

# Alfred Beit – South Africa's great friend and financial genius

## Part 2: Gold – The Transvaal and Rhodesia

A compilation from contemporary and other sources **by Geraldine Auerbach MBE**

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### 1. Introduction and recapitulation

We have seen in **Part 1: Kimberley**, how Alfred Beit quickly grew to be one of the most popular and successful diamond merchants and financiers in Kimberley. From the moment that he arrived there in 1875, aged just 22, with some training in valuing and cutting stones in Amsterdam, his knowledge, integrity and generous business methods endeared him to everyone on the Diamond Fields. He made many lasting friends amongst all the diverse operators, especially those in the German, Dutch and British communities.



Beit prospered exceedingly, first as an agent for his cousins, the Lippert's, then on his own account and by 1880 as a member of the established and influential French Diamond Company of the Paris based jeweller and financier, Jules Porgès.

In order to bring stability to the diamond industry and to control the output of stones, Beit (left) joined forces with the most influential and glamorous operator on the fields, Cecil John Rhodes.

In what was to become a devoted and loyal friendship – it was Beit, through his company 'Jules Porgès & Cie' who enabled Rhodes to be the winner. It was Beit who created the deals, did all the negotiating and found the necessary finance to amalgamate all four main diamond

pipes in Kimberley under one management – the De Beers Consolidated Mines Ltd (with Beit, Barnato and Rhodes as 'Life Governors'). In this way they could control supply. Beit and his firm also participated in the diamond buying syndicate who bought the entire output, so that diamonds, so costly to extract – would remain a viable industry.

Once gold was discovered, Beit's investments on the Witwatersrand and management of his claims, decisively influenced the way the gold industry developed. Shy and retiring to excess, he was devoid of social ambition, and was little known beyond a small circle of intimates who included men in high positions in Britain such as Lord Rosebery and Lord Haldane. An ardent belief in the great causes of his day led him to distribute vast sums of money, but his benefactions were always made privately with rare self-effacement. Because of his close association with Rhodes, he was the target through his life and after, for much abuse, mostly undeserved.

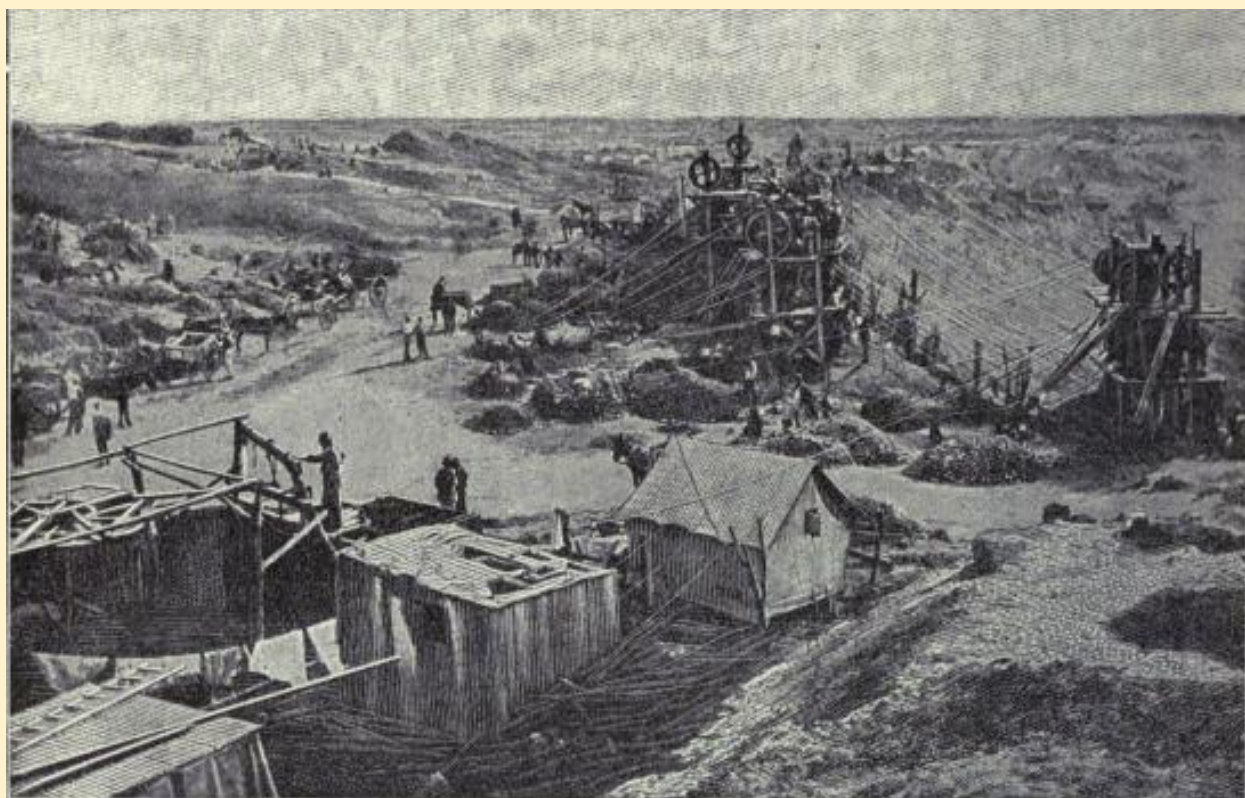
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### 3. Diamonds – Jules Porgès

At the time of the Kimberley discoveries, Jules Porgès & Co, in Paris, was the greatest and wealthiest diamond firm in the world, with a large stake in the diamond-cutting trade of Amsterdam. Porgès was quick to recognize that the output from the Griqualand West mines would transform the whole nature and scale of the world market in precious stones. In 1872 he sent Julius Wernher to South Africa as the firm's representative, to buy stones with instructions to report regularly on new discoveries.



This is the Kimberley (with the mine on the right) that would have greeted Wernher and Beit when they arrived in 1872 and 1875.

Three years later, in 1875, realising the importance of the abundant Kimberley finds and how they could change the whole industry, Porgès himself, left his luxurious Paris abodes and set forth to the dusty veld of Kimberley. He immediately became a major figure in the local gemstone market, as well as in the buying and selling of digger's claims, creating companies, and selling shares.

He created his famous French Company The *Compagnie Française de Diamant du Cap de Bonne Espérance*, which gained a significant portion of the Kimberley mine. Within two years, it was paying out huge dividends of eighty francs per share.





Porgès (pictured left with his wife in his stately home outside Paris) thus played the complex, triple role of producer, merchant of diamonds and financier. It was Porgès who set the scene that his protégés Wernher and then Beit carried on. They completed Porgès' vision of how the diamond and gold fields could most effectively be organised and managed for maximum stability and return on investments.

Beit, when he arrived in Kimberley in 1875, had quickly been noticed for his business acumen and effective strategy and his fairness and kindness. Early on, he left his cousin's firm of Lippert's, who had had sent him out on a small retainer and

operated on his own account. He was soon invited to work on a mutually beneficial joint account basis with his friend Julius Wernher – the representative of Porgès and Co. In 1880, he was given an official position in the company.

Porgès and Wernher then promptly left Kimberley leaving Beit in charge of their affairs. They went to London to set up their headquarters on Holborn Viaduct, conveniently near the diamond district of Hatton Garden.

Jules Porgès' and Julius Wernher's first major role was to create and manage a Diamond Syndicate – to get together a group of important European diamond merchants who would buy up all the diamonds flooding forth from Kimberley and ration them out at the highest prices. Beit, as we have seen, was left in Kimberley entrusted with buying stones, claims and shares for this very influential firm.

## 4 Amalgamation of all four diamond mines

The 1880s were turbulent times in Kimberley, with falls of ground in juxtaposing claims, fires in the mines, prices per carat plummeting, share mania, market crashes, workers strikes, illicit diamond buying (IDB), and the diamond mines hitting the bottom of the friable yellow ground and reaching the hard blue in the centre of the mine. Many diggers gave up and many share promoters, and shareholders were to lose everything and fall by the wayside. Only the farsighted, financially sound and resolute were left standing. Most did not realise that the hard blueground (called Kimberlite) was where the diamonds were formed and it clearly needed major investment to mine the blue.

As matters were so up and down, Wernher returned to Kimberley for 15 months between 1882 and '84 to work with Beit strengthening their position by buying claims in all the mines, as diggers who were unable to continue, sold up and left. Everyone had realised for some time, that only by combining the Kimberley mines under one management, so that output could be controlled, would the diamond industry survive as a profitable endeavour. A cupful of diamonds was very costly to extract from tons of earth.

There had been several attempts at amalgamation – but many vested interests thwarted them. Who



would actually be able achieve this? Alfred Beit and his firm, with powerful friends in the German Mess and backers in European banks could see that **Cecil John Rhodes** with his towering personality, persuasiveness, determination, political clout in South Africa and Britain, would be the best man to achieve this and so they threw their skill and finance behind Rhodes.

#### Rhodes and Beit

It was Porgès who enabled Alfred Beit, working hand in hand with Cecil John Rhodes to bring all the companies, first in the De Beers Mine and then in all four existing pipes (De Beers, Dutoitspan, Bultfontein, and Vooruitzig (the Kimberley Mine) under Rhodes' control. The last and most ferocious battle was with Barney Barnato for control of the key Kimberley Mine. It was Porgès, who brought on board his relative Rudolphe Kahn, a famous financier of Paris, and through Kahn, succeeded in interesting the Rothschilds in the Kimberley mines. It was Rothschilds who provided the £1,400,000 of capital that Rhodes needed to buy the French Company. And thus, De Beers Consolidated Mines was born in 1888. (You can read this nail-biting venture – and adventure of the process of bringing all the diamond mines under one management – in **Alfred Beit Part 1 Diamonds in Kimberley**)

**In the picture below** we see Beit's office in Christian Street, Kimberley clearly saying **A Beit, Jules Porgès & Cie, Paris & London**. This gathering outside Beit's office might have been to celebrate the consolidation of all the companies in the De Beers Mine in **1886** – on the way to consolidating all the Kimberley mines under one management.





This picture from Charles Bonas is part of a wider group outside Beit's office in Kimberley in 1886 is of an illustrious gathering of all the key British and German financiers, amongst others, Alfred Beit (second from left) also Barney Barnato, Gustav Bonas, Ludwig Breitmeier, David Harris, Louis Wagner, Duggie Aaronson, Captain Bettelheim, G Taylor, (up the ladder) and Mr Parsons, the Town Clerk, (in the white pith helmet).

## 5 Gold discovered in the Transvaal! Beit is first off the mark!

In 1884 Beit had great responsibility and a huge work-load, looking after the Porgès firm in Kimberley. He was also in the middle of collaborating with Rhodes on the great job of buying out all the other companies and amalgamating all the Kimberley diamond interests. But despite his heavy duties, when just a year later, in 1885, there was news of gold deposits in the Eastern Transvaal, Beit, dropped everything to speed over to look for himself at the gold prospects. After all, his family in Hamburg had been involved with assaying and refining precious metals for the best part of 100 years.



The gold scene was buzzing and causing great share interest. Excited prospectors flocked to these new finds. Beit began to invest heavily in the best sites in the De Kaap valley and at Barberton for the Company. He was not able to spend too much time in the Transvaal because of the complicated and arduous amalgamation process which he and Rhodes were embroiled with in Kimberley.

Left: Gold in rocks from the Sheba Mine, Barberton

There Beit met up again with **James Benjamin (JB or Jim) Taylor** his erstwhile and trusted Kimberley staff member whom he had trained to become a diamond buyer. Taylor was now a share broker on the new De Kaap Goldfield in

the Eastern Transvaal and then at Barberton. He was bright and eager and was learning all he could about gold formations and how to extract it, from experienced mining engineers who were out there like Gardner Williams and JS Curtis. Thus, he became a competent mine-sampler. Beit engaged him to be his agent. Jim Taylor kept his eyes and ears open and sent regular reports to his much admired and beloved previous – and future – employer.

Taylor corresponded regularly by letter with Alfred Beit in Kimberley and did a considerable business during the boom by sending his clients' shares in new companies, for sale on consignment to Alfred Beit, who passed them on to Leopold Hirsch in London. where they were sold. Hirsch had previously done big business for Beit in the disposal of diamond shares.



Taylor says 'I also examined many of the Barberton mines very carefully, and eventually, came to the conclusion that in the long run they would turn out to be unpayable. I therefore strongly advised Beit to sell out all his Barberton interests.'

When Beit received this gloomy report, as was his wont, he rushed up to Barberton to see for himself. He examined the fields together with **Porgès**, who was moved to come out again, and their colleague **Sigismund Neumann** who had also invested heavily in their schemes. Taylor put them up in his house and reported that 'Beit's energy when inspecting shafts and drives was really astonishing. From early dawn till dark he would ride and walk over the roughest country without showing signs of fatigue. We travelled on horseback, lived on sardines and biscuits and slept in any hut that we happened to strike about sunset.'

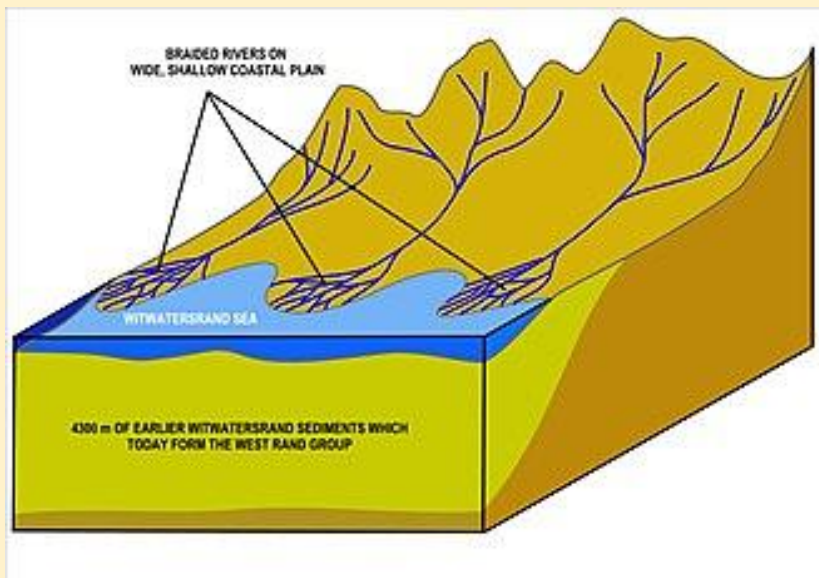
Taylor could show him that very few fields there were profitable, only Sheba and the Oriental. On the rest of the claims, very little or even no gold at all, was found! At that stage Porgès and Beit decided to pull out of the Eastern Transvaal. They were in time to avoid the ultimate crash of the much-inflated Barberton mining companies, but not without loss to their firm.

This failure of gold in the Eastern Transvaal, where hundreds of claims and millions of shares had been sold in a short time, was a disaster for many who had had high hopes. The great golden balloon, blown up to enormous size, by rumour and lack of mining knowledge, burst with a bang. Many speculators from Kimberley and around the world lost fortunes.

This resulted in widespread anger, scepticism and caution, when only a few months later, in 1886, more promising finds were revealed on the Witwatersrand just southeast of Pretoria. There was a great reluctance by many to be sucked in to yet more stories of rich gold finds.

## 6 Witwatersrand – The Ridge of White Waters

JB Taylor had almost come across these goldfields on the Witwatersrand himself. He reported that when traversing this rocky ridge on his way from the Eastern Transvaal to a shooting rendezvous with Sammy Marks at Potchefstroom, a sharp storm made them outspan near a farm called Langlaagte. After the storm, he and his travelling companions, walked along the outcrop of a reef running east and west. The nature of the reefs struck him as being very original and he thought they might be worth sampling for gold. He knocked off three or four chunks with a view to crushing and panning for gold when he got back to Pretoria. But when they eventually returned, he found that his black servant had been using the rock samples to support his pots and kettles over the open fire and had left them behind!



The Witwatersrand, (an Afrikaans word meaning The Ridge of White Waters) stretched east and west of the present Johannesburg over a length of more than 30 miles. On its southern slope, about to be revealed, were the largest gold deposits in the world. So how did Beit become so prominent in its extraction?

Jim Taylor, who was on the spot, and on the lookout for gold after

the Barberton fiasco, visited the Struben brothers Fred and Harry and their teams who had been actively prospecting in this area for a couple of years. They sampled and crushed every outcrop that appeared promising with a small stamp battery. But none was rated as payable. Harry one day told Jim that 'A man called George Walker, assisted by an Australian of the name of Harrison had discovered on the farm Langlaagte a rich reef, which afterwards became known as the Main Reef.' Taylor also wrote that George Honeyball and JG Bantjes could also enjoy the honour of having been among those who were the first prospectors to point out the continuity of the Witwatersrand conglomerate outcrops. Taylor, the experienced mine sampler, but for his lost rocks, might have found the gold there himself, sometime earlier!

When Jim told his brother William Taylor, what Struben had reported, William rushed over to the farm Langlaagte to examine the reef that had been exposed by cross trenching. William Taylor was impressed. Jim asked his brother to take samples and send them to Alfred Beit – which he did.'

## 7 The Robinson Syndicate

At the time of the Rand gold discoveries in 1886, Beit, as we have seen, was intricately occupied with Rhodes in Kimberley. He was not able to devote too much personal attention to these new goldfields. But he was still very interested and ever on the lookout for profitable propositions.

Beit had received the samples sent by William Taylor from Langlaagte with notes about the formation and its richness. Therefore, when **Joseph B Robinson**, who had also received news of rich findings from a friend, burst into Beit's office to demand funds to go to the Rand and buy up farms, it might have been just the opportunity Beit had been looking for. (We know too, that Beit was always moved to help colleagues who were down on their luck.)



Robinson (left, in his pith helmet) was a well-known diamond operator in Kimberley. He was by all accounts a rather difficult, abrasive, vain and prickly character – but a hard worker with an uncanny nose for good properties. Despite his unpopularity, Robinson had experienced much success as a diamond buyer and was early-on ranked as one of the wealthiest and most influential men in Kimberley, the only man to own a brick house and a private horse and carriage in the early 1870s. He even became mayor of the city where he set about effecting many beneficial reforms to the town's sanitation and diamond industry.

At that juncture, however, Robinson was in no position to do anything about gold. He had been one of the chief losers in the De Beers amalgamation, mainly due to his own obstinacy and vindictiveness, and was deeply in debt to the Cape of Good Hope Bank which was asking him to reclaim or forfeit the diamond shares they were holding.

This is how journalist Frank Harris recounted how Beit had described Robinson's encounter with him: 'One day, without warning, he came into my office and said that he had lost all his money and that Rhodes and I, had ruined him. He wanted to know if I would give him something to go to the Rand with and make a fresh start. I did not know what to say. At last, I asked him how much he wanted. He said he would leave that to me. 'If I give you £20,000' I said, 'will that do?' Of course, I was not obliged to give him anything at all. 'Oh yes' he said 'how good of you. I can win with that.'

So, Beit made a proposition to Robinson – he would take over his diamond assets that were beholden to the bank in Kimberley – which he saw would eventually come right – and also furnish Robinson with £20,000 (some say £25K or £30K – and certainly the sum was much increased later) to investigate and invest in properties on the Rand. In return for putting up all of the money, Beit would have a one third share in his activities, the other two thirds going to Robinson himself and his partner Maurice Marcus. This came to be known as the 'Robinson Syndicate'.

After having burned their fingers in Barberton, Beit had been unable to interest his partners Porgès and Wernher in investing in the Rand with Robinson – so he did it on his own account. He must have recognised in Robinson some useful qualities of restless determination and hard work. Beit might not even have expected any return on his investment, but he must have felt it a small sum to speculate on something that may be a profitable adventure.



Robinson set off the very next day in July 1886, on a horse coach bound for the Rand with Beit's money in his pocket. He found himself sharing the coach with Dr Hans Sauer, an adventurous and clever doctor who had worked in Kimberley. Sauer had also received a letter from a medical colleague in Potchefstroom telling him of the gold finds.

They tried to hide from each other the fact that they were going to investigate the goldfields. They both alighted at Potchefstroom, and in the morning after the Pretoria coach had left, found each other still there. So, as the secret was out, they hired a horse and cart together to go to inspect the findings on the Rand.

Right: a depiction of what it was like to be on the road to the Rand from Kimberley in an American Stage Coach.

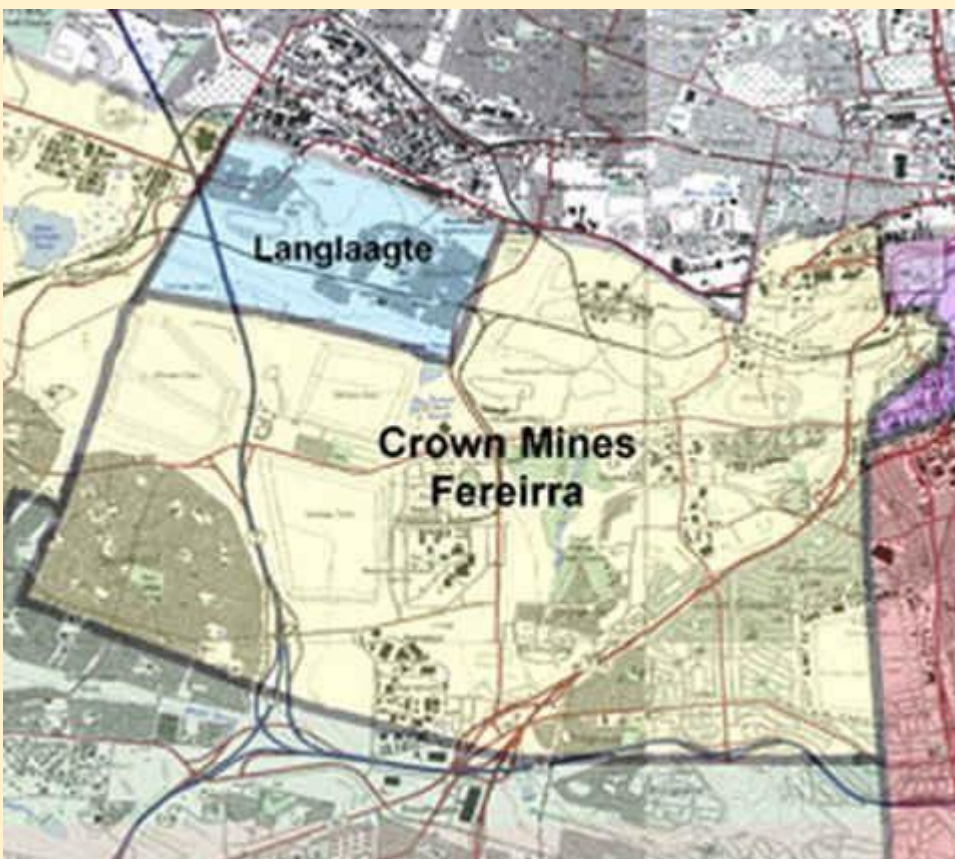
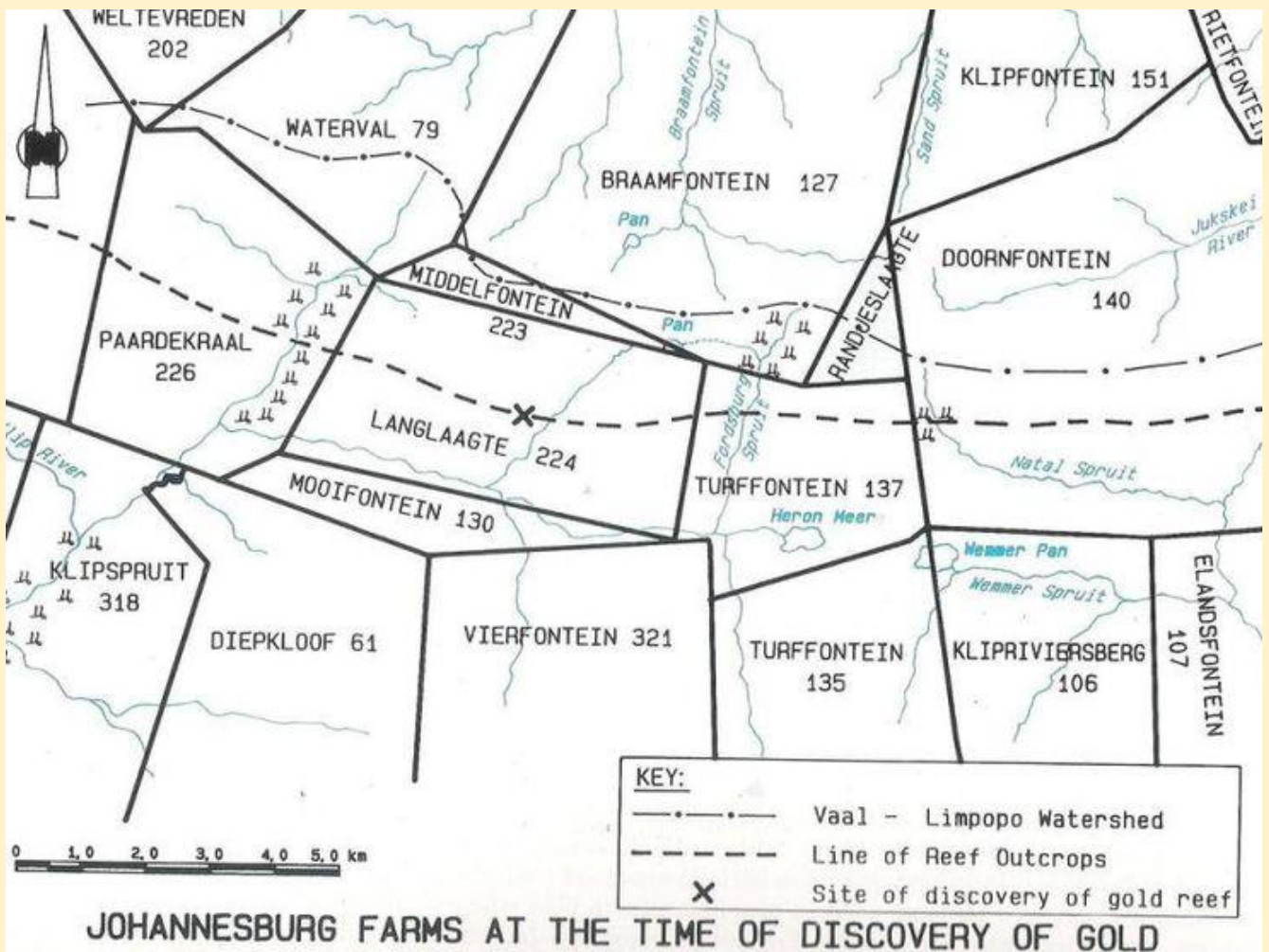
Hans Sauer described such a journey:

'The discomfort was so extreme, and the fatigue produced by the continued effort of maintaining your position on top of the mail bags was such that I have seen strong men, used to knocking about the African veld, weep from sheer exhaustion . . . You constantly ran the risk of being flung from your perch on to the hard ground when the cart, going at a good speed, upset after striking a large boulder or a deep ditch at the side of the track. Your misery became acute during the night, the desire for sleep, the fatigue, and the feeling of insecurity becoming almost unbearable....'



