

#### Hendrik Oostwald Eksteen's family at the Cape

This diagram illustrates the three marriages Eksteen contracted at the Cape and indicates his most significant in-laws. It was alliances with families such as these that aided Eksteen in his rise to financial and social ascendancy. The diagram also indicates the successful marriages his many children could contract at the Cape as the result of his success.

m. = married

# An Early Modern Entrepreneur: Hendrik Oostwald Eksteen and the Creation of Wealth in Dutch Colonial Cape Town, 1702–1741

GERALD GROENEWALD<sup>1</sup>

Department of Historical Studies, University of Johannesburg<sup>2</sup>

This article uses the career of Hendrik Oostwald Eksteen at the Cape between 1702 and 1741 to illustrate the mechanisms free burghers could use to create wealth in an economically restrictive environment. By making use of the concept of entrepreneurship and its attendant issues, the article describes Eksteen's rise to fortune and prestige through his exploitation of a combination of economic opportunities afforded by Cape Town's position as a port servicing passing ships. Crucial to Eksteen's later success was his successful use of the opportunities provided by the monopolistic alcohol retail market at the Cape. Eksteen's initial success in this arena provided him with a capital base to pursue other opportunities in agriculture, fishing and meat provision, making him the wealthiest man at the Cape by the 1730s. The article also illustrates how Eksteen's upward mobility was linked to his use of social capital and the cultivation of large social networks through kinship. It demonstrates, furthermore, that economic success was wound up with social power and prestige. In using the biography of Eksteen, the article argues for the importance of economic history in the study of the early modern Cape, but calls also for a study which links economic developments with social and cultural ones through a focus on individual entrepreneurs. Shown, too, is the fact that the existing conception of the rise of a Cape gentry in the eighteenthcentury needs to be revised to take into account the role of entrepreneurship, the urban foundations of wealth creation, as well as the role of the free black community in this process.

## **Introduction: A German at the Cape**

In June 1702 one Heinrich Oswald Eckstein, a 24-year-old soldier in the service of the Vereenigde Oost-Indisch Geoctroijeerde Maatschappij (VOC) or Dutch East India Company, arrived with the ship *Oostersteyn* at the Cape of Good Hope.<sup>3</sup> Here he became known as Hendrik Oostwald Eksteen. Born in

Gerald Groenewald studied at the University of Cape Town and teaches at the University of Johannesburg. He has published (with Nigel Worden) *Trials of Slavery*, 1705-1794 (Cape Town, 2005), as well as several articles and essays on a wide variety of topics in seventeenth and eighteenth-century Cape history.

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<sup>3</sup> The *Oostersteyn* sailed into Table Bay on 12 June 1702 and left on 7 July; J. Bruijn, F. Gaastra and I. Schöffer, eds., *Dutch Asiatic Shipping in the 17th and 18th Centuries* (The Hague: Martinus Nijhoff, 1979), vol. 2: 274-75 (no. 1883.4).

Lobenstein, Saxony, he grew up in a poor family who had been engaged for generations in the cottage industry or craft of cloth shearing (called tuchscherers in German).<sup>4</sup> In a unique insight into his pre-Cape life, Eksteen is recorded in 1735 as someone whose 'profession' had been wool farming 'in the fatherland'.<sup>5</sup> In 1695, when he was seventeen, an uncle and both his parents died leaving him with two younger siblings. Around his twentieth year he decided - for some unknown reason, though possibly connected to the death of his parents – to join the mighty Dutch East India Company.6 In this he was no exceptional young man: thousands of his compatriots during this period left their familiar surroundings, their family and network of friends and kin, the communities which shared their language, religion and culture in order to travel to the coastal cities of the Netherlands.<sup>7</sup> Although the motivations for leaving their native German soil differed from individual to individual, the biggest single cause was economic.8 The almost continual wars which the German lands experienced during the seventeenth century resulted in economic and demographic upheavals with often deleterious effects on individuals. In personal and economic terms, particularly for young people, '[r]ecurring warfare meant the loss of calculable perspectives for the future', and many chose to search for better prospects elsewhere. Nothing is known about the personal circumstances of Eksteen's departure from his native land. 10 Even so, a decision such as his was one with major consequences: on the one hand, he was sacrificing the security provided by his kinship and social networks, though, on the other hand, by leaving his familiar surroundings and entering into new relationships elsewhere, he increased the number of opportunities available for exploitation. This step represented a major risk for the individual concerned, and for many German immigrants who entered VOC service it was a mistake leading, more often than not, to a premature death in impoverished circumstances on foreign soil.

Not so with Eksteen. His subsequent success at the Cape can only be described as spectacular. His disembarkation may have been accidental, as he is listed with the *impotenten* in the Company hospital on 1 July 1702.<sup>11</sup> Nevertheless, he decided to stay and became a free burgher in 1704. Within six years he was able to buy a prime farm. Eight years later, in 1718, he owned four

4 J.P.G. Eksteen, 'Enkele aantekeninge oor die familie Eksteen', Familia 6, 2 (1969): 31-33.

<sup>5</sup> G.C. de Wet, ed., Resolusies van die Politieke Raad, vol. 9, 1735-1739 (Pretoria: Government Printer, 1981): 10-11.

<sup>6</sup> Eksteen, 'Enkele aantekeninge': 33. At what point he left his two younger siblings to pursue his fortunes elsewhere is unknown. Given the chronology, it seems plausible that Eksteen may have undergone at least one return journey to the East Indies before the 1702 journey which deposited him at the Cape.

For a recent synthesis of the literature on this topic, see E. Kuijpers, Migrantenstad: Immigratie en Sociale Verhoudingen in 17e-eeuwse Amsterdam (Hilversum: Verloren, 2005): 37-81.

<sup>8</sup> See R. van Gelder, Het Oost-Indisch Avontuur: Duitsers in Dienst van de VOC (1600-1800) (Nijmegen: SUN, 1997): 113-122 for a discussion of the motivations of German emigrants for joining the VOC.

<sup>9</sup> B. Stier and W. von Hippel, 'War, Economy and Society' in S. Ogilvie, ed., Germany: A New Social and Economic History, vol. II: 1630-1800 (London: Arnold, 1996): 256.

Eksteen's leaving his ancestral town can plausibly be connected to his parents' death, but was probably also motivated, directly or indirectly, by the upheavals caused by either the Wars of the Palatine (1688-97) or Spanish Succession (1701-13).

<sup>11</sup> Cape Archives (CA), VC 40: 39.

farms, three houses and a cellar in Cape Town, sizeable livestock holdings and 46 slaves – his estate was valued at more than f 91 000.12 He was, without a doubt, one of the wealthiest men at the Cape, a remarkable achievement for someone who, fourteen years earlier, was listed in the opgaaf (the annual census for tax purposes) with no possessions. By 1731 Eksteen was the richest free burgher at the Cape of Good Hope: seven farms, six town properties, one hundred slaves, extensive livestock, including a large stable of fifty horses, and very big investments in wheat and vines.<sup>13</sup> He was described at this time by Governor De la Fontaine, without qualification, as someone 'die rijkelijk kan bestaan' (who can exist wealthily). 14 By the time of his death in 1741 his estate had increased even further, 15 so much so that his widow had no need to remarry and brought up and established their ten minor children on her own. An indication of how enormous Eksteen's estate must have been is provided by the fact that when his widow died more than forty years later – and after providing their thirteen children with their rightful inheritance as they reached the age of majority – she did so as a very wealthy woman in her own right.<sup>16</sup>

## **Towards an Economic Biography**

The great expansion of pre-industrial Cape historiography started in the early 1980s as part of a revisionist project by English-language historians to write a more comprehensive history of South Africa, one which took class and capital seriously. Some of the first major studies of Cape slavery during the 1980s were strongly slanted towards economics.<sup>17</sup> Additionally, Robert Ross's original interest in issues like capital accumulation and class development<sup>18</sup> led to the major

<sup>12</sup> This was before debt amounting to f 24 500 was subtracted, but even then it was a big estate; CA, MOOC 8/3 no. 93. The guilder (abbreviated to f) was a bookkeeping currency only: the actual money used for commerce at the Cape was the Rixdollar, one of which equated to f3 (all currency figures in this article are converted to guilders). To set amounts like these in context: in this period, a healthy adult male slave cost about f 300-400. The governor, the highest paid official at the Cape, received f 2 400 per annum (plus various allowances), a VOC soldier f 108 (plus a food allowance).

<sup>13</sup> L. Guelke and R. Shell, 'An early colonial landed gentry: Land and wealth in the Cape Colony, 1682-1731', Journal of Historical Geography 9 (1983): 278.

This laconic expression obscures just how extraordinary this was by Cape standards: of the 938 people on De la Fontaine's list, only ten are described unqualifiedly as well-off or rich, i.e. without qualifying that they had debts. Only six of these were actually at the Cape (the others had repatriated), and of them it was Eksteen who was most active in economic terms. Three of these six were widows. Other than Eksteen, the men were Jan de With and Johannes Cruijwagen. The latter was Eksteen's brother-in-law. See L. Guelke, R. Shell and W. Whyte, eds., *The De la Fontaine Report*, *30th January 1732* (New Haven, 1990).

According to the 1741 *opgaaf*, 'he had doubled the size of his stable and increased his slave holdings by 25%', Guelke and Shell, 'Early colonial landed gentry': 278. Unfortunately there exists no inventory of his estate after his death. Eksteen requested in his will of 1739 that his estate not be broken up and that it be handled *en famille* with no interference from the Orphan Chamber or other officials. His wife was to be the sole executor; CA, CJ 2650: 253-59.

<sup>16</sup> CA, CJ 2677: 396-438 (1784). She owned a residential house and three rented houses in town, four farms in Rondebosch and Tijgerberg (where she seems to have bred goats and horses) and 49 slaves. Her estate had in cash the equivalent of more than f 20 000 while it was owed a phenomenal amount of f 121 990 by creditors, indicating that she acted as a rentier.

N. Worden, Slavery in Dutch South Africa (Cambridge: Cambridge University Press, 1985) and M. Rayner, 'Wine and slaves: The failure of an export economy and the ending of slavery in the Cape Colony, 1806-1834' (unpublished PhD thesis, Duke University, 1986). Earlier work on the frontier was also very economically orientated, cf. S.D. Neumark, Economic Influences on the South Africa Trontier, 1652-1836 (Stanford, Stanford University Press, 1957) and L.T. Guelke, 'The early European settlement of South Africa' (unpublished PhD thesis, University of Toronto, 1974). The latter's work and arguments had a great influence on scholars such as Robert Ross and Susan Newton-King.

