

## VII

### THE RELATIVE IMPORTANCE OF EXPORTS AND THE INTERNAL MARKET FOR THE AGRICULTURE OF THE CAPE COLONY, 1770-1855 \*

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## Figuring African Trade

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It is well known that the exports of the Cape Colony grew rapidly during the course of the nineteenth century. Between 1815 and the early 1840s the most important commodities sent overseas from the Cape were wine products, but, thereafter, a change in British tariff policies and the increase in wool production meant that wool became by far the most important commodity in the Cape's export trade.<sup>1</sup> The 1840s and 50s were a period of true boom in the wool business. In terms of value wool exports increased by 18% per annum over the period from 1840-4 to 1855-9. During the same period the total level of South African exports increased by 12% and the main centre of export production shifted to the east. In 1850, for the first time Port Elizabeth exceeded Cape Town in terms of the value of goods exported, and by 1856 (the last year for which data for the distinct ports are available) 59% of the colony's total export went through Port Elizabeth. The basic figures for this growth are given in Table VII.1.

This would all seem to imply an economy which was expanding fast as a result of the introduction of a new staple export - not such an unlikely state of affairs as the underdevelopment theorists would have us believe. Nevertheless, there are indications that things were not quite that simple. In Column IV of Table VII.1 the Cape Colony's balance of trade is given. This shows that throughout the period from 1805 to 1860 the Cape's imports considerably exceeded its exports. In the short term, between 1815 and the early 1820s this probably made a major contribution to the devaluation of the Cape's money, the Rixdollar. After 1827, however, the Rixdollar was tied to sterling, and this could no longer play a role.<sup>2</sup> Rather there is in general no indication that the deficit was due to major economic troubles. Clearly there must have been a sufficient flow of cash to the Cape to bring the deficit on the balance of trade back into equilibrium when the total balance of payment is consistent.

Capital transfers to the Cape Colony were not uncommon. The most important of these was the compensation that the British government paid out to slave holders after emancipation. This

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considerable sum of money - over one million pounds before deduction of agent's fees and other handling costs - was indeed the financial basis for the Cape's country banking system. In addition there was a steady trickle of funds into the colony, as private individuals decided to set up sheep farms and so forth. It seems unlikely, however, that this was sufficient to finance the chronic balance of trade deficit. Nor, in those days, were international banking institutions prepared to do so, in the long term.

It was the presence of a large establishment of British troops that allowed the Cape's imports to exceed its exports to such an extent. In column V of Table VII.1 data on the money transfers to the Cape for the payment and provisioning of the British troops there are given. As can be seen, these sums are more or less equivalent to the deficit on the balance of trade. Moreover, in these years, during and after Mlanjeni's war (in the early 1850s), when the military expenditure was highest, the colony's deficit on the balance of trade was also largest. Clearly, the availability of the large military market was of major importance.

The major beneficiaries in the first instance, were the large Cape Town merchants. Even though South Africa's exports were increasingly directed through Port Elizabeth, this was not the case with the imports. In 1856, 53% of the colony's imports came through Cape Town and Simonstown. Possibly a proportion of these goods were transhipped to the Eastern Province, but evidently the Cape Town mercantile class maintained its grip on the colony, to the evident displeasure of the easterners (or at least the Grahamstown clique).<sup>3</sup>

The other beneficiaries were the agricultural producers. Figures for agricultural production are set out in Tables VII.2 and VII.5. These have to be treated with very considerable caution. In the eighteenth century, at least, grain production was substantially underrecorded, since tax was charged on the basis of inherently uncheckable declarations made by farmers. This led to

the absurdity that in the 1770s the colony's exports of wheat exceeded its recorded production. In this paper, therefore, the eighteenth century data on grain production has been corrected on the basis of estimations of the colony's consumption.

This was not necessary for wine production since taxes were collected on entry into the market, at a toll gate on the only road to Cape Town. There was therefore no incentive for farmers to underrecord their production, and they do not seem to have done so.