Robinson and Sauer went straight to the farm Langlaagte, arriving two days later. They took lodgings for the night with the owner, Petronella Oosthuizen. The next morning, they were shown the reef by an itinerant French prospector who had dug a small, inclined shaft about thirty feet deep. They then moved on a mile to the east to an encampment on Turffontein farm set up by Colonel Ignatius Ferreira, a Boer adventurer from the Cape Colony. Ferreira had acquired a dozen claims in the vicinity and opened the reef in a cutting. The ore from both sites had a high gold content.

That very night, Robinson, flush with excitement and Beit's money, made an offer to lease the widow's part of the farm and the next day began hunting for other properties, buying outright another part of Langlaagte. Sauer walked westwards for ten miles, accompanied by Mrs Oosthuizen's son, following the line of the reef outcrops, taking samples as he went, and becoming all the more convinced that a major goldfield lay beneath.



Robinson and Sauer had arrived at a most fortuitous moment. The rich gold reefs had just been discovered – actually on the very farm Langlaagte, where Jim Taylor himself, had tried to sample rocks. Amongst the gold seekers, however, there was general wariness and scepticism because they had burnt their fingers at Barberton.



The gold here was embedded in a conglomerate of pebbles stuck together, known locally as 'banket' as it resembled a sticky Boer pudding. This was very different to alluvial finds or how it was found at Sheba or anywhere else and the usual diggers did not understand how this contained gold or how to extract it. So, there was not an immediate interest by such gold diggers in purchasing.

Neither Robinson nor Beit were put off. Robinson, with his driving and ruthless energy, set about satisfying himself of the facts. He cut rocks from the outcrops and panned them. He sank shafts where it was thought the reefs might be running at deeper levels. He proved to himself how rich and copious the field would be.

## **8 Deals and purchases for Beit and Robinson 1886 – 1888**

Robinson's cunning and persuasive charms were put into play. He had the great advantage of speaking fluent Afrikaans and understanding the Boer mentality to buy up their farms for a song. and began buying whatever he could, leaving his competitors who were hot on the trail, high and dry.

The purpose of buying farms, was to have the *mynpacht* or mining right for precious metals for a certain area of the land – that could be determined by the owner. Farmers who had found the area difficult to farm, were thrilled to have good offers made for their land and were quite ready to sell.

Robinson's purchases for the syndicate included the farms Langlaagte, Langlaagte Block B, and Bantjes' (one of the earlier successful prospectors) claims, on each of which very rich and profitable mines were established. To the east of Langlaagte, he bought a *mynpacht* on the farm Turffontein, which was to become the site of the future Robinson Gold Mine, one of the richest mines the world has ever known. Further to the west, at Randfontein, Robinson bought a total of 7 farms and 40,000 acres for a total cost of £26,000. Robinson's purchases for the syndicate, turned out to be a magnificent investment for Beit (and for Jules Porgès & Cie. which was by now investing in the gold bonanza.)

Robinson had a strong conviction that the goldfields were going to be a world's record and that he and those associated with him would make immense fortunes. Anyone in his position might have said that – but even had he been a trained mining engineer, he could hardly have been more correct or used Beit's money more profitably. Beit's £20,000 over the years earned £20,000,000.

### **Robinson takes Beit on a buying mission**

As time went on and more properties were available to purchase and more money needed, Beit got heavily involved with Robinson. Percy Fitzpatrick, a future employee of Beit's, describes negotiations for a particular farm purchase where Robinson had insisted Beit should accompany him. Whilst it was practically useless for farming, the farm was immensely valuable for mining the



asking price was thirty thousand pounds. The Boers did not believe in cheques or bank guarantees and insisted on cash – so an immediate answer was needed hence he needed Beit's instant agreement – and cash. (There would be others in the queue to buy behind them). Fitzpatrick reports that it was a characteristic of the times that these two leading capitalists should be personally negotiating a deal of this kind with the old Boer owner and his wife.

Resolute and determined, Robinson set out with Beit in a Cape Cart, a two-wheeled, four-seater hooded carriage, drawn by two horses, arriving after dark. The Boers were famously hospitable to travellers and freely gave food and lodging. Beit however, hated the idea of forcing himself on anyone at an inconvenient time and asking for a bed with no prior warning. He was very uncomfortable – and completely overcome by Robinson's indifference to anything but the success of the deal. When they arrived, the fire was out, there was no hot water and just one candle to light them. Robinson nevertheless got the couple into discussion and got along famously, telling the old couple funny stories and relating many things that might be of interest to them. Then he came down to the subject of the purchase of the farm and in the most convincing way showed them all the advantages. They seemed to be in agreement. Then, the wife whose opinion he knew was crucial, decided to go to bed, so the discussion had to cease – to be continued in the morning.

There were no beds – so Beit and Robinson were offered skin mats on the mud floor of the little front room. They had to try to make themselves comfortable with cushions from the cart and their overcoats. Beit spent an agonising night of discomfort and indigestion, and was just beginning to fall into a sleep of utter exhaustion, when Robinson who had slept soundly all night got up at dawn and went to look for the owner. Robinson was dismayed to find that the owner had cooled off the idea and the wife's face was red with weeping. He was greatly worried at the apparent change of heart overnight.

When they were eventually summoned for a further talk, after having to scrummage in their cart for their own breakfast, Robinson explained to the horrified Beit that he would have to accept copious cups of the most vile coffee that the woman would offer – but refusal would mean no deal. Beit, who never took even good coffee, was mortified. True enough she put a cup of weak black sugarless liquid down in front of each of them – to which Robinson thanked and praised her profusely – which sparked the first little smile from her. When she had gone, Beit flatly refused to drink it saying it would kill him and he did not care if the farm was lost.

The story goes on, how after realising that his remonstrations with Beit would not work, Robinson himself gulped down Beit's as well as his own hideous coffee, and no sooner had she returned he was fulsome in its praise and asked for more for them both. He even asked for another replenishment for himself after that. Fitzpatrick says, 'By that time Beit was reduced to a pulp with a kind of stupefied admiration for Robinson's physical capacity and diplomatic skill. The woman was completely won over but manifested this by unrestrained sobbing which filled Beit with

embarrassment and anxiety'. He thought all was lost and Beit was sure that she was concerned about the mining rights. Robinson was spurred on to further efforts.

Eventually, after great patience, Robinson found that her stumbling block to selling the farm lock stock and barrel, without reservation, was not about mining rights or any other significant matter, but simply about a geranium plant in a tin on the windowsill, that her deceased daughter had given her. Beit would have immediately given it to her immediately – but Robinson had a masterplan.

He told her how beautiful and important this flower was to the sale and how he wanted to give it to his wife who had a collection of the best flowers in the world. Beit squirmed at how much he was upsetting the woman. Eventually Robinson told her that although Mr Beit had a wife and lots of children who valued flowers, nevertheless he, Beit, wanted Robinson to let the woman have it. Robinson told her that if there was no



further hindrance to the farm being sold, and they were ready to sign the agreement at once, then Beit and Robinson would return the little geranium to her (though his own wife would never forgive him.) So, Beit and Robinson handed over the little tin and the farm was theirs.

## **9 Beit sets up an office in Johannesburg 1886**

It had soon become apparent that mining gold on the Rand was not going to be easy. It required special equipment and processes. Companies with lots of capital would be needed. This was no place for stereotypical individual gold diggers with picks and wash pans. The Witwatersrand gold rush was not to be dominated by a crowd of men who wished to make their fortunes, but by a few who had already made them. The Rand imported its capitalists, ready-made from Kimberley. It was to them that everyone in Johannesburg looked to finance the huge effort to extract the gold.

Beit, as we have seen, was in Kimberley as the sole representative of the firm J Porgès et Cie. In 1880 Porgès had returned to Paris and in 1884 Wernher left for good to run the firm in London. The wonder is that Beit, hopelessly overworked and deeply involved in the complicated business of sorting out the tangled pattern of claims on the diamond fields found time to show such interest. and to travel to the goldfields so often. But he was interested, and he did.

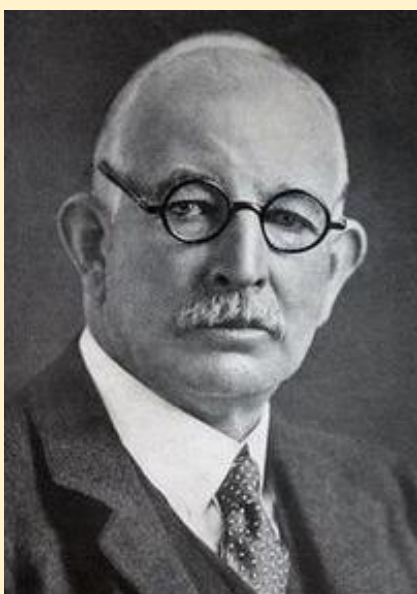
As Robinson got into his stride and was making purchases along the main reef, right, left and centre, Beit, impressed with that he had seen, realised that it was unwise to leave Robinson in control of his now significant interests in the gold syndicate. He also saw scope for other lucrative acquisitions.

JB Robinson had acquired for the Syndicate, a half share in the claims of Japie de Villiers' Turffontein? for £1000. When Jim Taylor (Beit's trusted informant) inspected it, he could hardly believe his eyes at the amount of gold it gave up. Beit made an immediate decision to buy the rest of the claims for himself. Robinson was livid. They had to pay ten times as much as Robinson had – but it was still a bargain. They then formed their first company with a capital of £50,000 to exploit the De Villiers claims. They called their first company the Robinson Gold Mining Company, in honour of the man who had made the first inspired purchase. By a marvellous stroke of luck – or from their prior knowledge – the Robinson Mine was to prove one of the richest gold mines ever discovered.

### **Beit realised that he needed his own man in Johannesburg**

Still in 1886, while he was yet sorting out the diamond mine amalgamation with Rhodes, Beit decided to have a man on the spot to represent his firm at Johannesburg. He needed someone reliable who would report regularly and also whose ideas of company purchase and management were less controversial than Robinson's. His choice fell on **Herman Eckstein**, (right) whom he and his partner Julius Wernher knew well and liked from the Old German Mess in Kimberley.

Both Wernher and Beit had formed a good opinion of his efficiency and integrity, and they had become good friends. Eckstein, son of a Lutheran pastor from Stuttgart, managed some of their diamond properties outside De Beers. He also acted as claims manager of the Phoenix group at Bultfontein. He was a man of great dignity and charm. He had a passion for orderliness which involved meticulous organisation and attention to detail, and he had contempt for the un-business-like methods of the Englishmen and colonials on the Diamond Fields.



Eckstein, however, took some persuasion to take the post. The area of the Rand was very rough and far from comfortable and he was on the point of getting married. He knew all about Robinson's rages and bullying and that he would be hard to deal with.

Very soon, Beit offered assistance to Eckstein in the form of his trusty lieutenant, James Benjamin Taylor (left). JB or Jim Taylor, was born in South Africa, had moved to Kimberley with his family in 1871. He had been employed in Beit's office sorting diamonds



and had been his helpful agent on the Eastern Transvaal gold fields.

Although both were reluctant at first to go to such a raw and unproven place and deal with such an unpredictable character as Robinson, both Taylor and Eckstein knew, as everyone in Kimberley did, that once amalgamation had been achieved – there would be no future for individual managers and claimholders in Kimberley – so keeping an eye on the goldfields was important.

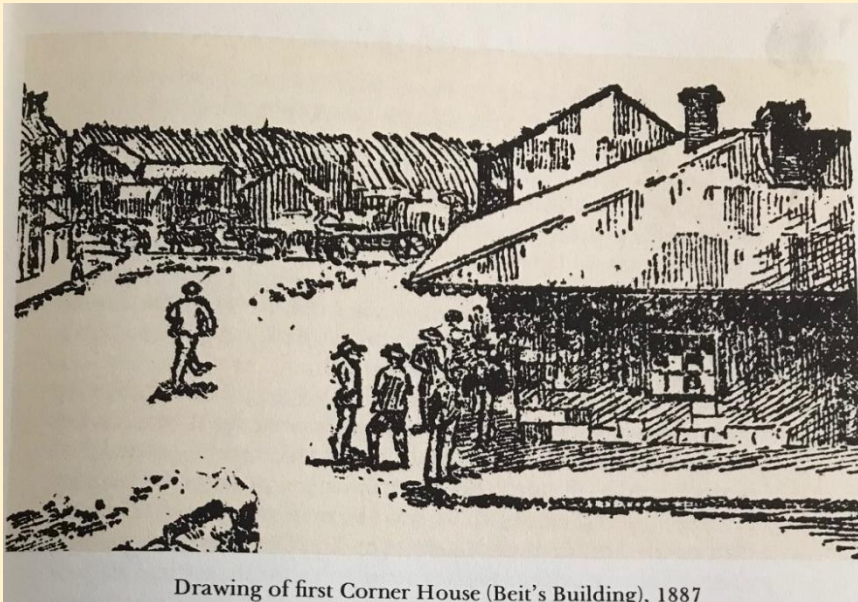
In addition, they both admired, even loved, Alfred Beit, and recognised the attractiveness of the offers Beit made to them with the potential to make a very good living. They were to take over management of Beit's share of the Robinson syndicate properties (one-third stake in Langlaagte, Langlaagte B, Turffontein, (where the very rich Robinson Mine was established) and Bantjes as well as the vast Randfontein estates, as their main assets and were to have a share in the profits – if there were any. In addition, Beit offered them a very good salary and promised to build them comfortable offices and houses – just as soon as building materials arrived on the Rand. They both accepted.

As it turned out, the profits within a few years were enormous (well over £1,000,000 in 1888). These two young men therefore never had any reason to regret the decision they took to represent Alfred Beit in Johannesburg in 1886.

Indeed, they will always rank as two of the most fortunate men in all the long history of gold mining. And 'So began' we are told, 'the great adventure of their lives.' And so too began, it could be added; the sound foundation of the gold industry, and of a second enormous adventure and fortune for Alfred Beit.



## 10 'The Corner House' – H Eckstein



Drawing of first Corner House (Beit's Building), 1887

Beit set Eckstein and Taylor up in a building on the corner of Commissioner and Simmonds Street in 1886, opposite the only other building of note, in what was becoming Johannesburg – the Stock Exchange. There had been no time to wait for bricks that were being burnt locally or cement to come from Natal. The first 'Corner House' was quickly

constructed of wood and corrugated iron.

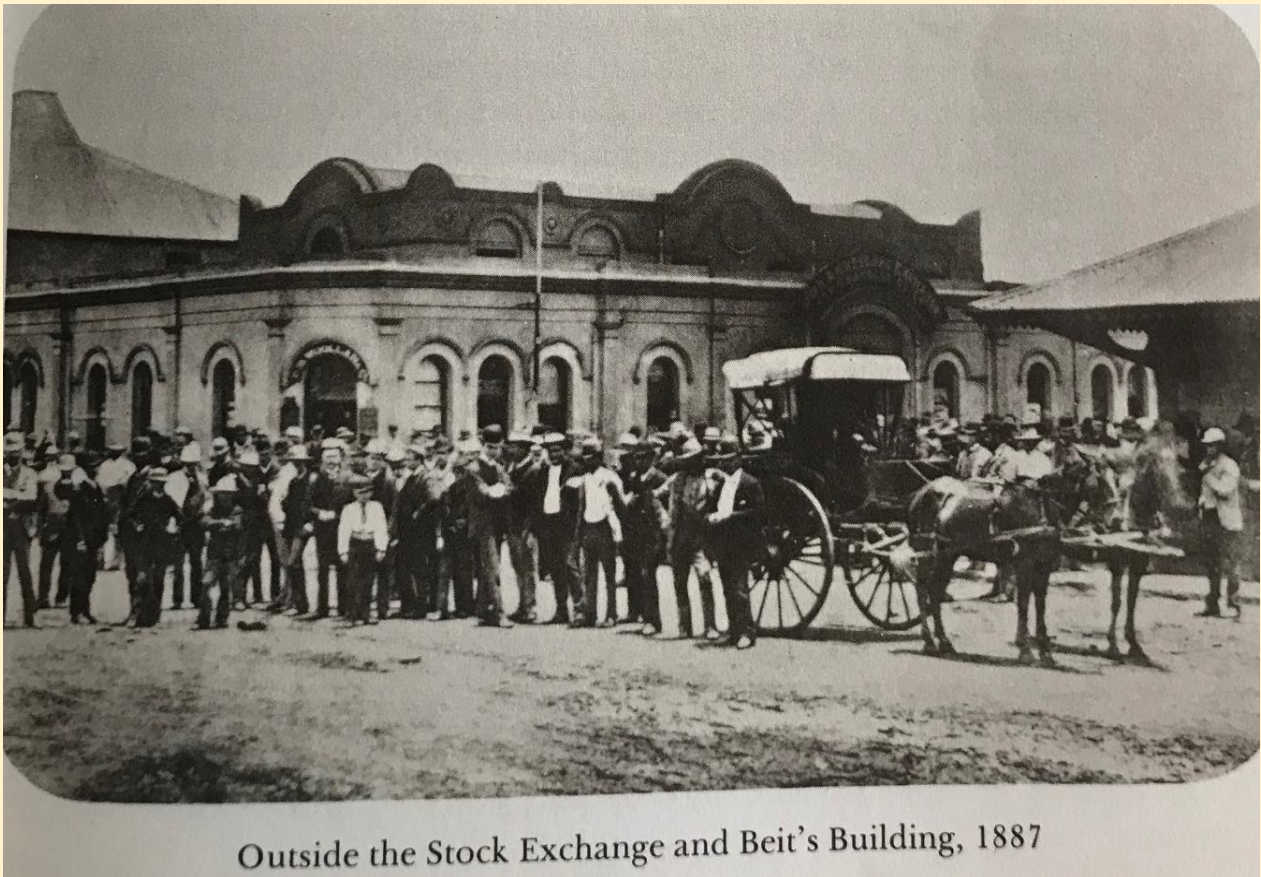
Porgès, Wernher and Beit had been nervous of seeming to be too closely allied with the controversial JB Robinson, so their Johannesburg office had the unprepossessing sign on the door that read simply '**H Eckstein**' (not Beit nor Robinson Syndicate nor Porgès). Behind Eckstein of course, stood Beit and behind them both stood the diamond magnate Jules Porgès and his protégé Julius Wernher.

Although at first they tried to keep it secret, it soon leaked out that this was Beit's enterprise, and that the boys were in Johannesburg representing Alfred Beit and the renowned diamond merchants Jules Porgès & Cie, known by everyone in Kimberley.

It was first considered 'Beit's Building' but later came to be referred to as 'The Corner House' – maybe because it occupied this important corner – and maybe also because 'Eckstein' in German, means 'cornerstone'. Herman Eckstein may have started this nickname himself. This drawing above of the first office and the photo below are from AP Cartwright's book 'The Corner House' (as is some of the text).

Corrugated iron, though not beautiful, was a material not to be sneezed at. Many a new arrival on the diggings longed for such protection from the elements, especially the heavy rain and hailstones. Amongst all the ugly buildings, the one that said, 'H Eckstein' on the windows had a touch of distinction. There was a coir mat outside the front door. But most impressive were the callers at the building that housed Eckstein and Taylor. Robinson and his partner Marcus were there almost every day, Rhodes and Rudd had been seen entering when they visited. Beit had his own office there for when he came up from Kimberley and everyone who was anyone was seen going in and coming out.

Herman Eckstein and Jim Taylor were not only handsome and debonair, well dressed and charming, but they had a firm knowledge of what they were doing. Taylor had learned, not just how to crush the banket and show a tail of gold, he knew how to retort the ore after treating it with mercury and thus by means of this 'alchemy' was about to accurately estimate what any claim might be expected to produce.



'H. Eckstein' formed and floated many companies and started some of the most significant mining operations to develop their other holdings such as Langlaagte, The Langlaagte B and Bantjes' holdings. Robinson on the other hand, became completely obsessed with his huge Randfontein purchases.

## 11 How mining progressed on the Rand 1886 onwards

**For the first year**, very little actual mining could be done. Great machines, with many stamp batteries would be needed to crush the hard rock and they cost £10,000 each and had to be ordered from England or America and then travel by sea and by ox-wagon from the coast. So, to begin with, it was a matter of buying properties and mining rights. AP Cartwright in his book *The Corner House*, (commissioned by the firm of that name in 1967) says that in that first year 'almost the entire white population of Johannesburg was engaged in a game of financial snakes and ladders in which the counters were claims or even bits of claims.'



He explained that you used your claim to join a syndicate. The syndicate then announced that the banket on its claims assayed a certain amount of gold – which was usually a guess – and that a stamp battery had been ordered. As quickly as possible it floated a company and sold shares to anyone who would buy them. The syndicates would then say they had good results in crushing at someone else's plant and announce that they were available for amalgamation with another company – in other words they were ready to sell out to a bigger group.

Beit and his men on the spot were interesting in buying up anything that they thought had potential. Everyone was interested in what Eckstein and Taylor were doing. They were very busy indeed. Their day began at 6.00am when they walked or rode their horses or drove in some form of mule or horse cart, from one end of the Witwatersrand to the other inspecting properties and claims. They saw endless streams of visitors, and when their doors were closed they toiled on writing letters and reports to their seniors and backers and posting up their ledgers.

Most claimholders knew that Beit had a share in the Robinson Syndicate which was burgeoning. To those that had secured claims and opened them up and exposed the reef – and piled the ore they



had extracted beside their claims, this was as far as they could go without capital for working the mine. They needed money for the stamp battery, for the water right, for timber and cement, for dynamite and for wages and food their black workers (known as 'boys') for claim licences and all the other expenses of 'holding on' to a claim.

The real importance of Eckstein and Taylor was that they represented, what everyone on the Witwatersrand goldfields wanted, capital. They had been sent to Johannesburg as guardians of the interests of Alfred Beit who at that moment was engaged in a massive financial operation that led to the control of the diamond output and the formation of De Beers Consolidated Mines.

Cartwright says that everyone also knew that Beit was Cecil Rhodes' friend and adviser, that he was a millionaire and was about to make another immense fortune in Kimberley. At Beit's behest and along his personal principles (and with his capital) Eckstein and Taylor were founding a firm that was to become world famous. They were forming companies that were to be the backbone of the gold mining industry and to work some of the richest gold mines ever known.

### **Beit's activity on the Rand even more impressive than in Kimberley**

Cartwright, concludes that Beit's achievement on the Witwatersrand, seen in perspective was perhaps even more impressive than his work at Kimberley. He began by bringing order into what had become near to chaos in 1887. The principles he laid down then for the management of mining companies have lasted to our day. (Cartwright is writing in 1967).

There were other names – Robinson, Barnato, Rhodes, the Albu brothers, Farrar, Neumann and the Joels, who made far more impact on the public, but **Beit and his partners Jules Porgès and Julius Wernher were the founders of the South African gold mining industry**. By their integrity, by the fairness with which they treated the shareholders in the companies they controlled, they built the bastion on which the reputation of the Johannesburg gold mines still rests. The fortunes of the Corner House flourished.

## **12 When actual mining started 1887 and who was into it:**

With the arrival of the first stamp batteries in early 1887, gold mining began in earnest. By 1888, a boom was underway. Some of the Corner House properties produced gold at the astonishingly good rate of 10 ounces to the ton; one mine in November 1888 delivered a freak 4,000 ounces from 700 tons of ore. In a despatch to Alfred Beit early in 1889, Eckstein reported profits of £860,000 for the five-month period from August to December 1888. 'It could easily have been fixed at over £1,000,000 but I preferred following my usual rule, by valuing everything at what I may term safe values.'

Stamp mills, or batteries as they were called in the Rand gold rush, were invented in Europe in the 1600s to crush ore to extract minerals, especially gold. A stamp mill is just a big mortar & pestle. Ore and water are fed in one side, a steam engine lifts the big stampers and they fall on the ore by gravity.



Left is a picture of the actual **Langlaagte Stamp Battery**. It is the earliest one to go into action on the Witwatersrand. It is one of the few that have survived from the Robinson Mine in Langlaagte. Now located at Main Street in Johannesburg, the 10 Stamp Battery went into operation at the Robinson Mine in September 1886.

### **Large deposits – but low grade**

The gold deposits of the Main Reef, for all their uncanny dependability, were also extremely low-grade. Tons of the pebbly conglomerate had to be mined, crushed, amalgamated with mercury (later cyanide) and retorted in order to produce even an ounce or two of gold. This fact, combined with gold's internationally fixed

price, produced a perennial problem of profitability, which increased exponentially as the reef dipped away to the south to depths of hundreds, and ultimately thousands, of feet. (South African gold mines would eventually reach depths of over two miles, making them far and away the deepest mines in the world).

All these factors promoted a rapid consolidation of the industry. By the mid-1890s control of the entire Witwatersrand gold industry rested in the hands of a half-dozen massive mining houses, each of which commanded thousands of workers and millions of dollars in capital, most of it raised from investors in Europe and the United States. Control of these companies lay with a small number of so-called 'Randlords', men such as Alfred Beit, JB Robinson, Barney Barnato, and Cecil John Rhodes, all of whom had made their fortunes on the Kimberley diamond fields and well understood the exigencies of large-scale industrial mining in South Africa.

### **'Our Kimberley Friends'**

Many of these capitalists were the Germans – mainly the Jewish Germans, who had flourished in Beit's circle in Kimberley. They had joined forces to form the 'German Mess' (the German version of the very British Kimberley Club). Julius Wernher, also Messrs Wege and Rube (of Porgès and Co) were among its earliest members. Beit joined it as soon as he arrived in 1875 and met there his Hamburg cousins, The Lipperts and Henry Robinow. The list of members is impressive, most of them were Jewish and more than half of them eventually became Kimberley millionaires, including Eckstein (not Jewish) Sigismund Neumann, Otto Staib, J Lilienfield, Gustave Imroth, Max Michaelis,



Bernard Oppenheimer and LJ Reyersbach. Beit was to outstrip them all with his financial genius, but he kept their friendship all his life. They supported him throughout the negotiations for amalgamation of the diamond mines, and to a man invested heavily in De Beers. Later they followed Beit's lead and sank their profits in goldmining shares.

