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A Tale of Paper and Gold: The Material History of Money in South Africa[•]

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Abstract

This paper uses the South African objects in the National Numismatic Collection of the Smithsonian to tell a new material history of money in South Africa. In other parts of the continent, research about the currencies in use and how these changed over time have offered a new perspective on the impact of colonialism, commercialisation, and the rise of state capacity. South Africa, and southern Africa more generally, has remained on the periphery of these debates. This paper begins to fill this gap. It shows that even in Africa's most financially developed region, the process of establishing a stable national currency was long and halting, reflecting struggles over South Africa's relationship with the global economy and the rise and fall of apartheid.

1. Introduction

More than fifty years ago, historians of West Africa proposed that the introduction of colonial currencies represented a 'revolution' in the monetary systems of the region, a shift away from what they described as barter to the use of modern coins and notes (Bohannon 1959; Hopkins 1966). Subsequent research has challenged this interpretation. By looking more closely at which currencies people used and how, it shows that people continued to use alternative currencies like cowries and manilas until well into the twentieth century, even after the introduction of colonial coins and notes. There were a variety of reasons for this. Colonial currencies were sometimes not denominated in ways that were useful for local markets, and Africans often did not trust that they would retain their value. Resistance to the use of colonial currencies was also sometimes seen as a form of resistance to colonialism itself (Ofonagoro 1979; Feingold 2017; Guyer 1995; Olukoju 2000; Saul 2004).

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Debates about the 'currency revolution' illustrate the ways in which the material history of money – what people use in different transactions – provides a wider view into the economic, social and political history of West Africa. A small literature has also discussed similar changes in East Africa (Mwangi 2001, 2002; Pallaver 2015), yet, with few exceptions, there has been almost no recent research on this history in southern Africa in general and South Africa in particular (Maliehe 2014).

Figure 1 GDP per capita of the Cape Colony and South Africa (1990 international Geary–Khamis dollars)

Source: Fourie and Van Zanden (2013); Boshoff and Fourie (2020)

This paper provides a first attempt to fill this gap, drawing on the South African objects in the National Numismatic Collection (NNC) at the Smithsonian Institution. The histories of these objects show that, much like West Africa and despite its earlier colonisation, South Africa also went through a slow and halting progression from a system of multiple currencies in the eighteenth and nineteenth centuries to, eventually, one with a unified national currency in the twentieth. This was not the end of the journey, however, as changes in the value and material form of that national currency reflected struggles over South Africa's relationship to the global economy and the internal rise and fall of apartheid.

Chronologically, the objects considered here span a period of nearly two centuries, from shilling notes of the 1820s to rand notes from 2012. Over this period, South Africa was transformed from a politically divided agricultural economy to the world's leading gold producer and Africa's most developed economy. Figure 1 positions the objects discussed in this paper on a graph showing estimates of GDP per capita for South Africa since the early nineteenth century.

Each section to follow examines the history of an object reflective of a particular period of South Africa's economic history, then the paper concludes by considering similarities between the monetary history of South Africa and other regions of the continent.

2. Political competition and the transition to British rule

In 1814, the Cape of Good Hope came under British colonial rule, a century and a half after the Dutch East India Company (VOC) first established a colony on the southern tip of Africa. This first Dutch settlement was not intended to become a major colony, but rather a provisioning station for Dutch ships. The indigenous Khoe people were thinly scattered with no permanent commercial centres and Dutch ships struggled to find sufficient food to replenish their stores. As a result, a small number of VOC employees established a company garden to serve this purpose. Over the years, however, the number of settlers grew and formed an affluent community exporting wool, wheat and wine (Fourie 2013). The Cape Colony became one of the more remote prizes claimed by the British in the Napoleonic wars of the late eighteenth and early nineteenth centuries.

The monetary history of the Cape reflected the political and economic struggles of that both the Dutch and the British faced in governing this far away outpost. As in much of the early modern world, the Cape did not have a single unified currency under either Dutch or British rule. In his economic history of South Africa, de Kiewiet (1964: 36) described the currency of the Cape Colony as looking like a 'numismatic collection. There were gold mohurs and rupees from India, pagodas from Madras, johanas, doubloons and dollars from Spain and her empire, sequins from Venice and guineas and shillings from England.' Nor did change in these currencies necessarily parallel shifts in political rule. During the seventeenth century, Dutch colonialism brought Spanish pieces of eight as a circulating currency and a bookkeeping system based on Spanish reals. By the time the British took over in 1806, the most prevalent currency was paper Rixdollars, first issued by Dutch authorities in 1782. As the Dutch colonial government struggled with British forces for control of the Cape, they printed more rixdollars which depreciated as a result. British authorities resolved to redeem the paper rixdollars and replace them with sterling, but like the Dutch ended up making use of the printing press during various periods of crisis. As a result, paper rixdollars continued to circulate, and depreciate, until 1841 (Chalmers 1893: 230-6; Engelbrecht 1987: 34).

