

# “Fortuitous circumstances?” John Owen Smith and the art of nineteenth-century colonial wealth accumulation

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## *Abstract*

A former British immigrant, John Owen Smith was one of the nineteenth-century Cape Colony's most prominent businesspersons. With interests in guano trading, farming, shipping, property development, auctioneering and arms trading, he enjoyed a high measure of prosperity and respectability. This resulted from the deliberate employment of several interlinked and often innovative wealth accumulation strategies. Through the skilful utilisation of personal and commercial relationships, Smith became an extremely wealthy person, a de facto functionary in the colonial network and a member of the political elite. This status allowed him a significant measure of influence within the colonial administration. Far from being the result of 'fortuitous circumstances' as claimed by some contemporary newspapers, colonial settler wealth was rather the result of deliberate social and economic action. After four decades of wealth accumulation, Smith retired in 1861 and returned to England, where he died in 1871. His business career serves as a useful lens into the wealth accumulation activities and strategies of nineteenth-century colonial entrepreneurs.

**Keywords:** John Owen Smith; Cape Colony; Entrepreneurship; Wealth accumulation; Settler.

## **Introduction**

According to Canadian economist Livio Di Matteo, there are essentially two ways of accumulating wealth: Individuals either gain wealth through accumulation (income of a “life-cycle saving nature”) or because of an inheritance (bequeathal). While the former is defined as “the accumulation of assets during working years in order to provide offspring with an inheritance”, and requires strong personal motivation, the latter refers to being the fortunate recipient of such assets via an inheritance.<sup>2</sup> Both are the result of strong personal motivation, namely the demand for wealth and, collectively, steered the actions of the individual.

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1 Hendrik Snyders is also a research associate at the Department of History, University of the Free State.

2 L Di Matteo, “The determinants of wealth and asset holding in nineteenth-century Canada: Evidence from microdata”, *Journal of Economic History*, 57(4), 1997, pp. 913-914.

The nineteenth-century colonial trade in South Africa produced several commercial “frontiers” – inter alia the hunting,<sup>3</sup> crayfish<sup>4</sup> and guano frontiers.<sup>5</sup> These were extra-European territories penetrated by a diverse group of entrepreneurs, including hunters, merchants, shipmasters, shipping agents and others intent on exploiting certain raw materials with a view to its commoditisation. Like their peers abroad, these men were “men of energy and persistence and often made their fortune out of speculative enterprises”.<sup>6</sup> Mostly European, they had access to capital, a significant network of collaborators in the metropolis, and wielded significant influence in their respective societies at the periphery of the British Empire. Daviken Studnicki-Gizbert observes that the:<sup>7</sup>

... emerging colonial merchant class acted as conduits for commercial information, commodities and the various forms of capital upon which the inter-colonial and trans-Atlantic trades were founded.

Their road to wealth and economic prosperity, contrary to popular belief, had nothing to do with “fortuitous circumstances” and was, in most cases, never a “rags to riches” story but a matter of the skilful use of both familial and business networks.<sup>8</sup> This conforms with Groenewald’s definition of the entrepreneur, entrepreneurship and the social capital needed for business success. According to him, entrepreneurship is the willingness:<sup>9</sup>

... to take on risk and uncertainty in order to make goods available at a profit and in pursuit of certain social gains at a given time and place based on a mixture of rational calculation and inspired intuition in the face of competition under constantly changing market conditions.

In order to minimise the risk and to ensure the sustainability of the business enterprise, Groenewald argues, the entrepreneur does not only have to acquire certain skills and knowledge (human capital), but also has to diversify his/her investments, generate trust and build both a network and a reputation or, in short, build social capital. In terms of this argument, the depth and quality of social capital needed for business success, is determined by “the size and scope of one’s social network; (2) the resources these friends and family have at their disposal, and, equally crucial, (3)

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3 R Wagner, “Zoutpansberg: The dynamics of a hunting frontier”, S Marks and A Atmore (eds.), *Economy and society in pre-industrial South Africa* (Longman, New York, 1980).

4 L van Sittert, “Labour, capital and the state in the St. Helena Bay Fisheries, c.1856-c. 1956” (PhD thesis, University of Cape Town, 1992).

5 H Snyders, “From Peru to Ichaboe: The dynamics of a shifting guano frontier, c. 1840-5”, *African Historical Review*, 48(2), 2016.

6 S Firth, “The Pacific Islands and the globalization agenda”, *The Contemporary Pacific*, 12(1), 2000, pp. 178-192.

7 D Studnicki-Gizbert, “From agents to consulado: Commercial networks in colonial Mexico, 1520-1590 and beyond”, *Anuario de estudios americanos*, 57(1), 2000, pp. 41-68.

8 “Obituary”, *Grahamstown Journal*, 27 September 1871; I Hunter, “Risk, persistence and focus: A life cycle of the entrepreneur”, *Australian Economic History Review*, 45(3), 2005, p. 246.

9 G Groenewald, “An early modern entrepreneur: Hendrik Oostwald Eksteen and the creation of wealth in Dutch colonial Cape Town, 1702-1741”, *Kronos*, 35(1), 2009, p. 14.

their willingness to make these resources available to one”.<sup>10</sup>

Marian George’s study on the business life and political career of John Bardwell Ebdon at the Cape (1806-1849), is a good example of the workings of social capital in economic success. Ebdon, formerly a soldier in the British Royal Navy and a man of “marked intellectual ability, sagacity and business acumen”, resigned his position as a clerk in the Royal Navy Victualling Office to become a merchant in order to “take advantage of encouragement given by the authorities for the advancement of commerce”.<sup>11</sup> Through a combination of a dense web of external business partnerships in a variety of industries (general merchandise, liquor, shipping, commercial banking etcetera); skillful negotiation and the cultivation of a close and trusting relationship with the colonial authorities, he succeeded in securing both trading and export licenses and contracts. Through marriage into a merchant family, and a partnership with his in-laws, he succeeded in building a significant business portfolio. This approach, designated “gentlemanly capitalism” by Cain and Hopkins,<sup>12</sup> was further aided by the fact that Ebdon was part of a small urban grouping with certain core knowledge of state procurement who “with ingenuity and perseverance, weaved their activities between the Company’s regulations” to position them in proximity of both emerging opportunities and decision-makers.<sup>13</sup> Within this group were the likes of former soldier Hamilton Ross of the company of Hamilton Ross & Co, designated by Warren as the Cape Colony’s “merchant prince” for his exploits and others who were similarly able to conclude transnational business partnerships in addition to using marriage both as a business tool and a means to “forge a middle-class population”.<sup>14</sup>

Most colonial entrepreneurs who were part of a family business or network demonstrated a high level of persistence and resilience in the face of commercial failure and had a propensity to pursue business strategies within a limited sphere of industry.<sup>15</sup> Their business careers were further characterised by distinct phases of preparation, embarkation, exploration, expansion and transformation in which certain “transition points” were discernible. These, in turn, were influenced by factors such as having had access to reliable information, appropriate contacts, wealth, the ability to make sound judgements and the courage to take decisions

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10 G Groenewald, “An early modern entrepreneur ...”, *Kronos*, 35(1), 2009, p. 16.

11 M George, *John Bardwell Ebdon: His business and political career at the Cape, 1806-1849* (MA thesis, University of Cape Town, 1980), pp. vi; 1.

12 PJ Cain, and A G Hopkins, “Gentlemanly capitalism and British expansion overseas: The old colonial system, 1688-1850”, *Economic History Review*, 1986, p. 501.

13 JL Meltzer, “The growth of Cape Town commerce and the role of John Fairbairn’s *Advertiser*, 1835-1859” (MA thesis, University of Cape Town, 1989), p. 23.

14 D Warren, “Merchants, commissioners and wardmasters: Municipal politics in Cape Town, 1840-1854” (MA thesis, University of Cape Town, 1986), p. 6; P Stempowski, “Choosing respectability: The social mix of Cape Town between 1795 and 1840”, *African Historical Review*, 38(1), 2006, p. 65.

