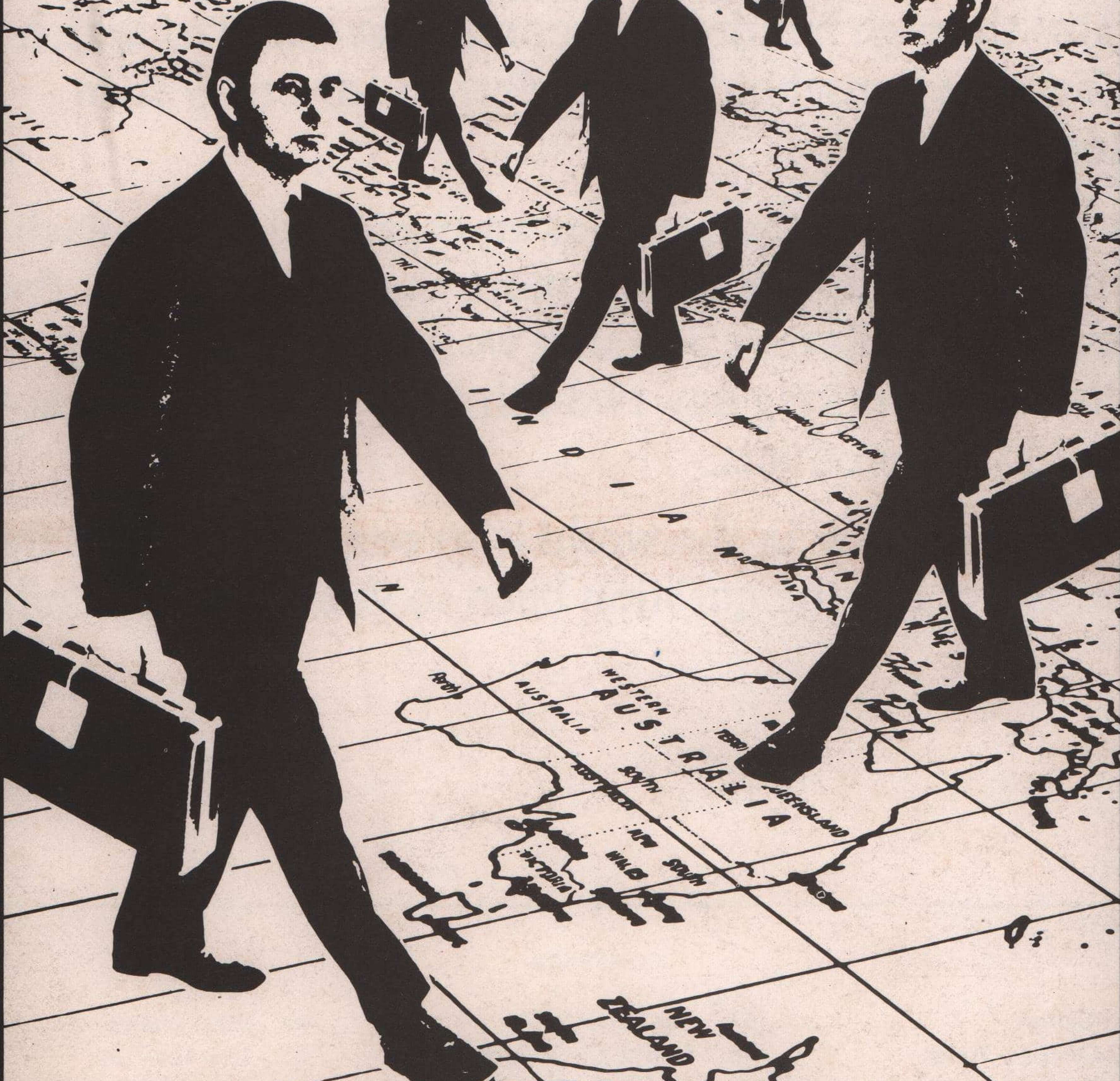
UNILEVER'S WORLD

CIS ANTI REPORT No.11



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INTRODUCTION

Unilever is the ninth biggest company in the world. It is a single unit yet at the same time a vast conglomeration of companies operating in nearly every country of the world.

Unilever is the oldest yet the least well-known of all the multi-nationals. Its food and soap products are sold everywhere, but the name Unilever appears on none of them. It operates through hundreds of companies many of which have become household names. But the diversity is an illusion.

Unilever confronts the world as an organised force. Each working day the company invests more than £1,500,000. Each working day Unilever's 353,000 workforce turn this into profits. Each working day two-thirds of the world are confronted by its products.

No other company in the world is so concerned about its image. Never has the question been so vital. What is Unilever?

CONTENTS

PORT SUNLIGHT

The public image and private reality of Port Sunlight can give us a clue to the way in which the Unilever of today cloaks a ruthless and single-minded pursuit of profit in a highly developed public relations image. This image is of a benevolent giant of a company which has the welfare and interests of its workforce and its customers at heart, is concerned to provide such basic necessities as food and soap at the cheapest possible price throughout its world-wide markets, and to which the security and well-being of its workforce are of paramount importance. It is with the reality behind the image that this report is primarily concerned.

'The whole village was dominated by the spirit of soap. All its occupants were employed in the industry; not only were they engaged in it all day, but it was a constant source of conversation at night. You could no more escape from its influence than from the odour (not at all an unpleasant one) permeating it from the great factory plant. The Chairman, the management, and the work-people alike were caught up with the fever of the progress of this great enterprise; there was little time to talk or think of anything else. There was an air of urgency about it all; one felt that everyone was stimulated to the utmost to take a hand in creating the material prosperity that was flowing into its centre like a torrent' (*My Life,* Angus Watson, Ivor Nicholson and Watson, 1937, pp. 137-8).

Port Sunlight was the brainchild and favourite offspring of William Hesketh Lever. It was named after the soap upon which his expanding fortunes were founded, and with his central, glass walled office from which he could overlook and monitor his staff, he was both the figurative and literal centre to which the material prosperity mentioned above flowed 'like a torrent'.

The first sod was cut at the Port Sunlight site with a silver spade wielded by his wife, in March 1888. Lever had started out as a boy in his father's Bolton grocery business, becoming first a salesman, then, with his brother, a partner. He expanded the firm into wholesaling at Wigan, and in 1884 began selling soap manufactured for him by various external firms under the brand name of Sunlight. On the basis of steadily increasing sales he decided to go into manufacturing, and in 1885 bought up a small soap works in Warrington. Production soared, from 20 tons a week at the beginning of 1886 to 450 tons a week at the end of 1887, with a valuable sideline in glycerine recovery from spent lyes. From this point on Lever's thirst for growth was insatiable. He set out to expand the original markets for his soap of Wigan and Bolton literally to the ends of the earth.

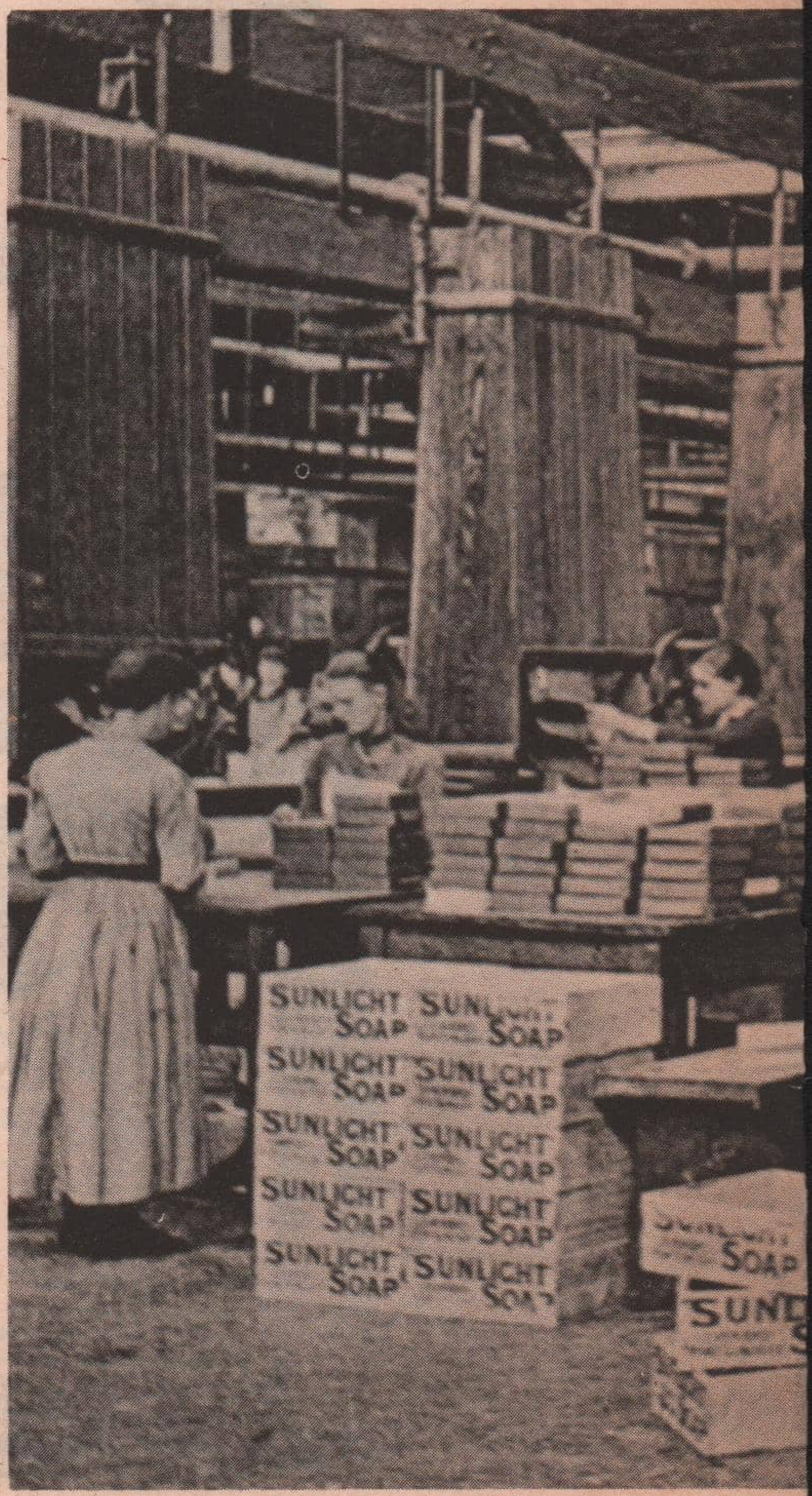
'When I got it established there and making money, I ventured forth to Liverpool and Manchester. Established there and making money I ventured as far north as Newcastle and as far south as Plymouth with the intervening country more or less opened up. Established there and making money I opened up in London, Scotland and elsewhere and covered the United Kingdom. The following year I opened up overseas, in Holland, Belgium, Sydney, South Africa, Canada, etc., and so I let it grow in this way' (Wilson V1 pp 32-3).

With orders pouring in and the Warrington landlord putting the rents up, Lever set out to find his own site, selling his share in the grocery business to realise money for new plant, buildings, and larger raw material stocks. He wanted a site that could provide him with rail and water transport facilities, plenty of land, and a nearby source of labour. He found the Port Sunlight site south of New Ferry on the Wirral, on the main railway line from Birkenhead to London, and flanked by a tidal creek of the Mersey. It was far enough up river to avoid Liverpool Dock and Harbour dues, and had sufficient high tide water to allow discharge from ships to barges, giving the dual advantages of direct raw material access and a useful bargaining position to gain good terms from the railways for the bulk carriage of the finished article. Birkenhead was close enough to provide a labour force.

At the end of 1887 the first purchase, of 52 acres, was made. Half of this was for offices and works, half for the village to house workers. Building went ahead fast, and production started at the beginning of 1889. Over a period of years almost 330 acres were bought, and by 1906 90 acres were covered by works, railways, wharves and docks, 140 acres by the village, and a further 100 acres were being held in reserve.

The founding of Port Sunlight was a thoroughly worked out business operation, and should not be thought of as some sort of audacious experiment in the social responsibility of enlightened capitalism. Everything that Lever did at Port Sunlight was done with the ultimate aim of making more money, from freeing himself from the demands of landlords to the building of the village. When the advantages to workers and owners of the 'garden city' concept are weighed, it can be seen that the balance comes down heavily in favour of the latter.

The press of the day and biographers since have made much of the houses Lever had built at Port Sunlight. In 1898 there were 278 of them. They were built in a variety of styles according to Lever's whim, from a reproduction of Ann Hathaway's cottage to 'English Domestic Renaissance'. There can be no disputing that in comparative terms they were, at the time they were built, decent houses to live in, being well spaced out, roomy, and equipped with gardens and allotments. **The fact remains that housing at Port Sunlight was severely restricted. Firstly the houses were 'tied'. That is, only Lever employees could live in them, with the inevitable corollary that if you lost your job you lost your house.** The advantages to the employers of this age old method of ensuring an employee's obedience and pliability needs no expansion here. **Secondly, although there were 278 houses in 1898, the workforce three years previously had been around 1,500 strong.** Even by 1909 there were only 700 employees actually living at Port Sunlight. The bulk of the workers continued to live in the 'back slums' and the crowded rooms of industrial Bir-



kenhead from which the scheme professed to liberate them.

In addition, the constraints upon the chosen minority who qualified for tenancy in the village were considerable. Lever took upon himself the role of moral guide and guardian. At the winter weekly dances, for example, girls over the age of eighteen might 'submit the names of men to the social department, which issues invitations to them unless there be reasons which militate against them' (Wilson Vol 1 p 148). Life was as institutionalised as an army married quarters. Front gardens were controlled by a central management, and planted with evergreen shrubs which even Lever's son had to admit had a 'funereal air'. The excuse for this was that some tenants had been bold enough to keep chickens in their gardens, 'while the family washing was unblushingly exposed on the railings' (Wilson V1, p148). To live at Port Sunlight was to toe the Lever line. There is unmistakeable evidence that Lever had no confidence in workers' ability to conduct their lives as they saw fit. All the signs are that basically he despised them. **'The private habits of an employee' he wrote earnestly in 1901 'have really nothing to do with Lever Brothers providing the man is a good workman.' Yet he immediately continues, 'at the same time a good workman may have a wife of objectionable habits, or he may have objectionable habits himself, which make it undesirable to have him in the village'.**

Talking in an interview in 1903 about the 'prosperity sharing' scheme which was supposed to be behind the village operation he said, 'if I were to follow the usual mode of profit sharing I would send my workmen and work girls to the cash office at the end of the year and say to them: 'you are going to receive £8 each; you have earned this money; it belongs to you. Take it and make whatever use you like of your money.' Instead of that I told them: '£8 is an amount which is soon spent, and it will not do you much good if you send it down your throats in the form of bottles of whisky, bags of sweets, or fat geese for Christmas. On the other hand, if you leave this money with me, I shall use it to provide for you everything which makes life pleasant – viz. nice houses, comfortable homes, and healthy recreation'.' The real Lever speaks out at the end of this patronising little homily: ' 'Besides, I am disposed to allow profit sharing under no other than that form'.'

Lever was continually at pains to defend capitalism, and the prosperity sharing which the village aspect of Port Sunlight was supposed to represent was one of the ways in which he tried to justify this defence. In a paper read to a local society in 1900 he said, 'Adam Smith is largely responsible for the antagonism of Labour towards Capital through his statement that Labour is the source of all wealth. During a century, that saying has been accepted as the final word on the subject, and as an axiom in political economy. A greater mistake was never made, nor one that has had more prejudicial effects on the minds of trade unionists and working men generally. Labour of itself can never produce wealth – in fact, it will barely produce sufficient to feed, clothe and house the labourer. But if Labour is well directed, if the fairy of good management appears on the scene, all is changed, and Labour can and does produce wealth beyond the dreams of avarice.

'Labour, in effect, says to management, I cannot afford to stand any of the financial risks of this undertaking. Nay, I cannot risk even payment for my labour. You must treat me as the first mortgage on the business and see that I get paid in full'.

'We must have some system more

Port Sunlight: the works in 1890, and Lever harangues the villagers in 1917

suitable than bonus cheques, which vary in amount from year to year, and cease altogether in years of bad trade, with all the consequent disappointment and distrust on the part of Labour which this entails. In order to carry this into effect, some reservoir must be created to which the share of profits belonging to Labour can be stored during prosperous years, to be more evenly applied than would otherwise be possible' (Viscount Leverhulme by His Son, p142).

The village of Port Sunlight was supposed to represent this 'reservoir' to be 'built and added to year by year out of the profits of the business, and which, when once built, was there for the benefit of those engaged in the industry in lean times as well as in prosperous ones' (ibid).

As we have shown the majority of the Port Sunlight workers derived no benefit from the village. The only ones allowed to 'share prosperity' were those found acceptable to Lever's own puritanical code, and their lot was unenviable. As well as having their lives severely circumscribed by the village rule-book, they also had to pay a substantial part of their wages in rent. Out of a guaranteed minimum wage in 1907 of 22 shillings a week, rents of anywhere between 5 and 10 shillings a week had to be found. The Maintenance Account for that year showed an Expenditure largely devoted to paying interest on the capital which it had taken to build the village in the first place. Window dressing in the form of a theatre, a concert hall, a gymnasium, an open air swimming pool, a men's club, and a number of voluntary societies 'for furthering interest in literature, music and art' (Wilson V1 p147) continued to be provided at the expense of subsidised rents.

Much of the emphasis on 'culture for the masses' was geared to the liberal image so coveted by Lever. He in fact fought several elections as Liberal candidate for the Wirral, and in 1891 Gladstone himself opened a new dining hall and recreation room at Port Sunlight, thrilling Lever with a speech in which he proclaimed, 'in this hall I have found a living proof that cash payment is not the only nexus between man and man.' He made a big impression on the owner, who had difficulty getting to sleep that night, and, as Wilson admits (V1 p46) 'It is perhaps not too much to hazard that Mr Gladstone quite involuntarily made an equal impression on the investing public.' In fact when Lever Brothers shares first appeared on the market in 1894 they were heavily oversubscribed. Lever retained for himself the entire Ordinary shareholding, buying out with Preference shares the three or four other Ordinary shareholders whose caution irritated him in the early days.

Port Sunlight was constantly in the public eye, articles appearing regularly in such publications as the *Illustrated London News* and *Pall Mall Magazine*, and visits by public figures such as Gladstone in 1891 and the King and Queen in 1914 all added grist to the increasingly profitable mill.

An interesting and telling example of Lever's 'Liberalism' occurred when several Port Sunlight inhabitants asked for an alcohol licence to be granted to the village inn. This establishment was opened as an unlicensed house in 1902, and Lever intended it to be run on temperance lines. As a strong supporter of the Liberal line of 'Local Option' he decided to conduct a poll. The terms of the poll were pure Lever. He insisted that there must be a 75% vote in favour of the license, before he would give his consent. Eighty per cent voted for the license, and he had to give in. Meanwhile the business flourished. Production at the old factory had been just under 3000 tons per annum in 1886, rising to 14,183 tons in 1888. Despite the dislocation of the move, the first full year at Port Sunlight had increased this to 15,688 tons, and thereafter annual output rose steadily until by 1911 Lever had a third of the entire UK production.

Expansion and prosperity were also increasing beyond the UK. By 1890 agencies for Lever products had been established on the European Continent, in the USA, and the Empire areas of Canada, Australia and South Africa. As business increased to the level where the amount of transport costs and tariffs payable made local investment a viable proposition, local factories were set up, and by 1900 such factories existed in Australia, Canada, the USA, Germany and Switzerland. In the early years of the century Lever was also setting down the basis for overseas plantations which would be able to provide him with his own sources of raw materials. In 1905 he bought 51,000 acres in the Solomon Islands, planted them with coconut seed for an eventual copra supply, and used the trading stations to deal in pearl, tortoiseshell and what copra was already available until the trees should reach maturity. By 1913 the Solomon Island holdings had been extended to 300,000 acres, 35,000 acres of which were under cultivation. In 1910 and 1911 four ships were built and bought to service this trade, which in 1913 produced 1000 tons of copra.

During the same years the operations in Africa, particularly the Belgian Congo and British West Africa were undertaken. These are detailed in a separate section. Suffice to say that acquisition and expansion on a huge scale were the hallmarks of the prewar years of the century. By 1913 Lever Bros had 64 Associated Companies. The company which had been incorporated in 1894 with a commencing capital of £1½m had, by 1917, a paid up capital of £15.2m (to become £56.6m by 1924). (*Journal of Soc. of Chemical Industry*, July 1931.)

In the context of this enormous capital base the Co-Partnership scheme which followed Prosperity-Sharing at Port Sunlight can be seen in its proper light.

Co-Partnership was introduced in 1909. 'Prosperity sharing is very good,' Lever told an audience in that years, 'but does not go far enough.' The fact was that, as the policy of acquisition and expansion spread, so did the numbers of Lever employees multiply, to the extent where any claim that Port Sunlight village represented an equable form of profit sharing became untenable. The 'Co-Partnership Certificates' which the qualifying co-partners were to hold had no monetary value but entitled them to an annual dividend – unless dividends available after preference shareholders had been paid amounted to less than 5%. Lever himself, of course, as sole ordinary shareholder and initiator of the scheme laid firm claim to that first 5%.

Again, the system was highly selective. To qualify, an employee had to be at least twenty-five years of age and to have completed at least five years service with the company. Co-partners were also divided up into classes – directors, management, salesmen and staff. Distributable profits were to be divided up as follows: first to be paid were preference and preferred ordinary shareholders; next came a dividend of 5% on ordinary shares (i.e. Lever); then a dividend of 5% on preferential co-partnership certificates (for retired co-partners and dependants of those who died in service); the remainder was divided up between Lever and the co-partners. One of the main objects of the scheme being to increase production, the co-partner was required to sign an undertaking that he would not 'waste time, labour, materials or money in the discharge of his duties, but loyally and faithfully further the interests of Lever Brothers and its associated companies and his fellow co-partners to the best of his skill and ability.'

Whilst management and salesmen co-partners were entitled to a maximum nominal holding of £3000, staff – ie the ordinary workers – were limited to £800. Further, 'co-partnership certificates were to be liable to cancellation in the event on the part of the holder of neglect of duty, dishonesty, intemperance, immorality, wilful misconduct, flagrant inefficiency, disloyalty to his employers or a breach of the above mentioned undertaking' (Viscount Leverhulme by His Son p144).

Having survived the obstacle course of qualification and selection, and presuming he managed to stay on the straight and narrow long enough to be able to attend the autumn Allotment Day, what was the scheme worth to the worker? As Lever's son puts it (p147), **'a young workman, on receiving his first Co-partnership certificate of a nominal value of, say, ten pounds, and a dividend on it of, say, 10%, receives in cash one pound, which appears a comparatively small sum, and when the dividend is paid in 8% shares in lieu of cash, the only money which he actually receives, unless he disposes of the shares, is under two shillings.'**

At Port Sunlight a minority of workers got good housing and paid for it dearly in terms of personal freedom. A lot of show was made of Liberal facilities aimed at moral and spiritual improvement of the common herd, and a lot of hot air spoken about prosperity-sharing, which, when it came down to concrete terms, was extremely limited both as to who shared and what was received. On the other hand Lever Brothers got a large amount of publicity out of the venture, and Lever's own sizeable ego was boosted by the establishment pats on the back he received, not least of which was his elevation to the peerage in 1917.

The parallel with the current reality of working for Unilever is most apparent when we come to the question of job security. **Between 1914 and 1920 the number of workers at Port Sunlight rose from 5,748 to just over 8,000. In 1921 numbers were down to less than 6,000. In 1927 Port Sunlight produced the same volume of goods as in 1921, but with 4,000 less workers, i.e. between 1920 and 1927 6,000 Port Sunlight workers lost their jobs.**

The business boom which had escalated from the end of the first World War suddenly turned into slump in 1920, with plummetting raw material prices. The first redundancies, at Port Sunlight, were attributed by management to the slump. But 'when all was said and done, the main trading activity of Lever Brothers remained the manufacture and sale of soap. And although the slump from April 1920 hit the soap trade hard, it yet remained sufficiently prosperous to counterbalance the fearful losses sustained by other departments of the business' (Wilson Vol 1, p263).

So prosperous was the firm in fact that in 1920 all Preference dividends were paid and an Ordinary dividend of 20% declared. The sheer size and volume of trade of Lever Bros insulated it from the worst effects of the slump. Many major soap competitors had been bought up in 1919 and 1920, and the firm now contained no less than 158 associated companies. The Lever group's authorised capital stood at £130m, of which £46.7m had been issued. Seen in this light, the reasons for the massive redundancies both inside and outside Port Sunlight must be looked for elsewhere beyond the slump.

Obviously the most significant factor is the fact that production in 1927 was at the same level as 6 years previously but with only one third of the workforce. Major technological advances must have been introduced in this period (assuming that the remaining workers were not working three times as fast as previously). Between 1921 and 1923 the number of man-hours required to produce and pack a ton of soap fell from 115 to 61. Production costs fell to less than a third. This is the first major rationalisation in Lever Bros resulting directly in heavy redundancies and greatly increased profitability, but it set the pattern for future policies in the Unilever group up to the present day. Greedy for even more profits to set against raw material losses in 1920 and further large losses entailed in the buying, together with large debts, of the Niger Company in the same year. **Lever Bros proceeded to cut the wages of the reduced workforce, and by July 1921 men's wages had been cut by 4 shillings, women and juveniles by three shillings. Whilst workers lost their jobs and wages were cut, Lever's soap business burgeoned, at home and abroad.** The table gives comparative sales tonnages for soap between 1920 and 1925 (Wilson V1, p283).

Overall, this is a worldwide increase between 1921 and 1925 from 288,084 metric tons to 401,422 metric tons, or nearly 70%. Lever Bros net profits for 1925 came to £4¼m. Well over £1m of this came from two sources – Port Sunlight and Hudsons.

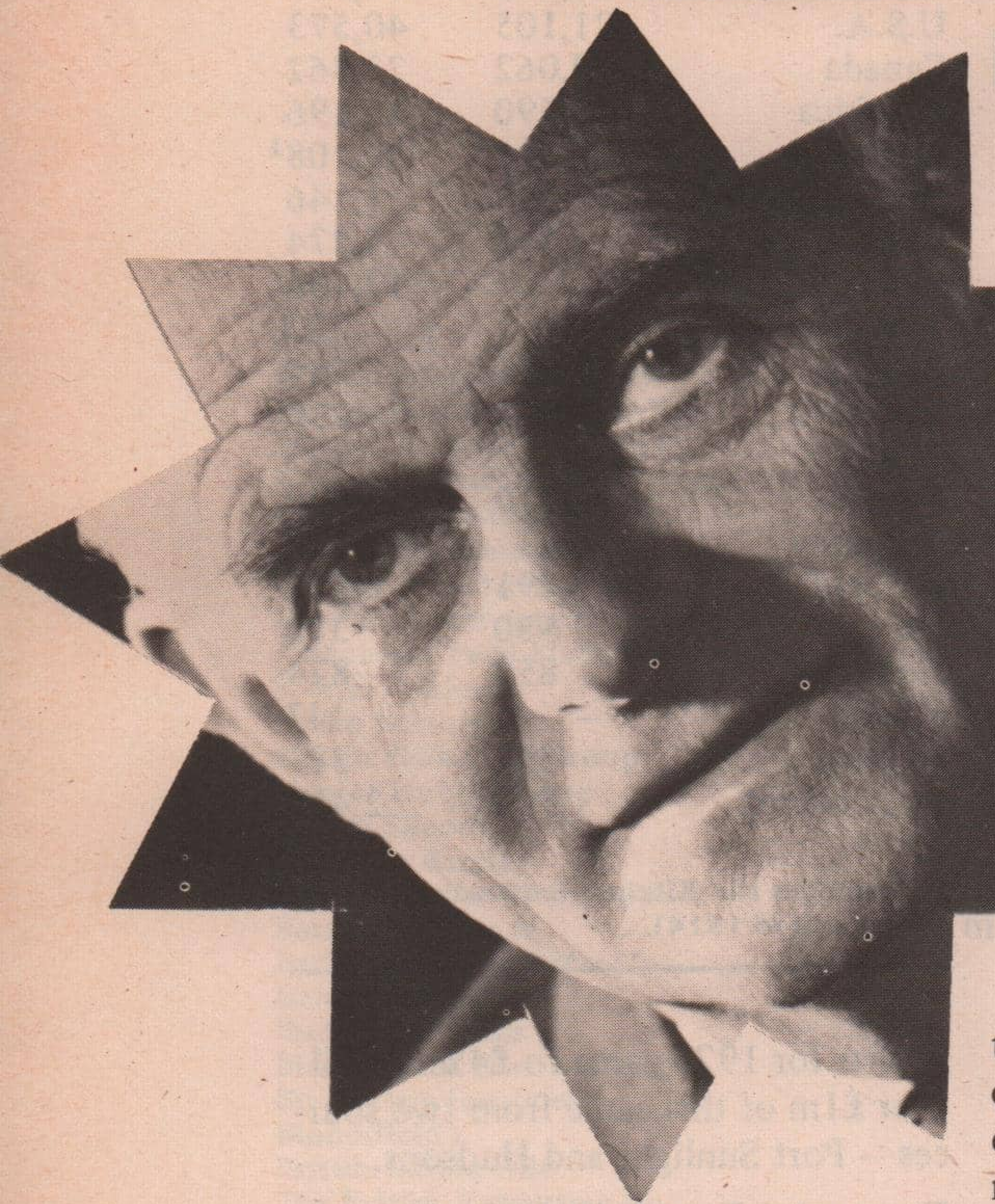
Metric Tons

	1920	*1925*
U.K.	190,369	215,589
U.S.A.	21,105	40,573
Canada	19,062	23,362
S. Africa	13,590	15,196
Australia	4,315	30,108[1]
New Zealand	892	1,146
China	9,751	7,274
India	–	17,136
Austria	–	472
Belgium	9,916	18,785
Denmark	235	238
Finland	–	492
France	12,219	13,040
Germany	–	9,037
Holland	3,291	4,615
Italy	580	376
Norway	859	874
Poland	–	47
Sweden	397	581
Switzerland	1,503	2,482

1 Includes the Kitchen-Burford sales (acquired 1914).

Even today Port Sunlight is often referred to as an early example of enlightened thinking, the welfare of workers assuming growing importance in management philosophy. What it really represents, as we have shown, is that a firm the size of Lever Bros could well afford the comparatively small costs of mounting a window dressing operation which could win a large amount of publicity. All pretence of real concern for workers' welfare soon evaporated when the possibility of increased profits presented itself, and thousands were made redundant, while those remaining suffered wage cuts. The firm's real attitude towards its workers was revealed in a letter written by Lever in 1923: **'we have been combing out inefficient men, and too highly paid men, elderly men, and men past their work steadily for the last three years, and I am confident that this has produced a state of 'fear' in the minds of the remainder that if they were not efficient their turn would come next, and it is this, in my opinion, which has been the cause of the improved results achieved today'** (Wilson Vol 1, p292).

THE COMPANY TODAY



'Let us visit a supermarket in Britain. Take a trolley and fill it, buy the provisions for your family for a week, or a month, and without realising it everything you buy, from baked beans to fish-fingers, orange squash, chicken, margarine, oysters, cheese, sausages, peas, salmon, toothbrushes, razor blades, hairdye, heavy duty detergent, soap, perfume, soup, frozen supper, and ice cream . . . the list could be extended still further and every item still comes from the same company. In Africa you could add beer and beautifully printed cotton, furniture, a suit, a boat and a car; in Denmark coffee, in America tea; in Morocco a Landrover; the ticket for a trip on the river in Nigeria, or a sack of food for your chickens or bullocks or pigs in Britanny. More and more people the world over use what one company produces every day of their lives: baby milk and baby food and baby powder to begin with, and so through eighty or ninety years to the last spoonful of chicken broth. The walls of your nursery may be covered with their vinyl, and you may breathe your last in one of the beds they made. If you have a television set you can hardly spend a day anywhere in the world without watching and listening to them, for they are the biggest advertisers on earth and spend more money advertising than many governments on the education of their people. Yet you will in all likelihood never hear the firm's name. You may have one of their factories in your town, shop at one of their supermarkets every week, eat at one of their restaurants and never know it is their's . . . And so it goes on, and the company feeds the people and the cattle and washes everybody and everybody's clothes and houses and huts. It's in your room and your hair and your stomach. Only you don't know it.' (Tempel p46).

Unilever is the ninth largest company in the world. Of the non-US companies only Royal Dutch Shell is bigger in terms of sales, but while Unilever has 353,000 employees worldwide, Shell has only 168,000. Unilever's sales in 1973 were twice as large as Bayer AG of West Germany or Toyota Motors of Japan, and four times as big as GEC in the UK. In the same year Unilever's worldwide profits were as large as the total sales of the Joseph Lucas combine.

World sales in a single year (1973) were £4,492m. Something approaching two-thirds of mankind buy from or sell to Unilever, and most people in the West use its products every single day of their lives. Food products, margarine, frozen foods and convenience foods, ice cream and meat products accounted for the bulk of these sales, with soaps and detergents and toilet preparations second.

The importance of food in the developed world where Unilever finds its most important sales markets, can be gathered from the fact that in the UK no industry in the land can compete in size with food. In 1973 the people of the UK spent £8,460m on food, one fifth of all consumer spending. Money spent on food was almost three times that on clothing, four times tobacco and five times motoring.

Unilever's World Wide Sales by Sector

	£m	%
Food	2,670	53.1
Detergent & Toiletries	985	19.3
Paper Plastics and Packaging	607	12.1
Animal Feed	334	6.3
Merchandise and Plantations	472	9.2
Total	5,068	100.0

* These figures include intercompany sales — sales to third parties were £4,492m.

Despite the concentration on foods and detergents, Unilever markets and produces a wide and diverse range of products. Other operating units provide, to both Unilever and non-Unilever companies, services such as advertising, market research and transport.

It is the world's biggest margarine producer and outside the US it leads in frozen foods. Unilever and two other companies produce most of the soap in the world. The biggest and most modern paper mills are Unilever's; it has become one of the world's top packing specialists and owns the biggest advertising agency.

Unilever Products and Services

Advertising	Packaging
Agricultural	Paper and paper products
Animal Feed	Plastics
Building Materials	Plywood
Catering Supplies	Printing
Chemicals	Sawmills
Cosmetics	Soap
Detergents	Shipping
Engineering	Supermarkets
Export services	Technology
Finance	Textiles
Foods	Timber
Frozen foods	Toiletries
Freight	Toothpaste
Furs	Transport
Insurance	Travel Agency
Machinery	Trout farms
Margarine	Vinyl products
Medical products	Warehousing
Motor vehicles	Wax

The Global Multinational

Unilever is still firmly based in Western Europe. The lion's share of its sales – 68% in 1973 – are derived from the industrial markets there. But Unilever's multinational status is no illusion. It is the oldest global multinational. It operates under a multitude of names in no less than 75 countries throughout the world. The pattern and intensity of this penetration is summarised in the chart.

For the most part Unilever does not trade under its own name, and consequently the extent of the company's activities is protected from public view. Sources vary on the number of subsidiary companies and affiliates controlled by it. Unilever itself claims that there are 500 subsidiaries, but a count in the records at Companies House, London revealed 812 subsidiaries and affiliates of Unilever Ltd, London. This does not take account of subsidiaries of Unilever NV, Rotterdam, or indirect holdings. It should be added that the legal structure bears no real relation to what actually happens at the operational level, as the accounting and fiscal conveniences, Unilever Ltd and NV, demonstrate right at the top of the company.

Some major Unilever Operating Companies

Animal Feeds

BOCM–Silcock
Farm Mark
United Agric Merchants
UT-Delfia

Global Reach

	Edible fats and dairy products	Foods and drinks	Meat and meat products	Detergents	Toiletries	Paper, plastics, packaging and printing	Chemical products	Animal feeds	Transport	UAC and plantations	
EUROPE											
Belgium	■	■	■	■	■	■			■	■	
Denmark	■	■		■	■	■					
W Germany	■	■	■	■	■	■	■	■	■	■	
Finland	■	■		■	■						
France	■	■	■	■	■	■	■	■	■	■	
Greece				■	■						
Great Britain	■	■	■	■	■	■	■	■	■	■	
Ireland	■	■		■	■			■	■		
Italy	■	■		■	■	■	■		■	■	
Netherlands	■	■	■	■	■	■	■	■	■	■	
Austria	■	■		■	■	■					
Portugal	■	■		■	■						
Spain	■	■		■	■				■		
Sweden	■	■		■	■		■				
Switzerland	■	■		■	■						
N and S AMERICA											
Argentine	■			■	■						
Brazil	■	■		■	■						
Canada	■	■	■	■	■	■	■				
Chile	■			■	■						
Columbia	■			■	■						
Costa Rica	■	■		■	■						
El Salvador	■	■		■	■						
Guatemala	■	■		■	■						
Jamaica					■						
Mexico	■		■	■							
Nicaragua	■	■		■	■						
Peru				■	■						
Trinidad	■			■	■						
Uruguay					■						
Venezuela		■		■	■						
United States	■	■		■	■					■	
AFRICA											
Burundi										■	
Canary Islands										■	
Central African Republic										■	
Congo										■	
Dahomey										■	
Gabon										■	
Gambia					■					■	
Rhodesia	■	■	■	■	■	■	■	■	■	■	
Ghana	■			■	■					■	
Ivory Coast										■	
Cameroon										■	■
Kenya	■	■		■	■					■	
Malawi	■	■		■	■						
Morocco					■					■	
Mauretania										■	
Niger										■	
Nigeria	■	■	■	■	■				■	■	■
Uganda	■	■		■	■					■	
Upper-Volta										■	
Ruanda										■	
Senegal										■	
Sierra Leone					■					■	
Tanzania					■					■	
Togo										■	
Chad										■	
Tunisia				■	■						
Zaire	■			■	■	■				■	■
Zambia					■					■	
South Africa	■	■		■	■		■	■	■		
ASIA											
Bangladesh		■		■							
Filippijnen	■	■		■	■						
Hong Kong					■					■	
India	■	■		■	■		■	■			
Indonesia	■	■		■	■					■	
Japan	■	■		■						■	
Malaysia	■	■		■	■						■
Pakistan	■	■		■	■			■			
Persian Gulf Countries					■					■	
Singapore	■	■		■	■						
Sri Lanka	■	■		■	■						
Thailand	■	■		■	■						
Turkey	■			■	■						
AUSTRALASIA											
Australia	■	■		■	■	■	■		■		
New Zealand	■	■		■	■						
Solomon Islands										■	■

Chemicals

Price's Chemicals
Synthetic Resins
Vinyl Products
Joseph Crosfield
Urachem

Detergents

Lever Bros
Elida Gibbs
Sunlicht
Vinolia

Edible Oil & Dairy

Van den Berghs and Jurgens
Astra-Calve
Cool Country
Langnese Iglo
Margarine-Union

Food & Drink

Birds Eye Foods
T. Wall & Sons
Batchelors
De Betuwe
Lipton
John West
MacFisheries
Nordsee
Bensdorp

Meat and Meat Products

Walls Meat Co.
Lawsons of Dyce
Mattesons
Midland Poultry per JP Wood and Sons
Unox
Zwanenberg
Emil Schafft

Paper and Paper Products

Thames Board Mills
Thames Case
Austin Packaging
Commercial Plastics
Clynol
4 P Group

Transport

Palm Line
Norfolk Line
SPD
Unispeed
Elbe
Alivracht

UAC International

Leverton
Holmes of Wragby
UAC Timber
Kennedy's
R.B. Massey
Ford & Slater
G.B. Ollivant
Kingsway Stores

Raw Materials

Niger-France
Pamol
Lever's Pacific Plantations
African Timber and Plywood
Cey Tea Holdings
Nordsee Fishing Fleet

Household Words

Unilever has more than 1,000 products manufactured by the combine on the market, but the name of Unilever does not appear on any of them. At the most when the law of a country demands, the name of one of the subsidiaries appears, but not Unilever. In fact Unilever often operates in the same region under a variety of names; frequently names held by companies before being acquired by Unilever. It is never clear to either the public or Unilever employees that these products derive from the same source.

Some of the Unilever products and names which have become household words all over the world are listed below.

Detergents and Toilet Preparations

Lux, Persil, Omo, Radiant, Comfort, Sunlight, Lifebuoy, Rexona, Breeze, Astral, Pears, Sun, Andy, Vim, Easy Shave, Sunsilk, Pinup, Twink, Harmony, Skindeep, Sure & Shield Deodorant, Vinolia, Gibbs, Close Up, Signal, Pepsodent.

Margarines & Edible Fats

Blue Band, Stork, Summer County, Imperial, Echo, Spry, Cookeen, Crisp n' Dry, Sol, Becel, and the biggest selling margarine in the world, Rama. Bond, Erd, Calve, Diamant, Croma.

Foods

CupaSoup, Tree Top, Birds Eye, Vesta, MacFisheries, Iglo, Ola, Jolly, Calve, Norda, de Betuwe, Lipton Tea, Unox, Walls.

The Unilever world monopoly in margarines and edible oils brought in sales of £1,209m in 1973. Other food sales amounted to £1,461m, and of all the product groups food has the highest share of total turnover and is still growing.

'These products appeal to the mass market,' says Unilever, 'that wants food of dependable high quality and variety and is ready to pay to transfer tedious preparatory work from the kitchen to the factory; thus their prosperity depends on high and rising standards of living.'

Frozen food has been another most successful area for Unilever. Today the company is number one in Europe, and operates a co-operative scheme with Nestle Alimentana in Italy, Austria and Germany.

Unilever also claims to be the world's biggest ice cream producer. Fish fingers, a Unilever invention, depend on Nordsee, Unilever's own fishing fleet, the largest in Europe, which also supplies their Nordsee 'Quick' Restaurants in Europe, and the MacFisheries retail chain (see separate section).

The production of convenience foods entails complex packaging; the wrappers, cartons, bottles, tubes and tubs in which the products are retailed, as well as the containers in which they reach the shops are largely made by Unilever. Behind the packets are the timber plantations of Africa and Asia and the paper mills of Europe. Behind the containers are chemical plants producing PVC and plastic. A worldwide transport system owned by Unilever services the complex of company operations.

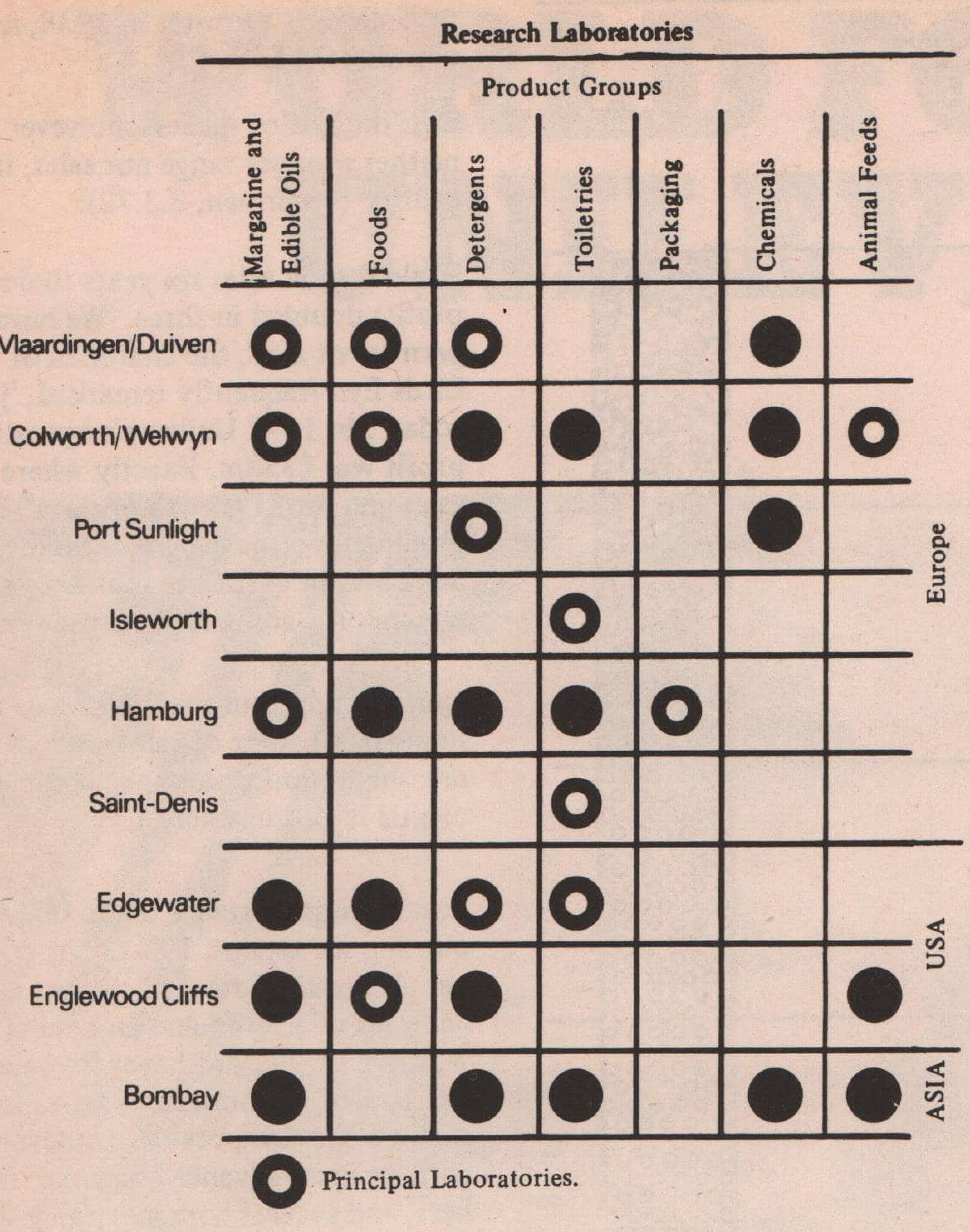
"Then there is our ability to innovate. Unilever spends about $100m per annum on research and development. This has given us a firm foundation for constant expansion into new fields and at the same time for the regular updating of older products.' Research expenditure accounts for around 11% of new investment.

'In its laboratories and on its experimental cattle stations, it seeks for knowledge about the genetic code, so as to put more ribs into a pig, make a trout taste like a salmon, change the shape, the rate of growth, the temper of calves, make hens produce more eggs. The world is taken apart and put together again to fit the supermarket shelf' (Tempel p49).