The shortage of small change, particularly in rural areas, was a constant problem. Bead currency, which had circulated in the region since at least the early medieval period, remained in use (Wood 2011). In some towns small items like pencils were used as small change, and livestock also continued to be used as currency for larger transactions (Comoroff and Comoroff 2005). Banknotes denominated in sterling and other currencies also circulated, issued by a growing number of private banks in the Cape Colony.

<u>Figure 2 Five-shilling note, Cape Colony, late 1820s</u>

Donated by the Chase Manhattan Money Museum. National Numismatic Collection, Smithsonian Institution.

The Cape of Good Hope Bank was the first private bank of approximately 30 commercial banks established in the Cape Colony between 1837 and 1882 (Bergman 1971: 1-2). Figure 2 gives an image of a Cape of Good Hope Bank note denominated in sterling. It was likely printed as a sample in the late 1820s while the bank's founder, J.B. Ebden, awaited Government permission to open.

It was in this context that what is often described as South Africa's 'first autonomous coinage' was minted for Griquatown in 1815 (Engelbrecht 1987: 42). Griquatown was a settlement of baptised Christians of mixed Khoesan ancestry (Ross 2009: 197). In the Orange River region, networks of such families joined with missionaries from the London Missionary Society (LMS) to create new political organisations which the missionaries believed would form the basis for 'a Christian state under their own leadership'. As part of this process of state-building, missionaries persuaded their followers to use the name 'Griqua', and thus Griquatown was born (Elbourne and Ross, 1997).

One of the missionaries, a man named John Campbell, argued that a metallic coinage would 'promote the trade of the community' and circulate in the wider region (Englebrecht 1987: 42). The coins are known as the 'dove money' of the Griquas because of the symbol of the London Missionary Society which featured on the coins (Arndt 1928: 125). At Campbell's urging, coins were minted in London. His hopes were disappointed, however; the coins never circulated widely and most were eventually melted down (Shaw 1956: 16).

Still, the minting of these coins along with the general political fluidity of the region during the nineteenth century, made an impression in Europe. In 1890, a German firm named Otto Nolte & Co of Berlin minted a set of sample coins for Griquatown (see figure 3). Like the short-lived currency of 1815, these featured the dove of the London Missionary Society. They also, however, included a portrait of Queen Victoria. Historians and numismatists have speculated that Otto Nolte & Co hoped to sell these coins to Griquatown. However, by the time these coins were minted, Griqualand had been part of the British Cape Colony for a decade, and Griquatown had been abandoned in a border dispute between the British and the Zuid-Afrikaansche Republiek.

Figure 3 Penny pattern coin, struck in Berlin, Germany, for potential use in Griqua Town, South Africa, 1890

Transfer from the U.S Mint. National Numismatic Collection, Smithsonian Institution.

The governor of the British colony of Griqualand West, annexed in 1871, had suggested the minting of coins to 'ease the shortage of small coin', but specified that these should not be labelled 'Griqualand' so that they could circulate all over the region (Shaw 1956: 16). This news had evidently not reached Berlin, however, and according to Engelbrecht (1987: 43) the minting of these pattern coins 'may have been a mistake'.

3. New states and currencies on the expanding colonial frontier

As the story of Griqualand shows, the consolidation of British rule over Dutch in the first half of the nineteenth century was not the end of contestations over sovereignty in southern Africa, but rather the beginning of a new phase of state-building which left its mark on the monetary landscape of the region. In response to land shortages and British efforts to abolish slavery in 1833, communities of Boers – descendants of earlier Dutch migrants – began to leave the Cape Colony in what is often referred to as the Great Trek to establish new states outside of British jurisdiction (Feinstein 2005: 30-43; Ross 2008: 42-6). They initially went to Natal with the intention of establishing a rival port at what is now Durban, but the British annexation of Natal forced them into the interior highveld, territory in which the British government initially had little interest. There they came into conflict with increasingly centralized indigenous states that fought to protect their land from encroachment by the Boers. The currencies of these remote Boer republics reflect the struggles they faced in consolidating their sovereignty.

