From Colony to Contract: HVA and the Retreat from Land

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In 1979 HVA (or in full Verenigde HVA Maatschappijen NV) celebrated its centenary. During those hundred years it had become one of the major plantations companies in that great archipelago of plantations, Indonesia, and subsequently the leading primary producer in Ethiopia. The boardroom of its head office in Amsterdam bore witness to this history, surrounded as it was by murals of Indonesian labourers working among the sugar cane, the oil palm, fibre, tea and rubber. Here were men - painted strong and independent - conquering nature. With finer lines and sharper colours they could have been painted by Pre-Raphaelites as a celebration of Work. Why they worked, what drove them on, was unexplained. There were no whips behind them nor hunger on their faces. Yet it was these same workers - constituted as labour by HVA - who in the decade after the 2nd. world war drove their masters from Indonesia. Twenty years later their Ethiopian brothers did the same thing.

For ninety years HVA's colonial project worked. Its plantations grew like the dragon's teeth. Its retreat from Indonesia it saw as an interruption rather than the pre-echo of the end. When other sugar companies were re-organising themselves in the face of the independence movements of the third world, HVA was still building up in Ethiopia. Only by the late 60's did the company begin to diversify in earnest, seeking to transform itself from a paradigm of the old imperialism to a model of the new. But by then its efforts appeared too little and too late. The stock market - that most acute of political commentators - marked down its stock. The Ethiopian revolution in 1974 and HVA's nationalisation in 1975 proved the analysts right. Its heart (still providing 80% of its profits) had been removed and it was left struggling for life. By its centenary year the 39th. largest company Holland was searching for buyers of its assets, and diplomatic supporters for the settlement of its Ethiopian claims. In the same year the law of value unceremoniously removed it from its historic headquarters to cheaper premises, mapping the international fortunes of a company in the territorial hierarchy of the metropolitan capital city.

So a company which thrived on the bankruptcies of the depression of the late 1870's is now threatened by the gathering depression of the late 1970's. Like a rising family its past divides into clear generations. Like a declining family its future appears to lie in joining itself to rising stock. Corporate history is no substitute for the collective history of an empire and the new international structures which have followed. But it will I hope shed light on these broader processes and the debates upon them. For HVA has been a bearer of forces, and, in its class relations, a shaper of them too.

Biography has much in common with archeology: we look for broad outlines from the air, then dig, sift, put together, reconstruct certain material structures which allow us better to imagine the past. What follows is necessarily a preliminary dig: offering the outlines of HVA's three generations, and the first results from the points where deeper trenches have been dug. The reader is asked to walk over the site with this in mind: to read what follows as an opening up rather than closing down, and - if he or she has time with tape recorder or pen - to continue the excavations on this or neighbouring sites.

Indonesia 1879-1958

HVA was founded in 1879. It was originally an agricultural bank with trading interests, concentrated in Indonesia. It soon moved into the direct production of sugar largely through taking over existing operations which defaulted on their loans. It also moved into the production of oil palm, sisal, tapioca, tea and rubber. By 1928 its estate at Kaju Avo was one of the largest tea plantations in the world. On the eve of the Depression in 1929 it was running 179 factories, and became one of the two largest sugar companies in a country (Java) which rivalled Cuba as the world's leading cane sugar producer. Although it was forced to cut activity as the result of the Depression (operating factories fell to 45 in 1933, then rose to 85 on the eve of the Japanese invasion with a further 27 in reserve) it continued to operate 15 sugar plantations, with high levels of productivity per hectare, and its Djatiroto mill near Malang, producing 49,854 tons of sugar in 1940, was the fourth largest in the world.[1] Two historians of the country described HVA as "one of the leading promoters of new enterprise "during the twentieth century".[2]

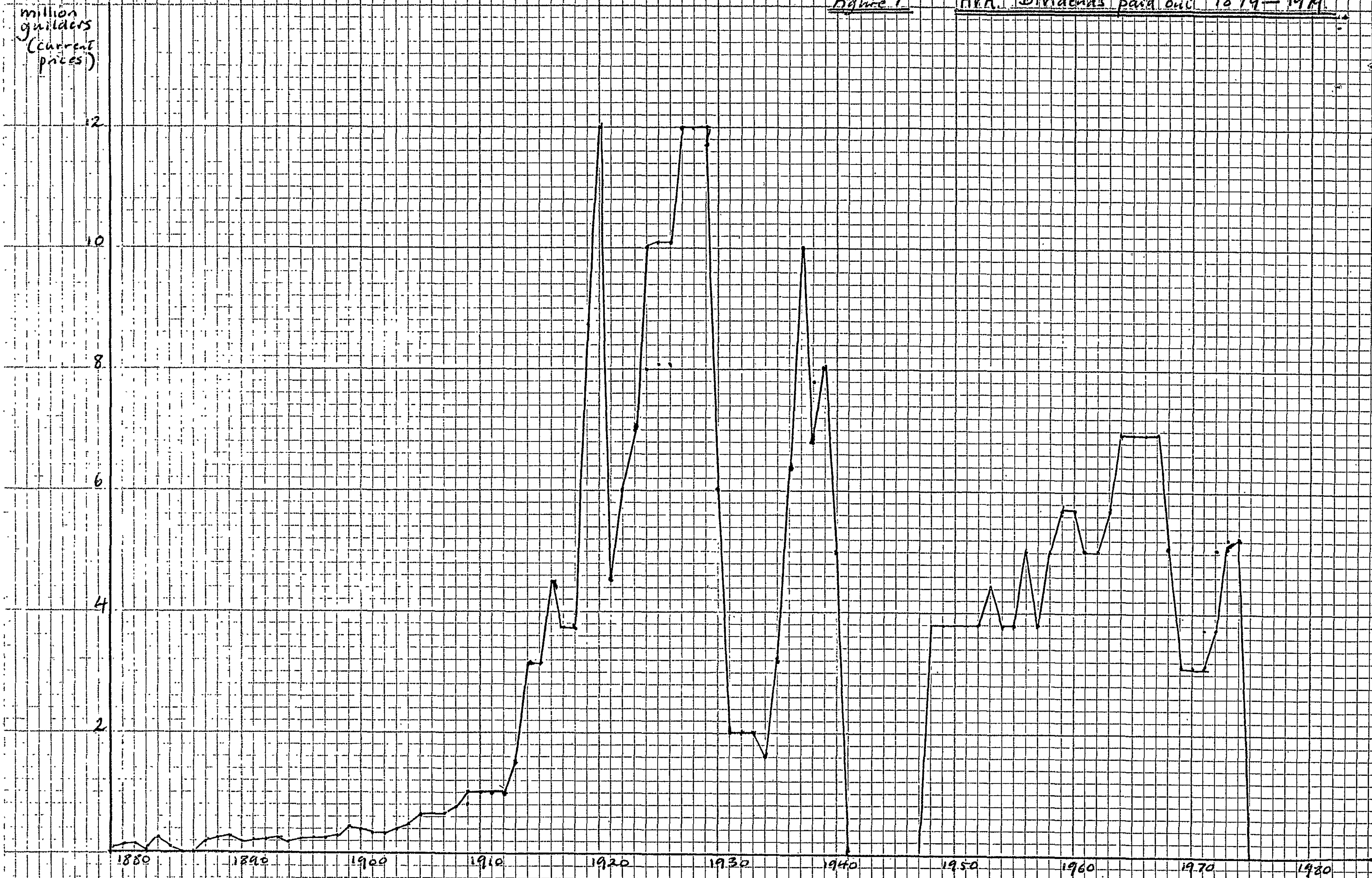
Most of the products of these estates were exported directly to independent purchasers, the transactions being arranged primarily through HVA's trade department in Amsterdam. Even sugar was exported as 'plantation white' ready for consumption, and needed no further refining in the metropolitan countries as did the unrefined West Indian output of the British firm Tate and Lyle.

By the 2nd world war, therefore, HVA had become one of the world's major plantation companies. Its capital had risen from 1¼ million guilders in 1879 to 60 million guilders in 1940, with the most rapid growth occuring between 1913 (13½ million fl.) and 1927 (60 million fl.). Almost all the expansion was funded by profits generated in Indonesia and was limited not by the availability of capital, but by the availability of material resources (including person power) necessary for expansion. Apart from the trading department, the Company's profit-making assets were all in Indonesia, and it was therefore Indonesian profits which were remitted to pay dividends to the metropolitan shareholders. Figure 1 shows the trends in the annual percentage dividend throughout HVA's 100 years. Before 1940 the periods of highest pay outs were between 1913 and 1930, and again between 1936 and 1940. These ratios imply a massive drain of capital from Indonesia to Holland throughout the 60 year period.

During the second world war, HVA's Indonesian assets were expropriated by the Japanese. Some fell into decay, others were transported to Japan. Only the Dutch based trading activities continued. In 1946 therefore when HVA returned to Indonesia they found desolation. On the rubber estates of Soember Petoeng, Redjo Agoeng and Papoh, all factories had buildings that had been completely destroyed and the great bulk of the rubber trees cut down or uprooted. On the coffee estate of Njoenjoer, factory and buildings had been raised and 60% of the plantings uprooted. The sugar mills at Minggiran, Bedadoeng, Kawarasab, Menang, Blimbing, Garoem, and Soemberdadi had all been destroyed beyond repair. The same was true of the tapioca flour and fibre mills at Dendoredjo. There was destruction, too, in Sumatra, with two rubber and one oil palm estate in Atjeh, northern Sumatra, not even accessible in 1950.