<sup>18</sup> R. Ross, 'The rise of the Cape Gentry', Journal of Southern African Studies 9 (1983): 193-217.

work he published in 1987 with Pieter van Duin on *The Economy of the Cape Colony in the Eighteenth Century*. <sup>19</sup> This work inspired a series of important contributions by Ross at the turn of the 1990s on the role of economics in the development of Cape colonial society. <sup>20</sup> Even the much more recent study by Susan Newton-King on the history of labour relations on the Cape Eastern Frontier has its roots in this tradition from the 1980s in its strong focus on how the Cape market operated and influenced developments in the interior. <sup>21</sup> This focus changed rather suddenly in the late 1990s when the cultural and narrative turns in historiography worldwide engulfed Cape historiography almost at once. Instead of writing on institutions and groups, historians now focused on issues important to the individual, such as status, honour, sexuality and identity. <sup>22</sup> A hallmark of this writing was the use of micro-history, based on court records, to reveal marginalities and contingencies in the lived reality of individuals in the pre-industrial past of the Western Cape. <sup>23</sup> This focus on the individual and the cultural has almost completely displaced work on the economy of the colonial period.

There is, however, an irony here. In the battle of ideas which characterised twentieth-century economic history, the Keynesian macroeconomic approach was dominant in the post-World War Two era. This started to change in the late 1970s and 1980s when some world leaders took seriously the so-called Austrian School's insistence on the supremacy of the freemarket, and with it the importance of individual freedom and choice.<sup>24</sup> It was perhaps this renewed focus on the economic role of the individual which had led to an interest by economic historians in business history and entrepreneurship during the 1980s and 1990s.<sup>25</sup> Thus, since the 1990s, there has been an immense growth in the scholarship of

9 Leiden: Intercontinenta. Although this work has been much utilised by early modern Cape historians, its obscure publication has meant that it is not as widely known among South African historians as it deserves to be.

<sup>20</sup> R. Ross, 'The origins of capitalist agriculture in the Cape Colony: A survey' in W. Beinart, P. Delius and S. Trapido, eds., Putting a Plough to the Ground: Accumulation and Dispossession in Rural South Africa, 1850-1930 (Johannesburg: Ravan Press, 1986): 56-100; 'The Cape of Good Hope and the world economy, 1652-1835' in R. Elphick and H. Giliomee, eds., The Shaping of South African Society, 1652-1840. 2nd ed., Cape Town: Maskew Miller Longman, 1989), 243-80 and 'The Cape economy and the Cape gentry' in R. Ross, Beyond the Pale: Essays on the History of Colonial South Africa (Hanover and London: Weslevan University Press, 1993): 13-49.

S. Newton-King, Masters and Servants on the Cape Eastern Frontier (Cambridge: Cambridge University Press, 1999). The late publication of this book belies its roots in the 1980s. For a succinct summary of the contribution of the literature discussed here to our understanding of the economic development of South Africa, see J. Iliffe, 'The South African Economy, 1652-1997', Economic History Review 52/1 (1999): 88-90.

<sup>22</sup> R. Ross, Status and Respectability in the Cape Colony, 1750-1870: A Tragedy of Manners (Cambridge: Cambridge University Press, 1999); N. Worden, 'Forging a Reputation: Artisan honour and the Cape Town Blacksmith Strike of 1752', Kronos 28 (2002): 43-65 and 'Strangers ashore: Sailor identity and social conflict in mid-18th-Century Cape Town', Kronos 33 (2007): 72-83; S. Newton-King, 'For the love of Adam: Two sodomy trials at the Cape of Good Hope', Kronos 28 (2002): 21-42 and 'Sodomy, race and respectability in Stellenbosch and Drakenstein, 1689-1762: The story of a family, loosely defined', Kronos 33 (2007): 6-44. Cf. N. Worden, 'New Approaches to VOC history in South African Historical Journal 59 (2007): 3-18 for a discussion of recent trends.

<sup>23</sup> The classic work in this genre is N. Penn, *Rogues, Rebels and Runaways: Eighteenth-Century Cape Characters* (Cape Town: David Philip, 1999). This work inspired other micro-histories, albeit with different aims and focuses, by historians such as Worden and Newton-King, as well as certain of their students. See the previous note for some examples.

 <sup>24</sup> The watershed moment was probably the (controversial) award of the Nobel Prize in Economics to Friedrich von Hayek in 1974. Together with his teacher, Ludwig von Mises, and Joseph Schumpeter, he is the best known of the Austrian School economists. It was the adoptation of Hayek's ideas by Margaret Thatcher and Ronald Reagan which resulted in a rapid abondenment of the Keynesian approach in the 1980s. Cf. D. Yergin and J. Stanislaw, *The Commanding Heights: The Battle for the World Economy* (New York: Touchstone, 2002): esp. 123-33.
25 It is no coincidence that, with the exception of the venerable *Business History* (1959), most of the foremost academic

<sup>25</sup> It is no coincidence that, with the exception of the venerable *Business History* (1959), most of the foremost academic journals in business history were founded in the 1980s and 1990s: *Essays in Economic and Business History* (1979); *Accounting, Business and Financial History* (1990) and *Enterprise & Society* (2000).

the history of entrepreneurship in the early modern Netherlands.<sup>26</sup> While Dutch historians have, understandably, focused on the role of entrepreneurs in the remarkable growth of their country's economy in the seventeenth century, they have paid very little attention, as of yet, to the Dutch colonial world.<sup>27</sup> Thus, during the 1990s, when the time was ripe to build on the macroeconomic history of the Cape Colony established during the 1980s by focusing on the actors of the economy, as opposed to its structures, Cape historians completely moved away from economic history. While they did focus on individual lived experiences against the background of the social and cultural history of the pre-industrial Cape, they completely forgot about the importance of economics.

Thus, although a fair amount of work has been done on the Cape economy during the VOC period – of which Van Duin and Ross's monograph is the most significant – it has largely been concerned with depersonalised economic institutions and market forces. There has been little work on the actual actors in the economy.<sup>28</sup> In a way, this study is a first attempt at starting to fill that gap. It aims to show that economic history needs to be taken seriously to understand properly the history of the colonial Cape. The approach is both wider in scope and conceptually more refined by using theoretical work on the operation of entrepreneurship. This approach is not a return to the earlier work, but an attempt to flesh out the lived reality of inhabitants at the Cape by showing the links between economic and social and cultural decisions made at an individual level. The concept of entrepreneur allows the historian to do this, since business decisions are not made in a theoretical vacuum, but within a social and cultural context. Applying this theoretical concept has not been done before for the pre-industrial Cape or, indeed, the Dutch colonial world.

A major achievement of the scholarship on the pre-industrial Cape from the 1980s was to reveal the development and workings of a landed gentry at the

Cf. the following overview articles: F.M.M. de Goey, 'Ondernemergeschiedenis in Amerika, Nederland en België (1940-1995). Trends in vraagstellingen, onderzoeksmethoden en thema's: Een overzicht', NEHA-Jaarboek voor Economische, Bedrijfs- en Techniekgeschiedenis 59 (1996): 21-65; O. Gelderblom and J.L. van Zanden, 'Vroegmoderne Ondernemerschap in Nederland', NEHA Bulletin voor de Economische Geschiedenis 11/2 (1997): 3-15; O. Gelderblom, 'Uitdagingen voor de vroegmoderne ondernemersgeschiedenis', NEHA Bulletin voor de Economische Geschiedenis 16/2 (2002), 69-81 and Anonymous, 'Nederlandse Ondernemersgeschiedenis (1995-2005): Een Aanvulling', http://www.iisg.nl/ondernemers/ verderlezen.php (last accessed 25.03.2007). Major contributions during this period include the following collections of studies: C. Lesger and L. Noordegraaf, eds., Entrepreneurs and Entrepreneurship in Early Modern Times: Merchants and Industrialists within the Orbit of the Dutch Staple Market (The Hague: Hollandse Historische Reeks, 1995); C.A. Davids, W. Fritschy and L.A. van der Valk, eds., Kapitaal, Ondernemerschap en Beleid: Studies over Economie en Politiek in Nederland, Europa en Azië van 1500 tot Heden (Amsterdam: NEHA, 1996) and C. Lesger and L. Noordegraaf, eds., Ondernemers en Bestuurders: Economie en Politiek in de Noordelijke Nederlanden in de Late Middeleeuwen en Vroegmoderne Tijd (Amsterdam: NEHA, 1999). There is currently a large, government-funded project to compile a database of biographies of some 4 000 Dutch entrepreneurs: http://www.iisg.nl/ondernemers/ (last accessed 15.09.2009).

An exception being F. de Goey and J.W. Veluwenkamp, eds., Entrepreneurs and Institutions in Europe and Asia, 1500-2000 (Amsterdam: Aksant, 2002), although most of these essays do not deal with the early modern period. There is a large historiography on the history of trade in the VOC empire, but the focus is macro-economic and institutional (the VOC being the main character); cf. E.M. Jacobs, Merchant in Asia: The Trade of the Dutch East India Company during the Eighteenth Century (Leiden: CNWS, 2006) for the most recent synthesis. There has been important new work on entrepreneurship on regions of the Indian Ocean outside of the Dutch world; cf. e.g. R. Ptak and D. Rothermund, eds., Emporia, Commodities and Entrepreneurs in Asian Maritime Trade (Stuttgart: Steiner, 1991); R. Ptak and K.A. Sprengard, eds., Maritime Asia: Profit Maximisation, Ethics and Trade Structure, 1300-1800 (Wiesbaden: Harrassowitz, 1994); A. das Gupta, The World of the Indian Ocean Merchant, 1500-1800: Collected Essays (New York: Oxford University Press, 2001) and O. Prakash, Bullion for Goods: European and Indian Merchants in the Indian Ocean Trade, 1500-1800 (New Delhi: Manahor, 2004).

Two notable exceptions exist: G. Wagenaar, 'Johannes Gysbertus van Reenen: Sy Aandeel in die Kaapse Geskiedenis tot 1806' (unpublished MA thesis, University of Pretoria, 1976) and G.A. Cockrell, 'Die Lewe van Martin Melck, 1723-1781' (unpublished MA thesis, University of Stellenbosch, 1984).

Cape during the eighteenth century. Thanks to the pioneering works of scholars like Robert Ross, Leonard Guelke and Robert Shell, this notion had become well entrenched.<sup>29</sup> Despite differences in the approaches and conclusions of these scholars, it remains clear from their work that there existed a group of well-off families in the eighteenth-century colony whose fortunes were based on the accumulation of capital in the form of property (notably land) and labour (slaves). More recently, Susan Newton-King, Martin Hall and Wayne Dooling have contributed to this scholarship by demonstrating the importance to families of consolidating their wealth over generations, and noting the central role that women, particularly widows, played in the continuance of this group.<sup>30</sup> Central to this interpretation is a focus on the agrarian districts and the belief that, over time, this group of people and their power were perpetuated through endogamous marriages between members of these leading burgher families. This article, based on extensive archival research into a wide variety of sources, challenges these assumptions. Firstly, it aims to show that the Cape gentry could, and did, have its roots as much in an urban as a rural context; while it also demonstrates, through the life story of Hendrik Oostwald Eksteen, that marriage between a free black and a European was no impediment to gentrification; indeed, as Eksteen's story shows, it could aid a person in social mobility.

