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# COMMANDERS AND SUBALTERNS: FOREIGN CAPITAL, THE SUGAR INDUSTRY, AND FARMERS AND WORKERS IN RURAL JAVA, 1931–59

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There is a long history of foreign capital in Indonesia. It had already established a significant presence in what became the Netherlands Indies in the early 1600s and increased its operations exponentially between the 1880s and 1920s. Foreign capital investments remained active there from the onset of the interwar depression in 1931 to the nationalization of most foreign assets in the Indonesian Republic at the end of the 1950s. Foreign capital that was invested in commodity production in late colonial Indonesia was multinational in character, especially with regard to oil, tin, and rubber. With respect to the industrial production of sugar, however, which is the focus of this article, it was preponderantly Dutch capital and it was concentrated exclusively on the island of Java. It was there that, from the 1830s onward, modern industrial-scale sugar factories began to appear in considerable numbers. That development was tightly

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intermeshed with the island's settled peasantry, whose land and labor provided for the expansion of this leading sector of colonial commodity production.<sup>1</sup>

By the end of the 1920s, at the peak of the Netherlands Indies' colonial-era expansion, around 170 Dutch-owned factories were producing some three million tons of industrially manufactured sugar annually.<sup>2</sup> These factories not only provided the most valuable of Java's exports, but also had a profound influence on the rural economy and society in which they were deeply embedded, both as employers and as renters of farmland from peasants on a rotational basis, a strategy that notionally kept the "peasantry" intact while exploiting its resources.

Moreover, although many factories had closed down by the interwar depression of the mid-1930s due to the associated loss of their prime export markets elsewhere in Asia, nearly half of them were again operational by the end of the decade, when the industrial manufacture of sugar in Java experienced a considerable—and often overlooked—revival.<sup>3</sup> Even more surprisingly, the core of this industry—still predominantly in the hands of foreign (mostly Dutch) capital—also survived the subsequent decade of war and revolution, albeit just barely, and re-emerged post-1949 in the now independent Indonesian Republic as a still significant part of Java's rural economy.

In discussing the theme of foreign capital and the (ex-)colonial economy in this particular context—that is, the interface between the industrial-scale manufacture of sugar and Java's peasantry, from the final decade of Dutch colonial rule to the end of the first decade of independent Indonesia—our paper concentrates on two main ideas. The first concerns the heterogeneous constellation of interests—here designated as "commanders"—that embraced foreign capital *and* colonial actors (and, subsequently, Indonesian state players as well), and which did much to explain the survival/revival of Java's sugar industry over a period of time that might otherwise have seen its demise. The second idea relates to the juxtaposition of these commanders with a "subaltern" force—peasant farmers and laborers—that was itself far from homogenous and whose role in the continued, large-scale industrial manufacture of sugar across the mid-century decades was correspondingly varied, but equally crucial to an understanding of Java's history of sugar production.

In short, our argument seeks to escape from the crude dichotomies of an earlier nationalist historiography that insisted not only on an essential conflict of interest between foreign capital and the Indonesian national (independence) project, but also (in its populist mode, at least) on the fundamentally undifferentiated character of the rural peasantry and its interaction with mid-twentieth century developments (vide President Sukarno's celebrated "Marhaen" formulation). Articulated in terms of

<sup>1</sup> For the rise of the sugar industry in Java, see, for example, Robert Elson, *Javanese Peasants and the Colonial Sugar Industry: Impact and Change in an East Java residency, 1830–1940* (Singapore: Oxford, 1984); G. Roger Knight, *Sugar, Steam, and Steel* (Adelaide: University of Adelaide Press, 2014); and G. Roger Knight, *Commodities and Colonialism: The Story of Big Sugar in Indonesia, 1880–1942* (Leiden: Brill, 2013). For a consideration of the modernization of factory technology, see Knight, *Sugar, Steam, and Steel*, 33–65.

<sup>2</sup> Throughout this paper, the unit of production used is metric tons (1,000 kg; 2,205 lb).

<sup>3</sup> By 1941, the last year of manufacture before the Second World War expanded into Southeast Asia, some eighty-five factories were back in operation, and output had been restored to 1,702,000 tons, or well over 50 percent of its 1930 peak.

commanders and subalterns, our contrary reading posits that commanders had a degree of common interest, albeit different sources of inspiration, while subaltern responses were not only profoundly disparate in nature but also characterized by a wide ranging degree of agency. At the same time, just to complicate matters further, we discovered that the borderline between commanders and subalterns was significantly blurred and altogether more problematic than might initially appear.

### Foreign Capital, Commanders, and Subalterns

Foreign capital dominated the industrial manufacture of sugar in late colonial Java, with six Dutch companies controlling the bulk of production. The remainder was produced mostly by Chinese-Indonesian companies, the largest of which was the Oei Tiong Ham Concern, or OTHC.<sup>4</sup>

Foreign capital, however, formed only part of the broader constellation of financial interests that played a vital part in the history of Java's mid-twentieth-century sugar production. "Commanders," as we use the term here, encompasses not only the sugar companies but also a variety of state actors: national politicians, central government bureaucrats and agencies, as well as provincial and local officials. These commanders were Dutch, Indonesian, and Chinese. It was their sometimes disparate, sometimes congruent expectations and visions for the industry, together with their attempts to bring them to realization, that played a key role in keeping the industry operative on the island during the turbulent years that spanned the 1930s–50s.<sup>5</sup>

Equally important, however, was the presence and *agency* of the subaltern forces engaged in the production of sugar. As we use it, the term "subaltern" refers to "low order," "grassroots," and "subordinate" actors. In this context, the term "peasant" appears as unavoidable as it is problematic. Clearly, any discussion of "peasant responses" rapidly exposes (if it still needs exposing!) the heterogeneous nature of the rural society and economy to which the blanket term "peasantry" is applied. In this context, we shall make a strong distinction between the interests of rural landholders and landless or marginally landed rural laborers. In turn, of course, that distinction has to take into account, among other considerations, the differing interests of the various strata of landholders and a variety of complex divisions among the landless.

<sup>4</sup> The sheer ubiquity of Chinese-Indonesian capital in postcolonial Indonesia has led to an exaggeration of the extent of its stake in the colonial-era sugar industry. At most, such capital controlled no more than 20 percent of total productive capacity in the interwar years, and most probably somewhat less. Only one factory, OTHC's Redjoagoeng, ranked among the largest enterprises, that is, those using 4,000 hectares or more of land (about 9,900 acres or more).

