

THE FOURTH DR PIET SNYMAN LECTURE: PRE-RESERVE BANK PAPER MONEY

Brian Hern

The fourth Dr Piet Snyman lecture was delivered by Brian Hern in the wonderful and appropriate ambiance of the Absa Museum. The talk was once again followed by a scrumptious meal and drinks. Thank you Dr Paul Bayliss, Eron Lushaba and Absa for once again hosting this auspicious annual SABNS evening, and for making available some of the displayed items for scanning to present during the evening and for publication.



SABNS members and visitors paying intense attention to Brian Hern's historical account of his pre-SARB bank note research

When the intrepid traders journeyed around the Cape to India and Batavia how did they pay for their purchases? There was an absence of bills of exchange in foreign trade, even an absence of banks. The Spanish real or real of eight had in the course of time come to play an important role in the Portuguese trade in the Far East.

Accordingly when Hautman was preparing for the first Dutch expedition to the East, he made sure of an ample supply of these reals, (how many, I don't know but there must have been crates full of them) which were well known and were in circulation in Holland. From the initial settlement at the Cape coins were in short supply (unlike the Far East little trade took place apart from supplying the trading ships) and in the global context were always subject to the political changes in Europe. The Napoleonic wars had a very lasting change in the history of our land.

Whilst the first coins struck for South Africa, the scheepjes-gulden, were struck in Holland (1801) and shipped to the Cape, part of this consignment was shipped to Batavia; the balance was not circulated in the Cape until the British Gov-

ernment issued them after 1806. We see the continued practice of the Cape playing second fiddle in the wide political scheme of the European Powers. The European Powers did not have sufficient coinage to pay for their wartime expenditure so the Cape was far down the priorities as far as coinage supplies were concerned. In England the issue of Guineas was stopped between 1799 and 1813 and banknotes came into general use, countermarked Spanish dollars were put into circulation and in 1804 Spanish 8 reales were overstruck and issued by the Bank of England.

The complex problems of the Cape in the 1780's saw the creation of the first peculiar rixdollar. This was the first South African currency. To my knowledge no equivalent coinage was ever made or issued. A unique system not used again until the Transvaal adopted this system. The introduction of these notes is well documented in the written works of Theal and Prof Arndt.

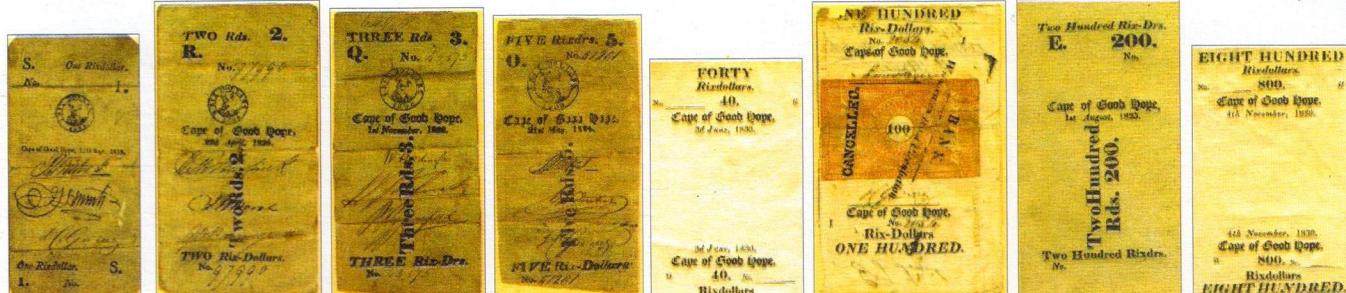
The historical facts of note issues by Governments, banks and other issuing authorities are easily available to any student who cares to look for this information. Forgeries have been known since the first issue of the rixdollar in 1782 and in various design changes and different government issues. In a lifetime of 59 years I have read somewhere that over 90 printings were made. The VOC government issued 3 stiver and 16 rixdollar denominations in 1782 and the British authorities increased the numbers issued regularly until 1832.

We sadly read of forgeries and the depreciation of the value of the rixdollar notes. I suspect that the depreciation was often of a political nature.