Cartwright reminds us that, 'These young Germans had their faults, some were arrogant and grasping, but as a group they were far and away the most efficient businessmen in Kimberley. Their secret lay in their mental alertness, their quickness with figures and their methodical book-keeping. They were a credit to the 'hochschule' and 'gymnasien' at which most of them had been educated. Most impressive was their mastery of languages. Most of them, as well as German, could also read and write both English and French, and they rapidly learned Dutch in South Africa. Wernher and Beit – and Eckstein could equally correspond in English or German and even in the earliest days, wrote good colloquial English though they spoke it with a heavy German accent. Indeed, Wernher's letters read as though he had learned the art at an English public school. No football or cricket for them though, games were for Englishmen and colonials. They had only one hobby, and that was business.'

Beit gave these Kimberley supporters every opportunity of 'getting in on the ground floor' in the various Eckstein-Beit Porgès flotations on the Rand and they made handsome profits. Neumann and Hanau who moved to the Rand in 1887 were partners in most of these ventures. When Beit and Eckstein referred to 'our Kimberley friends' in their letters, they usually meant the members of the mess with whom they had shared the hardships of the early days of Kimberley. Virtually every member of the group had made a fortune out of diamonds and was about to make a second one out of gold. It was Beit's philosophy, that in order to prosper, you have to enable others to prosper with you too.

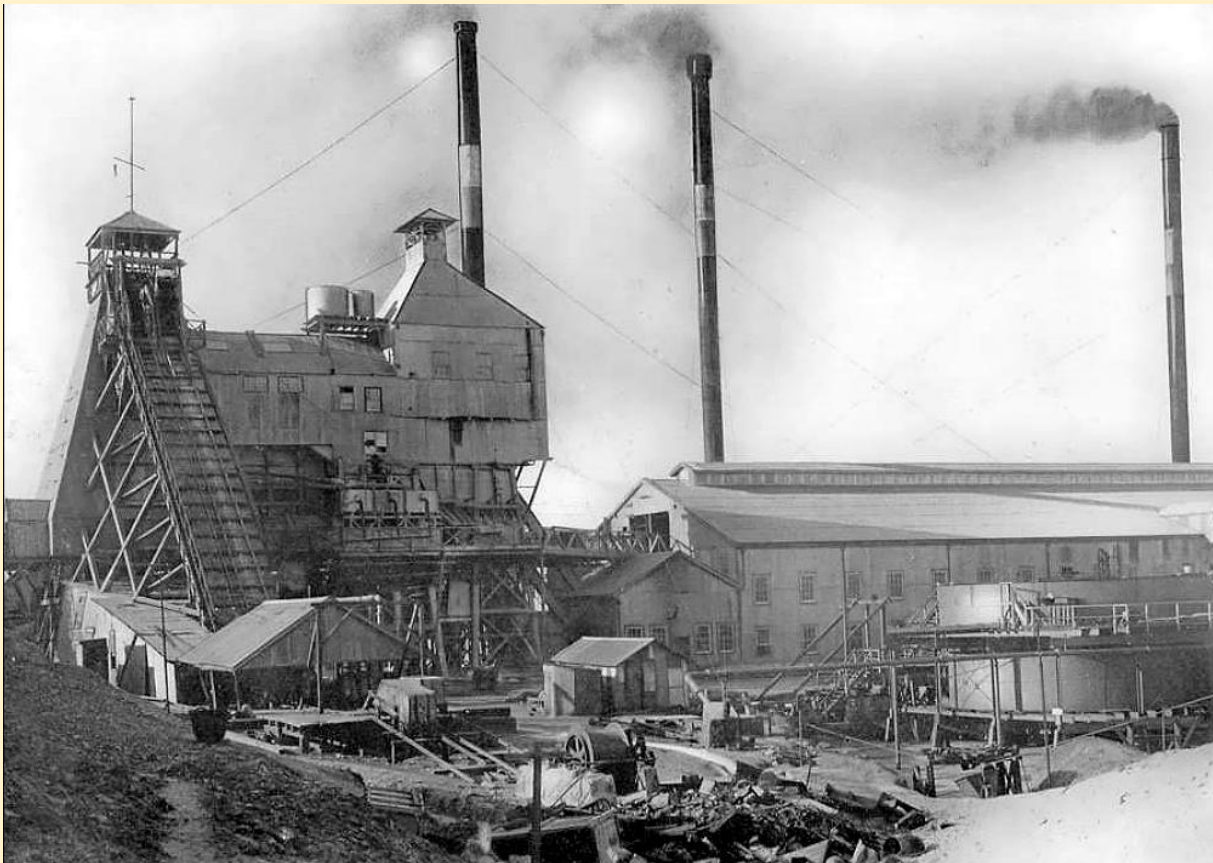
## **13 Dissolution of the Robinson Syndicate 1888 and Consolidation of The Corner House**

By the end of 1888, barely two years after finding gold on the rand, Wernher, Beit & Co were reaping great rewards for the hard work and careful endeavours of Eckstein and Taylor. From the start they acquired promising properties, based on their own knowledge and listening to the experts that Beit insisted on employing. They had the finance and foresight to purchase and import the most appropriate equipment and put into practice the best techniques of scientific mining, thus extracting the maximum amount of gold from their ore.

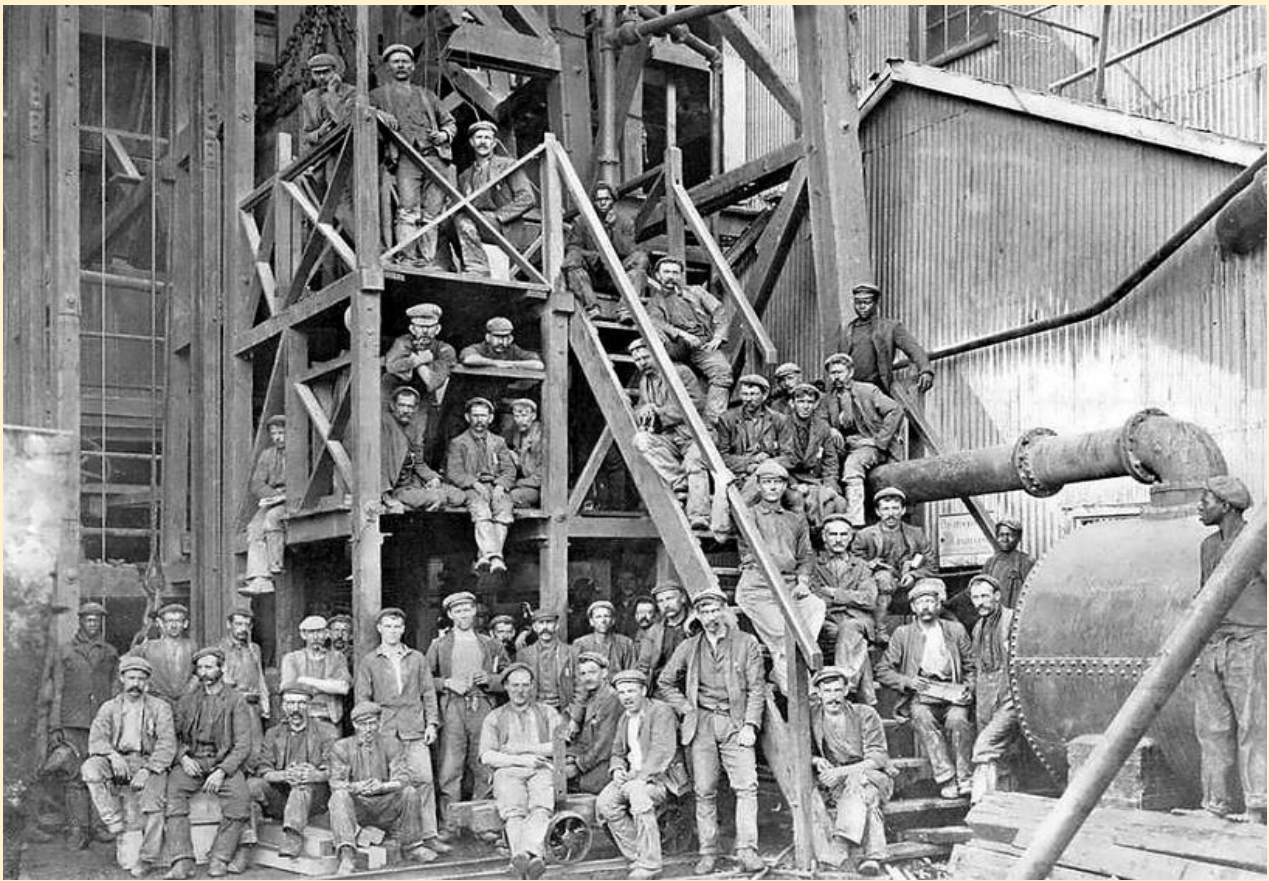
Porgès and Beit had, with some hard work, persuaded the wealthy French financier Rudolphe Kann of the richness of the gold properties. As the investors trusted the firm based on their good experiences in financing De Beers, investment for gold started to flow into the firm from France and

Germany. This enabled them to buy out Robinson for a large sum and to buy up important properties around the Robinson mine and other promising properties.

Robinson's foresight and skill as described above, in obtaining control over a very large area, ensured him, and his partners, great wealth and power. But for Beit, and his associates, working with Robinson for long was very difficult and became impossible. Robinson and his partner Marcus did not see eye to eye with Curtis, the mining engineer that Beit employed who had a thorough knowledge of mining and who gave them such good advice. So, in 1888, Beit and his partners were very happy when Robinson suggested the end of the partnership and that Beit should buy Robinson out of the central and eastern parts of the Syndicate's properties – 'at an extravagant figure' said Eckstein – and leave Robinson to deal with the vast estate on the West Rand at Randfontein. This was readily agreed, and left Beit and his company in sole charge of the Robinson mine on the De Villiers property – Turffontein. (The pictures below are of the Robinson Mine in about 1900 and of men waiting to go down the mine)



They agreed on £250,000, a figure that at that time seemed to be astonishingly large – even to Beit and his firm. Robinson said he had never seen a cheque for so much and was delighted. He celebrated by inviting Eckstein and Taylor to the Exchange Bar for a glass of champagne. Robinson later came to realise that he had made a mistake and felt that he had been swindled once again by Beit. He thereupon treated Beit (with all his partners) as an arch-enemy.



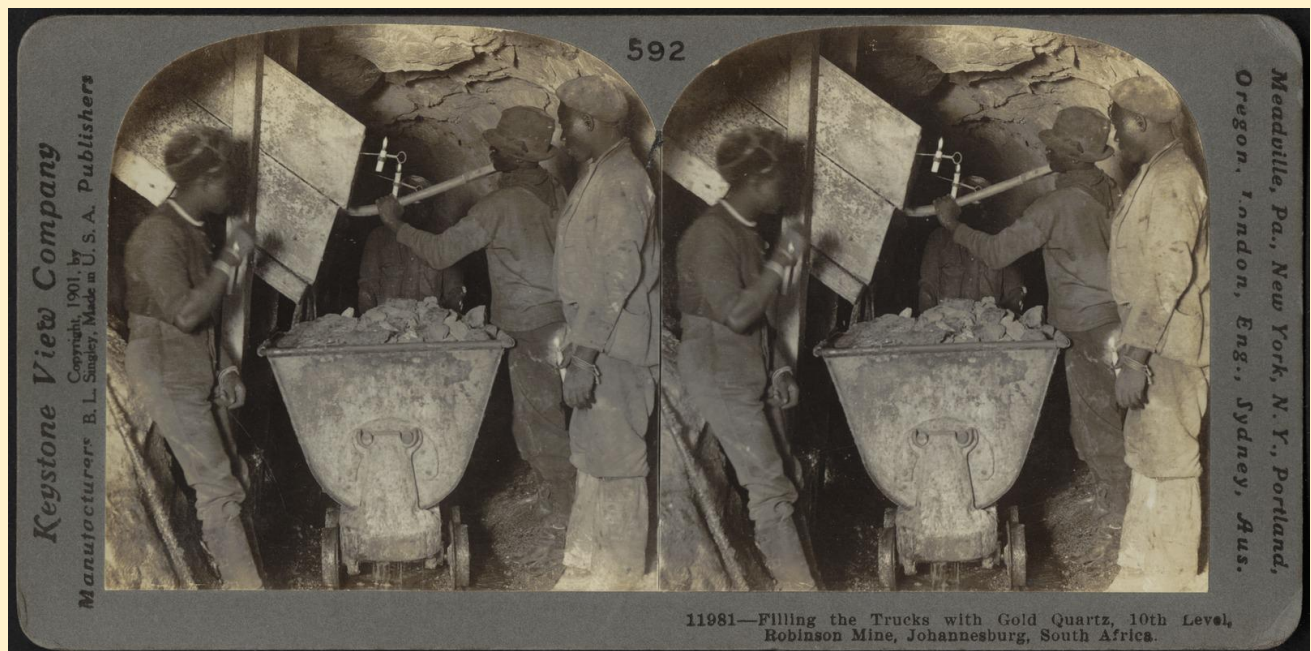
It was reckoned that over the years, the properties Beit and his partners gained complete control of the former Robinson Syndicate including the Robinson Gold Mine, were to earn the firm of Wernher, Beit and Co, over £100 million. Robinson continued on his own, on his vast properties on the Western Rand and was himself also to become one of the world's wealthiest men.

**Robinson never acknowledged Beit's help in launching him on the Rand.** Beit did not receive any recognition or thanks from Robinson. In what was called a 'grotesquely laudatory' biography, *Memories, Mines and Millions* (that 'Sir' JB Robinson himself commissioned from the 'old hack' Leo Weinthal, published 1929) there is no mention whatsoever of Beit's help in his early success on the Rand.

Robinson ever after bragged of being the first man on the Rand. In that same book it is claimed that 'It is a well-known fact that Alfred Beit was an admirer of JB Robinson's far-sighted courage, determination and persistent self-confidence, which brought him such great success in due course.' When Beit was told about JB Robinson's bombastic self-praise. Beit would laugh. He could afford to.



Geoffrey Wheatcroft in *The Randlords* says. 'In his complicated personality, mixed with neuroticism, with extreme financial acumen, with acute shyness there was certainly great kindness.' Beit's generosity to those in distress was well known, but Beit 'was also acting in enlightened self-interest. Although Robinson was extremely short of cash, he had real assets in diamond mining companies, and in the struggle, that was now underway in Kimberley for amalgamation, these assets were invaluable to Beit. And by initiating what became the Robinson Syndicate, Beit ensured that having become the key financial figure in Kimberley and having avoided burning his fingers too badly in Barberton, he would be in on the ground floor on the Rand.



### 11981—Filling the Trucks with Gold Quartz, Robinson Mine, Johannesburg.

Here we see the men receiving into a car the ore which has been mined above and to the left of them. A shell of rock has been left to form the roof of the driveway. If it were not so the mass of waste rock collecting above might block the track. In this shell are made holes which are fitted with chutes as shown in the view. Sometimes timbers are used to form the roof. (See view 9301). To get to the place where the men are digging we should go up a wenzel behind the photographer. When the car is full it will be pushed by a negro to the shaft. Horses and mules are little used about the mines in South Africa.

At the shaft the car will be dumped into another car called a *skip*. This is hauled by machinery out of the mine (see view 11978)

and up to the top of the buildings where is begun the process which will separate it into a few ingots of noble metal and a large bank of ignoble mud. Notice the water trickling down to the bottom on the drive. This suggests one of the problems of the mining engineer. The drive is built with a grade of one-fourth inch to a foot for drainage. Pumps are arranged at proper places to keep the water pumped out. Air has to be pumped in and a proper care taken to regulate and direct the ventilation. In South Africa the mines are unusually dry and there is no danger from gas. Candles supply the light. The flash light of the photographer gives an unusual brilliancy to a scene usually lighted only by flickering candles.

Copyright 1906, by Keystone View Company.

Here we see native miners filling trucks with gold ore at Robinson's mine in 1906 with an explanation below of how they did this.

## 14 Rhodes on the Goldfields

We have seen in Part 1, Kimberley, how the mighty and persuasive British imperialist, Cecil John Rhodes had formed a tight bond with Alfred Beit whose strategy he had followed and whose Firm facilitated all the finance and managed the mergers and takeovers needed to combine the diamond interests and make the business profitable. Beit was enamoured with Rhodes and remained a loving and loyal partner, ready to help him with his lofty and exciting plans – come hell or high water until the end of his life. It was Beit and his money that carried out many of Rhodes' dreams after the great man died in March 1902.

Beit naturally wanted Rhodes to participate in what he saw as a great future for the Rand. Dr Hans Sauer had been to investigate at a very early stage – as we have seen, actually travelling together on the very same coach as JB Robinson in July 1886. After two days of solid investigation, Sauer returned to Kimberley with his samples, in a state of considerable excitement. His brother-in-law, Harry Caldecott, advised him to approach Rhodes, whom he had met only a few times before.

Sauer says, 'I went round next morning after breakfast to Rhodes's cottage, where I found him still in bed. He invited me in and asked me to sit down on the edge of his bed and state my business. He listened to what I had to say . . . without much apparent interest.'



Rhodes told Sauer to come back with his bag of samples at one o'clock. On his return, he found Rhodes, Rudd and two Australian miners waiting for him in the backyard of his cottage.

Sauer continued: The miners had brought a pestle and mortar, a gold panning dish, and a small tub of water. Without delay, the Australians crushed and panned a large number of samples from my bag and in every instance got fine shows in the pan.

Rhodes still showed no excitement but invited Sauer to call at the office of De Beers at four o'clock. There Rhodes asked him to return to the Witwatersrand the next day to act on his behalf:



'After some hesitation,' said Sauer (left) 'I agreed to go the next day. He then said: 'What interest do you want in the venture?' I replied, 'Twenty per cent.' He said, 'Fifteen per cent', which I accepted. Whereupon he took up a sheet of paper, wrote out an agreement on these terms, signed it, and handed it to me. He then asked me whether any ready money would be of use to me. I said, 'Yes, £200 to start with, and to be accounted for.' He reached out

for his cheque book and wrote me a cheque for the amount. He then rose and bade me good-bye, telling me at the same time to draw on him for any reasonable amounts I might require for the adventure.



To Sauer's great surprise, he found the next morning that Rhodes and his partner Charles Dunnell Rudd (left) had decided to make the journey to the Witwatersrand themselves, taking the same coach. On arriving at Ferreira's camp, they stayed briefly at 'Walker's Hotel', a wattle-and-daub building that had been erected in the week since Sauer had left. Searching for a more suitable camping place, they first bought part of a Boer farm called Klein Paardekraal, about six miles west of Ferreira's camp, then moved headquarters to a farm called Roodepoort, making forays up and down the line of the reef, trying to decide what properties to buy.

Within a fortnight of Rhodes' arrival in July 1886, Ferreira's camp was crowded with tents and wagons as each day a stream of newcomers turned up from across southern Africa. Many came from the alluvial diggings in the eastern Transvaal, bringing with them their sluice boxes, pans, picks and shovels. But the Witwatersrand, with its mass of hard rock, offered few pickings for small-time diggers. What was needed was stamp batteries to crush the ore and steam engines to drive the batteries. The only stamp battery available on the Rand belonged to the Struben brothers and that was booked up for trial crushings for months ahead. New orders for stamp batteries took up to twelve months to be delivered. Consequently, for the first year after the gold rush began, the amount of actual mining carried out was negligible. Gold production in 1886 stood at £34,710.

To Dr Hans Sauer's (pictured left) immense frustration, both Rhodes and Rudd adopted a highly cautious approach. 'Rhodes,' said Sauer, 'knew nothing of gold mining, and still less of gold-bearing ore bodies, and in the back of his mind was the fear that the whole thing might turn out to be a frost.' Sauer recalled one occasion, after he had tried unsuccessfully to persuade Rhodes to purchase a block of main-reef claims, how Rhodes had told him: 'It is all very well; but I cannot see or calculate the power in your claims.'

When Sauer asked him to explain further, Rhodes replied: When I am in Kimberley, and I have nothing much to do, I often go and sit on the edge of the De Beers mine, and I look at the blue diamondiferous ground, reaching from the surface, a thousand feet down the open workings of the mine, and I reckon up the value of the diamonds in the 'blue' and the power conferred by them. In fact, every foot of blue ground means so much power. This I cannot do with your gold reefs.



Sauer did his best, as did Beit himself, to persuade Rhodes of the value of the gold properties. They took options for Rhodes on some amazing bargains that could have been his for the asking – but he prevaricated. (In the event, many were taken up by Beit with shares offered to Rhodes). Rhodes had other great enterprises on his mind, keeping the amalgamation on track, his beloved British South Africa Company and the thought that there would be rich gold mines further north where he had acquired the mineral rights – and it was a time when his greatest love, Neville Pickering, (right) took ill after a fall from his horse, and Rhodes on the cusp of great acquisitions on the Rand dropped everything in Johannesburg to rush back to Kimberley to nurse him until he sadly died six weeks later.



When Sauer urged Rhodes by telegraph to respond to opportunities he had encountered on the Rand, notably an option to buy a part of Doornfontein farm for £250, he heard nothing. Fitzpatrick recalled: 'Without irritation or impatience, but with utter indifference, he declined to see anyone on the urgent and important matters of business that always needed attention.'

Rhodes was alarmed by Beit's enthusiasm for gold. JB Taylor wrote how Rhodes once woke him up in the middle of the night, when Rhodes was staying with him, to tell him how important De Beers was, and that Beit must be persuaded to curtail his financial obligations on the Rand. He also wrote a letter to Beit himself, urging that he should retire from Porgès and Co. altogether, or at least should leave the gold side of the business to Porgès and Wernher, and 'simply remain their partner in diamond transactions'.

After all, he said, Beit would still have a sufficient number of founder shares in Porgès and Co. Rhodes also suggested that the hard conditions in Johannesburg would be bad for Beit's health.

This last point was worth considering, as Beit was not physically strong. But, although ever a loyal supporter of Rhodes, Beit decided to go ahead with his gold plans.

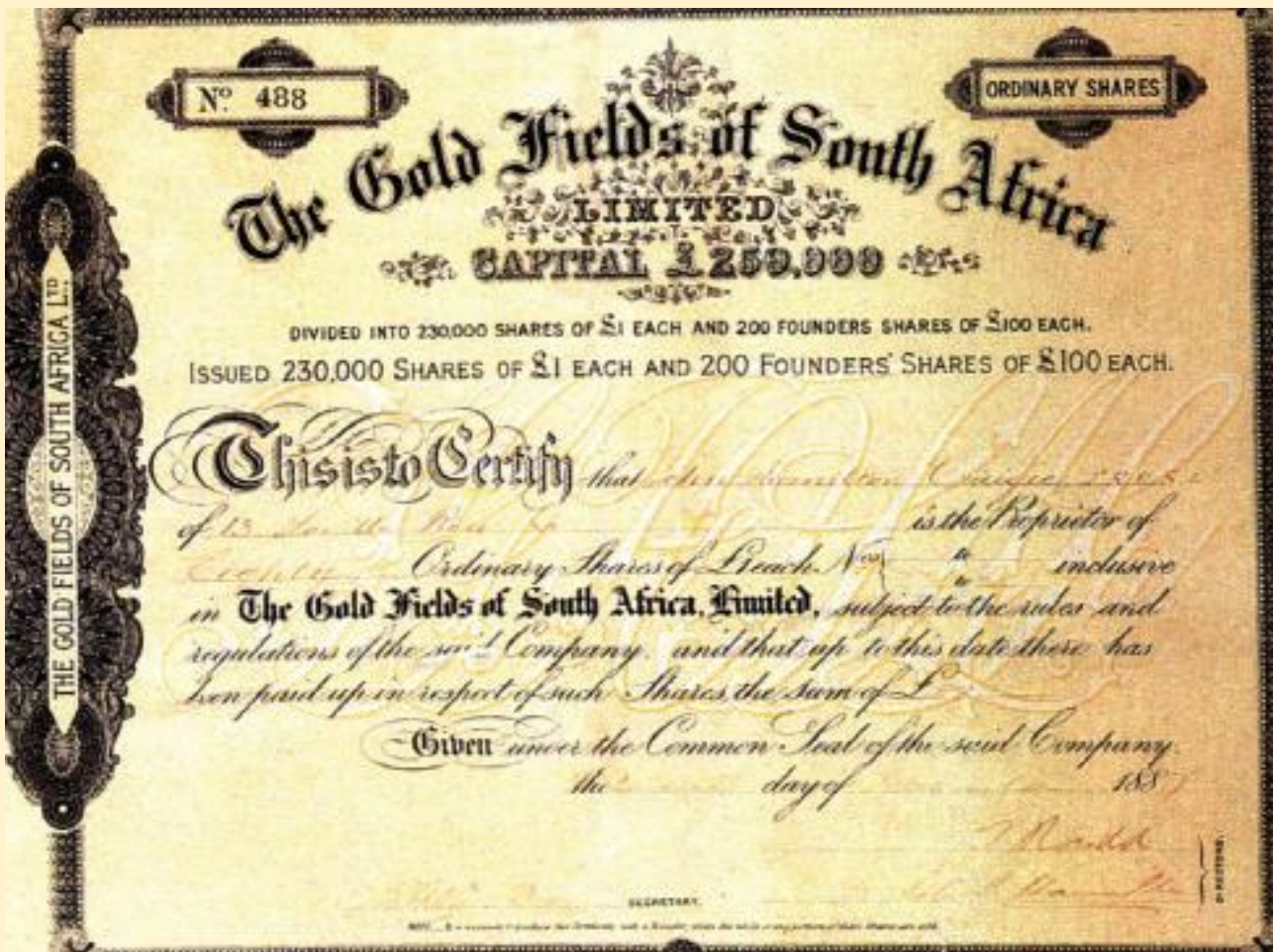
## 15 General scepticism

Even some mining engineers with gold-mining experience were sceptical about the Rand's prospects. One 'expert' whom Rhodes asked to investigate was Gardner Williams, the American engineer whom he subsequently employed as General Manager at De Beers. Williams spent ten days on the Witwatersrand being given a guided tour by Sauer of all existing strikes along the line of the main reef. At the end of his trip, Sauer asked for his assessment. 'Doctor Sauer,' Williams

replied, 'if I rode over these reefs in America, I would not get off my horse to look at them. In my opinion, they are not worth hell room.'

Rhodes and Rudd turned down a number of Sauer's suggestions, missing opportunities that turned out subsequently to be of enormous value. On one occasion, Sauer obtained an option to buy twenty-one claims for £500 covering an area that became one of the Rand's richest mines. For ten days, while the option remained open, he struggled in vain to persuade Rhodes and Rudd to act:

The reef was so rich that Rudd could not bring himself to believe that the pannings were genuine, and persistently claimed that the reef was 'salted'. 'To convince him' Sauer said, 'I managed to get, after some trouble, two white miners, who drilled holes in the reef and blasted out chunks of it with dynamite in our presence. We then panned some of the ore thus blasted out and obtained the same phenomenally rich result. In spite of this absolute proof, Rudd stuck to his theory of the salting and refused to buy the property.



