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MOZAMBIQUE'S CHARTERED COMPANIES:  
THE RULE OF THE FEEBLE<sup>1</sup>

BY LEROY VAIL

'I remain skeptical whether it is in the long run ever *good* policy to espouse a *bad* cause.'

Foreign Office Official, 1930

IN the late nineteenth century, Portugal turned to the expedient of the chartered company to provide cheap administration and development for parts of Mozambique. Portugal's hopes that these companies would provide rapid development of the areas they administered and thus preserve them from the designs of avaricious imperial rivals proved unfounded. Instead, the companies facilitated external intervention in Mozambique and the denationalization of Portuguese territory. Moreover, they failed to provide the capital essential for the economic development of their territories. Thus, when chartered rule ended in Mozambique, the areas that had been under company rule were the most economically backward in the colony. An assessment of the impact of company rule down to around 1930, when António Salazar decided to end the system, is essential for an understanding of the basic weaknesses in Mozambique's economy today.

*The Chartered Companies*

In the 1870s Mozambique was a quiet backwater, long neglected by the Portuguese. Their presence was restricted to the lower Zambezi valley and a scattering of coastal settlements. Elsewhere Swahili sheikhs, African rulers and independently-minded prazo-holders ruled their areas with scant regard for Portugal's theoretical sovereignty. As long as other nations ignored Portugal's empire, she could continue safely in her apathy. With the burst of European interest in Africa in the 1880s, however, and with 'effective occupation' being stressed as a prerequisite for international recognition of colonial claims, Portugal was shaken from

<sup>1</sup> This paper is based upon research in the Colonial [C.O.] and Foreign Office [F.O.] files in the Public Record Office, London, the National Archives of Malawi and the library of the Royal Commonwealth Society. I am grateful to David Hedges, Robin Palmer and Patricia Vail for comments on an earlier draft. As Alan Smith has recently suggested, for as long as official Portuguese archives for the twentieth century remain closed, researchers must depend upon materials on Portuguese Africa housed in other archives. When research is completed in Lisbon, Lourenço Marques and in the rural areas of Mozambique, the picture presented here will be greatly amplified. See Alan Smith, 'António Salazar and the Reversal of Portuguese Colonial Policy', *J. Afr. Hist.*, xv, 4 (1974), 654.

her torpor. Following Portugal's failure to be invited to the Brussels Conference of 1878 and the loss of the mouth of the Congo in 1884, patriotic Portuguese pressed their government to make the occupation of the empire 'effective occupation.'

This meant two things. First, that the rule of law should penetrate areas claimed. Second, that there should be concrete economic development of the colonial territories. Contemporary opinion held that potentially rich areas should not be allowed to lie fallow. Their riches should be exploited and enter the world's trading network so as to keep European industry functioning. Thus Portugal was under strong pressure to make effective her titular control over Mozambique both by extending her authority and invigorating its economy.

Portuguese activity took two forms. In pursuit of effective occupation, military expeditions moved against unco-operative African rulers and recalcitrant prazo-holders in the mid- and late 1880s.<sup>2</sup> In addition, an attempt was made to counter growing British influence around the south end of Lake Malawi by means of the Serpa Pinto expedition of 1889-90 and to block possible British penetration into Mashonaland in 1889.<sup>3</sup> Initially this drive for the effective occupation of Mozambique enjoyed considerable success. Indeed, its challenge to British interests resulted in the humiliating Ultimatum of January 1890, by which Britain threatened to seize Portuguese territory if the Serpa Pinto expedition did not withdraw southwards from the Shire Highlands area. Given Portuguese weakness and British strength, Portugal yielded to her ancient ally's threats. From this experience emerged both the British Central Africa Protectorate—Malawi—and an abiding Portuguese fear that Britain desired to despoil her of her East African empire. This fear prompted Portugal to counter the designs of Britain and others by all means open to her.

The economic development of her colonies presented greater problems to Portugal than did 'pacification'. The bankrupt condition of Portugal's economy meant that she could not borrow heavily on the European money markets for colonial development, and little money was available locally for overseas investment. Thus Portugal could do little to stimulate directly Mozambique's economy. What she could do, as did other nations, was to grant concessions to various capitalists in the hope that these concessions would attract development capital to the colony. Starting in the 1870s and sharply accelerating in the 1880s, the government granted a series of concessions to Portuguese nationalists, hoping that their activity would disprove the old allegation that Portugal was too effete and decadent to rule her empire effectively.

<sup>2</sup> For a detailed discussion of this activity, see M. D. D. Newitt, *Portuguese Settlement on the Zambezi* (London, 1973), *passim*.

<sup>3</sup> Eric Axelson, *Portugal and the Scramble for Africa* (Johannesburg, 1967), 157-85; David Beach, 'Ndebele Raiders and Shona Power', *J. Afr. Hist.*, xv, 4 (1974), 648.

A key figure in this drive for development was Colonel Paiva d'Andrada, an energetic nationalist anxious to help in preserving Portugal's imperial heritage. In 1878, while military attaché in Paris, he received a concession to exploit part of the middle Zambezi valley's gold deposits, thereby initiating a long and far-ranging commitment to Mozambique.<sup>4</sup> In the early 1880s he founded several concessionary companies to exploit various parts of the colony, but undercapitalization rendered these efforts abortive.<sup>5</sup> These efforts failed because the concessions were in isolated areas beyond the control of the Crown. Financiers were naturally hesitant to invest in such areas. With these failures, and with increasing pressures upon Portugal for colonial exploitation, the government created larger companies, with more far-reaching monopoly rights and even with quasi-sovereign powers, in the hope that they would prove more effective than their anaemic predecessors. It established such companies for the area immediately north of the Zambezi, for the far north of the colony, and for the area between the Zambezi and the Sabi rivers, expecting that these would both pacify and develop their areas. Effective occupation would be thereby achieved, and Portugal could relax her fears that she was about to be dispossessed of her imperial birthright.

The first of these large companies was the *Companhia de Moçambique*. In March 1888 d'Andrada's various interests south of the Zambezi were reorganized into the new *Companhia de Moçambique*, capitalized at £40,000 and having as its initial purpose the exploitation of the minerals of Manica and Quiteve.<sup>6</sup> Once again, undercapitalization rendered the company impotent.<sup>7</sup> Conflict between this company and the British South Africa Company (B.S.A.C.), which also coveted Manica's gold, soon broke out, and in late 1890 B.S.A.C. officials arrested d'Andrada himself.<sup>8</sup> The B.S.A.C. threat, coupled with the Ultimatum of January 1890 and its unpleasant aftermath, caused the Portuguese to reassess their attitude towards the Mozambique Company. In February 1891, in an attempt to transform the company into a viable makeweight to Rhodes's B.S.A.C., the Portuguese government granted it a new charter in accordance with which the company possessed full sovereign rights over the districts of Manica and Sofala, between the Zambezi prazos on the north and the Sabi on the south. It was stipulated, however, that the new charter would not become operative until the company had increased its capitalization and modified its Statutes to guarantee economic development. The duration of the charter was to be for twenty-five years, but in

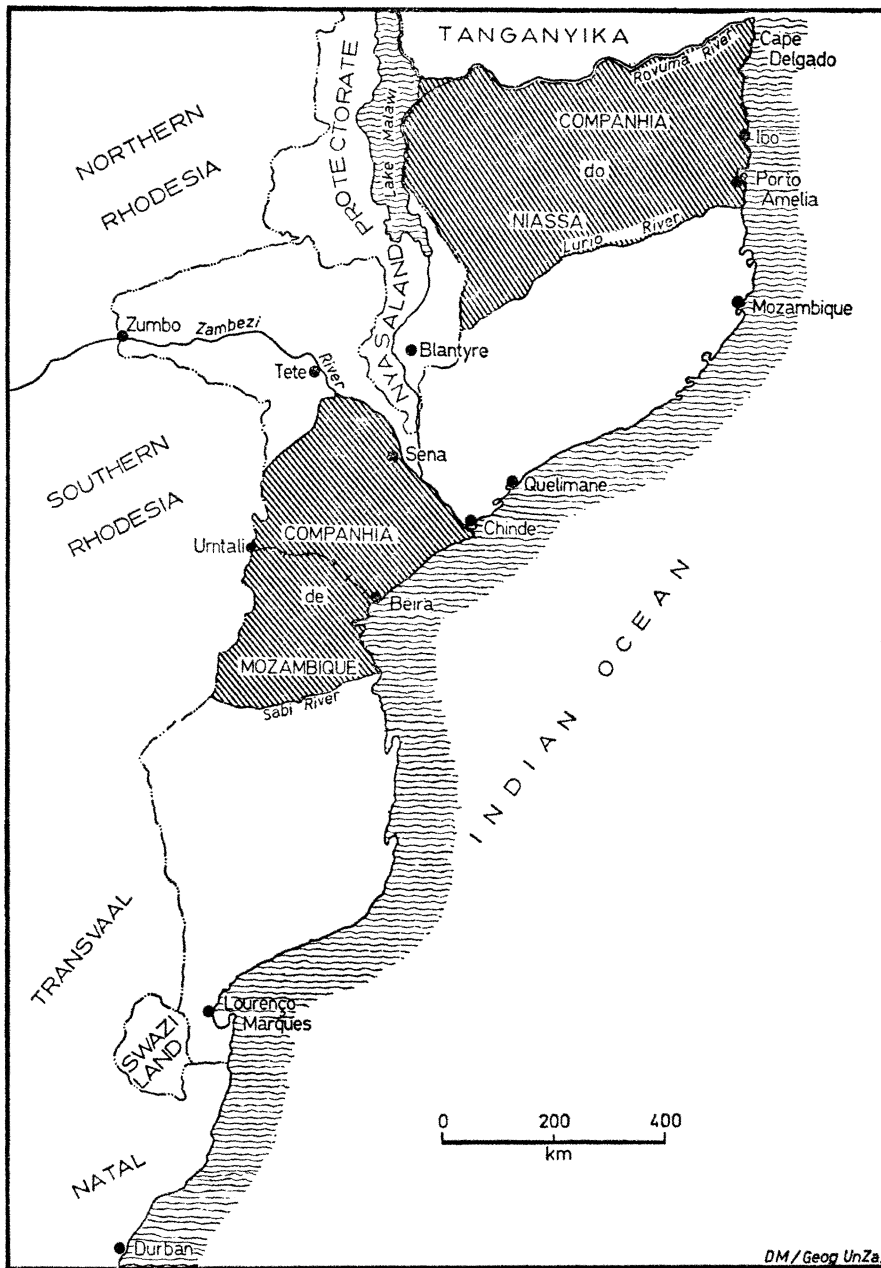
<sup>4</sup> F.O. 84/1538, Morier to Salisbury, 28 July 1879. See also Axelson, *Portugal and the Scramble*, 120-4, for a discussion of d'Andrada's early efforts.

