

LAND SPECULATION IN COLONIAL NATAL, 1843-1910

Land speculation was a feature of the settlement of most areas colonized by Europeans in the nineteenth century. Speculation involved the purchase of extensive tracts of land by financiers and syndicates as an investment, in the hope of profits from sales at a later date. In the period of waiting for a suitable price, the land involved usually remained unoccupied and unused, and consequently was a hindrance to active colonization. Speculation in most countries was a temporary phase in the process of settlement, as development was often rapid and land values increased accordingly providing speculators with quick returns.

The Colony of Natal experienced considerable speculation in land in the first 25 years of its existence. However, the peculiarity of the political situation and the defective nature of the land laws resulted in comparative stagnation, with the result that the land speculator or company was a feature of the Colony for over half a century. The reasons for this are to be found in the early development of the Colony.

The Initial European Settlement of Natal, 1837-1848

Large scale European settlement in Natal began with the arrival of Dutch-speaking colonists from the Cape Colony in 1837, in the course of the Great Trek.¹ The Trekkers' economy was as selfsufficient as they could make it, and was not essentially geared to an external market.² There was a conscious policy of having as little to do with the British as possible. Natal was, therefore, attractive to the Trekkers, not only for the open grassland for their cattle but also for the absence of a British administration.

The Republic of Natal was established by the Trekkers in 1838 and the laying out of farms began immediately. Farms of standard size (6 000 acres) had been granted to settlers in the Cape Colony and this practice was continued in Natal. The Law regulating grants provided for two farms to be given to early settlers and many appropriated areas, which were far in excess of their entitlement.³ Furthermore, the form of tenure (perpetual quit-rent) on which the lands were granted was to have far reaching effects upon the progress of settlement in Natal. Under these terms the farm was owned on a secure basis upon the payment of a small annual rent. Land could be inherited, and divided as though it was freehold property. The result was a highly dispersed settlement which was vulnerable to attack.

1. For an account of the political history of Natal see Brookes, E. G. and Webb, C. de B., *History of Natal*. Pietermaritzburg, University of Natal Press (1965).
2. Allen, H. C., *Bush and Backwoods*. Lansing, Michigan State University Press (1959).
3. Cloete, H., *The History of the great Boer Trek and the Origin of the South African Republics*. London, John Murray (1899).

The Zulu military monarchy to the north of Natal made periodic incursions into the Republic's territory. The state of affairs was such that the British Government felt bound to intervene and annexe Natal in 1843. The annexation involved a reappraisal of the land question, and a Commissioner was appointed to examine the title of European owned land in Natal. The Commissioner accepted only some of the claims to land and disallowed others. Owing to the unsettled state in which Natal had drifted in the period before effective annexation, many of the Trekkers had left their farms and congregated together in laagers for protection. The Government's requirement for title was one year's residence before annexation, which was clearly impossible for most claimants. The British land settlement furthermore alienated many who might have been willing to stay even under the changed political conditions. Even some of those whose titles were recognised by the British authorities decided to leave when their neighbours moved away.

The period from 1843 to 1848 was one of uncertainty and as a result land prices were low. The Trekkers had invested little money in their lands and consequently they were willing to sell their farms at low prices, or abandon them altogether if the title was dubious. Prices of as little as $\frac{1}{4}$ d. per acre were accepted. Cape Town merchants and London financiers bought land in considerable quantities. In 1846 thirteen Cape companies claimed to have purchased 62 farms aggregating 280 000 acres for part of which under 2d. an acre had been paid.⁴

The state of confusion lasted until 1848, when Sir Harry Smith, the High Commissioner for South Africa, adopted a more generous land policy. In that year a Land Commission was established which was to consider "all fair and reasonable claims to land in Natal".⁵ Claimants were dealt with liberally. It seems doubtful whether the new approach succeeded in keeping many Trekkers in Natal, but it did confirm the rights of many of them to the farms they had gained in the period 1838-43. The Land Commission thus provided more land for speculators to purchase.

The Government recognised the claims of 584 Trekker farmers amounting to some 3,3 million acres. The lands granted were in the best agricultural areas of the Colony, including most of the coastlands and the areas around the two main town of Pietermaritzburg and Durban. About one million acres had by 1849 become the property of speculators. In 1847 it was estimated that some six-sevenths of the land of Natal was lying waste and the European population amounted to only 3 000 persons.⁶

4. Byrne, J. C., *Emigrants Guide to Port Natal*. London, Effingham Wilson (1848).

5. Natal Government proclamation, 10th February 1848.

6. Statement by Government Secretary quoted in Long, E. P. M., *The Constitutional Settlement of Natal 1843-1856*. Unpublished M.A. Thesis, University of South Africa (1928).