Unfortunately only a small number of specimens have survived in museums and not of every type. Many of these note issues were handwritten and later simply printed. Sometimes the notes were embossed and later hand stamped to make them more "official". Finally the handwritten signature was supposed to eliminate forgeries. Think about this - have you personally seen the signature of the Governor of the Reserve



Vereenigde Oost-Indische Compagnie (VOC) "paper money"



A series of Cape of Good Hope rixdollars (Rds)

Bank, but we all accept that which appears on our notes! Finally the British authorities introduced promissory notes and withdrew the rixdollar issues.

The British promissory notes have survived in museums and are available for comparison so these are not a problem to collectors. Both these series are easily counterfeited using modern office equipment. Remember that good money notes were used and then destroyed, useless money notes were stored in safes and later discovered and greedily collected.

Trade was essential to local authorities and despite the introduction of British coinage there was a lack of banking facilities, which the locals finally forced on the authorities. The "colonial banks" slowly began business throughout the Cape and an easy way to promote business, was through the issuing of paper money. Private companies and even mines issued or planned to issue their own banknotes.

With the discovery of the diamond fields, trade mushroomed and the so-called "imperial banks" entered the field. The interest charged locally far exceeded that charged in England making the step logical for the imperial banks. (So what has changed, this is happening again - BH).

For the colonial banks and so-called imperial banks, notes were issued in the Cape, Natal, Orange Free State and the Transvaal. For the Cape we have 28 colonial banks issuing notes in 1861 before the advent of the imperial banks and the "dawn" of a new era. From 1865 through the seventies we find the extinction of some of the local banks by liquidation and amalgamation. At the end of 1876 there still remained 19 banks with various branches, but by 1890 from over 30 note issuing banks only 8 remained.

The Bank Act in the Cape of 1891 was the death knell for the small local bank note issues where an equal amount of securities had to be lodged against note issues. A duty, payable half yearly, of 10/- percent was to be paid on the average note circulation and a license fee of 1/- for every £100 of capital employed was to be paid. The blank forms were purchased from the Government at 1/2d per form. The banks completed the forms and issued these under strict government laws. Arndt says these became known as "Cape legal tender notes". We refer to them as Cape Uniform notes.

In Natal, from 1849, some 5 colonial banks opened for busi-

ness. Included in this figure are some banks that changed their names and continued operations under different names. Again the imperial banks predominated from 1894 with most of the colonial banks "no more" by 1897.

The OFS boasted two local banks and one "state" bank. The Standard Bank opened in 1863 but was forced to leave in 1866. (It is interesting that they issued £90 000 in notes against £11 000 specie reserve). Two large imperial banks later operated in this area. Border towns close to the Natal and Cape borders were awash with note issues from the Cape and Natal banks. Throughout the OFS private traders and also the local banks issued "good fors" in small denominations. These small pieces of paper or cardboard became so used and abused that often they were hand sewn together to preserve their monetary value. Professor Arndt refers to these notes as filthy lucre as referred to in the Bible. I often wonder how many ailments were contracted from these notes. The issue of metal tokens or good fors was banned, and yet many superb metal token issues of the OFS have survived. Only signed good fors issued on card or paper was acceptable to the authorities.



An empty gray scale preprinted Cape uniform note with samples from overprinted notes from the different banks

In the Transvaal we have many State issues including small denominations and mandaten, which were in fact government IOU's. I quote from J.R.K. Barter's *Inconvertible Paper Money*. "It is a singular coincidence that the mandaten of treasury bills, originally issued during Pretorius' first term of office as President, were largely for purchase of ammunition; (mostly in rixdollars, the depreciation money of South Africa - BH) while the 'Gouvernements Noten' issued by President Kruger, and which was practically the last financial operation of the South African Republic, were to finance the late war. The late South African Republic was thus founded and nurtured amidst the tumult and confusion of war; war was well nigh its daily portion for many long, anxious years: and by arbitration of war it ceased, after having made a brave and noble fight for freedom and independence, to exist as a separate state.

It was owing to its peculiar circumstances and the aggressive characteristics of the Burgers, from first to last a fighting Republic. Inconvertible paper money played, as we have seen, a most important part in connection with the rise, development and final overthrow of a State that was originally founded upon democratic principles."

Many small denomination notes were issued by the Government but also small traders issued good fors to facilitate trade. Even the Church issued good fors to be used in the "plate". How these tokens were redeemed is not certain but I assume that when bartering took place perhaps these were redeemed? I can tell you that original specimens of these note good fors are extremely rare. Be careful of modern photocopies of these specimens!

