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British Financial Imperialism and the Colonial Special Economic Zone.

An analysis of the influence of foreign investment on local economic policies in the Cape Colony.

by

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Abstract: This thesis aims to address the limited spatial focus of existing critiques of British financial imperialism, by analysing the economic relationship between Britain and the Cape Colony,and integrating discreet sets of literature related to British imperialism and the economic history of the Cape Colony. Specifically, focus has centred on the diamond mining industry in Kimberley, which produced some of the highest returns on investment of any mining industry in Africa. The thesis discusses how the need to attract foreign investment from the UK to the mining industry shaped local policies towards institutions, infrastructure and labour. In this regard Kimberley became an informal special economic zone, as business thrived in an institutional environment which prioritised attracting foreign investment (primarily from the UK). Much like modern SEZs, the Kimberley mines became a space where unique economic opportunities could be found for investors, which were borne out of the weakness of existing institutions and the organisation of economic life around the privileges of race.

Key Words: Financial Imperialism, Cape Colony, Kimberley, Diamond Mining, Special Economic Zone.

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Table of Contents

Abbreviations

CGR	Cape Government Railways
CCMC	Cyphergat Coal Mining Company
SEZ	Special Economic Zone

1 Introduction

British imperialism has attracted a broad range of critiques across the fields of social, political and economic history. Given the long history of scholarly interest in the subject, which dates back to Adam Smith, there is a remarkable lack of consensus on how to evaluate its economic impacts. For every Marxist critique such as Hobson's *Imperialism: A Study* (1901) there was an anti-Marxist rebuttal such as Schumpeter (1951) who saw imperialism as a legacy of precapitalist societies surviving within modern capitalism. For every study into the long-term effects of imperial institutions on contemporary economic performance such as Acemoglu, Johnson and Robinson's (2001) seminal study, there has been a whig historian such as Niall Ferguson (2003) who instead celebrates "Anglobalisation" as Britain's achievement in spreading its institutions and economic liberalism to the world. In light of the broad range of critiques on its economic impacts, the question of perspective has become increasingly important.

Typically, older studies tended to focus on the "imperial metropole" and discussion centred on the costs and benefits to the metropole economy and society. Conversely, modern scholarship has increasingly focused on the effects of imperialism on the development on what was traditionally referred to as the "colonial periphery". One of the difficulties of previous approaches with a limited spatial focus is that they tend to treat either the metropole or the colony as exogenous. Cain (2002, p.253) argues that "purely Eurocentric theories are inadequate and there is force in the claim that when imperialism is looked at an interactive process, its true metropolis appears neither at the centre nor on the periphery, but in their changing relativities." This thesis will therefore make use of the prevailing historiographical trend towards studying the "colonial periphery", by focusing on the Cape Colony during its diamond boom at the end of the nineteenth century, whilst addressing some of the wider historiographical debates over British imperialism.

This will involve integrating two discreet sets of literature, the history of imperialism and the economic history of the Cape. In doing so, I aim to shed light on the ways in which foreign investment decisions made in the imperial metropole influenced policies in the colonial periphery, through both informal and formal means of control. Attard and Dilley (2013) set a precedent for this approach as they note that a central concern in the historiography of globalisation is the interaction between the global and the local. They see this as having direct connotations for the debate over gentlemanly capitalism and the extent to which colonial actors were able to make autonomous choices over local economic policies. By considering the metropole economy alongside that of the periphery, this thesis aims to establish a framework for interpreting Britain's financial role in the Cape.

The Cape Colony is the ideal setting for such a study for several reasons. Firstly, there is a rich historiography on the role of special interests in influencing British imperial policy in South

Africa, which has served as a useful springboard for a closer analysis of how they came to affect specific policies in the Cape. Diamond mining is of particular interest as it attracted a rush of settlers and capital from the metropole, as well as being of central importance to the economic development and industrialisation of the Cape during this period. This makes the Cape an obvious starting point for a case study which seeks to explain how foreign investment influences local development, and the tension that exists between local economic development and global capitalism. Furthermore, Harvey and Press (1990) found that over 8,000 mining companies were founded during the mining booms of the late nineteenth and early twentieth centuries, with only a minority ever becoming profitable. In this context, the success of diamond mining in the Cape, which produced a return on investment of close to 10 percent per year from the 1880's to 1900's making it the most profitable form of mining in Africa, deserves special attention (Rönnbäck and Broberg, 2019, p.366).

The period under consideration is from the beginning of the Cape's diamond boom in 1870, until the eve of the First World War, when British financial and imperial influence was at its peak. Diamonds were discovered in the Cape in 1866, and export values averaged £35,700 until 1870, before increasingly sharply to over £1.3 million for the period 1871-1875 and £3.2 million, or 40 percent of the total exports from South Africa, for the period 1881-1885 (Greyling & Verhoef, 2015, p.33). The boom in production was accompanied by an influx in foreign investment. In 1869 mining companies in Europe accounted for two-thirds of the total market capitalisation of mining companies traded on the London Stock Exchange, before the opening up of new investment opportunities, primarily in Africa, led to an increase in the total market capitalisation of mining companies by an average rate of 12 percent per year in the period 1889 to 1904 (Rönnbäck and Broberg, 2019, p.340). Much of this investment became concentrated in British colonies, where a lack of adequate capital and expertise created a greater need for foreign investment, and opportunities to extract higher returns on investment. By the turn of the century, up to 90 percent of the total market capitalisation of mining companies was directed into British colonies (Rönnbäck and Broberg, 2019, p.343).

This growth of mining and foreign investment had a transformative impact on the Cape's economy and society. Specifically, this thesis aims to uncover the impacts on institutions, infrastructure and labour, all of which were influenced by the need to attract foreign investment to the mining industry through the creation of an informal special economic zone. The implications of this study remain relevant not only for colonial settings, but for our understanding of developing economies which rely on high levels of foreign investment.

The thesis is structured as follows. In the following section, a literature review will detail the historiography which has informed this study. As well as giving an overview of the most prominent debates over British imperialism at the end of the nineteenth century, this will detail how more modern studies and concepts from the field of economic history can be used to move towards an interpretation which gives a more rounded view of both the metropole and periphery. Thereafter, the methodology and data which has been used in this study will be explained in greater detail.

Analysis will then consider in turn three specific aspects that shaped the development of the mining industry- institutions, transportation, and labour. Institutions were instrumental in the access to capital for the expansion and consolidation of the mines. It is observed that the weakness of the Cape's existing institutions provided an opportunity for mining elites to construct an institutional arrangement designed to protect their interests and access to capital. The next section will assess how the diamond boom shaped the expansion of the Cape's railway network. This assessment highlights some of the tensions created by globalisation and structural transformation, between the local economy and access to international markets. This is supplemented by a brief analysis of the extent to which the railways created linkages between diamond mining and the wider economy, in this example the Molteno coal industry.

The following section of the analysis follows on from this, analysing how the black farming areas of the Cape were rendered superfluous to the needs of global capitalism by the railways, and became a source of cheap labour for the mines. The supply of cheap black labour to the mines became a defining feature of the Cape's economy, and was a product of new speculative subjectivities, and old ideas concerning race and criminality. These factors combined to create an economic opportunity for British financiers to extract some of the highest returns on investment in the global mining industry. The concluding section of the analysis underlines the parallels between the Kimberley diamond mines and modern SEZs. This demonstrates the tensions between foreign investment, local prosperity and the welfare of marginalised groups.

It is argued that the Cape Colony was able to attract foreign investment by offering a favourable institutional environment for diamond extraction, which shaped policies towards infrastructure and labour. Imperial networks determined that much of this foreign investment originated in London, which gave Britain a greater degree of financial influence over the Cape. However, this influence was manifested in institutions and market forces, which presents clear similarities to modern special economic zones.

2 Literature Review

2.1 Previous Research

Hobson's (1901) *Imperialism: A Study* remains one of the most influential expositions of imperialism, as he was among the first to make the argument that imperialism had detrimental effects on the British people and economy. As such Pitts (2010) describes the piece as "the most influential British denunciation of imperialism ever written." While Hobson's ideas encouraged discussion of the morality of imperialism and played a lasting role in changing perceptions of the empire in Britain, it is the economic thrust of his argument that interests us most. Hobson (1901) contended that the limited economic benefit of imperialism to Britain as a whole was far outweighed by it costs, but that it was extremely profitable for specific classes and trades within the nation. He further argued that the diffused interests of the community were subjugated to the "small, able and well-organised" business interests, through commerce, parliamentary representatives, and bodies such as the South African Association and the China League (Hobson, 1901, p.53). Describing these forces as "parasites upon patriotism", Hobson (1901) argued that the financial impetus of imperialism, and the boom in international investment, stemmed from an inability of investors to find profitable uses for capital in domestic markets. This has been echoed in the persistent narrative of "Victorian failure" which laments Britain's inability to retain its economic and industrial advantage over rivals in the second half of the nineteenth century.

Arguably the greatest legacy of Hobson's (1901) work was his contention that special interest groups were directing imperial policy. He saw finance as the "governor of the imperial engine" which illicitly made use of British public resources. His withering conclusion was that imperialism "implies the use of machinery of government by private interests, mainly capitalist, to secure for them economic gains outside their country" (Hobson, 1901 p.100). The identification of capitalism with imperialism hints at the Marxist thread of Hobson's work, which would directly influence Lenin in his subsequent exposition of imperialism. Marxist arguments concerning imperialism habitually emphasize the principal source of imperialism as the inequality of industrial opportunities, which facilitated under-consumption, over-saving and the search for higher capital returns overseas. Bond's (2004) take on imperialism demonstrated continuity in this regard, as he identified the "chronic accumulation of capital, especially in the London and Paris financial markets" as a crucial economic dynamic of imperialism. He namechecked Cecil Rhodes as one of the key players in ameliorating the contradictions of global capitalism by channelling financial surpluses into overseas infrastructure projects such as the telegraph and railroad. Although this argument hinted towards the ways in which imperialism impacted local policies in the periphery, the economic focus remains largely centred on the metropole.