<sup>5</sup> John S. Galbraith, *Crown and Charter: The early years of the British South Africa Company* (Berkeley and Los Angeles, 1974), 184.

<sup>6</sup> F.O. 84/1901, O'Neill to Salisbury, 7 Sept. 1888. Henceforth the *Companhia de Moçambique* will be called the Mozambique Company.

<sup>7</sup> R. J. Hammond, *Portugal and Africa, 1815-1910: a study in uneconomic imperialism* (Stanford, 1966), 148.

<sup>8</sup> Galbraith, *Crown and Charter*, 178.



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1897 this was extended to fifty years.<sup>9</sup> The company was obliged to construct railways, roads and port facilities, establish schools and hospitals, settle Portuguese families in the territory and speed development generally.

The reorganized company took the form of a joint stock company, and its shares could be held by anyone, regardless of nationality. In an attempt to prevent the denationalization of the company, however, the government stipulated that its headquarters should be in Lisbon, that the majority of its directors should be Portuguese nationals resident in Portugal, that its statutes should be subject to government review, and that the government should have the right to appoint a Royal Commissioner to oversee the company's policies.<sup>10</sup> In spite of these measures to maintain the company's Portuguese character, other provisions of the charter were to facilitate the very denationalization that the Portuguese feared. In addition to the fact that non-Portuguese could buy shares, their interests could be represented by branch offices and committees operating outside Portugal.<sup>11</sup> The company could grant sub-concessions to non-Portuguese nationals as well.<sup>12</sup> By means of such branch committees and sub-concessions the Portuguese presence in the Mozambique Company's territories was destined to be drastically weakened.

Soon afterwards, the Portuguese followed a similar strategy for the Cabo Delgado and Niassa districts in the far north, perhaps responding to the German seizure of the mouth of the Rovuma river in 1891. The new *Companhia do Niassa* was chartered for twenty-five years in September 1891, and its charter was later extended to thirty-five years. In return for sovereign rights over its area, the company had laid upon it obligations similar to those imposed upon the Mozambique Company. It also had the right to issue shares freely and grant sub-concessions, and thus it shared the basic weakness of the Mozambique Company, the inability to ensure Portuguese dominance. From its very inception, though, it had an additional weakness. While the Mozambique Company never had problems in raising capital after 1891, the concessionary of the *Companhia do Niassa*, Bernardo Dauphias, could scarcely obtain the £10,000 required to activate the charter and initiate 'development'.<sup>13</sup>

<sup>9</sup> *Companhia de Moçambique, O Territorio de Manica e Sofala e a Administração da Companhia de Moçambique (1892-1900)* (Lisbon, 1902), 9.

<sup>10</sup> I. D. 1189, *A Manual of Portuguese East Africa* (London, 1920: compiled by the Naval Intelligence Division of the Admiralty), 155.

<sup>11</sup> F.O. 371/15027, Memorandum by H. Godwin on the Mozambique Company, 8 Feb. 1930.

<sup>12</sup> I. D. 1189, *Manual of Portuguese East Africa*, 156.

<sup>13</sup> Hammond, *Portugal and Africa*, 147-8. Henceforth the *Companhia do Niassa* will be called the Nyassa Company. In 1892 the Portuguese also granted extensive rights to the *Companhia da Zambesia*, which was founded upon the remnants of d'Andrada's original Zambezi valley concessions of the late 1870s. This company attracted considerable investments from such firms as the Oceana Consolidated Company and the North Charterland Exploration Company. While it did not possess rights of sovereignty, the company did have immense powers over the area north of the Zambezi river, between the coast and Zumbo. See I.D. 1189, *Manual of Portuguese East Africa*, 163-4.



The Portuguese strategy of working within the guidelines of international finance capitalism by chartering private concessionary companies to act as holding agents for Portuguese rights and interests in Mozambique proved to be disastrous both for Portugal's interests and for those of the people of Mozambique. The companies failed as defenders of Portuguese influence and culture against potential erosion by their rivals. They also failed as engines for the economic development of the territories they administered. In the first place, while founded for nationalistic reasons, there were too few wealthy Portuguese willing to invest in the companies. Foreigners could and did purchase shares, thereby diluting Portuguese influence and leading to denationalization. Secondly, almost without exception, the companies failed to provide development capital for their areas. The twin dangers implicit in the Portuguese strategy of attempting to use *imperia in imperio* soon became manifest.

### *Internal Weaknesses to 1919*

Even before the Mozambique Company was chartered, it illustrated the problems facing the Portuguese strategy. British capital obtained about 40 per cent of the company's shares, and a large number went to French capitalists. This preponderance of foreign capital was recognized in December 1891, when a decree was published which permitted the establishment of a foreign committee in London or Paris which would have large administrative powers. At the year's end the British Minister in Lisbon reported that the company had become virtually a British company.<sup>14</sup> Very soon Albert Ochs, a British national who made his fortune on the South African diamond market and who previously had vainly tried to obtain a seat on the Board of the B.S.A.C., came to dominate the company.<sup>15</sup> During the early years of Ochs's control, several factors encouraged the denationalization of the company's territories. First, Ochs moulded the local administration along British lines and hired many English-speaking civil servants. More ominously for Portugal, the company speedily yielded a sub-concession to build a railway from Beira to Mashonaland to Henry van Laun, a nominee of Rhodes. The railway workers were largely British and were well armed. They refused to abide by their agreements with the Mozambique Company and flouted Portuguese authority with élan.<sup>16</sup> It was reported that they flew the Union

<sup>14</sup> F.O. 371/15027, Memorandum by H. Godwin on the Mozambique Company, 8 Feb. 1930.

<sup>15</sup> Rhodes blocked this attempt, calling Ochs 'a low cad'. Galbraith, *Crown and Charter*, 118. Ochs was also deeply involved in the Oceana Consolidated Company, which specialized in the acquisition of mining rights throughout southern Africa, the Companhia da Zambesia, and several other African ventures. As a means of augmenting his position in southern Africa, perhaps in rivalry with Rhodes, the Mozambique Company, with its strategically located territories, was particularly inviting to Ochs.

<sup>16</sup> F.O. 63/1310, H. MacDonnell to Salisbury, 5 Mar. 1896.

Jack over the line of rail and even issued their own postage stamps.<sup>17</sup> In 1896, when Rhodes passed through Beira, a railway official warned the local Portuguese governor that if he attempted to arrest Rhodes, 'the whole of the railway men will rise up and take Beira'.<sup>18</sup> In addition to the disconcerting presence of Rhodes's railwaymen, British-backed firms dominated Beira and English-speaking gold prospectors fanned out inland. In 1893, just two years after the granting of the charter, the British Vice Consul in Beira noted that Portuguese influence was rapidly declining.<sup>19</sup> In 1896 the Portuguese colonial official Ayres d'Ornellas ruefully wrote:

[u]ntil now, British subjects have been at the head of almost all the public departments, and it is perhaps for this reason that saints' days and Portuguese days of festivity are not observed in Beira. . . The orders of the Company's administration are posted in English. . . The very Negroes speak English all the way to the frontier; the units of measurement—miles, feet, acres—are English; the landed property is English.<sup>20</sup>

Thus the early years of the charter witnessed the supplanting of Portuguese influence by British influence through the agency of the very company that had been chartered to frustrate this possibility.

The Mozambique Company did little to fulfil the parallel Portuguese hope that it would stimulate economic development in its territories. This was so largely because of the attitude of the capitalists controlling the company. Stock speculation took pre-eminence over local investment, and the local administration was starved of funds. The company generally had little problem in raising funds. 120,000 shares sold in 1898, for example, had a par value of £1 each, but they realized £2 5s. each on the basis of a 7.5 per cent dividend declared in 1897, apparently for the very purpose of inflating share values. Instead of investing this capital in Africa, where it would be at risk, the directors placed it in European banks to draw interest.<sup>21</sup> A further example illustrates this point. In 1907 the company announced the discovery of large gold deposits in Manica. The reports were false, designed to raise the share values, and Ochs was able to make a substantial profit. In reporting this manipulation, the British consul general at Lourenço Marques sourly noted that there was a strong rumour current that Ochs's agent at Beira was about to raise share values again with a similarly false report of diamond discoveries.<sup>22</sup>

<sup>17</sup> *Folha Popular*, 15 July 1896, encl. in F.O. 63/1311, H. MacDonnell to Salisbury, 21 July 1896.

<sup>18</sup> George Pauling, *Chronicles of a Contractor*, 2nd ed. (Bulawayo, 1969), 150.

<sup>19</sup> F.O. 63/1254, Walsh to F.O., 17 Sept. 1893.

<sup>20</sup> Ayres d'Ornellas, 'O Caminho de Ferro de Beira. . .', quoted in Hammond, *Portugal and Africa*, 218. The only newspaper was published in English by British editors. That this took great delight in ridiculing the Portuguese rubbed salt into wounded Portuguese national pride.

<sup>21</sup> F.O. 179/346, H. MacDonnell to Salisbury, 19 Apr. 1899.

<sup>22</sup> F.O. 368/120, Maugham to F.O., 31 July 1907. Ochs's agent, Colonel Arnold, had been seconded from the British army to Beira at Salisbury's request in 1899 to look after British interests there. F.O. 371/48, War Office to F.O., 21 Nov. 1907.



The orientation of the company's directors quite naturally had a malevolent influence upon local development. Except for the railway to Southern Rhodesia, which was in any case the concern of the B.S.A.C., little was done to develop the territory. The most important trade in the area was the transit trade to the interior, and even this suffered a profound and prolonged depression after 1900.<sup>23</sup> From the Mozambique Company's territories themselves, only £117,414 worth of locally produced goods were exported in 1907, indicative of the low level of economic activity after seventeen years of company rule.<sup>24</sup> Local settlers were discontented with the administration under which they lived, and there were strong pressures for a revolt that would lead to a better, more settler-oriented government.<sup>25</sup> In 1911 a British military officer toured the area and reported that 'the general opinion is that perhaps 20, and certainly 50 determined men, well armed and well led, could have no difficulty in making themselves masters of the Territory'.<sup>26</sup>

The company's attitude towards the African population likewise inhibited local development. While labour recruitment for work outside the territory was specifically prohibited, it was not intended that the local people should use their labour to produce their own cash crops. Rather, aware that the area was deficient in population, the company reserved male labour for work on local sugar plantations and for public works projects.<sup>27</sup> Women were compelled to grow cotton and other crops and sell them only to the company's agents. Thus the company enjoyed a monopoly over African production. Further, local officials were paid but a low wage and were allowed to supplement this wage by retaining a percentage of the receipts from African-produced goods, notably cotton, beeswax and rubber.<sup>28</sup> This policy led to abuses.