A well-known collector came into my shop in Florida clutching "Paper Money Trends". He paged through the book and came to the

section on these "good fors" and said he wanted one! I explained that the notes appearing in the book are photographs we had purchased from Museums. A few weeks later I was invited to a home to purchase some items. I arrived at this home and found the large dinning room table covered in modern silver Rands and modern coins, which at that time were almost unsaleable. I was polite and made an offer for the coins, which was accepted. The seller then explained that I had travelled many miles to buy these coins so they then produced some used but magnificent ZAR notes. Amongst these notes an 1872 6d in superb condition. (The only one I had ever seen. I have since seen others but all these have been in black printing with a black signature, I have not been able to examine these to see if they are photocopies).

In the shop, I telephoned the collector. He must have been in the garden, this is also hard to believe, because I have known this gentleman for many years and this is the only time I have seen him in shorts!!! He must have hurried into the shop. He sat down and I showed him the note. He has a habit of not showing any emotion when he is looking at great rarities.

He asked the price, I told him, he took off, and there is a dent in the ceiling of that shop today where his head hit he jumped so high.

He argued, I stuck to my price. He pushed it across the table back to me. I reached for the telephone to offer it to another collector. He grabbed it and put it into his pocket. Two days later he paid my price for it. (He probably could sell it today for 4 times what he paid for it). I have seen limp copies of these notes in the market place but I was unsure of their being genuine. They looked to me as being photocopies of genuine notes. I asked the vendor for a guarantee on the authenticity, after voicing my concerns, and a pedigree but nothing was forthcoming.

The saying that "nothing is new" applies to notes of South Africa pre-Reserve Bank issues as the problems we face today. Caution is the most important advice I give to any collector. Authentication of any note is fundamental in collecting this series. Specimens of many of the note issues are housed in fine museums for comparison. However, what would happen if a note, say for instance the Albert Bank, would make an appearance? How would we pronounce the genuineness of such a note? We can't compare it to anything I know of!

Most of the banks operating in the Transvaal were branches of the banks with head offices in the Cape and Natal. This was only after the mining industry flourished. Notes with Transvaal town names were issued widely.

The National Bank was granted the mint concession and also the right to issue the official legal tender notes. The forerunner of today's Nedbank, the "Transvaalsche Bank en Handels Vereeniging" was also formed (I have never seen a note from this bank in the market place). Both issued fine banknotes but only the National Bank issues have been seen in the market place, numbers available are very small and the high values are never seen. This generally was the position before the outbreak of the Anglo Boer war.

The war brought many interesting issues from the British and the Boer forces. The many errors in these issues make for a different and fascinating collection. "Surprisingly" it was the British issues that have spelling mistakes, the ZAR notes, where mistakes have been made were not issued.

After the war, until the formation of the South African Reserve Bank and official State issues, the banks continued their issues with name changes forced on them by the results of the war.

All these issues were printed overseas, mainly in England and Holland. From sales catalogues we find that hoards of these notes are regularly found when the printers went out of business or their archives are sold. Unless we know how many notes are in these hoards be careful of what you pay for these items. Seldom are circulated notes that are uncancelled advertised in these sales. The sale items are normally specimens or printer's proofs. I have seen printer's proof notes for one hundred pounds in sales catalogues, how do we prove that such a note was actually issued? This brings me to a problem I have with these notes, I personally find that specimens and printer's proofs of these banks very much less desirable than proper signed uncancelled notes. Issued notes have a history as opposed to printer's specimens that never saw circulation!

The history of the Government of the Nieuw Griqualand note issue is sketchy at best. We know that they were housed, unissued, in the safe of the local magistrate. We know that some notes were sewn into Dower's book and we know that the balance was destroyed. The OFS note issue was copied by the Griqua Government in this issue but how did they intend circulating them? The whole area was controlled by powerful traders with their own token issues and they certainly would not use this issue to their detriment. Hence politics played a huge part in the withholding of this proposed issue and subsequent destruction! Whilst on this subject of circulation, I often wonder how the ZAR issues were initially circulated and later withdrawn? They had no central bank, so Government offices must have been used (I think), how else could they have achieved this?