Part of this devastation was due directly to the Japanese. But part reflected a different side of the legacy of occupation, the development of a broad based, vigorously resisting movement of Indonesian workers. It seems that the plantation proletariat created by HVA were in the forefront of the movement which made it impossible for the company to re-impose full control for almost a decade.

Figure 1 HVA Dividends paid out 1879–1979



The Company's Annual Reports of the time are full of the evidence of resistance. In 1949 three expatriates are reported murdered. The report complains of an acute shortage of labour in Java and Sumatra. In addition to the destruction of the estates, "valuable materials proved to have disappeared".[3] Where work did take place, workers demanded large wage increases. On several occasions says the Company, "the demands were so unreasonable that their chief aim seemed to be the causing of labour conflicts and stagnations. As a matter of fact such disturbances did not fail to occur and heavy losses were incurred."[4]

In 1950 three more murders of expatriates were reported. The legally binding 7 hour working day and 40 hour working week introduced by the newly independent government appears - at this time at least - to have been enforced, and to have involved the campaign estates in "inordinately high payments for overtime."[5] Ex-republican soldiers of the TNI were reported to have wrecked the sugar mill at Srunie. On other plantations "cane fires are frequent, and the thefts of sugar cane are enormous. Thus Ngadiredjo was forced, as a result of these difficulties, to suspend the campaign for 12 days in June; Semboro, where sit down strikes had already caused the starting date to be postponed until May 17, could not, even then, open the campaign until July 16. For some time both these mills were only running discontinuously because the workers, at the behest of their trade union, refused to work overtime, without which no sugar campaign is economically possible on the basis of a 7 hour working day."[6] On the tapioca and fibre estates in Java the company could not even control the land because of 'unlawful occupations', "the population having been incited to their action by the leaders of a local farmer's union."[7] And so it goes on: attacks on the construction of railtracks, looting, squatting, the destruction of argave planting, and the 'plundering' of Cassava. On the oil palm estates in Sumatra there were general strikes for 63 days and partial strikes on 130 days.

On the rubber plantations production was stopped completely for 27 days, and there were partial strikes on 81 days.

In early 1951 there was a prolonged strike on the Sumatran tea estates with 'disastrous' consequences including further wage increases. On it went through 1951 with the company complaining of the danger of the 'annihilation' of the large scale agricultural enterprises. Into 1952 with more squatting, crop destruction, thefts of cane and other crops, strikes and the 'disastrous' application of the 40 hour week and 7 hour day. In 1953 there are complaints of mutually competing trade unions which "have put forward different far-reaching demands", and which "create a latent state of unrest among the workers and are a contributive cause of several partial strikes."[8]

Slowly HVA increased its production: sugar rose from 66,000 tons in 1951 to 83,000 in 1957, fibres from 126 to 1,600 tons in Java, and from 10,700 to 23,500 in Sumatra. Sumatra's palm oil and rubber moderately increased, but its palm kernal and tea production remained static, while Javan tapioca and rubber output actually fell. To say that these conditions were unfavourable for the accumulation of <u>capital</u> would be to understate the position. Labour remained strong. New wage rises were pressed for and won. Strikes and stoppages continued to hold up production, notably in Sumatra. 'Illegal' occupations held out against the company's attempts at re-possession.

Then in December 1957, on top of this mass resistance of labour, protective labour legislation and exchange control, came the ultimate move. In the wake of the dispute with Holland on Western Irian the Indonesian government took over HVA's management and formally nationalised it in 1958. The immediate case was one of territorial nationalism, but the move was the culmination of mass action against foreign capital's control of production which had marked the decade since independence.

In its books HVA registered the value of its Indonesian investments at 29.4 million Dutch guilders. For the 20 years after the takeover this remained only a formal claim, and was finally sold for 7.8m fl. in 1978. This was all that was left in asset terms of 80 years of colonial accumulation. The traditional core of the company had been destroyed. In the absence of alternative strategies, that by and large would have been that.

Yet the company survived, and its survived because it had managed a decade before to shift in part to new ground. Already on their re-entry into Indonesia in 1946 HVA were clear that prospects were not good. Their problem, however, as for all plantation companies. was the difficulty of moving countries. Plantations are not like plant and equipment which can be shipped at will. Nor is a newly independent government - such as took over in Indonesia in 1949 - likely to look favourably on attempts to export mobile assets (factories or cash). Since HVA had a only minimal operations outside Indonesia, it appeared that they were stuck. By 1953, however, they were producing sugar in Ethiopia, and it was Ethiopia that was to become the lifeline for the company as the salvage operations in Indonesia were finally grounded.

Ethiopia 1951-1978.

Ethiopia possessed all that Indonesia lacked. The three barriers to HVA's accumulation which had developed in Indonesia - resistant labour,unenforceable rights of landed property, and a nationalist government's tax and exchange restrictions - were absent in Ethiopia. For great areas of the Southern Ethiopian countryside the transition from feudalism to capitalism had not yet taken place. Labour was bound to the soil and its local lords. The lords and their land rights were tied to the monarch. And the monarch - like all absolutists before him - gave unrestrained support to new capital accumulators in order to strengthen his still feudal political rule.

The original agreement between the Emperor and HVA in 1951 reflected the above. Prime land was to be made available at a rent of less than $1 US per hectare for the full 60 year lease period. HVA were to have a local monopoly (no other sugar factory was to be allowed within 100 kilometres of HVA's estates for 15 years) and be protected against cheap imports through "such measures as it may deem necessary in order to protect HVA from such unfair competition." There was to be a total tax holiday for 5 years, an exemption from provincial taxes thereafter, and there were detailed provisions to guarantee the movement of funds (including profit repatriations) across the exchanges. Above all - and this was not mentioned in the contract - the Emperor exercised a ruthless control over labour, a control whose means were to be made ever more sophisticated by the US (and later the Israelis) during the fifties and sixties.

There remained the problem of the capital investment. According to one of HVA's Ethiopian technical managers whom I interviewed, there was evidence in HVA (Ethiopia's) files that the original plant at Wonji (in the Awash valley) had been partly constructed from the cannabilised parts of the Indonesian factories. This was confimed by a second technical manager.

We know that there were four mills in Indonesia (Kentjong, Tegowangi, Kunir and Gunungsari) which were considered capable of repair as of August 1951 but of which nothing later was heard. At least part of the new development thus appears to have been contributed in the form of commodity capital, whose market valuation at the time was little more than scrap value.

The bulk of the remaining equipment came from the Dutch sugar mill suppliers Stork. The value is disputed. A generous allowance for plant the size of Wonji would be E$12.5m, but some of this would be accounted for by the Indonesian parts, and some Stork machinery may (according to a Dutch technician at Wonji) have been bought cheaply as surplus stock. HVA's head office books show a run down of current assets (mainly exchequer bills and deposits) of some E$6m in 1953, with no significant increase in liabilities. Nor were external funds called upon, either in Ethiopia or Holland. Rather this crucial international shift of production was accomplished with a relatively small money capital investment (drawn largely from re-invested profits realised in Indonesia) supported by an investment in kind. The new investment in Ethiopia was in short based on Indonesian surplus value.

In part these details of original financing are important because of the dispute in the debate on imperialism on the patterns of surplus value movement, whether the third world is a vent for 'surplus' capital, or whether there is a tendency for surplus value produced in the third world to be appropriated for investment in metropolitan countries. In the case of HVA there had certainly been a steady drain of profit from Indonesia to metropolitan stockholders for 75 years. But ~~in the case of~~ with respect to the Ethiopian expansion we can see that the key movement of capital was from one part of the third world where labour was strong to another part where it was weak.

Finance and Returns.
The initial financing is also important when we come to unravel the source of the capital HVA accumulated in Ethiopia over the next two decades. From an initial E$6-10 million the Dutch company built up a group with net assets of E$123.6 million in 1974, in which its stake was E$81 million (92 million guilders), or nearly three times the book value of all its Indonesian assets in 1958.

According to the company's Ethiopian books E$38 million of this foreign capital stake was contributed as net foreign capital inflow. Whatever other effects the company had on the local economy, it would appear that it was a major conduit of foreign capital for accumulation. According to one study, however, the net balance of HVA's capital contribution was not E$38 m. but E$5 m.[9]

The basis of the discrepancy was as follows:

i) puffed up valuation of branch assets. It is not uncommon for foreign companies to initiate a project as a wholly owned branch, and then convert it into a separate company with inflated capital values.[10] HVA certainly started operations with a branch at Wonji. In 1958 this branch made over its assets to a new company, HVA (Ethiopia), in which HVA had an 80% holding, and local Ethiopian capital 20%. Branch assets were valued at E$28 million. The Ethiopians contributed E$5.6 million in cash, HVA took the cash, and contributed its E$22.4 m. in kind. But cost comparisons with sugar factories in other parts of the world, together with HVA's own cost estimates and an independent auditor's report on the valuation all suggest that the branch had been over-valued. This was quite apart from the valuation of the cannabalised Indonesian assets, and the fact that some of the branch assets had been paid for from branch profits. Taking all these factors into account, the study estimated that HVA's net foreign capital contribution as of 1958 was E$2 million rather than the E$22.4 million suggested in the books.

ii) overpricing machinery. As part of the joint venture agreement in 1958 the new Ethiopian company signed an agreement with HVA for the Dutch parent, among other things, to have the sole right to purchase material goods required by HVA(E) including control over transport, insurance and handling, (Article 6). The same right was included in the services agreement signed between VHVAM and a further joint venture to develop a new plantation at Matahara in 1967. VHVAM thus had the crucial control over imported machinery and its pricing.