Researching People

Unilever invented and developed Market Research. Its Research International has thirty bureaux in Europe and the rest of the world as well as the European Market Research Group. The latter is constituted from the following;

Social and Market Research SOCMAR BV, Rotterdam: Institut fur Verbrauchs-und Einkaufsforschung GmbH IVE, Germany: Societe d'Etudes Commerciales et Documentaires SECED, France: Research Bureau Ltd. RBL, England: The Unilever Market research bureaux in Belgium, Italy and Scandinavian Countries will also join the Group.



These bureaux work on accounts of Unilever companies as well as third parties.

'We buy and don't know, they sell and know everything: the time we get up in the morning, whether we prefer roses to gardenias, shave twice or three times a day, take a sandwich or lunch out, have biscuits with our tea, change our pyjamas twice a week or once a month, shop in a supermarket on Saturday or round the corner every day, clean our windows at Christmas and Easter or once a month, feel sexy when switching on the washing machine, or paint our eye lashes. And they know as much about an Indian, an African or a Peruvian woman, or one living in Sidney or New York or Marseilles. And we buy and know nothing about them. We are naked before the giant companies of today, and ever so gently they guide us and, push and pull us: into liking gardenias instead of roses, into changing our pyjamas twice a night, into eating fish on Mondays, and feeling sexy when switching on the washing machine' (Tempel p49).

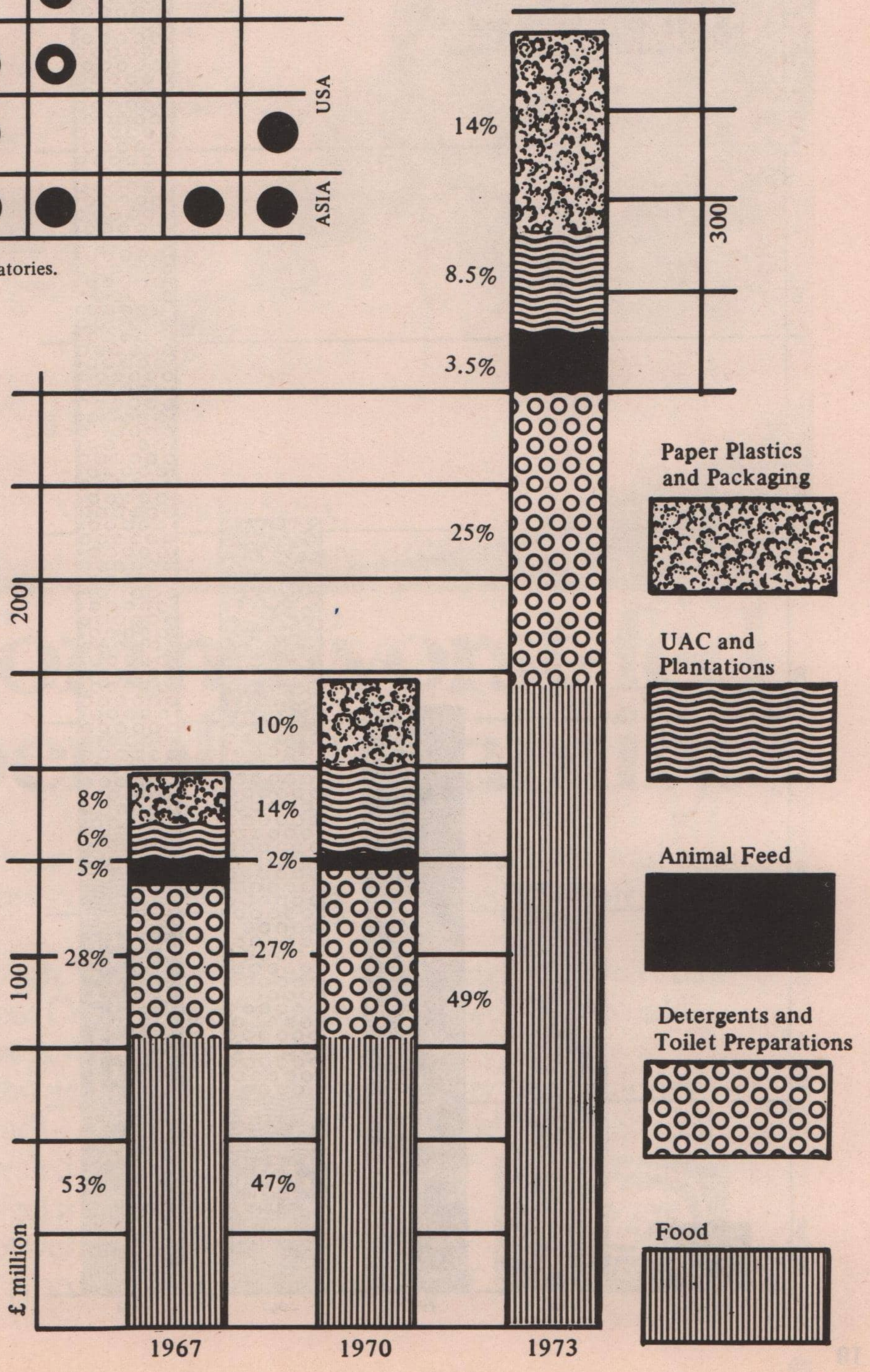
A Multinationals Route to Profits

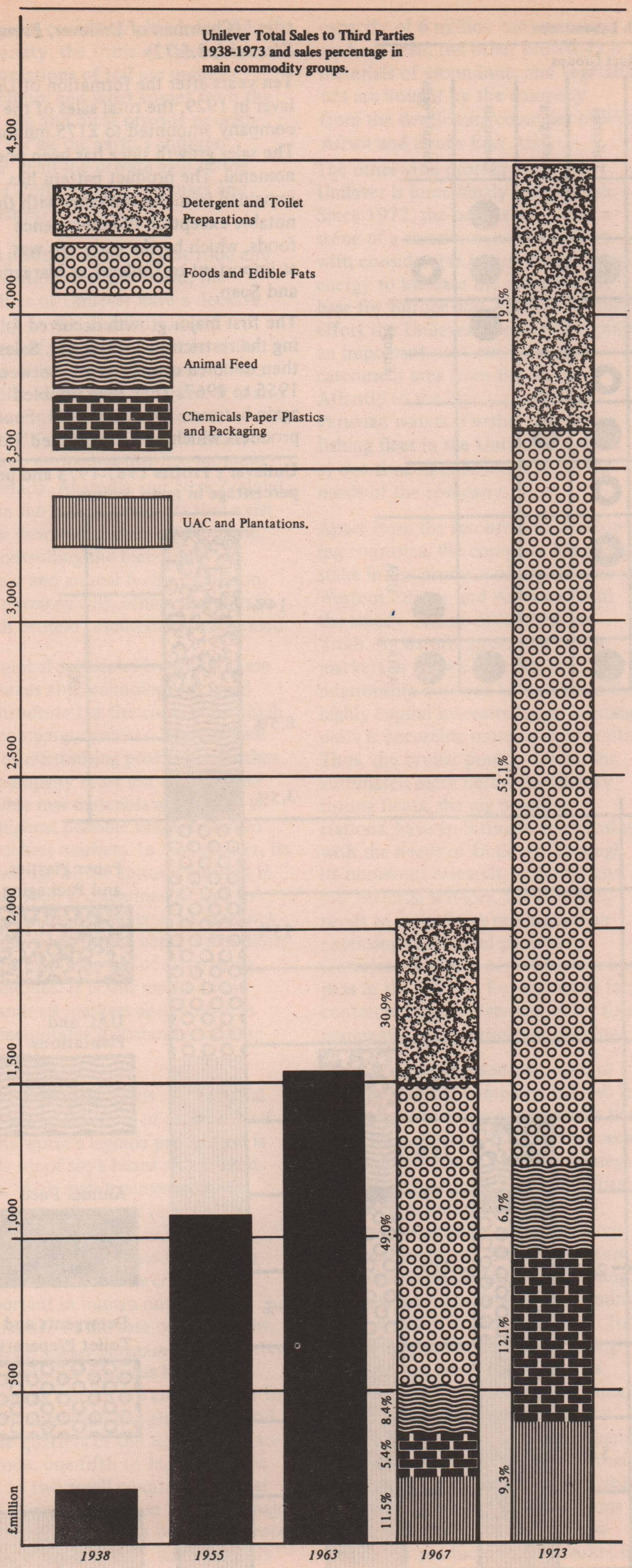
'We are a pace setter for growth and social progress in a number of countries.' (Chairman of Unilever, *Evening Standard*, 8.5.72).

Ten years after the formation of Unilever in 1929, the total sales of the company amounted to £175 million. The sales growth since has been phenomenal. The product pattern has remained virtually the same with the notable exception of convenience foods, which by the early 60s was as important to Unilever as Margarine and Soap.

The first major growth occurred following the restrictions of the war. Sales then doubled over 12 years, between 1955 to 1967. They then doubled again between 1967 and 1973. Food products which had contributed 35%

Unilever's Profits 1967-1973 and profit percentage in main groups.





to Unilever's turnover in 1938, now contributed 53%.

But 'the test of success, however is neither product range nor sales, it is profits' (Chairman, 3.3.72).

While it took sales six years to double, profits doubled in three. 'We have a permanent aim', the chairman of Birds Eye frequently remarked, 'jam today'. In 1973 Unilever's operating profit was £338m. Exactly where this sales and profit growth occurred is given below (the geographical divisions are Unilever's) for the past ten years; all amounts are in million guilders.

Quite clearly, Europe is Unilever's most important source of sales, and an increasing proportion of the company's capital is tied up there.

Second in importance is the US, accounting for around 10% of the company's investments. Lipton Inc. alone has sales of £150m and an annual growth rate of 9%, and Lever Brothers has 18% of the huge detergent markmarket. The US provides Unilever with with its most advance consumer markets, and success here inevitably 'leads to profitable expansion elsewhere' (Klijnstra 1973). Africa, at one time Unilever's second most important investment area, has declined over the past ten years. But the inclination to Europe in no way detracts from the multinational status of Unilever, nor does it imply a deterioration in Unilever's ability to wrest profits from the African continent. Despite the relative decline in capital investment in Africa and Asia, Unilever still dominates the market for raw materials, a state of affairs created by the investment of past decades. It is also characteristic of Unilever to relinquish ownership if actual possession is not necessary for the extraction of profits.

Unilever's Third World

Unilever's insatiable demand for raw materials, and vegetable oil in particular, has led to the establishment of deep rooted relationships with the supplying countries of Africa and Asia. Whole economies either directly or indirectly have been irreversibly structured to meet the needs of the conglomerate. Although Unilever no longer needs to directly control the plantations, it perpetuates the economic dependency of the producing countries.

WORLD WIDE GROWTH

amounts in million florin	Sales to third parties 1973	as %	average annual growth % 1963-73	Profit (after tax, before loan interest) 1973	as %	average annual growth % 1963-73	Capital Employed 1973	as %	average annual growth % 1963-73
Europe	19,818	68	7.4	840	68	7.4	7,595	72	4.7
North and South America	3,669	12	4.3	142	11	4.6	1,244	12	2.7
Africa	3,426	12	4.3	166	13	11.3	1,015	10	decline
Rest of the world	2,284	8	6.7	94	8	7.2	689	6	3.3
Total	29,197	100	6.5	1,242	100	7.4	10,543	100	3.7

Sir Keith and Lady Joseph beat rail strike to open Birds Eye H.Q. 1962

Rate of Return

Despite the decline in capital investment in Africa, the level of profits has relatively increased. Profit in Africa as a percentage of capital employed is higher than in any other Unilever market. In India and other Asian countries, investment is increasing, and pound for pound, profits are much higher than in Europe.

Return on capital employed as % (profit after taxation, before loan interest, as a percentage of capital employed.)

	1963	1968	1973
Europe	8.6	9.6	11.1
North & South America	9.5	9.3	11.4
Africa	5.2	7.9	16.4
Rest of the world	9.5	9.3	13.6
Total	8.3	9.3	11.8

Through its subsidiary the United Africa Company (UAC) it operates in 40 African and Middle Eastern countries. Its activities range from the direct buying of the raw materials that Unilever needs for its factories in Europe, to the distribution and sale of European merchandise. It has established processing plant for oil seeds, manufactures food and 'finishes' textiles, motor vehicles, textiles and bicycles. It has supermarkets in most of tropical Africa and its branded goods are found everywhere. Most important of all, Unilever has the technical and industrial 'know-how' which guarantees it a place in the development of the Third World.

Throughout the Third World, wherever markets are sufficiently profitable Unilever has manufacturing and sales operations that constitutes extensions of its operations in Europe. There are edible fats and detergents plants in countries as diverse as India and Zaire, Brazil and Thailand. In fact, in Unilever's eyes, some of these countries hold enticing prospects, giving it the chance to get in on emerging consumer markets at an early stage. The company's current favourites appear to be Brazil and Indonesia. Whether on its own or in partnership with local investors, national governments or, for instance, Hong Kong banks, Unilever is heavily involved in the developing world.

Unilever's overall goal is to attain a continuous and secure increase in return on capital invested, and it will invest its capital in whichever parts of the world it thinks will give the highest secure return. It aims to achieve this by constantly increasing sales in the most profitable marketing conditions, and this in turn assures maximisation of return on capital. In all this maximisation, though, the number of jobs is not included, nor the social and economic costs.

PRODUCTS

THE MONOPOLIES

THE GREEDY SOAP TRUST.

Daily Mirror, 22nd October, 1906

POOR WOMAN — Please, Mr. Soap Trust, isn't this pound an ounce short?
MR. SOAP TRUST — Well, what are you going to do about it? You may think yourself lucky I let you live. I'm boss of the situation, and no one else can make soap except me, and I'll put as few ounces in the pound as I like and raise the price to what I like, and if you don't get out I'll call the police.

It may be one of the world's largest companies, but the name Unilever does not mean much to most people, yet you only need to go as far as the kitchen cupboards or freezer to see Unilever products: the problem lies in identifying them. Branded consumer goods and foods is the nearest you can get to defining most of the company's products, and that, from Twink home perms to Spry Crisp 'n Dry cooking oil, is where the bulk of Unilever's income comes from.

It is a big market, and one that is made up of a lot of small but frequent purchases by every household: each year Unilever sells billions of packets of detergents and billions of packets of food in supermarkets, grocers and chemists all over the world. Stork and Echo margarines, Walls Ice Cream, Walls and Unox meats, Birds Eye and Iglo frozen foods, Vesta packaged meals, Batchelors tinned vegetables, Liptons tea and soups, John West canned fish, Radiant, Omo, All, Vim and Domestos detergents, Lifebuoy, Sunlight Soaps, Gibbs and MacFisheries. Just a few of the brand names, mainly used in England; every one of them a well known and frequently bought name, all with prices in pence rather than pounds.

It seems like a tough market to be in. Margins are thin, competition is harsh, there is no room for error. Immense amounts have to be spent on research, development, manufacturing capacity, distribution systems and advertising, yet there is no guarantee of success because of the fickleness of the consumer. When success is won it is expensive and brings only reasonable profits because of the intensity of competiton and tight margins. Failure is easy and costs millions. Or so we are led to believe.

It may be true for the smaller companies or new entrants on the periphery of the markets, but its certainly not true for the companies with the large market shares. Their products are established, available at every store. **There can be no delusions that any sort of 'free market' exists. The markets are so 'tough', the margins so narrow, simply because they are dominated by the big companies, and Unilever is the biggest.** One of the distinctive features of the company is the frequency with which its products dominate their respective markets. In the UK Unilever has a monopoly position in frozen food, ice cream and margarine, to name but a few. It is a situation that is repeated frequently elsewhere in the world, sometimes with the same products, sometimes with others.

Taking detergents first, this is one of Unilever's most widespread monopoly positions. In this case the company shares the bulk of the market in the West with two other companies, Proctor and Gamble and Colgate-Palmolive. The ABN estimates the three companies' world detergent sales by value as follows:

Company	*Sales florin billions*
Unilever	5.1
Proctor & Gamble	4.6
Colgate-Palmolive	3.0

It also calculates that Unilever produces over 20% of the West's entire production of detergents. In the USA the two American companies are market leaders, with 50% of the market held by P&G, 22% by C-P and 18% by Unilever, so these three producers control 90% of that market, which itself accounts for approximately 30% of world consumption.

In Europe, which accounts for a further 30%, Unilever is the largest producer with 25% of the market (in this case there still remains a comparatively large amount of 'local' manufacture). As a specific example, in Britain 'the soap and detergents industry . . . is dominated by two large companies . . . In terms of retail sales value, Lever Brothers (the Unilever subsidiary) and Proctor & Gamble supply about 85% of the market for hard soap, over 95% of the market for soap flakes, soap powders and synthetic powders, and well over half the market for synthetic liquids. In these markets there are relatively few competing firms' (PIB 1965 p3). The situation has changed little since this was written, despite Unilever's fiasco with biological detergents in the late 60s, and the two companies still share this £100m plus market fairly evenly between them.

In other parts of Europe Unilever's detergent operations are stronger vis-a-vis the two American companies that constitute its main partners in the detergents market, but not sufficiently so to explain the company's edge in terms of worldwide sales over Proctor & Gamble, with its huge share of the lucrative American market. Where Unilever really makes up for its lower market share there is in the less developed world. There it has succeeded in hanging on to and building from the base established in the heyday of colonial rule.

Economic imperialism succeeded colonialism, and Unilever has continued to prosper. Hindustan Lever's operations in India illustrate just how cogent and persuasive Unilever can be in pushing its self interest in countries far removed from the epicentre of the West. There, by winning governmental preference for its projects over those of possible rivals, particularly domestic ones, Unilever had succeeded by 1972 in securing 43% of all production capacity for detergents. Further it had won clearance to expand its capacity by a further 60%, thus greatly consolidating its position as by far and away the largest producer of detergents in India. How this occurred is explained later, but suffice to say this is just one example of a process going on in many other parts of the globe.

On the foods side of the business Unilever's monopolies are similarly extensive. As the breakdown of its sales indicates, food is the company's major product. There are several subdivisions within the food sector. One of them is margarine and other edible fats and oils. This is another of the company's older monopolies, dating back to before the merger of Van den Berghs & Jurgens with Lever Bros. In many countries the company controls well over half the market: for instance, in the UK it has 70%, in Germany 75%, in Sweden 70%, in Holland 65%, etc. With these levels of market share, Unilever's monopoly is for all practical purposes complete.

VBJ gets all the benfits of large scale production: at Bromborough in the UK it has the largest margarine manufacturing complex of its kind. It 'has developed advanced techniques for securing a 'least cost mix' and is thus in a position to take advantage of variations in the prices of available oils' (PIB 1970 p9). This means that VBJ can react faster than its 'competitors' to changing raw material prices by, for instance, substituting herring oil for soya bean oil if the price of the latter rises. And with advertising and promotion accounting for some 11% of manufacturing 'costs' (1970 figures), VBJ has several million pounds a year available to spend on ensuring that its monopoly position in the UK alone is at least maintained; throughout the 60s, in fact, its share of the UK market was steadily expanding.

Again the monopoly extends on through Europe and into the third world with, frequently, special products to cater for different tastes. Vanaspati, a vegetable ghee, is a big money spinner for Unilever in India and other parts of southern Asia, where it is the biggest producer. The company is confident of the potential for further growth in the underdeveloped world, arguing that just as margarine consumption rose rapidly in the West to the point where it is now approaching saturation, so this process is only beginning elsewhere. Thus the Third World is considered one of the most promising areas for extension of the margarine monopoly.

Detergents and margarines are long established Unilever monopolies, both dating from around the first decade of the century. In the 1920s the company acquired in the UK T Walls, which had begun life as a sausage manufacturing company but subsequently turned to making ice-cream in the summer when demand for sausages was low. This side of the business grew rapidly, so that by 1939 Walls had a fleet of 10,000 'stop-me-and-buy-one' men on box tricycles selling direct to the public in the summer. Ice cream is now, in terms of sales value, the second largest part of Unilever's Foods and Drinks Division (i.e. excluding Edible Oils & Fats). It is manufactured on a worldwide basis, from Ireland to Malaysia and from Germany to Brazil. Outside the 'fully developed' markets of the USA, Australia and Sweden, 'Unilever is mostly the market leader' (ABN p23), and even in these countries it has a substantial share of the market. Expansion is continuing, with four substantial acquisitions, two of them from the American company W.R. Grace, in Ireland, Denmark, Brazil and Spain in recent years.

In the UK Walls shares the bulk of the ice cream market, valued at £121m at retail prices in 1963, with one other manufacturer, Lyons Maid. These two companies have an estimated 90% of the branded market share, Walls being the larger with 48% (BMRB TG1 estimates), their 'competiton' being in the form of a large number of small companies. As the Prices and Incomes Board found when investigating ice cream prices in 1970, the relationship between Walls and Lyons Maid is very close. It reported that they 'have tended throughout to match each others ranges . . . the annual discounts or bonuses allowed by Walls and Lyons Maid under contracts involving one retail outlet are identical . . . The supply and maintenace of cabinets is handled for both companies by Total Refrigeration Ltd, a wholly-owned subsidiary of Total (Investments) Ltd, which is owned 50% by Walls and 50% by Lyons Maid . . . Another wholly owned subsidiary of Total (Investments) is Embisco Ltd; which makes cones, biscuits, wafers and the like for its shareholders in a rented part of Walls' Gloucester site . . . '

Concluding, the PIB states that 'we have **noted the closeness of their respective notifications of price increases, the virtually identical terms allowed to small retailers, and the general matching both of each other's products and of the prices for the comparable products. We have also noted the close relationship that exists between the two companies through their joint ownership of Total (Investment) Ltd. It would undoubtedly be easy for them to collaborate on the determination of prices'. Nevertheless, despite all of these factors, the PIB decided to give the Unilver and Lyons Maid a clean bill of health. The reason, apparently, was that they 'have assured us that there is in fact no collaboration of this kind'. Clearly, there is no need because the two companies have that particular market neatly sewn up.**

On the other side of the freezer lies yet another, and newer, area of Unilever monopoly: frozen foods. When Unilever purchased Batchelors in 1943 it also bought an interest in two frosted food factories, operating under licence with the Birds Eye method of quick freezing food. This was still very much an infant industry on this side of the Atlantic, and was pioneered in the UK by Unilever in conjunction with General Foods in the post-war years. The UK market grew rapidly, and General Food's minority interest was bought out in 1957. Unilever, by a process of acquisition and application of Birds Eye's experiences in the UK was able to expand the frozen foods business into Europe. As a result this sector now ranks first in terms of sales in the company's Foods and Drinks division, above much longer established products like ice cream, packaged food and drinks, meat products, etc. So not only has Unilever played a major role in internationally establishing this whole new sector in the food trade over the past thirty years, with a total retail turnover of some £179m in 1973, but it has also secured for itself a healthy new source of profit.

It is currently the largest manufacturer of frozen foods in Europe (it claims, in fact, to be the largest in the world) a situation that is unlikely to change in the foreseeable future. 'Unilever's position in several European countries with strong brands – Birds Eye in the UK, Iglo-Langnese and Findus (jointly with Nestle) in West Germany, and Iglo in the Netherlands, for example, seems practically unassailable.' (ABN p23) What this position of strength means is clear. 'The high cost of refrigerated cabinets encourages the retail trade to keep the display space for frozen products to the minimum consistent with meeting consumer demand for the products. In new stores the big chains make adequate provision for frozen foods but in the bulk of existing stores refrigerated space has not grown in line with the rapid growth in sale of frozen foods.

'Number two in the frozen food market in the UK is Findus (Nestle) with around 18% of the retail trade. This puts it in the unenviable position of being in the front line of competition for inadequate display space against Birds Eye, the Unilever subsidiary, which has around 60% of retail frozen food sales and hence the bulk of available refrigeration capacity.' (*Financial Times* 20.2.75)

Apparently Nestle has learnt its lesson as far as frozen food is concerned, for in 1970 the Nestle frozen food and ice cream operations in Austria, Italy and West Germany were merged with their Unilever counterparts. A joint holding company was formed to cover the merged operation, in which Unilever holds 75% and Nestle 25% of the equity, the proportions indicating their relative positions before the merger. **We thus have the picture of Europe's two major food groups acting in partnership in an important and growing sector of the market in a large part of the EEC.** In this context it is interesting to note that Nestle also owns 15% of Lyons Maid in the UK, with whom Unilever's close relationship through Walls Ice Cream has already been pointed out.

Small wonder then that in this situation Findus in Britain does not attempt to compete directly with Birds Eye, but concentrates instead on singling out for itself a particular niche in the market, in this case fish, and 'prepared' foods such as a range of Italian pasta dishes. **But then both companies have the same primary interest, which lies in concentrating on expanding this highly profitable market rather than competing with one another.**

Detergents, margarines, ice cream, frozen foods; these are just some examples of Unilever monopolies, in some markets; it is not a comprehensive list by any means, and does not attempt to be. And, despite the extensive nature of these monopolies, Unilever's power would be greatly understated if it were only measured in terms of the company's monopoly in individual markets. The point is that Unilever is diverse, in that it manufactures a wide range of products, yet it is also to a considerable degree vertically and horizontally integrated, and is continuously becoming more so.

This means that many of Unilever's constituent parts are inter-related with other parts of the company. Horizontally, for instance, animal and vegetable fats, oils and solids in various states of refinement are common to margarine, ice cream, soaps and toiletries, and indeed, for many other foods and toiletries. Again, the processes of canning and freezing are applied to many of the same foods, which are also handled by the fresh foods sector of Unilever. For example, fish is canned by John West, frozen by Birds Eye and sold fresh by MacFisheries and Nordsee; these three companies account for the main retail uses of fish; in addition, fish oil is used for margarine manufacturing and fish is also used in animal feeds. On the synthetics side, the non-soapy detergents are based on synthetic chemicals, which are also used extensively in Unilever's chemicals and plastics business producing, for instance, the plastic containers and wrappings that adorn so many of the food products. And within all this there are specific interrelationships whereby, for instance, the offal from Walls factories is supplied to Mattesons for use in their products, and Mattesons reciprocates by supplying Walls with specific types of sausage. In addition, supplying all of these sectors with wrappings and boxes, is the 4Ps group.

But this is just the tip of the iceberg, for coupled with this horizontal integration there is a considerable degree of vertical integration. What this means is that the company operates at all levels of production, from growing raw materials to selling over the counter. **Unilever's vertical integration is unmatched in depth and scope. At the lower end there are plantations, purchasing boards and trawler fleets which between them harvest materials as diverse as herrings, groundnuts and timber. At the next level there are the oil mills, slaughter houses, factory ships and timber mills. At the third the manufacturing operations: detergents, soap and margarine and container manufacture, food processing, freezing and canning, etc. At the fourth level there is all the paraphernalia of selling, from market research, advertis-**

Early sales gimmicks

ing agencies, distribution depots and retail outlets to fish restaurants, industrial caterers and cleaners and meat pie shops. Ironically, this takes the company right back to the plantation level through the merchandising activities of UAC.

Finally, there are the transport operations linking across the conglomerate both vertically and horizontally. From ocean going freighters and North Sea ferries to refrigerated containers and heavy trucks, the company's transport operations cover as wide a spectrum as the manufacturing operations. The transport companies even supply complete distribution services, including warehousing, data processing (including stock control, invoicing etc.) and delivery, as SPD does for Birds Eye in the UK.

What this complex structure means for the company is that its monopolies are secure, for if anyone in the markets can make a profit it will be Unilever. The reason for this is that, whereas a 'competitor' must contribute to outside suppliers' profits to obtain economies of scale, Unilever can buy internally yet not sacrifice anything in terms of economy of scale or flexibility, its operations are that large. In the markets in which it operates, where profit margins are traditionally narrow for most producers, this is vital. The point is that in any one sector Unilever's margins are widened to the extent that goods and services are supplied by other parts of the Unilever machine at an accounting profit.

Of course, this is not to say that Unilever consists entirely of a series of monopoly operations; as pointed out already, it is an exceptionally diverse company, and in many of its areas of operations it only reaches a small part of the relevant market or, alternatively, a large part of output is internal to other Unilever subsidiaries. The SPD operation in Britain is a case in point, with almost three-quarters of its total business in the form of supplying services to other Unilever subsidiaries. Even in the case of smaller, less dominant, operations though, Unilever's complex structure is important in giving them added viability through, for instance, the availability of raw materials at bulk prices.

Whatever the condition of the company's structure at any one time, it will be in a constant state of flux – the enormous cash flow sees to that. Existing operations are constantly in the process of rationalisation and expansion, merger and coordination to maximise future cash flow and profits. The logic of the cash flow goes beyond this, however, dictating that the company be also continuously seeking to expand on into new areas of operation. The rationale in this case may be to capitalise on existing resources and infrastructure as, for example, with the move into chilled dairy products which complemented the margarine business so closely, and was in effect a logical widening of VBJ's product range. Alternatively it may take the form of an attempt to reach out and encompass a new area of industrialisation which Unilever can hope to spearhead because of its powerful resources, and in which it can hence hope to attain a high rate of growth.

INDUSTRIALISING NEW AREAS

The quickest way to corporate growth, if you can get it right, is by creating a whole new industry. IBM and Xerox are perhaps the two best known and largest examples, and in these cases we have seen companies rise from nothing over a period of just a few years. It's a matter of finding a product and creating a market and the capacity to produce it, all the while maintaining monopoly control. With IBM the product was the computer, capable of extremely complex and repetitious calculations. Xerox was at the opposite extreme, able to do the tedious chore of copying onto plain paper. These examples have two things in common: enormous fortunes were made and powerful monopoly positions established. All this through, essentially, the creation of an industry where none existed previously.

This, then, has to be every corporate manager's dream: to find a new area of operation with that sort of potential. The Rank Organisation, in taking up the Xerox business, without a doubt saved its own skin, transforming the company from what had been a very dull one in accounting terms to what is euphemistically known as a go-go company, this despite the continued low profits or even losses from the original constituent parts of Rank. Control of the market ensured grotesque profit margins.

These two examples are notable for the extent of the markets opened up – IBM, for example, had a turnover of $11,000m in 1973 – and the effects were clearly visible for in each case a new company was set up to concentrate on this one particular product, and so its growth could be measured in terms of Stock Market performance and was obvious for all to see.

Unilever too has been able to enjoy the fruits of industrialising new areas, though not always in areas so clearly divorced from existing markets. Just how profitable this has been is concealed behind the skirts of the company's operations, and by its exceptional reluctance to develop a corporate image. How many Birds Eye or Iglo delivery vans have you seen around town, for instance? None, yet these products are continuously being delivered in town and city high streets all over Europe.

In fact, right from the first Unilever was creating new industries. Margarine is an example. And in the post-war period the frozen food industry, with its concomitant industrialisation of the fishing and vegetable farming industries, is a case in point. Although Unilever's fish operations started as early as 1919 with the setting up by Lever of the MacFisheries operation in Britain, and it also processed vegetables before the war, it was only after the war that the big changes came. Frozen foods, developed rapidly as an industry in its own right, and it was applied to both fresh vegetables and fish. Where previously production and distribution were widely spread amongst large numbers of farmers, fishermen, market wholesalers and traders, grocers and fishmongers, the development of the freezing industry led to centralisation of distribution through the frozen food companies and supermarket chains.

It was an important development, enabling the food processing industry to encompass a major new area, 'fresh' foods. An industry was created where none existed before, except insofar as it competed with the canning and fresh food 'industries', and Unilever was a major beneficiary and proponent of that change (in fact, in the early stages Unilever was able to capitalise on its existing canning facilities by doubling them up as frozen food factories as well). The contribution made by frozen foods to Unilever was probably vital, for without that major area of growth the company's position in the 50s and 60s would have been far more vulnerable.

Farming

As the frozen food sector grew, so Unilever turned its attention to securing least cost sources of supply for its vital raw materials. Birds Eye was built on frozen peas and fish fingers. There was clearly no point in buying land and formally bringing pea production under Unilever's control, for three reasons. Firstly, farming is a difficult business, with comparatively low profit margins. Secondly, the value added in the farming of peas is comparatively small compared with processing and distribution, etc., so it would not greatly affect the profitability of the frozen pea operations. Thirdly as the major single buyer of peas Unilever is anyway in a strong position to pressure its farmers to reduce prices – the point was to apply that pressure.

Just how much pressure, and what power that represents, can be gauged by the former Unilever chairman Ernest Woodroofe's answer to the question 'what attracts you most about the job you have today?' **'Woodroofe: The power to change things, the power not to have to accept things as they are. You can alter things. For instance, the agriculture of East Anglia has been altered by the operations of Birds Eye.'** In the UK alone Birds Eye now has over 1,000 farmers with exclusive contracts to sell it vegetables. Unilever supplies the seeds and technology, overseeing the whole operation, and helps arrange finance for the capital investments necessary. To make profits under the contract the farmer has to keep up with the technology, and so Unilever can industrialise farming by proxy.

At the same time a similar process has been occuring on the meat side of the business. In this case, though, the farmer faces a double attack – from Unilever as a major animal feeds supplier on the one hand and from Unilever as a major live meat purchaser on the other. The animal feeds division has a whole array of research units, constantly devising new farming methods utilising its feeds. The farmer is constantly exhorted to introduce new methods, using the feeds of course, to increase profits. At the same time Farm Mark is at his service, a 'completely autonomous' division which will purchase the pigs, lambs and beef he produces but at, doubtless, prices reflecting the use of 'up-to-date' methods, such as those recommended by BOCM!

Factory Ships

Unilever's approach to the problem of fish supplies was somewhat different. Parallel with the build-up of frozen food, the company was leading the way in industralising fishing through its Nordsee subsidiary in Germany, which is 69% owned by Unilever, the remaining 31% being almost entirely held by the Dresdner Bank. Nordsee is, again, an entirely integrated product line, covering the whole spectrum from catching and farming fish to fishmeal factories, fish fingers and restaurants, on a world scale.

During the postwar period there has been intensive development of the Nordsee operation. Today it has an annual turnover of about £150m, is the largest European fish company and employs 10,000 plus. It could on its own be described as a multinational corporation, like so many other Unilever divisions. The basis of the fishing fleet is eighteen ultramodern factory ships. These floating factories work the integrated process from searching for fishing grounds with high technology electronic equipment through catching and processing the fish into frozen products and fishmeal on a 24-hour a day basis. They sail world-wide in the search for the most lucrative fishing grounds: from their base in Hamburg in Germany they go as far as the western coasts of Mexico and Peru, as well as to the more traditional grounds all over the Atlantic (Greenland, Labrador and South-East Atlantic).

This highly capital-intensive exploitation of the oceans goes on for almost 300 days per year, which is almost twice the time achieved by more traditional fishing methods. This is made possible by the large on-board storage capacity of the ships and the use of special 'warehouse ships' into which the factory ships can discharge their cargo whilst still at sea, and as a result the factory ships' average trip is as much as 100 days. Interestingly the construction of the factory ships was subsidised by the German government in a 'modernisation programme' for the German (i.e. Unilever) fishing fleet. Complementing the factory ships Nordsee has a further fleet of 47 fresh fish trawlers. These have to stick to the nearer fishing grounds, and as a result this part of the Nordsee fleet will not be expanded but modernised in the future.

Know-how

The facilities for processing the catches are also entirely in Unilever's hands. Nordsee has on board the factory ships installations for cleaning and portioning the fish, and for freezing fish for human consumption. Any left-over or small fish can then be processed on board into fish-meal, used mainly for animal feed, particularly for pigs and chickens. Fish oil, used in the manufacture of margarine, is an important by-product. In addition Nordsee has substantial fish processing facilities on dry land, in Germany. At Cuxhafen (Seedler) and Bremerhafen (Fischindustrie Bremerhafen) fish is smoked, canned and frozen, and there are also two fishmeal factories which, apart from the factory ships, have a capacity of 35,000 tons per year, or 1% of total world capacity. Naturally, during the development of this fleet and also for fish farming operations in the UK (it was the first major firm to venture into fish farming, with trout farms in Lincolnshire and a salmon farm at Lochailort in Scotland) Unilever has acquired a great deal of know-how on ship construction, catching and processing techniques, etc. It can use this technology as another profitable source of income. Many countries which are trying to get more food, proteins in particular, can turn to Unilever and buy this know-how, at a price. In Mexico, for instance, Unilever is experimenting in building a fishing fleet. As a Unilever man, Rehder, stated, 'we have a lot to offer: management, know-how, capital, and of course the very important markets'. **These markets, as in so many cases where Unilever is concerned, will not be for the hungry and poor in the underdeveloped world, but rather in the rich developed countries such as America, Japan and Europe.**

For a country wanting to start a fishing industry for the provision of food for its own people, the burden of purchasing and financing the equipment, coupled with the temptation to sell the fish (on Unilever's terms) to the rich markets, may well prove stronger in the long run than the food problems of its own people. For instance, the European fishing companies' plans to start fishing on the western coasts of the drought-hit Sahelian countries won't lead to better food provision in those countries. Negotiations to date only allow for the marketing of a part of the catches in the harbours of these countries, and it is doubtful whether the people really hit by hunger will be able to buy the fish at all.

For Unilever does have large and lucrative markets for fish and fish products, particularly in Europe. To begin with there are the Nordsee direct outlets, with a chain of 40 wholesalers and 300 fish shops in Germany and Austria. Although this number of shops is not expected to increase, the larger existing ones will be modernised and the smaller ones replaced by larger. In addition Nordsee owns some 150 restaurants in the Netherlands, Germany and three other European countries. This Nordsee-Quick operation is currently expanding at the rate of 20 to 30 new restaurants per year. There are also the numerous MacFisheries retail outlets in the UK.

Alongside this retail and wholesale distribution chain Unilever has created an integrated industrial catering operation for institutions (hospitals, hotels, schools, etc) which sells other Unilever food products as well as fish. This is jointly owned with Gardner-Merchant Food Services (a subsidiary of THF, which itself has over 1000 hotels and restaurants all over the world and sold more than 200m meals to institutions last year) and already operates in England, Belgium, Netherlands and Germany.

Finally, there are Unilever's international freezing, canning, margarine and animal feeds companies, all of which are major users of fish and fish products. As a result and despite the size of the Nordsee operation – it is the largest European fish company – considerable quantities of fish and fish-products still have to be bought outside. In Britain, for instance a British Trawlers Federation spokesman, on being questioned as to what parts of the British fishing industry Unilever purchased from, replied 'the whole British fleet works for them.'

Industry Problems

There have recently been problems in the fishing industry. On a global scale the exploitation of oceans and coastal waters has resulted in the threat of exhaustion of fish as a source of edible protein. The examples of the near extermination of certain breeds of whales, the exhaustion of the Peruvian anchovy shoals, and more recently the lower catches of cod have resulted in the attempted protection of the fishing grounds by adjacent countries. The Cod War (Iceland) is an example and the Caracas Conference of 1974 tried to extend the limits of territorial coastal waters to 200 miles. All this posed a difficult problem for the smaller scale fishers, who found that they had to take longer and longer trips to reach the remaining exploitable fishing grounds, and at the same time their fuel costs have tripled because of the oil crisis.

Who was hit? Not the large capital intensive corporations like Nordsee. They have both the reserves and the relative independence from outside factors because of their fully inte-

grated operations and lower operating costs. Unilever can afford the ultra-modern factory ships and with these ships is well able to cover fishing grounds all over the world while the smaller fishermen are going bankrupt. For it is the small fishermen with ordinary trawlers who have no alternatives. They cannot go all over the world for deepwater fishing, and they cannot raise the capital either internally or in the form of loans, for investment in new boats. As a result, and especially with higher fuel costs, they are confined to the local fishing territories within 200 miles at best.

The new territorial limits do not present the same problem to Nordsee that they might do for smaller companies. Firstly, Unilever is already established in many of the countries involved and will be able to arrange to be treated as a 'national' company. Secondly, if in some areas this proves impossible and Unilever is obliged to pay for fishing rights or is not allowed in, it is quite possible that alternative profitable strategies can be evolved. One, which would seem very likely, is a deal with the relevant government to supply know-how capital and markets to develop a 'domestic' fishing industry as described above; the Peruvian plan to join Unilever in a deal to organise fishing there, to earn 'hard' foreign currencies is an example.

Not only, then, is Unilever one of the fishing companies best equipped to make profits whatever circumstances arise, but when aid for the industry is doled out it is also likely to be one of the major beneficiaries. German funds for modernisation of 'its' fishing fleet are one case already explained. When the recent difficulties for the fishing industry arose, in Europe the fishermen turned to the EEC Commission for relief; asking for both financial and price support (based on the minimum prices for the lower catches). If these measures are forthcoming, particularly in the form of price support regulations on the basis of catches, as is quite common to date, Unilever will profit considerably. This is because those companies in the strongest position, even though they don't need any support whatsoever, get exactly the same price guarantees as the smaller fishermen.

In this situation Unilever's strength is increased relatively, that of smaller fishermen reduced; much of the smaller scale fishing will 'fade away' or be 'phased out', or be forced into larger groupings which may have to attempt to set up downline operations such as processing and distribution. **For Unilever there will be less competition, and the opportunity to expand by taking over production and markets at the right moment (for Unilever!) on favourable terms. This has the advantage for Unilever that rationalisation has already been carried out. For Unilever such a strategy is quite common; indeed one could say Unilever became Unilever this way!**

CREATING A DEMAND

In theory, Unilever just sells people the goods they want to buy, whether frozen food, detergents, or whatever. Not surprisingly, the company does much, much more than just sit back and wait for people to buy its products. On the contrary, it goes all out to 'sell' those products by any means available to it; it is a matter of persuading people to buy and, more specifically, to buy Unilever products, as many and as wide a variety as possible.

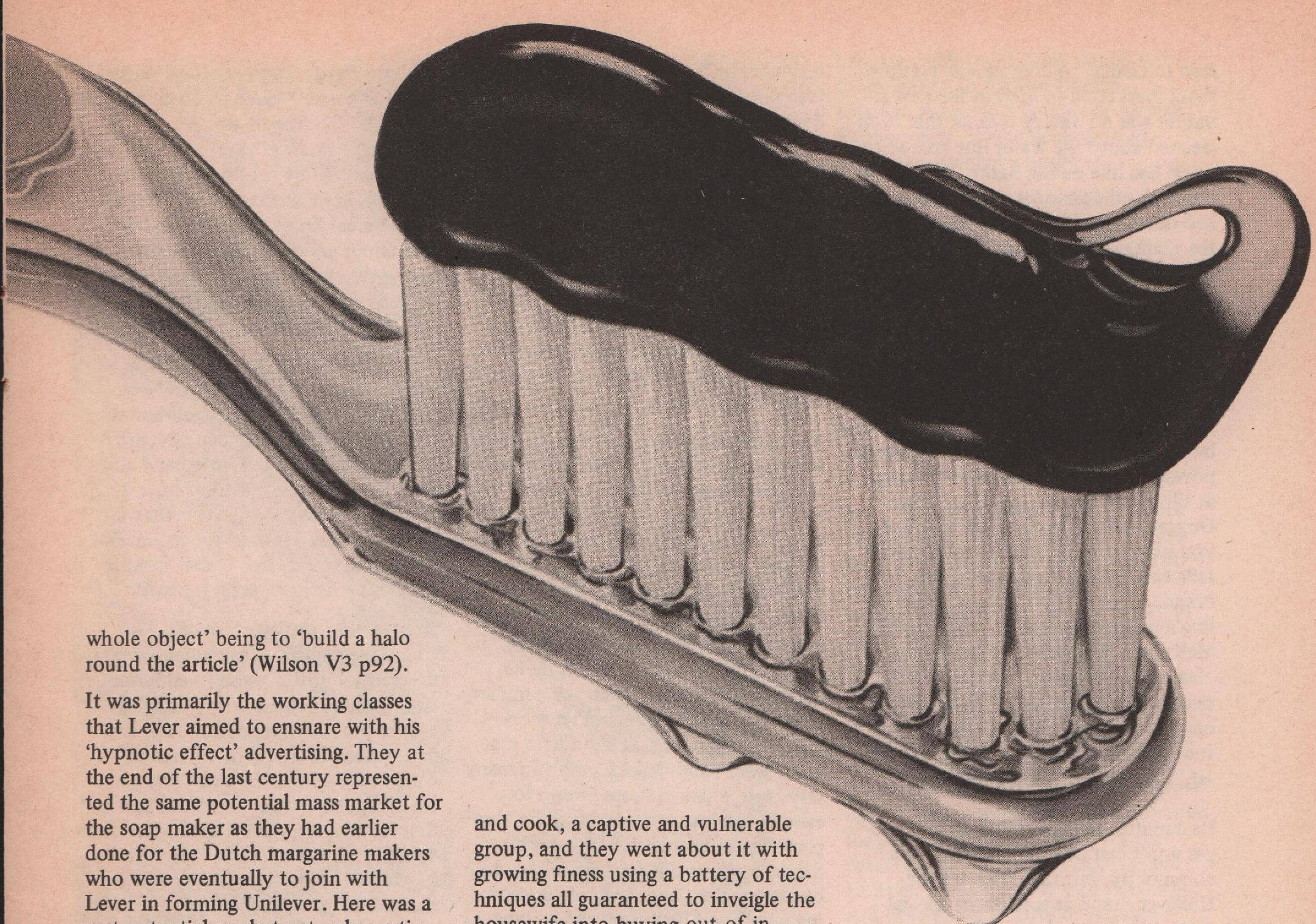
It goes beyond this though, for the company actually creates its markets. One of the first principles adopted by Lever, to be retained throughout his life, and to become basic to Unilever operations, was that while rising standards of living and individual incomes might create the basis for expanded markets in those goods in which he, and later the company, specialised, it was not enough to wait for a market to develop. The awareness that shoppers were susceptible to the growing art of high pressure salesmanship and advertising convinced Lever that markets could be created and expanded, and for a branded product on a national basis at that.

In the early 1880s he was using the press in order to carry out an intensive advertising campaign for the Irish butter sold by his grocery business. In 1885 he set up a monthly private trade publication, the Lancashire Grocer, to channel information to the shopkeepers who stocked his goods. He avidly sought free publicity, positively welcoming the public wrangles he had with the middlemen whom it was also part of his business philosophy to by-pass in his purchasing.

But this was just the beginning, for Lever went on to exploit advertising as part of a much broader marketing strategy. The first milestone was the patenting of the Sunlight brand name in 1884, coinciding with the great depression of the mid-1880s which provided Lever with cheap raw materials and ample labour as employment was reduced in the textile industries. The second was the innovation of using vegetable oil instead of animinal oils, giving a better soap. The third was when Lever turned to selling the soap in wrapped tablets, with the Sunlight name prominently displayed on the wrapping; left in shop windows, the soap would practically sell itself. The fifth, and perhaps most important, milestone came when Lever, capitalising on all these factors coupled with heavy advertising, was able to turn Sunlight into a national brand.

