Enterprise & Society (2025), 1–24
doi:10.1017/eso.2025.10077

ARTICLE

Emancipation and the Business of Compensation in the Cape Colony

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Until recently, much work on the process and impact of compensated emancipation in the British Empire tended to exclude the Cape Colony, instead focusing on Britain and the Caribbean. This analysis of the Cape Town agents who acted as intermediaries in the business of compensation reintegrates the Cape Colony into these discussions. Using Thomson, Watson & Co.'s account book, this article details how the Cape Town firm used its networks within the colony and in London to profit from the business of compensation. The firm handled over 800 claims from Cape Colony principals, purchased them on its own and others' accounts, and remitted them to several associates in London for collection. This article contributes a new perspective to the growing literature on the process and impact of compensated emancipation and raises questions about the role of slavery and emancipation in the development of commercial and financial capitalism in South Africa.

Keywords: slavery; compensation; agents; Cape Colony

Introduction

When the British Parliament abolished slavery, it made provision for the payment of £20 million compensation not to the formerly enslaved but to slave owners. In the last two decades, the role of slavery and compensated emancipation in all aspects of life in Britain has been deeply researched and brought to academic and public attention.[1] The Legacies of British Slave-ownership project made significant strides in demonstrating the depth and breadth of slave ownership and slavery's commercial, cultural, historical, imperial, physical, and political legacies.[2] This research has transformed the ways in which Victorian Britain is understood, now inseparable from slave ownership. Nick Draper's work showed how wide a pool of

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1. Hall et. al. *Legacies*; Draper, *Price of Emancipation*; Legacies of British Slavery Database, accessed March 18, 2025; Mullen, "Glasgow"; and Berg and Hudson, *Slavery, Capitalism*, 1–6.
2. UCL *Legacies*: https://www.ucl.ac.uk/lbs/legacies.

people received compensation, not only slave owners and their creditors, but also merchants and London banks.[3] Bennett and Anson suggest that a new consensus has been reached: they write that "[r]ecent research has heralded the emergence of a new consensus that slavery was a constitutive element in the City [of London]'s development as a center of financial capitalism." They argue that the Bank of England played a pivotal role in the compensation payment process, and that the Bank's records show "how significant the City's financial capacity, infrastructure, and business community was in delivering the efficient payment of slavery compensation." In so doing, they "reinscribe the payment of slavery compensation into the business and financial history of nineteenth-century Britain, where themes of slavery and empire have been neglected."[4]

With few exceptions, the Cape Colony has been excluded from the growing literature on the process and impact of compensated emancipation in the British Empire. In part, this is because the demographics of slave owners and structure of slave ownership in the Cape—numerous small slave holdings with resident slave owners—differed from colonies such as Jamaica.[5] The result was a proliferation of relatively small compensation claims. But as Bennett and Anson show, the way in which Cape Colony claimants collected compensation had much in common with claimants elsewhere: "most slave owners relied on the services of compensation agents in the City to collect their awards from the Bank, irrespective of whether they were large or small slave owners, resident in the colonies or living in Britain as absentees."[6] Excluding the Cape Colony is probably also the outworking of the view of the Cape Colony as a marginal node between the Atlantic colonies and India, recently challenged by Muffett.[7] This study is an attempt to reintegrate the Cape into the wider discussions of the processes and impact of compensated emancipation.

To do that, this article focuses on the agents who acted as intermediaries for Cape Colony claimants on the compensation fund. Thomson, Watson & Co. of Cape Town was one of fifteen enterprises and individuals who acted as agents for Cape Colony principals.[8] It handled 830 compensation claims amounting to about £110,000, thus nearly 10 percent of the total compensation apportioned to the Cape Colony flowed through its books.[9] This is clear in the firm's records of its compensation business: its account book. In it, the firm recorded each compensation claim it handled. The enslaved people at the center of the compensation process are practically invisible. In this, the accounts reveal an ordering and understanding of the world in which enslaved people were property owned by others with a perceived monetary value.[10] Together with contemporary newspapers and registers of power of attorney,

3. Draper, *Price of Emancipation.*
4. Bennett and Anson, "The Compensation Agency Business," 4.
5. See Draper's reasons for excluding the Cape and Mauritius: Draper, *Price of Emancipation*, 5–6.
6. Bennett and Anson, "The Compensation Agency Business," 20.
7. Muffett, "The Cape of Good Hope Colony," 2.
8. Liebenberg, "Die Vrystelling," 164.
9. Account ledger of Thomson, Watson & Co., MSB 493, unpaginated. Manuscripts and Special Collections, National Library of South Africa [NLSA], Cape Town, South Africa.
10. Densmore, "Understanding"; Oldroyd, Fleischman, and Tyson, "The culpability of Accounting"; and Rosenthal, *Accounting for Slavery.*

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

this new source offers a window into the detailed workings of the Cape Town compensation business.

This article connects the colonial and London-based aspects of the business of compensation. It sheds new light on how the firm operated in the colony, showing its cooperation with agents to bring in claims. The firm's main compensation business was purchasing claims, both large and small, from principals across the colony. It purchased claims on its own and others' accounts, using a variety of financial instruments to settle the accounts. Thomson, Watson & Co. used several London associates in different constellations to finance purchasing claims and to collect them under powers of attorney from the Bank of England. This suggests concentration in the Cape Town business not mirrored in the Bank's records. The exact extent of the firm's profit from the business of compensation is difficult to calculate, but it dwarfed any of the compensation awards to Cape principals. I suggest that Thomson, Watson & Co. reinvested its profits in new ventures.

By the 1830s, slavery was deeply embedded in all aspects of life in the Cape Colony. According to Worden, slavery "was vital to the functioning of [the Cape] economy" because of the labor extracted from enslaved people.[11] But as Green discusses, productivity alone does not explain the persistence of slavery in the Cape Colony.[12] Like in other slave societies, enslaved people were considered mortgageable assets, which has long been acknowledged but recently has attracted more systematic analysis. Following on from Fourie and Swanepoel's analysis of the private credit market in the eighteenth-century, Ekama argues that emancipation did not immediately disrupt the credit market in the Cape Colony: it was smoothed over by the compensation payments and forced labor that allowed pre-1834 mortgages to remain open and new mortgages to be agreed on the value of compensation.[13]

While abolition ended legal slavery, the consensus among historians is that it did not cause a major transformation in labor relations in the nineteenth century: the former slave-owning class used master and servant legislation and developed racist ideologies to maintain and justify social and labor hierarchies in post-abolition society.[14] During the mid-twentieth century, a few studies raised the question of how compensated emancipation impacted the Cape Colony, in particular considering the extent to which it contributed to the migration known as the Great Trek.[15] Melzer's study of commerce in Cape Town has been particularly influential. She traced the impact of compensation in rising imports, greater quantities of specie in circulation, the property boom in Cape Town, and a blossoming of company formation, including insurance companies and private banks.[16] Keegan points out the coincidence of expected compensation money and the growth of coastal trade powered by steam. This was

11. Worden, *Slavery*, 40.

12. Productivity estimates discussed in Green, *Creating the Cape Colony*, 93–98. On predictions of the impact of emancipation on productivity in agriculture, see Ross, "Rather Mental," esp. 155–161.

13. Martin, "Invisible Engine"; Murphy, *Banking on Slavery* on credit in the United States*;* on the Cape Colony see Shell, *Children of Bondage*, 109–10; Dooling, *Slavery, Emancipation*, 136–137; Fourie and Swanepoel, "'Impending Ruin'"; and Ekama, "Bondsmen," 437–453.