With the exception of the better-known Martin Melk, Eksteen's career as a free burgher probably has no equivalent at the eighteenth-century Cape, and it is remarkable that it has hitherto received relatively little attention from historians.<sup>31</sup> The most extended discussion of his economic activities and achievements occurs in Guelke and Shell's article about the rise of an early colonial landed gentry at the Cape. Here Eksteen serves as an example of one of the 'many aggressive and upwardly mobile individuals'.<sup>32</sup> In their argument, Eksteen serves to illustrate how the 'Cape gentry' – some of whom, like Eksteen, were parvenus – built up capital (in the form of land) and labour (in the form of slaves), which formed the basis of their wealth. These individuals are seen as essentially landed capitalists who consolidate and expand their wealth through agricultural activities. In their account of Eksteen's activities, Guelke and Shell make no attempt to explain how it was possible for this man who came to the Cape with no capital to be so suc-

Ross, 'Rise of the Cape Gentry'; Guelke and Shell, 'Early colonial landed gentry'.

S. Newton-King, 'In search of notability: The antecedents of Dawid van der Merwe of the Koue Bokkeveld', in S. Marks, ed., The Societies of Southern Africa in the 19th and 20th Centuries (London, 1994): 26–50; M. Hall, 'The secret lives of houses: Women and gables in the Eighteenth-Century Cape', Social Dynamics 20 (1994): 1–48; and W. Dooling, 'The making of a colonial elite: Property, family and landed stability in the Cape Colony, c. 1750–1834', Journal of Southern African Studies 31 (2005): 147–62.

<sup>31</sup> Although both are rags to riches stories, there is a significant difference in their rise to wealth: Melk's early career at the Cape did reveal entrepreneurial activities, but he was suddenly catapulted to wealth and instant acceptance in the Cape gentry by marrying a wealthy widow; cf. Cockrell, 'Lewe van Martin Melk.' Eksteen, on the other hand, had a much slower and more staggered rise to wealth and social prestige. Unlike Melk, he had no lucky breaks.

Guelke and Shell, 'Early colonial landed gentry': 277. Their portrayal of Eksteen has been followed by others, e.g. Karel Schoeman, Armosyn van die Kaap: Die Wêreld van 'n Slavin, 1652-1733 (Cape Town: Human & Rousseau, 2001): 688 and 'n Duitser aan die Kaap, 1724-1765: Die Lewe en Loopbaan van Hendrik Schoeman (Pretoria: Protea, 2004): 215-16. There are short entries for Eksteen in J. Hoge, 'Personalia of the Germans at the Cape, 1652-1806' in Archives Year Book for South African History 9 (1946): 86 and E. Moritz, Die Deutschen am Kap unter der Holländischen Herrschaft, 1652-1806 (Weimar: Bohlaus, 1938): 228-29 though likewise not without their errors. Even the useful entry for Eksteen in J.A. Heese and R.T.J. Lombard, Suid-Afrikaanse Geslagregisters / South African Genealogies (15 vols, Pretoria and Stellenbosch: Genealogical Institute of South Africa, 1986-2007), vol. 2: 174-77 contains a number of mistakes.

cessful economically. Nor do they account for the mechanisms which enabled his capital base of, say, 1718 to grow to what he owned by 1731. Although this is partly due to the fact that their overview of Eksteen's economic activities is incomplete and, in some cases, misleading,<sup>33</sup> it is mainly the result of the fact that their approach to the establishment of wealth at the Cape is not applicable in the case of parvenus such as Eksteen. Analysing Eksteen's activities in terms of capital accumulation cannot account for his spectacular rise, especially in the early part of his career.

Eksteen's achievement can only be understood when his whole life course is considered in detail. This enables the historian to perceive the mechanisms that made it possible for Eksteen to achieve his successes. In addition, it allows the historian to discover how Eksteen's individual actions can be related to larger structural and systemic forces in place at the Cape. It is crucial, therefore, to study Eksteen's activities within the immediate context of the Cape of Good Hope and also within the contexts of the VOC world and the workings of the early modern economy. Moreover, it would be wrong to concentrate only on Eksteen's economic activities. As will become clear, his success in this field was bound up with both his personal and his public lives.

Capital, as Ludwig von Mises famously remarked *pace* Karl Marx, does not 'beget profit'.<sup>34</sup> Entrepreneurial activities and decisions, however, do. Although Guelke and Shell once refer to Eksteen as an 'entrepreneur',<sup>35</sup> they do not analyse his enterprises within a framework of entrepreneurship. Seeing Eksteen rather as a foremost exemplar of an early modern entrepreneur provides the historian with the theoretical framework to explain the mechanisms of Eksteen's success, and also to see the connections between Eksteen's economic activities, his personal and public life, and to relate all of these subjective factors to the larger context. The aim of this article, then, is to present a theoretical framework which would enable the Cape historian to analyse and understand the activities of men like Eksteen in a more complete and nuanced fashion. In doing so, I use Eksteen's life as a superstructure, not only because he is such an outstanding example of a Cape entrepreneur, but also because his life is so well documented.

The aforegoing paragraphs have suggested a way in which to view the activities of a person like Eksteen. It is my contention that the economic success of Eksteen at the Cape can be more plausibly described *and* understood with reference to entrepreneurship, rather than to capital accumulation. In order to explicate this point, I present here the conceptual tools with which to do so, followed by an analysis of Eksteen's economic activities.

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<sup>33</sup> They are e.g. unaware of Eksteen's involvement in the alcohol pachten, thereby missing an important clue to his success.

<sup>34</sup> L. von Mises, 'The entrepreneur and profit' (orig. publ. 1951), in Richard Swedburg, ed., Entrepreneurship: The Social Science View (Oxford: Oxford University Press, 2000): 97. Both Adam Smith and Karl Marx conflated capitalists with entrepreneurs. For a critique of this, see M. Blaug, 'Entrepreneurship before and after Schumpeter', in Economic History and the History of Economics (Brighton: Wheatsheaf, 1986): 219-22.

<sup>35</sup> Guelke and Shell, 'Early colonial landed gentry': 278.

#### Early Modern Entrepreneurship: Risks, Profits and the Uses of Capital

At about the same time as Eksteen was successfully exploiting economic opportunities at the Cape, Richard Cantillon was reflecting in his *Essai sur la nature de commerce en général* (published posthumously in 1755) on the role of entrepreneurs in the economy. For Cantillon the entrepreneur was the link in the chain of distribution between producers and consumers. Since individuals do not have perfect foresight about the future, entrepreneurs have to exercise their business judgement. This means that the willingness to take on risk and uncertainty becomes the distinguishing feature of an entrepreneur. Because the entrepreneur is willing to take on risks in order to make goods available at a given time and place, he functions as the central actor in the economy who continually deals with uncertainty in his economic decisions.<sup>36</sup> Entrepreneurial success therefore depends on successfully taking a chance or gambling on a true uncertainty.<sup>37</sup>

P.W. Klein, the foremost scholar of early modern Dutch entrepreneurship, has identified the elementary features of entrepreneurial behaviour as, first, 'the management and administration of relatively scarce economic resources' through 'planning on the basis of a mixture of rational calculation and inspired intuition in the face of competition under constantly changing market conditions'. This implies the second feature, viz., taking the responsibility for risks, which in the case of early modern entrepreneurs meant 'the risks peculiar to creative optional choices between change and continuity, adaptation and originality, tradition and innovation'. Thus, the entrepreneur has to decide on 'the optimal position of the enterprise on a continuum between the two poles of security and uncertainty'. For this reason Klein argues that the early modern entrepreneur's central task was 'to balance risks and profits'.<sup>38</sup>

Uncertainty was all-pervasive in the world of early modern business. This was particularly the case with one of the most important aspects of entrepreneurship, viz., access to information. Due to the slow and unpredictable nature of the movement of news and knowledge, entrepreneurs were often unable to do proper risk analysis and could not adapt in time to changing circumstances. Hence Lesger's characterisation of early modern entrepreneurship as 'calculated gambling'. In addition, the slow and dangerous nature of transport as well as the smallness and instability of markets also added to the problems of early modern entrepreneurs. However, the fact that the early modern business world was one in which risks and uncertainties were plentiful must be seen in conjunction with

<sup>36</sup> R.L. Hébert and A.N. Link, The Entrepreneur: Mainstream Views and Radical Critiques 2nd ed.. (New York: Praeger 1988): 19-28.

<sup>37</sup> Blaug, 'Entrepreneurship': 224-25; Link and Hébert, The Entrepreneur: 95-99.

P.W. Klein and J.W. Veluwenkamp, 'The Role of the entrepreneur in the economic expansion of the Dutch Republic', in K. Davids and L. Noordegraaf, eds., The Dutch Economy in the Golden Age: Nine Studies (Amsterdam: NEHA, 1993): 28.

On uncertainty and risk, see C. Lesger, 'Over het nut van huwelijk, opportunisme en bedrog: Ondernemers en ondernemerschap tijdens de Vroegmoderne tijd in theoretisch perspectief', in C.A. Davids, W. Fritschy and L.A. van der Valk, eds., Kapitaal, Ondernemerschap en Beleid: Studies over Economie en Politiek in Nederland, Europa en Azië van 1500 tot Heden (Amsterdam: NEHA, 1996): 66-69 and L. Kooijmans, 'Risk and reputation: On the mentality of merchants in the Early Modern Period', in C. Lesger and L. Noordegraaf, eds., Entrepreneurs and Entrepreneurship in Early Modern Times: Merchants and Industrialists within the Orbit of the Dutch Staple Market (The Hague: Hollandse Historische Reeks, 1995): 28-29.

the social and cultural nature of that world. The aim of entrepreneurs was defined above as financial and social gain. However, in the early modern world, at least in the Dutch case, another dimension has to be added to this. Dutch entrepreneurial enterprises were mostly family businesses founded on family capital. Entrepreneurs were motivated as much by their social environment as by a desire for profit. This includes a concern for the standing and future of the family. As a result of this, continuity became a very important factor influencing economic decisions. Since the social and economic position of the family had to be maintained and improved, it follows that an entrepreneur should not unnecessarily risk the economic, and hence social, downfall of the family. The aim of an entrepreneur in such circumstances was to realise 'the largest trading results possible' while 'safeguarding the continuity of the enterprise'. 40 In general, early modern entrepreneurship was characterised by the subordination of profit maximisation to long-term stability. 41 How, then, did early modern entrepreneurs manage to diminish risks and minimise uncertainties? One way was to build up human capital, i.e. one's skills and knowledge. 42 An entrepreneur needed to have knowledge of the market and of the commodity he traded in, of the nature of that commodity, of prices, demand, supply and possible markets. Hence, personal experience could play a major role, as well as the ability to learn from others, and to identify and exploit human capital in others. 43 Another, more tangible form of protecting one's position was to spread one's investments. Dutch entrepreneurs often diversified their estates by investing part of it in business, part in stocks and bonds and part in land and property. An entrepreneur had to weigh up the different advantages of his investments since higher profits were to be made from high-risk ventures while safe investments such as in land yielded low but stable interest.44

Business, however, is not purely a matter of markets and investments. It is first and foremost a social phenomenon where individual people interact with one another. Entrepreneurs are perhaps more than any other actors in the economy people-centred since they are mediators between producers and consumers. In the early modern high-risk context of doing business, trust was a crucial commodity. Trust can lead to loyalty from customers; open up new opportunities through recommendations; and provide credit. Hence, Veluwenkamp's statement that '[t]rust was perhaps even more important than capital, the main function of which indeed was ... to generate trust, and thereby credit. Money is trust; the equation is reversible. In practical terms this translated into a preference for doing business with family members, people from the same area, of the same background, etc. Another

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<sup>40</sup> Klein and Veluwenkamp, 'Role of the entrepreneur': 36-38.