HVA(E) developed a second factory at Shoa in 1961-2. Its capital cost was E$ 21.76 million. Tate and Lyle in a study done in 1969 regarded this as E$ 6 million too high, and even the highest alternative estimate suggests an overpricing of at least E$3 million. The Mataharan plant was also reported to be overpriced relative to the world market price for sugar mills at the time.

iii) Unsubstantiated claims for foreign capital commitment. HVA(E)'s books include a foreign exchange loan of E$13.16 m of which E$ 5 million was contributed in 1962. There is a question of whether this was actually committed. The foreign exchange control books in which all flows are entered contain no record of foreign capital commitments for 1962 (the first year for which records are available at the National Bank). Furthermore one HVA (E) official told me that the new factory had been financed out of HVA(E)'s profits and reserve funds and such was the agreement between VHVAM and the Ethiopian government in 1958 (article 13). Even were foreign funds committed in 1960 and 1961 as stated in the books, the maximum that VHVAM could have committed in foreign exchange (allowing for E$3 million in overpricing) was E$5.1 million rather than the E$13.5 m at which the foreign loan was finally capitalised in 1962.

There is a similar doubt over capital contributions to Matahara, suggesting that no new foreign exchange was introduced from VHVAM abroad. What the records do indicate is capital repatriations of E$ 2.3 million. Deducting this from the E$ 2 million at Wonji, and the E$ 5.1 million at Shoa yields a maximum foreign exchange contribution of E$4.8 million.

I hope the reader will bear with these details. I have presented them partly to indicate some of the financial devices open to multinational firms. But partly too these details are important to the argument on the geography of accumulation. If we accept HVA's figures as they stand then HVA had made a net foreign capital contribution to Ethiopia between 1952 and 1974. The trends are shown in Figure 2. Declared foreign capital employed is shown as rising from E$6 m. in 1962 to E$ 81 m in 1974.
Of this E$ 38 million was contributed as foreign capital inflow, the remainder represents re-invested earnings, though national accounting conventionally treats even re-invested earnings as if it were a new inflow balancing an outflow. Subtracting repatriated profit from this declared foreign capital gives the declared net foreign capital flow which we see standing at E$ 4 million in 1974.

If instead we consider the geographical balance of accumulation in terms of new foreign capital committed (representing surplus value produced by foreign labour) set against Ethiopian capital exported (representing surplus value produced by Ethiopian labour) then we get a new line of <u>Effective net foreign capital flow</u>. This had risen to a negative flow of E$ 95 million by 1975. The time taken for an initial investment of foreign surplus value to be repaid in foreign exchange I call the foreign turnover time. Assuming an initial investment of E$ 10 million by 1954, HVA's foreign capital turned over in 3 years, and turned over a further nine times in the next 17 years. This is in addition to the E$ 81 million stake it has built up within Ethiopia itself and now stands as the basis for a compensation claim to be paid in foreign exchange. Such a rate of turnover indicates high rates of profit. The published figures of the HVA group in Ethiopia show only modest rates of post-tax profits, 12.8% on capital employed on average for the period 1959-74. This is around the average of stated results for manufacturing industry in Ethiopia and roughly in line for rates of return in the international sugar industry as a whole.

But if we modify the capital employed figures to take account of the effective capital contribution discussed above, and if we also take into account profits repatriated in the form of management fees and profits of HVA International in Ethiopia, then the effective post tax rate of return rises to an annual average of 27.2% over the period. As a sustained rate of return this is a substantial figure and explains HVA's commitment to Ethiopia.

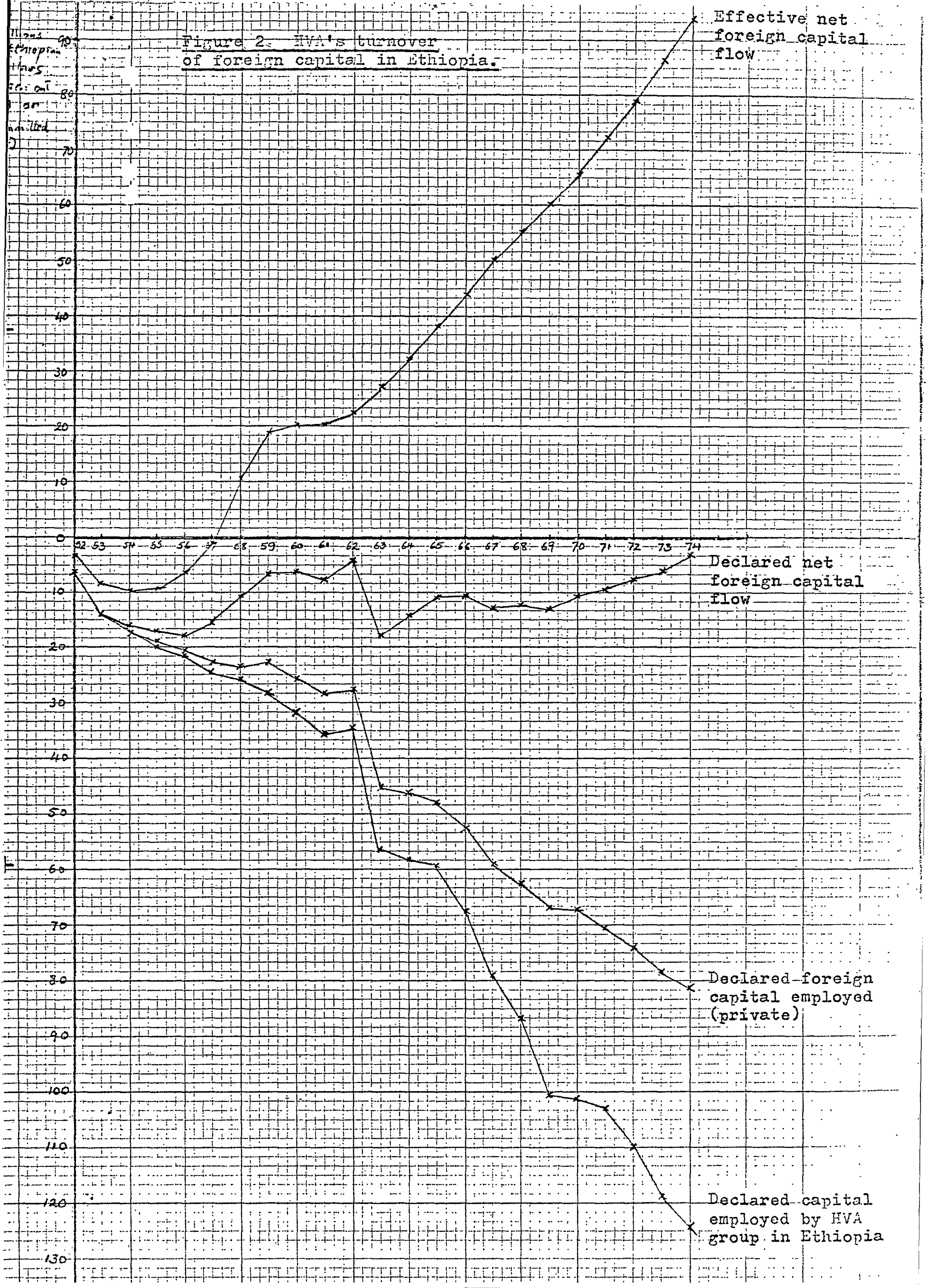


Figure 2. HVA's turnover of foreign capital in Ethiopia.

The conditions of profit.

The reason why high rates were possible was because HVA realised the potentialities that had attracted them to Ethiopia: fertile land with minimal rent; monopoly protection; cheap, controlled labour. I will deal with each in turn.

1. Land. HVA's estates in Ethiopia were among the most productive in the world. They achieved roughly double the Caribbean yields of cane per harvested hectare, and 12% more than Peru, which is second only to Hawaii in the international yield rankings. Sugar yielded as a per cent of cane is also significantly higher in Ethiopia than in the Caribbean so that the metric tons of sugar per hectare year harvested also shows Ethiopia above Peru, Mauritius, Puerto Rico and the Caribbean producers.[11] Thus HVA's estates were intra-marginal from the world perspective, but were not subject to significant differential rent charges either in the purchase price, or in absurdly low annual payments.