<sup>5</sup> There was a massive scaling down of industrial sugar manufacture early in the 1930s, due to the global effects of the interwar depression. That was followed by the industry's near-extinction during Japan's occupation of Indonesia and Indonesia's subsequent national revolution (1942–49). The upheaval culminated in the late 1950s with the sequestration of (Dutch) foreign capital by the Indonesian Republic and the nationalization of Java's sugar factories.

### Commanders: A Complex Constellation of Interests

Foreign sugar capital, which was still preeminent prior to nationalization, had two main ends in view. One was to continue to exploit, as it had always done, Java's potential to supply cheap sugar for world markets. (Although this potential was rapidly eroded in post-War circumstances, the colonial mindset died hard.) The other was to get what returns it could from the (damaged) infrastructure in which it had invested so heavily since the mid-nineteenth century—while at the same time continuing to exploit the industry's (depleted) stock of human capital—expatriates, Indies Dutch, Chinese-Indonesian, and, last but not least, Indonesians—who were trained in management and in the science and technology of growing and manufacturing cane products. During the course of the 1950s, moreover, sugar capital began to grasp the possibility that the bulk of sugar sales might profitably take place in domestic markets that were protected from cheap imports by ex-colonial government regulations dating from the interwar depression.

Meanwhile, the “Indonesianization” (*Indonesianisasi*) of the industry's onsite personnel—however patchily and reluctantly embarked upon—created a new sub-class of Indonesian commanders in the factories; these commanders had a strong interest in perpetuating the industry and thereby preserving their jobs and powers of patronage.

Taken as a whole, however, the interests and agendas of Indonesian commanders who espoused the cause of the industrial manufacture of sugar displayed a marked heterogeneity, one in which immediate self-interest was just one factor. Some state actors evidently shared the export-oriented perspectives that informed (initially, at least) the deliberations of overseas capital, albeit with very different ends in view. Leading nationalist figures, such as vice-president Mohammad Hatta, appear to have taken up the cause of regenerated sugar manufacture in the late 1940s not least because the scarcity prices that sugar then commanded on the world market might form a valuable source of foreign exchange to bolster the entire nationalist project.<sup>6</sup> Even more immediately, during the course of its four-year struggle with the Dutch, sugar shipped from the Republic's territory was a useful source of funds for its hard-pressed economy—and for buying weapons to continue the military struggle against the Dutch, should diplomatic avenues be exhausted.<sup>7</sup>

Yet there was an altogether grander narrative at work here, manifested in a conviction among the new Republic's political elite that industrially manufactured sugar was a global commodity inseparable from the self-sufficient national “modernity” toward which the independence project strove. The most striking instance of this conviction concerned the young Sultan of Yogyakarta, Hamengkubuwono IX, and the Madukismo, or “Land of Honey,” sugar factory that he

<sup>6</sup> John O Sutter, “*Indonesianisasi*; A Historical Survey of the Role of Politics in the Institutions of a Changing Economy from the Second World War to the Eve of the General Election, 1940–1955” (PhD dissertation, Cornell University, 1959), 396.

<sup>7</sup> This trade also had significant international implications. On several occasions, US- and British-flagged vessels, for instance, were detained by the Dutch navy for allegedly exporting sugar from Republican-held ports. In February 1947, for example, the US vessel S.S. *Martin Behrman* was stopped off the port of Cirebon. See: *New York Times*, February 22, 1947; *Kedaulatan Rakjat*, March 3, 1947; and the diplomatic telegrams from Acting US Secretary of State Dean Acheson to the US Ambassador in The Hague and Consul-General in Batavia, reproduced in United States Department of State, *Foreign Relations of the United States, 1947: Volume VI. The Far East* (Washington: U.S. Government Printing Office, 1947), 896–97; 905–6.

built in his principality in South-Central Java during the mid-1950s. Indeed, as has been remarked for the Indonesian context in general, there was a close interaction between technology and national identity:

... the issue of industrialization was a crucial one for Indonesia, as the ability to produce finished goods, and not merely raw materials, became a potent marker of post-coloniality for both domestic and foreign audiences.<sup>8</sup>

Hamengkubuwono was both a traditional potentate and a modern and ardent member of the nationalist elite that had taken over Indonesia from the Dutch at the end of 1949, and Madukismo was proudly described by one of his key aides as “the largest and most modern” factory of its kind anywhere in Southeast Asia.<sup>9</sup> “Modern” was the key word. Located a few kilometers south of the city of Yogyakarta itself, Land of Honey was ceremoniously opened in 1958 by no less a figure than the president of the republic himself. Sukarno was no mere titular figurehead: revered as the father of his nation, he was widely perceived as the personification of the Indonesian national project, whose inspiration he had been since the late 1920s. No matter that Madukismo closed down almost immediately after it began operations, due to unanticipated difficulties with its semiautomatic machinery, and did not reopen for another twelve months or more.<sup>10</sup> It nevertheless remained as a powerful symbol of the intent of the national project.

In a country otherwise largely devoid of major industrial plants, Java’s colonial-era sugar factories (or at least the most recent of them) served as a prime exemplar of industrial progress: for key people in nationalist circles, all born in the early years of the century, the succession of great, state-of-the-art operations built during the 1910s and 1920s—vast buildings full of gleaming machinery—represented the apogee of Dutch colonial achievements. As Rudolph Mrázek has argued, in forging the intimate links between technology and national identity, the indigenous, Indonesian “engineers of happy land” readily took their cue from their “colonialist” counterparts and contemporaries.<sup>11</sup> Indeed, the technology–nationalism link espoused by independence-minded elites in the third world reflected an idolatry of modern technology that was, it might be suggested, particularly characteristic of states that otherwise shared very unequally in the economic benefits of world capitalism that such technology was developed to serve.

<sup>8</sup> Suzanne Moon, “Justice, Geography, and Steel: Technology and National Identity in Indonesian Industrialization,” *Osiris* 24 (2009): 253, 258.

<sup>9</sup> Selo Soemardjan, *Social Changes in Jogjakarta* (Ithaca: Cornell University Press, 1962), 296–97.

<sup>10</sup> As reported somewhat gleefully in 1958 by the HVA (Handelsvereniging “Amsterdam,” a Netherlands Indies development company in Java), the installation at Madukismo left a great deal to be desired (“*schijnt aan de installatie zeer veel te mankeren*”). According to an official Indonesian government communiqué, quoted in this source, the machinery’s trial runs ran into “*mislukking*.” As a result, cane could not be milled. The company’s informants had reported that the Indonesians were blaming the East German “*technici*,” while the latter blamed the “shoddy work” of the Indonesians employed on the site. In any event, the East Germans had left the country. See Notulen HVA 5.9.1958/1042. Nationaal Archief (Dutch National Archives; hereafter NA) 2.20.32/10. Local legend, as reported to the second author in the 1980s, was that the mill—being of East German origin—was originally designed to process beets, not sugar cane.