14. See Ekama and Ross, "The Emancipation," 409. Mason, *Social Death*; Watson, *Slave Emancipation*; Scully, *Liberating the family?*; Dooling, *Slavery, Emancipation.*

15. Hengherr's and Liebenberg's theses were never published. Discussed in Ekama and Ross, "The Emancipation," 410.

16. Meltzer, "The growth," Ch 2, esp. 56–64; and Meltzer, "Emancipation, Commerce."

connected to the take-off of the wool industry in the eastern districts, which was financed by Cape merchants.[17] More generally, Keegan writes: "The end of the slave economy cleared the decks and opened the way for the emergence of a settler capitalism. This colonial capitalism was to be the fundamental force driving imperial expansion and black dispossession for decades to come."[18] By and large the early nineteenth-century has been overshadowed by the "mineral revolution": the 1860s discovery of diamonds and later of gold which provided the impetus for industrialization, and set patterns of migration, segregation and exploitation into the twentieth century.[19]

There are signs of renewed interest in the role of slavery, the impact of emancipation, and compensation in the economy and development of financial and commercial capitalism in the Cape Colony.[20] Tracing the compensation money, Graham found that £1.5 million was invested in banks, including in the Cape Colony, and these financial institutions smoothed the transition from slavery to wage labor by offering cheap credit to former slave owners. The effect, as Graham concludes, was "to defer for a generation or more many of the social and cultural changes that abolitionist and humanitarian reformers had hoped to see, and to encourage the exploitation and indenturing of hitherto free people in the eastern Cape and British India."[21] One of the goals of this article is to contribute another aspect to understanding the role of slavery, and specifically compensated emancipation, in South Africa's business and financial history.

For the most part, Britain and the United States are the focus of the reinvigorated debates on the connections between slavery and capitalism. In an important corrective, Everill and Diedhiou use the case of compensated emancipation in Senegal to demonstrate how indebted slave owners used monetary compensation to manage the transition of emancipation.[22] In the same special issue, Gardner reminds historians that the central questions in debates on slavery and industrial growth are applicable in Africa too.[23] This article contributes another case of compensated emancipation on the African continent: the British Cape Colony.

The Business of Compensation

The Act for the Abolition of Slavery, passed in August 1833, was a compromise. "When [James] Stephen drafted the 1833 anti-slavery bill," Lester, Boehme, and Mitchell write, "he

17. Keegan, *Colonial South Africa*, 158–163.

18. Keegan, *Colonial South Africa*, 127.

19. Feinstein, *Economic History*, esp. Ch 5; see Gardner on the "capitalism and apartheid" literature: Gardner, "Slavery, Coercion," 200–201.

20. Ekama and Ross identify three reasons for this: the reexamination of the role of slavery in the development of capitalism, particularly in the United States; the impact of the UCL *Legacies* project; and the rediscovery of the rich records of the preindustrial Cape Colony by economic historians. Ekama and Ross, "The Emancipation," 411–413.

21. Graham, "Slavery, Banks," 485–487.

22. Everill and Diedhiou, "Profiting from slavery," 335–361.

23. Gardner, "Slavery, Coercion," 119. Gardner's focus is on the late nineteenth and early twentieth centuries, thus long after abolition in the Cape Colony. Usefully, she makes the connection to the "capitalism and apartheid" literature in South Africa.

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

knew that a price would have to be paid for Parliament's assent … That price was compensation, not for the formerly enslaved but for their owners."[24] The Act recognized slave owners' property rights in people based on legal ownership and other "interests" in slave property and compensated slave owners for the "loss" which emancipation entailed.[25] Of the £20 million compensation to be paid, £15 million was raised on a loan from the Rothschilds, and £5 million in government stocks.[26] A sum of £1.2 million was apportioned to Cape Colony claimants to be paid in stocks. In addition to the payout, compensation included four years of slavelike apprenticeship, from 1834 until 1838.[27] According to Draper, via apprenticeship, enslaved people paid between 20 and 50 percent of the cost of compensated emancipation.[28]

Compensation administration was an enormous undertaking. Following the processes of valuation and classification of each enslaved person to be emancipated in the colonies, the Commissioners of Compensation used average valuations of each class to divide the compensation apportioned to the colonies between claimants.[29] The Abolition Act provided for claims arising from various interests, including ownership and mortgage holdings. The former submitted claims and the latter counterclaims. In the Cape Colony, Assistant Commissioners assessed the validity of claims and forwarded them to London.[30] Draper notes that the records created in these processes "provide a unique 'census' of slave-ownership in the Age of Reform."[31] A total of 6,579 claims originated in the Cape Colony, in which compensation was claimed for approximately 36,000 enslaved people.[32]

Cape slave owners, who by 1833 were resigned to the inevitability of emancipation, were somewhat placated by promised compensation. They were nonetheless dissatisfied with first, the perceived low level of compensation, and secondly, the claims process, which they perceived as discriminatory.[33] Cape slave owners were heavily indebted and concerned that the timing of compensation payments—after *de jure* abolition—in addition to their low level relative to local valuations, would mean financial ruin for all those whose creditors were calling in payments. This was compounded by rumors that compensation would be paid out in London, not disbursed in the Colony.[34] Like claimants across the colonies and in Britain, Cape Colony claimants engaged agents to collect their awards in London.[35]

24. Lester, Boehme, and Mitchell, *Ruling the World*, 39. On debates over whether compensation would be paid, see Butler, *The Economics of Emancipation*, and more recently, Draper, *Price of Emancipation*, 75–113.

25. Draper, *Price of Emancipation*, 75–113.

26. Manjapra, "The Scandal," 165–184.

27. Lester, Boehme, and Mitchell, *Ruling the World*, 40. On the similarities between slavery and apprenticeship, see Edwards, *Towards Emancipation*, 177–178, discussed in Mason, *Social Death*, 60–62. See also Worden, "Between Slavery and Freedom."

28. Draper, *Price of Emancipation*, 106.

29. Draper, *Price of Emancipation*; and Liebenberg, "Die Vrystelling."

30. Hengherr, "Emancipation," 56.

31. Draper, *Price of Emancipation*, 114.

32. *LBS*, search restriction: Cape of Good Hope. On the number of enslaved people appraised, see Hengherr, "Emancipation," 55. Note that claimants and counterclaimants used the same claim numbers.

33. Worden, "Between Slavery and Freedom," 132–133.

34. Meltzer, "The Growth," 51; Hengherr, "Emancipation," 58-59; Ekama, "Bondsmen" on mortgaging; Dooling, *Slavery, Emancipation*, 97–100; Ekama et. al. "When Cape slavery ended" on difference between valuation and compensation.

35. Bennett and Anson, "The Compensation Agency Business," 21–22.

It is perhaps not surprising that merchants identified and took advantage of the opportunity that compensated emancipation presented to profit from handling claims. With already established commercial networks and privileged access to information through those channels and contacts on the Board of Assistant Commissioners, agents could add compensation agency business to their regular import-export business with low transaction costs.[36] The scale at which they operated was also significant because it was precisely this aspect that made the business worthwhile for agents when it would not have been for individual claimants. As Draper points out, the idea that metropolitan merchants profited at the expense of slave owners—small-scale slave owners in the colonies, in particular—has endured since the 1830s.[37] Bennett and Anson suggest that "mercantile interception" in London was greater than previously thought.[38] In the Cape Colony, agents were considered callous and exploitative, but, in the end, a necessary evil if slave owners were to receive compensation.[39]

Compensation agents used different models for handling claims. Bennett and Anson identify three models in the London records—agency, advance, and discount; earlier work by Hengherr and Meltzer showed that Cape colony agents purchased claims for cash, took them as payment for goods—both of which Bennett and Anson call the discount model—and offered agency on commission.[40] Cape Town agents advertised advances too, but infrequently.[41] In these ways, then, agents in Cape Town operated in much the same ways as agents in London.