The same Berlin firm that had minted the Griquatown coins of 1890 also tried their hand at selling coins to the government of the Orange Free State, one of the two 'Boer republics' to be established following the Great Trek. The penny pattern coin (figure 4) is one of a few remaining examples of the specimens sent from Berlin, and due to their scarcity, they are 'sought-after and expensive numismatic items' (Engelbrecht 1987: 59). The correspondence between the Free State government and Otto Nolte is also of numismatic interest, as it suggests that the firm was 'also responsible for the wide variety of other patterns submitted to various governments of what are now provinces of the Republic of South Africa' (Becklake 1963: 19). The proliferation of new states during the nineteenth century, in southern Africa as well as other regions, had created a market for mints and medallists. This particular coin comes from the collection of Catherine Bullova, a prolific coin collector and dealer who donated a collection of more than 20,000 objects to the NNC, including many rare and experimental pieces.

As the Orange Free State never minted its own coins, it relied instead on unbacked paper currency, much like many other newly founded states in the nineteenth century (Bordo and Flandreau 2001). The first issue of Orange Free State government notes was in 1865, just over a decade after the Orange Free State was recognized as a Republic by the British government (Arndt 1928: 71). Until then, the circulating currency was a mix of rixdollars and British currency. Revenues had grown steadily as wool production in the region increased, and in 1862 the government came to the aid of the struggling Bloemfontein Bank by issuing £30,000 in government notes, secured by government property. These notes became known as 'blue backs' and quickly depreciated. While they later regained their value, their initial instability limited their circulation and prompted fierce debates about whether to issue more notes to cover the expense of conflicts with the Basotho.

<u>Figure 4 Penny pattern coin, struck in Berlin, Germany for potential use in the Orange Free State, South Africa, 1888.</u>

Donated by Catherine Bullowa. National Numismatic Collection, Smithsonian Institution.

The Orange Free State was not the only new government in Africa to struggle with depreciation in unbacked paper currency. As the next section will discuss, the Zuid-Afrikaansche Republiek (ZAR) in the Transvaal faced similar fiscal challenges before the discovery of gold underpinned its financial development. Farther north, the newly independent state of Liberia also issued its own national currency, the Liberian dollar, which depreciated as the Liberian government turned to the printing press during frequent periods of fiscal crisis (Gardner 2014).

In 1867, diamonds were discovered in the north-eastern Cape (Feinstein 2005: 99). Griqualand West, where the largest concentrations of diamonds were to be found, lay in territory contested by both the Orange Free State and the British and it was this discovery that prompted the 1871 annexation of the territory by Britain (de Kiewiet 1964: 90). Diamond discoveries were followed shortly thereafter by gold in the Transvaal, which would transform the finances of the two Boer republics and bring them inexorably towards conflict with the British.

4. Gold and war

The discovery of gold in the Witwatersrand in the 1884 was a transformative moment in South African economic history (Feinstein 2005; Ross 2008). Even more than the diamond discoveries of two decades before, gold would ultimately turn what had been a marginal producer of agricultural products like wool and wheat into a strategic centre of the global economy. It also heightened tensions between the Afrikaner republics and the British interests on which they relied for capital, tensions which ultimately culminated in the South African War and the political unification of southern Africa in 1912. In the intervening decades, however, mineral wealth finally gave the South African Republic the resources it needed to demonstrate its sovereignty on a global stage. It illustrated this sovereignty in part through its currency.

Prior to the discovery of gold, the monetary history of the Transvaal closely resembled that of the Orange Free State. In his history of money and banking in South Africa, Arndt (1926: 93) began his section on the Transvaal by writing that 'the world's largest gold producer began its history in poverty and for a quarter century was steadily confronted with financial embarrassments'. There was so little money in circulation when the republic was first founded, he claimed, that most trade with the coast was conducted in ivory and hides. Sheep fared less well further north, and high transport costs made the export of agricultural products prohibitive. Before gold, the main commodity held by the Transvaal was land, which was held 'only in the expectation that its price would rise' (Ross 2008: 43-53).