<sup>11</sup> Rudolf Mrazek, *Engineers of Happy Land: Technology and Nationalism in a Colony* (Princeton: Princeton University Press, 2002), *passim*.

In short, for a variety of reasons, not least of them a blind conviction regarding the organic links between industrialization and modernity, state actors in the newly established Indonesian Republic sought to perpetuate the large-scale industrial manufacture of sugar in somewhat unlikely circumstances. Sultan Hamengkubuwono himself was evidently contemptuous of the interests of Dutch capital. Not only had he pointedly employed East German socialists to create Madukismo, but he had also tacitly supported (at the very least) the destruction of pre-War Dutch-owned sugar factories in Yogyakarta at the end of the 1940s, and the concomitant uprooting of the Indies “sugar barons” who had run them. Others among his contemporaries, however, took a less extreme view, and it is abundantly clear that, during the early years of independence, the sugar factories that continued in the hands of foreign capital could rely on the backing of state actors both at the provincial and national level (that is, up until the end of the 1950s, when these factories were nationalized). In short, a constellation of interests had grown up around Java’s sugar industry over the course of its century-long history. Although foreign capital played an important part, it did not do so to the exclusion of other actors, however diverse and sometimes ambiguous those other actors’ approaches to the industrial manufacture of sugar might sometimes be. That ambiguity and heterogeneity, as we shall see, also extended into the subaltern domain.

### **Fragmented Interactions: Subalterns and the Industrial Manufacture of Sugar**

The dynamic of subaltern interaction with the industrial manufacture of sugar during the period with which we are concerned, the 1930s–1950s, was characterized by fragmentation. Broadly speaking, and within the context of a spasmodic history of conflicted relations with sugar capital, the laboring poor—the landless and the marginally landed of rural and quasi-rural Java—needed the work that the large-scale industry offered, in both factory *and* field. They needed it because it provided women and men—female labor was very important in this context—with a modicum of subsistence where and when subsistence was otherwise hard to achieve. Likewise, the sugar industry held out the possibility of some alternative to rural laborers’ dependence on peasant farmers, who were otherwise generally the main employers of labor in the countryside. Hence, workers’ organizations tended to be supportive of the industry’s survival/revival, while simultaneously determined to extract from the employers wages, terms, and working conditions that represented a marked improvement over workers’ pre-war situation. The stance of peasant farmers themselves and the organizations that represented them was, by contrast, notionally altogether less supportive of the industry. Since its inception in the middle decades of the previous century, Java’s industrial-scale sugar industry had relied on access to peasant farmland for the production of the raw material. To be sure, some elements among the strongly internally differentiated landholding strata of the rural population appear to have been broadly supportive of the sugar factories rather than opposed to their operations. Nonetheless, the main thrust of the organizations representing those peasant farmers who grew up during the revolutionary period was one of opposition to the sugar industry and its associated enterprises.

## Workers' Organizations and the Sugar Factories

The sugar industry's revival in the late 1930s was devoid of any sign of formal workers' organizations pressing for improved wages or conditions. The situation in which ex-colonial sugar factories found themselves in the late 1940s and in the 1950s, however, was radically different.<sup>12</sup> With the prospect of independence emerging and as an integral part of the republic's struggle against the Dutch, labor unions were formed and existed openly for the first time since the 1920s. In the sugar industry, the foremost of these was Sarekat Buruh Gula (SBG, Union of Sugar Workers), an organization affiliated with the PKI (Partai Komunis Indonesia, the Indonesian Communist Party), which had itself come once more into the open after being proscribed in the wake of an unsuccessful uprising some two decades earlier. The newly (re-)formed labor unions supported the cause of industrial sugar manufacture because it made work for their members. Trade union leaders (specifically the executive of the SBG) pressed for the reopening or rehabilitation of factories that had been closed during World War Two or damaged during the subsequent struggle with the Dutch.

In April 1956, for instance, a meeting of SBG's executive committee called for, among other things, the rebuilding of the Wonoasih, Kunir, and Ceper mills, which were not badly damaged; halting of plans to close the Tasikmadu and Colomadu mills; speeding up of construction of the Madukismo mill; and the building of new mills at Tegowangi, Comalbaru, Ketanggungan Barat, "and so on."<sup>13</sup> Other prime cases in point included HVA's (Handelsvereniging "Amsterdam") Koenir factory in Kediri and the mighty Comal Baru factory on the north coast of Central Java.<sup>14</sup>

Even so, there were clear limits beyond which the SBG and other labor unions were not prepared to go to espouse the industry's cause, and thus they remained the *bête noir* of industry executives—the SBG, in particular. Although industry leaders might assert that the celebrated nationalist slogan of *Merdeka!* was being translated by unionists as "more pay for less work,"<sup>15</sup> reality had more to do with demands for higher wages and better working conditions. Specifically, in the case of the sugar industry, this meant demands for such things as eight-hour shifts, showers and toilets in the factories, and other requirements that plainly scandalized the general run of (ex-)colonial employers.

<sup>12</sup> For a detailed discussion, see Colin Brown, "The Politics of Trade Union Formation in the Java Sugar Industry, 1945–1949," *Modern Asian Studies* 28, no. 1 (1994): 77–98.

<sup>13</sup> See *Bendera Buruh*, April 10, 1956, V.

<sup>14</sup> *Harian Rakjat*, November 18, 1954. Koenir was a state-of-the-art installation from 1929 that was badly damaged, but not destroyed, in the late 1940s during the second of the two Dutch "police actions" against the republic. Comal Baru was built at huge expense by Dutch investors at the beginning of the 1920s, but was subsequently rendered inoperative during the Japanese occupation by bungled attempts to convert its high-tech machinery to the manufacture of motor fuel from raw sugar.

<sup>15</sup> *Jaar Verslag* (Annual Report; hereafter JV) Adminstrateur Gending 1951: 28, NA, Archief Koloniale Bank (hereafter KB) 2.20.05/155. *Merdeka*, in general, means "freeman" or independence. The slogan *Merdeka!* has been used to mean many things, including greater freedom and outright political independence (from, for example, the Dutch colonial government).