Cape Colony newspapers played an important role in the agents' compensation business. The 1830s were a period of growth for Cape newspapers. The *South African Commercial Advertiser* was first printed in 1824; the *Zuid-Afrikaan* began in 1830, also printed in Cape Town; and the following year, the *Graham's Town Journal* printed its first issue. Advertising in the *Zuid-Afrikaan* grew enormously in the early years, a sign that it was becoming entrenched in Cape Colony life. Alongside these newspapers, the Cape Government printed its own *Government Gazette*, which also carried advertising, but not editorials.[42] Merchants already accustomed to advertising the arrivals of imports for sale and freight, and passage to other ports made the easy move to advertising their compensation business. Via the newspapers, they spread information beyond their immediate circles in Cape Town.

The *Commercial Advertiser* first carried compensation advertisements in February 1835.[43] The following year, similar advertising grew in the *Zuid-Afrikaan*.[44] By mid-1836, the *Government Gazette* was running far more advertisements from agents than it had earlier in the year, and grouped them under the bold banner COMPENSATION MONEY. Along with

36. On intermediaries, see Aldous, "Rehabilitating the intermediary."

37. Draper, *Price of Emancipation*, 263.

38. Bennett and Anson, "The Slavery Compensation Business," 25. See also Butler, *Economics of Emancipation*, 44-73, and Draper, *Price of Emancipation*, 145–147, 238–240.

39. Hengherr, "Emancipation," 61.

40. Bennett and Anson, "The Compensation Agency Business," 15–16; Hengherr, "Emancipation," 61–63; Meltzer, "The Growth," 64–69.

41. For instance, J. B. Ebden, *ZA*, February 12, 1836; J. T. Buck, *ZA*, February 26, 1836.

42. Raaijmakers and Ekama, "Advertising the Enslaved," 139–147.

43. Meltzer, "The Growth," 65.

44. The newspaper published a handful of advertisements across four January issues; throughout June, it published thirty advertisements.

Hamilton Ross & Co., Simpson Brothers & Co., Borradailes, Thompson & Pillans, Thomson, Watson & Co., and Heideman, Carfrae & Co., there were advertisements from individuals announcing their imminent departure for England and willingness to receive claims there under powers of attorney.[45]

The advertisements set out the different ways in which the agents operated. Across the range of advertisements, agents announced their 2.5 percent commission fee, their willingness to purchase claims and accept claims as payment for goods, and some offered advances.[46] Competition clearly affected how business was done. R. C. Logie tried to undercut his rivals: he advertised "the most reasonable terms," offering to recover claims at only 1.5 percent of the amount realized. From the few powers of attorney he received, it seems Cape Colony claimants preferred established merchant firms.[47]

In mid-1836, principals and agents were still uncertain whether the British Parliament would pay out claims in the Cape Colony or only in London. Some Cape slave owners were still holding on to the hope, as agent J. A. Smuts called it, that the British Government would send the money to them directly.[48] This was an ongoing concern for Cape slave owners who, in 1834, petitioned for compensation to be sent to the colony and for advances.[49] As late as June 1836, Zeederberg et al. reassured claimants that it would waive commission fees if Parliament decided to send compensation money to the Cape and so render agency an unnecessary expense.[50] Logie and J. A. Smuts added the same promise to their advertisements.[51] Yet, Hamilton Ross & Co. was certain that compensation would be paid in London only. In early June 1836, when the firm placed its first compensation advertisement, it opened with the announcement that claims would not be paid in the Colony. The firm's London associates had sent news, it announced, confirming that "the Home Government will not send out the Slave Compensation Money."[52] Agents either had to use their London associates or travel there themselves.

Even before news of Parliament's decision reached the Cape Colony, Borradailes, Thompson & Pillans advertised "their services and those of their house of Messrs W BORRADAILE, SONS, & RAVENHILL of London to recover the sums due out of the Compensation Fund, and pay over the same in this Colony to the parties interested."[53] Similarly, Simpson Brothers & Co. in Cape Town advertised their house in London styled Tho[ma]s Simpson & Co.[54] Thomson, Watson & Co. also had family-based ties to London agents to whom it gave power of

45. *GG*, July 1, 1836.

46. *ZA*, January 22, 1836; July 1, 1836; November 25, 1836; and December 23, 1836. The December advertisement stated that a commission was charged over the amount paid out in London. This detail was significant because the appraised value of enslaved people and the compensation to be paid out were not the same, the latter being lower. See Martins, Cilliers, and Fourie, "Legacies of Loss"; and Ekama et al., "When Cape Slavery Ended."

47. *ZA*, June 26, 1836, and September 2, 1836; WCARS, SO/20/59.

48. *ZA*, June 10, 1836.

49. Hengherr, "Emancipation," 39, 58–59. Meltzer notes the Cape of Good Hope Trade Society's involvement in sending memorials in London: Meltzer, "The Growth," 50.

50. *ZA*, June 17, 1836. R. A. Zeederberg, Senior, J. A. Le Sueur, and Home, Eagar, & Co.

51. *ZA*, June 10, 1836, and June 24, 1836.

52. *ZA*, June 3, 1836.

53. *ZA*, January 8, 1836. They placed the same advertisement over the following months.

54. *ZA*, June 10, 1836.

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

attorney.[55] Agents without an established London house could travel there themselves, which Zeederberg et al., Logie, and Smuts offered to do. J. A. le Sueur, R. A. Zeederberg, Junior, and R. Eagar explained that they were going to England, where they would collect awards. Pre-empting principals' concerns about entrusting others to receive the money in London, and the risk of shipping it from there to the Cape Colony, R. A. Zeederberg, Senior, J. A. Le Sueur, and the firm Home, Eagar, & Co. guaranteed payment. In fact, so sure were they of successful payment and remittance that Zeederberg Senior, Le Sueur, and the firm offered "fair advances" to claimants requiring such.[56]

Thomson, Watson & Co. started using the *Zuid-Afrikaan* to advertise its compensation business in May 1836. By that time, numerous advertisements had already appeared from firms and individuals. Unlike some of the others, Thomson, Watson & Co. did not offer commission agency explicitly; it offered to purchase claims. Its first advertisement stated:

> COMPENSATION CLAIMS - The Undersigned beg to notify that they are willing to purchase Claims upon the Compensation Fund. No 19 Heeregracht, Cape Town. THOMSON, WATSON & Co.[57]

This same announcement reappeared weekly for the rest of the year. The firm paid for this "permanent advertisement" in the *Zuid-Afrikaan*, while it ran "seasonal" advertisements in the *Commercial Advertiser* and *Government Gazette*.[58]

What has so far gone unnoticed is that agents were not the only ones to use the newspapers; principals used them too. They advertised claims for sale and requested tenders from agents. For instance, P. van Breda, executor of a slave owner's estate, advertised compensation claims for sale in February 1836. Mr. Jones, a Cape Town auctioneer accustomed to selling imported goods landed in Table Bay, included compensation claims in his February sale.[59]

Later that year, the South African Association for the Administration and Settlement of Estates placed the first advertisement requesting tenders for the purchase of compensation claims. Dated November 11, 1836, the advertisement invited tenders for the purchase of claims amounting to £428 17s. 10½d. from Widow Truter's estate.[60] The following month, executors of Jan Hoets' estate requested tenders for far more substantial sums. In addition to a claim worth £609 14s. 7½d. they sought tenders "for an amount of about £6,000 of Counter Claims arising from Mortgages upon Slaves due to the said Estate."[61]

Without detailed financial records, it is impossible to trace fully which firms handled which claims and whether they did so for commission by purchasing claims, or took them

55. Power of Attorney Registry book, SO/20/59, WCARS; MSB 493, NLSA.
56. *ZA*, June 10, 1836, and June 17, 1836. The second advertisement included Le Sueur. *GG*, July 1, 1836.
57. *ZA*, May 6, 1836.
58. NLSA, MSB 493.
59. *ZA*, February 5, 1836.
60. *ZA*, November 11, 1836. In the same edition, the Association's secretary announced claims from J. J. Smuts' estate for sale at auction. These were not specified as compensation claims. The advertisement suggests a secondary market for claims, including but not limited to compensation claims.
61. *ZA*, December 23, 1836.

