant exploit"⁽¹⁾ that had placed him at the head of what was now the largest shipping group in the world. Still a comparatively young man and endowed with good looks, an imposing stature and great wealth, he would quickly capture the popular imagination and be hailed as the Colossus of shipping.⁽²⁾

The formidable strength of the new group - it embraced several shipping companies and mustered some 1,300,000 tons - caused misgiving in Pretoria, especially as the deal had caught the South African camp completely by surprise.⁽³⁾ A world-wide enterprise with such impressive resources was a different proposition to the old régime in Fenchurch Street: as his hostile critics were not slow to point out, Graaff might find Philipps's little finger to be thicker than Molteno's loins.⁽⁴⁾

-
- (1) Financial Times (editorial), as quoted in African World, 23.12.1911, p.421.
- (2) On Sir Owen Philipps (later Lord Kylsant): South Africa, 23.12.1911, p.663; African World, 23.12.1911, p.421; P.N.Davies and A.M.Bourn, Lord Kylsant and the Royal Mail (Business History, July 1973).
- (3) SAD PMG 565: Solomon - Graaff, 18.12.1911.
- (4) See, for example, editorial in Cape Argus, 19.12.1911 (Graaff's "inept diplomacy, blundering legislation and mock heroics"); Merriman Papers, 95/1911: Hely-Hutchinson - Merriman, 26.12.1911; P.A.Molteno Papers: James Searle - Molteno, 25.2.1912; Lewsen, Selections ... 1905-1924, p.222 (Merriman's comment: "This freak of Graaff's will cost South Africa millions!").

Philipps, however, had acquired the Union-Castle Line not to indulge in a dramatic confrontation of Pretoria but as a sound business proposition. The amalgamation of shipping companies was his forte, and in his fast-growing empire he saw a place for the premier South African line. His seat on the Royal Commission on Shipping Rings had given him a valuable insight not only into the trade as a whole but also into the feeling with which the Conference lines (and the mail line in particular) were regarded in South Africa; and it is a fair assumption that he saw in the impasse between Graaff and Molteno an opening for his own talents. One of the first things he did once the sale had been arranged, then, was to put himself in touch with Solomon and announce his willingness to tender for the mail contract on the basis of the Post Office Act; and when it was made plain to him that this would entail not a tinkering with the rebate system but its complete abandonment he resigned himself to that eventuality.⁽¹⁾

His grasp of the crux of the situation facing the mail company does him credit. Given the strength of the great shipping combination he now controlled he might have been tempted to adopt a lofty tone towards Pretoria; but he saw at once to the heart of the question, that

the position of the Union-Castle Line
and its close association with the country
which it serves [make it] most important
that it should no longer be in a position
of hostility to that nation and looked upon
... as an enemy. (2)

His policy would be conciliation; and not towards Pretoria only but also towards the London merchants, who soon would have the unfamiliar experience of finding themselves addressed as "the shipowners' valuable clients".⁽³⁾

(1) SAD PMG 565: Solomon - Graaff, 18.12.1911; Graaff's statement in the House of Assembly, 15.2.1912.

(2) UCR: Memorandum, 18.5.1912.

(3) South Africa, 27.4.1912, p.241 (speech by Philipps).

Until he assumed control of the company in mid-April 1912, he could do little more than assure Pretoria of his goodwill; but scarcely was he installed as chairman and managing director than he set sail for South Africa, where he planned to conduct the resumed mail negotiations in person. It was an imaginative move: in contrast to the previous managers, who were unknown to the broad South African public, the Colossus was seen to be making it his business to become acquainted with local conditions at first hand.⁽¹⁾ His name would soon be a household word. In contrast to the attitude consistently taken up by the old régime in Fenchurch Street he struck a refreshingly new note: at one of his first public meetings in the country, and with none other than Jagger in the chair, he set the tone of his visit and his policy by the conciliatory remark that, whatever his own views on rebates might be, the South Africans

had passed a Post Office Act; they had expressed their view; the country had expressed its view on this subject; and he felt that every country must settle for itself how the trade and commerce of that country were to be carried on. (2)

The tour became something of a royal progress through the land: Sir Owen met business leaders and addressed gatherings of influential men in the main centres, while Lady Philipps presided over a series of lavish banquets.⁽³⁾ South Africa had never seen anything of the kind. But between these public occasions there was hard bargaining on the mails.

Philipps was fighting on two fronts. Not only did he have to strike a bargain with Pretoria that would justify his

-
- (1) Even Merriman, Molteno's good friend, could not forbear to draw this comparison - see his speech at the banquet in honour of Philipps, reported in Cape Times, 25.6.1912.
- (2) Cape Times, 22.5.1912 (report of banquet given by Cape Town Chamber of Commerce).
- (3) South Africa, May and June 1912, passim; Murray, Chronicle, p.159.

having bought out Donald Currie & Company, but he must also retain the goodwill and co-operation of his partners in the Conference. On the voyage to Cape Town he had discussed strategy with his lieutenants;⁽¹⁾ but, given Graaff's inflexibility on rebates, there was little room for manoeuvre, and it would be difficult to arrive at a settlement satisfactory to all parties.

- - - - -

The cargo lines had watched with some apprehension the discomfiture of the old régime at Fenchurch Street, and it is unlikely that they greeted the arrival of the Colossus with untempered joy. His great power in the shipping world put a different complexion on the Conference lines' relationship inter se; and certainly his prompt assurance to the Union government on rebates was something of a slap in the face of his new confreres. What overtures, if any, he had made to them are not on record, nor indeed would he have had any locus standi prior to the transfer of the company in April 1912; but once that transfer had been accomplished the cargo lines were quick to seek legal opinion on the precise implications of the existing Conference agreement.

That opinion was unequivocal: the subscribing parties were bound until 1918; if the mail company were to drop rebates it would be in breach of the agreement, and might be restrained by injunction; even to conclude a mail contract on the understanding that rebates would go might be held to be a breach.⁽²⁾ But while this opinion might do something to fortify the cargo lines' amour propre it was otherwise scant comfort. It would never do, surely, for the shipowners to proceed to law on the issue, especially as their case would rest on an agreement that might itself be held to be in

(1) UCR: memorandum, 18.5.1912.

(2) UCR: opinion by W.O.Danckwerts, E.W.Martelli and S.A.T. Rowlatt, 27.4.1912 (copy); Taylor, Ellermans, p.66.

restraint of trade - a point shrewdly emphasised by the Counsel Philipps himself sounded on the question.⁽¹⁾

Although prepared in the last resort to face the possibility of a unilateral withdrawal from the Conference, Philipps was too much the businessman, and too experienced a ship-owner, lightly to incur the enmity of his trading colleagues. The cargo lines were by no means insignificant, collectively providing more sailings to South Africa than his own;⁽²⁾ what was more pertinent, if his hope were realised of an accord with Pretoria he would need their help in carrying both government cargo and South African agricultural products. From every point of view it was desirable, indeed imperative, that friendly relations be maintained with the other lines. Some at least of those lines were not unsympathetic towards the new management in its predicament, and the wiser heads among them were aware that it would be futile to defy the Union government; if certain safeguards could be provided they were not unwilling to join in the abandonment of rebates.⁽³⁾ As Philipps saw things, the cargo lines' acquiescence in the new order might be secured provided they were met on at least two points: an undertaking by the mail line not to quote lower rates, and the conclusion of a government freight contract for an appreciable number of years. The first of these claims was reasonable enough, and in the event was easily met; the chief issue with Pretoria, then, was that of a satisfactory arrangement on government imports. Nor was this important only as a means of appeasing his Conference partners, but also for his wider strategy - correctly gauging the climate in Pretoria, he proposed to offer significant concessions on homeward rates, logically enough leaving outward rates to the operation of the "free market" that the abolition of rebates would bring into being;

-
- (1) UCR: opinion by Robert Finlay, Maurice Hill and H.E. Wright, 10.5.1912.
- (2) On this subject see The Times, 20.9.1912 (special article, The cargo lines and the rebate principle).
- (3) SAD PMG 565: Solomon - Graaff, 9.2.1912; UCR: Board minutes, 1.5.1912.

but any inducement to an outsider to enter this market would be greatly weakened if government cargo were already in the Conference's pocket.

He therefore coupled with an offer of appreciable reductions in homeward rates for produce the claim for government freight over a period of ten years. But Pretoria would have none of it: government business was too valuable a weapon against truculent shipowners to be thrown away in this fashion, and in any event a contract running for ten years was something unheard of - Donald Currie's efforts notwithstanding, such freight had hitherto been carried under a three-year contract at most.⁽¹⁾ Although Philipps gradually yielded ground on the point he did not go far enough for the government's liking; and the talks (which were conducted by Smuts, as Graaff was seriously ill and Hull had left the Cabinet) broke down.⁽²⁾ Early in July the shipping magnate sailed for home.

When he landed at Southampton, however, the mail contract was no longer at issue. A recuperating Graaff was aboard the same ship; discussions were resumed; and, possibly because Graaff was a businessman and Smuts was not,⁽³⁾ agreement had been reached by the time the two passengers disembarked. Perhaps more potent than Graaff's business ability, however, was his possession of Maclay & MacIntyre's offer of tonnage - a weapon that he now brandished and which, he believed, speedily brought Philipps to a more suitable frame of mind.⁽⁴⁾ However that may be, the outcome of the resumed negotiations was a triad of agreements: a mail contract, a freight contract, and a "Homeward Produce Agreement" covering most of the major South African exports.

-
- (1) SAD PM 356, 211/1/12: memorandum by Department of Finance, 26.6.1912.
- (2) Lewis Harcourt Papers, vol. 485: Gladstone - Harcourt, 26.6.1912.
- (3) Smuts seems to have somewhat bored by the whole thing - vide Hancock and Van der Poel, Selections, vol. III, documents 522 and 525.
- (4) SAD PM 467: Graaff - Botha, 19.7.1912.

The very first clause of the new mail contract underscored South Africa's triumph: the contractors undertook to observe the provisions of the Post Office Act, and in particular not to offer shippers any rebate, refund or reward contingent on their exclusive patronage.⁽¹⁾ What might have seemed the natural corollary - that old bogey of the small merchant, concessionary rates to his large brethren - was however turned aside by the provision that berth cargo be carried at the same rate to one and all, save in exceptional circumstances and then only after prior clearance with Pretoria. There was no reference to outward rates of freight; but important reductions were made in homeward rates, and an imaginative touch was added by Philipps's offer to bring out pedigree stock free of freight charges.⁽²⁾ The several concessions made to the agricultural sector could be taken as an earnest of Sir Owen's frequently-expressed faith in the development of the country's internal resources; more than that, they strikingly gave form to the new attitude towards South Africa. In the short run the export rates, which shipping experts in England were reported to have pronounced "absolutely unprofitable",⁽³⁾ must involve the mail company in some loss; looking to the future development of South Africa, and thus of the Union-Castle Line, they could be abundantly justified. In keeping with his image as the Colossus, Sir Owen was ready to take a broad view of shipping questions and to sacrifice immediate gain to the prospect of a long and stable relationship with the source of his company's trade.⁽⁴⁾ If the sacred cow of rebates stood in the path of this objective, then so much

-
- (1) It should be noted, however, that the ending of rebates applied only to Union ports - vide Union-Castle circular of 17.9.1912, reproduced in e.g. African World, 21.9.1912, p.368.
- (2) Details of the mail contract and the homeward produce agreement are in the principal newspapers and periodicals of the time, e.g. The Times, 19.9.1912. A copy of the government freight contract is in SAD TES 5240 F 32/1.
- (3) The Times, 19.9.1912.
- (4) Cf. his letter to Botha, 26.7.1912 (SAD PM 467).

the worse for the cow. Smuts, in a platform swipe at Donald Currie & Company, would later claim that the old régime could not be brought to make the least forward movement, but had rested on its laurels;⁽¹⁾ it was a cruel thrust, and the language in which it was couched was unworthy of Smuts, but it contained an element of truth. By contrast Philipps, whose actions both now and later showed flair and dash, could be justly lauded for having "introduced statesmanship into business".⁽²⁾

It would of course be artless to imagine that he was bestowing such bounty with no thought of return. The encouragement of South Africa's exports must ultimately be to his company's advantage; but, that consideration apart, here and now he had secured the mail contract for ten years and the freight contract for an unprecedented five, with an option to extend the latter for another fifteen months under certain circumstances. Rebates, it was true, were to go, and in theory this would expose the Conference to the depredations of outsiders: but against that remote contingency must be counted these two contracts and, in the last analysis, the Post Office Act - which Pretoria would be bound to invoke, if need be, to protect its own contractor. And, unlike Molteno, he had kept a perfectly free hand on outward rates: these would now be left to the play of the "free market", but as there was little prospect of an incursion they would in fact simply continue to be set by the present lines; and what might be lost homewards might well be made good outwards. Having secured the stated objective of an unshackled shipping trade, Pretoria would scarcely be able to complain if rates rose instead of falling; but, as Philipps must have guessed, with the platteland satisfied Pretoria was in any

(1) Rand Daily Mail, 8.11.1912, and Star, eadem.

(2) Sir Percy Fitzpatrick, as reported in South Africa, 27.6.1914, p.682.

event unlikely to concern itself over the fortunes of the largely Unionist merchant class.⁽¹⁾

- - - - -

Paens of praise greeted the official announcement of the agreement, and congratulations were showered on Sir David Graaff, the man who singlehandedly had vanquished the redoubtable Ring. On the major points at issue the mail line had manifestly given ground, most spectacularly on rebates; and in bringing the shipowners to terms South Africa had not only settled scores with an old antagonist but had become the first country to wrest the rebate weapon out of shipowning hands. Other countries had either failed or ended up with something less than clear-cut victory;⁽²⁾ brash South Africa, a new nation small in numbers and ranged against both a formidable adversary and the shipping wisdom of the world, had won.

-
- (1) This interpretation is borne out by a passage in Graaff's private letter of 19.7.1912 to Botha (SAD PM 467):

Now: on the whole I can congratulate the Union Government in that we have placed this matter on a satisfactory footing. One of our great aims was always - is now, and will, I hope, always be - to DEVELOP OUR AGRICULTURAL RESOURCES: and, in so far as freight is concerned, THIS IS ASSURED. Then, we said that we wanted to free the merchants from the REBATE INCUBUS. They can now club together (if need be) and charter ships themselves - if the freight is not according to their satisfaction; and, if they are not prepared to help themselves, after what we have done for them, then they deserve to pay high rates.

On this point see further note 1 on page 438 below.

- (2) On these attempts see RCSR II, pp.12-15; Bach, Maritime history of Australia, pp.174-6; Chiang Hai Ding, The early shipping conference system of Singapore 1897-1911 (Journal of South-east Asian History, 1969).