The British Settlement of Natal, 1848-1858

The Natal Government was alarmed at the depopulation of the Colony. In the years 1848-1851 several attempts were made to promote emigration from the United Kingdom to Natal. Emigration from the United Kingdom had increased rapidly in the late 1840's as a result of the Irish famine and the economic depression in England. As a result over 250 000 persons left the country annually from 1847 onwards. Some of the emigrants were attracted to Natal by a propaganda campaign launched by private individuals, such as Joseph Byrne, who promoted a series of settlement schemes. It has been estimated that some 5 000 persons were introduced in the period 1848-51.⁷

The private settlement schemes were generally unsuccessful as they envisaged plots of between 20 and 45 acres for each colonist. This area was not sufficient to support a family and as a result many immigrants left their allotments and migrated either to the towns or to Australia. Once more, land was available at low prices and speculators were willing to purchase desirable plots on the immigration schemes.

In 1857 the Government made a further attempt at introducing immigrants. On this occasion the authorities acted directly, rather than through private individuals, as the 1848-51 schemes had discredited private promotion. New land laws provided for the disposal for farms of variable size, according to the agricultural capabilities of the land. The sizes ranged from 300 acres in the best coastal situations to 4 000 acres in the dry interior.⁸ In addition land was to be granted on quit rent tenure at a low annual fee. Safeguards were introduced in the form of non-occupation fines. The schemes was open to such abuse that the Government was forced to revoke the regulations in 1858 and to refuse to consider any further claims to land on quit rent tenure. A further 1,5 million acres were granted under the 1857 regulations. Some of it was purchased by speculators, although the lands granted in the interior of the Colony appear to have been genuinely occupied.

Government attempts at immigration promotions, both direct and indirect, had failed to have the desired effect. By 1859 some 5,0 million acres of land had been alienated, but there were only 11 580 Europeans residing in the Colony. Thus for every European in the Colony, 430 acres had been alienated. Land lay waste and unused, bringing no profit to anyone. Furthermore, the Crown had virtually exhausted its reserves of good farming land. In granting some 4,8 million acres on secure quit rent tenure the Crown had effectively denied itself the means to develop the Colony. It was the speculator who possessed the land and the means to develop the Colony. It has been claimed that the vagaries of colonial land policy had led to the situation where "the population

7. Hattersley, A. F., *The British Settlement of Natal*. London, Cambridge University Press (1950).

8. Natal Government proclamation, 29th April, 1857.

of a third-rate English town suffered from a shortage of land in the midst of twelve million acres.”⁹

The Situation in 1860

In 1860 the title deeds to 4,4 million acres had been issued and it is possible to assess the degree to which the speculators had been able to purchase land. (Table I). Some 26% of the alienated area of the Colony had, by 1860, fallen into the hands of persons or companies interested in speculation.

Table I
*Land Owners in Natal, 1860 and 1870**

Owner	1860 (acres)	1870 (acres)
Individual Europeans		
European Speculators		
Land and Finance Companies		
Churches		
Non-Europeans		
Total		

**Excluding rural Native Locations, Mission Reserves and Townlands.*
Source: *Surveyor General's Office and Deeds Office, Pietermaritzburg*

The distribution of speculators' land was not even throughout the Colony. There was a marked concentration in the south and east, particularly to the south of Pietermaritzburg and north and west of Durban. On a county-basis the contrast between the interior of the Colony and the more accessible and potentially more desirable coastal lands was most marked.

Table II
Distribution of Lands held by Speculators and Land Companies in 1860

County	Acreege	Percentage of areas alienated
Klip River	418	18,3
Weenen	947	15,0
Umvoti	405	17,3
Pietermaritzburg	065	36,1
Victoria	725	47,0
Durban	794	62,4
Alexandra	143	22,0
Total		

9. de Kiewiet, C. W., *The Imperial Factor in South Africa*. London, Cambridge University Press (1937).

