

THE INTRODUCTION OF A DECIMAL COINAGE SYSTEM IN THE UNION OF SOUTH AFRICA

E. H. D. ARNDT

THE EARLY FATHERS

FROM READILY AVAILABLE sources but by no means exhaustive research, it would appear that the early fathers of decimalization in South Africa were Mr. E. C. Reynolds, Dr. G. Vissering and Dr. J. H. Dobson.

As far back as 21st May 1913, we find *Mr. E. C. Reynolds*, General Manager of the National Bank of South Africa,¹ devoting the larger portion of his presidential address to the Institute of Bankers in South Africa,² to a "very important factor in the machinery of our business as Bankers — and of trade and commerce generally", viz., "the possibility of this country adopting a decimal coinage".³ He declared that the question of its introduction in the United Kingdom had been keenly debated in the past, but the subject had been complicated by linking the two distinct questions of a decimal coinage and the metric system.⁴ Also, the idea had been objected to on the grounds of disruption and costs. South Africa, however, was a young country which had just embarked upon Union, a step which would necessitate the revision of the widely divergent laws of the various Provinces controlling commerce generally. Accordingly, the opportunity should be taken also to adjust the coinage. It could now be done without any great disturbance, but would be much more difficult later on. Since the Union Government would sooner or later have to face the withdrawal of the Kruger coinage, it afforded the Government an opportunity of introducing a new basis of coinage.⁵

He was aware that, for a young country such as the Union, to adopt a different coinage system might at first sight appear to be a bold step, so that he would have preferred joint action by England and all the Colonies. Reforms in the past, however, had invariably been effected gradually, and there was no reason, therefore, why South Africa should not take the first step towards "the establishing of an Imperial Decimal Coinage". Under then prevailing conditions, the difficulties would be quite small, and the adoption of the system by a young and growing, country, such as the Union, would be well repaid.

He was convinced that it was only a question of time before Great Britain and those of her Colonies which had not already done so, would be forced to adopt the decimal system, in order to stop the present wastage of time. The change would admittedly result in temporary inconvenience, but if it also meant permanent

1. Since merged with Barclays Bank D.C.O.

2. *Journal of the Institute of Bankers in South Africa* (hereafter abbreviated as J.I.B.) Vol. X, No. 3, June 1913, pp. 119-128

3. *Ibid.* p. 123.

4. *Ibid.* p. 123.

5. *Ibid.* p. 127.

good, "then let us use what influence we may have, in the hope that the change may be made soon and in our generation". To stimulate consideration of the matter, he proposed to offer the usual President's Prize for an essay on "Proposals for Adopting a Decimal System of Coinage in South Africa", from which he hoped some interesting and useful suggestions would result.⁶

The meeting was "very proud that their President should have taken the initiative in bringing forward such a valuable suggestion",⁷ and the hope was expressed "that the President's appeal would prove a great step towards the introduction of the Decimal System into South Africa".⁸ In due course, the President's Prize was awarded to Mr. T. C. Chaloner for his essay on the subject,⁹ which dealt not only with the pound, but also the 10s. and the penny as possible units of value, and favoured the first of these "and a compound of the decimal and centesimal systems".¹⁰

The general question of the desirability of introducing a decimal coinage system was, of course, no new one even at that time. Not only were there the numerous precedents of countries which had already done so, but as far as £ s. d. countries were concerned, the subject had on several occasions been officially investigated in Great Britain since as far back as 1841. More recently, viz., in 1911, it had even been raised at the Imperial Conference in London, where Australia had moved: "That with a view to facilitating trade and commerce throughout the Empire, the question of the advisableness of recommending a reform of the present units of weights, measures, and coins ought to engage the earnest attention of this Conference". This motion was ultimately withdrawn, however, after only one or two other representatives had supported the underlying principle, but had expressed their doubts about its practicability, while the United Kingdom had been entirely against it.¹¹ Nevertheless, Great Britain herself, in April 1912, had appointed the so-called Dominions Royal Commission which was to report on the advisability or otherwise of adopting a decimal coinage, in conjunction with other matters connected with the trade of the British Empire.¹²

In this setting, it is understandable why Mr. Reynolds should have decided to raise the issue locally and should have been backed up by another National Bank official, Mr. E. W. Skottowe, a year later, in an article also entitled "Proposals for Adopting a Decimal System of Coinage in South Africa."¹³ The latter was of the opinion that it would be undesirable for South Africa or any other of the British Dominions to adopt a decimal coinage system before Great Britain,¹⁴ or to have coinage systems which differed from that which prevailed in Great Britain;¹⁵

6. *Ibid.* p. 128.

7. *Ibid.* p. 129.

8. *Ibid.* p. 132.

9. *J.I.B.* Vol. XI, No. 2, May 1914, pp. 37-46.

10. *Ibid.* p. 45.

11. Imperial Conference, 1911. *Precis of the Proceedings* (Cd. 5741). London: His Majesty's Stationery Office, 1911, pp. 35-36.

One of the United Kingdom representatives advanced the argument "that the penny was really the coin of account of the poor, and to reduce the shilling to ten instead of twelve pence would inflict a great hardship on the poor" (p. 35).