But while comment was overwhelmingly approbatory there were the inevitable croakers. Merriman was chivalrous enough to congratulate Graaff on the outcome, although he characteristically coupled with his praise a back-handed compliment on the skilful way in which the Baronet had extricated himself from the quagmire of his own making;⁽¹⁾ but there were those who would not even damn with faint praise, but attacked the agreement as a sell-out to the farming interest. And, indeed, on the score of financial advantage alone there was scant ground for euphoria in the country as a whole: looked at broadly the agreement certainly benefited agriculture, and no doubt export dealers, but it offered little in the way of direct advantages to consumers, importers or mineowners. Coming in the wake of lofty eloquence on the theme of the economic development of South Africa, the government's total disregard of gold caused a flutter in mining doves,⁽²⁾ while the merchants for their part were left with the cold comfort of an open market, with whatever that might connote of fluctuating and higher rates.⁽³⁾ Now that the equity and stability said to be inherent in the rebate system were in danger of passing away there were those who began to falter;⁽⁴⁾ but their's, it must be said, were voices in the wilderness, and perhaps for the good reason that the monopoly of its freight that the government had conferred on the Conference lines would go far to prevent the entry of outside lines - as perceptive

(1) Debates of the House of Assembly, 10.3.1913.

(2) Star, 19.9.1912 (meeting of Chamber of Mines); Transvaal Chamber of Mines annual report of 1912, pp.84-9.

(3) Philipps's bargain with Graaff poses intriguing questions of economics. The mail line's higher capitalisation clearly called for enhanced earnings; yet significant cuts had been made in homeward rates, nor was there any quid pro quo in the form of a higher mail subsidy. The only obvious means of raising earnings was through higher outward rates; and these would, in fact, be raised after a decent interval - vide p.447 below.

(4) See, for example, the resolution of the East London Chamber of Commerce (Cape Times, 25.6.1912).

shippers, and indeed Pretoria, were well aware.⁽¹⁾ But although the immediate advantages flowing from the agreement undeniably lay mainly with an economic interest that overwhelmingly supported the ministry, the leading Unionist organ spoke objectively and (from a party viewpoint) generously when it declared that

Nothing the present Government has done will appeal with so complete an absence of depreciatory reserve or qualification to all parties throughout the country. (2)

- - - - -

On his second battlefield, however, the Colossus was less successful. Although the inwardness of the matter is obscure, the other shipowners in the trade were evidently not satisfied with what had been given and secured; and the mail line's announcement of the abolition of rebates drew an angry response from Philipps's confreres, who in a joint remonstrance told him bluntly that

There can be no doubt that the course you have adopted without our concurrence is seriously to our prejudice and is in violation of our existing agreements. This action compels us to take steps for

-
- (1) SAD PM 356 211/1/12: memorandum by Department of Finance, 26.6.1912; Cape Times, 16.7.1912 (editorial); Mosenthal's statement to the South African Merchants' Committee, reported in African World, 1.3.1913, p.217. The prospects for an open market, and the extent of Pretoria's commitment to such a market, may further be gauged from two developments at this time:
- Rebates had been dropped only insofar as Union ports were concerned, and the system therefore still applied to Delagoa Bay, which was the Transvaal's main port. Graaff, although he ruled that this was a contravention of the Post Office Act, took no further steps in the matter. (UCR: memorandum, 30.9.1912; Hancock and Van der Poel, Selections, vol. III document 536).
 - When some mining houses, dissatisfied at the lack of concessions for gold, approached the DOAL, Graaff brought them smartly to heel, threatening to classify gold as mail matter in order to protect the Union-Castle Line. (UCR: MacLean - Philipps, 2.10.1912, reporting Graaff).
- (2) Cape Times, 18.9.1912 (editorial). The main South African criticisms of the agreement are analysed in the editorial of 21.9.1912.

our own protection and we are consequently issuing a circular of which we hand you a copy. We think it right to add, in order that there may be no misapprehension, that we must hold you responsible for all damages we may sustain by your breach of the existing agreements, which have been loyally observed by all parties for so many years. (1)

It is difficult to pinpoint the cargo lines' objections. Although Philipps had not gained all he had sought with regard to the government's cargo, he had nonetheless secured that business for the unprecedented term of five years, and at a slightly increased rate to boot. As some of the shipowners were ready enough to concede, there was now little danger of serious incursions into the trade. A more immediate ground for disgruntlement perhaps lay in the fact that the government freight contract was with the mail line alone, and not - as previously - with the Conference lines as a group: while the cargo lines need hardly have had qualms on the score of being given their due share of the cargo involved, they may have felt a not unnatural resentment at having been formally excluded from the contract. But in the absence of evidence on the point it is idle to speculate on motives; whatever the cause there was now bad blood in the Conference camp, so much so that the Union-Castle management toyed with contingency plans for chartering from the west coast and Middlesborough, as the other lines might "conceivably seek to embarrass us" by refusing to take government cargo. (2)

Their threat of action for damages Philipps could afford to take with a pinch of salt; but the cargo lines went further. The circular they now issued introduced new complications into what was already a difficult situation.

-
- (1) UCR: joint letter from Clan, Ellerman-Harrison, the Natal direct lines, and Bucknall, 18.9.1912. See also Taylor, Ellermans, p.66.
- (2) UCR: "Memorandum for Chairman", 9.10.1912.

In dropping rebates the mail line had cut the primage from ten per cent to five, thus making the new rate equal to the old "net" rate (i.e. the rate after payment of the rebate, omitting questions of loss of interest); but the cargo lines, while now also reducing primage to five per cent, retained the rebate, thus effectively bringing their rates to a level some 4,8% below the Union-Castle's.⁽¹⁾

It is not possible to state with any certainty the rationale of this move;⁽²⁾ but from a long-term point of view the position taken up by the cargo lines was altogether untenable. A rate war against the mail company was both needless and unthinkable; but in any event those ship-owners who had the temerity to continue rebates in defiance of the Union's clearly-enunciated policy on the question were likely to find the differential provisions of the Post Office Act invoked against them. Graaff indeed was resolved to do precisely that; and it was only Philipps's intercession that stayed his hand.⁽³⁾ To complicate matters still more, the German lines now threw rebates overboard and declared that they would match the lowest British rates however calculated. This of course would pose an immediate threat to the Union-Castle's sailings from the Continent, but it would also hit some of the cargo lines insofar as shippers by the German lines would gain a reduction at once rather than a year hence and moreover were no longer required to be "loyal".⁽⁴⁾ With three different rate policies now in operation the trade was threatened with a plunge into hopeless confusion if not indeed into Gilbertian farce. The situation, remarked a leading trade journal, was "without parallel in the history

(1) African World, 21.9.1912, p.368, and 28.9.1912, p.404.

(2) For some speculations on the point see Cape Times, 23.9.1912, and Natal Mercury, eadem.

(3) UCR: MacLean - Philipps, 9.10.1912.

(4) South Africa, 28.9.1912, p.623.

of organized shipping".⁽¹⁾

The London merchants, who had remained noticeably quiet on the whole question of the Post Office Act, now entered the arena. Although not averse to the rebate system they had resigned themselves to its disappearance from the South African trade: in their view that "open market" so avidly sought by their overseas counterparts was a chimera, and the trade was likely to continue much as before, albeit without rebates. If that was indeed their thinking on the subject, however, it received a jolt when the Conference lines began to fall out both among themselves and with their German associates. Minor though it might be, a rate war was in the offing, with all the old and dreary implications for merchants who counted stability and uniformity first among their desiderata. Such wars, so the conventional wisdom had it, ended with the merchants having to foot the bill; but this particular one augured ill even for those who might imagine themselves to be the "winners" on rates, inasmuch as penalties in the form of discriminatory wharfage dues and rail rates might await them in South Africa. In short, there could be no "winners" in such a contest, only irritation for all alike. As the mail company, clearly, could not retreat by re-introducing rebates, the other side would have to climb down. The Merchants' Committee therefore spurned the cargo lines' overtures⁽²⁾ and demanded that rebates finally go.⁽³⁾

No more than the cargo shipowners, however, were the merchants seeking an open market in freights. The bogey of preferential rates might indeed no longer exist for the mail line's customers, but it obviously still overshadowed the cargo lines - which lines, moreover, were obviously more vulnerable to attack than the mail line, which was shielded by its passenger traffic and its contracts with

(1) Shipping Gazette, 1.10.1912.

(2) John Garlick Papers: letter from London agents, 4.10.1912.

(3) The Times, 2.10.1912.

the Union government. Shipowners and shippers alike thus turned their minds to devising some means whereby the stability supposedly guaranteed by the rebate system might be retained. In other words, a new "tie" must be found.

The upshot of many discussions was the drafting of an agreement that the Merchants' Committee commended to the favourable consideration of the trade. A lengthy document that covered a number of contingencies, in essence it was an undertaking by the shipper that "in consideration of the Shipowners supplying and maintaining the regular services" he would give the Conference lines his entire support. The same berth rates would apply to large and small alike; rate changes were to be discussed with the Merchants' Committee and in the event of disagreement to be referred to arbitration; and the shipper was to be at liberty to withdraw from the agreement at short notice if the Conference failed to protect him against outsiders. The Agreement was initially to run for a year only, thereafter to be subject to six months' notice by either party.⁽¹⁾

Here was something new in the world of shipping. Contracts providing for exclusive patronage were by no means unknown,⁽²⁾ but these usually originated with, and were confined to, large shippers; more importantly, they involved a dual-rate structure whereby the contracting shipper was given the benefit of sub-tariff rates. By contrast, the Agreement was open to all and sundry, and it offered the signatory no direct monetary reward - such of course would have

(1) The Agreement (henceforth capitalised for the sake of clarity) is reproduced in Cape Times, 1.1.1913. Although the Germans were not officially a subscribing party, shipment by those lines would not be regarded as a breach of the shipper's undertaking to support the Conference exclusively, provided the Germans "maintain the same rates as the English lines" (clause 4). A new general agreement between the Conference and the DOAL was signed in Paris on 29.1.1913 - vide copy in Union-Castle records.

(2) Cf. RCSR I, pp.25-7.

brought the shipowners up against the Post Office Act. No "reward" whatever, indeed, was held out to the signatory as an inducement to pledge his support, unless indeed the provision by the shipowners of a regular- as opposed to a fitful service could itself be so construed.

Insofar as it made no apparent concessions to its signatories vis-à-vis those remaining outside, the Agreement was clearly lacking in sanctions against non-adhesion and "disloyalty" alike. But the notice that accompanied its publication made an ominous allusion to the fact that henceforth cargo would be carried "by special agreement only".⁽¹⁾ The implication could hardly be in doubt; and the question immediately arose whether this new policy constituted an attempt to outflank the Post Office Act.

The point did not escape the shipowners, who sought the opinion of Counsel and also (it seems) of Sir David Graaff, who happened to be in England when the Agreement was being drawn up. Legal opinion was somewhat divided, but its thrust was that the acceptance of goods for shipment might itself be regarded as a "reward" to the signatory; to shut out the cargo of a non-signatory, then, would be an overt act in contravention of clause 1 of the mail contract. The mail contract, to be sure, was of no concern to the cargo lines; but in joining together in the Agreement those lines might expose themselves to the punitive action envisaged by clause 6 of the Post Office Act.⁽²⁾ As to Graaff, his views at this time are not on record; but according to Garlick's London agents "he certainly gave the Chairman [of the Merchants' Committee] the impression that he was not averse to such an agreement being come to";⁽³⁾

-
- (1) UCR: Union-Castle notice to shippers, 21.12.1912. The cargo lines' notice was still more explicit: "Goods can only be received for shipment on the terms and conditions of the agreement". Both notices are in The Times, 21.12.1912.
- (2) UCR: opinions by Counsel, and supporting memoranda, January-March 1913.
- (3) John Garlick Papers: letter of 7.2.1913. Cf. SAMC minutes, 23.12.1912.

and the fact that the shipowners pressed ahead with the plan seems to bear out this contention. The evidence on the point is ambiguous or conflicting; but there is no indication that Graaff at this stage took any step towards having the introduction of the Agreement postponed, and it is a fair assumption that he was waiting to see how the cat would jump.

With one exception, the mercantile centres of South Africa accepted the new system with varying degrees of approbation or resignation; there might be objections on points of detail, but the Agreement seemed an honest effort to meet the situation created by the abolition of rebates and should therefore be given a fair trial.⁽¹⁾ The exception, as will readily be imagined, was Cape Town, where Jagger happened to be president of the Chamber of Commerce - or, as his detractors put it, the Chamber's dictator.⁽²⁾ Alarmed at the turn of events he exhorted his brethren to defend their new-found liberty; and, armed with the Chamber's "strong protest" at this latest development, he called on Pretoria to take action against a manoeuvre aimed at defeating the Post Office Act.⁽³⁾ His chagrin is understandable: for nearly twenty years he had been fighting for an open market and for the lower rates that ex hypothesi would follow in its wake, but at the very first taste of freedom the London merchants had weakly caved in before "a game of bluff"⁽⁴⁾ and had supinely held out their wrists for new fetters.

-
- (1) For a conspectus of South African commercial opinion see *African World*, 1.3.1913, pp.217-9.
- (2) *Cape Times*, 25.10.1913 (letter from "Fair Play").
- (3) *Ibid.*, 14.1.1913 (meeting of Cape Town Chamber of Commerce).
- (4) *Ibid.* (remarks by Jagger).

Appealed to on the sensitive issue of the shipowners' compliance with the Post Office Act, Graaff⁽¹⁾ found himself face to face with the dilemma he had sought to avoid. Certainly the professed aim of the Act had been the creation of a free market; but in theory at least that object had now been attained, and if private shippers saw fit to enter into contractual relationships with the shipping lines it was scarcely in the province of the Union government to interfere with their freedom of choice. Taking the obvious course of referring the question to Counsel, he learned that the Agreement itself appeared unexceptionable but that an attempt to "coerce" shippers into signing it could well be held to contravene South African legislation.⁽²⁾ But in the nature of things evidence of such coercion would be hard to find. A more solid ground for proceeding against the shipowners, as has been seen, would have been an overt punitive act on their part against the non-signatories; so far, however, there had been no complaints on that score. But in any event there were difficult questions of policy and equity involved: if, as by all accounts was the case, an overwhelming majority of shippers chose to enter into a voluntary agreement of this kind, on what ground was the government to side with the intransigent few?⁽³⁾ In the circumstances a policy of wait-and-see appeared the sensible one; and Graaff told the House of Assembly that the government, having secured an open freight market, was content to leave freight matters to the merchants - provided

-
- (1) In the cabinet reshuffle of December 1912 Graaff had become Minister without Portfolio, being succeeded in Posts and Telegraphs by Sir Thomas Watt. But in these early months of 1913 he was evidently still involved in the shipping question.
- (2) John Garlick Papers: Garlick - London agents, 5.3.1913, reporting Jagger on interview with Graaff. There is, however, some conflict of evidence here: on 28.1.1913 Solomon told Philipps that two leading South African Counsel held that the Agreement infringed clause 1 of of the mail contract (UCR). Despite a persistent search this opinion has not been traced (letter from Central Archives, 6.3.1978).
- (3) Cf. the letter from A. Goldman in Cape Times, 23.10.1913.

the goods of non-signatories were not shut out.⁽¹⁾

The shipowners for their part were careful to give Pretoria no such occasion for intervention.⁽²⁾ Nor indeed was there any necessity for action against the recalcitrants, for the number of signatories grew by leaps and bounds until some 90% of regular shippers, both by number and by freight paid, had signed.⁽³⁾ Those remaining outside, although they included the doughty Jagger and Garlick, constituted a tiny minority; and the shipowners could congratulate themselves on having thus quickly gained a measure of guaranteed support from private shippers that must inevitably give any would-be interloper still greater pause.