15 I Hunter, “Risk, persistence and focus ...”, *Australian Economic History Review*, 45(3), 2005, p. 246.

when needed.<sup>16</sup> M Stephen Salmon suggests that research into the structures, functions, relationships and failures of now-defunct companies, as well as the careers of their nineteenth-century founders, remains a worthwhile undertaking since it could assist with developing a deeper understanding of a critically important period in world history.<sup>17</sup> Geoffrey Jones, in turn, argues that given the pioneering role of these former companies and their leadership and management, new insights with regard to company evolution and arguably also their wealth-creation strategies could be gained.<sup>18</sup>

Whereas former chartered companies with varied business interests, such as Lever Brothers, evolved into modern multinational entities, former Cape Town-based businesses such as De Pass, Spence & Company and JO Smith & Company are defunct. This study investigates the career and wealth creation activities of John Owen Smith, the founder of the latter, to shed light on his significance, contribution, and impact and to contribute towards addressing the existing gap in South African historiography on the careers of Cape colonial entrepreneurs.<sup>19</sup>

This narrative is divided broadly into five sections. The first deals with the evolution of John Owen Smith from novice and teenage business apprentice to an established independent entrepreneur, followed by an exploration of his venture into general retail and firearms trading. The next section deals with the entrepreneur's maritime industry activities, including shipping, warehousing, infrastructure development and boating. Section four investigates his activities as an auctioneer, trust association member and administrator of deceased estates, while Section five deals with Smith's involvement with the Cape guano trade. Throughout, close attention is paid to his collaborative partnerships, risk-mitigation strategies and the business innovations implemented to optimise income.

## **From apprentice to independent entrepreneur**

At the beginning of the nineteenth century, the Cape Colony featured an unbalanced economic system dominated by subsistence farmers (75%), with only a small capitalist upper layer of industrial businessmen (one-eighth) and an even smaller group of commercial and transport entrepreneurs (one-sixteenth).<sup>20</sup> The colony further lacked a significant export sector, was burdened by environmental infertility over a large

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16 I Hunter, "Risk, persistence and focus ...", *Australian Economic History Review*, 45(3), 2005, pp. 250-251.

17 MS Salmon, "A bull market: The recent historiography of Canadian development", *Archivaria*, 43(1), 1997, 181, available at <http://journals.sfu.ca.archivaria/index/article/view/12182/13194> (accessed 31 Oct 2007).

18 G Jones, "Diversification strategies and corporate governance in trading companies: Anglo-Japanese comparisons since the late nineteenth century", *Business and Economic History*, 25(2), 1996, p. 109.

19 R Walker, "The De Pass family", BA Hons, Bristol Polytechnic, 1979; A van Wyk, "Benjamin Norden en die Neptune-gebeure, 1848-1850", *Historia*, 46(2), 2001, pp 455-476; R Lawlor, "The History of Bird Island", *Looking Back*, 34, 1995. Walker is a distant relative of the Cape guano trader, Elias de Pass.

20 AL Muller, *Die ekonomiese ontwikkeling van Suid-Afrika* (Pretoria and Cape Town, Academica, 1979), pp. 52-54.

geographical area, had poor transport infrastructure and suffered under a restrictive economic policy. Consequently, the level of entrepreneurial activity was low, with few businessmen willing to take risks. To ensure the survival of their enterprises, they orientated their enterprises towards delivering support services to the farming community. Outside of the formal market, most colonial citizens engaged in some form of speculative opportunity trade with the family home serving as both the production facility and the point of sale.

By the end of the eighteenth century, 28 items including slaves, property, cattle, sheep and productive assets such as ploughs, boats, guns, spades, wagons, anvils and bench vices were in use. Basic household assets such as chairs, stoves and beds; and luxury household assets like books, mirrors, paintings and timepieces formed the basis of almost 70% of all wealth in the Cape Colony.<sup>21</sup> Given the lack of industrial development in late-eighteenth-century Cape Town, the majority of these items had to be imported. Increased ship traffic, in turn, created opportunities for exports and further acted as a stimulant for local demand in the secondary and tertiary sectors.<sup>22</sup> Indeed, Swanepoel suggests that 15-17% more transactions took place within groups of the same nationality than with other networks.<sup>23</sup> This situation, and the established local need for consumer goods, undoubtedly served as an incubator of entrepreneurial ideas and, arguably, a training school for prospective entrepreneurs. The advent of British rule, which introduced the European spirit of speculation to the colony, soon saw the opening of several new industries, including guano, salt, and copper mining.<sup>24</sup>

The establishment of British control, especially its installation of an administration and garrisons of soldiers followed by waves of immigrants, brought new economic opportunities for Cape-based businesses. These groups, together with the general shipping traffic and visiting crews, were not only "very considerable consumers" but also provided "opportunities on which the non-rural population of the colony could subsist".<sup>25</sup> Military-administrative needs such as the repair of existing structures or to build new government buildings, provisioning, and the need for transporting goods under naval contract, provided immediate opportunities for the entrepreneurial-minded. Colonial settlement further stimulated both the import and export markets

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21 J Fourie, "An inquiry into the nature, causes and distribution of wealth in the Cape Colony, 1652-1795" (PhD thesis, Utrecht University, 2012), p. 42.

22 WH Boshoff and J Fourie, "The significance of the Cape trade route to economic activity in the Cape Colony: A medium-term business cycle analysis", *European Review of Economic History*, 14(3), 2010, p. 469.

23 C Swanepoel, "The private credit market of the Cape Colony, 1673-1834: Wealth, property rights, and social networks" (PhD thesis, Stellenbosch University, 2017), p. 103.

24 AL Muller, *Die ekonomiese ontwikkeling van Suid-Afrika* (Pretoria, Academica, 1979), pp. 64-66.

25 RJ Ross, R Elphick, and H Giliomee, "The Cape of Good Hope and the world economy, 1652-1835", R Elphick and H Giliomee (eds.), *The Shaping of South African Society, 1652-1835* (London, Pearson Longman, 1989), p. 258.

for a large variety of goods, including wine, wheat and livestock for speculators and established local merchants. Its ‘urban requirements’, provided additional opportunities for skilled individuals in the various trades ranging from carpenters and builders to tailors and dressmakers and blacksmiths. In its wake, the Cape Colony evolved from being merely a transit point, into a “a naval base and restaging ground, a settler society and a trans-shipment point” that linked not only all the continents, but also the various important maritime regions and trading routes.<sup>26</sup> New markets for British and other products also became available on the Mascarene Islands (Mauritius, Réunion and Rodrigues) as well as St Helena, also became available for the business-savvy and resourceful trader. Gradually, local merchants were also allowed to engage in the re-export of Eastern goods.<sup>27</sup> Among the first merchants to make their mark, men who would later also influence the fortunes of John Owen Smith, were individuals such as John Bardwell Ebdon, Ewan Christian and Hamilton Ross, former members of the British occupational forces who exchanged their military careers for one in business.

Against this background, Yorkshire-born John Owen Smith arrived in the Cape Colony in July 1819 to join his uncle Captain James Smith, a Cape Town-based ship-owner. At the tender age of fifteen, he joined a company that operated in the recently opened foreign shipping market. Based on the available import and export data, its size was between 209 061 and 333 149 tons. The annual average pound-sterling value of imports for the period 1815–1822, in turn, amounted to £337,000.<sup>28</sup> Smith’s progression into shipping and training school to become an independent entrepreneur in this sector was inevitable since his father was also involved in the industry. A few months later in October 1820, the new immigrant, sponsored by his relative, obtained permanent residence in the Cape Colony.<sup>29</sup> This coincided with the establishment of Port Elizabeth as a new economic growth point and an export harbour following an increase in exports from the area.<sup>30</sup> In 1821, the trade between Port Elizabeth and Table Bay amounted to 1 962 tons.<sup>31</sup> However, Cape Town, given its advanced infrastructure and standing within the global financial networks, held a distinct advantage.