Forced labour in the company's territories was both legal and universal, and hut taxes were set high enough to ensure that the people would have to work for long periods to obtain enough money to discharge their obligations. When the company was experiencing financial difficulties in 1910, its two responses were to curtail its already low local spending and to double the hut tax.<sup>29</sup> In addition to the forced labour, the high hut taxes and the prohibition of Africans from freely engaging in cash-

<sup>23</sup> R. C. F. Maugham, *Zambezia* (London, 1910), 96.

<sup>24</sup> *Report on the Trade of the Portuguese Possessions in East Africa for the Year 1911* (Foreign Office Annual Series No. 4881), 7.

<sup>25</sup> F.O. 367/188, Richards to F.O., 19 Nov. 1910; Gilmour to Tilley [F.O.], 21 Nov. 1910.

<sup>26</sup> F.O. 367/235, 'Report on the Mozambique Company', by Col. G. O'Sullivan, 20 Apr. 1911. This was not surprising, since the local police numbered only about two hundred, half of whom were conscripted from among convicted criminals. Further, there was no rifle range in the territory and the Company possessed only about 30,000 rounds of ammunition. See F.O. 367/236, War Office to F.O., 16 Mar. 1911.

<sup>27</sup> F.O. 63/1449, Hale to Secretary, Transvaal Chamber of Mines, 6 Feb. 1902; F. Crowe to Milner, 10 Mar. 1902; Arnold to Milner, 22 Apr. 1902.

<sup>28</sup> Maugham, *Zambezia*, 100.

<sup>29</sup> *Ibid.* 96.

cropping, the company failed miserably in providing the schools, hospitals and other facilities required under its charter. Neglect, oppression and exploitation culminated in the Makombe uprising of 1917, sparked by an attempt to recruit five thousand men for the dreaded carrier service in the East African campaign.<sup>30</sup> In the wake of this revolt the company reacted in typical fashion by trying to persuade the neighbouring Nyasaland Protectorate to raise its hut tax from three shillings to £1. The company argued that 'the Natives in Mozambique work six months per annum, while . . . your Natives . . . work much less'. Quite accurately, the company realized that the disparity in taxes and the level of oppression that existed in its territories were resulting in the leaking away of its 'most valuable asset'.<sup>31</sup> The laws enacted by the company to prevent such leakage were exceedingly severe: the penalty for a man caught trying to leave was twenty months of forced unpaid labour.<sup>32</sup>

From the point of view of internal development, then, as also from the point of view of maintaining Portuguese influence locally, the Mozambique Company failed wretchedly in its first thirty years. Instead of constructing an infrastructure through investment, it ruthlessly exploited the local population, and as late as 1910 the only substantial economic activity, aside from the transport trade, were a few sugar plantations.<sup>33</sup> And instead of fulfilling the charter's stipulations, the company's directors were content to fill their pockets through manipulation of the share values of stocks.

The Nyassa Company's experiences in the far north of Mozambique closely paralleled those of the Mozambique Company, and its effects were still worse. Its area was far less promising than the Mozambique Company's. It was not strategically located and could count on no transit trade to the interior, hence it attracted little capital. In the days before the charter, northern Mozambique was an economic backwater, with little legitimate trade other than the export of cowrie shells to West Africa. Portugal's presence was limited to a few coastal enclaves, and the hinterland was still a source of slaves for the Indian Ocean littoral.<sup>34</sup> Only at the end of the 1890s did the company attempt to administer the area it had held for almost a decade.<sup>35</sup> These attempts enjoyed little success, and immense stretches of land remained beyond the company's writ. In 1898,

<sup>30</sup> T. O. Ranger, 'Revolt in Portuguese East Africa: The Makombe Rising of 1917', *St Antony's Paper No. 15: African Affairs, No. 2* (London, 1963), 63.

<sup>31</sup> National Archives of Malawi [N.A.M.], GOA 2/4/29, Oury to Gov. Smith, 7 Sept. 1917.

<sup>32</sup> *Report for the Year 1908 on the Trade and Commerce of the Province of Mozambique* (Foreign Office Annual Series No. 4261), 29.

<sup>33</sup> Maugham, *Zambesia*, 97.

<sup>34</sup> F.O. 84/1505, Pro-Consul, Mozambique to Derby, 5 Apr. 1878; F.O. 84/1901, O'Neill to F.O., 20 Apr. 1888 and 6 Dec. 1888; F.O. 881/5762, 'Report by Consul O'Neill on the Financial Condition of the Portuguese East African Possessions (1888-89)'. The total revenue for all northern Mozambique in 1888-89 was a trifling £23,044.

<sup>35</sup> *Report for the Year 1900 on the Trade of Mozambique* (Foreign Office Annual Series No. 2608), 6.

for example, only £776 was collected in hut tax from the vast area of about eighty thousand square miles.<sup>36</sup> In the south-west the Yao chief Mataka remained independent until he was subdued in 1912 with the aid of forces from Nyasaland, while in the north the Makonde resisted effectively until after World War I.<sup>37</sup>

In this situation it was impossible for the shareholders to enrich themselves in Ochs's manner, through share manipulation. If profits were to be made, they would have to be made from the territory itself. Yet they could not be made through a programme of capital investment, for the company lacked capital and its area was far too large. Instead, the company hit upon two solutions. One was to use the manpower available in the area as a source of labour for other parts of Africa and thus as a source of profit to the company. As the Rand's mines expanded, a need for labour drawn from beyond the Transvaal deepened. In the mid-1890s, to ensure at least part of these requirements, the South African firm of Lewis and Marks began to acquire an interest in the Nyassa Company. Sammy Marks, head of Lewis and Marks, had had prior interests in Mozambique, and it was natural that he should have turned to it as a source of labour.<sup>38</sup> When, after the South African War, Milner concluded a *modus vivendi* with the Mozambique government which allowed the recruitment of labour south of 22° S., labour in the area to the north was to be disposed of as the local authorities might decide.<sup>39</sup> Initially, the Nyassa Company itself collected labour, but in 1903 an agreement was signed with the Witwatersrand Native Labour Association [W.N.L.A.] allowing it to recruit.<sup>40</sup> W.N.L.A. did so with zeal and the results were African uprisings against the Association's policies of forced recruitment.<sup>41</sup> Continued pressures by W.N.L.A. resulted in continued unrest, and in 1906 the Nyassa Company's weak forces suffered a series of military defeats at the hands of Chief Machecha in the far north-east and were driven from the

<sup>36</sup> C.O. 525/59, Memorandum on the Nyassa Company, encl. in R. Williams to E. Crowe [F.O.], 22 Apr. 1914.

<sup>37</sup> E. A. Alpers, 'Trade, State and Society among the Yao in the Nineteenth Century', *J. Afr. Hist.*, x, 3 (1969), 420.

<sup>38</sup> Marks was a great friend of Kruger and reputedly the wealthiest man in the Transvaal, being deeply involved in the notorious liquor and dynamite monopolies. When Kruger attempted to extend the Transvaal's influence into the Delagoa Bay area, he turned to Marks. One of Marks's associates, Leon Cohen, acquired a pier concession in Lourenço Marques that was intended as the base for future Transvaal influence in the port. See Cecil Headlam, ed., *The Milner Papers: South Africa, 1897-1905* (London, 1931), 1, 75; Charles van Onselen, 'The Randlords and Rotgut, 1886-1903', unpublished seminar paper given at the Institute of Commonwealth Studies, University of London, May, 1975, 2; J. S. Marais, *The Fall of Kruger's Republic* (Oxford, 1961), 27-33; Stanley Jackson, *The Great Barnato* (London, 1970), 140; *The South African Mining Journal*, 25 July 1896, encl. in F.O. 63/1332, Casement to F.O., 4 Aug. 1896; F.O. 179/359, H. MacDonnell to Lansdowne, 30 May 1901.

<sup>39</sup> F.O. 63/1449, F. Crowe to F.O., 15 Apr. 1901 and H. MacDonnell to Lansdowne, 6 Nov. 1901. See James Duffy, *A Question of Slavery* (Oxford, 1967), 142-6, for a discussion of the *modus vivendi*.

<sup>40</sup> F.O. 179/390, H. MacDonnell to Lansdowne, 9 Feb. 1904.

<sup>41</sup> C.O. 525/6, Lyttelton to Milner, 13 Jan. 1905.

coastal areas of Palma, Mocimboa and Nangode.<sup>42</sup> Thus rebuffed, W.N.L.A. was able to obtain only two hundred men. Recruitment faltered until 1909, when W.N.L.A., this time with more force behind it, revived its activities.<sup>43</sup>

Because of the defeats the company had suffered, and because of the debts it had incurred, the company was forced to restructure its debt in 1908. Needed funds were loaned to it by a new company, the British-registered Nyassa Consolidated Company, which was under the control of Lewis and Marks.<sup>44</sup> From 1908 onwards the Nyassa Consolidated Company functioned as the holding company for the Nyassa Company, and effectively controlled it. With its new financial backing from Lewis and Marks, the company was able to ensure the continuance of W.N.L.A.'s activities, in spite of the appallingly high death rate of seventy per thousand per annum endured by the labourers recruited for the Rand.<sup>45</sup> When the South African government, concerned about the high death rate, forbade further recruiting north of 22° S. in 1913, Lewis and Marks looked for new areas to which to send their forced labour.<sup>46</sup> The Nyassa Consolidated Company itself had begun in 1912 to recruit for the sugar estates of the lower Zambezi and for port development work at Mombasa.<sup>47</sup> But perhaps the most attractive alternative to the Rand were the mines of Katanga, an area chronically short of labour. In 1913 an agreement was signed with Robert Williams, who had a major stake in the Benguela Railway and the Katanga mines, to supply Nyassa labour to Katanga.<sup>48</sup>

Profits derived from the sale of forced labour were inadequate for the backers of the Nyassa Consolidated Company. As a second source of income, they turned to the local population. By 1912 the local hut tax stood at £31,430. Although this represented but a fraction of what could have been collected had the company controlled all its territories, it nonetheless constituted the chief local source of revenue for the company.<sup>49</sup>

<sup>42</sup> F.O. 371/48, Villiers to F.O., 22 Mar. 1907. At Palma, an alliance of forces belonging to the local Swahili rulers together with the forces of the Yao chief, Mchemba, routed a Nyassa Company expedition of four hundred men. Chief Mchemba had earlier fled from German oppression in Tanganyika. F.O. 371/48, Maugham to F.O., 12 Mar. 1907; John Iliffe, *Tanganyika under German Rule: 1905-1912* (London, 1969), 17-18.

