

Labour mobility and institutional control:

Wage shares and profitability of large-scale tobacco farming in colonial Malawi and Sumatra, c. 1900-1950

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The aim of this paper is to present a unique comparison of the development trajectories of large-scale tobacco farming in Shire Highlands in colonial Malawi and eastern Sumatra in the Dutch East Indies. More specifically, the aim of the paper is to measure and compare profitability, wages and wage shares for large-scale farming in our two cases. Our two cases enable us to investigate the role of factor endowments, initial financial strength and colonial policies as determinants of large-scale agricultural growth. Given different pre-conditions we hypothesise that tobacco estates in Sumatra were in a better position to make profits due to their assumed greater capacity to control and exploit labour.

In Malawi the tobacco farms were located in the highly densely populated Shire Highlands, situated in an otherwise labour scarce region. In Sumatra, on the other hand, the tobacco farmers were operating under a labour constraint. The main concern for the farmers in Malawi was to prevent the populations in Shire Highlands from leaving the area in search for employment in South Africa or Zimbabwe. For the farmers on Sumatra they needed to develop strategies that would attract and keep the people in the region. Presumably, offering high wages would work in both cases, but it requires the financial capacity in the initial phase and that the production is profitable enough over time to cover for the high wage costs. Under these conditions one could assume that the tobacco sector on Sumatra was in a better position as the farms were owned by European companies, while the tobacco farmers in Malawi were owned by less wealthy individuals from Britain and South Africa. Alternatively, the tobacco sector could rely on various kinds of direct or indirect force to make sure that there were adequate supplies of labour. This requires the capacity to pursue the colonial authorities to explicitly or implicitly support such an institutional order. Here again, it looks like the estate owners on Sumatra could have been in a better position to influence the colonial government.