12. *J.I.B.* Vol. XI, No. 4, July 1914, pp. 127-128.

13. *Ibid.* pp. 127-137.

14. *Ibid.* p. 136.

15. *Ibid.* p. 137.

so that it was incumbent on the latter to take the initiative in instituting the reform. Nevertheless he was forced to conclude: "As the passing of years renders such an undertaking increasingly difficult and expensive, the time to take action is now. Therefore, if Great Britain persist in unduly procrastinating in this respect, let her Dominions lead the way instead; and of the Dominions themselves, the one best able to effect a monetary reform appears to be embryonic South Africa."¹⁶ How true a prophet he turned out to be!

As was befitting, Mr. Reynolds' Chairman, the Hon. Hugh Crawford, at the annual shareholders' meeting of the National Bank, in 1916, also declared himself strongly in favour of the former's proposal and considered the near future "as an opportune moment for introducing such a change, and for discarding the inconvenient divisions into which the £ sterling has for so long been expressed."¹⁷

The outbreak of World War I and the South African rebellion, in 1914, had obviously made the timing of Mr. Reynolds' proposal unpropitious as far as possible action by the Union Government was concerned. But although hostilities had by no means terminated in 1917, a conference was actually called by the Witwatersrand Centre of the South African Association for the Advancement of Science,¹⁸ which passed resolutions strongly urging, amongst other reforms, the introduction of a decimal coinage system in the Union.¹⁹ Copies of these resolutions were to be forwarded not only to the Governor-General, Prime Minister, Minister of Mines, Industries Advisory Board, and South African Standards Committee, but also to the High Commissioner for South Africa in London, British Colonial Secretary and the Decimal Association, London.²⁰

Ultimate responsibility for the calling of this conference would appear to have rested partly with no less a body than the London Chamber of Commerce, which had outlined a decimal coinage system in a Draft Bill which served as basis of the discussion on this topic,²¹ and led to the passing of a unanimous resolution requesting the Union Government to co-operate with the "Home Government" and those of the other self-governing Dominions.²²

The principle figures on this occasion, as far as this topic was concerned, were Prof. R. A. Lehfeldt, at the time still Professor of Economics at the then South African School of Mines and Technology, who had moved the relevant resolution, and Mr. H. C. Jorissen,²³ the then President of the Institute of Bankers, who seconded it, and endorsed the views of his predecessor, Mr. Reynolds, that, al-

16. *Ibid.* p. 137.

17. *J.I.B.* Vol. XIII, No. 3, June 1916, p. 68.

18. The following scientific and commercial bodies were represented: S.A. Association for the Advancement of Science; S.A. Institution of Engineers; S.A. Institute of Electrical Engineers; Chem., Metall. and Mining Society of S.A.; Geological Society of S.A.; Institute of Land Surveyors; Association of Mine Managers; S.A. Association of Analytical Chemists; Natal Society for Advancement of Science; Biological Society, Pretoria; Rhodesian Scientific Association; Association of Certificated Mechanical Engineers; Pharmaceutical Society; Witwatersrand Agricultural Society; Witwatersrand Central School Board; S.A. Society of Civil Engineers; Natal Manufacturer's Association; S.A. Manufacturers' Association, Cape Town; S.A. National Union, Johannesburg; Central Committee of Industrial Research; Royal Society of South Africa; Cape Institute of Architects; Transvaal Teachers' Association; Johannesburg Municipal Officials; Witwatersrand Council of Education; Transvaal Society of Accountants; Institute of Bankers; Society of Architects; Institute of Architects; Association of Architects; Federation of Master Builders; Transvaal Manufacturers' Association; Association of Chambers of Commerce of S.A.; and Transvaal Chamber of Mines.

19. *J.I.B.*, Vol. XIV, No. 5, August 1917, p. 147.

20. *Ibid.* p. 149.

21. *Ibid.* pp. 148 and 149.

22. *Ibid.* p. 149.

23. General Manager of the Netherlands Bank of South Africa and later first Deputy Governor of the South African Reserve Bank.

though joint action would be preferable, there was no reason why South Africa should not take the first step; and that its adoption of the system would be well repaid.²⁴

The Government, however, was pre-occupied with other matters: and in December 1919, the *Journal of the Institute of Bankers* lamented that, although the majority of the banking and commercial community were in favour of a decimal coinage system, "we do not seem to get any 'forrader' ".²⁵ Similarly, Mr. Reynolds, when giving evidence before the Low Grade Mines Commission about that time, expressed his regret that no effort was being made to adopt a decimal coinage and a metric system of weights and measures, and reiterated his view that, although it would be awkward if England did not do the same, South Africa should give a lead and adopt the duodecimal system with the pound as unit.²⁶ But by the time he retired in 1921,²⁷ all his efforts had been unrewarded.

