

From Defensive to Transformative Business Diplomacy: The British South Africa Company and the End of Chartered Company Rule in Rhodesia, 1910–1925

Chartered companies were important tools of European colonialism, but also institutions with a political agenda of their own. In this study, we focus upon one key chartered company, the British South Africa Company, in particular the ending of its charter in 1923/24, in order to study the business diplomacy strategies employed by the company. We show how the company during the period under study moved from a reactive and defensive diplomacy strategy concerning its charter, to a proactive and transformative strategy. In this way, the company managed to renegotiate the terms under which it operated so that it eventually came to accept and even embrace the ending of chartered rule, rather than to oppose it.

Keywords: colonialism, Africa, British South Africa Company, Rhodesia, business diplomacy

As forerunners to modern multinational companies, in a world with weak nation-states in many parts of the world, chartered companies acted like hybrid entities representing a combination of both merchant companies and states. Chartered companies were in several cases important tools of the imperial powers, not the least in the late nineteenth century during the Scramble for Africa. At the same time, they were business entities in their own right, pushing their own—and their shareholders’—agendas in various forums. Several chartered companies aimed for ventures in Africa were founded within the realm of the British Empire during this time: the Royal Niger Company in 1886, the Imperial

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British East African Company in 1888, and the British South African Company (BSAC) in 1889. They all played economic and political roles in their respective geographical locations, but BSAC was overall the most important, dwarfing most other companies anywhere in sub-Saharan Africa.

In terms of market capitalization it was the fifth-largest company operating in sub-Saharan Africa that was traded on the London Stock Exchange, dwarfed only by the four leading South African mining companies at the time (Consolidated Goldfields, Crown Mines, DeBeers Consolidated, and Rand Mines). It came to play a major role in the formative history of southern Africa, including, most importantly, present-day Zambia and Zimbabwe (at the time called Northern and Southern Rhodesia). It was also one of the more important companies at the London Stock Exchange during the first decades of the twentieth century, with the London financial press reporting almost daily on the developments of the company.

There is a paradox in the previous literature on the history of this company. On the one hand, some literature portrays the company as highly successful economically, for example, in terms of enriching key investors—not least Cecil Rhodes himself. The fact that the company had received a royal charter from the British Crown, granting it certain economic rights, is considered one of the key factors of this success. Consequently, it is often assumed that the company opposed the end of chartered rule in Rhodesia. On the other hand, there is literature suggesting that the company was largely an economic failure during the period of chartered company rule. According to this literature, the company only started to become successful economically after the end of chartered company rule. This latter strand of literature therefore casts a doubt on whether the royal charter really was of any economic value to the company.

In this article, we study BSAC during the process leading up to the end of chartered rule in Rhodesia. The initial charter was granted in 1889 for a period of twenty-five years and was therefore up for a first revision in 1914. The charter was renewed at that time but revoked ten years later. We therefore delimit our study to the period from 1910 to 1925, in order to capture this process in its entirety. Thus, we do not go into any depth as to BSAC's rule of the Rhodesian colonies in general, nor its relationship with the indigenous community, but only discuss these issues to the extent necessary to understand the research questions outlined below.

There has been research into the ending of chartered company rule, focusing on the three key political agents: the British Crown, the white settler minority of Southern Rhodesia, and the Union of South Africa.

BSAC's interests and diplomatic strategies in relation to the ending of chartered company rule has, as is described at greater length below, never been in focus in the previous research. Very little is therefore known about how the company actually perceived of these changes and how it acted in response to these changes. In this article, we use the business diplomacy literature to focus on the strategies employed by the company to further its economic interests. Our overarching research question for this study is twofold: How did a changing context for BSAC's activity in Rhodesia during the period under study alter the company's perception of the royal charter, and how did the company act in relation to this changing context? This will be broken down into four specific research questions:

- (1) How did changes in the context of BSAC's activity in Rhodesia during this period alter the company's perceived value of the royal charter?
- (2) To what extent was the company proactive and/or reactive in relation to this changing context?
- (3) What kind of business diplomacy strategies did the company implement?
- (4) Was the outcome of these strategies what the company expected?

Our findings indicate that the perceived value of the charter changed significantly over this period. The company's interests and strategies also changed during the first decades of the twentieth century. Up until the 1910s, BSAC operated under the perception that the charter indeed was highly valuable. However, a legal process, initiated by other stakeholders, led to the company losing what it had long considered a key asset granted to it by the charter. This process initiated a shift in the company's own analysis of the value of chartered company rule. The company did, however, engage in diplomatic negotiations in order to maintain as much of its operations as possible (or else to be compensated for any losses). As this article will show, how to pursue these diplomatic negotiations, and with what counterparts, was never an obvious or an uncontroversial issue to BSAC. The company therefore pursued different strategies in parallel. The outcomes of these parallel sets of negotiations were, eventually, highly successful from the company's perspective. It also led to a fundamental reassessment of the economic value of maintaining chartered company rule. The seeming paradox in the previous literature on BSAC can therefore be resolved: much of the previous literature has simply missed the sea change that BSAC went through during the 1910s regarding the value of its royal

charter. From the charter initially having been considered a valuable asset, it was increasingly seen as a burden, and therefore BSAC accepted and eventually even embraced the end of chartered company rule in Rhodesia by the mid-1920s.

In this study we identify three aspects of corporate strategies—the extent to which strategies are reactive/proactive, whether those strategies are defensive/transformational, and if negotiations are pursued in parallel with several counterparts, respectively—that can contribute to our understanding of how business diplomacy practices *de facto* have been employed historically.

Previous Research

The history of the chartered companies dates back to the seventeenth century and the rise of a new organizational form for international trade, in the borderline between merchant firms and the new powerful nation-states of Europe; Dutch, English, French, and (later) German companies were chartered to further a combination of commercial and geopolitical interests. Andrew Phillips and J. C. Sharman delineate how these company states were active agents in shaping the modern world.¹ The age of high imperialism, during the nineteenth century, also saw the emergence of a new type of chartered company, which Percival Griffiths has called the administrative chartered company.² A key purpose of this type of chartered company, from the perspective of the colonial powers, was to outsource the cost of colonization and let private companies carry the costs and risks of administering a colony. In order to entice investors to carry these costs, the companies were granted the right to profit from agreements entered into with local rulers in the colonized territories. How and to what extent the chartered companies were able to profit from the rights stipulated in their charters did, however, vary between the companies; while all of them were quite crucial for the process of colonization in the areas where they were engaged, their economic performance differed most substantially.³ The

¹ Andrew Phillips and J. C. Sharman, *Outsourcing Empire: How Company-States Made the Modern World* (Princeton, 2020).

² Percival Griffiths, *A Licence to Trade: The History of English Chartered Companies* (London, 1974).

³ See, for example, Kennedy Gordon Tregonning, *Under Chartered Company Rule (North Borneo 1881–1946)* (Singapore, 1958); John Flint, *Sir George Goldie and the Making of Nigeria* (London, 1960); John Galbraith, *Mackinnon and East Africa, 1878–1895: A Study in the “New Imperialism”* (Cambridge, UK, 1972); Griffiths, *Licence to Trade*; Leroy Vail, “Mozambique’s Chartered Companies: The Rule of the Feeble,” *Journal of African History* 17, no. 3 (1976): 389–416; Colin Newbury, “Trade and Technology in West Africa: The Case of the Niger Company, 1900–1920,” *Journal of African History* 19, no. 4 (1978): 551–75; Geoffrey Baker, *Trade Winds on the Niger: The Saga of the Royal Niger Company, 1830–1971*

single most important chartered administrative company was the British South Africa Company. BSAC shared some of the experiences and terms of operation of other chartered administrative companies, such as the broad (but also quite vague) entitlements stipulated in the charter. It also played a crucial role in the colonization of what eventually came to be called Rhodesia (now Zambia and Zimbabwe). At the same time, the company differed from other chartered companies in that it came to rule over a colony populated by both indigenous communities and large groups of settlers of European descent.⁴ The previous literature on the history of BSAC has focused largely on the first few years of the company's history, while fewer scholars have paid much attention to the company's history after 1900.

In contrast, chartered company rule of Rhodesia, a process that ended in the 1920s, has spurred the interest of several scholars. The existing literature has also devoted a lot of attention to the political actors involved in the transition to "responsible government" in Southern Rhodesia. Some scholars have focused on the interests of the British Empire, the settlers in Southern Rhodesia, or of the Union of South Africa—the latter having interests in expanding geographically by incorporating Southern Rhodesia into the Union.⁵ The indigenous communities came to figure little in the ending of chartered company

(London, 1996); J. Forbes Munro, *Maritime Enterprise and Empire: Sir William Mackinnon and His Business Network, 1823–1893* (Woodbridge, Suffolk, 2003), chaps. 16–17.