O'Brien (1988, p.176) found some empirical evidence to suggest that returns on investment in the period 1870-1913 were higher overseas than in domestic markets by a margin of around 1.58 percent per year adjusted for risk, and that in the period 1877-1886 foreign equity returns were almost double the level available in the UK. Moreover, investments in the empire were generally seen as safer than those at home where trade-unionism and the welfare state threatened to impinge on profit margins. This margin was not an enormous difference, but significant enough to ensure a steady flow of capital overseas during the second half of the nineteenth century. However, the Marxist narrative of a chronic over accumulation of capital in the metropole driving the search for higher returns overseas is not supported by empirical studies into overseas investment, as rates for home, colonial and overseas investments were all between roughly 3 and 5 percent at the end of the nineteenth century (Fieldhouse, 1961, p.198). Furthermore, relatively small amounts of capital flowed to newly acquired territories in the nineteenth century, as between 1850 and 1880 no more than a sixth of foreign investment was directed into the formal empire (Gallagher and Robinson, 1953).

What remains of the Marxist argument is related to the influence that financial interests were able exert. Lloyd has shown that it is possible for even modest overseas investments to have a disproportionate influence in establishing British presence (Cain, 2002, p.254). Similarly, O'Brien (1988, p.185) places the pursuit of profit at the heart of imperial expansion, but contends that the dreams of investors were seldom realised, and that "the British empire can be plausibly represented, in Adam Smith's words, as "a sort of splendid and showy equipage, not an empire but the project of an empire, not a gold mine but the project of a gold mine."" The drive behind imperialism, was not therefore the profits that were obtained, but the dreams and the expectations that they might be. This thesis will discuss how these expectations came to directly influence institutions, infrastructure and labour in the Cape.

Although his exposition of imperialism centred on social welfare in the metropole, it was Hobson's experiences in the Cape Colony as a correspondent for the Manchester Guardian in 1899 which crystallised his theory of economic imperialism. In *The War in South Africa: Its causes and effects* published in 1900, Hobson asserted that "the men who, owning the South African press and political organisations, engineered this agitation which has issued in this war, are the same men whose pockets will swell with this increase; open eyed and persistent they have pursued their course, plunging South Africa into temporary ruin so that they may emerge victorious, a small confederacy of international mine-owners and speculators holding the treasures of South Africa in the hollow of their hands" (quoted in Cain, 2002, p.88). Hobson believed that mining capitalists, led by Rhodes, had agitated the Jameson Raid of 1895 and subsequently the Boer war as part of a wider effort to circumvent President Kruger's monopolies and secure a cheap black labour supply in the Transvaal.

The dramatic assertion that finance was a causal agent in the Boer War has been rejected by historians who instead stress the political motivations of British Imperialism. These revisionist interpretations view imperialism as a consequence of conflicts on the periphery rather than crisis in the metropole. Cain (2002, p.270) instead argues that British imperial policy was the product of wider geopolitical and economic strategies, and that mining capital was just one part of a coalition of forces brought together at the time. The complex origins of the Boer War have been extensively debated by historians, and as such are not discussed in this thesis, which has instead focused on the effects of British financial influence on local policies, rather than overall imperial direction. In any case, historical consensus suggests it is unlikely that the Jameson Raid and Boer War were products of a financial conspiracy, but this does highlight that the distinction between economic and political considerations was often small, and that much of Britain's interests and influence in the region stemmed from financial connections with London.

Whereas the traditional understanding of the relationship between imperialist and investor involved the investor being enticed to invest in new possessions, it has been increasingly argued that the investor was influencing imperial direction. A similar iteration of Hobson's argument has been put forward by Schumpeter (1951), who claimed that man's aggressive instincts were channelled into economic competition, and that the urge to make profit went hand in hand with prestige and desire to conquer (Cain, 2007, p.30). In this narrative, governments supported business on the grounds that the profits of these businessmen would subsequently benefit the nation.

The traditional debate of the role of the financier in imperialism presented a dichotomy, in which either 'trade followed the flag' or 'the flag followed trade', but Cain and Hopkin's (1987) influential study conceptualised a two-way relationship. They contended that bankers could not raise and profitably deploy funds effectively without the backing of the state, and in turn governments relied on financial support of money brokers to create the conditions for spontaneous flows of capital and trade, which would enhance British power and prestige. This brings us into the realm of "financial imperialism" which has been a popular conception of imperialism during this period and involves economic dependence on British capital subjecting settler societies to a form of financial control with the city of London at the metropole. In this regard the political dimensions of imperialism and independence are of less importance than the economic ties that existed between London and the periphery.

Dilley (2010) however, questions the degree of control exerted by British financiers, citing the fact that many of the investments into mining were speculative and often resulted in losses. When this is considered alongside the limited aggregate profits from the empire, it seems that if there was any meaningful tie between finance and imperial policy, then it is most likely to be found in localised examples, and amongst an elite group who were in a unique position to influence public policy and secure supernormal profits. This brings us back to the small group of mining capitalists that Hobson had identified from the outset.

Before Hobson, most arguments against the empire could be traced back to *The Wealth of* Nations in which Adam Smith argued that the colonies imposed a heavy tax burden, distorted allocation of investments and increased the likelihood of war and political corruption (O'Brien, 1988, p.164). Smith's argument can be broadly summarised as exposing the economic inefficiencies of imperialism, which eventually became pervasive enough for free trade to dominate the nineteenth century and for slavery to be abolished in the empire. In this context, the turn towards monopoly capitalism and coercive labour in the colonies at the end of the nineteenth century can be seen as a regression. Arendt (1951) was unsettled by what she saw as a turn away from economic liberalism in the Cape, through the implementation of coercive labour practices, and an insistence that economic life be organised to secure the dominant position of the white race. It is argued in this thesis that this insistence became one of the opportunities through which special interest groups sought supernormal profits by driving down the cost of labour.

The gold rush in the Transvaal was of enormous significance to both the economic development of South Africa, and to British imperial ambitions. Many of the entrepreneurs who cut their teeth in diamond mining would go on to be heavily involved in gold mining in the Transvaal, and collectively become known as the "randlords". Consequently, the production of gold and diamonds were subject to similar speculative subjectivities and cultures, which were clearly manifested in the Cape's approach towards labour and discrimination. In her seminal work *Origins of Totalitarianism* (1951) Hannah Arendt focused on the gold rush in South Africa, and touched upon similar themes to Hobson as she contended that it was financed, organised and connected with the European economy through accumulated superfluous wealth. Noting the irony of the fact that this superfluous wealth was used to finance the digging of an essentially superfluous material, she contends that the delusion of absolute value has made the production of gold "since ancient times the business of adventurers, gamblers, criminals, or elements outside the pale of normal, sane society (Arendt, 1951, p.246).

Dilley and Attard (2013) contend that economies, like nations, are imagined, and a project of what investors hope the future will be. Arendt's argument follows a similar logic, as it was the projections of these speculators, and their dreams of riches which so heavily influenced the South African mining economy. The key point in South Africa, according to Arendt, was that the "luck hunters" were a by-product of civilised society and an "inevitable residue of the capitalist system" which relentlessly produced superfluous men and capital. She draws upon Mr Kurtz in Conrad's *Heart of Darkness* to describe these men as "hollow to the core, reckless without hardihood, greedy without audacity and cruel without courage" (Arendt, 1951, p.247). The story of colonialism, she argues, is one of high society falling in love with its own underworld, and South African mining specifically, attracted a class of people who preferred adventure and speculation over settled industry.

Such a characterisation may seem immaterial to an economic history study, but it is seen here as a key point at which cultural history can inform economic history. This meets Cain's (2013, p.99) call for a reintegration of the cultural and the economic as a means for understanding how investments in the colonies were formed as a "down-payment on a dream, an act of faith that the future will turn out to be something like we imagined it to be in the present." Belich (2009) has already shown how the dreams of empire and the civilising mission influenced investment decisions, as seemingly endless possibilities for growth triggered frenzied booms in investment which were then prone to spectacular slumps. A section of this paper will demonstrate how these dreams and expectations interacted with the existing racial organisation of the Cape, and directly influenced policies towards labour in particular.

While one school of thought places finance at the centre of imperial expansion, another sees it as a more passive agent. As early as 1927, Jenks contended that "so long as he (British capitalist) was guaranteed five percent on the revenues in India, it was immaterial to him whether the funds which he lent were thrown into the Hooghly or converted into bricks and mortar" (quoted in Gallagher and Robinson, 1953, p.4). However, even if London financiers were ambivalent towards the exact use of their capital, they could still indirectly influence decisions in the colonies. One of the important functions of the European capital markets was in setting a "minimum standard of credit worthiness", and its imperial connections made London more important in this function than any other city (Dilley, 2010, p.1006). The investment market in London played an important role in establishing the 'rules of the game', that is the institutional framework which economic historians have recognised as essential in securing investment by reducing risk. Even if a colony was self-governing, much of its institutional setup was beholden to the City of London or its governments and enterprises would be forced to borrow at higher rates. Dilley (2010, p.1007) goes as far as to contend that "the rules of the game lie at the heart of imperialism" and that understanding their content and nature is essential in establishing the significance of financial imperialism. This thesis will discuss the formation of these rules around the Kimberley diamond mines and highlights the tension between attracting foreign investment and promoting social welfare which all developing economies with large extractive sectors must confront.