The gold reefs discovered in 1884 and explored further in the years to follow were exceptionally rich, but ultimately required significant quantities of capital to engage in deep-level mining. The industry was swiftly dominated by large corporations, often British-owned (Feinstein 2005: 103-4). Gold production increased rapidly and with it came the equally rapid expansion of the business and financial services centred in the new city of Johannesburg (Lukasiewicz 2017). This sudden urban growth was both an economic and cultural shock for what was still a largely agricultural society, with a government which had limited capacity to cope with such rapid change (Ross 2008: 73-4). Dependence on British capital brought further pressure on the government to acquiesce to a process of political integration that would match the increasing economic integration of the region.

The 1884 Witwatersrand discoveries were not the first gold discoveries in the Transvaal. In 1873, President Burgers collected small gold nuggets from a gold field at Lydenburg (Becklake 1963: 22; Arndt 1926: 133). From this gold the first Transvaal coins were minted in England with the image of Burgers on one side (known as the *Burgersponde*). When Burgers presented these coins to the Volksraad, they were poorly received; he was accused of having had the coins minted without their knowledge and of ‘vanity and unscriptural conduct in having his own likeness – a graven image! – impressed on the coins’ (Engelbrecht 1987: 71-2). Yet, Burgers had bigger problems to attend to in the next few years. Defeat by the Pedi people brought the ZAR close to bankruptcy, and the British government annexed it as the colony of the Transvaal in 1877. For the next two years there was little resistance as the British helped destroy the Pedi state, but after that the people of the Transvaal – now led by Paul Kruger – rose up against British forces. The British were unwilling at that stage to incur the costs of retaining the Transvaal, so they retreated and negotiated a new recognition of the ZAR’s independence (Ross 2008: 65-7).

Figure 5 Penny coin, South African Republic, 1898.

Donated by Catherine Bullowa. National Numismatic Collection, Smithsonian Institution

After the 1881 agreement, discussions about the ZAR’s currency resumed. Before 1877, Burgers had purchased a minting plant while in Europe to negotiate a railway loan, but the minting plant never made it to the Transvaal. After 1881, the government received numerous other offers for the production of coins from the gold that was being discovered in the territory (Arndt 1926: 133-140). In 1890-91 a lease was granted to the National Bank of the South African Republic to establish a state mint at Pretoria (Shaw 1956: 21). In something of a reversal after the negative reaction to *Burgersponde,* the Volksraad fully sanctioned a design for the new coins featuring the image of President Paul Kruger. While the Pretoria mint was under construction, the coins were minted in Berlin by the Kaisermunt (Engelbrecht 1987: 75-6).

Tensions between Kruger’s government at the British increased along with the value of gold exports. In the final years of the nineteenth century, the Mint became part of the ZAR’s war preparations, minting coins to fund the war effort. One was the 1898 penny shown in figure 5, intended for paying workers in what had become a large wage-earning labour force through the expansion of mining and the city of Johannesburg.

The South African War was nothing like its relatively low-key predecessor. The stakes had risen and neither side was willing to concede to the other. For Britain, the cost of shipping 200,000 troops and related material to the southern tip of Africa drove military spending to 6 per cent of GNP (O'Brien 1988: 188). How difficult it was for the British government to bear this cost remains the subject of debate (Kennedy 1989: 190), but such a spike in imperial expenditure may have had lasting impacts on debates about public finances, imperialism and redistribution (Emy 1972: 114). For the Boer republics, the war had both heavy humanitarian and economic costs. Brutal British war tactics resulted in the death of a tenth of the Boer population and tens of thousands of women and children were held in what are often described as concentration camps where approximately 26,000 died (Ross 2008: 78-9; Meredith 2007: 457). Over 115,000 Africans were also forced into separate concentration camps that killed approximately 14,000, the majority of which were children.

