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Unfulfilled Promises and Desires: The British South Africa Company (BSAC), Settler Politics and the Development of Southern Rhodesia's Fiscal System, 1890–1922

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This paper examines how the British South Africa Company (BSAC; the Company), the founding administrator of Southern Rhodesia, now Zimbabwe, navigated the creation of a fiscal system of the colony from 1890 to 1922 and how the fiscal system shaped political decisions regarding the colony's administrative structure. It casts light on the early efforts of the colonial state-making process under the BSAC and how it established its administrative structure. Once occupation was completed, the Company's ability to finance the cost of governance and administration was the most critical factor facing it. Whereas earlier scholarship has discussed various aspects of Southern Rhodesia's early economic endeavors and political evolution, this paper demonstrates the significance of the fiscal system in shaping both the economic and political trajectories of the early administration. Through analyzing the Company's revenue collection and expenditure patterns, the paper reconstructs the contours of shifting notions of what constituted the Company's commercial and administrative revenue. It argues that the BSAC's fiscal and budgetary administration approach was gradual, experimental, and sometimes ad hoc, resulting in continuous conflicts between the Company administration and the settlers. The paper relies on a wide range of sources that include the BSAC annual reports, historical manuscripts, Legislative Council debates, newspapers, and other political pamphlets to unpack the tensions between the Company government and white settlers over the fiscal and administrative evolution of the colony.

Keywords: BSAC, Revenue, Expenditure, Budget

Introduction

After occupying Mashonaland in 1890 and annexing Matebeleland in 1893, the British South Africa Company's (BSAC) ability to finance the cost of governance was the most critical

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factor in the administration of the territory. The colony's administrative structure depended on this. This became its first challenge and informed the early stages of fiscal system development in Southern Rhodesia. In this period, the fiscal and budgetary administration approach was gradual, experimental, and sometimes ad hoc. Thus, the development of Southern Rhodesia's fiscal system under the governance of the British South Africa Company is a story laden with conflicts between the Company, shareholders, and settlers as well as the exploitation of Africans. This paper uses these conflicts to examine how the BSAC established its fiscal system. In doing so, it casts light on the fiscal policies deployed by the BSAC to satisfy the needs of both the shareholders and the settlers. The paper thus analyzes conflicts and contradictions that existed between the Company government and settlers. The paper joins a rich and growing conversation on Southern Rhodesia's development, focussing particularly on the country's fiscal history. It also joins the wider historical context on the tensions between company policy and colonial settler agendas in other colonies, for example, in the Cape Colony.¹ Additionally, the paper adds a fiscal dimension on why some settler sections within Southern Rhodesian society refused to join the Union of South Africa as a fifth province.

For the entire period during the BSAC's administration, clashes between the Company and the settlers on how the former should formulate its fiscal policies were common. These clashes were over the Company's administration of its two accounts: the commercial account and the administrative account. During the period from 1890 to 1913 the Company argued that its administrative account operated on a budget deficit. The settlers, especially the farmers, on the other hand, accused the Company of concealing its commercial account and maintained that it was making more money at the expense of the colony's administration. They argued that, as the sole owner of the country's land and mineral rights, the Company should finance the administration of the country. These fiscal grievances intensified in 1914 when the charter was due to expire. This resulted in the formation of the Rhodesian League with the aim to support farmers' demands. The farmers argued that they were always excluded in the Company's expenditure policies. The farmers' situation became the basis for demands for the Company to promote the colony's infrastructure for white settler settlement. In the end, the imperial government and the settlers forced the Company to the negotiation table. It was at these negotiations that the Company and the settlers agreed on future fiscal policies that would shape Rhodesia's and Zimbabwe's futures.

Much as the farmers wanted total control of the territory's fiscal system, the financial situation at hand, as Charles Coghlan, the future prime minister of the country argued, was against the end of the charter.² Therefore, the BSAC managed to retain the administration of the colony through the Supplemental Charter of 1915. However, the growth of financial burden during World War I led to the introduction of income tax for white people, and the establishment of the Income Tax Department. It is essential to state that the settlers, mostly farmers and miners, deprecated the introduction of income tax by a corporation, arguing with some justice that only a self-Responsible Government was eligible to tax the people because it would then use the money developing the country. This intensified calls for Responsible

1. See Gwaindepi, "State Building in the Colonial Era."

2. Charles Coghlan argued that Southern Rhodesia was not yet financially and economically developed for self-rule.

Government beginning in 1917 after the establishment of the Responsible Government Association (RGA).³ An appreciation of the fiscal system in Southern Rhodesia during World War I adds to the financial understanding of why settlers in the colony opted for self-rule, rather than joining the Union of South Africa.

Although various economic and political planning of the Company has been subject to scholarly attention, for example by Ian Phimister, Charles van Onselen, D. J. Murray, and M. Elaine Lee,⁴ not much has been done to illuminate how fiscal policy influenced dynamics of economic and political development in the colony. As demonstrated in this paper, apart from demanding a change of the administrative system most settlers, as “taxpayers”⁵ demanded total control of the Legislative Council and the country’s fiscal system in order to manage revenue collection and expenditure decisions.

Previous Research

Within the literature of Southern Rhodesia’s development lies historiography that can be categorized in various subjects, namely economics, politics, agrarian development, labor, social, and environmental issues, among many other subjects.⁶ Nevertheless, very limited historical attention has been accorded to the nexus between politics and the country’s economic and fiscal development. This paper expands and complements Kudakwashe Chitofiri’s analysis of the Company’s finances on the relationship between the shareholders and the BSAC over payment of debentures.⁷ When the BSAC was established in 1889, its capitalization was through selling shares at the London Stock Exchange, promising the shareholders that they would quickly get their invested finances. Chitofiri’s argument is anchored on dynamics surrounding the BSAC’s financial success and the need to pay the shareholders who were growing impatient. In his analyses he shows that the BSAC directors and Cecil John Rhodes were driven by imperial desires rather than making profit for their shareholders, and on many occasions, they requested the shareholders postpone their demands for debentures. This study adds a third element—the role of local settlers. Although I argue that the main aim of shareholders was that the BSAC should make profits for its shareholders, the local settlers demanded that it should work toward developing the colony. This placed the Company in a dilemma.

The history of chartered companies as the leading edge of imperial finance and colonial exploitation is well documented in literature. For example, Klas Rönnbäck and Oskar Broberg, in their study on business diplomacy, used the BSAC as “a combination of both merchant and

3. The RGA, though it was a pro-farmer organization, when calls for Responsible Government intensified, it included farmers, miners, civil servants, and many other settlers from various economic interest groups.

4. Phimister, *Economic and Social History*; Lee, “Politics and Pressure Groups”; van Onselen, *Chibaro*; Murray, *Governmental System*; Galbraith, *Crown*; Gann, *History of Southern Rhodesia*; Bond, *Uneven Zimbabwe*.

5. During this period, Africans paid taxes but never received political representation in the administrative structure of the colony.