<sup>43</sup> *Report for the Year 1909 on the Trade and Commerce of Mozambique* (Foreign Office Annual Series No. 4430), 6.

<sup>44</sup> See F.O. 371/2086, Rowsell to R. Williams, 30 Mar. 1914, encl. in R. Williams to E. Crowe, 22 Apr. 1914, for details regarding the Nyassa Consolidated Company.

<sup>45</sup> I.D. 1189, *Manual of Portuguese East Africa*, 178-80.

<sup>46</sup> See *Report for the Year 1913 on the Trade and Commerce of Lourenco Marques and Other Portuguese Possessions in East Africa* (Foreign Office Annual Series No. 5385), 42.

<sup>47</sup> F.O. 367/342, Bostock to E. MacDonnell, 22 Jan. 1913.

<sup>48</sup> C.O. 525/59, R. Williams to D. Lane, 19 Mar. 1914, encl. in R. Williams to E. Crowe, 22 Apr. 1914; see also Bostock to E. MacDonnell, 25 Feb. 1914, encl. in E. MacDonnell to Grey, 31 Mar. 1914. Katanga was short of labour because of its sparse population and also because the Northern Rhodesian Government had closed the Congo-Rhodesian border in adherence to the Sleeping Sickness Regulations. This action cut off a traditional source of the Congo's labour.

<sup>49</sup> C.O. 525/59, Memorandum on the Nyassa Company, encl. in R. Williams to E. Crowe, 22 Apr. 1914.

The local British consular officer noted that this tax was in reality a poll tax

on women, and is collected by the simple expedient of sending out the native soldiers from the posts at collection time to round up all the women on whom they can lay hands. The women are brought to the posts and kept there until the husbands and fathers rescue them by paying the tax.<sup>50</sup>

In addition to tax collections, the company ceded sub-concessions to companies for the exploitation of certain monopolies. For example, the Nyassa Rubber Company, controlled by Lewis and Marks, held a monopoly over the rubber trade in the company's territories. Similarly, Lewis and Marks established the Nyassa Trading Company, which did business in the larger towns. In addition to the fact that these stores received all the custom of the local company officials, on orders from London, African labourers recruited for work outside the territory were paid a substantial part of their wages in scrip redeemable only at the stores of the Nyassa Trading Company.<sup>51</sup>

The company sought, then, to maximize income from the inhabitants of the region. Concomitantly, it aimed at minimizing the costs of administration. To achieve this it systematically ignored its charter. Although the charter required a school in every settlement of five hundred or more, not a single school was built in the history of the company.<sup>52</sup> At the height of the company's activities in the mid-1920s there were only three doctors to serve a population of 300,000 people, and the only hospital was on the island of Ibo, inaccessible to most Africans. The railways, roads and lighthouses required by the charter were never built.<sup>53</sup> So feeble was the company's presence in the area that the British Vice Consul could note in 1911:

The appearance presented by Portuguese Nyasaland as a whole, therefore, is that of a country in which the first feeble attempts at occupation and development are now being made. It is difficult to realise that one is looking at the results of seventeen years of effort, for truth to tell, there is literally nothing whatsoever, once a military post is left behind, to suggest the presence of the white race has ever made itself felt there. . .<sup>54</sup>

<sup>50</sup> F.O. 367/291, Bostock to E. MacDonnell, 10 July 1912, encl. in E. MacDonnell to Grey, 5 July 1912.

<sup>51</sup> *Ibid.* The rubber company never achieved very much because of Makonde resistance to its brutalities, which paralleled those in the Congo Free State. The chief enforcer of the rubber collection campaign, Simms, admitted 'that he shot and killed more than sixty Makondi' on one occasion. C.O. 525/59, Bostock to E. MacDonnell, 25 Feb. 1914, encl. in E. MacDonnell to Grey, 31 Mar. 1914.

<sup>52</sup> F.O. 371/2992, E. MacDonnell to Long, 4 Sept. 1917, encl. in Long to F.O., 29 Nov. 1917.

<sup>53</sup> F.O. 371/15014, Portuguese Colonial Minister to Portuguese Foreign Minister, 29 Nov. 1929, encl. in Lindley to Howard-Smith [F.O.], 28 Jan. 1930.

<sup>54</sup> F.O. 367/237, 'Report on Portuguese Nyassaland', encl. in Maugham to F.O., 29 Nov. 1911.



With much of the eighty thousand square miles of hinterland closed to European penetration, the slave trade with Arabia continued well into the twentieth century. The company decided to profit from this trade which it was powerless to eradicate. It thus placed no restrictions upon the sale of powder, and one trading post alone, at Ibo, sold four thousand kegs of powder in 1910.<sup>55</sup> The Portuguese government was unhappy with this situation, fearing that its reputation as an imperial power, never very high, would be sullied by the negligent policies of the company and its connivance at the slave trade.<sup>56</sup> But official Portuguese criticisms of the company were unavailing against the power of the company's British and Portuguese directors and Portugal's reluctance to offend her ancient ally.<sup>57</sup>

If the Nyassa Company allowed the lawlessness of the slave trade to continue, it was itself responsible for another form of lawlessness. To curtail administrative costs the company paid the local officials, often Portuguese of limited education, very little. Instead, they were allowed to retain 4 per cent of all taxes they collected. Further, they were permitted to establish their own plantations to supplement their income. These practices led to widespread terrorization of the local population. Taxes were collected by force and sometimes more than once a year. Labour was forced to work on the officials' plantations. As the bulk of the male population was exported to other parts of Africa, the local population was largely women and children. The abuses against these people were horrific, as all means possible were embraced to compel the people to work.<sup>58</sup> Rape was so common that it was accepted without surprise, and an observer could remark with justice in 1914 that 'so far as natives are concerned, this is a land of blood and tears, where the most brutal ill-treatment is no crime and murder merely a slight indiscretion'.<sup>59</sup> Where

<sup>55</sup> *Ibid.* Maugham reports that certain Yao chiefs sent slaves from the central and northern parts of the Nyassa Company's territory to 'the markets of the Persian Gulf'. Especially prized were youths castrated in Mozambique and sold in the Gulf as eunuchs. That this trade could exist as late as 1911 was due to the fact that the British had virtually withdrawn their anti-slave trade squadron from the East African coast a few years earlier, leaving the way open for a recrudescence of the traffic. This report indicates that Duffy is incorrect in implying that Portuguese naval activity brought an end to the trade in 1902 (*A Question of Slavery*, 160-1).

<sup>56</sup> F.O. 367/237, F.O. to C.O., 14 Aug. 1911, reporting Freire d'Andrade's remarks.

<sup>57</sup> Thus, for example, when the Portuguese Government's Intendente in the company's territories, Dr. Temudo, attempted in 1912 to launch a campaign against the company's abuses, he was dismissed at the behest of powerful figures in Lisbon. F.O. 371/2992, E. MacDonnell to Long, 14 Sept. 1917, encl. in Long to F.O., 24 Sept. 1917.

<sup>58</sup> For example, one official, Sanchez, was reported to have crucified women on the shores of Lake Malawi when they resisted his edict to work. Another at Arimba compelled women with infants at breast to labour in the fields without supplying food to them, while another official, at the coast, paid his forced labour with used gramophone needles. C.O. 525/59, Hemming to Bostock, 7 Feb. 1914, encl. in Bostock to E. MacDonnell, 25 Feb. 1914, encl. in E. MacDonnell to Grey, 9 Mar. 1914; F.O. 371/2992, E. MacDonnell to Long, 14 Sept. 1917, encl. in Long to F.O., 24 Sept. 1917.

<sup>59</sup> C.O. 525/59, Hemming to Bostock, 7 Feb. 1914, encl. in Bostock to E. MacDonnell, 25 Feb. 1915, encl. in E. MacDonnell to Grey, 9 Mar. 1914. H. J. Read of the Colonial



possible, the people resisted, keeping the company's troops at bay. Where resistance was beyond them, they fled in large numbers to havens in Tanganyika and Nyasaland. This resulted in a general depopulation of the area, with over one hundred thousand people estimated as having fled to Nyasaland alone before 1919.<sup>60</sup>

The years before 1919 were years of oppression and exploitation, rebellion and mass emigration in the territories of the Nyassa Company. Its rule did not produce an enclave of British-oriented administration, as had the rule of the Mozambique Company further south, but it did produce an enclave of desolation and poverty. Well might both Portuguese and British officials lament the company's policies. But nothing was done because of the influence of the capitalists who owned the company, and from the point of view of internal development, the rule of the Nyassa Company was a disaster, failing wholly to realize the Portuguese hopes of 1891.

#### *External Weaknesses to 1919*

While chartered rule was wholly unsatisfactory for Mozambique's internal development, it also proved an exceedingly weak defender of Portuguese sovereignty. The companies could not withstand the pressures of avaricious external interests, largely because these companies *were* private companies whose shares could easily be purchased by non-Portuguese.

In the 1890s Portugal was drawn into a complex web of international rivalries between powers anxious to despoil her of Mozambique's ports and gain access to its labour. The existence of the chartered companies facilitated the spinning of this web. Before 1895 Cecil Rhodes and his B.S.A.C. had been the principal bugbears of the Portuguese. Delagoa

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Office minuted, 'It is to be hoped that the general public will become aware of this disgraceful state of affairs & that pressure will be brought to bear as in the case of the Congo,' while Harcourt agreed that the situation was 'disgusting'. Minutes of Read, 21 Apr. 1914, and of Harcourt, 17 Feb. 1914. Consul E. MacDonnell explained why the public was being kept in the dark: 'The scandalous state of affairs which at present exists has for many years been kept from the public through the all-powerful influence of Dr. Centeno in Lisbon, and the apparently strong social and financial position of the British Board of Directors.' E. MacDonnell to Grey, 31 Mar. 1914. Some years before, in 1906, Marks had been charged with being involved in the forced labour business in Mozambique. He was acquitted by Lord Selborne, the High Commissioner, who assured Whitehall that 'Mr Marks is a man in whose honour and respectability I have complete confidence'. F.O. 367/19, Selborne to Elgin, 16 July 1906.

<sup>60</sup> See *The Central African Times*, 23 Aug. 1902, for a report of the beginnings of this migration into British Central Africa. Also, F.O. 367/237, Manning [Gov. of Nyasaland] to Harcourt, 4 Nov. 1911, comments that unrest and maladministration in the Nyassa Company's territories resulted in a constant flow of people from them into the Nyasaland Protectorate over the preceding ten years. Consul Maugham, in his report for 1911, remarked that in coastal areas that had formerly been densely populated, the population had shrunk to a bare remnant. F.O. 367/237, encl. in Maugham to F.O., 29 Nov. 1911. See also Lewis M. Bandawe, *Memoirs of a Malawian* (Blantyre, Malawi, 1971), 43.