Rudd also turned down an opportunity to purchase at £40 each a mile-long stretch of claims to the east of Ferreira's camp that also proved to be fabulously rich in gold, supporting six highly profitable mining companies.

AP Cartwright in his book, *Gold Paved the Way*, the story of Rhodes on the goldfields, asserts that Beit hammered away at Rhodes and Rudd and eventually in 1887 Wernher, Beit & Co would launch

a company for Rhodes. The name given – The Gold Fields of South Africa – sounded impressive. Its prospectus stated that Rhodes and Rudd ‘had spent £25,000 on purchasing auriferous properties’. They had turned down many offers for them, it said, ‘but opportunities for favourable investment of capital appears so greatly to exceed private means that the public are now invited to join in the enterprise’.

In truth, Rhodes was still not interested in the gold mines of Johannesburg but saw this Company as an opportunity of raising funds for his northern explorations – to bring the areas to the North under British influence. After a year, there were still more diamond than gold shares in the company. Shareholders were not impressed. Indeed, so little aptitude for goldmining did Rhodes and Rudd display that they began to divert Gold Fields funds into diamonds. By December 1887 Rhodes had spent £57,000 of unused capital and profit from gold share-dealings on De Beers and Kimberley Central shares. When the accounts for the year ended 30 June 1888 were presented, Gold Fields shareholders were astonished to find that the company had a larger holding in diamonds - £142,000 - than in gold.

Beit kept on at Rhodes and Rudd in the late 1880s and early 90s until at last they were persuaded to acquire some deep level properties. Beit proffered Gold Fields a share in many of the new companies he created. Beit also offered Rhodes an interest in his own company Rand Mines Ltd, which they were preparing to register in 1893. Rhodes accepted. This agreement signed in 1892, was one of the best investments Rhodes’ company ever made.

Beit started by offering De Beers through Rhodes a half interest in Rand mines, but the London board of De Beers turned this down, and thus as Rhodes was to point out to them later, they lost an opportunity of turning £150,000 into £10 Million! But it was Beit who saved Gold Fields from the ignominy they would have had to face had they been left out of the deep-level boom. Certainly, without Beit’s assistance, neither Rhodes, nor the Goldfields of South Africa would have emerged with more than a meagre holding in the Witwatersrand’s gold mines. But perhaps Rhodes did not want to make his own purchases, he preferred to be offered shares in Beit’s companies.

Beit, as usual, was not merely altruistic in these offers. He realised that he would need a great deal of capital for the ten new mining companies that would be floated as subsidiaries of Rand Mines. He hoped to get British capital. Up to that time Wernher, Beit and Co’s various companies had relied on German and French houses for the money they needed. Now it was time to turn to the London Market and he felt it could be helpful to have Rhodes as a partner in this new venture.

### **Amalgamating the gold interests?**

Cartwright continues that in fact early on, Beit had had the same idea of amalgamating the gold mining interests as they had done with diamonds. It is said that Beit met with Rhodes, Hans Sauer



and of course Robinson, who was in it from the start, to talk about bringing their interests under one overarching control for greater control and economy in operation. Reports of this meeting are sketchy. Robinson is reported as saying later that Rhodes properties were of poor value, and Rhodes team as saying that Robinson valued his properties so highly that Rhodes could not do business with him. So, this opportunity was lost.

Beit and his firm Wernher, Beit & Co were to manage all Rhodes' financial affairs in London including the complicated and linked financial floatation's of De Beers debentures; of his beloved British South Africa Company shares, the reconstruction of Gold Fields as well as dealing with the recovery of the diamond industry between 1890 and 1893 when sales were difficult. Rhodes was merely a passive participant in the financial moves which created stability and greater returns for his company.

## **16 The Rand Club, the Stock Exchange and the Wanderers Club**

Rhodes and Rudd were very interested in the establishment of a 'Club' in Johannesburg. Having been founders of the Kimberley Club, they felt that this was the most important of all amenities in a mining camp. Already in 1886, they had chosen stands on the corner of Commissioner and Loveday Streets and sent Hans Sauer to purchase them. A company was formed 'for the purpose of establishing in Johannesburg a residential club and exchange, both of which were much needed...'

Both Beit and Eckstein had shares in this 'Witwatersrand Club and Exchange Company' and it seems likely that Eckstein knew where the Stock Exchange was to be built – so that he chose for Beit's office in Johannesburg the most strategic stands immediately opposite the Exchange in Commissioner and Simmonds Streets and within 100 yards of the Club.

The Stock Exchange was officially opened in January 1888. The opening ceremony was conducted by JW Sauer, Hans Sauer's brother who was then a Cabinet Minister, in the Cape Parliament. Within a short time, there were 300 stockbrokers in Johannesburg and business was at such a frenzy that after hours it became necessary to block off part of Simmonds Street with chains, for business to continue.

This was the very heart and news centre of Johannesburg in the early days and from their windows Eckstein and Taylor could look out on the excited crowd in the street. They did not need to venture out to seek the latest news. As often as not they actually made the news that caused such excitement in Simmonds Street.

While the Club as being built, a Mess was set up, which they called the Decemviri (10-man) Mess. Its members included all the other Kimberley men now on the Rand as well as the officials of Rhodes' Gold Fields Company. Beit and Rhodes joined when they visited.

Eckstein and Taylor were also instrumental in founding the Wanderers Club a recreation club for all Johannesburg. They chose the spot – partly to ensure that the view from their houses was not blocked by buildings. Beit's men, Eckstein and Taylor were able to lease the land from the government for a peppercorn rent (in return for a coach and horses for the Minister of Mines) and they took a leading role in its design and governance.

## 17 Barney Barnato arrives on the Rand in 1888

While Beit got into gold mining on the Rand the ground floor in 1886 – the other two Kimberley super-magnates – Rhodes and Barnato were far behind. Although Beit was also intimately concerned in the struggle for supremacy in the diamond amalgamation, he and his team immediately saw the potential of gold, whilst Rhodes was single minded and also relied on 'expert' advice, which as we have seen, did not see a future for the Rand.



But in 1888, when Barnato the astute businessman with a flair for theatricals, finally arrived on the scene in the Transvaal and began buying with gusto, it started frantic excitement and led to great instability in the gold share markets. It was not long before he also became a major player.

At the time of the initial Rand gold discovery in 1886, Barney Barnato did not want to detract from his plan to take control of Kimberley Mine – which he very nearly achieved. He rejected his bother Harry and nephew Woolf's urging to pay attention to and invest in gold mining.

Two years later, in 1888, when the consolidation of diamond mining had almost taken place, Barnato could now turn his attention to investing in the mining town being called Johannesburg. Barnato's big advantage was that he had plenty of money, having come off very well in the deal to amalgamate with De Beers.

Barney went on a buying spree, spending more than a million or even two million pounds in one year! He bought up the best mining areas he could lay his hands on. He brought out the best mining engineer, the American John Hayes Hammond to be his chief Mining Manager at a huge salary (he was soon lured away from Barney by Rhodes) and listened to the best advice on extraction of gold at deep levels.

Additionally, Barnato invested in all manner of infrastructure that he knew would be needed for the future growth of Johannesburg. He purchased land in this new town to build offices, shops and market stalls, including a new stock exchange. Recognizing the need for somewhere to live in town, Barney purchased a farm in the Doornfontein section and completed the construction of a large house on Saratoga Avenue in a new exclusive suburb. Anything and everything that was needed to stimulate the growth of Johannesburg, was considered. After the formation of his **Johannesburg Consolidated Investment Company** that year, he went on a major acquisition plan and invested in multiple businesses; building materials, transport, food, wagons and liquor.

## **18 The Boom of 1888-89**

In an orgy of speculation, some 450 gold-mining companies were floated in 1888. One chronicler of the day wrote, 'Half the male population of Johannesburg is to be seen in animated conversation between the chains outside Eckstein's office. If there is anyone in Johannesburg who does not own some scrip in a gold mine, he is considered not quite right in the head. Half of the population of Kimberley is here. Barberton seems to have moved to Simmonds Street and some of the biggest men in Cape Town are buying.'

As if to crown the boom, Barney Barnato as we have seen, arrived belatedly from Kimberley in 1888 and declared the Rand to be the future 'financial Gibraltar of South Africa'. He went on a massive spending spree, investing nearly £2 million in property and mining shares. Within the space of three months, he established a string of companies - Barnato Consolidated Mines; the Barnato Bank; Mining and Investment Corporation; and the Johannesburg Consolidated Investment Company - and started work on Barnato Buildings on Commissioner Street.

At the height of the boom in April 1889, JB Robinson took the opportunity to launch the Randfontein Estates Gold Mining Company. With a nominal capital of £2 million in £1 shares, it was the most ambitious project that Johannesburg had yet seen. In exchange for handing over to the company seven farms amounting to 29,000 acres, Robinson obtained a 'vendors' interest' of 1,809,000 shares. The price of the remaining shares soon reached £4 each. Rhodes and Rudd too caught the high tide of the boom, selling off parts of their low-grade holdings on Luipaardsvlei at a substantial profit.

Even the banks joined in the spree. Between January and April 1889, bank advances rose from £300,000 to more than £1 million. An investigation by the Standard Bank found that in the first quarter of 1889 the market value of the shares of some 400 companies stood at £100 million.

### **Then disaster struck?**



In March 1889, when the boom in shares was at its height, disaster – or so it seemed at the time – descended on the Witwatersrand. The shafts had struck pyritic ore.

The first intimation of trouble was picked up by the Corner House. Miners working on one of its shafts on the main reef struck pyritic ore. In March 1889, Jim Taylor cabled to Jules Porges & Cie: 'Following is strictly private. Percy Company, Main Reef. Below level 120 feet reef changed from banket to quartz, blue, hard, no free gold but 10 dwts (pennyweights – a measure of mass) in pyrites. Sunk 50 feet and there is no change.'

After inspecting the shaft, Taylor elaborated in a letter three days later: At 100 feet down, the ore becomes lighter in colour and gradually changes at 115 feet to blue conglomerate; from 115 to 165 feet the reef continues getting harder and harder and shows in small veins the action of corrosion still going on where the water has percolated through cracks and on the contact side of the lodes with its walls.

The reef is still there, of the same dimensions and appearance except that, instead of being a reddish colour through the rotting of sulphides, it is blue, with pyrites heavily charged all through the stone . . . I think the change is very unfortunate as it comes so much sooner than we expected.

The problem of pyritic ore was familiar to mining engineers with experience of the gold fields of the United States. Gardner Williams had warned both Beit and Rhodes that the Witwatersrand reefs would probably become pyritic below a depth of 100 feet and had accurately forecast what would then happen. It meant that gold could no longer be extracted simply by running milled ore over copper plates coated with mercury. It would have to be extracted from sulphides, meaning that the ore would have to be treated in chlorination plants. The cost of establishing chlorination plants, together with the extra expense of crushing harder rock, would affect all mining, making high-grade mines far less profitable and low-grade mines unviable. The implication was that every Rand share was overvalued, and many were worthless.

Before news leaked to the public, the Corner House took action to weather the storm and ordered chlorination equipment. Rhodes was in London at the time arranging the final stages of the amalgamation of the diamond mines with Lord Rothschild. At dinner at Rothschild's house one evening, Rhodes was placed next to an eminent American mining engineer and he turned the conversation to the problem of sulphides. 'What do you do in America when you strike sulphide ores?' he asked. 'Mr Rhodes,' replied the American, 'then we say, "O God!"' Instead of trying to weather the storm, Rhodes decided to sell virtually all Gold Fields' properties; in effect, it ceased to be a gold-mining company altogether.

As, one by one, the Witwatersrand mines encountered pyritic ore, panic set in. Investors rushed to sell their shares and property; the share market collapsed; scores of companies closed; thousands

were left bankrupt. Out of a white population of 25,000, some 8,000 packed up and left. By March 1890 the total market value of gold shares had dropped by more than 60 percent. The ripple of disaster spread throughout southern Africa. Three banks in the Cape Colony failed, ruining some of the leading citizens of Cape Town.

### **1889 Porgès retires – reorganisation to Wernher, Beit & Co and H Eckstein and Co.**

At the end of 1889, without fanfare, Jules Porgès (right with his wife in Paris) retired, and two new firms were launched: Wernher, Beit & Company based in London; and H Eckstein & Company, its Johannesburg partner.

Porgès was a man of great elegance and charm and also one of the shrewdest of businessmen. He shunned publicity and there were no announcements of his retirement, or farewell speeches. South African history scarcely mentions him, and there is no biography or painted portrait of him. Yet he had a profound influence on the affairs of the Kimberley diamond industry and the Transvaal Republic. Under the new dispensation, four-fifths of the profits made by the Johannesburg firm went to Beit, Wernher and the two other London partners, Max Michaelis and Charles Rube. One fifth went to Eckstein and Taylor.



## **19 The Cyanide Gold Extraction Process**

As the mines stuck the pyritic ore, in the early months of 1890 the gold could no longer be extracted with existing chemical processes or technologies. Many well-known and well-healed companies, and pioneers had to sell their shares at a pittance and many went bankrupt. Half of the 300 stockbrokers packed up and left. Some observers predicted the end of gold mining on the Witwatersrand. But insiders in the Corner House thought differently. Even during the slump, Wernher, Beit & Co. had made headway on the Witwatersrand, buying up properties along the main reef on the cheap. When Hermann Eckstein cabled Beit in London to ask whether it was advisable to proceed with plans to build an imposing new two-storey headquarters on the corner-house site, Beit replied, 'Yes, by all means'.

Just at that time two Scottish Doctors of Science, John Stewart MacArthur and William Forrest, developed a new process for extracting gold from ore using cyanide. Initial tests between June and August 1890 proved highly successful. A small plant at Salisbury mine treated some 70,000 tons of ore and, to the astonishment of mining experts, achieved an extraction rate of up to 90 per cent,

higher than the rate that had previously been won from mercury extraction. H Eckstein and Co signed a contract with the Gold Recovery Syndicate which held the rights to the MacArthur-Forrest Cyanide Process in November 1890 for the treatment of 10,000 tons of tailings at the Robinson Mine.

The experiment was a triumph for the cyanide process, giving much higher extraction yields than previous methods. Wernher and Beit's company produced 6,000 ounces of gold missed by previous treatment. These results produced a rush to install cyanide plants, spurring a recovery on the Rand. The value of gold production soared from £1.7 million in 1890 to £4.2 million in 1892. Both Beit's company and Barney Barnato were quick to order the necessary equipment for the MacArthur-Forrest process and to set up a cyanide plant for each of their mines.

Though many people had suffered in the slump, one good outcome was that 50 or 60 shady companies who dealt only in share certificates and the brokers who sold them, disappeared for good. Gold mining now became a more serious and stable industry. Under Beit and his firm's leadership, the Transvaal Chamber of Mines was established. Every mining company on the Witwatersrand (except of course those controlled by JB Robinson) joined the Chamber and Herman Eckstein was elected its first president. The chamber was able to introduce to the wider mining fraternity, many of the effective policies and practices that had been established for its own goldmines at the Corner House.

The newly designated firm, H Eckstein & Co, remained a private company. Having made their first fortunes in Kimberley and with their knowledge of how to mine in the country, Beit resolved that the mines under his firm's control were not to be run for share-making and share-marketing purposes. No shares were issued to the public. This was a minor revolution in the financing of South African mining companies. The risk and costs of Rand mining were high. To spread them, Beit invited selected business partners as investors, who would acquire an interest in a parent company for the mining firms. Here Beit could draw on his international connections and again attract finance from the Rothschild banks (in Germany and Paris). This fitted in with Beit's policy of bringing strong partners with him to prosperity. So, the banking houses in Europe that had made money through Beit and Porgès out of diamond shares, became eager to participate in Beit's gold shares

The Corner House partners – Eckstein and Taylor, were expected to maintain the Firm's reputation for fair play, at Johannesburg just as Porgès & Co with Wernher and Beit had done in Kimberley. In their new deal, they kept one-fifth of the profits and were free to invest on their own accounts. Every week Eckstein wrote a long letter to Beit and Wernher at 29 Holborn Viaduct. Eckstein also strove to keep the firm out of politics, knowing Beit's attitude. They quickly became the most important company on the Rand. The Corner House came to represent the most powerful group of financiers in Southern Africa.



## 20 Deep Level Mining

Perceiving the possibilities of gold in the Witwatersrand area, Beit, as we have seen, originally acquired a large interest in the best of the outcrop mines, which soon became valuable properties. But his chief stroke of genius was made several years later, when he perceived the possibilities of deep level mining. Mining companies had originally regarded land to the south of the main reef as worthless. They assumed that the main reef descended downwards and simply followed it.

Beit was the first to recognize the importance of employing first-class mining engineers. One of his experts, the American engineer Joseph Curtis, who developed the theory that the main reef dipped out of the vertical confines of existing claims and headed south and was thus accessible via deep-level shafts – beyond the end of the outcrop claims.

Adopting the suggestion, in face of much scepticism by experts, that it might be possible not only to work the outcrop but to strike the slanting reef by deep level shafts, at some distance away from the outcrop, Beit devoted capital to testing the deep levels of the Rand and proved the scheme to be practicable. Beit was thus convinced about the richness of the reefs and the profitability of mining at deep levels. Trusting their judgement, Beit gave Eckstein and Taylor a free rein to buy promising properties. Using the expertise provided, they were able to make astute purchases. Most of their ventures proved highly rewarding. Within two years, Beit and Wernher had obtained hundreds of valuable claims way beyond the outcrop claims.

### Enter Lionel Phillips 1889

With their growing portfolio, in 1889 Beit brought a lively new addition to the Corner House. This was Lionel Phillips, whose abilities had been spotted by Beit when in Kimberley. Born in London to a Jewish family and described as 'wiry' with 'immense energy and tenacity of purpose', Phillips had also arrived there in 1875, having walked most of the way from Cape Town. He became an employee of JB Robinson. Phillips had once hoped to become the manager of De Beers. But that job was not available and Beit's offer of joining the Corner House was more tempting with a huge salary in those days of £2,500 a year, all expenses paid and 10 per cent of the profits from managing the firm's interests in the Nellmapius Syndicate, which owned nearly 2 1/2 million acres,



including possible agricultural and industrial properties and goldmines, in the northern Transvaal.

Phillips, their new recruit, arrived at a hectic moment, with Porgès about to retire and the Johannesburg share market in a state of collapse after potential disaster of pyrites had been discovered in the mines. Phillips, became an ardent advocate of the deep-level theory. When Curtis experimented in December 1889 by drilling a borehole at a spot 1,000 feet south of the outcrop, he struck rich ores at 571 feet and the main reef at 635 feet. In great secrecy, Phillips and Curtis began to buy up farms south of the main reef, persuading Beit and Wernher to back them which they eventually did, not before Philips had bought some on his own account.

The scale of their achievement only became clear in later years. Some of the most famous mines in Johannesburg's history – Jumpers Deep, Nourse Deep, Glen Deep, Rose Deep, Village Deep, Crown Deep, Ferreira Deep, Geldenhuis Deep - were developed on properties they bought at the time of the slump. It was the whole deep level system that transformed the Witwatersrand's long-term prospects. Beit's firm were forerunners and creators; other firms, including Rhodes's Consolidated Goldfields, followed in their footsteps.



## Modderfontein

As an aside, Alfred Beit clearly had something to do with Modderfontein – a farm near Edenvale, on the outskirts of Johannesburg. It is hard to find direct evidence, but it seems clear that his companies had bought the property in the frenzy of buying up potential gold bearing farms. It became a rich mine.

In the 1880s, Alfred Beit had a hunting lodge built in the area of Modderfontein which they had bought, before even a mine was established there. The area was still largely uninhabited, and wildlife roamed the veld. He delighted in bringing his friends, who loved hunting out on leisurely hunting trips. Beit himself never took part.

Beit must also have given the land for the ground-breaking South African explosives factory so desperately needed for the mines, that was built at Modderfontein in 1885. When the Modderfontein explosives factory still made dynamite there with the dangerous ingredient nitro-glycerine, they had to have a buffer zone of almost 1000 hectares of empty land around it, in case of accidental explosions. In 1988 African Explosives and Chemical Industries (AECI) the company that still made explosives there (but no longer using nitro glycerine) turned the area into a nature reserve, the second largest private park in Gauteng.

They wanted to demonstrate that industry and nature can co-exist and the Modderfontein Conservation Society, a volunteer body, was formed to help preserve it.

At the heart of the reserve is a small complex of buildings called “Isidleke” which means “the nest” in the Zulu language. This is the remains of Beit’s shooting lodge complex. In the 1930s, the Lodge itself became derelict and was demolished. An old barn, also built by Beit in the late 1880s, that was used to stage the carriages and horses that came to the shooting parties, has been restored to



its former glory as a conference centre The gate house to Beit’s shooting lodge, has also been restored as the entrance to the Isidleke Conference Centre. It is also a great picnic spot overlooking Dam 3. I am sure Alfred Beit would have been very pleased. (See the picture above)



## 21 Beit moves to London 1889

In 1889 after 14 years in South Africa and after the successful amalgamation of the diamond interests, Alfred Beit decided **to move to London** where felt he was better able to manage his financial empire and to support Rhodes in his Southern African political and financial ambitions.

Jules Porgès had retired from the firm completely and

**Wernher and Beit** had established a commanding position in London as Wernher, Beit & Co – at 29 Holborn Viaduct,

while Herman Eckstein and Co held their interests carrying out Beit's wishes and schemes on the gold fields.



The splendour and wealth of the imperial city, and at the same time, the masses of people and their poverty, contrasted starkly with the colonial world and the dusty expanses of Kimberley, where Beit had spent the previous years of his life. He initially took a room in Ryder Street (off St. James's Street) and worked in the City, as Managing Director of Wernher, Beit & Co. He was active at the same time as a director and Life Governor of De Beers and also, of course, of the Chartered Company. He paid frequent long visits to South Africa.

In 1892 he bought land in Park Lane from the Duke of Westminster (who apparently took some persuading as he was reluctant to sell to the South African *nouveaux riche*.)



In 1894, (shortly before getting involved in the Reform Movement that resulted in the abortive Jameson Raid) Beit commenced building his mansion. The Grosvenor estate architects, whom Beit was obliged to use were Thackeray Turner and Eustace Balfour. A critic said that only remarkable thing about Aldford House, 26 Park Lane, (above) was that it looked so very much like what it was: 'the African lodge transplanted to Mayfair' – a foreign body in fine society.

In those years, London, as the banking centre of the world, became the preferred place of residence for men who had earned their wealth on the stock exchange and in finance, in diamonds and gold or as industrialists. They included a number of people of German origin, including Edgar Speyer (from New York), Robert Mond and Henri Bischoffsheim (Amsterdam), Hirsch (Munich), Ernest Cassel (Cologne), Sigismund Neumann (Fürth), Schröder, Ellermann, Carl Meyer and Beit (all from Hamburg), Max Michaelis (Eisfeld), Julius Wernher (Darmstadt), George and Leopold Albu (Berlin) and Hermann and Friedrich Eckstein (Stuttgart-Hohenheim).

They had gone through a hard school in the diamond and gold business in South Africa and in some cases under most adventurous conditions, had become fabulously rich in the process. Now they were jostling into the London upper class. Apart from Beit, others who maintained their splendid residences in Park Lane included Englishmen Barney Barnato and Joseph Robinson. Many of these men came from rather modest backgrounds. Barnato had come from a real slum area of London's Whitechapel. Not only did they lack the family background for a smooth acceptance in the London upper class – some of them also had a rather dubious reputation as businessmen, while others were legendary for their bad manners.

JB Robinson could not boast loudly enough about the magnificence of his own accommodation and his current life, after having slept so long on the bare ground in a tent. When Lloyd George later proposed to George V that Robinson be given a peerage, the king rejected the suggestion as an insult to the crown.

Beit moved in to his spacious and comfortable home in 1897. It had the amazing feature of a conservatory or winter garden in the German style commissioned from the Jürgens company in Hamburg, which opened off the large drawing room. Frank Harris who interviewed him there says 'We were seated in the room which has at one end a sort of rockery and palm garden – a room of brown rocks and green ferns and tessellated pavement – an abode of grateful dim coolness and shuttered silence, sheltered from the hum of the outside world.' After the dust heat and noise of those long years in Kimberley, this must have been a haven indeed.

### **The most cultured of all the Rand magnates**

Despite his lack of personal ambition, Beit undoubtedly was used to luxury from his family background and enjoyed the things that his immense riches could buy. He was at home in

comfortable surroundings; he loved good food and wine; he had an instinctive appreciation of art and music. He was regarded as 'perhaps the most cultured' of all the Rand magnates.

His study was lined with the works of German classical writers and contemporary English historians. George Elliot was his favourite novelist and he also admired Thackeray and Trollope; but he never succumbed to Dickens. He could speak knowledgeably about opera and the theatre. He took a box at Covent Garden which was always available to his friends.

### **Art treasures**

Beit pursued interests other than politics and commerce. With a genuine love of beautiful things he formed from 1888 onwards, under the guidance of Dr Bode, director of the Berlin Museum, a fine collection of pictures and works of art, including Italian Renaissance bronzes. These treasures were housed in his mansion in Park Lane. Beit had a thorough knowledge of painting, and among his pictures were the Prodigal Son series by Murillo, six pictures acquired from Lord Dudley's Gallery, and many of the finest examples of the Dutch and English schools.

Beit in his will bequeathed some important paintings to the National Gallery in London and some to Hamburg. Most of his art collection passed to Sir Alfred Lane Beit the son of his brother Sir Otto, who from 1952 displayed them at Russborough House, his home in Ireland. In 1974, a detachment of the IRA stole nineteen paintings worth 8 million Irish pounds. The paintings were recovered by the police a few weeks later. Seventeen paintings were stolen in another burglary in 1986. Sir Alfred and his wife thereupon decided in 1987 to donate the major part of their collection to the National Gallery in Dublin. However, this did not prevent further burglaries in 2001 and 2002. The pictures that they donated can be viewed today in the Beit Wing of the National Gallery of Ireland. (Not many paintings were donated to South Africa)

Alfred Beit had no desire for fame - unlike Rhodes. But in spite of the alarmingly long hours he spent in the office, he seemed capable of enjoying social life. After all he was now a very eligible bachelor, and on his first return to Johannesburg he gave a ball for a hundred and fifty people. He always chose the tallest women to dance with and ran around them in circles.

### **Private and love? life**

Little is known about Beit's private life – in this too he observed absolute discretion. His interest in women seems to have been as slight as was Rhodes'. Unlike





Rhodes though, he did not cultivate young men, nor did he ever gain the reputation of being a woman-hater.