In these circumstances, *merdeka* brought in its wake a level of industrial labor unrest that was totally unprecedented. Strikes abounded, often led by the SBG.<sup>16</sup> From the viewpoint of the foreign capital that still controlled the bulk of the factories, perhaps even more disturbing than the strikes was a general refusal by workers to accept the pre-war norms of labor discipline. What had taken their place, complained a factory manager (one can almost smell the cigar smoke), related to “the generally occurring post-war phenomenon of a total lack of interest in work and the absence of any feeling of obligation [*plichtsgevoel*].”<sup>17</sup> Conflict was rife; at one rehabilitated factory on the north coast of Central Java, for example, what management referred to (using the English term) as a “club” of SBG activists, all but one of whom it identified as members of the PKI, raised labor grievances by the score. Indeed, management felt it almost impossible to negotiate with the unions, “since the doctrines which they have imbibed leave no room for reason.”<sup>18</sup> Elsewhere it was a similar story. In Kediri, for example, at the HVA’s Ngadiredjo factory, the only one of its once extensive operations in Central Java to survive the 1940s, company management found itself confronted by unions, all of which were said to be “Marxist orientated” and that used slogans against “imperialism,” for “class struggle,” and—a nice sign of the times—“Hands off from Korea!”<sup>19</sup>

#### Farmers’ Organizations, Opportunity Costs, “Big Peasants,” and Petty Landholders

The activities of communist-affiliated elements among Java’s mid-twentieth century subalterns were not limited, however, to organizations representing workers. They also extended to organizations representing peasant farmers, notably the Barisan Tani Indonesia (BTI; Indonesian Farmers’ Front), that had grown up during the national struggle for independence in the late 1940s, and which, like the SBG, was closely associated with the Communist Party. Nonetheless, this association had its paradoxical dimension: the “Red” SBG was broadly supportive of the industrial manufacture of sugar, despite its on-going struggle over wages and work conditions, while its equally “Red” counterpart representing peasant farmers was unequivocally opposed to the industrialization of the sugar industry.

One ostensibly key dimension of that opposition revolved around the contention that landholding elements within the peasantry were economically disadvantaged by renting their fields to sugar factories for the cultivation of cane—and only did so because of pressures brought to bear on them by village officials (and others) working in cahoots with factory managers. Nonetheless, this oversimplified the situation. Mid-twentieth century “village” Java was permeated by complex webs of considerable rural

<sup>16</sup> For specific examples of strikes and concomitant stoppages during the campaign, see, for example, JV Cultuurmij “Gending” 1950: 3–5; 1952: 3–5, NA KB 2.20.05/1149. For a union perspective, see S. Hadisiswojo, “Perkuat persatuan, lawan perpetjahan. Inilah djalan untuk memperbaiki penghidupan” [Strengthen unity, fight against divisions. This is the way to improve livelihoods], *Lahir dan Perkembangan SBG* (Surabaya: SBG, Surabaya, n.d. [1956?]), 56–63. The table of strikes Hadisiswojo cites, although, suggests a rather lower level of industrial disputation (58). Hadisiswojo was the general secretary of the union at the time.

<sup>17</sup> JV NHM Factorij Djakarta, 1950(2): 14; and NA NHM 4570.

<sup>18</sup> Rapporten Bandjaratma 7.4. 1955, NA KB 2.20.05/116.

<sup>19</sup> HVA Notulen 6.10.1950/947; 30 .6.1950/945 & 6.10.1950/947. NA 2.20.32.



indebtedness and the commensurate power of “big peasants”—that is to say, farmers who held significantly more land than their contemporaries or held sway in one way or another over economically weaker villagers via extensive patron-client networks. In short, landholding peasants did not constitute a homogenous mass and their responses to the activities of the sugar factories varied accordingly. In certain circumstances—although far from invariably—big peasants might well draw benefit from the sugar factories’ arrangements for renting land (e.g., through their usurious dealings with the cash that rental provided) and could therefore be counted on to support, rather than oppose, the operations of foreign capital in this sector of the ex-colonial economy.

On this analysis, the interests of the people whom the BTI designated as “rural landlords”—they were characterized, in terms presumably copied from contemporary Maoist China, as one of the “seven village devils”<sup>20</sup>—were closely tied with the industrial manufacture of sugar. Hostilities between the BTI and the sugar factories—and, presumably, their “big peasant” allies—reached a flashpoint in Kediri Residency, in East Java’s upper Brantas valley, in the mid-to-late 1950s, and centered on the HVA’s operations there.<sup>21</sup> Before the Second World War, this Amsterdam-based company had been the largest of the overseas investors in Java sugar, with a network of factories in Kediri, together with a huge, multi-factory complex in the island’s far southeast. Although the scale of HVA’s operations was much reduced in the post-war years, the Ngadiredjo factory in southern Kediri remained fully operational. Indeed, like the HVA Koenir factory, it survived despite the destruction of many other factories in the Brantas valley that took place at the time of the second Dutch “police action” at the end of 1948 (likely because the company had been a keen advocate of this second “police action”). Nonetheless, its subsequent history, from the point of view of industry management, was a very troubled one.

The 1950s were hard times in the countryside surrounding Ngadiredjo. Even the HVA—not famous for its sympathy for Indonesian interests—was prepared to concede that the very considerable thefts of factory cane by villagers that was taking place in Kediri was attributable not only to the thieving disposition of the “natives,” but also to “the wretched state [*de kommervolle positie*] in which the people found themselves.”<sup>22</sup> In such circumstances, pushing ahead with plans to bring more land under cane was almost bound to run into resistance—which, indeed, it did, in the form of continued clashes with “squatters” on what was deemed to be company land. (For some time, squatters kept marginal, government-owned land in production for personal use. It became “company land” when business interests leased that so-called “wasteland” long term from the government, and it became necessary to evict the squatters. It was on this score, if no other, that the HVA found itself involved in a series of incidents (*acties*) in which the BTI was also deeply involved. Indonesian police units were used to remove both the squatters and their crops, in retaliation for which the HVA’s newly planted cane was pulled out of the ground. Matters remained unresolved after

<sup>20</sup> Hermawan Sulisty, “The Forgotten Years: The Missing History of Indonesia’s Mass Slaughter (Jombang-Kediri 1965–1966)” (PhD thesis, Arizona State University, 1997), 160.

<sup>21</sup> For a detailed and documented account of the events narrated in this and the subsequent two paragraphs, see G. Roger Knight, “From *Merdeka!* to Massacre: The Politics of Sugar in the Early Years of the Indonesian Republic,” *Journal of Southeast Asian Studies* 43, no. 3 (2012): 403–22.