The precise origins of the Agreement are obscure. The Jagger camp would later reproach the Merchants' Committee with having been the instigators;⁽⁴⁾ and, indeed, when looked at from the shipowners' vantage point there would seem to have been little necessity for a formal tie of this kind. In theory, no doubt, the dropping of rebates might be said to have opened the trade to outsiders; but

-
- (1) Debates, 10.3.1913. The same point had already been impressed on Sir Owen Philipps by Solomon - vide Smuts Papers, vol. 189: Solomon - Smuts, 13.2. 1913.. See also Jagger's remarks at Cape Town Chamber of Commerce meeting, in Cape Times, 21.1.1913. Solomon, it may be added, advised Pretoria to lie low and say nothing - when, he argued, the signatories came to discover that the Agreement gave them no advantage over the dissentients, the whole thing was bound to collapse (Smuts Papers, loc.cit.).
- (2) The Union-Castle Line was, perhaps, already sailing close to the wind - but in the homeward trade. In January 1913 Philipps agreed to reduce the rate on gold bullion, provided the gold producers and the banks confined their shipments to the mail line until 1922 (Transvaal Chamber of Mines annual report for 1913, p.71 ff.). Pretoria's reaction is not known; but to a lawyer the arrangement would no doubt have appeared a breach of the mail contract.
- (3) Star, 15.10.1913.
- (4) See, for example, Jagger's irate letter to the Committee, quoted in SAMC Minutes of 18.12.1913.

when all was said and done the South Africans were already supplied with long-standing shipping facilities that were universally agreed to be excellent, and there would be scant incentive, as far as the great bulk of shippers was concerned, to switch allegiance to doubtful newcomers.⁽¹⁾ In any event, the Agreement would be poor comfort to the shipowners in a protracted rate war, as the signatory was permitted to withdraw at short notice if the Conference lines failed to "protect" him. The shipowners are reported, indeed, to have expressed themselves "perfectly prepared" to face an open market:⁽²⁾ that may have been whistling in the dark, but it does seem that from their point of view there was no pressing need for a tie of this kind.

Was Jagger's charge justified, that the moving spirits were the London merchants? In the nature of things evidence on the point is hard to come by; but a close reading of the Committee's minutes leaves a strong impression that the initiative in the whole affair came from the merchants rather than the shipowners.⁽³⁾ Whatever the Agreement's paternity, however, it is abundantly clear that Jagger's great quest - an open market - was anathema in London.

This interpretation seems to be borne out by the subsequent course of events. For the best part of 1913 the trade enjoyed peace and quiet; the Agreement was working satisfactorily, nor was there any incursion by outside shipowners. So amicable were relations under the new order, indeed, that a general increase in outward rates⁽⁴⁾ - on the ground of enhanced operating costs and an upward movement

-
- (1) Cf. Cape Times, 21.1.1913 (meeting of Cape Town Chamber of Commerce).
- (2) The Times, 20.11.1912.
- (3) SAMC Minutes, May 1912 to January 1914; in particular, 19.1.1914.
- (4) South African Commerce and Manufacturers' Record, September 1913, p.584. The increase had been contemplated by clause 3 of the Agreement.

in freights the world over⁽¹⁾ - was accepted with comparatively little demur.⁽²⁾ Non-signatories continued to use Conference ships without obstruction of any kind, and for their part made no attempt to employ outside ships. In short, there appeared to be satisfaction all round. But in October the lines began to discriminate between signatories and non-signatories. Unless sheer vindictiveness is to be invoked as an explanation, there seems to have been little reason for the shipowners to move against men whose business was valuable to them and who in any event were doing the lines no palpable harm; the main-springs of this new policy must be sought elsewhere, and the evidence points straight to the Merchants' Committee.

The intransigence of Jagger and his few confreres had set the cat among the pigeons again. However academic the point might appear, the dissentients were clearly in a position to score off their trade rivals by making freight bargains outside the Conference: a state of affairs that the loyalists, who had sacrificed their freedom of action for the sake of stability and equality in the trade, were unable to stomach. They could reasonably argue that, having thus unequivocally shown their commitment to the regular lines, they were entitled to some kind of preference over renegades blatantly seeking to enjoy the best of both worlds. Or, to use their actual words, the London merchants were not prepared

(1) Cf. Sir John Ellerman's remarks at a banquet to Jagger in London, reported in South Africa, 27.9.1913, p.661.

(2) Cf. the presidential address to the congress of the Association of Chambers of Commerce of South Africa, reported in Cape Times, 16.9.1913. To judge from newspaper reports of its monthly meetings in this period, the Cape Town Chamber of Commerce did not so much as discuss the subject. See also SAD TES 5240: Postmaster-General - Treasury, 15.12.1913. The SAMC made little more than a token protest - vide Minutes, 30.7.1913.

to submit to the position of inferiority which would be created by their being bound to carry out reasonable arrangements honourably, leaving non-signatories in enjoyment of the same privileges whilst occupying the position of free lances. (1)

In the absence, again, of any direct evidence bearing on the point it would be hazardous to apportion responsibility for the action the shipowners now took. But here too a close reading of the Committee's minutes leaves the strong impression that the merchants were behind the move. (2)

Solomon's prophecy, in fact, was being fulfilled: finding that the virtuous were in the end no better off than the vicious, the signatories began to grow restive and to bombard the shipowners with demands that something be done.

The evidence available indicates that the shipowners evaded this issue for as long as they could, but that the reiterated demands eventually forced them to give in. Why they did so must remain something of a mystery, for they held a very strong hand: the merchants, after all, had little alternative to the Conference, but in any event their defection would only have served to promote the very things they had always abhorred - a "free market" and its fluctuating rates. The shipowners, in short, were in a position to ignore the Committee's demands, as no doubt they would have done in the days of Donald Currie. But instead they now took the fateful step of shutting-out or obstructing the non-signatories' cargo.

-
- (1) UCR: memorandum by H. Mosenthal, chairman of the Merchants' Committee, n.d. circa early 1914. This memorandum, it may be added, was drafted by the mail line's solicitors after an interview with Mosenthal, and was submitted to the company for "examination and observations".
- (2) This interpretation is based on the SAMC Minutes for October 1912 to January 1914, in particular 19.1.1914. It is strengthened by remarks in a Union-Castle memorandum of December 1913.

To be sure, there was no overt refusal to accept the business; but the change of policy towards non-signatories was made sufficiently clear by a Conference announcement that the lines

are under no obligation to provide tonnage for non-contractors. If non-contractors at any time desire to make use of the services and facilities of the Steamship Lines it will be necessary for them to make special booking arrangements for space on each occasion, it being understood that the Lines will only deal with such applications subject to space and time for loading being available after the goods of the contractors are provided for (1)

As was no doubt only natural under the circumstances, there was a certain amount of circumlocution in this announcement; but any doubt by the non-signatories as to its precise meaning was of very short duration, for within a day or two they found themselves facing delays and other vexations at the docks. The precise form of harassment seems to have varied from line to line,⁽²⁾ but there could be little doubt that the shipowners were acting in concert. Coming as it did at a time when South African merchants were busily laying in stocks for the Christmas season, the move threatened to play havoc with normal business; under pressure of this kind several of the remaining non-signatories capitulated,⁽³⁾ and Jagger and Garlick found themselves becoming dangerously isolated.⁽⁴⁾ But they stood fast.

-
- (1) Star, 15.10.1913. The announcement was in the form of a circular to shippers, dated 11.10.1913; there are copies in the SAMC Minutes and the Union-Castle records.
- (2) There are details in the John Garlick Papers for October 1913 to April 1914, in the SAMC Minutes, 18.12.1913 and 8.1.1914, and in the Union-Castle records (printed memorandum, n.d. circa early 1914).
- (3) John Garlick Papers: letters from London agents, 1.10.1913 and 18.10.1913; The Times, 31.10.1913.
- (4) John Garlick Papers: Garlick - London agents, 6.11.1913.

The battle lines now being drawn would cut clean across the traditional groupings in the South African shipping trade. No longer would colonial importer confront metropolitan merchant: instead, a small group located in Cape Town would stand contra mundum. Insofar as there were influential firms, on both sides of the water, that had signed the Agreement,⁽¹⁾ neither was the fight entirely one of small man against large. In essence the new division was on the merits of a hypothetical open market. The Post Office Act, it will be remembered, had evoked no great enthusiasm in South African mercantile circles as a whole; and now that an uncontrolled market was at the door the old fear of "unfair" competition began to revive. Mercantile opinion gathered around the two poles of "freedom" and "order"; and on that issue Jagger and his few allies found themselves up against not the London Committee alone but also the great bulk of their South African brethren. The head and front of the long agitation against the Ring and now the last diehard against its sway, Jagger had the mortifying experience of finding himself under attack from those who in days gone by had cheered him on.⁽²⁾

Seasoned campaigners that they were, Jagger and Garlick were quick to strike back - and on a broad front. Given their viewpoint that the shipowners' action constituted a breach of the mail contract, it was natural enough that

-
- (1) The Union-Castle records show that in 1913 there were ten regular shippers that paid over £10,000 apiece in freight for the year; of these, only Garlick and Jagger had declined to sign - vide memorandum, April 1914.
- (2) See, for example, Cape Times, 25.10.1913 (letter from "Fair Play"); ibid., 31.10.1913 (report of meeting of Durban Chamber of Commerce); ibid., 8.11.1913 (letter from J.C.Fraser); Rand Daily Mail, 30.10.1913 (letter from H.Mosenthal). But Jagger also had his public supporters - see, for example, Cape Times, 28.10.1913 (letter from "Watchdog") and ibid., 3.11.1913 (letter from "Grateful to Government").

they should again call on Pretoria to uphold its policy;⁽¹⁾ and, as a prod to any tardiness that might lurk in that quarter, they each referred the matter to Counsel. The consequential opinions were encouraging. Jagger's Counsel regarded the mere acceptance of goods for shipment as itself the forbidden "reward", from which it followed that the treatment being meted out to the non-signatories was in "flagrant contravention" of the mail contract and justified that contract's immediate cancellation.⁽²⁾ Garlick's Counsel, W.P.Schreiner among them, came to a broadly similar conclusion, although initially "not without considerable hesitation and doubt".⁽³⁾

Legal opinions were one thing, the accumulating cargo on wharves in England another. Something must be done to bring those cargoes forward in time for Christmas; but the options were few. Jagger set enquiries on foot for alternative facilities, but he was unable to find what he wanted and finally was driven into the arms of the Germans, who were standing aloof from the action of their British associates.⁽⁴⁾ This alternative, however, involved him in "considerable" extra cost on account of transshipment.⁽⁵⁾ The curious situation now arose where the goods of signatories and non-signatories were being loaded from opposite sides of the same quay, the one going to South Africa direct and the other via the Continent.⁽⁶⁾ Altogether it was an ironic comment on the vaunted open market. The dissentients also turned to

-
- (1) John Garlick Papers: Garlick - Minister of Posts & Telegraphs, 21.10.1913 and 28.10.1913.
- (2) Cape Times, 22.10.1913 (legal opinion by Louis E. Benjamin and Ralph W.Close, 21.10.1913).
- (3) John Garlick Papers: legal opinion by W.P.Schreiner, Beauclerk Upington and Murray Bisset, 29.10.1913).
- (4) The Times, 1.11.1913 and 8.11.1913; Rand Daily Mail, 15.11.1913.
- (5) Jagger's letter in The Times, 27.11.1913. See also Cd. 7706 (1914), q. 264.
- (6) Cape Times, 27.10.1913.

those old opponents of the Ring, Maclay & MacIntyre, but here too the outcome had its element of irony: that firm was willing enough to provide a regular service to South Africa, but only if there were sufficient supporters - who must bind themselves by a three-year contract;⁽¹⁾ Garlick for his part resuscitated the ancient plan of a "Merchants' Mutual Freight Association", which would run a fortnightly service with chartered tonnage;⁽²⁾ he also toyed with the idea of a canny flank attack on the Conference by "flooding" Port Elizabeth and Durban, which had come out in support of the Agreement, with tramp-borne goods such as cement, corrugated iron, candles and soap, since

we could force the hands of the Shipping Companies through the signers, if we once commenced to import ... the class of cargo which we do not generally keep, at such rates that ordinary shippers could not afford to put them on the market. (3)

But these several expedients were overtaken by events. Following up the non-signatories' complaint, Pretoria directed Solomon to confer with Philipps on the situation; but the latter's apologia was deemed unsatisfactory, and after some preliminary sabre-rattling the Minister of Posts and Telegraphs, Sir Thomas Watt,⁽⁴⁾ came out with the uncompromising assertion that there had been a breach of the mail contract.⁽⁵⁾

The tone of Watt's public statement was surprisingly harsh; moreover, in taking up the cudgels he was flying in the face

-
- (1) The Times, 8.11.1913.
 (2) John Garlick Papers: memoranda and correspondence, November 1913; The Times, 26.11.1913.
 (3) John Garlick Papers: Garlick - Garlick & Hands, Durban, 21.10.1913.
 (4) Two weeks before, in a speech at Kimberley, he had announced that "We shall spare no effort to see that the law is not defied with impunity" (Cape Times, 31.10.1913).
 (5) Cape Times, 17.11.1913.

of leading South African mercantile opinion other than that represented by the Cape Town Chamber of Commerce. The Johannesburg Chamber was satisfied with the Agreement, and had no wish to become involved in the controversy;⁽¹⁾ the Durban Chamber wanted stable rates,⁽²⁾ which ex hypothesi could be secured only by means of a tie of some kind; the President of the Port Elizabeth Chamber was forthright in his view that the government should keep out of such questions of private contract.⁽³⁾ But despite this - or at any rate apparently without consultation - Watt came out explicitly for "an open freight market". It was a striking victory for Jagger.