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26 L Muffet, “The Cape of Good Hope Colony and the British world turned upside-down, 1806–1836”, *Journal of Imperial and Commonwealth History*, 2022, p. 3.

27 JL Meltzer, “The growth of Cape Town commerce ...”, p. 26.

28 DW Rush, “Aspects of the growth of trade and the development of ports in the Cape Colony, 1795-1882” (PhD thesis, University of Cape Town, 1972), pp. 17-18.

29 Kaapse Argief Bewaarplek/ Cape Archives Repository (hereafter KAB): Colonial Office (hereafter CO), 3919, Memorials Received, James Smith on behalf of John Owen Smith, Permission to stay in the Colony, 1820.

30 DW Rush, “Aspects of the growth of trade ...”, p. 5.

31 J Inggs, “Early Port Elizabeth harbour development schemes, 1820-1855”, *South African Journal of Economic History*, 6(2), 1991, p. 41.

The local shipping industry was extremely competitive, dominated by several well-connected British-born Cape Town citizens known for their drive, business acumen and public service. These included A & E de Pass, Seawright & Company and Thomson & Watson, who operated from Table Bay but had in addition established business interests in the eastern districts. They were also high-profile members of key colonial institutions such as the Commercial Exchange, Cape of Good Hope Agricultural Society and the Cape Town Municipality. They were embedded in several London-based business networks which allowed them access to finance for investment purposes. Their companies were often the sales representatives for their counterparts and business partners in the mother country, which gave them a certain measure of competitive advantage in the colonial economy. Consequently, they were also at the forefront of promoting interdependence, cultural convergence and the transnational diffusion of new entrepreneurial knowledge (economic ideas, technologies and commercial practices). These were mutually beneficial, reduced the cost of doing business and optimised profit.<sup>32</sup>

Captain James Smith, the guardian of the newly-arrived John Owen, had his business in Castle Street, Cape Town, and was part of the city's circle of economic eminence. His core business was in cargo shipping and over the years he acquired the right to export a variety of products and general merchandise such as rice, wood, salt and mail in addition to selling gunpowder, wine and spirits. Furthermore, he served as the chairman of the South African Fire and Life Assurance Company (established 1831) whose board of trustees included several prominent personalities such as Ewan Christian, John Centlivres Chase and Frederick Stephanus Watermeyer. He also interacted regularly with other key actors in the colonial economy and deliberately merged his economic interests with theirs. This was the case in an 1840 subscription to erect a lighthouse at Cape Agulhas together with his fellow-subscribers who included the likes of Hamilton Ross & Co.; James Searight & Co., Borradailes, Thompson & Pillans and Thomas Ansdell.<sup>33</sup> These traders, according to Warren, formed part of the Cape Colony's mercantile elite, some of whom served as municipal commissioners or ward masters, while others held political office such as in the Legislative Assembly and enjoyed privileged access to the colonial administration.<sup>34</sup> Captain Smith was furthermore a regular and skilled memorialist and petitioner to the colonial government about all matters of merchandise interest and trading licenses to advance his business. In addition, he had acquired a long record of successful litigation in defence of his business interests and to collect monies owed to the business.

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32 A Thompson, "The power and privileges of association: Co-ethnic networks and the economic life of the British imperial world", *South African Historical Journal*, 56, 2006, p. 46.

33 "Public meeting, Cape L'Agulhas", *De Zuid-Afrikaan*, 17 July 1840, p. 3.

34 D Warren, "Merchants, commissioners and wardmasters...", pp. 256-257.

Thanks to his uncle's insider knowledge and mentorship over seven years – a substantial period – John Owen was able to become acquainted with the inner workings of the Cape economy, the existing networks critical for business survival, and how to master the intricacies of wealth accumulation within the colonial setting. According to Andrew Popp, in a different context, this familial partnership of care and guardianship, and “a weaving together of aspects such as love, family, organisation-building and economic decision-making”, were critical for his future success.<sup>35</sup> This state of affairs is consistent with Ian Hunter's preparation phase in the life-cycle of colonial entrepreneurs: a period during which the novice or apprentice could acquire work experience, learn about trade and industry, gain technical skill, accumulate capital, form or join initial networks, and identify business opportunities that were reaching a transition point.<sup>36</sup> Within two years after starting his apprenticeship and identifying an opportunity – a critical tipping point – in 1822 Smith ventured into trading for himself on the eastern frontier. This was a long-established and time-tested strategy by which young Dutch and then later, young British men, aided by borrowed funds.<sup>37</sup>

... made a number of trips as smousen [itinerant traders] in the hope, often illusory, of building up capital they required for more permanent and settled business.

## General merchant and fire-arms trader

Locating to Grahamstown – a growing commercial centre on occasion described as the “emporium of frontier trade” that had witnessed a population increase “many hundredsfold” in the decade after its establishment as a military outpost (1812) and main centre for the establishment of British immigrants on the eastern frontier two years before – John Owen Smith established a modest business.<sup>38</sup> This new enterprise was described by fellow trader, John Montgomery, as “a very small store supplied with a scanty stock of merchandise”.<sup>39</sup> In order to provide for the basic needs of the frontier community, he sold essential household items such as pots, kettles and tin buckets. Volume-wise, the business carried only sufficient stock – according to Montgomery, just enough to carry around on one's back. Importantly, his guardian, James, remained in proximity and at one stage, anchored a small trading vessel in Algoa Bay. Over the ensuing period, in parallel with establishing and growing a

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35 A Popp, *Entrepreneurial families: Business, marriage and life in the early nineteenth century* (Routledge, London, 2015), p. 4.

36 I Hunter, “Risk, persistence and focus ...”, *Australian Economic History Review*, 45(3), 2005, p. 252.

37 RJ Ross, R Elphick and H Giliomee, “The Cape of Good Hope and the world economy...”, R Elphick and H Giliomee (eds.), *The shaping of South African Society ...*, p. 267.

38 J Noble, *Descriptive handbook of the Cape Colony: Its condition and resources, with map and illustrations* (Cape Town, Juta, 1875), pp. 256-257.

39 “John Owen Smith (1804-1871) – Genealogy”, available at <https://www.geni.com/people/John-Smith/6000000010313782562> (accessed on 13 Mar 2019).



client base, John Owen relocated to Port Elizabeth in about 1825 and a year later he married Elizabeth Gilbert, the daughter of George Gilbert, a building contractor responsible for the construction of the St. George’s Church, the later Graham’s Town Cathedral.<sup>40</sup>

George Gilbert was a farmer on the Kariga River and was an active participant and leader of men in countering attempts by the indigenous population to retain their traditional lands and expel the settlers from the Cape’s eastern frontier.<sup>41</sup> He was listed among the small group of subscribers who contributed towards the purchase of a service plate presented to Sir Benjamin D’Urban, the retiring Cape Governor in 1838.<sup>42</sup> On occasion Gilbert also acted as curator for the public auction of deceased estates and further served as a member of a “Permanent Committee”, along with 20 others, of a “Centrale Parlementaire Fonds Committee”. This committee was tasked with raising funds through public subscriptions to pay for a parliamentary agent who was to represent the interests of the eastern districts in engagement with the colonial parliament.<sup>43</sup> As such, he was clearly a prominent actor in the colonial economic, political and defence network – which would potentially afford him and his relatives access to those with political and economic influence. This is confirmed by Swanepoel who suggested that “once a family became central it was more likely to stay central, even with changes in their relative position”.<sup>44</sup>

In April 1828, John Owen Smith became a father following the birth of his son, James Owen. This event, together with his young marriage, represented a new critical transition point for him. With additional family responsibilities (or “consumption changes”) following the birth of his first child and motivated by a limited income, John Owen experienced what Di Matteo, in a different context, calls the first phase of a “life cycle squeeze”. Having formally registered his own company, JO Smith & Company, Smith duly entered the world of colonial business at a time when joint stock companies were a rarity and start-up capital had to be secured from either one’s own, private or familial sources, the so-called “auto-finance”.<sup>45</sup> Indeed, the ability to raise capital from interested potential shareholders or the general public, was only promulgated in 1846 following the issuing of a special proclamation, Ordinance No. 13, to this effect.<sup>46</sup> Furthermore, notes Robert Ross, “to succeed in commerce at the Cape in the

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40 A Porter, “John Owen Smith, 1804-1871”, *Looking Back*, 24, 1984, p. 93.