<sup>22</sup> HVA Notulen 1.2.1952/964 NA HVA 2.20.32/8.

nationalization, and culminated in 1962 in further *acties*, during which, it was said, a bulldozer clearing squatter's crops was attacked and its driver buried alive.<sup>23</sup>

As this implies, the BTI was as critical of the Indonesian government as it was of the foreign capital interests. In 1952, for instance, Jakarta took over the setting of land rentals from local government officials, in a move designed to ensure greater benefits to landholders than had previously prevailed. Debates on the matter in the parliament showed that most members were generally supportive of this initiative—but not so the BTI members. Mohd Tauhid, leader of the BTI faction, said:

In practice, the involvement of the government and its agencies will in fact be to the detriment of the people, because they habitually side with the estate owners on land rental issues, and do whatever they can to help the estates get access to cheap land.<sup>24</sup>

### Accommodation of Sorts: “Smallholder Cane” versus “Industrial Sugar”

The sometimes-violent resistance to large factories by the BTI and other peasant organizations was only one dimension of peasant farmers' interactions with the mid-century revival of industrially manufactured sugar. Altogether more significant were responses that reflected subaltern agency. One was the attempt to meld the production of so-called “smallholder cane” with the operations of the island's industrial sugar factories.

The industrial manufacture of sugar, as it had evolved on Java since the 1880s, was based—plantation-style—in the field on the direct management of cane cultivation by the factories themselves. Factory managers arranged to rent peasant farmland (on a rotational basis, with peasants raising their own crops on off years) and to have it planted with cane by laborers who were paid by the factories and who worked under the close supervision of factory personnel. This highly centralized system for producing raw material became the basis of an agro-industry in sugar that, in many key aspects, was unique to Java. Within the framework thus established, production was backed up by the intensive use of chemical fertilizers, a constantly evolving and well-researched cane horticulture, and an industrial way of organizing the huge workforce involved—all of which was virtually unparalleled in the international sugar economy of the day.

At various times during the first half of the twentieth century, however, alternative ways of supplying raw material for the industrial manufacture of sugar, primarily through the agency of peasant “smallholders,” were canvassed among commanders, and probably also among the subalterns of Java's main sugar districts. The former included the mid-century Dutch pro-consul, Hubertus van Mook (who sought to steer the Netherlands Indies in the immediate post-war years), and also a variety of leading figures among the Indonesian national elite. Nonetheless, proposals of this kind ran into strong opposition, not only from the powerful *Suiker Syndicaat* that represented the interests of foreign capital, but also from sectors of the colonial bureaucracy. Objections focused on the suspicion that, in actual practice, it would be less

<sup>23</sup> Pipit Rochijat, “Am I PKI or Non-PKI?” *Indonesia* 40 (1985): 43–44.

<sup>24</sup> *Risalah Perundingan*, meeting 6, February 6, 1952, 32.

advantageous for the peasantry than the existing system of having factories rent peasants' land; might endanger peasant food production (since rotation crops might not be planted as there would be no off years); presupposed a strata of peasant *rietboeren* (cane farmers) that scarcely existed; and risked fatally damaging the elaborate system of industrial agriculture on which the industrial manufacture of sugar in Java had come to depend. Indeed, in 1946, when Van Mook (who had no time for foreign sugar interests) suggested that there might, indeed, be "another way" of provisioning the factories with cane, he found himself faced with implacable opposition from the *Suiker Syndicaat* and its metropolitan counterpart, BENISO (Bond van Eigenaren van Nederlandsch-Indische Suikerondernemingen, Union of Owners of Sugar Enterprises in the Netherlands Indies).<sup>25</sup>

Even so, within less than a decade, the idea of furnishing the factories with "smallholder" cane had come into its own as a mingling of subaltern responses to, and commanders' aspirations for, the survival/revival of the industrialized manufacture of sugar.<sup>26</sup> Coincidentally or otherwise, at the same time that Van Mook's proposal for a shift toward smallholder production was being aired, similar recommendations were voiced in a leading Republican weekly.<sup>27</sup> Nonetheless, successive Republican governments in the late 1940s skirted the issue—not least because they feared international complications if they appeared to threaten the interests of foreign capital. Indeed, it was the opinion in Amsterdam boardrooms that at least one group among the Republican leadership, that associated with Sutan Sjahrir, an early prime minister and exceptionally influential figure in the nascent Republic, was likely to favor the status quo.<sup>28</sup>

In 1947 it was left to the newly formed BTI to advocate for a smallholder program for the revived sugar industry.<sup>29</sup> Since the BTI was affiliated with the PKI, BTI's involvement with and advocacy for smallholder interests would hardly have commended such a scheme to the generally conservative elements that controlled the Republic from early 1948 onward—elements that successfully put down a "communist" uprising in Republican territory in East Java later in that year.<sup>30</sup> Nonetheless, a compromise that sought to combine smallholder production with factories' improved land-rental terms evidently gained ground on the Republican side. Moreover, once Indonesia's independence was recognized at the end of 1949, Dutch sugar companies found it expedient (and possibly even more profitable) to move to

<sup>25</sup> See, for example, a 29-point document, compiled by A. W. Hartman, December 13, 1946, and circulated to BENISO members in the Netherlands, and subsequently to members of the *Syndicaat* in Java itself (NHM Archief, NA 2.20.01/9243, file "Suiker Algemeen").

<sup>26</sup> The account below derives primarily from Colin Brown, "Land Use Policy in the Java Sugar Industry, 1945–1957," paper presented at the ASAA/CAS/ISEAS Conference, Singapore, February 1–3, 1989, 5–11, where substantiating detail is to be found.

<sup>27</sup> Anon, "Politik Pertanian: I," *Ma'moer* 1, no. 17, October 25, 1946: 572. The author may have been Prawoto Soemowilogo.

<sup>28</sup> Notulen Bestuursvergadering HVA 11/11/1946, no. 894, NA 2.20.32/7 deel 32, 6–7.

<sup>29</sup> For details, see Brown, "Land Use Policy," 9.

<sup>30</sup> Similar plans for a *restructuring* of major facets of the "estate" economy were also espoused in the 1940s by the "Trotskyite" nationalist, Tan Malaka, and his supporters. See Tri Chandra Apriyanto, "Decolonisation in the Jember Estate Economy," in *Indonesian Economic Decolonization in Regional and International Perspective*, ed J. Th. Lindblad and Peter Post (Leiden: KITLV Press, 2009), 107–30.

that mixed system of obtaining raw material that they had so disparaged when it had been suggested only a few years earlier.