If the eighteenth century estimates are correct (and the abnormally high figure for wheat production in 1798 is not evidence against this, in itself) then the basic pattern of agricultural growth is clear. As regards grain products, there was a sharp rise in wheat production apparently in the years of the first British occupation (1795-1803), but thereafter the amounts grown remained relatively steady until the 1850s. In contrast the quantities of barley, oats and rye grown continued increasing unto the 1820s, as did, even more spectacularly, the production of wine. These increases were made feasible by very large imports of slaves during the first British occupation, when the slave population grew from 17,000 in 1795 (assuming the opgaaf figures are correct) to nearly 30,000 in 1806.<sup>4</sup> On the other hand labour problems later do not seem to have been as difficult as in other colonies in which the labour force was largely slave. Thus emancipation (effectively in 1838) produced no more than a minor hiccough, probably because the ruling class of the Cape had evolved effective means for forcing nominally free labour (the Khoisan) to work for it at minimal wages and these measures could be transferred to the slaves.<sup>5</sup>

As regards grain, there is no indication that exports were of great importance after the 1770s, when an estimated 40% of the wheat that was produced was sent overseas, largely to the Dutch stations in Java and India. Thereafter, the expansion of production, and the maintenance of previously achieved levels, was only possible because of the strength of the internal mar-

ket. It is indeed notable that it was the lesser grains, often used for fodder, which increased most dramatically. For the period 1830-1855, van Zyl has estimated the market-value of grain production.<sup>6</sup> In no quinquennium does the value of exported grain products exceed 15% of the production value, and by the 1850s this production had fallen to 5%, even though the data certainly tend to exaggerate the amount exported, comparatively speaking, probably by as much as 100%, since only in the latter case are the costs of transport and merchants' profits included.

As against this, the initial increase in wine production in the early part of the nineteenth century was largely a response to improved possibilities for exports. The VOC had not managed - and indeed had scarcely attempted - to create a market in Europe for other than the high quality Constantia wine. The wine-farmers therefore had to rely on satisfying the thirsts of the inhabitants of Cape Town, both permanent and transient, and on sales to passing ships, on which wine was used to keep the crews not only happy but also free from scurvy. After 1806, however, it became possible to sell large quantities of wine in Great Britain. Not only were many of the traditional suppliers for the British market now in enemy hands, temporarily, but also the Cape enjoyed preferential tariff arrangements within the British empire that made its wine attractive despite the heavier transport costs, compared to Europe, and its reputation for low quality. Thus in 1824, 11.8% of the wine imported through the 4 major harbours into Britain came from the Cape and in 1825, 8.5%, despite a change in the tariffs to the advantage of France, Spain and Portugal. Nevertheless, in general this change caused a sharp decline in the amount of wine that was sent to Britain.

The Cape was, however, able to find other markets for its wine, largely in Australia, at least for another decade, so that in the late 1820s no less than 50% of Cape wine was exported. When these export markets dropped away, this did not mean a total collapse of Cape wine production (although there were numerous bankruptcies).<sup>7</sup> Evidently the internal market was able to absorb a sufficient amount to make wine farming, at approxi-



mately the same level, a reasonable proposition. A considerable increase in brandy production, almost entirely for the South African market, also made life easier for the wine farmers.

Further, it is at least arguable that even the enormous increase in wool production did not make the Cape stock keepers fully, or even largely, dependant on export for their earnings. The developments of Cape stock holding are shown in Table VII.4. This shows that, even as late as 1855, 25% of the Cape sheep were still of the old non-wool bearing variety, and that they were only slowly being replaced by merinos. In other words sheep that were kept purely for their meat still made up a quarter of the Colony's flocks. This was not purely the result of conservatism, but rather an economically sensible choice, made especially in the Western Karoo, to retain the superior qualities of Cape sheep for droving in areas where communications were difficult.<sup>8</sup> At the same time, obviously a certain percentage of even the merinos would have been slaughtered annually to provide meat for consumption on the farms and for sale to the market. Clearly, the problem is to discover what percentage of the sheep farmers' income came from the sale of meat, and what from the sale of wool, in addition to the expenditure saved by the farmers being able to cut their own meat. It would appear that by 1855, the sale of wool brought in less than half the total income of the colony's stock farmers. The basis for this calculation is to be found in Table VII.5. It should, of course, be considered to be no more than a rough approximation which is indeed made peculiarly vulnerable by the great difference in the price of washed wool while the value based on unwashed wool has been placed in brackets in the relevant places.

