

African Labour and Foreign Capital: The Case of Wonji-Shewa Sugar Estate in Ethiopia, 1951-1974

Adane Kassie

Department of History and Heritage Management, Debre Markos University, Debre Markos, Ethiopia

Email address:

dnkassie@yahoo.com

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Abstract: Africa has been known for its cheap labour rather than competitive labour until this day. Regardless of Africans' immense contribution to the development of world economy by providing their labour, they could not get a fair treatment and payment. Being at low skill level and having undeveloped social organization might have been ascribed to the prevailing poor wage among African labourers. Nevertheless, Africans have been underpaid even in works which do not require any intermediate or special skills. Thus, African labour is mercilessly exploited because of the strong link created between the owners of the capital (most of the time foreigners) and the corrupted African leaders. Ethiopia was no exception. This paper, therefore, tries to investigate how the strong link between foreign capital and the Imperial Government of Ethiopia was responsible for the misery of workers at Wonji-Shewa Sugar Estate. It employed a qualitative approach where document analysis, observation and in-depth interview were used as tools to collect pertinent data. The findings show that the Imperial Government of Ethiopia and the Dutch Company, Handels Vereeniging Amsterdam (HVA) worked only to maximize their profit at the expense of Ethiopian labourers. Needless to say, the workers were segregated from all benefits and forced to live in a precarious life conditions.

Keywords: Labour, Capital, Estate, Wage, Capo

1. Introduction

The paper explores the interplay between the Dutch capital and the Ethiopian labour in Wonji-Shewa sugar estate between 1951 and 1974. It has four parts. The introductory part surveys the intricate relationship between labour and capital in Africa in general and in Ethiopia in particular. The second part of the paper assesses the influx of foreign capital into Ethiopia. The third and the last part of the paper deals with the advent of the Dutch capital into Ethiopia and its impact on the life conditions of workers in Wonji-Shewa sugar estate.

Foreign capital constitutes a wide range of funds which flow from one country to another. Duri Mohammed has defined foreign capital as "...any transfer of funds from one country to another that does not involve any counter movements of goods or services from the recipient country." [31] Though this definition includes any foreign exchange which enters into the country, this paper focuses only on private foreign capital that penetrates the country as a direct

investment to participate in the economic development or in any productive activities on a long-term transfer basis.

The creation of wage labour force in Africa is essentially a product of the influx of foreign capital, the establishment of colonial settlement and European administration in the continent. In fact, exploitation of labour as chattel and domestic slavery existed in pre-colonial Africa. Yet customary family labour was also common since the establishment of organized community in the continent. Yet, contractual and share cropping labour have been practiced by the agrarian societies of Africa for centuries. [27]

Many African countries have depended on foreign capital for their development activities. Consequently, the management of many industrial establishment in the continent were foreigners and racially different. They often divided African workers by using the pitfalls of their undeveloped class consciousness. As a result, African workers failed to organize and struggle for a common goal against their employers. As a result, the exploitation of African labour with little or no wage has continued for long

time now. Mining and agriculture have been contributing a lot in creating permanent labour force in Africa. [30]

The ultimate goal of foreign capitalists is to extract the greatest possible amount of surplus value by exploiting African labour power and raw materials to the greatest possible extent. They often conspired against the establishment of labour unions because they realized that if African workers are organized, they would resist their domination and exploitation. Thus, they continued to pressurize workers by establishing strong alliance with the state. Yet, to maximize their surplus from labour, capitalists continue to control workers by minimizing the wage paid to the workers and habituate the workers to the unequal distribution of the product of their labour. It also engaged in increasing the productivity of workers by forcing them to work for long hours. Moreover, in order to get protection for their capital and to safeguard their own privileged status, the capitalists established alliance with the ruling elites of the state that controlled every political activity in the country. The state pressurized the wage labour force by labeling their peaceful labour movements as anti government insurrection and anti development. [27]

The economic relations which had been built during the colonial period were not altered in post colonial period as well. During the colonial period, the economy of many African countries was controlled by companies which had their financial head quarters in Europe. In fact, the physical assets of the companies were located in the colonies. These companies exploited African labour by establishing alliance with the colonial administrators. Even after independence, most, if not all, companies conspired against any measure which might lead to nationalization. Consequently, the economies of many African countries continued to be controlled from the same financial centers as during the colonial period. Deplechin further argued that the Congolese economy in post colonial period had continued to be an extension of the Belgian capital. Even after many years of political independence, most African countries are still dependent on the capitals of their former colonial masters. Of course, the expansion of capital on a global scale has all but eradicated the significance of national borders. Even though African countries are politically independent, they have never been democratic and have not yet built a national economy that can lie down a platform to nurture democracy. [28]