Bay, which he wanted kept out of Kruger's hands, and Beira, the future port of the Rhodesias, were his prime goals. As early as the late 1880s he had manoeuvred to obtain these.<sup>61</sup> Although these attempts failed, Rhodes's spectre afterwards haunted the Portuguese, especially when they contemplated his control over the railway from Beira to Mashonaland. Against this threat from an expansive B.S.A.C., Portugal sought to play off Germany against Britain at Delagoa Bay. German pressures here remained constant down to at least 1896, complicating British designs upon the Transvaal.<sup>62</sup> The British were further distressed in 1897 when a French threat in the area also materialized. Portugal, in grave financial difficulties, turned to France for a loan. The British Minister at Lisbon, Sir Hugh MacDonnell, was deeply concerned and wondered whether Britain could rescue Portugal from the 'clutches of France'. 'That the French are indefatigably at work to undermine what they consider our illusory hold on Lourenço Marques is beyond doubt', he noted gloomily.<sup>63</sup>

A French takeover of the Mozambique Company from British interests was seen as part of this process of undermining the British presence in Mozambique. In 1897 a consortium of French financiers and politicians, led by Edmond Bartissol, a member of the Chamber of Deputies, had gained control of the company.<sup>64</sup> The French used their new position to issue a new lot of 120,000 shares, 108,000 of which were sold to the Banque de Paris et Pays Bas.<sup>65</sup> This move bolstered French control and further isolated the British shareholders in the company. At the same time, the French shareholders decided to lay a new cable from Beira.

<sup>61</sup> Hammond, *Portugal and Africa*, 139-47; Galbraith, *Crown and Charter*, 160-202, *passim*.

<sup>62</sup> F.O. 63/1250, H. MacDonnell to Rosebery, 2 Apr. 1893. See Ronald Robinson and John Gallagher, with Alice Denny, *Africa and the Victorians* (London, 1963), 410-49, for a discussion of British motives, and Jeffrey Butler, 'The German Factor in Anglo-Transvaal Relations', in Prosser Gifford and Wm. Roger Louis, eds., *Britain and Germany in Africa: Imperial Rivalry and Colonial Rule* (New Haven, 1967), 191-203, for a consideration of Germany's role in Mozambique.

<sup>63</sup> F.O. 63/1359, H. MacDonnell to Salisbury, 24 Feb. 1897. The British feared that the Portuguese might grant concessions in Mozambique injurious to British paramountcy throughout southern Africa in order to obtain French loans. Chamberlain at the Colonial Office and Bertie at the Foreign Office were strong advocates of a firm policy towards Portugal to prevent the growth of French influence in the area. See, for example, F.O. 63/1359, Bertie to Selborne, 8 Apr. 1897; Memorandum of J. Chamberlain, 18 June 1897; Chamberlain to Bertie, 24 Nov. 1897; and Bertie's minute of 25 Jan. 1898, among others.

<sup>64</sup> The French takeover of the company resulted largely from Ochs's disenchantment with his position in Mozambique. In 1896 he had attempted to persuade the Portuguese to allow a merger of the Mozambique Company with the Companhia da Zambesia, in which he was a powerful force. Aware of the denationalization occurring south of the Zambezi, the Portuguese refused. Subsequent to this rebuff, Ochs lost interest in the Mozambique Company and approached Dr Leyds, Kruger's Secretary of State, in an unsuccessful attempt to sell his shares to the Transvaal. F.O. 63/1311, Thornton to Salisbury, 7 Sept. 1896; Hammond, *Portugal and Africa*, 263.

<sup>65</sup> F.O. 179/340, Thornton to Salisbury, 26 Sept. 1898. The other twelve thousand shares were deposited with the Portuguese government, which had a right to 10 per cent of all share issues.

The British protested to the Portuguese against this plan, asserting that this was 'part of a wider scheme to foster French interests in Portuguese East Africa in connivance with the Transvaal to the detriment of those of Great Britain'.<sup>66</sup> Ochs's failure to forestall this French advance into the company prompted the British Minister in Lisbon to suggest the replacement of Ochs as leader of British interests in the company by 'one or more respectable British subjects'.<sup>67</sup>

In addition to pressuring the Portuguese to maintain the *status quo* in Mozambique, the British sought to come to an agreement with Germany over the future of the Portuguese empire so as to blunt the short-term German threat in southern Africa. When in 1898 the Germans approached Britain about a partition of the entire Portuguese empire, the British responded favourably. The two powers secretly agreed to the future partition of the empire, with the area in Mozambique south of the Zambezi scheduled to fall to Britain.<sup>68</sup> This agreement was to have considerable influence upon the lives of the chartered companies in later years.

Once the South African war was over, Milner's regime in the Transvaal sought to secure its influence in Mozambique. The first step was the *modus vivendi* of 1901, which regulated railway rates and traffic and allowed the recruiting of Mozambique labour south of 22° S. for the Rand's mines. Milner had wanted the area north of 22° S. to be covered by the agreement, but the Mozambique Company had refused. This recalcitrance, coupled with lingering suspicions of the French, led Whitehall to try to bring the company under informal British control. Sir George Goldie suggested that Britain should intervene in the company's affairs to protect British interests in south-east Africa, and in this suggestion he was supported by Milner and Chamberlain.<sup>69</sup> The Foreign Office decided to support the British faction, still led by Ochs, in an attempt to wrest control of the company from the French faction, led by Bartissol and Albert Thys, financial adviser to Leopold II of Belgium. Thus the

<sup>66</sup> F.O. 179/340, H. MacDonnell to Salisbury, 19 Jan. 1898.

<sup>67</sup> F.O. 179/340, H. MacDonnell to Salisbury, 5 Nov. 1898. Nothing was done along these lines, however, perhaps because of the outbreak of the South African war, and French control remained for several years.

<sup>68</sup> The agreement was that Portugal should take a loan from Britain and Germany that would be guaranteed by the customs revenues of the Portuguese colonies. The areas assigned to the lenders would 'amount to a declaration of future ownership of the part of the Power accepting the security'. Having agreed, they coolly offered the Portuguese a loan, pushing it upon them with considerable vigour. The Portuguese government, wary of their intentions, resisted the pressures effectively. F.O. 63/1359, Salisbury to Gough, 17 June 1898; H. MacDonnell to Bertie, 14 June 1898. Also F.O. 179/340, Thornton to Salisbury, 30 Sept. 1898, in which the British Chargé d'Affaires relates the pressures he has put upon the Portuguese Prime Minister to accept an Anglo-German loan. Thornton's report casts serious doubts upon subsequent British claims that they really did not want Portugal to accept a loan and that they had been forced to accept the loan stratagem because of German threats. See, for example, F.O. 800/176, Bertie to Grey, 12 Jan. 1912 (Private Papers of Sir Francis Bertie). For a discussion of the Anglo-German agreement, see Hammond, *Portugal and Africa*, 245-71.

<sup>69</sup> F.O. 63/1446, Antrobus [C.O.] to Lansdowne, 20 Oct. 1902.

British Minister in Lisbon intervened on behalf of the Ochs faction with the Portuguese government.<sup>70</sup> After a protracted struggle that lasted three years, during which both Britain and France applied pressures to the Portuguese government, the French faction was displaced, and the Mozambique Company became guardian of British interests around Beira.<sup>71</sup> Finding it impossible or inexpedient to take over the territory directly, the British had used boardroom politics to achieve its ends. The alliance between foreign policy and capital proved to be a strong one in the long run, and the chartered company had failed to block British expansionism in the area.

In subsequent years the drift towards British dominance in the region continued, sometimes manifesting itself in odd ways. The Beira–Mashonaland railway, the lynchpin of the area's economy, came under the control of the South African Railways, which raised its rates to force traffic from it onto the Cape lines.<sup>72</sup> The subsequent reduction in transit traffic resulted in a prolonged economic depression in the company's area and profound tension between the B.S.A.C. and the company. This tension broke into the open when the B.S.A.C. attempted to gain formal control over the port of Beira. Ochs's agent there, Arnold, wrote that the B.S.A.C. suffered from a failure

to recognise that the scene of the proposed enterprise is in a foreign country. One and all . . . appeared to assume that any control of the local authorities is unreasonable. . . They appear to regard the line of the Beira railway as a strip of British territory traversing the Portuguese country lying to either side of it, subject to no law but British law and no control but commercial control.<sup>73</sup>

Strife between the powerful B.S.A.C. and the company over labour recruiting, port developments and rail rates continued throughout 1907 and 1908, leaving the area mired in economic stagnation.<sup>74</sup>

The apparently irreconcilable conflict between Ochs and his old adversary, the B.S.A.C., and the continued depression in the company's territory led to Ochs's increasing disenchantment. Shares again began to slip from his hands into French hands. The British government was

<sup>70</sup> F.O., 179/368, Gosselin to Lansdowne, 25 Oct. 1902; also Thornton to Lansdowne, 15 Oct. 1902.

<sup>71</sup> For a brief account of this struggle, see Leroy Vail, 'The Making of an Imperial Slum: Nyasaland and its Railways, 1895–1935', *J. Afr. Hist.*, xvi, 1 (1975), 95. The intricacies of the dispute are covered in the F.O. 63/1446 file. It should be noted that the takeover resulted in a noisy nationalist reaction in Lisbon, especially as Ochs was accused of using his position in the Mozambique Company to yield lucrative sub-concessions to his other enterprises, most notably the Oceana Consolidated Company. See *The Central African Times*, 17 Oct. 1903 and F.O. 179/377, Gosselin to Lansdowne, 25 Sept. 1903.

<sup>72</sup> F.O. 63/1446, Gosselin to Lansdowne, 10 Dec. 1904.

<sup>73</sup> F.O. 367/17, Memorandum of J. Arnold, 19 Aug. 1906.