Philipps's policy at this time is hard to grasp. The mail line had been overwhelmingly successful in securing the allegiance of shippers,⁽⁴⁾ and there could be little point in jeopardising relations with Pretoria by attempting to force the few wayward shippers to come formally into the fold. He had good reason, instead, to feel satisfied with the course of events since his agreement with Graaff; and the evidence available points to a reluctance on his part to act against the non-signatories. Jagger, indeed, claimed that Philipps had assured him that no such action whatever was contemplated against those shippers; and it is significant that while demurring to the ipsissima verba Philipps gave no outright denial to that claim.⁽⁵⁾ The probabilities lend support to the argument that it was pressure from the London merchants, and perhaps from the cargo lines, that led him to the policy of discrimination;

-
- (1) Cape Times, 25.10.1913 and 30.10.1913.
 (2) Ibid., 31.10.1913 (meeting of Durban Chamber of Commerce).
 (3) South Africa, 18.10.1913, p.143.
 (4) In 1913 the mail line earned £775,000 in freight, of which the non-signatories contributed £47,000 - vide UCR: memorandum, April 1914.
 (5) SAMC Minutes, 16.2.1914; Jagger's letter to The Times, 17.11.1913.

but in that case a question mark must hang over the strength of purpose of the Colossus. He was, surely, in a position to snap his fingers at the Merchants' Committee; but he had little need for such extremes, as he could quite justifiably plead that whatever his sentiments on the issue he was constrained to move within the ambit of the mail contract, which precluded discrimination between shippers - a view of the position that Pretoria would have been pleased to confirm, or at any rate not to dispute. As to the cargo lines, it may be freely conceded that their view of the situation was bound to be different to that of Philipps. They were more vulnerable to an incursion, neither could they plead the mail contract in defence of a policy of neutrality between shippers; and to that extent their apparent determination to coerce the non-signatories is readily understood. But unless they could count on Philipps's support there would be the clear danger of a shift of business from the cargo lines to the mail line; and the fragmentary evidence available creates a strong impression that a reluctant Philipps eventually gave way to the demands not only of the merchants but of his colleagues as well. After some thirty years of the South African Shipping Conference, the tail was beginning to wag the dog.

There is, unfortunately, no direct evidence on Philipps's views, and any attempt to reconstruct his strategy must thus rest on surmise. Counsel and the High Commissioner alike had warned him of the probable consequences of a policy of discrimination; but, on the other hand, the legal opinion taken by the shipowners was divided,⁽¹⁾ and in any case it might be argued that the whole question was likely to turn on whether non-signatories were being deliberately

(1) Eminent Counsel came to different conclusions on the precise meaning to be attached to the word "reward". See Appendix III below.

shut out as opposed to having to take their proper place in the queue for limited shipping space at a time of crush. No doubt the distinction between the two things was a fine one; and it might well be the case that any preference whatever to the signatories could be construed as the "reward" forbidden by the mail contract; but, placed precariously on a tightrope between Pretoria and London, Philipps must make some move to reconcile the opposing demands being made on him. He may have reasoned that discrimination that appeared to stop short of outright punishment gave a faint but the only chance of success. If it were tacitly condoned by Pretoria, well and good; if not, the attempt itself would nonetheless clear the air and thereby extricate him from his dilemma.

- - - - -

In the discussions with Solomon that had taken place shortly after the start of the campaign against the non-signatories Philipps had defended the action on the ground that it was not in conflict with the Post Office Act; nonetheless, he had expressed his willingness to see the matter submitted to the Supreme Court of South Africa for a ruling.⁽¹⁾ Watt, however, demurred to this proposal, on the professed ground that he was loth to follow the procedure necessary to obtain such a ruling - namely, the initiation of action against the mail line. There were various other alternatives, he pointed out in his public statement; and of these he elected that involving the submission of the dispute to arbitration. In this proposal Philipps now concurred, at the same time announcing that his company would henceforth make no distinction between signatories and non-signatories, provided only that the latter gave adequate notice of their business coming

(1) UCR: memorandum of discussions between Philipps and Solomon, 31.10.1913.

forward. (1)

Watt accepted this assurance, and the wheels of arbitration began to turn: Sir Felix Schuster was nominated for the mail line and Sir R. Younger for the Union government, with the eminent Lord Mersey as umpire. (2) But one delay followed upon another; the hearing was postponed again and again; (3) and the case was still unheard when holocaust broke on the world in August 1914.



Rand Daily Mail, 30.10.1913

- (1) The Times, 19.11.1913. There is no record of a similar decision by the cargo lines; one of them, indeed, is reported to have warned that it would continue to treat the two groups of shippers differently, whatever the outcome of the arbitration (John Garlick Papers: letter from London agents, 25.4.1914, quoting Staveley Taylor).
- (2) Cd. 7706 (1914), q.1254.
- (3) UCR: memoranda and correspondence, December 1913 - November 1914.

CONCLUSION AND EPILOGUE

There is evidently a strong feeling in South Africa against the Shipping Conference. Can you explain at all why it is so? - I cannot account for it. I cannot explain it. I have never been able to get a satisfactory answer. To my thinking it is one of the wonders of the world. (1)

Among the several clashes in the early twentieth century between metropolitan shipping lines and their colonial customers the South African one was the most prominent. (2) Two reasons may be advanced to account for this.

One was economic, and may best be expressed in the words of the Royal Commission on Shipping Rings, which pointed out that

the South African trade furnishes conditions exceptionally favourable to the establishment of a monopoly. The trade lies somewhat apart from the main stream of Conferences. It includes the trade to four Colonies whose interests are not identical. The ports served are five large ones and a few other small ones. And, most important of all, as the homeward cargo is not suitable or plentiful enough for chartering, the competition of the tramp is not a serious factor. (3)

(1) RCSR V, q.524 (evidence of H.Frielinghaus of Port Elizabeth, with a slight stylistic change). Cf. Garland Soper's evidence in RCSR III, q.292:

Am I to understand that, after 50 years of the South African trade, you have not the slightest idea why this general, this emphatic, and almost fanatical opposition to rebates exists in South Africa?

- That is so.

(2) Cf. L.C.A.Knowles, *The economic development of the British overseas empire*, vol. III: *The Union of South Africa*, pp.274-83, and J.H.Clapham, *An economic history of modern Britain*, book IV: *Machines and national rivalries 1887-1914*, p.315.

(3) RCSR I, p.37.

By means of a system of deferred rebates, and through agreements among themselves, the lines established in the South African trade were able to secure a firm grip on it. But shipping conferences were to be found in most of the major trades of the world; and it was not inevitable that the mere existence of a South African conference should unleash what would develop into a protracted and bitter controversy.

The fulminations against the shipowners were not unvarying; indeed, a remarkable aspect of the agitation was its lack of a consistent or even precisely-formulated indictment. In the purely mercantile phase of the controversy it is easy to distinguish more than one strand. There were those importers in South Africa - a comparative handful - who professed to see "monopoly" in the shipping trade and who sought its antithesis, an "open market". The most prominent figure in this group, J.W. Jagger of Cape Town, was throughout his life a convinced Free Trader, and his opposition to the Conference may thus have embraced an element of economic ideology; but, even in his case, it would be the specific benefits accruing from a change in the market structure, rather than philosophic predilection, that gave the spur to action. Men of Jagger's kind were prepared to sacrifice the reputed stability of freights that the rebate system conferred and to take their chance in an unrestricted market; the rebate system stood in the way of that; and therefore the rebate system must go.

The bulk of merchants, it is safe to say, were opposed to the Conference on no such ground of supposed principle. As far as can be made out the rank and file of South African importers felt little if anything of the "oppression" of the rebate system: the Conference lines gave what by all accounts was a good service, and the typical merchant would be no more restive under their sway than he was in the hands of the indifferent barber who had cut his hair for many years. There were the normal shippers' grumbles, no doubt; but the Conference was a fact of life, and it was accepted in the same way as most people accept their particular world without

enquiring too deeply into either its origin or its structure. Insofar as these merchants were moved to throw their weight behind the Jagers it was less with a view to abstract notions of monopoly than with the aim of securing lower rates here and now from the shipping lines long established in the trade. Shippers of this persuasion, indeed, would have been unable to give whole-hearted support to Jagger's crusade, since the overthrow of the rebate system and the advent of the open market would bring not only fluctuating rates but something of more moment to the small man - differential rates that would give his large colleague a still greater competitive edge.

It was on this very question of differential rates that the Conference ran into strenuous opposition from another powerful group: the merchants of Johannesburg, whose particular bête noire was the contracts that the Conference had concluded with mining houses. These merchants, too, struck out at the rebate system; but, unlike the Jagers, they were unwilling to accept the probable consequences of its overthrow. Fluctuating rates would pose special problems in Johannesburg, and it was on the precise score of differential rates that her merchants were already up in arms.

In all this, it will be noted, there was scant concern for the consumer. No doubt some little portion of any hypothetical saving in freight might in the end trickle down to him; but although the cost-of-living issue might make a handy weapon against the shipping lines, it would be naïve to imagine that merchants entered the fray on that score. This point is made not as criticism of the merchants as a group, who no less than other men were zealous in the pursuit of their own interests, but rather to emphasise the fact that over the whole course of the controversy there was no significant volume of protest from the general public; insofar as the merchants claimed to be fighting for the consumer they were acting without his specific mandate.

From time to time the claim was made that the Conference rates were "excessive"; but the arguments advanced in support

were shaky, and it is hard to resist the impression that they were developed as ex post facto rationalisations. Comparisons of rates between different trades are notoriously hazardous; and it was simplistic, if not something more, to assail the shipowners on the ground (for example,) that certain rates to Australia were lower than the presumably comparable ones to South Africa. On apparently firmer foundation was the argument that lower berth rates were feasible because sub-tariff rates were granted to governments, municipalities and mining houses: these rates (so the argument ran) must be economic, and in that case they should be available to all. Here again, it should be noted, it was not so much the level of rates as the question of discrimination that was at issue. Such comparisons apart, however, the South Africans could offer no guidance as to what should be the criterion of "fair" rates - a subject, it should be added, on which even the Royal Commission was studiously silent.

But it was not only on the level of its rates that the Conference came under fire: of more moment to some influential groups was the pattern of rates to the several colonial ports. Sectional interests, stretching out hands for both local- and transit trade, found in that pattern a help or a hindrance; and to other complaints against the Conference was added the charge that it "unfairly" favoured this or that port.

The campaign against the shipowners, then, reflected varying economic interests; to that extent something less than a clear-cut indictment is to be expected. But, even allowing for that, there was a noticeable lack of precision or coherence in the agitation - so much so, in fact, that there were those with long experience of the trade who professed themselves at a loss to explain what the whole thing was all about.

This amorphousness should serve as a warning against an exclusively- or even mainly economic interpretation of the long

controversy. The economic grievances, real or imagined, may have been a necessary cause; they were not a sufficient one. The other great factor was the personality of Sir Donald Currie.

No doubt a strong man will make enemies; but in Currie's case it is difficult to pinpoint the precise grounds for the merchants' exasperation. He had been welcomed into the trade with open arms in the early 1870s, yet by the end of the century he was cordially disliked. The change in colonial sentiment seems to have taken place pari passu his increasing control of the trade; but it must be ascribed less to a mere detestation of monopoly and more to the man himself. "Public relations" or its then equivalent seems to have found little place in his book: he visited the source of his trade, South Africa, only twice in well-nigh forty years, and his tone towards the colonial importers was by turns imperious, disdainful and patronising. Age perhaps had something to do with it; but sentiments of the following kind, made in the full light of day, can scarcely have endeared him to his South African customers:

Currie: I do not think it is at all possible to satisfy the general opinion of the people of South Africa.

Birchenough: I said the legitimate opinion.

Currie: Even the legitimate. I do not know what you mean by "legitimate"; from our point of view it is quite illegitimate. (1)

Sir John MacDonell: I gather you think that the service and facilities ... in the South African trade are exactly what they ought to be?

Currie: I think the service is far too good for the trade, and the facilities are too ample, and the remuneration not sufficient (laughter).

MacDonell: Everything being as it ought to be, how would you account for the discontent and dissatisfaction of a large part of the mercantile community in South Africa?

Currie: You will find there are some very peculiar people in South Africa (laughter).

(1) SASFC VI, p.79.

MacDonell: Have you any more satisfactory explanation of the discontent?

Currie: There is no justification for that discontent, not the slightest. I have no explanation except that it is wholly unreasonable. (1)

On the strict merits of the case he may have been right: in their agitation against the Ring the South Africans could muster few arguments able to stand up to scrutiny, and the long controversy was the work of a handful of men rather than a popular crusade; but it was unwise, surely, for the whole thing thus to be written off as unworthy of notice in England. For all Sir Donald's ability and astuteness he seems to have laboured under a curious incapacity to grasp the fact that, devoid of economic substance though it might be, colonial discontent might nonetheless have a focus in himself. Even his long life told against him: a whole generation had grown up in his shadow, and there were not lacking younger bloods who kicked at the continuing dominance of this Old Man of the Sea. In other shipping trades "the conference", however much shippers might growl against it, was something of an abstraction; in the South African trade it was all too manifest in flesh and blood. By virtue of his position unquestionably the commanding figure in the trade, Donald Currie also excelled his confreres in personality and forcefulness, and to that extent it was natural enough that he should have become the target of the disaffected; but he need not have been their goad.

Unagreed on the causes of their discontent, the South African merchants were also divided on the remedy. This was so particularly when questions of port rivalries were prominent; but the great division in the shippers' body politic was that between the importers in the colonies and the merchants in the metropolis. The London merchants had their differences with the shipowners, to be sure; but they were

(1) Evidence to the Royal Commission on Shipping Rings, as reported in South Africa, 22.2.1908, p.493.

unable to fathom, and indeed were exasperated by, the anti-rebate agitation of their overseas brethren. Whether Sir Donald intended it or not, the formation of the Merchants' Committee in London went far to split the trade into two factions and thereby to preclude united action against the shipowners.

Rent by these divisions, and indeed lacking popular support, the agitation failed to gain momentum in the years before the Boer War, and it was moribund by 1902. The Houston incursion both galvanised it into life and gave it a new dimension. Not only was there something of a rapprochement between the two sections of shippers, but the freight war raised questions of high policy for the development of British South Africa. What had hitherto been a traders' wrangle now claimed the attention of government in England and South Africa alike; and, once in the arena, government would stay there. With railway earnings looming large in the weary depression after the war, the rôle of freight rates in the transit trade came under scrutiny and a new charge was laid at the shipowners' door - that of tampering with the relations between the colonies.

Never standing on very firm ground, the mercantile phase of the controversy had "Finis" written over it by the report of the Royal Commission on Shipping Rings, and in any case it was largely deprived of its raison d'être by Donald Currie's death shortly before. But, perversely, government intervention in shipping waxed as mercantile grievances waned. In the last years before Union the question underwent a metamorphosis: the old grievances were gone, and not imports but agricultural exports came to occupy the stage. Little in the way of real or professed principle was now at stake: committed to the development of the country's internal resources, the government set itself to secure concessions in rates and facilities. When its claims were resisted it brandished the big stick of legislation - a weapon it had adroitly fashioned from the dead wood of forgotten issues.

This study has dealt with South Africa's reaction to the hold of a shipping conference on her trade; but she was not the only country to become involved in a controversy of this kind.