6. See n4.

7. Chitofiri, “When Should We Expect,” 137–158.

the state,” pushing for their shareholders’ agendas and their own interests.⁸ During the initial phase of colonization, the sixteenth and seventeenth centuries, chartered companies were primarily private monopolies with the general economic policy of the imperial governments, the British and the Dutch to be specific. They had trade interests in Africa, the Americas, and Asia. For example, Britain’s East India Company (EIC) and the Dutch East India Company (Vereenigde Oost-Indische Compagnie, VOC), were private companies that received charters from the British imperial government and the Dutch Republic, respectively, to occupy overseas territories.⁹ The BSAC, along with its contemporaries, the Royal Niger Company and the Imperial British East African Company, drew on these earlier models of private companies leading colonial occupation.

However, whereas the sixteenth- and seventeenth-century chartered companies received financial assistance from their respective imperial governments, the BSAC did not receive financial assistance from Britain. Instead, the Company had to raise its own finance for the administration and development of the colony. This paper thus joins the historiography on chartered companies, discussing two major aspects of the BSAC public finances of the colony of Southern Rhodesia: the commercial account and the administrative account. These two accounts were important in terms of management of revenue collection and expenditure in the colony. The commercial account constituted all the income the Company accrued from its commercial asset. The administrative account was comprised of money collected by the company as fees and other taxes for administrative purposes.

The study also joins growing literature on fiscal systems and fiscal capacity in Africa. Such literature include works by Ewout Frankema, Leigh Gardner, and Prince Young Aboagye and Ellen Hillbom, among others.¹⁰ However, this study differs with the works of mentioned scholars in two major aspects. First, whereas Frankema, Gardner, and Aboagye and Hillbom deal with more than just taxation and look at the general political and economic history of British imperialism in Africa through the fiscal lens, this study, as mentioned earlier, adds a third aspect: the role of the local settlers and their political clashes with the BSAC over how to manage and administrate the colony’s finances. Additionally, the study differs from Gardner in the sense that it analyzes the fiscal policy of a colony whose fiscal administration received little or “no” intervention from the metropole.¹¹ Also, disputes between the Company, shareholders, and the settlers created a different tax system than in other colonies governed by the British government. Although the settlers were not a unified group who shared interests, especially the farmers and the miners, at times they put their competing interests aside to oppose any tax imposition by the Company, for example their opposition against the introduction of Land Tax from 1914 and the Income Tax in 1918.

8. Rönnbäck and Broberg, “From Defensive to Transformative,” 1.

9. Fourie, Jansen, and Sibrits, “Public Finances.”

10. Frankema, “Colonial Taxation”; Gardner, *Taxing Colonial Africa*; Aboagye and Hillbom, “Tax Bargaining.”

11. Koke, “A History of Southern Rhodesia’s Fiscal System,” 6.

There has been research on Africans and their contribution to the colonial political economy.¹² Although the Africans contributed, fiscally, toward the development of the colony, they had very limited influence over public policy.¹³ As Volker Wild argues, “colonisation provided the institutional framework and racist policies of settler government.”¹⁴ In the early years of the colony, Africans were subjected to many forms of taxation, including the hut tax. He further notes that colonists, along with missionaries and other imperial statesmen felt that Africans had to be integrated into the cash economy by being prised out of their communities, even with carrot-and-stick methods.¹⁵

In addition, the monopolization of political power in Southern Rhodesia during this period deprived Africans of influence on public policy. During the Company rule, the only time when Africans were considered “voters” was in 1923 when the Rhodesia Bantu Voters Association was established to convince the Africans to vote for the RGA.¹⁶ This paper thus builds on John M. Mackenzie’s argument that “... if African labour had had a voice, the African labouring class may have recognised that Union [of South Africa] could bring considerable economic advantages. Higher wages were offered in South Africa and might have pushed Rhodesia wages up.”¹⁷ Therefore, although Africans contributed immensely toward the colony’s development through paying taxes and providing cheap labor, this paper examines the public policymaking of Southern Rhodesia during the Company rule, an aspect on which Africans did not have a voice.

Toward Occupation: A Historical Overview of Southern Rhodesia and the BSAC Before 1890

Before the arrival of the BSAC, the territory known today as Zimbabwe was under two main provinces, as they were called by the colonists: the Matebeleland and Mashonaland provinces.¹⁸ However, and as Julie Bonello argues, until 1893, with the occupation of Mashonaland by the BSAC, the Ndebele king, Lobengula, “along with some Shona tributary and allied states,” ruled the territory.¹⁹ These precolonial provinces’ economy was largely subsistence. People practiced farming, hunting, barter trade, and mining as their main economic activities.²⁰ They used surpluses from these economic activities, such as grain, gold, and hunting boot to pay tribute to the king. The tribute acted as a form of a tax. The king used collected tribute to operate an army for defending the state and to provide for the state during periods like droughts.²¹ This system laid the foundations for state administration. The system existed

12. Wild, *Profit for Profit's Sake*.

13. *Ibid.*

14. *Ibid.*, xxii.

15. *Ibid.*, 13.

16. Mackenzie, “Southern Rhodesia,” 39.

17. *Ibid.*

18. Bonello, “Development of Early Settler Identity,” 346.

19. *Ibid.*

20. Ranger, *Revolt*.

21. Mackenzie, “Southern Rhodesia,” 5–13.

until the colonial period, when it was changed to suit the demands of the settlers. When the BSAC arrived in 1890, it built on the existing structures, forcing the kings to collect taxes for the Company.²²

To colonize the territory between north of the Limpopo and Zambezi Rivers, a British Cape Colony-based entrepreneur, Cecil John Rhodes, established the BSAC in 1889, which he used to obtain the charter.²³ The charter served as the British government's legal mandate allowing the BSAC to occupy territories up north and was in line with the British government's new policy, "imperialism on the cheap."²⁴ "Imperialism on the cheap" was the British imperial policy in the nineteenth century. The policy was dominated by emphasis on austerity measures to lessen the burden on the British taxpayer. It entailed the revival of chartered companies to act as agents of imperial expansion. However, before occupation, the company needed capitalization to run its administrative duties, for instance, to fund its Pioneer Column from the Union of South Africa. It listed on the London Stock Exchange in order to obtain money to fund its imperial mission, as explained in the following section.

Early Occupation, Administrative Set Up and Political Developments, 1890–1913

After occupation, the administrative duties that needed financing expanded. For example, the Company had to issue licenses for mining rights, settle disputes, appoint mining commissioners, implement regulations for settler control, construct roads in different parts of the country for mining operations, and establish a postal system, townships, and municipal regulations. All of this needed to be financed and the Company had to take measures for raising revenue required to meet the expenses of the government.

The BSAC, through its initial capitalization of one million £1 shares, contended that it was in a position to finance development in the territory. The Company's directors intended to obtain the share capital from the London Stock Market and other sources. For example, the De Beers Consolidated Mines, Rhodes's diamond mining company in South Africa, subscribed £200,000, and the directors of the Company £90,000, to make it £290,000.²⁵ The remaining amount of the share capital was to be obtained from ordinary shareholders who invested their money in the Chartered Company through the London Stock Market. In raising private capital for territorial development, the Company faced two conflicting goals: appeasing the demands of both shareholders and the settlers. The disparity between the two goals posed a great challenge for the Company government in the management of its finances. On the one hand, the settlers demanded that the Company establish a prosperous colony that would attract more immigrants. This included the establishment of schools, hospitals, and transport networks to promote social and economic development for the settler state. As a result, for the entire period of the Company's tenure as the colony administrator, the settlers wanted access to the

22. Ibid.

23. Blake, *Pioneer Column*.

24. Galbraith, *Crown*.

25. Blake, *History of Rhodesia*, 55.

Company's audited balance sheet to scrutinize revenue raised by the Company and its expenditure on the colony, as opposed to payment of dividends to remote shareholders back in London.