2. Monopoly. Not only has HVA remained the sole sugar producer until 1975, but tariff protection has been maintained for this 'intra-marginal producer' so that imports have been effectively stopped. At times the HVA wholesale price was more than twice the cif import price, and was rarely less than 2/3rds. A 1972 official tariff study listed a nominal tariff of 73% on sugar imports.[12]

3. Labour. Most important of all, HVA from the first pursued a policy of maintaining a divided, submissive, and ill-paid mass labour force. Its strategy of division had the following features:

a) from its inception HVA followed a policy of over-publicity of the work available and the rates of pay, with the result that there has been an excess of labour seeking work in and around the estates. As late as 1967 of the workers present on the Wonji/Shoa plantations, only 50% were fully employed, 40% got 2 or 3 days work a week, and 10% were totally unemployed. This encouraged acute competition for jobs, often on a day to day basis.

b) HVA have sought labour from areas which have limited contact with other sources of money employment. In the construction period workers were recruited from Addis Ababa, Nazareth, and Arussi province, but by 1952 HVA had shifted their recruitment campaign to Sidamo province in the South, from whence HVA often transplanted workers to join the labour reservoir on the estates. Even now the Wonji plantation manager told me that the seasonal workers were still recruited in the rural areas of the South where there was a buyers market and where the company put applicants through a series of health and other tests before transporting them to the estates. The so-called seasonal worker is in fact away from home for 8-10 months in the year, and will then have to apply for work again at the start of the next year. The plantation manager attributed the low degree of labour unrest at Shoa/Wonji to this screening process, in contrast to Matahara where 'anyone who turned up could be taken on'. The screening of workers, their transportation to work far away from their families for much of the year, lodged by the company in dormitories or in crowded conditions, then returned annually to their homes ready for re-employment on the same conditions is a strategy for labour discipline that has a long history all over the world, including contemporary Western Europe.

c) contract labour. For many years HVA hired labour through intermediaries called Capos. The worker had the formal status of an 'independent contractor' and would contract with the Capos for specified tasks. Given the over-supply of labour on the estates this led to a system of buying and selling jobs. Capos would be bribed for jobs, and a dual payment system came into operation. Wage payments to workers were returned to Capos who would take their cut, a cut for the field assistant, and a cut for the workers' 'saving associations' in which both the Capos and the Field Assistant had interests. The residual would then be shared out among the workers who had actually done the work. According to one Trade Unionist the result was that "the worker was subjected to receiving almost as low as a quarter of what he ought to have been paid, even under HVA's low pay system." Any crossing of a Capo would lead to a worker being discriminated against at the next 'hiring'. This bind was further strengthened by the fact that many of the shops on the estate (56 in 1967) were rented through the Field Assistants, charged high prices, and were able through the Capo system and threat of discrimination, to pressurise workers into patronising these shops.[13]

d) The company used and still uses wherever possible a system of piece rates and bonuses. The worker becomes his own foreman, disciplined by the task and the stopwatch. The Company's power is shown in the setting of the rate and the inspection of the results. For many years HVA workers found it difficult to challenge either: indeed at one time they were being paid on the plantation by weight of cane cut, but were not given the opportunity to inspect the weight as measured on the scales.

e) HVA have consistently fought against the development of unions on the plantations. In the 1950's the principal workers' organisations at Wonji were self-help associations known as IDIRs. They grew up soon after the factory started operations and offered aid to workers in time of sickness, death or dismissal from work, as well as a means of meeting together in a structured way. At Wonji an IDIR member dismissed from his job was given E$4,000-6,000, and this and similar benefits led to a steady growth of membership and financial strength. HVA struck at this growth by dismissing a large group of workers simultaneously. The IDIR consequently broke up.[14]

The IDIR was revitalised in 1959 and played an important role in the strike that took place in that year at Wonji, and in the labour actions at Wonji in 1961. Yet in many ways its role as a friendly society limited its ability to organise and lead industrial action. Hence the attempt to set up a trade union by the workers at Wonji, an attempt strongly resisted by HVA, but finally sanctioned after sustained labour action in 1962. Hence also HVA's subsequent discrimination in favour of IDIRs against Trade Unions, as for example in the building of a church at Wonji in 1966. On the plantation, the workers applied to join the main Wonji/Shoa union in 1965, but HVA entered objections that the workers were not employees of HVA (being 'independent contractors') and were therefore not eligible to do so. When the government authorities ruled that the workers could join the union, the Capo system and HVA's anti-union policy continued to make it very difficult for the union to organise effectively, discriminating against union leaders as far as jobs were concerned, arrests of trade union leaders by a police force which had its salary and housing paid for - indirectly - by HVA.

f) finally, when it was clear that the union was established, HVA attempted to limit its impact by mechanisation. On the Wonji estate they introduced a grab loading system in the face of workers demonstrations to the Company and the Emporer, and when these demonstrations failed to bite (44 of the leading trade unionists were sacked without compensation) the company introduced more machinery into fertilising, forking and loading the cane. Altogether the number of seasonal workers on the estates were reduced from 7,000 to 1,200. In the factories the major step was the adoption of capital intensive machinery at Matahara. The reason given by HVA was the labour troubles on the existing estates during the sixties. "On the basis of the experience at Wonji and Shoa and recent developments in sugar engineering and technology all over the world, a factory has been designed which will be equipped with the most up-to-date installation" (Share Prospectus for HVA(M) 1968). As a result, even by 1971 Matahara had a ratio between permanent employees and annual output of 42 tons per worker, against Wonji and Shoa's ratio of 20 tons per worker in the same year.

The result of these policies towards labour was a history of declining wages on the plantations, worsening working conditions, and a lengthening of hours. This is how the union saw the situation in 1967: "Previously, each worker was assigned to a Capo, but now each worker gets up in the morning, carries his tools, uncertain of being employed, going from one Capo to another requesting a job, and in many cases returning home unemployed. Cane cutters not immediately employed used to receive E$0.50 per day until employed and E$2.00 when the cutting period was finished plus transportation to the estates and then back to their home areas. ...At one time cutters were issued with identification cards but HVA-Ethiopia abolished this system, exposing the cane cutter to extortion from the Capos. Transportation to the cane field and drinking water were once furnished: this has been discontinued by HVA-Ethiopia. The working day has been lengthened to 14-16 hours per day. ...Wages at the estates between 1953 and 1965 have been slowly reduced to a point where they are far less than half what they were in 1953." The very demands that the field workers independently made after wild cat strikes in 1967 testify to the conditions HVA had imposed: "We must be given jobs... We must be provided with medical facilities... We must be recognised as workers by being registered... We must have our working hours fixed... We must have our daily rates fixed... We must be paid overtime... All trading and drink establishments in the Plantation Section must be given to the workers as they are established for their welfare... Cane cutters must be paid 4 months wages... The Company must put an end to the propaganda it disseminates throughout the country about the availability of jobs as a consequence of which there are more hands than required ... We must have a liaison officer from the Government who will alleviate our surfering... There must be an end to unfair imprisonment on the part of the police... For works performed in darkness and distant places, transportation and light must be provided....Water must be provided during working hours."[15]

As a coin carries with it a whole social history, so do these demands. The relations between Dutch capital and Ethiopian labour were not just technical as conventional economics would have it. They were also social. HVA had the task of reproducing its control over labour, submitting workers - torn from their people and their rural rhythms - to the time economy of capital. In doing so, they successfully created a new reservoir of surplus value to expatriate to Europe. But they also created a proletariat which was to challenge the very relations of production on which HVA as a capitalist company was based.

The Ethiopian revolution was not simply a revolution of HVA workers. It was a more general revolt within the army, in the towns and the Southern countryside against feudal absolutism and allied private capital. But HVA's operation played no small part in this conflict. It was the earliest large scale plantation of this size in Ethiopia itself. It accounted for 30% of all manufacturing output in the early 70's, and employed as much as a fifth of the Ethiopian proletariat (outside Eritrea). The struggle of its workers for rights in production - together with those of the railway workers - made it a pioneer in the challenge of Ethiopian labour to capital and to the Imperial regime. In the revolution itself HVA's workers played a significant role - not least in the Southern rural regions from which many originated.

As in Indonesia, the actions of HVA's workers was part of a wider movement which led to a new government coming to power. As in Indonesia, HVA was nationalised. In Ethiopia the terms of nationalisation were uncertain. For a time it appeared that HVA were to be left with a minority share. They continuued to manage the estates and factories, signing a new purchasing and services agreement in 1976 for two years. In 1978 this was not renewed, and the last

Dutch employee left the country.

For five years now HVA have been claiming compensation for their assets, which stand in the books at 92 million guilders. Through the Dutch government they have pressed the World Bank to secure this compensation, and the World Bank was reported in January 1980 to have threatened to make new loans to Ethiopia conditional on adequate compensation for the nationalised firms. The Ethiopians, aware of the alliance between HVA and the deposed Emperor which had allowed HVA to build up its assets from re-invested monopoly profits, and aware too of the suppression of labour and its accounting practices, has understandably been slow to respond.

The new multinational 1968-1981

From 1958-68 HVA was concerned to consolidate its position in Ethiopia. Expansion was concentrated there. The sizeable profit repatriations went to cover head office expenses and the dividend. Virtually all profits declared in the holding company's accounts were distributed until 1969. Expansion in Brazil and in the Netherlands had been limited both in scale and profitability.