⁴T. O. Ranger, *Revolt in Southern Rhodesia 1896–7: A Study in African Resistance* (London, 1967); Peter Slinn, "Commercial Concessions and Politics during the Colonial Period: The Role of the British South Africa Company in Northern Rhodesia, 1890–1964," *African Affairs* 70 (1971): 365–84; John Galbraith, *Crown and Charter: The Early Years of the British South Africa Company* (Berkeley, 1974); John Flint, *Cecil Rhodes* (London, 1976); D. M. Schreuder, *The Scramble for Southern Africa, 1877–1895: The Politics of Partition Reappraised* (Cambridge, UK, 1980), chap. 8; Arthur Keppel-Jones, *Rhodes and Rhodesia: The White Conquest of Zimbabwe 1884–1902* (Kingston, ON, 1983); Robert Rotberg, *The Founder: Cecil Rhodes and the Pursuit of Power* (Oxford, 1988).

⁵Key works include B. K. Long, *Drummond Chaplin: His Life and Times in Africa* (London, 1941); J. D. Fage, "The Achievement of Self-Government in Southern Rhodesia, 1898–1923" (PhD diss., University of Cambridge, 1949); J. P. R. Wallis, *One Man's Hand: The Story of Sir Charles Coghlan and the Liberation of Southern Rhodesia* (London, 1950); Lewis H. Gann, *A History of Northern Rhodesia: Early Days to 1953* (London, 1964); Lewis H. Gann, *A History of Southern Rhodesia: Early Days to 1934* (London, 1965); P. R. Warhurst, "Rhodesia and Her Neighbours, 1900–23" (DPhil thesis, University of Oxford, 1971); Ronald Hyam, *The Failure of South African Expansion, 1908–1948* (London, 1972); M. Elaine Lee, "Politics and Pressure Groups in Southern Rhodesia, 1898–1923" (PhD diss., University of London, 1974); Martin Chanock, *Unconquered Union: Britain, Rhodesia and South Africa, 1900–45* (Manchester, 1977); J. M. Mackenzie, "Southern Rhodesia and Responsible Government," *Rhodesian History* 9 (1978): 23–40; Abraham Mlombo, "Southern Rhodesia's Relationship with South Africa, 1923–1953" (PhD diss., University of the Free State, Bloemfontein, 2017); Tapiwa Madimu, Enocent Msindo, and Sandra Swart, "Farmer–Miner Contestations and the British South Africa Company in Colonial Zimbabwe, 1895–1923," *Journal of Southern African Studies* 44, no. 5 (2018): 793–814.

rule. The most common depiction of this process instead emphasizes an opposition between settler farmers and mining interests within the Southern Rhodesian colony. M. Elaine Lee is perhaps most explicit in her analysis, writing that the “Rhodesian Responsible Government Party finally replaced the company as the country’s government in October 1923, in spite of opposition by the company, the Colonial Office, and the South African government.”⁶ Lee’s emphasis on the opposition between farming and mining interests is echoed in later research, including some standard works.⁷ This characterization of the end of chartered company rule has resurfaced again in recent research, which has contributed new knowledge into particular aspects of the process. For example, Admire Mseba has studied how BSAC’s land policy in Southern Rhodesia caused many farmers to oppose company rule.⁸ Tapiwa Madimu, Enocent Msindo, and Sandra Swart depict the same power struggle of agricultural versus mining interests, arguing that the mining interests simply “did not have the political numbers on their side for them to win a plebiscite.”⁹ A similar argument was recently also put forward by Abraham Mlombo.¹⁰

Many aspects of, and most of the political agents involved in, this process are thus very well researched already. As for BSAC’s role in this process, the existing research identifies some issues, but mainly in passing. Some scholars have noted the expiration of the company’s first charter in 1914, for example.¹¹ Several have also noted how a particular conflict over unalienated lands intensified in Southern Rhodesia at this time between BSAC and settlers and how this conflict eventually was referred to the Privy Council (a formal body of advisers to the sovereign of the United Kingdom, comprised mainly of senior politicians) for a decision.¹² The so-called Cave Commission, assigned the task of

⁶ Lee, “Politics and Pressure Groups,” 253.

⁷ See, for example, Ian Phimister, *An Economic and Social History of Zimbabwe, 1890–1948: Capital Accumulation and Class Struggle* (London, 1988), 99–101; Alois S. Mlambo, *A History of Zimbabwe* (New York, 2014), 105–6.

⁸ Admire Mseba, “Law, Expertise, and Settler Conflicts over Land in Early Colonial Zimbabwe, 1890–1923,” *Environment and Planning A: Economy and Space* 48, no. 4 (2016): 677.

⁹ Madimu, Msindo, and Swart, “Farmer–Miner Contestations,” 795–96.

¹⁰ Mlombo, “Southern Rhodesia’s Relationship,” 56.

¹¹ Hyam, *Failure of South African Expansion*, 50; Lee, “Politics and Pressure Groups,” chap. 6; Chanock, *Unconsummated Union*, 59, 70; Phimister, *Economic and Social History*, 98.

¹² Long, *Drummond Chaplin*, 232–43; Fage, “Achievement of Self-Government,” 104, 208–20; Wallis, *One Man’s Hand*, 149; Gann, *A History of Southern Rhodesia: Early Days to 1934*, 231–34; Hyam, *Failure of South African Expansion*, 54; Lee, “Politics and Pressure Groups,” 195; Martin Loney, *Rhodesia: White Racism and Imperial Response* (Harmondsworth, 1975), 48; Chanock, *Unconsummated Union*, 68–69, 141–42; Robin Palmer, *Land and Racial Domination in Rhodesia* (London, 1977), 133–34; Mackenzie, “Southern Rhodesia,” 24; Richard Hodder-Williams, *White Farmers in Rhodesia, 1890–1965: A History of*

following up on the Privy Council's decision, is also mentioned in some of the literature.¹³ Finally, some scholars have described the company's role in the tug-of-war over whether Rhodesia should join the Union of South Africa or opt for responsible government on its own.¹⁴ The most extensive treatment of this process that also takes a particular interest in BSAC's role can be found in an old biography of Drummond Chaplin (the administrator of Southern Rhodesia employed by the company at the time) but primarily in terms of how it would come to alter the career of Chaplin himself.¹⁵ Though more extensive than other historical accounts, the narrative lacks references to sources and has also been criticized as being inaccurate in several respects by no less than a former director of BSAC who was involved in the same process.¹⁶

Though its nuances vary, most of the modern-day literature maintains the idea that BSAC was successful and profitable, largely due to the company's charter, and therefore opposed the end of chartered company rule in both Southern and Northern Rhodesia with all its might to the very end. This view, which is now seemingly the most conventional among scholars, stands in contrast to claims found in an older strand of literature. For example, J. D. Fage argued that the company in time was inclined to give up the administration of Southern Rhodesia.¹⁷ L. H. Gann argued that the same was the case for Northern Rhodesia.¹⁸ The conventional view on the ending of chartered company rule in Rhodesia is also a poor fit with research on how economically successful the company was during the chartered era. Ian Phimister points to many times that the company had to be kept afloat by loans and grants from other companies that Cecil Rhodes was engaged in.¹⁹ New research on the return on investment in Africa, including

the Marandelas District (London, 1983), 93; Phimister, *Economic and Social History*, 99; Mlombo, "Southern Rhodesia's Relationship," 39; Andrew Cohen, *The Politics and Economics of Decolonization in Africa: The Failed Experiment of the Central African Federation* (London, 2017), 29.

¹³ Long, *Drummond Chaplin*, 245–49; Fage, "Achievement of Self-Government," 221–30; Wallis, *One Man's Hand*, 158–63; Warhurst, "Rhodesia and Her Neighbours," 297, 310; Chanock, *Unconsummated Union*, 146–48; Lee, "Politics and Pressure Groups," 198; Cohen, *Politics and Economics*, 29.

¹⁴ Long, *Drummond Chaplin*, 266–69; Fage, "Achievement of Self-Government," 277–78; Wallis, *One Man's Hand*, chap. 17; Gann, *A History of Northern Rhodesia: Early Days to 1953*, 186–87; Gann, *A History of Southern Rhodesia: Early Days to 1934*, 234–41; Warhurst, "Rhodesia and Her Neighbours," chaps. 5–9; Lee, "Politics and Pressure Groups," 217; Loney, *Rhodesia*, 48–49; Mackenzie, "Southern Rhodesia," 24; Mlombo, "Southern Rhodesia's Relationship," 39, 51.

¹⁵ Long, *Drummond Chaplin*.

¹⁶ Dougal O. Malcolm, "The Book of the Quarter: Drummond Chaplin: His Life and Times in Africa by BK Long," *Journal of the Royal African Society* 40 (1941): 269.

¹⁷ Fage, "Achievement of Self-Government," 220.

¹⁸ Gann, *A History of Northern Rhodesia: Early Days to 1953*, 181; see also Elena L. Berger, *Labour, Race, and Colonial Rule: The Copperbelt from 1924 to Independence* (Oxford, 1974), 1.