On the other hand, the shareholders were commercial men who had subscribed their money to the Company, hoping to gain profits through dividends. In their view, the development of the colony to meet the demands of the settlers was a secondary issue. They argued that the Company's primary objective was to make money for its investors.²⁶ This situation created a conflicting position for the Company directors who needed to strike a delicate balance between the shareholders and settlers, whose interests often clashed. This delicate endeavor manifested through the Company's management of its commercial and administrative accounts. Although the Company purported that it was struggling with its administrative and developments deficiencies, both the settlers and the shareholders felt that the Company had failed to fulfil their interests.

Meanwhile, progress in the territory was determined by the finance the Company could obtain from share capital and developing the resources at its disposal. However, the development of the territory's resources during the early years of occupation depended on the structure and nature of the administrative setup. Between 1890 and 1894, the colony relied on a small white population for administration and a large African population from which labor and direct taxation were drawn. The Company faced many administrative tasks as both the administrator and a commercial entity.

Given its limited financial resources during the early years of occupation, the Company established a small administrative setup comprised of the resident commissioner in 1891, the Board of Public Health in 1892, the Mashonaland Native Department in 1894, and the administrator in 1894.²⁷ This administrative structure carried its functions subject to the imperial government's approval through the secretary of state in London. Despite the imperial government's peripheral involvement, the administration remained ad hoc. Lewis H. Gann and Peter Duignan observed that "throughout the 1890s Rhodesia was a land of reckless speculation."²⁸

During this period, the Company hoped to obtain its revenue from the 50 percent vendor's scrip share clause, which the Company compulsorily demanded from mining companies operating in the colony.²⁹ The Company charged this percentage on companies funded with capital raised on the London Stock Exchange as well as other European share markets.³⁰ Prospects for immediate returns on the 50 percent share clause were gloomy because production was limited and mining returns were minimal. Even more, the supposed "Second Rand" had not materialized, and the administrative costs of the colony had outstripped available financial resources. Before the occupation, the share capital raised to form the BSAC was £1 million.³¹ However, after the occupation, only less than half of the money was available

26. Chitofiri, "When Should We Expect," 137–158.

27. Baxter, *Guide to the Public Archives*.

28. Gann and Duignan, *White Settlers*, 54.

29. National Archives of Zimbabwe (hereafter cited as NAZ), LO1/1/1/1-50 London Office, British South Africa Company: Subsidiary Company Files, 1890–1900.

30. Phimister, "Reconstruction," 465–481.

31. NAZ, BR503, *The British South Africa Company Report: The Company's Proceedings and the Condition of the Territories within the Sphere of its Operations, 1889–1892*.

because the money had been used to finance various government expenses. For instance, £70,000 went to develop mining concessions, £90,000 to the Pioneer Column, £50,000 to telegraph lines, and £200,000 to the BSA Police.³² In addition to these initial costs, the Chartered Company needed about £150,000 per annum to maintain the police force. In other words, security was a huge cost and, arguably, the telegraph line was part of that.

With a limited budget, it was practically impossible for the Company to finance all its administrative duties. The BSAC report of 1893 noted that estimates for expenditure from 1890 to 1892 were far less than the actual money expended.³³ The Company government found itself operating on a budget deficit. Commenting on the Company's finances, the secretary of state in London wrote to the Rhodesian administrator expressing his displeasure with the Company stating that "The board [of directors] cannot understand without explanation how the Company's [financial] affairs could have been allowed to drift into their present conditions."³⁴

The Company's financial situation marked the beginning of its struggles with expenditure and balancing its budget. Worsening the situation were reports in 1893 that only two mining companies were floated for work on claims, and the BSAC received £116,270 from these companies.³⁵ The Company administration was sinking into debt and survived on a monthly subsidy from De Beers.³⁶ To solve this, Rhodes ordered the colony's administrators to cut the country's administrative expenditure, and they responded by implementing austerity measures.³⁷ Phimister observed that "the BSAC was compelled to reduce expenditure considerably, primarily by reducing the expensive police establishment."³⁸ In addition, to minimize the administration financial burden, the BSAC recruited volunteers from local settlers to act as a standby force to meet potential emergencies.³⁹ This was done, inspired by the system that was employed by the Boers in the Transvaal and Orange Free State, where the local settlers were incorporated into the commando defense when the need arose.⁴⁰

In addition to cutting down expenditure, the BSAC had to look for other revenue sources apart from the 50 percent share clause. It had to develop fiscal foundations that would help the colony be financially self-sufficient without further burdening the shareholders. The immediate source of revenue the Company could secure was taxation, both direct and indirect. Indirect taxation included custom and excise duties, but using these proved to be a long process toward easing the Company government's financial struggles. Ultimately, they could not provide enough revenue because the colony's industrial sector was not yet developed, and Southern Rhodesia's value of overseas trade was still nascent.⁴¹

32. Ibid.

33. Ibid.

34. NAZ, CD7645, Command Papers: British South Africa Correspondences relating to the Administration of the Territory, 1896–1900.

35. Phimister, "Rhodes, Rhodesia and the Rand," 88.

36. Walker, *History of Southern Africa*, 426.

37. NAZ, BR503, The British South Africa Company.

38. Phimister, "Rhodes, Rhodesia and the Rand," 78.

39. Blake, *History of Rhodesia*, 98.

40. Ranger, *Revolt*, 60–61.

41. NAZ, T2/20/27 The Rhodes Clause, 1899.

Meanwhile, the Company could not directly tax the small white population. The non-taxation of early settlers was a way to lure white people with the ability to establish businesses and industries in the territory and thus promote the development of its economy. However, white settlers in Southern Rhodesia during the formative years were not men and women of sound financial standing. Most of them possessed neither capital nor expertise to venture into business.⁴² Richard Hodder-Williams described this group as settlers who were “mere store-keepers and small-time prospectors” who lacked the ability to develop their land for commercial agriculture or any other business.⁴³ Taxing these settlers would have placed a financial burden on them, a situation that was unfavorable to attract immigrants.