The distribution was influenced by two factors. The first was the distribution of land granted on quit rent tenure. Although low rental land was the main target of speculative activity, some freehold land had also been purchased in Victoria County on the lands of the 1848-51 immigration schemes. Quit rent tenure involved the payment of an annual sum to the Government, but the purchase price had been usually lower than that paid for freehold properties in the 1840's and 1850's. The second factor was the speculators' assessment of the potential value of the land. In this respect land in the coastal counties and the southern part of Pietermaritzburg County appeared to offer the best prospects of profit. Land originally commanded high prices in these areas and they were recognised to be the most desirable in so far as agricultural development was concerned. The interior grasslands, with few exceptions, appeared to be fit only for pastoral farming, and as such unlikely to provide the speculator with a high return. In addition the interior had been the main area where the Trekkers had remained after 1848.

Some of the speculators held considerable acreages. For instance eight men held over 47 000 acres apiece and one over 100 000 acres. No individual appears to have concentrated his purchases in any particular area. Each speculator purchased where he could. A result of this was the comparative difficulty in disposing of land, when each speculator was attempting to unload his own individual parcels of land. This period 1850-66 was one of prosperity, with rising land values associated with the development of agricultural and pastoral industries in the Colony. Sugar and wool production increased rapidly and the general expectation of the future was one of unbounded optimism. The speculators consequently expected that their land could be disposed of rapidly once land prices had risen sufficiently.

The level of land prices within the Colony gave little room for optimism in 1860. Over half the land sold in that year fetched less than 1s. an acre, and only 10% was sold for more than 4s. an acre (the Government minimum price at Crown Land sales). The speculators had often been willing to purchase land for 2s. to 4s. an acre in the 1840's and the market was maintained by speculation until 1851, when the failure of the settlement schemes resulted in a crash in the land market. Prices at the 1860 levels therefore appeared to provide little prospects of profitable land sales in the immediate future and the speculators thus sought to organise their holdings.

The development of the land companies

The usual trend in land speculation, towards company ownership, occurred in Natal. In the period from 1856 onwards companies of various sizes were formed by syndicates of speculators to manage their lands on a rational basis. The first companies were small. By 1860

only three companies had been established and between them they held under 50 000 acres. However, in 1861 a major development occurred with the formation of the *Natal Land and Colonization Company*.

The *Natal Land and Colonization Company* was founded by a group of local speculators and London financiers. Its object was to promote emigration to Natal and, by selling land to emigrants on reasonable terms, to lead to a speedy colonization of the Colony, which would be to the benefit of the Company and its members. The Company was brought into existence with a pool of 250 000 acres. The initial optimism, of bringing capital and manpower from England to the land of Natal, proved to be no more founded on reality than earlier schemes had been. Comparatively little was accomplished with regard to emigration for several years. It was only in 1865 that the terms of the colonization plans were published in England.¹⁰ The onset of the major economic depression at the end of the American Civil War effectively prevented their implementation.

Other groups of speculators formed companies such as the *Colonial Land Company*, the *Natal Investment Company* and the *Natal Cotton Plantation Company*. The latter was formed to develop cotton cultivation during the American Civil War but it never laid out the plantations its directors envisaged. Later (1873) it was merged with the *Natal Land and Colonization Company*.

The agricultural crisis of 1866-68 was disastrous for many farmers and there were many bankruptcies. Land companies purchased land from bankrupts in considerable quantities. In the years 1868-9 the *Natal Land and Colonization Company* purchased over 200 000 acres and other companies acquired smaller areas. In 1870 three other companies possessed more than 50 000 acres apiece. Consolidation of the land companies came with the incorporation of the smaller companies into the larger *Natal Land and Colonization Company*, which by 1874 had amassed 660 000 acres. In 1880 with one small exception it was the sole land company in the Colony. Several banks obtained land through default on mortgages, but it was never the intention of the banks to hold large areas, and the farms acquired were usually disposed of as rapidly as possible.

The proportion of land held by companies increased markedly in the period 1860-70 as a result of the crisis. In 1879 over 750 000 acres were held by land companies as opposed to 680 000 acres by private speculators (Table I). The private speculators began to sell their land as prosperity returned to the Colony in the 1870's. Private speculative holdings were halved in the course of the 1870's, and most of the land was sold to farmers at prices which gave a moderate profit to the speculators. The directors of the land companies wanted more than a moderate profit and so held their land.

10. *Natal Land and Colonization Company, A Plan of Assisted Emigration and Land Settlement*. London, Jarrold and Sons (1865).

The Natal Land and Colonization Company

The most important speculative venture in the Colony was the *Natal Land and Colonization Company*. To obtain an insight into the workings of land development a study of this company is rewarding. The holdings of the Company after 1861 made it the largest landowner in the Colony.