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

in exchange for goods. It is in this context that Thomson, Watson & Co.'s account book becomes all the more important for understanding this business. It is currently the only known financial record from one of the Cape Town firms and offers great insight into the workings of the firm's business and its associates both in the Cape Colony and in London. Moreover, it shows that the Cape Town firm used multiple London agents, offering an explanation for why Bennett and Anson have identified sixty-four London agents who received Cape Colony awards, but earlier scholars have found only fifteen merchants and individuals in the business in Cape Town. What the role of the Cape Town firms was and the connection between the firms and the London agents is made clear in Thomson, Watson & Co.'s account book.

Thomson, Watson & Co.

John Robert Thomson and Harrison Watson gave their names to a long-running partnership styled in the 1830s as Thomson, Watson & Co. By then, the partners were well-established in business in the Colony, in particular in Cape Town and in the region around Port Elizabeth and Grahamstown (today Gqeberha and Makhanda, respectively). According to Eric Rosenthal's short, unpublished history, Thomson, Watson & Co. existed as a partnership for more than 150 years and was never incorporated as a limited company. Rosenthal describes the firm's successful involvement in shipping from its early nineteenth-century beginnings until the 1960s. The donation letter, which accompanied the firm's financial records into the National Library of South Africa's collection in the 1960s, is the last trace of Thomson, Watson & Co. in the twentieth century.[62] In this section, I consider how Thomson, Watson & Co.'s preexisting London connections and early business positioned it to enter the business of compensation from 1836 onwards.

John Robert Thomson was born in Bristol, England, in 1788, the son of a ship captain and vessel owner. Thomson, described as a "merchant and trader," had commercial training in London before arriving in the Cape Colony in 1808.[63] During the 1820s, Thomson married into the Horak family, and he and Margaretha Horak went on to have four sons and six daughters.[64] In 1827, he and Harrison Watson established the eponymous enterprise, and "they were soon leading merchants in the Cape Colony." They had a branch in Grahamstown styled Thomson Brothers, and one in Port Elizabeth, Watson Brothers.[65] Harrison Watson was also born in England and immigrated to Cape Town at some point before 1814, by which time he was a wine merchant in the city, and in that year, he and his wife, Marjorie Tennant, had a son, Thomas. Thomas later joined his father in the firm.[66]

During the 1830s, Thomson, Watson & Co. were merchants in Cape Town, receiving goods from around the world to sell in the Colony. Notices of upcoming auctions show the range of merchandise the firm handled, imported from Europe, India, and South America.

62. Rosenthal, "South Africa's oldest shipping firm: The history of Thomson, Watson & Co." c.1960 and accompanying donation letter, s 8 (262), Manuscripts and Special Collections, NLSA.

63. *Dictionary of South African Biography* cited in NLSA, s 8 (262), Rosenthal, 1.

64. NLSA, s 8 (262), Rosenthal, 1.

65. Beyers, *Biografiese Woordeboek*, 4:688–689.

66. NLSA, s 8 (262), Rosenthal, 4; Krüger and Beyers, *Biografiese Woordeboek*, 3:855.

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

For instance, on June 10, 1836 the *Zuid-Afrikaan* advertised a sale of cotton and woolen goods, cutlery, men's hats, Kent hops, stationery "and sundry other Goods, without Reserve," and a week later goods from Amsterdam, including gin, pickled cabbage, cheese, currants, pepper and bricks. The firm also advertised sales of Mauritius and Brazil sugar, wine, brandy, tea, and tobacco.[67] Unsurprisingly, considering the infamy of the weather around the Cape of Good Hope, Thomson, Watson & Co. was also involved in salvage.[68]

Another aspect of its business was maritime insurance. The firm operated the Cape branch of the Equitable Insurance Society, established in Calcutta, that insured shipping worldwide, from ports in the Cape Colony to ports in India, China, New South Wales, Europe, and North and South America.[69] In 1840, the firm was an agent for another Calcutta insurance company, five in Le Havre, two in Amsterdam, and for the Bank of Australasia of London, New South Wales, and Van Diemen's Land.[70] This aspect of the firm's business continued at least until the 1960s, at which point the firm's formal stationery confirmed its role as Lloyd's agents for Cape Town.[71]

Both Thomson and Watson were embedded in Cape commercial circles. Harrison Watson was listed among the directors of the South African Fire and Life Assurance Company, alongside prominent men at the time such as A. Chiappini, William Gadney, F.S. Watermeyer, Hamilton Ross, and Charles Stuart Pillans. All these men were involved in the financial side of slavery, if not all slaveholders themselves.[72] Notably, William Gadney was one of four well-known Cape merchants appointed to the Board of Assistant Commissioners of Compensation in the Colony. Another, Ewan Christian, also acted as an agent in the compensation business.[73] Watson was a director of the Cape of Good Hope Savings Bank, established in 1831.[74] He was also involved in the world of diplomacy: correspondence reveals his appointment as Vice-Consul for Spain in 1839. Eric Rosenthal comments that the appointment marked the start of Thomson, Watson & Co.'s "intimate contact with the Consular and Diplomatic world which is maintained ever since."[75] For his part, Thomson played an important role in the Commercial Exchange, established in Cape Town in 1819, and through that organization must have had contact with the London-based Cape of Good Hope Trade Society.[76] He returned to England, perhaps even in the late 1830s, and established J. R. Thomson & Co., Cornhill, London, and continued his involvement in Cape Colony ventures from there.[77]

67. For instance, *ZA*, June 10 and 17, 1836; December 2 and 9, 1836.
68. *ZA*, October 21, 1836. See NLSA, s 8 262, Rosenthal, 19, 29.
69. Greig, *South African Directory*, unpaginated.
70. Meltzer, "The Growth," 104. She points out that this was not unique to Thomson, Watson & Co.
71. NLSA, donation letter for item s 8 (262).
72. Greig, *South African Directory*, unpaginated; for instance, C. S. Pillans of Borradailles, Thompson & Pillans, and Hamilton Ross of Hamilton Ross & Co. were slave owners: WCARS Slave Registers, SO/6/27 f. 73; and SO/6/28 f. 20.
73. Meltzer, "The Growth," 55. The other two were H. A. Sandenbergh and P. M. Brink, who, along with J. J. L. Smuts, were unofficial members of the board. The Governor and Attorney-General of the Colony sat on the board, too. Christian used the *ZA* to advertise his and his brother's agency: *ZA*, June 17, 1836.
74. NLSA, s 8 262, Rosenthal, 11. On Savings Banks, see Graham, "'A most valuable auxiliary'."
75. NLSA, s 8 262, Rosenthal, 4.
76. NLSA, s 8 262, Rosenthal, 3–4.
77. NLSA, s 8 262, Rosenthal, 9-12; and Meltzer, "The Growth," 97–98, 103–104.

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Before entering the business of compensation, Thomson, Watson & Co., and J. R. Thomson in his private capacity were involved in slavery in a variety of ways. The first was slave ownership. The Cape Town slave registers show that the firm owned an enslaved man named Jack, from Mozambique, recorded as a "houseboy."[78] J. R. Thomson was also a slave owner in his individual capacity. He registered ten enslaved people as his property between the late 1820s and early 1830s, at least some of whom were transferred to him, not purchased, it seems, to settle debts secured on slave collateral.[79] Secondly, the firm was involved in the long-running practice of slave mortgaging, as were a number of the English agents in Cape Town.[80] Thirdly, the firm was itself a compensation claimant and recipient, receiving £61 8s. 6d. on January 30, 1837, for Jack's emancipation.[81] The fourth aspect of its involvement, and the focus of this article, was its role as an agent in the payment of compensation to Cape Colony claimants. Cape newspapers, Slave Office records, and the firm's documents make it clear that Thomson, Watson & Co. played an important role in the business of compensation. Its involvement was not unique among the Cape agents; rather, its involvement as owner, mortgage holder, and recipient of compensation reinforces how deeply embedded slavery was in the Cape economy.