The alternative was to tax Africans, and discussions in this regard got underway. Rhodes first suggested the idea of direct taxation on Africans in the form of hut tax in 1892/1893.⁴⁴ However, Leander Starr Jameson, the colony’s administrator, initially did not support African taxation. He felt that the country did not have adequate revenue collection officers because the system of administration relied on field cornets, voluntary officers, and settlers to collect the tax.⁴⁵ In addition, the Company faced resistance from the Colonial Office because, according to the charter, it was not allowed to enact any laws or policies that would affect Africans without imperial consent. Despite Jameson’s position and the imperial government’s resistance, the Company proceeded to impose direct taxation on Africans. African taxation later received imperial consent through the 1894 Order in Council.⁴⁶ The collection of African tax marked the beginning of colonial oppression of Africans and was one of the causes for 1896/1897 uprisings.⁴⁷

The Company’s chronic budget deficits invited scrutiny from both the Colonial Office and the settlers. In its bid to achieve “strict” financial accounting and administrative processes of Southern Rhodesia, the imperial power sanctioned the establishment of clear regulatory departments.⁴⁸ The Company was instructed to create a concrete and well-established administrative structure that would provide constitutional, legal, and institutional frameworks to monitor the country’s fiscal system. To this end, the BSAC, through the Order in Council, increased its departments between 1897 and 1898. It established the Division of the Commissioner of Mines and Public Works in 1897, Legislative Council in 1898, Department of Education in 1898, Native Department in 1898, and the Southern Rhodesia Legislative Council in 1898, which ultimately gave birth to the Division of Treasury in 1903.⁴⁹

The new Order in Council spelt out the legal and institutional processes to be followed by the Company government in carrying out its fiscal duties in the colony. The creation of the Division of Treasury in 1903 conferred some latitude to elected Legislative Council members to debate fiscal matters of the country. At the same time, white settlers were also allowed some input in the country’s fiscal policy. The council further served as a platform for negotiations

42. Hodder-Williams, *White Farmers in Rhodesia*, 13.

43. *Ibid.*, 24–25.

44. Palmer, *Land and Racial Domination*, 24, 27, 42.

45. Ranger, *Revolt*, 60.

46. *Ibid.*, 74–77.

47. Moyana, “Under-Development,” 41–42.

48. Mabin, “Truth and the British,” 105.

49. Baxter, *Guide to the Public Archives*.

and debates on who should bear the burden of taxation and expenditure patterns. The revenue and expenditure structure incited the most debates and became highly politicized, creating animosity between the Company and the shareholders on one side, and the Company against farmers and miners on the other.

The Order in Council's stipulation that the Company government must separate its commercial account from the administrative account and follow "strict" financial accounting procedures created the animosity.⁵⁰ Following "strict" financial procedures was determined by the colony's fiscal system and nascent political structure. Nevertheless, the political structure had inherent limitations/flaws on the operations of the colony's fiscal system.⁵¹ The Company, with the support of its appointed members in council, could reverse decisions made by the administrator or the council.⁵² In most cases, these officials, though they were answerable to the high commissioner of South Africa who represented the imperial government, protected the Company government on its activities in the colony.⁵³

The situation was further complicated for the settlers in 1904 because there were four elected members in the Legislative Council and thirteen appointed members.⁵⁴ This meant that the elected members of the Legislative Council had limited initiative on matters of the colony legislation or fiscal development because the appointed members would always out-vote them. Thus, the elected members' votes on revenue collection and expenditure were nothing more than an expression of their opinion, which in many cases the Company government ignored. The council resembled its counterpart in the Cape Colony in the 1800s. Abel Gwaindepi observed that the Cape Colony Legislative Council was "toothless" because public revenues were not subject to discussion.⁵⁵ As in the Cape, the Company designed the council to prevent settler interference in the administrative machinery for political matters and fiscal interests. It held a firm grip on the country's political and economic affairs. Sir Ernest Guest, a lawyer who had held several senior positions in the country, noted that the Company "dictated what the [settlers] were to have for breakfast," signifying the extent to which it had monopolized political and economic power in the colony.⁵⁶ The Company's directors also felt that as long as the Company continued administering the territory, it had to keep the majority of the votes over fiscal decisions because it was responsible for the expenditure, and the elected members "should not vote for a large budget" beyond the Company means or shareholders' expectations/tolerance.⁵⁷

However, the Legislative Council provided the basis for the increase in settler political power. The settlers fought to decrease the number of appointed members and increase elected members of the Legislative Council.⁵⁸ In addition, by setting up a Legislative Council with

50. NAZ, GEN/TRE British South Africa Company: Fiscal System Part 1, 1903.

51. Galbraith, *Crown*, 147–148.

52. Appointed members of the Legislative Council were individuals selected by the Company to represent different constituencies and whose interests were the same as those of the Company.

53. Galbraith, *Crown*, 147–148.

54. Willson and Passmore, *Holdings of Administrative and Ministerial Office*, 65.

55. Gwaindepi, "State Building in the Colonial Era," 72.

56. NAZ, Oral/GU1 Ernest Lucas Guest Oral History File, (1882–1972).

57. NAZ, BR503, Proceedings at the Seventh Annual General Meeting of the BSAC and Extraordinary General Meeting, April 21, 1898.

58. Willson and Passmore, *Holdings of the Administrative and Ministerial Office*.

settler representation, the imperial government provided internal power balances and checks between the Company and the settlers. Even more, the Company's seemingly unfettered power incensed the settlers so much that they began to use their positions in the Legislative Council to demand the Company government publish its revenue and expenditure accounts, another issue that created political tension in the country. Although the Company fought tooth and nail to maintain its grip on the Legislative Council, the financial difficulties persisted. The BSAC board of directors acknowledged the need for fresh capital not only to finance the administration of the colony but also to fund the development of its commercial enterprises.

By the early twentieth century, the board decided to issue new shares on the London Stock Market. From 1903 to 1906, the Company made serious attempts to raise share capital of another £1 million but failed to convince the shareholders.⁵⁹ The BSAC produced a voluminous report detailing its operations as a way to persuade the shareholders. In the report it set out the board of directors' financial proposals, which had been awaited by the shareholders with considerable curiosity. The directors reported that Rhodesia's progress during the years from the turn of the twentieth century had been marked by the country's general prosperity, which compared favorably with that of the provinces in South Africa.⁶⁰ This was an exaggeration and clearly an attempt by the directors to attract fresh capital from shareholders.

The report further mentioned that the mining and farming industries had continued to expand and that the board anticipated accelerated progress because of new arrangements made under the advice of the visiting committee of the Company's board of directors.⁶¹ With regard to new capital, the directors proposed new ordinary shares in an attempt to raise £900,000 to help the Company overcome its financial woes. In addition, they believed that their capital proposal was in the best interest of shareholders and, at the same time, the best way to prompt and intensify further development of the country. The report was, however, issued too late to influence the shareholders, and the motion of issuing new shares to raise capital did not go down well with the shareholders. They felt that continued support toward the BSAC would be unwise, considering how the Company, at that time, was tussling with chronic financial problems coupled with political contestations with the settlers. Moreover, the Company still argued that it was not in a position to pay the shareholders dividends, claiming that it was still operating on budget deficits and could not pay the dividend, as shown in [Figure 1](#).

The shareholders complained that the Company failed to pay the dividends for their invested money because it was spending too much on Southern Rhodesia's development, especially the provision of social services like education and health facilities, without developing the commercial sector.⁶² Their complaints influenced their response to the directors' request to raise more capital by issuing new shares. Consequently, share prices during this period dropped significantly because the shareholders were no longer interested in supporting the Company financially. According to Phimister, the share markets were in no mood to

59. *Morning Post*, December 31, 1907.