After a lengthy Congressional investigation the United States passed the Shipping Act of 1916. Taking a less sanguine view of the operations of shipping conferences than that of the Royal Commission, Congress proscribed rebates, fighting ships, and discriminatory freight rates. Conferences themselves would be allowed to continue, but were required to file their agreements with a Shipping Board in Washington. In place of rebates, the shipowners then introduced the "dual rate" or "contract" system; but after the Second World War this form of tie was legally challenged, and the whole question of shipping conferences once again came under scrutiny.⁽¹⁾

For her part, Great Britain clung to the method of discussion and persuasion rather than that of legislation. Arising out of the recommendations of the Dominions Royal Commission, and stemming also from problems encountered during the Great War, an Imperial Shipping Committee was set up in 1920, on which the several dominions were represented. In the inter-war years this Committee established itself as a forum for the discussion of shipping questions and as a fact-finding agency.⁽²⁾ Of greatest moment, from the present point of view, was its study of the deferred rebate system, and its subsequent success in persuading shipowners in the Australian trade to allow shippers a choice between rebates and contracts.⁽³⁾ The contract system now extends to many trades.⁽⁴⁾

-
- (1) For a discussion of United States shipping policy see John S. McGee, Ocean freight rate conferences and the American merchant marine (University of Chicago Law Review, Winter 1960, pp.191-314), and Warner W. Gardner, Steamship conferences and the Shipping Act 1916 (Tulane Law Review, 1960-1, pp.129-40).
- (2) See Kevin H. Burley, The Imperial Shipping Committee (Journal of Imperial and Commonwealth History, 1974, pp.205-27).
- (3) Ibid., p.218; Cmd. 1802 (1923).
- (4) D.L. McLachlan, The conference system since 1919 (Business History, December 1961), p.57.

The Conference system itself has been looked at afresh in England too; but, as in the past, the latest enquiry has not seen fit to recommend legislation.⁽¹⁾ In recent years there have been renewed rumbles in Australia and Canada.⁽²⁾

For South Africa 1914 marked the end of the long "shipping question". Postponed from time to time during the Great War, the arbitration between the government and the Union-Castle Line was abandoned by Pretoria in 1918;⁽³⁾ and the upheavals of the war and its aftermath diverted energies to issues of greater moment. The crux of the old charge against the Conference indeed remained: rebates were gone, to be sure, but a "tie" existed, and to that extent the shippers' freedom was circumscribed; and certainly there was no sign of that "open market" that had haunted the trade for a generation. But there was no recrudescence of the agitation: the Conference lines might continue in their "monopoly" of the South African trade, but nothing more would be heard of the old complaints. Nor indeed was there occasion, for as far as can be made out the non-signatories to the Agreement were not again penalised.

There were, it is true, new strains during the 1920s; but these did not originate with shippers as a body. With elements of autarky and socialism in its ranks the Pact government that came to power in 1924 was not long in falling out with so classic an example of "foreign capital"; and the upshot of some minor clashes with the shipowners was the creation in 1929 of the South African Shipping Board. This was the start of a process whereby ever more power over

(1) Cmnd. 4337 (1970).

(2) Kevin Burley, *British shipping and Australia 1920-1939*, p.346; (Canadian) Restrictive Trade Practices Commission, *Shipping conference arrangements and practices*, *passim*.

(3) UCR: High Commissioner - Union-Castle Line, 26.4.1918; SAD Handel en Nywerheid 169/2: Union-Castle Line - Minister of Railways and Harbours, 31.3.1927.

higher and more portentous plane, where it would henceforth remain: it had been translated from the domain of domestic colonial interests to that of Imperial trade and policy. And the economic historian, at least, is indebted to the South African Shipping Freights Conference insofar as it was the true progenitor of what to this day has been the most thorough investigation into the origins and mechanics of shipping conferences - the Royal Commission on Shipping Rings.



SOUTH AFRICA'S "OLD MAN OF THE SEA."

Reprinted Daily Mail, 12.1.1906

shipping was taken into Pretoria's hands.⁽¹⁾ But the demand for legislation came not from shippers but from the South African Railways; and in a curious bouleversement Jagger, for one, found himself in the unaccustomed rôle of advocate for the defence.

That transformation was not the only irony in South African shipping in the post-1914 period. The rapid growth of local industry in the 1920s led to more emphasis being placed on the element of protection inherent in ocean transport costs, and to that extent the old complaint of "high" freight rates was bound to become somewhat muted or at the least to be less indiscriminately employed.⁽²⁾ The growth of South Africa's own mercantile marine, furthermore, coupled with its eventual admission to the Conference, could hardly fail to impart a different perspective to the question of freight wars with their cut rates. Far from a new era of competition having been inaugurated by the Post Office Act, there has been a trend towards what may be concisely described as regulated monopoly: to such a degree has control been extended over the market that freight rates may now be altered only in accordance with a complicated formula devised by Pretoria.⁽³⁾ In what was the supreme irony, recently-proposed legislation envisaged government reprisals against outside ships that might seek to undercut the Conference.⁽⁴⁾

-
- (1) SAD SB 50: correspondence and memoranda on the Shipping Board Act 1929, 1929-1937; U.G.31-1930, and subsequent annual reports of the Shipping Board.
- (2) Cf. Board of Trade and Industries memorandum no.32, "Ocean freight rates to and from the Union and their bearing on Union industries, commerce and consumers", reproduced in Commercial and Industrial Gazette, January 1928, pp.1-14.
- (3) R.P.Botha, Die werksaamhede van die Skeepvaartraad (Volkshandel, March 1960); C.Verburgh, Ontwikkeling en vooruitsigte van die Suid-Afrikaanse handelskeepvaart, pp.78-81; Commerce and Industry, January 1965, pp.24-32.
- (4) Financial Mail, 21.11.1975, p.743.

There were special reasons for the proposals, to be sure; but it was nonetheless a notable spin of Time's whirligig, and a striking tribute to the arguments of the South African Shipping Conference in the days of Donald Currie.

APPENDICES

- I CONFERENCE AGREEMENT OF 8TH JANUARY 1904

- II REBATE CIRCULAR OF 30TH JUNE 1907, WITH CLAIM FORM

- III LEGAL OPINIONS ON THE 1912 FREIGHT AGREEMENT

- IV BIOGRAPHICAL NOTES

APPENDIX I

In Arbitration (1914).

The Union Government of South Africa
AND
The Union-Castle Mail Steamship Company, Limited.

CONFERENCE LINES—GENERAL AGREEMENT.*

LONDON, 8th January, 1904.

SOUTH AND EAST AFRICAN FREIGHT AGREEMENT.

1. In order to maintain a regular supply of tonnage and to provide for co-operation in working the South and East African Shipping trade and for regulating the rates of freight and commissions with a view to meet the reasonable wishes of Shippers, it is hereby agreed between the Steamship Lines viz., The Union-Castle Mail Steamship Co., Ltd., The Clan Line Steamers Ltd., The Bucknall Steamship Lines, Ltd., The Ellerman Lines, Ltd., Messrs. T. & J. Harrison, Messrs. Bullard, King & Co. and Messrs. John T. Rennie Son & Co., and Messrs. R. P. Houston & Co. for themselves and the British and South American Steamship Co. Ltd., that they will work together on the terms and conditions contained in the Cargo Contract Agreement of equal date herewith marked "A."

That they will further co-operate on the following terms:—

2. The Berth Ports of loading in the United Kingdom and the ports of destination of the steamers of the London Lines shall be as follows:—

For the Union-Castle Line	}	London and/or Southampton	To all Ports—Cape
For the Bucknall Steamship Lines			
For R. P. Houston & Co.			
For Bullard, King & Co.			
For John T. Rennie, Son & Co.			

FOR THE WEST COAST LINES:—

Clan Line	}	Glasgow and Liverpool to all Ports—Cape		
Ellerman-Harrison Line			}	Town to Beira inclusive in such order as they may mutually arrange.
R. P. Houston & Co.				

3. The London Lines will regulate the number and order of their sailings from the South and East Coast Ports and the Liverpool Lines will regulate their sailings from the West Coast Ports as they may mutually agree from time to time, but for the purposes of this agreement the division of the sailings per annum is agreed as follows:—

* Note.—See also Contract Cargo Agreement "A" of same date.

FOR LONDON LINES :—

	Sailings.
For the Union-Castle Mail Steamship Co.	160
For the Bucknall Steamship Lines	48
For Bullard, King & Co.	38
For John T. Rennie, Son & Co.	38
For R. P. Houston & Co.	14
	298
FOR WEST COAST LINES :—	
For the Clan Line Steamers Ltd.	90
For the Ellerman-Harrison Line	38
For R. P. Houston & Co.	14
	142
TOTAL SAILINGS	440

The above Sailings on either Coast may be increased or decreased as may be found necessary in the interests of the trade of that Coast, but the increase or decrease shall preserve the above proportions of sailings as between the Lines interested in that Coast.

4. London Lines to have the right to all South and East Coast Ports from Newcastle to Penzance, both inclusive, and all Continental Ports; and the West Coast Lines to have the right to the Ports West of Penzance and thence round North of Great Britain to any Ports North of Newcastle.

5. The several lines shall protect and respect the trade of their several Ports so that subject to the conditions of the *Cargo Contract Agreement* the London Lines shall not interfere with the West Coast Ports or *vice versa* the West Coast Lines with East Coast Ports and they also hereby agree to mutually respect each other's trades outside this Agreement.

6. The parties hereto agree to adopt the present Conference Classification for all goods and the present Conference tariff of rates for Berth Cargo with such allowances and returns to Shippers as the Conference may deem necessary, and shall continue the same until otherwise mutually arranged.

7. It is hereby agreed that all the Lines will charge equal rates of freight on all classes of goods by all their steamers loading on the Berth from all Ports in the United Kingdom to all South and East African Ports, Cape Town to Beira inclusive, except that the Mail Company agrees to charge at least half-a-crown per ton higher rate of freight by their Mail Steamers on 1st Class goods to the Ports of Cape Town, Mossel Bay, Port Elizabeth, East London and Natal.

8. If lower rates of freight are quoted by any opposition steamer or steamers loading on the Berth during the currency of this Agreement any of the Parties hereto shall be free to quote such lower rates while such opposition steamer or steamers are on the Berth, giving immediate notice to the Secretary of the Conference of the lower rate so quoted, unless and until the Conference arrange otherwise.

9. The Berth rates of freight are to be the rates from all Berth loading Ports in the United Kingdom and no through rates or allowance for railway or other carriage to such Ports shall be made except as regards goods between London and Southampton and as regards goods from agreed Continental ports. The rates from other than Berth Ports to be mutually arranged.

10. The London Lines shall supply the Continental trade direct or via London and Southampton to South and East African Ports, in which direct trade the other Parties hereto will not interfere, but they shall be entitled with the London Lines to draw transshipment traffic from the Continent to their vessels at equal rates to those which may be charged through by the London Lines.

11. The Clan Line, Ellerman-Harrison and Houston Lines from the West Coast agree that they will not carry Passengers outwards or homewards and they will not load homewards during the currency of this Agreement.

12. The Parties hereto agree that they will mutually support each other in protecting their interests in the South and East African Trade, and in the event of opposition they will concert measures for their mutual protection and they will not enter into any agreement with any party in the conduct of the trade which may prejudice the rights or interests of any of the other Parties hereto.

13. All liability of the Parties hereto for the performance as from this date of freight contracts for the conveyance of goods from U.K. or Continent to South or East Africa, Cape Town to Beira inclusive, entered into by the Signatories of this Agreement or by their respective Managers or Agents duly authorised, current at this date, including such outstanding offers to contract as cannot be withdrawn, to be forthwith undertaken by the Conference collectively including the Houston Line The Conference Lines collectively as above to indemnify R. P. Houston and Co. against all claims, liabilities, guarantees and obligations under the said Contracts as from this date, or any such which may arise therefrom by reason of the Houston Line joining the Conference, but the Conference shall not be liable under this Clause to refund to R. P. Houston & Co. any sums for which they may be or become liable in respect of forfeited rebates. Copies of all Freight Contracts unexpired on entering into this Agreement are to be sent to the Secretary of the Conference.

14. Shippers by Messrs. R. P. Houston & Co.'s steamers from the date hereof shall be informed that they will not forfeit their rebates on shipments made by them in the Conference Steamers after this date.

15. This Agreement shall be binding on the Parties hereto for seven years from the date hereof and shall continue thereafter until terminated by six months notice in writing by any of the Parties hereto.

16. Any dispute or difference arising under this Agreement between any of the Parties to this Agreement shall be settled by Arbitration in London one Arbitrator to be named by the Party claiming arbitration and the other by the party against whom arbitration is claimed the two arbitrators failing their agreement to elect an Umpire whose decision shall be final.

FOR THE UNION-CASTLE MAIL STEAMSHIP CO.
(Signed) DONALD CURRIE & CO.
Managers.

THE BUCKNALL STEAMSHIP LINES LIMITED.
(Signed) BUCKNALL BROTHERS.

FOR THE CLAN, ELLERMAN & HARRISON LINES.
(Signed) CAYZER, IRVINE & CO.
(Signed) BULLARD, KING & CO.
(Signed) J. T. RENNIE, SON & CO.
(Signed) R. P. HOUSTON & CO.

THE SOUTH AFRICAN STEAM LINES.

NOTICE TO SHIPPERS.

COMMISSION IN RESPECT OF SHIPMENTS.

LONDON, 30th June, 1907.

Referring to the Notice to Shippers dated the 1st March, 1904, Shippers to all ports of the Cape Colony and of Natal, and to Delagoa Bay, are hereby informed that until further notice, and subject to the conditions and terms set out herein, each of the undernamed Companies and Lines of Steamers will pay to Shippers by their Line a Commission of five per cent. calculated upon the net amount of freight received by such Company or Line from such Shippers on their shipments from the United Kingdom ^{and} _{or} the Continent.

The said Commission shall be computed every six months up to the 30th June and 31st December in each year, and shall be payable six months after such respective dates to those Shippers only who, until the date at which such Commission shall become payable, shall have given their support to the undernamed Companies or Lines of Steamers by shipping exclusively by Steamers despatched by the said Companies or Lines of Steamers respectively, from the United Kingdom ^{and} _{or} the Continent to ports of the Cape Colony, Natal, and Delagoa Bay, and provided that such Shippers, either as Principals or as Agents, shall not have, directly or indirectly, made or been interested in any shipments to any of the aforesaid ports by Steamers other than those despatched by the undernamed, and also provided that the Statement of claim for such Commission shall be made, in the annexed form, within twelve months from the end of the period comprised therein, to the Company or Line of Steamers which shall have carried the goods in respect of which the Commission is claimed.

The above Commission is not payable on the Goods of any Consignee who directly or indirectly imports goods by steamers other than those despatched by the undernamed Companies and Lines of Steamers. The application of this clause was arranged with the South African Merchants' Committee.