41 “De Kaffers”, *De Zuid-Afrikaan*, 9 January 1835, p. 11; “Caffir irruption”, *De Zuid-Afrikaan*, 9 January 1835, p. 5.

42 “List of subscribers for a service plate”, *De Zuid-Afrikaan*, 20 April 1838, p. 6.

43 “Publieke Verkoop van Vastgoed”, *De Zuid-Afrikaan*, 3 May 1844, p. 1; “Publieke byeenkomste Grahamstad”, *De Zuid-Afrikaan*, 7 December 1846, p. 2.

44 C Swanepoel, “The private credit market of the Cape Colony ...”, p. 90.

45 L Di Matteo, “Revisiting the life cycle squeeze: Differential rates of life cycle wealth accumulation across deciles”, Paper prepared for the meetings of the Canadian Economic Association, Ryerson University, Toronto, 28 May-1 June 2015, p. 2.

46 LM Maphosa, “A historical analysis of joint stock companies in the Cape Colony between 1892 and 1902” (PhD thesis, University of Stellenbosch, March 2021), p. 11.

early years of British rule, one needed not just sufficient capital, acumen and good fortune, but also the ability to straddle the worlds of the old and new Cape Town”.<sup>47</sup>

Judging from one of his first advertisements in the *Cape Town Gazette & Advertiser*, the new enterprise began its general trading in Port Elizabeth in October 1827. Among the products it offered for sale were 100 bags of Patna rice and twelve boxes of “fine fresh black tea”.<sup>48</sup> Smith also sold what appears to be a certain type of secretarial equipment including a paper press with the maker’s name “Wainscot”, seemingly an imported item.<sup>49</sup> Other products advertised included Bengal white rice, kegs of tamarinds, cheroots/cigars, sugar and “baftas”, “sannahs”, and “Mamoodies”.<sup>50</sup> Imported Indian cotton cloth was also available. These were the type of consumer goods that all the residents of the area including the local non-white community, required. Furthermore, the business also sold other useful items such as:<sup>51</sup>

... silks, satins, superfine cloths, blankets, flannels superior skirting and sheeting, a large assortment of ironware, carpenter’s tools, brandy, wine, English ale, flour, meal, and other articles too numerous to mention.

These sales, were the chief resources of locally-generated capital and provided the basis on which an individual businessman could engage in further commercial and other forms of money-lending.

In 1829, James Smith, still fulfilling the role of his nephew’s guardian and patron, applied on John’s behalf for permission to trade north of the Orange River.<sup>52</sup> The decision to venture beyond the Cape Colony’s northern border, a proverbial no-mans-land, was a deliberate one aimed at enabling the aspiring businessman to trade within an area with little to no legal regulation. It was, so to speak, “beyond the pale of the government’s legislation” and interference.<sup>53</sup> Permission was, however, still required despite the rather sketchy, incomplete nature of proposed legislation in the Cape to permit “colonial traders to travel outside the colony and carry out private trade with the African societies with whom they came into contact”.<sup>54</sup>

Far from being deserted, the area north of the Orange River was the trading domain of many ambitious entrepreneurs, including the missionaries, who engaged in trade for their survival. For them, the law that restricted movement was a “dead letter”

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47 RJ Ross, R Elphick, and H Giliomee, “The Cape of Good Hope and the world economy ...”, *The shaping of South African Society...*, p. 265.

48 “Tea and rice in Port Elizabeth”, *Cape Town Gazette and Advertiser*, 5 October 1827, p. 5.

49 “Notice”, *Cape Town Gazette and Advertiser*, 22 December 1826, p. 6.

50 “Verkoopende te Uitenhage – Zonder reserve”, *Cape Town Gazette and Advertiser*, 30 November 1827, p. 2.

51 “Notice”, *Grahams Town Journal*, 21 February 1833, p. 1.

52 KAB, CO 3919, Memorials Received: James Smith on behalf of John Owen Smith, License to Trade beyond Orange River, 1829.

53 RB Beck, “Bibles and beads: Missionaries as traders in southern Africa in the early nineteenth century”, *Journal of African History*, 30(2), 1989, p. 211.

54 RB Beck, “Bibles and beads: ...”, *Journal of African History*, 30(2), 1989, p. 211.

and they, and other groups indulged in “filibustering” expeditions”.<sup>55</sup> Consequently, this was a violent frontier environment where there were “[roving] bands formed for hunting, trading and raiding”. It was an area in which firearms and horses were strategic commodities.<sup>56</sup> Other than restricting cross-border movement, the colonial authorities, as a standard practice, placed a limit on the volume of ammunition that any traveller, including professional hunters, could take out of the Cape Colony.

Guns and gunpowder trading and the maintenance and servicing of weapons were important colonial economic industries and lucrative sources of income.<sup>57</sup> Therefore, blacksmiths and gunsmiths in colonial towns were indispensable and were crucial for ensuring the defence and survival of the colonial project. Against this background, Smith applied for permission to erect a magazine in Port Elizabeth in 1833.<sup>58</sup> Three years later, he received a license to trade in gunpowder.<sup>59</sup> His previous involvement and ongoing participation in military planning to counter possible attacks from the Xhosa majority in the eastern districts assisted entry into this form of trade. During 1835, he was also prominent in preparing and maintaining “two defence lines right across town”.<sup>60</sup> Having secured his trading license, Smith like his uncle James, had the freedom to trade in firearms and ammunition. His clientele included traders and others north of the Orange River and those settlers who resided in the Colony of Natal, including Great Trek participants who settled in the colony. However, conducting business with those dissidents who had left the Cape and moved away did not enjoy the universal approval of the Cape authorities. In 1838 the colonial government, ordered local law enforcement agencies to impound a consignment of Smith’s firearms and ammunition that was destined for Natal, but fortunately this brush with officialdom was not accompanied by a suspension or cancellation of his trading licenses.

## Liquor and coal-trading

Indicating his growing awareness of the retail needs of colonial citizens, in the early 1830s John Owen Smith added liquor and coal trading to his general portfolio of goods, signalling further expansion of a career as a “businessman of wide-ranging enterprises”.<sup>61</sup> The addition of liquor, however, was not universally welcomed. A contemporary observer, for example, described the business in disparaging terms

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55 J Mackenzie, *Ten years north of the Orange River: A story of everyday life and work among the South African tribes, from 1859-1869* (Edinburgh, Edmonton & Douglas, 1871), p. 55.

56 B Lau, “Conflict and power in nineteenth-century Namibia”, *Journal of African History*, 27(1), 1986, p. 29.

57 R Pilosof, “‘Guns don’t colonise people...’: The role and use of firearms in pre-colonial and colonial Africa”, *Kronos*, 36(1), 2010, p. 268.

58 KAB, CO, 3966:68, Memorials Received: John Owen Smith Permission to Erect a Magazine in Port Elizabeth, 1833.

59 KAB, *Cape of Good Hope Government Gazette*, 1 April 1836.

60 A Porter, “John Owen Smith...”, *Looking Back*, 24, 1984, p. 93.

61 A Porter, “John Owen Smith...”, *Looking Back*, 24, 1984.

and remarked that Smith was “an extensive dealer in spirits” which made him a participant in “demoralising traffic”.<sup>62</sup>

As far as retailing of coal was concerned, Smith’s business became an agency for the importation of Newcastle coal, a high-quality product imported from the north of England and used for domestic heating and locomotion. A small market existed in the Cape Colony even before the nineteenth century. In 1793, a total volume of 3 744 tons of coal was imported from the United States of America.<sup>63</sup> According to Barak, the export of British coal was aimed at projecting:<sup>64</sup>

... their power elsewhere, offshoring the Industrial Revolution by building an infrastructure that could support it overseas and connect it to existing facets of the imperial project.