In that year, however, the cudgels were taken up again by another representative of the National Bank, Mr. C. F. Cox, an Inspector, who declared in an article on "Decimal Coinage"²⁸ that "the great war, more than any previous factor, (had) made the people of Great Britain and the Dominions of Australia, New Zealand and South Africa realize how antiquated, cumbersome and obsolete our present monetary system is".²⁹ Through the courtesy of the Editor of the *Journal*, he was enabled to publish "Some Further Notes on the Subject of Decimal Coinage" in the November and December issues,³⁰ in which he proposed the formation of a South African Decimal Association which should be open to everybody. To get it started, bank officials, through the existing Institute of Bankers and the Society of Bank Officials, should take up the matter and work for a change to decimal coinage. The majority of the business community favoured the change "but beyond expressing a pious hope in this regard, no one does anything towards getting decimal coinage adopted. . . Nothing can be done in this direction without organization. . . If only 25 per cent. of the over 5,000 bank officials in South Africa were sufficiently interested to take up this matter, we might achieve something". Sentimentally he concluded; "That the day on which it is first used in South Africa may come in the next 25 years is the hope and wish of at least one enthusiast for, and advocate of, decimal coinage".³¹

In common with other parts of the world, however, the Union was now in the throes of the post-war depression, and by then current standards was, to its shame, on an inconvertible paper money standard. Accordingly, it was not until the official inquiry, in 1924-1925, into the possibility of the Union resuming gold payments, that the question was raised again in a separate *Report upon Certain Aspects of South African Banking and Currency* by Dr. G. Vissering, President of the Netherlands Bank, who, in conjunction with Professor E. W. Kemmerer of

24. pp. 148-149.

25. J.I.B. Vol. XVI, No. 9, December 1919, p. 313.

26. Ibid.

27. J.I.B. Vol. XVIII, No. 6, September 1921, p. 258 and No. 7, October 1921, p. 291.

28. J.I.B. Vol. XVII, No. 12, March 1921, pp. 489-497 and Vol. XVIII, No. 1, April 1921, pp. 8-16.

29. J.I.B. Vol. XVII, p. 489.

30. J.I.B. Vol. XVIII, No. 8, November 1921, pp. 326-331 and No. 9, December 1921, pp. 372-380.

31. Ibid. pp. 379-380.

Princeton University, had been appointed by the Government to report on the major issue.

In view of the possibility that the Union might return to the gold standard before the United Kingdom, and the confusion that already existed between the South African pound and the pound sterling, he suggested the adoption of a new South African gold unit equivalent to one-tenth of the sovereign, coupled with the adoption of a decimal system.³²

The United Kingdom, however, returned to the gold standard before the Union, and the subject did not receive consideration again until 1932, when the very situation which Dr. Vissering had envisaged might happen in 1925, actually arose, viz., that the United Kingdom might be off the gold standard but the Union be on it. In March 1932, accordingly, a Coinage Bill which, in accordance with Dr. Vissering's proposals, provided for a decimal coinage system based on the florin and cent, and the minting of a gold ten florin coin to be known as the "rand" was introduced in Parliament by the then Minister of Finance, Mr. N. C. Havenga. For reasons set out in the *Bureau Report*, however, the Bill was not proceeded with and the principle of decimalization was not debated by the Union Parliament,³³ nor had it, in fact, up to this stage been the subject of thorough investigation in the Union.

World War II and the need for considering methods of avoiding waste and of conserving the country's human and material resources, would appear to have been responsible for a reconsideration of the subject on a semi-official level, and for the first real inquiry into the matter. In 1940, the then Minister of Education (Mr. J. H. Hofmeyr) had set up the National Anti-Waste and Conservation Organisation as an integral part of the Union Education Department, with the above objects. Apart from collaborating with State Departments and commodity Controllers, it also concerned itself with wider public issues such as soil erosion, the preservation of veld and pastures, the rehabilitation of handicapped persons, and the development of human resources.³⁴

In harmony with this wide concept of the task of the Organisation, its Chairman, Dr. J. H. Dobson, on 15th March 1944, submitted a comprehensive memorandum on the decimalisation of the Union's coinage, weights and measures, to the Central Committee of the Organisation.³⁵ Information and assistance were obtained from the British Decimal Association, and during the early part of 1945, the Minister's approval was sought "to inquiries being made from representative public bodies in South Africa to obtain their views on the matter".³⁶

The Becklake Committee of Inquiry.

On 15th June 1945, the Minister approved the appointment of such a committee of inquiry, of which Mr. J. T. Becklake, former Director of the South

32. *Report to the Honourable the Minister of Economic Affairs on the Decimalization of Coinage* — submitted by the Council of the South African Bureau of Standards, Pretoria, 1954, (hereafter referred to as the *Bureau Report*) pp. 1-2.

33. *Ibid.* pp. 2-3

34. *Interim Report of the Decimal Committee of the National Anti-Waste and Conservation Organisation*. Johannesburg, December 1946. See statement inside back cover.

35. *Ibid.* p. 1

36. *Ibid.*; also *Main Report of the Decimal Committee of the National Anti-Waste and Conservation Organisation*. Johannesburg, January 1948, p. 6.