The initial optimistic aims of the Company for rapid colonization were dashed by economic crises and by the high price of land demanded. The Government sold its land at 4s. per acre but it was remote and difficult of access in an era of poor communications and much of it was of poor quality. Much of the Company's land was relatively accessible and of superior quality to that possessed by the Crown. However the prices asked for the land were high, ranging from 10s. 6d. per acre in the interior to £3 per acre on the coastlands. The prices were in excess of those obtained in normal transactions. (In 1870 90% of land was sold for under 4s. per acre.)

The interior lands, which were regarded as poor investments, proved to be the most successful to sell and a steady sale of interior properties to pastoral farmers was recorded. In the interior farmers were granted annual grazing licences to use unsaleable lands. However, some other activity was recorded. Interest in developing the coastal lands was maintained through the establishment of five experimental stations, which grew a variety of tropical goods.^{10a} However, most of the land owned by the Company remained waste and unused. The directors appeared to be prepared to wait for land values to rise and then sell. Unlike the private investor the company could wait for the right opportunity.

The Government regarded the considerable areas owned by the land companies as a hindrance to the development of the Colony. Accordingly in 1875 the Government instituted an enquiry into the activities of the Company. The resulting report demanded action and as a result renewed attempts were made to introduce settlers and develop

Table III

Sources of Income of the Natal Land and Colonization Company from Land 1880-1910 (in £)

Source	1880	1890	1900	1910
Town Rents				
European Country Rents				
Native Rents				
Property Sales				

* No figures available.

Source: *Land Ledgers of the Natal Land and Colonization Company for 1880, 1890, 1900 and 1910.*

^{10a} This experiment was unsuccessful as the farms were run at a loss (£961 in 1880) and therefore abandoned.

the land. The criticism of the Company was to a large extent valid as a steady income came in from the land and there appeared to be no incentive to do anything. In particular the Government and the colonists regarded the high incomes derived from Native Rents (Table III) as the reason for a lack of activity on the part of the Company.

There followed a period of considerable activity within the Company and an effort to introduce settlers. The Company in its prospectus had stated: "The Company, in addition to its desire to dispose of its lands at fairly remunerative prices, is now seriously anxious to co-operate with the Colonial Government in getting the waste lands of the Colony speedily occupied by proprietors capable of securing their own prosperity and so advancing the prosperity of the community".¹¹

Several properties were laid out in small lots for the reception of immigrants.¹² On a number of schemes townships and commonages were also provided. The schemes were reminiscent of those laid out thirty years before for the Byrne scheme. However, they were not successful. In the period 1876-1887 a total of 55 056 acres was laid out for rural holdings by the Company.

The reason for this may be gauged from the profits which were expected from the properties. Near Durban a block of four farms was purchased in 1880 and divided for sale in 1882. A total area of 19 196 acres was laid out in allotments averaging some 130 acres each. The Company paid £1 000 on the subdivisional survey. The price demanded was £56 795, which represented a more than fivefold increase in the price of the land in two years. It is hardly surprising that there were no purchasers for the lots and that the offer of a lower price for one of the properties, complete, was accepted. The price paid (£12 899) for this single property covered all the Company's expenses with regard to the entire scheme.

The insistence on a high return on land sales undoubtedly discouraged the purchase of land in the Company's settlement schemes. Even the provision of credit facilities did little to encourage purchasers and consequently sales were slow. Thus of the 55 056 acres divided for settlement purposes between 1876 and 1887, only 11 483 acres had been sold by 1890 (5 912 acres as a single block). Even in 1910 there remained some 25 000 acres of the settlements in the possession of the Company.

The total holdings of the Company remained high. In 1880 545 655 acres were registered in the Company's name. However 47.5% of the land was leased. Most of the leases were for large areas (over 3 000 acres each) in the interior. The more valuable coastal properties remained waste or occupied by Native and Indian squatters. Efforts to sell land were pursued cautiously, at the prices demanded by the Company. Although price levels in Natal rose it was not until the twentieth century

11. Natal Land and Colonization Company, *A Plan of Assisted Emigration and Land Settlement*. London, Jarrold and Sons (1865).

12. Christopher, A. J., *The Closer Settlement Movement in Natal in Journal for Geography*, Vol. 3, 569-578 (1970).

that they reached those demanded by the Company. In the Colony as a whole in 1880 96% of sales were for less than £1 per acre. In 1890 the percentage had fallen to 78, in 1900 to 47 and by 1910 to 24.