Some have argued that the principal reason for lower cost of borrowing in the empire was that white settler colonies tended to have legal systems derived from the British one, giving investors a greater sense of security. In these accounts, the formal rules in the periphery were essential to feelings of security metropole investors had in overseas investments. However, Dilley (2010) found that these rules were less based on a consistent set of principles than they were on a set of contradictory interpretations by special interest groups. Furthermore, he argues that these rules were specific to London rather than a feature of global capitalism, and were influenced by specifically British institutional matters. This paper seeks to extend this theory, by commenting on how the development of the mining economy in the Cape Colony was influenced by the need to offer secure investment opportunities in London. This places emphasis on the difference between relational and structural power, as although colonial actors were able to exercise relational power on a local level, their actions were constrained by the structural power which stemmed from London.

The opening up of new parts of the world and their integration into the world capitalist system created new investment opportunities which frequently offered high returns, but usually required significant capital investment (Rönnbäck and Broberg, 2019). O'Rourke and Williamson (1999) argue that high levels of investment from the United Kingdom were driven by demand as much as opportunity, as the capital requirements associated with frontier expansion were so high. Marxist authors referred to these opportunities as "super-profits" which they argued were only available within the confines of an exploitative imperial system. These theories key on the establishment of coercive institutions in the colonies, which functioned to drive down production costs and increase the rate of surplus value expropriated. This theory has remained pervasive as an explanation for imperial exploitation and underdevelopment of the periphery, with some Marxist writers contending that export capital became a method of "pumping surplus out of underdeveloped areas" (Rönnbäck and Broberg, 2019, p.42). Rodney (1972) went as far as to contend that the higher returns on investment in Africa could be specifically attributed to the exploitation of African workers. For Harvey

(2003) these investments were a “spatial fix” to the tendency of profit rates to fall in capitalistic societies.

2.2 Theoretical Approach

A persistent theme throughout this thesis, and much of the historiography on the Cape Colony, has been the ability of special interest groups, and in particular the mining elites, to influence local policies in the Cape. In modern terms, this could be referred to as state capture, which involves “the appropriation of state institutions, organs, and functions by individuals or groups. In doing so these individuals and groups can have control over or influence the design and adoption of new laws, rules and regulations, as well as the amendment and modification of existing ones” (Mbaku 2018, p.722). The modern connotations of the term make it difficult to apply in a historical context, but it remains a useful entry point for exploring the influence of special interest groups

Mbaku (2018, p.831) argues that once they have successfully captured the state, private companies believe they can “monopolise the entire economy or major sectors of it, ultimately earning above normal rates of return on investment” which has clear similarities to the Marxist theories of imperialism that focus on the opportunity of “super-profits” in the periphery. Opportunities for state capture made colonial peripheries attractive investment destinations. The Cape’s relative lack of institutions in the newly annexed Griqualand became an opportunity for mining interests to carve out areas of authority and begin a process which is difficult to reverse. It is well documented that institutions can easily persist over long periods of time, which is why the policies with regards to labour and taxation which emerged around Kimberley had long standing implications for the future of apartheid in South Africa.

State capture has the potential to severely impact the development of a country by institutionalising the supremacy of special interests, and in this regard are similar to extractive states. This has been the more recently preferred way of conceptualising the Cape Colony and other economies characterised by weak institutions and large natural resource endowments. Gwaindepi and Fourie (2019) regard the period of history in the Cape under consideration in this thesis as a time in which the Cape became an extractive state. Their focus on public works expenditure after 1870 revealed how the Cape’s institutions became geared towards mineral extraction, and the railroads skewed towards servicing the diamond and gold mines. They describe a process whereby the state’s expenditure policies were shaped by the extractive process, which had the further effects of weakening the state’s institutions and perpetuating the weakness of the state. This occurred as the state became heavily indebted at the same time as its fiscal capacity was weakened. This sits alongside recent empirical studies into the expansion of the Cape’s railway network in the period, which has brought to light source material concerning the role of mining elites in influencing public policies (Herranz-Loncán & Fourie, 2018; Gwaindepi, 2019; Gibbs, 2015; Gibbs, 2018). The contribution of this thesis to the field is to make use of this source material, by situating in the context of how foreign investment from the imperial metropole influenced local policies in the colonial peripheries.

State capture and extractive states are useful concepts insofar as understanding the means through which mining elites within the Cape were able to affect local policies, but are less useful for conceptualising the economic relationship between the imperial metropole and the colonial periphery. It is proposed here that the mining industry in the Cape Colony is best understood in the context of SEZs, which typically offer a liberalised business climate and lower taxes and tariffs so as to encourage investments. These create a safer and more well-known business climate which helps to attract foreign investment (Moberg, 2015). Whereas modern SEZs involve the creation of a specific space where the regulatory environment is relaxed, this process did not formally take place in the Cape. Practically, however, very similar results were achieved, as the distribution of diamonds determined where the industry was centred, and created an informal enclave

Like state capture, SEZs have modern connotations, making them difficult to apply in a historical perspective, but their fundamental principles remain relevant in this context. They are a useful means through which the metropole-periphery relationship can be understood, and help to illustrate the issues faced by both colonial states and contemporary developing economies with regard to the need to attract foreign investment in order to grow the economy. As with colonialism, some of the strongest critics of SEZs see them as tools of weak or developing states to serve the interests of an elite, and products of modern capitalism's desire for cheap labour and consumer orientated manufacture (Tazzara, 2018). SEZs are therefore useful in a historical context as the problem of interest groups preserving certain liberties which allow for higher returns on investment, with the justification of attracting foreign investment and promoting economic development, transcends colonial periodisation.

3 Methodology and Data

This paper relies on a qualitative research methodology, which allows for multiple forms of data to be assessed. The project has predominantly relied on inductive processes, as it has involved assessing sources and building categories, patterns and themes from the bottom up, and working back and forth between themes and sources until a comprehensive set of themes was established. Deductively, I then looked back at the data from the themes to determine if more evidence could be used to support each theme.

The predominant themes which have emerged in this study centre on financial imperialism and are specifically related to local factors in the Cape Colony which were influenced by foreign investment. These themes include the development of institutions, infrastructure, and labour practices, all of which will be assessed in the context of the mining industry in the Cape Colony.

The project has followed an emergent design process as the forms of available data have changed, and alongside this the research goals have changed (Creswell, 2013). The aforementioned themes emerged from my reading of a vast body of historical literature relating to British financial imperialism in the Cape Colony, two of the most prominent examples of which are Hobson's (1901) *Imperialism* and Arendt's (1951) *Origins of Totalitarianism*, both of which comment on the role of British financiers in influencing imperial policy. This theme can, and has, been interpreted differently in the context of more modern economic history scholarship on the subject.

Recent studies have discussed the role of the "minerals railway complex" (Gwaindepi, 2019) as well as the central role of the mining industry in the political economy of the Cape, and thus provide an opportunity to revisit and explore some of the themes presented in the historical literature. This includes the extent to which the financial control purported by classic accounts, can also be interpreted in a modern sense as instances of state capture and the formation of SEZs, thus bringing new meaning to them. This project therefore constitutes what Heaton (2008) defines as a "supplementary analysis" as it involves a more in-depth analysis of financial imperialism, which is less well considered by the primary studies which I have used as sources.

The original project plan involved visiting the British national archives at Kew to study correspondence for the Colonial Office relating to the Cape Colony and Transvaal in hope of uncovering evidence of state capture. The ongoing COVID-19 pandemic has since made this impossible, and so the research approach was adjusted to rely primarily on qualitative secondary sources. The inability to access primary sources has been a limitation of this thesis, as the selection of sources considered by the primary studies reflects the research goals of these papers, rather than the specific focus of this paper. However, by making use of a broad range of studies, this thesis has been able to work towards the established goal of integrating existing historiography into a new theoretical framework which accounts for the relationship between the metropole and periphery.

The use of secondary sources has allowed me to consult a broader range of qualitative data than would have been possible with a narrower focus on primary sources. As such, this has contributed to the validity of the study as the themes under discussion were established by converging several sources of data and perspectives as part of a strategy defined by Creswell (2013) as “triangulating” different data sources.

Beyond this, one of the typical issues associated with secondary analysis is the problem of verification, which relates to whether results of qualitative analysis can or should be verified in the same ways as studies using statistical models (Heaton, 2008, p.40). This paper is in line with most of the other qualitative studies on the subject with regard to not including a verification method of this type. It is not expected that this will impact on the validity or reliability of the findings as the study relies on a broad range of interdisciplinary secondary sources, which cover aspects of both cultural and economic history. An advantage of using such a set of sources has been to minimise the potentially adverse effects of selectivity and bias.

4 Analysis

4.1 Institutions

Institutions in both the metropole and the periphery played significant roles in imperial development. The London financial market had enormous international influence and gave Britain financial power characterised by some as an "invisible empire". Two thirds of the £6 billion raised on the London market between 1865 and 1912 was invested overseas (Cain and Hopkins, 1987, p.3). The significance of this was that the developing economies in Australia, New Zealand and the Cape Colony became dependant on British financial institutions. The comparatively lower interest rates at which their governments were able to borrow reflected the confidence which investors in the metropole had in the security of their investments in the colonial peripheries.

