

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

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ABSTRACT

Africa has been known for its cheap 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 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. The Wonji-Shewa sugar plantation can be taken as a case in point. The plantation was established after a concession was signed between the Imperial Government of Ethiopia and the Dutch Company, Handels Vereeniging Amsterdam (HVA) on 12 June 1951. The concession leased an area of 5,000 hectares for a sugar cane plantation and sugar factory. It began production in 1954. The over populated Kambata people were the target of the management for labour. The workers' expectation for better wage and good working condition became nightmare rather; they began to face the deadly malaria and the tyranny of Dutch management at Wonji. Workers were paid only Eth \$0.75 cents for a day. The almost idyllic picture that management had succeeded in portraying of life at Wonji concealed one of the most notorious cases of exploitation and racial discrimination in Ethiopian industrial life. This paper investigates how the strong link between foreign private capital and the Imperial Government of Ethiopia contributed a lot to the misery of workers at Wonji-Shewa Sugar Estate. The findings revealed that the Dutch who owned Wonji-Shewa Sugar Plantation exploited the labour of many Ethiopians mercilessly.

Keywords: Labour; Foreign Capital; Capo; Seasonal Workers; Labour Exploitation

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 workers' life in Wonji-Shewa sugar estate [1-10].

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." 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

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slavery existed in pre-colonial Africa. Yet customary family labour was also common since the establishment of organized community in the continent. Furthermore, contractual and share cropping labour have been practiced by the agrarian societies of Africa for centuries [21-20].

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. Consequently, African workers failed to organize and struggle for a common goal against their employers. Thus, the exploitation of African labour with little or no wage has continued for long time now.

The ultimate goal of foreign capitalists was 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 the surplus value 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. They also engage 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.

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 headquarters 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 [21,22].

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. Foreign private capital began to enter into Ethiopia following its victory over Italy at the battle of Adwa in 1896. It marked the beginning of the relationship between foreign private capital and the state. Though the penetration of foreign private 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, foreign private capital began to dominate the economy of the country.

It is also known that there is always a contradiction between labour and capital in any industrial establishments 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 relationships with the rulers who had the coercive power. Consequently, in Africa, labour continued to be dominated and oppressed by capital.

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. Politically, the victory of Adwa was considered as a victory of all black people against white domination. 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 never escaped from the influence of the same imperialism that was penetrating and dominating African economies.

Between the victory of Adwa and the second invasion of Italy (1935-36) the flow of capital was very small and restricted to 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 the 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.

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 is 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 Ilg in 1894 and the Bank of Abyssinia which was given to Britain in 1905. He further argued that these two successful concessions facilitated capital penetration into Ethiopia by providing the infrastructure and the financial means.

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 into 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.

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.

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.

During the Italian occupation, the flow of foreign private capital was dominated by foreign public capital which was used to develop 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.

The first decade of the post-war period was also characterized by little foreign private 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 foreign private capital. 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.

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.

The first five years plan (1957-1961), for instance, gave priority for foreign private capital which could engage in producing import substitution products. 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. The third five year 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

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 Nazreth town and 102 kilometers to the South East of Addis Ababa on the right bank of the Awash River. 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.

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 Agricola Industriale del Ethiopie (SAIE) had begun 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.

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.

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. 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). 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. 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.

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 in 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.

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. Following the completion of the sugar factory at Wonji, Emperor Haile Selassie I officially inaugurated the Wonji-Shewa sugar Estate on 20 March 1954.

The Wonji-Shewa sugar plantation and factory became the first agro-industrial projects ever undertaken in Ethiopia. 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.

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.

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. In 1969/70 the total production reached to 97,000 tons. The company continued to invest on sugar plantation by establishing another company, HVA-Methara with a capital of Eth \$ 56 million in 1965. 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. It was 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.

LABOUR MOVEMENT IN WONJI-SHEWA SUGAR ESTATE

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. Gradually, the company created local contractors among the Kambatats 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.

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.

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.

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 dissatisfaction 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.

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 benefit 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. 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. []

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.

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. 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.

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. Idir 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.

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 Garag idir, 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.

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. The Wonji labour 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.

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 Mojjo 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. Moreover, the newly formed labour unions signed collective agreements with the managing Director, J.M.J. Prakken on 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.

In this paper, therefore, I argue that the existing of strong relationship between the Imperial government of Ethiopia and Dutch private capital contributed a lot to the deterioration of labour relation in Wonji-Shewa Sugar Plantation. The workers were not only forced to work for long hours with meager wages but also segregated in housing, playing fields and lounges. Even though this racial segregation initiated the workers to form association and struggle for their right, the imperial government and the Dutch management curtailed their movement until 1963. In fact, the domination of the Dutch capital over the Ethiopian workers continued until the downfall of the imperial regime in 1974.

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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