Even though Ethiopia was politically independent or not colonized like other African countries, it did not escape from the influence of European imperialists in the economic arena. Its economy was influenced by foreign private capital as much as other African countries. Private foreign capital began to enter into Ethiopia following its victory over Italy at the battle of Adwa on 1 March 1896. It marked the beginning of the relationship between foreign private capital and the state. Though the penetration of foreign capitals were suspected by the public as inviting dangerous elements on Ethiopian sovereignty, the state allowed them to modernize the country and improve the life conditions of the people. Consequently, private foreign capital began to dominate the

economy of the country. [25]

It is known that there is always a contradiction between labour and capital in any industrial establishment because of their divergent interests. Most of the time capital moves with its management so that the number of foreigners increased in the establishment. This created a racial antagonism between foreigners and the indigenous people. In order to control labour, the owners of the capital often created strong relationship with the rulers who had the coercive power. Consequently, labour continued to be dominated and oppressed by capital. [14]

Most of the time, the government intervened whenever there is strike. Some strikes of the Wonji Shewa Sugar Estate's workers, for instance, were aborted partly because of the governments' intervention on behalf of the management. [14] In this paper, therefore, the researcher argued that the exploitation of African workers was mainly the result of the strong alliance created between private foreign capital and the corrupted African governments. Similarly, the misery of workers at Wonji-Shewa Sugar Estate was the result of the strong link created between the imperial government of Ethiopia and the Dutch company, Handles Vereeniging Amsterdam-Ethiopia (HVA-Ethiopia).

2. The Influx of Foreign Capital into Ethiopia

The victory of Ethiopia over Italy at Adwa forced European imperialists to change their colonial ambition on the country. [40, 25] Politically, the victory of Adwa was considered as a victory of all black people against white domination. [24] It also forced Europeans to recognize Ethiopian independence and to send their diplomatic representatives seeking commercial relationship and to support Emperor Menelik II's ambition as a sovereign leader. Boundary delimitation was also made with the surrounding regions which were already under European colonial administration. This has effectively made Ethiopia a sovereign state. [40, 23]

As much as the political benefit, the victory of Adwa brought great economic benefit to the country. For instance, it did not allow the full scale assault of European capital over Ethiopia as it happened elsewhere in Africa. Being an independent state, Ethiopia limited European capital penetration which aimed at plundering the natural resources of the country. The capital penetration was made on the will of the government based on concessions. The concessions were signed at equal footing for equal benefit. Nevertheless, the Ethiopian economy was never escaped from the influence of the same imperialism that was penetrating and dominating African economy. [23]

Between the victory of Adwa and the second invasion of Italy (1935-36) the flow of capital was very small and restricted on few areas because Ethiopians considered any European presence in the country as dangerous to their sovereignty. The most important areas on which foreign

private investment was made were transport and banking. Regardless of shortage of domestic private capital and the adverse attitude of Ethiopians towards business and accumulating capital, the influx of foreign private capital was not that much significant. [40]

Bahru Zewde argued that the victory of Adwa forced the imperialist powers to adopt a kind of semi-colonial approach on Ethiopia. Yet, they also worked on how to control Ethiopia whenever a power vacuum was created in the country. This was demonstrated by the signing of the tripartite agreement of 1906, Kolbukowsky treaty of 1908 and the Anglo-Italian understanding of 1925. When they failed to dominate Ethiopia politically, they began to control the economy of the country indirectly. Numerous concessions between the Ethiopian rulers and expatriate individuals and groups were signed. This opened the door for imperial Europe capital penetration into the country. Among the various areas, mining, agriculture and commerce attracted them respectively. Though many of them remained unimplemented, two concessions were effectively exploited and came to have a lasting impact on Ethiopian economy and society. These were the Franco-Ethiopian Railway which was the result of a concession given by Emperor Menelik II to his advisor Ilgin 1894 and the Bank of Abyssinia which was given to Britain in 1905. Bahru argued that these two successful concessions facilitated capital penetration into Ethiopia by providing the infrastructure and the financial means. [25]