Through familial, mercantile, commercial, and consular networks, Thomson, Watson & Co. was well-positioned to move into the business of compensation in the mid-1830s. Its involvement in shipping meant a ready channel via which to move claims, and its business links across the Empire provided the necessary contacts for financial and administrative collaboration in processing the claims.

The Firm's Business of Compensation

According to its account book, a unique financial record of the business of compensation which the firm conducted, and the only such record known to exist from among those individuals and firms active in the business in Cape Town, Thomson, Watson & Co. handled more than 800 claims from among nearly 6,600 which originated in the Cape Colony. The value of these claims amounted to about £110,000, approximately 10 percent of the compensation money apportioned to the Cape. The firm entered into the account book the claims it accepted on commission and purchased on its own and others' accounts.[82]

The ledger reveals four interesting aspects of Thomson, Watson & Co.'s business. First, it is clear that the firm accepted both claims and counterclaims of a variety of monetary values.

78. WCARS, Slave Registers, SO/6/32 f. 117.

79. In 1826, slave-owner Roeland Witsen secured a loan from John Robert Thomson using ten enslaved people as collateral, some of whom were later transferred to Thomson. Thomson manumitted two enslaved people in 1830: Philipina and her young son. At the same time, the Philanthropic Society purchased Philipina's two surviving daughters and later manumitted them. WCARS, Slave Registers, SO/6/32 f. 82; SO/6/34 f. 158; SO/9/36 f. 83.

80. WCARS, Mortgage Books, SO/9/19 f. 91. Meltzer discusses the dual role of agents and mortgageholders: Meltzer, "The Growth," 52–53, 64–65.

81. *LBS*, Cape Colony Claim [CC] 6241.

82. The ledger does not include records of claims accepted as payment for goods at auctions. Thus, the firm probably dealt with more than 10 percent of the total value of Cape compensation.

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Interestingly, no claim seems to have been too small: the firm purchased claims as small as £5. At the opposite extreme, the firm also purchased claims in excess of £1,000.[83] Second, these claims originated from across the Colony. Third, the account book indicates that Thomson, Watson & Co. used the services of agents to whom it paid commission at the standard rate of 2.5 percent. This was the case with the Barrys of the Overberg. Fourth, the firm used its own funds to purchase claims, but also purchased claims on others' accounts and remitted all these claims to contacts in London. These two aspects of its business bring to the fore the firm's commercial networks in the British Empire.

Agents for All Districts

Thomson, Watson & Co.'s compensation business might have been established in Cape Town, but it was certainly not limited to the urban area or even the Cape District. It purchased claims from claimants across the districts of the Colony, from Cape Town to the frontier.[84] Certainly, records of slave ownership show that the majority of enslaved people were concentrated in the "old districts": the Cape District, including Cape Town, and Stellenbosch.[85] We would therefore expect the preponderance of claims to originate from claimants and counterclaimants in these two areas. What the ledger shows is the wide reach of the firm.

This wide reach resulted from two specific factors. The first is that Thomson, Watson & Co. used agents to whom it paid commission, and one of those agents was the firm Barry & Nephews in the Swellendam District. The connections between the firms are discussed next. Thomson, Watson & Co. also had ties through business and family to the frontier districts of Albany and Somerset. Thomson himself had lived in the area around Grahamstown for a period, and had a brother there, who operated the firm Thomson Brothers & Co. This firm, or perhaps a branch, used the *Graham's Town Journal* to advertise agency services there.[86] Through the use of agents and family connections, Thomson, Watson & Co. drew business from across the Cape Colony.

A third factor to consider is the reach and success of advertising in the newspapers. The Cape Town-based newspapers' distribution figures are unknown, but that the printers sent them to the "country districts" is certain.[87]

The Firm's Agents

Thomson, Watson & Co. used agents to bring in claims for which it paid them commission. Some individual agents received 0.5 percent and others 1 percent commission. The firm also used Barry & Nephews in Swellendam, paying 2.5 percent commission when it closed the

83. The £5 claims were for an enslaved child under six years old, an elderly person, or a person incapacitated by injury or disability, for instance, J. M. Steyn's claim NLSA, MSB 493; *LBS* CC 2362. Johannes Joseph Jurgens was awarded £1,142 16s. 11d. in 1836 as compensation for 37 enslaved people. NLSA, MSB 493; and *LBS* CC 5828.

84. NLSA, MSB 493. See pages headed "Claims purchased on our account and remitted to Sir C Cockerell Bart & Co."

85. By 1833, 56.3 percent of the enslaved population lived in the Cape District (including Cape Town) and Stellenbosch. Shell, *Children*, 147 Fig. 5–6.

86. See, for instance, the *Graham's Town Journal*, July 14, 1836.

87. Raaijmakers and Ekama, "Advertising the enslaved," 141–143.

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

accounts. Agents specialized in specific regions, extending Thomson, Watson & Co.'s reach beyond Cape Town. This is clearest in the case of Barry & Nephews.

Carel Pieter Lindenberg, a Stellenbosch resident, appears in the account book as a principal and, more frequently, an agent.[88] Thomson, Watson & Co. purchased 18 claims amounting to around £1,800, "through the agency of C. P. Lindenberg." Lindenberg signed that he had received £18 9s. 0d. "being my commission and expenses on purchase of the above claims."[89] All bar one of the claims he took to Thomson, Watson & Co. were for principals in Stellenbosch, probably indicating that he acted as an agent for his neighbors and acquaintances. Other agents besides Lindenberg purchased a few claims for Thomson, Watson & Co.[90]

Barry & Nephews operated as an agent for Thomson, Watson & Co. on an entirely different scale. In total, 229 claims in Thomson, Watson & Co.'s ledger are associated with Barry & Nephews. The majority were claims purchased by Barry & Nephews, with some listed as claims advanced upon through Barry & Nephews. According to Buirski, Barry & Nephews became a compensation agent in the 1830s, and planned that Joseph Barry would travel to England to realize the claims. However, following Barry's departure to the frontier to fight in the Sixth Frontier War (1834-1835) between settlers and AmaXhosa, Barry & Nephews abandoned this plan. Instead, it used Thomson, Watson & Co. to remit the claims to London. Correspondence shows that the two firms agreed on terms for purchase, commission, and advances on claims which Barry & Nephews supplied to Thomson, Watson & Co.[91] For the claims which Thomson, Watson & Co. bought from Barry & Nephews, or which Barry & Nephews purchased on Thomson, Watson & Co.'s account, Barry & Nephews would receive 2.5 percent commission. In closing the accounts, among the costs involved in purchasing claims, the firm listed charges of 2.5 percent of claims valued at £7,199 9s. 0½d. "for agency" for Barry & Nephews, amounting to £179 19s. 8½d.[92] Letters between the firms reveal that profit was to be divided equally.[93] No similar records have been found of Thomson, Watson & Co.'s agreements with individual agents; perhaps the same terms applied.

Thomson, Watson & Co. preferred purchasing claims as its way of doing business. But it also accepted claims on commission, at a higher rate than those purchased. Thomson, Watson & Co. agreed to act as commission agents, charging 5 percent for the realization of claims, excluding expenses.[94] That Thomson, Watson & Co. took on claims for commission seems to be something of an exception based on the services they offered in newspaper advertisements.

London Connections

The way in which Thomson, Watson & Co. structured its account ledger highlights its associates within and beyond the Colony. It kept separate accounts for its various associates. The

88. He sold two counterclaims to Thomson, Watson & Co., one of which was based on a mortgage. NLSA, MSB 493; *LBS* CC 3821, 4018. Lindenberg was also an awardee, with Pieter Korsten, of the sum of £333 1s. 1d. for 11 enslaved people. *LBS* CC 3863.