The estimates of meat consumptions were made on the basis of the crude assumption that the number of skins sold was equal to the number of sheep slaughtered for meat, as about 10% of the total flock. This seems feasible, though perhaps on the low side. The market price of an African sheep was taken as the appropriate valuation. A similar procedure was used for cattle. The exception was that

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the total was reduced by 20%, to take account of those hides which were traded from the Xhosa, an estimate which derived from a comparison of the proportions of the colony's hides purchased in Albany district with the proportion of cattle found there. This shows that wool made up no more than 46% of stock products (or 30% if unwashed is taken).

Table VII.5 also includes estimates of agricultural production. Even though the market value of wine used is the lower of the two given in the sources, by any reckoning agricultural production considerably exceeded pastoral production in value. Indeed, wool was only 22% of the total agricultural and pastoral production, at the lower estimate no more than 12%. In other words, by the 1850s, the principal export commodity of the Cape Colony was only of relatively modest significance for the colony's economy as a whole. Probably because of the large expenditures of the British military establishment, it was the internal market of the colony which still provided farmers with by far their most important sources of income.

Table VII.1.

## The Cape Colony's Balance of Payment

Year	I Exports including re-exports	II Exports of Cape products	III Imports	IV Balance of trade	V Money transfer for army
1807	30	21	24	+ 6	360 <sup>a</sup>
1808	71	52	79	- 8	350 <sup>a</sup>
1809	24	19	62	- 38	435 <sup>a</sup>
1810	103	51	105	- 2	338 <sup>a</sup>
1811	89	52	72	+ 17	272 <sup>a</sup>
1812	109	89	88	+ 21	228 <sup>a</sup>
1813	128	98	268	- 140	233 <sup>a</sup>
1814	122	103	301	- 179	289 <sup>a</sup>
1815	148	126	478	- 330	323 <sup>a</sup>
1816	167	132	370	- 203	204
1817	298	255	420	- 122	124
1818	274	254	415	- 141	123
1819	209	173	333	- 124	142
1820	187	157	299	- 112	163
1821	183	151	406	- 223	141
1822	224	172	365	- 141	110
1823	223	205	319	- 96	84
1824	220	203	341	- 121	NA
1825	240 <sup>c</sup>	214	296	- 56	NA
1826	173 <sup>c</sup>	158	289	- 116	NA
1827	219	162 <sup>b</sup>	289	- 70	NA
1828	259	189 <sup>b</sup>	264	- 5	77
1829	304	217 <sup>b</sup>	364	- 60	77
1830	209	171 <sup>b</sup>	423	- 214	75
1831	218	130 <sup>b</sup>	345	- 127	85
1832	256	210	258	- 2	82
1833	292	267	396	- 104	74
1834	370	275	463	- 97	115
1835	362	250	534	- 172	168
1836	384	274	819	- 435	166



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Year	I	II	III	IV	V
1837	368	281	763	- 395	181
1838	369	260	1,051	- 682	170
1839	776	243	1,403	- 627	186
1840	1,101	238	1,451	- 350	182
1841	678	236	911	- 233	182
1842	372	257	766	- 394	195
1843	347	264	807	- 406	256
1844	440	304	775	- 335	257
1845	526	432	998	- 472	225
1846	489 <sup>d</sup>	341	1,073	- 584	676
1847	441 <sup>e</sup>	205	1,349	- 908	713
1848	514	296	1,088	- 574	572
1849	595	322	944	- 349	503
1850	637	415	1,277	- 640	346
1851	651	437	1,676	-1,025	939
1852	773	528	1,862	-1,089	1,122
1853	1,065	687	1,649	- 584	694
1854	764	621	NA	NA	320
1855	1,061	897	1,175	- 114	321

## Notes:

All figures in £000

<sup>a</sup> Includes all bills drawn by the Commissariat, Ordnance, Victualling, Naval, Prisoners-of-war, Transport, and other departments.

<sup>b</sup> sum of exports of wine, wool, grain, hides, and skins.

<sup>c</sup> excludes Simons Bay.

<sup>d</sup> excludes 50.000 specie.