According to some writers, (including the biographer of his partner Julius Wernher) he appears to have had a long-standing relationship with a married woman named Eliza(beth) “Connie” Bennett, whose husband may have been a shopkeeper in Kimberley. In 1888, Mrs. Bennett had moved to London when Beit did, there to give birth to their daughter, Olga (called “Queenie”) in January 1889.

During Beit’s London years, Mrs. Bennett also lived in the city, though not under the same roof as Beit, but in the vicinity of Hyde Park and outside London on the Thames. There were suggestions that Beit had given up the idea of marriage because he had contracted syphilis in South Africa. However, not only did he father a daughter, but family correspondence from the 1970s indicates that a divorce of the Bennetts, which would have been necessary if he were to marry Mrs Bennett, was not possible: Mr. Bennett may even have been an inmate of a mental hospital. There is no reference to this relationship or this child in his legacy and in his Will.

His large house in Park Lane was shared with just two friends. One was his cousin, Franz Voelklein, who had once represented the Lippert Firm in Port Elizabeth and who was now Beit’s constant companion and private secretary. The other was his Fox Terrier, Jackie, (above) to whom he was devoted. There appears to have been a series of terriers called Jackie in Beit’s life all of which he cherished. His devotion to dogs was second only to his love for his family.

Nothing in his life ever equalled his devotion to his mother. Despite great distances this remained undiminished over the years.



**Mrs Laura Beit** b. Hahn (1824–1918) Beit’s mother, Painted in later life by Leopold von Kalckreuth.

During his years in South Africa, once a week he would put aside his business commitments to write to his family in Hamburg, although he had no real talent for letter-writing. It is clear from both an early biography and a family chronicle that Beit’s letters were uninteresting and disappointing, revealing little about his life in South Africa and his experiences there.

On the other hand, they showed his great devotion to his home and to everything connected with it. Their content is restricted to family matters, and they often contained gifts of money, with instructions on how it should be spent, either for entertainment or for all kinds of new purchases. On his first visit home to Hamburg from South Africa, Beit fulfilled a childhood dream and presented his mother with a carriage and horses.

Then in 1890/91 he had a magnificent new house built for her by his brother-in-law, the architect Gustav Zinnow, at Mittelweg 113. The mosaic floor, stucco ceilings, panelling of oak and the cast bronze of the banisters all reeked of the oppressive splendour of the “Gründerzeit”, as the period was called, of economic upswing when businessmen might become rich overnight. The walls of the porch were clad in dark marble, the stucco ceiling was colourfully painted and a surrounding frieze with presentations of the triumph of Mercury and of metal mining, recalling the son’s triumph.

Throughout his life Beit retained his love for Germany. One of his few known ambitions was to promote an Anglo-German *entente*. But his home was England and the longer he lived there, the more British in outlook he became. At Queen Victoria’s Jubilee in 1887, no house was more lavishly festooned with Union Jacks than 26 Park Lane. So carried away was Beit, that his habitual reserve lowered, and he attended the Duchess of

Devonshire’s famous fancy dress Ball, dressed in velvet and lace as the Stadtholder of Holland (ie a sort of governor general) as seen in the picture on the right. The following year, 1888, he became a naturalised British subject.



## 22 The British South Africa Chartered Company October 1889 onwards

### Beit's Support for Rhodes in his political ambitions

Rhodes, like Beit, was a diamond magnate. Yet while Beit remained primarily a businessman, and got heavily involved with gold on the Rand, Rhodes was primarily a colonial and imperial visionary and a hugely persuasive politician. He had been a member of the Parliament of the Cape Colony since 1881 and was to remain a parliamentarian up to the end of his life. From 1881, his political influence increased in step with his financial strength. And Beit's undying loyalty, through thick and thin, even when he would not have approved of certain courses – was the key to Rhodes' financial and political success.

We have seen in **Alfred Beit part 1, Kimberley**, that to Rhodes, the amalgamation of the Kimberley Mines in 1888 was not an end in itself. It was merely the most important stepping-stone and financial base to gaining land in Africa for the British Crown. The articles of the De Beers Consolidated Company drawn up in 1889, were not just about diamond mining and marketing, but they were drawn up to allow for acquisition of land, gaining mineral rights raising armies, exploration and everything needed for his main ambition.



**Rhodes (left) and Beit in 1901.**

Although this puzzled and even angered his fellow governors and trustees – Rhodes had managed, with great charm and skill to persuade them all to back his ambitious schemes.



Beit was completely enamoured by the man with such magnificent ideals. For Beit amassing money for itself had no real appeal, but to put his talents in finance to a greater goal and work with a man he idealised, gave him a fitting purpose for his talents and ability. Rhodes once remarked that all Beit really wanted to do with his money was to be able to send £1000 a year to his mother in Hamburg.

Rhodes's next step was his bold ambition to create a new company with powers that would emulate the British East India Company of the Raj. Soon, such were his extraordinary powers of persuasion, he managed to convince the Prime Minister of Great Britain, Lord Salisbury and the Foreign Secretary, Lord Knutsford (against their better judgement, it may be said) of the necessity for a Royal Charter for the **British South Africa Company**, (usually referred to as the Chartered Company) which was established on October 29, 1889. (just a year after the amalgamation of the diamond mines)

Beit immediately became one of the directors of the Chartered Company. He took a shareholding worth £34,000 and jointly with Rhodes a further £11,000. Rhodes by way of comparison, held shares worth £75,000, De Beers held £200,000, Gold Fields nearly £100,000 and the Exploration Company £75,000.

The Chartered Company aimed **above all to profit from mineral wealth** that it would acquire. It would administer areas at its own expense and at no cost to the British crown. Many European countries were poised to take land in Africa and Rhodes felt the urgency to claim the land to the



north of the Transvaal for Britain before it was pounced on by the Portuguese or Germans poised on either side.

Rhodes's magnetic personality carried the day in all the preliminary discussions and meetings, with the British government, but by his side would be Beit with his invaluable 'grasp of detail'. (Below is a commemorative stamp issued for Beit in Rhodesia in 1968)

## **23 Gold in 'Zambezia': a land coveted by both Rhodes and Kruger**

The discovery of gold on the Witwatersrand produced a surge of speculation about the likelihood that even richer gold deposits would be found further north in 'Zambesia' which was thought of as perhaps the land of Ophir – mentioned in the bible as a land renowned for its fine gold and other precious goods. Since German explorer and geographer Carl Mauch's explorations there in the 1860s, the legend had continued to grow. In 1871, after further travels in the region, Mauch suggested that impressive stone ruins he had encountered there, known as Great Zimbabwe (below) could once have been the capital of Ophir, built by Phoenicians; the central structure, he said, was probably a temple based on the design of a palace where the Queen of Sheba stayed when she visited King Solomon.



In a book entitled *The Gold Fields of Southern Africa and How to Reach Them*, published in 1876, Richard Babb declared flatly: 'So the question of ancient Ophir is at last settled'.

In 1881, a book written by a 30-year-old elephant hunter, Fred Selous, *A Hunter's Wanderings in Africa*, about his journeys through Matabeleland, stimulated widespread interest in the region. Rider Haggard used Selous as the model for his hero, Allan Quatermain, when writing his novel *King Solomon's Mines*. Published in 1885, *King Solomon's Mines* became a best-seller, giving the legend popular status.

### Lobengula – the gateway to the North



Courtesy of the Africana Museum, Johannesburg. Lobengula, King of the amaNdebele.

This is believed to be the only photo of him

northern Bechuanaland, and the Lozi, Ila and Tonga to the north of the Zambezi - exacting tribute from them.

The gateway to Zambesia was controlled by the Ndebele king, Lobengula, a son of Mzilikazi. The Ndebele army, consisting of 15,000 men in 40 regiments based around Lobengula's capital of GuBulawayo - 'the place of slaughter' - was feared throughout the region.

For years, it had raided neighbouring peoples - the Shona of Mashonaland, Tswana groups in

Like his father Mzilikazi, Lobengula was cautious about the entry of whites into his domain. Military posts were established along the frontier, where all travellers were stopped, interrogated and detained for a week or more until the king allowed them to proceed - in his own phrase, 'gave them the road'.



Lobengula was a large-framed man, imposing and very erect. He wore over his forehead his leather ring of majesty. Suspended from his loins was a 'sporrán' of blue monkey-skin. He was gouty with champagne poured into him by concession hunters. Before him strode his praise maker, uttering, 'Behold the great Elephant, he comes! When he walks the earth trembles, when he opens his mouth the Heavens roar!'

It was to this man – known by his followers as the 'Eater of Men', and 'Stabber of Heaven!' and the 'Thunderer!' – in his hot and dusty goat kraal at Bulawayo (illustration below) that the concession hunters of all nations came, wanting the right to trade, to dig, to settle and to convert the Matabele to Christianity. Of the latter Lobengula tolerated their presence, as his father Mzilikaze had done, recognising the advantage of being able to summon men who could read and write letters for him, but otherwise he gave them no encouragement.



White hunters too were allowed to enter for limited periods. Fred Selous was one of them. Lobengula also allowed a few traders and hunters to settle permanently on the outskirts of his encampment at Bulawayo, but their presence was always dependent on the king's whim.

All visitors to Lobengula's Kraal were made to feel they were in the country on sufferance. Lobengula did his best to keep his nation independent. All fortune seekers were expected to pay for the privilege of entry by arriving with gifts for the king and his entourage – rifles, beads, blankets and brass wire. Lobengula had acquired a particular liking for champagne – so the royal store was soon replete with an immense collection of the drink as well as rifles, saddlery, furniture and household goods.

## 24 Kruger and Lobengula

It was **Kruger** who first began to show an interest in Lobengula's kingdom. In 1882, as the Transvaal, newly liberated from British annexation, sought to extend its borders to the east and to the west, the commandant-general Piet Joubert sent a letter to Lobengula, couched in effusive language, reminding him of a friendship treaty said to have been made in 1853 between Matabeleland and the Transvaal. Joubert expressed the Transvaal's ardent desire to live in amity and peace with its northern neighbour – a peace, he said, 'which is so strong that the vile evil-doers were never able to destroy it, and never shall be able to, as long as there shall be one Boer that lives, and Lobengula also lives'. Referring to the annexation of the Transvaal, Joubert warned of the English appetite for land. 'When an Englishman once has your property in his hand, then he is like the monkey that has its hands full of pumpkin seeds - if you don't beat him to death he will never let go.' He assured Lobengula that 'when the stink which the English brought is blown away altogether', he would ride up to Bulawayo to pay him a special visit to cement their long-standing friendship.

Joubert never made it to Bulawayo, but in 1887 Kruger (right) resumed the initiative with a far more ambitious strategy, using the services of a Boer intermediary called Pieter Grobler.

Grobler claimed to have gained great influence with Lobengula, and Kruger, believing him, personally drafted a seven-part agreement for Grobler to take to Lobengula. The agreement purported to bind the Transvaal and the Ndebele to 'perpetual peace and friendship'. It acknowledged Lobengula as an independent chief and declared him to be an 'ally' of the Transvaal. For his part, Lobengula was expected to assist the Transvaal with fighting forces whenever called upon to do so; to extradite offenders to the Transvaal; to permit Transvaalers holding passes from their government to hunt and trade in his country; and to accept a resident consul with powers to try offenders from the Transvaal.



**Rhodes was furious** when he heard about this. Kruger was his bitter foe and he found Kruger's wanting to have northern expansion unacceptable, specially as this went against his own wishes to own that part of Africa and expand the British Empire northwards. It was Kruger's wish to move north, as well as the Germans possibly moving east and south to occupy this land, that spurred Rhodes to vehement action.

He enlisted the help of the South African High Commissioner Sir Hercules Robinson to 'get ahead of the Boers'. Robinson sent two emissaries to Lobengula, Sidney Shippard and John Moffat (son of the missionary Robert Moffat who was trusted by Lobengula and who spoke his language). An

agreement was eventually signed between the Queen of England and Lobengula on 11 February 1887, (which Lobengula later disputed – and so did the Queen) in which Lobengula acknowledged 'Zambezia' to be within Britain's sphere of interest, and agreed to refrain 'from entering into any correspondence or treaty with any foreign State or Power to sell, alienate, or cede, or permit or countenance any sale, alienation or cession of the whole or any part of the said Amandebele country . . . without the previous knowledge and sanction of Her Majesty's High Commissioner for South Africa'. Britain acknowledged Lobengula as ruler not only of the Ndebele but also of the Shona.

**Rhodes was delighted.** 'I am very glad you were so successful with Lobengula,' he told Shippard. 'At any rate now no one else can step in.' Rhodes urged Sir Hercules Robinson to go on and annex Lobengula's country, but England was not in the mood for further expansion. Accordingly, Rhodes decided to annex Zambezia himself.

## 25 Rhodes turns his attention to the hordes of concession hunters



Rhodes then joined the number of concession-hunters who made their way to Bulawayo sniffing out the prospects. A young adventurer from England, Johnson, was one. A party of German travellers appeared in the neighbourhood. The Portuguese, hitherto content with coastal trading stations, suddenly took an interest, claiming a large part of Matabeleland for

themselves.

All were hoping that for the cost a few rifles, a horse or a bull, a wagon or two, a hundred pounds or so – to get a piece of land at least the size of England – with copious gold and other minerals in it. Hence, there was immense rivalry.

The German prospecting party that arrived after the young English adventurer Johnson, soon gave up in despair, but Johnson persevered. 'One needed the patience of a saint,' he wrote. Finally, on 12 July 1887, he offered Lobengula £100 for permission to prospect and £200 a year while digging lasted. Lobengula replied: 'You are troublesome people, for when I say there is no gold in my country you do not believe me and insist on going on . . . You speak good words now, but after this there will be trouble.'



After further interminable discussions, Lobengula agreed to give Johnson 'the road'. Johnson travelled as far as the Mazoe Valley in Mashonaland where he came across plenty of evidence of alluvial gold deposits, but on his return to Bulawayo in November 1887, he found Lobengula in an angry mood. Johnson was accused of spying, murder and showing disrespect to the king. After agreeing to pay a fine of £100, ten blankets and ten tins of gunpowder, he was allowed to leave Matabeleland and travelled back to the Cape empty-handed.

Grobler's appointment as Transvaal's consul to Lobengula's court was short-lived. After presenting his credentials to Lobengula in July 1888, he set out for Pretoria to collect his wife, taking a short cut across a disputed part of Chief Khama's territory of Bechuanaland (administered by Britain) having failed to obtain permission in advance. Approaching the Limpopo River, he was stopped by Khama's men on the British side of the river and mortally wounded in an exchange of fire. Kruger was convinced to the last that Rhodes was behind the killing. 'There is no doubt whatever,' he remarked in his memoirs, 'that this murder was due to the instigation of Cecil Rhodes and his clique.'

One by one, Rhodes either bought out, or somehow smothered all opposition. By the time the Chartered Company was formed in October 1889, not only was Mashonaland's mineral potential in doubt, but the Chartered Company was having some difficulty with its 'rights' in the territory. The stumbling block was sorting out who actually had what concessions from Lobengula. Lobengula was said to have signed the following treaties with white people in the 19<sup>th</sup> Century

- 1870 Tati Concession
- 1871 Baines Concession
- 1887 Grobler Treaty
- 1888 Rudd Concession (mineral rights)
- 1888 Moffat Treaty
- 1890 Lippert Treaty/Lippert's concession (land and settlement)

Rhodes business partner, Rudd, had (or so he thought) obtained the mineral rights for the Company in 1888 – but Beit's cousin, Eduard Lippert, for some reason, maybe through jealousy of his cousin and hatred for Rhodes, maybe even acting for the Transvaal Government, had persuaded the Matabele Chief to grant him land and settlement rights. (Rhodes thought that Beit, despite a family quarrel, could help him buy Lippert off.)

In any case Rhodes decided to go in and occupy the land himself anyway – though he clearly did not have settlers' rights. Rhodes' military advisers estimated that it would take 2,500 men and about one million pounds to win the war that would, they thought, inevitably result when Lobengula realised that Rhodes meant not only to mine but also to occupy his land.

## 26 Rhodes sends a Pioneer Column to occupy land north of the Zambezi

Frank Johnson, a 23-year-old adventurer, however, undertook to deliver the territory in nine months with a mere 250 men for £87,500. Johnson published recruitment notices in Kimberley offering each volunteer 3,000 acres of land and 15 mining claims. On the advice of Rhodes, Johnson selected for his settlers, from thousands of applicants, mostly the sons of rich families, so that if they were, indeed, imperilled by Lobengula, their families would be more likely to enlist British government support for their rescue.

Johnson's column eventually consisted of 180 civilian colonists, including lawyers, engineers, builders, bakers, butchers, printers, farmers, clergymen, and at least two physicians and included Rhodes great friend and adventurer that he knew from Kimberley, Dr Leander Starr Jameson. The column was guided by none other than the famous big game hunter, Frederick Selous, who knew the territory well.



The plan was to avoid confrontation with Lobengula by skirting Matabeleland and striking instead for the eastern part of the territory occupied by the Shona people. Nevertheless, they were prepared for battle as they were accompanied, for protection, by a force of 300 Bechuanaland Police (paid for by Rhodes – maybe helped by

Beit?). The column was armed with Martini-Henry rifles, pistols, 7-pound field guns, and maxim machine guns. They had even borrowed a steam driven generator and a 10,000-candlepower searchlight from the naval depot at Simonstown; it was turned on at nightfall to discourage Matabele attacks. In addition to the Pioneers and troops, the column included 100 natives to help with the road-building – as there were no roads or bridges – and with the pushing and goading of the 3,000 oxen dragging 117 wagons (see the illustration below).

On 27 June 1890, Major General Methuen, the deputy acting Adjutant of the Cape Command, arrived, inspected the troops, and pronounced them fit to march into the teeth of some twenty or thirty thousand blood-thirsty Matabele. The trip was about 460 miles and took thirteen weeks.

A member of the Pioneer Column armed guard, **Robert Hamilton McClelland's** reported: 'After leaving Mafeking, went on to Tuli [Beit Bridge the most effective drift - where Rhodes had a fort built to control who came into the territory] where we underwent a lot of training before crossing the border into the enemies' country. B Troop was chosen to cross into the enemies' country under Capt. Hoste. We had to cut open roads through thick forests and make drifts for the Column to follow on. The Column followed us up three or four days later. Eventually we arrived at Fort Victoria, where we built our Fort and gave our cattle and horses a good rest.

From Fort Victoria we went on to Fort Charter and built our Fort there, and then we trekked slowly on, making roads to Salisbury, where we again built a Fort. The British union flag was hoisted on the following day, 13 September in Fort Salisbury. We were all disbanded in Salisbury on 1 October 1890 and went all over the country in small parties prospecting for gold.

The fall of the Ndebele Kingdom was immediately followed by the construction of the town of Bulawayo and some of its European residential suburbs such as North End, Bellevue and Saurstown and the African Old Location high density suburb, also known as Makokoba.

## **Sequestering all the cattle**

One of the first acts that the British South African Company (BSAC) committed after defeating the former Ndebele Kingdom was to round up all cattle in the region, saying that they had all belonged to King Lobengula and were, therefore, legitimate war booty. A very conservative estimate by the BSAC officials puts the total number of the seized cattle at 262,000, obviously less than the actual figure. Many white settlers became rich overnight in this country because of this massive theft of the helplessly terrorised black people's livestock.

The BSAC faced one quasi-legal problem which was that whereas its occupation of Mashonaland was based on the 1888 Rudd Concession, that of Matabeleland was a result of military conquest. In addition to that, Matabeleland had been, by international law, an independent and sovereign state,



exactly the same as the 32 kingdoms of Mashonaland which emerged from the collapse of the Munhumutapa Empire in the 18th Century.

The BSAC built a Government House and a Reserve Bank in Bulawayo and administered the two territories separately until November 1894 when they merged them as Southern Rhodesia, now Zimbabwe. Earlier, a boundary had been drawn by Dr Leander Starr Jameson across the Midlands, dividing the two territories. After the formation of Southern Rhodesia, the BSAC looked into the possibility of dividing the country into two administrative sections, one part being meant for the white settlers and the other for the black people.

## 27 Beit's Journey to Mashonaland 1891

In 1891, a year after the Pioneer expedition had occupied Mashonaland (which became part of Southern Rhodesia in 1898) Rhodes asked Alfred Beit to visit the new British territory together with a distinguished British aristocrat, **Lord Randolph Churchill**. Rhodes and Beit had persuaded Churchill, who had been hotly tipped to be the next Prime Minister of Britain, to come out to see the vast potential of his new land.

Beit knew just the person to arrange and lead such a tour. He sent for Percy (later Sir Percy) Fitzpatrick, the young transport rider, knowledgeable about conditions of such travel. Beit had met him on the short-lived Eastern Transvaal goldfields. (Fitzpatrick is famous for his book about travels in the eastern Transvaal called 'Jock of the Bushveld'.)

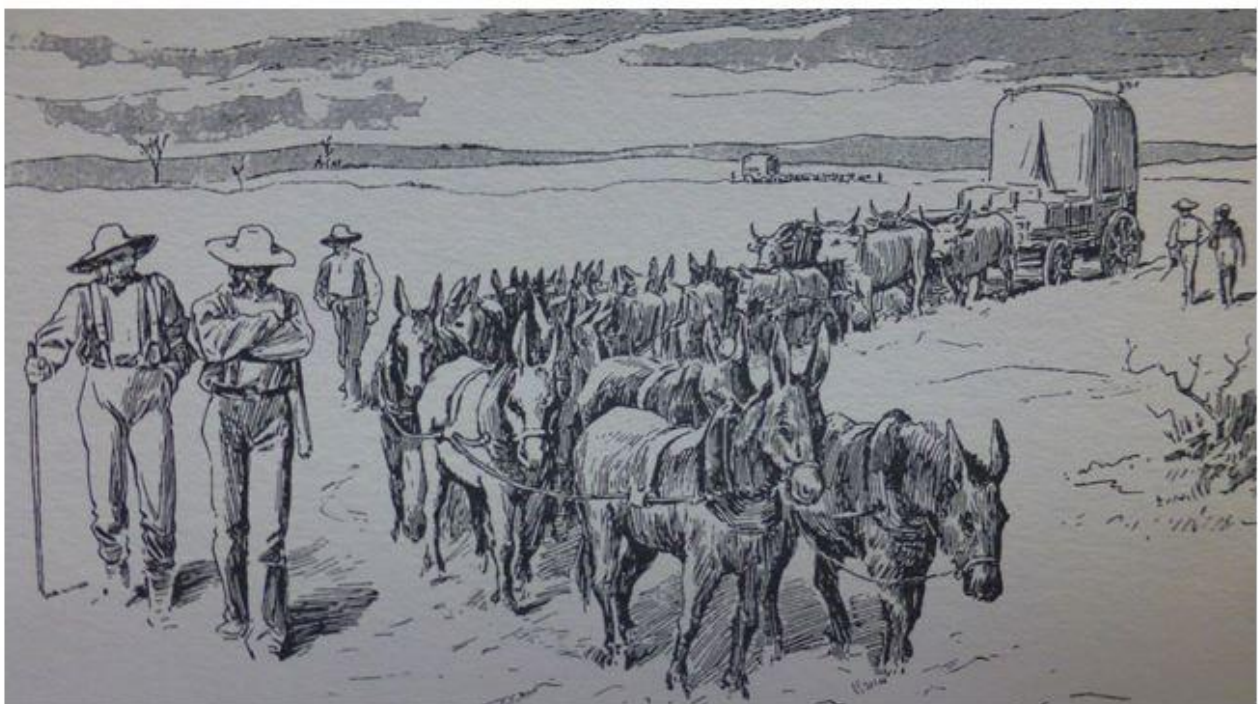
Fitzpatrick says: 'in June 1891 I received a telegram [from Beit] asking me if I would go with him to Rhodesia and take charge of his expedition and that of Lord Randolph Churchill – and leave it to me to arrange the terms. I made no mistake on this second time of asking and was off within a few days. (Beit had earlier offered him employment at Eckstein's with a minor share in the business – but tied by an agreement, Fitzpatrick was not able to accept at that time. Eventually he was to become a partner in the Firm of H Eckstein.)

Although Fitzpatrick was well accustomed to the needs of such a trip and could have given important practical advice, Churchill's team made their own expedition plans with many unnecessary and ill-chosen items that severely handicapped and delayed them. Beit and Fitzpatrick who travelled together did not actually accompany Churchill and his team – rather they followed them, to keep an eye on what they were doing. A great deal hung on what a potential prime minister of the UK felt about the prospects of this newly acquired land. However, Churchill's weekly dispatches to the Daily Graphic were not as enthusiastic as Rhodes and Beit would have hoped.

On this trip, Fitzpatrick learned many things about Beit from Beit himself and wrote about these that he says are not chronicled elsewhere. He wrote, 'Travelling through Rhodesia across practically roadless veld, sleeping and feeding anyhow and anywhere, as I had been thoroughly accustomed to do, but he had never experienced; jogging along in a spider (right) or travelling in the wagon bearing our goods (below); always in the open; talking freely and intimately on all subjects with no audience or gallery to consider – it was in such circumstances that we were thrown together. None could be more favourable to unreserved candour.



Here Beit told Fitzpatrick about his great admiration for Rhodes and his amazing capacity to convince rooms full of suspicious shareholders, to fall in line with his ambitions. Fitzpatrick says, as we have mentioned before, that 'there can be no doubt that Beit was Rhodes' financial genius, and without him the great creations which are credited to Rhodes would not have been accomplished. But there was more than that; there was a strong personal affection and almost passionate devotion on Beit's part that enabled those two very different characters to act as one.



A dreary road between Fort Victoria (Masvingo) and Fort Charter

Brian Roberts in *The Diamond Magnates* quotes Lionel Phillips as saying, 'Rhodes could never have achieved what he did in Kimberley nor in Rhodesia without Beit.

Although Beit had no interest in politics, he was always prepared to follow Rhodes's lead. He had readily become a Director of the Chartered Company, and his financial support did much to encourage confidence in the venture. Rhodes needed Beit's assistance. And there was a lot going

on in the territories that were to be 'conquered' between 1890 and 1896 and which would in 1898 bear Rhodes' name 'Rhodesia'.

But in the meantime, Beit had much to do, attending to the business in hand on the Witwatersrand and in 1893, Beit launched a huge company covering all this activity: Rand Mines Limited.

## **28 Beit Launches his Gold Company, 'Rand Mines Ltd', February 1893**

### **Beit and Deep Level Mining**

AP Cartwright in his book *The Corner House* emphasizes that Wernher, Beit and Co always owned and controlled the Johannesburg firm although it was called H Eckstein. The London partners took four fifths of the profits of Johannesburg, and Johannesburg had no share of the profits of the London company, Wernher, Beit and Co. As well as being paid good salaries, and having fine houses built for them, one fifth of the profits of the Johannesburg office went to the partners in H Eckstein who were allowed great freedom of action but the Johannesburg partners had to carry out the instructions from their London head office.