After these colonies had been granted responsible government, British influence in the periphery was felt less through relational power than it was through structural power which stemmed from British financial institutions. According to the financial imperialism hypothesis, this created a situation whereby the actions and policies of periphery governments were influenced not by British interests, but by the interests of investors based in Britain. Cain and Hopkins (1987) contend that in spite of the economic success of London's financial elite during this period, their political influence in Britain remained limited. However, rather than directly influencing imperial policy in the metropole, they were instead able to indirectly influence local policies in the periphery, where the mining elite held more substantial political influence.

Risk is inherent in any investment, but the rise of globally connected financial markets in the nineteenth century, along with rapid technological developments created both new opportunities and new types of risk. Casson and da Silva Lopes (2013) identify six types of risks associated with overseas investment: unfamiliarity, political, social, business, financial, climatic and geological risk. In the context of diamond mining, there was an unavoidable risk concerning the quality of the ore, but there was an expectation that the mine would be well run. Moreover, it was essential that colonial governments prove their willingness to uphold property rights, while a stable monetary system made a country a more attractive investment destination. Institutions had an important role to play in reducing these risks, as the formal military power of the colonial state could protect foreign investments, and representative institutions could reduce the risk of default on government bonds. These latter examples refer to the ways in which the relational power of the colonial state mitigated investment risk, however this paper will focus on the ways in which the structural power of the City of London financial markets created incentives for private firms in the periphery to reduce risks.

In this regard, Dilley's (2010) argument concerning the role of the City of London in setting a "minimum standard of credit worthiness" is a useful means of understanding the structural power of the City of London. It was in the interests of self-governing colonies to establish an institutional framework so as to secure investment by reducing risk. British financial imperialism functioned through its role in influencing the "rules of the game" and Dilley (2010) sees these rules as having been specific to London, rather than a consistent feature of global capitalism, meaning that differing and often contradictory interpretations emerged to meet the requirements of specific investments. In the Cape these were interpreted to meet the investment needs of a special interest group in the form of the mining elites. Soon after the discovery of diamonds around Kimberley, company promoters seeking to register new claims within the mining area had to meet the requirements of the Cape's joint stock and limited liability acts, which were derived from British legislation (Newbury, 1987). These acts paved the way for foreign investment into the mining companies, which was essential for the later development and consolidation of the Kimberley mines.

The relative vacuum in business and government organisation at the onset of the diamond boom led the mining boards to take on responsibility for the legislative consolidation which would lay the foundation for financial investment. In April 1879 a joint committee of De Beers and Kimberley mines revised legislation so as to leave the mining boards responsible for a larger area of Kimberley and to restrict the powers of the mining inspector in safety matters. This included the extension of the boards' bylaws so as to include the "depositing, sorting, or washing ground" of claim holders. Soon after, mining representatives on the legislative council for Griqualand redefined the boundaries of the Kimberley municipality by ordinance and eliminated municipal rates and judicial powers from the mining areas (Newbury, 1987, p.5).

The mine owners continued to effectively organise themselves in such a way to influence public policies. In 1881 a Board for the Protection of Mining Interests was formed by company directors of each of the four mines in Kimberley at the time. The board resolved to finance a detective department to enforce searching procedures, as well as lobbying parliamentarians, framing rules and campaigning for the eventual Diamond Trading Act of 1882 (Newbury, 1987). These policies were tantamount to the foundation of what can be seen as an informal SEZ, defined by Tazzara (2018, p.75) as "an enclave carved out of the national territory and endowed with its own administrative and economic policies, usually of a liberal or even libertine cast." Although the diamond mining region of the Cape never received an official designation, the undeveloped area of the colony provided an opportunity for institutional organisation and local policies to be shaped in favour of the mines, and with the intention of attracting foreign investment.

Attracting foreign investment took on growing importance in the later stages of the diamond boom the expansion of deeper mines could no longer be financed by retained profits. Adequate sources of capital were available within the Cape during the early stages of the rush, including five Cape banks, local mercantile firms, and land and diamond dealers. Comparatively few London lenders showed an interest in the Kimberley diamond ventures, and South African firms took the initiative as diamond importers in London, including the Barnato Brothers who had opened a London office in 1880. As the industry became more established however, the confidence to proceed with joint stock company formation grew, along with expectations of continuously high yields, steady prices and the exploitation of already proven reserves.

A month after the registration of De Beers Mining Company in 1880 Rhodes wrote to parliamentary colleague John Merriman "De Beers was almost abandoned in your time (1874) and yet now is valued at nearly half a million… what I want to impress upon you is the fact that this is now the richest community in the world for its size and that is shews every sign of permanency. The present proved depths of our mines alone would take our present rate of working 100 years to work out and of course we cannot tell how much deeper they may go" (quoted in Newbury, 1987, p.6). Although this should be considered as part of the natural optimism of a company promoter, it does demonstrate both the excitement caused by the initial growth of the industry, as well as the unbridled optimism which surrounded the mines and contributed to the share manias. Excerpts such as this help to explain how expectations of unimaginable wealth were formed, which had such a pervasive effect on the diamond fields.

The race to consolidation and monopoly control between the Kimberley Central and De Beers Mining Company necessitated capital investment and the process of mergers itself required business expertise which was more readily found in London than Kimberley. The first debenture stock for £225,000 was approved by the De Beers Mining Company board in 1887 and issued by R. Raphael & Sons and Jules Porges & Co. in London, secured on the companies claims and assets, redeemable in ten years at 7 percent (Newbury, 1987). By the 1880's diamond importers in London were holding much greater stakes in Cape mining companies, and increasingly viewed the competition among companies in Kimberley as a threat to prices through oversupply.

Mining was inherently uncertain due to the difficulties of assessing the value of a mine, which was determined by the quality of the deposits and the rapidly developing technology available to extract it. This made the industry characteristically subject to speculation, especially in the early stages of development of a mine, as had occurred in Kimberley throughout the 1870's. It also placed a premium on accurate information. In attempt to secure financial backing for consolidation, the De Beers board took the decision to dispatch Rhodes to London in July 1887, where he was to secure weekly communication of market information and responsibility for diamond sales, alterations to the articles of association and new debenture issues (Newbury, 1987). Duly, in 1888 De Beers Consolidated was floated, and over the next decade provided an impressive annual return on investment of 11.5 percent (Rönnbäck and Broberg, 2019, p.244).

In a period in which substantial time lags meant information asymmetries emerged readily, effective networks, including effective means of communication, provided a significant advantage to investors and contributed to the entrenchment of the City of London's position at the centre of global finance capitalism. Imperial networks allowed British investors to operate with a stock of knowledge weighted in favour of the opportunities that existed within the empire, and filled the need to instil trust and a mutual sense of obligation among network members which was of particular importance in developing economies where risks were higher (Magee and Thompson, 2010). This is further demonstrated by the appointment of respected mining engineer Gardner Williams, who had previously worked as an advisor to N. M.

Rothschild & Sons, as general manager for De Beers Mining in July 1887, to further the cause for amalgamation by giving investors confidence in the expertise of the De Beers mining company. This corroborates Magee and Thompson's (2010) argument that the effectiveness of networks in the British world was based around individuals sharing similar origins, culture, backgrounds and outlook on life, and helps to explain the concentration of British capital in South Africa. Harvey and Press (1990, p.105) estimate that by 1913 roughly half the capital employed by British overseas mining companies was located in South Africa.

The relatively weak institutions in the Cape opened up further opportunities for the mining industry to reduce costs. A notable feature of the mining industry in the Cape was the ability of its proprietors to resist taxes, which Gwaindepi (2019) argues distorted the ability of the Cape to build fiscal capacity. The overall effect of this was a decline of tax revenues from above 20 percent of GDP in 1865 to around 4 percent by 1910 (Gwaindepi, 2019, p.14). Whereas a permanent income tax had existed in England since the 1840's, when proposed in the Cape in the 1860's it was successfully resisted, as was a government attempt to impose a transfer duty of 4 percent on the mining industry in the 1880's. *The Economist* commented on the lack of taxation applied to De Beers in 1897, writing "the curious part of the business is that with these enormous profits…the Cape legislature places no export duty or direct taxes and this frees from direct taxation the one undertaking that could best afford to meet it" (The Economist, 1897, p.123, quoted in Gwaindepi, 2019, p.14). The lack of taxes paid by the mining industry exacerbated the inability of the state to raise fiscal revenues in other areas by making taxation politically unpalatable. Those regions which were forced to pay taxes complained heavily, in one instance a member of parliament complained "Why should the wine farmers pay £165,000 more in taxes than De Beers? A tax on diamonds will be a very fair one" (quoted in Gwaindepi, 2019, p.14).

The defence of the mining elites was that "it is a notorious fact that the amount of money invested in mining companies is far beyond the resources of the community… if 4 percent is put upon transfer, it will most seriously hamper such undertakings, and such a tax is absurdly disproportionate to the just dues of the Government" (Diamond commission, 1881, p.144, quoted in Gwaindepi, 2019, p.15). This argument echoes the reasoning for the centrality of Kimberley to the early railway network; the mines brought investment and economic development to the Cape, if the government wanted this to continue then its policies needed to follow suit. In many respects the arguments themselves were unimportant. The influence of the mining interests in parliament ensured that legislation would favour their interests accordingly, but it is also true that their interest were vested in their share prices and securing investment from overseas.

Modern SEZs are typically set up with the intention of promoting economic growth, but Moberg (2018) argues that this is with the caveat of the right intuitional environment. Where this is not the case, they have the potential to become subject to resource misallocation and rent seeking.