Harley suggests that coal “fuelled the world’s factories and transportation networks” and that its export was at one stage even more profitable than the trade in breadstuffs.<sup>65</sup> Various importers, including Thomson, Watson & Company and JJ Luyt, regularly supplied the Cape market until well into the 1830s and beyond.<sup>66</sup> This meant that Smith entered a highly congested and competitive market with continued potential for profit-making. His entry was seemingly aimed at maintaining his foothold as an import and export shipping agent and capitalising on the emerging coal-based technology appliances that started to enter the colonial market. The overseas agents managed depots that served as outlets for coal imports. They provided the product to the owners and crews of steam and riverboats, users of irrigation pumps, railway companies, providers of telegraph services, municipalities for street lighting, and tramways operators. In this process, coal became not only an “immutable necessity” as the provider of “house and steam coal”, but the selling and import agent also obtained status as an “indispensable agent”.<sup>67</sup> One of the most lucrative markets was supplying coal to Her Majesty’s Magazine and other state departments in Cape Town on a tender basis.<sup>68</sup> When coal required status as a must-have, it created a market for new products such as garden benches manufactured from cannel coal, coal boxes, fenders, cinder pails, small ornaments, snuff boxes, toys, stoves, chimneypieces and fire grates – all of which were potential additions to Smith’s stock of merchandise.

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62 J Backhouse, *Extracts from the Letters of James Backhouse* (Harvey & Darton, Australasia, 1838), p. 57.

63 FR Wadleigh, “International trade in coal”, *Annals of the American Academy of Political and Social Science*, 127(1), 1926, p. 104.

64 O Barak, “Outsourcing: Energy and empire in the age of coal, 1820-1911”, *International Journal of Middle East Studies*, 47(3), 2015, p. 425.

65 C Knick Harley, “Coal exports and British shipping, 1850-1913”, *Department of Economics Research Reports*, 8807 (Department of Economics, University of Western Ontario: ON, 1988), p. 1.

66 *De Zuid-Afrikaan*, 20 May 1836, p. 7; and *De Zuid-Afrikaan*, 14 December 1838, p. 4.

67 C Fanning, “‘The indispensable agent’: Coal and Its displacements in Victorian Britain”, *Journal of Design History*, 34(3), 2021, pp. 212-226.

68 “Commissariat: Coal Required”, *De Zuid-Afrikaan*, 11 June 1844, p. 4.

Due to their perceived high quality, the imported Welsh and British products were particularly in demand but came at a high price due to export and freight duties – a situation detrimental to the consumer but beneficial to the trader.<sup>69</sup> One solution to this problem was to sell the available product in small volumes to the purchaser.<sup>70</sup> This solution, in turn, also motivated some unscrupulous individuals to attempt to import “fake coal” and sell it off as genuine.<sup>71</sup> Because of this, some businesses started to advertise their coal as a screened and being the genuine product.<sup>72</sup> It also motivated others to scout for local coal sources, including at Dutton’s Cove near the town of George on the southern coast of the Cape Colony and in the Fish River Valley.<sup>73</sup>

Ever innovative, John Owen Smith became a subscriber and an agent for the sale and distribution of the *Grahamstown Journal*. Collectively, the variety of Smith & Company’s product range suggests that the business proprietor had both a well-developed sense of the consumer needs of the colonial citizen and a sound understanding of the need for customer diversification and targeted provision.<sup>74</sup>

### **Maritime entrepreneur: Investor, shipmaster, agent, surfboat and warehouse owner**

Despite the developments in Algoa Bay, the Cape colonial government, due to a lack of funds, made little to no capital investment in harbour improvement during the 1820s and 1830s. The Cape Treasury, according to Jon Inggs, was in no position to finance any major public works since the volume of trade that passed through the port during this period “did not really warrant any improvement”.<sup>75</sup>

However, local businessmen, such as John Owen Smith, held a different view and agitated for significant harbour improvements. In 1826 when J.O. Smith & Company was incorporated, Table Bay inward shipping amounted to 40 750 tons or £299 658 of imports and £251 372 of exports.<sup>76</sup> In 1833, in the absence of official action about harbour improvements in Algoa Bay, in pursuit of his own objectives, Smith applied

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69 P Gibbs, “Coal capital: The shaping of social relations in the Stormberg, 1880-1910” (PhD thesis, University of the Witwatersrand, 2014), p. 27.

70 “Coals!!”, *The Mercantile Advertiser*, 16 January 1854, p. 1.

71 “Miscellaneous Intelligence”, *The Mercantile Advertiser*, 4 May 1853, p. 6.

72 “Screened Newcastle coals”, *The Mercantile Advertiser*, 21 May 1855, p. 2.

73 “Miscellaneous intelligence”, *The Mercantile Advertiser*, 6 August 1853, p. 6; “Miscellaneous intelligence”, *The Mercantile Advertiser*, 22 April 1854, p. 6.

74 The available varieties included Jannah Mamody, Mow Sannas, Mugga Sannas, Sannah Emerties, Salalpole Mamoody, Beerboon Baftas, Judgea Baftas, Suchipore Baftas, Chittabully Baftas and Chittabully Fine Baftas. See, for example, B Everill, “‘All the baubles that they needed’: ‘Industriousness’ and slavery in Saint-Louis and Gorée”, *Early American Studies*, 15(4), 2017, p. 728.

75 J Inggs, “Early Port Elizabeth harbour development schemes...”, *South African Journal of Economic History*, 6(2), 1991, p. 38.

76 DW Rush, “Aspects of the growth of trade ...”, p. 21.

for permission to erect a warehouse next to the existing landing place.<sup>77</sup> This request was turned down. A persistent individual, he repeated his request several times over the next three years.<sup>78</sup> His tenacity was rewarded and permission was finally granted in 1837. Smith set about to build a warehouse, a “dwarf” jetty, and install a private railway between the beach and the storage facility.<sup>79</sup> This was just completed in time for the arrival of the compensation money paid out to former Cape slaveholders. This, says Meltzer, resulted in a “great spending spree” and it boosted, expanded and diversified economic activity.<sup>80</sup> Although some of his business counterparts also acted as compensation agents and were therefore able to benefit handsomely from commissions taken, or by purchasing of slave compensation claims, there is no evidence that Smith participated. Seemingly, his approach was to continue to sell his diverse catalogue of products and to provide infrastructure critical to general economic prosperity. In 1846, having identified the need for a water point close to the landing-place within easy reach of the visiting ships, Smith petitioned the authorities for permission to occupy a certain government property to sink a well and thereby supply water to the ships in the harbour.<sup>81</sup> When his application was successful, he installed a steam engine and piping so as to provide ships with fresh water. He complemented this by delivering a surfboat service for the transportation of cargo to and from ships. Concomitantly, Smith expanded his growing property portfolio by becoming a shareholder in the Commercial Hall, erected on government land in 1839.<sup>82</sup>

Beyond providing critical infrastructure and support services to the shipping industry, Smith became a ship-owner in his own right. His three ships, the *Mazeppa*, *Shrimp*, and the *Emily Smith*, traded between Algoa Bay, Lourenço Marques and London, and also along the Cape West Coast. To handle the existing competition and to find his own niche, he embarked on a media campaign in the local newspapers, advertising his ships as new, first-class, fast sailing, and equipped with “splendid accommodation for passengers”, also stressing that his vessels were “expressly built for the trade”.<sup>83</sup> Beyond passenger transport, Smith also exported local wool, which he secured through offering commission-free but interest-bearing financial advances to sheep farmers.<sup>84</sup> This practice was widely used by shipping companies and agents and was, among others, used by firms such as Anderson & Company that claimed

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77 KAB, CO, 3966:134, Memorials received: John Owen Smith, Permission to erect building near landing place at Port Elizabeth, 1837.

78 KAB, LAG, 566:172, Memorials received: General John Owen Smith requesting a grant of a certain piece of ground near the landing place at Port Elizabeth.