The concession was signed between Emperor Menelik II and Alfred Ilg to establish the company for the construction of a railway in the country on 9 March, 1894. Consequently, the *Compagnie Imperiale des Chemin de Fer Ethiopiens* was established as a private company on August 1896. The main objective of the construction was to exploit a railway line from Djibouti to Ethiopia. The main architects were Alfred Ilg and Leon Chefneux. The first was a versatile Swiss who had been resident in Ethiopia since 1877 as an advisor for the Emperor, while the latter was a French man who had operated in Ethiopia since 1882, mainly as an arms dealer. In fact, the concession was primarily given to Ilg only. The French government gave an authorization on 27 April, 1896 for the section of the line through the territory of French Somaliland, the present republic of Djibouti. Alfred Ilg and Leon Chefneux representing the French government signed a new concession with Emperor Menelik II and set up a new company, *Compagnie Chemin de Fer Franco-Ethiopien de Djibouti a Addis Ababa* in 1908. Though the construction began in 1897, it reached in Addis Ababa in 1917. [16]

Similarly, the banking concession was given to the British controlled bank of Egypt in March 1905. The concession gave to the British exclusive banking rights in Ethiopia including the minting of coins and the issuance of notes. Britain instituted the bank of Abyssinia with the starting capital of \$100,000. The shares were sold in many European and American capitals. It was of course sold in Addis Ababa and Cairo as well. Nevertheless, the bank continued to be dominated by the British capital. [24]

Though concessions were seen as tantamount to surrender of territorial sovereignty, they gradually dropped their pre Adwa warrior stand and engaged in various business dealings. Private foreign individuals were more approached than government representatives to do business. They signed various concessions with private foreign individuals. The major private individuals were the Syrian Hassib Ydlibi (1905-1916) who got concession on extraction and sale of Rubber and the Baro agriculture and he was probably the most favored foreigner after Ilg, the Italian Alberto Prasso (1902-1921) whose Mining enterprise in western Ethiopia was eventually hijacked by French capital, and the German Arnold Holz who came through Rosen mission in 1905, who probably epitomizes the concession hunters syndrome to the highest degree. He tried to design Germany's capital penetration into Ethiopia. [25]

During the Italian occupation, the flow of private foreign capital was dominated by foreign public capital which was used to build infrastructure in Ethiopia. The Italians did not promote the flow of private capital into Ethiopia because their interest was rather to create a colonial economy on the basis of large scale agricultural investments. The government, of course, established some small scale factories, largely in Eritrea producing consumer goods such as soap and textiles. Nevertheless, the government engaged in building roads than industrial enterprises which has a long term effect on labour. [34]

The first decade of the post war period was also characterized by little private foreign investment and industrial development as compared to the subsequent periods. This was because the imperial government engaged in restoration of its power and did not attract foreign private investments. The government focused on reestablishing and reconstructing the bureaucracy of the country. However, some capital flow was observed in the construction of cement, bricks and textile factories were established by private foreign capital. [40] Because of the shortage of domestic private capital and the adverse attitude towards business and industry on the part of Ethiopians, most of the existing enterprises were either government or foreign owned. [40, 32]

The 1950 investment proclamation provided various incentives for foreign private investors. It granted five years of tax exemption and duty free import of machinery. They were also allowed to transfer as much as 25% of the invested capital annually until the total capital is repatriated. Foreigners employed in Ethiopia were also permitted under the exchange control regulations to transfer 30% of their earnings. The government believed that foreign investments often depend on more liberal investment policies and laws. [40]

The first five years plan (1957-1961), for instance, gave priority for foreign private capital which could engage on producing import substitution products. [37] More importantly, among these was the Wonji sugar factory which was officially inaugurated on March 1954, but the agreement for which was concluded in 1951. The significance of this undertaking lies both in the scale of

operations involved as well as in the participations of foreign capital which entailed. [34]

The third five plans also showed the development of foreign private capital in the country. Thus, the influx of foreign private capital has been growing very much in the last two decades of the imperial period. Though there were local investments on trade and other investments on trade and other services; there was virtually no indigenous participation in the field of industry. [39, 38]

3. The Advent of the Dutch Capital and the Establishment of the Wonji-Shewa Sugar Estate

The Wonji plain is situated around 10 kilometers to the South of Nazareth town and 102 kilometers to the South East of Addis Ababa on the right bank of the Awash River. [42, 8, 26] It embraces an extensive stretch of land which is surrounded by mountains and hills virtually from all sides. The Awash River marks the Eastern and North Eastern boundary of the plain. In the North West, the plain is limited by the slopes of Hadecha and Bati mountains. In the West and South, it is also surrounded by the Gedense and Chika mountains respectively. Moreover, the pediments of these mountains in the southern limit of the Wonji plain mark the boundary between Shewa and Arussi. The natural phenomenon gives the Wonji plain the shape of an Island surrounded by mountains and hills. [8, 9, 26]