<sup>41</sup> Kooijmans, 'Risk and reputation': 30 and Lesger, 'Over het nut': 71.

<sup>42</sup> J. Field, Social Capital (London: Routledge, 2004): 50-51.

<sup>43</sup> Klein and Veluwenkamp, 'Role of the entrepreneur': 41-42.

<sup>44</sup> W. Frijhoff and M. Spies, 1650: Bevochten Eendracht (The Hague: Sdu, 1999): 19-20; P. Burke, Venice and Amsterdam: A Study of Seventeenth-century elites 2nd ed.. (Cambridge: Polity, 1994): 62-70.

<sup>45</sup> Cf. M. Vaughan, 'The character of the market: Social identities in colonial economies', Oxford Development Studies 24 (1996): 61-77.

<sup>46</sup> Klein and Veluwenkamp, 'Role of the entrepreneur': 41.

result was that reputation became a crucial resource. Reputation had to be earned – and it was something that only existed in a social context. Consequently, someone with a good reputation could be trusted and was deemed creditworthy. The converse, however, also held.<sup>47</sup>

Trust and reputation are both related to perhaps the most important resource for early modern entrepreneurs: their social capital. Like capital, social capital can be accumulated and exploited, yet there is no direct relationship between inputs and outputs, and its value cannot be measured in terms of currency.<sup>48</sup> Yet it remains a useful concept, defined by H.D. Flap as 'an entity, consisting of all expected future benefits derived not from one's own labor, but from connections with other persons'. 49 Central to this definition are connections with other people, the results of which can be beneficial to an individual, while, similarly, being part of a network is central to building up social capital. Knowing a large number of people means greater access to credit and information, both of which are crucial for identifying and exploiting business opportunities. People need to both know and trust one another in order to cooperate. This, in turn, implies certain norms and expectations which relate to the important role of reputation – mediated through third parties. Having a good social network is crucial for starting an economic enterprise, but it is also important for management and growth since networks give easy access to economic resources which would otherwise only be obtainable at great(er) cost.<sup>50</sup> How does one acquire social capital? By helping and giving to others who are thereby indebted to one. Such direct ties do not need to be the result of intentional acts but can get built up unconsciously over time. There are also indirect or weak ties with acquaintances and other people which are the 'by-products of actions directed towards other goals'.<sup>51</sup> The extent of one's social capital gets determined by three factors: (1) the size and scope of one's social network; (2) the resources these friends and family have at their disposal, and, equally crucial, (3) their willingness to make these resources available to one.52

#### **Eksteen the Entrepreneur: Alcohol**

Viewed against this background, *everything* in Eksteen's life – every experience, every acquaintance, every bit of knowledge he picked up – contributed in one way or another to his success. It is plausible that he kept up links with his home country or, more likely, that he used his ethnicity as a point of connection with other Germans in Cape Town. Certainly, his early years at the Cape indicate that this was the case. During his first two years at the Cape Eksteen seems to

<sup>47</sup> Lesger, 'Over het nut': 72 and Kooijmans, 'Risk and reputation': 30-32.

<sup>48</sup> Field, Social Capital: 3, 9 and 12.

<sup>49</sup> H.D. Flap, 'Patronage: An institution in its own right', in M. Hechter, K.D. Opp and R. Wippler, eds., Social Institutions: Their Emergence, Maintenance and Effects (New York: De Gruyter, 1990): 232.

<sup>50</sup> Field, Social Capital: 50-57 and 62-65. It should be noted that there is some debate as to whether trust ought to be considered integral to social capital or rather as one of its outcomes.

<sup>51</sup> Flap, 'Patronage': 232-33.

<sup>52</sup> Flap, 'Patronage': 231-32 and Lesger, 'Over het nut': 66.

have had close contact with the free-black community: he procreated at least two illegitimate children, both born around 1704, the year in which he became a free burgher, with free black women.<sup>53</sup> The first, also called Hendrik, was conceived with Anna Maria Colijn, who thereafter disappeared from his life.<sup>54</sup> This son later achieved some notoriety on the Cape frontier when he was murdered by his Khoi mistress.<sup>55</sup> The second son, called Michiel, was conceived with Sara, the illegitimate daughter of a fellow German, Paul Heijns, and the freed slave Maria Schalk. Heijns was at this stage married to another free-black woman, Maria Lozee.<sup>56</sup> By then Heijns had been at the Cape for a few decades and made his living from various farming enterprises, although he was not very successful and was in debt to the Orphan Chamber and the Poor Fund.<sup>57</sup> Shortly after the birth of Michiel, Eksteen married Sara Heijns on 13 July 1704.

It is plausible that Eksteen at first worked with his father-in-law, thereby gaining experience and knowledge of the Cape circumstances, and also building up social capital with the links Heijns had.<sup>58</sup> A revealing indication of Eksteen's social network at this early stage comes from the fact that he was one of the signatories in early 1706 of a testimonial to the 'honour and virtue' of W.A. van der Stel. Eksteen's support of this testimonial was most likely influenced by the fact that his father-in-law was a supporter of the Van der Stel faction, and along with most of the free blacks of Cape Town signed this testimonial, including the relations of Eksteen's late mother-in-law, Maria Schalk.<sup>59</sup> That Eksteen's early support and contacts were with the free-black community he entered via his wife and father-in-law is also revealed by his friendship with Claas Cornelisz (another signatory of the Van der Stel testimonial) and Beatrice van Couchin.<sup>60</sup> When the latter couple drew up their will in 1709, they made provision for Michiel, Eksteen's son with Sara Heijns. This friendship seemingly survived Eksteen's later success, for in 1720 he acted as an executor of Beatrice's estate.<sup>61</sup>

How was a newly released free burgher to maintain himself and his young family? Since the Cape was controlled by the VOC, which did not permit a free market and jealously guarded its monopoly, options were limited. Free burghers

<sup>53</sup> The exact chronology is uncertain: Hendrik Eksteen was baptised in February 1705, so was plausibly born either early that year or more likely in 1704. The date of birth of Michiel is equally uncertain: he was later referred to as a *voorkind* which means he must have been born before the marriage of Eksteen with Sara Heijns in July 1704 (in the event he was baptised in April 1705). Having illegitimate children was no impediment to social or other success in the eighteenth-century Cape; cf. G. Groenewald, "A mother makes no bastard": Family law, sexual relations and illegitimacy in Dutch Colonial Cape Town, c. 1652-1795', *African Historical Review* 39/2 (2007): 58-90.

<sup>54</sup> H.F. Heese, Groep sonder Grense: Die Rol en Status van die Gemengde Bevolking aan die Kaap, 1652-1795 (Bellville: Wes-Kaaplandse Instituut vir Historiese Navorsing, 1984): 48.

<sup>55</sup> Cf. R. Viljoen, "Till murder do us part": The story of Griet and Hendrik Eksteen', South African Historical Journal 33 (1995): 13-32.

Heese and Lombard, *Genealogies*, vol. 2: 174 and Hoge, 'Personalia': 161.

<sup>57</sup> G.C. de Wet, Die Vryliede en Vryswartes in die Kaapse Nedersetting, 1657-1707 (Cape Town: Historiese Publikasie-Vereniging, 1981): 108 and H.C.V. Leibbrandt (ed. & tr.), Precis of the Archives of the Cape of Good Hope: The Defence of Willem Adriaan van der Stel (Cape Town: Richards, 1897): 184-85.

<sup>58</sup> For a more extensive discussion of the role that kinship and 'ethnic identity' played in the entrepreneurial success of German immigrants at the Cape during this period, see G. Groenewald, 'Een dienstig inwoonder: Entrepreneurs, social capital and identity in VOC Cape Town, c. 1720-1750', South African Historical Journal 59 (2007): 138-44.

<sup>59</sup> Leibbrandt, Precis: Defence; 69-72. My thanks to Karel Schoeman who alerted me to this.

<sup>60</sup> M. Upham, 'Armosyn revisited', Capensis 2 (2000): 26.

<sup>61</sup> A.J. Böeseken, ed., Resolusies van die Politieke Raad, vol. 6, 1720-1723 (Cape Town: Government Printer, 1965): 78-79.

remained subjects of the VOC and their activities had to aid the VOC in its aims. At the Cape this primarily meant being engaged in the productive sector, particularly agriculture, and only secondarily in the service sector. Although the Cape did not have a completely free market system since the Company bought most agricultural produce at pre-determined prices, there still existed a small retail market. 62 It was cheaper for the VOC to lease certain productive activities to free burghers. The best example of this system was the meat *pacht* (monopoly or lease) whereby three to five individuals were contracted to provide passing ships and the VOC establishment at the Cape with meat at a fixed price, usually for periods of multiple years. 63 There were also certain needs of both free burghers and callers at the Cape which had to be met. One of these was the demand for alcohol and sociability in taverns. This trade was immensely lucrative with the result that the VOC was unwilling to allow complete free trade in alcohol, but tried to control it through selling monopolies or pachten to the free burghers.<sup>64</sup> Despite the restrictions, the alcohol trade was perhaps the closest the VOC Cape came to a free market system since any person could invest in one of the *pachten* as the sole criterion for ownership was a financial one. 65 Thus, seen from the viewpoint of entrepreneurial activities, there were fewer opportunities for exploitation at the Cape, although the very restrictions of the system created some other, albeit illegal, ones. It is by forgetting about the opportunities that the alcohol pacht system provided that Guelke and Shell missed the key to Eksteen's spectacular rise to success.

In August 1707 Eksteen bought one of the brandy *pachten* for  $f \ 2 \ 725$ . <sup>66</sup> The fact that he bought the fourth quarter of the brandy *pacht* and paid a higher price than the others fetched may indicate that he was quite keen to get a *pacht*. <sup>67</sup> It is unknown how much capital Eksteen had by this stage, but it need not have been much: the price he offered for the *pacht* had to be paid in two instalments, the first only after six months. A year later he borrowed  $f \ 3 \ 000$  from a fellow brandy *pachter*, Claas Meijboom, and it is plausible that they may have been business partners and that Meijboom could have helped him earlier as well. <sup>68</sup> Eksteen's

62 O. Mentzel, A Geographical-Topographical Description of the Cape of Good Hope (Cape Town: Van Riebeeck Society, 1944), vol. 2: 75-92 provides an eye-witness account of the retail market at the Cape during this period, and the various possibilities (and abuses) afforded by the calling of the VOC fleets twice a year which not only meant an influx of customers and money, but also of retail goods.