¹⁹ Phimister, *Economic and Social History*, 8–11.

investments in BSAC in particular, also indicates that the British South Africa Company was a terrible investment opportunity during the period of chartered company rule, but these authors never attempt to explain in depth why this was the case, or why the return on investment shifted so drastically after the end of chartered company rule.²⁰

What is lacking in this literature is a comprehensive business history perspective on the process of the ending of chartered company rule of Rhodesia—in particular, a perspective that focuses on BSAC. Therefore, the aim of this article is to complement the existing literature—which, as argued above, has focused primarily on other agents involved in these political processes—with a case study concentrating on BSAC's role and priorities in this process.

One way to analyze the interplay between business and its political context in general and the role of chartered companies in particular is to use the concept of business diplomacy. The aim then is to study how international businesses act and interact with (foreign) governments, in a diplomat-like manner, in order “to maintain legitimacy, and a license to operate” in those countries.²¹ While the concept of business diplomacy is comparatively new, the practice of business diplomacy is not. Scholars have traced practices of business diplomacy all the way back to the Middle Ages or the early modern period.²² As Jennifer Kesteley, Shaun Riordan, and Huub Ruël have argued, chartered companies such as the British and Dutch East India Companies were prime examples of early businesses actively pursuing business diplomacy.²³ Many business historians have also studied business diplomacy practices, even though they might not have used that particular terminology.²⁴

²⁰ Klas Rönnbäck and Oskar Broberg, *Capital and Colonialism: The Return on British Investments in Africa, 1869–1969* (London, 2019), chap. 10.

²¹ Huub Ruël and Tim Wolters, “Business Diplomacy,” in *The SAGE Handbook of Diplomacy*, ed. Costas M. Constantinou, Pauline Kerr, and Paul Sharp (London, 2016), 569.

²² Cátia Antunes, “Early Modern Business Diplomacy: An Appraisal,” *Diplomatica* 2, no. 1 (2020): 20–27; Thomas David and Pierre Eichenberger, “Business and Diplomacy in the Twentieth Century: A Corporatist View,” *Diplomatica* 2, no. 1 (2020): 48–56.

²³ Jennifer Kesteley, Shaun Riordan, and Huub Ruël, “Introduction: Business Diplomacy,” *The Hague Journal of Diplomacy* 9, no. 4 (2014): 304.

²⁴ See, for example, Edward Peter Fitzgerald, “Business Diplomacy: Walter Teagle, Jersey Standard, and the Anglo-French Pipeline Conflict in the Middle East, 1930–1931,” *Business History Review* 67, no. 2 (1993): 207–45; Hubert Bonin, “Business Interests versus Geopolitics: The Case of the Siberian Pipeline in the 1980s,” *Business History* 49, no. 2 (2007): 235–54. The issue has also been important for several studies of businesses strategies in relation to decolonization in Africa and elsewhere; see, for example, Sarah Stockwell, “Political Strategies of British Business during Decolonization: The Case of the Gold Coast/Ghana, 1945–57,” *Journal of Imperial and Commonwealth History* 23, no. 2 (1995): 277–300; Stockwell, *The Business of Decolonization: British Business Strategies in the Gold Coast* (Oxford, 2000); Robert Tignor, *Capitalism and Nationalism at the End of Empire: State and Business in Decolonizing Egypt, Nigeria, and Kenya, 1945–1963* (Princeton, 1998); Nicholas White, “The Business and the Politics of Decolonization: The British Experience in the Twentieth

We find the literature on business diplomacy promising when it comes to emphasizing the interdependence of value creation within multinational corporations and the political dynamics within the countries where these businesses operate. However, the concept is still vague and the literature does not really offer any useful typologies to distinguish between the different strategies employed by companies. With its rich tradition of historical case studies, business history could potentially offer important insights into this matter. Therefore, in this article we use the case of BSAC to probe into the strategies employed when the royal charter came under threat during the 1910s. We identify three important aspects of the diplomatic activities: (1) whether the strategies were reactive or proactive, (2) whether the strategies were defensive or transformative, and (3) whether the company focused on one strategy or pursued parallel negotiations in order to further its own interests.

Sources

The article is based on qualitative data from business archives and the financial press, shedding light on the company's perspective from both outside and inside the company. First, we employ data on the negotiations over the end of chartered company rule that an "outside" investor on the London Stock Exchange would have been able to access. For that purpose, we consulted the reporting in the London financial press, specifically the *Economist* and the *Financial Times*, as primary sources. The online historical archives of these two publications were searched for the following terms appearing between 1910 and 1925:

- 1) any reporting that included the terms "British South Africa Company" or "British South African Company,"
- 2) any reporting that included the term "chartered" or "chartereds" in the heading (as this was the common short title used for the company in the financial press), and
- 3) any reporting in the *Economist* that included the term "chartered" in the body of the text in the sections reporting on the

Century," *Economic History Review* 53, no. 3 (2000): 544–64; White, *British Business in Post-Colonial Malaysia, 1957–70: Neo-Colonialism or Disengagement?* (Routledge, 2004); L. J. Butler, *Copper Empire: Mining and the Colonial State in Northern Rhodesia, c.1930–64* (New York, 2007); Stephanie Decker, "Building Up Goodwill: British Business, Development and Economic Nationalism in Ghana and Nigeria, 1945–1977," *Enterprise & Society* 9, no. 4 (2008): 602–13; Decker, "Africanization in British Multinationals in Ghana and Nigeria, 1945–1970," *Business History Review* 92, no. 4 (2018): 691–718, Simon Mollan, Billy Frank, and Kevin Tennent, "Changing Corporate Domicile: The Case of the Rhodesian Selection Trust Companies," *Business History*, 64, no. 9 (2022): 1600–1622.

weekly developments on the stock market (“The Stock Markets” or “Stock Exchange News”).²⁵

In total, 1,222 articles in the *Economist* and the *Financial Times* were consulted manually for this part of the study. A few of these articles could be dismissed as they turned out to be related to chartered companies other than BSAC, but the vast majority were concerned with this particular company. The London financial press contained in-depth coverage of the company’s annual reports every year during the period under study, so these reports indirectly form part of the sources underlying the study. We supplement this qualitative data with quantitative data on the performance of the company’s stocks. The share price at each specific time reflects investors’ expectations of the company’s future performance and thus contributes quantitative evidence on investors’ perception of the process under study.

Second, we consulted sources revealing the inside position of the company. The archives of BSAC itself were largely destroyed in the bombing of London during World War II.²⁶ This partially explains why there is comparatively little research on the history of the company. However, there are surviving documents held in various archives in England, South Africa, and Zimbabwe. For this article, we have consulted the extensive materials collected by Philip Lyttelton Gell in the Derbyshire Record Office, in Matlock, England. Gell was director (1899–1917), chairman (1917–1920), president (1920–1923), and then director again (1923–1925) of BSAC during the critical period under study. Hence, he would have had access to all the relevant internal information regarding diplomatic negotiations over the ending of chartered company rule. The archive contains copies of both incoming and outgoing correspondence with several other leading directors of the company and agents representing the company in Rhodesia, including administrator Drummond Chaplin. The index to this collection of papers was searched manually for any documents that might contain information on the ending of chartered company rule, or any other associated processes. The search yielded hundreds of documents relevant to the

²⁵ The Financial Times Historical Archive (FTHA) has failed to systematically digitize the *Financial Times* (hereafter cited as *FT*) in a similar manner for the equivalent section of that publication: the relevant section in *FT* has a main header of “Mining Markets,” later renamed “Mines and Markets,” but the FTHA has generally categorized the articles in this section including only the particular subheadings used for each specific news clipping. Searching for news clippings merely using the term “chartered” anywhere in the body of text yielded several thousand additional responses during the period under study, creating an unmanageably large sample. To at least partially compensate for this, additional searches for any reporting on the “Cave Commission” or “unalienated land” (see more on this below) were also undertaken in the FTHA.

²⁶ Page, “Achievement of Self-Government,” iv.

process under study in this article, including a large number of memos and correspondence between the key directors of the company, several of which are marked as “confidential” or “highly confidential.” All these documents were then analyzed manually by the author of this article. It is not possible to know if any vital documents were purged from the collection before it was transferred to the public archive. What documents there are, however, shed much light on the company’s internal view on the ending of chartered rule.

1910–1914: Unanticipated Events with Dismal Consequences

BSAC received a royal charter from the British Crown in 1889. The charter authorized the company to colonize and administrate the territories that eventually became known as Northern and Southern Rhodesia. Furthermore, the company was granted the right to profit from any agreements it entered into with local African rulers, for example, regarding land or mineral rights. The company claimed it had entered into (or acquired the rights from) several such agreements, including the so-called Lippert, Rudd, and Lochner Concessions. These concessions, the company claimed, granted the company extensive land and mineral rights in both Southern and Northern Rhodesia.²⁷ It was exceedingly difficult for the company to properly evaluate exactly how valuable these concessions were, however, as its mining rights contained ore of a largely unknown quality.