89. NLSA, MSB 493. None of these eighteen claims includes addresses.

90. NLSA, MSB 493.

91. Buirski. "The Barrys," 63–66.

92. NLSA, MSB 493.

93. Buirski. "The Barrys," 65.

94. Buirski, "The Barrys," 65.

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

first set of claims entered into the ledger was five, which the firm received from the Association for the Administration and Settlement of Estates. Thomson, Watson & Co. remitted the claims, under power of attorney, to John Robert Thomson himself.[95] A particularly prominent association in the ledger was that between the firm and Charles Cockerell in London. Thomson, Watson & Co. purchased sixty-nine claims on its own account, which it remitted to Cockerell, and another 214 on Cockerell & Co. and other London firms' account. In total, Cockerell was involved in some capacity in more than a third of all the claims in the ledger. How exactly Thomson, Watson & Co. got into business with Cockerell & Co. is not clear. It is possible they had crossed paths in London, and or had Indian connections, specifically Calcutta. Cockerell, a British East India Company high official, established himself early in his career as a partner in William Paxton's house of agency, managing the Calcutta agency first as Paxton & Cockerell and later as Paxton, Cockerell & Trail, described as "the most successful agency concern of its time." On returning to England in 1801, Cockerell became a baronet and took up politics. His eventual company, Cockerell & Co., dealt in Indian business as well as banking for British clients.[96]

In addition to Cockerell & Co., the London firms Curries & Co. and Scott Bell & Co. are listed as those on whose joint and separate accounts Thomson, Watson & Co. purchased compensation claims. Curries & Co., a "private bank," was also located in Cornhill, London, as was J. R. Thomson & Co.[97] J. D. and W. G. Thomson were listed among the London firms on whose account Thomson, Watson & Co. purchased claims and frequently named as the recipients of powers of attorney for claims. James Duncan was John Robert's son; William Gordon Thomson's relation is unclear. Both are mentioned frequently in the account book.

Also recorded are several individuals: Joseph Grout, Esquire; Major Alexander Gordon; Thomas Flight, Esquire; and William Gordon Thomson, Esquire. Grout became very wealthy in the textile industry, establishing mills for the manufacture of crepe from raw silk imported from Bengal, China, and Italy. He retired from Grout & Co. in 1835 and was involved in compensation claims soon after that. The Bank of England accounts name Grout in 23 transactions, totaling £5,784.[98] Thomson, Watson & Co. purchased six claims together valued at £1,207 on account of W. G. Thomson alone. Thomson, Watson & Co.'s account book reveals that in order to settle its accounts, the Cape Town firm paid the deposit on W. G. Thomson's shares in the London-backed Cape of Good Hope Bank.[99] The Bank was J. B. Ebden's initiative, established in 1836 and operational from the following year. At the time, it was one of only six companies listed in the *Almanac.* As many again were established the following year, leading Meltzer to remark that "[t]he accelerated growth of companies in 1838 and the arrival during the previous year and 1838 of the compensation money was not coincidental."[100] In addition to

95. NLSA, MSB 493. The association was established in 1834 following the dissolution of the Orphan Chamber (1832). Meltzer, "The Growth," 77; and English, "The First Trust Company."

96. *Oxford Dictionary of National Biography* cited in *LBS*: Sir Charles Cockerell 1st Bart.

97. Curries & Co. is a past constituent of the Royal Bank of Scotland, which is now part of the NatWest Group. "Curries & Co."

98. Farrell, "Crepe Expectations"; Bennett and Anson, "The Compensation Agency Business," supplementary material (downloaded March 13, 2025).

99. NLSA, MSB 493.

100. Meltzer, "The Growth," 76.

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

paying for W. G.'s shares, Thomson, Watson & Co. received two bills in Sterling, drawn by one Mackrill upon J. D. Thomson.[101] Not all compensation accounts in the account book were closed in the same way. The timing of payments, advances, and risk are addressed in more detail below.

Having acquired claims in the Colony, whether on its own or others' accounts, Thomson, Watson & Co. then remitted them to London for realization. Most frequently, the ledger records powers of attorney in favor of Thomsons: J. R., J. D., and W. G.[102] The power of attorney registry mentions the Thomsons frequently in several different constellations. While the firm itself was not mentioned, principals—both claimants and counterclaimants—gave powers to J. Cockerell, R. Currie, J. D. Thomson, and W. Scott; J R. and W. G Thomson; J. D. and W. G. Thomson; and Charles Cockerell, J. Cockerell, J. S. Brownrigg, G. G. de Hochepied Larpent, and C. R. Cockerill.[103] These men collected hundreds of payments from the Bank of England.[104] John Robert probably travelled to England in the late 1830s and certainly before 1845, by which time he had established the house John Robert Thomson & Co. in London.[105] James Duncan probably travelled to London for the compensation business and then returned to Cape Town where he, and new partner in the firm Clifford Knight continued business under the name Thomson, Watson & Co.[106] Less is known about William Gordon; Meltzer locates him in London and as a partner in Thomson, Watson & Co.[107]

Thomson, Watson & Co.'s account book reveals the layers of agency relationships that are otherwise invisible in the Bank of England's records in London and the power of attorney registry kept in Cape Town. Those records name the principals and the agent who collected the compensation; Thomson, Watson & Co.'s records reveal the connections between them—the firm used agents to bring in claims, purchased them on its own and others' accounts, and using powers of attorney, multiple associates including family members collected the awards London. Using multiple London agents was probably a strategy borne out of preexisting business arrangements. The business of compensation was intertwined with their regular merchant business and commercial activity.

Profiting from Emancipation

Determining the extent to which Thomson, Watson & Co. and other agents profited from the business of compensation is not straightforward. Thomson, Watson & Co.'s account book

101. NLSA, MSB 493.

102. Power of Attorney records include the Thomsons and numerous other individuals and firms. WCARS, SO 20/59, Power of Attorney registry book.

103. WCARS, SO 20/59, Power of Attorney registry book. Grout and Flight are also mentioned, but not in combination with the Thomsons.

104. Bennett and Anson, "The Compensation Agency Business," supplementary material (downloaded March 13, 2025).

105. NLSA, s 8 262, Rosenthal, 6–7. See also Meltzer, "The Growth," 106, on the 1861 partnership agreement between Thomson, Watson & Co. of Cape Town and J. R. Thomson & Co. of London, by which the greater investment of the London partners meant a greater proportion of the profits.

106. Warren, "Merchants, Commissioners and Wardmasters," 57. Warren mentions the firm's continued business, including wool, farming, and mining.

107. Meltzer, "The Growth," 67.

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

reveals the different elements of timing and risk involved in the firm's dealings with its agents in the Colony and London associates. While the financial records necessary to trace exactly how Thomson, Watson & Co. invested profits have not survived, the firm's successful ventures in the 1840s suggest that the business of compensation contributed to its ongoing success, if not underpinned it.

Realization of compensation claims in London took time. Agents solved the problem of timing for slave owners by paying advances on claims, purchasing claims, and accepting them as payment for goods. What remains to be explored is how timing worked for the agents. Either they or their London associates were out of pocket between paying claimants in the Colony and realizing claims in London. How they managed the timing and with what financial instruments has important implications for understanding the burden of risk and rates of return in the business of compensation.

One of the claims which Thomson, Watson & Co. purchased through the agency of D. J. Aspeling, Junior, illustrates the point about timing. Thomson, Watson & Co. entered Nicolaas Laubscher's claim in its account book dated September 8, 1836.[108] It was a large claim by Cape standards, of about £1,000. A few days later, Aspeling received his £11 commission. Laubscher gave power of attorney to C. Cockerell, J. Cockerell, J. S. Brownrigg, G. G. de Hochepied Larpent, and C. R. Cockerell for payment in London. Because the claim was contested—mortgage holder Andries Brink submitted a counterclaim—adjudication and payment was delayed: Compensation Commissioners in London awarded Laubscher £1,111 19s. 11d. for thirty-two enslaved people in 1841.[109] Either the firm or its London associates had been out of pocket from the purchase in 1836 until payment in 1841. According to Hengherr, "most" slave owners sold their claims.[110] If agents paid slave owners upfront, they or their associates bore the risk and costs of waiting for payment in London.