The struggle by Kruger's government to continue the fight in the face of more numerous and better resourced British troops resulted in one of the most noted numismatic experiments in the monetary history of South Africa. In 1901, British forces occupied Pretoria, including the Mint. The Kruger government, cut off from resources, was unable to buy provisions for its forces. It attempted to bring back the paper 'blue back' notes of the pre-mining era, but African traders were reluctant to accept the notes in case most of the paper money was lost in a battle with the British. ZAR forces were then concentrated in an area called Pilgrim's Rest, and it was decided to combine the bar gold still in government hands with gold panned from the surrounding area to mint what became known as 'veldpond' coins. This required considerable experimentation with using old farm machinery and whatever chemicals were available on site to melt the gold down and make it pliable enough to shape into coins. Dies reading 'ZAR 1902' and 'EEN POND' were chiselled by hand. In the end, 986 such coins were struck (Becklake 1963: 30-31; Shaw 1956: 21-3; Engelbrecht 1987: 81-5; Arndt 1926: 149). The veldpond in figure 6 was part of the famous coin collection belonging to Josiah K Lilly, Jr, donated to the Smithsonian in 1968. Lilly was the heir of Eli Lilly Pharmaceutical Company, and during the 1950s and 1960s he built a collection of 6,125 gold coins and bars, creating one of the largest and most diverse documented collections of gold coins and bars in the world.

Figure 6 One Pond Coin ('veldpond'), South African Republic, 1902

Donated by the Estate of Josiah K. Lilly Jr. National Numismatic Collection, Smithsonian Institution.

It is not surprising that Lilly acquired a veldpond for his collection as it is a rare example of an emergency currency made from gold, which is typically scarce in times of crisis. The outbreak of fighting in 1899 disrupted gold mining in the region, halting production until 1901. After capturing Pretoria and Johannesburg in mid-1900, the British drove the Boers deep into the countryside initiating a phase of guerrilla warfare in which the British, led by General Horatio H. Kitchener, used scorched-earth tactics to coerce and punish Boer fighters and their families as well as Africans they believed would aid the Boers' resistance (Meredith 2007: 452-453).

The pyramid-shaped gold bar in Figure 7 was produced in the Transvaal in May 1901 during this destructive final phase of the war. Although the bar is tiny – a mere 4.81 centimetres in length – it is a historical document of sorts. Each long flat surface of the bar carries inscriptions that reflect the inextricable links between senior British military officials and the powerful network of Witwatersrand mining entrepreneurs known as 'Randlords'. The bar appears to have originally belonged to Raymond W. Schumacher, whose name is engraved on the bar's top edge.[1] Schumacher was a British entrepreneur who went to South Africa in 1894 to work in the mining industry. By the start of the South African War in 1899 he was already a partner in the mining firm H. Eckstein & Co. Hermann Eckstein, the firm's founder, was a business partner of Kimberley diamond magnate Alfred Beit and managed Beit's interests in the Robinson Syndicate, a gold mining company Beit had started with Joseph B. Robinson in 1886 (Meredith 2007: 187).

[1] Schumacher later changed his surname to ffennell, his mother's maiden name, due to the unpopularity of German names in England during the First World War

Figure 7 Gold Bar, Transvaal (South Africa), 1901.

Donated by Benjamin Stack, Harvey G. Stack, and Norman Stack. National Numismatic Collection, Smithsonian Institution.

The name 'ROBINSON G.M' appears on the bottom of the bar with the date May 6th 1901. Beneath it is a set of dates that record the firm's cessation of mining just four days after the start of the war, 'LEFT OCTR 15TH 1899' and its return shortly after the British military occupied the area, 'RETD FEBY 17TH 1901'. One side of the gold bar proclaims that it is 'THE FIRST GOLD PRODUCED IN THE TRANSVAAL AFTER BRITISH OCCUPATION'. While this claim cannot be verified, Schumacher was well-placed to obtain some of the first gold after production re-started because he served as a Captain in the Rand Rifles Mine Guards, which was established to protect the mines from destruction in late 1900 (Nash 2014).[2] British military presence in the area and keen interest in the gold mines is recorded in the inscription on the opposite side of the bar, which states that the gold was 'DIVIDED WITH LORD KITCHENER.'

General Kitchener's devastating war tactics ultimately forced the Boer resistance into negotiations that ended with the Peace of Vereeniging in 1902. The British annexed the two Boer republics, which became the Transvaal and the Orange River colonies. They came under the authority of the British High Commissioner, Lord Milner, along with Natal and the Cape Colony, though they were not yet united. It was another 8 years before the Union of South Africa was formed, after what Ross (2008: 87) describes as 'much hard bargaining' in the preceding years. However, the political union reflected 'the economic and social union which had already occurred'. While South

[2] See also entry for Raymond Schumacher in Nominal Role, UK National Archives, WO 127 and 'A change of name', *The Times*, 24 November 1917.