By this time, however, other sugar multinationals were restructuring in the face of similar dangers to the ones which awaited HVA in Ethiopia. They were reducing their dependence on land. Four tendencies were clear:

a) vertical integration, uniting sugar production, machinery production, and often by-product production. Thus in the UK the two major cane sugar producers, Tate and Lyle and Booker McConnell respectively took over two sugar mill manufacturers Smith and Mirlees and Fletcher and Stewart. Babcocks, another producer of sugar equipment, bought its way into sugar production in France, and similar integration was taking place in Germany.

b) development of technical, management, and purchasing/ marketing services at the expense of further estate development.

c) a movement into trade (Tate and Lyle expanded their trading and shipping)

d) diversification into quite new fields (Booker McConnel moved into food retailing, and publishing).

HVA's problem was lack of cash. In 1968 their liquid assets totalled less than 6m fl and were under 1m fl. in 1974. Nevertheless for a decade they made a sustained attempt to diversify. Their strategy was as follows:

1. Shifting from the ownership of assets to the supply of know-how (in the form of feasibility studies, commissioning, and supervision of new projects, management, and specialist consultancy services, marketing, training and international procurement). They increased the number of consultants at Head Office from 15-20 in 1958 to 50 or so by the mid-70's and to more than 100 in 1979. There was a similar rise in professionals working in projects overseas, who numbered 93 in 1979, as against 50 in 1974.

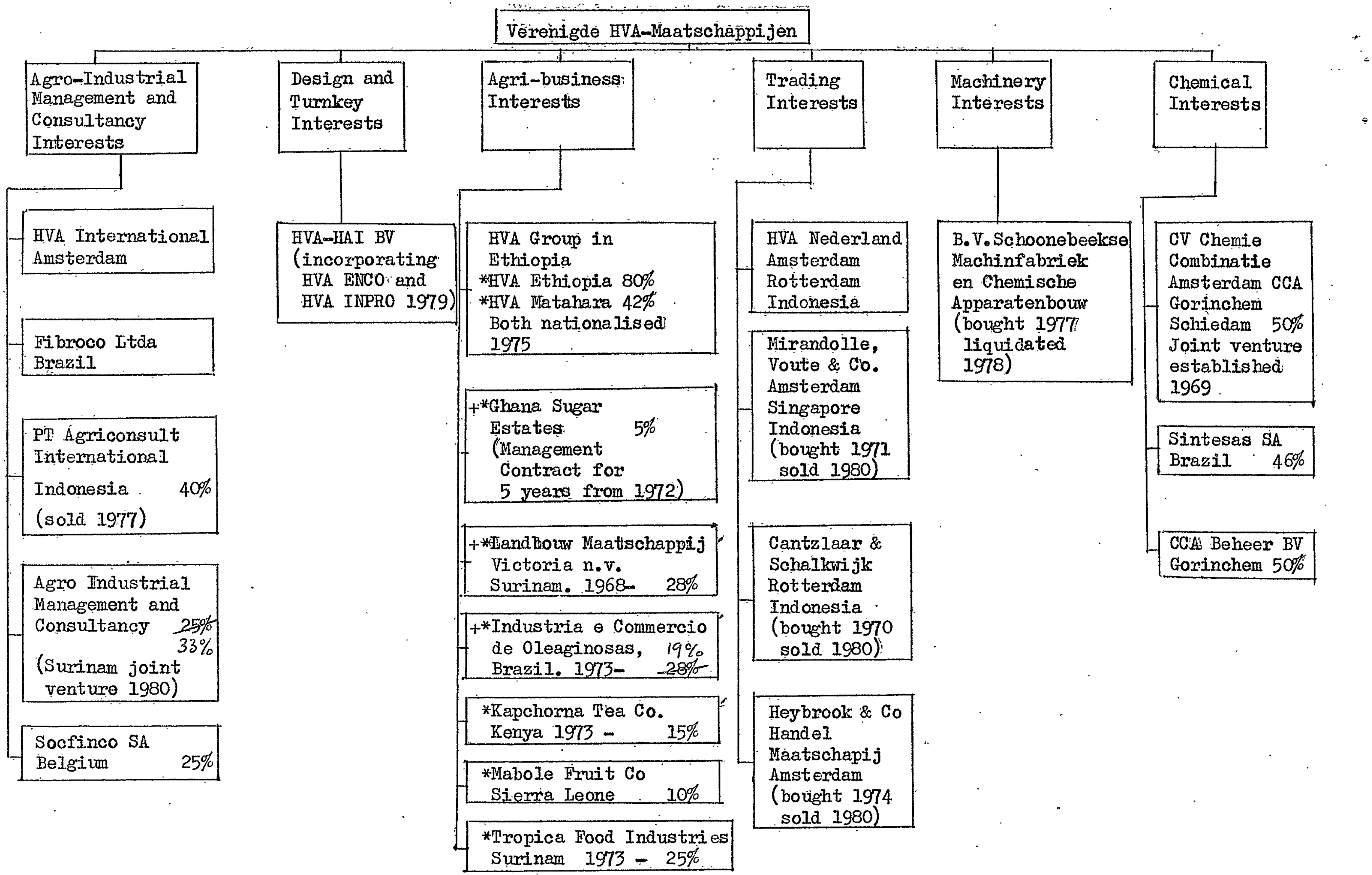
2. The shift to the supply of know-how has involved both a product and a geographical diversification. Within Ethiopia itself, HVA managed the development of tea, horticulture and cattle raising. Elsewhere they have developed extensive palm oil plantations, tea, fruit and vegetables (including fruit juice and tomato paste processing plants), and more recently chicken and dairy projects for the Middle East. Some of these like oil palm and tea (and of course sugar) were crops which HVA had organised in Indonesia. Others were modern agribusiness developments. To all, however, similar techniques of estate and small-grower management could be applied, of irrigation and commercial policy, and techniques of controlling labour. This then was a horizontal

diversification, which went along with a geographical diversification and an extension of the supply of management and technology to sugar projects. The nature of the expansion is shown on the accompanying map, which refers to the mid-70's.

3. They developed their trading interests, which had always been a limited sphere of the business, by buying control of three Dutch trading firms between 1970 and 1974. All were engaged in commodity trade, edible oils and fats, tea, rubber, coffee, hides and skins, essential oils, cocoa, spices, together with some fertilisers and chemicals. As the Company put it: "The wider assortment of products that our trading activities now comprise brings with it a better distribution of our risks and forms a broader base for the bearing of overhead expenses."[16]

4. Finally, they tried to integrate vertically in productive activities connected with sugar. In 1962 HVA had bought a majority in a small Brazilian manufacturer of fermentation products and their derivatives from sugar and molasses. In 1963 they bought a medium sized Dutch firm manufacturing lactic acid and its derivatives, using sugar as the basic raw material. In 1968 they agreed to a merger of these interests with another Dutch producer of sucro-chemical products, and formed a 50-50 joint venture called CCA, involving, significantly, a consolidation of both partners' research laboratories.

Where HVA were unable to match their international rivals was in the integration with machine producers. The leading Dutch manufacturer of sugar mills, Stork, merged horizontally with one of the main Dutch machinery manufacturers Werkspoor. Though HVA were able to co-operate with a Belgian producer of sugar plant, Ateliers Belges Reunies, for a major turnkey project at Zuénoula in the Ivory



Note: * indicates management contract
+ indicates holding by other part of VHVAM group.
100% holdings unless otherwise shown

Figure 3. HVA in the 1970's

Coast in 1977, this relationship has not been consolidated, and HVA's takeover of an ailing Dutch chemical and food processing plant producer in the same year was disastrous.

The change in HVA's organisational structure is shown in Figure 3, and in its geographical structure in Tables 1 and 2.

Table 1. HVA: Change in Share of Capital Employed. 1958-1978.

	1958/59		1968		1978	
			in millions of		guilders	
	fl	%	fl	%	fl	%
Ethiopia	33.9	81	85.0	74	92.2	69
Netherlands	5.0	12	25.3	22	29.2	22
of which:						
management/ consultancy					10.1	
chemical					10.5	8
trading					8.7	7
Overseas outside Ethiopia	3.0	7	4.2	4	12.2	9
Total Capital of HVA Group	41.9	100	114.5	100	133.7	100

Notes:
1. 1958/9 figures relate to the restructuring of the company, prepared in 1958, and effected in Feb. 1959. They exclude the 29.4 million florins claimed in Indonesia.
2. 1978 figure for Netherlands is an estimate, since both the chemical and trading interests were predominantly but not wholly located in the Netherlands.
3. Estimates for management and consultancy, and overseas investments in crop cultivation outside Ethiopia were based on 1976 figures.

Source: Company Reports.