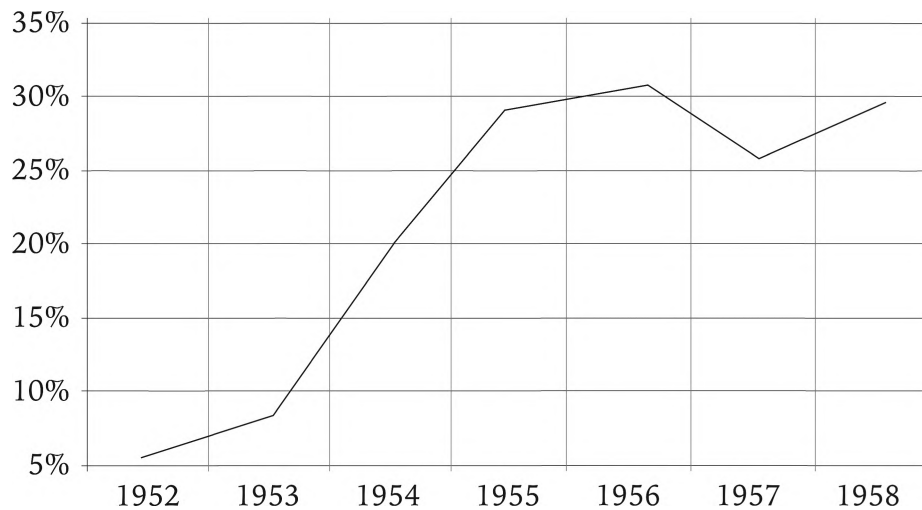


Figure 1: Smallholder Cane as a Percentage of All Cane Supplied to Java Factories  
Sources: JV NHM Factorij Djakarta 1956 (2): 16–17, 1957 (2): 19, and 1958 (2), 19; and NA NHM 2.20.01/ 4572

During the 1950s, although the factory-managed, plantation-like style of doing things remained dominant, smallholder production began to take a place alongside it. Commanders were heavily involved. Indeed, at least as reported in disapproving Dutch business circles, the new Indonesian government was the driving force behind increasing smallholder production for the factories.<sup>31</sup> In addition, it also financed the building of two mills—Jombang Baru and Kerebet Baru—to manufacture sugar exclusively from smallholder cane,<sup>32</sup> and government agencies became the main providers of credit for smallholder enterprises.<sup>33</sup> Nonetheless, Indonesian government commanders' schemes for smallholder production of cane to provision the island's industrial sugar factories could only succeed if the subalterns agreed to such schemes. Some clearly did. On the eve of nationalization, nearly two-thirds of all the smallholder cane grown for milling by industrial sugar factories was from East Java's Madiun Residency, from neighboring Kediri, and, further east still, from the Malang district of Pasuruan. These were precisely those areas of East Java that had long been

<sup>31</sup> See JV NHM Factorij Djakarta 1955 (2): 16–17, NA NHM 2.20.01/ 4572.

<sup>32</sup> Brown, "Land Use Policy," 12–14.

<sup>33</sup> On the arrangements in 1951 and 1953 to provide state credit to sugar smallholders, see *Ibid.*, 12–13. The activities in this respect of JATRA, a state-sponsored Smallholder Cane Foundation, are detailed in Pierre Van der Eng, *Agricultural Growth in Indonesia: Productivity Change and Policy Impact since 1880* (New York: St. Martin's Press, 1996), 226–27. For contemporary accounts, see: Soekardjo, "Tebu Rakjat dan Jajasan Tebu Rakjat," *Pertanian* 10, no. 3 (1959); *Keng Po*, May 16, 1953; and Bank Indonesia, *Annual Report 1953–1954*, 120.

associated (see below) with smallholder cane cultivation, much of it for the production of brown “farmers’ sugar.”<sup>34</sup> Nonetheless, despite these marked regional and characteristically local variations, the growth in the sheer quantity of smallholder cane reaching Java’s industrial sugar factories remained impressive. In total, by the second half of the 1950s, around 25 percent or more of Java’s factory-made sugar was being milled from peasants’ cane of smallholder provenance, with a peak of over 30 percent in 1956, up from less than 6 percent four years earlier.

In terms of productivity, however, the results were not so encouraging for those who saw smallholder cane as the solution to how the factory-scale sugar industry might thrive in a postcolonial order. Per-hectare yields of manufactured sugar from smallholders’ cane were 50 to 60 percent lower than yields from “factory” cane (grown on rented land). The crucial reason for such a disparity was probably that the smallholders’ fields set aside for growing cane were unlikely to be prime agricultural land, since the best land was more likely to be planted to rice and other food crops. Likewise, the ratooning of cane (i.e., allowing regrowth from the previous year’s cane stools), a practice largely eschewed on factory plantations because of the inevitable drop in cane yields, appears to have become widespread among smallholder cane growers, presumably because of the significant saving on labor and the prospects of an earlier harvest relative to non-ratooned cane.<sup>35</sup> In short, a significant degree of farmer “resistance” appears to have permeated the smallholder production of cane for supply to the island’s industrial sugar factories.

### **Brown versus White: Farmers’ Sugar as an “Anti-Commodity”**

Attempts to meld smallholders’ cane production with Java’s industrial sugar factories were only one dimension of subaltern responses to commanders’ pressure on them to support industrial sugar production. And that response was ambiguous in the sense that many farmers were apparently participating in the scheme to support industrial sugar production, but in fact stymieing that production through the strategies previously outlined. Even more important was smallholders’ enhanced development of brown, or farmers’ sugar (*gula Jawa*), in competition with factory output. The production of brown sugars, produced by preindustrial artisan techniques, has a long and complex history in Java. By the mid-twentieth century, however, it was a history that can be characterized in terms of a local manifestation of a global phenomenon—one in which (frequently) ex-colonial commodities were confronted by what might be termed “anti-commodities.” Briefly summarized, the “anti-commodities” phenomenon was characterized by developments that sought to manipulate, confront, turn to new purposes, or radically reconstruct—often in a varying mixture of all four—the older forms of commodity production that had, for the most part, been inherited from a now-defunct colonial order. The anti-commodity phenomenon manifested itself in a search for alternative forms of production and the adoption or substitution of additional economic activities that served local rather than

<sup>34</sup> Brown, “Land Use Policy,” 23.

<sup>35</sup> *Ibid.*, 14.

overseas markets.<sup>36</sup> (While farmers' sugar is primarily for the domestic market and factory sugar the international market, the different products compete for farmers' resources. Farmers take up production of farmers' sugar as an alternative use of their resources, as compared with factory sugar.)

Yet the smallholder's responses to the production of industrial sugar was not only contested or combative. Some significant accommodation was also at work. Most important of all, although anti-commodities might be seen—quite properly—in terms of peasants taking up “weapons of the weak” (e.g., producing brown sugars) in their confrontation with the island's industrial sugar factories, there was a further and highly significant dynamic at work in mid-twentieth century Java. It was a dynamic that reflected the strongly differentiated character of peasant society and economy, and the complexity of mapping peasant responses to the impact of foreign capital.