<sup>e</sup> excludes 30.000 specie.

NA = Not available

Table VII.2

Wine: Annual Average in Leggers

<u>Year</u>	<u>I (Production)</u>	<u>II (Export)</u>	<u>II: I (%)</u>
1770-4	3,527	433	12
1775-9	4,442	406	9
1780-4	3,913	229	6
1785-9	6,305	492	8
1790-4	6,017	493	8
1795	6,271		
1798	9,108	na. c. leggers	
1804	12,192		
1806-9	9,253	3,615 <sup>a</sup>	39
1810-4	9,622	3,235	34
1815-9	13,281	5,675	43
1820-4	16,828	6,325	38
1825-9 <sup>a</sup>	16,861	8,430	50
1830-4	15,385	6,803 <sup>b</sup>	44
1835-9	17,414	7,182	41
1840-4	17,056	4,646	27
1845-9	17,093 <sup>b</sup>	3,173	19
1850-4	22,238	2,268	10
1855	24,765	5,337	21

N.B. 1 legger = 152 gallons

a = based on 3 years

b = based on 4 years

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Table VII.3

Grains

Year	I Production wheat (hectolitres)	II Production other grains (hectolitres)	III Value of export (£)
1770-4	56,000 <sup>a</sup>	5,000 <sup>a</sup>	114,000
1775-9	64,000 <sup>a</sup>	6,000 <sup>a</sup>	129,000
1780-4	54,000 <sup>a</sup>	5,000 <sup>a</sup>	77,000
1785-9	45,000 <sup>a</sup>	8,000 <sup>a</sup>	18,000
1790-4	72,000 <sup>a</sup>	14,000 <sup>a</sup>	39,000
1795-9	138,000 <sup>b</sup>	67,438 <sup>b</sup>	NA
1800-4	NA	NA	NA
1805-9	137,993	99,000 <sup>c</sup>	NA
1810-4	173,603	100,000 <sup>d</sup>	NA
1815-9	173,000	126,000	NA
1820-4	136,000	189,000	NA
1825-9	157,000 <sup>e</sup>	213,000	20,000
1830-4	136,000 <sup>f</sup>	173,000	26,000
1835-9	133,000 <sup>g</sup>	135,000 <sup>g</sup>	22,000
1840-4	166,000 <sup>f</sup>	174,000 <sup>f</sup>	13,400
1845-9	175,000 <sup>f</sup>	172,000 <sup>f</sup>	11,000
1850-4	260,000 <sup>h</sup>	321,000 <sup>h</sup>	25,000
1855	298,300	342,000 <sup>j</sup>	23,000

a reconstructed figure

b 1798, barley only

c 1806 only

d 1812 only, not

e 1828-9 only

f 4 years

g 3 years

h 2 years

j This figure corrects the error (in the account of oats in Albany district) in the original source, replacing it with the 1854 figure.

Table VII.4

Stock Holding

Year	I Sheep totals (000s)	II Wool sheep (000s)	III Wool exports (000 lb.)	IV Cattle totals (000s)
1770-4	835-1,392 <sup>a</sup>	0	0	111-185 <sup>a</sup>
1775-9	1,085-1,808 <sup>a</sup>	0	0	172-287 <sup>a</sup>
1780-4	955-1,592 <sup>a</sup>	0	0	182-303 <sup>a</sup>
1785-9	1,177-1,962 <sup>a</sup>	0	0	222-371 <sup>a</sup>
1790-4	1,423-2,372 <sup>a</sup>	0	0	249-415 <sup>a</sup>
1795	1,256-2,094 <sup>a</sup>	0	0	215-358 <sup>a</sup>
1815-9	1,603	12	NA	282
1820-4	1,847	14	NA	353
1825-9	2,011 <sup>c</sup>	NA	NA	340 <sup>c</sup>
1830-4	1,879	NA	NA	324
1835	d	NA	537 <sup>c</sup>	d
1840-4	3,279 <sup>b</sup>	NA	656	404 <sup>b</sup>
1845-9	4,084 <sup>b</sup>	1,960 <sup>e</sup>	1,412	440 <sup>b</sup>
1850-4	4,964	3,305 <sup>e</sup>	7,131	492 <sup>e</sup>
1855	6,454	4,828	12,016	450

a These are estimated values, showing the range given by assuming under-counting of 67% and 80%.

b 4 years.

c 2 years.

d unavailable because of the devastation of the 1835 war.

e 3 years.