Up to this point of time soap, as with most products, had been sold under local brand names. The first half of the 20th Century was to see the emergence of national brand names, reflecting the needs of economies of scale in both production and marketing to boost profits. In other words, mass production necessitated mass markets, and the next step from regional markets was the national market. A national brand was the only way in which a manufacturer could create a national, homogenous market for mass produced products. In percieving this at this early stage Lever had a head start on the other soap producers, who were still producing for regional markets with just the company's name as identification. This transition from regional to national markets is reflected in the current transition, in which Unilever is fully participating, from national brands to international brands, as we will see later.

Lever used advertising to the full to support his brand and open up the market for it. At first it was on a small scale, but grew rapidly with the business. In 1885, when Lever started manufacturing in his own right at Warrington, advertising expenditure was £50. Over the next 20 years he spend £2m, an unheard of level of advertising expenditure in that period. He was intensly concerned with this side of the business, and constantly exhorted his managers to try to achieve 'hypnotic effects' with their advertising, 'the



whole object' being to 'build a halo round the article' (Wilson V3 p92).

It was primarily the working classes that Lever aimed to ensnare with his 'hypnotic effect' advertising. They at the end of the last century represented the same potential mass market for the soap maker as they had earlier done for the Dutch margarine makers who were eventually to join with Lever in forming Unilever. Here was a vast potential market yet only partially exploited. The working class housewife had to be convinced to use more soap, not merely any soap but Lever's soap.

In the first phase of this process of persuasion the advertising campaign consisted of slogans, hoardings, enammelled plates on railway stations (a very effective form of advertising at that period), newspaper adverts etc., all extolling the virtues of the wonderful Sunlight soap. Then, capitalising on and expanding from the market thus established, he introduced the highly competitive 'prize schemes', by which prizes were offered to customers who collected a certain number of wrappers. Other firms were at first contemptuous of Lever's methods, many of which he learnt in the course of visits to the USA, but as the success of his campaigns became obvious, and Sunlight became established as a strong national brand, they followed suit. **National advertising was on its way to becoming a way of life, and in the UK Lever remained its foremost exponent.**

Inevitably the company had hit on the idea of selling to women– the prime purchasers for the household, people with nothing to do, in the eyes of advertisers, but buy and clean and cook, a captive and vulnerable group, and they went about it with growing finess using a battery of techniques all guaranteed to inveigle the housewife into buying out of insecurity, pride, penny pinching or perhaps saddest of all the 'treat yourself' impulse.

The growing number of women who both work and keep a household going is a factor which plays into Unilever's hands giving them occasion to manipulate the vulnerability of their dual roles with packaging and television advertisements that suggest that happy families are created on the opening of (Unilever) packet (and slyly insinuated the opposite). Unilever in their psychologically astute and absolutely calculating manipulation of an essentially captive market have a lot to answer for.

Lever was an early exponent of the power of children to wear down a mother's resistance. 'Progress', the magazine he founded in 1899 for staff and shareholders, and directed mainly at the company's travelling salesmen, contained such hints as 'showing the people that Swan Soap will float is a very good method, and especially where there are children as the latter bother their mothers to buy some. In 1889 the Secretary of the Soap Makers Association complained that the Sunlight Year Book, of some 500 profusely illustrated pages, was being sent round to elementary school teachers. He also cited a case in which the mistress of a Board School had been distributing adverts and prizes in connection with Sunlight soap. The effectiveness of this approach is now evident when we consider the saturation advertising on TV at 'child viewing' periods, and also the banks of sweets and crisps which crowd the cash desk at supermarkets to attract the attention of children waiting in line with their parent.

The marketing effort did not stop there though, but has continued with unflagging intensity ever since. Lever, and Unilever after him, went on to introduce new products, creating and expanding new markets for those branded products, and, having more or less saturated the market, to hold on as tightly as possible to what they had won. Just as Unilever grows continually, so do its marketing operations.

The point is that the one thing that Unilever fears most is that its products should become mere commodities. 'A few years ago, for instance, Lever found that Domestos bleach was in danger of becoming a commodity. . . Domestos took the courageous decision to change its commercial platform. What marketing wanted in the new situation was a lavatory cleaner that both cleaned above the water line and which smelt less like public baths. That led to a thickened domestos, which was marked out from all the other bleaches on the market. Then again, Vim had become a commodity, with very little to differentiate it from Colgate-Palmolive's Ajax. So the development unit produced a colour change system in which the scourer starts off green and turns white to show it is doing an efficient job – a signalling system much like the lather in a washing up liquid or soap-powder. 'There's no point in looking at silly historical perspectives, says Duggan (a Unilever manager). 'What you have to do is hang on by the coat-tails and build a proper platform for a brand.' . . . . . . 'You have to avoid selling a phantom product,' says Eamon McKeown, who runs the household cleaners development group, 'where people buy a product without reference to its brand image. **That's what innovations all about, making it special.'** (Management Today May 72).

Its a matter then of ensuring that people don't just buy that product as a commodity, but that they see the Unilever brand as something special– more than just a detergent, a soap, an ice cream or a packet of frozen peas. They must be persuaded that they want that commodity, true, but part of that persuasion must be that it is the Unilever brand of that commodity that they want above all others.

This is where the money goes, in maintaining the brand names. **It can't be left alone even for the shortest time, the brand must be constantly flashing across countless TV screens, repeated on commercial radio, be plastered through millions of pages in magazines, newspapers and promotional brochures. The point is that most of Unilever's products are commodities, very similar to the products of other companies in the same fields as itself. Its the brand image that differentiates Unilever products, that prevents them being purchased as commodities are, simply on the basis of best value for money or, in other words, on the basis of a free market.**

Thus the larger part of the money that the company spends on advertising goes on creating and maintaining the brand image. Of course, Unilever would claim that much goes on introducing new products, or making the consumer aware of the special merits of its products. But there are so many instances of the new product being just a new version of the same old product, and so many instances where the new product is hardly distinguishable from an existing one, and so many cases where Unilever's and its competitor's products are for all practical purposes indistinguishable, as to make that particular argument untenable. Marketing is aimed in the first place at selling Unilever products, and in particular the most profitable Unilever products, and that means selling branded goods.

Marketing consists of more than just advertising, for this is just the 'above the line' promotional expenditure. Below the line there are a whole range of further marketing functions, from packaging through to 'special offers', and including market research, distribution, product development, labelling and selling. Within Unilever, marketing plays a crucial role, simply because of the way in which the company sells. Product research and development marches hand in hand with market research and development. In many ways this is the vital operation, for everything that occurs within the company has to be justified by possible future applications for which a market can be created, and that means knowing where and how they can be created.

Unilever originally carried out market research within Lintas, the advertising agency set up by Lever to handle all his advertising. The market research activities were separated out as they grew more important and, eventually became in fact more important to Unilever than the agency itself. Advertising was something that was general to all companies, and flexibility in the choice of advertising agency was important – it was better to allow Lintas to go its own way as a fully fledged independent and only part owned international advertising agency, and reap the profits from it, than keep it as a 'house' agency. Market research, however, is basic to Unilever, performing the vital function of casting the guiding light for the company's selling strategy. **Because of its cash flow and its constant search for greater returns, Unilever must always be looking ahead to ensure that its effort is most concentrated in those markets that will be most profitable for the company. The cash flow invested this year must produce a greater cash flow, a greater profit in the future than the current one. That means knowing who will buy what and where in the future, on a global scale.** It means knowing all about who buys what and where, and how that is likely to change. Unilever has to know what a Danish housewife does, wants to do and will, in all likelihood, do and when she will do it. It must know the same facts about her husband, her children, her parents and her friends. And it must know the same information about people in all other parts of the world where it has access to markets. And it must know how to interpret that information.

Without this information, and the knowledge to interpret it, Unilever would not know how to maintain its brands, when to introduce new products and where, when to expand and when to rationalise. Market research provides Unilever with the information upon which it can base its control of the markets of the world, and the constant search for greater profits.

The fruits of Unilever's market research are applied to both maintaining the profitability of established products and to the problems of introducing new products. In the latter case, the data is used to pinpoint an area in which sales can be increased; its a matter of 'spotting a gap in the market and then developing a profitable product to to fill it', as Birds Eye puts it. The way in which that product is developed is again through market research. Firstly, a general specification of the product is evolved, and then this concept is tested upon likely purchasers in a series of discussion groups. Immediately we see the methods by which markets are created beginning to appear. 'The discussion will be guided by a group leader whose job is to direct the flow of conversation so that the new product idea becomes a logical sequence in the conversation.' This is very closely parallel with the role of advertising and promotion in relation to the population when the product is finally launched, 'steering' people towards trying the new product.

Providing the groups' reactions are 'encouraging', the product will then be tested by a larger group in their homes, and their reactions, and those of their families, analysed. 'This part of the research sets out to try to discover the most acceptable price level. In the case of fishburgers two price levels were tried. Two-thirds of the selected housewives indicated a firm interest in fishburgers and while the product disappointed a few, overall acceptance was most encouraging–at both price levels. Moreover, housewives seemed to position them as Birds Eye had conceived them–more substantial than a fish finger (sic), better quality than a fish-cake.

'The tests also involved asking the housewives how many times they are likely to buy the product; which members of the family are most likely to enjoy the product and for which meal it is most likely to be used.'

By this time, of course, the company knows a great deal more about just who the likely purchasers will be, why they will buy the product and which members of the family will be most likely to want it. At this stage they can start to work out just how the market will be created. 'The next stage of research concerns 'positioning'. How is the product to be packed and promoted? Is it simply to be seen as a range extension or an innovation?' And, how high a price can we charge for it? Finally, before committing itself totally to all the expense of a full launch, the company puts the product into the Unilever subsidiary RBL's 'Mini Test Market'. RBL has a continuous Mini Test Market in operation. The basis for this is a mobile shop carrying a wide range of products including products under test, which calls on 500 households in each of three towns: these households make up 'representative buying panels', and receive a special magazine every four weeks which includes 'advertisements' and coupons for the new products. The households' buying patterns are closely monitored for four months for each new product, so that Unilever then has a great deal more information about their reactions not only to the product itself but also to the advertisements.

With all this information on reactions to the product, in addition to its general market knowledge based on years of advertising and research, Unilever is then in an exceptionally strong position from which to launch the new product fully on an unsuspecting public. As Birds Eye puts it, 'launching a new product is like a game of snakes and ladders played on a mammoth scale', the only point being that there is only one player. Unilever may have some temporary setbacks, but it can't fail to win in the long run.

What this does not reveal though is how the company chooses the product to fit that particular niche in the market. There can be no doubt from the description above that Unilever selects and creates the new product. As Birds Eye describes its fishburgers: 'simple, high in protein, a new alternative for the ubiquitous fish finger. But it took dozens of technologists, engineers, cookery experts and nutritionists to arrive at the formula—and even before

the product was made it had been tried out as a 'concept' on groups of housewives whose expectations were tested by psychologists and market research experts'.

The psychologists and market research experts are there to ensure that the product can be sold profitably when made. But the technologists, engineers, cookery experts and nutritionists, all to create a simple product? The answer lies in Unilever's aim, to produce least cost products that will command the highest possible selling price. It is far better for the company to take some low cost ingredients and process them into high value foods through complicated methods than to buy high cost ingredients, only process them marginally, and end up with the same value goods. **The point is that it is the value added that is important to a food processing company**, and, in particular, maximum value added for minimum capital investment. The main reason for this is a simple one, namely, the greater the value added, the more room there is for profit.

Take fish as an example. In March 1974 fresh cod was selling for £14.50 for 140lbs on the quayside. There it could be purchased by a fish merchant, who would then fillet the cod. producing 66lb of fillet and about 74lb of offal, the latter being worth about 1p per lb. The fillet is then sold to a town centre retailer at 27.5p per lb. Hence the merchant pays out £14.50 for his raw material and sells his 'finished product' for £18.90 including the sale of the offal; the value added is £4.40. The fishmonger who buys the fish to retail has high overheads, needing specialist staff, a special shop or facilities within a shop to prevent contamination of other foods, and also because of the risk of wastage, as fresh fish perishes rapidly. As a result, he will sell the fish on at closer to £30; his value added is £12.00.

For a company such as Unilever though the whole argument is completely different. For a start it can buy in much larger quantities with direct contracts with the fishing companies, and can hence buy at lower prices (always presuming that the fish are not purchased from Unilever's Nordsee fishing operation anyway). The larger quantities also mean that its offal can be sold at a higher price, especially as it will go to one of the in-house animal feed companies. Then again much of its processing will be automated, cutting costs, as will the higher volume reduce distribution costs. Also most of the fish will be processed into fish fingers: that will not increase costs significantly, being fully automated, and will greatly enhance the value of the fish because it then constitutes a convenience food, ready prepared for the frying pan. On top of this, because the fish is frozen there are no losses through wastage for either Unilever or for its retailers, which means that the latter can accept a narrower margin. So whereas the fish merchant supplying the retailer has a value added of £4.34 per 140lbs of fish purchased at a cost of £14.50, the frozen food company is more likely to have a value added of £8.00 i.e. it may buy at £12.00 and sell at £20.00. And by the same reasoning whereas the merchant could maymaybe only squeeze out £1.00 of profit, the company can squeeze out £ £2.00 – and still claim to be earning only a 'reasonable' return.

Fish fingers, however, are not a very good example for what is likely to occur in the longer term, for the simple reason that they contain such a high proportion of expensive fish meat which is currently harvested naturally. A more promising area for a company such as Unilever is in synthetic or manmade foods, based on very cheap commodities such as oil, wheat, soya or potatoes. By evolving methods to transform cheap materials such as these into marketable foods, the company can achieve in the future a much greater value added. As the OECD pointed out, 'it is in the interest of industrial firms producing prepared dishes to add the highest possible value to the cheapest raw materials. Some of them may be persuaded to use industrially-produced ingredients, or materials traditionally regarded as by-products, and to calculate mixtures costing as little as possible with the use of very elaborate mathematical methods which have proved their worth . This trend. . raises the problem of protecting the consumer, who then finds it more difficult to make an informed choice' (The formation of Food Prices and their Behaviour in Times of Inflation p9).

This approach is perhaps most clearly epitomised by one of Unilever's more recent new products. In fact, it is made from food starch, fat, sugar, salt, skimmed milk powder, onion powder, hydrolised protein, monosodium glutamate, flavourings, anti-oxidant, dried beef and caramel powder. Few people would have much idea of what all of those ingredients were, and would certainly not be aware that by adding boiling water and stirring an instant beef soup was produced. The specific example is Cup-a-soup, its speciality being that it is packaged in individual portions and can thus be made up by anyone with only the facilities to make tea or coffee.

With the vast resources of Unilever behind it, this product has spread across continents faster than the plague ever did. It was developed and first marketed in 1971 by Unilever's Lipton subsidiary in the US. It was aimed at the busy housewife and office worker, with a 'more substantial than a drink, quicker than a meal' theme. A substantial advertising budget helped Cup-a-soup on the road to rapidly becoming 'a spectacular success' there; furthermore, it 'considerably increased the demand for soup as a between-meal beverage' (Annual Report 71). Already, within a year, the company had 'consolidated their success with Cup-a-soup' in the US, and 'launched' it in the the Netherlands, Australia and Belgium. And the next year, 1973, it was able to report that Cup-a-soup 'had been successfully launched in a total of six other countries (apart from the US) and has widened the total market for soup' (Annual Report 1973).

Thus, over the space of just a few years, millions of people have started to drink soup where they probably didn't before, and soup, moreover, that is made from ingredients that they probably have no idea of. What, for instance, is food starch or hydrolised protein? What sort of fat is used, animal, vegetable, fish?. How is the soup made – from literally a soup that is then dried, or from a mix of dried powders (obviously the latter, as no food processing company is going to wet dried onions only to dry them again). And when Unilever introduces 'New Cup-a-soup', made from entirely synthetic raw materials but tasting similar, who is going to notice and appreciate the difference.

Does it matter? Perhaps not, but perhaps it does. The point is that it is Unilever deciding what we shall eat, what we shall drink and what we shall wash ourselves with. And Unilever's criteria in choosing is not by any means the good of mankind, the improvement of its health and the alleviation of hunger. Unilever has only one criteria when it chooses what we should consume, and that is profit. People's health and hunger are constraints upon Unilever that it has to accept: it just cannot get away with feeding them poison or totally un-nutritious foods. But that still leaves a very wide field in which the company can operate, and from which it can win its profits.

Cup-a-soup is, for Unilever, an ideal

Early 'can you tell the difference' ad.

"The children will bother their mothers to buy some" Lever 1899.

product. It utilises plentiful and cheap raw materials. It can be manufactured within existing dried food operations. In addition, Cup-a-soup expanded Unilever's total market, drawing a new consumer into the company's net, not taking sales away from another of the group's products to a significant extent. Best of all, though, from the company's viewpoint, was the synonimity of product and brand name. Cup-a-soup is unlikely to become a commodity very quickly. For a start there is the problem of what you would call it. Do you ask for 'soup that you just put in a cup and add boiling water to and its ready instantly', or maybe 'instant dried soup in individual portions'? Anyone doing so would probably be met with a blank stare of incredulity.

What this means is that Unilever has created a market for not just a new commodity, but for a branded product to a much greater extent than it could ever have hoped to do with Bird Eye frozen foods for example. People will not only buy Cup-a-soup when they want that particular brand, they will also tend to buy it when they just want an 'instant dried soup in individual portions' as a commodity. The speed with which this brand has spread across the globe illustrates just how valuable that name is, just how profitable a market Unilever has been able to open up with it. It is also a foretaste of the future, illustrating how international brands are becoming increasingly important. Unilever already has many: Iglo frozen foods, All detergent, Rexona toiletries, Flora margarine, Close-up toothpaste to name but a few. Yet this only marks the beginning, for Cup-a-soup and its fellows will spread on across the globe, and be joined by others as well. The brand name becomes yet more important, the ingredients hidden behind it less comprehensible, and all the while the marketing operation pushes Unilever's sales onwards.

Precisely what this marketing costs is unknown except to those who have the facilities to plug into the company's central computers. Unilever lavishes millions of pounds on its brand names, constantly pushing the message across, whether by promotions, TV advertising or whatever means are available, that people should 'Buy All' or whichever brand it happens to be. It is certainly not just a matter of creating markets, markets particularly for Unilever branded goods, but also of going on and capitalising on that foundation, expanding the markets to their limit and then maintaining them at that limit, pushing the brand name all the while.

The expense can be and often is phenomenal, frequently much higher than the actual labour costs of producing the goods. So much for the old notion that workers cause inflation.

Indeed, Unilever's trend to increasing value added, its expensive packaging, its constant search for greater profits and capital growth, its enormous expenditure on marketing, its constant pressure on people to buy larger quantities of more expensive products, all are bound to create considerable inflationary pressures. This is all the more important when we consider that its products are vital to people, and constitute a major part of domestic expenditure. Thus when inflationary pressure emanates from Unilever, its impact is felt in every community, all over the world.

Unilever's detergent operations in the UK are a case in point. In 1966 the UK monopolies commission published the findings of an investigation carried out into the supply of household detergents. This revealed that over the five years between 1960 and 1964 Unilever, through its subsidiary Lever Bros, had spent a total of £38.4m on selling £143.6m worth of detergents (both soap based and synthetic). In other words 27% of the total selling cost was made up of selling expenses, or over one-quarter of the whole. In fact, relative to actual costs, selling expenses were 30%, or almost one third. The exact breakdown for 1964 is given in the table.

What this comes down to is that each time you purchase a packet of detergent in the UK, one-quarter of the price you pay goes to paying for all the marketing expense that has gone into persuading you to buy that particular brand. It is an incredibly high proportion, representing as it does just total waste, as it is all totally non-productive expenditure.

One year before the Monopolies Commission Report was published in 1966, the UK Prices and Incomes Board published the results of its own investigation into the prices of household toilet soaps and detergents. The Board reported that 'raw material and packaging material costs together constitute about 50% of the companies' (principally Unilever and P&G) net selling price of the final product'. If this is true (and it should be, for the report was based on information supplied by the companies themselves), and is related to the figure in the table for 1964, then clearly these two items must have accounted for around £15m of Unilever's costs in that year. Since the total factory cost of sales was only £16.6m, this leaves only some £1½m to cover items such as labour costs, depreciation etc.

Clearly, either the PIB or the Commission was misled, or Unilever's cost breakdown was very different to P&G's, or the figures approximate to the truth. In the latter case the selling expenditure must be very much larger than the labour costs of producing the detergents. As for Unilever overall labour costs constitute around 18% of sales to third parties, and detergent manufacture is probably one of its most capital intensive operations, the last explanation is probably quite close to the truth.

Cost Breakdown — Unilever Household Detergents UK 1964

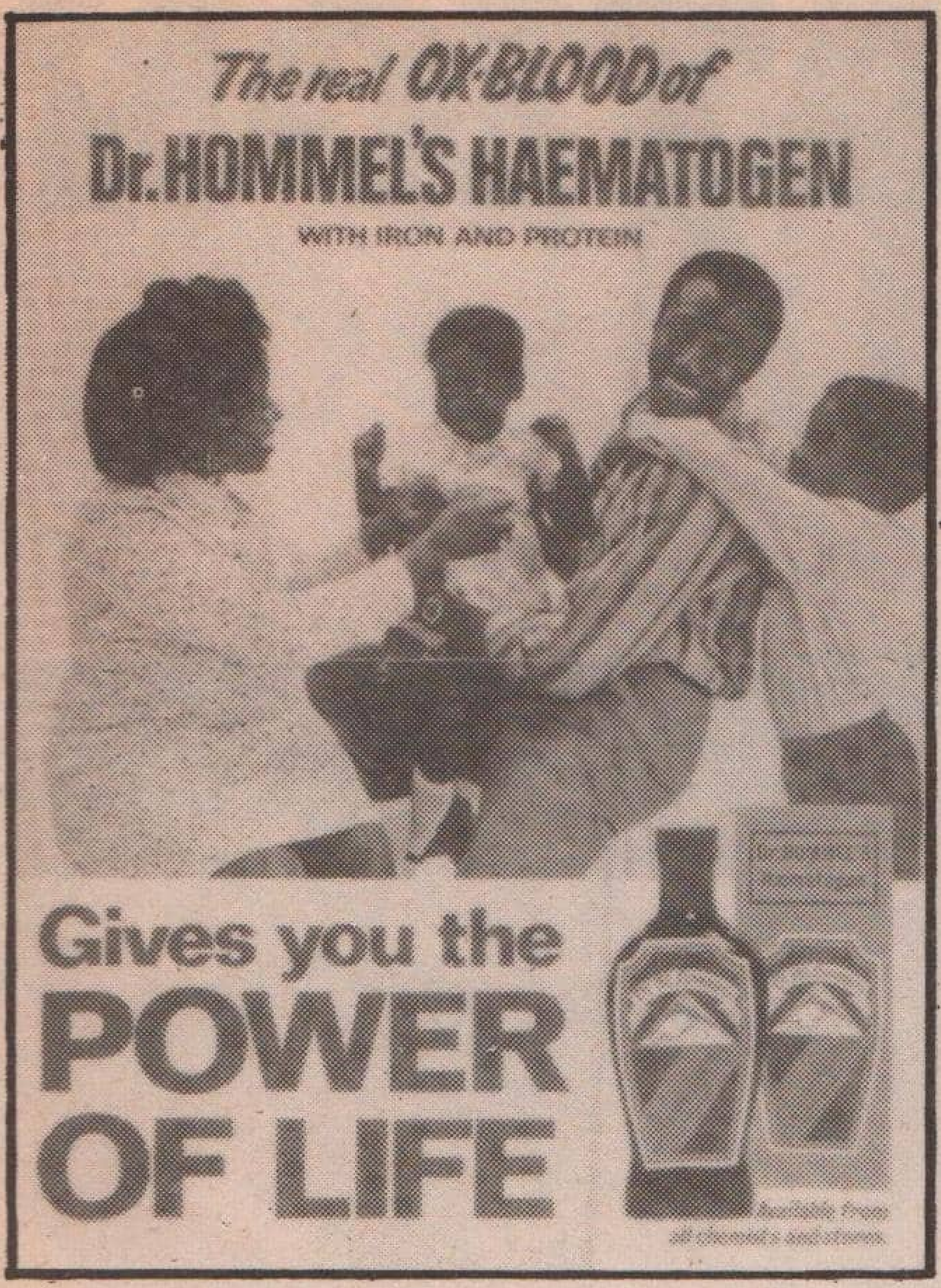
	£'000	£'000	% age of sales
Factory cost of sales		16,570	54.5
Distribution, central research and administration		2,775	9.1
Selling expenses: advertising	3,984		
sales promotions	2,204		
marketing	543		
sales expenses	1,588		
	8,319	8,319	27.4
Profit		2,713	9.0
		30,377	100.0

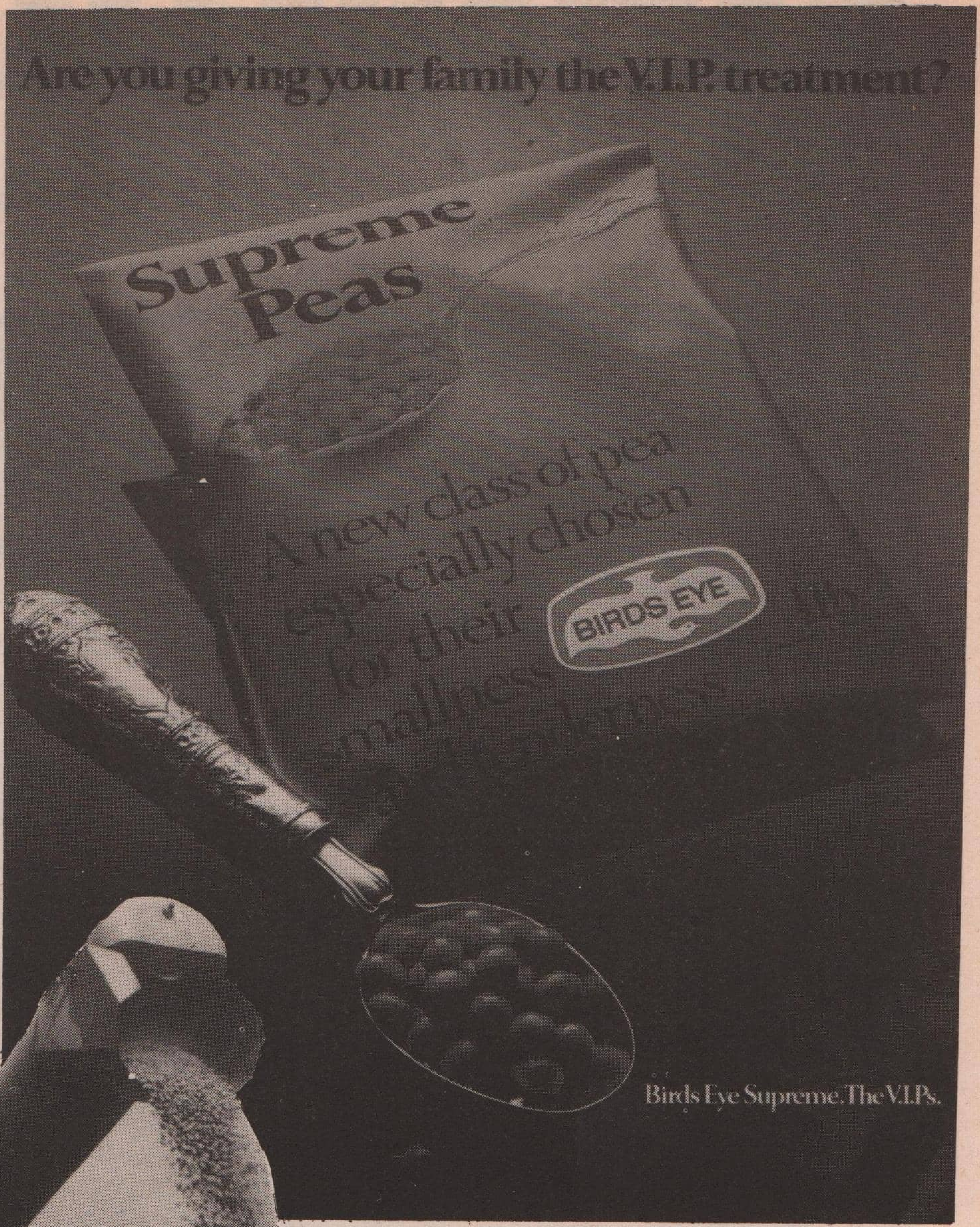
This would seem to be confirmed by a later PIB investigation into the ice-cream industry. In this case the Board found that whereas labour and overheads together (including depreciation etc) accounted for 20% of Unilever's and Lyons Maid's total costs, selling, marketing and advertising alone accounted for 17% — this excludes what is essentially the promotional cost of placing refrigeration equipment in retail premises, amounting to a further 5% of costs.

The total extent of Unilever's marketing expenditure can only be guessed at. Even if the direct expenditure were revealed, there are other elements of marketing costs that are extremely difficult to quantify. Research and development, packaging and distribution costs are all often ascribeable in part to marketing. Containers for food that is already wrapped; special, multi-coloured packages, their designs frequently altered; special colouring developed for soap powders, with no function other than to differentiate one brand from another, or purely for their novelty value; van-salesmen who make unnecessarily frequent calls on outlets; all are part and parcel of selling more.

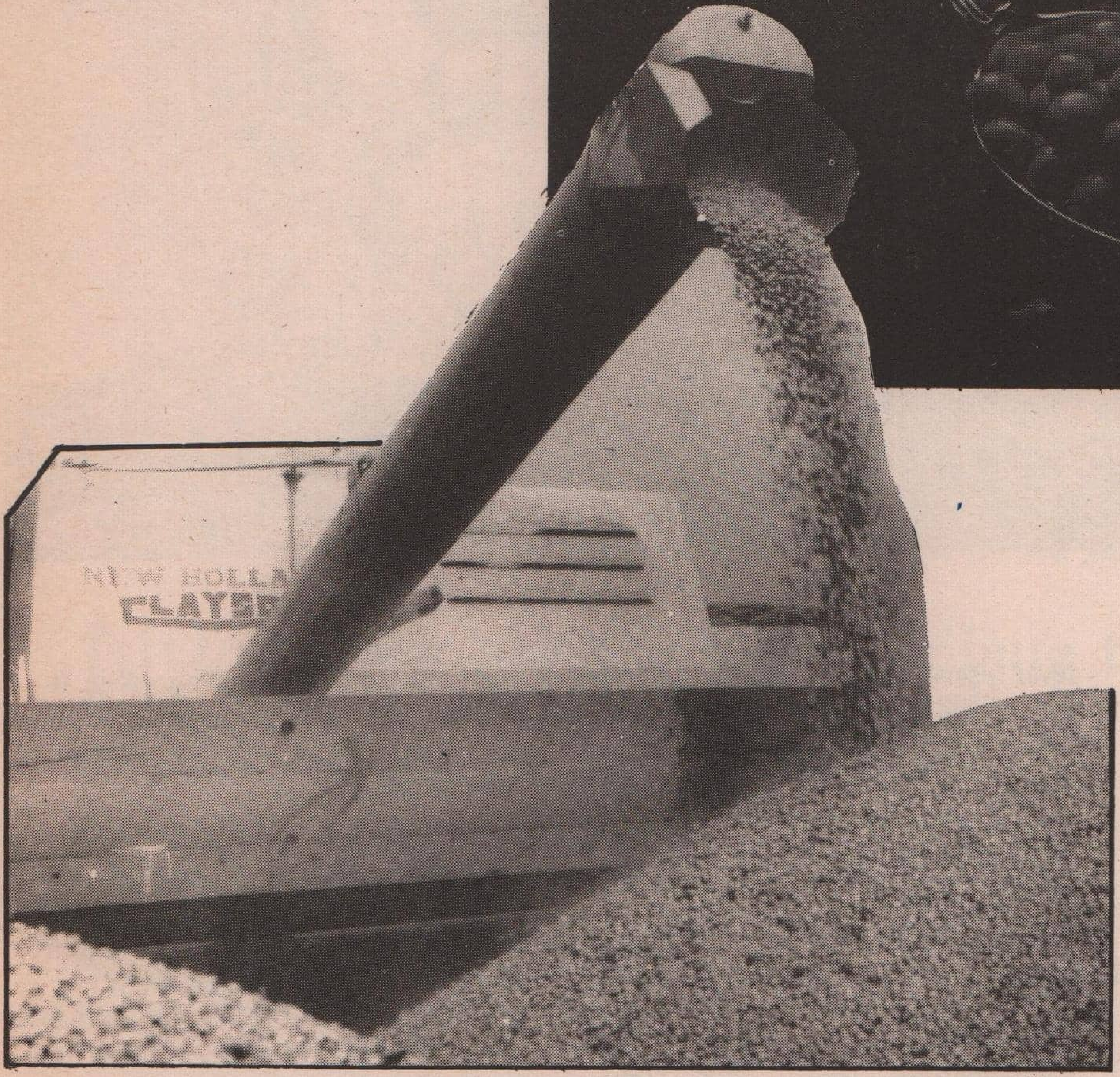
In fact, Wilson reported in 1968 (and this is presumably an 'official' fact) that 'all told, in a recent year 'marketing' cost Unilever over £400m in world markets for foods, detergents, toilet preparations and edible fats alone. This expenditure included not merely advertising and so-called 'promotions', but all those activities necessary to bring to the consumers the products of their (sic) choice — marketing and selling costs, transport, storage and the profit margins allowed to the traders who sold the goods' (V3 p99). The fact that he could only print a figure including traders' profit margins indicates how little the company is prepared to give away about its actual expenditure in this area.

There are indications of Unilever's above the line marketing expenditure. On 17.4.70 the Investors Chronical reported that in 1969 Unilever spent £7m-£8m on the development of enzymatic detergent powders alone, and a further £48m on a saturation promotion campaign for those powders once developed. 'In addition,' it went on to point out, 'expenditure on media advertising was raised from £106m to £111m last year.'
Since the company's sales have doubled since that time, this would indicate that Unilever's current media advertising expenditure is well over £200m



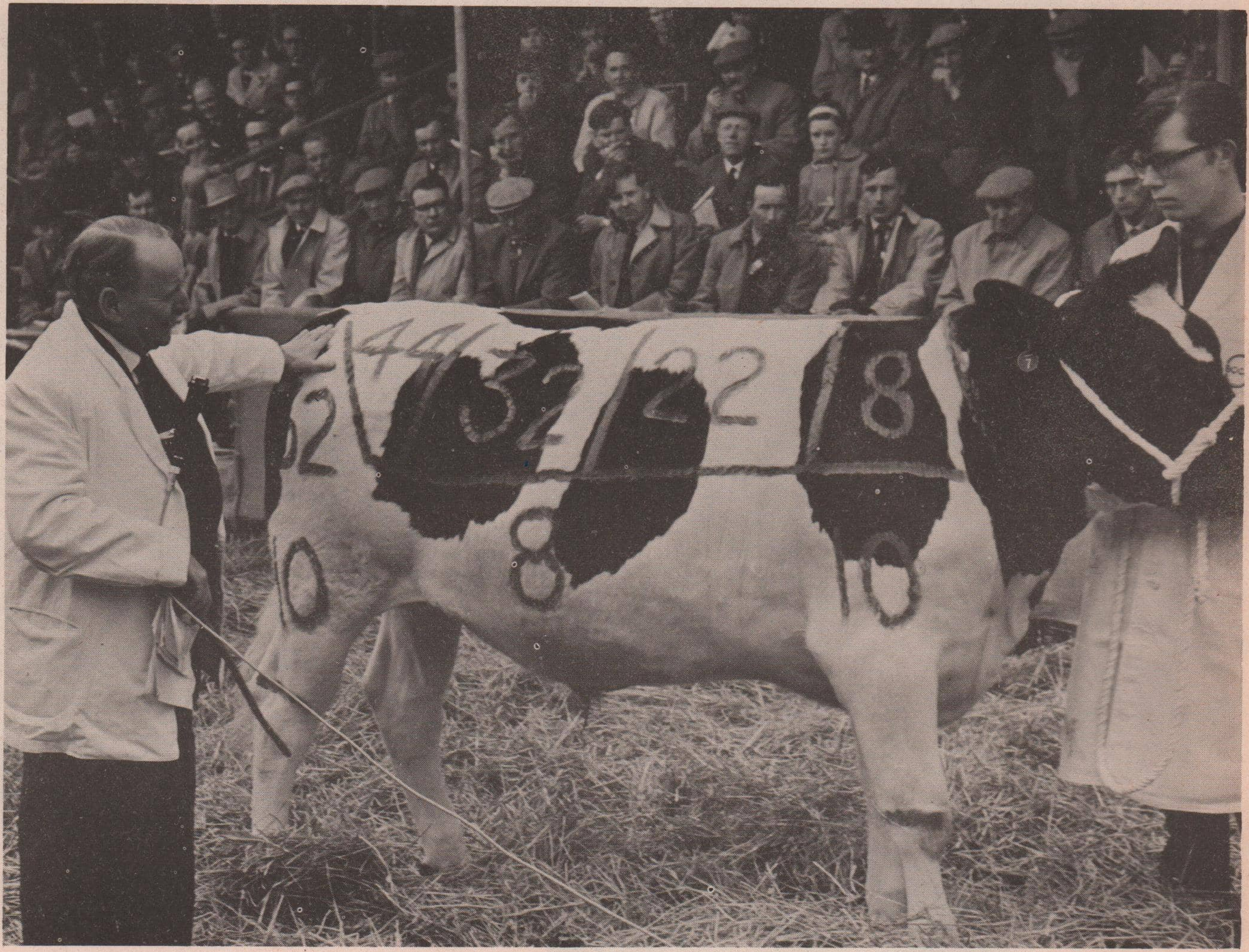


Birds Eye's lifeblood – 'special' food in bulk



per annum. To this must be added all the non-media marketing expenditure, the promotions, selling costs etc. We know that direct marketing expenditure was 27% of sales in detergents, 17% for ice cream and 11% for margarine and cooking fats (PIB 1970). These are probably representive figures for other products and other parts of the globe, at least so far as Unilever's consumer goods sectors are concerned. That implies a total global direct marketing expenditure of hundreds of millions of pounds, say £400m-£500m. Its a huge amount of money, all spent in one year, and can be compared with, for instance, the total amount of capital employed by the company in all its operations in Africa and 'rest of World', amounting to just £262m in 1973. And its all spent just so that Unilever's profits and sales – and hence marketing expenditure – can be still larger in the future.

RATIONALISATION



'If our profits go on growing at the rate they did last year we would wipe out the world', was the comment of Unilever's chairman Dr E. Woodroofe on the 1972 profit figures.

Behind this remark lies something of the logic which pre-occupies the Unilever men in the Boardroom and Special Committee. Each working day, the central office of Unilever, whether in London or Rotterdam, records sales of £17½m. Out of these sales £1.3m is profit, mounting in a full year to £338m.

The main concern of the men who control Unilever is the availability of cash for investment. This is the critical factor in their investment planning. Unilever's high profits mean an ever increasing quantity of cash in the Unilever reserve that is available for spending. So do the millions of pounds which are added for depreciating assets, and still more from the actual sale of assets (Depreciation is always charged before profit, like wage costs.)

In 1973, cash available to Unilever looked like this:

	£m
Profit of the year retained	119.6
Depreciation	100.5
Proceeds of disposal of assets	13.3
Other	15.6
Total cash available	249.0

In fact Unilever investment amounted to almost £300m in 1973, the equivalent of £1,200,000 each working day. This flow of cash provided the financial muscle for Unilever's growth. It was used for new investments, addition to working capital, and acquisitions of other companies.

For the people who work for Unilever, for the countries that supply raw materials and for those economies dominated by Unilever goods, this constant flow of cash is critical. In the final analysis, the size of this cash flow determines the nature and intensity of the many Unilever operations that one way or another affect two thirds of the population of the world.

Any analysis of Unilever must begin by emphasising this pool of available cash. First it underlines the control exercised from the centre in terms of investment. Second, this cash is the source of growth of Unilever's world supremacy

Unilever Cash Flow (£m)

Year	Cash Available	Cash used
64	98	143
65	99	121
66	110	75
67	123	58
68	118	150
69	120	170
70	147	168
71	158	80
72	194	140
73	249	294

in soaps and foods from which its massive profits come. What follows is an analysis of Unilever's world wide programme of expansion and 'rationalisation' as determined by the cash flow.

Growth

The money available is huge even in terms of wealth already accumulated by the conglomerate. In 1972 the book value of all the Unilever land buildings and machinery was £669m; the following year the money spent purchasing more land buildings and machinery was £149m. To suggest that Unilever grew by almost a quarter in a single year is an oversimplificiation, but it does give an idea of the level of capital accumulated by the company over a year.

Expansion

Investment for Unilever means the expansion of activities wherever it is sufficiently profitable to justify doing so. This is the investment policy as outlined by Unilever's Corporate Strategic Planner J.P. Erbe:

'We will as much as possible extend into our own or adjacent fields of activity ... we will continue to be interested in entering into fields outside our own activities . . . we have stepped up acquisition study within our own and adjacent fields of activity'.

Acquisition or Takeover

Because there is a limit to the amount that any conglomerate can internally expand in any one year, and given the considerable cash resources available, Unilever can often only fulfil its growth needs by taking over existing companies. Unilever's Strategic Plan for expansion demands that management groups in the different product sectors keep an eye open for companies in their own or related fields that Unilever might take over. This need to continually accumulate is succinctly expressed by David Orr, Unilever's present chairman and head of the Special Committee, who points out that 'internal expansion will no longer suffice to utilise the hundreds of millions of cash that the company is generating' (*Times* 16.10.72).

The importance of acquisitions in the Unilever programme was pointed out by the co-chairman G.D.A. Klinjnstra to a conference of Security Analysts in New York. **'At the end of 1972 we had available to us $487m. It is perhaps not realised that we are steadily acquiring a number of companies that fit in with Unilever. During 1972 so far we have spent about $80m on acquisitions'.**

Many of the companies taken over are multinationals in their own right. Often acquisitions are piece meal, with Unilever taking a small part, and on the basis of information then available buys up the rest. Many of the companies have had close working relationships with Unilever over the years; many that Unilever does not buy are just as effectively controlled. A list of the major acquisitions that have occurred since 1967 is given below. The total expenditure in each year is given first.

1968 £29.8m

Eldorado ice cream, Italy.
Midland Poultry Holding Ltd, UK cost £3.6m, breeding, slaughtering and processing.
Reichold Chemicals, Liverpool, UK, 1,000 employed, cost £13m.
Beck, Koller & Co (England) Ltd, chemicals.
Vinyl Products Ltd, UK, raw materials for paper and paint industry.
Vinatex Ltd, packaging material for food.
James Beadel & Co, trading company.

1969 £15.2m (Attempted takeover of Allied Breweries in UK fails)

Otto Aldag, Hamburg, edible oils and chemical derivatives, 240 employed.
Cazajus, France, production and marketing of fresh cheese.
Stabilital, Italy, chemicals, 60 employed,
Sheby, France, chemicals from animal fats.
Nestle, joint operation with Unilever, frozen foods Germany, Italy, Austria.

1970 £26.5m

Leverton, UK, agent for 'Caterpillar' machines in England, 800 employed.
Styrene Co-Polymers Ltd, chemical resin for paint, 150 employed.
AKZO, Netherlands and Belgium, 4 meat products factories including Zwananberg.

1971 £4.0m

Inbouw, Den Haag, Netherlands, industrial cleaning, 40 employed.
Sol-Is-A-S, Denmark, 2 factories producing ice creams, 400 employed.
Crok Laan, Netherlands, production of special oils for food industry, 450 employed.

1972 £28.2m

The de l'Elephant, France, tea production from the Ricard Group, 220 employed.
A and W Food Services of Canada, 285 drive-in restaurants.
(Spillers, UK, cooperation on the production and marketing of petfood)
Shopsys, Canada.
Knox Gelatine, USA.
Lipton Group, UK, tea production and marketing throughout world.

1973 £40m

Robert B. Massey, UK, vehicle construction and spare parts.
Norfolk Lijn/Line, 3 container ships on Scheveningen/Gt Yarmouth run, 330 employed.
Bensdorp International, Netherlands, chocolate, confectionary.
Ford & Slater, UK, BLMC car dealer, cost £6.7m.
Hughes Bros Ice Cream, Ireland, from
Hughes Bros Chocolate, W.R. Grace (USA) for £8m, 950 employed.
Frigo, Spain, ice cream & dairy products, 3 plants, 700 employed.

In addition Unilever purchased the following in the first months of 1974:

Kennedy's Builders Merchants, UK, wholesale building materials, 1070 employed.
Vitho, France.
Gordon Armstrong, UK, automotive and distributor, 200 employed.
Somerset Waste Paper, UK.
MCA van Hecke, Netherlands, part of catering operation with T.H. Forte in Europe, 870 employed.
Alnasa, Brazil, ice cream.

In ten years Unilever spent £200m buying up more or less related companies. Later we show how Unilever recently bought itself into the European chilled dairy products market in a very short time. It had the technical expertise and facilities in the manufacture and distribution of margarine; through acquisition it acquired the product.

In 1969 Unilever made a bid for Allied Breweries (then Britain's 16th largest company with net assets of £300m). This failed, but in 1972 it was strongly rumoured that Unilever made a serious bid to get the massive Watney Group. Both were well within the range of the conglomerate, and provide better than anything an indication of the buying power of the company.

Some of the latest purchases suggest new directions. Interserve Management Service is a joint venture with Trust House Forte via Gardner Merchant Foods, and has established Unilever as a European wide industrial caterer, covering such areas as the Rotterdam Port complex.

The search for the kind of profit that Unilever is looking for means more than simple aggregation. More effective means must be found continually for exploiting those markets already established. Profits growth is largely a function of the extent to which 353,000 employees and assets of £1,500m throughout the world can be made more productive. For example, Unilever operations in Europe are being completely reorganised to facilitate mass production for the markets of the EEC.

Global Reach

The Unilever logic is simple. 'Ideally we would like to be one big country with one stable currency, which is to say full economic integration' says Hans Oei, Head of Unilever's Finance. The rationalisations in Europe are a crucial part of this global policy of the company. Throughout the world national barriers crossing Unilever's markets are ignored. All Unilever's companies have now been reorganised on global lines, with world product coordinators taking precedence over local management. The reorganisation brings with it a completely new outlook, and in terms of investment particular states tend to be viewed as local inconveniences.