A little history is in order here. During the mid-to-late nineteenth century, peasant farmers' production of artisanal brown sugars for local consumption—an activity that had presumably gone on for decades, if not centuries, in parts of rural Java—showed every sign of growth, most notably in the Central and East Java Residencies of Madiun, Kediri, and Pasuruan.<sup>37</sup> In the 1870s, when Kediri was still considered a “frontier” area, making farmers' sugar appears to have come to the attention of the colonial government,<sup>38</sup> and may have represented the enterprise of recently arrived settlers from precisely those parts of coastal North-Central Java where brown sugar production had long been practiced.<sup>39</sup> It is a history that has important implications for our understanding of the dynamics both of the production of what the colonial Dutch referred to as *bevolkingssuiker* (native sugar) and, more generally, of peasant responses to the industrial manufacture of sugar in terms of the development of anti-commodities.

Sugar cane was classically a crop most attractive to the more substantial elements among the peasantry, given the resources needed for its cultivation and, above all, because the amount of time (twelve months or more) between planting and harvest meant having to wait long periods to reap the financial rewards. The people who grew—and, apparently, themselves largely processed—cane had enough substance to get access to cheap and reliable credit, and to employ extra-familial labor.<sup>40</sup> In short, certain kinds of social relations of production were implicit in the expansion of “native,” artisan cane sugar manufacture. The presence of relatively substantial farmers—“big peasants”—together with a sizeable pool of casual labor created the circumstances in which, other factors being right, the production of brown sugar might be expected to flourish and expand.

<sup>36</sup> We draw gratefully here on the ongoing work of the University of Wageningen scholar Harro Maat and his collaborators. See Sandip Hazareesingh and Harro Maat, eds., *Local Subversions of Colonial Cultures; Commodities and Anti-Commodities in Global History* (London: Palgrave MacMillan, forthcoming).

<sup>37</sup> For a detailed discussion, see G. H. van der Kolff, *Bevolkingsriecultuur in Nederlandsch-Indie* (Batavia: Kolff, 1925), passim. Van der Kolff himself worked in the late 1920s for the same government agency—Landbouwvoorlichtingsdienst—that played so important a role in promoting farmer's sugar production during the interwar decades. See *Handboek voor cultuur- en handels-ondernemingen in Nederlandsch-Indie* 35 (1928): 3.

<sup>38</sup> Van der Kolff, *Bevolkingsriecultuur*, 55–56.

<sup>39</sup> *Ibid.*, 52–55, 174.

<sup>40</sup> *Ibid.*, 57.

Further developments took place during the interwar decades, when the Indies government's Agricultural Extension Service (*Landbouw Voorlichtingsdienst*) sought to help alleviate rural poverty by encouraging the "smallholder" production of cane. This it did by, for example, promoting and facilitating the use of chemical fertilizers of the kind used by the factories and encouraging farmers to take up new, high-yielding cane varieties. By the 1920s, moreover, indigenous sugar producers were discarding traditional wooden or wood-and-stone cane mills and replacing them with much more efficient iron ones, many of them imported, it seems, from the United States. By 1924, there were 130 such mills in Kediri, and, by the end of the colonial era, there were said to be "hundreds" of them in use.<sup>41</sup> By 1940, production of brown sugar amounted to around 84,600 tons, of which more than 9,000 tons were exported, chiefly to Ceylon and India.<sup>42</sup>

As we have seen, with respect to smallholders, only better-off, credit-worthy peasants could grow cane and produce sugar successfully. Thus, the government's strategy was to "bet on the strong," an approach that characterized colonial policy toward the peasantry in general during the final decades of Dutch rule.<sup>43</sup> In other words, fostering brown sugar production appears to have formed part of a broader Dutch program to bolster those elements in rural society who might be expected best to maintain the colonial ideal of *rust en orde* and to provide a stabilizing force in a potentially volatile situation.

With respect to sugar production in particular, however, the long-term (and, presumably, unintended) effect was to enhance peasants' capacity to produce an anti-commodity with the potential to compete with (ex-)colonial sugar factories for access to land and for market share. This was something that first became significant during the 1930s, when the island's colonial factories began, virtually for the first time, to consider the possibilities of a substantial domestic market for white, industrially manufactured sugar. Until then, the sugar companies had envisaged their output almost exclusively in terms of its export potential. Denied access to what had become their main overseas markets in South and East Asia,<sup>44</sup> due to a variety of factors connected to the onset of the interwar depression, sugar producers began to rethink their position. Serious consideration of the potential of Indonesia's own market for factory-produced sugar was underpinned, moreover, by a growing taste for white, industrially manufactured sugar among certain classes of Indonesian consumers, as well as by a growing local market for flavored soft drinks that required white sugar. (Local bottlers supplied the domestic soft-drink market almost exclusively. Anything other than white sugar compromised the taste of the product and potentially fouled production lines because of sugars' different viscosities and "impurities.")

As the directors of one of the big ex-colonial sugar companies remarked early in the 1950s, domestic sugar consumption within Indonesia—specifically of "industrially

<sup>41</sup> *Ibid.*, 105–6; H. Deinum, "Bevolkingssuiker" in *De Landbouw in de Indische Archipel, vol. II (a)*, ed. C. J. J. van Hall and C. van de Koppel (The Hague: Van Hoeve, 1948), 411–14.

<sup>42</sup> "De Bevolkingssuikerriet," *Economische Weekblad voor Nederlands Indie*, October 25, 1941, 2039.

<sup>43</sup> See, in particular, Jan Breman, *Control of Land and Labour in Colonial Java* (Dordrecht: Foris Publications, 1983), *passim*.

<sup>44</sup> In 1929/30, the year before the onset of the depression, over 80 percent of the sugar exported from the Indies went to just three markets: British India, China, and the Japanese empire.

manufactured” (*fabriekmatig bereide*) sugar—demonstrated a continually upward trend. This was hardly surprising, they noted, in view of the fact that Indonesia’s [white] sugar consumption was still relatively low when compared to that of other Asian countries.<sup>45</sup> The upshot was that, during the course of the 1950s, annual domestic consumption of white sugar in Indonesia increased by more than 250 percent, from around 277,000 tons to around 700,000 tons. Indonesia, at this stage in its history, did not possess any sugar refineries of its own where raw sugar might be processed. Many of its raw sugar producers, however, had long been equipped to produce so-called “factory white”—a crude approximation to refined white sugar that had the advantage of being significantly cheaper—which they had developed for sale to their once huge market in the Indian subcontinent. These producers were hence in a position, once India’s market dried up, to supply local Indonesian consumers with a palatable “white” product in considerable quantities. Indeed, by the end of the 1950s, the greater part of their output had been diverted to domestic sales, and early in the following decade exports of Java sugar of any kind had dwindled to virtually nothing.