Africa remained a single political unit thereafter, its links with the global economy, as well as its currency, would continue to be influenced by the political divisions of the nineteenth century.

5. Political union and economic crisis

It was only with the political unification of South Africa in 1910 that monetary unification under British coinage was finally achieved. By adopting sterling, South Africa became part the pre-war gold standard system, which had helped underpin the financial globalisation of the late nineteenth and early twentieth centuries. However, it joined this system in its waning days. Meeting the costs of World War I forced most countries, including Britain, to abandon the gold standard. After the war ended, most attempted to return to the gold standard but political and economic changes made it more difficult to resurrect. The beginning of the Great Depression in 1929 compounded these problems and saw the final collapse of the gold standard system (Eichengreen 1996). However, as the world's leading producer of gold, South Africa resisted pressure to abandon it, and in 1932 broke with the British government by remaining on the gold standard even after Britain had abandoned the sterling peg to gold. While South Africa eventually followed Britain off gold, this brief deviation in policy marked a watershed moment in South Africa's degree of monetary and economic independence from the rest of the British Empire.

It took more than a decade before political union was reflected in the physical currency circulating in a newly unified South Africa. Though the re-opening of the Pretoria mint was proposed by Lord Milner in 1901, it was not until 1919 that legislation passed establishing it as a branch of the Royal Mint. In the same year, a Select Committee of Parliament was established to consider the recommendations of the 1919 Gold Conference, where the future monetary policy of South Africa was discussed. The Select Committee proposed the establishment of a central bank that would assume the responsibility for issuing banknotes. The Currency and Banking Act No 31 of 1920 provided for the establishment of the South African Reserve Bank (de Kock 1954). It began its operations on 30 June 1921, printing its first banknotes in April 1922. The Coinage Act of 1922 gave the Mint the authority to mint gold, silver and bronze coins. The following year, it minted its first Union coinage, based on British denominations and bearing the image of King George V (Shaw 1956: 23).

These developments took place alongside dramatic economic change across the globe. The outbreak of World War I in 1914 reduced the volume of international shipping as governments commandeered fleets and commodities for the war effort. For South Africa, as for other African economies, this meant a diminished market for many of its exports even as the prices of imported goods increased. While this increased hardship for consumers everywhere, it also provided for South Africa a short period of natural protection against foreign competition, and during this period the industrial sector began to grow. Protective tariffs adopted by the Pact government elected in 1924 sped the process of structural change, and soon South Africa had developed a substantial industrial sector, in addition to its mining exports (Feinstein 2005: ch 6; de Kiewiet 1964: 257).

One reason for the Pact government's support for protectionism was the need to create skilled and semi-skilled jobs for the growing population of landless white families moving into towns and cities, who also formed a key pillar of the government's political support. The onset Great Depression had an uneven impact on different sectors of the South African economy, contributing to political tensions. These political tensions underpinned what became fierce debates about South Africa's currency, and in particular the nature of its economic and monetary links to Britain. British efforts to re-establish the pre-war gold standard had contributed to persistent economic stagnation in the country during the 1920s, and by the early 1930s appeared doomed to fail. Britain abandoned the gold standard in September 1931, following in the footsteps of many other former gold standard countries. These devaluations actually helped South Africa in that they increased the foreign currency value of its gold, contributing to the growth in GDP. In South Africa, however, an influential combination of mine owners and financiers pressed for the country to break with Britain and remain on the gold standard, which South Africa did for more than a year.

The deterioration of state finances and economic performance ultimately forced the government's hand. But once South Africa left the gold standard, gold production and exports shielded the South African economy overall from much of the impact of the Depression; in terms of GDP, South Africa was the fastest growing country in the world apart from Singapore (Eichengreen, this volume). Mpeta et al (2018) record substantial improvements in the living standards of black mine workers. However, this did not mean that the period was free of hardship for everyone. Global declines in agricultural prices hit farmers hard, coming alongside a severe drought and outbreaks of animal disease (Minnaar, 1990).

With South Africa leaving the gold standard and re-joining the sterling area which largely took the place of the classical gold standard in the 1930s, South Africa's currency continued to follow patterns similar to other coins of the British empire. The 6d coin in Figure 8 illustrates this well. One side has a picture of King George V 'Rex imperator', while the reverse has a picture of a protea (protea cynarooides) flower on the reverse. This species of protea is native to South Africa and became South Africa's national flower in 1976. The inclusion of the protea flower followed practice in other British colonial coinage. In West Africa, for example, coins often included palm trees, indicating the significance of palm oil and palm kernels to West African economies. It broke with the political or institutional symbols on earlier coins, such as the LMS dove on the Griqualand coins or the coats of arms on the Orange Free State patterns.