African Mint, was appointed Chairman, and which made public both an *Interim Report* and a *Main Report* in December 1946, and January 1948, respectively. Among others, the Committee consulted the Johannesburg Stock Exchange, whose Chairman at the time, Mr. P. A. Moore, on 7th December 1945, expressed himself in favour of decimalization and considered that a change would not present any special difficulties to the Stock Exchange.³⁷

The Committee found "a clear majority of views . . . in favour of a decimal system of currency".³⁸ Estimates based on information furnished to it by machine companies, placed the cost of altering and/or replacing machines at approximately £5,000,000. It was of the opinion that, given adequate notice, there should be no insuperable difficulties in carrying out the change-over in from 2 to 3 years' time,³⁹ and that in 10 years' time the cost was likely to be £10,000,000.⁴⁰ Finally, "subject to equitable arrangements being made for meeting the costs of replacing and/or adjusting the machines affected, the support of those concerned would be forthcoming".⁴¹

The Committee accordingly recommended that the Government should take the necessary steps to set up a decimal currency in South Africa; that appropriate arrangements should be made for the provision of State funds, by way of loans and grants, to finance the replacement and/or adjustment of accounting machines; that a representative official committee should be appointed to carry out and co-ordinate the necessary preparations; and that the "unit of account" should be the florin, as this would not disturb the value of the pound at exactly 10 times the value of the new unit.⁴²

The Bureau of Standards Inquiry.

The Government took due note of the final Report which was submitted in January 1948, and in furtherance of the recommendations made therein, requested the South African Bureau of Standards, in 1949, to continue the work of the Becklake Committee, which had spent nearly 2½ years in studying the problem. The Bureau's investigation was carried out by a representative so-called Sub-Committee for the Decimalization of Coinage,⁴³ which spent 4 years on its task and whose report was only approved by the Council of the Bureau of Standards on 14th June 1954.

The principal recommendations and suggestions of the Committee, as adopted by the Bureau, were:-⁴⁴

37. *Main Report*, p. 31. Details extracted from the official summary of evidence kindly made available by Mr. Becklake.

38. *Ibid.* p. 66.

39. *Ibid.*

40. *Ibid.*

41. *Ibid.* p. 68.

42. *Ibid.* p. 69-72.

Apart from the florin/cent, the following other systems were also suggested to the Committee: 1s./cent; 4s.(dollar or daler)/cent/mil; and 10s. (Rand)/penny/mil. (*Ibid.* p. 11)

In a letter to the writer, Mr. P. A. Moore states that "on page 11 the Report gives my suggestion Rands/pennies".

The subject was also touched upon incidentally by the Board of Trade and Industries in a Report dated 23rd February 1945, on the post-war readjustment of industries and economic reconstruction in general, which recommended that consideration should be given to the gradual introduction of the metric system of coinage, weights and measures in conjunction with the Governments of the Commonwealth and the U.S.A. (*Bureau Report* p. 3.)

43. *Bureau Report* p. 5. On this Committee, too, Mr. J. T. Becklake but not Mr. P. A. Moore served as a member, and from the "Acknowledgments" (pp. 119-122) the latter would not appear to have assisted in this inquiry.

44. *Ibid.* Chapter XII, pp. 83-87.

INTRODUCTION OF A DECIMAL COINAGE SYSTEM IN S. A.

- In view of the ever-increasing costs that would be involved, an early decision by the Government was needed.
- The new unit should be equivalent to 10s. and be designated Rixdollar, with the abbreviation Rd, but all £ s. d. silver coins should be kept in circulation at unchanged values, and for as long as may be deemed desirable, all new silver coins should display both their £ s. d. and their new values, but in all other respects they should be unchanged.
- The penny should be replaced by a new bronze cent coin of the same size, shape and weight, but of different colour and design both on the obverse and reverse.
- The half-pennies and farthings, however, should remain in circulation as re-valued half and quarter cents.
- There should be a preparatory period of 3 years, and for not less than 3 months before the change-over date, all businesses should be required to mark their merchandise in both the old and the new currencies. The change-over date, D-day, should be fixed for the second Tuesday of February and the preceding Monday should be declared a special bank holiday.
- A co-ordinating and advisory body should be set up during the preparatory period.
- Every £ s. d. machine which was economically convertible should be converted and not be replaced by a new imported machine, and wherever practicable, partial conversion, i.e. of the shilling bank of keys only, should be carried out, and total conversion, i.e. of both the sterling and penny banks, only where imperative. Decimal loan machines should be made available during the conversion period, on a rental basis.
- If the principle of compensation were accepted by the Government, it should apply only to costs of conversion and replacement, on the basis of a normal life for each type of machine which should be standardised.

For the jettisoning of the florin as the most desirable unit, an educationist was unwittingly responsible. In a reply dated 20th November 1951, to a questionnaire issued by the Bureau Committee, the late Professor Ben Taute of Stellenbosch had stated that "one cannot educate a child to a new system of coinage as if the old one had ceased to exist. The child would in such case feel lost in society." Further, although he was at the time of the opinion that the crown (5s.), as unit, would provide least difficulty, he fully realised that the selection of a unit also depended on other considerations. He declared "If one reads what happened in Europe when the decimal coinage system was introduced there about 150 years ago, it would definitely appear to be of great importance that the new system should in more than one respect be based on the old."