NA

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Table VII.5

The Value of Agricultural Produce in 1855

<u>Produce</u>	<u>Quantity</u>	<u>Price</u>	<u>Value (£)</u>
wool	8,220,233 lb	113/4 d (unwashed 6d)	402,448 (205,505)
butter	399,983 lb	1s 2d	23,332
tallow	664,235 lb	5d	13,859
soap	289,955 lb	7d	8,457
hides	42,286	7s 2d	15,152
skins	697,739	6d	15,193 <sup>a</sup>
sheep (slaughtered)	697,793 <sup>b</sup>	8s 10d	c.268,418
cattle (expended)		£ 3.11s 6d	c.121,900
Total stock products			c. £ 867,895 (670,916)
wheat	994,273 (bushels)	7s 6d	372,852
barley and rye	400,237 "	3s 6d	61,703
oats	740,373 "	3s 10d	141,902
maize	192,543 "	4s 10d	46,530
peas & beans	29,489 "	7s 1d	10,440
potatoes	263,507 "	4s 1d	48,287
dried fruit	1,431,262 lb	5d	29,818
wine	34,221 pipes	£ 6.1s4d <sup>c</sup>	207,667
brandy	5,496 "	£11.17s 0d <sup>c</sup>	65,128
Total agricultural products			£ 984,331
Grand total			£ 1,852,190 (1,655,247)

a It is assumed that these are all sheep skins.

b See text.

c inferior quality .



## Notes:

\* My thanks are due to Pieter van Duin and Marianne Vaes for help in the preparation of this paper.

- 1) The data for this paper are taken from three basic sources:
  - I. For the eighteenth century, van Duin, P.C. and Robert Ross. *The Economy of the Cape Colony in the Eighteenth Century*. Intercontinenta No.5, Centre for the History of European Expansion, forthcoming. In this the basis for the reconstruction of eighteenth century production figures (which diverge considerably from those in the original source) is explained.
  - II. For 1795-1826, Theal, G.McC. (ed.). 1896-1906. *Records of the Cape Colony*, 36 volumes, London, notably XXVIII:493. Where necessary I have converted sums given in Rixdollars into pounds according to the table in Kantor, Brian. 1970. 'The Rixdollar and foreign exchange', *South African Journal of Economics*, XXXVIII. The figures for army etc. expenditure derive from Swart, H.L.G. 1953. 'Developments in currency and banking at the Cape between 1782 and 1825, with an account of contemporary controversies', Ph.D. thesis, University of Cape Town, p.439.
  - III. For 1827-1860. *The Cape of Good Hope Blue Book and Statistical Register*. Until 1837, available in the Public Record Office, London (CO 53/65 - CO 53/74); thereafter in print.
- 2) On this, see Kantor, Brian. 1970. 'The Rixdollar and foreign exchange', *South African Journal of Economics*, XXVIII.
- 3) Le Cordeur, Basil A. 1981. *The Politics of Eastern Cape Separatism, 1820-1854*. Cape Town, p.123-9
- 4) The 1795 opgaaf figure is artificially low, because it does not include the considerable number of slaves owned by Company officials, where these individuals are included in subsequent figures. This accounts for some, but by no means all, of the increase in the total number of slaves recorded in the colony before 1798, when that figure was 25,000.
- 5) On this, see van Arkel, D., G.C. Quispel and R.J. Ross. 1983. "De Wijn-gaard des Heeren?": *Die oorsprong van "die blanke baasskap" in Zuid-Afrika*. Leiden.
- 6) van Zyl, D.J. 1975. *Raapse Wyn en Brandewyn, 1795-1860*. Cape Town and Pretoria, pp.227-9
- 7) This will be thoroughly investigated in Mary Rayner's forthcoming thesis for Duke University, North Carolina.
- 8) Ross, Robert. 'The Origins of Capitalist Agriculture in the Cape Colony: A Survey', to be published in a forthcoming volume of essays edited by William Beinart and Peter Delius.