<sup>63</sup> See on the meat pacht, H.B. Thom, Die Geskiedenis van die Skaapboerdery in Suid-Afrika (Amsterdam: Swets & Zeitlinger, 1936): 133-43; G.J. Erasmus, 'Die Geskiedenis van die Bedryfslewe aan die Kaap, 1652 tot 1795' (PhD thesis, University of the Orange Free State, 1986): 205-8 and Wagenaar, 'Johannes Gysbertus van Reenen': 36-129.

<sup>64</sup> On the operation of the system and its contribution to the VOC's revenue, see Groenewald, 'Een dienstig inwoonder': 127-30.

<sup>65</sup> There were also other retail sectors which provided in the needs of the free burgher population, though much of this was informal (and sometimes illegal). Regular calls from free burghers to allow free trade fell on deaf ears and was to become one of the biggest grievances of the Cape free burgher population; cf. A.J. Böeseken, 'Die Nederlandse Kommissarisse en die 18de-eeuse samelewing aan die Kaap'. Archives Year Book for South African History 7 (1944): 174-88.

<sup>66</sup> It is significant that he first invested in brandy. It was, along with the Cape wine, the most popular of the alcohol pachten and had a huge set-off (reflected by the fact that both pachten were divided into four parts). Unlike Cape wine, though, the brandy pachten could be bought much cheaper.

<sup>67</sup> The brandy *pachten* were sold in four parts, each auctioned off separately. The VOC bookkeepers noted in which order the parts were sold. Since auctions first went up to a high price, and then down from a much higher price, it is likely that a nervous, inexperienced or very keen buyer would stop the bidding at a higher price than what it could have gone for.

Deeds Office, Cape Town (DO), T 17, 04.09.1708. Eksteen was able to fully repay his debt within a year along with the 6% interest charged. My thanks to Susan Newton-King for sharing the Deeds Office references with me.

main capital outlay would have been his stock of liquor and perhaps some furniture and other equipment to turn a room of his house into a tavern. <sup>69</sup> Thus, during 1708–9 he bought at various auctions equipment such as lamps, drinking and eating vessels, as well as game boards which were popular entertainment in taverns. <sup>70</sup> What is most significant about this venture is that Eksteen entered the alcohol retail trade at the same time as his father-in-law, Paul Heijns, who bought one of the Cape wine *pachten* for *f* 8 325. They may well have decided to share the costs and run one tavern together selling both brandy and wine (a common practice). This cannot be proved, but given Eksteen's later history and the fact that Heijns had not invested in the alcohol *pachten* in the decade or more in which he had been a free burgher, it seems plausible that it was Eksteen's idea to invest in the alcohol *pachten*.

Investing in the alcohol retail trade at the Cape was, at best, a risky business. The fact that, in addition to one's outlay costs, one had to pay a sizeable premium to the VOC for the privilege, plus the fact that retail prices were fixed, meant that the variable of demand carried even greater importance. Since the *pachten* were auctioned off at the beginning of the *pacht* year (September), before demand was known, it meant that at best prospective *pachters* made a calculated guess as to how much they could offer for the privilege of retailing alcohol (usually based on the experience of the preceding few years). Since the stable, local Cape market was relatively small, the profitability (assuming that there were no problems with supply) of alcohol retail in Cape Town depended crucially on the number of ships calling and the amount of time their crews had to spend in town visiting taverns. At the time that Eksteen entered the alcohol retail business, the number of ships that called at the Cape – both Dutch and foreign – remained stable and grew slightly in absolute terms.<sup>71</sup>

Eksteen was clearly successful enough to pay the VOC its due for his first *pacht*, and his experience was sufficiently positive to make him continue investing in the brandy *pachten*, with Heijns continuing with the wine *pachten*, for the following three years. Curiously enough, Eksteen did not use his early success to expand his alcohol *pacht* interest, as most other successful *pachters* tended to do, i.e. by buying more and more *pachten*, but he preferred to slowly diversify his investments. He must have bought livestock during his first years as a *pachter*, for at the beginning of 1709 he was granted a grazing licence at Dieprivier.<sup>72</sup> During that same year he utilised his free-black links by buying two houses in Cape Town.<sup>73</sup> The following year he bought his first farm, in the Tijgerberg, naming

<sup>69</sup> Though he could have bought the liquor on credit; as he did in 1710 when he entered into a contract with Henning Hüsing for almost *f* 3 000 for liquor provided on credit; this debt Eksteen was able to repay within less than a year; DO, T 19: 292.

<sup>70</sup> Cf. e.g. CA, MOOC 10/1 nos 47 and 56.

<sup>71</sup> This is based on an analysis of the relevant figures in Bruijn, Gaastra and Schöffer, eds., Dutch Asiatic Shipping, vols. 2-3.

<sup>72</sup> CA, RLR 1: 80.

DO, T18: 31.05.1709 and 14: 11.1709. In May 1709 Eksteen paid f 940 cash to the ex-Company slave, Sara Jansz (aka Sara van de Caab) for her house in block K, and in November Eksteen bought a larger house from Jan Oberholster for f 3 400, f 1 500 of which he paid cash. The latter was no free black, but his relationship with Agnieta Colijn, the sister of the mother of Eksteen's first-born son, caused some notoriety during this period; cf. Schoeman, Armosyn, 653. The latter transaction is a good example of the workings of social capital, as Eksteen in exchange stood as one of Oberholster's sureties when the latter bought a farm a year later; cf. DO, T 19: 283, 285.

it after his home town ('dutchified' to Loewenstein), for the large sum of f 12 000.<sup>74</sup> By the early 1710s Eksteen both exploited the one lucrative retail market at the Cape, viz. the alcohol trade, and started to invest in the main economic activity of Cape free burghers, viz. agriculture. The alcohol *pachten* allowed one to make a quick profit with relatively low input costs, but had high risks built into the system. Agriculture required a larger capital base, yielding slower and less spectacular profit, but had the advantage of greater stability while offering the possibility to expand greatly.

By 1710 Eksteen had clearly built up sufficient experience and confidence in his entrepreneurial activities to attempt expansion in the hope of greater profits. He formed an illegal cartel with his father-in-law and two other pachters in an attempt to control the most lucrative of pachten, viz. that of Cape wine. By doing this they, presumably, had hoped to control the first great uncertainty of investing in alcohol *pachten*: the price paid for the monopoly. In the event, the conspiracy was discovered and the pacht was re-auctioned after a month.<sup>75</sup> This was no setback for Eksteen: in 1711 he successfully bid for one of the Cape wine pachten, along with his usual brandy pacht. This expansion into wine retail shows how confident Eksteen was that he could pull it off: a wine pacht by this stage usually sold for about three times as much as a brandy pacht. 76 Yet despite the higher risks Eksteen managed to make a success of the wine retail trade as well. Throughout the 1710s he managed to buy one brandy and one wine pacht every year until 1720 when he bought two wine pachten. After that year he ceased to invest in the alcohol pachten. During the fourteen consecutive years that Eksteen invested in the alcohol pachten, he bought the rights to 14 brandy and 11 Cape wine pachten, for which he paid the Company in total f 113 270. 77 Unfortunately, owing to the lack of the necessary data, it is not possible to calculate the profit Eksteen made from his investments. In general pachters could sell brandy at twice the price they paid for it, which should translate into a sizeable profit.<sup>78</sup> Of course, this is without taking into account the manifold running and capital expenses a pachter incurred, but since many of these could be offset against capital investments (in labour, property and movable goods), it meant that the longer one was engaged in the alcohol retail business, the higher one's yields had to be. What is remarkable about Eksteen's involvement in the alcohol pachten is his stable and controlled conduct. Unlike other pachters he did not overplay his hand by using his profits to invest in ever larger-shares of the alcohol retail market.<sup>79</sup>

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<sup>74</sup> DO, T 19: 352. He paid f 4 000 in cash and undertook to repay the remaining sum in two instalments over two years.

<sup>75</sup> CA, C 2702: 14-17 and 22-6; A.J. Böeseken, ed., *Resolusies*, vol. 4, 1707-1715: 172-83.

<sup>76</sup> The fact that he owned several properties by this stage could also have aided him in securing loans.

<sup>77</sup> Data on Eksteen's investment in the alcohol pachten are derived from the original contracts, CA, C 2697-2702 and, for the years where they are missing (1715-1727), CA, C 2730.

In the 1718 inventory of Eksteen's estate, a legger brandy (560 litres) was valued at f 175 (CA, MOOC 8/3 no. 93). According to the 1725 price regulations of the VOC, brandy pachters could sell their product at four schellingen per bottle (2.4 litres) which means that a legger brandy would retail at f 350. Cf. G.J. Krause, 'Drankpagte gedurende die eerste honderd jaar van die bewind van die N.O.I.K. aan die Kaap' (MA thesis, University of the Orange Free State, 1955): 110 for the prices of brandy.

<sup>79</sup> This meant that as time went by (assuming all variants remained stable) his profits should have increase as most of his capital lay-out (e.g. investing in a room or building for his tavern; a store; vats; furniture and drinking vessels and, probably, a slave or slaves to work in his tavern) would have been incurred early on in his career as taverner.

Instead, he kept his investment more or less stable during the 1710s and used the profits to build up a capital base with which to undertake new entrepreneurial endeavours. His behaviour reveals someone who was remarkably well aware of the possibilities available for exploitation at the Cape.

Eksteen's early years at the Cape are the most obscure to the historian, but it seems clear that his connections with, and marriage into, the free-black community, as well as his links with the fellow German Paul Heijns, must have been a factor in his early ventures into the alcohol retail trade. It is no coincidence that he and his father-in-law both started to invest in alcohol *pachten* at the same time, and that Eksteen – as soon as he could afford it – entered agricultural life at the Cape. By adding his support to that of the free-black and urban community for the powers-that-be in 1706, Eksteen ensured their goodwill (and that of his father-in-law) – an example of investing in social capital – which was necessary for someone who soon thereafter entered the retail world of Cape Town. During the 1720s, Eksteen's shaky beginnings as a businessman at the Cape would expand spectacularly, leading to greater social prestige.

#### **Eksteen the Entrepreneur: Farming and Fishing**

After buying his first farm in 1710 for *f* 12 000, Eksteen spent most of his profit (except for what he needed to continue in the alcohol retail business) on his agricultural concerns. He continually obtained grazing licences and loan farms in prime areas around Cape Town, implying increasing herds of stock.<sup>80</sup> During these years he often bought livestock at auctions.<sup>81</sup> In addition to his six loan farms, he bought three more freehold farms between 1710 and 1718, and by the latter date he also owned three houses in Cape Town as well as a store or cellar in which to keep his taverns' supplies.<sup>82</sup> By 1718 his stock holdings had grown to 1600 sheep, 350 heads of cattle and a surprising 30 horses, which suggests that he must have bred horses, a very profitable undertaking owing to the scarcity of horses at the Cape.<sup>83</sup> It seems from his holdings and the variety of land he owned and loaned that he was equally engaged in stock and crop farming.<sup>84</sup> He also seems to have produced on his farms at least some of the wine and brandy he sold in his taverns in town since he owned two distilling kettles and a wine press.<sup>85</sup>

Eksteen, though, was never satisfied with going the safe route of investing in land and expanding his agricultural activities. He kept his eyes open for new opportunities. Already in 1713 he and Willem ten Damme offered to buy the meat *pacht*. Their application was unsuccessful as the Council of Policy preferred to continue with the incumbent meat *pachters*. 86 This step of Eksteen is somewhat

<sup>80</sup> CA, RLR 1: 261, 318, 336 and 2: 62, 90, 128.