'The concept of the economically independent nation states is fast becoming redundant. There are no longer any national economic problems nor can any government solve them entirely

The following presents a factual profile of Unilever's expansion and rationalisation in Europe.

Expansion of investments	Rationalisation	Closed/Sold
1969		
Dairy Production W. Germany UK and Belgium Animal Feed Mills UK Freezing and Packing Grimsby & Great Yarmouth & Hull Packing Case Factory UK Trawler Fleet	Edible Oil Refining UK W. Germany	P de Gruyter Foods Netherland Poultry Processing UK
1970		
Dairy Production France Animal Feeds Netherlands Frozen Fish Production W. Germany Transport UK		
1971		
Dairy Production Belgium Germany Storage and Distribution UK Warehouses W. Germany Switzerland Austria	Edible Oil Processing UK W.. Germany Margarine Production UK Animal Feed UK	Associated Adhesives UK
1972		
Dairy Production W. Germany Switzerland Margarine Production UK Ice Cream Production UK Denmark W. Germany Italy Oil Processing W. Germany Food Production Netherlands Detergents Austria Warehouses W. Germany	Ice Cream UK Denmark Germany Italy Animal Feed UK Meat Netherland Market Research Europe	Seltmanna Paper Mills W. Germany Anton Hunninks Netherlands Poultry Enterprises UK Silvertown Oil Works UK Allied Supplies (final 34%)
1973		
Margarine Production UK Edible Oil Próduction France Edible Soya Oil UK and W. Germany Ice Cream Italy Warehouses Germany Warehouses and Depots Belgium and France	Chemical Production 'URACHEM' Europe Meat Products Netherland Transport Europe	Frowen and Nolden W. Germany Van Breugels Netherlands Calve Delft Netherlands
1974		
Soya Oil Production Rotterdam Nordsee Restaurants Europe	Transport W. Germany	De Haas and Van Brord Netherlands

on its own', comments Max Weisglas of Unilever. **'Old Europe in creating the European Economic Community, is taking a first step (sic) in the right direction, an important step, historically inevitable'.** (See 'Unilever's Europe').

But the crucial economic structures behind this 'historic inevitability' are Unilever's. In 1962 the then chairman Lord Cole supervised the change from a system of production based on geographic control to one of product control. Companies throughout the world were pulled together into product groups creating a situation where national marketing became irrelevant. In Europe the process is almost complete. **'It remains to be seen how soon the rest of the world can be brought into line.'** (*Financial Times* 8.8.72)

All this makes it possible for Unilever to operate a global financial strategy. Behind every rationalisation is the fundamental prerequisite that any operation within Unilever's Empire 'has to make sense in terms of central Unilever industrial policy. In the past Unilever's financial plan has been little more than a summation of each operating company's own budget. Now the financial initiative comes from the top' (*Financial Times* 8.8.72).

Let us try to imagine what it must be like to sit in that lovely well carpeted silent office at the top of the building in New York, London or Rotterdam. **'Your first problem is to decide the site of a new fully automated factory. Such factories supply at least 100m people. They have to be built because the cost of labour is the biggest item in the total cost of production, and so the automated factories represent enormous savings. The productivity per person employed may go up twenty or thirty fold. The engineering, transport and general planning departments have found the ideal site for the new factory. But instead of six factories in six countries as there was before, there will now be one factory for six countries. Factories in five countries have to be shut down. This is your moment of truth. Zambia or Kenya? France, Italy or the Netherlands? Make up your mind'** (Tempel, p60).

Large scale production by the Unilever combine assumes the supply of geographically larger markets by smaller numbers of factories. This results in the necessity to transport products over larger distances and perhaps also to extend the network of depots which has begun with the development of those in Germany, Switzerland and Belgium. The new 'global' company is not just the sum of the thousands of smaller companies that fulfilled the function in the past. They can neither be completely explained nor understood using conventional terms, and they certainly do not function within traditional political and commercial structures.

Axe over Europe

It is in Europe, accounting for two-thirds of the company's sales, capital and profit, that the process of rationalisation is most intense. Unilever sees in Europe a market with as great a potential as the prosperous markets of the USA. Its population of more than 250m is 7% of the world total, larger than either the USA or USSR. The EEC accounts for 21% of world production and more than one third of world exports. In the last five years Unilever has initiated £472m worth of capital projects in Europe, with 1973 alone accounting for £152m.

'Please regard Unilever as one company. We operate as one company.' (GDA Klijnstra 1973)

The rationalisations are decided upon in the central offices of Unilever, and to that extent can only be fully understood in terms of Unilever policy. The repercussions are felt throughout the combine. The initiative is Unilever's, the effects are felt by men and women in Birds Eye, Walls Meat, Hunnink, Seltmans, John West Foods, Thames Board Mills, Hindustan Lever, Kingsway stores Nigeria, the offices in London and Rotterdam and the private and State plantations of Africa and Asia. A closure, a reorganisation, capital expansion, new investment in a run down area, all fit the logic of Unilever's investment and profit needs, but to the workers in the factories and stores, many of whom have never heard of Unilever, one thing emerges, that where Unilever is concerned, on the shop floor silent reorganisation is the rule. When questions are asked by the workers all they get are the prepared statements extolling 'generous' redundancy terms or stating that there is a 'down-turn in the market'. He is confronted by the logic of a multi-national, a global policy demanding global profits. 'You can see more from the top of the mountain' explained a Unilever man to workers of a small factory in Delft which was about to be closed.

Meat Sector Cut

The Unilever Meat and Meat Products sector has over the past five years been the object of a major rationalisation programme. This sector has been traditionally international in its scope. From 1929 both Hartog of the Netherlands and T. Wall and Sons of England have been operating in this sector. They were joined later by Emil Schafft of Germany, and production has been established in Canada, France Belgium and elsewhere.

But it has obtained the stamp of the multinational from Unilever. The international reach of the Meats Products sector is complemented both by the international production of its raw materials, as well as the global marketing of the finished product. Out of the huge edible oil extraction plants comes the left over of the soya bean, which together with fish meal provides animal feed. In Unilever terms meat production is part of a global network running from raw materials, mixed feed manufacture, processing packaging (canned, wrapped or fresh) the production of packaging material, to marketing to institutions, hospitals, civil and military canteens, as well as to retailers, especially in the rich markets of Europe, Japan and the USA. Within this network is the transport of both raw materials – Palm Line and Nordsee Fishing Fleet – and the 'final' products – SPD and Norfolk Line.

Ancillary to the main production chain is the increasing interest in 'scientific breeding', experimental farms (Farm Mark UK, Nieuw Dalland, Netherlands) and the construction of livestock sheds. Apart from raw-materials and Animal Feeds, the Meat and Meat Products sector involves operations in:

Belgium – Zwan; Germany – Emil Schafft; France – Astra Calve; UK – Walls Meat Products, Richmond Sausages, Mattesons Meat, Lawsons of Dyce; Netherlands – Olba, Udema, Unox, Zwanenbergs, Noack, UBC and Nieuw Dalland test farm; Canada – Hygrade, Shopsy, Boressa, La Belle Fermier; Mexico; Nigeria and South Africa.

Expansion

Expansion in the Meats sector followed the classic pattern. To a large extent it occurred by internal capital expansion. But as has been shown this in itself is never enough. This sector also grew by taking over and integrating already existing operations. In the Netherlands, Hartog of Oss was in the meat sector from the start, but later Udema at Gieten and Olba at Olst were taken

over. These acquisitions were merged in 1966 into one group, Unox at Oss.

A further large expansion occurred in 1973 when the AKZO meat group, itself the result of a number of mergers, was taken over. This added Anton Hunnink of Deventer; Zwanenberg, Oss; Noack, Amersfoort; and UBC, Uithorn. In the UK meanwhile, Midland Poultry was purchased in July 1968 and Richmond Sausages in 1970. But what was expansion for Unilever was not necessarily so for all those concerned. This type of growth by acquisition has the effect that many of the people taken over soon experienced lay offs, natural wastage and relocation to different regions.

Less than a year after the take over of AKZO meat group, the first reorganisation became public (by no means all Unilever reorganisations become public). The sales organisation of Unox and Zwanenberg were to be combined from February 1971. In June of the same year, the workers of UBC experienced an income cut of 16% due to the abolition of their regular overtime work. At the same time in the Anton Hunnink factory small groups of workers were transferred gradually to the nearby Olba factory. A firm protest was launched by the AVG Union accusing Unilever of *'silent rationalisation'*. The Unilever reply claimed that this was temporary and that there would be no reorganisation, 'these transfers must be seen as a normal matter in our production planning'. In August 1971 Unilever announced the integration of the sales departments of meat and meat products and a month later the first open firings took place in the meat transport sector. All transport was to be centralised at Oss and the Deventer and Sassenheim centres were closed, 35 were made redundant and many more were transferred.

A year after pledging that 'there will be no reorganisation', the closure of Anton Hunnink was announced, again 50 people were sacked and the rest were transferred to other Unilever plants. The next problem for the workers was not long in coming. In March 1972, 500 men were put on short time at UBC and Noack. In April the effect of the reorganisation on Unilever was announced. 'The integration of Unilever and Zwanenberg factories has already caused increasing profits'.

In July 1972, Unilever announced the existence of over-capacity of 25% and proposed the closure of UBC. The reason was clear. 'The logical result of any merger, like ours with AKZO meat is to increase efficiency'. A month later a reorganisation plan was announced, and exactly one year later this reorganisation report was handed over to the unions for 'discussion'. In the meantime it was reported that UBC did not have to close, but that at Zwanenberg, Oss, 235 jobs would be lost. At the annual company meeting in April 1974, an assurance was given that there would be no more sacking and that the Dutch meat sector looked profitable.

Comment

This summarises the story so far in the Dutch meat sector. It is more or less the 'official' Unilever version as it appeared in the papers.

A Dutch Union official comments: **'Lets pick it up in 1972. The meat-group then employed about 5,500 men; in August 1973 the total was about 5,150 and in March of 74 hardly 5,100. For this moment I wouldn't estimate much more than 4,600 men. This really means about 1,000 jobs lost in three years and of this amount hardly 350 were announced to the public.**

'Take UBC: in 1970 still about 350 men were employed. Two years later


3 hoofdrollen voor Unox weense worst
Weense bruine bonenschotel
Unox weense worst
gewoon bij de borrel
Hot dog
Stokbrood, warme Unox weense worst, Franse mosterd, garneren met blaadje sla, plakje tomaat en wat geraspte witte kool of wortel.
unox
vleeskenners
van-huis-uit
Batchelors
Cup-a-Soup
Onion & Beef Soup
INSTANT
just add boiling water

it was about 100 less (255 in total) and last year 222 and at this moment I would be surprised if there were many more than 200 still employed there . UBC was announced to be closed, but as a 'concession' to the Union complaints the reorganisation plan provided for the close-down of a part of another plant; in the meantime no new investments are made at UBC and employment just fades away.

'What really hits me is that Unilever plays it so gently; for instance, you are invited for discussion (which more or less means that you have to sign their pre-cooked plans); every time the reason is something new; the mild winter, the bad weather, the import stop for hams to the USA (a very temporary measure in 1972!) but this story just cannot be true because in the meantime we produce as hell; I would estimate that we produce about double quantities of five years ago'.

While these rationalisations were being experienced by the Dutch workforce, Unilever was carrying out a similarly severe programme in the UK meats sector. In early 1971 T. Walls factories in Liverpool, Tonbridge Wells and Wembley were closed down following the take over of Richmond Sausages Ltd. In the following year rumours of 'rationalisation' spread through the Walls' meat sector. A major redesign programme was launched in April 1973, when the Walls meat sector became Walls Meat Products. Further rumours of closures persist, and in 1974 the chairman of Walls Meat Products resigns. **In January 1975 Unilever announces the closure of its factory at Willesden, and 1,500 will lose their jobs** (see Angel's closure).

Reorganisation in Animal Feeds

The experience of the workforce in Animal Feeds sector is similar to that suffered by those in the Meat sector, the casual pattern is different, but the drive for profit from the centre is the same. With technological developments in the Unilever combine, the production groups are becoming ever fewer. Behind the rationalisations in Animal Feeds have been major technological developments in the edible oil refining sector from which the raw-materials for the feeds are increasingly derived. Consequently we begin by looking at those developments in Unilever's oil extraction sector.

'Where 30 oil mills stood on the shores of Europe, five are now sufficient, where a thousand people once worked in an oil mill twenty are now enough.' (Tempel p9)

These mills, originally set up to provide the refined oil and fats for Unilever's margarine monopoly, were established in the ports of Europe. But they also provided an extremely lucrative side product, that is, crushed seeds or beans which were easily processed into animal feeds. Animal feeds traditionally account for around 10% of Unilever's sales and profits. Consequently there has always been intense pressure from not only margarine but also from animal feeds for technological innovation in the oil refining mills.

By 1973 Unilever had five huge extraction plants, the supremacy in margarine in Europe was secure, and Unilever was able to take a third of the EEC animal food market:

Two plants in Germany, each producing 1m tons a year.
Two in Holland at Zwijndrecht and Rotterdam producing 1½m tons.
One in the UK at Erith, producing 1m tons.
And in Switzerland another new plant is being constructed.

Unilever has an eye on the future in the construction of these plants. The raw material most commonly refined is soya beans, much of the protein remains behind after the oil is extracted, and this will provide the meat substitute of the future, a major market for tomorrow's Unilever. Already Unilever scientists press for legislation to allow soya concentrates to be mixed with meat in meat products.

More crucial was the point referred to by Sir E.G. Woodroofe in his retirement speech. He was largely responsible for the introduction of the new oil cracking plant. **He considered rationalisation in this sector was to have been very successful: 'the firm is currently employing only two thirds as many workers to produce two and a half times as much oil.'**

'Being Human'

'There has been a huge increase in the demand for soya meal from the extraction plants as a main protein constituent of animal feeds. There is the great increase in the intensive feeding of pigs and also of poultry in Europe. In these new conditions we have replaced our small mills with extraction plants whose huge size enables them to take advantage of the large economies of scale which are available in extraction.' (R & A Brochure 1973)

The costs of this rationalisation were immense. The new soya based animal feeds brought Unilever into direct confrontation with the cereal producers of UK and Europe. A major row was sparked off in the European Commission (see Europe). But it was in the compounding mills, which make up Unilver's animal feeds sector where the mush from the extractors and the cereals from the farms were turned into feed that the main repercussions were felt. The main companies in the UK were British Oil and Cake Mills and Silcock Lever Feeds. A dozen compounding mills were responsible for one third of the UK animal feeds production. But as more and more of the raw materials for the industry were coming from the new edible oil extraction plants, and as the old mills were all sea port mills, rationalisation was needed. Unilever decided on reorganisation and closure.

Rising costs and falling sales were blamed for the closures. In addition, the company claimed that the ten old mills 'were not in the right place for the current state of the market'. This no doubt referred to the siting of the extraction plants, but Unilever management were unwilling to be specific.

In Feb 1971 the merger of BOCM and Silcock Lever Feeds was announced, to be followed by a major reorganisation of the animal feeds industry. Seven thousand workers were affected, with more than 700 being made redundant almost immediately. The first Mill closure was at Bootle, where 300 were employed. But more closures were to follow. In Unilever's words, 'following an appraisal of the business it was found that further economies were feasible ' (*FT* 9.5.72). Two more mills at Silvertown and Hull involving 364 jobs were shut down. Changes in the central administration involving the Scottish and Northern mills, meant the dismissal of 300 staff. Similar events occurred in the Netherlands in 1972 with the closure of the Calve Delft mixed animal feed production at Delft (See details in Labour section).

While the redundancies and closures were being announced a large soya oil extraction plant was being built at Erith in Kent. This was never mentioned in newspaper comment at the time, and Unilever certainly said nothing. But within this context Unilever made another announcement. That they would build eight medium capacity feed mills around

Britain, to replace those being closed. All in strategic inland sites but close enough to ports to utilise imported cereals, the mills would incorporate the latest compounding machinery, with a minimum capacity of 20 tons an hour.

'It is now economic' the *Financial Times* commented in 1971, 'in many areas to manufacture animal feed in small country mills using locally grown materials and protein concentrates manufactured at the port mills.' As these high technology inland mills are built, the remaining old port mills will disappear.

From the point of view of the central office of Unilever, the Animal Feeds reorganisation is a success story. It has maintained 30% of the market in the UK, and in Europe it has a third of the growing market. Through its experimental farms and advisory services it has educated the farmers in industrial livestock breeding. The feed concentrates and compounds are much more competitive than traditional feeds leaving much more room for Unilever's profits. The profits figures and sales growth tell the story.

Animal Feeds

	£m Sales	*£m Profits*
1968	204	6
1969	210	3
1970	227	3
1971	216	1
1972	229	5
1973	334	12

Because the raw materials for the Animal Feeds industry comes from Unilever's own extraction plants, it is impossible to show exactly how these profits figures are derived. Certainly, prior to the reorganisation and closures in the UK, the figures were used to show that major surgery was needed. The arguments were largely accepted by the workforce. As has been shown there was in fact much more to the closures than was admitted at the time. But the one factor to emerge, and common to much of Unilever's rationalisation, was that the workforce in one way or another were made to bear much of the cost of future profit.

Interview with Sir G. Woodroofe, Chairman of Unilever, 1972.

What attracts you most about the job you have today? Woodroofe: The power to change things, the power not to have to accept things as they are. You can alter things . . . In the business you can be increasing efficiency and productivity, by reorganising the running of a factory. You can move out antiquated equipment, substitute new equipment. It's a wonderful feeling. You've done something. You're not a slave of the conditions around you. It gives me a great feeling of freedom, of human accomplishment, of being human. The power to change, to dominate self and environment by will and intelligence, is what being human is all about.

'Silent Rationalisation'

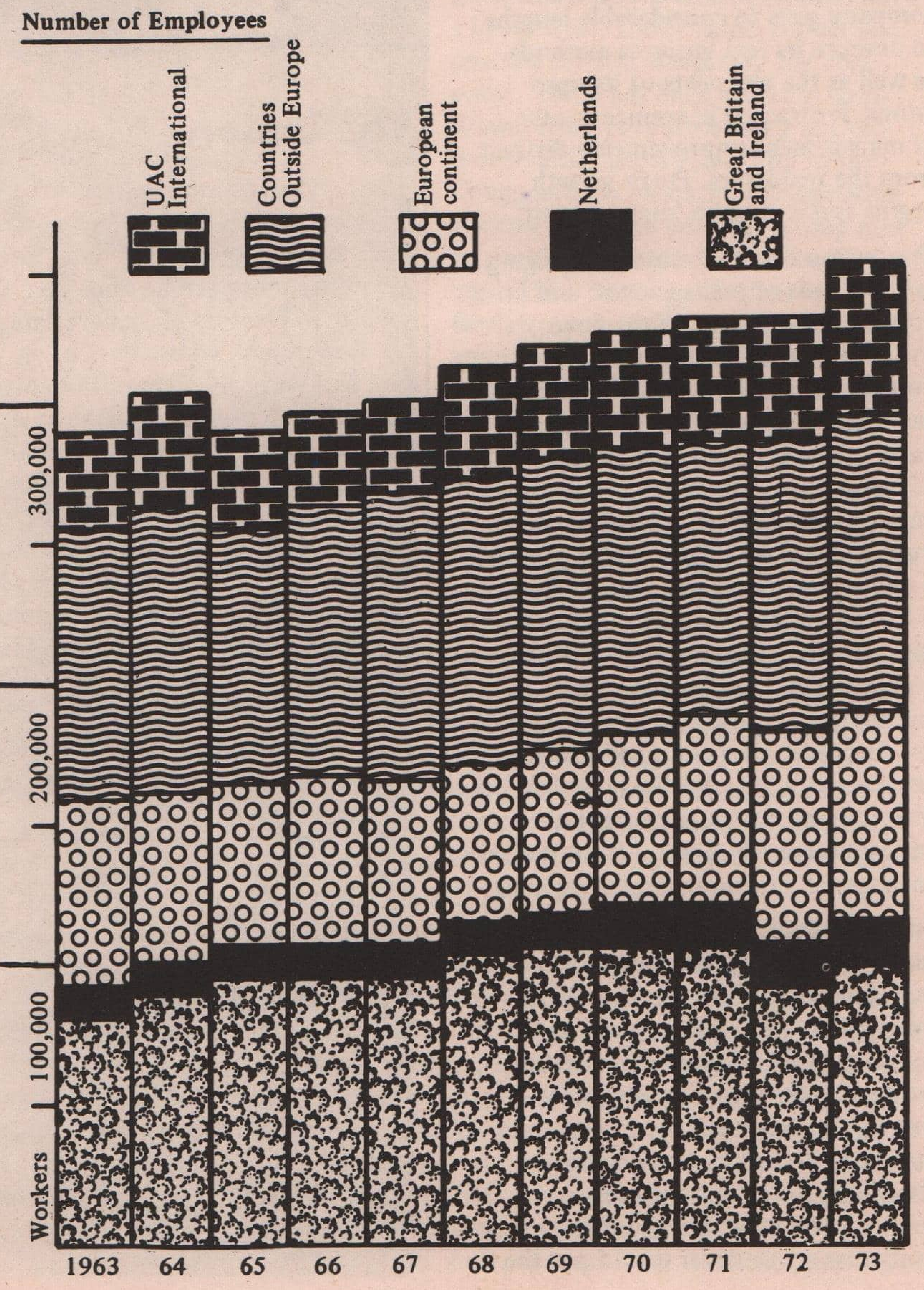
The people who feel this process most intensely are the 353,000 who work for Unilever. Rationalisation and growth at Unilever writes off people as surely as it discards old plant and building. Commenting on the streamlining that had been going on in Unilever's UK operations in 1971/2, the Chairman G.D. Klijnstra, revealed 'a bit of quiet pruning going on as well' (*FT* 8.8.72)

A Bit of Quiet Pruning

The overall figures of employment provided by Unilever obscure what is happening in the different companies and different geographical areas of the combine. In global terms the number of Unilever employees is rising, as a result of the company's world wide expansion and acquisitions. But if specific companies or areas are picked out, the picture is a very different one.

In the UK which was singled out for heavy rationalisation in 1970, a labour force of 100,000 was reduced by at least 17,000 (exact figure never revealed) in two years.

'During 1971 we reduced personnel significantly by 11,000 people', reported the Chairman G.D. Klijnstra to the New York Society of Analysts, 'mainly by increasing productivity. And during 1972 the number did go down further, if one disregards acquisitions and sales increased.'



Sales increased and profits increased in the UK; the labour force was reduced by nearly 20%. To the public only isolated instances were reported – in BOCM Silcocks and in Birds Eye for instance. The rest were a closely guarded secret, both from the public and from the other employees of Unilever. To the workforce in the companies directly affected by the cuts, information on the financial position of the company was restricted; the validity of what *was* disclosed could not be checked. But the huge increase in profits told the shareholders that 'something mighty good has been going on in Unilever.' And the cost in terms of the labour force is never calculated, either in terms of those that remain or in terms of those made redundant.

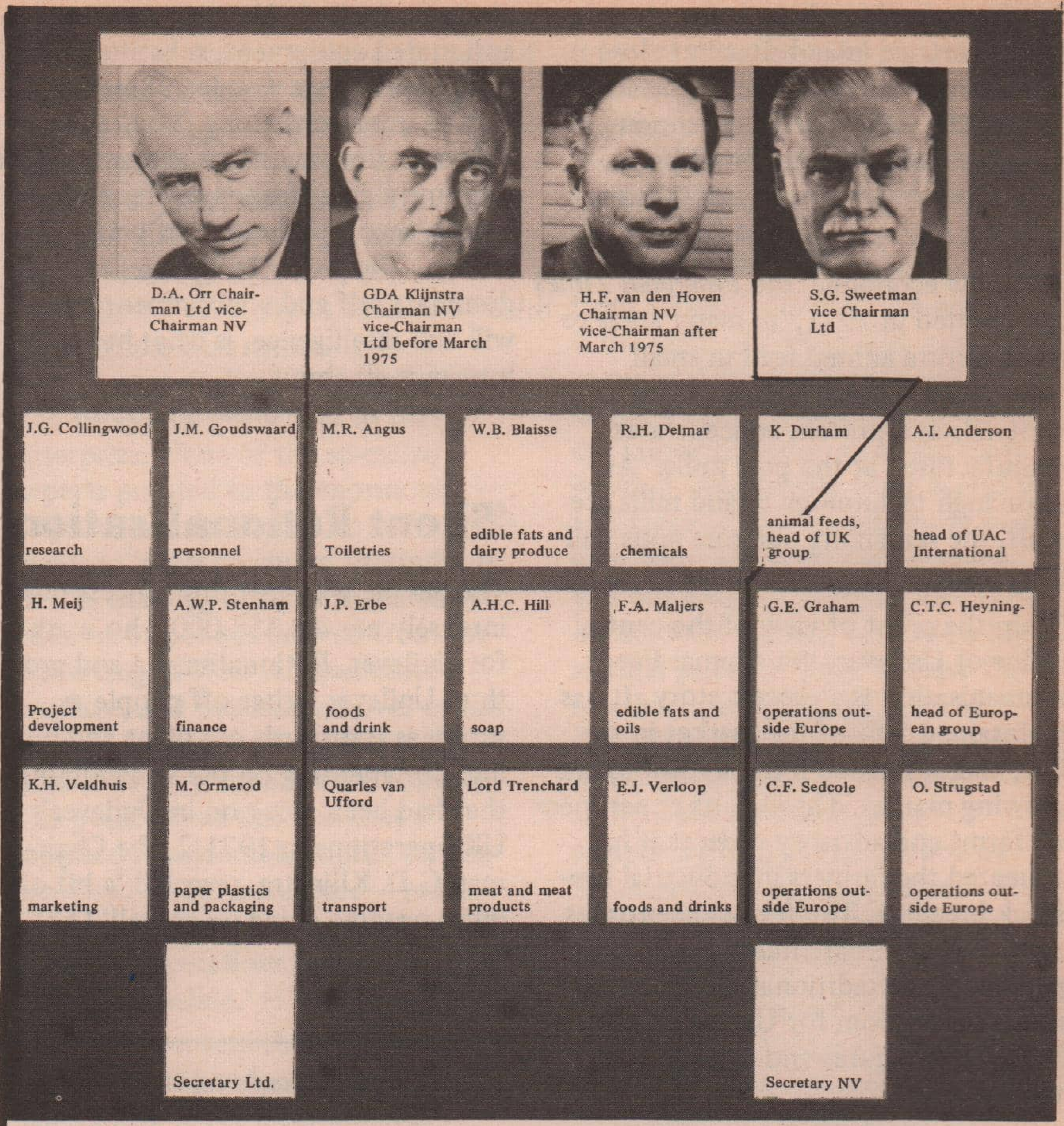
The Fairy of Good Management

It was the meat workers at Anton Hunnink's in the Netherlands who first accused Unilever of 'silent rationalisation'. **It is clear that the company goes to considerable lengths to obscure its real business methods as well as the real costs of its operations.** Protracted announcements of management improvements distract from the real issues. Profit growth begins and ends with 'management'.

'We reckon that the value of changing our methods of management, and improving management of resources, was about £60m a year averaging over the period 1967-1972', the company declared in 1972. The financial pages of the press came in on cue: 'Unilever's trumpeted management improvements are now bearing tangible fruit' (*FT* 1.3.72). That nothing more is said is due to the fact that Unilever is the source of most information that appears about the company – there is no other source. Independent journalistic enquiry is discouraged if not forbidden; the company's huge (and centralised) advertising budget gives it great power. Commentaries on Unilever rarely diverge from the 'managerial' interpretation of events.

For more than fifteen years the same pattern of managerial changes has been used to explain what has been going on in the Unilever giant: the much vaunted reorganisation around products rather than geographical areas is just one example. However, variations do occur. In 1970, the Chairman, Sir E. Woodroofe, announced 'we have changed direction', from now on Unilever would put the stress on profits, and would be less concerned with boosting volume; 'instead of aiming at growth per se, we concentrated on improving our profit margins (*Business Week* 13.4.74). Not unconnected was the loudly publicised change in accounting techniques. 'There has been a sustained attack on financial flab. As a result the working capital ratio which stood at 19% of sales at the end of the 60s has progressively pared back to 18% in 1970, to 16% in 1971 and to 15.3% in the latest financial year. Each percentage point at current turnover levels, represents around £35m, to be spent against the company's annual spending of £118m on new fixed capital assets. So success here goes beyond an accountant's tidy mindedness, and makes a significant contribution to corporate health.' (*Sunday Times*, May 1973)

There was no need to look any further for the sources of this massive saving,



The Unilever Men

The handful of men at the top of Unilever run one of the most powerful companies in the world. Apart from that little more can be said. To a man the Directors of Unilever are 'Unilever men', whose lives begin and end with the organisation. Many have spent a lifetime in its service, all have travelled extensively across the Unilever empire, holding many different jobs in various parts of the world. Like Sir George Woodroofe, some would have worked in the old colonial service, if Unilever had not provided a modern alternative. Many of the older ex-directors like Lord Cole worked in prominent positions in the old Empire as well as directing the strategic operations of Unilever overseas (see ex-Directors).

The loyalty of these men to the organisation is attested to by the fact that few of them hold any directorships in other companies. But as has been shown elsewhere, Unilever men are to be found on government commissions and marketing boards all over the world; they do *not* form a pressure group protecting Unilever's interest as is often supposed. They are there because it is in the interests of governments and economic bodies that Unilever be present. Unilever has become such a fundamental part of the world economy that political decisions cannot be made without the ratification of the multinational. This is the role of the 'Unilever men'. Yet their names and faces are unknown.

As advisors the Unilever board has recruited some of the most powerful financial figures in the world.

Advisory Directors

The Viscount Leverhulme, family connexion with Unilever, Senior Steward of the Jocky Club, Lord O'Brien of Lothbury, Governor of the Bank of England 1966–73, President of the Overseas Bankers Club 1971–3, Pierre-Paul Schweitzer, Chairman and Managing Director of the International Monetary Fund 1963–73, Sir Frank Roberts, Adviser on International Affairs to Lloyds, Director of Dunlop, President of the British Atlantic Committee, UK Foreign Office, Dep. High Commissioner of India 1949–51, Deputy Under Secretary of State to the F.O. UK Permanent Representative of the North Atlantic Committee.
Milton C. Mumford, President Unilever USA.
B.W. Biesheuvel, Prime Minister Netherlands 1971–3, Member Council of Europe, President of the Federation of International Agricultural Producers, Member of the European Parliament 1963– , Ministery of Agriculture and Fisheries Netherlands 1963-7, President of the Nationale Investeringsbank (Neth) 1975– , Managing Director Business International SA, Geneva 1975– , President of the Anti-Revolutionary Party (Neth).

Ex Chairman

Sir E. Woodroofe 1970–73 Worked for Unilever 40 years, C.B.I. Research Committee, 1966–69; British Gas Corporation 1973–
Lord Cole of Blackfriars 1960–70, Chairman Rolls Royce Ltd 1970–2, Director of Finance Corporation for Industry; Niger Co. 1923, Controller British West Africa, Staff of Resident Minister West Africa, Director UAC 1945–63. Taylor Woodrow West Africa 1947–55, Dir. Shell Transport and Trading 1971, Governor of the Advisory Committee on the Appointment of Advertising Agents 1960–70, Vice President of Royal Africa Society, the Luso Brazilian Council, the Hispanic Council, Director of the National Institute of Economic and Social Research, Member of the Royal Institute of International Affairs.

Who Owns Unilever?

Company law in the UK demands that Unilever reveals a full list of its shareholders. The company summary appears below. In fact Unilever is controlled by both NV (the Dutch half) and Ltd (the UK half) but the list does not include shareholdings in NV.

Seventy per cent of the Ordinary Shares are held by financial institutions including the Leverhulme Trust. The rest are held by 'individual' shareholders. Certain comments need to be made by way of elaboration. Although Unilever goes to some pains to emphasise the extent of the holdings of individuals, control is quite clearly in the hands of institutional investors; insurance companies, the anonomous Nominee Companies and the like. **But 'de facto' control is in the hands of Unilever itself, through the Leverhulme Trust. The two senior Chairmen at Unilever, Orr and Van den Hoven hold 33.7 million shares on behalf of the Trust. This arrangement is written into the constitution of the company and ensures that effective control stays within the company.** Apart from the benefits by way of control the Trust shareholdings also provides a considerable income. Twenty five per cent of this is used for charitable purposes, including Unilever related research projects. The Leverhulme family also benefit from the income of this Trust. The 75% which remains is worth, at today's prices, £81m and gives an annual dividend of around £3m. Not surprising that the Leverhulmes and the Carew-Poles (Victoria, Leverhulme's eldest daughter married Reginald Carew-Pole) are reputed to be among the richest families in Europe.

There are 79,521 individual shareholders, exercising little or no power over the company, and receiving an annual dividend according to their holding. Eighty per cent have in fact little more than £300 invested in the company. Investments over £6,000 are held by 40 individuals. Apart from a dozen or more shareholders who own shares with a face value of £20,000 or more, the individual holdings are too dispersed to represent any kind of ownership or control,,they are simply a lucrative investment.

Class of holder

	Number of holdings	Amount of holding	%
Banks and Discount Companies	5,891	1,377,471	3
Financial Trusts	231	839,320	2
Insurance Companies	757	8,082,825	18
Investment Trusts	384	1,350,139	3
Pension Funds	277	2,003,697	4
Nominee Companies	4,733	7,872,934	17
Other Corporate holders	1,757	2,139,519	5
	14,030	23,665,905	52
Leverhulme Trust	1	8,443,899	18
Individuals	79,521	13,657,011	30
	93,552	45,766,815	100

Individuals

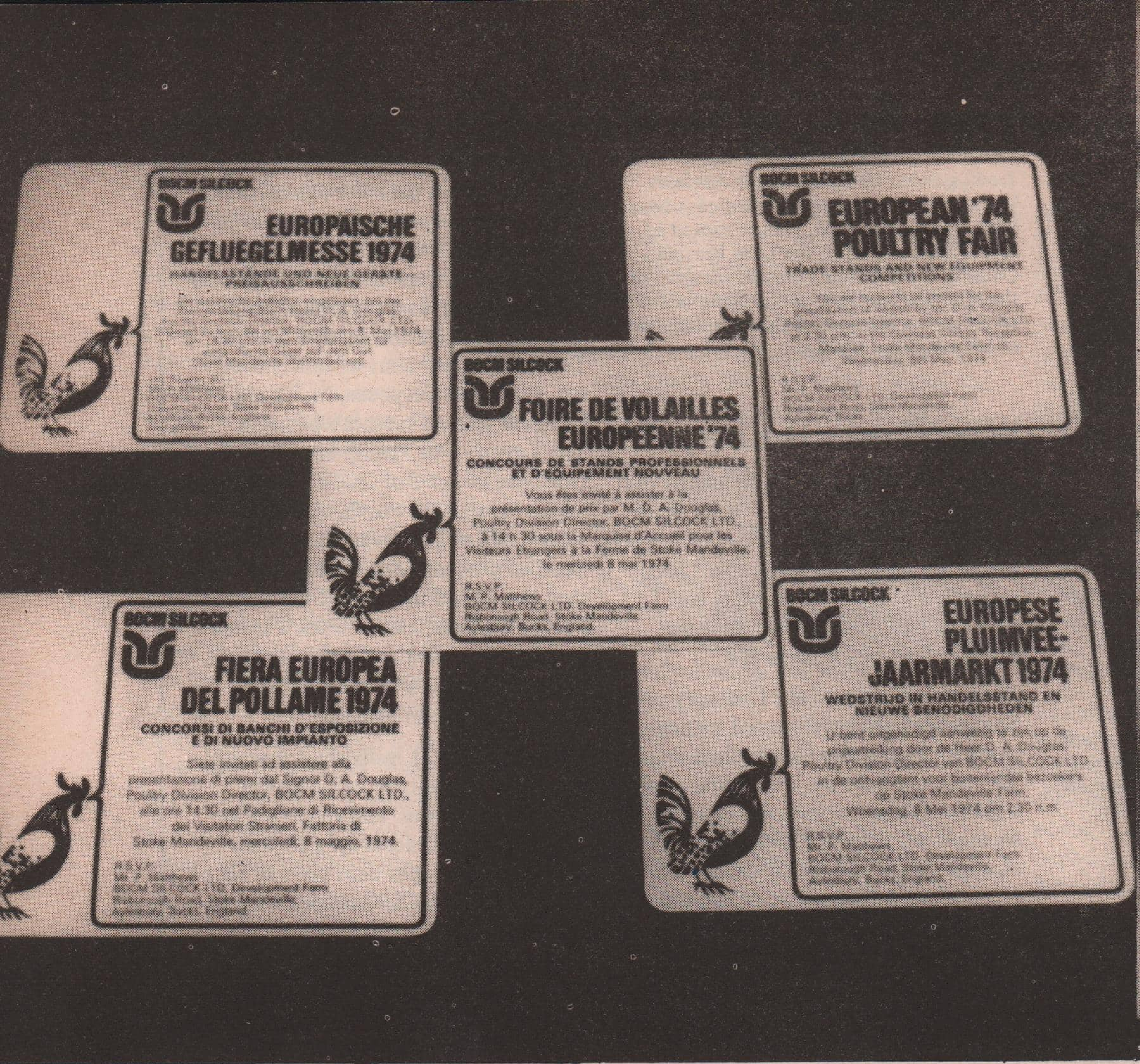
Holdings of	Number of holdings	Amount of holding	Average holding
£ £		£	£
1- 100	42,804	2,187,645	51
101- 250	23,034	3,824,126	166
251- 500	9,279	3,288,295	354
501- 1,000	3,362	2,300,860	684
1,001- 5,000	1,001	1,631,171	1,630
5,001-10,000	28	185,786	6,635
10,001-25,000	11	159,101	14,464
25,001-50,000	1	29,000	29,000
Over 50,000	1	51,027	51,027
	79,521	13,657,011	

the article continued, than finance director Cob Stenham, 'one of the few top men Unilever brought in from outside'. A year later the story was similar but this time *Business Week* (April 1974) were backing the Norwegian financier Oscar Strugstad, another 'outsider', to realise Unilever's profit objectives.

All of which serves as a low level commentary for the company's shareholders, and at the same time obscures what is really happening in the individual parts of the group.

The consistent and systematic obscuring of the role played by the workforce is only to the advantage of the shareholders of Unilever. For behind the silent rationalisations there has been a considerable increase in productivity. The table below shows world-wide sales, profits and capital employed by the company per employee, i.e. the amount contributed by each workers in sales and profits (pre-tax), and the amount of capital used per worker.

	1963	*1973*	*Increase %*
Sales per Employee	5,300	12,700	140
Profits per Employee	400	950	137
Capital per Employee	2,500	4,600	83



Compared with the increase in sales and profits since 1963, the amount of capital employed per worker has increased only half as much. **That is, working with an 80% increase in capital, the Unilever labour force contributed to more than a doubling of both sales and profits. In other words there was a considerable productivity increase on the part of the Unilever workforce.** Almost half of the increase in sales and profits that the company achieved over the last decade have derived from the increased productivity of Unilever's workers. And this at the end of the day is only marginally related to the management changes that pre-occupy Unilever's Publicity Department.

Unilever's Europe

A realists view of Europe, with or without the UK must allow for the power and momentum of companies like Unilever. When the head of Corporate Strategic Planning at Unilever says that the EEC is 'historically inevitable', he refers to the economic network which will make it inevitable and which more than neutralises political preference. **Europe has been a reality for Unilever and the multinationals for decades.** Politics and political debate seems to be little more than a process of legitimisation for something that has already occurred.

'Unilever Playing it Cool in Europe', was a headline that appeared in a financial journal, not as it might seem a reference to the Common Market debate, but to the marketing structure that Unilever is setting up in Europe that makes the 'Community' inevitable. The 'Cool' was a reference to the new Europe wide Dairy Products sector that Unilever has established in the UK and continental Europe. This new area of activity is derived directly from Unilever's supremacy in margarine and ice cream; the move into it was in terms of Unilever's investment logic, inevitable. 'In 1967, we decided that our experience in food marketing, in chilled distribution (mostly margarine) and in food research would justify a major extension into the chilled cabinet, mainly with chilled products.' (Supplement to Report and Accounts, 1973)

Unilever in Europe had already set up a 'cool chain' by which its margarine could be quickly and efficiently despatched. Transport in specially refrigerated vehicles consequently presented few problems. Just as important, and which gave Unilever considerable advantage was the existing marketing network, not only the existing retail outlets for margarines but the conveniently placed cold cabinets. In fact the Unilever sales organisation could take the new products to the shops, supermarkets and institutions already served by them.

Judicious Acquisitions

It had the outlets and it had the distribution network. But it lacked the industrial production to meet its needs. New investments were started but were too slow. So Unilever bought itself into dairy production. **'By judicious acquisition, we speeded up the process of extending ourselves around Europe and we now produce in seven of the European countries and are planning production in the eighth.'** (Ibid)

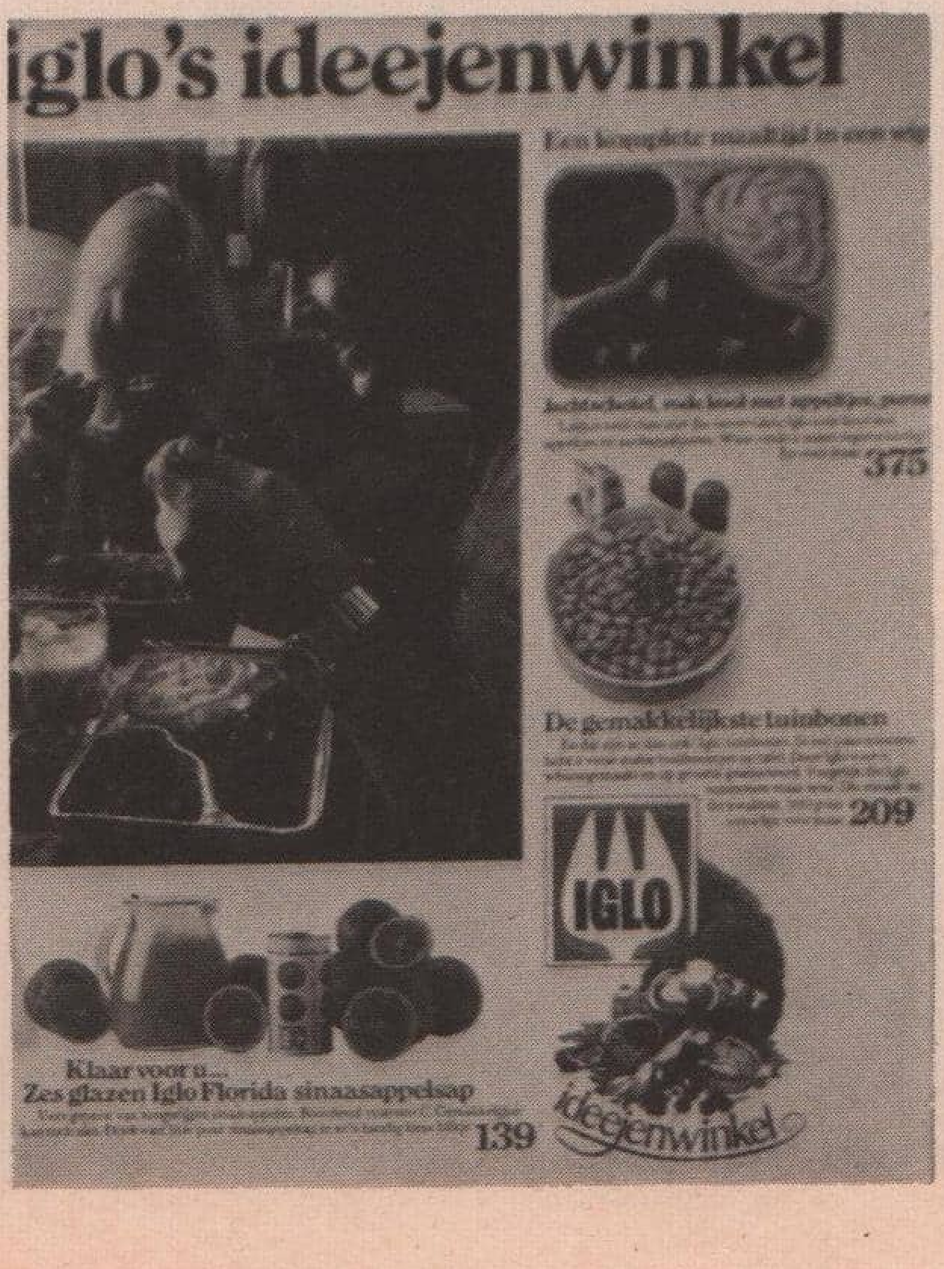
Typical of the process were the takeovers in France. In 1968 the Unilever holding company in France, Astra Calve, took over the dairy produce manufacturer La Roche aux Fees in Nantes, employing 1,000 workers. A year later it acquired Cazajus near Pau, which manufactures fresh white cheese. These purchases were further consolidated by a number of purchases from the Genvrain group, one of the

largest milk and dairy producers in France. The most important takeover was of the Vitho group. The process of acquisition has clearly not finished, but in three years Unilever had taken over 11.5% of the overall market in France for dairy products.

Central to the European plan was the construction in Belgium of the largest cold store that Europe has ever seen. Here dairy products from all over Europe can be stored and distributed. The housewife in the UK now buys Desert Farm manufactured in Germany by Langnese Iglo, as well as Cool Country and Dessert Farm from Walls factories at Acton and Gloucester. Similarly housewives in Belgium, France and the Netherlands buy Unilever processed cheeses from Fromagerie Milkana in Belgium.

Other Unilever companies, important in the European dairy network are Croklaan NV and Iglo NV of the Netherlands which produce under the 'Jolly' mark, and which employ 1,000 people. Dairy produce accounts for 17% of all German Unilever turnover, and is manufactured by Langnese Iglo employing 2,500 people, and Eidelweiss Milchwerke GmbH.

'The development in many countries of bigger shops, notably supermarkets meant that chilled cabinets were



both more usual and bigger than they had previously been. More and more people were buying refrigerators. So there was an opportunity', was how Unilever described its programme.

In the four years between 1969 and 1973 Unilever sales of chilled dairy products rose by some 30% per year, and in 1973 sales reached 125,000 tons. The Algemene Bank of the Netherlands state that this gave Unilever £116m. Despite all the advantages that the company has to produce and market cheaply, this represent over 40p for each pound weight of dairy produce sold. Unilever needs no further justification than this for the continued existence of the European Market.