The plain has long been considered as one of the notorious places which are infested with malaria that make it difficult for the people to live in. [9, 26] The plain is believed to have been the original homeland of the nomadic people, the Jille Oromo. Since the Jille were pastoralists who wandered from one area to another, the plain was also registered as government land or *hudad*. [9]

The advent of the Dutch capital in the beginning of the 1950s was not the first imperialist penetration in the upper Awash valley in general and in the Wonji plain in particular. There were other antecedents. The first foreign capital to arrive at the Awash Valley could be said to be that of the Italians. A company called *Societa Agricoltura Industriale del Ethiopia* (SAIE) had began a sugar plantation project over an area of 1600 hectares in 1938. The company left the area in 1941 after the defeat of Italy by the Ethiopian patriot and the British forces. Consequently, the plantation was taken by a Greek entrepreneur, Nicola Lazaradis who built up an Alcohol factory in 1946. This continued only until the arrival of the Dutch capital in 1951. [13, 9]

Among the first large scale agro-industrial schemes in the upper Awash valley was the Dutch firm established in the Wonji plain in 1951. Within the first decade of its establishment the Wonji-Shewa sugar estate enjoyed considerable success which led to the establishment of the second factory at Shewa. The further of HVA resulted in the birth of HVA-Ethiopia in 1958/59 and the subsequent establishment of Metehara sugar estate and factory. [14]

The Wonji-Shewa sugar estate emerged in 1951 when the Ethiopian government concluded an agreement with a Dutch company, United N.V. Handles Vereeniging Amsterdam (HVA) that enabled the latter to secure 5000 hectares of land both for sugar cane plantation and to build a sugar cane factory. [13, 9, 46] It was signed between the Ethiopian government and HVA on 12 June 1951. The land was leased for a period of sixty years with an option of renewal for further thirty years. The company agreed to pay a nominal rent, Eth \$1 per *gasha* (forty hectares). [8, 19] On the other hand, the imperial government on its part provided substantial benefits for the company. For instance, a five year income tax holiday, duty free import of capital goods and an annual remittance of 10% invested capital and 15% of the profits. The agreement also gave the company a monopoly of sugar plantation within a radius of 100 miles. [26, 6] The company was also allowed to hire foreign experts at important positions. Thus, many of the skilled workers and managers were expatriates. They received most of the company's salary payments. They were also permitted to transfer 30% of their income back home. They were the highly paid workers in the organization. [6]

The growing demand for sugar after WWII and the import substitution economic development strategy formulated by the government were the two most important factors which attracted the Dutch capital into Ethiopia. Moreover, the Dutch themselves were looking for an ideal country for investment on sugar plantation following the independence of Indonesia in 1949. The Government of Sukarno nationalized the sugar industry in Indonesia and forced HVA to search for another country. It was at this juncture that the Dutch capital penetrated Ethiopia and secured the Wonji plain for the sugar investment. [32, 9]

After an enormous amount of pioneering work done, the Wonji plain was totally changed into an industrial zone. Heavy engineering works were done. Irrigation and drainage canals were dug; roads, bridges, culverts and aqueducts were also constructed. [32] Following the completion of the sugar factory at Wonji, Emperor Haile Selassie I officially inaugurated the Wonji-Shewa sugar Estate on 20 March 1954. [8]

The Wonji-Shewa sugar plantation and factory became the first agro-industrial projects ever undertaken in Ethiopia. [20] The total amount of capital invested in the Wonji-Shewa sugar plantation to start production in 1954 was Eth\$23 million. It was fully covered by HVA Company. Within four years time, the company became profitable and was able to double its production from 15, 500 tons in 1954 to 32,000 tons per year in 1958. Thus, the company continued to increase its capital and expand the production. [32]

In its extraordinary meeting held on 2 December 1958, HVA decided to increase its capital by selling some shares to Ethiopians and the Ethiopian government. The government did not intervene in the company before 1958. Around 5600 shares with a nominal value of Eth \$100 were sold to Ethiopians and the imperial government to raise the capital to Eth \$ 28 million. A new share company, HVA-Ethiopia was

also formed by the former united HVA and Ethiopian government. As a result, the Ethiopians controlled only 20% of the capital and the remaining 80% was taken by the company. [22]