In cases where the self-interest of policy makers conflicts their assumed goal of maximising social welfare this becomes problematic, as while assumptions of rational self-interest may produce optimal policies in the marketplace, in politics they can lead to corruption and rent seeking (Farole and Moberg, 2017). It is clear that in the Cape the institutional environment was such that policies surrounding the mining economy were skewed towards private interests rather than maximising social welfare, and elements of this will be explored further with regards to railways and labour.

4.2 Infrastructure

One of the determinants of the success of SEZs is the quality of infrastructure. Good infrastructure may help to attract business and investment, but the decision needs to be taken over where to locate this. By the end of the nineteenth century the railway had come to be seen as one of the principal tools of entrenching and expanding the British empire (Lunn, 1992, p.239). However, transport infrastructure is also widely seen as essential tool for economic development, demonstrated by the fact that in 2007 almost twenty percent of World Bank lending was allocated for infrastructure projects (Donaldson, 2010, p.1). In no area was the tension between British financial imperialism and local economic development more apparent than in the development of the railway network in the Cape.

Railways were one of the great accelerators of globalisation, as they allowed for the penetration of international markets, for both capital and goods, into the interiors of developing nations. They were perhaps the most important physical means through which the global was connected to the local. They were an important manifestation of British financial influence in the Cape, describe by Gibbs (2015, p.293) as "arguably the single greatest factor in the expansion of Victorian Capitalism." More simply, they enabled the physical flow of goods which was necessary to attract the confidence of investors on the international market, primarily based in Britain. The fundamental challenge in assessing the extent of this financial influence comes into focus when we recognise the importance of the diamond industry in brining globalisation to the Cape, but also in determining the winners and losers of it. For the most part, the Cape's railways were built and managed by the colonial government, and so offer a useful insight into the public expenditure priorities of the state. On the one hand, the railroads were largely built to service the mining regions of the Cape, but they were also essential to the development of the region as a whole, thanks to market integration and increased domestic demand.

Research into India's railway networks has shown how an undemocratic colonial government and a fiscal system reliant on railway revenues resulted in a shift towards a state-owned railway system (Bogart and Chaudary, 2012). Likewise, it is widely accepted that the colonial Government in India had three motives for building railways, which it prioritised in the order of: military, commercial and humanitarian (Donaldson, 2010, p.7). Consequently, although the railways produced numerous benefits, including lowering the cost of bilateral trade, allowing consumers to buy goods from the cheapest districts, and producers to sell more of their best products, the tracks themselves were positioned according to military priorities first and foremost.

By contrast, Cape policy makers were largely unconcerned by military objectives, and discussion of the expansion of the railway network did not focus on their revenue generating potential, nor on political or administrative objectives, but rather on their economic importance (Herranz-Loncán and Fourie, 2018, p.92). However, as railway expansion appears to benefit the regions it connects most, it was a highly politicised topic which ultimately favoured those groups with the most political influence. The boom in mining production in the second half of the nineteenth century precipitated an expansion of the railroad network in the Cape Colony, which served to reduce the cost of transport to the interior, easing the movement of labour, foodstuffs and other necessities. The Cape's railway network has always been the largest and densest in sub-Saharan Africa, and by 1910 it reached 3,300 miles, allowing for the development of "some of the most important industrial hubs in Africa" (Fourie and HerranzLoncán, 2015, p.3).

Structural transformation is one lens through which we can view the development of the Cape following the discovery of diamonds, and the decisions which dictated railway expansion. Structural transformation literature stresses the importance of taking country fundamentals into account when assessing policy formation, which involves and understanding of the complexity of political tensions created during the transformation process (Greyling, Vink and Van der Merwe, 2018, p.180). One interpretation is that the boom in diamond production necessitated the building of railways to the diamond fields in the interior, partly to provide a cheaper means of exportation, but mostly for the cheaper and faster import of supplies. In turn this weighted the Cape's economy towards the rail transport sector, and the railway became an essential part in the transformation of the Cape's economy away from traditional agrarian, towards diamond exportation, and a popular destination for immigrants. Purkis (1978) contended that the object of the planned railways was not to reach towards the diamond fields, but to satisfy a majority of powerful combinations of merchants and local businesses, trading professionals and propertied interests. He argues that the railways are of less importance to farmers than they were to townsmen, as whereas farming generally involved periodical and local journeys, trading operations required consistent transport and access to ports and other towns. However, although the railways offered greater benefit to the mine owners, the Cape's farmers were acutely affected by the expansion of the network as we will see that their interests were consistently undermined by the developments catalysed by the railways.

The discovery of diamonds in the Cape immediately precipitated a period of GDP growth, and Herranz-Loncán and Fourie (2018, p.88) estimate that the railway accounted for 22-25% of the increase in income per capita in the Cape Colony from the beginning of the railway era to the end of the diamond boom. However, while the benefits of railways were extensive, they were not evenly distributed. Kimberley benefited enormously and became the predominant importing region of the Cape, but the imports mostly originated overseas and arrived via the port cities, or from the Western part of the Cape rather than the nearby eastern agricultural areas.

Basutoland had initially served as an important provisioner of the diamond fields, but the construction of railways meant that Kimberley and the Free State increasingly purchased Australian and colonial wheat, while farmers in Basutoland were unable to find markets for their products (Herranz-Loncán and Fourie, 2015, p.12). Likewise, when the railway reached Johannesburg in 1893, the city gained access to cheaper Australian flour. For farming districts within the Cape which were connected to the railway, the opportunity to supply the growing mining districts was a boost. Conversely the mostly black occupied farming districts of the Transkei and Basutoland were bypassed to the railway. Both the rugged terrain and the inability of the Cape government to control the Basotho surely factored into these decisions, but these policies only exacerbated the existing marginalisation of these areas (Herranz-Loncán and Fourie, 2015).

To some extent, these can be seen as unavoidable consequences of globalisation, as primary producing areas which were unable to compete on the international market were left behind. The railways accelerated the structural transformation process by pushing a greater proportion of the agricultural workforce into industry. However, it should be recognised that the biggest beneficiaries were the mining companies, as they benefited from enormous savings in the costs of supplies and feeding their workers. The decimation of farm incomes increased the supply of labour at lower price, and they were better able to export their products.

Diamonds allowed the Cape to overcome one of the fundamental problems of Colonial development. Transport networks are necessary to promote economic growth, but required foreign investment to be implemented. In places with few economic prospects, local governments were effectively prohibited from affordably borrowing the necessary amounts, and so infrastructure would remain primitive (Sunderland, 2014, p.149). During the initial stages of development, the productivity of the agricultural sector is required to increase sufficiently to generate surpluses, which in turn releases labour to the rest of the economy, and agricultural surpluses can be a source of capital and provide a market for manufactured inputs, enabling faster productivity growth in the non-farming sector. Typically, farming in the interior had faced challenges of a lack of sizeable markets and transport networks to access markets, but the discovery of diamonds and later gold provided a kickstart to some of the commercial farming in the interior (Greyling, Vink and Van der Merwe, 2018, p.191). The discovery of diamonds was the catalyst which promoted economic activity and encouraged further investment. Supplying Kimberley and the mining region by ox wagon was initially a £2.5 million a year business, which exceeded the value of diamond exports until 1878 (Belich, 2009, p.378).

However, products such as bread and 'Cape smoke' brandy fetched four times the Cape Town price in Kimberley, reflecting the necessity of a cheaper means of transport to supply the region, both for mining companies and their workers (Belich, 2009, p.378). The initial objective of the network was to connect the three main ports of the Colony- Cape Town, Port Elizabeth and East London, with the diamond producing region around Kimberley. In spite of the centrality of Kimberley to the early network, the high-value-to-weight-ratio of diamonds limited the value of railways to the export trade. Rather, the major impact of the railway was the orientation of international imports and domestic produce to high consumption areas, allowing for the development of dense populations around the mines (Heranz-Loncán and Fourie, 2018, p.4). Part of this was necessitated by Kimberley's lack of existing development. A shortage of water, open latrines and lack of fresh produce meant that Kimberley's development demanded an enormous amount of government spending, especially as it would become the most populace place in South Africa outside of Cape Town (Gwaindepi and Fourie, 2019, p.12). Between

1875 and 1885 the main trunk line was constructed between Cape Town and Kimberley, as well as the two routes connecting this line with Port Elizabeth and East London (Fourie and HerranzLoncán, 2015, p.4). Mabin (1984) saw the railway as part of the organic development of the Cape economy through the creation of "urban systems" and the associated spread of towns, transport, communications and banking.

It remains unclear as to how to interpret the centrality of Kimberley to the railway system, either as a node for British financial influence, or as the central hub of the Cape's development. In 1911 the district accounted for just 3.3 percent if the population of the Cape, but its station generated by far the most revenue outside of the three main ports of the Colony, and was the destination of a large share of imports (Herranz-Loncán and Fourie, 2015, p.11). In 1905 the Kimberley district accounted for as much as 15% of general merchandise, 13% of the grain produced in South Africa, 44% of the flour, meal, malt and bran of South African origin, 51% of South African timber and 79% of South African coal and coke (Herranz-Loncán and Fourie, 2015, p.11). These import shares reflect the demands of the mining industry and underline the importance of the railway network to Kimberley mines, but this data alone cannot prove that railways were diverted from areas which would have benefitted more.