By 1910, the company had still not been able to pay the investors any dividends on their investments. The share price—having peaked in 1895 at more than £8 per share—was by the early months of 1910 down to around £1.5 to £2 per share (Figure 1).

The reporting in the financial press at this time was very hesitant about the company’s future. On the one hand, reporters recognized progress on many accounts, such as the reduction of budget deficits relating to administrative costs. On the other hand, reporters also noted that the company remained unable to pay dividends.²⁸ The *Financial Times* was somewhat hopeful in its reporting in 1912: “The shareholders may have to wander in the dividendless wilderness for some years yet, but, nevertheless, the ‘Promised Land’ of which Cecil Rhodes dreamed does actually seem to be raising itself in the centre of ‘Darkest Africa.’”²⁹ There was, however, the issue of the expiration of the first charter. At the shareholders’

²⁷ Rönnbäck and Broberg, *Capital and Colonialism*, chap. 10. The legitimacy of several of these concessions have since been questioned by scholars; for a discussion on this, see Rönnbäck and Broberg, chap. 10.

²⁸ See, for example, *Economist*, 26 Feb. 1910, 432; *Economist*, 18 Feb. 1911, 323; *FT*, 16 Feb. 1911, 6.

²⁹ *FT*, 15 Feb. 1912, 6. See also *Economist*, 17 Feb. 1912, 332.

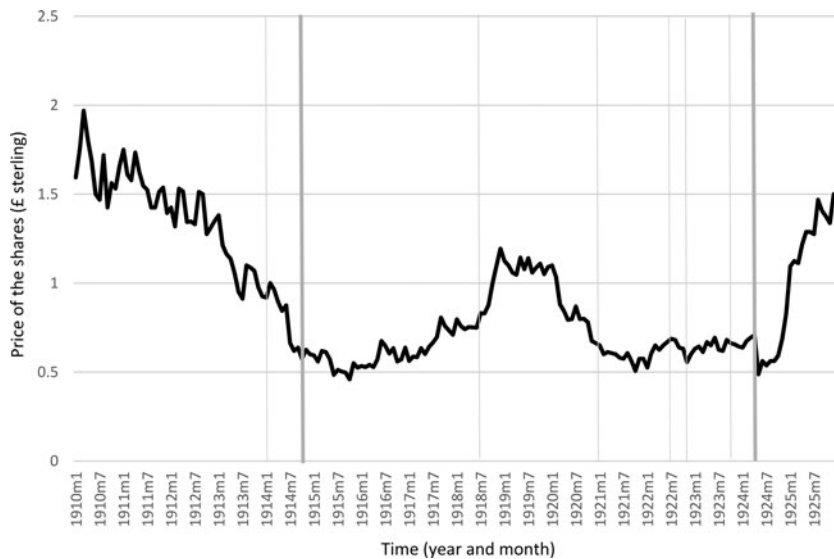


Figure 1. Price quotations of British South Africa Company shares on the London Stock Exchange, by month, 1910–1925 (£ sterling, current prices). Note: The vertical lines show the timing of particular events discussed in the article: January 1914, the issue of unalienated lands referred to Privy Council; October 1914, BSAC’s charter extended for ten-year period; July 1918, decision by Privy Council; January 1921, Cave Commission award announced; July 1922, announcement of provisional agreement between BSAC and Union of South Africa; October 1922, referendum in Southern Rhodesia; October 1923, end of chartered rule in Southern Rhodesia; April 1924, end of chartered rule in Northern Rhodesia. (Source: Global Financial Data.)

meeting held in February 1913, the board noted that the charter would be up for revision in the following year.³⁰ Chairman Leander Starr Jameson argued there was little chance the charter would be revoked as he believed that all alternatives seemed unattractive to most of the settlers.³¹ Judging from the data in Figure 1, many shareholders were not convinced by this argument, as the share price dropped drastically in the following months.

Furthermore, by the end of 1913, the London financial press had started to report on an emerging conflict over the rights to unalienated lands in Southern Rhodesia. The directors of BSAC had from the outset assumed that the company owned all land in the territories it came to occupy, which is evident in some of the earliest memoranda referring to the issue, dating from the early 1900s.³² However, the local Legislative Council questioned this assumption starting in 1902. By April 1907, the company apparently found the issue of such importance that it produced a lengthy memorandum arguing that it had a strong claim to be considered the absolute owner of the unalienated land in Rhodesia.³³ The imperial government had been made aware of the conflict at least from around this time.³⁴

In 1913 the issue reemerged, following an attempt by BSAC to introduce a new land scheme in the Southern Rhodesian Legislative Council. The official aim of the scheme was to make it easier for new settlers to acquire land in Southern Rhodesia, since one criticism raised against the company was that it had done too little to further immigration into the colony.³⁵ The scheme also contained clauses that, in effect, would have recognized BSAC as sole owner of the unalienated lands in Southern Rhodesia. Elected representatives of the settlers in the colony protested and, as the *Economist* reported, argued that “there is no clause in the Charter by which the company can claim title to the land, and that the company is only acting as trustee on behalf of the Crown.”³⁶ In the following weeks, the London financial press continued to report on several protests by settlers against the company’s claim to land

³⁰ *Economist*, 1 Mar. 1913, 531; see also similar reporting in *FT*, 28 Feb. 1913, 9.

³¹ *Economist*, 1 Mar. 1913, 531.

³² See, for example, Memorandum (no author, n.d.), D3287/BSA/4/127, DRO, 6, and H. Wilson Fox, Memorandum, 14 Jul 1904, D3287/BSA/4/176, DRO, 17, both in Derbyshire Record Office (DRO).

³³ H. Wilson Fox, Memorandum on the Position, Policy and Prospects of the company including An Investigation of the company’s Title to Land in Rhodesia, 13 Apr. 1907, D3287/BSA/4/238, DRO. The same line of argumentation would then be repeated in later memoranda, for example, H. Wilson Fox, Memorandum, 16 May 1911, D3287/BSA/4/423, DRO. See also John H. Harris, *Chartered Millions: Rhodesia and the Challenge to the British Commonwealth* (London, 1920), 133–36.

³⁴ *FT*, 9 Apr. 1913, 7; *Economist*, 14 Mar. 1914, 645.

³⁵ *FT*, 4 Nov. 1913, 5; *FT*, 5 Nov. 1913, 6.

³⁶ *Economist*, 15 Nov. 1913, 1062.

ownership in Southern Rhodesia.³⁷ The potential consequences of this conflict were enormous for the company. As one *Economist* correspondent put it, “Last year Sir Starr Jameson based the whole of his case for the board as against the dissenting shareholders on the value of the land asset. It was claimed that 100 million acres would be worth a substantial sum. If, however, the land is eliminated from the company’s balance-sheet, it must be confessed that the prospect for shareholders is dismal, even in the event of the charter being renewed.”³⁸

The company’s directors do not seem to have fully anticipated the chain of events that would follow. A November 1913 letter from Gell, addressed to a “Doctor” (presumably Dr. Jameson, chairman of the company at the time), appears to be the earliest document in the Gell archive to discuss the land scheme. In the letter, Gell writes, “[The director Baron d’Erlanger’s] view confirming what has otherwise reached us, is that our pamphlet has stirred up the company’s antagonists to attack our title to the land.”³⁹ In this first response, Gell stresses that all directors supported the content of the pamphlet as the company’s policy. Soon after, however, controversy broke out between the directors as to how to handle the emerging crisis. Some of the directors considered this an opportunity to go on an offensive—through a court of law, if need be—in order to gain unchallenged property rights to the land.⁴⁰ Others thought it wiser instead to try to conciliate the opposition, continue to sit on the fence, and not provoke the imperial government to act on the issue.⁴¹ The controversy on the board would lead to a series of letters and memoranda exchanged between the directors, over a period of several months.⁴² Meanwhile, the company’s public position

³⁷ *FT*, 1 Dec. 1913, 6; *Economist*, 6 Dec. 1913, 1257; *FT*, 6 Dec. 1913, 8; *Economist*, 20 Dec. 1913, 1379.

³⁸ *Economist*, 14 Mar. 1914, 645.

³⁹ P. Lyttelton Gell to “Doctor,” 18 Nov. 1913, 1, D3287/BSA/4/470, DRO.

⁴⁰ Gell to “Doctor,” 2–3. A similar argument is repeated some weeks later in P. Lyttelton Gell, Memorandum, 5 Jan. 1914, 30–31, D3287/BSA/4/480, DRO, and yet again in P. Lyttelton Gell, Memorandum, 28 Jan. 1914, D3287/BSA/4/486, DRO.

⁴¹ D. O. Malcolm to P. Lyttelton Gell, 9 Jan. 1913 [presumably wrong date by the author of the letter, as it makes references to events in November and December 1913], D3287/BSA/4/482, DRO.