60. *Ibid.*

61. *Ibid.*

62. *Ibid.*

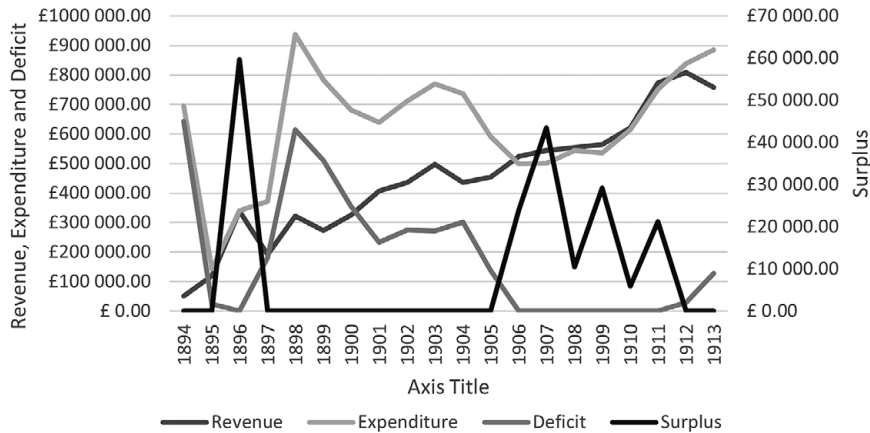


Figure 1. Revenue and expenditure of Southern Rhodesia from 1894 to 1913. Collated from statistics obtained in the Official Book of the Colony of Southern Rhodesia, no. 2, 1930.

take up additional speculative capital,⁶³ yet the board of directors continued to issue new shares, watering down the value of existing shares.

By 1903, the Company could only turn to local sources for revenue and it proposed to increase African taxation from one pound to two pounds per annum.⁶⁴ The treasurer, Francis Newton, justified this increase by arguing that “the native portion of the population should in good times be made to bear their fair share of the burden of administration of the country.”⁶⁵ This proposition was highly unfair because Africans were paying direct taxes from 1893, significantly contributing to the colony’s revenue purse. The Colonial Office quickly rejected Newton’s proposal because the tax would have added an unbearable burden to the Africans who were already paying more than they could afford, earning an average salary of fifty shillings per month.⁶⁶

At the same time, the settlers rejected the Company and shareholders’ statement that the BSAC spent a lot developing the colony. For instance, between 1907 and 1912, serious debates existed between settlers and the Company, especially after the BSAC indicated that it used more than £7 million developing the country.⁶⁷ In contrast, the Rhodesian League, established in 1912 to help the farmers fight against the Labour Tax,⁶⁸ provided financial evidence proving the money was not used to develop the country. Working on the audited balance sheet of the Company’s financial statements, the Rhodesian League challenged the Company’s statement. The £7.5 million that the Company referred to were made up as follows (Table 1).

For the Rhodesian League, the deficiency comprised large sums that were not administrative expenditure, as the Company claimed. The League argued that an ordinary Rhodesian in

63. Phimister, *Economic and Social History*, 46.

64. *Southern Rhodesia Legislative Council Debates*, June 26, 1903, column 182.

65. *Ibid.*

66. *Southern Rhodesia Legislative Council Debates*, June 7, 1904, column 45.

67. NAZ, GEN/BR-British South Africa Company’s Policy Statement, not dated, 9.

68. Madimu, Msindo, and Swart, “Farmer–Miner Contestations,” 811–812.

Table 1. The Rhodesian League's calculations of the £7.5 million

Matebele War Expenditure	£119,954
Rhodesia Defense Expenditure	£2,587,411
General Expenditure: BSAC's London and S. Africa Offices	£4,835,104
Total	£7,542,469

Note: Compiled by the author using statistics obtained from the *Rhodesian League Election Pamphlet*, March 1912.

Table 2. Rhodesian League's calculations of the Company's profits and revenue before 1912

Premium Shares (Proceeds of Shares and Debenture)	£4,246,519
Stock received in connection with commuted rights in mining and other properties	£659,998
Proceeds of Sales of Land and Stands (cash received only)	£570,015
Revenue and Expenditure Account	£295,153
Total	£5,771,685

Note: Compiled by the author with statistics obtained from *Rhodesian League Election Pamphlet*, March 1912.

the street would never understand that the £7.5 million were the Company's aggregate loss due to administrative expenditure. On the other side of the Company's accounts, the commercial side, the Company had accrued the following profit and revenue (Table 2).

The settlers then clamored for the deduction of the £5,771,685 profit from the £7,542,569 deficiency to reduce the shortfall to £1,770,784. Even that could be further whittled down, if not wiped out entirely, by placing a valuation of the assets shown in the balance sheet. These assets included unrealized shares and debentures connected with the Company's commuted rights in mining and £424,464 shares in the Rhodesia Railways Trust. These calculations were based on the Company's overall income against the expenditure it incurred. From calculations of the budgets, receipts, and expenditure accounts published by the Company in 1912, the settlers established that the Company received administrative surpluses from 1909 to 1912. Table 3 shows these administrative surpluses for the period 1909–1912.

A. C. Raymer, a well-known accountant of standing in Southern Rhodesia, was employed by the Division of Treasury to examine the accounts of the BSAC in Southern Rhodesia.⁶⁹ He confirmed the League's position asserting that the Company was making more profit than it declared. The bigger question that remained at this time was whether the Company should continue as the colony administrator or relinquish its position. During the 1914 election campaigns, the Rhodesian League was divided into two groups on this question. At one end were those supporting the continuation of the charter, and at the other, those against the continuation of the charter or joining the Union of South Africa established in 1910.⁷⁰ Those who wanted the charter to end formed the Common Platform, whose manifesto was heavily criticized by Coghlan and his colleagues.⁷¹ The Common Platform's main argument was that "the longer the Chartered Company is allowed to retain the country's administrative functions, the more securely will they be entrenched, and the higher will be the price which the people will

69. Raymer, *Should Chartered Administration be Abolished?*, 9.

70. NAZ, MA15/1/1 J. M. McClery: Historical Manuscripts-Legislative Council Elections Manifesto 1914.

71. *Ibid.*

Table 3. Rhodesian League's calculations of administrative revenue surplus

Year ended 31 March 1909	£27,319
Year ended 31 March 1910	£73,131
Year ended 31 March 1911	£136,244
Year ended 31 March 1912	£79,406
Total Administration Surplus for S. Rhodesia	£316,100

Note: Compiled by the author with statistics obtained from the *Rhodesian League Election Pamphlet*, August 1913.

eventually have to pay for their emancipation.”⁷² Coghlan, once a staunch supporter of Responsible Government, was against the Common Platform's position. He believed that the country was not ready for self-rule, especially after the treasurer's 1913 financial statement showed that revenue was £784,573 and expenditure £884,786, leaving a deficit of £100,213.⁷³

Coghlan and his colleagues argued that many sympathizers of the movement to abolish Chartered Administration, as the first step toward Responsible Government, were somewhat uncertain about the territory's fiscal position. They asserted that the country's financial situation was not sufficiently strong to ensure any new government to take over the administrative costs.⁷⁴ The Company took advantage of the situation and played somewhat “divisive” politics, especially against the Common Platform and its supporters, by labelling them agents of the Union of South Africa.⁷⁵ It also promised a new fiscal policy to ensure faster development of the colony. For example, they agreed to address and revise the Land Settlement Scheme, and pay for services and other administrative expenses. They also agreed that the BSAC would take over accumulated deficits prior to 1914.⁷⁶ These deficits, argued the settlers, were part of the price the Company should have paid for acquiring and developing the land and its mineral assets. Deficits after 1914, especially as a result of revenue shortfall, high cost of public works, or other services, would be paid on mutual agreement.⁷⁷ More importantly, the directors also agreed to separate the Company's commercial and administrative accounts.⁷⁸ Subsequently, in 1915, the Company attained the Supplemental Charter, serving as a lifeline to continue its colony administration.