The UNION-CASTLE MAIL STEAMSHIP COMPANY, LIMITED,	}
Donald Currie & Co., Managers	
The CLAN LINE STEAMERS, LIMITED (Cayzer, Irvine & Co.)	}
The BUCKNALL STEAMSHIP LINES, LIMITED, loaded by	
Houlder Brothers & Co., Limited, of the SOUTH AFRICAN LINE, and by Alex. Howden & Co., of the INTERNATIONAL LINE	
The NATAL DIRECT LINE (Bullard, King & Co.)	...
The ABERDEEN DIRECT LINE (John T. Rennie, Son & Co.)	...
The ELLERMAN-HARRISON LINE ... ..	...
The HOUSTON LINE (R. P. Houston & Co.)	...

Shipments from Continental Ports by Steamers of the DEUTSCHE OST-AFRIKA-LINIE, and the DEUTSCH-AUSTRALISCHE DAMPFSCHIFFS-GESELLSCHAFT, will not prejudice claims under this Circular.

The Circular of 1st March, 1904, will cease to operate at 30th June, 1907, as regards shipments made after the latter date.

APPENDIX III

Legal opinions on clause 1 of the mail contract and clause 6(2)(b) of the Post Office Act.

To the cargo lines

We are of the opinion that the Shipowners who issue the circular to shippers and who enter into the agreement with shippers ... do not thereby contravene ... the Post Office Act. In our opinion, the Shipowners do not, either by the circular or the agreement, "give, offer or promise to any person any rebate, refund, discount or reward upon condition that such person shall ship ... by vessels of particular Lines to the exclusion of any others". (1)

(R.B.Finlay and D.C.Leck,
24.1.1913, in UCR.)

To the mail line

Question: Does the Union-Castle Company commit any breach of clause 1. of the Mail Contract

(a) ...

(b) by being party to the Agreement ...?

Answer:

(b) No, not by being parties to the Agreement But acts might be done in pursuance of a policy of which that agreement forms part, though such acts are not part of the Agreement, e.g., the refusal to carry goods for shippers who would not sign ..., or refusals to carry ... except at increased rates of freight, acts which might indirectly fall within Sect. 6 (2) (b) of the Post Office Act - which would constitute a breach of clause 1 of the Mail Contract. (2)

(W.O.Danckwerts and F.D.
Mackinnon, 3.2.1913, in ibid.)

-
- (1) In the course of a meeting of the several Counsel and the shipowners on 18.3.1913, Finlay contended that even the shutting-out of cargo would not constitute a breach of the mail contract - vide memorandum in Union-Castle records.
- (2) At the meeting mentioned in the note above, Mackinnon expressed his "grave fear" that shipment itself might be a "reward".

To Garlick

We have arrived at the conclusion, not without doubt, that the Union-Castle Line, by becoming party to the Freight Agreement and discriminating in the manner described between signatories and non-signatories, has, within the meaning of Cl.1 of the Mail Contract "given offered, or promised" a "reward" (1)

(W.P.Schreiner, Beauclerk Upington and M.Bisset, 29.10.1913, in John Garlick Papers.)

To Jagger

We consider the freight agreement to be clearly in conflict with Clause 1 of the Ocean Mail Contract in that the provisions of Clause 2 of the Agreement constitute, in our opinion, an offer or promise of reward to each shipper signing the contract The "reward" is the provision of a regular service of steamers ...; and in consideration thereof the shippers agree to give their support This "consideration" is quite sufficiently a "reward" in terms of Clause 1 of the Ocean Mail Contract and of Section 6(2)(b) of the Post Office Act ...; a fortiori if it is coupled with an implied understanding that punishment will be meted out to such shippers as will not sign ... , the punishment consisting of giving a preference to signatories by not finding room for the goods of non-signatories and so shutting the latter out from the regular services provided

(Louis E.Benjamin and Ralph W. Close, in The Times, 17.11.1913.)

To the Union government

The pecuniary inducement of regular sailings, sufficient tonnage, and stable rates of freight, ... , with the subsequent action of the company in penalising those who have not signed, is held to be a "reward" within the meaning of Clause 1 of the mail contract. (2)

-
- (1) Emphasis added. Garlick's letter to his solicitors had painted a clear picture of deliberate penalisation.
- (2) This is from Watt's press statement (Rand Daily Mail, 17.11.1913). Presumably the words are taken from the legal opinion to which he alludes.

APPENDIX IVBIOGRAPHICAL NOTES

These notes are intended as a means of easy identification of the main individuals referred to in the narrative. They focus on the position or office occupied by the person concerned at the time of his involvement in the controversy.

- - - - -

BALFOUR, Gerald William (1853-1945). British politician: Member of Parliament 1885-1906 (Conservative); President of the Board of Trade 1900-1905.

BOTHA, General Louis (1862-1919). Prime Minister of the Transvaal 1907-1910; Prime Minister of the Union of South Africa 1910-1919.

CAYZER, Sir Charles (1843-1916). Shipowner; Member of Parliament 1892-1906 (Conservative).

CHAMBERLAIN, Joseph (1836-1914). Secretary of State for the Colonies 1895-1903.

CLARKE, Henry Heathcote (ca.1855-?). South African merchant; founder and chairman of The South African Mercantile Association, later the British Mercantile League.

CURRIE, Sir Donald (1825-1909). Shipowner; Member of Parliament 1880-1900 (Liberal).

EVANS, Sir Francis Henry (1840-1907). Shipowner; Member of Parliament 1896-1900 and 1901-1906 (Liberal).

DE WET, General Christiaan Rudolf (1854-1922). Minister of Agriculture of the Orange River Colony 1907-1910.

FISCHER, Abraham (1850-1913). Prime Minister of the Orange River Colony 1907-1910; Minister of Lands of the Union of South Africa 1910-1913.

FRENCH, Sir Somerset Richard (1849-1929). Postmaster-General of Cape Colony 1892-1908; Cape Agent-General in London 1908-1910.

GARLICK, John (1852-1931). South African merchant and industrialist; Member of Parliament 1904-1908; delegate to the South African Shipping Freights Conference 1904-1905.

GIROUARD, Colonel Sir Edouard Percy Cranwill (1867-1932). Engineer and soldier; Commissioner of the Central South African Railways 1902-1904.

GLADSTONE, Herbert John, first Viscount (1854-1930). Governor-General of the Union of South Africa 1910-1914.

GRAAFF, Sir David Pieter de Villiers (1859-1931). Minister of Posts and Telegraphs of the Union of South Africa 1910-1912 and Minister without Portfolio 1912-1913.

HARCOURT, Lewis (1863-1922). Secretary of State for the Colonies 1910-1915.

HOSKEN, William (1851-1925). South African merchant; Member of the Inter-colonial Council 1903-1906, of the Transvaal Legislative Council 1903-1907, and of the Transvaal Parliament 1907-1910; delegate to the South African Shipping Freights Conference 1904-1906; President of the Association of Chambers of Commerce of South Africa 1904-1906.

HOUSTON, Robert Paterson (1853-1926). Shipowner and engineer; Member of Parliament 1892-1924 (Conservative).

HULL, Henry Charles (1860-1932). Attorney; Member of the Inter-colonial Council 1903-1906 and the Transvaal Legislative Council 1903-1907; Treasurer of the Transvaal 1907-1910; member of the National Convention 1908-1909; Minister of Finance of the Union of South Africa 1910-1912.

JAGGER, John William (1859-1930). South African merchant; President of the Association of Chambers of Commerce of South Africa 1899-1904; Member of the Cape Parliament 1902-1910 and of the Union Parliament 1910-1929; delegate to the South African Shipping Freights Conference 1905-1906; member of the National Convention 1908-1909.

JAMESON, Dr Leander Starr (1853-1917). Prime Minister of Cape Colony 1904-1908; delegate to the South African Shipping Freights Conference 1905-1906; Leader of the Opposition in the Union Parliament, 1910-1912.

JONES, John Frank (1861-1905). Secretary and Joint Manager of the British South Africa Company 1902-1905.

LLOYD, Edward (ca.1855-1920). Shipowner (Bucknall Line).

MAYDON, John George (1857-1919). Colonial Secretary of Natal 1901-1905; Minister of Railways and Harbours 1905-1906; delegate to the South African Shipping Freights Conference 1904-1906.

MACLEAN, Lachlan (1852-1914). Local manager of the Castle Line and the Union-Castle Line, Cape Town, 1878-1913.

- MERRIMAN, John Xavier (1841-1926). Treasurer of Cape Colony 1898-1900, and Prime Minister 1904-1908; member of the National Convention, 1908-1909; declined seat in first Union Cabinet, and served as private member of the Union Parliament, 1910-1924.
- MILNER, Alfred, first Viscount (1852-1925). High Commissioner for South Africa 1897-1905; Governor of the Transvaal and the Orange River Colony 1901-1905.
- MIRRIELEES, Sir Frederick James (ca.1855-1914). Shipowner (partner in Donald Currie & Company).
- MOLTENO, Percy Alport (1861-1937). Barrister and shipowner (partner in Donald Currie & Company).
- MOOR, Sir Frederick Robert (1853-1927). Prime Minister of Natal 1906-1910; member of the National Convention 1908-1909; Minister of Commerce and Industries of the Union of South Africa 1910.
- OMMANNEY, Sir Montague Frederick (1842-1925). Crown Agent for the Colonies 1897-1900; Permanent Under-Secretary at the Colonial Office 1900-1907.
- ONslow, William Hillier, fourth Earl (1853-1911). Parliamentary Under-secretary at the Colonial Office 1900-1903.
- PHILIPPS, Owen Cosby (later Lord Kylsant) (1863-1937). Shipowner and financier; member of the Royal Commission on Shipping Rings 1906-1909; Member of Parliament 1906-1910 (Liberal).
- PRICE, Sir Thomas Rees (1848-1916). General Manager of the Central South African Railways 1902-1910; member of the Railway Board of the South African Railways 1910-1916.
- SELBORNE, William Waldegrave Palmer, second Earl (1859-1942). Governor of the Transvaal and High Commissioner for South Africa 1905-1910.
- SMARTT, Sir Thomas William (1858-1929). Commissioner of Public Works of Cape Colony 1904-1908; member of the National Convention 1908-1909; member of the Union Parliament 1910-1929.
- SMUTS, General Jan Christiaan (1870-1950). Colonial Secretary of the Transvaal 1907-1910; Minister of the Interior and of Mines of the Union of South Africa 1910-1919; Minister of Defence 1912-1913; Acting Minister of Finance 1912.
- SOLOMON, Sir Richard (1850-1913). Transvaal Agent-General in London 1907-1910; South African High Commissioner in London 1910-1913.

SOPER, William Garland (ca.1838-1909). South African merchant, resident in London; chairman of the South African Merchants' Committee 1892-1909.

SPRIGG, Sir John Gordon (1830-1913). Prime Minister of Cape Colony 1896-1898 and 1900-1904.

TATHAM, Frederic Spence (1865-1934). Advocate; Member of the Natal Parliament 1893-1906; delegate to the South African Shipping Freights Conference 1904-1906.

WALTON, Edgar Harris (1856-1942). Member of the Cape Parliament 1898-1910; Treasurer of Cape Colony 1904-1908; delegate to the South African Shipping Freights Conference 1904-1905; member of the National Convention 1908-1909; member of the Union Parliament 1910-1921.

SOURCESA. UNPUBLISHED SOURCESI Archival sources

PUBLIC RECORD OFFICE, LONDON

Colonial Office

CO 323	Correspondence, general
CO 417	South Africa, original correspondence
CO 528	Africa South, railways
CO 529	Secretary of State's tour, 1902-1903
CO 551	Union of South Africa
CO 879	Africa, confidential prints
CO 885	Miscellaneous, confidential prints
CO 886	Dominions, confidential prints

Board of Trade

MT/9	Marine Department
------	-------------------

CAPE ARCHIVES DEPOT, CAPE TOWN

AG	Attorney-General
AGL	Agent-General, London
CHB	Table Bay Harbour Board
GH	Government House
PEHB	Port Elizabeth Harbour Board
PMO	Prime Minister
PWD	Department of Public Works
T	Treasurer

NATAL ARCHIVES DEPOT, PIETERMARITZBURG

CSO	Colonial Secretary
GH	Government House
PM	Prime Minister

ORANGE FREE STATE ARCHIVES DEPOT, BLOEMFONTEIN

G	Governor
Unnumbered	Prime Minister's general correspondence

TRANSVAAL ARCHIVES DEPOT, PRETORIA

BA	British Agent (South African Republic)
CS	Colonial Secretary
CT	Colonial Treasurer
EC	Executive Council
GOV	Governor
HC	High Commissioner

LC	Legislative Council
LG	Lieutenant-Governor
PM	Prime Minister
RC	Railway Committee of the Inter-colonial Council
SS	State Secretary (South African Republic)

CENTRAL ARCHIVES DEPOT, PRETORIA

FIN	Department of Finance
GG	Governor-General
Handel en Nywerheid	Department of Commerce and Industry
HPK (a)	Department of Posts and Telegraphs
J	Department of Justice
PM	Prime Minister
PMG	Postmaster-General
SAS	South African Railways
SB	South African Shipping Board
TES (a)	Department of Finance

(a) At present in the Intermediate Depot, Pretoria, and therefore subject to re-classification.

II Private manuscripts

IN PUBLIC LIBRARIES OR SIMILAR REPOSITORIES

Annexures (MSS) to the votes and proceedings of the House of Assembly of the Union of South Africa. Library of Parliament, Cape Town.

Monk Bretton Papers. Bodleian Library, Oxford.

Records of the Cape Town Chamber of Commerce. Cape Archives Depot, Cape Town.

Joseph Chamberlain Papers. University of Birmingham Library.

Records of Consolidated Gold Fields of South Africa. Cory Library, Rhodes University.

H.E.S.Fremantle Papers. Cape Archives Depot, Cape Town.

John Garlick Papers. University of Cape Town Libraries.

Herbert Gladstone Papers. British Museum.

Lewis Harcourt Papers. Bodleian Library, Oxford.

J.W.Jagger Papers. University of Cape Town Libraries.

Records of the Johannesburg Chamber of Commerce. Johannesburg Public Library.

Records of the Johannesburg Chamber of Trade. Johannesburg Public Library.

- Records of the Liverpool Chamber of Commerce.
Brown, Picton and Hornby Libraries, Liverpool.
- John X.Merriman Papers. South African Library,
Cape Town.
- Milner Papers. New College, Oxford; photocopies
in Transvaal Archives Depot, Pretoria.
- P.A.Molteno Papers. South African Library, Cape
Town.
- Papers of William Hillier, fourth Earl of Onslow.
Guildford Muniment Room, Guildford, Surrey.
- Selborne Papers. Bodleian Library, Oxford.
- J.C.Smuts Papers. Transvaal Archives Depot,
Pretoria.
- J.G.Sprigg Papers. Cory Library, Rhodes University.