⁴² See, for example, Gell to “Doctor,”; D.O. Malcolm to Mr. Birchenough, 28 Oct 1913, D3287/BSA/4/471, DRO; Marshall Hole, Memorandum (n.d.), 7/BSA/4/472, DRO; secretary D.E. Brodie to Starr Jameson, 29 Nov 1913, D3287/BSA/4/474, DRO; Emile d’Erlanger to Starr Jameson, 4 Dec 1913, D3287/BSA/4/475, DRO; D.O. Malcolm, Memorandum, 27 Dec 1913, D3287/BSA/4/476, DRO; Lord Winchester, Memorandum (n.d.), D3287/BSA/4/477, DRO; H. Wilson Fox to Lyttelton Gell, 28 Dec 1913, D3287/BSA/4/478, DRO; P. Lyttelton Gell, Memorandum, 5 Jan 1914, D3287/BSA/4/480, DRO; P. Lyttelton Gell, Memorandum: Land Board Scheme, 6 Jan 1914, D3287/BSA/4/482, DRO; D.O. Malcolm to Lyttelton Gell, 16 Jan 1914, D3287/BSA/4/485, DRO; P. Lyttelton Gell, Memorandum, 28 Jan 1914, D3287/BSA/4/486, DRO.

remained that ownership was in its hands.⁴³ The board was unable to agree on a course of action before the Colonial Office declared in January 1914 that it would let the issue be tried by the Privy Council.⁴⁴

1914–1918: Reactive and Defensive Business Diplomacy

For a long time the company failed to develop a proactive business diplomacy strategy, but it was in the main only reacting to the changing political context. Ultimately its strategy was quite defensive, indicating the company expected or at least hoped the Privy Council would decide in its favor.

The issue of unalienated lands in Rhodesia was at this time generating wider political interest, and members of Parliament started to question the colonial secretary.⁴⁵ The uncertainty only increased, and the price of the company's shares fell dramatically in early 1914 (see Figure 1). The company nonetheless tried to maintain its position publicly, as in an interview with Jameson where the chairman claimed to be glad that the Privy Council could now finally “dissipate the absurd contention of a few irresponsible political agitators that there is any doubt as to the Chartered's title to land in Rhodesia.”⁴⁶ Behind closed doors, however, the company's directors were not as cocksure of the company's title.⁴⁷

The Privy Council process dragged on. In the meantime, elections in Southern Rhodesia produced a small—but temporary—victory for the company, as the majority of representatives supported continued chartered company rule. BSAC's charter was hence extended in October 1914 for another ten years.⁴⁸ The price of the shares largely leveled out (at a time when prices in general fell as a result of World War I), as Figure 1 shows.

Company representatives time and time again expressed their regrets that the Privy Council had made so little progress.⁴⁹ The board nonetheless tried to maintain a positive public outlook on the company's prospects, but at the same time it acknowledged that many investors

⁴³ *FT*, 26 Jan. 1914, 9.

⁴⁴ Telegrams (no author, n.d.), D3287/BSA/4/487, DRO; *FT*, 29 Jan. 1914, 10; *Economist*, 31 Jan. 1914, 254. See also Harris, *Chartered Millions*, 139–49.

⁴⁵ *FT*, 18 Feb. 1914, 3; *FT*, 18 Feb. 1914, 7; *Economist*, 14 Mar. 1914, 645; *FT*, 17 Mar. 1914, 9; *Economist*, 21 Mar. 1914, 728.

⁴⁶ *FT*, 25 Feb. 1914, 8.

⁴⁷ See, for example, [possibly Mr. Tredgold; last page missing], Memorandum, n.d. [possibly Mar. 1914], D3287/BSA/4/488, DRO; P. Lyttelton Gell, notes on Mr. Tredgold's opinion, 23 Mar. 1914, D3287/BSA/4/492, DRO. For submission to the Privy Council, see R. B. Finlay et al., “Case to the Privy Council,” n.d. [presumably spring 1914], D3287/BSA/4/496, DRO.

⁴⁸ *FT*, 10 Oct. 1914, 2.

⁴⁹ See, for example, *FT*, 7 Apr. 1916, 3; *FT*, 6 July 1917, [5]; Cecil Coward to D. O. Malcolm, 26 Jan. 1918, D3287/BSA/4/539, DRO.

must feel “anxiety to have such a case pending over us.”⁵⁰ In July of 1917, however, the company also admitted for the first time to the possibility of losing the case before the Privy Council. Still, it assured investors that, should this occur, “I believe . . . you will get a large and satisfactory settlement which will fully compensate you for your long years of waiting.”⁵¹

The final judgment of the Privy Council came only late in July 1918: the company did not own the unalienated lands in Southern Rhodesia but was merely the British government’s agent for administering the colony.⁵² The judgment was undoubtedly a major blow to BSAC, as the company had anticipated that the sale of these unalienated lands would be one of its major future revenue streams. The only positive outcome of the decision was that the company was ruled to be entitled to compensation for any economic deficits for the administration of the colony.⁵³ Among the directors, the reaction was one of disappointment but also one of relief that the judgment had finally arrived.⁵⁴

The Privy Council decision did not lead to any immediate decline in the company’s shares, as Figure 1 shows. This was somewhat surprising to the directors.⁵⁵ The quantitative evidence suggests, however, that the general investors seem to have had a more realistic view of the company’s prospects in the land case than the company’s own directors had.

1918–1922: From Reactive and Defensive to Proactive and Transformative Strategies

The judgment by the Privy Council created a new situation for the company and would lead to a sea change in the company’s perception of the charter as well as in the business diplomacy strategies pursued. The executive committee of the board summarized the company’s traditional position in a secret memorandum in April 1918: “It has for many years past been the view of the Board that it would pay the company to administer the territories which it is developing for as long as possible, in order that it might be free to pursue its commercial work unhampered by inefficient or unsympathetic government action, and with the certainty that a policy of spoliation could not be applied to it.”⁵⁶ However,

⁵⁰ *FT*, 6 July 1917, [5].

⁵¹ *FT*, 6 July 1917, [5].

⁵² Report of the Privy Council proceedings, 29 July 1918, D3287/BSA/4/551, DRO.

⁵³ *FT*, 30 July 1918, 2; see also *Economist*, 3 Aug. 1918, 141; *FT*, 8 Aug. 1918, 3.

⁵⁴ See, for example, C. H. Tredgold (Salisbury) to Sir Henry Birchenough, 9 Aug. 1918, D3287/BSA/4/555, DRO.

⁵⁵ Lewis Michell (Cape Town) to P. Lyttelton Gell, 12 Sept. 1918, 2, emphasis in original, D3287/BSA/4/557, DRO.

⁵⁶ Henry Birchenough, H. Wilson Fox, D. O. Malcolm, R. Maguire, and E. B. d’Erlanger, “Appendix A: Secret and Confidential Report,” 22 Apr. 1918, 11, D3287/BSA/4/578, DRO.

after the Privy Council judgment, several directors expressed the wish that the company could soon be relieved from its administrative duties in Rhodesia.⁵⁷ At the shareholders' meeting in 1919, BSAC directors also declared that they did not desire to prolong the company's administrative power, if Rhodesians were found to be ready for self-government.⁵⁸ The same message was repeated at subsequent shareholders' meetings.⁵⁹ The London financial press picked up this change in position and, by May 1920, had concluded that the company was now anxious to be rid of the burden of administration.⁶⁰ Instead, its central concerns were now what rights it would retain after the end of chartered rule and what compensation it would receive for historical deficits.⁶¹

The new position of not opposing the dismantling of chartered company rule would also be reflected in the business diplomacy that the company employed. It would henceforth undertake parallel strategies in order to safeguard its interests against all possible eventualities.

One early aspect of the new strategy was to demand compensation from the British Crown for accumulated deficits. Just two weeks after the Privy Council judgment, the company presented some preliminary calculations regarding their claims for past administrative deficits, amounting to almost £8 million.⁶² The British government appointed a special commission, chaired by Lord Cave, to rule on these claims.⁶³ Both BSAC and the government had agreed not only to honor the commission's decision but also that the company would be compensated for historical administrative deficits only when chartered company rule of the colony was terminated.⁶⁴

Over the following months, which extended into years, the Cave Commission heard from interested parties, including the company, representatives from the Legislative Council of Southern Rhodesia, and the British government. The company's representatives were initially optimistic about the commission's proceedings. In September 1919, for

⁵⁷ See, for example, Lewis Michell (Bulawayo) to D. O. Malcolm, 14 Oct. 1918, 4, D3287/BSA/4/567, DRO; Drummond Chaplin (Cape Town) to D. O. Malcolm, 15 Oct. 1918, 3, D3287/BSA/4/569, DRO; Drummond Chaplin (Cape Town) to P. Lyttelton Gell, 24 Oct. 1918, 5, D3287/BSA/4/575, DRO.