Commission agency worked differently. This meant both claimant and agent waited for payment on London's schedule, and the agent did not have to carry the risk of claims being refused in London or lower sums being paid out than expected. In the competitive environment illustrated by the advertisements, agents used advances to secure commission business. According to Buirski, correspondence between Barry & Nephews and Thomson, Watson & Co. shows that the latter was disinclined to offer advances, but agreed to pay small advances when necessary to secure agency. In contrast to the low rates of commission advertised in the newspapers, Thomson, Watson & Co. charged 13 percent of the London award for claims advanced upon. As Buirski points out, when the claims were denied in London, agents who had paid out advances in the Colony were the losers.[111]

There were far greater burdens of timing and risk in the claims that Thomson, Watson & Co. purchased and remitted to London for realization. In order to pay resident claimants, Thomson, Watson & Co. used its own or associates' capital and then awaited reimbursement in London. The firm's account shows it used bills of exchange, recorded as drafts, and shipments of specie to the Colony to settle accounts. For instance, Thomson, Watson & Co. used bills of

108. NLSA, MSB 493, CC 5419.
109. *LBS* CC 5419; WCARS, SO/20/59 Power of Attorney registry, Laubscher, Nicolaas CC 5419.
110. Hengherr, "Emancipation," 62.
111. Buirski, "The Barrys," 66.

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

exchange to settle its accounts with Curries & Co. of London. Thomson, Watson & Co. closed its accounts with the statement "By Amount of our Drafts dated 13 April 1836 upon Messr Curries & Co. payable to this order of Messr Heideman Hodgkin & Co."[112] Using drafts meant Curries & Co. did not need to ship specie to the Colony.

In some instances, shipping specie was necessary. Thomson, Watson & Co. closed its accounts with Cockerell & Co. on May 1, 1837, which date preceded the realization of at least some of the claims it had remitted to London.[113] This implies that both Thomson, Watson & Co. and Cockerell & Co. used capital to fund the business. Between late 1836 and early 1837, four ships, *Ann*, *Guiana*, *Sesostris*, and *Broxbornebury*, disgorged specie amounting to £35,000 for Thomson, Watson & Co., leaving an outstanding balance of £104 6s. 5¼d.[114] If Thomson, Watson & Co. purchased claims for cash, which seems most probable, then the firm used its own capital to buy claims and awaited reimbursement. Cockerell & Co. reimbursed Thomson, Watson & Co. by shipping specie to the Colony, and the London firm was then out of pocket until the awards were paid out. They were not the only ones to operate in this way, as the rising specie imports in the late 1830s attest.[115]

There were clearly different elements of risk in the business of compensation. Commission agents carried minimal risk themselves, in contrast to agents like Thomson, Watson & Co., whose focus was on purchasing claims. To make the purchase attractive to claimants, agents must have paid upfront a value lower than the certificate indicated would be awarded in London. Thomson, Watson & Co. then carried the risk of the claims being delayed or, worse, denied, in which case it would be the loser. But at least in its dealings with Cockerell, it appears that Thomson, Watson & Co. passed the risk on to its London associate, who had to wait for the realization of claims there, after he had sent specie to the Cape Colony to close his accounts. Shipping specie was surely a very risky undertaking. Where agents carried little risk, they charged low rates of commission; but Thomson, Watson & Co. carried greater risk, for which it received greater reward.

Thomson, Watson & Co.'s main compensation business was purchasing claims. An interpretation of the figures in the account book indicates that it profited by purchasing claims for an amount below their value, using the discount model. The difference between the costs to the firm ('paid' plus charges) and the value of the award was profit.[116] But this was surely shared among the layers of agents involved, which further research may yet illuminate. How the firm closed its different accounts provides insight into rates of return, which were variable.

Thomson, Watson & Co. closed some of its accounts by drawing a line under the claims, enumerating and deducting costs, and stating "the balance remaining as profit."[117] This was

112. NLSA, MSB 493.

113. NLSA, MSB 493; for instance, Joseph Barry's claim: *LBS* CC 2573.

114. NLSA, MSB 493.

115. Meltzer, "The growth," 56–57.

116. There are three sets of numbers that I have compiled. Thomson, Watson & Co. generally entered two sets into their account book, headed—albeit inconsistently—with the words "award" and "paid." "Award" refers to the certificate value as established by the compensation commissioners in the Cape Colony, and "paid" the sum which Thomson, Watson & Co. paid for the claim. I use realized or collected to refer to the sum paid out in London, which included interest, as recorded in *LBS*. Sometimes this sum is also recorded by Thomson, Watson & Co., evidence of the flow of information from their London associates.

117. NLSA, MSB 493.

the case for the fifty claims that it purchased on its own account and remitted to Cockerell & Co. It entered the "total cost of claims remitted" as £9,989 18s. 9½d., while the claims' total "by realization" came to over £11,100. It added £405 in interest. The difference between total cost and realization alone was not profit, seeing as there were charges that the firm had to deduct. Among these were commission fees of 2.5 percent, amounting to £276 11s. 4d. and costs for power of attorney stamps. There was another entry for the costs of negotiating a bill of exchange, which the parties used "to raise the sum of £10,000 for investment." Once Thomson, Watson & Co. deducted costs from the total (realization plus interest), its recorded "balance remaining as profit" was £838 11s. 10d. from 45 claims.[118] The £10,000 investment yielded a return of 8.3 percent, higher than the 6 percent interest expected in the Cape Colony at the time.

The firm closed other sections of the account book similarly, with variations in the rate of return on investment and instruments used. In closing its accounts with Joseph Grout, the firm entered the cost of the claims at £4,989 19s. 11d. plus £10 0s. 1d. in charges to reach exactly £5,000. It entered the award value as £5,736 1s. 6d. indicating over £700 return on the investment, at almost 15 percent. Because the firm did not enter interest costs, the charges on Grout's account were considerably lower. Instead of using bills of exchange, Thomson, Watson & Co. received specie. It listed charges on landing five boxes of specie from the ship *Ann* and transporting it to the Castle, and then on to the Bank.[119] Similarly, the firm closed the larger set of claims purchased on Cockerell & Co. and other London firms' accounts, with details of the award, cost to the firm, and charges. The total value of the 224 claims was £40,451 8s. 8d. while the "cost" was £34,827 19s. 5¼d., and it added various charges totaling £267 6s. 0d. These charges included, among other things, Barry & Nephews' 2.5 percent commission, porterage for specie, newspaper advertisements at £7 10s. 0d., and postage, printing, and "gratuity for reference to records to facilitate the completion of documents." This brought the final cost to £35,104 6s. 5¼d. The difference between the total award and the cost to the firm was £5,347 2s. 2¾d. at a return of just over 15 percent on the investment of £35,000. As with Grout, Thomson, Watson & Co. received specie onboard the *Ann*, *Guiana*, *Sesostris*, and *Broxbornebury*.[120] In February 1837, newspapers reported the arrival in Table Bay of *Sesostris*, under Captain Yates, en route from Calcutta and Madras to London. Similarly, the *Broxbornebury* arrived in April 1837, sailing from Calcutta. With *Ann* and *Guiana*, these two ships landed £35,000.[121] This suggests that the business of compensation in the Cape Colony was a way for Cockerell & Co. and others to connect Indian and London business, shipping specie from India to the Cape, and later receiving the capital plus interest via compensation payments from the Bank of England.

A return of 15 percent on purchasing claims was on the lower end of figures reported in the *Zuid-Afrikaan* in early 1837. According to the paper, slave owners who "sacrificed" their claims would receive 12 to 25 percent below the certificate value. The newspaper's intention

118. NLSA, MSB 493. I excluded five claims because Cockerell excluded them from his account in December 1838, probably because they had not yet been paid out in London.