It was these casual remarks which were largely responsible for the subsequent emphasis on maximum and easy associability of values, not only by the Bureau Committee but also by the later Decimal Coinage Commission, and for the recommendation and ultimate adoption of 10s. as the new unit, which Professor Taute himself later admitted was the most appropriate.⁴⁵

The Decimal Coinage Commission.

Although the Bureau inquiry had not yet been completed, Mr. P. A. Moore, M.P., in January 1952 tabled a notice of motion in the House of Assembly that, in the opinion of the House, the Union coinage should be decimalized. Owing to the limited time allotted to private members, however, this motion could not be debated. Unperturbed, Mr. Moore, in July 1953, again tabled a notice of motion that, in the opinion of the House, the Government should consider the desirability of decimalizing the South African coinage, but this suffered the same fate.

In the meantime, the *Bureau Report* had been completed and made public,

⁴⁵ In correspondence with the writer, which resulted from the observations quoted above, he declared on 19.4.1952: „U opmerkings oor die wenslikheid om 10/- i.p.v. 5/- vir die geldeenheid te gebruik, kom my baie oortuigend voor. Vroeër dae het ek gedink dat die £1 tog onder al die omstandighede die beste eenheid sou wees.”

so that Mr. Moore, in January 1956, was able to introduce a Private Members Bill incorporating the recommendations of that *Report*, viz., a 10s. unit, but to be designated a Rand, with a shilling and a "decimal penny" as subsidiary units. On this occasion, he had better luck and the Bill actually came up for discussion on two occasions. Then the Minister of Finance, (who in his earlier capacity as Minister of Economic Affairs had been responsible for the Bureau inquiry), participated in the debate and announced that, in principle, the Government was prepared to support the decimalization of the Union's coinage, but would act only if it was satisfied that any action in the matter would to a large extent enjoy general support. In view of the special problems of monetary machine users which would arise, they would have to be consulted thereon, as also on the question of compensation, although he was satisfied that the Government would have to accept responsibility for compensation, if the matter were to be taken further.

The Government would accordingly appoint a representative commission to consider, on the basis of the *Becklake Report* and *Bureau Report*, the practical difficulties involved in a change-over to a decimal system, and whether the new unit should be 10s. or the pound. But it would not have to report on the principle of decimalization, as this had already been accepted by the Government, or on a name for the new unit, as this was a matter for the Government to decide upon.⁴⁶ The Commission was accordingly appointed in August 1956, under the Chairmanship of Dr. N. Diederichs, M.P. (now Minister of Economic Affairs), and completed its task in August 1958.

The big difference between the Commission and the two earlier investigating bodies was that it was a more representative body and, especially, that it had the benefit of a Cost Consultant and of a Technical Adviser. Nevertheless, the conclusions and recommendations of the Majority Report⁴⁷, of which the following were the most important,⁴⁸ closely resembled those of the *Bureau Report*:-

An early final decision by the Government was urgent.

A two-decimal system was to be preferred.

The reform should be achieved with a minimum of disruption.

The new unit should be as closely related to the present as possible; to the maximum possible extent, existing coins should not only be retained but also at unchanged values; and the new designations or values should be readily associable with their present designations or values.

While the retention of the pound would have certain advantages, it was a feature of all decimal pound systems that the mental conversion of shillings and pence would be complicated and would probably be beyond the ability of most people.

In the light of all relevant factors and considerations, the 10s.-cent system must be considered to be the most appropriate decimal coinage system for the Union.

There should be a preparatory period of approximately two years, according to the following time table:- (a) announcement of the Government's decision before the end of 1958; (b) introduction of legislation early in 1959; and (c) official introduction of the new system early in 1961 and completion of the change-over by September 1962.

The official change-over date, i.e. D-day, should be the second Tuesday of February and should be preceded by a long week-end, primarily for the benefit of all banking institutions, which should all switch over on D-day. Safe-deposit facilities should, however, be offered to the public during that week-end.

All undertakings unable to switch over on D-day owing to the absence of decimal machines,

46. *Report of the Decimal Coinage Commission*, (U.G. 35/1958). Pretoria: The Government Printer (hereafter referred to as the *Commission Report*) pp. 1-2.

47. Signed by 12 members, as against 3 members who signed a Minority Report.

48. See Summary of Recommendations and Conclusions, *Commission Report* pp. 121-129.

INTRODUCTION OF A DECIMAL COINAGE SYSTEM IN S.A.

should be permitted to continue doing business in £ s. d. but should be required (a) to advertise such fact conspicuously; (b) to provide facilities for the exchange of cents for pence and *vice versa*, in minimum amounts and multiples of $2\frac{1}{2}$ cents or 3 pence; and (c) to indicate marked prices in both systems.

All existing bank notes and silver coins should be kept in circulation at unchanged values and all new bank notes and silver coins should in all respects resemble their existing equivalents, but should, for as long as may be deemed desirable, display both their old and new values. The concurrent circulation of coins equivalent to both 2s. and 2s. 6d., however, was confusing and unnecessary, and the further coinage of the latter or its equivalent should be discontinued.

The new bronze coins should be of the same size, shape and weight as their nearest equivalent present coins, but should be of distinctively different colour and design. The existing bronze coins, however, should not be demonetised and should be freely exchangeable after D-day on the basis of 12 pence to a shilling or 10 cents, but no one should be required to exchange one kind of bronze coin for another in amounts other than multiples of $2\frac{1}{2}$ cents or 3 pence.