Figure 8 Six Pence Coin, South Africa, 1933

Donated by Carl H. Jaeschke. National Numismatic Collection, Smithsonian Institution.

However, its break from British monetary policy during 1931-32 alongside its protectionist policies and signified a larger shift towards economic nationalism which would weaken ties between the two countries. This became apparent, gradually, in the coins minted at the Pretoria mint. In 1931, the old Dutch spelling 'Zuid-Africa' was replaced on coins with the Afrikaans Suid-Afrika (Engelbrecht 1987: 95, 104-5). After World War II, ties to Britain would be further weakened by the 1948 victory of the National Party and the formal adoption of the apartheid regime, discussed in the next section.

6. Apartheid and sanctions

In 1948, the National Party triumphed in South Africa's elections, cementing both the inauguration of the apartheid regime and several decades of increasing isolation from the global economy as a growing number of countries imposed economic sanctions. This political shift was reflected in the iconography of South Africa's coinage during this period, and in the shift in 1961 from sterling-denominated currency to the decimalised Rand. At the same time, however, South Africa's political and economic isolation generated increasing instability, with the establishment of formally separate currencies for domestic and international transactions.

The National Party's success at the 1948 election was close-run and surprising to many at the time, but it built on a resurgence of Afrikaner nationalism which itself had foundations in old tensions between Afrikaners and the British. The party had run on a platform of apartheid, or separateness, a word which has become associated around the world with racial exploitation. This association, according to Deborah Posel (2011: 319), gives the impression that the apartheid project had greater coherence than was really the case. Instead, it was from the beginning built on a set of contradictions and had wider implications for South Africa's economic development than its founders had perhaps intended. While the focus of apartheid was separation between the races, 'its effect was also apartness between South Africa and the rest of the world' (Havemann 2014: 269).

The first steps towards economic isolation were deliberate policies 'to shed the yoke of British authority' (Posel 2011: 326). Abolition of British citizenship in 1951 was followed by the lowering of the Union Jack in 1957 and withdrawal from the British commonwealth in 1961, the same year that the currency ceased to be denominated in sterling. In place of sterling, a new decimalised currency called the rand became the currency of what had become the Republic of South Africa (Engelbrecht 1987: 110). The new coins replaced the head of the British monarch with that of Jan van Riebeck, the Dutch East India company official who founded the first European settlement at the Cape (see figure 9). On the other side of the coin was a voortrekker wagon similar to the one that had appeared on the coinage of the ZAR in the nineteenth century.

In the two decades after 1948, South Africa enjoyed a period of rapid economic growth, 'aided by a booming world economy and exceptionally favourable conditions for the gold mines' (Feinstein 2005: 143). This growth provided the government with the resources to implement its apartheid programme.

Figure 9 One cent proof coin, South Africa 1964

National Numismatic Collection, Smithsonian Institution.

From the beginning, there were differences of opinion as to what that programme should entail; National Party voters included both those who believed in an absolute separation between the races, and so-called pragmatists who recognized that black labour was essential to sustaining white prosperity, even as they realized that the presence of large black populations in cities could threaten the stability of the apartheid system. This was what Posel (2011: 323) calls the 'foundational contradiction' of the system.

There remain debates about the economic impact of apartheid policies; early South African economic historians were split over whether policies of segregation benefitted capital by keeping wages low, or whether they distorted the development of the economy (see Nattrass 1991 for a critical survey of this debate). It is possible that both are correct; that low wages for mineworkers increased the profitability of the gold mines, even as the continued poverty and limited education of the majority of the population restricted domestic markets and the availability of skilled labour for an industrializing economy in the 1960s.

The consequences of these problems were not yet apparent during the 1960s, which saw the apartheid system at its most confident and aggressive, further its aims not only of racial segregation but of 'ethnic nationalism' as well (Posel 2011: 324). Most of the early political support for the National Party came from Afrikaans-speakers, and their platform was dedicated to promoting the 'economic, political, and cultural ascendancy of white Afrikaners in the country' (Ross 2008: 123; Posel 2011: 326). This explained the return of Afrikaner symbols like the voortrekker wagon on the 1961 coins. An even stronger symbol of this emphasis were the 1967 Krugerrands. These were gold coins with the image of Kruger from the 1892 Transvaal coins on one side and a springbok on the other, depicted in figure 10 (Engelbrecht 1987: 115-6).