Gwaindepi and Fourie (2019) have argued that the involvement of private firms saw public expenditure policies towards infrastructure investment geared towards rent extraction by a tiny elite. After the Cape was granted responsible government in 1872, the discovery of diamonds in Kimberley necessitated the expansion of the railway network. At the same time, concerns over security eased and public expenditure began to increase. The Colonial government had previously been reluctant to undertake ambitious projects which would involve pushing public expenditure to unsustainable levels, including petitions from the Eastern Cape to build railways, and so policy remained consistent with the Gladstonian norms of the time. In 1862, the *Port Elizabeth Herald* had petitioned "we are convinced that if only the colony will make railroads, the railroads will make the colony; it is the practical experience of other countries, it is the established dictum of other men" (quoted in Gwaindepi and Fourie, 2019, p.7).

Whereas the dominant mercantile community of the Cape based in Port Elizabeth had been unable to develop the political influence necessary to influence railway policy, the mining industry was more successful. Not until diamonds were discovered did the Cape parliament begin to expand public spending. From the 1870's onwards public works and debt servicing accounted for over 70 percent of government expenditure, which coincided with the formation of the state-owned CGR (Gwaindepi and Fourie, 2019, p.8). In part, this reflected the demands of the nineteenth century, including transport, communication, education and health. Moreover, new technologies such as railways and telegraphs inevitably involved high fixed costs. Whereas in other colonies, railways had taken up a disproportionate amount of public spending, they also served agricultural regions and manufacturing sectors. Conversely, in the Cape they took up 80 percent of public works expenditures but primarily served the mining sector (Gwaindepi, 2019, p.17).

The boom in railway construction continued unabated by the diamond crisis of the early 1880's, and the authorities increased their borrowing so as to finance the extension of the lines to the Transvaal where gold had been discovered. Gwaindepi and Fourie (2019, p.17) contend that the move away from cautious public spending policies was driven by the influence of the mining magnates, who pushed for railway infrastructure at all costs. They see this as an institutional shift away from a common-interest system, and towards one which catered only to elite interests. Reports in parliament at the time bemoaned the "vicious practice of spending money unauthorised", while the treasurer argued "I think it is still my duty to keep a watchful eye on the public expenditure, and not to lose the key to the Treasury" (Cape of Good Hope, House Assembly Budget Debates, 1885, quoted in Gwaindepi and Fourie, 2019, p.18). More explicitly, complaints were made regarding a "public finance policy purely arranged in the interests of a certain section" (Cape of Good Hope, House of Assembly Budget Debates, 1906, quoted in Gwaindepi and Fourie, 2019, p.18). By 1908 the Jameson government was derided by frustrated ministers as the "De Beers government" in reference to the influence exerted by the company.

The railway expansion was overseen by the CGR, which was set up in 1874 as a publicly funded institution. During its early years the government had to use some 7 percent of their nonrailway revenues to cover the CGR's financial deficit (Herranz-Loncán and Fourie, 2018, p.91). Funding for railway expansion was largely raised by the Cape Government in London, and was supplemented by local loans which were as much intended to signal to British investors the confidence that local elites had in their own government. In this regard, the Cape Government benefitted from the colonial link to London, as returns on CGR debt issues remained roughly between 3 and 5 percent in the period 1873-1909, reflecting the confidence of London financiers in the institution (Herranz-Loncán and Fourie, 2018, p.90). However, during this period the Cape's bonds had higher risk premiums than those in Australia and New Zealand, indicating that the colonial connection only had so much sway, and that underlying country conditions influenced the confidence of London investors. Purkis (1978) argues that the involvement of British capital in financing the Cape railway building gave new meaning to the question of who controlled the Cape government.

The turn towards a more extensive public spending programme is made more surprising by the fact that the Cape parliament showed a lack of concern for the profitability of the railways. Between 1870 and 1882 Cape government revenue increased fivefold to £3.5 million as diamond exports totalled between £1 and £3 million per year, but the stimuli of rail and diamonds were separate as the line did not reach Kimberley until 1885 (Belich, 2009, p.378). Rather than being indicative of public policy skewed towards the mining sector, HerranzLoncán and Fourie (2018, p.92) interpret this as a form of "colonial socialism" in which the parliament recognised the social and economic benefits of railways, even if revenues could not offset costs. In this understanding, the railways should be seen as a tool for the economic development of the Cape, rather than a source of revenue for the government. Following the discovery of diamonds, the colonial government was able to obtain higher revenues and access borrowing more easily, but this coincided with a period in which spending consistently outstripped revenues. Although the railways assisted the development of the Cape, Gwaindepi and Fourie (2019, p.16) stress the limitations of this development, as they see the cartelisation of the diamond industry as limiting its effect as an enabler of economic development through linkages in agriculture and manufacturing. Instead, they argue, special interest groups influenced an unsustainable and extractive public expenditure policy, which hindered broader economic progress. This argument sees positive externalities of the railway as a coincidence, although they acknowledge that these effects were significant and ultimately positive for the Cape's economy.

Between 1873 and 1908 rail freight transport accounted for a remarkably high share of the Cape's GDP, far larger than most countries at the time. Between 1883 and 1908 this was well over 6 percent, including a large spike between 1900 and 1902 due to increased transport necessitated by the Boer War (Fourie and Herranz-Loncán, 2015, p.5). Even so, net returns for the CGR accounted for just 3.7 percent of the accumulated capital in the period 1873 and 1908 and never rose above 5 percent, while in the same period the interest rates of the railway bonds and most Cape Government debt issues were set between 3.5 and 4 percent (Fourie and Herranz-Loncán, 2015, p.5). The CGR was therefore not a source of net revenue for the government, and it should be seen as an operation to serve the development of the Cape. The extent to which this meant the development of the Cape as a whole, or specifically of the mining industry, needs to be discussed further.

If SEZs are to have positive countrywide effects, then they must be well integrated with domestic markets, so investors can buy production factors from domestic sources. In the Cape, linkages to domestic industries were generally lacking, especially with regards to the agricultural sector, but did at some points provided a boost to the domestic economy. SEZs contribute to diversification through direct and indirect channels, and the indirect channels operate via spill over effects which take place when they forge backwards and forwards links with the rest of the economy (Aggarwal, 2012, p.169). These are especially worthwhile considering in this analysis as they are not easily quantifiable, and so are well suited to a qualitative study (Aggarwal, 2012, p.169).

Linkages to the agricultural sector were mostly lacking, and railway development decisions were made in spite of protestations from those who felt they were being marginalised by the influence of the mining companies. One member of parliament complained "the prosperity of the country has been lost sight of by successive governments for the 12 years during which I have been in the house. No government has brought a Bill for the construction of one mile of railway for the development of the country. They have not brought up one Bill which can increase railways into agricultural districts of the colony" (Cape of Good Hope, House of Assembly Budget Debates 1896, quoted in Gwaindepi and Fourie, 2019, p.10). Two years later a member further complained "there has never been a motion in the house to limit or reduce expenditure towards railways. I have seen hundreds of motions for further facilities and further facilities mean money. Extravagance is working tremendously upon the railway system… when the rest of the colony wallow in poverty as farmers have to also access light railway lines" (Cape of Good Hope, House of Assembly Budget Debates, 1898, quoted in Gwaindepi and Fourie, 2019, p.11). The bias towards the mining sector is underlined by the fact that petitions for branch lines into farming regions were derided as "pumpkin lines" or "political lines" (Gwaindepi and Fourie, 2019, p.11). The reality of the situation was that the farmers and merchants who were losing out were overpowered and outmanoeuvred by the mining elites when it came to influencing public spending.

The most successful backwards linkage was for the coal industry, as Gibbs (2015) study demonstrates that the linking of the Stormberg region to Kimberley by rail via Middleburg in 1892 brought progress to the region. Coal was an essential input for diamond mining, as well as railway building and manufacturing, but the Cape had previously been forced to rely on expensive Welsh and British coal. In the early 1880's fuel accounted for as much as a third of Kimberley's total mining costs, which provided a significant opportunity for the development of the industry in the Cape, with the Stormberg Mining Company and the Cyphergat Coal Mining Company (CCMC) established in 1882 (Gibbs, 2015, p.297). By 1885 both the Midland and Western railway systems ran through Kimberley, leaving Stormberg coal, which still relied on expensive wagon transportation, vulnerable to international competition. Fortunately for the Stormberg, the Cape government of the late 1880's chose to pursue a policy of internal economic development, and confirmed in 1888 that Molteno would be the departure point to Middleburg, securing the access of Molteno coal to the Kimberley market (Gibbs, 2015, p.301).

Anticipation of the expanding network pushed up property prices in Molteno, coal production tripled between 1884 and 1888, and wool, livestock and agricultural products benefited from cheaper and faster means of exportation (Gibbs, 2015, p.180). Following confirmation of the expansion of the network to Molteno, there was a rush to open new mines in the region, and Stormberg coal production soared by over 40 percent during the first 6 months in which the line opened in 1893 (Gibbs, 2015, p.302). Similarly, the population of the town swelled thanks to the increased opportunities provided by both personal and physical connections to the Kimberley market. By 1894 De Beers was receiving its entire coal supply from the Stormberg, and reported that "the completion of railway connections and the reduction of carriage has placed Colonial fuel within our reach as a very considerable reduction on former cost" which Rhodes himself confirmed to be £60,000 per annum compared with English coal (The Albert Times, 31 January 1894, quoted in Gibbs, 2015, p.302). For a period, the spill over effects of the Kimberley diamond mines and the growing railway network were overwhelmingly positive for coal production in the Cape, but around the turn of the century this began to change.