119. NLSA, MSB 493.

120. NLSA, MSB 493.

121. *ZA*, February 17, 1837; April 21, 1837; and NLSA, MSB 493.

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

behind presenting the accounts appears to have been to encourage tardy claimants to submit their claims and do so via commission, not sale to agents.[122] The trope of extractive merchants profiting from vulnerable slave owners was common at the time and has been enduring.

Bennet and Anson argue that profit from the compensation agency business arose out of the volume of claims processed. Claims from Cape Colony principals tended to be small because of the structure of slave ownership in the colony. They have identified sixty-four London agents who collected payment for Cape Colony principals and interpret that as a sign of competition in the Cape Town side of the business.[123] Thomson, Watson & Co.'s ledger shows that the firm used multiple London agents under powers of attorney. This suggests a concentration otherwise obscured in the records. In addition, as Meltzer pointed out, and Bennett and Anson's work reinforces, Phillips, King & Phillips was the major compensation agent by number and value of claims collected.[124] This implies that while there were many London agents collecting awards, they did so through a few Cape Town firms. Pursuing the connections between the London agents who collected awards and the Cape Town firms through which the claims were handled will shed more light on this concentration in the future.

London agents quickly sold off awards in stocks, freeing up compensation money for reinvestment.[125] Meltzer's study, and more recently Graham's work, have taken up the question of the impact of the compensation money in the Cape colony, but for the most part, reinvestment strategies and impact have not received ongoing scholarly attention. Revising earlier negative assessments, Meltzer's 1989 study showed that compensation money flowing into the Cape colony precipitated an economic boom until the early 1840s. The real estate sector boomed after emancipation, as compensation recipients invested in property and recently emancipated people moved into the city and sought housing.[126] Company formation was similarly rapid, with many of the compensation agents, including Thomson and Harrison Watson, taking up directorships in insurance companies. Commercial banking blossomed in this period, in Cape Town and spreading across the colony, notably to the eastern districts where the wool industry took off.[127]

For Thomson, Watson & Co., the profits from handling compensation claims in addition to its other business probably enabled its success from the 1840s onwards. Thomson, Watson & Co. invested in real estate property in Cape Town and beyond. In 1842, it owned eighteen properties valued at over £15,000. Its portfolio included its headquarters in central Cape Town, valued at £4,000, making it one of the highest-rated properties in the city. It rented out the other properties. Like other Cape Town merchants, Thomson and Watson invested in farmland too, as the wool industry took off in the eastern districts.[128] In addition, the firm became a frontrunner in the new and growing guano trade.[129] Like Phillips, King & Phillips,

122. *ZA*, February 2, 1837.
123. Anson and Bennett, "The Collection," 29.
124. Bennett and Anson, "The Compensation Agency Business," 13 Table 4.
125. Bennett and Anson, "The Compensation Agency Business," 22–24.
126. Meltzer, "The Growth," 61–62; and Ross and Martin, "Accommodation and Resistance."
127. Keegan, *Colonial South* Africa, 158–161.
128. Cape Town Rate Rolls, 1842, WCARS, Cape Town Municipality, 3/CT 7/1/2/1/1; Meltzer, "The Growth," 117–118.
129. NLSA, s 8 262, Rosenthal, 6; and Snyders, "Cape Guano Trade."

https://doi.org/10.1017/eso.2025.10077 Published online by Cambridge University Press

Thomson, Watson & Co. played a role in the development of copper mining in Namaqualand. In 1853, Thomson, Watson & Co. and others established the Namaqua Mining Company.[130] In the 1850s, in London, John Robert Thomson was involved in plans for railway building in the Colony.[131] As Mabin implies, after emancipation, pastoral and commercial elites had greater opportunities to invest their wealth. Compensation recipients used companies to invest in land mortgages and buildings, as it appears Thomson, Watson & Co. did. Furthermore, Mabin points out that "[i]t was the availability of funds for investment that made the copper boom in the [eighteen] fifties possible," thus linking compensated emancipation, the building of Cape Town, and the first mining boom.[132]

Conclusion

It is not surprising that merchants identified and took advantage of the opportunity that compensated emancipation presented to profit from handling claims. In the Cape Colony, Thomson, Watson & Co. operated alongside other firms and individuals in the business of compensation. Its account book is a new and illuminating source which connects the Cape Town and London sides of the business. Handling claims relied on networks in the colony to connect the firm with claimants and counterclaimants, the principals for whom it acted as an agent. The agents, who already used the new Cape newspapers to advertise their regular business, made the easy move to advertising their compensation business. The Cape Town firms and individual agents cooperated with London associates or had to travel to London themselves, equipped with powers of attorney to receive payment. Thomson, Watson & Co. used multiple London agents to collect awards from the Bank of England, including family members and established merchant houses, Cockerell & Co., and Curries & Co. Focused on buying claims, the firm profited by purchasing them at a discount and used a variety of instruments to close its accounts. While calculating profit is challenging, Thomson, Watson & Co.'s accounts appear to confirm Bennett and Anson's suggestion that it was the volume of claims handled that underpinned profit. The magnitude of the profit dwarfed the size of any of the individual Cape principals' awards. Thomson, Watson & Co.'s compensation business contributed to its later property investments, successes in the guano trade and copper mining, and interests in railways.

Until recently, the Cape Colony has been excluded from studies of compensated emancipation in the British Empire. This analysis of how that business worked adds another layer to understanding the role of agents in Cape Town and their associates in London. With Graham's work on banking and Bennett and Anson's work on the London agents, this study of Thomson, Watson & Co. reinserts the Cape into analyses of the impact and legacies of slavery. Moreover, it lays the groundwork for future comparative work on the compensation payment process in different British colonies and across empires.

130. Smalberger, "Copper mining in Namaqualand," 33, 164 (note 12); Meltzer, "The Growth," 67, 103.
131. NLSA, s 8 262, Rosenthal, 6, 9; and Beyers, *Biografiese Woordeboek*, 4:688–689.
132. Mabin, "The Making of Colonial Capitalism," 166–167.

The business of compensation is not widely known or acknowledged in South African economic, business, and financial histories. Whether sanitized, unintentionally overlooked, or mistakenly deemed unimportant, Rosenthal's commissioned history of Thomson, Watson and Co. makes no mention of slavery at all. With the reinvigoration of debates on the role of slavery in economic development and industrialization in Britain and North America, and recent considerations of the applicability of such questions to Africa, it is no longer possible to exclude slavery from these histories. We still know relatively little about the role of slavery and compensated emancipation in the development of financial and commercial capitalism in the Cape Colony. This study of the compensation agents is a step towards filling that gap and reinserting the Cape Colony into wider discussions on the role and legacies of slavery.

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Acknowledgements

I am grateful to Dr Aaron Graham (1984-2023), who generously told me about Thomson, Watson & Co.'s account book when we first met in 2019. Thanks to Melanie Geustyn at the National Library of South Africa (NLSA) and the WCARS staff for their assistance. Kara Dimitruk, Anton Ehlers, Johan Fourie, Robert Ross, participants at the African Economic History Network conference, Stellenbosch University LEAP seminar, Business History Collective Fall seminar series, and Radboud University Nijmegen Economic, Social, and Demographic History Group (ESDG) seminar provided helpful comments. I am grateful to the journal's anonymous readers and editor Andrew Popp for invaluable feedback. This research was funded by the A. W. Mellon Foundation *Biography of an Uncharted People Project* and Riksbankens Jubileumsfond *Cape of Good Hope Panel* project (M20-0041).

Competing interest

The author declares no conflict of interest.

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Cite this article: Ekama, Kate. "Emancipation and the Business of Compensation in the Cape Colony." *Enterprise & Society* (2025): 1–24.