'An Integrated Transport System'

But it is the Unilever transport system that provides deepest insight into the extent of Unilever's market penetration in Europe. National boundaries no longer define investment. Increasing centralisation and investment policy along product lines has led to the development of the biggest transport operation by any European manufacturer.

'As transport gets more complex,

specialised and costly, big firms are increasingly having to choose between getting in deeper or getting out' (Medwyn Ormerod, Director and Coordinator Unilever Transport, *Times* 16.7.73).

Unilever has decided to get in deeper. 'Thinking European' has taken it into transport in a big way, and the instances of reorganisation given above are part of this process. The company has transport subsidiaries in Britain, France, Belgium, Holland, Germany, Italy and Spain. These subsidiaries have a turnover of more than £80m a year, and represent the biggest transport operation by any manufacturer in Europe. Unilever has acquired Norfolk Line, a cross-channel container service, and has extended the Great Yarmouth – Scheveningen run to Middlesborough, Antwerp, Dusseldorf, Stuttgart and Munchen. The number of container trailers in 1975 will be increased by 2,000. This, altogether, with developments in Germany – Schiffahrts und Speditionskontor and Elbe – has led to a Europe wide integration of the Unilever transport system. It operates heavy lorries, delivery vans, river barges (Rhine barges), coasters, and depots and warehouses. Netherlands alone has 85 tanker lorries, deep-freeze vans and trucks plus 12 ocean going tankers.

But Unilever's transport empire, although necessitated by the transport needs of the company itself, represents a profit centre in its own right. Unilever will use it, as with any of its own basic products, if it produces greater profits.

Ormerod again: **'as a board we are constantly looking for opportunities to diversify, preferably into areas we know something about. Transport is a growing market with scope for new techniques and more sophisticated chains of distribution'** (op. cit.)

Any attempt to analyse Unilever simply in terms of the logic of food and soap production and marketing, is to ignore a major variable in the development and growth of the conglomerate. What is apparent from this analysis of the rationalisation that is systematically occurring inside the company and which motivates the acquisitions that back it up, is that the primary motivation is profit, to secure constant high return on investments.

'The critical factors in our investment planning are the availability of funds, and the return on capital. At the present time, we are particularly concerned with the great difficulty in making an adequate profit margin in many of the business sectors in this country (UK). Although we have not had to stop or slow down any major project underway in the last six months, we are now having to apply very stringent criteria when considering whether new investment will yield an adequate return. And by adequate we mean substantially more than the rate of interest to cover the risks involved.' (David Orr, Chairman)

Unilever in Europe

'Thinking European' has become part and parcel of the Unilever investment programme. Although the company stands to gain from the full integration of the EEC, it has not waited indecisive on the side lines. As has been shown, 'Europe' has become an economic reality for Unilever.

As long ago as 1962, the decision to build a European market was passed onto the shareholders by Lord Cole: 'When you read that 68% of the capital expenditure for 1962 was for Europe you will realise that we expect this pattern to continue.' In the same year it was revealed that in place of the old geographical based marketing, Unilever operations were now to be 'coordinated along product lines'. Group management in Rotterdam were to 'keep an eye on possible developments in the Common Market'.

In 1964, Unilever conducted a mammoth survey, involving 500 European managers, on the implications for the group of a fully integrated Europe. The exercise yielded a king of blueprint for factory locations, and size of product units. One of the conclusions of the surveys was that **if the European integration process was to continue as anticipated there would be no logic in duplicating factories in different countries.** That is why the manufacture of detergent is now concentrated in Holland, and of toiletries in Belgium, each supplying each other with those products, and there are many other examples. 'When the decisions were taken ten years ago', the *Investors Chronicle* concludes, 'they were imaginative and far seeing. They may yet be vindicated, for **if the EEC surmounts it present difficulties, there is no question that Unilever will emerge as one of the front runners.'** (18.10.74)

The new EEC policy will have a minimal effect on Unilever, but will facilitate the operation of the combine, through uniform tax laws, harmonisation of legislation and free movement of capital. Not that Unilever is indifferent to the formulation of EEC policy. It is no coincidence that a number of Unilever men have been placed on key EEC committees and policy forming bodies (see table). Unilever is already a major variable in the economic shape of Europe and the EEC will reflect its needs.

Unilever's massive imports of soya beans and edible oil, 'the biggest oilseed crop anywhere', has already led to a clash with the 'politicians' of Europe. In 1971 Dr. Sicco Mansholt of the European Commission attempted to close a 'breach' in the Common Market protective tariff wall through which Unilever's edible oils and oil seeds flowed. The cheap oilseed based feeds that Unilever sold the livestock breeders was ousting the Community grown feedstuffs, such as clover and cereals. Land previously used for this was being turned over to wheat, which was then dumped on the world market at high cost to the taxpayer. Or the soya feeds replaced the skimmed milk feeds, making more milk available to swell what was the beginnings of the butter mountain.

The Commission also wanted to stop the American domination of the Community's imports, and as Unilever obtained most of its soya from the US and edible oil raw materials were taking an ever increasing amount of the imports, there was additional reason for controlling Unilever. 'But that's not the way it looked in the deep carpeted air conditioned offices at Unilever' remarked the *Sunday Times.* And the fact that no legislation has found its way onto the statute book provides some with 'evidence of Unilever's behind the scene influence. They point out for instance that at the recent world Food and Agricultural Organisation conference in London, at which the Commission's ideas were cooly received, there were two Unilever men on the national delegation'. (15.3.70) Unilever also has a powerful ally in the US Government, who have made open threats of retaliation if there are any measures taken against its soya bean exports.

Unilever continues as before, building up its animal feed monopoly in Europe; only now the brochures on animal feeds tend to emphasise the production of feeds for pigs and poultry. Commenting on the huge increase in the demand for soya meal from its extraction plants, Unilever states that 'this is due to the great increase in the intensive breeding of pigs and also of poultry' (Supplement Annual Report 1973 p2); the fact that it is also used to feed dairy cattle in production


SILCOCK PERPETUAL
TROPHY

units with very little land' (ST op.cit.) is excluded.

New Markets

Over the past three years Unilever has been penetrating the markets of Eastern Europe and Russia. In March 1971 a Unilever delegation visited Vojvodina in Jugoslavia, to discuss the possibilities for the joint production of margarine, oils and other food items. The Yugoslav government were also interested in cold storage and cattle breeding – plans were discussed for a pigbreeding farm, to produce 50,000 pigs a year – and in Unilever's expertise in 'ready meal' manufacturing. Unilever have not revealed any more about this project.

In the same year the Scado Group, a Unilever subsidiary in the Chemical Sector, announced that it would be marketing synthetic resins and emulsions to Poland, Russia and East Germany. A number of contracts were also revealed by BOCM-Silcock, Unilever's animal feed subsidiary with Eastern bloc countries at the end of 1971. (Unilever's representative in Eastern Europe is the Eastern Industrial Corporation.) One contract involved the supply of 5,000 ton of poultry feed concentrates. Although the contracts were reciprocal, Unilever did not reveal further information on the trade deal.

The Eastern Industrial Corporation negotiated further deals in 1972. The first was with Romania for more feedstuffs from BOCM Silcock, worth £540,000. The second was with the Czechoslovak State Farms, involving feed additives for the quick growth of piglets, and for broiler production. The third was in Hungary, where Unilever has been invited to compete with Purina, the US owned company, to provide similar feed additives..

At the end of 1974 Unilever created even closer ties with Eastern Europe. A deal was negotiated with Hungary in which Hungary will provide deep frozen vegetables in return for Unilever's 'know how' in techniques for processing, packaging and product and quality control, as well as machinery and equipment for a frozen food industry. This certainly marks the beginning of a protracted relationship that can only be very profitable for Unilever. (KFA 2.12.74)

There is no doubt that Unilever has been involved in other trade deals with Eastern European countries. This increasing trade illustrates not only the versatility of the multinational conglomerate, but also underlines the confident monopoly that the company now holds in Europe. The entry into these countries as well involves an extension of that monopoly and is determined by the investment needs of Unilever, which entails a constant search for profitable new markets – anywhere.

Forecast of Future Growth

In 1974 the Algemene Bank of the Netherlands produced a forecast of Unilever's growth up to 1978 for investors. They used figures covering the company's past performance as well as an analysis of the present state of Unilever. Their table is reproduced below. Perhaps the most important point, given the low profits increase for 1974, is that the ABN report forecast this downturn in the previous year and then went on to forecast continued sales and profits growth. Profits will increase annually by around 10%, as will sales, which is in fact better than the previous five years. Although these are only projections, the ABN point out that their previous estimates have been highly accurate.

Amounts in million florin

Product groups	Sales 1973	Sales 1978	Annual Sales growth 68/73 %	Annual Sales growth 73/78 %	Operating profit 1973	Operating profit 1978	Annual growth of operating profit 68/73 %	Annual growth of operating profit 73/78 %
Edible fats and dairy products	8,497	12,500	8.9	8	495	750	slight	8.7
Food and drinks	6,900	12,200	12.1	12	520	920	12.9	12
Meat and meat products	1,960	2,750	7	7	58	91	slight	9.4
Detergents	5,100	7,850	2.5	9	432	665	6.9	9
Toilet preparations	1,304	2,300	13.2	12	120	210	20.6	12
Paper, plastics and packaging	2,500	3,670	12.3	8	138	234	12.4	11.1
Chemicals	1,000	1,685	15.3	11	120	210	14.1	12
Animal feeds	2,169	3,500	4.2	10	76	123	6.7	10.1
Transport	447	900	-	15	45		-	15
UAC international and plantations	3,069	4,500	6.3	8	189	292	14	9.1
Total	32,946	51,855	8.4	9.5	2193	3585	8.0	10.3

WALLS

A STUDY IN RATIONALISATION

'A modern pig slaughtering factory copes with more than a thousand pigs a day. They are all collected in the morning according to a strict schedule and brought to a large pastel coloured building filled with soft music and a pleasant climate. One after another they disappear up a moving staircase and behind a plastic curtain. A little later they reappear, upside down as if dead – but they are only doped, and now two or three butchers, grinning like figures from a Breughel, slit their throats in a single skilful movement. The pigs, now dead, still tied to the hooks, the hooks travelling along rails above, again disappear: into a huge drum with a number of rotating brushes inside, steam hissing loudly each time the drum opens to release a sparkling clean pig. Next the pig is closeted into a furnace, after which it is ready to be dismembered, each of the many men along the line doing one cut, or stamping it with a big rubber stamp, or sawing with an electric saw hanging down from another rail. The happy pig entering the music-filled pastel-shaded hall leaving it in pieces one minute later.' (Tempel p104)

For a considerable time now Unilever has been looking for a technological breakthrough which could do for the meat processing side of the business what quick freezing has done for vegetables.

'Looking further ahead Colin Baxter, the director responsible for 'other' foods, pinpoints three big potential growth products for Unilever. The most immediately promising is meat. Persuading housewives to buy their weekend joint wrapped up in plastic has so far baffled even the retailing expertise of Marks and Spencer. Success would open up a market worth nearly £600 million a year.' (*Sunday Times*, 13.11.66)

Since 1966 the plastic-wrapped joint has made some headway with the housewife, and Marks and Spencer forms part of the market for Walls pies, sausages and bacon. The major breakthrough has not, however, happened yet. The processed meat market has been described as 'static'. Walls has cited increased raw material prices (meat in particular), rising labour costs, and general inflation. What the company has not pointed out is that having been allowed a more than usual amount of 'company autonomy', Walls has until recently been operating outside the overall mechanism of Unilever's ongoing rationalisation plans. One of the results of this is that other processed convenience foods developed by Unilever, at Birds Eye and Mattesons for example, have probably been eroding Walls' markets. This having now been realised, Walls is currently involved in a programme of rationalisation more condensed, and therefore more savage, than is normally undergone within Unilever, which prefers a slower, more 'silent' process.

On January 10th, 1975, shop stewards at Walls Meats, Atlas Road, in Willesden, London, were summoned to a meeting with their new chairman, Mr D.Angel, who told them that the whole factory was to be closed down, throwing them and most of the other 1,500 workers at the plant out of a job. Mr Angel claimed that this was the toughest decision the Walls board had ever had to make, but that it was irrevocable.

The closure, the largest but not the only one in Walls' recent history, marked in many ways the end of an epoch for the company. Originally established in 1786, Walls was purchased by Lever to supply sausages and pies for his 'private' fish catching and mongering business, Macfisheries. Both companies were sold to Lever Brothers in 1922, and at about the same time Walls began making ice cream in the summer when there was little demand for sausages and pies.

The ice cream side grew far quicker than the meats side, and in 1955 this side of the business was hived off into a separate company, T. Wall and Sons (Ice Cream). The meats side was left to operate as a separate profit centre under the Walls (Meats and Handy Foods) banner, referred to hereafter as Walls. Real growth came in the following years right through to the mid 60s. In 1954 Walls employed 300 and confined its marketing to the south east of England. By 1966 the firm employed over 10,000 marketed all over the country, had won almost one-fifth of the then £100m a year sausage trade and produced one-fifth of all British bacon production. The company was, in fact, credited with having 'revolutionised the UK's sickly bacon industry with its development of the "heavy hog" (*Sunday Times* 13.11.66).

Walls was one of the bright stars in Unilever's portfolio, growing rapidly and profitably. It was, apparently, given considerable independence because of this and was still, at the end of the 60s, under essentially the same autocratic management that were credited with having built it. But times had changed. As the 60s drew to a close the profits proved harder to come by. The autocratic management, faced with considerable unrest on the shop floor and declining profits, was bound to give way to the more progressive, and profitable, image that Unilever preferred.

The Soft Touch

Progress was still slow, however. An existing Walls director, Dr P. Bateson was appointed chairman in 1970, and although he fitted in more with the Unilever management philosophy than his autocratic predecessors, he was still a 'Walls man', and under him the firm was left to continue largely on its own course. With the idea of that potential £600 million market maybe just round the next technological corner, and with losses still relatively small, it was felt that expansion might both solve immediate problems and create a stronger base for future fast growth. In 1970 Unilever purchased Richmond Sausages, a direct competitor with Walls, for an undisclosed sum from Allied Suppliers, in which Unilever had a 12% interest (representing one third of the voting rights).

Richmond had an output of 16,000

tons of sausages a year compared with Walls' 85,000 tons. It employed about 1,000 workers, distributed among four factories, at Tunbridge Wells, Durham, Liverpool and Evesham. The group was now composed of ten factories, with considerable overlapping in both production and sales and distribution. The next stage was rationalisation.

Bateson's first move was to soften up shop stewards. A regular series of meetings was instituted, in which he doled out Unilever 'facts and figures' about Walls and attempted to win the stewards' confidence, meanwhile plugging away at the concept of 'increased efficiency is the only answer.'

He travelled around the country giving similar pep talks to the work-force, but the stewards were the main target of the tactic. One of Walls' managers described to us how this worked.

Bateson would tell the stewards that there was a problem, that there were several ways of dealing with it, and that he wanted their thoughts on the matter. Having heard them out, he would go away, returning at a later date to say that he had understood their points of view, and had indeed explained things in much the same way to 'senior management'. He then gave what purported to be senior management's views. Finally Bateson would tell the stewards what, in the light of all these opinions, he intended to do, and would ask for their opinions on how the 'solution' could be implemented.

This charade was successful. The stewards, long denied information about the company or any contact with the men at the top, were able to feel that at last they had been consulted. Occasionally however a more active steward would talk about wanting to be involved in the decision making. In this case, the manager explained to us, Bateson would immediately throw this idea to the meeting, asking all the stewards to tell him what they thought. The majority always, (as Bateson had calculated they would,) said no, that was not what they wanted, that was Bateson's job, he was paid more than them etc. They just wanted to know how he arrived at the decisions and to have a hand in their implementation. It was a simple but effective ploy used by the chairman. As the manager put it, 'That overrode the occasional guy who got elected as a steward, who wanted to change the face of the whole mechanism of the company, not through any 'reds under the bed' attitude, but because that's what a new ambitious steward is led to believe. It was the same at school, wasn't it? I mean, the guys in one's class who were a nuisance we took care of a damn sight better than the masters did. They were ruining the whole deal for all of us.'

Silent Reorganisation

After the softening up, the cuts. Over a very short period the company was able to close down three factories, substantially run down a fourth, and place a heavy closure threat over a fifth. Sales staff were cut back by one-third. The North was worst hit. At Litherlands, Liverpool, the Richmond factory was closed down throwing more than 250 workers, over two-thirds of whom were women, out of work. This was an area of high unemployment, and Richmond had been one of the largest local employers. In Durham, another high-unemployment area, another Richmond factory was run down and handed over to Unilever's Matteson subsidiary with only half the original workforce left.

In the south of England a Wembley factory (Drings) was closed with the loss of 100 jobs, and a further Richmond factory was closed at Tunbridge Wells. The workers here in fact were able to save their jobs when another meat company purchased the plant and proceeded to prove its viability by bringing it rapidly back into operation. All in all employment was cut by some 1,500 through redundancies and 'shrinkage'.

The sales force was also slashed. Richmond purchase had brought an extra 180 sales vans into the group. All three sales forces – Walls, Drings and Richmond were now 'integrated', with the result that 280 sales vans were taken off the road. Length of service with the company was no criterion when it came to redundancies amongst the driver-salesmen. Bateson insisted from the first that 'there were only going to be Walls' vans, and the net result would be less than the sum of the total . . . We were putting the two businesses together, and we were going to get the best out of it, and in fact the best salesmen would stay. Not the Walls' salesmen, or the Richmond salesmen, for sentimental reasons, but the best salesmen.' (Walls manager to CIS)

It was a truly silent rationalisation.

There was no publicity, no attempt to fight it, no organisation by Walls workers to protest the lost jobs. As the manager said, 'It was done without industrial strife, it was done with minimal interruption of supplies,' going on to explain that the slightest strife in a factory could completely disrupt the firm's ability to meet orders. The lack of workers' organisation or militancy was made particularly apparent when Unilever threatened the closure of the largest Richmond plant at Evesham.

Early in 1971, less than a year after the Richmond purchase, Unilever informed the 500 workers at the plant that the lease on the premises was running out shortly, and that they would have to cease operations at Evesham as a result. The factory was the town's largest employer. Protest marches were organised, but to no effect. It was when the workers through their union, USDAW, made it clear just how great a sacrifice they were prepared to make in order to save their jobs that the company began to have second thoughts and consider the profits potential of the situation. Here was a union spokesman offering not only a voluntary year's pay-freeze, but also outlining an amazing additional offer of £1 a week from workers' wages for two years in exchange for company shares. 'It's up to Walls-Unilever now' said the USDAW area organiser. 'The offer amounts to between £60,000 and £100,000, and that's a gesture no company can afford to ignore.' (quoted *Guardian* 12.3.71)

The offer was not ignored, but seen as an indication of Unilever's strength vis-a-vis the Evesham workforce. In no time at all an extension of the lease had been arranged, with intimations that a new plant would be built at Evesham before the expiry of the renewal.

It transpired three years later, in 1974, that the Evesham site was owned by Cavenham Ltd with whom, at the time of the 1971 threat of closure, Unilever was doing a deal. By the terms of the deal Unilever was selling its one-third control of Allied Suppliers to Cavenham, enabling Cavenham to make a full takeover bid for Allied. In return for this favour Unilever was subsequently to receive the UK Lipton tea interests. Cavenham thus ended up owning Allied and the Evesham site.

Unilever when it bought Richmond knew that the Evesham lease was about to expire, and we can assume therefore that they fully intended from the beginning to close down the factory and axe 500 jobs. If Cavenham did not own the site before their bid for Allied (it would have been a remarkable coincidence if they had), then they must have acquired it as part of the Allied purchase. When questioned by us about the ownership of the site, an Allied spokesman at first said that he thought the whole Richmond business had been sold to Unilever (ie including the sites). After checking up, however, all he would tell us was 'This is a private business matter. Mind your own business.'

The implication of all this is that Unilever's arm was in no way being twisted in the matter of the lease. Whoever owned the site, they were merely using the expiry argument in order to extricate themselves from Evesham with the minimum of resistance. The ease with which they ultimately extended the lease proves this.

Despite Bateson's rationalisation of Walls after the Richmond purchase, the company's profit situation continued to worsen. According to the published accounts, losses grew from £50,000 in 1969 to £4½ million in 1974.

Meat product sales over the same period dropped from 100,000 tons to 67,000 tons (Walls and Richmond combined), (hardly surprising considering the size of the cutback on the production and sales sides).

Angel of Death

Angel, Bateson's successor, was evidently sent in by Unilever with a mandate to cut Walls' losses, and quickly. **What we should bear in mind is that the tendency throughout Unilever, particularly in Europe, as we show elsewhere, is to rationalise, trim and centralise the product groups. If we consider the Walls operations as such a group, then 'profitability' arguments should not be taken seriously when applied to individual plants. There is, in any case, no way of checking profit and loss figures attributed by the company to a particular sector.**

Angel had no meetings with the stewards from the time of his appointment to the time of the Atlas Road closure announcement. His first meeting with the stewards was when he read the statement that the company's position had worsened and that one factory would have to be cut. 'Why Atlas Road?' the stewards asked. Higher costs than elsewhere, came the answer. The decision is irrevocable. It is not a question of efficiency. Unilever, apparently, was not planning immediate closure of Atlas Road, but a gradual run-down over a period of twelve to fifteen months. Production meanwhile would be transferred to other plants, mainly at Hayes and Southall. Most of the slaughtering was to be placed with outside contractors, though some would go to Godley. The workers who lost their jobs would get redundancy payments according to length of service, but this would be a matter of consultation with the unions and would also depend on an orderly closure. Jobs would be available for some employees at Hayes and Southall. There would be no further announcements for three months. The long goodbye for the workers at Atlas Road had begun.

Not surprisingly the workers were less than satisfied with this peremptory treatment, and the stewards asked for a further meeting. At first Angel refused to see them and attempted to fob them off with a personnel manager. But the stewards insisted that they were not prepared to wait three months. They wanted to know why there had been no consultation, whether their suspicions that Unilever had imposed the closure were correct, and what exactly was going to happen. **Eventually Angel granted an audience, only to claim that Unilever 'do not lay down how a chairman runs a company' and anyway if Unilever were only interested in profit they would close the lot down.**

There was obviously little chance of many of the Atlas Road workers being transferred to Hayes or Southall for, to quote a Unilever PR man, 'we are hoping to avoid any cutbacks in production by using less labour through employing more up to date methods and applying the fruits of research and development.' Besides, the majority of the Atlas Road workers lived locally and would have to undertake difficult and expensive journeys to get to the other plants. Their pay would further suffer through their being low on the priority list for overtime and good jobs.

Human Relations

Their situation was made worse by the fact that Unilever was also threatening that if the closure of Atlas Road did not work, the whole of Walls' southern operation might be closed down. This of course made the Hayes and Southall workers apprehensive for their own jobs. This served primarily to prevent the emergence of any sort of solidarity between the workers at the three plants. It also made the Hayes and Southall workers less likely to create difficulties about the increased workload they would inevitably bear as a result of the Atlas Road closure. It also meant that they would be reluctant to accept the transference of too many Atlas Road workers lest it affect their own future job security . . .

The Atlas Road workers were left in an isolated and impotent position because of the company's ruthless

International ices – Walls in South Africa

'divide and rule' tactic. **The possibilities of resisting the closure were minimal, with no combine organisation for Walls, let alone Unilever workers. Besides, they had been effectively blackmailed by the statement that good redundancy payments, yet to be negotiated, depended on an 'orderly shutdown'.**

Ahead lay a year of redundancies. For the lucky few there might be alternative jobs within Walls. For many there would be long periods of unemployment. Most other companies in the area, including the other food companies, were already cutting back in the face of the economic recession.

The workers at Evesham should have been able to feel a glow of self-righteous success when they heard the news of the Atlas Road shut-down. They had, after all, kept their jobs through personal sacrifice, hadn't they? That might have been the case were it not for the fact that two weeks earlier, on 29th December 1974, Unilever had given them the news that, yet again, the whole future of the Evesham plant was in doubt. Management, they were informed, had decided to defer once more the decision on whether to build a new factory, and had instead extended the lease on the present building for just one more year. **Once more the pressure was on them, and with it the fear that defuses all hope of organisation and solidarity with their fellow workers.**

Of the ten factories in the Walls' group after the Richmond purchase, only five now remain (given the inevitability of the Atlas Road closure). These are Evesham, Southall, Hayes, Redditch and Godley. In this brief history of rationalisation we have dealt with the first three, and have seen how their workforces have been rendered apprehensive of their job security, and isolated from other factories in the group as a result. **They are in a position where they are so eager to protect their jobs that they will accept increased productivity, as will happen at Southall and Hayes, or even impose their own wage freeze and share buying scheme, as at Evesham.**

Redditch is smaller than other factories in the group, and concentrates on canning, which keeps it slightly separate from the other factories in identity. In looking to the future, and trying to decide where the heavy hand of 'profits logic' will fall next, we are drawn inevitably to the Godley plant which is near Manchester.

Godley is the largest plant in the Walls' group, with a workforce of 2,500 including office staff and van salesmen. All the basic Walls operations are carried out there: slaughtering, ham and bacon curing (by the newer injection method which imparts a slightly smoked flavour to the live pig), sausage and pie manufacture, and cooked meats. Output is around ten tons of bacon a day, and 94,000 lbs of sausages and 150 tons of pies per week. The plant covers all of Walls' northern sales, including Scotland. It also produces limited quantities of goods for export, and manufactures directly for Marks and Spencer (bacon) and Heinz (mini-sausages).

Godley has modern buildings, tea bars, children's Xmas outings, and staff grade awarded for five years' continuous service. The factory represents a £9 million investment which Angel has claimed, in talks to the unions, is 'only' yielding a profit of £250,000 per annum. Whether or not this was after Unilever had charged interest on the investment at current rate was not clear. Certainly such a charge is normally made by the firm in its accounting processes. **The purpose of the exercise with regard to the unions is clear whatever the accounting method — to create the requisite unease about profit levels for future 'efficiency' drives which will inevitably involve labour cut-backs and productivity increases.**

Despite the childrens' Xmas parties, Godley, according to workers there, is an unpleasant place to work. Noise is a major source of discomfort. Take the bacon shop-floor for instance. **There is the continuous sound of the conveyor belts, 'a basic rumble, rather less than, say, a constant stream of traffic passing you on the road'. Above this is the noise of the vacuum sealers, 'each giving a scream (similar to bus doors opening but more intense) once a minute'. This can be actually painful if you are working on the sealers. In addition there are the slicers, 'loud, vibratory and jarring'. Over all this is a background din — 'the banging of trays and pallets, stacker trucks driving through sounding horns, the occasional crash of heavy steel trays to the stone floor, and the welding and hammering in the adjacent fitters shop.'** To cap it all is a daily dose of Radio 2 at enormous volume to rise above the rest of the noise. Other departments are even worse. In the sausage department the machines that produce the mini-sausages for Heinz sound like non-stop machine-guns, and there is a squealing vacuum pump reckoned to repeat about fifty times a minute. Ear muffs are provided but in general not worn because breaks are very brief, the job very monotonous, and the muffs put a complete block on communication with fellow workers.

Cold and oil mists are other complaints (though in a separate section with a production line solely for Marks and Spencer who are stricter about regulations than Walls' management apparently, all pipe joints have securing rings and there do not appear to be any fumes).

For working in these conditions, and the added damp and smell of the sausage department, there is a basic wage for a 40 hour week of £32.50 for men and £31.50 for women (Feb. 1975).

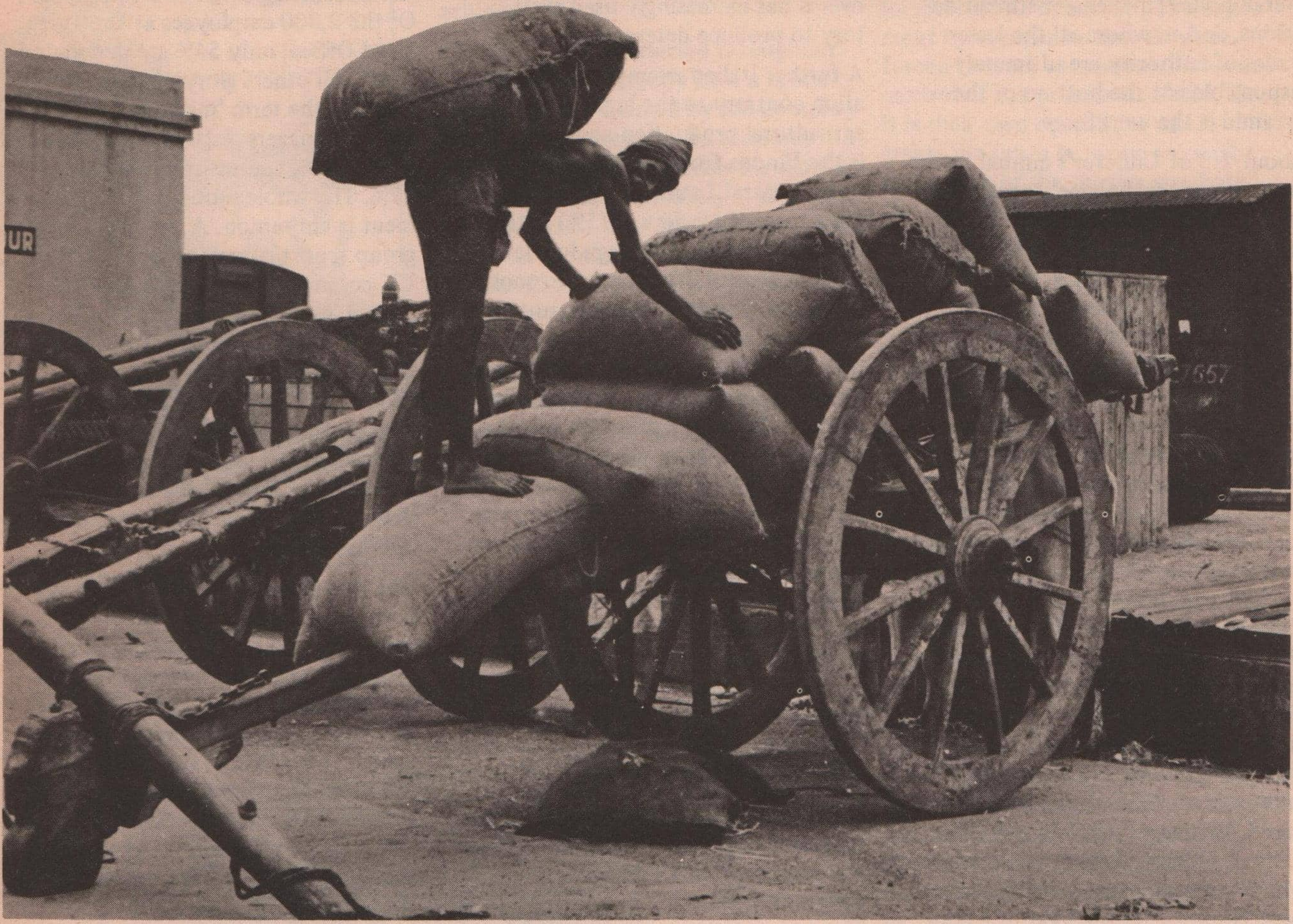
The main unions are the TGWU, TGWU ACTS, and the AUEW. There is a large amount of cynicism about the effectiveness of the unions at Godley and the feedback of information is claimed to be poor.

Despite the £9 million pound investment much of the work is manual. The bacon slicers are over 20 years old and need much cleaning and manual operation. On each line 20 women weigh bacon by hand, and jointing, room to room transporting and pricing and dating of the pouches is all done manually except for the Marks and Spencer bacon, which is checked out on a computerised scale which issues a price ticket.

Rumours of increased mechanisation are apparently being floated by lower management, and it is obvious that the greatest threat to the workers at Godley is likely to come from such a move. According to workers who gave us the information, mechanisation of most processes is possible (as on the Marks and Spencer line) and could result in a cutback of the majority of the workforce.

It seems to us that Godley is very much in line for the next phase of the Walls rationalisation. The 'softening up' of the shop stewards has already begun, and the first rumours are beginning to float down from above. If the Godley workers are to be able to resist a major loss of jobs, **their organisation will have to be considerably more determined than that at other Walls' plants, where workers have been effectively bullied into accepting the principle of profits and efficiency over that of workers' livelihoods.**

UNILEVER'S WORKFORCE



Some 353,000 workers are employed by Unilever the world over. Of these the greatest number, 193,000 work in Europe. In Africa Unilever employs 87,000 workers, and in North and South America combined, a further 30,000. The remaining 43,000 are spread throughout the world in India, S.E. Asia, the Pacific and Caribbean Islands, Japan, Australasia, and the East Indies.

In Europe the largest national workforce is in the UK, with 89,000 followed by Germany with 43,000 and the Netherlands with 18,000.

Impressive through these figures may be, they do not, however, give anything like a true picture of the real scale of Unilever's workforce. 353,000 may be directly employed by the firm, but many times this figure are tied in one way or another to Unilever operations. In Europe entire sectors are involved. When asked how many of his members sold to Unilever, a spokesman for the British Trawlers' Federation promptly replied, 'The entire British fleet works for them.' Likewise although not directly employed, 1000 British farmers are exclusively contracted to the Birds Eye subsidiary alone for their vegetable crops.

In some African countries Unilever's dominance is such that a majority of the working population is dependant on the firm. The social and economic costs and implications of this dependence are dealt with elsewhere in this report. The immediate concern of this section is the relationship between Unilever and the 353,000 directly employed by it.

'Unilever's UK employees face a company policy of 'divide and rule'. The firm likes to tell the various union branches in its plants that it is not really one corporation but a cluster of autonomous local companies. In bargaining, it also claims, that, although the company as a whole is doing well, its local subsidiaries are going broke.' (UK representative to IUF/ICF Unilever Council, March 1974)

'There was an important change, about eight years ago, in the manner in which the company is run. A national management was responsible for all plants, and, while it received directives from London and Rotterdam, it was none the less responsive to trade union pressure. Today, this national management has lost virtually all of its power and has been replaced by sector management at the international level. This means that trade unions cannot influence management directly, since the functions of management in Belgium are pretty much restricted to public relations and they do not even know what is going on in the plants. It is difficult to address oneself to responsible people in Rotterdam or London.' (Belgian representative to the IUF/ICF Unilever Conference Jun 1973)

The Unilever empire is administered and ruled in exactly the same way as any other empire. Divided at one time geographically, it is now governed increasingly in terms of 'product areas' – detergents, foods and drinks, plastics, etc. Each product area has its 'product coordinator', issuing edicts from London or Rotterdam. Further down the scale authority is delegated to regional and national management. Then comes local management. At the top of this pyramid is the Special Committee, the triumvirate which controls overall policy, makes investment decisions, and to whom all the lesser grades of authority are ultimately responsible. At the bottom of the pyramid is the workforce.

About 2/3 of Unilever's annual investment is made in Europe, together with 2/3 of overall sales and 2/3 of profits. The company sees Europe as a whole in market terms, and as we demonstrate elsewhere, there is a constant process of product group centralisation and rationalisation. But this is a one-way operation. As Unilever workers and trade unionists have reiterated to us in the course of our researches, the company deliberately fosters divisions in the workforce, between nationalities, regions, individual factories, white and blue collar workers, and between grades which Unilever creates itself. The purpose is obvious. If the firm can keep workers divided into as small groups as possible, and can engender a feeling of isolation and impotence in those groups, then the workers' ability to organise in pursuit of their demands is minimised. In many – though not all – parts of Europe Unilever pays wages which are good relative to local averages. However, in the light of a consistent rationalisation programme, the price workers pay for these wages is high. In the first instance, a high average wage level for a given number of hours becomes meaningless when productivity is forced up and up. The employee has to work faster and harder for the same wage, while the company's profits climb steadily. The second, and allied point, is that increased productivity is often the result of a cut-back in jobs. For example – in 1964 Unilever took over the Althea canning factory in Parma, Italy. Before the takeover one union, the FULPIA-CISL, had 400 members working at the plant. Big cuts in the workforce have reduced this number to 120. Meanwhile productivity at the plant has risen at the expense of those still working there, particularly as the firm has refused to make any new investments – i.e. the increased productivity has been achieved by fewer workers working harder, and not because of more efficient machinery. A further effect of rationalisation apparent in this particular example is the way in which local farmers and workers not directly employed by Unilever find their livelihoods threatened. The Althea canning factory used to be an integral part of local economic activity. Tomatoes grown in the region were converted to tomatoe juice and canned by the plant. Since Unilever took over it has increasingly used the factory to produce detergents.

A further Italian example of an operation contrary to the logic of local agricultural production and interests is the Findus frozen foods company in the central Latina province. Unilever has a majority holding (75%) in the company, which, although located in an agricultural area, imports most of its raw materials and does not seem to seek to use local farm produce. Six or seven months of the year the company also employs 200 seasonal workers. What this means in effect is that at a time when work pressures are high, and the permanent workforce is in a strong bargaining position, the company can dissipate the permanent workers' strength by bringing in ununionised cheap labour. At the new ice-cream plant being built in Naples (also 75% controlled by Unilever, the rest, as at Findus, being owned by Nestle) the planned workforce is predominantly seasonal – 350 seasonal workers to 300 permanent employees.

It is when workers attempt to achieve redress for this sort of grievance that the full power of Unilever becomes apparent. Strikes are rare at Unilever. The major reason is the successful divide and rule technique of management. Within a single plant organisation is difficult, where jobs are divided into multiple grades, each with its separate wage rate, with the higher paid grades jealous of their differentials and supposed privileges, and with the white collar workers securely separated from the shop floor. Where organisation amongst workers is strong, as in Germany, the white collar employees are covered by the same collective agreements as production workers in most sectors. However in countries like Britain, where unionism is fragmented – and still often non-existent – within Unilever, the grades continue to be played off against each other. ASTMS representatives have complained for instance, that Unilever is trying to create an 'aristocracy of labour' by titling employees of grade 20 and above 'management trainees'. The upper echelons of white collar workers are actively encouraged to undermine their own negotiating positions by putting company loyalty above and in opposition to – effective unionisation.

At Unilever head office in London, for instance, there exists a 'consultative system' of departmental council and grade committees, the supposed aim of which is 'to consider jointly problems and ideas of concern to both management and employees'. Of the 2,300 employees at Unilever Head Office, only 54% are designated 'staff', all others glorying various levels of the term 'manager': senior managers – 10%; middle managers – 19%; and assistant managers – 17%. The whole mood of the arrangement is anti-union. A Unilever study group report commented 'while the UK committee was not unduly concerned about the prospect of unionisation **it would prefer to work through an effective system of joint consultation'**, adding its own view that 'large scale unionisation is unlikely at present, but there is union interest and activity. **Good consultation could delay unionisation. Bad consultation will hasten it.'**

The real aim of the consultation system is to defuse militancy. One manager summed it up by revealing that after redundancies and more rigorous job assessments in 1971, although there was a financial improvement, in personnel terms 'things had started to hurt'. He thought that joint consultation was one way in which 'grievances and worries could be aired **and thus be prevented from becoming over-serious.'**

As an effective consultation and bargaining medium the scheme is an obvious non-starter. Junior employees are often afraid to stand for election to committees because they fear to be branded as trouble makers, thus jeopardising promotion possibilities. The committees are top heavy with 'management' interests, and in the long run the company can and does reject recommendations.

Of the departmental councils a 'middle manager' said 'they have kept staff informed and avoided unionisation'. Of the consultative system as a whole another middle manager said 'Unilever is so good, fair and far-sighted that unionisation is not necessary . . . because there's no need to fight' ('Worker Participation in Britain', a business study by Social Policy Research, *Financial Times* Ltd).

A high degree of unity is necessary to organise a strike action, let alone gain anything by it.

But what if a strike situation is achieved by workers at a factory who


FLORA
You are what you eat.

have a grievance management will not satisfy? Here again the range of the company's powers is displayed.

Workers who produce a specific commodity can achieve little by striking if the company is able to turn immediately to alternative sources of that commodity to supply the threatened market. At the time of a strike in 1974 at the Van den Bergh margarine subsidiary in the UK, the company supplied the UK market from its German plants. It was able to do this despite the policy of the German margarine workers' union to refuse to package for foreign markets when there is a dispute in the country of destination. Again, at a strike at Habourdin in Northern France in 1973 involving 1,600 workers, soap was transferred into the region from Holland until the Dutch Union was able to stop this traffic. In addition the firm, in anticipation of the dispute, had stockpiled margarine from German sources for three weeks before the strike. The strike was for pay rises to protect the workers' purchasing power as prices rose, but secure with their alternative supplies Unilever refused to negotiate. In the course of the strike the company even circulated leaflets which claimed that strikes only helped competitors. This argument appears specious when we consider that in margarine Unilever has 70% of the French market. 300 workers were sacked after the walkout. The firm refuses to accept the prices index drawn up by the French unions, and tries to tie wages to an index of its own.

Within France itself Unilever has ample room to manoeuvre from area to area. In some plants wages are above the national average, in others they are frozen. In France Unilever has some 30 subsidiaries, forming more than 100 units of production, warehousing, transport, etc. Working conditions are established by the Paris administrative centre, but there are enormous variances of pay and terms of employment. A worker in Paris might earn FR 1,800 per month, whereas a worker doing the same job in Britanny might get Fr 900 per month. The Paris worker would do a 40 hour week for this sum, whilst the Breton worker would work 44 or 47 hours per week. Likewise, in Paris, a 5 week annual holiday is the norm, while in the provinces the legal minimum of 4 weeks is the rule. The Paris factory would have a restaurant, the provincial factory would have none. The trend is now for the firm to transfer operations from well organised high pay areas like Paris to the low pay provinces, thus threatening thousands of jobs.

As workers win better pay deals in particular European countries Unilever can transfer operations across national boundaries to countries with generally lower wage levels.

Wages in Denmark are generally good, and in 1972 an 18-20% increase was gained. In Finland, however, wages are lower. The result is that Unilever has transferred certain Danish operations – toothpaste manufacture for example – over to Finland, and the toothpaste is imported into Denmark to be sold.

Production is also shifted from country to country as fluctuating tariff levels change the profits scene. The *Irish Times* reported (9.11.73) that Lever Bros (Ireland) Ltd of Dublin was planning to reduce its workforce from 400 to 270. The intention was stop production of toilet preparations, soaps and Vim, and was directly attributed to the firm to the lowering of tarriffs under the Anglo-Irish free trade agreement, making production costs lower in the UK than in Ireland. Male and female general workers, watchmen and female cleaners were among those to be sacked. Redundancy payments were available but being geared to length of service and age, would be of little benefit to younger workers, and those who had nto many years service with the company (as might well be the case with watchmen and cleaners). Unilever's pretax profits for the six months to June 1973 were £152.5m. 'Workers are being sacrificed for the sake of profits' said one trade unionist. 'The company is making profit, but it wants to make more profit by importing goods rather than continuing to manufacture them here.'

Even in Germany, where the unions are relatively well organised, the firm is swift to exploit weaker sectors. Unilever wages generally rose by 12% in 1973 against cost of living increase of 7%. In the margarine sector 13% was achieved. Workers in the frozen foods subsidiaries, however, are in a far weaker position. 'Lagnese-Iglo' is controlled by Unilever, with 75%, against Nestle's 25%. As in other countries the frozen food sector, including ice cream, is seasonal to some degree, and some of the ice-cream factories in Germany are closed down over the winter months. Thus a sizeable percentage of Iglo's 9,000 workers must be on a part-time basis, which inevitably makes for a low level or organisational ability and insecurity of employment which diminishes militancy. An important indication of this is that the Iglo workers are covered by regional and not national agreements. The result, in 1973, when COL went up 7% and other Unilever workers obtained 12% wage increases, was that Iglo workers were only able to achieve 2.3%.

Unilever and Unions

It is Unilever's policy to minimise the effectiveness and credibility of union organisation as much as it is able. Wherever possible, staff associations or works councils are favoured over union organisations, and although unionism is a fact which in most of its European operations at any rate the company has to recognise, recruitment and unionisation are hindered wherever they do not already exist. It is company policy with regard to white collar unions to deny recognition and negotiating rights unless 50+% membership has been achieved. In a sector such as SPD, the transport subsidiary for example the firm's tactic is to insist on a majority of depots being unionised before recognition – therefore a particular depot could have 100% union membership without the company recognising the right of workers to be represented by their union in that depot.

Where unions have been recognised in a Unilever plant, communication between stewards and management still suffers from the company's reticence to provide information.

As a steward in Walls, Southalls, stated in a profile in the Walls News, 'People want to know how the company is getting on and what Wall's future prospects are. Many feel insecure in the present economic situation and this insecurity can affect the way they do their jobs. Increasingly people come up and ask their stewards what the situation is and we can't tell them because we don't know. Shop floor management say they don't have the information either.' It is likely that the profile of this particular senior shop steward was printed specifically for his pro-management line on wage demands. He argues 'that pay demands should be realistic and drawn up in light of the firm's trading position. If a company is in a bad financial way there seems little sense in putting in huge wage demands if it results in people eventually being out of a job. Companies are in business to make money, I accept that, and I certainly

PAGE 4 SUNDAY MIRROR, December 8, 1974

Now—Green stamps for hard work

Productivity deal by John West.
Below: UAC worker, Ghana.

Sunday Mirror Industrial Correspondent

A CANNED food firm is offering its worke~s a bonus—in Green Shield stamps.

The company—John West, the tinned salmon people — have appealed to their 500 workers, from managers to the factory floor, to put in "ten per cent. extra effort."

But union officials say the scheme will provide only 9p for every extra hour worked.

West's, a subsidiary of the Unilever giant, is aiming for 2,000,000 cases of tinned salmon by the end of the year, and for every 200,000 cases achieved it will divide half a million Green Shield stamps equally between every employee.