New Fiscal Approach and the Consolidation of Settler Power, 1914–1922

Despite retaining the administration of the country for another decade, the Company's fight with the settlers and fiscal challenges continued. The outbreak of World War I in 1914 not only

72. Ibid.

73. *Southern Rhodesia Legislative Council Debates*, April 21, 1913, column 265.

74. British South Africa Company Directors' Report to the Shareholders, February 27, 1913, 7.

75. NAZ, JA1/1/1, Jameson Papers, 1913.

76. Wallis, *One Man's Hand*, 125.

77. Ibid.

78. Ibid.

brought new fiscal challenges for the Company but provided an environment for consolidation of settler political power. After the Company secured the Supplemental Charter, it did not take long before domestic and international developments tested its administration. The outbreak of the war affected the world economy, including that of Southern Rhodesia, and the commercial sector of the colony felt the immediate effect of the war.⁷⁹ The four years of the war saw increases in shipping rates. Merchants were affected by the rise in the price of imports and shipping difficulties, which, in turn, caused an increase in the cost of living.⁸⁰ The increase in costs came from the fact that almost all ships were directed toward the war effort and a limited number toward commercial ventures. The rise in sea freights made it more expensive for farmers to transport their products.

With regard to production, there was a decline in consumer goods and a rise in war industries. This led to shortages of consumer goods. Because of shortages in consumer goods and the high demand for them in Southern Rhodesia, prices shot up.⁸¹ As John Wallis put it,

Falling revenue, growing unemployment and difficult credit made it hard for [a community] of some thirty-five thousand [white people] to support the war out of current revenue. Receipts from import duties were dwindling while costs of living soared worsened by panic buying at inflated prices within and without the territory.⁸²

Affected by the shortage of goods, the settlers, especially farmers, levelled accusations of profiteering against the traders and merchants.⁸³ They argued that, although South African products were flooding the country at relatively cheap customs duties, they were sold at high prices by merchants. Information gathered from across the country indicated that this was a matter of great political and administrative importance.

Though the Company needed revenue, it could not increase the customs duties because this could further increase the cost of living. To make the situation even more difficult for the Company government, the 1914 customs agreements pitted Southern Rhodesia against the Union, which was in a stronger position, and only small concessions were granted.⁸⁴ The Company proposed to get a loan but was disallowed by the imperial government because this would put the burden of repayment beyond the settler community's capacity.⁸⁵ However, this decision was made without due consideration of whether borrowings repayable over time would indeed be more burdensome than the alternative of heavy taxation.

Apart from the financial difficulties brought by the war, the long-standing land question reemerged. The Company proposed to tax all undeveloped land holdings, including alienated areas, to collect more revenue and force the landholders to develop their land. This position ignited conflicts, especially with the farmers.⁸⁶ By 1917, the RGA, dominated by the farmers,

79. *Southern Rhodesia Legislative Council Debates*, May 7, 1915, columns 284–286.

80. *Bulawayo Chronicle*, September 27, 1914.

81. *Ibid.*

82. Wallis, *One Man's Hand*, 133.

83. *Bulawayo Chronicle*, May 19, 1916.

84. *Southern Rhodesia Legislative Council Debates*, May 7, 1915, columns 258–284.

85. *Bulawayo Chronicle*, May 19, 1916.

86. Hodder-Williams, *White Farmers in Rhodesia*, 28.

opposed land taxation by the Company and requested the imperial government to investigate the issue of land ownership, which the Company lost through the Privy Council judgment in 1918. Land was one of the major sources of income for the Company. Phimister, analyzing the intensity of the loss of the land asset by the Company, argued that

at a stroke, the Company forfeited its most valuable commercial asset, carefully nurtured through its tempestuous association with domestic capital. Having lost the asset around which it had constructed its entire economic and political strategy, the BSAC saw no further point in subsidising administrative deficits and told its shareholders that “since the land is not yours, capital for its further development must be sought elsewhere than from you.”⁸⁷

The Company’s financial policy changed drastically overnight. It immediately stopped its contributions to posts and telegraph costs and attempted to reduce expenditure on public works.⁸⁸ Drummond Chaplin, the administrator of the country, addressing the Rhodesia Agriculture Union in 1919, stated that “under the situation that has been created by the judgment of the Privy Council regarding land, it is practically impossible for me to get money for capital expenditure unless it is provided out of the country’s ordinary revenue of the year.”⁸⁹ The Company also decided to finance development in the country by “defraying the deficits.” This further strained relations in the Legislative Council, where the elected members criticized the administrator for allowing a budget deficit of £35,000 to occur in 1919 after the passing of the Privy Council judgment.⁹⁰

Fiscal conflicts between the Company and the settlers were not confined to land only. During wartime, specifically from around 1916, debates over introducing income tax and excess profit tax on European individuals and companies emerged. In 1918, serious consideration was given to adding income tax and excess profit tax to Southern Rhodesia’s taxation system after some financial proposals on covering the war expenses were put forward in the Legislative Council. The Company government argued that it had experienced a budget deficit between 1914 and 1917 and was in dire need of new sources of revenue. [Figure 2](#) below shows that the Company administration experienced budget surplus only in 1921 and 1922, due to increase in income tax collection.

There were several excess expenditure items that the Company government paid for. For instance, the public works’ excess expenditure was £4,063 due to the increased cost of materials and necessary hand repairs of old buildings.⁹¹ The veterinary vote had an excess of £5,000 and received an extra £3,411 for the construction of a laboratory to research the effects of the East Coast Fever disease. Due to the increased cost of uniforms, bedding, clothing, and utensils imported for the countryside district prisons, the prisons vote also increased.⁹² With regard to the education vote, excess expenditure included the following: Eveline School

87. Phimister, *Economic and Social History*, 99.

88. Lee, “Politics and Pressure Groups,” 99.

89. *Ibid.*

90. *Ibid.*

91. *Southern Rhodesia Legislative Council Debates*, May 6, 1918, columns 37–48.