The move away from Stormberg coal illustrated both the importance of the diamond industry to the coal industry, and the limitations of its loyalty to Cape enterprises. Although cheaper modes of transport allowed Stormberg coal to compete favourably with British and colonial alternatives with regards to price, it could not compete in terms of quality, and both the CGR and De Beers sought alternative supplies towards the end of the 1890's. In 1900, the CGR ordered 40 percent of its coal from the Stormberg, but this fell to 26 percent by 1909, by which time only one public company, the CCMC, remained producing coal in the Stormberg, which itself would close in 1911 (Gibbs, 2015, p.192). Eventually Rhodes agreed to support a new Indwe to Sterkstroom line by investing in the Indwe Railway, Colleries and Land Company so as to secure access to the higher quality Indwe coal. Ultimately the Stormberg was forced to compete with superior British and Transvaal coal in its most important market, and the positive spill over effects of the diamond mines dried up in the region. This example exhibits the fragility of the linkages to the mining industry, especially when the firms involved are mostly funded by foreign investment, and so more intent on reducing costs than public enterprises. Gibbs (2018) argues ethnicity and culture, rather than impersonal market forces, informed the networks between Britain and the Cape which allowed Molteno to become the centre of a "Victorian enclave" as it inhabited a "colonial moment". However, this moment was eclipsed as the market forces pulled business away from Molteno, illustrating the ultimate importance of the international market to local development.

4.3 Labour

Having discussed the Cape's policies towards institutions and infrastructure, analysis will now turn towards labour policies. A characteristic of modern SEZs is relaxed labour standards, reflecting the prioritisation of attracting foreign investment over protecting working conditions, which is clearly parallel by labour policies in the Cape. The Cape's labour policies had profound implications for the future of apartheid in South Africa, but attract our interest here for their role in crystallising the interaction between the racial and economic organisation in the Cape.

Although diamonds and gold were essential in attracting a rush of European settlers and capital to South Africa, Arendt (1951, p.258) instead contends that the "permanent attraction of South Africa, the permanent resource that tempted the adventurers to permanent settlement, was not the gold but this human raw material which promised a permanent emancipation from work." The supply of cheap black labour to both the diamond and gold mining industries became a central feature of the Cape's political economy and these policies were products of a complex interplay between market forces, ideas concerning the privileges of race, and the dreams which had attracted both settlers and capital to the region.

Railways provided access to international markets for grain to the Cape's interior, leading to the collapse in local prices and the decimation of farm incomes, ultimately driving black labour towards the diamond mines. This occurred as areas which were most adversely affected by the expansion of the railway and competition from the international market were the black farming areas of the Transkei and Basutoland. The lack of cheap transport infrastructure meant that they were unable to compete with international producers and supply the Kimberley mines. Fourie and Herranz-Loncán (2015) view the avoidance of predominantly black districts as a persistent feature of the Cape's railways, as while over 86 percent of the Cape's white population lived in a district with at least one train station, only 51 percent of the black population could say the same. Consequently, black farmers were shut out from both international and domestic markets for their produce. Following the completion of the railways the price of a *muid* of grain fell from 20 shillings to 4 shillings as cheap Australian flour put downwards pressure on prices and forced farm workers to look for employment elsewhere (Fourie and Herranz-Loncán, 2015, p.12).

During the early phases of the railway, transport riders from black districts were able to offer wagon transport as a competitive alternative. However, as this impinged upon the profits of the CGR, measures such as toll roads, licensing, and stamp duties were proposed to reduce the competitive advantage of black transport riders (Fourie and Herranz-Loncán, 2015, p.14).

Given the CGR's general lack of concern with profitability during this period, these policies are best interpreted as efforts to suppress black enterprise and further impaired the ability of black farmers to supply the mining areas. This occurred partly as white farmers struggled to compete with the low transport costs offered by Basotho transport riders who were willing to work for less than their white counterparts and is one of the earliest examples of what Arendt (1951) sees as economic motives being sacrificed to meet the demands of the race society.

Bouch (1993) argues that Rhodes' major policy objective of the early 1890's was to secure labour for industrial and agricultural development, and in doing so defining the socio-political framework to contain and manage the African population. The Glen Grey Act of 1894 established a system of individual rather than communal land tenure, and created a labour tax which forced local men into employment on commercial farms or in industry. The act created the legal basis for a process which had taken hold with the completion of the railways. Similarly, the Registration Act of 1887 excluded tribal forms of tenure from the property qualifications for the vote, and the Franchise and Ballot Act of 1892 further raised property franchise qualification, altogether securing the parliamentary supremacy of white propertied interests.

These acts complimented the effects of the Hut Tax, which was first collected in the Cape in 1870 but saw higher rates imposed in 1878 and 1884. The Hut Tax was an especially controversial, and brutal, policy as non-payment was punished by the burning of huts, placing additional pressure on owners to work for wage labour in the mines. The largest amount of government revenue the tax would provide was just 1.5 percent in 1908, suggesting that its principal function was to provide labour for the mines rather than generate revenue for the government (Gwaindepi and Siebrits, 2019, p.278). These laws provided a legal foundation for the entrenchment of race as an organising principal in the Cape, but as with much of the railway construction, it existed largely for the benefit of the mining industry.

A crucial aspect of the Cape's approach towards labour was the nature of its natural resource endowment. The control of, and access to, diamonds was highly dependent on the mode of extraction and spatial distribution of diamonds, which allowed for the formation of a geographical space where labour could be tightly controlled. Kimberlite mines are only a few square kilometres large and require industrial scale exploitation, in contrast to alluvial deposit mines which are spread over much vaster areas and allow for diamond extraction by hand with a bucket and spade (Le Billon, 2011). The early claimholders in Kimberley soon discovered that mining at deeper levels would require new techniques, including the removal of "dead ground" from and rim and interior, as well as a major expansion of the cleared area around the mine for dumps and a new layout for rail-lines, winding gear, and separation and washing machinery (Newbury, 1987). All of this necessitated high capital inputs, which allowed for the eventual consolidation of industry be De Beers, as well as facilitating a coercive labour system which allowed for lower production costs and the control of prices by limiting theft.

Limiting theft and combatting the illicit trade of diamonds became a central feature of the Kimberley mines. Investors were unlikely to be enticed into becoming involved in an industry which required large capital outlays and could not guarantee profitability. As the final product is neither consumed nor wasted, diamonds prices were sensitive to supply and overproduction resulted in persistent slumps in prices throughout the 1870's, culminating in the collapse of the 'diamond share mania' in 1881. These fluctuations in prices were partly an outcome of a speculative fever which had engulfed Kimberley, producing a scramble to form public companies whose number grew to 103 in 1882, in which £9.5 million had been nominally invested (Newbury, 1987, p.7). The prices invariably collapsed when banks called in loans for the high amounts capital required to mine the Kimberlite mines, many new companies had to be liquidated and there were suicides. These were not the only classic tropes of financial crises to rear their head however, as the collapse of the mania was also followed by a period of scapegoating and blame allocation, which in Kimberley became centred on the illicit diamond trade. The rule of law and police enforcement in the Northern Cape were frequently seen as inadequate and allowing illicit diamond trading to continue unfettered (Weiss, 2011a, p.24). For a period, illicit diamonds were shipped to London and traded much the same as legitimate goods, before being sold on at lower prices to continental buyers. In 1881 mine owners contended that only £60,000 of the £100,000 diamonds shipped each week came from legitimate sources, although the Standard Bank was unable to confirm an exact figure (Turrell, 1987, p.175). Following the collapse of the 'diamond share mania' the mine owners lobbied the Cape parliament for more stringent laws, culminating in the Diamond Trade Act of 1882 which upheld the practice of trial without jury for defendants and coincided with the formation of a three judge High Court in Kimberley which was empowered to mete a maximum penalty of 15 years, which had previously been five (Turrell, 1987, p.181). The Act allowed only licensed dealers to buy uncut diamonds and placed the *onus probandi* on the suspect (Turrell, 1987, p.182). As such the mere presence of a diamond on the person of a black labourer rendered this person a criminal before the Colonial court, making the law a violation of the principals of justice which existed in Europe.

Another part of the 'solution' to the illicit diamond issue was closed worker compounds and labour barracks, allowing for a high degree of control for mine owners over their black workers. These compounds segregated and incarcerated labourers for the duration of their contract under the pretence securing commodity security. In contrast to the dreams of boundless riches which had been associated with imperial expansion for Europeans, Weiss (2011a) argues that these camps created conditions of radical poverty and despair for their black inmates, as the concept of superfluity of African life first emerged. The process of compounding began in 1885 when the 'French Company' began housing 110 African workers in a closed set of barracks for 6 months. The process of preparing a labourer to leave the compound further involved the treatment of black labourers as presumptive criminals, and further suggest that the camps were products of insecurities over diamond theft. For a week, workers were forced to live naked without communication with other inmates and forced to wear hard fingerless gloves which prevented them from using their hands. Their belongings were searched and upon leaving their bodies were thoroughly examined for stolen diamonds (Weiss, 2011a, p.29).

The compounds emerged in the face of security concerns but were also a part of conscious efforts to drive down labour costs. In 1882, mining inspector Thomas Kitto had advocated for the Kimberley mines to reduce labour costs by adopting a compound system similar to that employed in Brazil, which he described as follows: "The blacks are lodged in barracks, which are built in the form of a square, the outer wall being much higher than the inner wall; the roof slopes inside. The entrance to the place is by a large gate, over which at night hangs a powerful lamp . . . Men and women answer to the call of their names while passing out at the gate in the morning and in the evening when entering. They retire to rest early, and an overseer locks up the premises each night" (Kitto, 1882, cited in Turrell, 1987, p.97).