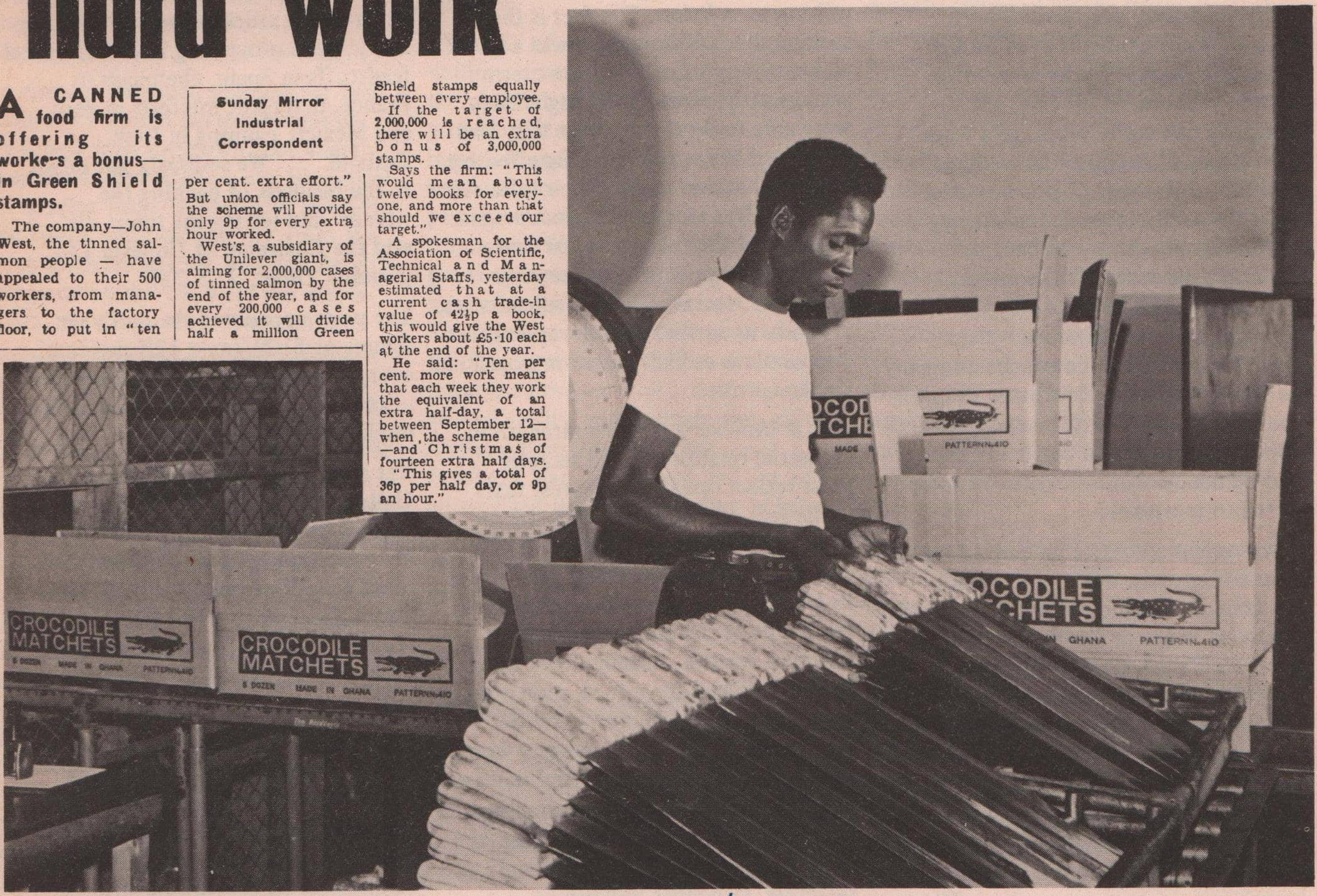
If the target of 2,000,000 is reached, there will be an extra bonus of 3,000,000 stamps.

Says the firm: "This would mean about twelve books for everyone, and more than that should we exceed our target."

A spokesman for the Association of Scientific, Technical and Managerial Staffs, yesterday estimated that at a current cash trade-in value of 42½p a book, this would give the West workers about £5·10 each at the end of the year.

He said: "Ten per cent. more work means that each week they work the equivalent of an extra half-day, a total between September 12—when the scheme began—and Christmas of fourteen extra half days.

"This gives a total of 36p per half day, or 9p an hour."



Profits and Wages

	1968 £m	1969 £m	1970 £m	1971 £m	1972 £m	1973 £m
Sales	2036	2512	2868	3069	3545	4492
Operating Profit	172	166	165	203	257	338
Number of Employees	312000	326000	335000	324000	337000	353000
	£	£	£	£	£	£
Sales per Employee	6500	7100	8500	9500	1050	12700
Profit per Employee	550	500	500	625	760	950
Wages per Employee	1240	1370	1550	1710	1950	2280

These are averages: they include the salaries paid to Unilever's 30,000 'managers', they obscure the fact that wages in some countries where Unilever operates are very low.

UK Wages per Employee	1100	1145	1220	1495	1690	1800
'Elsewhere' Wages per Employee	1300	1470	1670	1800	2200	2400

'Elsewhere' reflects the very high wages paid to Employees in US and Germany. It includes the low wages paid in Africa and Asia, but also the very high salaries to overseas management.

don't think profits are a dirty word.' (Walls News, January 1975)

If this is the line of a senior shop steward, then the company has certainly succeeded in this particular instance in effectively containing and defusing the union's ability to work in it's members' interests. He has accepted lock, stock and barrel the myth that he has to confine his analysis of the company's fortunes to the particular sector he works in, and is obviously prepared to hold back on wage demands even though admitting that he works in an information vacuum. In his case, the company can easily sabotage a wage demand by claiming a bad trading position in Walls. It does not matter what they tell him – he has no way of finding out the truth, because the company witholds the relevant information. There is no way of checking their statements at plant level. Meanwhile Unilever, the company he really works for, continues to make the huge profits which he endorses and approves of over and above the needs and demands of the workers he is supposed to represent.

It was union activity that caused Unilever to cease the use of enzymes in the USA. A member of the International Chemical Workers' Union saw a Lever Brothers TV advertisement showing how effective enzyme based detergents were in removing bloodstains from clothing. He wondered what the effect must be on the blood of workers in the plants. Medical investigations showed that the enzymes were causing bronchitis, headaches and internal haemhorrages amongst workers. The union threatened USA-wide strikes on the issue, and the company was forced to stop using enzymes in detergent production in the USA. For the company to admit that union pressure had caused the cessation of enzyme use was, however, unthinkable. USDAW (Union of Shop, Distributive, and Allied Workers) has the largest UK union membership in Unilever. The company informed USDAW that enzymes had been withdrawn from production in the USA because of housewives' complaints about water pollution. Thus at one time the firm attempted to conceal the effectiveness of concerted union pressure and give itself a good 'environmental concern' image into the bargain.

'The profits Unilever are looking for are long term, not short term.' (Unilever and World Development, publ. Unilever Ltd) Unilever continually stresses the long term nature of its plans and developments. Labour however continues to be treated as the most immediately expendable cost item. When good growing conditions and a mild winter in 1970/71 forced the wholesale price of vegetables down in Britain, the firm's immediate reaction was to sack 1,000 Birds Eye workers – mainly women. Yet Birds Eye has at least 70% of the UK market for frozen foods. There is no question of a threat of long term losses. The fact is that sacking the 1,000 workers was a quick and easy way of making short term savings while stocks were high. They were able to do this because they had no fear of the workers taking effective industrial action to save their jobs. After all, Birds Eye workers are encouraged to think of themselves as just that, not as Unilever workers. The same applies to workers in other subsidiaries. A solidarity strike of Unilever workers as a whole is as likely as an international General strike.

This is Unilever's greatest strength in industrial relations – and secretly must reflect one of its greatest fears – the fear of unity on a national or international level. Evidence for this fear was provided by a company letter to Unilever managers which came into the hands of the chemical workers union in Austria. Among other things the letter asked for information about international trade union activities within the group. **The managers were urged to relate back to central management even unconfirmed information and rumours, as well as the names of employees attending international meetings.** (Unilever Bulletin of IUF/ICF Conference, June 1973.)

But while fearing the potential strength of international worker cooperation and unity, the present situation is such that the company can carry out its policies of rationalisation, axing jobs and closing down plants as the spirit moves it in the search for higher profits and more 'logical' organisation structures, with little fear of worker resistance. The more quietly it can carry out these policies the better for the image, of course.

'There has been a bit of quiet pruning going on', said Gerrit Klijnstra, chairman of Unilever NV (*Financial Times* 8.8.72). The extent of that 'quiet pruning' in the previous years was astounding. In the UK alone 11,000 employees lost their jobs. And yet there was virtually no organised resistance to these massive redundancies. Here is the true measure of the company's ability to divide and rule its workforce. It is unthinkable that such a huge programme of deliberate job wastage could have been carried out by any other company or industrial sector without a major outcry from the unions, the press and local MPs. A few isolated items were mentioned in the press, but these accounted for less than a quarter of the overall figure. The 'pruning' was not limited to the UK. Under the knife came paper and textiles interests in Germany, food processing in India, animal feedstuffs in Spain, chemicals in France, detergent interests in Peru and Mexico, canning in New Zealand. **'. . . We seriously got down to the business of backing the winner and letting the losers die', said the Chairman of Unilever Ltd.** (*Sunday Times*, 27.5.73)

The press applauded the half year figures of £109.7m – 12% increase over the previous year's half figures – and did not pause to consider the implications of the jobs lost.

Yet over the two years 1970-1972 Unilever cut its UK workforce by 15,560 (from 100,533 to 84,993). Over the same period UK unemployment overall increased by 261,900 (from 582,200 to 844,100). (Unilever Report and Accounts, 1970 and 72, Social Trends, 1973, HMSO)

The company therefore made a significant contribution to the rapid increase in national unemployment within the period, benefited from greater profitability, and was acclaimed for its growth. Meanwhile no media, trade union or government source made any attempt to calculate the social – and economic – costs on a national, let alone local level.

At the same time the then chairman of Unilever Ltd, Sir Ernest Woodroofe, said in his statement to the United Nations Economic and Social Council's Group of Eminent Persons studying the role of the multi-national companies – 'let us dispel distrust with more openness. Let us have voluntary codes of behaviour. But also let us beware the dangers of throttling the growth of the good by international rules and regulations. Regulations are the stuff of politics. It would be a tragedy for world economic progress to be held back by the limitations of world political progress.'

ORIGINS
LEVER

Dominance at home

Having established Port Sunlight as his base, Lever proceeded to build up markets and production at home and abroad. As soon as he could he diversified into all types of soap. Vim scouring powder, Lifebuoy carbolic soap and Lux soap flakes were all introduced early on. In 1906 he bought the Vinolia company to strengthen the toilet soap side of the business. In the next two years he bought Hudsons, the biggest soap powder producer in Britain, and in 1910 increased the authorised capital of the company to £14m to aid the acquisition programme. Many small businesses were broght up in the next few years, plus some of the biggest competitors. He controlled Cook's of Bow and Thomas's of the West Country by the end of 1911, and between 1912 and 1913 took a holding in Joseph Watson of Leeds and John Knights of London. Lever Brothers now dominated the home and export trades in soap.

Abroad the agency networks established early on were gradually replaced where possible by local production. By 1900 he already had factories in Australia, Canada, USA, Germany and Switzerland. **The next stage was the buying up of competition in countries where he was producing.** By the beginning of the First World War he had a chain of production across Canada and had bought up the largest competitors in Australia and South Africa. He also had further factories in France, Holland, Belgium and Japan.

Wartime Profits

The war cut Lever off from his highly profitable German business. Shares in his Mannheim factory were sold with the permission of both belligerent governments. Financial settlement was to be left until after the war. Lever also tried to persuade the British government to let him export to the occupied areas, arguing that the more he could supply the German market, the less glycerine would the Germans themselves be producing as a by-product of their own soap industry. Glycerine was used in explosives manufacture. The British government however was not to be convinced. Nevertheless, as with the Dutch margarine makers, war was good business for Lever. Encouraged by the government he increased glycerine output and also went into margarine production, benefiting through the first two years of war from the vast quantities of cheap raw materials diverted from the German oil mills and coming in the main from West Africa. By 1917 demand for soaps, boosted among other things by the increased purchasing power of millions of women war workers, was so great that all available capacity was being used and expanded.

The war also brought a flood of prosperity to the USA, where Countway, Lever Brothers' super-salesman, was forging ahead with Lux production. By 1920 a prewar loss of £20,000 had been converted into an annual profit of over £300,000 in there.

At home the margarine business also flourished, and by 1915 Lever was the second largest producer after Maypole. Planters Ltd had been set up for this trade, with a works at Godley in Cheshire and an oil refinery at Bromborough near Port Sunlight. Quality was low – even Lever's own servants rebelled against eating it – but profits were high. Both Van den Berghs and Jurgens tried to buy out Lever's margarine business on more than one occasion, but by 1916 he had a new factory, and plans were afoot for new refineries and a new oil seed crushing plant.

Consolidating the Gains

At the time of the Armistice in 1918 prices in the UK were 130% higher than they had been before the war, and even higher on the continent. Plenty of bank money was available for investment and in 1919 Lever Brothers' authorised capital was again increased, this time to £100m. Lever already had about half of the UK soap trade, and by October 1918 he had bought the major remaining competitors (apart from the CWS) Crosfields and Gossages, for £4m. In the same month he also bought Price's Patent Candles (who were competitors in South Africa and China as well as in the UK) together with Price's associate D & W Gibbs.

In 1914 one pound of household soap had cost 3½d, but by 1920 this had increased 11d. Raw material prices were now falling, but Lever's prices stayed up until a government commission forced him to cut them by 2d a pound. In fact Lever's excess profits were being used at this time to help support other purchases and ventures. At home he finally bought full control of John Knights, and abroad his West African activities were expensive. 1920 saw the purchase of the Niger Company (see separate section).

At the same time Lever was also buying a stake in the American Linseed Company's margarine business, and signing agreements with the Philippines Refining Corporation for an annual 100,000 tons of coconut oil, a deal which included a purchase of shares in the Philippine company. A further home purchase in line with verticalisation was the Thames Paper Company Limited, later to be renamed Thames Board Mills.

Mac Fisheries

Meanwhile, as a private venture outside the Lever Brothers' business, Lever had purchased in 1918 and 1919 the Islands of Lewis and Harris in the Hebrides, hoping to create for himself a feudal estate of sorts for his retirement. The intention had been fully to rationalise and modernise the fishing and tweed industries, but this grandiose scheme was defeated by the combined opposition of local crofters and the Board of Agriculture. However, by the time he was forced to abandon it the scheme was well under way, and he had already bought trawling companies and canneries (including Angus Watson), and had set up the Mac Fisheries chain of retail fish shops – 360 of them by the end of 1921. The sausage and pie firm of Thomas Walls was also purchased to provide meat products for MacFisheries, which ended up as a conglomerate of 48 associated companies. The whole issue was sold off to Lever Brothers in 1922.

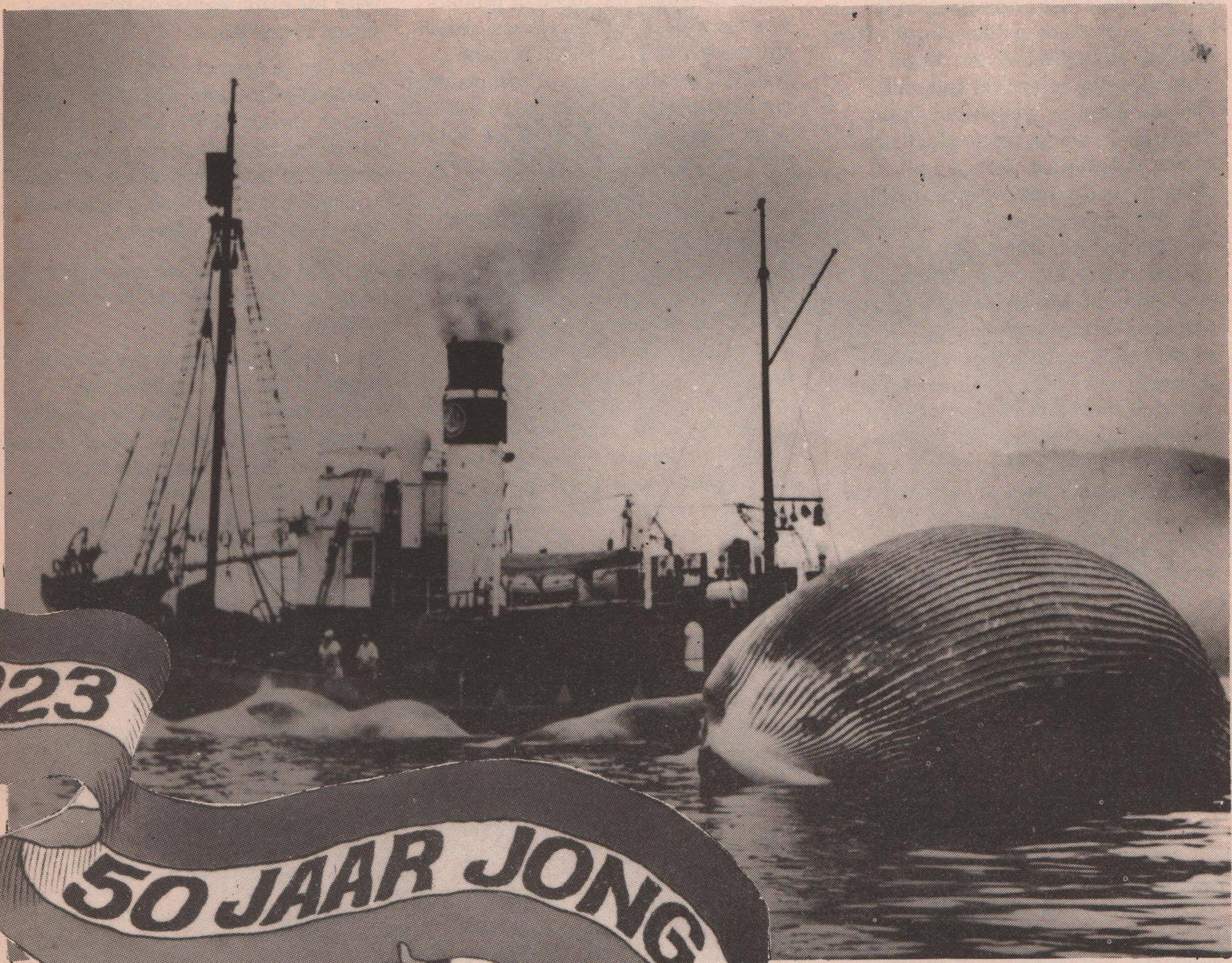
The New Look

William Lever was still the autonomous ruler of Lever Brothers, but there was an increasing shift towards more modern, professional management procedures. The business headquarters had been shifted from Port Sunlight to London in 1919, and in 1921 the Special Committee was set up, an inner cabinet for policy and decision making, formed of the chairman, his son, and two directors. Accounting, pricing and staffing were all tightened up. The 1920s saw a deliberate acquisition drive into Scandinavia, factories being bought in all four countries. Lever died in the spring of 1925.

The same year saw the purchase of the British Oil and Cake Mills (BOCM). There had been a tremendous expansion of oil milling during the war, with the emphasis on oil and edible fats (away from the prewar emphasis on cattle cake). BOCM brought to Lever Brothers 28 mills and 12 refineries, with its own interests in margarine and soap production, at a cost of £17m. No Ordinary Dividend was paid in 1925 or 1926. A trimming programme was undertaken, most unprofitable activities being sold off, to bring in £1¼m within a year.

The last big move before the merger with Marge Unie was the emergence in 1929 of the United Africa Company. Lever Brothers' accounts for 1929 showed a total profit of £5.6m. Of this £3m came from the UK, most of it from soap. Abroad the biggest profit contribution came from the USA – £620,000. This then was Lever Brothers' position of strength at the time of the formation of Unilever.

THE DUTCH ROOTS



The Unilever giant is the result of two important mergers, between Lever Brothers and the Margarine Unie of Holland in 1929 and before that of Van den Berghs and Jurgens who were the two major margarine firms which joined after many years of competition to form the Margarine Unie in 1927.

Both were older companies than Lever Brothers, and both had a developing market experience based in butter trading. In the late 1860s Jurgens was already the biggest butter trader in Europe, and it was in the same decade that Van den Berghs became the main Dutch competitor.

This trade, built on the growing demands for quality foods in the expanding middle classes spawned by the Industrial Revolution, climaxed at the beginning of the seventies, at the same time that Margarine was invented. The invention of Margarine came about as the vast market potential of the industrial working class was realised in the last quarter of the century. Diet was poor, and it was on food that the majority of increasing wages were spent. Butter, however, was still an expensive luxury.

In 1869 there was a competition in France to produce artificial butter. The problem was solved by one Mege Mouries, using animal fat and milk. The new industry grew firstly in the Netherlands, where the product was known as butterine. Britain and Germany as the areas of fastest industrial and urban population growth were the major markets. The raw materials came first from France, and later from the USA meat packing centre, Chicago. **Though the operating methods of the Dutch margarine manufacturers differed somewhat in their scope and ambition from those of Lever, they paralleled Lever's methods in three important respects – expansion via acquisition, increased productivity via a constant system of rationalisation and acquisition of retail outlets to ensure a tied market.**

Fats and foam

The competitive pressures within the margarine industry were if anything greater than in soap, for not only did margarine manufacturers compete amongst themselves for markets and with soap manufacturers for raw materials, they also had to compete with butter, which most people preferred when they could afford it, and which was often protected by the agricultural preference policies of governments.

Both Van den Berghs and Jurgens operated originally out of Oss, a small town in North Brabant with a large surrounding dairy region and an ideal situation as regards communication; by water, road and rail.

They competed in the butter trade, concentrating on the growing UK trade, and with lines of supply stretching east to Germany, Austria and Italy. They were only two of a number of manufacturers who began to produce and market margarine in and from the Netherlands in the seventies and eighties.

From the beginning it was obvious that there was a huge potential market for butter substitute, and high profits could be made even from products of low quality. The factor which more than anything else put the two firms on an equal basis was the growth of the meat packing industry in the USA at the end of the seventies. Suddenly here was a deluge of animal fats which the meat packers were eager to unload. The new supplies coincided with improved technology – a new cooling process which increased the speed of production many fold – and large scale intensive margarine production became a reality. This abundance of raw materials continued, with fluctuations, until 1901 when the situation deteriorated rapidly after the American packers formed a price-fixing cartel. The situation was exacerbated by the growing competition between margarine and soap makers for the same raw materials. An attempted margarine group failed, as did the UK soap trust. It was soon evident that other sources of raw material were necessary – if market shares were to be maintained and increased that is. Vegetable oils were the obvious answer – above all because the producers were not organised as the American packers were.

Peanuts

It had already been used to some extent in margarine manufacture in the form of olive oil. This was expensive however, and was soon supplanted by sesame, groundnut, cottonseed, copra and palm oil. **Developments in processing boosted this swing away from animal fats, and by the time the shortage of animal fats was really beginning to bite at the beginning of the new century, raw materials were being brought from India and China (sesame), Senegal (groundnut), USA (cotton), Dutch East Indies, Malay States, Philippines and Pacific Islands (copra), and West Africa (palm oil).** This trade in turn stimulated the seed crushing industries in France and Germany, and the output of oil and cattle cake went forward by leaps and bounds.

In the UK the first consignments of margarine had been sold in the Dutch market in Walter Lane, but by the late seventies the trade moved to the big wholesalers, who took a large profit from the new commodity. The nineties saw high costs and increasing competition. In order to cut out middlemen Jurgens began to sell direct to the retailers. In 1897 the first Jurgens provincial sales office was opened in Manchester, to be rapidly followed by offices throughout the UK. Competiton came not only from Van den Berghs, Otto Monsted, a Dane, had three factories in the UK by 1895. The CWS also began its own manufacture in Scotland.

Also cashing in on the expanding working class market were the new multiple companies, such as Liptons, the Maypole and the Home and Colonial. High turnover and smaller profit margins were the main feature of their cut-throat competition.

Van den Berghs, operating from a position of strength with a UK organisation already well established for the earlier butter trade, were consolidating control of the provincial areas. Their strength was in branded products of a higher quality than Jurgens.

By 1904 they were producing 450 tons of margarine a week compared with Jurgens' 186 tons.

As an insurance against the possible threat of cheap butter from the British colonies, Van den Berghs also diversified in this period into condensed milk made from skimmed milk as demand grew and the cream that was the residue of this process was used in butter manufacture. By 1899 the condensed milk plant attached to the margarine factory was turning out 50,000 tins a day. New factories were added in the early years of the new century, and a large proportion of production went, like margarine, to Britain and Germany.

Other new ventures included bacon from Denmark, and soap. By 1900 Van den Bergh's Stuiver soap was well established in Holland and Lever found it a heavy competitor to Sunlight there.

To some extent the 'multinational mentality' was already apparent in that growth appeared to have a certain logic of its own. Margarine production begat skimmed milk as a by-product. This could be made into condensed milk. Condensed milk sales flourished, so that extra milk had to be bought in order to meet demand. The process of converting this milk to condensed milk produced cream as a by-product. This could be used in butter manufacture. Profits create capital surplus which has to be invested in new productive capacity. Has to? At this point the equation is seen to be false. The 'logic' is not logical at all, unless one accepts as constants the twin motivating principles of desire to expand profits, and the pressure of competition by like-minded operators. **What distinguishes the Jurgens and the Van den Berghs and the Levers is the tenacity with which they held fast to the 'rules' of competition and growth. It is the same tenacity which motivates Unilever today.**

As competition made new capital demands, so did weaker firms go to the wall, enabling the larger firms to absorb them. This was the beginning of the acquisition process for the Dutch margarine producers, mirroring the same process which Lever Brothers was undergoing in the UK. In 1903 Van den Berghs gained control of Hagemann's, with factories in the UK, Holland, Belgium and Germany, and their improved position vis a vis Jurgens was underlined by their also purchasing in 1905 another firm which had previously had close ties with Jurgens. Total turnover by 1906 was 6 or 7 times what it had been in the 80s.

To ensure controlled markets for their products Van den Berghs bought increasingly into their own customers' businesses, first wholesalers, later shop companies, most importantly Meadow, and Home and Colonial. By 1906 the three main outlets for Van den Berghs' margarine in the UK were the wholesalers, the shop companies, and, especially important for sales of branded products, the retailers, mainly in the provinces.

In Germany Van den Berghs developed a market which greatly surpassed the importance to them of the UK in sales terms. The first factory was established at Cleves, in 1888, in answer to new tariff restrictions on imports. By the end of the century it was producing twice as much margarine as the Jurgens factory at Goch. Direct sales to retailers was the major tactic. By 1906 the firm had 53 agencies and an army of 750 travellers. Both Van den Berghs and Jurgens used Germany as a testing ground for new proprietary brands as they were introduced.

The manufacturers were now declaring war on butter. Van den Bergh's first branded margarine in Germany, 'Vitello' was a direct attempt to emulate butter. Its launch was accompanied with heavy advertising. **'Vitello was painted everywhere, on the walls, in the best and most prominent spots, and beautifully enamelled plates hung outside the shops of ten thousand of Van den Bergh's customers.'** (Wilson, V2, p74) Many thousands of pounds were spent on the campaign. The name Vitello replaced the word margarine in many parts of Germany. A new factory and company were set up in 1899 to produce 'Sana' – a kosher margarine with enormous sales amongst German Jews. **Profits doubled between 1890 and 1900, then doubled again by 1903. Output which had been around 100 tons a week in the mid-90s, was over 700 tons per week by 1906. Small competitors were brought in as they succumbed to the pressure. Jurgens and Van den Berghs waged advertising war on each other, and advertising expenditure rose by 300 to 400% in the two years to 1906.** Jurgens too acquired weaker competitors in Germany.

Germany and Britain were the two main foundation stones of both Jurgens and Van den Bergh in Europe. Other smaller markets, including Holland were slow to move, but the base of Germany and the UK was sufficiently solid to generate optimism and patience.

The logic of a developing new industry within a competitive economy ensures the ultimate survival and continued growth of those who have become large fast and secured a good capital base early on. The logic itself is impartial, and the logical rule is that the survivors will dwindle in numbers while growing in size. It is this logic which has created the multinational company. That Unilever should emerge as one of the few survivors of the process is attributable to the level of desire, organisational ability, ruthlessness, etc., of the Unilever constituents. Thus Lever Brothers, Van den Berghs and Jurgens all survived the jungle warfare of intense competition because they grew fast early and maintained a high level of profits.

Seeds of Growth

Van den Berghs and Jurgens emerged in the first decade of the century as the biggest margarine manufacturers and traders in Europe. With their large capital bases they could afford the best of the new technology. Those who could not afford it could compete neither in quality or in being able to take advantage of economies of scale. Processing plant for the new vegetable oils was expensive, and only the big firms could survive, feeding on the smaller enterprises as they went.

Due partly to the process of overseas expansion, partly to the policy of acquistion, the two Dutch firms were assuming pyramidal shape, i.e. a conglomerate of operating companies administered from above by a holding company.

Poor business conditions due to low USA supplies of raw materials, low butter prices and fierce competition, precipitated in 1908 the signing of a profits pooling agreement between the two Dutch firms. Various forms of this agreement, which was limited to margarine profits, existed until 1926, but it rarely functioned satisfactorily. The forces of competition between the two invariably took precedence, and they both used every trick in the book to avoid their commitments to the agreement, entering into litigation on more than one occasion.

The logic of merger was staved off as long as possible by the self interest of autonomous family management, and when merger did come in 1927, quickly followed by the larger amalgamation with Lever Brothers, the businesses were structurally far closer to the present-day system of professional management.

The changeover from animal to vegetable oils meant the growth of a completely new industrial sector to crush and refine the new raw materials. Germany became the centre for the new industry. The growth of German oil milling and processing was supported by a government eager for industrial expansion. The German margarine industry was growing fast, and there was a heavy demand for the cattle cake that was an important by-product of milling.

Therefore by 1914 Germany had control of up to 90% of European coconut oil processing, and even more of palm oil processing. In oil production Germany's figure was twice that of Britain. The German industry produced for the Dutch home margarine industry as well as the German based factories.

By the outbreak of war in 1914 vegetable margarine was the norm, displacing animal fat margarine. Whale oil was largely used by soap manufacturers. The profit pooling agreement was shaky, but Anton Jurgens aggressive manoeuvering had succeeded in upping the proportion share out to 50-50.

Both firms made enormous capital investments in the period up to the war, but money was getting harder to come by.

War Gains

War turned out to be good business, both Van den Bergh's and Jurgens coming out at the end with many new interests. The most immediate effect of the war was the diversion to Britain of the oil seeds which had previously gone to the German millers. This soon created a glut, as the UK did not initially have sufficient capacity to mill the increased supplies. The glut facilitated the re-export of oil seeds to allies and neutrals. Prices of raw materials fell

in the UK, and the industry concentrated on the high yield sources – palm kernel and copra as well as whale oil. The Netherlands, as a neutral country, received some of the surplus raw materials.

Jurgens and Van den Bergh's own milling and refining capacity was insufficient and new milling, refining and hardening links were built up with Calve Delft and many smaller Dutch millers. Trade with the UK expanded, exports rising in the first two years of the war, and in the home Dutch market margarine sales more than doubled as butter exports soared and the Dutch turned to substitutes.

In Germany, whilst old stocks of raw materials lasted, production actually peaked in 1915, but collapsed soon after. Both firms continued operations in Germany. In fact both firms carried right on through the war operating on both sides of the fences.

What these activities do illustrate is that for big business then as now, war is just a different set of circumstances to be adapted to and wherever possible taken advantage of. Both firms expanded considerably during the war, as the following table of issued paid up capital in 1914 and 1918 shows:

	1914	*1918*
Jurgens	F1.26.4m	F1.60.6m
Van den Bergh	F1.28.6m	F1.52.5m

Both raised capital more easily in the Netherlands than in the UK. Holland was prosperous, and looking for investments. The two major areas of profit were Germany and the Anglo-Dutch sector. Despite the war dividends continued to be transferable. The German profits evaporated after 1915, and by 1917 the profits in the Anglo-Dutch sector of both firms had exceeded the German peak of 1915. Margarine remained the main business though there were also profits on raw material deals.

The policy of the Dutch firms, whilst the raw material supplies diverted from Germany were abundant, was to hoard against the post war period when supplies would be short. This tactic had failed in the UK when their stocks were requisitioned by the Ministry of Munitions. The UK market suddenly became closed to them when the Dutch government, alarmed at food shortages, prohibited margarine exports with the result that both firms set up UK factories, Jurgens at Purfleet, and Van den Berghs at Fulham.

The raw material glut of the first part of the war turned into a shortage in the last two years as shipping was disrupted and prices rocketed.

At home in Holland the margarine manufacturers were searching for extra capacity after 1915. Margarine was still the major activity, although Van den Berghs soap and condensed milk factories were also working flat out. The fact was that any sort of manufacturer dealing in basic items, particularly foods, could sell as much as he could produce, not only in Holland, but also to the two major protagonists (despite the official neutrality of Holland). There was a great growth in the export trade during the war, and Germany was the major growth area. Both Jurgens and Van den Berghs bought up other Dutch operations, and both thus entered the cooking fat market. Both also developed soap interests (Van den Berghs already had 12½% of the Dutch soap trade and by 1917 Jurgens controlled some 40% of the Dutch soap industry).

With all these profitable activities the question arose of maintaining a suitable image as regards dividends. **'As Frank Hague put it to Anton, the payment of large dividends 'by companies engaged in the manufacture of a popular and indispensible article of food' would be widely criticised.' Therefore 'throughout both businesses there persisted, during the war, a cautious attitude towards dividends. The hazards of war themselves dictated prudence, and public opinion was forgotten.'** (Wilson V2, p189) **Diplomacy was also extended to wartime business in Germany, where Van den Berghs, being in the precarious business of a British registered firm, vested its German business in members of the family resident in Germany and Holland.** What the war proved in effect was that the constituent members of the Unilever merger were already truly multinational in some characteristics, in that not only were their operations wide-spread, but they were also independent to some extent of political as well as geographical boundaries. As we show elsewhere, despite Unilever's claim to the contrary, this by no means entails political neutrality.

After the war came a period of feverish expansion.

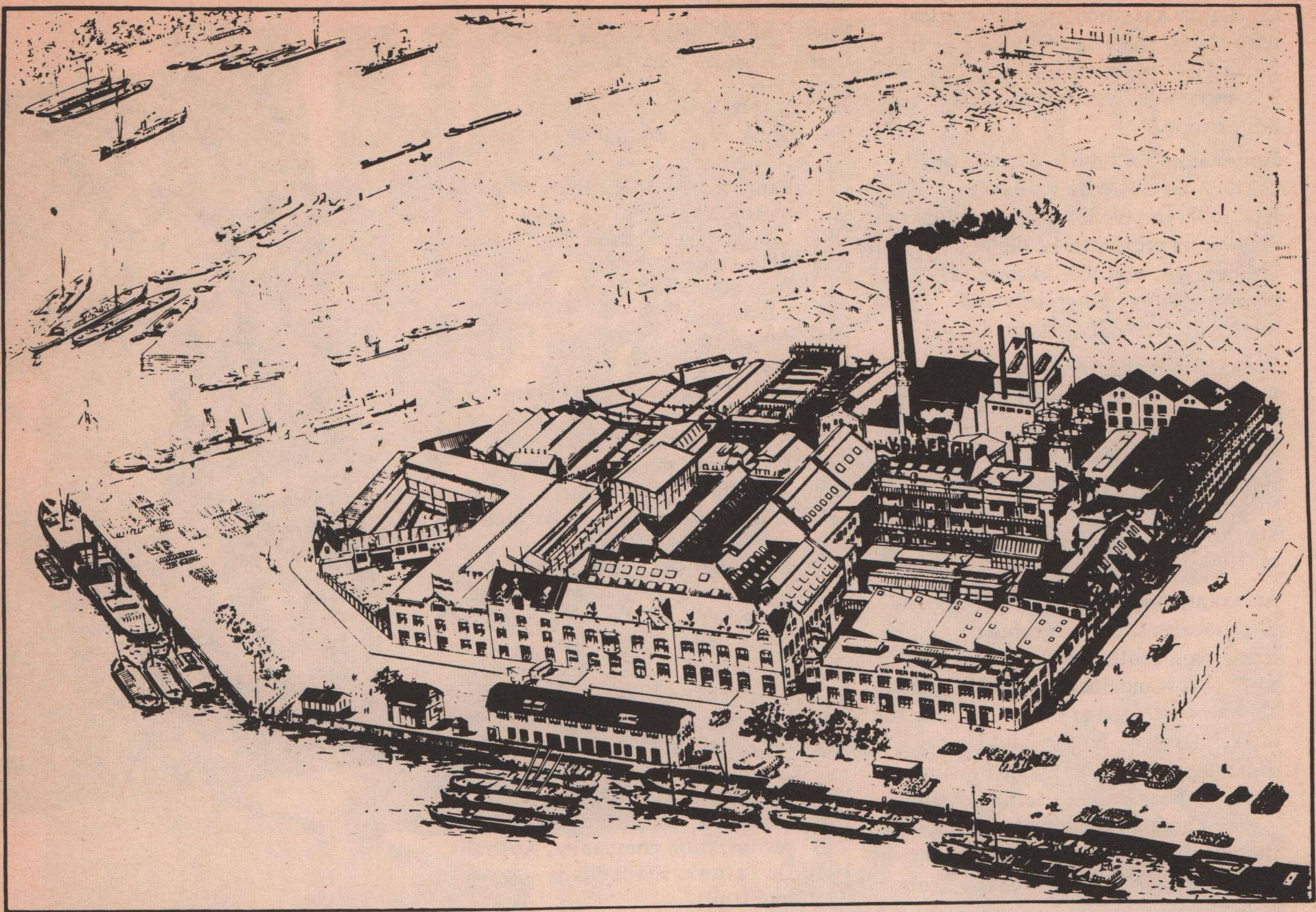
Of particular national interest was the acquisition of a large block of shares giving him control of the Home and Colonial Stores. In one year Jurgens spent £5m in England alone on expansion, giving a good indication of the profits made through the war. Van den Berghs merely expanded their Fulham factory.

In Germany both firms bought smaller businesses, and by 1920 accounted for up to four-fifths of German production. They also worked at strengthening their front against the German oil milling combine, via purchases and contracts, and by 1921 had a majority holding in mills accounting for some half the country's milling capacity.

In Holland, once margarine came off the ration in 1919, sales soared, aided as elsewhere by high butter prices. Both Jurgens and Van den Berghs concentrated Dutch expansion on the retail end of the market, buying large interests in the principal multiple stores. This facilitated rapid sales geared to advertising campaigns and by 1920 Jurgens and Van den Berghs had over 75% of Dutch sales. Both firms spent large sums of capital between 1919 and 1920 – Jurgens almost F1100m, and Van den Berghs about F1.37m.

In 1920 came a slump and raw material prices plummetted. As the manufacturers saw money slipping through their fingers at home, where sales dropped heavily, as well as abroad, they passed the buck onto the workforce in time honoured fashion. Jurgens first discharged a large number of men, and then proceeded to close down their Dordrecht factory altogether. Van den Berghs could not close down their major factory, but they laid men off on a greater scale than even Jurgens. Competition became ferocious both in Holland and the UK. Meanwhile the workers became the scapegoats for the ambitious expansions of earlier days. In Britain there were five million unemployed or on short time, but surprisingly butter continued to be eaten at the expense of margarine. It was cheap and supplies were flooding in from the Dominions, Denmark, Holland, Ireland, and the Argentine. 'Englishmen ate butter, while Dutchmen, Danes and Germans ate margarine.' (Wilson V2, p207)

Yet despite the gloom, the panic, the cut-throat competition, the manufacturers were not badly off in comparative terms. Whilst workers lost their jobs and literally starved, the manufacturers grumbled about shortage of capital and low prices. The big businesses, with which we are concerned here, came now no lower than having to withhold ordinary dividends in 1921. They were too big to have to worry. Van den Berghs were producing margarine



Van den Bergh's factory Rotterdam 1918.

in France, Belgium, Sweden, Denmark, Austria, Czechoslovakia, Switzerland, and Danzig. Their worry was to find outlets for their Dutch crushing mills and hardening plants. The words 'slump' and 'crisis' are used to describe the affairs of business at such times, yet the workers are those really facing a crisis. Shareholders missed their dividends for one year. By the next year, 1922, things were already looking up again for the manufacturers. All that the so-called crisis did was to close the ranks in Europe, foreshadowing the ultimate closing of ranks in 1929. Now, in 1920 Jurgens and Van den Berghs signed a new profit sharing agreement (which as usual collapsed due to mutual suspicion), whilst strengthening ties with other European majors.

From this time on professional management began to have more of a say in the way the large companies worked. Streamlining, modernisation and the process of the logic of amalgamation all speeded up in the next few years.

New, higher priced, brands were introduced, sales offices were centralised, office staffs overhauled and reduced, unprofitable factories closed. All this of course meant more redundancies.

In Holland too things were booming – for the manufacturers. Between 1913 and 1927 margarine consumption went up from 3kgs to 8.2kgs per head per annum. The firms fought prices wars and at one time margarine was even being given away free and used by soap makers as a raw material. Nevertheless Jurgens could afford to spend more on advertising in Holland than in the UK where the population was five times as large.

In the UK the big four in margarine were the Maypole, Planters (Lever Bros) and the two Dutch firms. In general the UK firms were declining as the Dutch firms consolidated their positions. In 1924 Jurgens bought controlling shares in Maypole and set about reorganisation. Jurgens now had by far the largest share of the market, with just under half total sales. Lever himself would have nothing to do with agreements and quota arrangements with the Dutch, but after his death in 1925 it was not long before Planters came to an agreement with the others. In 1927 Van den Berghs bought a controlling share of the Lipton chain of shops of which there were 600 in the UK, plus coffee and cocoa plantations in Ceylon and trading agencies in thirty countries.

World agriculture had now recovered at a rapid rate from the 1920 'crisis'. There had been a transition from food shortages to overproduction. Oils were cheap for the manufacturer largely because they controlled supplies, but butter was cheaper too.

The Scandinavian markets were slow, market expansion seemed to have levelled out in Germany and Britain, and there were a lot of small competitors.

From 1924 onwards a series of merger proposals broke down, and there were continual profit pool wrangles, with costly arbitration getting nowhere. The logic of the situation dictated a merger and 'the economies of scale', i.e. profit maximisation.

In July 1927 Anton Jurgens proposed a 50-50 amalgamation – the creation of a new holding company, and himself as Chairman. In August amalgamation was agreed, the Chairman to be appointed from outside. Thus were born the two companies, Margarine Unie NV, and Margarine Union Ltd. To all intents and purposes it was one company, shareholders to be on an equal footing. The objects of the union were the elimination of competition between the parties, the reduction of costs, and the increase of profits.

Between 1928 and 1929 the biggest competitors came in as directors or substantial shareholders. The greatest part of new share capital was issued privately in payment for new businesses. The monopoly was extended throughout Europe.

Rationalisation followed as the night the day. So called 'redundant and obsolete' mills and plants were closed down. Answering press attacks the defence, then as now, was that 'dismissed employees were generously and humanely treated.' (Wilson V2, p294)

Rational statistics were poor comfort to the workman with the sack or to the local government authority which saw itself being, as it seemed, made poorer by the loss of a local industry.' (Ibid) Dutch production became increasingly centred on Rotterdam.

An example of who paid the real costs of rationalisation is provided by the Rotterdam centralisation with regard to Oss. Two members of the Margarine Unie were located at Oss at the time of the merger – Jurgens and Hartog. The reasons for going to Rotterdam were, in sheer business terms, obvious – easier access to raw material imports, the possibilities of large scale production and the economies resulting from such an operation, and an abundantly large pool of unemployed labourers moving into the city from the formerly agrarian surrounding regions of West Erabant and the South Holland Isles. When production shifted to Rotterdam both Jurgens and Hartog closed down the Oss plants. The immediate effect of the closedowns was that in 1929 the entire Jurgens workforce of 710 was laid off. The Hartog plant closed in 1931, but in the years prior to 1931 the normal employee level of 1,100 people was whittled down 'silently' to 529, and in 1931 these last 529 workers lost their jobs.

For the workers directly involved there were hardly any chances of alternative employment in their area. Those lucky enough to find work received significantly lower wages. Unilever claimed that the redundant workers 'were treated very generously'. Yet the reality was that terms which seemed advantageous on paper applied mainly to older workers and very few significant arrangements were made for younger workers and women. In 1935, six years after the first jobs were lost, some 60% of those put out of work were still unemployed. The depending industries – packaging, printing, wood and saw mills – which had been built up to service the margarine manufacturers faced the same problem. Many had to close down altogether, and most had severely to cut back on employment levels. About 60% of the support industries' workers lost their jobs.

The wages of those who managed to keep their jobs in the area, already low, were further hit by increased local taxation, and increased prices for services and utilities – electricity, water, gas, etc. The reason was that with the departure of the margarine industry the local authority suffered an immediate drop in dividends-tied tax income of some 100,000 to 125,000 guilders per annum. In an attempt to redress the situation and create new employment the local

How Takeovers and Mergers helped Unilever Grow 1930-64

The companies named were taken over unless otherwise stated.

1936 Langnese Co of Hamburg – ice cream
1938 Liptons Tea, Canada
1941 Chicago dehydrated soup co later added to Liptons
1943 Batchelors Peas
1944 Pepsodent Co, USA
1946 Liptons USA
1947 Harriet Hubbard Ayer, France – toiletries
1948 Jelke margarine, USA
1951 Two Peruvian companies – partnership
1952 Edible fats production partnership, Turkey
1954 Toiletries partnership, Chile
1957 Vita, Netherlands – frozen food
1957 Birds Eye now wholly owned
1958 Trade mark and production rights from Monsanto Chemicals
1959 McNiven, Australia – ice cream; plus two margarine cos
1960 Hart Products – specialised chemicals
1960 Gessy, Brazil – toiletries
1960 Ice cream, margarine, preserving, refrigeration companies, Australia
1960 De Betuwe, Netherlands – jams and fruit
1961 Domestos, UK plus Stergine and Hytox
1961 Bertrand Freres – perfumes and flavours
1961 E.R. Holloway – plastic containers
1961 Commercial Plastics (Fabron)
1961 Success Wax Ltd – wax and polish
1962 Perlina, Chile – detergents and toiletries
1963 Rondi, S. Africa – ice cream
1963 Silicas and Chemical Industries, S. Africa
1963 Walker Chemicals
1964 Thames Board Mills – waste paper and packaging
1964 Charles Lowe – tar and resins for plastics
1964 40 Premier supermarkets for MacFisheries

authority made the old Jurgens factory available very cheaply to three new businesses, Philips, Klip and Desseau from Belgium. The Belgium combine made assurances that 480 jobs would be created, but in the event this figure was never reached. In 1935 only 35% of the estimate was in fact achieved.