92. *Ibid.*

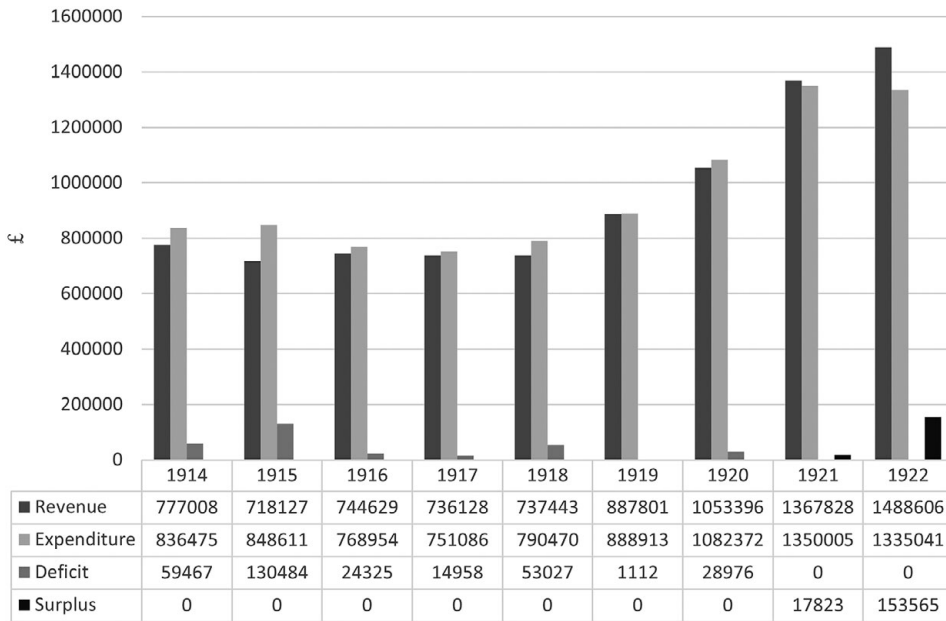


Figure 2. Revenue and expenditure of Southern Rhodesia 1914–1922. Calculated by the author using statistics obtained from the *Official Book of the Colony of Southern Rhodesia*, no. 2, 1930.

received £9,589, Bulawayo schools received £2,172, Milton School received £1,000; the Girls School in Salisbury received £1,750; whereas Umvuma, Sinoia, Selukwe, Que Que, and Plumtree had a combined excess of £15,000.⁹³ Many other small items added to the excess expenditure by the Company government, for example, the appointment of experts in the fields of dairy, poultry, tobacco, and cotton.⁹⁴ Despite the cost, these were crucial appointments, especially for a country that was still building its agricultural industry. As a result, all the above expenditures were, in Newton’s words,

sufficient grounds to justify the Government’s proposals to impose fresh taxation [through income tax]. There have been allegations that there is sufficient taxation in this country, but that position I challenge emphatically. I think we are possibly among the most lightly taxed populations. It is not a proposal to tax the poor and needy ...⁹⁵

The treasurer proposed that the collected revenue from income tax would be used to cover the increase in administrative cost because of the war, especially to provide for gratuities to married civil servants of the lower grade. The income tax, special war tax, and excess profits tax were, therefore, introduced under the Provisions of the War Taxation and Excess Profits Duty for Southern Rhodesia in 1918, earmarked for covering the war expenditure.⁹⁶

93. *Ibid.*

94. *Ibid.*, column 51.

95. *Ibid.*, column 49.

96. Due, *Taxation and Economic Development*.

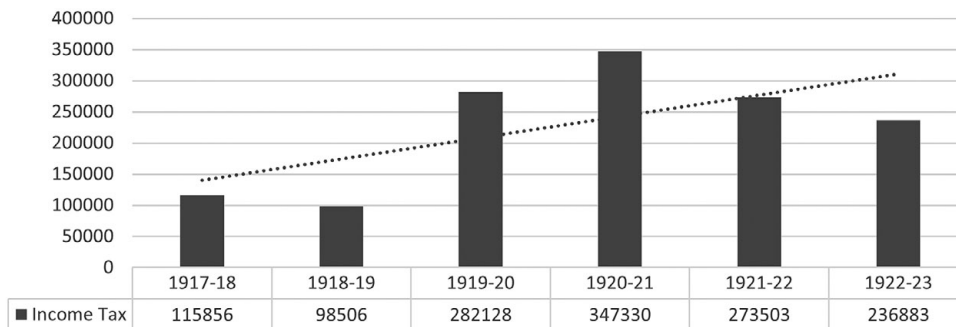


Figure 3. Revenue collected by the Income Tax Department from 1917–1918 to 1922–1923 fiscal years. National Archives of Zimbabwe SRC/TAX3, Reports of the Commissioner of Taxes from 1919 to 1923.

Nevertheless, the subject of income taxation remained a constant source of conflicts between the Company government and the settlers. Given that the Income Tax Department was performing well with regard to revenue collection, especially from 1919, as shown in Figure 3 below, the farmers and miners were keen to take over its administration for the country's benefit, not for the BSAC's.

Meanwhile, the end of the war witnessed the consolidation of settler politics. Farmers and miners continued challenging the Company government's justification for continuing to levy income tax. Opposition against income taxation was not peculiar to Southern Rhodesia. Resistance to direct taxation also occurred in other settler colonies like Kenya in the early 1920s. As William McGregor Ross, a government official turned colonial critic, claimed that in Kenya, the settlers established the European Taxpayers' Protection that advocated "for concerted action by all Europeans to refuse to fill [income] tax returns files or pay the tax owed."⁹⁷ In Southern Rhodesia, elected members objected to income tax on constitutional grounds. Income tax, they argued, was an offence against the people's civil rights so long as white Rhodesians did not have full and independent financial responsibility of the country. They regarded the tax as an obiter dictum, which the Rhodesia people had to pay only under Responsible Government.⁹⁸

In addition, the Privy Council's decision that the land did not belong to the Company came as the final blow to the Company directors who became eager to relinquish the administration of the colony as quickly as possible. Coghlan, in response to the Company directors, said "it was only after the Company's election in 1914 that they wished to carry on as the country's government; they might have surrendered the government back to the Colonial Office and have said, 'We think we have had enough' of it."⁹⁹ The situation reignited the 1914 experience when the country was fighting for self-rule. The imperial government insisted that, for Southern Rhodesia to be granted Responsible Government, she had to satisfy two conditions: prove financial fitness, and demonstrate the capacity to reduce the disparity between the European and African populations.¹⁰⁰

97. Ross, *Kenya*, 157.

98. *Southern Rhodesia Legislative Council Debates*, May 15, 1918, Coghlan, column 247.

99. *Southern Rhodesia Legislative Council Debates*, May 13, 1918, Coghlan, column 169.

100. NAZ, CO879/120, First Report of a Committee appointed by the Secretary of State for the Colonies to consider certain questions relating to Rhodesia, not dated.

Failure to meet these expectations meant that the Colonial Office would regard the settlers in Southern Rhodesia not yet fit to govern the colony. Meanwhile, the BSAC supported the establishment of the Rhodesia Union Association (RUA) to de-campaign the RGA.¹⁰¹

While castigating Responsible Government, the RUA drew parallels with one of the original colonies in the Union, Natal. “When Natal took Responsible Government,” argued the RUA, “she had an overflowing treasury, a good part of which came from the profitable businesses of the Barberton and Rand mines.”¹⁰² The RUA further noted that Natal derived large sums of revenue from railways, harbours, minerals, and land, whereas the Rhodesia Responsible Government would not own any of these assets and would derive no revenue from them. In the view of the RUA, it was a “laudable desire to wish for self-government, but no country could be governed by sentiment with financial resources necessary for administration lacking.”¹⁰³

Coghlan disagreed with the position of RUA.¹⁰⁴ He fervently fought against the Company’s machinations for joining the Union, supported by influential figures like F. Newton and P. D. L. Fynn. He indicated that Natal was granted self-government with a European population of 43,000, an African population of 500,000, and a public debt of £7 million (£163 per head).¹⁰⁵ Rhodesia was facing these same conditions. Judging by the nature of debates in the council, Coghlan concluded that change was both “desirable and inevitable.”¹⁰⁶ Wallis observed that “evidence of financial competency and fitness in other aspects was submitted, and readiness was affirmed [to tender] further testimony if called upon.”¹⁰⁷ The country’s settler population had grown to 33,620 by 1921, and they felt that their contribution toward administrative revenue was essential in assisting the country’s fiscal stability. For instance, white people paid roughly £1.25 million as revenue.¹⁰⁸ He further contended that, although the white people of a country were obliged to have the country’s affairs conducted at their own expense, they also had to control the country’s administration.¹⁰⁹ In support of Coghlan, Crawford Douglas-Jones, the resident commissioner from 1918 to 1923, argued that Southern Rhodesia’s capital expenditure increased, as shown in Table 4, and had to be under self-administration.