Similarly, in 1883 the De Beers board concluded that working expense per carat yield was higher than its competitors and advocated for a programme to reduce labour costs (Rönnbäck and Broberg, 2019, p.245). This culminated with the implementation of a compound system and segregation of mine workers in 1886, the effect of which was an estimated reduction in labour costs from 36 percent of total labour costs to 26 percent (Rönnbäck and Broberg, 2019, p.246). Low wages are an important part of Marxist arguments concerning 'imperialist rents' extracted from colonial peripheries, and black workers in South African mining were paid at some of the lowest rates in the world. In 1914, black workers at the De Beers owned Premier diamond mine were paid just 3 shillings per shift, compared to 22 shillings for white workers, and 14.3-15 shillings for workers in the USA, 7.3-15.6 in Canada and 8-17.3 in Australia (Rönnbäck and Broberg, 2019, p.369). The similarly low wages for black workers on the Witwatersrand (2 shillings per shift for black workers and 19 for whites) marks this out as a distinctly South African feature and helped contribute to the high returns on investment of South African mines.

The segregation which emerged in the diamond fields was indicative of the interplay between speculative subjectivities and beliefs about race, criminality and violence. Part of the attraction of the diamond fields to settlers was the possibility for a new life, and specifically for a life without hard labour as argued by Arendt (1951). Weiss (2011b, p.219) takes this stance as she writes that "the fields were also about the fantasies that condensed a population committed to the dream of profit without labour, and extracting easy wealth from the ground." Arendt's (1951, p.247) description of these "luck hunters" as "hollow to the core, reckless without hardihood, greedy without audacity and cruel without courage" is mirrored by Weiss (2011b, p.220) who sets a scene whereby strangers motivated by fantasies of easy wealth pursued the "desperate avoidance of risk at every turn in the colonial gamble." The Cape's policies towards labour and discrimination should be seen in this context, as products of an economy which was defined by the expectations and fantasies which had attracted settlers and capital in the first instance.

The Cape's labour policies demonstrate how market forces and principles of global capitalism shaped local cultures and customs in the colonial peripheries. When viewed from this perspective, theories of under consumption, over saving and outlets for superfluous capital are of less importance than the possibilities and expectations surrounding the decision to invest in the colonies. The prospect of incalculable wealth elicited specific expectations concerning the emancipation from physical labour in a space, which to Europeans felt freer and where possibilities were less limited. Arendt (1951) insisted that it was possible for race to become the basis of an economic order as it had already existed as a ruling device in Africa before opportunities to profit from it presented themselves in the late nineteenth century.

There was an important racial element to the labour policies at Kimberley. In September 1883 both white and black workers were subject to strip searching upon leaving the mines, but a series of strikes, including an 1884 march on the Kimberley mine which resulted in six white men being shot dead, created the political pressure necessary for the law to be abolished for whites (Trevelayn, 2012). As much as the labour compounds have been presented as products of anxiety over the illicit trade of diamonds, the reality is that the existing racial order of the Cape provided a new economic opportunity to reduce labour costs and increase control over the workforce. This explains why the compounds were not required for white labourers, who were instead accommodated in housing estates and hostels.

The argument that these policies emerged out of opportunism rather than necessity is underlined by their replication in the Transvaal during the gold rush, where security concerns were less acute. The practice of hiring men from rural areas and housing them in purpose built labour compounds under fixed contracts continued in spite of the fact that gold was harder to steal as it required a complex refinement process. Furthermore, the gold standard meant that the price of gold remained steady and was not vulnerable to a flood of supply in the same way as diamonds were.

The Witwatersrand Native Labour Association was established in 1900 to recruit labour for the gold mines whilst keeping wages low. Much of this labour was drawn from the declining Stormberg mines, as the Colonial Secretary had claimed that 16,995 black labourers had left the district in 1907, 24,469 in 1908 and 45,765 in 1909, all of whom were heading towards the gold mines of the Transvaal (Gibbs, 2015, p.312). Similarly, the Chamber of Mines was founded with the objective of taking "active steps for the gradual reduction of native wages to a reasonable level" by preventing competition for labour and establishing a monopsony which relied on the Native Recruiting Organisation and the Witwatersrand Native Labour Association (Wilson, 2014, p.276). Increasingly the shortage of labour was met through the recruitment of workers from beyond the borders of South Africa, with 60 percent of the black labour force on the gold mines in the 1890's coming from Mozambique, as the consistent recruitment of workers, later from Tanzania, was essential for keeping black wages static for the following 60 years (Wilson, 2014, p.277). These institutions were a part of the entrenchment of labour coercion as a distinct feature of the South African mining industry, which had its origins in the diamond fields around Kimberley.

The overarching theme of policies relating to labour in the Cape was to protect the interests and profits of the mines. This represented a convergence of perceived necessity, to protect the profit margins of the mines by driving down labour costs and limiting the illicit trade, and opportunism, taking advantage of the entrenchment of racist principles in Cape society to form coercive labour policies. Efforts to secure a steady supply of cheap black labour give credence to the long-standing argument that this was the resource which tempted European settlers and capital to the Cape, and later the Witwatersrand. Booms in foreign investment were driven by a genuine belief that rapidly advancing technology had the power to transform previously barren landscapes into lands of plenty. As it happened, the major innovation produced by Kimberley was the closed compound, which was used to coerce and control a labour force which had been otherwise rendered superfluous to the reaches of the global capitalist system into the Cape's interior.

4.4 Kimberley as a Special Economic Zone

The ways in which foreign investment shaped local policies in the Cape has clear parallels to present day SEZs. Modern SEZs have become synonymous with relaxed environmental and labour standards, and proponents stress their importance to development by attracting foreign investment, in much the same way as mining elites in the Cape stressed the importance of the industry to the development of the Cape. In this regard, SEZs represent a continuation of one of the persistent themes of colonialism presented in this paper, by acting as a space where unique economic opportunities can be found. This theme is neatly summarised by Ince (2018, p.22) who contends that "colonial economic spaces functioned as spaces for imagining and implementing new ways of organising social production for profit, at times by means so brutal that they would have been difficult to imagine and let alone attempt in Europe."

The purpose of SEZs is to promote economic growth, which legitimises strategies centred on economic prosperity and delegitimises alternate goals, including the wellbeing of workers, preservation of sovereignty and expansion of participatory democracy (Tazarra, 2019). The diamond mining industry created great economic prosperity for the Cape, with its success predicated on the suppression of these alternate goals. Labour coercion and concerns over the illicit trade meant that labour costs could be driven down in Kimberley, while the lack of existing institutional authority allowed the mining elites to shape the regulatory environment to their advantage. Consequently, the structural transformation process became skewed towards the mining sector. Job creation in the zone was accompanied by the suppression of the economic prospects of black farmers, brought on by the intrusion of the railways into the Cape's interior, and made possible by the existing racial organisation of the Cape. The mirrors the ways in which SEZs attract business by offering cheaper labour, usually taken from groups marginalised from the international economy.

Tazarra (2019, p.93) argues that "every free zone creates a class of businessmen whose interests constitute the raison d'être of the zone." In the Cape the class which most clearly emerged was the mining elites, and was a class of people characterised by expectations of high returns on investment, which helped to shape the specific characteristics and policies of the Kimberley 'zone'.

5 Conclusion

This thesis aimed to explore British financial imperialism as an interactive process, by considering the economic relationship between the metropole and the periphery, in this case the Cape Colony, and the specific circumstances of diamond mining. This has involved situating recent economic historical research in the context of older historiographical debates on imperialism, so as to detail how foreign investment affected specific local policies.

Personal networks were important to the flow of information, and attracted British investors to the Cape. However, market forces and institutions were the means through which British financial imperialism exerted influence on local policies. The extraction of mineral wealth required foreign investment from the imperial metropole, and this shaped the Cape's policies towards institutions, infrastructure and labour. The Cape's weak institutions provided an opportunity for mining elites to construct an institutional environment geared towards mineral extraction and attracting foreign investment. In turn, this catalysed the expansion of the railway network, which was once more skewed in favour of diamond mining over and above the interests of the wider economy. The Cape's railway network contributed to the transformation of Kimberley and the enormous economic success of the diamond mines, but limited the extent to which backwards and forwards linkages benefited the wider economy.

The railway connected the Cape's interior to the global economy, and in doing so marginalised the black farming areas. This accelerated the structural transformation process and redefined the role of black farming regions in the Cape's economy. The creation of a supply of cheap black labour was a defining feature of mining in the Cape, and made possible by the Cape's racial organisation. This facilitated further efforts to drive down labour costs, and secure the returns on investment which had attracted both settlers and capital to the Cape.

A consistent feature of diamond mining in the Cape was the opportunity to implement new methods of social control and production, so as to avoid risk at every opportunity and attract foreign investment. This conclusion supports some of the long running Marxist narratives concerning imperialist extraction, and pursuit of super profits. However, the discussion of SEZs has highlighted the dilemmas created by the need to attract foreign investment for development, and the loss of influence over local economic policies.

At points this thesis has alluded to related developments in the Transvaal during the gold rush. A limitation has been the lack of time and space to adequately explore the extent to which the themes presented in this paper can be applied to gold mining in the Transvaal, and as such this is left for future research. The political independence of the Transvaal before the Boer War, along with the greater usage of capital markets in continental Europe would have made this an informative comparison for establishing the limits of British financial control in the region.

However, it is hoped that the themes and concepts presented in this paper can provide a useful theoretical framework for such a study, and indeed consideration of other colonial mining regions.

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