IN PRIVATE CUSTODY

- Gerald Balfour Papers. The Earl of Balfour,
Whittingehame; available for consultation through
the National Register of Archives (Scotland),
Edinburgh.
- Records of the Durban Chamber of Commerce. Commerce
House, Field Street, Durban.
- Records of H.Eckstein & Company. Barlow Rand
Archives, Sandton.
- L.C.Harris: MSS on the early history of Bucknall
Brothers. Copy supplied by K.A.Payne, Esquire,
of Ellerman & Bucknall, Cape Town.
- F.W.Hirst: The life of Percy Alport Molteno. Miss
Kathleen Murray, Palmiet River, Elgin.
- P.A.Molteno Papers. Miss Kathleen Murray, Palmiet
River, Elgin.
- Minutes of the South African Merchants' Committee.
South African Trade Association, c/o J.A.Ewing &
Company, King's Road, Brentwood, Essex.
- Records of the Union-Castle Mail Steamship Company.
Cayzer House, St Mary Axe, London.

B. PUBLISHED SOURCESI. Official reports

<u>Reference</u>	<u>Description</u>
GREAT BRITAIN	
H.C.334 (1873)	Select committee on the Cape of Good Hope and Zanzibar mail contracts
Cd.8449 (1897)	The diversion of British trade with the colonies
H.C.300 (1901))	Select committee on steamship subsidies
H.C.165 (1902))	
H.C.222 (1903)	Shipment of rails to Transvaal and Orange River Colony
H.C.354 (1903)	Transports hired in South African War
Cd.1552 (1903)	Correspondence on affairs in South Africa
Cd.1639 (1903)	Australian mail service
Cd.1683 (1903)	Indian labour for the Transvaal.
Cd.1761 (1903)	Statistical tables and charts on shipping and freight rates
Cd.1844 (1903)	Birchenough's report on South African trade
Cd.1895 (1904)	Correspondence on South African affairs
Cd.2337 (1904)	As for Cd.1761 above
Cd.3564 (1907)	The Selborne Memorandum
Cd.1954 (1909)	As for Cd.1761 above
	<u>Reports, etc., of the Royal Commission on Shipping Rings</u>
Cd.4668 (1909)	I. Report
Cd.4669 (1909)	II. Appendices
Cd.4670 (1909)	III.)
Cd.4685 (1909)	IV.) Minutes of evidence taken in England
Cd.4686 (1909)	V. Report, appendices and minutes of sub-commission to South Africa
Cd.6899 (1913)	Subsidies, etc., in foreign shipping
Cd.7351 (1913))	Dominions Royal Commission
Cd.7706 (1914))	
Cd.7707 (1914))	
Cd.9092 (1918)	Departmental Committee on shipbuilding
Cmd.1802 (1923)	Imperial Shipping Committee: final report on the deferred rebate system
Cmnd.4337 (1970)	Rochdale report on shipping

CAPE COLONY

A.8 -'65)	
A.10-'65	)	Papers on the Diamond Line and
A.25-'65	)	the mail contract
A.84-'65)	
A.105-'65)	
A.6-'94		Select Committee on Harbour Boards
A.1 -'99)	
A.1a-'99	)	Papers on the ocean mail contract
G.23-'99)	
G.31-1900	)	Reports of the Postmaster-General
A.3-1900		Select Committee on Harbour Boards
A.7-1900		Select Committee on the Namaqua Copper Company Railway
C.1-1900)	
C.3-1900	)	Papers on preference in discharging cargo
C.1-1902		Contract between Table Bay Harbour Board and Houston Line
C.20-1903		Coal contract between Cape government and Houston Line
G.34-1903		Report of the Cape Government Railways
G.23-1904		Report of the Agent-General
G.37-1904		Report of the Cape Government Railways
G.89-1904)	
G.90-1904	)	Commission on Harbour Boards
A.1-'05		Select committee on Harbour Boards
G.7-1905		War losses enquiry commission
G.1-1906		Controller and Auditor-General's report
G.18-1906		Report of the Cape Government Railways
G.74-1906)	
G.1-1907	)	Controller and Auditor-General's report
G.12-1907		Reports of the Harbour Boards
G.20-1908		Report of the Postmaster-General
G.29-1908		Reports of the Harbour Boards
G.10-1910		Report of the Department of Agriculture
G.13-1910		Report of the Cape Government Railways

NATAL

Unnumbered		Departmental reports for 1899 (Pietermaritzburg, 1900)
Unnumbered		Evidence to the Durban inner harbour enquiry committee, 1902 (Pietermaritz- burg, n.d.)
Unnumbered		Report of Collector of Customs for 1904 (Pietermaritzburg, 1905)

ORANGE RIVER COLONY

Unnumbered Report of Department of Agriculture for 1907-8 (Bloemfontein, n.d.)

TRANSVAAL

T.G.15-'08 Minutes of the inter-colonial conference, Pretoria, May 1908

T.G.4,'09 Report of Department of Agriculture for 1907-8

PRE-UNION, BUT NOT ATTRIBUTABLE TO A PARTICULAR COLONY

Unnumbered Reports, etc., of the South African Shipping Freights Conference 1904-1906

- I. Interim report, minutes of meetings, documentary evidence, etc., of the Johannesburg session, August 1904 (Germiston, 1904)
- II. Verbatim report of the Johannesburg session (Johannesburg, 1904)
- III. Official correspondence, 26.8.1904 to 11.1.1905 (Johannesburg, 1905)
- IV. Minutes of meetings, appendix and index - Cape Town session, February 1905 (eadem)
- V. Report of meetings, minutes of evidence, documentary evidence, etc., of the London session, December 1905 to January 1906 (London, 1906)
- VI. Report of meetings of delegates and verbatim report of interviews with shipowners - London session (Cape Town, 1906)

Unnumbered Minutes of the railway conference, Johannesburg, February 1905 (Germiston, 1905)

Unnumbered Minutes of the Railway Officers' conference, Cape Town, November 1906 (Cape Town, 1906)

Unnumbered J.Conacher's report on the distribution of railway traffic (Pretoria, 1908)

Unnumbered Report of the Port Rebates Enquiry
Committee, 1909 (Johannesburg, 1909)

UNION OF SOUTH AFRICA

U.G.No.39-1911 Report of the South African Railways
U.G.43-1911 T.R.Price's report on grain elevators
Unnumbered Minutes and proceedings of the National
Convention, 1908-1909 (Cape Town, 1911)
S.C.11-'13 Select Committee on railways and
harbours
U.G.13-'26 Commission on the trade prospects of
Port Elizabeth harbour
U.G.31-1930 Report of the South African Shipping
Board

II. Debates and minutes of legislative bodies

GREAT BRITAIN

House of Commons

SOUTH AFRICA

Cape House of Assembly
Cape Legislative Council
Inter-colonial Council
Natal Legislative Assembly
Orange River Colony Legislative Assembly
Transvaal Legislative Assembly
Transvaal Legislative Council
Transvaal Volksraad
Union House of Assembly
Union Senate

III. Newspapers and periodicals

GREAT BRITAIN

African Critic
African Review
African World
Bristol Times and Mirror
British and South African Export Gazette
Cape Argus (Home edition)
(London) Daily Express
The Economist

Engineering
 Fairplay
 Liverpool Daily Post
 Liverpool Post and Mercury
 The Phoenix
 The Porcupine
 Produce Markets Review
 Saturday Review
 The Scotsman
 Shipping Gazette
 South Africa
 South African Exports
 The Statist
 The Times
 Westminster Gazette
 Yorkshire Post

SOUTH AFRICA

African Monthly
 African Observer
 Bloemfontein Post
 Cape Argus
 Cape Times
 Commerce and Industry
 Eastern Province Herald
 Financial Mail
 Government Gazette (Cape Colony and Union of South Africa)
 Natal Advertiser
 Natal Agricultural Journal
 Natal Mercury
 Natal Witness
 Progressive Monthly
 Rand Daily Mail
 Round Table
 South African Commerce and Manufacturers' Record
 South African Financial Record
 South African Mining Journal
 South African Mines, Commerce and Industries
 South African News
 Star
 Transvaal Leader

IV. Annual reports, yearbooks and directories

GREAT BRITAIN

Annual reports of the Leeds Chamber of Commerce
 Annual reports of the Liverpool Chamber of Commerce

SOUTH AFRICA

Annual reports of the Cape Town Chamber of Commerce
 Annual reports of the Durban Chamber of Commerce
 Annual reports of the Johannesburg Chamber of Commerce
 Annual reports of the Johannesburg Chamber of Trade
 Annual reports of the Port Elizabeth Chamber of Commerce
 Annual reports of the Transvaal Chamber of Mines
 Yearbooks of the Johannesburg Chamber of Commerce
 Who's who in South Africa

V. Articles

- Aldcroft, Derek H.: The depression in British shipping 1901-1911. *Journal of Transport History*, May 1965.
- Alexander Committee of the United States House of Representatives: Report. Quoted in extenso in *Annals of the American Academy of Political and Social Science*, September 1914.
- Amphlett, G.T.: The Cape crisis of 1881. *Journal of the Institute of Bankers in South Africa*, May 1906.
- Birchenough, Henry: Some aspects of our Imperial trade. *Proceedings of the Royal Colonial Institute*, 1897-8.
- Board of Trade and Industries, memorandum 32: Ocean freight rates to and from the Union and their bearing on Union industries, commerce and consumers. *Commercial and Industrial Gazette*, January 1928.
- Botha, R.P.: Die werksaamhede van die Skeepvaartraad. *Volkshandel*, March 1960.
- Bowen, Frank C.: Seventy years of Houston's. *The Nautical Magazine*, 1950.
- Bowen, Frank C.: A fifty-year-old fight. *Nautical Magazine*, 1952.
- Burley, Kevin H.: The Imperial Shipping Committee. *Journal of Imperial and Commonwealth History*, 1974.
- Davies, P.N., and Bourn, A.M.: Lord Kylsant and the Royal Mail. *Business History*, July 1973.
- Ding, Chiang Hai: The early shipping conference system of Singapore 1897-1911. *Journal of South-east Asian History*, 1969.
- "Excubitor": The political outlook in Cape Colony. *African Monthly*, December 1907.
- Gardner, Warner W.: Steamship conferences and the Shipping Act 1916. *Tulane Law Review*, 1960-1.
- Gilbert, Donald Wood: The economic effects of the gold discoveries upon South Africa 1886-1910. *Quarterly Journal of Economics*, August 1933.

- Gottheil, Paul: Historical development of steamship agreements and conferences in the American and foreign trade. *Annals of the American Academy of Political and Social Science*, September 1914.
- Graham, Gerald S.: The ascendancy of the sailing ship 1850-85. *Economic History Review*, 1956-7.
- Gregg, E.S.: Vicissitudes in the shipping trade 1870-1920. *Quarterly Journal of Economics*, August 1921.
- Heaver, Trevor D.: The structure of liner conference rates. *Journal of Industrial Economics*, July 1973.
- Hood, Julia: Shipping conferences. Cartel: review of monopoly developments and consumer protection, April 1955.
- Hutchinson, Bruce: Cost of production of maize in the Standerton district. *Transvaal Agricultural Journal*, April 1909.
- Hyde, Francis E., and Marriner, Sheila: The economic functions of the export merchant. *Manchester School of Economic and Social Studies*, September 1952.
- Isserlis, L.: Tramp shipping, cargoes and freights. *Journal of the Royal Statistical Society*, 1938.
- Jeffrey, N.M.: Load indexes on the shipping route between Europe and Union ports, South Africa, for 1925. *Journal of the Economic Society of South Africa*, February 1928.
- Lipsey, Robert E., and Weiss, Merle Yahr: The structure of ocean transport charges. *Explorations in Economic Research*, 1974.
- Macgregor, D.H.: Shipping conferences. *Economic Journal*, December 1909.
- Marais, A.H.: Die bedanking van Minister H.C.Hull. *Historia*, December 1970.
- Mawby, A.A.: Capital, government and politics in the Transvaal 1900-1907. *Historical Journal*, 1974.

- McGee, John S.: Ocean freight rate conferences and the American merchant marine. University of Chicago Law Review, Winter 1960.
- McLachlan, D.L.: The conference system since 1919. Business History, December 1961.
- McLachlan, D.L.: The price policy of liner conferences. Scottish Journal of Political Economy, November 1963.
- McRoberts, John: The Houston story. Sea Breezes, 1970.
- Morgan, Ben: The trade and industry of South Africa. Proceedings of the Royal Colonial Institute, 1902-3.
- Ponko, Vincent Jr: Economic management in a Free Trade empire: the work of the Crown Agents for the Colonies in the nineteenth and early twentieth centuries. Journal of Economic History, September 1966.
- Robinson, J.B.: The South African settlement. Contemporary Review, October 1900.
- Slovan, Guy R.: Some lesser-known Liverpool shipping companies. Transactions of the Liverpool Nautical Research Society, 1952-3.
- Smith, J.Russell: Ocean freight rates and their control through combination. Political Science Quarterly, June 1906.
- Sturmey, S.G.: Economics and international liner services. Journal of Transport Economics and Policy, May 1967.
- "A Unionist": The Nationalists. The State, July 1911.
- Verburgh, C.: The competition of South African harbours and Lourenco Marques for the ocean-borne imports of the Transvaal "competitive area". South African Journal of Economics, December 1957.
- Yamey, B.S.: Predatory price cutting: notes and comments. Journal of Law and Economics, April 1972.

VI. Books and pamphlets

- Abbott, A.W.: A short history of the Crown Agents and their office. London, 1959.
- Albion, Robert Greenhalgh: Square-riggers on schedule: the New York sailing packets to England, France and the Cotton Ports. Princeton, 1938.
- Albion, Robert Greenhalgh: Seaports south of Sahara. New York, 1959.
- Aldcroft, D.H.: Introduction: British industry and foreign competition 1875-1914 (in Derek H.Aldcroft (ed.), The development of British industry and foreign competition 1875-1914). London, 1968.
- Aldcroft, D.H.: The mercantile marine (in Derek H.Aldcroft (ed.), The development of British industry and foreign competition 1875-1914). London, 1968.
- Amery, Julian: The life of Joseph Chamberlain, vol. IV. London, 1951.
- Amery, L.S. (ed.): The Times History of the war in South Africa, vol. VI. London, 1909.
- Angier, E.A.V.: Fifty years' freights 1869-1919. London, 1920.
- Bach, John: A maritime history of Australia. London, 1976.
- Backeberg, H.E.Werner: Die betrekkinge tussen die Suid-Afrikaanse Republiek en Duitsland tot na die Jameson-inval 1852-1896. Archives Year Book for South African History, 1949, part II.
- Barlow, Arthur G.: Almost in confidence. Cape Town, 1952.
- Bennathan, Esra, and Walters, A.A.: The economics of ocean freight rates. New York, 1969.
- Birchenough, Henry: South Africa (in W.J.Ashley (ed.), British Dominions: their present commercial and financial condition). London, 1911.
- Birkenhead, Lord: F.E.: the life of F.E.Smith, first Earl of Birkenhead. London, 1960.
- Bridges, Roland K.: Freight conferences and rebate terms. Kingston, Surrey, 1961.