<sup>74</sup> Smuts requested in 1907 that the Foreign Office induce Portugal to allow labour recruiting in the territory of the Mozambique Company. No reply was received from the Portuguese, and the area remained closed to recruiting. See C.O. 417/455, Selborne to Elgin, 17 Feb. 1908 and F.O. 367/88, C.O. to F.O., 23 May 1908.

unable to stem this erosion of British influence in the area. When it was suggested that Southern Rhodesia might take a lease on the area, the Colonial Office, ever watchful against an expansion of Rhodesian power, rejected the notion as impractical.<sup>75</sup> In 1909 Ochs's British colleagues removed him as their leader, but it was too late. French interests had gained the upper hand. Although the company was chronically unhealthy, the French acted as asset-strippers and declared dividends where none were justified, systematically looting the company. In 1910 settlers in the territory demonstrated against the company, and there were rumours that the B.S.A.C. was about to sponsor a filibustering expedition into the area. Harcourt at the Colonial Office squelched the alleged plot, but he was quite aware that some action to shore up imperial interests was essential.<sup>76</sup> It was at this juncture that the British found a new ally, far more trustworthy than the shifty Ochs and far more willing to co-operate with the B.S.A.C. Their new ally was Libert Oury.<sup>77</sup>

Oury, a British subject, had become a director of the Mozambique Company in 1910. In 1911 he moved to end the prolonged squabble between it and the B.S.A.C., accepting that its interests and his own were largely identical.<sup>78</sup> But as he was still at the mercy of the French majority of shareholders, he sought British government help in consolidating his position, warning that settlers might declare their independence if a reform of the company were not pursued.<sup>79</sup> Harcourt responded by writing to the High Commissioner in South Africa, reminding him of Chamberlain's policies towards the Mozambique Company and urging him to find a wealthy South African who would purchase shares in it to strengthen imperial control.<sup>80</sup>

The plan succeeded, and French influence was reduced. In the years ahead Oury was to pursue a far more energetic policy than had Ochs, co-operating fully with British interests in the area, both imperial and Rhodesian. The first fruit of this change was a new attitude towards labour recruiting. In 1913 an agreement was reached by which Southern Rhodesia was allowed to recruit labour in the Tete district and in Barue, which was under company control.<sup>81</sup> This departure from long-held

<sup>75</sup> C.O. 417/455, Minute of H. M. Lambert, 2 July 1907.

<sup>76</sup> F.O. 368/188, Richards to F.O., 19 Nov. 1910; C.O. 537/550, Harcourt to Gladstone, 15 May 1911 and Minute of 9 Oct. 1911. The Colonial Office warned the B.S.A.C. against such a plot, supposedly sponsored by Abe Bailey with the connivance of General Botha. See Minute of J. Earle, 10 Oct. 1911.

<sup>77</sup> For a brief account of Oury's initial involvement with Mozambique, see Vail, 'Imperial Slum', 97.

<sup>78</sup> See 'Mr. Libert Oury's Life and Work', *East Africa and Rhodesia*, 11 May 1939, 998, and Emile d'Erlanger, *The History of the Construction and Finance of the Rhodesian Transport System* (privately printed, n.p., n.d. [London, 1938]), 42-3.

<sup>79</sup> C.O. 537/553, Memorandum of H. M. Lambert, 9 Jan. 1913.

<sup>80</sup> C.O. 537/553, E. Crowe to Harcourt, 17 Dec. 1912; Harcourt to Gladstone, 18 Jan. 1913; see also F.O. 367/288, Minute of Tilley, 7 Dec. 1912.

<sup>81</sup> F.O. 367/341, Gladstone to Harcourt, 7 Jan. 1913; Minute of E. Crowe, 23 Jan. 1913. For a detailed discussion of the agreement, see P. R. Warhurst, 'The Tete Agreement', *Rhodesian History*, 1 (1970), 31-42.



policies heralded a new era of co-operation between the B.S.A.C. and the company which deepened after World War I as Anglo-Rhodesian interests solidified their hold upon the territories of the Mozambique Company and used it to further their own ends.

While Britain was dealing with the Mozambique Company, what of the Nyassa Company? In the years after the South African war Germany's expansionary designs were directed throughout the world, towards China, the Middle East and Morocco, and she largely forgot the Portuguese empire. After 1910, however, certain events redirected Germany's interest towards it. The 1910 revolution in Portugal cast doubt upon the empire's stability. In 1911 Germany's fingers were burnt in Morocco, and she sought in Central Africa an alternative place for expansion. Thus she decided to seek a fresh agreement with Britain regarding the partition of the Portuguese colonies. Pressures from the Union of South Africa for control of Lourenço Marques and world-wide anti-Portuguese feeling because of forced labour scandals in Angola and on São Thomé encouraged Sir Edward Grey, the Foreign Secretary, to consider seriously the German proposal. As early as January 1912 he had noted that the 'Portuguese colonies and the management of them will continue to be a scandal'.<sup>82</sup> The result of the discussions was a reaffirmation of the 1898 Agreement with slight modifications.<sup>83</sup> This new agreement gave fresh impetus to the building of informal empire in Mozambique by both South Africa and Germany. More particularly, Germany emulated Britain's earlier strategy *vis-à-vis* the Mozambique Company and had her agents purchase shares in the Nyassa Consolidated Company, the Nyassa Company's holding company. In 1913 and early 1914 Whitehall heard rumours of German share purchases.<sup>84</sup> As the area was destined to be Germany's, the British were not upset, and by mid-1914 Germany had, in effect, purchased a colony. The futility of Portugal's policy of employing chartered companies as protectors of Portuguese sovereignty had again been demonstrated.

Not everyone received the news of the German takeover of the Nyassa Consolidated Company with equanimity. Robert Williams, who had come to rely upon labour supplied by that company to his Katanga interests, was greatly displeased. In April 1914 he wrote to the Foreign Office to express his concern lest his labour supply be disrupted.<sup>85</sup> No

<sup>82</sup> F.O. 800/176, Grey to Bertie, 2 Jan. 1912.

<sup>83</sup> See F.O. 367/284 for details of the protracted discussions. The new agreement was never signed because of a dispute as to whether the 1898 agreement should be published.

<sup>84</sup> C.O. 525/59, Grey to Harcourt, 30 Mar. 1914. The purchases were carried out by proxies under the direction of Dr W. C. Regendanz, who represented a syndicate of German banks and shipping lines and who enjoyed the full support of the German Foreign and Colonial Offices. The final deal was completed on 28 May 1914, with Pieter Vuyk, a Dutchman, the chief proxy for the Germans. F. W. Pick, *Searchlight on German Africa: The Diaries and Papers of Dr. W. Ch. Regendanz* (London, 1939), 128.

<sup>85</sup> C.O. 525/59, R. Williams to Lane, 19 Mar. 1914, encl. in R. Williams to E. Crowe, 22 Apr. 1914.



action on Williams's behalf was possible before the outbreak of war rendered the Anglo-German agreement irrelevant and opened the way for a new chapter in British relations with Mozambique.

After the outbreak of war Britain sought to seize Germany's colonies as bargaining counters in later possible negotiations. But such influential figures as Smuts, Harcourt, Curzon and Milner also favoured their partial retention so as to consolidate the British Empire.<sup>86</sup> Smuts carried the idea of removing Germany from Africa one step further, arguing that it would be useful to expunge the Portuguese as well.<sup>87</sup> The Union had its sights set upon Mozambique south of the Zambezi. In this way, as Buxton, the High Commissioner, had earlier suggested, the Union would secure Delagoa Bay and Beira, so as to 'hem in the Chartered Company in anticipation of Rhodesia's coming into the Union'.<sup>88</sup>

Imperial designs towards northern Mozambique were expansionist for reasons of strategy. There was a fear that, if the Germans were allowed to retain control over the Nyassa Company, they would use this area as a base later to undermine the British presence in Tanganyika. In 1915, then, the imperial authorities began to consider how the Germans could be purged from the Nyassa Company and how Portugal might be persuaded to renew the Company's charter so as to provide long-term protection to Britain's strategic interests.<sup>89</sup> This suggestion startled Sir Lancelot Carnegie, the British Minister in Lisbon, who perceived the fundamental weakness of the proposal. He wrote to London that

in view of the notorious maladministration of its territories and the shocking treatment of the natives by its officers . . . the prolongation of the present charter appears most undesirable unless questions of high policy demand it. I doubt, moreover, whether the Portuguese Government would consent, except under pressure of His Majesty's Government, to extend a regime which many Portuguese with a knowledge of Colonial affairs regard as a scandal and a misfortune.<sup>90</sup>

Because Portugal was still a neutral country, Britain could not yet act. In 1916, after much pressure from Britain, Portugal entered the war, and the Colonial Office decided to reopen the question. It suggested that a clean slate should be the goal for the Nyassa Consolidated Company, and that in the light of the past 'unsatisfactory attitude' of Lewis and Marks, the imperial government should feel under 'no obligation to protect the individual private interests in the Company'.<sup>91</sup> Robert

<sup>86</sup> Wm. Roger Louis, *Great Britain and Germany's Lost Colonies, 1914-1919* (Oxford, 1967), 2.

<sup>87</sup> *Ibid.* 7, 83.

<sup>88</sup> Buxton to Harcourt, 28 Apr. 1915, quoted in Ronald Hyam, *The Failure of South African Expansion, 1908-1948* (London, 1973), 27; see also *ibid.*, 28.

<sup>89</sup> C.O. 525/64, Minute of Harcourt, 8 Feb. 1915.

<sup>90</sup> F.O. 371/2440, Carnegie to Grey, 10 Jan. 1915.

<sup>91</sup> C.O. 525/70, Grey to Bonar Law, 14 Apr. 1916.

Williams suggested that Sir Owen Phillips, Chairman of the Union Castle Steamship Company, would be the ideal person to take over Nyassa Consolidated.<sup>92</sup> To solve the problems of Williams's labour supplies, the atrocities and the future strategic security of East Africa, the British decided to move into dealings in company shares once again.

In early 1917 Smuts argued persuasively that Tanganyika should be retained by Britain so as to ensure 'continuity of territory between British South Africa and British North Africa', and he offered to have South Africa bear the burden of responsibility for a chunk of Mozambique as well.<sup>93</sup> In May he urged that a move should be initiated at once against the Germans' puppet owner of Nyassa Consolidated shares.<sup>94</sup> As he wrote a short time afterwards:

Considering that this territory is a big colony in itself, the Imperial Government will secure it very cheaply indeed, and the danger of German intrigue with an insolvent Portuguese Company or Government will be averted. It is of little use depriving Germany of German East Africa if she is allowed to acquire Nyassaland with its fine harbour at Porto Amelia.<sup>95</sup>

The shares were seized, and the Colonial Office was allowed to decide their ultimate deposition.<sup>96</sup>

At this juncture, however, the Portuguese decided to cancel the Nyassa Company's charter for its neglect of its charter obligations. With British interests now involved, London determined to protest to Lisbon.<sup>97</sup> The lever that was to be used was the fact that Portugal had borrowed considerably from Britain to finance her war effort, and hence she was heavily in debt to Britain.<sup>98</sup> In early 1918, while Sir Owen Phillips was purchasing the shares of the Nyassa Consolidated Company, keeping to Smuts's plan that the British 'Government may have an absolutely free hand to deal with this territory after the war through its nominees',<sup>99</sup> the British were seeking an extension of the charter in Lisbon. They used the rather bizarre argument that as the company's record recalled 'the worst horrors of the Congo', it might be used to bolster the call for the internationalization of tropical regions should it become known. Hence, nothing should be done to call the attention of the world to the area and its history.<sup>100</sup> Phillips purchased the shares at four shillings each, promising

<sup>92</sup> F.O. 371/2440, R. Williams to Langley, 25 Oct. 1916.