⁵⁸ *FT*, July 25, 1919, 2; see also the *Economist's* summary of the company's report, declaring a similar official position: *Economist*, 19 July 1919, 89.

⁵⁹ *Economist*, 30 Oct. 1920, 791.

⁶⁰ *FT*, 22 Aug. 1919, 4; *FT*, 20 May 1920, 4.

⁶¹ *FT*, 2 Aug. 1918, 2.

⁶² *FT*, 17 Apr. 1919, 5; *FT*, 22 Apr. 1919, 5; *Economist*, 26 Apr. 1919, 683; *Economist*, 10 Aug. 1918, 178; *FT*, 1 Sept. 1919, 3.

⁶³ D. O. Malcolm to Lyttelton Gell, 7 Jan. 1919, D3287/BSA/4/588, DRO; D. O. Malcolm to Lyttelton Gell, 10 Jan. 1919, D3287/BSA/4/591, DRO. See also Harris, *Chartered Millions*, 150–60.

⁶⁴ *FT*, 25 July 1919, 2; *Economist*, 26 July 1919, 155–56.

example, Dougal Malcolm informed the other members of the board in a telegram that “Commission(s) attitude not only fair but exceedingly friendly.”⁶⁵ London’s financial press reported extensively on the proceedings of the hearings.⁶⁶ The financial press also reported regularly on the market reaction to hopes, anticipations, guesses, and rumors about the proceedings.⁶⁷ Our quantitative evidence suggests that investors also were optimistic, with BSAC share price increasing throughout the latter half of 1918 (Figure 1). However, the tide turned as the work of the Cave Commission progressed. An increasing number of reports on testimonies by opponents of the company’s interests were published in the press. The commission strove, for example, to identify cases where the company might have sold land below market prices, and to deduct such hidden subsidies, so that the amount to be reimbursed would reflect only real deficits. The share price thus stagnated in 1919 and decreased substantially in 1920, reaching 13s. 3d. per share at the end of December 1920. At this stage, the *Financial Times* commented, “Whatever the amount of the award [granted by the Cave Commission] may be it is contended that it can hardly fail to be a bull point for Chartered at their present price.”⁶⁸

The report of the Cave Commission was finally made public in late January 1921. The commission awarded BSAC £4,435,225 (with no interest), or roughly half of the company’s claim.⁶⁹ The report did not clarify how and when the amount would be paid, beyond that it would be after chartered company rule had ended. No interest would be paid, either on the Cave award or on any of the capital sunk in public works of various sorts. It therefore became all the more urgent for the company to get rid of its administrative duties for Rhodesia as soon as possible.⁷⁰

The decision was a major disappointment for several members of the company’s board.⁷¹ A handwritten draft in Gell’s collection of papers

⁶⁵ D. O. Malcolm, telegram to company board, 27 Sept. 1919, D3287/BSA/4/621, DRO. See also D. O. Malcolm, Memorandum, 1 Oct. 1919, 14, D3287/BSA/4/621, DRO.

⁶⁶ See, for example, *FT*, 19 Nov. 1919, 5; *FT*, 13 Dec. 1919, [6]; *FT*, 20 Jan. 1920, 2; *FT*, 26 Mar. 1920.

⁶⁷ See, for example, *Economist*, 26 July 1919, 139; *Economist*, 8 Nov. 1919, 869; *Economist*, 27 Mar. 1920, 696; *Economist*, 10 July 1920, 57; *Economist*, 16 Oct. 1920, 594; *FT*, 31 Dec. 1920, 6; *FT*, 4 Jan. 1921, 4; *Economist*, 15 Jan. 1921, 96; *FT*, 12 Jan. 1921, 6; *FT*, 14 Jan. 1921, 5.

⁶⁸ *FT*, 6 Jan. 1921, 6.

⁶⁹ Letter with Lord Cave’s report, 18 Jan. 1921, D3287/BSA/4/713, DRO.

⁷⁰ [Possibly P. Lyttelton Gell], handwritten note, Jan. 1921, D3287/BSA/4/717, DRO; No author, Memorandum, 1 Feb. 1921, D3287/BSA/4/720, DRO; Lewis Michell (Cape Town) to Birchenough, 15 Nov. 1921, 1, D3287/BSA/4/753, DRO.

⁷¹ See, for example, Drummond Chaplin (Salisbury) to D. O. Malcolm, 24 Jan. 1921, 1, D3287/BSA/4/713, DRO; J. G. McDonald (Bulawayo) to D. O. Malcolm, 2 Feb. 1921, 1–2, D3287/BSA/4/721, DRO.

reveals some of the fury the author (presumably Gell himself) felt following the judgment: “The Board is now notified as to the hostile & inequitable attitude of the Gov[ernmen]ts & Coghlan’s Party towards the Shareholders . . . The Board cannot now fail to recognise that its sympathy & liberality are entirely unreciprocated in Rhodesia & unacknowledged in Downing Street & is no longer justified in impoverishing the company by spending its shrinking Capital in directions which not not [sic] merely without any prospect of profit, but with the certainty of loss.”⁷² Investors on the London stock market, in contrast, generally seemed to have anticipated the decision. The *Financial Times* noted that the award “was certainly received with much more equanimity than if the extravagant hopes current a year or two ago had not been gradually whittled down in the light of the periodical reports of the sittings of the Cave Commission.”⁷³

Another issue remained: that of the company’s claim to other assets in Rhodesia. This issue would lead the company to pursue a second diplomacy strategy, in parallel to the negotiations of the Cave Commission. These other assets included shares in several companies operating in the colonies, as well as the railways developed by the company. BSAC also made claim to all unalienated lands in Northern Rhodesia and to the mineral rights in both Northern and Southern Rhodesia. Even though these latter claims were based to some extent on similar concessions as the company’s claim to ownership over unalienated lands in Southern Rhodesia, these other claims had not been part of the Privy Council case. Soon after the Privy Council decision, Gell assured investors of one positive outcome: “All these [other assets] remain in our hands as a source of future commercial profits.”⁷⁴

This position was soon to be challenged. In August 1919, the Legislative Council of Southern Rhodesia asked the British government about the validity of the company’s mineral rights. In a highly ambiguous response, the government noted that the Crown in the past had “continuously recognized the validity of the mineral rights conferred by the Rudd concession” but at the same time suggested that “interested parties” were entitled to challenge the company’s rights.⁷⁵ The *Financial Times* commented that such a challenge certainly had some arguments in its favor.⁷⁶ The *Economist*, in contrast, maintained the idea that these assets remained secure.⁷⁷

⁷² [Possibly P. Lyttelton Gell], handwritten note, Jan. 1921.

⁷³ *FT*, 21 Jan. 1921, 5; see also *Economist*, 22 Jan. 1921, 119.

⁷⁴ *Economist*, 10 Aug. 1918, 189; see also *FT*, 8 Aug. 1918, 3.

⁷⁵ *FT*, 21 Aug. 1919, [4].

⁷⁶ *FT*, 22 Aug. 1919, 4.

⁷⁷ See, for example, *Economist*, 22 Jan. 1921, 119.

The Privy Council decision undoubtedly put BSAC on a potentially very slippery slope. The directors were fully aware of the risk of further claims being challenged. In a memorandum from September 16, 1918, for example, H. Wilson Fox argued that “the findings of the Privy Council in the recent Southern Rhodesia case leave the rights of the company in Northern Rhodesia in a position of considerable uncertainty.”⁷⁸ In another internal document, the protection of the company’s mineral rights was elevated as one of the key points to raise in a future interview with colonial secretary Lord Milner.⁷⁹

Another central question was: Who would take over the administration of the two Rhodesias once chartered rule had ended? From the company’s perspective, there was only one agent that both wanted the territory and was able to purchase all the assets from BSAC: the government of the Union of South Africa. Some company directors had already toyed with the idea of selling the company’s assets to South Africa in 1908.⁸⁰ The issue seems to have remained dormant until 1917, when BSAC director d’Erlanger—in anticipation of the Privy Council judgment and seemingly on behalf of the company’s executive committee—initiated secret contact with the government of the Union of South Africa in order to investigate whether the Union might be interested in a deal.⁸¹ After the Privy Council judgment in July 1918, the idea of having Rhodesia join the Union of South Africa, in order to be able to sell crucial assets (including several of its concessionary rights, railway assets, and public works) to the government of the Union, was brought back to the top of the board’s agenda.⁸² The company did not want to be seen publicly as initiating a discussion with the Union, so all negotiations had to be kept secret henceforth.⁸³

At the same time, many settlers in Southern Rhodesia preferred the option of self-rule as a dominion of the British Empire, whereas many

⁷⁸ H. Wilson Fox, Appendix F: Memorandum on Northern Rhodesia, 16 Sept. 1918, 1, D3287/BSA/4/578.