79 J Inngs, “Mfengu beach labour and Port Elizabeth Harbour development, 1835-1870”, *Contree, Journal for South African Urban and Regional History*, 21, 1987, p. 5.

80 JL Meltzer, “The growth of Cape Town commerce ...” (MA thesis, UCT, 1989), p. 73.

81 KAB, CO, 4031:635, Memorials received: John Owen Smith, request to occupy piece of government property and sink a well in Port Elizabeth for supply of water to shipping in Port Elizabeth, 1846.

82 A Porter, “John Owen Smith and the Port Elizabeth public library”, *Looking Back*, 10, 1970, p. 48.

83 JO Smith, “Freight for London”, *Grahamstown Journal*, 1837, p. 1.

84 William Anderson Senior & Co, “To wool growers”, *Eastern Province Herald*, 31 December 1845, p. 1.

their approach avoided "any interference on their part with the interest of their constituents".<sup>85</sup> It was, however, silent about when payments would be made.

Similarly, the advertisements of other competitors such as W & J Smith & Company and Deare & Dietz were short on detail. Smith's competitive advance was seemingly achieved by advancing a portion of the cash "at the conclusion of the consignment transaction" (so-called "immediate advances") and another portion on the day of loading for export. This cash advancement formed a significant part of his service advertisement and was emphasised in the local newspapers. By 1842, JO Smith & Company's ships conveyed general cargo, government supplies and passengers between Cape Town and Port Elizabeth to Mauritius, Port Natal, India (Madras and Calcutta), London, Singapore, and Manila.<sup>86</sup>

Following the establishment of the first marine assurance company in the Cape Colony in 1839 and the increased importance thereof for maritime entrepreneurs, Smith enrolled as an agent for Lloyd's of London Assurance in England. This was beyond rendering services as ships' agent to others.<sup>87</sup> Agents received no remuneration from Lloyd's but could charge those parties they did business with. The agency's tasks involved surveying damaged ships in foreign ports, supplying information on the movement of ships, and approving claims.<sup>88</sup> Other functions included; "assistance in procuring the best materials available for repairs" and drafting "correct and accurate statements from the masters as to the nature of any damage, rebutted exaggerated claims made by the salvors". It was guaranteed that proper legal procedures would be followed. Waste and plunder of any damaged merchandise would be prevented and the sale of the same for the benefit of the underwriter monitored.<sup>89</sup>

Clearly, despite the agent acting as a pro bono representative for Lloyd's, these functions were critically important. In the absence of a centrally determined price or tariff structure, the agent worked for his own benefit and was, therefore, able to determine its own tariffs and, in so doing, to benefit optimally. Smith expanded this business to Natal to ensure maximum advantage and appointed George Christopher Cato as his representative. In addition to general trading, in July 1850, Cato was also duly appointed as an agent for Lloyd's in the territory.

To diversify his growing business concerns even further, Smith started to provide critical accommodation for establishing the Eastern Province Branch Bank offices on his property in 1836 and establishing a customs office and bond warehouse on the

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85 William Anderson Senior & Company, "To wool growers", *Eastern Province Herald*, 31 December 1845, p. 1.

86 "Vessels in Table Bay", *De Zuid-Afrikaan*, 1 July 1842, p. 4.

87 A Porter, "John Owen Smith...", *Looking back*, 24, 1984, p. 93.

88 A MacGregor, "A history of Lloyd's in South Africa" (PhD thesis, Faculty of Commerce, Law and Management, University of the Witwatersrand, 2013), p. 25.

89 HP Long, "Lloyd's of London: Information and influence in the nineteenth century" (MA thesis, University of Central Oklahoma, 2010), p. 51.

same premises.

In addition to trans-ocean shipping, JO Smith & Company also offered a surfboat service – one of only three such businesses. These vessels transported goods between the anchored vessels and the shore “by means of warps fixed to moorings – an exercise that requires between 20 men- and 100 men when the demand is high”. Furthermore, the company “land and take charge of all goods” and “cart them from the beach to the store of the merchants/shipping agents at 6s a ton”. Those goods not immediately carted away were stored (at a tariff) overnight at the risk of the contractor. Like his peers, Smith also at times failed to value his labour force (most of whom were Fingo men) and paid them a lowly wage of three shillings per day and extra nine pence for overtime. Consequently, work-stoppages were a frequent occurrence – a situation which was aggravated by Port Elizabeth’s lack of proper harbour infrastructure and a dearth of readily available, cheap labour. Consequently, local newspapers supported increased white immigration to ameliorate the problem.<sup>90</sup> JO Smith & Company, despite its labour savings, were, however, not averse to charging high prices for its portfolio of services. To this extent, AWJ Pretorius, the future chief commandant of the troops in Natal during the Anglo-Zulu War, remarked:<sup>91</sup>

[We] have at present two vessels in the bay, both from Mr J.O. Smith of Port Elizabeth; but I am sorry to say, that the price of provisions has been placed at so a high rate, that none of the poorer emigrants can buy anything; viz Meal Rsd 60; coffee Rsd 100; and so on in proportion. We must consequently teach our children to eat mealies, pumpkins, and good meat; and no more habituate them to such luxuries as they have now been taught to do without whereby, they will remain healthy, strong and robust.

Consistent with his growing reputation as a successful and innovative businessman, Smith and twelve other businessmen formed the Cape Steamship Company in January 1836. With a start-up capital of £2 000 (2 000 shares @ £1 each), the group aimed to buy steamships to serve the domestic trade between the eastern and western parts of the Cape Colony.<sup>92</sup> Although not everybody was convinced about the workability of steam shipping along the Cape coast, and despite one detractor writing to the local newspapers cautioning against such a scheme suggesting that steamships were unsuitable for the carrying of a large passenger load, they proceeded.<sup>93</sup> Within this group were a number of other prominent colonial businessmen such as Antonio Chiappini, Harrison Watson, John Fairbairn, Isaac Chase, John Bardwell Ebdon, E Norton, H Maynard, and Howson Edward Rutherford. Some were also directors in the Cape of Good Hope Fire Assurance Company. In turn, John Owen’s uncle, James Smith, was chairman of the equally new and competing South African Fire and Life

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90 “Port Elizabeth – want of labour”, *Grahamstown Journal*, 1840, p. 2.

91 AWJ Pretorius, “Letter from the *Grahamstown Journal*”, *De Zuid Afrikaan*, 26 April 1839, p. 3.

92 “Kaapsche Stoomvaart Compagnie”, *De Zuid-Afrikaan*, 1 July 1836, p. 4.

93 Nautilus, “Stoomvaart”, *De Zuid Afrikaan*, 20 March 1840, p. 2.



Assurance Company. This alignment with opposing business ventures and John's vast network of interests suggested that by the 1840s, Smith had indeed transformed into an independent-minded and astute businessman, unafraid of competition (even against his relative and former mentor). He had developed sound judgement and advanced decision-making abilities and was not afraid of taking risks to increase wealth.

### **Auctioneer, trust association member and administrator of estates**

In 1833, John Owen Smith ventured into auctioneering, a sector traditionally controlled by the state. Auctions, per definition, are "public (or semi-public) functions in which a group of bidders managed by an auctioneer determines the value of something through competitive bidding". The focus of the bidding is to determine the fair price of an object and further, that "in the auction, social relationships are subject to restructuring based on the community's understanding of how the bidders behaved and what it means to have won or lost a particular bid or set of bids".<sup>94</sup> Further, says Cohen, "merchants and auctioneers created a new understanding of the consumer. They made the shopper something more than a servant to the interests of farmers, merchants, and manufacturers".<sup>95</sup> From 1812 onwards, following an oversupply of British manufactured goods, the need arose for new markets. Auctioneering under these circumstances became a critical outlet for excess products since it allows for the quick disposal of goods.<sup>96</sup> This opened new opportunities for interested persons since it was attractive and profitable. Its attractiveness as a business venture, according to Joanna Cohen, is to be found in the following:<sup>97</sup>

... while merchants offered their clients extended lines of credit, allowing their country customers to stock up and defer payment for up to a year, auctioneers insisted on cash or provided only short lines of credit. They could thus stay solvent more easily and could afford to refurbish their stock quickly.