The unissued Griqua £1 note

Knowledge of the printer's name is very important in collecting any series. You may pay a high price for a note only to find similar items being offered at a later stage at a reduced price. Uncancelled, issued notes for any series make them unique and the best for any collection. (This is true for the pre-Reserve Bank issues, but for Reserve Bank issues specimens and printer's proofs are the more rare types).

Unlike the notes printed overseas the note issues from local banks are never offered from hoards. The 14 local banks from the Cape and the 4 from Natal that were liquidated (or closed down) provided notes for collectors. Most are cancelled and unissued notes.

With the formation of the South African Reserve Bank and subsequent legal tender issues, the surviving large banks changed the name of the town on their notes and their notes used in Rhodesia. Their circulated notes were systematically destroyed. I am reliably informed that in the vaults of the banks in England, such as Barclays Bank, many unissued forms are to be found.

It would be nice to collect only the notes issued in any Prov-

ince but the availability is tiny. It is impossible to collect a complete collection of any series. Don't hesitate to acquire any note that is available to you even if it does not fall within your collection parameters. You can always swap it with others that you require. Set your initial aims high but be reasonable.

Only the Anglo-Boer war issues offer so much variety that knowledge and caution is advised. I offered a collection of Upington Border Scout notes to a collector, (I was doing him a favour) and even posted them to him, he returned them. His knowledge was found wanting. The original note is a simple design and easy to forge with modern technology. The cloth of which they were made is described as canvas, flannel, calico, hessian and khaki shirt material.

about.

We know that emergency notes were issued in Mafeking, O'Kiep, Koffiefontein, Uppington & Lichtenburg (I read recently of a traveller visiting Langrish's store after the war and no mention was made of the token money being used in transactions) but none were issued in Kimberley or Ladysmith. Can we assume that British currency was in short supply in the other besieged towns forcing the issue of emergency money? Can we assume that in far flung country areas of the Cape that British currency was in short supply



Langrish store (Lichtenburg) notes

before the war? I have read that in Rhodesia the common practice was to issue private cheques for payments.

Is it probable that in these two siege towns that sufficient legal tender currency was in circulation? It is probable that currency was generally available in British occupied areas. The Boer forces seized many trains in their guerilla operations but no mention is ever made of seizing currency of any amount!

The Boer forces were desperate for money (the Veldpond was struck to alleviate a desperate shortage of gold specie).

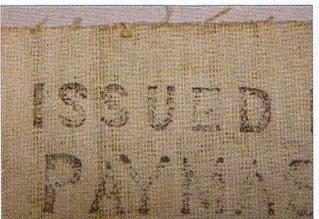
Obviously from the siege issues there was a shortage of currency in some far flung areas under British rule before war started and the trains did not carry money to pay the troops in recently occupied areas. This made the various British wartime issues important for daily use. Much has been written about why and where these issues were made. Consider how the local population was paid? We know that the Boer Forces were required to pay in gold for their purchases from the local folk. How did the

besieged forces pay the local folk? Did they accept Mafeking notes?

The final general pre-Reserve Bank issues are the Gold certificates (issued to stem the smuggling of gold coins). Some £10.45 million were issued in various denominations and withdrawn from



A £10 000 gold certificate



I have never seen a note on canvas (or what I know as canvas). I have only seen two notes on flannel but I have seen a small number of the other notes. I know little about cloth but I examined the items under a powerful glass and the different weaves in the cloth were fascinating. A collector may own a complete collection from 2/- to £5 but does he own all the cloth variations? So we see that the paper, cardboard or cloth is important in the authentication of any issue. Again the signature is of great importance.

Often the watermark defines the authenticity of the note issue. Know your subject! Trevor Jacomb has scrutinized the ZAR wartime issues and his findings are definitive and illuminating. The time and effort he has expended in his search he will tell you has been enjoyable. This is what collecting is all

1920 to 1924 and finally before March 31 1926. At that time only £60 was not redeemed. Uncancelled issued notes are very rare.

Throughout our history authorities resorted to paper money issues to create currency to promote trade. The rixdollar issues of the Cape and Transvaal were always subjected to depreciation often reaching 10% of its value. Today the traded value of the small number of forms available to a collector is many thousand times its original value despite the crude manufacture and simple design.