The designation "shilling" should be retained for one-tenth of the new unit.

The Comprehensive and Popular Conversion Tables referred to in the Report should be prescribed, the latter merely as a permissive Table.

The introduction of the new system should be entrusted to a Decimalization Council to be appointed by the Governor-General.

Wherever practicable and economical, full conversion of monetary machines should be carried out. To this end, official conversion charges per type, make and model of machine should be finally established by the Council, which should automatically provide for the supply of necessary loan machines, while all converted machines should be guaranteed for 3 months by the machine company responsible for the conversion.

Broad geographical conversion programmes should be left to the machine companies to determine, in consultation with the Council.

The Government should accept the principle of compensation, which should, however, be restricted to expenditure incurred in the conversion or replacement of £ s. d. machines. For this purpose, age demarcations for the several types of monetary machines should be approved and in respect of those which were convertible, compensation should be equivalent to the full amount of the approved relevant conversion charge, but no compensation should be payable where the conversion cost was expected to be less than £7. 10s. per machine. In the case of those which were unconvertible, the compensation should be based on the supplemented residual value, calculated by means of the formula previously recommended in the *Bureau Report*, but only 80 per cent. of the relevant amount thus determined should be paid as the ownership of the machines concerned was to remain undisturbed.

Special treatment was to be accorded to the South African Reserve Bank and the commercial banks, which would all have to be in a position to switch over on D-day.

Loan facilities should be made available to the machine companies to enable them to equip themselves for their conversion tasks and so that they could concentrate on that task, competition by newcomers was to be restricted up to 18 months after D-day, while an embargo should be placed on the importation of all types of used £ s. d. machines, until such time as no further compensation claims could be lodged with the Government.

The Decimal Coinage Act.

In accordance with the *Commission's Report*, the Government, in December 1958, announced its acceptance of the Report, and in due course the Decimal Coinage Act 1959 (Act No. 61 of 1959) was passed. This provided for a new major unit, equivalent to 10s., to be known as the "Rand", and for a new minor unit to be known as the cent. Further, it set out the new coins that might be issued, as well as their equivalent values in £ s. d., and stipulated that the equivalents thus laid down were to serve as basis in the conversion of any binding £ s. d. amounts to Rand/cent, in any laws, documents, etc.

The introduction of the new system was entrusted to a Decimalization Board which, in consultation with the Minister of Finance, could determine the compensation to be paid to machine owners in respect of costs incurred or losses sustained as a result of the introduction of the new system. Likewise it could, in consultation

with the Minister, make advances to machine companies. It was empowered to enter into contracts with machine companies and others; to exercise such powers and perform such functions and duties as might be prescribed by regulation; and generally to do all such things as, in the opinion of the Minister, are necessary for or incidental to the attainment of the objects for which the Board was established.

The necessary funds required by the Board were to be voted by Parliament, while the Governor-General could make regulations on any matters deemed necessary to facilitate the introduction of the Rand/cent system, subject to the very wide powers conferred by section *nine* of the Currency and Exchanges Act, 1933. Finally, the Act was also to apply to the Territory of South West Africa.

Planning for the Introduction of the Rand/cent System.

The Decimalization Board, consisting of seven members, of whom four had served on the Commission, was duly appointed in July 1959 and held its first meeting that same month. It was fortunate in having also the benefit of the accumulated experience and knowledge of the Secretary, Cost Consultant and Technical Adviser of the Commission, who were appointed as Secretary, Professional Adviser and Technical Adviser, respectively, of the Board.

With minor exceptions, the Government implemented the more detailed recommendations of the Commission. The most important exceptions were: that the effigy on all new coins was changed to that which had for years appeared on the South African bank notes, viz., that of Jan van Riebeeck, the first Commander of the first white settlement in the country; that all new notes and silver coins did not show dual denominations; and that the designation "shilling" as a tenth of the Rand was not retained.

Similarly, the Board acted very closely in accordance with the *Commission's Report*, the minor exceptions being:-

- that the Comprehensive Conversion Table issued by it differed somewhat from that recommended in the Report, and that, in addition to the Popular Conversion Table, it also provided for a Banking and Accounting Table, the need for which had not been recognised by the Commission;
- that the Board drafted a broad geographical conversion programme with which the individual machine companies were expected to co-ordinate their own programmes, as far as practicable;
- that the established machine companies were not given the special protection they had hoped for and that, subject to minor qualifications, new competitors were admitted to the field.

In respect of every type of machine, the Board's main activities comprised the final establishment of normal convertible and inconvertible ages, conversion costs, and replacement compensation; the financing of machine companies and the securing of any such advances; and last but by no means least, the education of some 15 million people employing 15 or more languages, with widely varying standards of education, and scattered over an area of some 800,000 square miles.