Similarly, O'Connor notes that auctioneers were "modern businessmen who sought profits by selling at variable prices as high as bidders were willing to spend".<sup>98</sup>

And to emphasise the advantages even further, he goes on to explain that:<sup>99</sup>

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94 M Whitney Kelting, "Tournaments of Honor: Jain Auctions, Gender, and Reputation", *History of Religions*, 48(4), 2009, pp. 287-288.

95 J Cohen, "The right to purchase is as free as the right to sell: Defining consumers as citizens in the auction-house conflicts of the early republic", *Journal of the Early Republic*, 30(1), 2010, p. 28.

96 E Hartigan-O'Connor, "Auctioneer of offices: Patronage, value, and trust in the early republic marketplace", *Journal of the Early Republic*, 33(3), 2013, p. 463.

97 J Cohen, "The right to purchase is as free as the right to sell", *Journal of the Early Republic*, 30(1), 2010, p. 37.

98 E Hartigan-O'Connor, "Auctioneer of offices: Patronage ...", *Journal of the Early Republic*, 33(3), 2013, p. 465.

99 J Cohen, "The right to purchase is as free ...", *Journal of the Early Republic*, 30(1), 2010, p. 38.

... by insisting on cash payments, auctioneers eliminated the cost of interest from their prices but also kept prices low illicitly by colluding with British manufacturers to create two invoices: one for their own records and one for the customs office. The lower rates recorded on the latter enabled auctioneers to deduct a percentage of the duty from their prices.

Auctioneering, given its potential, eliminated the need to maintain a network of sales agents in far-off districts and reduced inherent system risks such as defaults, embezzlement, and sales income theft. For consumers in the eighteenth and nineteenth century, auctions served as financial instruments in a time of need, especially when their cash was limited. More important for entrepreneurs such as Smith, selling often became “a bidding war over social stature” where “each social group almost exclusively only bought items from their own social group or individuals belonging to a higher social group”.<sup>100</sup>

With no formal training as an auctioneer, Smith satisfied the designation as a “layman auctioneer”.<sup>101</sup> However, he possessed sufficient general merchandising, maritime and customs experience, which could be used productively in his new venture. His maritime involvement, in particular, offered a distinct advantage with regard to the sale and disposal of illegal and confiscated goods from condemned vessels such as slavers,<sup>102</sup> involving both human and other cargo by the collector of customs.<sup>103</sup> In addition, the business auctioned items from deceased and insolvent estates, including wines, furniture, property and the remaining time of apprenticeship contracts.<sup>104</sup> In his first public auction, Smith even auctioned a former whale fishery under the slogan of being “worthy [of] the attention of capitalists and persons desirous of a profitable investment of their capital”.<sup>105</sup> This venture was not an innovative undertaking but one which many British settlers, including Benjamin Norden, had ventured into.<sup>106</sup> However, from Smith’s point of view, adding auctioneering to his business portfolio was a critical means of gaining market share and competing on an equal footing with others in a field where there was profit to be made.

From early on, Smith proved himself a determined capitalist with no hesitation to use the colonial courts to secure his financial interests. Throughout the 1830s, he initiated and opposed legal proceedings involving a variety of persons about debts and non-payments of goods sold. Through frequent foreclosure and sales in execution, he appropriated a significant number of valuable livestock and other

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100 J Abbas, “Auctioning as a financial instrument: Alternative strategies in overcoming economic hardship in Malmö, 1840-1870”, MA in Economic History, Lund University, 2014, p. 28.

101 M Whitney Kelting, “Tournaments of honor...”, *History of Religions*, 48(4), 2009, p. 284.

102 The selling of confiscated slaves in the aftermath of the prohibition of the slave trade within the British Empire was a very small part and irregular item of Smith’s sales catalogue.

103 Collector of Customs, “Sale of the cargo of the condemned slaver”, *Grahamstown Journal*, 1840, p. 1.

104 “Publieke Verkoop”, *De Zuid-Afrikaan*, 19 February 1836, p. 2.

105 JO Smith, “To speculators”, *Grahamstown Journal*, 1833, p. 1.

106 A van Wyk, “Benjamin Norden en die Neptune-gebeure...”, *Historia*, 46(2), 2001, p. 458.

assets, including books, stationery, cutlery and jewellery. In the period 1830-1845 alone, Smith was involved in eleven such cases, of which six resulted in sales of execution to his personal benefit.<sup>107</sup> Amongst the gains made in these auctions were furniture, ox-wagons, horses, rifles, at least 44 oxen, 90 cows, 300 sheep, four horses, and a variety of other goods.<sup>108</sup> This suggested that he was using a successful business and wealth accumulation strategy, making use of the best features of what was called “entrepreneurial litigation”, in a different context.<sup>109</sup> However, he also acted as auctioneer on behalf of others and thus added sales commissions to his growing wealth.

By 1844, and undoubtedly encouraged by the business potential of winding up deceased and insolvent estates, Smith and nine other prominent individuals, including John C Chase and Joseph Graham, established the Port Elizabeth Trust Association. This body’s public objectives included:<sup>110</sup>

... the management of insolvent and assigned estates, in order to their speedy settlement; the Administrators, as Executors, of the Estates of those who, by their will desire their Affairs left in the hands of responsible persons; and the drawing up of awards in case of arbitration. The faithful discharge of such trusts, the names of the members afford ample security, and a decided advantage over the uncertainty attending individual Administrators.

Heading these “responsible” members, individuals with colonial standing and whose “names” “afford ample security”, was John Owen Smith, its founding chairman whose progress over the preceding fifteen years, undoubtedly established him as one of the eastern district’s foremost businessmen.

## **Guanopreneur, 1844-1871**

As an astute businessman with proven acumen, John Owen Smith constantly looked for new opportunities. When the first seabird guano arrived in Table Bay in January 1844 soon after being scraped off the rocks of various offshore islands along the Namibia coast in the Bay of Angra Pequena, Smith was in England. Shortly after his return on 21 January, he obtained the fishing and sealing licence of Bird Island, Algoa Bay, a license formerly held by John Norton.<sup>111</sup> As guano gained status as a

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107 The affected parties whose assets were attached and sold on auction were individuals such as Daniel Mahoney, WM Stanton, John Lockhart Jaffrey, Nicolaas Gerhardus Swart, Samuel Tildsley Junior and James Collings.

108 See, for example, the auctioneer notices such as “Bureau van den Baljuw”, *De Zuid-Afrikaan*, 24 February 1843, p. 3; “Bureau van den Baljuw”, *De Zuid-Afrikaan*, 15 September 1843, p. 2; “Bureau van den Baljuw”, *De Zuid-Afrikaan*, 22 September 1843, p. 3; “Bureau van den Baljuw”, *De Zuid-Afrikaan*, 3 May 1844, p. 2; “Bureau van den Baljuw”, *De Zuid-Afrikaan*, 13 September 1844, p. 2.

109 JC Coffee, *Entrepreneurial litigation* (Cambridge, MA, Harvard University Press, 2015), p. 5.

110 *Grahams Town Journal*, 20 March 1845, quoted in A Porter, “John Owen Smith and the Port Elizabeth public library”, *Looking Back*, 10, 1970, p. 47.

111 KAB, CO, 4020:101, John King & RW Paton, Trustees of the Estate of John Norton to Governor, 23 February 1844.

fertiliser of choice among commercial farmers in both Europe and North America, a strong export market developed which fuelled a world-wide rush as speculative entrepreneurs attempted to monopolise all sources.<sup>112</sup> When the guano craze hit Cape Town following discoveries in the Cape Colony's territorial waters and similar attempts to monopolise the local source in the absence of any policy started in early 1844, Smith began to capitalise on his good fortune by selling loads of guano from the island. The colonial authorities soon challenged him, saying the collecting of guano was not provided for in the conditions of his lease. In open defiance, Smith simply launched a rogue enterprise and sold guano for fifteen shillings per ton. He then employed his own marketing agent in London to handle overseas marketing and sales.<sup>113</sup> These actions were an unambiguous rejection of the official policy and representative of a growing view amongst like-minded island leaseholders that existing fishing and sealing leases were sufficient grounds for the appropriation of guano on islands under their control.<sup>114</sup> When the government attempted to stop these practices, Smith threatened legal action.