Table 2. HVA: Changes in Geographical Distribution of Property, Plant and Equipment 1958/9-1978.

millions of guilders

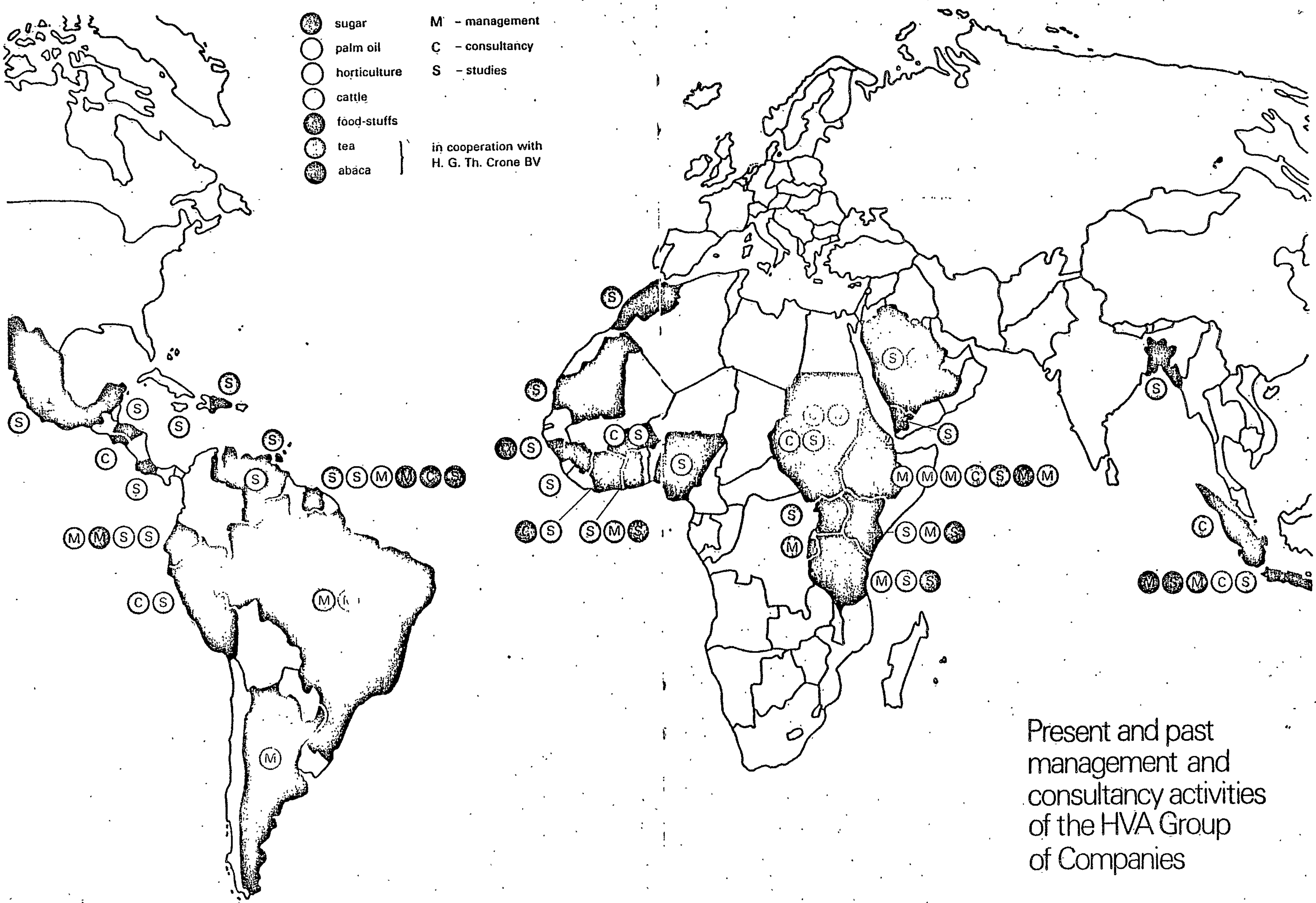
	1958/9		1968		1978	
	fl	%	fl	%	fl	%
Ethiopia	31.2	95	125.4	91	92.2	87
Netherlands	1.6	5	8.7	6	10.9	10
Other	-	-	5.0	4	2.8	3
Total	32.7	100	138.1	100	105.9	100

Source: Company Reports.

Coinciding as it did with the increasing international economic crisis of the 70's, HVA's attempt to shift the emphasis of its assets and labour back to the metropolitan base has been problematic. It has been hampered partly by a lack of cash, partly by its late start in restructuring its sugar operations, and partly by the disastrous performance of some of its new activities.

The management and consultancy business has in one sense been successful. By the mid-70's in addition to its Ethiopian operations, it was running two large sugar estates in Tanzania, rehabilitating the sugar industry in Ghana, establishing three large sugar mills in Sudan, assisting in the rehabilitation of sugar mills in Indonesia, managing a major tea estate in Kenya, a large oil palm estate in Brazil, and another in Surinam, together with a number of other studies and consultancies. In all HVA had worked in 29 countries, in 23 of them in relation to sugar, in 11 related to fruit and vegetables, in 6 palm oil (all in Latin America), and in 5 tea. By the late 70's it had established a foothold in the Middle East consultancy market securing contracts in Yemen, in Dubai, Oman, Saudi Arabia, Algeria, Egypt, and Libya, and was continuing its expansion in Africa, Latin America and to a lesser extent Asia.

The problem, however, as an HVA head office employee pointed out to me, is that there are limits to the time rates you can charge on consultancy labour, and thus quite narrow limits to profits that can be earned when know how is not transferred as part of a package. This is where the failure to link with a machinery supplier has been particularly serious. With turnkey contracts becoming increasingly important (in 13 out of 22 countries to whom HVA were supplying technology, a turnkey contact was involved)@ HVA is having to go in with independent machinery suppliers where, according to the employee, the real money is to be made. As the Managing Director of HVA International put it, "The main problem is obtaining a fair remuneration for services rendered by consultants. While a client will often accept a quoted price for factory and equipment involving astronomic amounts of money almost without question, negotiations in respect of consultants' fees - only a very small part of the total budget - are often more tedious, reflecting a tendency to underestimate the value of soft-ware input into these operations."[17] In 1977 HVA were complaining that "results from our activities in management and consultancy have lagged behind expectations"[18] In 1979 they announced for the first time their operating profit from the agro-industrial sector (including minority shareholdings) at 1.8m guilders. This should be compared to estimate returns from HVA's Ethiopian



Present and past
management and
consultancy activities
of the HVA Group
of Companies

operations in 1973 - the year before the revolution - of 13.4 m guilders. The supply of know-how to the third world was - for the time being at least - clearly an inadequate substitute as a source of group profit. The two other spheres of diversification have been even less profitable. The three trading companies taken over by HVA between 1970 and 1974, after benefitting from price rises in the mid-70's ran into severe losses in late 1977 and 1978. The company complained of the decline of the distributive trade in certain commodities (reflecting vertical integration) and sharp fluctuations in commodity prices, notably tea and coffee. They announced lossses of 6.7m fl from commodity trading in 1978, and a further 1.1 m. fl. loss in 1979. Although one of HVA's minority shareholders came in with finance and a management contract for the trading operations in 1979, all three trading companies were sold in 1980.

As for the chemical joint venture, CCA, the company's returns failed to cover depreciation charges until 1974. In that year when HVA looked forward to growing profits, the EEC withdrew a so-called production restitution which compensated EEC sucro-chemical producers for the higher price of EEC sugar relative to the world market. The acute pressure on prices, plus the downturn in markets due to the depression meant a low rate of return, while HVA were consistently having to use their limited investment funds to add to the CAA capital stock. In 1979 they therefore tried to sell their share in CCA without success.

The failure to diversify successfully became clear in 1976 when - with the Ethiopian profits cut off - the company failed to declare a dividend for the first time since 1947, nor has any dividend been declared since then. In 1978 they announced a working loss of 15.3 million fl. (on capital employed outside Ethiopia of 41.5m fl), which included the trading losses (6.7m) the losses on the abortive attempt to rescue a machinery firm (2.9m), provisions for doubtful debts on consultancy projects (1.7m) acquisitions costs for turnkey operations (2.0m) and redundancy costs (1.7m). The attempted co-operation with a Belgian agro-industrial producer (Soc Fin) in 1973 had not saved the company. The stock market discounted the shares, (HVA shares are only for gamblers said one financial commentator). In 1979 the decision to sell all interests outside the agro-industrial sector was taken as implying "an end to the diversification internationally embarked upon in previous years".[19] This was also the year in which HVA sold its head office to raise the cash necessary to obtain new agro-industrial orders.

Its hopes are two. First it hopes that either alone or as part of some larger group, it can extend its sale of know-how, and expand its profits by including this know-how as part of a package. Its efforts are now turned in this direction, notably in the new turnkey projects. The Ivory Coast sugar project currently being completed has a turnover for HVA originally estimated at 250 m fl. The Bura irrigation project in Kenya is valued at 50 million fl. The turnkey project for a chicken farm in Saudi Arabia agreed in September 1980 is to cost 57 million fl while the contract for the dairy and chicken farm complex in Libya (February 1981) is valued at 300 million fl. and will mean work for 30-80 employees. In May 1981 HVA received a second Libyan order for a dairy/chicken complex, again for 300 million florins and in the same month announced a joint venture with the part-British building group Boskalis Westminster, to carry out the two Libyan orders.