⁷⁹ [Possibly notes for further interview with Lord Milner], n.d. [possibly October 1920], D3287/BSA/4/705, DRO.

⁸⁰ Lewis Michell, Memorandum, 8 Sept. 1908, D3287/BSA/4/307, DRO. See also further proposal in H. Wilson Fox, Memorandum, 29 May 1911, 3–4.

⁸¹ Baron d’Erlanger to Lyttelton Gell, 9 Jan. 1919, 1, D3287/BSA/4/590, DRO. These contacts were kept secret for a long time even from the majority of the members of the company’s board, revealed to them only in January 1919.

⁸² See, for example, Lewis Michell (Bulawayo) to Lyttelton Gell, 11 Mar. 1918, 3, D3287/BSA/4/543, DRO; [potentially P. Lyttelton Gell], Memorandum, [11 Apr.?] 1918 [date partly illegible], D3287/BSA/4/543, DRO; Lewis Michell (Bulawayo) to P. Lyttelton Gell, 1 Oct. 1918, 1–2, D3287/BSA/4/562, DRO; Chaplin (Cape Town) to Malcolm, 15 Oct. 1918, 4 [potentially P. Lyttelton Gell?], Memorandum, 19 Nov. 1918, 3, D3287/BSA/4/578, DRO; Baron d’Erlanger, Appendix D: Memorandum by Baron d’Erlanger, 15 Nov. 1918, 3, D3287/BSA/4/578, DRO.

⁸³ P. Lyttelton Gell, Memorandum on Future Policy, 20 May 1919, 2, D3287/BSA/4/605, DRO; McDonald (Bulawayo) to Malcolm, 2 Feb. 1921, 2–3.

believed that the only alternative for Northern Rhodesia was as a Crown colony. The 1920 election resulted in a majority of representatives in the Southern Rhodesian Legislative Council in favor of responsible government. Consequently, this was requested formally in May 1920.⁸⁴ Negotiations commenced between the imperial government, the company, and the Southern Rhodesian Legislative Council over what the constitution of a responsible government in Southern Rhodesia would look like, and these talks would continue until the end of 1921.⁸⁵

The company thus became engaged in two sets of negotiations simultaneously, with the British Crown's Colonial Office and the Union of South Africa, respectively. One of the key issues brought up in negotiations with the Colonial Office was that of the company's remaining assets. BSAC directors feared for the security of what they considered the company's property—most importantly the mineral rights and its railways—under a self-ruling government in Southern Rhodesia.⁸⁶ The Colonial Office's initial response was that any special degree of protection was unjustified. However, the new colonial secretary, Winston Churchill, also expressed sympathy toward the company's demand for special protection of its assets.⁸⁷ As the director Lewis Michell commented in a letter to his colleague Henry Birchenough, "Winston C. may, as you say, serve our turn better than Milner."⁸⁸ In the end, the negotiations were quite satisfactory to BSAC, as the Crown granted special protection to the company's mineral rights.⁸⁹

As for negotiations with the Union of South Africa, news of these only started to be reported in the London financial press during the summer of 1921.⁹⁰ The company aimed to be compensated directly for the whole Cave award, to sell its remaining assets, and also to get rid of its administrative duties in Northern and Southern Rhodesia.⁹¹ The Union representatives, however, considered the price tag the company

⁸⁴ Drummond Chaplin (Salisbury) to Lyttelton Gell, 8 May 1920, 1, D3287/BSA/4/656, DRO; *FT*, 20 May 1920, 4.

⁸⁵ *FT*, 25 Nov. 1921, 5; *FT*, 22 Dec. 1921, 5.

⁸⁶ See, for example, A. P. Millar to Under Secretary of State, Colonial Office, 24 Oct. 1921, 3, D3287/BSA/4/750, DRO; Notes on interview with Winston Churchill, Colonial Office, 9 Nov. 1921, 5–6, D3287/BSA/4/752, DRO. See also Drummond Chaplin (Salisbury) to Henry Birchenough, 9 Jan. 1922, 1, D3287/BSA/4/762, DRO; P. Lyttelton Gell. "Memorandum: Weak and Strong Points in the Company's Position," 10 June 1922, 3, D3287/BSA/4/816, DRO.

⁸⁷ Notes on interview with Winston Churchill, Colonial Office, 9 Nov. 1921, 5–6.

⁸⁸ Michell (Cape Town) to Birchenough, 15 Nov. 1921, 1.

⁸⁹ *FT*, 20 Jan. 1922, 5.

⁹⁰ Unknown [possibly D. O. Malcolm; last page missing] (Cape Town) to Henry Birchenough, 30 Mar. 1922, D3287/BSA/4/774, DRO; press reporting in *Economist*, 16 July 1921, 102; *FT*, 6 Sept. 1921, 3; *Economist*, 5 Nov. 1921, 818; *Economist*, 12 Nov. 1921, 861; *FT*, 20 Apr. 1922, 5; *FT*, 14 July 1922; *Economist*, 15 July 1922, 112; *FT*, 15 July 1922, 6.

⁹¹ Unknown [possibly Malcolm] (Cape Town) to Birchenough, 30 Mar. 1922; P. Inskip (Cape Town) to Henry Birchenough, 6 Apr. 1922, D3287/BSA/4/775, DRO.

put on the mineral rights to be too high.⁹² But if the mineral rights were to be left out of a deal, the company here, too, demanded special protection for its remaining assets.⁹³ After lengthy negotiations, the London financial press could in July 1922 report on an agreement between BSAC and the Union of South Africa. If Southern Rhodesia was to join the Union, the latter would compensate BSAC with an award of £6,215,000, in exchange for the railway rights, and rights to the unalienated lands, in Southern Rhodesia. Mineral rights in the colony were explicitly to be retained by the company.⁹⁴

It was decided that a referendum would be held among the settlers in Southern Rhodesia—with the options being either responsible government or joining the Union of South Africa.⁹⁵ The company had for many years, even before all negotiations had come to a conclusion, held a preference for Rhodesia joining the Union of South Africa—a preference that became even stronger as both sets of negotiations were concluded. If Southern Rhodesia joined the Union, the company would receive substantially higher economic compensation than it would following responsible government; furthermore, it would receive this award directly instead of gradually over a period of many years.⁹⁶ Another factor was that the company would keep substantial commercial assets in Southern Rhodesia under responsible government.⁹⁷ However, hostility toward BSAC from several leading representatives of the Southern Rhodesian Legislative Council caused several company directors to fear for the security of these assets under a responsible government in Southern Rhodesia, despite the special protection promised by the imperial government.⁹⁸ The company consequently recommended to shareholders that they support Rhodesia joining the Union at an extraordinary shareholders' meeting at the end of July.⁹⁹ The price of shares reached a nadir of 10s per share in October 1921, but the stock market reacted positively to the announcement of a draft constitution

⁹² R. Maguire (Cape Town) to Henry Birchenough, 5 May 1922, 2, D3287/BSA/4/781, DRO.

⁹³ Inskipp (Cape Town) to Birchenough, 6 Apr. 1922, 3.

⁹⁴ No author, Memorandum, n.d. [possibly June 1922], D3287/BSA/4/813, DRO; press reporting in *FT*, 21 July 1922, 5.

⁹⁵ *FT*, 20 Jan. 1922, 5.

⁹⁶ *FT*, 26 Aug. 1922, 4.

⁹⁷ Drummond Chaplin (Salisbury) to D. O. Malcolm, 31 Jan. 1921, 7, D3287/BSA/4/716, DRO.

⁹⁸ Some were optimistic, for example, D. O. Malcolm, Secret Memorandum, 20 June 1922, D3287/BSA/4/821, DRO. Many, however, were pessimistic, for example, P. Inskipp to Lyttelton Gell, 22 May 1922, 1, D3287/BSA/4/786, DRO; P. Inskipp (Salisbury) to Henry Birchenough, 27 May 1922, 1, D3287/BSA/4/794, DRO.

⁹⁹ *FT*, 29 July 1922, 5.

for Southern Rhodesia. However, these gains turned out to be short lived.

1922–1925: Advantageous Compromises

On October 27, 1922, a referendum on Southern Rhodesia's future was held. This was yet another setback for the company's interests, as the electorate opted for responsible government.¹⁰⁰ In February 1923, the British government declared that it intended to respect the outcome of the referendum.¹⁰¹ The company's shareholders were deeply discontent at the prospect of waiting several years before the Cave award would be paid.¹⁰² Furthermore, the issue of the company's concessionary rights in Northern Rhodesia was still unsettled.¹⁰³ Secret negotiations with the Colonial Office therefore continued. Also in February 1923, the imperial government offered a deal including a direct payment of £3,750,000 in lieu of the Cave award, to be paid on the day that responsible government was established in Southern Rhodesia. The British Crown would also take over the administration of Northern Rhodesia and—perhaps most importantly—explicitly “recognise the company as the owner of all the mineral rights throughout Northern Rhodesia.”¹⁰⁴

Though this outcome was not perfect, the company directors concluded that “matters might have been even worse by our rejection of the terms offered.”¹⁰⁵ Commentators in the financial press noted that the settlement deal was in accord with market expectations, even though it was not very generous.¹⁰⁶ There was unsurprisingly some dissent expressed at the following shareholders' meeting, but the settlement was nonetheless eventually accepted by the majority of shareholders. Both parties thereby formally agreed to the settlement on September 29, 1923.¹⁰⁷

Just days later, on October 1, Southern Rhodesia was granted responsible government. That day, the British government also paid the sum of £3.75 million to the company, as it had agreed to in the

¹⁰⁰ *Economist*, 4 Nov. 1922, 858; *FT*, 8 Nov. 1922, 4.