Alfred Beit took a great personal interest in the mines of the Witwatersrand in their formative stage. Although his visits to Johannesburg were infrequent, he always carried a clear picture in his mind of the layout of the various claims and could discuss them by letter from London as though he was present on the scene. His partner Wernher was equally knowledgeable. The difference was that Beit was always on the lookout for and encouraged new ventures and was prepared to do business with a number of partners that Wernher was wary about.

The company was also venturing out into major infrastructure and industrial works, bearing the weight of some of the concessions that had been granted by President Kruger to Transvaal burghers, who had no possibility of delivering them, without such capital support as Ecksteins could offer, for instance for the cement factory, the water works and the first national bank.

The crowning glory of Eckstein's first few years was the belief in and purchase of deep level mining properties. There were contrasting views about deep levels amongst the gold fraternity in Johannesburg. It was the American engineers that the Rothschilds sent to Witwatersrand who first advanced the theory that the reefs might extend to great depths to the south of the outcrops. They duly tested this theory and found it correct. Even within the Corner House itself there was a division of opinion. However, their new man Lionel Philips was a great advocate and the driving force in the Corner House acquiring hundreds of deep level claims that were available for almost nothing. Beit caught his enthusiasm and the company also bought up other deep level claims cheaply where the owners who already had them did not have the capital to deal with deep level mining.



Cartwright says that Beit having talked to the mining engineers caught their enthusiasm. He seems to have decided after his visit to South Africa at the end of 1891 that it would be advisable to spread the risk and invite the Rothschilds, Rhodes and others to participate.

Beit wrote to Lionel Phillips in March 1892 'I have thought a good deal about the deep level speculation and studied the plans and the more I go into it the more I see the importance of acquiring the remaining blocks like Lippert's and Van Diggelen's township . . It would not be too much for our firm to invest £100,000 in this enterprise. It would not matter if eventually the £200,000 was exceeded. I feel confident that we will soon see good time and that you and we all will be rewarded for all the anxiety and worry we have had for the last seven years. I have the greatest confidence in your capacity and am very appreciative of your zeal and I have no doubt that before the year is out you will be able to give us a good account of your stewardship'

Beit's plan was to create a parent company of which Eckstein's would hold 50 per cent with the Rothschilds (through the London exploration Company) holding 25% ; Gold Fields 10%; and Sigismund Neumann, Abe Bailey, Hanau and others the balance in exchange for claims put in).

There is still in existence a document drawn up by DC Perkins showing the distribution of shares to the Rothschild interests. It reads:

|                           |        |
|---------------------------|--------|
| • Rothschilds London      | 10,000 |
| • Rothschilds Paris       | 10,000 |
| • Lord Randolph Churchill | 5,000  |
| • HC Perkins              | 4,000  |
| • Carl Meyer              | 4,000  |
| • Ernest Cassell          | 5,000  |
| • Hamilton Smith          | 3,000  |
| • De Crano                | 2,000  |

In April 1892, Beit wrote that the Rothschild engineers Perkins and Hamilton Smith and de Crano wanted to participate and in fact wanted a bigger share themselves, 'however' Beit said, 'that I have to refuse. Bear in mind that we have not much to give away and that every 1.000<sup>th</sup> share will, if our anticipations are realised, be worth at least 10,000 but probably much more'. Beit added that 'Perkins thinks he has some reason to believe that the reefs get richer in depth. He thinks the gold has been deposited when the formation was turned up. However, is only a theory. He thinks we should commence operations at once and suggests that a borehole be put down at the Crown Deep Level without delay. This may not be the most advantageous spot as to the depth but if we prove the reef there at a depth of say 1,200 feet, then we have also proved our other interests where we shall find the reef so much sooner. A borehole on the Crown would cost about £3000 and it appears to me to be wise to spend this much before shafts are sunk down. It was the most advantageous

spot. Some 15 months later that borehole on the Crown Deep (also known as the Rand Deep Level) hit the Main Reef Leader and produced a spectacular result a core that assayed 13 oz 15 dwt to the ton.'

After some haggling with the Rothschilds it was decided for Beit's new mining parent company that Ecksteins would receive 25 per cent of the profits after a sum equal to the total capital had been distributed to the shareholders (and that they would be entitled to 25% of the assets of the company if it were ever liquidated).

In May 1982, Beit wrote to Philips to say 'We have at last settled the Deep Level scheme. ... The first thing to be done is to frame a trust deed. It should give the directors the fullest powers. This company being a parent company which will gradually dispose of its assets, it is essential that the directors need not at every opportunity have to communicate with the shareholders. A special clause will have to be drafted to define our 25 percent.

On 9 July Beit wrote: We do not think it at all desirable to make a market for deep level shares. We are already inundated with applications for participations and these demands and requests would increase if the shares had a very high quotation. The quieter we keep about this spec, the better – for some time at least.

Ever wanting Rhodes to be involved with the deep levels, Beit continued, 'I shall make some arrangement with Rhodes and Rudd, selling them two and a half per cent at a moderate price, probably £8000, so as to make their interests fall in with ours. I think it would be wise to do so. Rhodes' brains are not to be despised and if we had interests apart from theirs, there would always be friction.

Beit was not concerned as to what the parent company might be called. He said: 'Please have the trust deed drafted as quickly as possible and the company registered without delay. The name of the company we leave to you. I think the word's "deep levels" might just as well be left out. In July 1982 in reply to Philips', Beit said: 'Rand Mines Limited will do quite well. Perhaps the Rand Gold Mines Limited would be better ...' But 'Rand Mines Limited' it was to be.

Cartwright says that in the meantime, everyone in Johannesburg who knew the Ecksteins, Taylor and Phillips, was clamouring to be allotted some shares at par. A certain number were set aside for what may be described as public relations purposes, as was customary in those days. Among those who were allowed a participation were Hennen Jennings who received 1,500 shares, the Chief Justice of the Republic, Judge Kotze (100); The newspaper, The Star and its editor (200); The Albu Brothers (100); as well as a number of other well-known citizens. A less expected name on this list was Dr JG Leyds, the Transvaal State Secretary, whose allotment was marked 'Shares allotted by Mr Taylor, waiting his return.'

So it was, that in paying attention to setting up the gold business on a sound and secure footing, in February 1893, Beit launched, **Rand Mines Limited**. It was entered into the Register with a capital of £400,000 and 400,000 share certificates each with a nominal value of one pound, of which 300,000 were issued. Their assets were 1,357 claims, twelve water rights and a majority shareholding in various mining companies.

All those who were let in 'on the ground floor', ie who obtained their shares certificates at nominal value of £1, Cartwright says, were fortunate. In all later issued they commanded a handsome premium and within only five years, they were worth £45 each.

The gamble in deep levels – and remember that it was regarded as a gamble in 1892 – turned the £200,000 that Ecksteins and Wernher, Beit had invested in claims, into some £5,000,000. If you add that to the dividend they received and the salaries they were paid, the firm must have made a profit of some £10,000,000 as the reward for the enterprise the partners had showed in acquiring claims, south of the outcrop during the depression, and everyone who was associated with them did equally well. By 1899, the company paid its shareholders a dividend of a hundred percent for the first time.

It was widely acknowledged by the mining fraternity that that successful mining on the Witwatersrand really began with the formation of Alfred Beit's **Rand Mines Ltd**.

## **29 Matters in the Transvaal 1886-1895 – and Beit's declining health**

For the Transvaal authorities, the sudden influx in 1886 of a horde of unruly prospectors and miners thirty miles south of Pretoria required some hasty improvisation. A local official, veldkornet Johannes Meyer, made the first attempt to bring order, introducing a system for prospectors to peg out mining claims.

In August (1886), the Minister of Mines, Christiaan Johannes Joubert, and the Surveyor-General, Johann Rissik, addressed a gathering of some 200 claim-holders on the farm Turffontein, to outline the government's plans for the diggings.

In September, the Gold Commissioner, Captain Carl von Brandis, an ex-Prussian cavalry officer, stood beside his wagon and read out in Dutch a proclamation signed by Kruger declaring the Witwatersrand 'a public digging'. In October, Von Brandis returned to proclaim a triangular stretch of land known as **Randjeslaagte**, already owned by the government, as the site for a new town. Randjeslaagte lay just north of the pegged claims on the main reef, not far from Ferreira's Camp; it was enclosed by the boundaries of three other farms, Braamfontein, Doornfontein and Turffontein.

The name chosen for the new town was Johannesburg. The origin of the name – though there were several obvious possibilities – was soon lost. Shortly after Von Brandis arrived, a blustery wind blew



away his tent, and among the records to disappear that night were the plans and instructions from the Surveyor-General believed to have contained an explanation.

Johannesburg was laid out on a rectangular plan, with wide streets intersecting each other at right angles. At its centre was a Market Square, a huge open space where wagons outspanned. The main thoroughfare, Commissioner Street, ran parallel to Market Square and marked a boundary between the government town and another district to the south known as Marshall's Town, formed from blocks of claims converted into freehold building land. Once the government started selling stands, a host of makeshift buildings sprang up - mud hovels, tin shanties, shacks and boarding houses. Commissioner Street was the favourite location, with one side belonging to the government, the other to Marshall's Town. Height's Hotel there did a roaring trade. On the other side of the road, the government hastily constructed a prison and a hospital, consisting entirely of mud bricks and wooden poles.

On his return from Kimberley in December, Rhodes was soon involved in choosing a site for a Johannesburg Club, an amenity that he regarded as an essential part of a mining camp. After surveying the ground with Sauer, he selected four stands at the corner of Commissioner Street and Loveday Street in Marshall's Town. A single-storey building with a thatched roof was duly constructed.

As the new town took shape, the Transvaal President, Paul Kruger decided to pay a visit. Arriving in February 1887, four months after it was proclaimed, he was given a cordial reception. The gold commissioner read an address of welcome from a stand erected in front of the government offices on Market Square. But even on this first occasion, there were signs of the friction that was eventually to prove fatal. To Kruger's annoyance, he was presented with a number of petitions listing grievances. The diggers asked for a daily postal service; they wanted their own town council; their own concession-licensing court, and a reduction of customs duties and mining dues. They pointed out that they had no representation in the Volksraad (the governing council) to make their case heard.

Kruger responded by saying he wanted to make laws acceptable to all – but added that the Transvaal's laws had to be obeyed. 'I have secret agents in Johannesburg,' he said, 'and here, as elsewhere, there are scabby sheep among the flock who want to break the law. I would like everyone, of whatever nationality, to know that if there are any disturbances I will first call on you diggers to catch the diggers, but if this fails I will call out my burghers and treat you as rebels.'

The next morning, the President was in a more conciliatory mood, saying he would look into ways of making improvements to the gold laws. In the evening, he attended a banquet in his honour at which it was arranged that Rhodes should propose the principal toast of the evening: the President's health. Rhodes urged Kruger to regard the newcomers as friends and to extend to them - 'young

burghers like myself' - the same privileges enjoyed by Transvaalers. Kruger replied with a brief word of thanks. This was to have been followed by another toast proposed by JB Robinson, but before Robinson could begin, Kruger rose to his feet saying abruptly, '*Myn tyd es op. Ech moet vertrek.*' - 'My time is up. I must be off.'

## Gold mining on the Rand in the 1890s

No more than ten companies dominated the development and exploitation of the gold fields of Eastern Transvaal in the mid-1890s: **Wernher, Beit & Co**; Barnato Brothers, Lewis & Marks, the Rhodes' group (Consolidated Gold Fields), the JB Robinson group, the Farrar group (Anglo French Exploration Co.), A Goerz & Co, Abe Bailey, G & L Albu and Sigismund Neumann & Co.

In the 1890s there were great stresses on the mining community and those who controlled the mines – both in Kimberley and Johannesburg. There was a heavy weight of responsibility on the magnates. Huge investments had been made and the magnates who managed the investments and the mines were financially stretched and owed so much to shareholders, and that a steady stream of profit into the future was essential to their survival and the survival of the industry. Lots of other things depended on that too – the development of the South Africa the Railways and Harbours even the development of the British Empire. Beit, who was by nature highly sensitive and nervous felt this responsibility most deeply, as he was ultimately the leader in developing the financing and operation of the mines.

Many things were piling up against them in Kimberley too. Beit had a constant fear that although they had managed to get all four (at the time) Kimberley mines under their control, it was always possible that other rich diamond pipes would be discovered in South Africa, or elsewhere, which could upset the control of production, sales and prices of diamonds again. Also, there was the need for constant surveillance as diamonds – especially big ones were easily stolen. There was even a threat that artificial diamonds could be manufactured – which was a severe shock to Beit. All this contributed to his failing health starting in the 90s.

On the goldfields, even more resources had to be mustered to wring the few ounces of gold out of tons of banket – to be found up to two miles below the surface. It was difficult to train and keep miners going down to these hot and steamy depths. The Government of the Transvaal was no help. Paul Kruger saw his precious free independent republic infested by burrowing 'rodents'. Gold to him was a great burden, though he benefitted greatly by big levies and taxes on the gold community. He made them suffer too by issuing monopolies on important aspects of their activity, such as the dynamite concession he had granted to Beit's cousin Eduard Lippert, that held the miners to ransom. Increasingly he seemed to refuse to concede to, or even receive, their petitions to ease their burdens. Nor would he allow them any say in the government. There was taxation, but no representation – a flammable brew.

### 30 Beit and Kruger – JB Taylor's role

The firm of Wernher, Beit & Co kept itself aloof from politics and the growing unrest between the mining community and the Transvaal government. They tried to keep good relationships with the leaders on both sides and to smooth out difficulties where they could. They were on good terms with Kruger and his government as will be seen below.

A key member of the Firm, Jim Taylor, became a trusted friend of Kruger and would visit Pretoria to discuss the problems of the gold mining industry and solve many in this way. Taylor who could speak fluent Afrikaans, says 'On one occasion, I called upon the President and found him sitting as usual on his stoep drinking coffee, smoking his pipe and chatting with one or two members of the Volksraad. After I had shaken hands all-round the President said to me: Come here, I want to speak to you. Why do you (and your firm) ask me so much for Johannesburg and do so little for Pretoria? I think it is time that you did something for this place.'

Taylor protested that the President had already sold concessions to various companies, for instance, to provide water and lighting, cement making and banking etc. Kruger replied "That is true. but your firm ought to take an interest in them and help the concessionaires to obtain the money they need". After discussion with Beit, it was decided, although Beit was opposed to the whole idea of such concessions, 'that as they had already been granted, we might do something to start them off' So Beit asked Taylor to move to Pretoria and set up an office in order to manage these enterprises – which were complicated and time-consuming working with the concessionaires. However, Taylor managed to deliver them expertly, and at the same time was able to continue to be an intermediary between the mines and the Government and to keep both parties informed of what was going on.

Taylor was accepted by Kruger and his executive council as a friend upon whose services they could rely. Taylor felt it a great misfortune that when he retired and left Pretoria in 1894, the firm, or the mining industry as a whole, did not continue to have such a close liaison and continue to work through their difficulties with the government.

Taylor says he had a great admiration for Paul Kruger and his people. Taylor was in the Transvaal between 1881 and the time he left in 1894, and says that during those years, he received the greatest kindness and abundant hospitality wherever he went. He recognised that Kruger had a very difficult task before him and said, 'Critics of the old President must bear in mind that the advent of thousands of people to the Transvaal in search of fortunes presented many difficult problems against which he had to struggle.'

Taylor went to the President when he retired in 1894 and said he would like to settle in the Transvaal. He wanted to live at the model farm Irene, outside Pretoria, created by a renowned



South African businessman, industrialist and pioneer conservationist, Alois Hugo Nellmapius (1847 –1893). Taylor needed to know that he would ultimately have full rights as a burgher – a citizen of the Transvaal Republic. As much as the President wanted to have him, Kruger said ‘if I gave you the franchise, I shall be expected to give it to all the people on the Rand and that would mean a sacrifice of the independence of my country. That I would never risk’

Taylor explained that if men like him became burghers they would help him govern the country. At this Kruger became excited and stamped about the room saying ‘no, no, you want to wrench the rod of government out of my hands and hit me on the head with it.’ Then shaking his fist towards the Cape he shouted: ‘I have read what the papers say that Rhodes has stated in Cape Town that there will soon be a hundred thousand miners in Johannesburg, who will swamp the votes of my people. Rhodes wants my country, let him fight for it. I shall be ready for him. I am making preparations for the fight.’

Taylor continued ruefully, ‘I have had since my retirement many regrets that those left in control of our firm took part in political strife, for during the years that I lived in the country I always made a point of keeping on friendly terms with the members of the government of the Transvaal. I trusted them and they trusted me. They knew that I had no inclination to intrigue against them and that if I had any differences to discuss, I was always prepared to discuss them in a reasonable and friendly manner. The interests of our Firm and of the people who supported us were commercial, and on behalf of those interests it would have been better to endeavour, by other means than by rebellion, to obtain justice for the mining industry. Had I remained in charge in Johannesburg I should never have consented to the agreement made a year after I left with Rhodes or Jameson to bring in outside assistance to relieve our grievances. The fiasco of the Jameson Raid and the subsequent evils that befell the country proved that I was right.’

## **31 Beit and The Jameson Raid December 1895**

As we know, Beit had made it a rule that his Company should always remain neutral in the political sphere. So how was it that he came to take a part, and a big part, in the political ‘Reform Movement’ that culminated in the Jameson Raid over New Year 1895/6?

In the mid-19<sup>th</sup> century, the Dutch farmers (the Boers) had undergone great hardship and left the Cape Colony to trek north by ox-wagons and open up the interior of the country to find a safe place to live that was free, particularly of the British governance. They crossed the Orange and then the Vaal rivers, surviving many hazards and set up the Boer republics of the Orange Free State and the Transvaal – far away from the Cape Colony and Natal which were part of the British Empire.

The discovery in 1867 of diamonds in the Orange Free State (near the border of the Northern Cape) brought thousands of British and European fortune seekers to South Africa. It was relatively easy to

find a local Griqua chief to lay claim to the land and thus to contrive to bring it under British 'protection' and then to annex it to the Cape Colony.

The discovery in 1886 of the rich gold deposits in the Transvaal, was a different matter. This had brought thousands of British, American and European (many of them Jewish) engineers, miners, professionals and shopkeepers to a place, only 30 miles from the capital of the Transvaal Republic, Pretoria. This mining town grew rapidly and within nine years had far outstripped Pretoria, the seat of government, that had been established 33 years earlier. To get their hands on the goldfields, British schemers would have to work much harder. There was no easy solution and Boer Government under President Paul Kruger was very suspicious of the motives and strongly opposed to being overrun by the mining community.

Although the Transvaal Government benefitted hugely from the taxes they raised from the gold mines, they were not prepared to grant the franchise to the 'non-Boers' or 'Uitlanders' (foreigners or aliens) as they called them, as they would outnumber the Boers and so undermine the Dutch republic. Kruger found it difficult to negotiate with the mining fraternity or deal with all the miners concerns such as the operations of monopolies and concessions that proved very difficult for the miners. The miners thus felt Kruger was a big stumbling block and longed for a more liberal government in the Transvaal. They hoped that they could transform it – by 'supporting' the election of Joubert, who was standing against Kruger as President (and possibly by other measures we will consider).

**Beit was by nature a peacemaker**, especially regarding the tension between the gold community



Wikipedia: The main personalities - Jameson, Rhodes, Beit, Chamberlain, Kruger and Rutherford Harris

and the Government. We have seen how, to minimise such tensions and increase mutual understanding the firm of Wernher, Beit and Co working through H Eckstein and Co had even sent their valued partner JB Taylor to live in Pretoria and to do something not only for themselves but for the government by managing and financing the water works and electricity company for Pretoria and the cement factory for the government. Beit's Firm had also established the first National Bank of South Africa and the South African mint for Kruger. And this mutual trust enabled Beit and Taylor to inform the government of the gold miners concerns and vice versa. This worked well until Taylor retired in 1894. (Taylor as we have seen, wondered ruefully, what might have happened if he had not retired just then, or if the firm had replaced him in Pretoria in this role)

By 1894, less than ten years from its founding, Johannesburg was a large city with imposing buildings, electric tramways and street lighting. Pretoria was a sleepy town. The main streets in Pretoria had to be wide enough for a twelve-span ox-wagon to do a U-turn and the blocks were long. In Johannesburg, the blocks were short as corner stands were prime real estate, and the blocks were laid out with as many corners as possible. The essential difference though was that Pretoria still moved to the ancient rhythm of the veld while Johannesburg throbbed to the tempo of the mining stamp battery.

Tensions grew and grew and in 1893 and 1894 petitions signed by 35,000 of the so called 'Uitlanders' outlining the grievances of the mining community and were either received with scorn and laughter by Kruger, or not received at all.

In June 1894, The British High Commissioner Sir Henry Loch, came to on official visit to Kruger in Pretoria. Certain unfortunate incidents took place that more than ever inflamed the atmosphere of frustration and hatred between Boer and Brit. Immediately after this, the powerful American mining engineer, John Hayes Hammond, originally brought out by Barnato and now working for Rhodes, left Johannesburg to meet Rhodes and Jameson in Rhodesia. There he explained fully the Uitlanders position. Rhodes returned with him to Johannesburg and Rhodes had an interview with Kruger that was entirely unsatisfactory. Kruger was more than ever convinced that Rhodes did not just want reform – but he wanted to take his country from him.

As a result of this meeting, Rhodes definitely determined to assist the Uitlanders cause with his money and influence. Jameson after meeting with others in Johannesburg was convinced that Kruger would never make concessions to the mining community unless he was compelled by force to do so. But Rhodes had a specific aim – not just to alleviate the injustices, but to make sure that the Transvaal came under the British flag. He proposed a union of the two colonies and the two republics that was a reasonably popular suggestion that had many followers.

### **Rhodes persuades Beit to join the Reformers**



As we know, up to this time, Beit had insisted that his firm in Johannesburg should not take any open participation in politics. It is true that in a few instances, they gave financial support to progressive Boer municipal candidates, but they had not signed any petitions nor given support to the Reformers' propaganda.

The first thing Rhodes had to do on his return to London in October 1894 was to persuade Beit that the only way to prevent Kruger from continuing to block progress to create a Federation of the four provinces in South Africa, which many favoured, was by the exercise of force. He had to persuade Beit that the Uitlanders' organisation, the Reform Movement, that had arisen amongst the mining fraternity (fomented by Rhodes and the Gold Fields crowd) was the best and most practical organisation through which to achieve this.

Eventually Beit, who had long been an ardent 'federationist', fell again under the spell of Rhodes' imperialist vision, and was persuaded to give his support. He agreed to take part in the planning and financing of a plot to take the Transvaal from the clutches of Kruger.

It was clear that Beit only went into the raid at Rhodes' request, and it was said that, at every stage of that disastrous episode, he offered the strongest protests that his affection for Rhodes would allow him to formulate. No limit was set to his loyalty to what he considered that remarkable and lovable genius. Beit said: 'My friend, right or wrong, can always depend upon my support'

In his autobiography *Some Reminiscences*, Phillips said 'it is hard now to appreciate the glamour of Rhodes. Rhodes' dreams of imperial destiny, his backstairs manoeuvres and social manipulations, and his chasing after the will-o'-the-wisp of gold in Matabeleland were seen by his collaborators as magnificent and exciting adventures.' For the boyish and excitable Beit, making things happen for the great Rhodes was the stuff of dreams.



It is well known that Rhodes went on to convince the British Government about this attempted coup that would support his Southern African adventures and they could see clear financial benefits.

Here is a picture of Sir Abe Bailey with fellow directors of Rhodes' Consolidated Gold Fields of South Africa mining

company in 1895.

Back row from left: John Hays Hammond, an unknown servant, George Farrar. Front from left: Alfred Beit, Lionel Phillips, (of H Eckstein and co) Frank Rhodes (brother of Cecil), and Abe Bailey.

This group was to form the core of the Reform Committee, instrumental in colluding with Rhodes and the British Government in the notorious and disastrous Jameson Raid later that year. (One can almost tell from their faces that something is cooking up.) The report of the subsequent South Africa Select Committee in the UK parliament describes the situation thus: “In June 1895, **Mr Rhodes and Mr Beit** formed a plan for organising the discontent at Johannesburg, providing the necessary money and arms for the purpose of an insurrection there, and placing a force under Dr Jameson on the frontier of the Transvaal to assist and support it.”



The plan was for arms to be smuggled into Johannesburg and Jameson was to line up a force of Rhodesian Police on the Border. An ultimatum was to be delivered to Kruger demanding reforms and if not forthcoming, the revolutionaries would seize the arsenal in the Pretoria, and call for aid from Jameson (ready on his horse, left) to support the women and children that the Boers might then be endangering. They would issue an appeal to the Europeans in South Africa to give a plebiscite vote in favour of the reforms that they had demanded. “

In the meantime, both Rhodes, the premier of the Cape Colony, and the High Commissioner were to arrive on the scene and to arbitrate between the revolutionaries on one side and the armed burghers on the other. Such was the plan.....

At first there seemed to be excitement in Johannesburg that something would be done, and that Rhodes was behind it. There was confidence in the proposed plan. Arms, paid for by Beit, were smuggled into Johannesburg. The firm H Eckstein, with its leading partner Lionel Phillips, was suddenly thrust into the thick of it as the fulcrum of the Reform Committee responsible for the planning and execution of the Raid, along with Rhodes and his companies.

As time went on, there was less and less enthusiasm and more concern as to the plan's effectiveness. The reformers were not a solid group – and there was no person who could whip

them into line, explain what was going on or keep them focused. Communications were bad and nobody quite knew what was happening. The plan was both revolutionary and constitutional. It was not supposed to end in bloodshed, but to force Kruger to make concessions. But nobody was sure who was supposed to do what.

Some members of the mining community were in favour of a neutral uprising and a change of conditions under the Transvaal flag. They felt that if the British flag was to be raised this was not what they were seeking, and it could make the current situation worse.

On a practical level, not enough arms had arrived to be of sufficient strength in an insurrection. No one reliable was in charge of orchestrating the uprising and of the arms distribution. In addition, the numbers of men in the column to arrive under Jameson was less than half that expected. Jameson was made to delay several times and even the leaders and plotters in Cape Town including Rhodes – and possibly in the British government who had connived with it, were having second thoughts. They were on the very point of calling it off or delaying it indefinitely.



But they did not reckon on Jameson! (pictured left with Rhodes on the right of him) Rhodes had first met Dr Jameson when he was a charismatic and adventurous medical practitioner in Kimberley. He was a fearless gambler and adventurer.