The second hope is the Ethiopian claim. Whether the pressure of company, government and international bank will force Ethiopia to pay is difficult to assess. Much will depend on how the political forces in Ethiopia and Holland react once HVA's financial, political and labour practices in Ethiopia come into the open.

From land to technology

HVA is one firm not a full economic system. Yet for two countries, Indonesia and Ethiopia, HVA has played a major role in their macro-economic history, while in a third, Holland, it ranked among the leading colonial firms for more than 80 years. This corporate biography, therefore, contains within it patterns and tensions which have a wider significance. It is, in a sense, a window on imperialism, old and new.

As far as the old imperialism is concerned, HVA's concentration in single countries means that we can trace with some precision the sources and uses of the company's capital. Until 1970 the source of almost all the capital was either Indonesia or Ethiopia. The portion that was repatriated to the metropolis was used for dividend payments (and some small head office expenses). Since HVA's shareholders tended to be small investors, we would expect the dividends to be consumed rather than re-invested. The profits that HVA retained for corporate investment were almost wholly accumulated in Indonesia or Ethiopia. Thus the surplus labour produced by workers in the two countries was appropriated by HVA and then remarried to that labour as an alien force which ensured its continuing subordination. It was not just capital's control which was being reproduced and extended, but foreign capital's control. HVA's demands on Indonesia and on Ethiopia for compensation amounted to claims to expatriate capital produced by the labour of the two countries.

To trace through the history of one firm's capital accumulation allows us to go beyond those static and epiphenomenal descriptions of foreign capital as value independent of labour, and due, as its just reward, the marginal productivity it contributes to production. In HVA's case we can see that the firm's 'foreign' capital was nothing else than the transformation of the surplus labour of indigenous workers.

This corporate history also encourages us to see the old imperialism not just in terms of the geographical distribution of capital and profit. From that point of view the international capital flows within HVA were overwhelmingly in favour of the metropolitan countries. In no way could its operations be considered as a vent for surplus capital produced in the advanced countries. But when we look at imperialism in terms of the geographical pattern of accumulation, it is the third world rather than the first in which new investment is made.

The evident reason for this re-investment was the high rate of profit. But this too has to be explained. What this case study has suggested is that a general explanation resting on low wage rates or cheap land in the third world is not adequate. Wage labour like the modern form of landed property has a history. It has to be created, and once created it has its own dynamics and contradictions. They are not 'exogenous' variables. If conditions favourable for accumulation in any one place can be created, they have also to be recreated. In Indonesia this became increasingly difficult, so that HVA left and 'created' the favourable conditions afresh. To treat these conditions as exogenous, general for the third world as a whole ,is to lose sight of the way imperialism changes these conditions, and uses one part of the third world to weaken the resistance of labour in another. It is accumulation which is the independent variable not wages or states or climate.

To put the point another way, accumulation is not merely a question of the investment of capital in specific types of production. How often nowadays is third world industrialisation treated in this way. Rather it is the accumulation of capital as a social relation. It is in this sense that we can talk of HVA as an agent of 'primitive accumulation' in Indonesia and Ethiopia, for it acted at the same time as creator of a rural proletariat, and a transformer of surplus labour into surplus value and thence capital for further accumulation. And once we see imperialism as in the final analysis a question of how international class relations are reproduced, we can see how HVA not only extended the third world proletariat but extended itself as productive capital and serviced the consumption (and hence reproduction) of a whole host of metropolitan coupon clippers.

Such a perspective on the 'old' imperialism will, I hope, help us assess the character of the 'new'. Once created, the proletariat of the periphery could counter HVA in two ways. First they could attack the company directly through strikes, occupations, seizures of stock, destruction of factory and field, even attacks on expatriate agents. Each time such forms of resistance occurred it raised the question of the state. In colonial Indonaesia or absolutist Ethiopia the state supported the suppression of resistance. In both cases it was bound in with the success of HVA as a company: in Indonesia because the colonial state's main function was to support the accumulation of Dutch capital in the country[20]; in Ethiopia because leading members of the regime (including four Ministers and the Emperor himself) had stakes in the profits of the HVA group.

But over time the multiplication of resistance was consolidated into a challenge on the overall class control of the state. The newly independent Indonesian state in 1949 did not see its prime function as supporting Dutch capital. HVA regularly petitioned the government to support its re-possession of the company estates, to regularise the organisation of labour, to soften the labour codes introduced just after independence and so on. But the new government either would not or could not do so. While it was in no sense a government of labour, it was antagonistic to foreign capital, and finished up nationalising Dutch companies in 1958. The relations between foreign capital and peripheral labour were now mediated by a state capable of supporting (or at least not interfering with) labour's claims.

The same became true in Ethiopia. Although at one stage HVA's workers tried to widen their struggle by appealing to Dutch workers through the International Plantation Workers Union in Geneva (the appeal does not appear to have been passed on by the IPWU) they found that the most effective way of generalising their resistance was to contest control of the state.

In the face of this HVA was forced to restructure. It retreated from land and from the ownership of fixed capital, to spheres of production which were not dependent on the continued protection of third world states: international trade, industrial investments in Holland, and the Dutch-based supply of technical labour. With the failure of the first two of these options, it is on the supply of technical know-how that HVA's future prospects depend. Can HVA become an 'informational capital' separate from production in the same way as banking capital has become a separate sphere? And what does the supply of information on contract imply for the relation of metropolitan capital and peripheral labour?

The background to an answer to these questions lies in the development of what I shall call 'systemofacture'. The information and communications revolution has made possible the direct organisation of much larger economic spaces. The turnover time of capital has been speeded up not merely by the development of particular production processes but by the planned synchronisation of multitudes of these processes. The economic possibility of such synchronisation is reflected in corporate practise by horizontal, vertical and geographic integration. Instead of the synthesis of labour being accomplished indirectly through the exchange of commodities on the market, ever greater quantities of labour and plant are being co-ordinated directly within a single giant firm. New management information systems have developed to monitor production, optimise flows, speed up circulation, and submit all parts of the system to the accounting grid of value.

A further consequence is that new systems are planned as a whole. New divisions of labour can be established within them , greater scale economies (rationalisations) achieved. Science is summoned up to bombard those points in the system which threaten to hold up (or make uncertain) the overall circulation of capital within it. In many sectors the new systems involve much greater masses of capital. Their gestation periods are longer. Their successful launching (the moment of circulation) has to be planned as carefully as the production processes themselves. Modern capital has, in short, to develop new methods of co-ordinating systems of production and reproduction.

This new era in capitalist development has affected agriculture as profoundly as it has manufacturing and services. The agro-chemical revolution has developed new ways of subordinating labour and nature: substituting machines for workers, avoiding nature's interruptions and uncertainties, speeding up natural processes, changing products so that they may more easily be separated from the soil. In some cases these have short circuited the soil and mass labour altogether by developing synthetic substitutes. Not all these developments have involved major capital outlays by growers (new seeds for example). Some have even shortened gestation periods as with the new species of rubber and cocoa trees. But in other cases agriculture has been industrialised. Interdependent systems have grown up. The principles of F.W. Taylor and Henry Ford have been applied to food, to cattle, pigs, chickens, soya, vegetables and increasingly to primary products where previously an artisan labour process and simple co-operation have been the rule. This is the core of the second agricultural revolution, and the basis for the growth of multinational agribusiness on a new scale since the second World War.

HVA was ill-equipped to take full advantage of these developments. It lacked the capital and research base to develop synthetic substitutes to sugar. It tried but failed to enter the production of inputs to the new agriculture, (machinery and equipment) and found international trade increasingly internalised by competitors. It was left with the possibility of supplying 'software' to the new systems.

Within the first world the major agri-businesses tend to integrate all functions within themselves: hardware, software, production and trade. But in the third world the new control of land and fixed ~~capital~~ assets by national capital and states has opened up the possibility of supplying software independently of the other parts of the system. It is this role which HVA hopes to fill. For where there is national control of fixed assets, HVA will be at less of a disadvantage vis à vis its vertically integrated competitors. It is for this reason that virtually all HVA new contracts have been for the supply of know how to agricultural systemofacture in the third world rather than in the first.

The character of the know how is evident from HVA's current contracts and the brochures they put out. They offer nationwide surveys, pre-feasibility studies, feasibility studies, organisation of tender specifications and the selection of bids, the supervision of factory machinery and erection, and the management of the project once completed. In other words they are offering to specify what systems would be appropriate, where they should be set up, how they should be designed, purchased, constructed, operated, monitored and developed. They speak of irrigation systems, integrated agricultural production systems, agro-industrial systems, national marketing systems and so on. Systems are now their business. They even offer to train their managerial replacements but not significantly their replacements at identifying and developing new systems.

There are three points I want to make about this new sphere of technology. First HVA has the problem of controlling its own technical labour. There is always the danger that workers on hire in the third world could be bought over by the local government (let alone corporate competitors). For this reason HVA have pursued a policy of high wages, the payment of part of the wage into a Dutch account for recoupment on the return of the technician, and finally a well funded pension system which binds the technical workers into the company. From more than one technician I have heard that they cannot 'afford to leave HVA'.