How many collectors have ever handled a "Koffyfontein" £5 note. A simple, plain, blue printing machine was used to manufacture the notes and the name was mis-spelt. Used as a stop gap to pay troops, today these notes are "rocking horse droppings" they are so rare. The handwritten signature was supposed to authenticate the note eliminating forgery. This was generally the case for most note issues for this period. Again the signature is important.

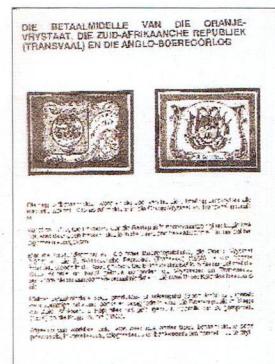
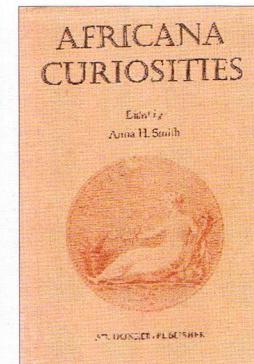
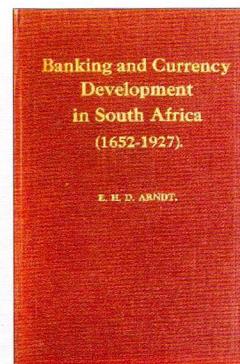
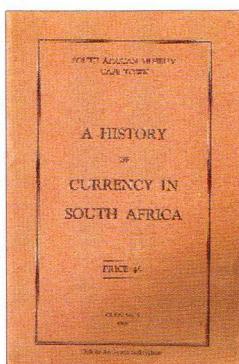
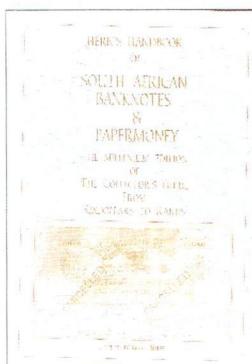
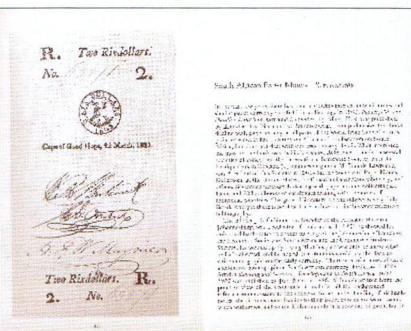
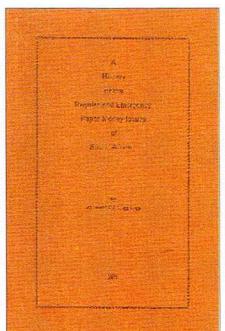
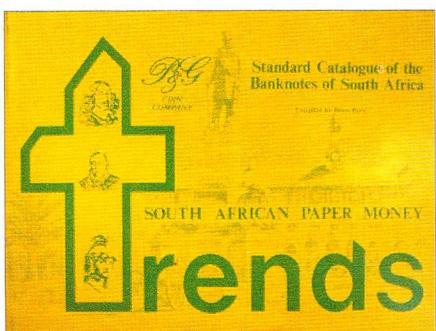
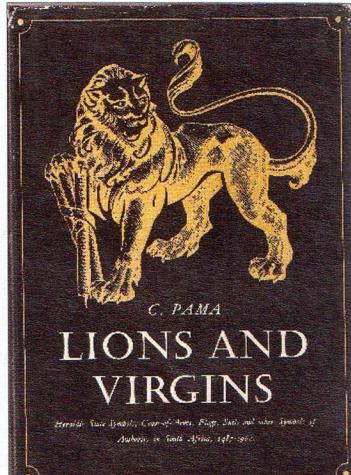
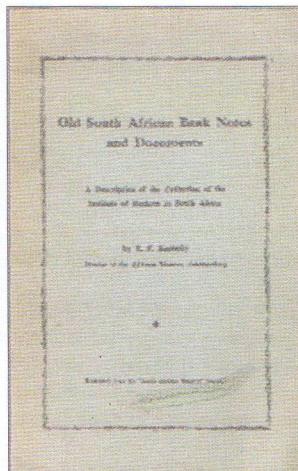
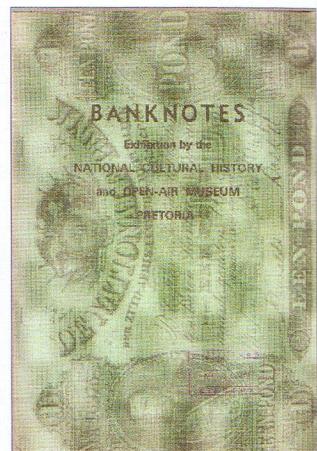
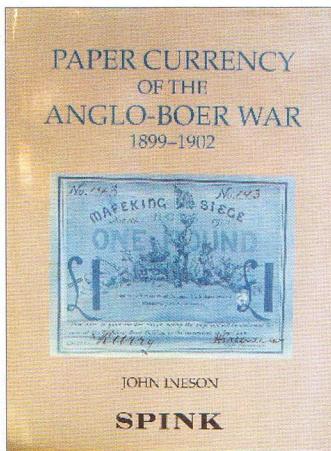