The telegram lines had been cut as agreed. The message he already had in his pocket, to ride in to relieve the endangered Johannesburgers was not dated or authenticated. Desperate

messengers were sent to find him and tell him to wait until further decisions had been made.

Nevertheless, on 29 December 1895 Jameson decided off his own bat, possibly encouraged by his chief of staff Willoughby, to start his ride to Johannesburg with the small forces at his command. It proved a disaster. The Boers knew he was coming. He was ambushed near Krugersdorp, lost several men and horses to Boer sharpshooters, and had to surrender after further casualties on 2 January 1896 at Doornkop. All hell broke loose nationally and internationally.

In the plot as a whole, Jameson had had a subordinate role. Neither Beit nor Rhodes, nor anyone else, dreamed that he would, instead of acting as a cooperative factor in the scheme of the resolution, become a spark of dynamic energy that blew into thin air all the rationalised intentions

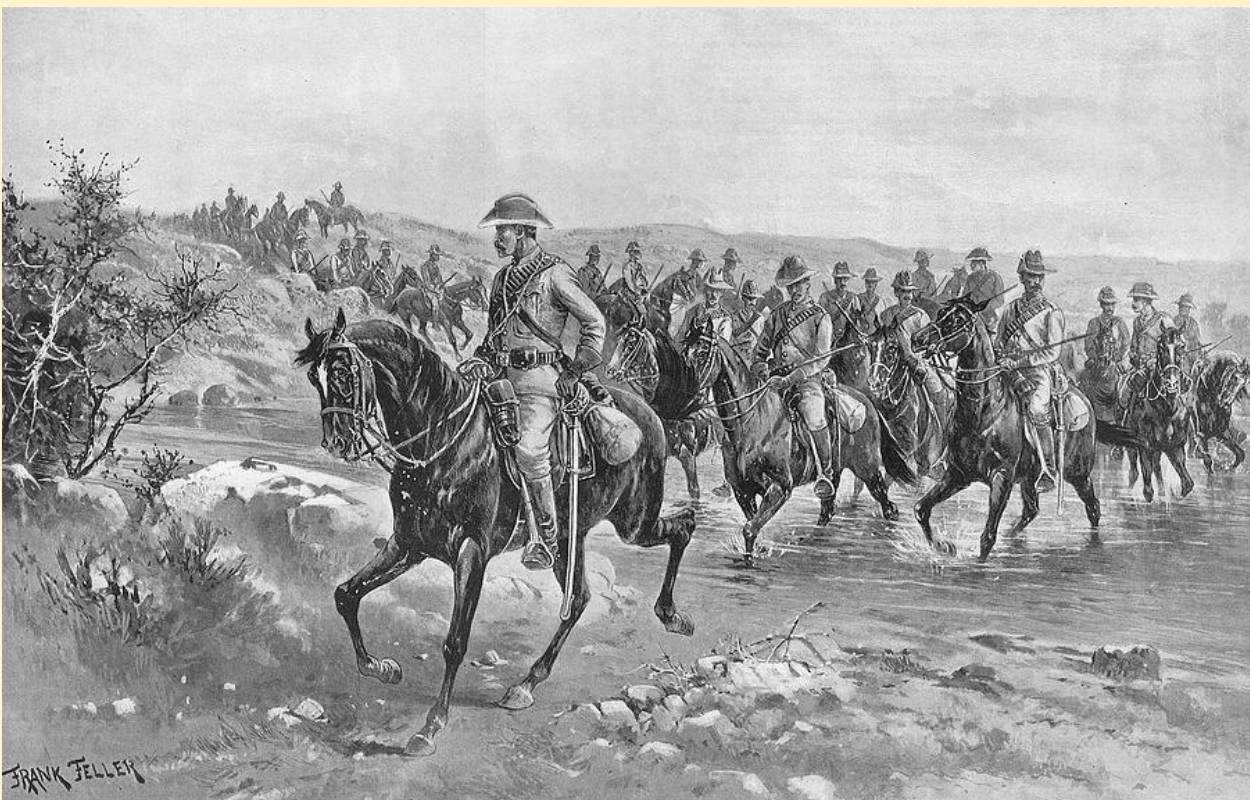


and reasoned calculations upon which his fellow revolutionists had for so many months past so fondly built their hopes.

**Poor Beit.** He had never previously agreed to any undertakings in which he was not in ultimate and full control. In all his business dealings, he never relied on others' reports. He made a point of visiting any site personally, asking the questions and making sure that there were reliable people to carry it out and that the equipment was of the best quality and in the right place. In all the enterprises in which he had been concerned – in the consolidation of the diamond industry, in laying the foundation for his firm in Johannesburg and in the occupation of Mashonaland (Rhodesia) he had never committed himself to any policy unless he knew where that policy would land him. He had never passed by a single detail without ascertaining its significance and purpose.

Here he was, sitting in London worrying, and not having any real idea of the progress. Rhodes, being the Prime Minister of the Cape Colony had to keep himself completely aloof. His representative in Johannesburg was his brother Frank. For Beit, Lionel Phillips, head of Beit's firm was a prominent member of the Reform Committee and also the Chairman of the Chamber of Mines. Phillips was charged with sorting things out, but he had conflicting responsibilities. There was actually no one capable, in central command, who could lead the disparate crowd to carry out this delicate and complicated plan and it tragically fell apart.

Beit was so concerned that he set sail for the Cape on 29 November and arrived on December 17, just as matters in Johannesburg were approaching the climax of their confusion and chaos. Apparently, the plotters had hoped that he would come to Johannesburg – but he was too unwell to do so and remained with Rhodes at Groot Schuur and Muizenberg.



After the raid, 64 prisoners were arrested and tried in Pretoria on April 27<sup>th</sup>, 1896. Lionel Phillips and the other three leading members of the Reform group, John Hayes Hammond, Frank Rhodes and George Farrar were condemned to death! Other prisoners were sentenced to two years imprisonment and a fine of ten thousand dollars.

There was much agitation at this turn of events which was not expected. After much negotiation, by 11 May the other prisoners were released – and the death sentences were commuted. Eventually, in June after a fine of £25,000 each was paid and the four ringleaders were freed with promises not be involved with politics in the Transvaal for fifteen years. Jameson was sent for trial in England and sentenced to fifteen months in prison – but was released after only a few months due to alleged ill health.

## **32 The Aftermath of the Raid – and its Effect on Beit**

The Jameson raid, over New Year 1895/6, had a huge effect on Beit. It, of course, had a profound effect on Rhodes' reputation in Britain. Jameson's surrender embarrassed both Rhodes and the British government, since it came as part of an attempt to overthrow a government with whom Britain had a treaty. Rhodes was forced to resign as the Cape Colony Prime Minister, while Joseph Chamberlain, the British Secretary of State for the Colonies, had to hide his role in the affair. Jameson's capture also triggered a revolt in Matabeleland. In March 1896, the Ndebele revolted against the authority of the British South Africa Company, where Rhodes was colonising the country with white settlers.

After the raid, the German Kaiser Wilhelm II sent a telegram of congratulations to President Paul Kruger of the Transvaal. That increased British fears of a Boer-German alliance, as did the completion of a railroad in 1894 from the Transvaal to Delagoa Bay (Lourenco Marques) in Portuguese Mozambique. British fears were further heightened when the Transvaal government began to buy large quantities of modern weapons from German firms.

The aftermath had huge ramifications. But for our story we look at how it affected Beit and his friend Cecil Rhodes. Rhodes was said to be overwhelmed in an emotional storm that kept him awake for five nights in a row and his shattered appearance shocked and alarmed his friends. He lost his power, had to resign as Premier of the Cape Colony, and he and Beit were forced to resign from the Board of the British South Africa (the Chartered) Company that Rhodes had established with the British government in 1889). There were huge fines to be paid and other ordeals to deal with, of trials in South Africa and London and the British Government select committee of enquiry with its personal attacks on Beit and Rhodes by Labouchere, as well as the Matabele uprising ...

We can only imagine how the more physically frail and emotionally sensitive Beit weathered the storm. It is said that Beit was utterly broken, prostrate with worry and misery. He had an

unshakeable feeling of guilt and felt that he was responsible for the capture and death sentence of Lionel Phillips and others (later commuted to prison and a large fine). In agitated penitence, he is said to have drafted a new Will, in which left £1 million to those who had suffered in consequence of the raid.

The question is, did Beit really think the plan would work, or did he sacrifice his usual judgement to his loyalty to his friends Rhodes and Jameson? And there was the question of why he did not assume control or make sure there was a reliable control over all its complicated aspects? He was made to suffer in public for his misguided loyalty to Rhodes. He found himself paying the fines and sorting out the problems of the affair.

It is said that Beit never expected the Raid to result in bloodshed. Although he financed the arming of the Uitlanders, he was certain that the Boers would yield before a shot was fired. Jameson's impetuosity and the firm stand taken by Kruger proved him wrong. He was completely shattered by the failure of the Raid. Fortunately, his brother Otto was also staying at Groote Schuur at the time and was able to return with him immediately to London.

### **33 Barney Barnato and Kruger – and Barney's Death**

The Jameson raid was also a calamity for Barney Barnato. He had developed a relationship of trust with Paul Kruger and was not part of the plot. The Raid was a stupendous failure. Rhodes as we have seen, was forced to resign from his position as Prime Minister of the Cape Colony and Jameson was taken away to stand trial in England. Supporters and organisers of the raid in Johannesburg, a group known as the Reform Committee were charged with treason, the leaders (including Rhodes' brother) were sentenced to death, while the lesser members including his nephew Solly Joel, got two years' hard labour.

Barney flew into a rage at the sentences handed down and went to visit Oom Paul Kruger, with whom he had cultivated a friendship over the years he spent in Johannesburg. He gave Kruger an ultimatum, that if he did not commute the death sentences, he, Barnato would pull all his business interests out of the Transvaal. This was no idle threat; Barney was at the height of his powers. He is reputed to have said, 'I have 20,000 whites on my pay roll and 100,000 blacks. If I close down, I will put more white men out of work than you have burghers in your entire state. My concerns also spend £50,000 every week, which will be lost to you. Already thanks to this political crisis my mines have lost £20 million in production. Do you want to ruin your country for good and all?' Two days later Kruger commuted the death sentences.

Several months later Barney started acting strangely. He became more eccentric, began drinking heavily and suffered bouts of depression.



## Barney Barnato's death

Barnato met his untimely end in 1897 at the age of 44 in mysterious circumstances whilst on a sea passage home to England on *The Scott*, traveling with his wife Fanny, his children and his nephew Solly Joel. Allegedly, Barney was on deck, taking a walk with Solly, after lunch. The two were deep in conversation, then, by Solly's account, Barney inexplicably ran to the railing, climbed it and jumped overboard. *The Scott's* fourth officer William Tarrant Clifford distinctly heard someone shout, 'Murder!' He turned to see Solly Joel hanging onto Barney's clothes as the man fell overboard. Clifford immediately dived in after Barnato but could not save him.

Upon arrival in Madeira the coroner's report declared 'death by drowning while temporarily insane'. Barnato's widow Fanny would never accept that her husband had taken his own life. His family vigorously rejected that theory, saying that it was totally out of character for a man who had been a pioneer in the rough-and-ready days of emerging Southern Africa. His body was recovered from the sea, and he was buried at Willesden Jewish Cemetery in London.

One theory regarding the death of Barnato has also been tied to sinister later events. Less than a year later, in 1898, Woolf Joel, Barney's nephew who had inherited the role of head of the Barnato firm, was shot and killed in his business offices in Johannesburg allegedly by a German named Franz Ludwig Kurtze who also used the name Franz von Veltheim. Also, in the office at the same time with a gun was Harold Strange, a secretary of the Barnato Company.

The deaths of both Barney Barnato and Woolf Joel, intriguingly left Solly Joel in command of the Barnato family fortune. Under the terms of Barney's will, after his family had been provided for, the sole survivor of the company took the rest.

In the trial for murder, von Veltheim hinted that he had earlier been commissioned by Barney to kidnap Paul Kruger, President of the Transvaal Boer Republic. The murder of Woolf Joel was seen in the framework of blackmail by von Veltheim against Solly Joel for this commission. In his trial for the murder of Woolf Joel, von Veltheim claimed he was only seeking his promised payment and that there were three armed people in the room he shot in self-defence. Von Veltheim was acquitted for the murder from a Boer Jury (possibly due to anti-British and anti-Semitic feelings towards the deceased).

It was suggested by Brian Roberts, that Barnato may have been approached by von Veltheim and unsettled by his physical threats and the possibility of exposure of the plot. This could have contributed to his mental instability and death. But it seems we will never know if there was such a plot and what it might have entailed – and if Barney jumped – or was pushed.

At least old Barney was true to the theatrical maxim by which he lived: 'Always wind up with a good curtain and bring it down before the public gets tired – or has had time to find you out.'

Years later, according to historian James Leasor, Barney's grand-daughter Diana discussed Barney's demise with her cousin Stanhope Joel – Solly's son, who believed that his father had killed Barney. Herbert Valentine Falk, Diana's stepfather had heard rumours of an argument between Solly and Barney before Barney's death and decided to investigate. He eventually got permission to see the company's books and found the relevant pages ripped out.

After a court case to get access to the rest of the books, Mr Falk discovered that Solly had indeed swindled Barney out of £1 000 000. Which Solly then begrudgingly repaid to the family, with interest.

**From the family:** It's always upset the family; history had portrayed Barney as a drunk who either fell or jumped overboard. We all know he was pushed! I'm not sure if it is urban myth or not, but I was always told that one of the reasons for Barney's trip back to London was to disinherit Solly (his nephew) for his part in the botched Jameson raid. This would show the motive on Solly's part.

**Nancy du Tertre:** I discovered, by 'accident,' that my great-grand uncle was Barney Barnato. My grandfather told me the 'untold' story of his death. He also told me that his father, my great grandfather, used to receive raw diamonds from Barney in the mail and throw them away. He thought they were rocks!!!

### 34. Beit between the Raid and the War 1896 – 1899

All the various strains on Beit began to take their toll on his health. Back in London in 1896, he had to face a bewildering and ever-increasing number of financial obligations and entanglements as the result of the Raid. These involved Beit himself, his firm and the Chartered Company. Lionel Phillips' wife Florrie saw him in London at this time and was shocked by his pitiful appearance. 'I never saw anyone look so utterly, hopelessly wretched' she declared. 'I can honestly say I believe the sufferers and victims in prison (her husband included) did not suffer as much for themselves as he did for them.'

In 1897, the Select Committee on the Jameson Raid episode commenced its sittings in London. Alfred Beit had to face the ferocious cross-examination of the critic Labouchere who subjected Beit to vile accusations that he and his firm had been financially manipulating the markets by the Raid and had benefitted from its failure. No evidence could be found for such an accusation. With such aspersions cast upon his good name, it was a terrible ordeal for a sensitive man like Beit who always hated publicity, to give evidence in this public way.

Under the pressure of his numerous commitments and driven by the determination to check every detail of his work himself, he developed facial tics. His nervousness assumed ever greater proportions. His pulling at his moustache that was continually remarked upon seems over time to have become nothing short of compulsive.

Rhodes bravely weathered the shock of the Raid, but the outcome and the trial before the British parliamentary committee, JB Taylor says ‘shook even his wonderfully buoyant nature’. There was still a further fence for him to negotiate, for Kruger was demanding one million pounds from the British Government by way of moral and intellectual damages, said to have been suffered by him in consequence of the Raid. Without any hesitation, Rhodes had informed the British Government that whatever damages had ultimately to be paid, would be liquidated by himself – with the help of Beit of course. Negotiations dragged on for some time, and as Rhodes was anxious to have the matter settled once and for all, he called one morning up on Beit at his house in London to discuss the final settlement.’

Taylor continues, ‘I happened to be staying with Beit in London at the time and we were both sitting in his study when Rhodes burst into the room, and without saying a word of greeting, shot out his cuff with a pencil in his hand. “Now then Beit” said he, “what have we got to pay this damn fellow?” (meaning the worthy President of the Transvaal). However, no finality was reached and the negotiations lingered on until the Boer War, when the whole matter was shelved. Just before the war Rhodes and Beit had actually offered to pay Kruger £100,000 but the old man had refused to accept it.’

Taylor goes on to say that he always felt that none of Rhodes’ biographers ‘have laid sufficient stress on the continuous friendship and support that Alfred Beit was ever ready to give his old friend in times of need. None knew better than Rhodes that he could always rely upon Beit to do his share – and probably more than his share – when the occasion arose.’

## **Beit’s Life in London after the Raid**

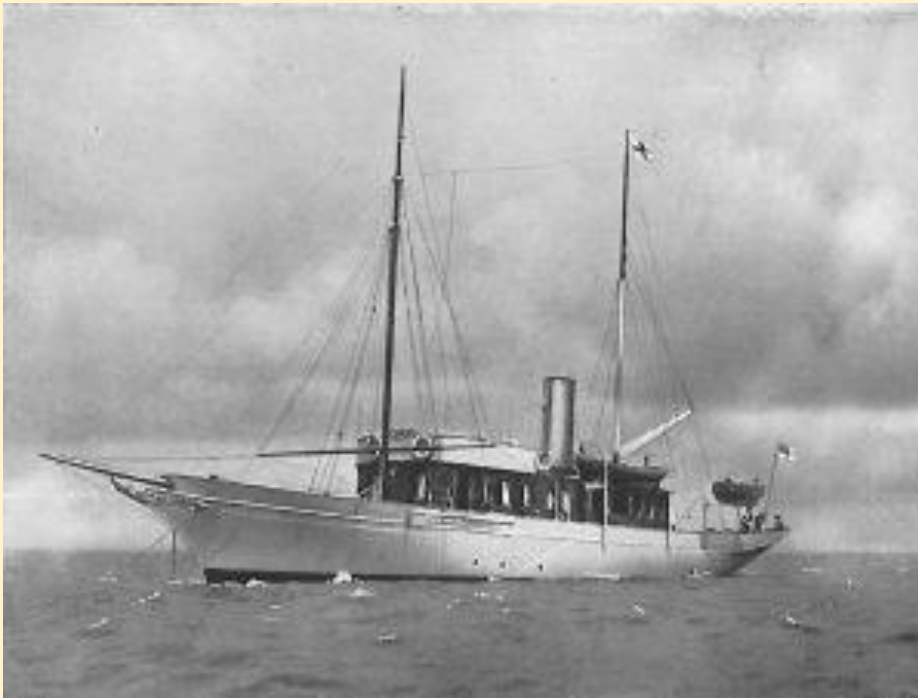
JB Taylor, Beit’s erstwhile Kimberley employee and Johannesburg partner in H Eckstein (at this time also living in the UK) would visit and spend time with Alfred Beit in his Park Lane house whenever he came to London. The episode of the Jameson Raid and trial were almost forgotten by the middle of 1896. Jameson was paying the penalty, and the Parliamentary select committee to enquire into the implications of the Chartered Company in the raid, was due to begin its sittings in January 1987.

He says. ‘One day Alfred Beit told me that Jameson was to be released from Holloway Gaol on account of his bad health: he had been suffering for some time, in fact he was described as a physical wreck, and the authorities had decided to release him from prison in order that he might undergo an operation.’

Beit asked Taylor if he could suggest the best way to help Jameson to recuperate. Taylor advised a three-months’ Mediterranean yachting cruise with a few of Jameson’s intimate friends. Beit jumped at the idea – and invited Taylor to join the adventure, to which he readily consented.



Beit therefore chartered Sir Donald Curry's yacht 'Iolaire'. (Probably something like the one below) He and his guests, which included Jameson and Taylor, Beit's cousin Henry Robinow, and Henri Bettleheim set sail from Marseilles in late Summer 1896. Cecil Rhodes and Sir Charles Metcalfe joined the yacht at Naples on the return journey.



The trip went via Monte Carlo, Ajaccio on Corsica, Bizerta and Algiers. As early pioneers of tourism they made several trips into the interior of the countries. From Algiers, they went to Malta and Alexandria where they left the yacht and went up the Nile as far as Aswan, visiting all the places of interest *en-route*.

Taylor continues 'I had brought with me plenty of guns and ammunitions so that we were able to get some excellent snipe and duck-shooting in the Nile Delta. Finally, we sailed for Jaffa, (see below) where we left the yacht and went on a tour through Palestine.'

They made trips to the Jordan River, the Dead Sea and the Desert to see the life lead by the Bedouins. Beit had been advised to have an escort of armed men, as it was said that the Desert was not safe for travellers. Therefore, the employed an armed guard consisting of a Sheik and four of his sons who accompanied them; picturesque brigands they were, but not to be feared for they had only antiquated muzzle-loading guns.



Taylor says they amused themselves at sea in fine weather in shooting with the small-bore rifles which he had brought. They inflated rubber balloons and let them fly and with some practice they rarely missed. Every evening when the weather was unfavourable for expeditions, they played bridge and

sometimes played poker for high stakes.

Taylor describes how Beit hated to see anybody lose at cards, so he formed what he called the 'Iolaire Syndicate' for which he bought some diamond shares on the market. He says: 'The result was that when we got back to London each of us received £2000 as a share of the profit made by the syndicate. As I had also made £1500 gambling on the voyage, I was able to pay for a very fine collection of Persian carpets during the trip'. And Beit was able to source some prize bronzes in Italy for his own collection.

Jameson recovered remarkably and was able to join the various expeditions. In spite of his bad health, he was always good company. Taylor says, 'Jameson was a man possessed of unlimited optimism, and when other people were depressed, he always fought to dispel their forebodings.'

From Jaffa the party visited Cyprus, Palma, Crete, the island of Rhodes and then went on to Smyrna, The Dardanelles, Constantinople and into the Black Sea. Then back down to Athens visiting sights in Greece. Then along the Italian coast back to Marseilles.

Taylor says that 'During the whole of our yachting trip none of us had ever spoken of the Jameson Raid. The subject was taboo' and likewise they never mentioned Jameson's trial and imprisonment. 'We did everything to try and make him forget.'



Taylor said he did once speak to Beit about the Raid and asked him why Jameson had gone off at half-cock. Taylor said 'I used that expression because undoubtedly Jameson started his raid into the Transvaal in a gambling mood.' 'Beit replied to my question in the following words: "Jameson told me that he started for the Transvaal on a sudden impulse, because he was convinced that the game was up and that President Kruger knew everything. He told me that in order to draw all the blame on himself and save Rhodes, he had dashed into the Transvaal. He was gambling also on the hope that Sir Hercules Robinson, the British High Commissioner, would at once proceed to the Transvaal and prevent the outbreak of hostilities and the shedding of innocent blood. Jameson firmly believed he would get into the Transvaal without fighting." '

Taylor also believes that Jameson was encouraged by the impetuosity his military chief, Sir John Willoughby. Taylor also believed that the rumour that Joseph Chamberlain, the Colonial secretary in Westminster was aware of Rhodes' and Jameson's intentions, was false and spread by Dr Rutherford Harris. (However, many writers implicate Chamberlain and the British Government as up to their necks in it, thus knowledgeable and conniving in the plan.)

Taylor, who with Jameson (right) made a very close trio with Beit, in the late 1890s in the UK says, 'We always took him to Scotland with us, but he never ventured to shoot or tramp over the moors with us. On one occasion, he wanted to learn to ride a bicycle, but he never succeeded. Although he took his falls bravely, he never seemed able to learn to balance himself, and after breaking up all our bikes, he had to give it up.'

Beit was happy to watch his friends enjoy themselves. Taylor says he probably bought his country house near Welwyn, a sporting place with trout-fishing and fair shooting, with the sole object that he might give pleasure to his friends. Occasionally he gave parties for the Ascot race-meeting when he would rent a house at Sunningdale, and on the occasions the Naval Review at Portsmouth, he used to charter a ship for his friends. His box at the opera was always placed at the disposal of his friends. He spent his money royally and was a most intelligent giver to charities and philanthropic objects.'



of

## **Towards War**

The terrible strain of the Select Committee enquiry of 1897 together with the shock which he had suffered at the time of the raid and the flood of trouble of every kind that followed it, seriously affected Beit's health. Despite this, he continued his unabated interest in South African affairs and was in close touch with his representatives in Johannesburg during the period of Lord Milner's duel with President Kruger which culminated in the Boer War.

When hostilities commenced in 1899, Beit remained in London – but he and his firm immediately offered assistance in raising volunteers in South Africa and paid handsomely for their equipment. They funded the kit and horses for the Imperial Light horse as well as the Imperial Yeomanry. All the



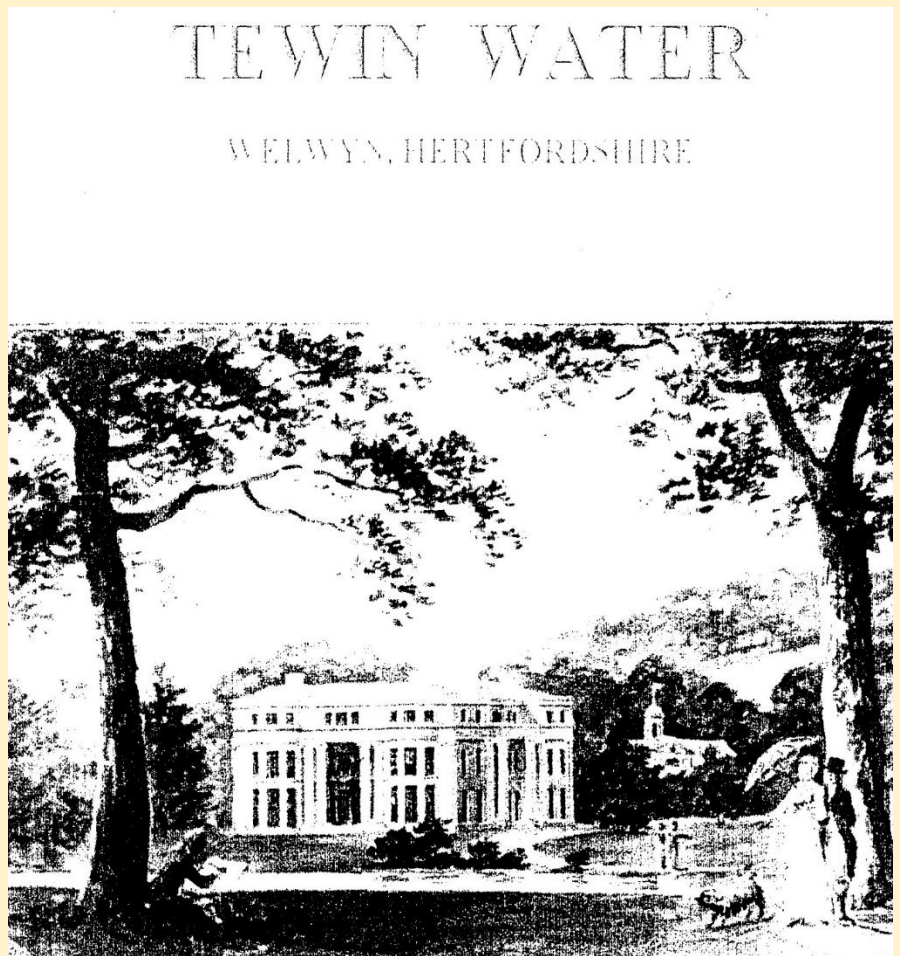
horses used in the Mafeking Relief column were supplied by Beit's own pocket. At the same time, Cecil Rhodes' activities in Rhodesia called for Beit's constant attention and support.