The Oss example inserted throughout the group shows clearly how a rationalisation move claimed by the company as a necessary response to economic pressures was in fact a crisis for workers only. The local community – not only those who lost their jobs directly – paid dearly in economic terms and also in the inevitable disruption of their community as younger workers were forced to move to the cities. Finally, the Oss rationalisation was just one instance of many such an operation taking place throughout the Margarine Unie and Unilever empires, both in and outside Europe. The process is continual as the conglomerate expands, acquires and rationalises over and over. Sheer employment figures give a very false impression of what happens, as each rationalisation both creates and destroys jobs, and the figures give no indication whateever of the social costs implicit in the operation. The argument by companies that they are forced to react to crises and have no control of the process is invalid, since it is their own operations which create the crises in many ways. The depression of the thirties was both the cause and the effect of mass unemployment, and inasmuch as 'rationalisation' creates unemployment and impoverishes whole sections of the community, the companies can be held responsible for such a depression.

Most important to the rationalisers was the reorganisation of the selling apparatus. Each business had its own departments to advertise by poster and press, to buy and distribute gifts and prizes, set up shop displays and other promotional schemes. There were armies of salesman and ever increasing transport fleets. All of this had to be trimmed down as part of the process of acquisition and condensation. In Germany alone 2,800 salesmen were axed. The Belgian travellers were cut down by two thirds. The logic also dictated that brand names be cut in numbers, which in turn resulted in more job losses.

These thousands of lost jobs were the result of the Margarine Unie's reorganisation – the larger amalgamation was yet to come. When it did come the process was swift. In 1929 the soap maker and the margarine maker were bidding for the same raw materials. Unie's business was based on edible fats, Lever's on soap, but since the war there had been increasing overlapping.

In late 1928 Unie approached Lever to buy Planters, but Lever countered by asking for the Unie's soap business in Holland and France. Deadlock ensued. A further compromise whereby Lever had the soap business, Unie the margarine, and there would be a separate company to pool the interests of both sides worldwide, was too complicated to succeed.

Source: 'Research into the Unemployment and its effect at Oss, with special reference to the dismissal of workers at the margarine factories of Anton Jurgens and H. Hartog in 1929 and 1931'. Elaborated by Dr. G. Groenweld 1935.

But the desire for monopoly and the certain knowledge of the profits attainable imposed an irresistable logic. Heads of Agreement were signed in August 1929, and the final agreement came on 2nd September of the same year. The cuckoo was well and truly hatched.

UNITED AFRICA COMPANY

The Colonial Obsession

'Sales operations in the United States and management of the fourteen Unilever plants are directed from Lever House on New York's fashionable Park Avenue. You look at this tall, striking, glass and steel structure and you wonder how many hours of unpaid black labour and how many thousands of tons of underpriced palm oil and peanuts and cocoa it cost to build it.' (W.Altheus Hunton quoted in Rodney. p.162)

It was no coincidence that Lever Brothers began to take an active interest in the West Africa Trade at the height of the 'Scramble for Africa'. Between 1884 and 1914, 'the growth of Lever Brothers had proceeded more or less unchecked; . . . From merely being one of a number of soap producing firms, Levers had become, by a process of absorbtion, the controlling element in the complex of British soap companies and a chain of daughter companies in Europe, America and the dominions. In 1914 the total sales of the Lever family in the United Kingdom amounted to more than 236,000 tons' (Wilson VI p.213), which was a little over 60% of total soap consumption.

To achieve this dominance, the company required a sure and steady supply of its main raw materials. 'Since Levers' soap business depended on imported vegetable oils, the fear of being squeezed for these materials by merchants and brokers became almost an obsession with him (Lever)'. (Pedler p.177) The fear was not misplaced in a period of intense imperial rivalry; a rivalry that intensified due to the significant changes in the technology of production of soap and margarine.

The marketing strategy that Lever adopted in Britain gravitated to the affluent market. For this market the upgrading of the quality of soap required a constant supply of lauric oils. These oils were largely to be found in the tropical products of Copra, Palm Kernels and Groundnuts.

For these products Lever also faced, during this period, competition from the margarine industry. Improvements in refining allowed commerical production of solid fats from liquid oils, and meant that margarine producers could use increasing quantities of vegetable oils.

The switch from animal to vegetable oils had commercial advantages. Whereas most animal fat for the European margarine industry came from the Chicago meat packers, copra and palm kernels came from the poorer colonial territories, whose bargaining power in terms of prices was, to say the least, non-existent. **For the companies in the margarine industry, these new processes 'broke the tyranny of the Chicago meat packers, gave an entirely new orientation to the raw material situation, and brought the margarine makers of the world into intensified rivalry for vegetable oils and fats.'** (Wilson VII p.100)

In that rivalry, towards the beginning of the century, the German oil industry became triumphant. Since 1880, through the nationalistic economic policies of Bismark, and the more systematic exploitation of her African possessions, German industry had gained control of 80-90% of the European coconut oil processing and an even larger percentage of palm kernel products. On the other hand, the French industry concentrated on and produced a substantial amount of the ground-nut oil at Marseilles and Bordeaux, having established a hegemony in the ground-nut trade in Senegal. The growth of both these industries was due to no small a measure of support from the Dutch margarine industry, dominated by Jurgens and Van Den Bergh, who were then cooperating in Pooling Agreements for their raw materials.

In this atmosphere it therefore became almost a matter of survival that Britain's largest soap maker claim his stake in the raw material supply from the colonies. He was not a reluctant imperialist.

African Genesis

By the time Lever began his so-called 'African adventures' in 1902, the larger part of the continent had been parcelled out to the major European imperial powers. However, his major attention was drawn to the vast, 'inexhaustible supply of palm oil and palm kernels in the hinterland (of West Africa) there only awaiting development and the opening up of markets.' (Wilson VI p.165) To Lever this supply provided an ample margin for lower prices.

Like his admired predecessor, Cecil John Rhodes, Lever, however, had to reckon with the policies of the British Colonial Office. 'It was the settled policy of the colonial office that the native population should in general have secured to them rights to hold their ancestral soil without disturbance, to cultivate it as they would, and to do with its products what they thought fit.' (Wilson VI p.166) The policy did not necessarily work out in practice, since the large trading companies, with varying degrees of intensity, compelled most African producers to deliver the produce that was needed in Europe.

However the policy did conflict with that propounded by Lever. **To him the indigenous system of production was 'miserably inefficient', and he saw his role in introducing plantation economies with mechanical milling of palm fruits, for which he required extensive rights over large tracts of land for long periods. The question of land rights was of no significance whatsoever.**

As for the consequences of his schemes to the African communities, this again was of no great importance. **He felt that, 'natives should be treated as willing children, housed, schooled, doctored, and moved from place to place as might be required. Above all, they should be taught the value of regular habits and of working to time.'** (Wilson VI p.167)

Having failed to convince the Colonial Office of his schemes, Lever turned his attention to the Belgian Congo. Here there were no qualms about the rights of natives. Between 1891 and 1911 the tradition in that colony had already been established that, 'the paramount object of European rule in the Congo was the pillaging of its natural wealth to enrich private interests in Belgium.' (Morel p.115) This was achieved by a well defined system. 'Native rights in land were deemed to be confined to the actual sites of the town and villages, and the areas under food cultivation around them. Beyond these areas no such rights would be admitted . . . Consequently the State was the owner. The State was Leopold II, as Sovereign of the 'Congo Free State', Thus all animal, vegetable or mineral wealth that existed belonged to the King. To help him exploit this produce the King created Concessionaire Companies to which he parcelled out a large proportion of the total territory, retaining half the share in each venture.

'The problem of dealing with the natives was more complex. **A native army of 20,000 was raised, apart from the many thousands of 'irregulars' employed by the Companies, The same system of promotion and reward would apply to the native solider as to the official – the more rubber from a village the greater the prospect of having a completely free hand to loot and rape. A systematic warfare upon the women and children would prove an excellent means of pressure, They would be converted to 'hostages' for the good behaviour, in rubber collecting, of the men. 'Hostage houses' would become an institution in the Congo.'** (Morel p.117) When the people resisted, the entire Congo was transformed into an armed camp, and for twenty years fighting became endemic all over the country.

One example illustrates how the system worked. 'The Concessionaire Company working in the Kasai region, made a profit of £736,680 in four years on a paid up capital of £40,200. The value of a single share of £10 stood as high as £640. At the same time the Belgian Government assumed control of the Congo from the King, the Kasai were producing 50% of the rubber from the Congo. Apart altogether from the atrocities – murder, mutilation, starvation, in the hostage houses, flogging to death – the general condition of the population was described as such: 'The rubber tax was so heavy that the villages had no time for even the necessities of life . . . the capitas (the company's armed soldiers) told me that they had orders not to allow the natives to clear the ground for cultivation, to hunt, to fish, as it took up time which should be spent in making rubber. Even so, in many cases the natives can only comply with the demands made on them for rubber by utilising the labour of the women and children. In consequence their huts are falling to ruin, their fields are uncultivated, and their people short of food . . . and dying off. This district which was formerly rich in corn, millet and other food-stuffs . . . now is almost a desert.' (Morel p.124)

In the middle of the 19th century the population of the Congo was estimated at 40m. The official survey of 1911 revealed that only 8½m people were left.

It would have been impossible for Lever not to have been aware of the carnage being conducted in the Congo. In 1905, all parties in the House of Commons had called for an international conference to investigate the allegations being made throughout Europe on the situation in the Congo. Indeed Lever's own 'investigator' in the Congo, L.H. Moseley, alluded to the several districts in the country that were deserted. However Lever was not to be deterred by the future labour problems this might entail, since, 'his friends after all were more powerful still, for he had the support not only of the Belgian Government but of King Albert himself who had inherited all his uncle's enthusiasm for colonial development and a good deal of his power.' (Wilson VI p.168)

Thus in 1911, Lever signed a convention with the Belgium Government which established the 'Societe Anonyme des Huileries du Congo Belge' (HCB) with a capital of Frs. 25m. The new concession company was given free reign in five areas of palm-bearing 'dominal lands', which centered on Bumba and Barumba on the Congo, Lusamga on the Kwilu, Ingende on the Ruki and Basongo

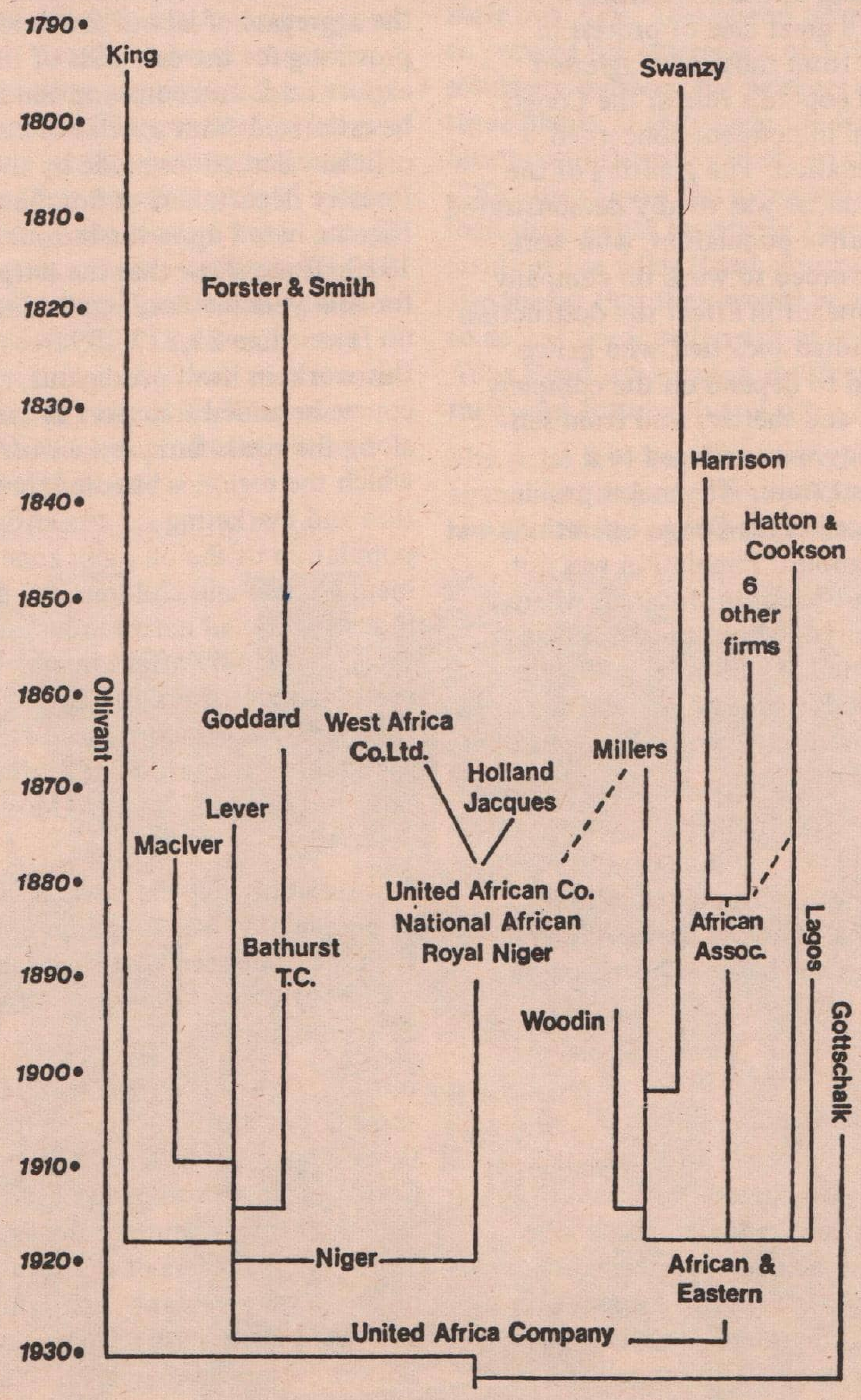


Diagram of routes by which the principal predecessor firms reached the United Africa Company on the Kasai, and were to stretch 60 kilometres around these points. **'The HCB were to have the right to choose within 10 years up to 75,000 hectares of palm-bearing land or if by that time they disposed of sufficient equipment in any area to treat at least 15,000 tons of fruit, they might take up to 200,000 hectares, provided that the total of land chosen in all areas did not exceed 750,000 hectares'.** (Wilson VI p.169)

The concession granted had the provision that the HCB was to be responsible for education and health in the areas of its operation. Thus a true Lever principality was created. With characteristic imperial flare, the settlement at Lusanga was to be called Leverville. By March 1912 the first consignment of palm oil from the Congo, had arrived in Brussels and the Lever factory there had begun making soap from the oil.

The signing of the convention brought a great deal of protest in England from those who agitated against Leopold's rule in the Congo. The main indictment concerned land alienation. **The granting of the concession, as was vividly demonstrated of the native population, who were thereby forced to work on company land. It meant in effect the destruction of traditional societies, who henceforth had to depend on the company for food and shelter; who from self-sufficiency were reduced to a dependent state.** The major problem Lever faced in his Congo operations was that of labour. 'Population was not always sufficient in the areas where it was required; labour therefore had to be imported.' (Wilson VI p.175) In other words whole communities had to be uprooted to work for Lever Brothers.

Through such a process Lever planned to import 100,000 tons of palm fruit in the first year of his operation. Mills were being constructed at Alberta, Elizabetha, Basongo, Leverville and Ingende. Thus began the first major 'African adventure'.

Going West

His attention however returned to the West African Trade. In spite of the differences he had experienced with the colonial office, the competition for palm oil and ground-nuts from the margarine producers compelled him to venture into the trade. It was also his conviction that the large trading companies operating in that part of the world, 'were making large profits, so that there would be plenty of margin to play with if he could dispense with their role and establish direct contact with the African supplier' (Pedler p.180). Above all, West African produce was cheap, and could be kept so, given the workings of the colonial system.

Lever was also attracted by the low labour costs and quantities of products involved, since it was his aim to increase supplies of palm oil as the 'surest way of keeping prices down.' The quantities available in some British colonies of West Africa were suggested by an observer. 'In the seven years preceding the war the native communities of Southern Nigeria alone gathered, prepared and conveyed to the European trading stations on the rivers palm oil and kernels to the value of £25m. In the same period, the Gold Coast (Ghana) produced these articles to the value of nearly £2m . . . How immense is the aggregate of labour involved in providing for the demands of this export trade and consumption may be estimated from a series of careful official calculations made by the forestry department of Southern Nigeria, based upon the output for 1910. These show that the output for that year involved exploiting of no fewer than 25,227,285 trees! To this work in itself prodigious, must of course be added transport in canoes along the rivers and creeks with which the region is bisected; preparation and marketing . . . the entire population of the oil palm zone – men, women and children, for the industry, like all native industries is a social and family affair, in which every member plays an allotted part, i.e. literally several millions of people spend months at a time in various branches of the industry.' (Morel p.185)

If we assume that the 'several millions of people' involved was 5 million, then it can be seen that their labour for 'months at a time' earned them £5 per annum.

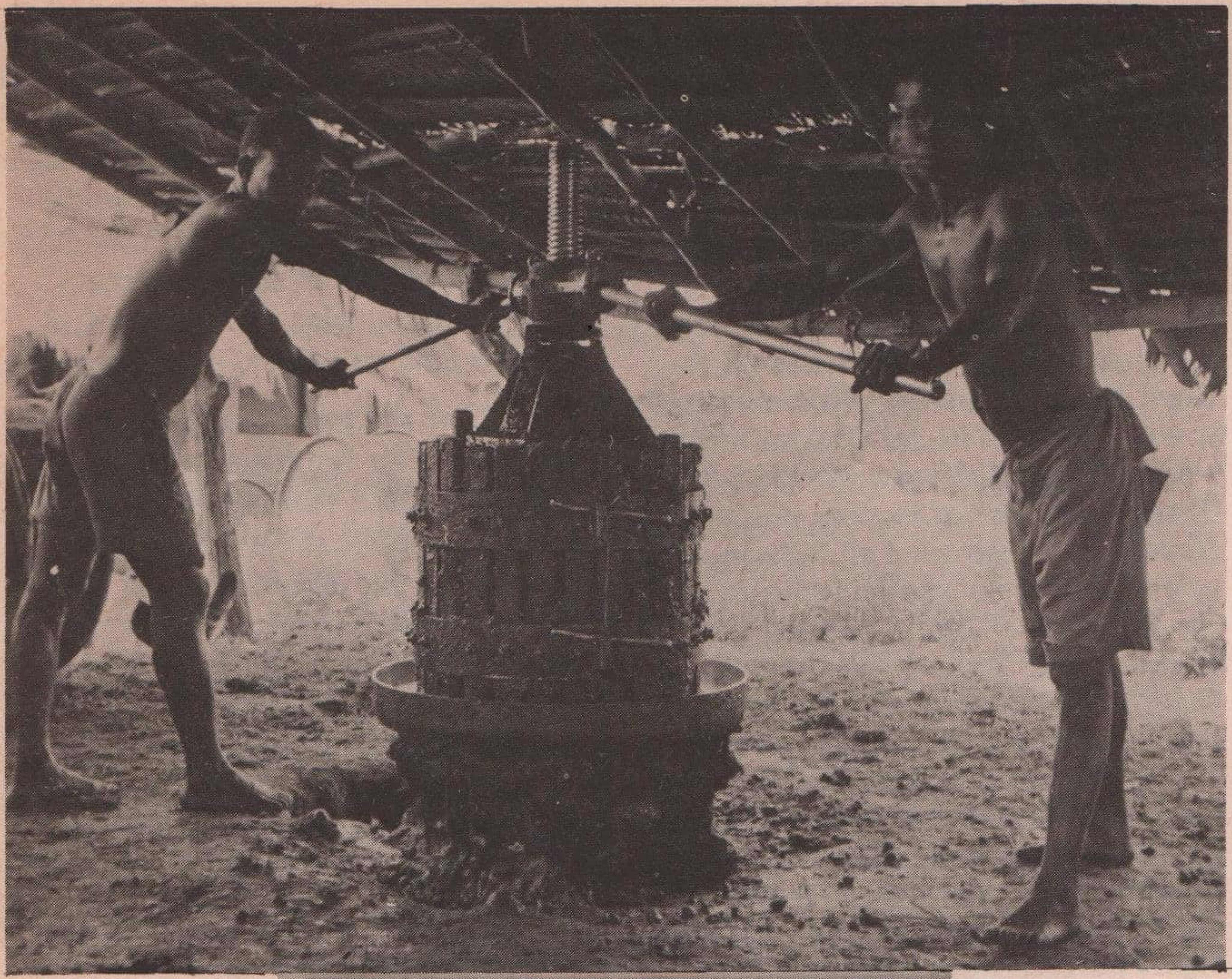
Further, West Africa was attractive from another point of view. Unlike plantation companies (such as HCB in the Congo), trading companies needed very little investment for their return. The main producers of the commodities were peasant communities, who went in for cash cropping to acquire European merchandise sold by the trading companies; to pay taxes to the colonial authorities; or they were forced to produce by the colonial or commercial authorities, as in the Congo and in the German Cameroons.

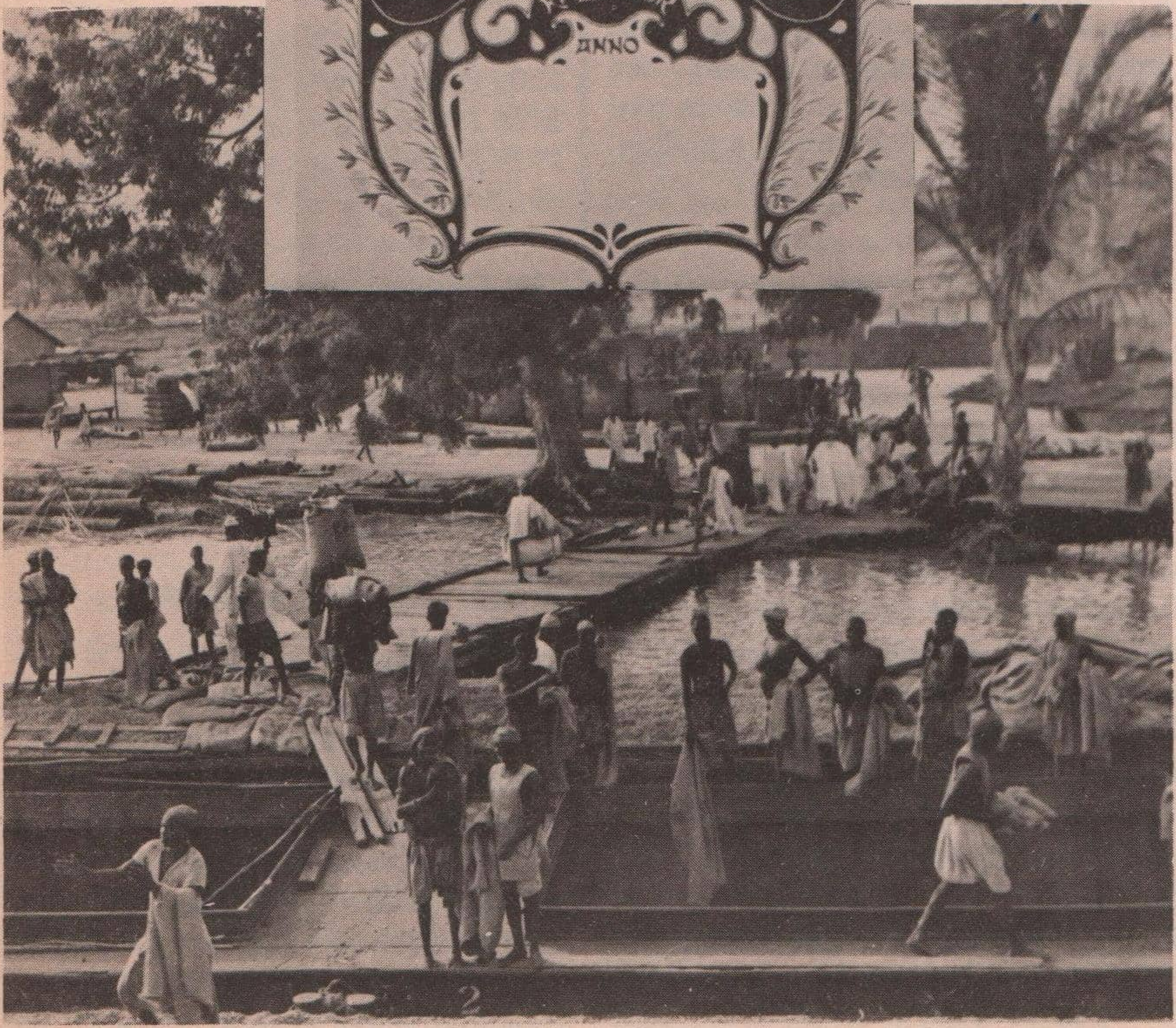
The peasant communities themselves were never fully dependent on their sale of cash crops for their subsistence till very much later. This was of considerable advantage to the trading companies, as they did not need to pay the prices of produce that could keep entire families alive. In fact the price paid to the African producer was not governed by the so-called 'free market' but by the various pooling agreements between trading companies operating in the same area. Since the companies also sold the merchandise bought by the peasants this bestowed upon them a double advantage. They also controlled the means of transporting the produce, for which the peasant communities paid.

It was not surprising therefore that Lever, while he was negotiating his Belgian concession, purchased in 1910 W.B. MacIver & Co., a Liverpool trading firm operating in Nigeria. The company had 22 branches there and one in Duala (Cameroons). **'With the support of Levers, MacIver & Co very quickly enlarged their activities in the palm oil trade . . . They overtook the Niger Co. and the African Association and Miller Brothers in the trade.'** (Pedler p.176) The former manager of MacIvers, W.K. Findlay, was elevated to head the West African Department of Levers, which had been set up in 1910. 'Findlay secured under the terms by which Lever acquired MacIvers, an employment contract for 10 years at a salary plus 20 per cent of net profits. In the last year of the 1914-18 war the profits were so high that Findlay drew three times as much as a director of Lever Brothers.' (Pedler p.176)

From then on Lever's acquisitions gathered pace. In 1912 they bought Peter Ratcliffe & Co. with interests in Sierra Leone. 'The arrival of Lever Brothers was naturally regarded with some apprehension by the other merchants who were active in the export trade of palm oil and palm kernels, and they readily accepted the suggestion that a working agreement should be made under which Peter Ratcliffe would limit his exports to 10% of the total available. Under Lever Brothers direction the firm opened branches in Segbwema, Pendembu, Blama and Yonnibannah.' (Pedler p.180)

In the same year Lever also bought the Cavalla River Co. of Liberia, which had large concessions from the





Liberian Government, against the opposition of a significant section of the local population.

World War 1

However it was the First World War that provided Lever with the opportunity to realise the ambition of dominating the raw material trade. As we saw the main threat to Lever's attempt to control the world market for edible oils came from the German oil industry. In Germany in 1913, 'well over half a million tons were produced, fifty per cent of the production being in the hands of eight large mills, with several of which the Dutch margarine makers had close connections.' (Wilson V2 p.102)

The war in effect devastated the entire industry, in no small measure due to the British blockade. By 1917 most of the mills in Germany were closed, which also led to the closure of margarine factories owned by the Dutch. To Lever, this must have been a welcome development, since it opened up for him most of the German sources of raw materials. In 1917 Lever was made a Life Peer in Britain for his contribution to the war effort.

During the war Lever allowed his Congo operation to have a large share of the limited capital available. Palm fruit production from the colony rose from 2,953 tons in 1912 to 26,908 tons in 1918, palm oils from 384 tons to 4,491 tons and palm kernel production from 118 tons to 2,206 tons. In 1917 Lever also established a trading company in the Congo, called SEDEC, 'which from the very beginning began making handsome profits out of the purchase of the palm kernels and the sale of European merchandise' (Wilson V1, p235). This was hardly surprising for the basis of the trading company was a system of company stores, from which those who worked for Lever in the Congo were compelled to purchase.

As we have seen the war also gave Lever the opportunity of dominating the soap industry in Britain, and, further, the British Government had asked him to produce margarine, since butter supplies from Denmark and Holland were threatened. This gave an added impetus for the company to secure raw material supplies.

One of the main problems Levers faced during the war was shipping. **'The West African merchant during the war had no great difficulty in buying**

produce cheaply on the coast and selling it dearly in England; his most serious problem came between the two operations, for sea transport was scarce and expensive . . . If it could be solved the profits that could be made on the West African trade would be far higher than in the pre-war days – to be more precise anything from 400% to 800% higher.' (Wilson V1, p236) By 1916 Levers had brought a steamer over from the Pacific to operate in the West African trade. In the same year, for the sum of about £38,000, Levers purchased six ships.

The manufacture of margarine increased Levers' needs for groundnuts, and as a result the company purchased three more trading companies. Before the war most of France which the Germans occupied included many of the mills which crushed groundnuts, and so the French demand fell away.' (Pedler p184) Therefore, in 1917, Lever bought John Walkden which had a branch in Bathhurst in the Gambia. The branch was absorbed in another company which Lever bought called the Bathurst Trading Company. Through the John Walkden acquisition Lever established interests in Rurisque, Bathurst, Conakry, Freetown in Dahomey and in Nigeria. In 1918 Lever purchased Richard and William King with interests in the Cameroon and Ivory Coast.

Thus by the end of the day Levers owned a chain of trading companies in West Africa, though it was noted by the company that its interests were small in relation to the giants of the trade, the Niger Company and the African and Eastern Trade Corporation. In 1919 the Lever soap and margarine combine needed something like 250,000 tons of edible oil. Its Congo and West African interests hardly covered its needs, but Lever had noticed that the Niger Company handled 100,000 tons of oilseeds.

In January 1920, after five days of negotiations, Levers acquired the Niger Company, attracted by the £597,000 profit the African company had earned in 1919. The entire company was obtained for a price of £8m.

Lever's acquisition in effect meant that he controlled the entire trade in Nigerian Palm oil, groundnuts, palm kernel, cotton, cocoa and hides and skins. Between February and July 1920 the price of palm kernel oil fell from £115 to £55 per ton and other produce suffered comparable falls. In that period it came to light that Lever Brothers and its associate companies were holding stocks worth £18m and the new acquisition was similarly placed. In all Levers faced a loss of some £8m plus £2m which the Niger Co. owed to the banks.

To make up for the losses and to solidify its acquisition the company floated new share issues in March and June. As a result of the issue the capital of Lever Brothers increased from £27.7m to £46.7m in four months. The people who bore the brunt of the acquisition were the African producers who were paid increasingly lower prices for their produce, and in Britain the workers who had to submit to redundancies and wage cuts.

The Nigerian Package

The basis of the economic strength of the Niger Company was laid in the preceeding 50 years in the dominance of the merchandise trade in Nigeria. By 1879 it had established a monopoly by amalgamation of the trade on the Niger River. To protect that monopoly it was granted a Royal Charter under which it operated between 1885-97. Through the use of its own company force it had destroyed all indigenous opposition to its trading interests. At the Congress of Berlin in 1885 the British Prime Minister was able to claim that, 'the whole trade of the Niger basin is at the present moment exclusively in British hands'. **The Royal Charter granted the company the right to rule over an area, 'whose coastline extended from the Forcades River to the mouth of the Niger and its treaty rights covered both banks of the Niger with its tributaries for a distance of about 10 hours' journey inland, over the whole of the Sokoto and Gando empires and over all the various independent pagan countries on the Benue up to a distance by water of almost one thousand miles from the sea.'** (Wilson VI p.252)

Competition from other British and European firms was effectively nullified by the various agreements between these companies to 'pool' their profits, and by agreeing to pay a standard price to African producers.

By 1900 the Company had to give up its charter, and ceded to the British government some 382,000 square miles which passed under direct British rule. Thus the Niger Company reverted to its purely commercial role, and 'from moderate profits before the war, its earnings rose during the war, when it made an average profit of a quarter of a million pounds a year.' (Pedler p.164)

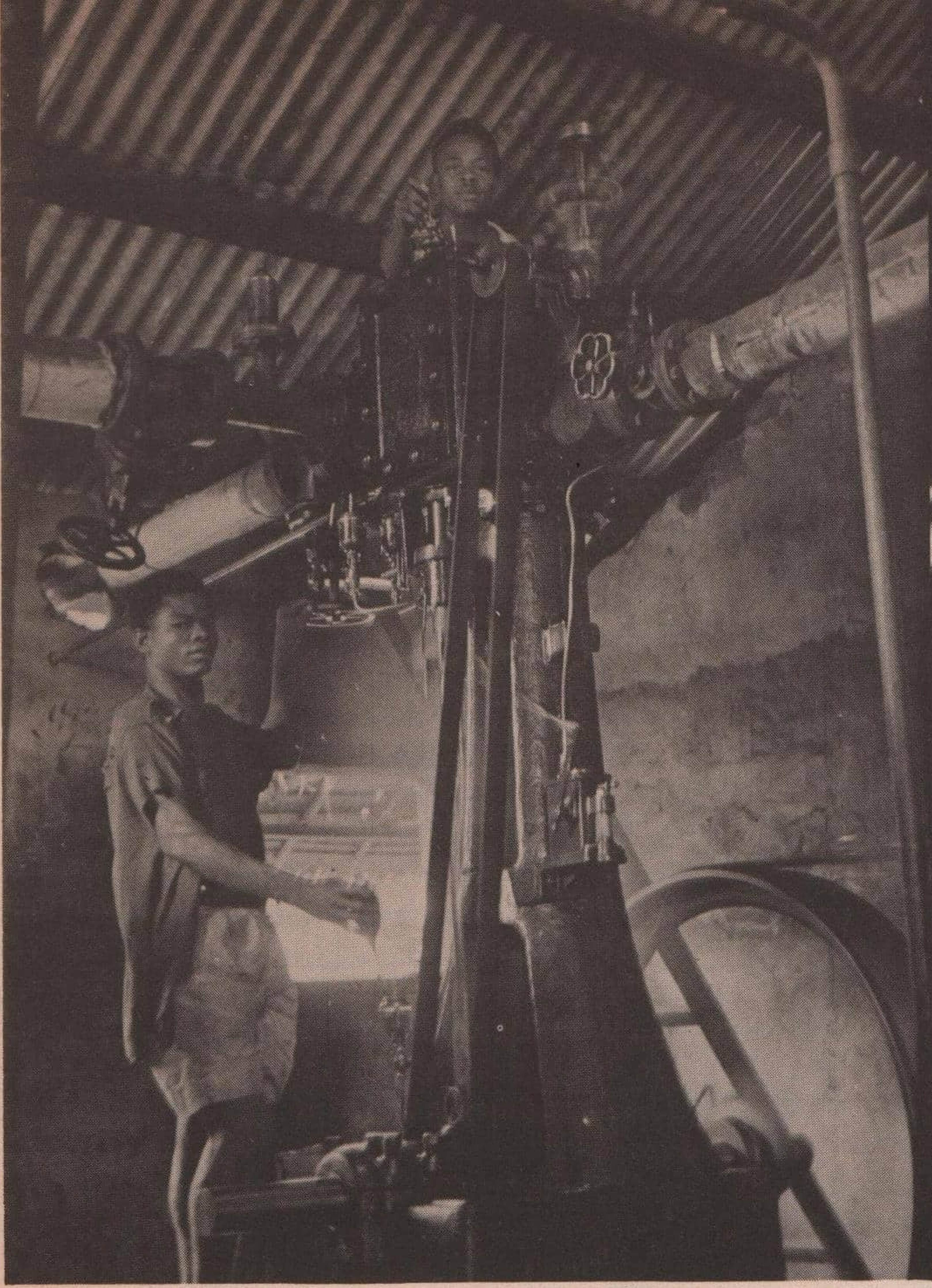
Between 1922 and 1925 Levers imposed a standard for all African produce in its newly acquired colony, most middle men were dispensed with and the salaries of European managers were substantially increased. By 1925 the Niger Company began to show profits, though even during this lean period it continued to acquire new companies.

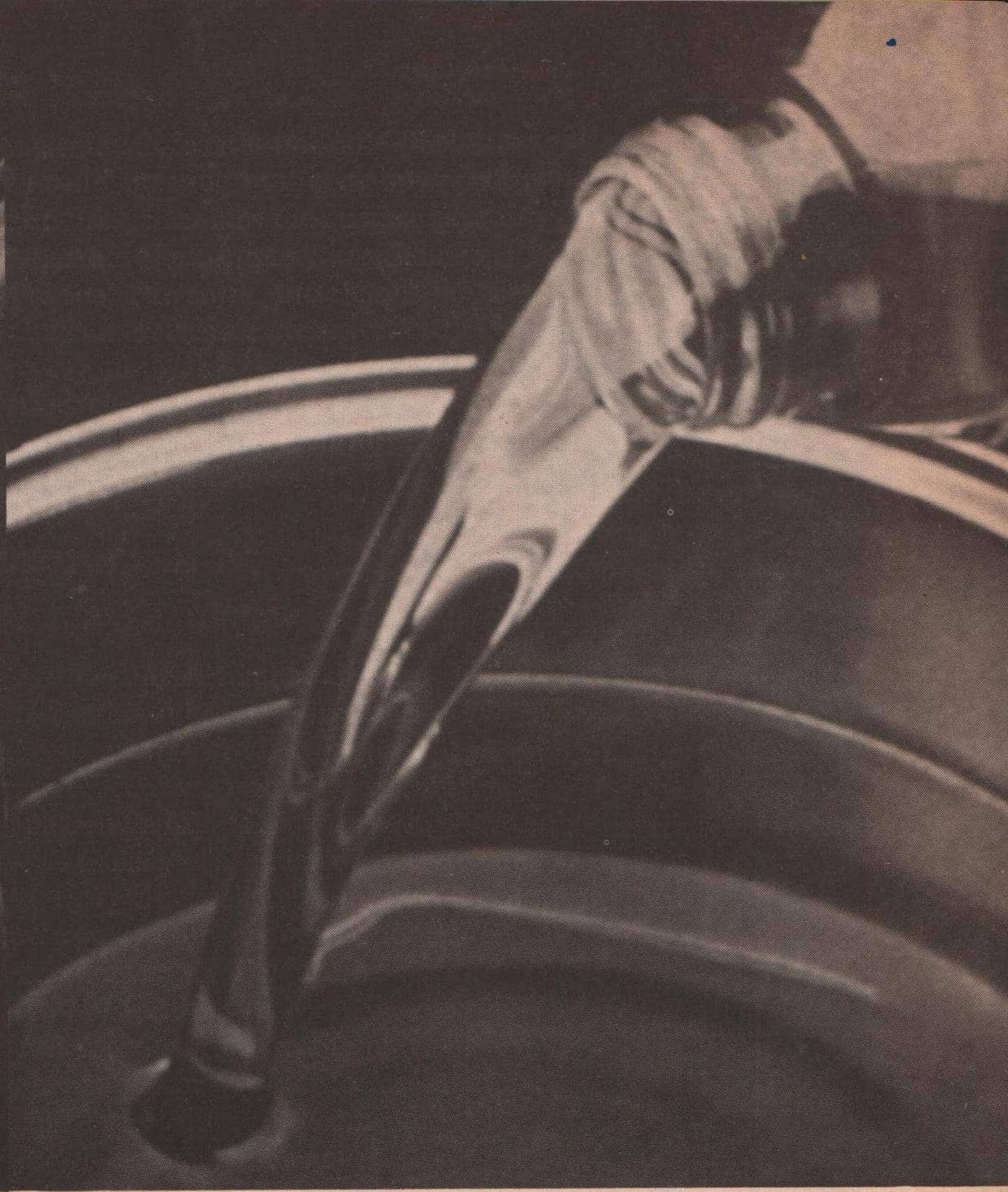
In 1922 the Niger Co., under Levers, established an American subsidiary which provided facilities for handling palm oil in bulk at New York, to be supplied to the American steel industry. In the same year, it set up Seychelles Guano, which took over the leases of some islands in the Seychelles from which copra and guano were exported. Lever Brothers also began soap manufacturing in Leopoldville and Lagos in 1923. After receiving a 'gift' of £1m from Lever Brothers, the Niger Company purchased Pickering and Berthoud which gave it interests in Accra, Sekondi, and Kumasi in the Gold Coast, Freetown in Sierra Leone, Lagos in Nigeria and Hamburg in Germany. In the Ivory Coast it bought the Continental Compagnie Francaise de la Cote d'Ivoire. The latter company traded in South America, India, China, Japan Guadaloupe, Martinique, Madagascar and Reunion. It also had trading stations in the Ivory Coast, Senegal and Guinea, and was strongly established at Bamako in the French Sudan (Mali). Thus, the Niger Company acquired important interests in the cocoa trade in the Gold Coast and the Ivory Coast.

Profits continued to be earned; £201,000 in 1926, £205,000 in 1927, £140,000 in 1928 and £212,000 in 1929. 'In this last year . . . a dividend of 5% was paid, and 'it made all the more impression because in that very year the great competitor of the Niger Company, the African and Eastern Trade Corporation (AETC), incurred a loss.' (Pedler p.192)

The Grand Union

At the beginning of the Great Depression in Europe, on 3rd March 1929, an announcement was made from the Savoy Hotel in London that the 'two giants of Africa', the Niger Company and AETC, were to merge and form the United Africa Company. The capital of the new Company amounted to some £15m in fully paid up shares, all subscribed in Europe. 'Between them





The African and Eastern

Partly as a result of Lever's intervention in the West African trade, a large number of the remaining trading companies had begun a process of amalgamation and consolidation, to meet the competition from the formidable entrant. Lever, of course, had an advantage over these competitors in that he had the backing of a large and powerful soap and margarine empire in Britain, Europe and the Dominions.

In 1919 Miller Brothers and the Africa Association had merged their interests as a direct result of Lever's acquisition of Richard and William King. The new company was called the African and Eastern Trading Corporation. In 1920 the AETC acquired Hatton and Cookson to meet Lever's challenge in the Cameroon and in the Belgian Congo. It went on to purchase Ambas Bay Trading, Lagos Stores, African Traders, Standard Mahogany, Crombie Steedman, Gold Coast Machinery & Trading, Nano and MacNeill Scott & Co Ltd. The Miller Group before 1919 had also acquired W.D. Wodin and the Bai Rubber and Cocoa Estates.

Apart from the West African Interests the AETC also swallowed up companies operating in Morocco, Palestine, Persia and Singapore. It got G & A Baker of Constantinople which extended its activities to Rumania, Bulgaria and the Crimea. With the acquisition of T.T. Robinson & Co. it became a substantial concern in the Mediterranean, the Near East and the West Indies. Between May 1919 and July 1920 sixteen companies were brought in the group.

The AETC also adopted Levers' idea of building an integrated group which would also own manufacturing processes. It bought A.I. Caley which manufactured chocolate and mineral waters in Norwich, and Harris & Sons the soap makers. The latter company caused some embarrassment to Lever for it then exported soap to West Africa, eventually securing 50% of the market, in spite of the fact that Lever had established manufacturing facilities in the Congo and Nigeria.

Between 1923 and 1929 another 20 businesses were purchased, including Pesqueria de San Cristobal, supplying dried fish from the Canaries to the Gold Coast, and Kingsway Chemists in Accra in 1922. It also had mining interests in Sierra Leone.

The AETC continued on its profitable course throughout the 20s averaging a return of £350,000 a year, with a turnover of £20-25m. In the depression year of 1929, however, its creditors withheld facilities and an impression was created that the corporation was making heavy losses. The credit houses and the banks in London suggested that a merger with the Niger Company would help matters. The rumoured losses apparently did not amount to more than £96,000 or a quarter of its profits, but by then Levers had acted.

the AETC and the Niger Company operated in over a thousand places in Africa, and in several other parts of the world. In the four British colonies of West Africa their combined exports were estimated at 60% of palm oil, 45% of the palm kernel, 60% of the groundnuts and 50% of the cocoa. Their combined imports were on the scale which gave a corresponding proportion of the total . . . there were other important activities among them being plantation development, timber production, ocean steamers, lighterage, and river and motor transport. The Niger Company also received income from mining royalties in Nigeria.' (Pedler p.298)

The UAC in fact incorporated most of the trading companies of West Africa, some of which, like the Swanzy Group, had begun their profitable origins in the slave trade, through to the systematic exploitation of entire African communities in 30 countries through both their labour and their land.

For the investors in UAC 1929 was a good year. To the millions of African producers the monopoly established over their produce was not exactly a momentous event. **In 1924 the price of palm oil had been 14s a gallon. This fell in 1928 to 7s a gallon and, in 1929, when the champagne was flowing in the Savoy, they received a paltry 1s2d a gallon!**

The Dutch Connection

Four months after the formation of the UAC Levers merged with the Margarine Union of Holland, largely because both companies used the same raw materials. What this merger also achieved was to bring into UAC companies in the colonies operating under different colonial systems. The Margarine Union brought into UAC five companies it owned in Africa. These were the Syndikat fur Oilpalmenkultur, Jurgens Colonial products, Standard Company of Nigeria, Palmine and the more important Nouvelle Societe Commerciale Africaine.

As we have seen the Dutch margarine companies depended on the German edible oil industry for their raw material supplies. This was particularly true of the Jurgens group headed by Anton Jurgens.

By the beginning of the century, the Dutch margarine manufacturers were providing finance capital and long-term contracts to the German oil mills. The concentration of four oil-milling business in the Hamburg-Bremen area, which accounted for at least a third of oil production, was largely dependent on the Dutch margarine manufacturers for their markets. The largest of the German crushers, VDO, in fact built a special mill at Spyck on the Lower Rhine, which was to operate exclusively for Jurgens and Van den Berghs. Between 1907 and 1914 the capital and reserves of one German company alone grew tenfold as a result of demand from the margarine producers. The raw materials for these mills came largely from West Africa, and because of tariff laws 'nuts and seeds came to Rotterdam, were exported to Germany and crushed; the oil, after refining, was distributed as required to the German factories, or re-exported to Holland for use in the Dutch factories.' (Wilson V2 p.104)

The colonial system whereby this German oil industry was supplied for its raw materials was starkly seen in the Cameroons. Here, as in the Congo, large tracts of land were ceded to concession companies for plantations, after the Germans had defeated by armed force the African tribes of Bavoute, Maka Mandara and Moro. 'In 1913 there was a total of 58 plantations with 195 European employees and 17,287 workers.' (Cornevin p.400) The vast majority of these were situated in the Southern Cameroons, to the west of Duala. The labour system employed in those areas was similar to that in Leopold's Congo. The main features were the wholesale alienation of native land, which forced thousands of Africans to depend for their livelihood on the concession companies. The system involved the maltreatment of this labour, which led in many cases to famine and starvation, as the indigenous system of production was destroyed.