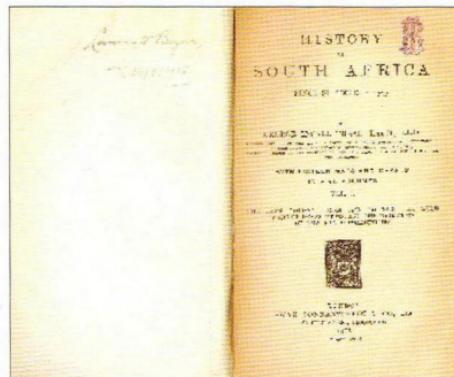
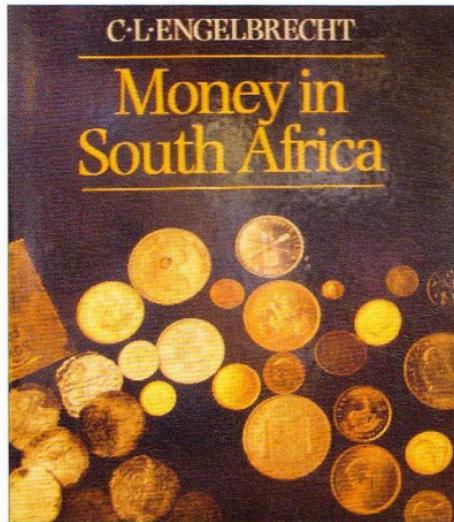
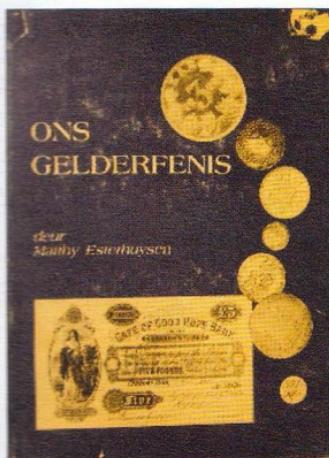
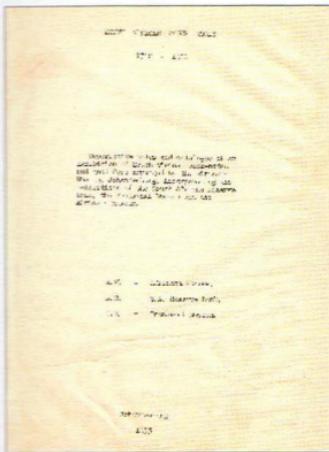
A £5 "Koffyfontein" seige note

In the local collecting field we have too many accumulators of items and very few collectors who understand the history, the importance of the material, be it paper, cardboard or

cloth, the watermark and the signature. My appeal is that we produce more collectors and fewer accumulators. A new collector needs information before undertaking any collection!! Beg, borrow books and read about your proposed collection. Knowledge is paramount in any collection.

Detailed information can be found in the following books.





These books are treasures and some are very rare.

I would like to thank Dr Paul Bayliss and Absa Museum for making available items for this presentation and Heinz Wirz for scanning the items.

A few of the many superb books dealing with various aspects of the pre-Reserve Bank paper money.



Brian Hern receiving his SABNS cheque from SABNS president, Dr Heinz Wirz, as a token of the society's appreciation for his academic lecture and his graduation as the fourth Dr Piet Snyman Laureate.