- Buchan, John: *The African Colony*. London, 1903.
- Burley, Kevin: *British shipping and Australia 1920-1939*. Cambridge, 1968.
- Burt-Davy, Joseph: *Maize: its history, cultivation, handling and uses, with special reference to South Africa*. London, 1914.
- Butler, Jeffrey: *The German factor in Anglo-Transvaal relations (in Prosser Gifford and Wm. Roger Louis (eds.), Britain and Germany in Africa: imperial rivalry and colonial rule)*. New Haven, 1967.
- Calvin, H.C., and Stuart, E.G.: *The merchant shipping industry*. New York, 1925.
- (The) *Cambridge economic history of Europe, vol. VI: The industrial revolutions and after, part I*. Cambridge, 1965.
- (The) *Cambridge history of the British Empire, vol. III: The Empire-Commonwealth 1870-1919*. Cambridge, 1967.
- (The new) *Cambridge modern history, vol. XI: Material progress and world-wide problems 1870-1898*. Cambridge, 1962.
- Canadian Restrictive Trade Practices Commission: *Shipping conference arrangements and practices*. Ottawa, 1965.
- Child, Daphne: *Charles Smythe: Pioneer, premier and administrator of Natal*. Cape Town, 1973.
- Clapham, J.H.: *An economic history of modern Britain, book IV: Machines and national rivalries 1887-1914*. Cambridge, 1938.
- Clarke, H.H.: *The shipping ring and the South African trade*. London, 1898.
- Cohen, Louis: *Reminiscences of Johannesburg and London*. London, 1924.
- Colvin, Ian: *The life of Jameson, vol. II*. London, 1923.
- Crammond, Edgar: *The British shipping industry*. London, 1917.
- Creswicke, Louis (ed.): *South Africa and the Transvaal war, vol. VIII*. London, 1903.

- (Curtis, Lionel, et al): The government of South Africa, vol. I. Johannesburg, 1908.
- Davenport, T.R.H.: The Afrikaner Bond: the history of a South African political party 1880-1911. Cape Town, 1966.
- Davies, P.N.: The trade makers: Elder Dempster in West Africa 1852-1972. London, 1973.
- Deakin, B.M., in collaboration with Seward, T.: Shipping conferences: a study of their origins, development and practices. Cambridge, 1973.
- Denoon, Donald: A grand illusion; the failure of imperial policy in the Transvaal Colony during the period of reconstruction 1900-1905. London, 1973.
- Devereux, Roy: Side lights on South Africa. London, 1899.
- Dudney, Frank M.: The exporter's handbook and glossary. London, 1916.
- Duminy, A.H., and Guest, W.R.: Fitzpatrick, South African politician: selected papers 1888-1906. Johannesburg, 1976.
- Edwards, E.J.: The amalgamation of the Transvaal and Natal. Johannesburg, 1906 (pamphlet).
- Edwards, Neville: The Transvaal in war and peace. London, 1900.
- Fayle, C.Ernest: The war and the shipping industry (no.19 in the British Series of the "Economic and Social History of the World War" sponsored by the Carnegie Endowment for International Peace). London, 1927.
- Findlay, Sir John G.: The Imperial Conference of 1911 from within. London, 1912.
- Fort, G.Seymour: Dr Jameson. London, 1908.
- Frankel, Herbert: Co-operation and competition in the marketing of maize in South Africa. London, 1926.
- Fraser, Maryna, and Jeeves, Alan: All that glittered: selected correspondence of Lionel Phillips 1890-1924. Cape Town, 1977.

- Fremantle, H.E.S.: The new nation. London, 1909.
- Galloway, John R.: Shipping rings and the Manchester cotton trade. London, 1898 (pamphlet).
- Goodfellow, D.M.: A modern economic history of South Africa. London, 1931.
- Goss, R.O.: Studies in maritime economics. Cambridge, 1970.
- Grundlingh, M.A.S.: The Parliament of the Cape of Good Hope, with special reference to party politics, 1872-1910. Archives Year Book for South African History, 1969, part II.
- Hancock, W.K., and Van der Poel, Jean (eds.): Selections from the Smuts Papers, vols. II and III. Cambridge, 1966.
- Harley, Percy: My life in shipping 1881-1938. London, 1938.
- Hauser, Henri: Germany's commercial grip on the world. London, 1917.
- Headlam, Cecil (ed.): The Milner Papers, vol. II. London, 1933.
- Henry, J.A.: The first hundred years of the Standard Bank. London, 1963.
- Horwood, O.P.F. (gen.ed.): Natal Regional Survey, vol. 15: The port of Durban: history and development. Pietermaritzburg, 1969.
- Howden Group: Alexander Howden: 150 years of shipping and insurance. London, n.d. ca. 1974 (brochure).
- Hyde, Francis E.: Shipping enterprise and management 1830-1939: Harrisons of Liverpool. Liverpool, 1967.
- Hyde, Francis, E.: Cunard and the North Atlantic. London, 1975.
- Immelman, R.F.M.: Men of Good Hope: the romantic story of the Cape Town Chamber of Commerce 1804-1954. Cape Town, 1955.
- Jager, Harold: Brief life. Liverpool, 1934.
- Jagger, J.W.: The railways of South Africa (in Addresses and papers read at the joint meeting of the British and the South African Associations for the Advancement of Science, 1905). Cape Town, 1905.

- Jenkin, T.Nicol: Report on the general trades of South Africa. London, 1902.
- Jones, Clement: Pioneer shipowners, vol. II. Liverpool, 1934.
- Kirkaldy, Adam W.: British shipping: its history, organisation and importance. London, 1919.
- Knowles, L.C.A.: The economic development of the British overseas empire, vol. III: The Union of South Africa. London, 1936.
- Knowles, L.C.A.: The industrial and commercial revolutions in Great Britain during the nineteenth century. London, 1937.
- Konczacki, Zbigniew A.: Public finance and economic development of Natal 1893-1910. Durham, N.C., 1967.
- Kubicek, Robert V.: The administration of imperialism: Joseph Chamberlain at the Colonial Office. Durham, N.C., 1969.
- Le May, G.H.: British supremacy in South Africa 1899-1907. Oxford, 1965.
- Leubuscher, Charlotte: The West African shipping trade 1909-1959. Leyden, 1963.
- Levi, N.: Jan Smuts: a character sketch. London, 1917.
- Lewsen, Phyllis (ed.): Selections from the correspondence of John X.Merriman 1890-1898. Van Riebeeck Society, no. 44; Cape Town, 1963.
- Lewsen, Phyllis (ed.): Selections from the correspondence of John X.Merriman 1905-1924. Van Riebeeck Society, no. 50; Cape Town, 1969.
- Long, B.K.: Drummond Chaplin: his life and times in Africa. London, 1941.
- Louw, Johan: Ds. A.F.Louw op St Helena. Cape Town, 1963.
- Macrosty, H.W.: The trust movement in British industry. London, 1907.
- Marais, A.H.(ed.): Politieke briewe 1911-1912. Cape Town, 1973.
- Marloth, R.H.: Deciduous fruit (in Standard Encyclopaedia of Southern Africa, vol.5, p.62 ff.). Cape Town, 1972.
- Marshall, Alfred: Industry and trade. Third edn., London, 1920.

- Marx, Daniel Jnr.: International shipping cartels. Princeton, 1953.
- McCracken, J.L.: The Cape Parliament 1854-1910. Oxford, 1967.
- Michell, L.: The life of the Rt.Hon.Cecil John Rhodes 1853-1902, vol. II. London, 1910.
- Mitchell, B.R., in collaboration with Deane, P.: Abstract of British historical statistics. Cambridge, 1962.
- Molteno, Sir James Tennant: Further South African recollections. London, 1926.
- Molteno, P.A.: The life and times of Sir John Charles Molteno, vol. II. London, 1900.
- Morgan, Ben H.: Report on the engineering trades of South Africa. London, 1902.
- Mouton, J.S.: Generaal Piet Joubert in die Transvaalse geskiedenis. Archives Year Book for South African History, 1957, part II.
- Murray, Marischal: Ships and South Africa. Oxford, 1933.
- Murray, Marischal: Union-Castle Chronicle. London, 1953.
- Nixon, John: The complete story of the Transvaal from the Great Trek to the Convention of London. London, 1885.
- Official Year Book of the Union of South Africa, vol. 1. Pretoria, 1918.
- O'Loughlin, Carleen: The economics of sea transport. London, 1967.
- Owen, Douglas: Ocean trade and shipping. Cambridge, 1914.
- Phillips, Lionel: Transvaal problems: some notes on current politics. London, 1905.
- Platt, D.C.M.: Latin America and British trade 1806-1914. London, 1972.
- Praagh, L.V.: The Transvaal and its mines. London and Johannesburg, n.d. (1906).
- Preller, Johann F.: Die Konvensie-dagboek van sy edelagbare Francois Stephanus Malan 1908-1909. Van Riebeeck Society, no. 32; Cape Town, 1951.

- Purvis, William Frederick, and Biggs, Leonard Vivian: South Africa: its peoples, progress and problems. London, 1896.
- Ransome, Stafford: The engineer in South Africa: a review of the industrial situation after the war and a forecast of the possibilities of the country. London, 1903.
- Raymond, Harry: B.I. Barnato: a memoir. London, 1897.
- Root, J.W.: The trade relations of the British Empire. London, 1903.
- Salter-Whiter, James: A trip to South Africa. Sutton, Surrey, 1892.
- Schmitthoff, Clive M.: The export trade: the law and practice of international trade. London, 1969.
- Scholtz, G.D.: Die oorsake van die Tweede Vryheidsoorlog, vol. II. Johannesburg, 1947.
- Schumann, C.G.W.: Structural changes and business cycles in South Africa 1806-1936. London, 1938.
- Scully, W.C.: Sir J.H. Meiring Beck: a memoir. Cape Town, 1921.
- Shaffer, N. Manfred: The competitive position of the port of Durban. Evanston, Illinois, 1965.
- Smith, J. Russell: The ocean carrier: a history and analysis of the service and a discussion of ocean transportation. New York, 1908.
- Smith, John Strahan: The South African shipping question. London, 1903. (Pamphlet; originally published as a supplement to "South African Exports", 5.1.1903.)
- "South and East African Freights." London, n.d. ca. 1904. (Made up in the form of a blue book, this publication bears no name of compiler or publisher, but it clearly stems from Donald Currie & Company.)
- Spies, S.B.: Methods of barbarism? - Roberts and Kitchener and civilians in the Boer republics January 1900 - May 1902. Cape Town, 1977.
- "Stock exchanges ten-year record of prices and dividends." London, 1910.

- Streak, M.: Lord Milner's immigration policy for the Transvaal 1897-1905. Publication series of the Rand Afrikaans University, B 1; Johannesburg, 1969.
- Sturmev, S.G.: British shipping and world competition. London, 1962.
- Sturmev, S.G.: Some aspects of ocean liner economics. Manchester, 1964 (pamphlet).
- Sturmev, S.G.: Shipping economics. Oxford, 1975.
- Taylor, James: Ellermans: a wealth of shipping. London, 1976.
- Thompson, L.M.: The unification of South Africa 1902-1910. Oxford, 1960.
- Tinker, Hugh: A new system of slavery: the export of Indian labour overseas 1830-1920. London, 1974.
- "Union statistics for fifty years." Jubilee issue of the Bureau of Census and Statistics; Pretoria, 1960.
- United Nations Commission on Trade and Development (UNCTAD): The liner conference system. New York, 1970.
- Vale, Vivian: Trusts and tycoons: British myth and American reality (in H.C.Allen and Roger Thompson (eds.), Contrast and connection: bicentennial essays in Anglo-American history). London, 1976.
- Van der Poel, Jean: Railway and customs policies in South Africa 1885-1910. London, 1933.
- Van Winter, P.J.: Onder Krugers Hollanders: geschiedenis van de Nederlandsche Zuid-Afrikaansche Spoorweg-Maatschappij, vol. II. Amsterdam, 1937.
- Verburgh, C.: Ontwikkeling en vooruitsigte van die Suid-Afrikaanse handelskeepvaart. Stellenbosch, 1966.
- Walton, E.H.: The inner history of the National Convention of South Africa. Cape Town, 1912.
- Webber, H.O'Kelly: The grip of gold: a life story of a Dominion. London, 1936.

- Whitham, S.W.: Report on the textile and soft goods trades of South Africa, London, 1903.
- Williams, Ernest Edwin: "Made in Germany." London, 1896.
- Worsfold, Basil: The Union of South Africa. London, 1912.
- Worsfold, Basil: The reconstruction of the new colonies under Lord Milner, vol. II. London, 1913.
- Woytinsky, W.S. and E.S.: World commerce and governments. New York, 1955.

VII. Academic theses and dissertations

- Busschau, W.J.: The development of the Natal Government Railways. M.Com., University of South Africa (Natal University College), 1932.
- Cuthbert, Patricia: The administration of Dr Jameson as prime minister of Cape Colony 1904-1908. M.A., University of Cape Town, 1950.
- Davey, Arthur M.: The British Pro-Boers. D.Litt. et Phil., University of South Africa, 1976.
- Esterhuizen, Samuel Jacobus: Die ekonomiese en maatskaplike toestande van die gewese Republiekeinse burgers in die Transvaal-kolonie 1900-1910. Ph.D., University of Pretoria, 1965.
- Hatherley, John: The effects of the depression after the Anglo-Boer War on Cape politics 1902-1910. M.A., University of Cape Town, 1953.
- Jamneck, Christiaan Petrus: Die Milner-regime in Transvaal 1902-1905. M.A., University of South Africa, 1947.
- Marais, M.D.: Ontwikkeling van die mielienywerheid in Suid-Afrika. M.A., University of South Africa (Potchefstroom University College), 1944.

- Mawby, Arthur Andrew: The political behaviour of the British population of the Transvaal 1902-1907. Ph.D., University of the Witwatersrand, 1969.
- Moolman, Antonie Troskie: 'n Histories-ekonomiese ontleding van hawetariewe in Suid-Afrika. M.Com., University of Stellenbosch, 1969.
- Nilant, F.G.E.: Jhr. Mr. G.J. Th. Beelaerts van Blokland, gesant van die Suid-Afrikaanse Republiek, 1843-1897. Ph.D., University of the Witwatersrand, 1952.
- Van der Schyff, P.F.: Die Unioniste Party in die Suid-Afrikaanse politiek 1910-1921. M.A., Potchefstroom University, 1964.
- Van der Walt, I.D.: Die eerste algemene verkiesing na die vorming van die Unie van Suid-Afrika 1910. M.A., Potchefstroom University, 1976.
- Verburgh, Cornelis: Havens en skeepvaart van Zuid-Afrika. D.Com., University of Pretoria, n.d. (1955).