The new company was named as HVA-Ethiopia and became a joint corporation since 1958. Eventually, the Shewa sugar factory was constructed and began its production under 22, 400,000 capital in 1962. Thus, the total share company in the sugar industry and plantation rose by 1958 to Eth\$ 50, 400,000 million of which 20% was held by Ethiopians and 80% by the company. In the 1960s, the sugar industry occupied a total of 21,000 acres of land with an investment capital of Eth\$56 million. The production capacity also increased 32, 000 metric tons per year in 1958 to 77,000 metric tons in 1967. [34] In 1969/70 the total production reached to 97,000 tons. [26] The company continued to invest on sugar plantation by establishing another company, HVA-Metharawith a capital of Eth \$56 million in 1965. [32] It was a part of the Second Five Year Development Plan (1962-1967) which envisaged the development of the Awash Valley and to this end the government granted 250 *gasha* (10, 000 hectares) in the upper Awash Valley to the Dutch firm of HVA to establish a sugar estate at Metehara. The company controlled 51% of the share and 49% of the capital was taken by Ethiopians. In 1969, Metehara began to produce by a capital of Eth \$56 million. The land preparation work for the plantation and factory erection was started in 1965 by 244 workers and began production in 1969. Adding 66,000 tons per year it enhanced the country production of about 140, 000 tons per year. By 1973 the total capital invested in the sugar industry reached to Eth \$115 million. [34, 14]

The Wonji-Shewa sugar industry is the classic example of state-supported capitalist development in post war Ethiopia. The 1950 investment decree played an important role in this regard. It was protected by high tariff and all sold domestically. In the 1960 three boards of directors and Ethiopia were represented *Ato*Worku Habtewold, director of the Emperor's private cabinet and later substituted by Tefera Degefe, general manager of the state bank of Ethiopia. [26]

4. Labour Movement in Wonji-Shewa Sugar Estate

Ethiopia, a country with a long historical heritage, is an agrarian state in which more than two-thirds of the population is engaged in agricultural production. [29] Labour is one of the most important factors of production even in agrarian economic relations, but since it is beyond the scope of this study, it is very difficult to discuss it in some detail. On the other hand, Ethiopia has had also a very long history of handicraft production. [29, 33] Yet, despite the use of skilful designs produced by handicraft workers, as seen in the coins and relics of the Aksumite civilization and on the rock hewn churches of Lalibela, we find no mention of working class formation or any labour institutions that could be compared to our present workers' organizations or trade

unions. In fact, a substantial part of the production was then believed to have been undertaken by conscripted labour not by wage labour. [45]

Besides the use of slaves as important source of labour in the country up to the 1940s, however, wage labour development was also hindered by traditional culture which discouraged people's inventiveness, creativeness and traditions of craft and industry. Skilled craftsmen and other manual workers were considered not only inferior but also were subjected to different forms of stereotypic classifications. [43] Even though handicraft workers have been responsible since the prehistoric period for the manufacture in many parts of the country of a wide variety of implements of considerable economic, social and military value, they have been constantly marginalized. [44]

Traditional elites and their subordinates looked down upon manual work. The ruling class, who controlled the feudal political economy, not only assigned derogatory names to craftsmen but also relegated them to an inferior social status. These workers, for a long time, have also fatalistically accepted their culturally imposed social position. [11] Despite its discriminatory practices against artisans, however, the ruling class voraciously consumed the properties produced by those people. Griaule, who wrote perhaps the first account of labour in Ethiopian 1931, argued that the labour situation in Ethiopia could not be described along European lines; rather it was established on strong traditional or religious prejudices in respect to age, sex and the origin of the person concerned. [36]

It was only after the middle of the nineteenth century that some Ethiopian rulers including Emperor Tewodros II (1855-68) began to recognize handicraft workers. [46, 47, 41] Emperor Menelik II (1889-1913) realized their precarious condition and, for the first time, issued a proclamation in their favor on 25 January 1908. Likewise, Emperor Haile Selassie I (1930-1974) abolished the feudal corvée labour obligation, *Elf* or *Maten*, imposed on the peasantry and replaced it with a wage labour on 2 November 1932. [41]

All the aforementioned developments suggest that, even before the influx of European capital into Ethiopia in the 20th century, indigenous initiatives had already been taken to encourage wage labour in the country. Nevertheless, one cannot deny that the influx of European capital in relation to the construction of the Franco-Ethiopia Railway line, *Chemin de Fer Franco-Ethiopien*, further stimulated the growth of wage labour in Ethiopia. The development of wage labour was soon followed by the emergence of working class society and traditional workers' associations which, eventually, contributed to the birth of modern trade unions in Ethiopia. In fact, it was since the early 20th century that signs of modern industrial enterprise developments began to be seen and that certainly brought visible changes on the development of a modern working class in the country. [33, 29]