<sup>81</sup> E.g. CA, MOOC 10/1 nos. 68, 75 and 76.

<sup>82</sup> CA, MOOC 8/3 no. 93.

<sup>83</sup> Cf. S. Swart, 'Riding high: Horses, power and settler society, c. 1654 -1840', Kronos 29 (2003).

<sup>84</sup> E.g. already by 1712 he both kept cattle and planted wheat on the post Burgerspost in the Groenekloof; Böeseken, ed., Resolusies vol. 4: 274, 277 and 314.

<sup>85</sup> CA, MOOC 8/3 no. 93.

<sup>86</sup> Böeseken, ed., Resolusies vol. 4: 323.

surprising as he did not own sufficient land and cattle to take on the major risk of supplying the Company with meat for several years.87 It seems more likely that it was Ten Damme who was the main investor and senior partner in this case and that he chose Eksteen for his financial acumen to be the managing partner. This incident indicates that Eksteen's links with the pro-W.A. van der Stel factions survived into the 1710s: Ten Damme was a supporter of and former high-ranking official under Van der Stel, who greatly benefited from the the Governor's favour.88 It also illustrates the power of networks; in this case a negative one. The Council of Policy stated that its awareness of the applicants' 'partisanship' against the current meat pachters played a role in its rejection of the bid. One of the incumbent pachters was the wealthy Jacobus van der Heijden – who played a prominent role in the anti-Van der Stel faction and was the long-standing business partner of Henning Hüsing. Hüsing was responsible for the financial troubles of Paul Heijns – or so it was believed. 89 At any rate, Ten Damme died the following year and Eksteen waited more than a decade before again investing in the meat pacht.

Eksteen's opportunism did, however, pay off handsomely in another case. In 1717 he bought a boat for f = 2000 - a sizeable capital outlay. This was the first step in a careful strategy. Eksteen petitioned the Council of Policy that he did not want the boat to go to waste and thus requested permission to fish in the well-stocked waters of Saldanha Bay, an area which at this stage the Company had decided to keep for its own use (in order to provide fish for the Slave Lodge, the garrison and passing ships). In exchange for this prerogative Eksteen was prepared to supply the Company gratis with a mutually agreed quantity of salted fish. This reflects how well aware Eksteen was of the market conditions and economic opportunities at the Cape. There was at this stage an increasing demand for fish from free burghers for their growing number of slaves, 90 a demand which could not be fully met by the so-called 'free fishers' who were restricted to Table Bay. Thus by having a monopoly of Saldanha Bay his profits could soar. Eksteen must also have been aware of the enormous success his one-time fellow pachter Johannes Phijffer and Simon van der Stel had had between 1711 and 1716 when they were contracted to be the sole providers of the Company's fish demands.<sup>91</sup> Perhaps he was hoping that this might be the outcome of his request. In the event Eksteen's plans were thwarted since the Council of Policy decided that grant-

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<sup>87</sup> A meat pachter did not primarily provide the cattle from his own farms and holdings, but usually bought them from other farmers. However, it helped having a good base in one's own holdings (most meat pachters also owned extensive land and cattle) and a meat pachter needed grazing land for the cattle while waiting for the VOC fleets – the major consumers of meat.

It was rumoured at the time that Ten Damme's wife was Van der Stel's mistress. In 1708, after Van der Stel's downfall, Ten Damme became a free burgher and built up much land and stock holdings (as did his sons and wife, Helena Gulix, who by 1731 was one of the six richest inhabitants of the Cape); cf. his entry by A.J. Böeseken in C. J. Beyers, ed., Dictionary of South African Biography, vol. 4 (Pretoria: Human Sciences Research Council, 1981): 644-45 and Schoeman, Armosyn: 226

<sup>89</sup> Cf. Leibbrandt, Precis: Defence: 184-85. Eksteen too had had business dealings with Hüsing.

Between 1711 and 1733 the number of burgher slaves increased from 1771 to 4 709; cf. N. Worden, Slavery in Dutch South Africa (Cambridge: Cambridge University Press, 1985): 11.

<sup>91</sup> C.F.J. Muller, 'Die geskiedenis van vissery aan die Kaap tot aan die middel van die Agtiende Eeu', Archives Year Book for South African History 5, 1 (1942): 22-28 and A.J. Böeseken, Simon van der Stel en sy Kinders (Cape Town: Nasou, 1964): 217-18.

ing him a monopoly in Saldanha Bay would look like favouritism.<sup>92</sup> Ultimately, however, Eksteen was successful since the Council resolved to open fishing in Saldanha Bay to all free burghers on condition that they cede 20 per cent of their catch to the VOC for use in the Slave Lodge.<sup>93</sup>

Eksteen soon made a success of this venture. The competition could not have been great since few burghers would have had the capital outlay to invest in the large vessel required for journeys to Saldanha Bay, and the prospects were sufficiently good for Eksteen to decide on further capital investment for exploiting this opportunity fully, such as erecting a small house there for his fishermen.<sup>94</sup> The fishing industry was visibly successful and a major source of Eksteen's growing wealth by the late 1710s, so much so that it is plausible that this may have played a role in his decision to stop investing in the alcohol pachten. A marker of Eksteen's increasing concentration in this industry was that he bought another small ship sometime between 1718 and 1720.95 Eksteen's original wish was fulfilled, for by 1721 he was the main supplier of fish to the VOC authorities at the Cape – a very large and stable market. 96 The VOC was sufficiently dependent upon Eksteen's supply of fish by 1729 to have offered him very favourable terms on which to continue his service.<sup>97</sup> By this stage the VOC was his sole market. In 1733 their relationship was formalised when Eksteen was contracted to provide the Company at the Cape with all its fishing needs for five years. This Eksteen achieved by threatening the VOC with ending his supply since, so he claimed, it was not profitable enough for him. To ensure a continuous supply for the authorities not only gave him this relatively safe (in terms of risk) contract, but even sold him one of their vessels. 98 This contract was renewed after its expiry and continued by his widow after Eksteen's death. 99 In this fashion, then, Eksteen managed to exploit another of the few viable economic opportunities at the Cape, and indeed seems to have dominated the fishing industry for more than two decades.

The 1710s was not only a decade during which Eksteen greatly expanded his economic interests; it was also a period in which his social network expanded outside the urban free-black community. After buying his first farm in 1710, Eksteen soon started building up good networks with the farming community of the Cape district. Through his business activities and his family, social and political life, Eksteen built up connections. At the Cape, marriage strategy was an important factor in social mobility. It is plausible that Eksteen developed ties with the Cruijwagen family early on in his career since Jan Mijndertsz

92 G.C. de Wet, ed., Resolusies van die Politieke Raad, vol. 5, 1716-1719 (Cape Town: Government Printer, 1964): 175.

<sup>93</sup> Muller, 'Geskiedenis van die vissery': 28.

<sup>94</sup> Böeseken, ed., Resolusies vol. 4: 395.

<sup>95</sup> It must have been bought after the 1718 inventory and before January 1721 when the VOC considered approaching Eksteen to buy this vessel; A.J. Böeseken, ed., Resolusies vol. 6: 93.

This seems to have the practice but there is no formal contract due to the loss of such records for the period 1715-1727; Muller, 'Geskiedenis van die vissery': 28.

<sup>97</sup> G.C. de Wet, ed., Resolusies van die Politieke Raad, vol. 8, 1729-1734 (Pretoria: Government Printer, 1975): 60.

<sup>98</sup> CA, C 2705: 17-18; De Wet, ed., Resolusies, vol. 8: 310-11, 313.

<sup>99</sup> CA, C 2705: 18-19 and C 122, 440-42 (per TANAP); G.C. de Wet, ed., Resolusies van die Politieke Raad, vol. 10, 1740-1743 (Pretoria: Government Printer, 1984): 65.

<sup>100</sup> Cf. Groenewald, 'Een dienstig inwoonder': 139-41.

Cruijwagen was another of the signatories in favour of W.A. van der Stel. Cruijwagen had invested in the alcohol *pachten* during the younger Van der Stel's governorship, and did so again in the year that Eksteen and his father entered the alcohol retail business.<sup>101</sup> Eksteen must have cultivated these links, for in 1714, after the death of his first wife, he married the young Everdina Cruijwagen, the daughter of Jan Mijndertsz. This was a much more advantageous match than with the late Sara Heijns, but Eksteen's circumstances had changed radically during his first ten years at the Cape. Paul Heijns, who acted as a partner of Eksteen in their alcohol retail business, possibly died in the 1713 smallpox epidemic. Cruijwagen – whose investments in the alcohol *pachten* were very haphazard (i.e. in different pachten over a long period) – started investing in them again in 1716. which makes it likely that this was done in partnership with, or at least with the close cooperation of, Eksteen. Cruijwagen was a well-off man who owned four houses in Cape Town and could loan sizeable amounts of money to a range of individuals. 102 It is not implausible that he helped Eksteen with capitalising some of his ventures in the late 1710s and 1720s. By the time of Cruijwagen's death in 1728, his granddaughter, Catharina Rosina Eksteen, inherited one-third of his large estate since her mother had died in 1718. Seen purely in economic terms, Eksteen's connections with the Cruijwagen family paid off handsomely.

By the second half of the 1710s, when Eksteen was newly married to Everdina Cruijwagen and busily expanding his business interests, his social position and prestige also improved. It has long been recognised that entrepreneurial activity is about more than pure economics as the motivation of an entrepreneur consists of both economic and extra-economic gain. An entrepreneur can therefore be defined as someone who is 'ingenious and creative in finding ways that add to their own wealth, power and prestige'. In line with this, the economic historian Clé Lesger has argued that entrepreneurship is ultimately only a means to an end, viz. the realisation of one's wishes and desires. These wishes and desires can be grouped into three categories: wealth, power and prestige. Whether or not Eksteen felt the need to prove himself is something the historian cannot know for certain. Clearly, by the late 1710s Eksteen had amassed sufficient riches to be one of the foremost burghers in economic terms. From this period onwards, his economic successes also translated into power and prestige in the Cape context.

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<sup>101</sup> On Jan Mijndertsz Cruijwagen's career at the Cape, see W.A. Cruywagen, Die Cruywagens van Suid-Afrika, 1690-1806 (Vanderbijlpark: Kleio, 2007): 135-96.