In all it advanced roughly R4,500,000 (£2,250,000) to no fewer than 16 machine companies, in amounts ranging from R787 to R2,160,277, all of which were secured by guarantee insurance placed with no fewer than 35 South African and overseas insurers. In addition, insurance to the amount of R40,000,000 (£20,000,000) was

taken out with a similar number of insurers, which covered the shipment of all decimal parts and loan machines, and the value of all convertible machines that would be handled by all the machine companies, and their replacement by new machines of similar type in the event of loss or damage.

The educational programme at the outset consisted mainly of press releases, radio talks and personal addresses at meetings by members of the Board and its Professional Adviser. The texts of all of these were made available to the most important publications and organisations throughout the Union and South West Africa, with the request that they should publicise and spread them. Subsequently, these texts were printed by the Board in large numbers and made available to the organisations mentioned for distribution amongst their members.

It was the consensus of opinion that in view of the human weakness of procrastination, the Board's intensified efforts should be concentrated in the period immediately preceding D-day, which, in accordance with the recommendations of both the *Bureau* and *Commission's Reports*, was fixed for Tuesday, 14th February 1961. Accordingly, at the outset it had been the intention that school-going youth would play a key rôle in this educational programme, viz., that after being fully primed with the details of the new system, they would each be given an explanatory folder to take home so that they would be able to explain to their elders. The reform of the school calendar in the course of 1960, however, ruled this out and, instead, about 2 million such folders were distributed, through the post office, to every postal address throughout the Union and South West Africa, while a large number reached the non-European section of the population by means of inserts in various non-European publications.

Probably of equal importance were large posters, measuring 30 × 42 inches, about half a million of which were distributed throughout the country for exhibition in strategic positions in private organisations and public offices. Apart from full-sized, coloured reproductions of all present and new coins and notes and a diagrammatic indication of their relationships, the several versions that were printed contained a short explanatory statement in English, Afrikaans, German and in no fewer than 10 different Bantu languages.

In addition, the Popular Conversion Table, explanations of the difference between the Popular and the Banking and Accounting Tables, as well as basic information for explanatory talks on the subject, were made available freely in various languages, in printed form. Even a gramophone record was produced, particularly for broadcasting purposes, in which a character, Decimal Dan, in song extolled the simplicity and virtues of the Rand/cent system. Finally, mention must be made of the concentrated pre-D-day assistance of the radio and the Press, while the Chairman toured the Union during the latter half of January and personally addressed public meetings in all the principal centres.

D-day and After.

D-day duly arrived and, without a hitch, the entire banking system and Union and provincial Government administrations, including the Railways, throughout



the Union and South West Africa, in addition to many other organisations and undertakings, were able to switch over to the Rand/cent system. The long weekend had proved more than adequate, and the preparatory training of staffs and the planning of the machine companies had been exemplary.

Although it had been stressed over and over again that one of the great virtues of the Rand/cent system was that all £ s. d. notes and silver coins could and would continue to circulate undisturbed, and that the Mint would only be obliged to have an adequate supply of distinctive bronze cent coins available, certain sections of the public felt disappointed because where they had expected a more revolutionary switch-over, viz., that only new Rand/cent notes and silver coins would be issued, they found the old ones still being issued as if nothing had happened! In their opinion, therefore, some planning must have gone wrong!

In actual fact, only one aspect of the planning did not prove to be fully satisfactory, viz., the provision of an adequate supply of the necessary distinctive bronze cent and half cent coins. Since there was no means of establishing exactly who were planning to switch over on D-day and what their minimum bronze coin requirements would be, a special meeting of organised interests was called by the Board in October 1960, to discuss this very question. The Mint had suggested 17 million cent and 13 million half-cent coins, but while the meeting considered a total of 30 million coins to be adequate, it felt that the ratio should be 20 to 10. The business community was, however, to be requested to advise its bankers and the latter were, by their own means, to try to establish a reasonable figure and ultimately to advise the Board thereof. In due course the original figure of 20 million cents and 10 million half-cents was confirmed, and since the Mint would have no difficulty in making that supply available by D-day, it was, with the approval of the Board, able to cut down on overtime. In actual fact it had made some 34 million bronze coins available by D-day, which had been distributed, by means of a wonderfully co-operative effort, to every corner of the country.

The explanation of the shortage that revealed itself soon after D-day must be sought in various factors. Firstly, there is reason to assume that more organisations and undertakings were able to switch over than had been anticipated, thus increasing the demand for the new bronze coins. Secondly, the novelty of the new coins had a tremendous fascination, particularly amongst the youth who, in many cases, competed to see who could collect the largest number within the shortest time. Thirdly, insufficient cognisance may have been taken of the fact that there is a time lag between the time of issue and the actual circulation of new coins. This was partly demonstrated in a large municipal market which issued R25 in new bronze coins on D-day, R30 the next, only R14 towards the end of the following week, and R8 to R10 the week thereafter. Fourthly, the fact that the equivalent of 3d. involved half a cent, resulted in an extravagant use of cent coins and a tremendous decline in the use of the tickey (threepenny) coin. In some cases this may have been due to force of habit, viz., that if half-pennies had never been used previously, for example in pay packets, there may have been an equal aversion to the use of $\frac{1}{2}$ c. for that purpose. In other cases, however, laziness was undoubtedly

the underlying cause, since the use of the tickey coin involved the calculation of the difference between an amount owing, say 4c., and $2\frac{1}{2}$ c., and having to pay out say, one tickey, one one-cent, and one half-cent, i.e. one silver and 2 bronze coins, whereas it was much easier simply to count out, mechanically, four one cent coins in a row. Fifthly, human weakness, viz., to hoard selfishly whenever there is a remote chance of a shortage, was undoubtedly an important contributory factor.