¹⁰¹ *FT*, 28 Feb. 1923, 5.

¹⁰² *Economist*, 11 Nov. 1922, 892.

¹⁰³ *FT*, 2 Mar. 1923, 7; *FT*, 5 June 1923, 5; *FT*, 14 June 1923, 9; *FT*, 3 July 1923, 5.

¹⁰⁴ No author, Memorandum, 26 Feb. 1923, 6, D3287/BSA/4/835, DRO.

¹⁰⁵ Lewis Michell (Cape Town) to Maguire, 25 July 1923, 1, D3287/BSA/4/846, DRO. See also Drummond Chaplin (Salisbury) to D. O. Malcolm, 2 July 1923, 1, D3287/BSA/4/839, DRO; Lewis Michell (Cape Town) to D. O. Malcolm, 18 July 1923, 1, D3287/BSA/4/844, DRO; Drummond Chaplin (Salisbury) to D. O. Malcolm, 23 July 1923, 1, D3287/BSA/4/845, DRO.

¹⁰⁶ *FT*, 13 July 1923, 6; *FT*, 16 July 1923, 3; *FT*, 18 July 1923, 5.

¹⁰⁷ *FT*, 21 July 1923, 6; *FT*, 25 July 1923, 4; see also *FT*, 25 July 1923, 7; *FT*, 14 Nov. 1923, 5.

settlement.¹⁰⁸ On April 1, 1924, Northern Rhodesia became a protectorate under the British government. The period of chartered company rule in Rhodesia had thereby come to an end. The challenge ahead for BSAC was to show its investors that it could become a successful business venture. The London financial press was optimistic, to say the least, about the company's prospects, as mining royalties and railway dividends were growing. One additional reason for the bright prospects was simple, according to the London financial press: the company was "no longer hampered by administrative duties."¹⁰⁹ In June 1924, the company could also declare its first dividends ever.¹¹⁰ In its report to the shareholders' meeting in 1925, the company revealed information about new developments in what would come to be known as the Copperbelt, including the Congo Border Concession Company and N'Changa Copper Mine.¹¹¹ Investors were not slow to grasp the potential; the price of BSAC shares doubled in the year following the end of chartered company rule. In hindsight, the *Economist's* summary was fair: "It is not often that the position and prospects of an undertaking undergo such a transformation in so short a period as witnessed in the case of the British South Africa Company."¹¹² This transformation was only the beginning. With the development of the Northern Rhodesian Copperbelt in the late 1920s and the 1930s, mining royalties would finally start to pour into the company coffers.¹¹³ Throughout the remainder of the period that the company was registered on the London Stock Exchange—that is, for more than forty years—it produced a very high real return on investments. The company's charter finally paid off.

Concluding Discussion

Business historians can make valuable contributions to the study of business diplomacy, as plenty of historical examples exist for which they can provide richly detailed case studies of actors, strategies, and outcomes. Historically, chartered companies were often key in pursuing business diplomacy to further their interests. Though such companies played an important role during the latter half of the

¹⁰⁸ *FT*, 3 Oct. 1923, 5; *Economist*, 6 Oct. 1923, 528.

¹⁰⁹ *Economist*, 21 June 1924, 1252. For a very similar analysis, see also *FT*, 17 June 1924.

¹¹⁰ *FT*, 17 June 1924; *Economist*, 21 June 1924, 1252.

¹¹¹ *FT*, 16 Feb. 1925, 4; *FT*, 25 Feb. 1925, 3.

¹¹² *Economist*, 21 Feb. 1925, 346.

¹¹³ Slinn, "Commercial Concessions"; Rönnbäck and Broberg, *Capital and Colonialism*, chap. 10; Hyden Munene, "Profitability and Nationalisation on the Zambian Copperbelt: A Case Study of Rhokana Corporation's Nkana Mine, 1964–1969," *African Economic History* 48, no. 2 (2020): 42.

nineteenth and early part of the twentieth centuries, there is still surprisingly little research on some of the key chartered companies. In particular, little historical research explores the business diplomacy strategies employed by some of these companies. In this article we analyzed BSAC and the strategies it employed to renegotiate its charter during the 1910s and 1920s in the face of a rapidly changing economic and political context in the two Rhodesias. Much previous research has focused on the political process of ending chartered company rule in the region and the roles played by different political agents—including the settler community in Rhodesia, as well as the British Crown and the Union of South Africa. Previous research has thus clearly established the criticism raised against, and political pressure put upon, chartered company rule by other agents, such as the settler population and its political representatives. However, the role that BSAC itself played in this process has received almost no previous scholarly attention. This has consequently been the focus of the present article.

BSAC's charter was from the outset undoubtedly perceived to be highly valuable for the company, both by the management and by the financial market. However, in the charter, the imperialist British Crown put administrative duties related to the occupied territories in Rhodesia upon the company. These duties generated substantial costs for the company. The company was therefore unable to make a net profit for many years and consequently was unable to pay any dividends to its investors. This financial burden was also reflected in the price of the company's stocks: after an initial boom when the company was floated on the London Stock Exchange, its share price fell back starting around the turn of the century. By the early 1920s, the shares had lost approximately 90 percent of their value. The company nonetheless accepted the administrative costs of chartered rule in order to be able to profit from the assets, unhindered by any external government interference. Thus, the company was for many years unwilling to relinquish its political control over Rhodesia.

What assets the company was really entitled to was a controversial issue, however—not just with the African populations in the occupied territories but, from the perspective of the company, most importantly also with the white settler community, primarily in Southern Rhodesia. During the 1910s this issue became critical when the rights to all unalienated lands became a heated topic with the settler community in Southern Rhodesia and was brought before the Privy Council in Britain. The company lost that process, and once it had done so, the perceived value of the charter was fundamentally transformed. Several board members started to favor

abandoning the charter. A second serious setback to the company, in the form of the highly unsatisfactory Cave award, further accelerated this process, making an end of chartered rule a matter of some urgency for the company.

With this decision, the company also transitioned from a highly reactive to a very proactive business diplomacy. At the same time, identifying exactly what diplomatic strategies to pursue on these matters was never easy for or obvious to the board: whether to appease critics or to confront them; whether to continue to operate with uncertainties in the charter or aim for clarifications (even if such clarifications might risk leading to negative decisions for the company); which counterparts to negotiate with and what deals to try arrive at. These issues were often highly controversial even within the company's own board, because of the complexities involved in evaluating not only assets but also future political risks regarding different strategies. At the critical juncture following the Privy Council decision on the rights to unalienated lands in Southern Rhodesia, the company therefore opted to pursue several diplomatic strategies simultaneously, in the form of parallel negotiations—quite openly with the British Crown and the local Legislative Council in Southern Rhodesia, and secretly with the Union of South Africa. While there were some minor differences in the results arrived at in these negotiations, the results were in the main quite similar. One important result was being relieved of administrative burdens and granted at least some economic compensation for accumulated administrative deficits. But the most important outcome of the negotiations was undoubtedly the transformation of rights to assets that the company believed still followed from the charter and concessions it claimed to have entered into with local rulers (perhaps most significantly mineral rights in both Rhodesias) into explicitly recognized property rights guaranteed by the respective states. Once these results were arrived at, BSAC perceived the charter to be of marginal value to the company and therefore came to accept, and even embrace, the ending of chartered company rule in Rhodesia.

This sea change in how the company perceived the charter has simply been missed in much previous literature on BSAC, which explains the seeming paradox in the previous literature. In the long run, several of the assets to which the company had secured property rights turned out to be extremely valuable. The outcome of these diplomatic efforts would hence turn out to be much more valuable than what the management of the company ever seemed to have expected.

Finally, we also believe that our study can contribute to the business diplomacy literature. We address the need to identify patterns of corporate strategies in order to develop useful typologies within the

remit of business diplomacy. In this study, we identified three important aspects of BSAC's diplomatic activities: (1) reactive/proactive strategies, (2) defensive/transformative strategies, and (3) engagement in parallel negotiations. We do not think that these three strategies constitute an encompassing typology. Rather, we see this as a start and argue that research in business history can add to a conversation about how to deepen our understanding of business diplomacy.

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