<sup>93</sup> Louis, *Germany's Lost Colonies*, 82-3.

<sup>94</sup> C.O. 525/77, Long to 'Bob', 11 May 1917; see also Smuts to Read, 30 May 1917.

<sup>95</sup> C.O. 525/76, Memorandum of General Smuts, 15 Jan. 1918.

<sup>96</sup> F.O. 371/2992, Minute of Sir W. Langley, undated [ca. May 1917].

<sup>97</sup> F.O. 371/2992, Minute of Sir W. Langley, 9 July 1917; see also C.O. to F.O., 13 July 1917.

<sup>98</sup> C.O. 525/76, Minute of H. Read, 25 June 1917. See also 371/3371, Minute of T. M. Snow, 5 Jan. 1918.

<sup>99</sup> C.O. 525/76, Memorandum of General Smuts, 15 Jan. 1918.

<sup>100</sup> F.O. 371/3371, Memorandum of Malkin of a Meeting of Representatives of the Board of Trade, the Treasury, the Colonial Office and the Foreign Office, 31 Feb. 1918.

not to sell them without the permission of the imperial government. Satisfied, Smuts 'made it quite clear . . . that the acquisition of the shares in question would . . . be a great advantage to the Union of South Africa, and would be appreciated by his government'.<sup>101</sup> In this way British influence was extended to northern Mozambique to prevent German intrigues against the Cape to Cairo route.

At the same time, the imperial authorities were further consolidating their position in southern Mozambique. At the end of the war they gave full support to Oury in his plan to build a new railway from Beira to the Zambezi 'on grounds of high policy', so as to block the investment of American capital in an area considered vital to British interests.<sup>102</sup> By 1920, then, British influence in Portuguese East Africa seemed secure, partly because Portugal was so deeply in debt to Britain that she had little opportunity for aggressive independence, but primarily because of the British dominance of the two chartered companies that ruled in Mozambique and a pervasive South African presence around Delagoa Bay. Portugal's strategy of inhibiting the expansion of rival powers into Mozambique through the use of the chartered companies had manifestly failed.

### *The Decay of Chartered Rule*

In the 1920s great changes occurred in the relationships between Portugal, Britain, South Africa and the chartered companies. The old situation in which Portugal was little more than an informal colony of Britain was eroded, and by 1930 a new set of relationships had emerged. These changes were largely the result of a new Portuguese attitude towards her colonial empire and towards Britain. With the development of this attitude, the chartered companies were discarded as anachronisms and pushed aside, ultimately with British acquiescence.

Portugal had entered World War I unenthusiastically in 1916, largely because she feared the loss of her colonies if she failed to join the Allies. She had borrowed heavily from Britain, and at the end of the war, deeply in debt, she was angered to discover that she was to receive almost nothing for her sacrifices. The Portuguese were resentful over what they considered Britain's shabby treatment of her ally. In the 1920s this basic resentment was aggravated by chronic inflation, internal instability and a series of revolutions, much of the responsibility for which was attributed to Britain.<sup>103</sup>

Further, during the war there had been strong rumours that Portugal was to be dispossessed of her empire. The Portuguese knew that Smuts

<sup>101</sup> C.O. 525/81, Phillips to Read, 11 Sept. 1918.

<sup>102</sup> C.O. 525/85, Read [C.O.] to Barstow [Treasury], 11 Aug. 1919. For a full discussion of the railway and related projects, see Vail, 'Imperial Slum', 89–112.

<sup>103</sup> F.O. 371/4119, Carnegie to Curzon, 2 June 1920.

had devised his mandate system not for the German colonies, but for those of Portugal.<sup>104</sup> After the war they remained suspicious of South Africa's designs. Repeatedly in the early 1920s Smuts pressed the Portuguese to yield the sovereignty over Delagoa Bay to the Union.<sup>105</sup> When they resisted, Smuts attempted to block the raising of international loans by Portugal.<sup>106</sup> Given Portuguese resentment against Britain and their lively fear of Smuts, it was natural that there should have been an active press campaign against the Union's pretensions. To protect themselves, there was little positive that the Portuguese could do, but there was a great deal that they could refuse to do. They adopted stalling and blocking tactics in an attempt to seize the initiative in Mozambique. The new approach's first victim was the Mozambique Convention of 1909, the successor of the earlier *modus vivendi* of 1901. Indeed, the failure of Smuts to arrive at an agreement with Portugal over this matter was important in his electoral defeat in 1924.

If the early 1920s were dominated by Portuguese resistance to Smuts, a second, and related, theme runs through the period. This was a theme of hostility towards British capital investment in Mozambique. Aware of the erosion of Portuguese influence in the colony by British capital, they determined to reverse the trend. Laws were enacted requiring the use of Portuguese in mission-run schools and providing that Portuguese nationals should be the editors of the colony's newspapers, which were now to be published in Portuguese, not English. In the realm of business, such British-backed firms as the Delagoa Bay Development Corporation and the Incomati Sugar Estates were hard-hit by currency regulations imposed by the Portuguese.<sup>107</sup> Again and again the British protested against these and other attacks upon British capital, but the Portuguese scarcely ever even acknowledged the protests. Cancelled concessions, laws aimed at British firms, currency regulations that mainly injured British merchants and banks, all of these and more brought officials in the Foreign Office almost to tears. Pressure, persuasion and cajolery were equally useless in softening the Portuguese. In 1926, Villiers, the officer in charge of Portuguese affairs, was

wondering whether the moment has not arrived for the Grand Remonstrance, i.e. to present all our claims together in Lisbon and demand satisfaction in no

<sup>104</sup> Louis, *Germany's Lost Colonies*, 7.

<sup>105</sup> As reported, for example, in F.O. 371/8368, Hall-Hall to F.O. 13 Jan. 1922.

<sup>106</sup> F.O. 371/8378, telegram of Smuts to Walton, 6 Feb. 1922, encl. in Walton to E. Crowe, 9 Feb. 1922. Smuts argued that such a loan would allow Portugal 'to be independent of the Union. This should be prevented. [The] Portuguese should not be allowed [to] flout Union Government with help of British money.' Smuts was also concerned with Beira, feeling that this, Rhodesia's port, would be important to South Africa if Rhodesia were to join the Union. The Portuguese protested to the Foreign Office over Smuts's 'undisguised imperial ambitions'. See F.O. 371/8374, Jorge de Santos to Curzon, 31 Aug. 1922; Minute of Villiers, 4 Sept. 1922.

<sup>107</sup> For a discussion of the currency regulations, see Smith, 'Reversal of Portuguese Colonial Policy', 660-2.

uncertain terms. Personally, I should like to accompany this demand with a categorical statement to the effect that failing satisfaction we will lay our whole case before the Assembly of the League of Nations . . . and formally propose that Portuguese East Africa shall be taken over by the League. . .<sup>108</sup>

The ancient alliance was under severe strain.

In May 1926 the Republican government succumbed to a military revolt, and António Salazar became, briefly, Finance Minister. As if foretelling the future, Villiers minuted that 'a strong military dictatorship in Portugal is a consummation much to be desired'.<sup>109</sup> A change had begun.

The troubles with the Union and with British capital meant that the two British-backed chartered companies could expect little from Portugal in the 1920s. It was during this period that the companies' leadership worked in different ways to achieve their goals. Oury and the Mozambique Company bent with the wind, a wise policy. Phillips and the Nyassa Company refused to make any concessions to changing times.

For Oury, 1919 was a watershed. In addition to acquiring the Companhia da Zambesia's mining rights in the area north of Tete, he purchased land in Beira, envisaging the city as a great port for south-east and central Africa.<sup>110</sup> He persuaded the imperial government to guarantee his railway to the Zambezi.<sup>111</sup> His interests ranged far and wide, extending in 1921 to Katanga, where he was able to persuade the authorities to adopt Beira as its port.<sup>112</sup> Oury's interests transcended the territory of the Mozambique Company, and he was willing to accept that the days of the chartered companies were limited. He used his close relationship with the imperial authorities not to maintain the sovereignty of the company, but rather to further his own schemes for economic exploitation. It was with imperial money, for example, that he was able to build a £3,000,000 bridge over the Zambezi to connect Beira with the areas north of the Zambezi, where he owned mineral concessions.<sup>113</sup>

The close relationship that existed between Oury and the imperial government worked to his advantage when he set about developing Beira. With the growth of Southern Rhodesia's economy and the promise of Katanga's trade, it was necessary to improve Beira's facilities. When Oury suggested that the port be brought directly under his control, Smuts

<sup>108</sup> F.O. 371/11930, Minute of Villiers, 10 Mar. 1926. Elsewhere Villiers noted that the Western Department had 'more trouble with Portugal than with all our other countries put together. . . The real solution would be British cruisers in the Tagus and off Lourenco Marques'. F.O. 371/11934, Minute of 10 Mar. 1926. Twenty-four British claims were then outstanding, and the Portuguese were fearful that one of their colonies might be sacrificed to Germany to maintain the spirit of Locarno. Villiers felt that this was the time to play on the Portuguese fears. F.O. 371/11933, Carnegie to Tyrell, 31 Mar. 1926 and Minute of Villiers, 24 Mar. 1926.

<sup>109</sup> F.O. 371/11927, Minute of Villiers, 19 June 1926.

<sup>110</sup> N.A.M. GOA 2/4/29, Oury to Smith, 23 Oct. 1919.

<sup>111</sup> See Vail, 'Imperial Slum', 100-4.

<sup>112</sup> N.A.M. GOA 2/4/29, Oury to Smith, 2 Nov. 1921.