Commercial and industrial capitalism was introduced into Ethiopia around the end of the 19th century as a result of the influence of colonial powers which encroached around the border of the country. The demarcation of Ethiopia's borders

after the battle of Adwa (1896), when Ethiopia challenged Italian colonial ambition, opened the country as an important market for the three neighboring colonial powers, Britain, Italy and France. This development, consequently, contributed a lot to transform the age old feudal political economy into a feudo-bourgeois one and this new political economy in turn further intensified the proletarianization of the peasantry and served as a prelude to the eventual emergence of modern working class in the country. [17] Despite Ethiopia's very long history of handicraft production, however, the emergence of modern industrial working class is of quite a recent phenomenon. [29]

The penetration of Ethiopia by capitalist relations of exchange and production, and the coincident formation of a working class can also be seen in relation to the colonial partition of the surrounding regions at the end of the nineteenth century. It was during this period that western European states, especially Britain, France and Italy, imposed political administration over parts of the formerly Ethiopian regions, as they did in many other areas in Africa. Ethiopian military power, however, confined direct European control to a narrow strip of territory along the coast. Commercial and industrial capitalism, which developed in the European colonial enclaves, eventually expanded along the major trade routes which run from the coast to the commercial centers of the Ethiopian interior. Consequently, it was along the Addis Ababa-Djibouti Railway Axis that the embryo of the first modern working class was formed during the first decade of the twentieth century. [12] This was soon augmented by the growth of employment for wage during the last two prewar decades. Nevertheless, the influx of foreign capital decreased abruptly during the period of Italian occupation and the first post war decade. [45]

The 1950s, however, marked the influx of a number of foreign private capitals into Ethiopia. The Dutch company, United N.V. Handles Vereeniging Amsterdam was among the major companies that entered into Ethiopia on the agro-industrial sectors. Once the company received a concession from the imperial government of Ethiopia in 1951, it started preparing the ground for sugar plantation. It started the work by 7 staff, 119 non staff and 808 seasonal workers. At the beginning, the tasks of clearing acacia trees and bushes, digging irrigation canals, draining swampy places, launching anti malaria campaigns, reclaiming and cultivating the land demanded enormous amount of labour in Wonji. Moreover, the construction of factories, residential houses and labour barracks also lacked both skilled and non skilled labourers. Hostile and malicious environment, notorious exploitation, characterized by long working hours, poor living conditions low rates of wages and the rampancy of corruption of the capos and the supervisors and the Dutch racial arrogance contributed to the hardship of the early migrants. These conditions, eventually, led the workers at Wonji to express their resentment against the management and to wage a bitter struggle that culminated in the formation of one of the most formidable labour unions in the industrial history of the country. [10]

It was in 1953 that the company organized the first labour recruiting team led by an Italian labour recruiter, Stella and sent to the densely populated areas of the country to obtain seasonal workers. Around 1500 workers were recruited from a number of ethnic groups including Wallamo, Guraghe, Hadiya and Kambata. The Kambata were the dominant group. They cleared malaria swamps, plant cane and cut for production. [12, 26] Eventually, the company created local contractors among the Kambatass who had strong relationship with the management. Thus, the workers were not directly hired by the company rather they were hired by the capos and their number reached to 3000 in 1958. The total number of workers employed in the company reached to 4,980 in the same year. Among the total workers, 4,900 were Ethiopians and the rest 80 staff members were foreigners. The workers were paid meager money around Eth\$ 0.75 per day by the capos and had no also medical service and recreational areas. They had only transportation service and barracks, like housing for them. Regardless of the division among workers, they struggled against the management in the 1950s and 1960s. [46]

At Wonji classification of housing conditions and provision of facilities such as residential quarters, play grounds, schools, clubs and buses were on racial line which reflected social inequality and the Dutch racial segregation. The Dutch living quarters and recreational clubs were inaccessible to the nationals except to a few Ethiopian staffs whom the Dutch befriended in order to conceal their discrimination. Thus, in Wonji, in addition to the usual contradiction between labour and capital there was racial antagonism between the Dutch and Ethiopian workers that led to a feeling of resentment among the latter. [8, 17]