Land sales therefore showed a marked improvement in the late 1890's. However the normal rents brought in sufficient money to satisfy the shareholders and no effort was made to reduce prices; but criticism of the Native rent system increased and a campaign against the Company increased in virulence, until in 1908 the Government introduced the Income and Land Tax Act. The Act provided for severe taxes to be paid by absentee landowners on the land they possessed. The *Natal Land and Colonization Company* for the purpose of the Act was defined as an absentee and consequently in 1909 had to pay £5 059 in tax, which severely reduced the profits. The tax was lifted the following year as a result of pressure from the financiers in London, but the Company realised the danger it was in.

In about 1900 the potential of the urban properties had been realised by the Company's directors and attempts were made to liquidate the remaining rural properties. After the Act of 1908 the Company decided to sell the rural properties as rapidly as possible. In 1910 nearly 50 000 acres were sold, much of it to the Government for closer settlement schemes. Prices were agreed by valuation, at levels below those claimed by the Company, but high enough to make the Government's closer settlement scheme extremely expensive. The area held by the Company fell to 167 704 acres in 1910 and by 1915 only 88 505 acres remained. The value of Company property declined from a peak value of £427 000 in 1900 but again exceeded this figure in 1930 when only 20 000 acres were in the Company's possession. The Company became an urban property development company and remained so until it was liquidated in 1948. Its remaining rural lands were sold, often to Native and Indian squatters in Victoria County.

Conclusions

The land speculators and particularly the land companies had a profound effect upon the development of the Colony. The early acquisition of much of the best land in the Colony on secure tenure effectively prevented the development of the land for decades. Natal did not experience the prosperity which the early speculators had expected, with the result that land remained unsold and therefore unused.

The initial idea of introducing overseas capital to Natal by speculators and land companies to aid the development of the Colony was a good one. It failed in practice, however, as money and manpower were not introduced to aid the settlement. The capital paid for farms frequently left the Colony as the ex-owner migrated to the Transvaal or Australia. The influence of the speculator and land company in Natal was to a large extent a negative one. The existence of large areas of unused and unpopulated land for long periods of the Colony's history was important.

Blocks of 'dead' unused or waste land had to be traversed by settlers on their way to Government allotments, resulting in over extended communications problems. The development of railways, which could have assisted the opening up of the Colony, was delayed as a result of the lines having to pass through miles of unoccupied land with no population to provide trade for them. Although the land was unoccupied, the Crown was not even in a position to endow their railway company with land as was the case in the United States. It was not until 1880 that the railway line between the capital, Pietermaritzburg, and the port, Durban, was constructed. The lack of roads and railways further hindered development so that the Colony was caught in a vicious circle from which it only escaped in the closing years of the colonial era.

Although the speculators and land companies paid a nominal lip-service to the idea of settling Europeans on the land, they were willing to sell to Non-Europeans who could pay the price they demanded. The origin of this practice lay in the willingness of absentee landlords to rent land to Non-European squatters. Not infrequently the lack of a European purchaser resulted in the land company or purchaser selling to the squatters producing many of the so-called "Black Spots".

A number of the Natal Land and Colonization Company's schemes involved the creation of new townships, many of which failed to develop. The legal problems of de-proclaiming towns and disposing of small suburban parcels of land are still present. Abandoned towns are a feature of Natal, and the land companies created several of them.

The imprint of the land speculators may still be seen in Natal in tangible form. It may also be seen in racial composition of the Province with its overwhelming Non-European majority, which is largely the result of a lack of European settlers in the nineteenth century. Land speculation, therefore, has had an all pervading influence within Natal.

Dr. A. J. Christopher.

Sources of Information

The figures used are derived from a study of primary sources held in the Surveyor General's Office and Deeds Office, Pietermaritzburg. This involved (a) an examination of the Surveyor General's survey files to ascertain the location and extent of individual farms and subdivisions of each; and (b) plotting the relevant boundaries and names on a current cadastral base map for the years 1860, 1870, 1890, 1900 and 1910; (c) searching through the Deeds Office files on land ownership to ascertain the owner of each parcel of land in each of the six years referred to above; and (d) the computation of total areas belonging to each landowner and the compilation of the necessary tables. Information on land prices was obtained by examination of the Deed of Transfer in respect of each transaction in the six years studied plus those relating to the period 1850-52.

Much of the financial material on the *Natal Land and Colonization Company* was obtained by a search of the Ledgers and Land Registers of the Company which are still in private hands.

Official statistics are often inaccurate and contradictory and have therefore been omitted.