<sup>113</sup> Vail, 'Imperial Slum', 104-8.

protested to London, but London ignored Smuts's complaints.<sup>114</sup> When the B.S.A.C., fearful that a further increase in Oury's power might jeopardize Southern Rhodesia, complained to Whitehall, the Foreign Office suggested that it should come to terms with Oury, a man who clearly knew what he was doing.<sup>115</sup> This the B.S.A.C. decided to do, investing large sums in Oury's projects and through him gaining much influence in Mozambique.<sup>116</sup>

If Oury's relations with the imperial government were useful to him, equally useful was his ability to get along with the suspicious Portuguese. In the early days of the Mozambique Company's rule there had been periodic public outcries against the denationalization that was occurring in its territories. When Oury sought to obtain new concessions in Beira in the 1920s, these protests revived. He succeeded in blunting them, however, by demonstrating that some actual development had occurred in the company's territories and by showing a careful sensitivity to Portuguese national pride. Further, as Villiers noted, he contrived to 'have all the Lisbon politicians in his pay'.<sup>117</sup> Through his strategy, he was the only Briton to gain substantial concessions during the 1920s. Over the protests of the nationalists, the Portuguese permitted the transfer or port development rights at Beira to Oury's British-registered Port of Beira Development Corporation. Overseeing the work were Oury, Dougal Malcolm, representing the B.S.A.C., and Freire d'Andrade, that watchdog of Portuguese colonial probity. By coming to terms with the changes, Oury had succeeded in achieving what was a virtual miracle in the mid-twenties, a new concession to British capital. His harmonious relationship with Britain and Portugal continued until 1939, when he died, laden with decorations from both nations.

In the far north a different situation developed, partly due to the nature of the Nyassa Company's leadership, and partly due to the situation in which the company found itself. When the British arranged the transfer of the Nyassa Company to Phillips, they desired both a reform of its rotten administration and an end to the atrocities, as well as the economic development of an area reportedly potentially rich. Their desires were not realized. As soon as Phillips took over, a military campaign was mounted against the Makonde and over three thousand workers were sent off to the Zambezi sugar fields.<sup>118</sup> In spite of an edict from London banning the possession of private plantations by company officials, the practice did not cease, and the worst culprit was the governor himself.

<sup>114</sup> F.O. 371/7110, Prince Arthur of Connaught to C.O., 6 Apr. 1921; Minute of Campbell, 21 Apr. 1921.

<sup>115</sup> N.A.M. S2/16/24, 'Colonial Office Correspondence with the British South Africa Company Relative to the Port of Beira', Davis [C.O.] to Sec., B.S.A.C., 18 Feb. 1924.

<sup>116</sup> F.O. 371/13427, Carnegie to Bettancourt Rodrigues, 31 Jan. 1928.

<sup>117</sup> F.O. 371/11136, Minute of Villiers, 19 Aug. 1926.

<sup>118</sup> F.O. 371/4131, Read [Vice Consul, Porto Amelia] to E. MacDonnell, 10 Feb. 1920, encl. in E. MacDonnell to F.O., 27 Mar. 1920.



This led to a continuation of the forced labour practices of the pre-war days. Since the average monthly salary for local officials was a mere £1 16s., they could not live on their salaries alone.<sup>119</sup> The Portuguese had earlier complained that the company levied taxes and yet provided no services to the people. No changes occurred in this matter either, except that the company increased the hut tax from eight shillings to ten shillings in 1920 and widened its coverage to all adults. By 1922 the flow of people to Nyasaland was supplemented by a flow of Makua and Yao to Tanganyika in response to the new tax policies.<sup>120</sup> Taxes were again raised in 1924, 1925, 1926 and 1927 to increase revenue and share values. After taxes, the estimated *per capita* spending power for the local people in 1927 was 6d.<sup>121</sup> The company's tax policies were not only onerous, but brutally exploitative, for it paid its labour in devalued Portuguese paper while demanding that taxes be paid in either silver coin or sterling bank-notes, which were not devalued.<sup>122</sup>

Physical violence also continued. In 1922, spurred by a report of atrocities, the Foreign Office requested information from its own officials in the area. The reports received confirmed the allegations that forced labour was still common, largely to obtain labour for export. Detention and rape of women was frequent still, and one report mentioned someone being beaten insensate and having an ear chopped off.<sup>123</sup> The Foreign Office warned Phillips against further 'revolting incidents of this character'.<sup>124</sup>

Phillips's response was that he could more easily reform his company if the Foreign Office could persuade Lisbon to extend his charter for another thirty or forty years.<sup>125</sup> In fact, Phillips did nothing, and the situation continued as before. In 1924 the Consul General wrote that the situation in the company's territories was 'one of actual slavery under cruel and barbaric conditions . . .'.<sup>126</sup> The Foreign Office was far from happy in supporting such a patently corrupt regime as that of Phillips (by now ennobled as Lord Kysant), but in the anti-British atmosphere prevailing in Lisbon, it feared that any weakening of its support of him would encourage Portuguese procrastination over the other claims that were still outstanding.

This was the situation that Salazar inherited in the late 1920s. He sought

<sup>119</sup> F.O. 371/7104, Folliott to Hall-Hall, 31 Oct. 1920, encl. in Hall-Hall to F.O., 14 Dec. 1920; 'A Report Prepared for the Transvaal Chamber of Mines in 1922', *South African Labour Bulletin*, II, 2 (1975), 24-5.

<sup>120</sup> F.O. 371/8375, Governor of Tanganyika to C.O., 9 Oct. 1922.

<sup>121</sup> F.O. 371/15014, Hogg to Pyke, 7 Jan. 1927, encl. in Pyke to F.O., 18 Feb. 1930.

<sup>122</sup> F.O. 371/8377, Governor of Tanganyika to C.O., 4 Oct. 1922. At this time British sterling circulated in Mozambique as legal tender and was preferred to Portuguese money.

<sup>123</sup> F.O. 371/8377, Hall-Hall to F.O., 13 Apr. 1922.

<sup>124</sup> F.O. 371/8377, Villiers to Phillips, 26 May 1922; see also Villiers to Phillips, 27 Nov. 1922.

<sup>125</sup> F.O. 371/8377, Phillips to F.O., 11 July 1922.

<sup>126</sup> C.O. 525/109, Long to F.O., 15 Feb. 1924.

to cut through the morass that had developed in Portugal's colonies and to reinvigorate the Portuguese at home. His attempts were supported by the successive new British Ambassadors in Lisbon, Colville Barclay and Francis Lindley, and the new Chargé d'Affaires, Godolphin Osborne, all of whom were eager to give Salazar the opportunity to put things in order. The first manifestation of this new British attitude was Whitehall's willingness to put pressure on General Hertzog, now Prime Minister of South Africa, to moderate his attitude in negotiations over a renewed Mozambique Convention.<sup>127</sup> British demands for repayment of the war loan to Portugal were greatly eased, and in 1928 Osborne asserted that it was time for Britain to abandon political designs in the Portuguese colonies and readapt to a purely commercial basis.<sup>128</sup> That the days of chartered companies were clearly numbered was recognized in London.

The Nyassa Company was the first to fall. In 1928 the Portuguese announced that they would not renew the company's charter, and in this decision they were supported by both Osborne and the British Consul General in Lourenço Marques.<sup>129</sup> Thus the Nyassa Company came to the end of its disgraceful life. The Foreign Office washed its hands of the matter, pointing out that Kysant had refused to deal with the Portuguese in a spirit of compromise as Oury had so successfully done. This opinion was strengthened when Salazar wrote to Kysant and compared the Nyassa Company's accomplishments most unfavourably to those of the Mozambique Company.<sup>130</sup> The final word was said on the affair when an official of the Foreign Office mused 'whether it is in the long run ever good policy to espouse a *bad* cause'.<sup>131</sup>

Although the Mozambique Company was permitted to continue until the expiration of its charter in 1941, Oury did everything possible to facilitate the transition from chartered rule to direct rule, assuring the British that no diplomatic support was required of them. To preserve his financial interests, it was necessary to come to terms with Salazar's wishes over sovereignty.<sup>132</sup> As with all other chartered companies, the Mozambique Company had not proven itself a financial success. But its sub-concessions were successful, and it was these that Oury wanted to retain.

<sup>127</sup> F.O. 371/12710, Minute of Villiers, 3 Nov. 1927; Chamberlain [F.O.] to Balfour [D.O.], 7 Nov. 1927; Minute of Villiers, 10 Nov. 1927.

<sup>128</sup> F.O. 371/13427, Osborne to F.O., 13 Oct. 1928.

<sup>129</sup> F.O. 371/13423, Osborne to F.O., 22 June 1928. The Colonial Office, in the old Chamberlain-Milner tradition, resisted initially, but the Foreign Office was unimpressed. When Lord Kysant tried, in 1929 to raise the German bogey, the Foreign Office was sceptical of the danger, in spite of Amery's apprehensions. The fall of Amery and the coming to power of Lord Passfield in 1929 at the Colonial Office ended its resistance to the changes. See also F.O. 371/13423, C.O. to F.O., 29 Dec. 1928; F.O. 371/14152, C.O. to F.O., 11 Mar. 1929; C.O. 525/127, Gent [C.O.] to F.O., 6 July 1929; and Pick, *Searchlight*, 162 ff. for Kysant's attempts to interest German capital in purchasing his Nyassa Consolidated shares.

<sup>130</sup> F.O. 371/15014, Salazar to Kysant, 21 Feb. 1930.

<sup>131</sup> F.O. 371/15015, Minute of G.M., 6 Sept. 1930.

<sup>132</sup> F.O. 371/26796, Memorandum of C. H. Fone, 14 Feb. 1941.

*Conclusion*

Under Salazar, direct Portuguese colonial administration replaced reliance upon chartered companies. Between 1890 and 1930 the companies failed to develop the areas they administered and contributed substantially to the exploitation of the local population and the creation of warped and distorted economic structures. In the case of the Mozambique Company, the economy was orientated largely to the transit trade to the British and Belgian hinterland and to foreign-owned plantation agriculture. Neither contributed meaningfully to the development of the company's territories. In the case of the Nyassa Company, the economy was wholly dependent upon the export of forced labour to other parts of Africa and the forced labour of women and children locally. The result was a depopulated and impoverished land, 'a land of blood and tears, where the most brutal ill-treatment is no crime and murder merely a slight indiscretion'.

If failures from the point of view of internal development, the companies were also failures as means of blocking the imperial expansion of Portugal's rivals. The structures of the companies allowed foreign intervention in their areas and facilitated denationalization. Conceived of in the early 1890s as engines of development and protectors of Portugal's interests, the chartered companies proved to be disasters, as their rule was the rule of the feeble.

## SUMMARY

Pressed by rival imperial powers and financially weak herself, Portugal initiated in the 1890s an experiment in governing large areas of Mozambique cheaply through the means of two chartered companies, the *Companhia do Niassa* and the *Companhia de Moçambique*. This experiment proved doubly unsuccessful. In the first place the two companies failed to provide the development capital for Mozambique ardently desired by Portugal's government. Instead, they devoted their energies to maximizing profits through the systematic exploitation of the African populace. Secondly, the fact that shares in these companies could be purchased by private persons led foreign governments, notably those of Britain and Germany, to use these companies as proxies to further their own imperial interests at Portugal's expense. Only with the coming to power of António Salazar in the late 1920s did the Portuguese government feel powerful enough to move against the anachronistic chartered companies and terminate the experiment.