Second, the size of the new systems does raise the question of finance and foreign exchange. With the exception of the oil exporters, the supply of money capital for the third world's systemofacture has been commonly taken on by aid. A quite new relation between international capital and their domestic states has now grown up. In the colonial period metropolitan states supported their companies by securing an environment suitable for accumulation through the colonial state. Now metropolitan states are acting as bankers, granting credit to third world governments with which to settle the bills of the multinational suppliers. Ensuring repayment of the credit is left to the aid giver. In place of the colonial control of the state we now have the indirect control of the banker, with the risks and power being socialised within the metropolitan state. Moreover being tied in to an aid funded project is one way for a small information contractor to secure a privileged entry for its know how. Relations with aid agencies thus become crucial for a firm like HVA.

Many of HVA's projects in the 60's and 70's have been linked to aid finance. The World Bank took a major share in the Ethiopia sugar project at Matahara, in the second Tanzanian mill, in the rehabilitation of the Ghanaian sugar industry and in the extension of the oil palm venture in Brazil. Other projects were supported by money from the Kuwait Fund (Sudan), the Saudi Industrial Development Fund (Saudi Arabia), the Asian Development Bank (Indonesia) and the European Development Fund (Kenya).

Key, however, is the position of the Dutch government. They had supported HVA in a number of projects, including the second sugar mill in Tanzania, a Peruvian sugar consultancy, the Brazilian oil palm venture, a training programme in the Sudan, a study in Bangladesh and so on. But for HVA this was not enough. Greater support was central to its new policy of turnkey projects, with their large capital requirements and political liaisons. Close co-operation with the Dutch government was of "basic importance" said HVA. In 1978 indeed they formed with other Dutch agro-industry interests the Agribusiness Group Holland whose express purpose was to claim a larger share in the expenditure of agricultural development aid, both nationally and internationally. By 1979 HVA's policy was formalised: "co-operation with Dutch and other government authorities and, in addition, focussing attentions as far as possible on countries with a favourable balance of payments."[21]

Third, a new systemofacture of third world agriculture involves a changed relation between metropolitan capital and third world labour. Partly this is the result of the new labour processes that have been introduced, allowing a closer discipline of that labour which has not been displaced by machines. Partly, too, the interdependence of the processes has allowed new systems of labour organisation for those processes which have not been mechanised and still depend on artisinal labour. Notable among these is the replacement of plantations by outgrowers schemes, whose inputs are controlled and outputs pre-empted, but whose actual labour process is formally under the control of the small farmer. Managing outgrowers schemes has become one of HVA's advertised management skills (they have run them for oil palm production in Brazil and Surinam, and in Sierra Leone for tobacco growing and firing).[22]

But above all it is the change in the nature of the third world states which is most important. Many have established control over landed property and the physical means of production. Their problems are neither financial or technological. If money capital is short it may be borrowed via aid agencies or on the international money market. Where new technology is needed it can be bought through turnkey or other technical contractors. The problem that remains is the control of labour.

One answer has been to call in multinational firms to organise the labour process under a management contract and to train indigenous managers and foremen. This has become increasingly common in Africa during the 1970's. Multinationals are then ensuring the production of surplus value, some of which is retained locally via state appropriation or pay-outs to shareholders, and some is expatriated in the form of interest, fees, or capitalised profits on initial input sales. Certainly the local accumulation does not take the form of a build-up of claims by the foreign re-investor (as in the colonial period). But the expatriation of much of the surplus value and its accumulation or consumption in the metropolitan countries still continues. The multinationals and the new states have established a new sphere of co-operation, the control of labour, while the supply of money capital and technology ensures that at least part of the surplus value produced under the direction of the new co-operation is returned to the metropolitan core. The state form and the institutional terms under which metropolitan capital is married to third world labour have changed. But from the point of view of accumulation the old system and the new have much in common.

I don't want to draw too functionalist a picture. In many states labour has strengthened its position and its capacity to resist. There has been a concern to erode the technological power of multinationals and to secure a greater share of surplus value for local re-investment. In some sectors technology is widely available and the supply market competitive. This is true for such things as fruit juice production, some sugar processing plant, and tea manufacture. The failure to develop new technology does not imply in these fields that future surplus product need be mortgaged to pay for the initial plant. In some (albeit rare cases) the contradiction between multinationals and the mediating states will not be confined to the distribution of the surplus product but to its production as well: what is produced, how it is produced, the relations of production in production and in exchange.

In part HVA's future will depend on its ability to compete, weak as it is on hardware supply and turnkey finance. But it will depend, too, on the future of this new type of imperialism. Whether the private capitals of the first world can maintain control over the technology of reproduction and hence over the leading edge of accumulation is not something we can forecast. We can only lay bare the issues, and observe that in part HVA's future will depend on its ability to compete, weak as it is on hardware supply and turnkey finance. But it will depend, too, on the future of this new type of imperialism. By concentrating its key assets within advanced country states, metropolitan capital clearly aims to maintain control over the technology of reproduction more successfully than it did over the means of primary production. At the same time it cannot help developing new classes. HVA's new contractual activities have continued to expand the rural proletariat in the third world as they have done in the past. But they have also been developing technical labour. Throughout the 70's, they have expanded the employment of technicians in Holland, and the training of a new technical strata in the third world. Such strata have tended to be numerically small and privileged in underdeveloped countries, closely linked to emergent private and state capitalism. But in the advanced capitalist countries the great expansion of technical labour, and capital's attempt to Taylorise the technical labour process and deskill technicians, has had as significant a political effect as the deskilling of skilled manual labour in the first period of Taylorism and Fordism in the late 19th. and early 20th. centuries. A new white collar unionism has developed: critical of capital, confident of its capacity to operate whole economic systems, concerned with socially useful labour, with use values, rather than the increasing irrationality of profit. The development of this new class in the socialist countries reveals the differences - even antagonisms which divide it from unskilled manual labour. But it also suggests a common interest against capital. HVA is unlikely to have the same macro-significance that it had in the past in Indonesia and Ethiopia. But whether independently or as part of some larger grouping, it cannot but contribute to the development of classes with the capacity to challenge - like the colonial plantations workers before them - the very relations of production on which HVA's continued existence as private capital ultimately depends.

FOOTNOTES

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1. John Sutter, Indonesianisasi: Politics in a Changing Economy, 1940-55, Cornell University Thesis, 1955, Vol. 1, p. 13.

2. G.C. Allen and A.F. Donnithorne, Western Enterprise in Indonesia and Malaya, Allen and Unwin, 1954, p. 191.

3. Annual Report, 1949, p. 11.

4. ibid. p. 14.

5. Annual Report 1950, p. 11.

6. ibid. p. 12.

7. ibid. p. 12.

8. Annual Report, 1952, p. 12.

9. The information on which this and the following sections were based has been drawn from: a comparison of HVA's Head Office and local Ethiopian accounts, the Price Waterhouse Report of 1958, the Tate and Lyle report of 1969, an examination of Ethiopian exchange control and other records, interviews with HVA staff in Ethiopia and Amsterdam, with Ethiopian officials, and with economists in the international sugar industry. I have taken assumptions favourable to HVA when records were not complete. Nevertheless attempts to reconstruct financial data from outside the company are always open to limitations. All I wish to emphasise is the method of critically assessing a company's financial position. The precise figures will always be open to modification, and my conclusions must therefore be regarded as preliminary.

10. An example from the sugar industry came to light during the Denning Enquiry into the Sugar Industry in Fiji. See the Denning Report, Chapter 11, pp. 13-16.

11. G. Hagelberg, The Caribbean Sugar Industries, Yale, 1974, pp. 138, 140, 143, and HVA Annual Reports.

12. S. Guisinger, Tarriffs and Trade Policies for the Ethiopian Manufacturing Sector, Addis Ababa, August 1972, Table 2.

13. The account of the Capo system is from the Wonji Trade Unionists Report, "Conditions and Wages, Past and Present", 1967, which also provides much of the evidence for the treatment of labour by HVA.

14. Petros Yohannes, Factors Retarding the Development of the Labour Movement in Ethiopia, HSI University Thesis, June 1970.

15. Wonji Trade Unionists Report, op. cit.

16. Annual Report 1971, p. 18.

17. A. Goedhart (Director of HVA International), "Consultancy and Management Services for the Cane Sugar Industry", Zeitschrift fur die Zuckerindustrie, vol. 25 (C), January 1975, p. 19.

18. Annual Report, 1977.

19. Annual Report 1979, p. 6.

20. "The concentration of power and interest assumed ever larger proportions until, in the twenties, the plantations were all brought under a co-ordinating superstructure of large syndicates and cartels working in close co-operation with the government authorities". W.F. Wertheim, Indonesian Society in Transition, W. Van Oeeve, The Hague, 1964. p. 100 A pre-war Dutch commentator, Dr. Colijn wrote of this period that "Java became one large business concern". See J.S. Furnivall, Netherlands India, Cambridge 1939, p. 121.

21. Annual Report, 1979, p- 9.

22. For a case study of plantation and outgrower production in the horticultural sector in Senegal see Maureen Mackintosh, The Impact of Newly-Introduced Estate Farming on the Surrounding Rural Economy: a Case Study of Bud Senegal 1971-1976, PhD. thesis, University of Sussex, September 1980.