Figure 10 Krugerrand coin, 1968

National Numismatic Collection, Smithsonian Institution

While the Krugerrands may have been a symbol of Afrikaner nationalism, they were also a symbol of South Africa's increasing isolation from the global economy. They were marketed primarily overseas, forming part of a parallel financial system established in response to the withdrawal of foreign investment from South Africa after the 1960 Sharpeville massacre, where the police killed or wounded 250 people protesting pass laws (Engelbrecht 1987: 116; Feinstein 2005: 148). Fearing the impact of capital flight on the value of the rand, the government immediately established a dual exchange rate system which distinguished between residents and non-residents and administrative controls on currency conversion. These were intended to stabilize the value of the commercial rand and punish any non-residents for selling South African assets (Havemann 2014: 270-1).

South Africa's economy continued to grow in the 1960s despite the withdrawal of foreign capital. From the 1970s, however, 'triumph turned to disaster' as economic stagnation across all sectors, alongside political turmoil, led to an overall decline in real GDP along with rising unemployment (Feinstein 2005: 143-9). External sanctions tightened, and a brief attempt to reunify the two currencies in 1983 led to the rapid depreciation of the rand and the eventual reintroduction of a dual exchange rate system (Havemann 2014: 273). This period of economic collapse was, according to Charles Feinstein, 'a major factor in the collapse of white rule' (Feinstein 2005: 149).

7. Currency and democracy

The final chapter of Nelson Mandela's memoir, *A Long Walk to Freedom*, describes the day he was sworn in as South Africa's president on 10 May, 1994. It was a day of symbols, visual demonstrations of South Africa's new beginning as a democratic state where for the first time the majority had political voice. 'A spectacular array of South African jets, helicopters and troop carriers roared in perfect formation over the Union Buildings', he writes. 'It was not only a display of pinpoint precision and military force, but a demonstration of the military's loyalty to democracy, to a new government that had been freely and fairly elected' (Mandela 1994: 620).

This symbolism was gradually extended to the currency of the new South Africa. The exchange rate was again unified in 1995, as sanctions were lifted and capital returned to the country, and the images of Afrikaners like Kruger were removed from the currency, replaced with images of animals like the rhinoceros on the 10 rand note from the late 1990s. Perhaps surprisingly, it was not until 2012 that Mandela's image appeared on South Africa's banknotes. The continued fragility of the rand was illustrated when ambiguity around the announcement of the new currency spooked investors and to a 3% fall in the value of the rand against the dollar.[3]

While other African states quickly featured the images of nationalist leaders from Nkrumah to Kenyatta, South Africa was not the one to make this transition more slowly. Much of Francophone Africa, for example, retained what began as the colonial-era CFA franc and note designs continued to feature similar themes to the late colonial period, with scenes of production or transport rather than the nationalist leaders of particular countries. In other ways, South Africa's story is quite similar to other African countries. The transition from a system of multiple currencies, both indigenous and foreign, was a gradual one contingent on rising state capacity and changing levels of political autonomy. Just as beads and cattle circulated alongside Spanish coins and Dutch banknotes in the early Cape Colony, cowries and manilas and shillings and francs also circulated together in West Africa in the nineteenth century. In all regions, political efforts at consolidation were often stymied by economic reality which required governments, merchants and other economic actors to use whatever currency was available which best suited particular transactions. During the turmoil of the interwar period and beyond, the management of the currency became a key area of contested authority between the imperial government and colonial administrations.

[3] 'South Africa to put Nelson Mandela on its money', *Wall Street Journal*, 11 February 2012.

As Mandela predicted in that final chapter of his memoire, the transfer of power in 1994 was not the end of the story. 'The policy of apartheid created a deep and lasting wound in my country and my people', he wrote. 'All of us will spend many years, if not generations, recovering from that profound hurt'. At times, the rand has struggled to retain its value during periods of economic or political upheaval in South Africa and in managing the currency there remain fierce debates about how to balance the interests of different actors as well as the economy as a whole. Continuing to tell the story of which currencies people used, and how, can provide a new perspective on this transition.

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