Finally, it has been maintained in various quarters that the size and weight of the Union's bronze coin, in relation to its value, leads to a most extravagant attitude towards it.⁴⁹ The private individual, when emptying his pockets or her bags is said to deposit the bronze coins in drawers, jam bottles and the like, while many businesses cannot, it is stated, be bothered to lug them to the banks. Be that as it may, a shortage there was, which was still being felt in certain areas at the end of April, by which time the Mint had stepped up its production of bronze coins from a normal one million to over 3 million per week,⁵⁰ and had increased its total output to over 60 million of these coins. By that time, however, the banks were already reporting increasing deposits of new bronze coins, so that it is quite conceivable that they may suddenly find themselves saddled with a surplus, as soon as those scared of a shortage are satisfied that their selfish hoarding is no longer warranted.

It is understood that this unfortunate but unforeseeable situation was exploited to a limited extent by some small businesses, especially of the type catering for the passing trade, which took in cents wherever possible but tried to pay out pence as change. At the same time, it is also known that many shoppers exploited the position by offering penny coins as the equivalent of cent coins, which the shopkeepers felt obliged to accept in the prevailing circumstances and for the sake of goodwill.

Much publicity was given to so-called profiteering through the unfair conversion of £ s. d. prices, etc. to Rand/cent, but much of it was ill-informed or unfounded. Reference was made over and over again to the bad example which the Government had set, when, indeed, it had acted in exemplary fashion. In the case of stamp duties, for example, where the substitution of one cent for one penny was fully defensible but would have resulted in a gain to the Government, the cent equivalent of 2, 7 and 9 pence were all reduced, viz., to $1\frac{1}{2}$, 5 and 7 cents, respectively. Similarly, in the case of the Post Office, the substitution of one cent for the one penny rate on accounts, receipts, etc. was hardly avoidable, but in a genuine effort to give a return to the general public for the resulting gain, the discount on the bulk posting of the articles concerned was raised from 5 to 25 per cent., thus wiping out completely any potential gain to the Post Office in respect of this important class of business. Furthermore, the minimum number of articles qualifying for this discount was reduced from 120 to 100, thus according the advantages of this concession to an even larger section of the community. Finally, also the inland air mail rate was reduced from 4d. to 3 cent., i.e. to 3.6d. Likewise, in

49. £5 worth of penny coins weigh 25 lbs, and the equivalent value of R10 of one cent coins weighs 21 lbs.

50. From the latter part of February to the end of March the weekly output was as much as $3\frac{1}{2}$ million cent and half-cent coins.

the case of inland telegrams, where the substitution of 2c. for 2d. for each additional word was also defensible, the *quid pro quo* to the public was the raising of the basic number of words from 12 to 14, for which the former charge of 2s. became the exact equivalent of 20c., which will actually involve the Post Office in a net loss.

In the case of the private sector again, investigations by the Board and the Price Controller revealed that in many instances raw materials, wages, etc. of important classes of manufacturers had recently increased, thus necessitating adjustments in prices. In other instances, price adjustments had been deferred until the printing of new Rand/cent price lists became necessary, so as to avoid the cost of another reprint. All this publicity, however, made most shoppers very alert and price conscious, so that the scope for abuse was very limited indeed.

Experience and publicity after D-day also regrettably disclosed that many people had not taken the trouble to familiarize themselves with the very few facts which had to be grasped and remembered about the transition to the Rand/cent system. Cases were heard of individuals who would not accept Rand/cent notes and silver coins in £ s. d. shops, although it had been stressed over and over again that Rand/cent and £ s. d. notes and silver coin could be accepted indiscriminately, since they would all have easily associable and exact equivalents.

Others again failed to appreciate that, as a result of the machine conversion problem, many businesses would want to carry on business in the meantime in £ s. d. and would, accordingly, expect to be paid in pence and not in cents. In some quarters, however, this fully defensible and officially approved conduct was criticised and branded as hostile. As a corollary of this lack of understanding, a positive agitation was set afoot that all bronze penny coins should be declared to be cents; in other words, that the same coin should serve £ s. d. and Rand/cent shops, with the result that in the former they would be accepted at 12 to the shilling and the latter at 10 to the shilling!

Overwhelmingly, however, the new system was introduced and applied without a hitch and according to plan,⁵¹ and the several Australian and New Zealand delegations which spent several weeks here at the time, have returned home with that impression and with very few improvements to suggest on the planning which had taken place.

*Decimalization Board,
Pretoria.*

51. A well-known local financial institution has already found it possible to switch to a certain type of decimal machine at a cost approximately £800 less per machine, than it paid previously for a similar type of £ s. d. machine. In the case of other types, it has been able to replace £ s. d. machines costing £380, £350, £285 and £130 with similar decimal machines at £180, £113, £160 and £63, respectively.