Following advice from the Cape Attorney-General, the colonial authorities embarked on a negotiation process to convince Smith to terminate his illegal activity. The authorities further offered him £25 000 to abandon his rights and vacate the island.<sup>115</sup> Smith refused. Instead he proposed a compromise whereby he would receive 50% of the proceeds of all guano licenses issued as compensation for terminating his activities. On 6 May 1845, a formal agreement was concluded between the parties in terms of which Smith would take responsibility for the collection, bagging and exporting of the guano while the Cape government would handle overseas marketing. It was further agreed that the net profit would be equally distributed once operational costs had been deducted. It was also stipulated explicitly that the agreement would remain valid until all the guano on the island had been removed.

The special agreement between Smith and the colonial government created an unhealthy precedent given the consistent rejection of other similar claims and had everything to do with his place in the wider colonial network. Smith's attorney, E. Christian, was an influential member of the Commercial Exchange, the Colonial Harbour Board, and the Legislative Council (1851–1853).<sup>116</sup> Furthermore, by mid-century, Smith enjoyed the status as a Justice of the Peace for Port Elizabeth. These links provided him with influential allies and direct links to important colonial

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112 H Snyders, "From Peru to Ichaboe ...", *African Historical Review* 48(2), 2016, pp. 1-23.

113 KAB, Public Works Department: 2/3/12/B.300, Précis of Papers in the Office of the Commissioner of Crown Lands and Public Works relative to the removal and sale of guano from the Bird Islands, Algoa Bay, April 1886, p. 4.

114 H Snyders, "Guanopreneurs and the dynamics of policymaking in the Cape Colony, 1843-1845", *New Contree*, 83, 2019, p. 15.

115 KAB, Public Works Department: 2/3/12/B.300, Précis of Papers in the Office of the Commissioner of Crown Lands and Public Works relative to the removal and sale of guano from the Bird Islands, Algoa Bay, April 1886, p. 2.

116 D Warren, "Merchants, commissioners and wardmasters...", p. 138.

functionaries within the administration. Smith also played an important part in the political and social affairs of the Eastern Province, which included organising a defence strategy for Port Elizabeth, providing space for a government customs office and bond warehouse in addition to his multiple roles as auctioneer and agent for Lloyd's. He also formed part of a group of prominent individuals who called a public meeting with a view to voting an address to the departing colonial governor, Benjamin D'Urban, during the late 1830s and on D'Urban's departure, Smith handed him a monetary gift of £600.<sup>117</sup> Based on this combination of factors, Smith was no ordinary businessman. He was a valuable ally and de facto functionary in the colonial network who could exert direct influence on the colonial administration. This power allowed him to benefit substantially from the guano trade for more than 25 years until his death.

### **Other enterprises and retirement**

A significant percentage of John Owen Smith's accumulated wealth from his multiple income streams was invested in property. By 1845, in addition to his harbour and maritime asset portfolio, he owned three sheep farms in the Middelburg district's Quagga Flats, allowing him an independent footing into the wool export trade from the Cape Colony. Over the period that wool became Port Elizabeth's chief export product, volumes increased steadily – from 1 000 000 kg in 1847 to over five million kg in 1856 and more than ten million by 1863.<sup>118</sup> Between 1835 and 1870, one year before Smith's death, exports rose from 98 000 kilograms to 16,9 million. With Khoi herders employed at a negligible ten rixdollars per month plus rations of meat, coffee, bread, sugar and wine or Rd1 per day, the investment brought substantial financial returns.<sup>119</sup> His clip was dispatched with that of the others shipped on consignment and aided by Smith being prepared to advance cash incentives to exporters, as earlier alluded to. In this way, it was possible for him to export his wool virtually without cost to himself and, in so doing, made a handsome profit. Sheep farming was supplemented by active land cultivation for commercial purposes.<sup>120</sup> To this was added copper mining in the Richtersveld, Namaqualand during the 1850s. With the discovery of copper in 1852 close to the villages of Springbok, Concordia, Carolusberg, and O'kiep and following the ensuing 'rush' for mining rights, several Port Elizabeth businessmen formed a company and acquired shares in ventures run by others who planned to exploit the resource.<sup>121</sup> Smith and

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117 "Address to Sir B. D'Urban", *Grahamstown Journal*, 28 December 1837, p. 4; "His excellency the Governor, list of subscribers", *Grahamstown Journal*, 18 January 1839, p. 1.

118 J Inggs, "Mfengu beach labour and Port Elizabeth...", *Contree Journal for South African Urban and Regional History*, 21, 1987, p. 5.

119 WM Harries, "Eastern Province", *De Zuid Afrikaan*, 14 September 1838, p. 3.

120 JO Smith "Wanted", *Grahamstown Journal*, 20 February 1840, p. 40.

121 J Davenport, "Colonial mining policy of the Cape of Good Hope: An examination of the evolution of mining legislation in the Cape Colony, 1853-1910" (MA dissertation, University of Cape Town, 2009), p. 132.

his partner, Henry Bailey Christian, held seventeen leases within this circle.<sup>122</sup> The Kodas Mine north of O'kiep was mined by Messrs Phillips & King (Ltd.), but was later taken over by Cape Copper Mining Company (Ltd.). It proved to be a particularly profitable enterprise, while the rest of the mines were less so.<sup>123</sup> Testifying its profitability, Smith fiercely resisted all attempts to infringe on his rights.<sup>124</sup> Both matters, however, are not discussed here.

In 1861, having accumulated a significant asset and income base, John Owen Smith departed for England and left the management of his businesses to his son and lawyers.<sup>125</sup> Over the ensuing years, he disposed of his direct shareholding. He died ten years later, ending an eventful, highly profitable life. Given his death and burial in the United Kingdom, it proved impossible to access Smith's estate papers to give a graphic representation of his assets and liabilities at the time of death.

## Conclusion

The career of this colonial entrepreneur is not a rags-to-riches story or the result of an unexpected stroke of luck and incidental wealth. Indeed, business success and its associated partner, significant wealth, require prolonged training, patience, a sense of acute awareness of the economic playing field and the willingness to take risk. It calls for personal attributes such as resilience and perseverance, and most importantly, the ability to try again in the case of initial failure. However, what is also critical is the availability, accessibility and proximity of familial support because it provides a crucial safety net in case of failure. Furthermore, shared investments enable individuals to venture into more than one sector to derive an immediate income while exploring the available opportunities to secure their own niche. This case study has pointed out the importance of wider social and business networks on the road to wealth creation. Beyond providing access to innovations and knowledge, such networks serve as a platform for debating and scrutinising new ideas before convergence and practical testing. It also provides the risk-averse yet ambitious entrepreneur with a capital-loss safety net since it enables the distribution of risks and minimises the overhead costs, which is critical for winning market share and establishing competitive advantage. In addition, it provides access to new technology and its associated products at a much-reduced price.

With reference to Hunter's definition, John Owen Smith was the quintessential colonial entrepreneur. Not only did his career demonstrate the various phases identified in Hunter's developmental model, but it also offers insight into the

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122 A Porter, "John Owen Smith ...", *Looking back*, 24, 1984, p. 95.

123 J Noble, *Descriptive handbook of the Cape colony ...*, p. 84.

124 KAB, CO, 4071:156, Memorials: J.O. Smith regarding infringement by government upon his right to a copper mine, 1853.

125 A Porter, "John Owen Smith...", *Looking back*, 24, 1984, p. 95.

nature and features of transitional moments and the unfolding of the process of progression, maturation, and transformation of individuals from business novices into competitive businessmen.