Living conditions which awaited the migrants in Wonji were unsatisfactory as the early labour barracks were poorly constructed, thatched and very often caught fire and were extremely overcrowded. Insufficient water supply, lack of electric light and poor medical care were the other problems encountered by migrants. Moreover, shortage of food was another problem of the cane cutters who worked from dawn to dusk without breakfast and lunch except the cane they sometimes chewed in the absence of their boss, the capo. Their dinner consisted of a loaf of bread prepared from spoiled maize flour. They received its equivalent in cash after the 1954 strike. The workers could not afford to buy the relatively expensive food from the traders because of their meager wages. [14]

The description of the working conditions of cane-cutters deserves special emphasis because of the particular problems associated with this group of workers and the enormity of exploitation involved. The arduous cane cutting in the extremely hot Wonji plain, the injuries to the hands limbs of cutters caused by the sharp leaves of the canes and by the *Qonchera* (sharp machete) and the long hours of the working day were all difficulties under which cane cutters labored. Until recent years there was no compensation for accidents and no provision of protective materials for cane-cutters. The cutters were paid on the basis of the weight of the cane they

cut which amounted to 13 or 14 cents for 100 kilograms. The cutters who could not read or sign the contract agreements were manipulated by the capo and they accepted whatever amount of money they were paid because any sign of compliant led to automatic expulsion from the job. The situation led to flagrant corruption and many supervisors could accumulate much wealth on the sweat and tears of the cutters. [26]

The difficult conditions in which the migrant plantation labourers of Wonji-Shewa found themselves, however, began to relatively improve as a result of the struggle spearheaded by the factory workers against management and their united action for the common cause. This struggle led by the factory workers had to some degree benefited the plantation labourers. Wage payment which was based on weight of the cane was changed to payment based on weight of the cane was changed to payment based on the number of furrows of cane they cut; the payment in cash in place of the hated maize flour by the 1954 strike and a 24 hour ambulance service were among the new benefits of the plantation labourers. [4] The Wonji-Shewa workers waged a stubborn and persistent struggle against management in the form of demonstrations and strikes and appeals and petitions to the concerned authorities and Emperor Haile Selassie I. The beginning of the 1960s was marked by the complaints of one or more individual workers in respect of their wages, overtime, leave, transfer, promotion, seniority work assignment, working conditions, dismissals and compensation for industrial accident which constituted major grievances. [18]

Some strikes by Wonji-Shewa workers were successful while other strikes were aborted partly because of their organizational weakness and partly because of the government's interventions on behalf of the government. In the course of the struggle of the Wonji-Shewa workers, mostly for better pay and working conditions, the Wonji-Shewa labour union emerged and developed as one of the few powerful labour unions in the country. The role of the migrant plantation labourers in the labour unrest was, however, marginal. It was the skilled and semi skilled workers who were aware of the ultimate objective of the Dutch management which was to amass maximum profit with minimum cost. Thus, Wonji-Shewa workers saw the incompatibility between the growing profit of the sugar company and their low salaries. The working and living conditions of the factory workers were relatively better than those of the plantation labourers. At times this created a wedge between the two labour forces as the latter began to compare their lot with the former. One of the complaints of the plantation labourers indicates this fact. [4]

The first strike in Wonji history took place in 1954, the very year the factory started operation. The strike lasted for three days and the main complaints of the workers were low wages and the degradation they suffered at the hands of their bosses. In spite of the rapid expansion of the factory and the consequent profit, the reward for labour was insignificant. The annual wage did not exceed 10% of the total

expenditure. [17] The Dutch wage policy had been geared to maintaining an individual workers' subsistence level. The 1954 strike brought some improvements as wages were raised from Eth \$0.75 birr to \$0.90 birr per day and the maize flour was replaced by cash payment. Shortly, afterwards, however, another major strike occurred against the dismissal of labour leaders by the management and for improvement of working conditions. In this early period there was no legal body to defend the interest of the workers against management because workers were not allowed to form an organization that could defend their interests. [5]

The establishment of an institution for the purpose of protecting the workers' interest did not take place until the 1962 labour relations decree was issued by the government. Therefore, the *idir* institution functioned as a forerunner of the labour unions. *Idiris* is a mutual self-help traditional institution which gave financial and moral support to its members in times of need arising from death, loss of job, illness or accidents. It was established in industrial establishments and played the role of defacto labour unions and rallied workers around them during the time of struggle against the management over bad working conditions and low wages. The existence of *idirs* in factories provided workers with a forum for meetings and facilitated cooperation and discussion among them on industrial problems. [15]