<sup>102</sup> CA, MOOC 8/5 no 19. Guelke and Shell, 'Early colonial landed gentry': 277 exaggerate when they claim that Cruijwagen was the 'main creditor' at the Cape – although many creditors owed him money at his death in 1728, the largest chunk of this credit came from his son and son-in-law. What this does show, however, is that Cruijwagen possessed large amounts of cash which he could loan out.

<sup>103</sup> Joseph Schumpeter, the pioneering theoretician of entrepreneurship, identified three motivations for entrepreneurs: personal enrichment; a need to prove oneself and 'the joy of creating, of getting things done'; J.A. Schumpeter, 'Entrepreneurship as innovation', in R. Swedburg, ed., *Entrepreneurship: The Social Science View* (Oxford: Oxford University Press, 2000): 70-71.

<sup>104</sup> W.J. Baumol, 'Entrepreneurship: Productive, unproductive, and destructive', Journal of Political Economy 98 (1990): 897.

<sup>105</sup> Lesger, 'Over het nut': 58.

<sup>106</sup> It seems plausible, though, from a psychological point of view that his poor background and presumably difficult years as a teenager when his parents and other family members died in quick succession, in addition to the terrible years of war he experienced, may have made him more determined to succeed and build up wealth as a form of protection.

The first indication of Eksteen's standing in the community comes from 1716 when he and eleven other free burghers submitted a request to the VOC for some reduction in taxes. Among the names are prominent and well-off farmers of the Cape district such as the Van der Westhuijzens, Nicolaas Loubser and the wealthy Verweij sisters, Aletta and Beatrix. 107 It is a sign of Eksteen's success that within six years of his entering agriculture he could – at least in symbolic terms - act as a spokesperson for the farming community. 108 Another indication of Eksteen's growing standing in the free burgher community was his elevation to ensign in the burgher militia in June 1718, a rank he held for the following seven years. Clearly, by the late 1710s – after ten years as an alcohol pachter, and making a success of agriculture and fishing – Eksteen was a leading free burgher, and this the VOC authorities at the Cape had to notice. So, we find him nominated for his first public office – that of Commissioner of Marriage and Civil Affairs – in 1718, although he was not chosen that year. He was however, elected in 1719 and re-elected in 1720. Clearly Eksteen must have made a good impression, for he was chosen very soon after this, in 1722, as both an Orphan Master and as one of the Burgher Councillors – the highest public office a free burgher could hold at the Cape. He served several more terms as an Orphan Master in the 1720s and was continuously re-elected as Burgher Councillor until the end of 1738 when he retired from public office. 109

In just over twenty years Eksteen managed to reach the highest political office a free burgher could attain at the Cape while his social prestige was such that already in 1723, when he and Johannes Blankenberg were involved in a fracas with the Governor, they were referred to 'als van de considerabelste deeser ingesetenen sijnde' (as being [part] of the most considerable of these inhabitants). His standing amongst his fellow burghers is reflected in his election to the rank of lieutenant and, shortly thereafter, to captain of the burgher militia in 1725 – once again the highest post available in this public body. During the 1720s Eksteen also acted as a fire warden, which made him one of very few free burghers in the history of Dutch Cape Town to have held every public office open to him. There can be no doubt that Eksteen's entrepreneurial activities enabled him not only to prove himself but to increase his wealth, power and prestige greatly.

This social prestige and increasing respect that Eksteen commanded in the 1720s did not weaken his entrepreneurial skills or desire to expand his business enterprises. During the 1720s Eksteen continued to invest in property and land, buying at least three more freehold farms and two town properties over and above those he owned in 1718. By this stage his capital base was so large that he could, with the exception of his fishing activities, concentrate on agricultural ventures. He continued to buy livestock at auctions throughout this period and by 1731 he

<sup>107</sup> All three these families had farms in the Tijgerberg, although some also owned others. On Aletta and Beatrix Verweij, see Schoeman, 'n Duitser aan die Kaap: 231-35.

<sup>108</sup> De Wet, ed., Resolusies, vol. 5: 32-33.

<sup>109</sup> This is based on the relevant entries in A.J. Böeseken and G.C. de Wet, eds., Resolusies, vols. 5-9.

<sup>110</sup> Böeseken, ed., Resolusies, vol. 6: 244-45.

had doubled his number of oxen. Presumably he must have regularly sold off his sheep to the meat pachters since the number of his sheep did not increase much during this period. 111 During the 1730s he also concentrated on horse breeding since the number of his horses doubled during that decade. In addition, the everalert Eksteen also exploited the Company's attempts to introduce wool farming to South Africa, though this time with less success: in 1725 the VOC imported Kirman goats from Persia which, the Company hoped, could be interbred at the Cape with other goats or sheep to produce wool sheep. The procedure was complicated and Eksteen, given his background in Germany and his entrepreneurial skill, was asked to take on the project. By 1735, however, he had to report that his attempts were not successful. 112 All of these activities required a large labour force and thus Eksteen's slave holding increasing from 46 in 1718 to 100 by 1731 and 125 ten years later, in addition to some Khoi workers. 113 The large increase in the 1720s was most likely the result of his growing agricultural concerns. Between 1731 and 1741 the median number of slaves which arable farmers had in the Cape district fluctuated between 15 and 22; while in 1731 only 19 per cent of farmers in the Cape district had slave holdings of more than 20 slaves.<sup>114</sup> Eksteen's large number of slaves (no doubt spread out over a number of farms) must have made him one of the biggest slave owners, if not the biggest, outside the VOC itself at the Cape of Good Hope. 115 These slaves serve both as an indication of Eksteen's wealth and as a reminder of what made his economic expansion possible in Cape society.

# **Eksteen the Entrepreneur: Meat and Soap**

In 1719 Eksteen married his third wife, Alida van der Heijden, who was to bear him twelve children and outlive him by more than 40 years. Eksteen's relations with the Cruijwagen family did not suffer from this at all – in fact, it seems that he tended to keep the contacts he built up through his marriages and various undertakings throughout his life. Both the Cruijwagens and the Van der Heijdens played a major role in the success of Eksteen during the 1720s–30s. Thus their own networks brought in a larger circle of potential creditors and helpers, e.g. his sister-in-law Catharina Cruijwagen married Cornelis Heufke, the son of one of the major *pachters* of the 1720s–30s, Johannes Heufke; while in 1730 his brother-in-law Willem van der Heijden married Helena Josina Esser, the daughter of the alcohol *pachter* Isaac Esser. Most importantly, however, Johannes Cruijwagen, Eksteen's former brother-in-law, entered the meat *pacht* in 1728 with Eksteen as

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<sup>111</sup> CA, A 2250, box 1, opgaaf for 1731 (transcribed by Hans Heese).

<sup>112</sup> For a variety of climatic and other reasons; cf. De Wet, ed., Resolusies, vol. 9: 10-11 and Thom, Geskiedenis van die Skaapboerdery: 264-65.

<sup>113</sup> N. Penn, The Forgotten Frontier: Colonist and Khoisan on the Cape's Northern Frontier in the 18th Century (Athens: Ohio University Press and Cape Town: Double Storey, 2005): 298 n. 124.

<sup>114</sup> Worden, Slavery in Dutch South Africa: 29 and 32.

<sup>115</sup> We unfortunately do not know much about his slaves, but it seems likely that there must have been specialisation in such a large labour force, as was the case with Martin Melk's similarly large slave holding in the second half of the century.

<sup>116</sup> Heese and Lombard, Genealogies, vol. 2: 233 and vol. 3: 355.

one of his sureties.<sup>117</sup> The timing of this is not coincidental. Jan Mijndertsz Cruijwagen had died shortly before this, leaving his large estate to his two children and his surviving Eksteen grandchild.<sup>118</sup> It may well have been this injection of cash which convinced Eksteen to join Cruijwagen *and* his new father-in-law, Pieter Jurgen van der Heijden, in the meat *pacht*. The financial security, large land and stock holdings, and the large circle of contacts and connections that these families had built up over the years, made it possible for them to control the most lucrative trade at the Cape for almost two decades.

By the late 1720s, with the combined resources of all these family connections, Eksteen felt financially secure enough to embark on his biggest venture yet, viz. the meat pacht. The meat pacht differed substantially from the alcohol pacht. The fact that there were no pachtpenningen to be paid made it seem easier to enter, but the sheer size of the operation, and the investments and contacts that it required, made it something that only financially very stable people with good contacts among the cattle farmers could take on. The risks were phenomenal: the successful bidders secured the contract by offering to provide the Company with meat for an extended period at a rate offered by them at the start of that period, i.e. without knowing exactly what either the demand (dependent on the number of ships) or the supply (dependent on the state of the stock holdings in the Colony and farmers' willingness to sell at a certain price) would be. 119 To minimise this risk, which was compounded by the fact that the Company was most unlikely to change the terms of the contract once it had been accepted, a meat pachter needed good stock holdings of his own, in addition to sizeable amounts of land and labour.

Eksteen entered the meat *pacht* because of the involvement of his former brother-in-law Johannes Cruijwagen, who took on one-quarter of the *pacht* in 1728. In the following year, the *pacht* was awarded to Cruijwagen, Eksteen and Eksteen's father-in-law, Pieter Jurgen van der Heijden, along with Jacob van Bochem, a former alcohol *pachter*. As an experiment, the VOC authorities awarded them the contract for a three-year period, a sure indication that the quartet was deemed capable of providing the goods. It his they did to the satisfaction of all parties concerned, for in 1732 all four successfully secured the meat *pacht* for the following five years. Van Bochem died but was replaced as meat *pachter* by Aletta van Es, who was related to the other three by marriage, in 1737 when they received a contract for another five years. Although Eksteen died in 1741 his obligations continued until the expiry of the contract. His estate was clearly

<sup>117</sup> On Johannes Cruijwagen as meat pachter, see Cruywagen, Die Cruywagens: 202-10; and on his activities as commando leader ('protecting' his herds of livestock and interests on the pastoral frontier), see Penn, Forgotten Frontier: 66-70.

<sup>118</sup> Eksteen had three children with Everdina Cruijwagen, but only the eldest, Catharina Rosina, survived infancy.

<sup>119</sup> The pachters had to provide a very good rate (cost price or even less) to the VOC in exchange for the monopoly right to provide meat to foreign ships. As the number of the latter fluctuated wildly during this period, the business of providing meat to the port could be very risky.

<sup>120</sup> CA, C 2703: 40.

<sup>121</sup> CA, C 2703: 74-86 and De Wet, ed., Resolusies, vol. 8: 11.