The production and sale of industrially manufactured “factory white,” however, took place—as has already been indicated—in the context of a parallel surge in the popularity of artisan-made brown sugar of one kind or another. This was particularly the case, it may be supposed, among rural consumers for whom both the price and flavor (or lack of it) of white sugar was a major obstacle to any attempt to increase its market share. The upshot was that, far from being supplanted by white sugar, farmer’s sugar developed as a classic anti-commodity that challenged Java’s industrial sugar factories on a number of critical counts. One aspect of that challenge was the theft of “factory” cane and its diversion for use in brown sugar production. Prior to the 1940s, this appears to have been rare.<sup>46</sup> During the independence struggle and thereafter, however, the connection between cane theft and the production of brown sugar was indisputable, although the evidence remains fragmentary. In 1956, for example, one of the Koloniale Bank’s factory managers was convinced that some, at least, of the substantial amount of cane stolen from his plantations—it amounted in that year to around 20 percent of the total harvest—had been diverted to produce brown sugar.<sup>47</sup> Such suppositions as this bank manager’s formed the prelude to a long drawn out struggle between Java’s industrial sugar factories and the manufacturers of brown sugar for access to supplies of raw material that went on late into the century, although this was a struggle in which cane theft was subordinate to a larger struggle of subalterns to keep their land out of the hands of commanders—and to use cane grown on it for the subaltern, even “subverting,” purpose of producing farmers’ sugar.

The history of sugar production of this kind during the 1940s (which includes the Japanese invasion and National Revolution) is probably unrecoverable. What is very much in evidence, however, is the considerable output of brown sugar during the first decade of independence—and the degree of conflict that existed over access to raw material between brown-sugar producers and the (ex-)colonial sugar factories that remained, for the most part, under Dutch control until nationalization. It was not a conflict, moreover, that ended with nationalization. Indeed, quite the contrary.

<sup>45</sup> JV Koloniale Bank 1953: 7, Koninklijk Instituut voor de Tropen (Royal Tropical Institute), L1116.

<sup>46</sup> See Cultuurmij Vorstenlanden to NIVAS 25.9.1934/225, NA NIVAS 548.

<sup>47</sup> See “Bandjaratma. Rapport 12/4/1957 & 11/8/1956,” Rapporten Bandjaratma, NA KB 2.20.05/116.



Writing of his observations early the 1960s, for example, Jamie Mackie noted (albeit in a manner richly redolent of “industry” orthodoxy on the score of brown versus white) that:

Mills have been working below capacity for lack of cane, yet in some regions a crude sugar product [*gula mangkok*], inefficiently refined in the villages from peasant cane, is able to sell profitably, and even to find export outlets.<sup>48</sup>

The statistics of recorded output—although presumably never more than rough approximations, given the nature of the commodity—speak for themselves: brown sugar, in whichever of its variety of forms, was not easily or speedily supplanted. In the mid-1960s, production—which had been expanding over the previous decade—amounted to more than 50 percent of the output of industrial sugar factories,<sup>49</sup> and, until late in the century, its manufacture maintained a significant (albeit declining) presence in East Java in particular.

### Commanders and Subalterns: Raising Cane and Manufacturing Sugar, c. 1931–59

In conclusion, let us review the main trends. Foreign capital, sustained by a constellation of “commander” interests that included both Dutch and Indonesian state actors, dominated the industrial manufacture of sugar in Java during the mid-century decades extending from the 1930s to the 1950s. An important counterpoint was the production of various kinds of farmers’ sugar, the development of which constituted, along with the raising of cane by peasant smallholders for factory processing, an important dynamic of subaltern responses to the industrial manufacture of sugar under the aegis of overseas commercial and financial interests. Nonetheless, these developments formed only part—although an integral one—of a broader history that was also characterized by commanders’ attempts to perpetuate, revive, and expand the industrial manufacture of sugar that had been extensively carried on in Java over the preceding hundred or so years.

Commanders acted as they did for a variety of reasons that reflected their own often-disparate interests, aspirations, and agendas. These included the hope that sugar would produce urgently needed foreign exchange (a misreading, as it turned out, of Java sugar’s radically changed importance in the international sugar economy, much as it may have been encouraged by an immediate post-War boom); a desire to emulate the technological achievements of the (ex-)colonial power, coupled with a conviction that self-sufficiency in an industrially manufactured world commodity—sugar—was part and parcel of the nationalist program’s drive toward “modernity”; and, last but not least, a number of more mundane concerns revolving around financial self-interest and a dawning realization that the potentially huge market for sugar in Indonesia itself could profitably be satisfied by domestic production.

<sup>48</sup> Jamie Mackie, “Indonesian Government Estates and their Masters,” *Pacific Affairs* 34, no. 4 (Winter 1961–62): 347.

<sup>49</sup> According to the data for the period 1959–67 assembled by Mubyarto in 1965–66, recorded brown sugar production amounted to some 330,000 tons, as compared with the 601,000 tons of white, industrially manufactured sugar produced in 1966; see “The Sugar Industry,” *Bulletin of Indonesian Economic Studies* 5, no. 2 (1969), 52–54.

Subaltern interactions with this commanders' history were likewise far from homogenous, and they demonstrated a significant degree of agency, involving not only attempts to meld smallholder cane with the large-scale industrial manufacture of sugar, but also an expansion of the artisan-scale production of brown sugar. Viewed as an anti-commodity, so-called farmers' sugar had the potential to subvert the operations of Java's industrial sugar factories, the bulk of which remained in the hands of foreign capital, in terms both of market penetration and by competing for limited supplies of raw material. Even so, the broader context was one in which peasant responses were deeply fragmented, not least in consequence of the heavily differentiated character of the rural working population. That is, economic and cultural factors juxtaposed "big peasants" with petty farmers, and also contrasted farmers in general with the large body of landless (or functionally landless) laborers who, by the middle decades of the twentieth century, had come to form a substantial part of the population of rural and quasi-rural Java.

None of this necessarily presaged the nationalization of the factories in 1959. But by the middle of the 1950s, we can see that the interests of Indonesian state actors and those of their fellow-commander foreign capitalists were beginning to diverge substantially. The power of the PKI, with its landholder and laborer affiliates, and its ideological aversion to foreign capital, was steadily rising. The communist party won the fourth largest share of the vote in the 1955 general elections, and the largest share in the Javanese regional elections of 1957. Parallel to the PKI's rising influence, the Indonesian military—with strongly anti-communist elements in its leadership—was beginning to exercise political power by 1957. Also in 1957, Sukarno, national president since 1945, proclaimed the end of the system of so-called Constitutional Democracy and ushered in its replacement: Guided Democracy. In the complex interactions among these state actors that followed, the interests of foreign capital lost out. By 1960, there was effectively no foreign capital left in the sugar industry.