The main instrument of industrial agitation among the Wonji-Shewa workers which prepared the ground for the early development of the Wonji-Shewa labour union was the self-help association which emerged at various levels among both the factory and plantation workers. There were the *Garagidir*, the *Abo idir* and the *Chat idir*. The earliest clandestine and effective *idir* was the *Chat idir* which was formed by workers in the agricultural service department, the laboratory and the medical service department. It succeeded in embracing plantation labourers and instigated them against the management and it made financial help to dismiss workers. The plantation labourers began to send their representatives to participate in the secret meeting held by the leaders of factory workers. The representatives transmitted to the workers of their respective ethnic groups whatever had been discussed in the meeting. The Kambata and Hadiya migrant labourers had their own separate *idirs* both at the Wonji-Shewa and Metehara sugar estates by which they helped each other whenever problems arose at work centers or when relatives of member workers died or were sick the *idirs* financed their transport and other expenses. [5]

On 26 March 1961, the Wonji-Shewa workers presented a petition to the Emperor in which they explained their difficulties under the Dutch management. A mediating committee of 13 members led by Abraham Makonnen was sent to arrange negotiations between the labour leaders and the management under the supervision of individuals who came from the Ministry of Trade and Industry in Nazareth. It was a three day successful strike. The wages were increased E\$ 0.90 to 1.10, a 24 hour ambulance service was allowed for plantation labourers, arbitrary dismissals were also stopped,

annual and maternity leaves were allowed, payment for over time was permitted, and the eight hour working day was instituted. This success increased the determination and strength of the Wonji workers and their leader played a significant role in the creation of the national labour union. Ato Abraham Makonnen who had been the chairman of the *chat idir* became the president of the union. [4] The wonjilabour union got legal recognition three months after the labour relations decree of 1962, and in February 1964 the first collective agreement between management and labour was signed which raised wages from E\$ 1.10 to 1.30, increased pay of permanent workers by 70% and led improvement in medical facilities. [10]

However, the management insisted on the exclusion from the labour union of the plantation labourers who comprised the great bulk of the workforce. The migrant cane cutters retaliated by doing only the minimum amount of work, and cutting only the upper parts of the cane. Further unrest among these labourers led to a protest march to Mojo town in 1965 in an attempt to petition the Emperor. Finally they were integrated into the labour union after two years of determined struggle. As members of the union each of the plantation labourers paid a monthly membership fee of 0.75 while the factory workers paid 1.50. A major strike of the plantation workers took place in 1968 in opposition to mechanization or automation. In the same year the company introduced a machine called the grab loader which loaded the cane that had been cut on the Lorries. This work was very arduous and was previously done by many labourers. The coming of the grab loader led to the decline of the number of seasonal labourers from 7432 in 1967 to 2552 in 1968. Nevertheless, the strained industrial relations which had persisted in Wonji for long, gradually, improved with the resolution of the workers' grievances through negotiations between labour and management with the relative improvement in the working and living conditions of workers and with the increasing tendency of the company to increase wages, which over, was not in proportion with the rise price. [1] Moreover, the newly formed labour unions signed collective agreements with the managing Director, J. M. J. Prakkenon 26 February 1964, on 17 May 1966, on 8 August 1970 and on February 24 1974. Though the problems of workers were not totally solved, these collective agreements have tremendously improved the conditions of workers at Wonji-Shewa. Nevertheless, the domination of the Dutch capital over Ethiopian workers continued until the company was nationalized in 1974. [4, 2]

5. Conclusion

The influx of foreign private capital into Ethiopia began just after the victory of Ethiopia over Italy in 1896. Ethiopian victory forced European imperialist powers to abandon their colonial ambition over the country and began a new relationship. A number of concessions, and friendship and commerce treaties were signed between European imperialists and the imperial government of Ethiopia. This

opened the door for European private capital to influx into Ethiopia. In doing so, private foreign capitals began to dominate the economy of the country. Moreover, the workers of the country came under the direct assault of these foreign private capitals. The misery of workers was much more observed when these foreign private capitals formed strong alliance with the state which controlled the coercive power. The alliance between the Dutch capital and the imperial state were responsible for the precarious conditions of workers in Wonji-Shewa sugar estate. Besides the usual contradiction between labour and capital, the Dutch capital brought a few Dutch personnel who segregated the Ethiopian workers in Wonji-Shewa. The Dutch racial segregation augmented with poor wage and precarious working conditions resulted in the birth of labour movement in Wonji-Shewa. Nevertheless, regardless of workers' strikes at different times, the Dutch capital continued its domination over labour in Wonji-Shewa sugar estate until the company was nationalized in 1974.

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