In 1901, Beit travelled in the Mediterranean again, this time from Beaulieu on the French Riviera to North Italy, again in the company of Jameson as well as Sir Charles Metcalfe, Arnold Moseley, Captain Rose-Innes and also Cecil Rhodes. Together the group undertook extensive motor trips, in which they were again pioneering tourists.

### **A Country House**

To live up to his status as an English gentleman, and to entertain his friends for fishing and shooting, Beit started to look for a county house. It was above all, the acquisition of country

houses which became symbolic of someone's efforts to establish themselves in the British upper class.



In 1902 Beit bought a house called Tewin Water, near Welwyn in Hertfordshire from the brother of the Bishop of Mashonaland after a weekend stay there, enchanted by the atmosphere and surroundings. Tewin was not far from London and also quite near to Luton Hoo, the country seat of his partner Julius Wernher. It was built around 1800 in Regency style and was attractively located on a small river. Beit took over the house, complete with all the furniture, plate, linen and even fishing rods and tackle as well as servants and horses. He was delighted with his new toy – even though he found it expensive, even for a millionaire. He took on 700 acres along with a model farm and a herd of Jerseys, delighting in serving guests with eggs and cream from his own estate. He also made additions and alterations to the house.

His servants, like all his employees, soon came to adore him. Nobody could work for Alfred Beit for long without recognising his good qualities. In the mining world he was looked upon as an exceptional employer. 'He always takes a deep interest in the private life of his clerks and engineers, by whom he is regarded with the utmost affection.



## 35 Beit's Central Mining and Investment Corporation Limited 1905

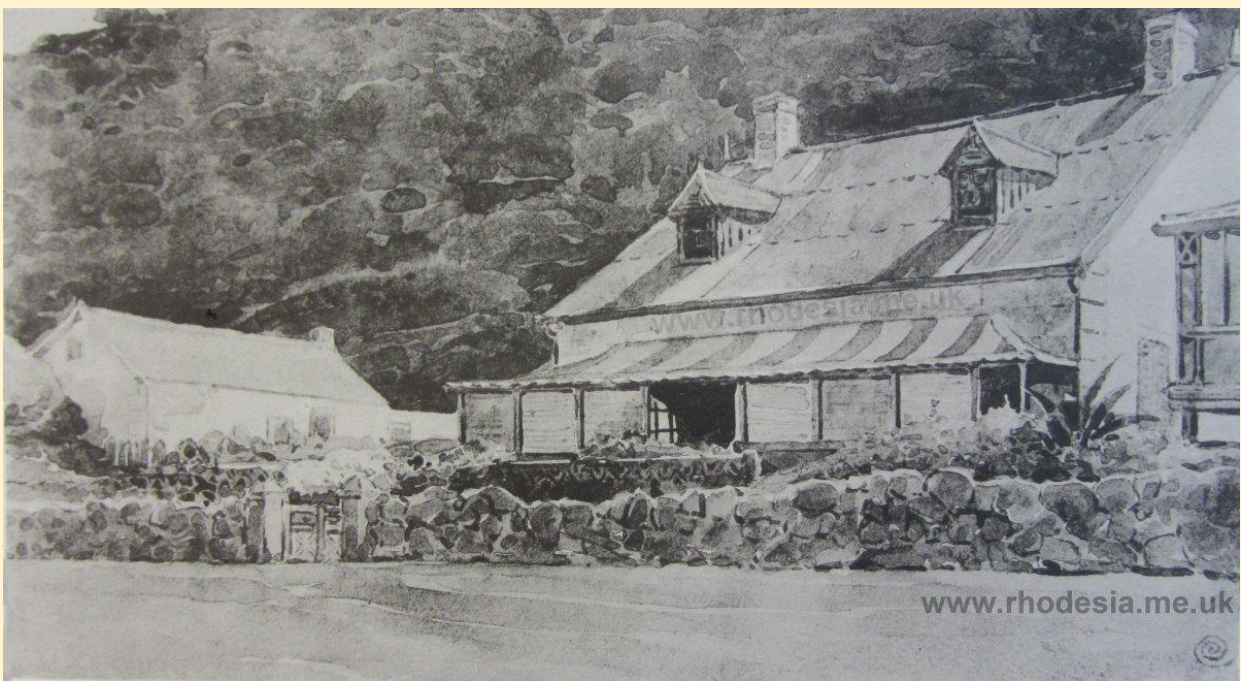
Beit's Central Mining and Investment Corporation Limited was formed on the 9 May 1905. It was established by Wernher Beit & Company who, with their Johannesburg associates H. Eckstein & Company, had played a great part in the development of the goldfield discovered on the Witwatersrand, South Africa, in 1886.

## 36 The Death of Rhodes

Rhodes on his last visit to London, was complaining of not feeling well. He showed Beit and Taylor his throbbing pulse. Beit, without telling Rhodes, persuaded the best doctor he knew from Germany to come to London (ostensibly to consult him on his own health – but actually to get an opinion on Rhodes condition.) We don't really know what either was suffering from.

**Beit gave a farewell dinner party for Rhodes** who was about to depart for the Cape in February 1902 to attend the trial of Princess Radziwill, who stood accused of forging Rhodes name on certain bills. Rhodes was fearful that going back to the heat of Cape Town in high summer would 'upset' him. Beit immediately sent a cable to Cape Town to ask the Chief Justice if they could postpone the trial until the cooler weather. The chief justice replied that if they did so it would look as though Rhodes was afraid to 'face the music'. At this, Rhodes determined to go. That was the last time that Beit and Taylor saw Rhodes.

Beit was devastated by the shock of the death Cecil Rhodes just a month later, very soon after he had arrived at the Cape. When the news came, Beit was opening letters. Among the pile was one containing information on a funeral of a friend's wife. 'Poor (the husband of the deceased) – but that's nothing after this.' Those who were with Beit when he learned of his friend's death were never to forget his grief. He said little but his suffering was painfully obvious. When he did bring himself to



speak, he spoke only of the importance of continuing Rhodes' work.

Cecil Rhodes' death at his Muizenburg cottage (above) on 26 March 1902, stunned Kimberley, despite the regular bulletins issued daily on his deteriorating health. The simple announcement that 'Rhodes is dead' in the late afternoon of the 26th spread from the Kimberley Club to all the suburbs, the compounds, and the mines.

That night '...Kimberley slept uneasily with the sense of great disaster and of gloom heavily upon the city...the loss of Mr Rhodes was an irreparable one' said the Mayor, HA Oliver. George Green, editor of the Diamond Fields Advertiser, wrote that 'The thoughts of all of us today are centred upon the man whom we knew so well...it creates a blank on the Diamond Fields which it is beyond the power of the pen to describe, but which is felt by every living soul.'

Taylor says that Rhodes' death brought to a close a comradeship which was one of the foundation-stones of South Africa's history. and 'from that day, Alfred Beit occupied himself with all his might on the progress of Rhodesia and undertook many of the burdens that had previously rested on Rhodes' shoulders. This was to be his chief concern until his own death only four years later. He put his heart and soul into the development of Rhodesia, specially in communications such as roads, rail links and telegraphs. He visited the country several times. Beit's own Will made provision for these things in perpetuity. Beit became the chief figure on the boards of the De Beers Company and of the Chartered Company, which he re-joined in that year. Beit was also one of Rhodes' trustees under his Will.

His interests, however, were unslackened. Beit identified himself with the movements for a better understanding with Germany and for tariff reform. He bore witness to his colonial interests by founding at Oxford in 1905 the Beit professorship of colonial history and the Beit assistant lectureship in colonial history, besides giving a sum of money to the Bodleian Library for additions to its collections of books on colonial history.

Both Jameson and Beit were Trustees of Rhodes Will. They set sail together for South Africa in August 1902 intending to investigate Rhodes's many concerns. It was their strong sense of friendship, both for each other and for Rhodes, that inspired their work. Jameson regarded himself as Rhodes's political heir, and as he had done so much for Rhodes. Beit was prepared to back him financially.

One of their first concerns was to establish appropriate memorials for Rhodes. Memorial committees had been set up in Cape Town and Kimberley and Beit spent hours straightening out their problems and coordinating their activities.

In Kimberley, having spent all the money collected on an equestrian statue, they did not have a place to put it. Sir Lewis Michell who was in charge, rejected the spot offered by De Beers and wanted something nearer where Rhodes and Jameson had lived. 'Beit' said Michell 'replied simply that he would look into it'.

Usually, this sort of statement amounted to nothing. Not so with Beit. The next morning, he went with Michell to the desired spot. 'He approved of it, went to the owners and bought it at a high figure, and then handed it over to the committee.' The desired site was the site of the original synagogue, now replaced by the Memorial Road one on ground donated by De Beers, that Beit paid the community handsomely for – win-win all round!



Above is the bronze statue by Hamo Thornycroft, unveiled in 1907. This 72-ton bronze statue is reputed to be one of the finest equestrian statues in the world. Situated a stone's throw from St Cyprian's Cathedral (on a road island bordered by Dutoitspan Road, Regiment Way and d'Arcy Street) this depicts Rhodes mounted on his horse with a map of Africa in his hands. Facing to the north, it is symbolic of Rhodes' imperialist vision of extending the British Empire deep into the African hinterland. Rhodes is depicted in the clothes he wore at the memorable indaba with the Matabele indunas (leaders) in the Matopos in the 1880s.



### 37 Beit and the Premier Diamond Mine near Pretoria

In August 1903, Alfred Beit again felt compelled to visit Rhodesia to see what had been done and what was still required. He also spent some time on the Rand. At that time the Premier Diamond mine near Pretoria, had just been discovered. The very thought of further rich diamond discoveries in South Africa or elsewhere always weighed heavily on Beit – as it had on Rhodes as that could bring an end to the monopoly position enjoyed by De Beers and so ruin his life's work. He hastened to visit the site and spared no effort in exploring it in great detail learning all he wanted to know. Probably as a result of the exertion, he suffered a stroke. He was quickly administered to by Dr Jameson and soon recovered.

Some say that the discovery of significant diamond deposits near Pretoria may have increased the strain on Beit enough to affect his health. Taylor says that when he met him back in London (by which time he had made a wonderful recovery) Beit explained his illness as having been caused by having had a hefty meal laid on for him, on a very hot day when he made a thorough investigation of the mine.



Taylor says, he knew that it did not cause him any anxiety because he remembers Jameson and Beit explaining to him that Mr Oates, one of De Beers Directors of considerable mining experience, had declared the Premier Mine to be a patchy affair, and unlikely to prove to be of any importance.

The picture above, is of the mine at the time that Beit

visited it.

Taylor who had himself been present at the very beginning of all the diamond pipes in Kimberley, says he warned them not to be too hasty in writing it off. He knew that wherever diamonds had been found in payable quantities, the mines had proved to be good. He says he had urged Beit to purchase an interest in the Premier syndicate and then to do some prospecting work, but he says they did not listen to him. The mine rose to prominence in 1905, when the Cullinan Diamond – the



largest rough diamond of gem quality ever found – was discovered there. The mine has produced over 750 stones that are greater than 100 carats (20 g) and more than a quarter of all the world's diamonds that are greater than 400 carats (80 g). It is also the only significant source of blue diamonds in the world.<sup>[1]</sup>

Taylor goes on to say that ‘there is no doubt that after Beit’s rapid recovery from the stroke, he threw himself too vehemently in the work of his daily life, but it was impossible for him to take things quietly because his brain was always on the go.

### **38 Alfred Beit’s Death, Tributes and Legacy**

On 5 May 1905 his business partner Julius Wernher reported to Lionel Phillips, representing his Firm in Johannesburg, that the strain and excitement of floating the Central Mining and Investment Corporation gave Beit another collapse. He said Beit had been taken ill with kidney trouble and ‘catarrh of the big bowel’.

Gradually he ‘wore himself out’. In the early spring of 1906, he was sent to Wiesbaden on account of heart trouble and after a visit to his mother in Hamburg, by his own wish he was brought home to England, a dying man, and passed away at his country residence, Tewin Water, Welwyn, Hertfordshire, on 16 July 1906 aged 53. He was buried in the churchyard there.

**Beit’s grave in Tewin Churchyard, Hertfordshire.**



His affection for his mother had been a guiding light all through his life, and she was the chief mourner at the grave of a great son of whom she was justly proud. He left an estate of £8,049,886 (equivalent to £4.03 billion in 2010).

Beit is normally the forgotten man of politics and business – which would have suited this quiet and unassuming man. But he was certainly the brains behind Cecil Rhodes achievements. His generosity was widely acknowledged in his day, and his benefactions in Southern Africa, Britain and Germany are huge.

## **Tributes to Beit**

A wealthy financier of abnormal intuition and power of memory, combined with German thoroughness of method, Beit had nothing in common with the 'financial magnate'.

He was no speculator in any ordinary sense, acquiring property whether on the Rand or elsewhere solely with the object of seriously developing it. He did not gamble, and advice on speculative investments which he always gave reluctantly was far from infallible. Shy and retiring to excess, he was devoid of social ambition, and was little known beyond a small circle of intimates who included men in the high position of Lord Rosebery and Lord Haldane. An active sympathy with every form of suffering and an ardent belief in great causes led him to distribute vast sums of money, but his benefactions were always made privately with rare self-effacement. He was the target through life for much undeserved abuse. The terms of the will give the true measure of his character.

### **Jim Taylor**

said that Alfred Beit was the best friend South Africa has ever had. 'He rendered more practical service to the country than any man I know of. He had the kindest, most generous, and loveable nature than any man who ever drew breath.'

### **General Smuts**

'Without Beit,' General JC Smuts wrote in the preface to Seymour Fort's 1930 biography of Beit, 'Rhodes might have been a mere political visionary bereft of power and of practical creation.' Beit, South Africa's pre-eminent builder of roads bridges and railways was the man who engraved Rhodes' dreams upon the substance of financial realities. Their 20 years' friendship was 'so absolutely complete and so perfect as to be almost without parallel amongst those whose names are known in history.'

### **Hans Sauer**

One of the first doctors in Kimberley and then Johannesburg and a member of Cecil Rhodes's and Beit's circle, both, recalls: 'I was amazed at the ease, celerity and accuracy with which Beit calculated the exact value of any business proposal submitted to him. He was a complete master of figures, and his brain could arrive at correct results in dealing with the complicated mass of figures almost in a flash.'

### **Sir Percy Fitzpatrick**

Another of the employees and then partners of Beit's company and who was closely connected with him, said 'Beit was the most capable businessman that South Africa had ever produced. He noted

that the public had received a very inaccurate picture of his personality. 'Like many who become prominent in business or through great wealth and are forced into the limelight by sensational occurrences, his personality was not known. To the general public he was merely a name, or an ogre, a financier, multimillionaire and businessman who sacrificed everything to money-making. As a matter of fact, Alfred Beit was none of these things. He was the most kindly, the most generous, and absolutely the most just of men. So, far from being self-assertive, he was modest, unassuming and almost nervously shy. He was generous, not only in material gifts, but even more in those of the spirit, forbearance, forgiveness, and all that we term the great Christian spirit of kindness and consideration for others. (Others, including WT Stead who knew him well, also expressed the view to Fitzpatrick at Beit's funeral that Beit was 'Christ-like').

## **How is Beit remembered in Johannesburg?**

The main shopping area in Doornfontein developed on Beit Street, the main east-west thoroughfare of Doornfontein (named after Alfred Beit). One of the most interesting places in Beit Street at that time was the Byzantine mansion of Henri Bettelheim who came from Turkey at the time of the discovery of gold.

## **Beit's legacy – Higher Education**

Beit was unmarried, and survived by his mother, two sisters, and his younger brother Sir Otto Beit (1865–1930). While providing liberally for various relatives and friends he left the residue of his fortune to his brother. At the same time his public benefactions, amounting in value to £2,000,000, were impressive alike by their generosity to England and Germany, and by their breadth of view.

Higher education featured prominently and involved generous benefactions to the universities of Hamburg and Cape Town, support for the establishment of the University of Witwatersrand in Johannesburg. King Edward's Hospital Fund and the trustees of Guy's Hospital were left £20,000 each; Rhodes University at Grahamstown, received £25,000; Rhodes Memorial Fund £10,000; and the Union Jack Club, London, £10,000. Funds for benefactions in the Transvaal and Cape Colony were also established.

During his lifetime, Beit made generous donations for scientific work and education. In 1905 he founded a chair of colonial history at the University of Oxford, (which is now the *Beit Chair of the History of the British Commonwealth*.) In 1906 he made a donation of two million marks to create a University in Hamburg.



## Imperial College, London



In recognition of Wernher and Beit's bequests the Royal School of Mines, a faculty of Imperial College London, erected a large memorial to Wernher and Beit flanking the entrance to its building on Prince Consort Road and the Imperial College residential hall was named 'Beit Hall' after him.

Two of the bequests—£200,000 for a university at Johannesburg and £50,000 destined for an Institute of Medical Sciences—lapsed into the residuary estate owing to the schemes not having come to fruition, but Otto Beit intimated his intention of devoting the £200,000 to university education in South Africa, and the £50,000 was made by him the nucleus of a fund of £215,000, with which he founded in 1909 thirty Alfred Beit fellowships for medical research in memory of the testator.

Most significant perhaps in his higher education interests was his active involvement, political as well as financial (and in collaboration with his mining partner, Sir Julius Wernher) with the social reformers, Sidney and Beatrice Webb, and even King Edward VII in the creation of a new university college in London for the teaching of science and technology, which became the prestigious Imperial College, to which he left £50,000 in cash and De Beers shares, valued at the testator's death at £84,843 15s.



Beit also left at the National Gallery the picture known as 'Lady Cockburn and her Children,' by Sir Joshua Reynolds; and to the Kaiserliche Museum in Berlin another by Sir Joshua, 'Mrs. Boone and her Daughter,' together with his bronze statue 'Hercules' by Pollaiuolo. His large Majolica plate from the service of Isabella d'Este was bequeathed to the Hamburg Museum – bequeathing the rest of his art collection to his brother Sir Otto.

## 39 How is Beit remembered in Rhodesia? (Zimbabwe and Zambia)

### The Beit Trust

Beit set aside in his Will, large sums of money to establish a Trust to complete Rhodes' dreams of a prosperous British Colony in Rhodesia. Beit had laid down its objectives of communication and transport: They built roads, railways, bridges and telegraphs. The Beit bequest, and its prudential management for over 100 years, remains the Trust's sole funding source which now supports education health and welfare as well as wildlife in Zimbabwe, Zambia and Malawi for the benefit of its people.

Dozens of bridges, spanning the numerous rivers and streams were built. Some were quite spectacular for example those spanning the Limpopo River connecting with South Africa, the Zambezi connecting northern and southern Rhodesia and over the Sabi River connecting the eastern districts of Southern Rhodesia to the Central districts.

**Alfred Beit's name** is attached to the first major road and rail bridge spanning the **Limpopo** linking Southern Rhodesia and the Union of South Africa in 1929. It has two decks, the upper one for railways and the lower for motor traffic. The structure consisted of 14 spans, each of about 100ft It was designed and made by Dorman Long in Middlesbrough in England and shipped in bits, light enough to be moved to its position when no solid roads existed. A new bridge was built in 1995.

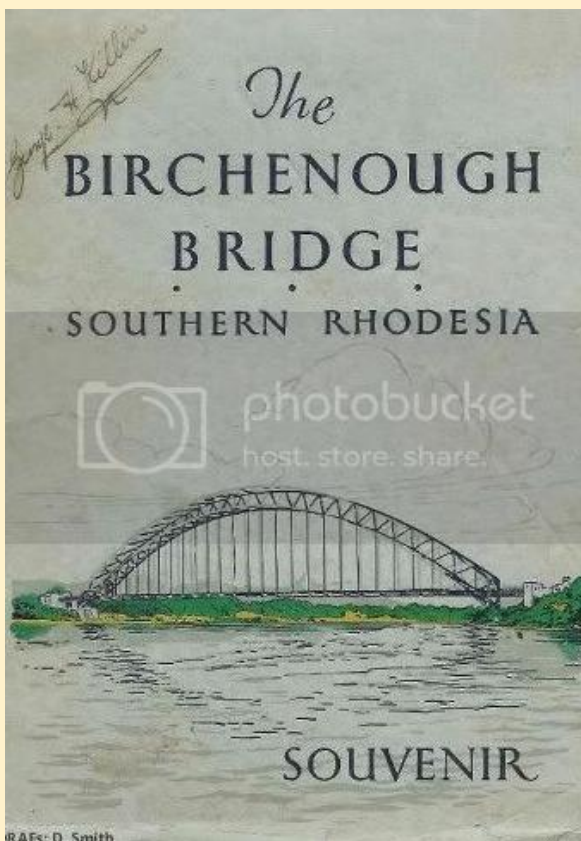




His brother **Otto Beit's name** is associated with a bridge over the **Zambezi** – connecting at the time Northern and Southern Rhodesia. The plaque on this one reads: This bridge was erected by the **Beit Railway Trustees** out of funds bequeathed by the late **Mr Alfred Beit** and at the request of the people of Rhodesia was named the **Otto Beit Bridge** in recognition of the services rendered to the country by the late Sir Otto Beit AD 1939.



The Otto Beit Bridge was the first modern suspension bridge outside the United States built with parallel wire cables. These and many dozens of other bridges that they funded created the foundations of a transport network, many of which, continue to serve today.



Another notable bridge spanning the Sabi River, a gift to the Public of Southern Rhodesia from the funds of the Beit Trust has, at the request of the people of Rhodesia, been named " THE BIRCHENOUGH BRIDGE" in recognition of the services given to the country by Sir Henry Birchenough, Bart., G.C.M.G., the Chairman of the Beit Railway Trust and President of the British South Africa Company. Portraits in bronze of Sir Henry Birchenough, by Mr Sydney Kendrick, and inscription panels in bronze have been inserted in the east and west abutments. The bridge crosses the Sabi River with a single arch which rises to 280 feet above the river, and is 1,080 feet in length, a span which is exceeded by only two other arch spans: the great bridge crossing Sydney Harbour, and the Bayonne Bridge over the Kill van Kull Creek, south of New York. The Birchenough

Bridge was designed by Mr. Ralph Freeman, consulting engineer to the Beit Trust, who also designed the Sydney Harbour Bridge and the Beit Bridge over the Limpopo River.

## Milestones in Alfred Beit's life

1853 Born in Hamburg February 15<sup>th</sup>

1870–1875 Commercial training in Hamburg and Amsterdam

1875 Beit goes to South Africa as diamond dealer for D. Lippert & Co

1878 Beit sets up on his own

1879 Beit meets Cecil Rhodes; Beginning of a close business and personal friendship

1880 Joins as an Employee of Jules Porgès & Co

1884 Sole representative of Jules Porgès & Co in South Africa

1886 Beginning of Beit's investment at Witwatersrand

1888 Founding of De Beers Consolidated Mines Ltd.; setting up of diamond

monopoly; governor for life of De Beers; partner of Jules Porgès

1889 Move to London; regular visits to South Africa

1889 Founding of British South African Company (BSAC) by Cecil Rhodes;

Beit becomes one of the directors

1890 Jules Porgès & Co becomes Wernher, Beit & Co

1891 Beit goes on trip to Matabeleland

1895/96 Jameson Raid on Transvaal. A board of inquiry of the House of Com-

mons judged that Beit must resign as director of the BSAC

1898 Beit assumes British citizenship

1899–1902 Boer War, Beit stays in London

1902 Death of Cecil Rhodes

1903 Beit suffers a stroke



1904/05 Foundation of a chair of colonial history at the University of Oxford

1902/04 Return to the board of BSAC; vice president

1905 Donation of two million marks to Hamburg Scientific Foundation

1905 Audience with Wilhelm II

1906 July 16th Death aged 53; founding of Beit Trust.



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This monograph of Alfred Beit has been compiled by me, Geraldine Auerbach MBE, London from contemporary writings and other authors who write about Beit (see acknowledgments below). I wanted to know more about him. I felt that there did not exist a document that tried to express the personality of Alfred Beit and the part he played in the development of the diamond and gold industries, and his role therefore in the whole industrial development of South Africa.

I hope my efforts in reading contemporary and historical writings and gathering all the information I could find in one place have gone some way to give a fuller picture of his loveable and brilliant personality and of his life and times and the extraordinary part he played in them.

(Ironically, the so called 'History Group' of Imperial College in the 2020s have called for the removal of Beit's Statue and renaming the buildings named in his honour. I am glad to say the University has strenuously opposed this. The Beit Family are still major supporters of Imperial College.)

## I gratefully acknowledge these sources for Alfred Beit Parts 1 and 2:

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Percy Fitzpatrick *South African Memories*, Cassell 1932

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Seymour Fort CBE. *Alfred Beit: A Study of the Man and his Work*, 1932

Albrecht Henning *Alfred Beit The Hamburg Diamond King* (2006) [http://hup.sub.uni-hamburg.de/volltexte/2012/127/pdf/HamburgUP\\_MfW09\\_Beit\\_EN.pdf](http://hup.sub.uni-hamburg.de/volltexte/2012/127/pdf/HamburgUP_MfW09_Beit_EN.pdf) This was commissioned by Hamburg University this century and goes into elaborate detail about his family background for several generations.

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Lionel Phillips *Some Reminiscences* Hutchinson 1924

Brian Roberts *The Diamond Magnates* Hamish Hamilton 1972

Brian Roberts *Kimberley Turbulent City* David Phillips 1976

Hans Sauer *Ex Africa* Garnstone Press, London, 1937

James Benjamin Taylor *A Pioneer Looks Back* Mayflower Press, 1939

Raleigh Trevelyan *Grand Dukes and Diamonds* 1991 The biography of Beit's partner Julius Wernher by Raleigh Trevelyan throws a little light on Beit and his work: some chapters can be read online here <http://www.porges.net/GrandDukesDiamonds/GrandDukesIndex.html>

Geoffrey Wheatcroft *The Randlords* Weidenfeld and Nicholson, 1985

Alpheus F Williams *Some Dreams Come True* Timmins 1948