<sup>122</sup> CA, C 2704: 62-73 and 2706: 18-29.

well geared towards this business, for in 1742 his widow was part of the quartet awarded the meat *pacht* for a further five years. 123

Even during the 1730s, when Eksteen was immensely busy running the major undertaking of providing the VOC with meat, along with his official duties which would keep him in meetings several days a week, this entrepreneur still kept his eyes open to exploit lucrative possibilities. In describing the isolated retail market that operated in the Cape during this period – a market which depended on the irregular supply of retail goods from visiting ships – Mentzel gives the following example of Eksteen's economic activities:

Another article of common use [in addition to tobacco] that is liable to equally rapid fluctuation in price is soap. I can instance the case of a burgher called Eckstein who laid in a stock of 20,000 lbs. at 6 *stuivers*<sup>124</sup> per lb. at a time when the market was glutted, owing to an unusually large number of shipments that came in within a short space of time. Some six weeks later it became known that no fresh soap was likely to arrive within the next three months, and then this astute speculator sold out at 20 *stuivers* per lb., netting within a short while a profit of f 14.000. 125

This seemingly straightforward account of the economic reality at the Cape contains within it almost all the elements which account for Eksteen's success as an entrepreneur.

As mentioned above, all economic activity is subject to uncertainty. 126 Consumers of soap at the Cape could not foretell how long the good supply would last. It is this uncertainty that Eksteen exploited for his own profit. According to Mises it is precisely this exploitation of uncertainty which results in profit or loss, *not* capital investment. What Eksteen had done was to judge 'the future prices of products more correctly than other people do [and to buy] some or all of the factors of production at prices which, seen from the point of view of the future state of the market, [were] too low'. 127 This is what an entrepreneur does: to make decisions or, phrased differently, to exploit opportunities. 128 Profit (or loss) arises from entrepreneurs who notice and exploit opportunities created by uncertainties inherent in the market. 129 What distinguishes entrepreneurs from

124 There were twenty *stuivers* to a guilder.

<sup>123</sup> CA, C 2707: 71-81.

<sup>125</sup> Mentzel, Geographical-Topographical Description, vol. 2: 76.

<sup>126</sup> F.M. Scherer, Industrial market structure and economic performance (2nd ed., Boston: Houghton Mifflin, 1980), 29.

<sup>127</sup> Mises, 'Entrepreneur and profit', 89. The converse, however, also holds: if the entrepreneur misjudges the future prices, the result would be a loss. This means that 'one entrepreneur's error basically creates another entrepreneur's opportunity' and implies that entrepreneurs can learn from their own errors; R. Swedburg, 'The Social science view of entrepreneurship: Introduction and practical applications', in R. Swedburg, ed., Entrepreneurship: The Social Science View (Oxford: Oxford University Press, 2000), 23.

<sup>128</sup> Cf. Mises, 'Entrepreneur and profit', 97: 'It is the entrepreneurial decision that creates either profit or loss. It is mental acts, the mind of the entrepreneur, from which profits ultimately originate. Profit is a product of the mind, of success in anticipating the future state of the market. It is a spiritual and intellectual phenomenon.'

<sup>129 &#</sup>x27;Opportunity' is necessarily a relativistic concept since opportunities vary over time and from person to person. H.J. Stevenson and J.C. Jarillo, 'A paradigm of entrepreneurship: Entrepreneurial management', *Strategic Management Journal* 11 (1990): 23 define 'opportunity' in this context as 'a future situation which is deemed desirable and feasible'.

other people is not their possession of specific skills or forces of production, but their *behaviour*. What had set Eksteen apart from others was his ability to correctly anticipate 'uncertain events' (his spotting of the opportunity), his willingness to act on this 131 (his grasping of the opportunity) and his decision to act on this knowledge (his exploitation of the opportunity).

Eksteen was an entrepreneur because he grasped and exploited opportunities like that described by Mentzel. How did he manage to do that? Through his access to different types of information and knowledge: 132 Eksteen's long experience of Cape circumstances had taught him that fresh soap was a commodity in constant but erratic supply. So when there was a glut (instead of assuming, like others, that it would last), he used his knowledge of the opportunity as well as the suspicion (based on previous experience) that the supply would drop, to buy up the existing stock. He needed, of course, a capital outlay of f 6 000 but the possession of that money is not the central issue in this entrepreneurial activity: a person with a confident expectation of success could have loaned the money.<sup>133</sup> It was Eksteen's possession of local knowledge about the circumstances at the Cape, the characteristics of its market and, possibly, 'insider' knowledge about current sources of soap supply<sup>134</sup> that enabled him to exploit the opportunity. In addition to this, Eksteen possessed 'alertness' - the ability to spot relevant new information or resources - which enabled him to make decisions about new profit opportunities.<sup>135</sup> Crucial for the success of this venture, and all the others in which Eksteen had engaged during his long career, was the possession of alertness and local knowledge, and the will and desire to grasp it.

### **Conclusion: A Cape Entrepreneur**

Thus ended the entrepreneurial activities of Eksteen after almost 40 years at the Cape. His career illustrates clearly how it was possible for someone without capital to increase wealth by exploiting opportunities, even in a place like the VOC

130 R. Swedburg, 'Social science view': 20 summarises Mises' definition of entrepreneurship as 'anticipations of uncertain events.' For a discussion of Mises' work on entrepreneurship, see Hébert and Link, *The Entrepreneur*: 127-30.

<sup>131</sup> Mises did not dwell on the importance of the willingness of the entrepreneur to grasp an opportunity. Several people can notice an opportunity, but it is only the entrepreneur who is willing to take on the risk and goes one step further, viz. to act on the opportunity arising. Thus Stevenson and Jarillo, 'Paradigm of entrepreneurship': 17-27, consider the willingness to pursue opportunities as the defining characteristic of entrepreneurs.

<sup>132</sup> Knowledge is crucial to economic activities. Since in any given situation a person's knowledge of that situation does not correspond with the facts, it means that there is a need 'for a process by which knowledge is constantly communicated and acquired.' Moreover, knowledge is dispersed and nobody has it in its totality. The consequence of these differential states of knowledge is that a person's possession of (or control over) knowledge can be used to his or her advantage. Cf. F.A. Hayek, 'The use of knowledge in society', in *idem, Individualism and Economic Order* (London and Henley: Routledge & Kegan Paul, 1976 [1949]): 77-91.

<sup>133</sup> Cf. Mises, 'Entrepreneur and profit': 95: 'Those who know how to take advantage of any business opportunity cropping up will always find the capital required' and Stevenson and Jarillo, 'Paradigm of entrepreneurship': 23: Entrepreneurs 'pursue opportunities without regard to the resources they currently control.' Likewise, I.M. Kirzner, Competition and Entrepreneurship (Chicago and London: University of Chicago Press, 1973): 38-39 argues that entrepreneurs do not require 'means' in order to make decisions, i.e. to grasp opportunities.

<sup>134</sup> Since by this stage Eksteen was a meat *pachter* who routinely had to supply meat to visiting ships, he could have learned of the opportunity via that; or, alternatively, in the course of his duties as burgher councillor who sat in on the meeting of the Council of Policy.

<sup>135</sup> Hence Kirzner's definition of an entrepreneur as 'a decision-maker whose entire role arises out of his alertness to hitherto unnoticed opportunities'; Competition and Entrepreneurship: 41.

Cape with its highly limited opportunities for free trade. Entrepreneurship can flourish under the most adverse of conditions, and Eksteen clearly made use of almost every opportunity that the Cape did offer: starting with the alcohol retail trade – which is the easiest to enter and which offered continuity and the possibility of expansion. This he successfully exploited for 15 years during which he used his profits to diversify his assets and to invest in agriculture. By the 1720s he could concentrate on his wide-ranging agricultural concerns, while also having a profitable sideline providing fish to a stable market. In the last decade of his life, his expertise and experience of life at the Cape helped him to make a success of the most profitable, and also the greatest risk-bearing, enterprise at the Cape - providing the VOC with a regular supply of meat. However, even though this would have ensured a very sizeable profit, Eksteen could not resist opportunities to speculate, even in the 1730s when he was very wealthy – some of this paid off handsomely, such as his soap hoarding, while others, like his experiment with wool farming, were doomed to failure. It was Eksteen's ability to grasp opportunities and his willingness to take on risks which made him the wealthiest man at the Cape in the 1730s, not the capital which he did not possess when he started off in 1705.136

Not only did Eksteen's entrepreneurial activities enable him to be successful during his own lifetime, but it also laid the foundation for an influential eighteenth-century Cape dynasty.<sup>137</sup> As already mentioned, his wife was able to live wealthily and expand her business interests for another four decades, while most of his (legitimate) children entered advantageous alliances with other families. Only two of Eksteen's children were married by the time he died in 1741, but the marriage pattern of his children, most of whom wed during the 1740s, reveals the extent of the large social network Eksteen had built up. Most of his daughters married medium-ranking VOC officials: the minister Henricus Cock (in the mid-1730s), the administrators Joachim Prehn (1739) and Jan Raeck (1746), and the surgeon Rijno Berthault de St. Jean. The last was the son of the chief surgeon, and his sister shortly thereafter married Eksteen's namesake and oldest surviving son in 1744. The other son, Petrus Michiel, married Sophia Cloete, from a foremost burgher family, who was also related to the wealthy Loubser farming family, one of whose sons also married an Eksteen daughter. 138 These sons and their descendants were destined to play influential roles in colonial Cape society.

The outcome of Eksteen's life, from poor beginnings in Lobenstein to leaving a dynasty of wealthy children marrying into successful families at the Cape of Good Hope, is a felicitous example of the principle underlying social capital

<sup>136</sup> In 1705 the Eksteen household was listed as consisting of one adult male, one adult female and one boy who together owned no possessions worth listing in the opgaaf whatsoever. My thanks to Hans Heese who shared with me his transcription of the 1705 opgaaf in the Nationaal Archief in The Hague.

<sup>137</sup> In psychological terms, one could note that it may have been pride in this achievement which made him request in his will of 1739 that his estate not be broken up after his death: 'en dewijl ik niet en begeer dat den boedel daarom sal moeten vercogt werden, maar integendeel dat mijn gemelte huijsvrouw ... in het volle bezit gelaten werden...' and 'zoo wil en begeer ik niet dat zig ijmand anders met mijne kinderen of goederen bemoeijen sal, ten dien eijnde uijtsluijtende alle magistraaten, de weescamer, soo hier als elders, of wie ook eenig gezag of bewind daar over zouden kunnen of vermeijnen te hebben...', CA, CJ 2650: 255-57.

<sup>138</sup> Heese and Lombard, Genealogies, vol. 2: 174-77.

- one which is so crucial to all entrepreneurial success: connections count. This article, however, is about more than the specifics of Eksteen's success. Although his was an exceptional life in terms of his many successes, the mechanisms he used in his upward mobility are not. Much has been written about the growth of the Cape gentry, but little work has been done on how this came about, what were the actual mechanisms which made it possible for a fairly homogeneous group of free burghers (in terms of cultural background and economic possibilities) in the mid-seventeenth century to develop into a stratified society with a clearly identifiable elite within less than century. Hopefully this article has illustrated the usefulness of applying the concept of entrepreneurialism to understanding the rise of the Cape gentry, while also showing that some aspects of it (such as its supposed rural roots and the role of endogamy) need to be revisited. Eksteen's remarkable career is exemplary of how the Cape, despite the constraints of the VOC monopoly, did offer sufficient opportunities for an entrepreneurial individual to create wealth. The challenge now remains to establish why some and not others could use these mechanisms to become economically and socially ascendant.