Of the above amount, £32,000 was defrayed from the loan account, and the balance of £704,089 14s 6d from voted expenditure. Considering the settlers’ contribution toward the country’s revenue, the settlers, especially farmers, argued that the increase in capital expenditure shown in the table above and the change of ownership of national assets would not put severe financial burden on the population. It was partly against this background that the RGA and its supporters refused to let Southern Rhodesia become the fifth province of the Union, emphasising that the country was able to provide for its administrative revenue.¹¹⁰

101. For more detail on the origins of RUA and RGA, read works by M. Elaine Lee, “Politics and Pressure Groups.”

102. RUA Manifesto: *The Case Against Responsible Government*, 1922.

103. Ibid.

104. Coghlan joined the RGA and quickly became its president.

105. *Bulawayo Chronicle*, January 31, 1919.

106. NAZ RH9/1/1/19, Responsible Government Association Constitution.

107. Wallis, *One Man’s Hand*, 168.

108. Ibid.

109. Davies, “Incorporation in the Union of South Africa,” 50.

110. For further reading on this subject, see Davies, “Incorporation in the Union of South Africa.”

Table 4. Capital accounts increase from 1908 to 1919

Item	Amount (£)	(s)	(d)
Building and Construction Works	436,148	1	8
Telegraph Construction	64,903	15	6
Road Construction	80,186	12	7
Loans Paid from Votes	36,109	6	5
Movable Assets	118,741	18	4
Total	736,089	14	6

Note: Compiled by the author with statistics obtained from NAZ, Cmd 1273, Buxton Report, Appendix II: Lord Milner's Memorandum, December 22, 1920.

During the 1922 referendum campaigns for Responsible Government, the RUA and the RGA also disagreed on the taxation system and tax rates white Rhodesians would pay under Responsible Government. The RUA was the first to defend the Union taxation system. In its campaigns across the colony, it commented that the provincial revenue and expenditure of Southern Rhodesia as a province of the Union would not compare with other territories. It argued that a subsidy equal to that given to Natal and the Orange Free State would be enough for the country without having to increase existing taxation; thus, there would be a substantial balance of revenue over expenditure for the country.¹¹¹ In addition, it submitted that, under the Union, the white population's indirect taxation would be far less than under Responsible Government. Besides, the RUA indicated that the main form of direct taxation Rhodesians would have to pay to the Union Treasury would be income tax only. In the Union, taxable income started at £300, and Rhodesia would be exempted from £1,500 to £500 for three years.¹¹² The following Table 5 shows the RUA's calculations of income tax (collected during the year ending March 31, 1921) produced in Rhodesia and what it would have produced at the Union rate.

Although the RUA's claim was correct analyzing a particular year, 1921, in response the RGA disagreed. The RGA contended that if Southern Rhodesia were to join the Union, Rhodesians would relatively pay more in provincial taxes in the end, because the subsidy that the Union granted to its provinces for development was continually decreasing while the necessities of the provinces were steadily increasing. For instance, in 1921, the Cape Colony had to impose a property tax that collected £2 million, and a corporation and company tax that collected £35,000, to raise more revenue for the Provincial Council and Treasury.¹¹³ The council also received £80,000 from various school boards in the Cape, and the people paid £250,000 to various Divisional Councils.¹¹⁴ In the same year, the Orange Free State Provincial Council had to impose a wheel tax that raised £45,000 and an education tax that collected £100,000.¹¹⁵ The RGA, therefore, claimed that, if Rhodesia were to join the Union, it would be

111. *Rhodesia Herald*, October 8, 1921.

112. *Ibid.*

113. *Bulawayo Chronicle*, February 23, 1922.

114. *Ibid.*

115. *Ibid.*

Table 5. RUA's comparison of taxes at Rhodesia and Union rate in 1921

Type of Tax	Rhodesia Rate	Union Rate
Individual/Single Income Tax	£17,441	£13,576
Individual/Single Super Tax	£60	£1,020
Married Income Tax	£60,906	£51,965
Married Super Tax	£13,500	£1,016
Total	£91,907	£67,577
Comparison of Income Tax and Dividend at Rhodesia and Union Rate in 1921		
Companies Income Tax	£175,581	£71,668
Dividend Tax	£-----	£55,000
Total	£267,488	£224,245

Note: Compiled by the author with statistics obtained from *The Rhodesia Herald*, October 8, 1921.

forced to impose similar taxes to raise provincial revenue. In addition, according to the Rhodesian treasurer's figures, on the estimates of income tax and customs, Rhodesians would pay an extra £200,000 a year.¹¹⁶ He also argued that, in ten years, when the subsidy from the Union government would come to an end, the total extra taxation, at a conservative estimate, would be £250,000.¹¹⁷ Partly based on this argument, the RGA won the 1922 Referendum setting the foundation for the establishment of Responsible Government in 1923.

Conclusion

This paper focused on the creation of the colony's fiscal system under the BSAC. The key point to note is how the fiscal system shaped political decisions and the colony's administrative structure. In the formative years, the colony's fiscal processes were experimental. However, in 1898, the establishment of the Legislative Council laid the foundations for a more organized fiscal framework, which culminated in the establishment of the Division of Treasury in 1903. A close analysis of the Legislative Council debates on important political, economic, and fiscal matters such as taxation, government finance, and expenditure show that the Company struggled with balancing its budget.

The settlers, contrary to the Company's position that it was experiencing budget deficit, argued that they were making significant contributions toward the country's revenue. Their demands became more pronounced during the end of the first twenty-five years of the charter, in 1914. In their view, they had the right to influence crucial administrative matters and demanded that the Company contribute toward government finance. This became one of the rallying points against Company rule during World War I. It culminated in the establishment of the Responsible Government Association (RGA) in 1917. In response, the Company supported the creation of the Rhodesia Union Association (RUA) to push for Southern

116. NAZ, C8/1/2/Vol. Folios, Coghlan's Correspondences with the Imperial Government.

117. Ibid.

Rhodesia to join the Union of South Africa. During the referendum for Responsible Government, the RGA and RUA disagreed on the pros and cons of the Union's fiscal structure if Southern Rhodesia were to join. RGA managed to convince referendum voters that the Union's fiscal and taxation structure would financially disadvantage Southern Rhodesia. It ultimately won the 1922 referendum leading to granting of Responsible Government status in October 1923.

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