It was through the German connection that Jurgens began directly to produce palm oil in the Cameroons. The Syndikat fur Oilpalmenkultur (SOK) was registered in Berlin in 1907 by 17 German investors. 'Within a few months Anton Jurgens had bought the shares of all save two of the founders. At this moment, Jurgens concluded a pooling agreement with his competitor Van den Berghs and in accordance with the terms of that agreement the Jurgen's shares in SOK were transferred to Van den Berghs.' (Pedler p.193) In 1910 a crushing factory was built in Duala and 7,500 acres was bought for palm oil cultivation. Of this, 5,000 acres were cultivated until the war, when production was disrupted.

The Dutch companies, in their search for raw materials in West Africa, encountered severe hostility from the British companies, including Levers. When in 1916, the British put several German companies it had confiscated up for sale, the British Nigerian company, made up of Lagos Stores, John Holt, Miller Brothers, Ollivant and Lever Brothers put in a counterbid of £150,000 to buy them to prevent their going into the hands of the Dutch. Jurgens was not however deterred and he immediately set up Jurgens Colonial Products, which established buying stations at Kano, Lagos, Gambia, Sierra Leone, Gold Coast and places in the French West Africa. Van den Berghs entered the Nigerian trade in 1918, when they took shares in the Standard Company of Nigeria.

The more important Dutch acquisition came in 1927, when the Margarine Unie bought the French firm of Societe des Huileries Calve Delft. The company was prominent in the Senegal groundnut trade. It had already combined with the Oile-fabrik of Delft in the Netherlands and through a series of acquisitions, controlled the oil mills in Bordeaux. After absorbing the German firm, Soller of Hamburg, who operated in Casamance, in southern Senegal and Portuguese Guinea, the entire set of firms was organized in a subsidiary called Nouvelle Societe Commerciale Africaine (NOSOCO).

The new company became one of the big three firms in Senegal and Portuguese Guinea, supplying groundnuts directly to the Margarine Unie through the oil mills in Bordeaux, in France.

Thus the UAC incorporated yet another colonial system of exploitation, which existed in French West Africa. In Senegal, 'the groundnut production had reached 240,000 tons in 1913 and rose slowly afterwards in the 1920s to 300,000 tons. The sluggishness of the output reflected the policy of 'immediate exploitation . . ., without regard to the infertility of the soil, and conditions under which the crop was grown, the sparseness of the population.' (Coquery-Vidrovitch p.184)

The system whereby production was organised involved, 'the district officer, who would call the chiefs, preach to them the advantages of this or that crop and order them to grow it . . . Each year the 'commandants' fields accounted for thousands of hectares and constituted a heavy burden on the Africans, all the more since they only received a miserable price for their efforts' (ibid p.184). In order to profit from this produce, the merchant companies like NOSOCO, 'anxious only to get the maximum immediate advantage by all possible means . . . had no interests in the organisation of production, which was left in the hands of the Africans. Installed in his 'factory', at once office, trading-post, and wholesale and retail outlet, the merchant paid out as little money as possible and recovered most of it promptly at his shop, stocked with imported goods' (ibid p.185).

In 1931 Unilever pumped £3m into the UAC, bringing its holding up to 80% of its total capital.

UAC INTERNATIONAL

Unilever's third world operations are largely controlled and directed by the United Africa Company International Ltd, with headquarters in London. Its associate company Niger France is directed from Paris. In addition, the Unilever interests in the Republic of Zaire are controlled from Brussels, though it has close connections with UAC. The subsidiary companies in Latin America, Indonesia, India, Pakistan, Southern Africa, Singapore, Malaya, Phillipines, West Indies, Thailand and Sri Lanka are controlled and directed by Unilever in London or in Rotterdam, through the Overseas Committee, depending on which country was the former colonial power. It is indicative of the UAC that it emphasises the industrial interests it has in Africa, in order to conceal its purely colonial trading interests. **'The group's traditional, and still its main, activity is that of acting as merchants, purchasing and exporting the natural produce of the African countries and importing manufactured goods and merchandise. In Nigeria, Ghana, Sierra Leone and Gambia the Group has from its formation in 1929 been the largest mercantile organisation. Companies of the Group have several hundred trading branches throughout these countries. Through Palm Line, the Group owns and operates 24 ocean going cargo vessels, with an aggregate of 209,435 deadweight tons, plying between ports in the United Kingdom and Western Europe and West African ports from Cape Verde to Angola. The group also owns and operates a river fleet on the inland waterways of Nigeria, providing literage and other port services in the principal ports.'** (Cynog-Jones p. 6-7)

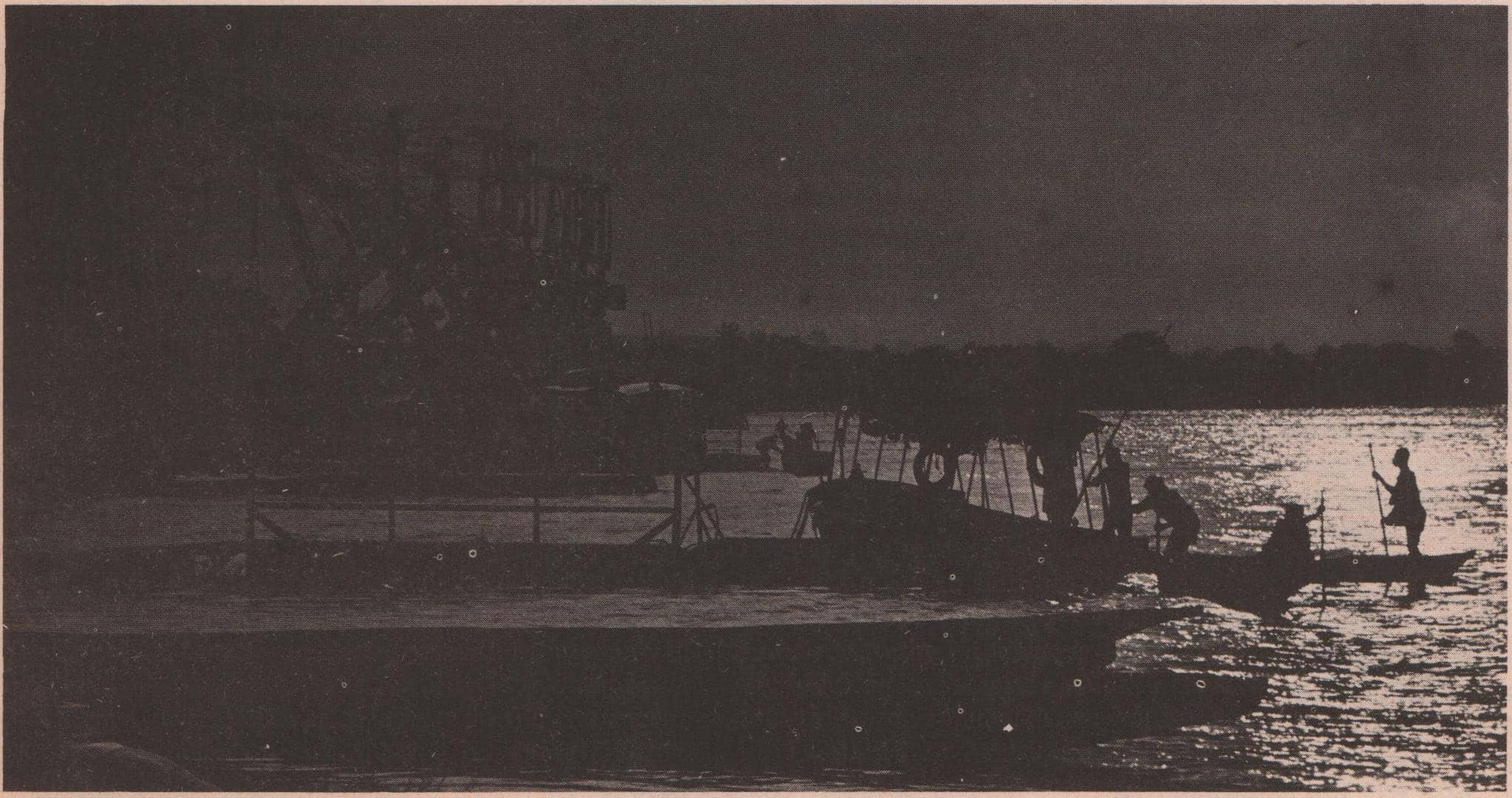
Though separate figures are never given on the profitability of the produce trade, the export of vegetable oils contributes to the profits of almost all major Unilever activities in Europe – soap, detergents, margarine, food and animal feeds. The more realistic picture in tropical Africa would be that the company depends on the produce trade as a sound base from which industrial enterprises are launched. As a result UAC 'has investments in 72 factories in tropical Africa, providing commercial management for 55 and technical management for 34.' (Wilson) It is also apparent that manufacturing activities in West Africa are closely tied to the produce the company buys and sells.

Colonial Trade

UAC has successfully adapted itself through the social and political changes in Africa to retain its dominance over most of the economies. In this adaptation or 'redeployment', as the company likes to call it, it has solicited and received the active assistance of the various colonial governments and eventually the African elites which assumed power after formal independence was granted. This redeployment in effect was inherent in the type of colonial development that companies like UAC represented historically.

The two countries in the former British West Africa, where UAC was conspicuously successful in this process, were Ghana and Nigeria. As we have seen, by 1930 UAC had established its dominance in the produce trade of the two countries. Throughout the years of the depression, it was able to accumulate profits very largely at the expense of the peasant producers. In 1934, UAC chalked up a profit of £6.m.

In the three decades after the formation of UAC the profitability of the produce trade was assured by agreements with other trading companies



to pool purchases at an agreed price. This was necessary in order to avoid any profit shortfall in times of fluctuating raw material prices. The process of pooling agreements was made easier in a period when mergers and combinations were speeded up in Europe, as a result of depressed economic conditions.

'From 1934-37, the Staple Lines Agreement was in operation by means of which the major companies divided on a percentage basis trade in staples such as corrugated iron sheets, cement, sugar, flour and salt. From 1937 onwards, the Merchandise Agreement was also in effect. This was even broader in scope, covering the entire range of merchandise trade with firms importing more than their share being subject to penalties payable to those falling short of their agreed shares.' (Marshall p.63) The companies in the Agreement called themselves the Association of West African Merchants, the largest being UAC.

The degree of concentration in this arrangement was far greater than the number of firms involved would indicate. 'First there is one dominant firm (UAC); and secondly most of the large firms often acted in concert. Moreover, with very few exceptions the same large firms participate in the import trade and in the purchase of export produce more or less in the same proportion.' (Bauer p.207)

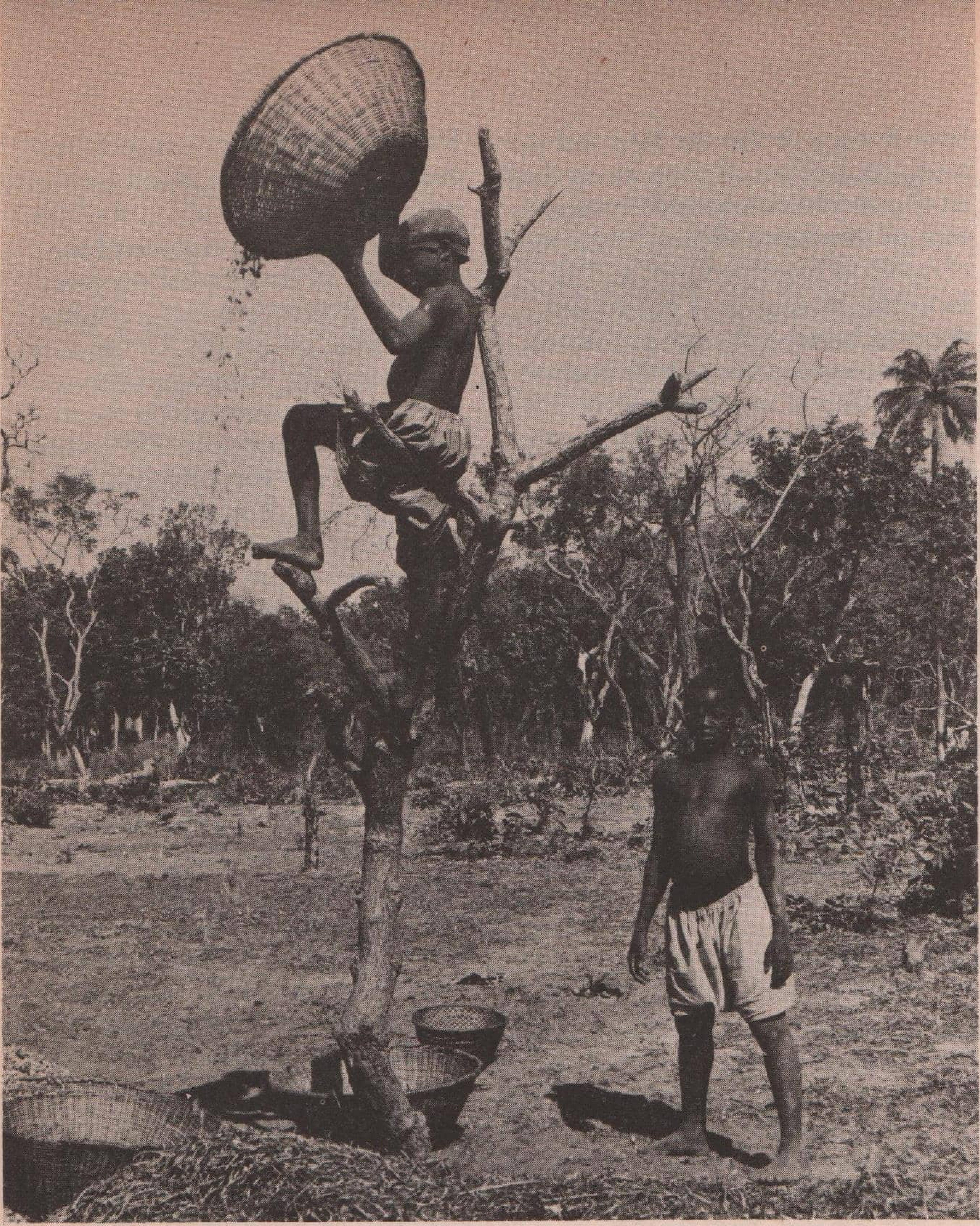
In 1937 UAC organized a cocoa buyers, price ring, which pooled sales by allocating to each member of the pool a percentage of the total purchase of cocoa at fixed price. It was this agreement that lead to a successful boycott of the cocoa farmers of the Gold Coast, who refused to sell their produce to the trading companies. **The Nowell Commission of 1939 that investigated the farmers' complaints revealed that in fact 'a whole range of agreements, some operating from the beginning of the century, existed for the purchase of all West African cash crops, such as cocoa, palm kernels, palm oil, ground nuts and cotton.'** (Bauer p.297) It was not difficult to assume that the UAC was the ring leader.

As a result of the abuses being made public it was the British Colonial Administration who took over control of the produce trade of West Africa. 'Marketing boards were established in Malaya and East Africa, as well as West Africa. In West Africa there was a marketing board for every commodity from peanuts to mahogany. In Nigeria four marketing boards controlled 69% by value of all exports and 78% of all non mineral imports. In the Gold Coast the corresponding percentages were 69% and 90%. In Sierra Leone and Gambia the percentages were even higher. In these four colonies the marketing boards controlled practically 100% of all agricultural exports produced by Africans, including even the most insignificant commodities. In Nigeria, for example, the Groundnut Marketing Board even controlled sunflower seeds, which were not listed on the trade returns.' (Bauer p.100)

The operations of the marketing boards revealed how profitable the produce trade was. It gave some indication of the extent of the surplus extracted from the African producer; a surplus which UAC had a dominant share of in the past. The Marketing Boards operated in every single colony, being part of the integrated war effort.

'First the buying and selling monopolies were established; then producer's prices were set below the world market prices; then the boards began to accumulate the difference.' (Fitch & Oppenheimer p.26) **By 1952 the yearly inflow into Britain of the surplus reached £1,042m, excluding the profits made by companies like UAC.**

To UAC, this wartime 'rationalisation



The groundnut harvest

of marketing arrangements was of considerable long term benefit. What UAC found in the colonial administration was not a usurper of its dominance in the produce trade but a protector of its monopoly position in that trade. Once government became a purchaser of export crops . . . the large trading firms became government agents to purchase cash crops at prices determined by the Ministry of Supply directed by the West Africa Produce Marketing Board. Since the trading firms were consulted for advice in setting up of war time controls, it is perhaps not surprising that the organisation established was decidedly in their favour. The new policy made the merchant firms the sole buying agents at a fixed price for all cocoa sales in Ghana and Nigeria. They were also to be shippers . . . and were to share the trade on a quota basis determined by their past performance during the seasons of 1936-39. Thus the activities of the firms which had caused the boycott in the first place now became institutionalised and government sanctioned. The firms used their already established networks of buying agents, transport, storage and shipping but now their price monopoly had given way to a guaranteed government price during the war years . . . Since the buying activities were totally integrated with their overall trading activities, the possibilities to benefit from the situation were enormous.' (Bauer p.289)

Further, 'former employees of Unilever held key positions in the oils and fats division of the Ministry of Food and continued to receive cheques from Unilever. The oil and fats division handed over the allocation of buying quotas for the produce Boards to the Association of West African Merchants, which was dominated by Unilever's subsidiary, the UAC', (Rodney, p.186)

The burden of maintaining the large sterling balances in London and the guaranteed profits of the trading companies fell on the African producer. The price of the produce was extremely low, much below the world 'market prices', as suggested by the enormous surpluses made in selling West African produce. **For instance, the value of Ghanaian exports to the United States between 1951-54 averaged £25.5m annually. On the other hand the combined incomes of cocoa producers in Nigeria and Ghana amounted to no more than £47m in 1951. Nigerian groundnuts were being purchased at a control price of £21.45 per ton as against a**

world price of £71 per ton.

What was more detrimental to West Africa was the dependency that was established on the economic growth of the western economies. Millions of peasant farmers were producing for companies like Unilever, and as a result their fortunes, or even in some cases survival, depended on the profitability of Unilever. The export sector of agricultural production, in cocoa, palm oil, palm kernels, groundnuts, cotton, etc, was tied to the needs of the manufacturing facilities of Unilever in Europe. Further, 'since these sectors constituted islands within the economy, they did not only fail to stimulate but even hampered the development of the other sectors. The growth of export production . . . led to increasing import of manufactures which in turn held back even further the development of the local industry.' (Szentes p.234)

The lack of local industry, as we saw, meant importing manufactured goods from Europe. In this the UAC was the largest participant. With its network of retail and wholesale establishments, with its ownership of most of the means of road and river transport, and its increasing monopoly of freight and shipping between Europe and Africa, the company determined the quality and quantity of imported goods available to West Africans. During the immediate post-war years the prices of these goods experienced a sharp inflationary rise. In other words, UAC had begun importing inflation into West Africa. 'on the gold coast, a piece of cotton print which had sold before the war for 12s 6d was 90s in 1946. In Nigeria, a yard of Khaki which was 3s, went up to 16s; a bundle of iron sheets formerly costing 30s went up to 100s.' (Rodney, p.173) The UAC's range of merchandise covered 50,000 different items procured from 60 different countries.

The first potential challenge to the economic and political power of the UAC in tropical Africa came in the post-war years from the independence movements. It was indicative of the power of UAC that it survived this challenge. In the colonial economy, the administration and the company found allies among the African communities in the various middlemen in the produce trade and in the merchandise retailing trade. The economy in fact evolved where the interest of a rising elite of West Africa became intertwined with that of UAC. The plantation owners, the small businessman, the western-educated administrator, the embryonic black civil servants, all identified with the colonial economy. In this context UAC found it expedient to shed its colonial image.

The changes that the UAC introduced in West Africa remarkably coincided with its evaluation of what was profitable and what was not. 'One way in which this was done was by selling only a portion of their merchandise direct to the consuming public and the remainder . . . to African wholesalers and retail traders, operating on their own, who themselves brought the goods to the consumer. Because of the scarcity of local capital, by far the majority of these local wholesalers and retailers were enabled to start up in business only by reason of the credit facilities . . . made available to them by the large expatriate importers . . . Another way was by the merchants buying their produce for export from African buyers who, as middlemen agents, were able to comb the local farming areas of produce. They too for the most part were supported by credits from the merchants.' (UAC Statistical & Economic Review April 1963) By this process UAC was adding to the overall level of market demand by marginally increasing the number of income earners in these countries, whether traders, produce buyers or its own employees.

However even this sector of the population remained dependent on UAC. 'The company continued in the wholesale general trade and acted as warehouse keeper, credit supplier, and often as banker for these traders.' (Business in Africa)

Credit supplied by UAC in Nigeria quadrupled after 1965 and in one unit alone it was £6½m in 1970. With Ghana, Nigeria provided the UAC with the largest concentrated market in West Africa. With a population of between 50-60m in an area ten times the size of Britain, the country eventually became the major investment

UAC Interests in Tropical Africa

Plantations Nigeria, Ghana, Sierra Leone, Chad

Timber Nigeria, Ghana

Motor Assembly Nigeria, Ghana, Sierra Leone, Uganda, Morocco, Cameroon

Technical Sales Nigeria, Ghana, Sierra Leone, Kenya, Uganda Tanzania, Zambia, all Francophone Africa, Zaire

Medical Supplies through S J Seward and Kingsway Chemists in Nigeria, Ghana, Sierra Leone, Ivory Coast

Merchandise Trade Sierra Leone, Nigeria, Ghana, all Francophone Africa, Zaire, Kenya, Uganda

Office Equipment Nigeria, Ghana, 12 countries in Francophone Africa

Textiles Nigeria, Ghana, all Francophone Africa

Wax Prints Ivory Coast, Zaire, Dahomey, Congo Republic

Cement Nigeria

Matchets Nigeria, Ghana

Packaging and Printing Nigeria and all Francophone Africa

Foods Nigeria, Zaire

Wine Bottling all Francophone Africa

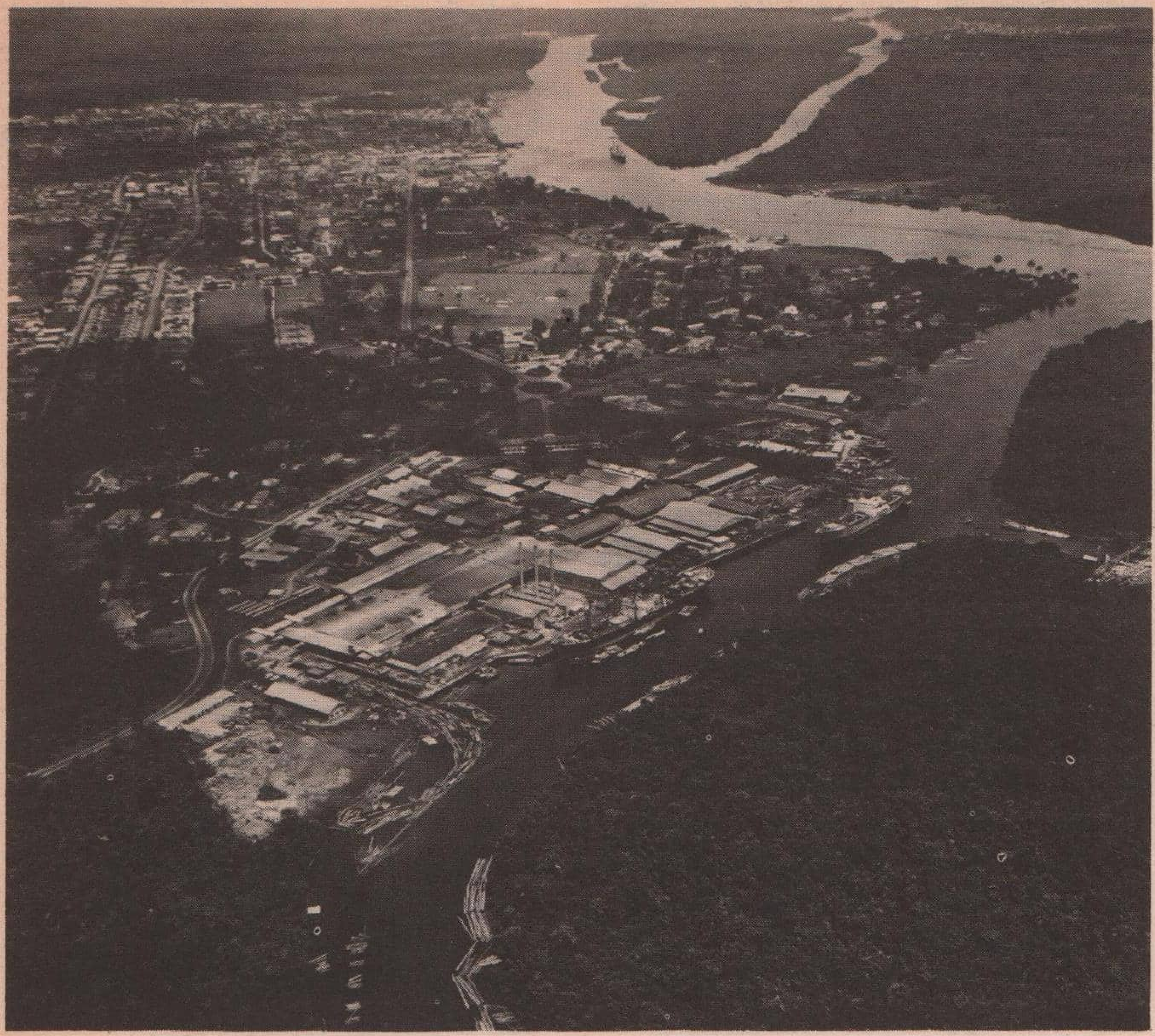
Insurance Nigeria, Ghana, Sierra Leone, all Francophone Africa

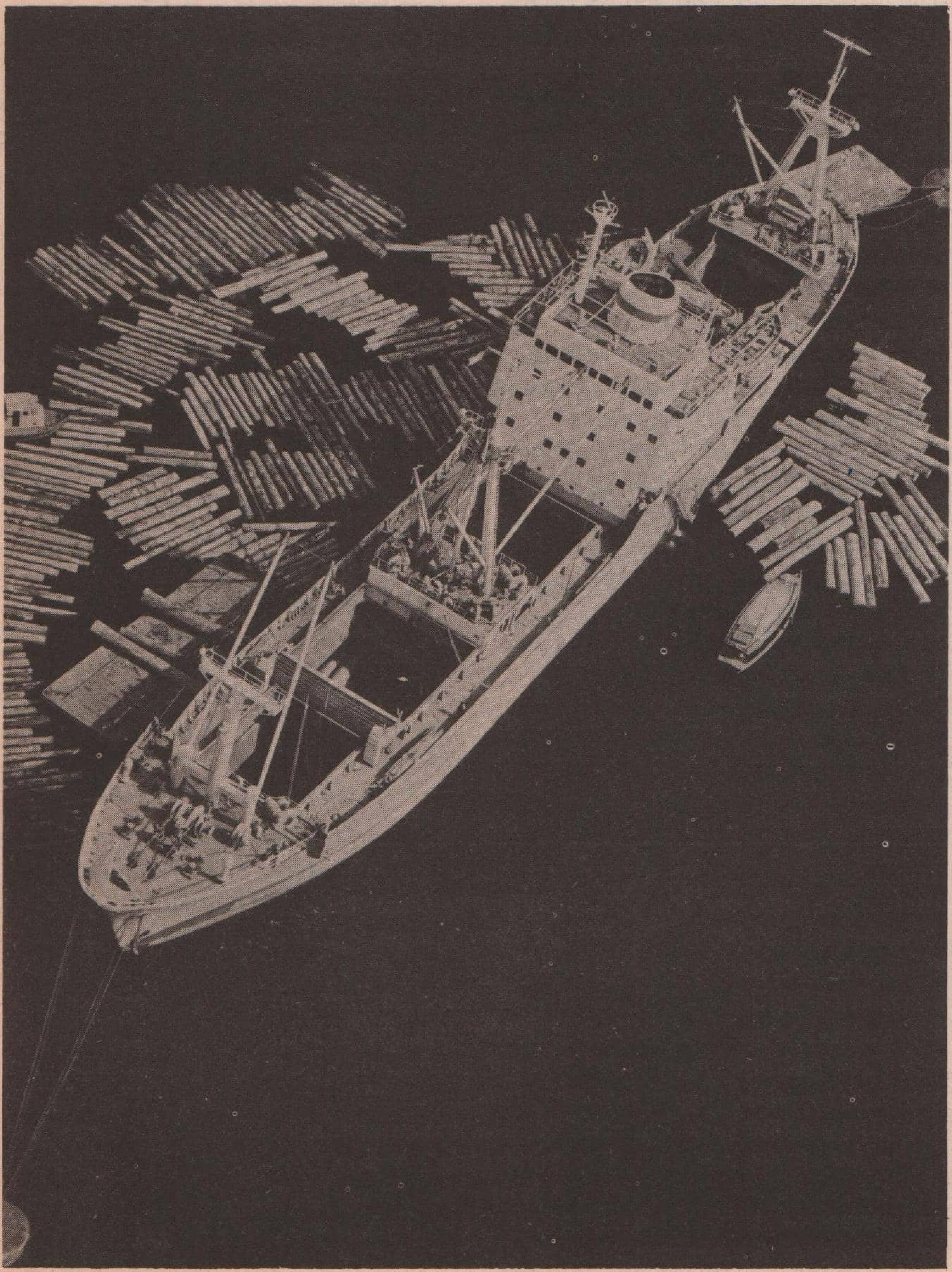
Shipping through wholly owned Palm Line: 'operated from the UK and NW European ports to the ports in West Africa, from Mauritania to Angola. Southbound the ships carry virtually every product of European industry, from frozen foods to motor vehicles, and from cosmetics to cement. They return with the products of West Africa – vegetable oils and seeds, timber and plywood, cocoa, rubber and minerals'.

Shipping Agencies in most West Africa

Stevedoring West Africa, UK

Containers Norfolk Line in UK





area for UAC. **In that country UAC owned the Manufactures Delivery Services, which in 1970 handled 716,000 tons of products on behalf of manufacturers.** The range includes beer, mineral waters, stout, sugar, syrup, flour, tyres, inner tubes, beds, mattresses, chairs, cushions, domestic plastic ware, soap, detergents, edible fats and oils, tea and coffee. Many of the products are manufactured by UAC itself. The goods are transported to the thousands of MDS depots throughout the country where MDS provides warehousing, repacking, sales stock control and secondary distribution.

The much heralded withdrawal from the direct produce trade was in effect much more significant. The move away from the direct buying from African producers came in Sierra Leone in 1957. This was followed by the withdrawal from cocoa buying in Ghana at the end of the 1958-59 season, and a progressive withdrawal from cocoa and palm produce buying in Nigeria. Purchases of Nigerian groundnuts and cotton continued but at a lower level. Hides, skins, rubber and peanuts are still bought by the company. 'There has been a similar withdrawal from produce buying in Commonwealth East Africa. Only in the Congo and in certain French-speaking African countries does the Group now retain sizeable stake in produce buying.' (UAC Statistical & Economic Review April 1963) By the late sixties, approximately a quarter of the UAC turnover in the merchandise trade was in produce buying, as against over half in 1955.

The shedding of the colonial image was, however, not entirely altruistic. **The reality was that Unilever saw alternative, and in some cases cheaper, sources of raw materials from South East Asia and America, and its withdrawal from African produce coincided with these developments on the world market. In any case, being a major buyer of vegetable oils from Africa did not diminish the dependency of African countries on the company** (see section on raw materials).

In the import trade, having laid the basis for distribution in Ghana, Nigeria, Sierra Leone, Gambia, Liberia and Ivory Coast, the company began to rationalize and specialize in a limited but profitable range of goods. A notable example of this specialized trading is to be found in the activities of GB Ollivant, which UAC acquired in 1939. These trading interests are run on the basis of six 'independent' units – motors, machinery and electrical equipment, chemists, textiles, and haberdashery, hardware, and cold storage. In the three countries of Commonwealth West Africa, of Ghana, Nigeria and Sierra Leone, Ollivants specialize in Provisions, Hardware, Toiletries and Medicines, and Graphics. **'The operations of this one subsidiary, involves shipments from 50 countries resulting in the importation of goods worth millions of pounds annually into the three countries concerned, where around 10,000 items of merchandise are distributed among over 3,000 regular trading customers.'** (Link UAC magazine)

The range of activities embraces almost every material need of a family: 'from washing soap for each member before breakfast, to a bicycle on which the husband rides to work, exercise books in which children write their school notes, cooking utensils in which the wife cooks her family's evening meals on a Kerosene stove, and when the family is retiring for the night's rest, even beds under an iron sheet roof, to name only a few.' (Link June '70)

However, even the colonial trading company is now tarnished with the Unilever world wide strategy. GB Ollivant increasingly caters for the new elite of Africa. Most of the people of West Africa are still dependant on the market stall for their daily needs, but on the other side of the street, Ollivants has created a chain of department stores catering for the 'sophisticated customer'. The stores are highly expensive, selling western cut clothes to limited but lucrative markets, and are called Esquire.

In fact the first modern department store established in West Africa, was the UAC's Kingsway Stores in Lagos in 1948. Kingsway Stores are now in Accra, Freetown, Ibadan, Port Harcourt and other centers. These plush, air conditioned department stores are the subject of a great deal of abuse from the many West Africans who would hardly dare to enter the glass doors. In Ghana, a popular high life Lyric, 'Ebi te Yiye, Ebi nte Yiye Koraa,' (some are sitting well, some are not sitting well at all) is constantly sung outside these edifices of privileged living.

Industry

The substantial and more profitable redeployment of resources by the UAC was, however, in manufacturing industries throughout West Africa. The company had a lot going for it.

The dependence on export crops in agriculture, from which UAC profited, also meant a relative impoverishment of subsistence farmers, who now constituted a cheap source of labour. There was no indigenous industry that could in any way compete with a giant firm like UAC. Further, it was accepted ideologically, even after independence, certainly in Commonwealth West Africa, that since domestic savings were negligible, industrialisation should be given over to foreign enterprise. None of the so-called experts pointed to the enormous surpluses accumulating from the trade in cocoa, palm products, groundnuts, etc. **'A nest egg of some hundreds of millions of pounds derived from the marketing of West African natural produce, and was handed over to the various African Produce Marketing Boards as they were in turn formed. The point about this was that it supplied considerable capital for the provision of infrastructure – roads, power supplies, etc – without which industrial operations were difficult if not impossible.'** (UAC Booklet no 2)

The infrastructure that was necessary for industrial production was steadily being built, first by the colonial administration, with the help of the international agencies, and later by the independent governments. The company also benefitted from the tariff protection accorded to 'infant industries'. In the areas where Unilever had already established its dominance in Europe, as in soap manufacturing and food processing, no local effort could stand a chance in competition. With its enormous financial power, and its well established distribution networks and marketing strategy, UAC had the field, more or less, to itself.

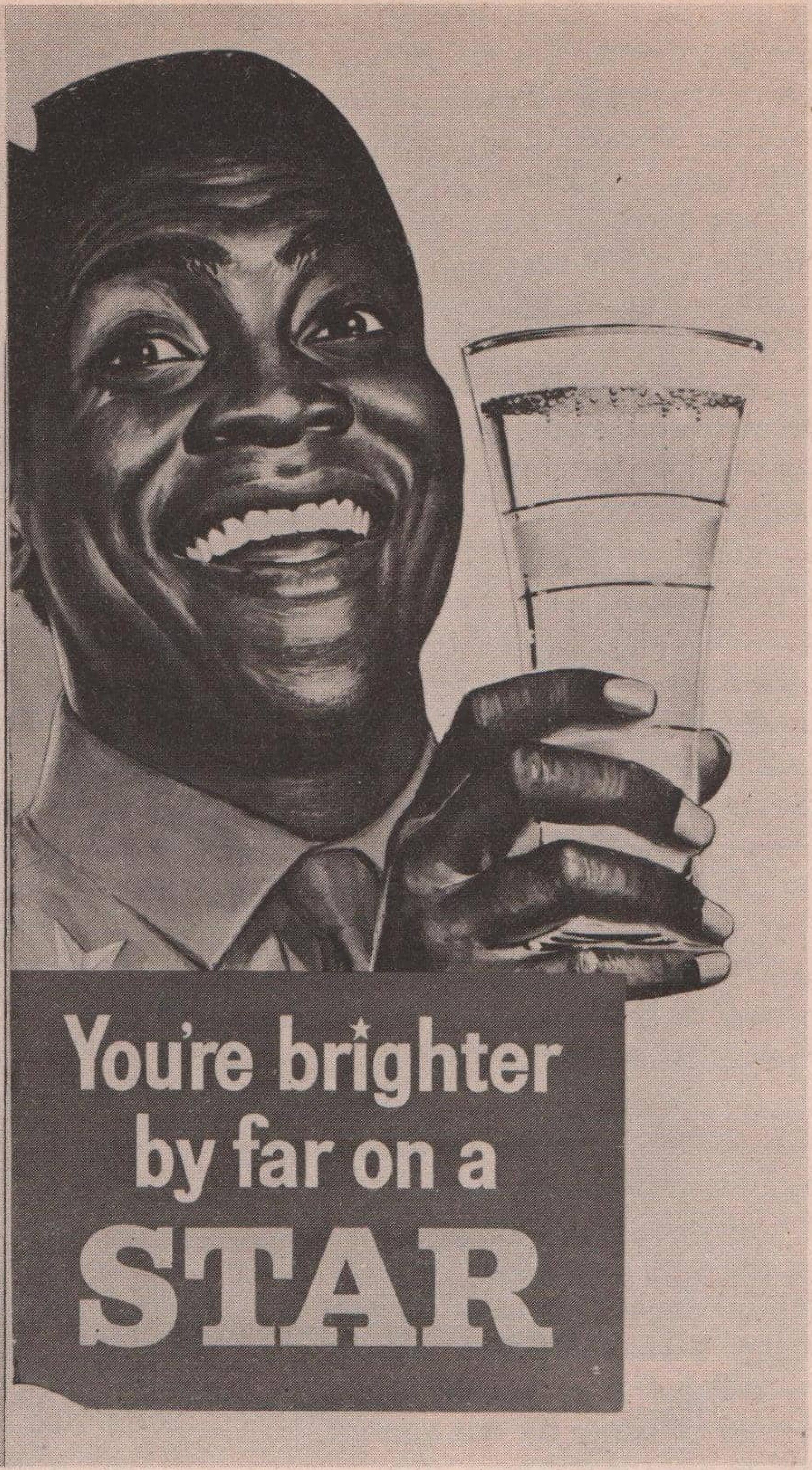
It is a persistent claim by UAC that the industrialisation of West Africa, from which it is profiting, is compatible with the aspirations for economic independence in these countries. In mountains of publicity brochures the company goes to great lengths to justify the use of local resources for its manufacturing activities. However, a closer look at its factories suggests a different picture.

That any manufacturing activity established locally was a threat to the interests of UAC, was elucidated by the very expert who recommended the encouragement of foreign enterprise in Ghana. 'Even if the product of a local factory is as good and as cheap as the imported product, there may be difficulty in selling it. First, there is a resistance of the consumer, who is wedded to the imported brand, and who may genuinely believe that it is better than the local product . . . or he may prefer the snobbishness of buying the famous import rather than the local product. Then there is the wholesale importer. In so far as he is merely a wholesaler, it is all the same to him whether he buys abroad or from a local factory, if the margin is the same. But if he also owns ships, or maintains a buying agency abroad, he has a vested interest in supporting the imported rather than the local product. **And finally there is also the resistance of the manufacturer overseas, who, in one or two instances, will not hesitate to dump his product on the local market well below his normal price, in order to drive the new business bankrupt. This he can afford to do only when he is a very large supplier on a world scale, who can bear the cost of temporary heavy losses in one of his markets in the expectation of making up the loss when the business is closed.'** (Lewis p.16)

The point was well illustrated in the soap making venture in Ghana. As we have seen Lever Brothers had already established soapmaking factories in Lagos (Nigeria) and Kinshasha (Congo) in 1923, as part of the extension of its soap empire in Europe. In these countries there was no possibility of a local manufacturer competing with the financial and technological muscle of the Lever empire.

The state-run Industrial Development Corporation of Ghana began a soap making factory in the 50s. From the very beginning it was plagued with difficulties, in spite of the fact that the main raw materials, vegetable oils, were locally produced. There was never sufficient capital available to adapt the manufacture of soap to the different varieties of palm oil available. When in one year imported soap was short its sales tripled, but slumped again the following year. A back-bench member of the Legislative Council in 1957 put the problem as follows:

'The government told us some time ago that the Industrial Development was going to establish a soap factory. All that the Corporation did was to buy somebody's soap factory at Korle Gonno for about £10,000. Now we learn that a certain engineer is coming to establish a £1m soap factory for the UAC at Tema. Are we to allow foreigners to set up industries which we have facilities to establish ourselves? Whenever we suggest that certain industries should be set up in the country, some expatriate higher-



ups in the civil service cleverly turn them down. They do so on the ground that the industries would not be economic simply because they want their friends overseas to come and establish them.'(Fitch & Oppenheimer p.89)

The pattern of industrialization that UAC established, therefore, accorded to the need for cheapening the cost of imported commodities through processing, assembling or packaging them for the West African market. This saves UAC the cost of shipping certain commodites in bulk, but it hardly begins a process of integrated development in these countries. In both Nigeria and Ghana, by the end of the sixties, the manufacturing sector was dominated by two activities, 'beverages and tobacco' and 'other wood products'. In both sectors UAC was strongly represented. The breweries were established in Sierra Leone, Ghana, Nigeria, and Chad, in partnership with Guinness and the Dutch firm of Heineken. In the second sector UAC had established, in 1948, timber factories in Sapele in Nigeria and Samreboi in Ghana. The concession in Ghana alone amounted to 1,000 square miles, and eventually became the world's largest plywood and timber mill. The large capital expenditure on imported machinery and the financial and technological dominance of UAC squeezed out most African timber merchants. The woods produced in these mills became well established in international markets, since two-thirds of the production was exported.

From these initial bases, UAC expanded into new areas. By the end of the 60s the company owned or had interests in seven breweries, a cement works, three metal goods factories, two textile mills, a thread factory, a cotton spinning factory, a factory for moulded plastics, a packing material factory, a joinery works, five cycle assembly plants, two contracting companies, two plant hire purchase companies and factories for the production of radio and television sets, soft furnishings and stationery. In Nigeria and Ghana, UAC is the only industrial producer of matchets.

Some of these undertakings were made with technical partnerships as in the case of the breweries. In Motor assembly UAC has agreements for Bedfords, Albions, and Land Rovers, in cement manufacturing with Portland Cement Co. from Britain. The type of such operations was described by a UAC publicity brochure.

'Ghana Pan Electric opened in 1959 as an electric wholesaler, but since then has developed into wide-range manufacture. At the factory at Nsawan the manufacturing and assembly of radiograms, record players, fans, refrigerators, cookers, and air conditioners is underway and these are distributed throughout Ghana by a network of dealers. Basic components are drawn from many sources in Europe, the United States and Japan, and suppliers include such names as National, Electrolux, Garrard, Indola, Amona. In many cases the products are housed in cabinets made by Ghana Pan Electric from Ghana's timber and plywood.'

The Textiles and Industrial Services Division of UAC is based in Manchester, and has a working relationship with the Dutch textile group, Gamma Holdeng N.V. The group, in partnership with Tootal Ltd, has set up manufacturing facilities in Ghana and Nigeria. The General Cotton Mill Ltd at Onitsha in Nigeria was set up with the Textile Alliance of Hong Kong and Toray Industries of Japan. In Kaduna a weaving complex called Norspin Ltd has been set up with the Northern Nigeria Investment Co, and UAC also owns the West African Thread Co., also in Nigeria. In Ghana, UAC in partnership with the government, controls the cotton weaving company, Juapong Textiles, Ltd. and the Ghana Textile Printing Co. Ltd.

Textile operations in West Africa follow a colonial pattern. Again in the case of Ghana, the industry depends on the specialized methods developed in Britain and Holland to provide wax prints and Java prints for the African market. Imports of grey cloth, some of it tied to the US aid programme, are processed by UAC at the Ghana Textile Printing Co. Ltd. "All the machinery was imported as were the chemicals for printing and dyeing. The patents on designs, built up over many years of catering for African tastes, became a further drain on Ghana's foreign exchange . . . Also the familiar round of managerial and technical manpower added its further demands necessitating outflow of foreign exchange. **Recent Dutch research indicates that the costs in foreign exchange for one yard of cotton printed in Ghana when freight, commissions, royalties, and technical and managerial costs are included comes to 90 per cent of the estimated cost of one yard of imported printed cotton of higher quality. When machinery costs written off are included as foreign exchange costs, the foreign exchange costs of textiles made in Ghana may indeed be higher than the costs of imports.'** (Marshall p.250)

The self-professed attempts by UAC to contribute to the economic independence of West Africa, meant, in effect, more imports and a progressively greater dependency. Most of its activities in the manufacturing sector became a matter of assembly and finishing operations, with all of the essential components imported in their unassembled state. The labour of West Africa is used for assembly, since it is less costly than that in the country of origin. 'As 'raw materials' for 'manufacture' they were not subject to import duty. As an 'infant' industry they were also able to enjoy tax exemptions and government protection. The capital goods and equipment needed for assembly were imported duty free in order to promote 'industrialisation'., and provided a good outlet for used equipment from the parent company.' (Marshall p.255)

In the building industry, where UAC is represented by the Swiss Africa Trading Co. (supplies for construction, industrial and commercial equipment, and systems) the company uses government subsidies to build costly plants, with only a small amount of local raw materials.

Foreign manufacturers can then cut costs by shipping in bulk and processing, assembling and packaging with poorly paid labour.

The other substantial investments of the UAC in West Africa are an extension of Unilever's global branded goods empire. As we have seen, Lever Brothers established soap manufacturing factories in Lagos (Nigeria) and Kinshasha (Zaire) in 1923. In addition a massive factory in Lagos produces meat products, both fresh and canned, as well as pies and sausage rolls, frozen confectionary, soups and condiments, all under the Walls brand name. A.J. Seward and Kingsway Chemists is the outlet throughout West Africa for the Unilever range of toilet preparations and medical supplies, manufactured in France and in Britain. In association with Lipton the company produces coffee and tea in Nigeria and Zaire (Congo), and distributes Ovaltine, and at the large industrial estate at Tema in Ghana, it had opened a large new detergent plant.

The Helping Hand

In Commonwealth West Africa (Nigeria, Ghana, Sierra Leone and Gambia) the United Africa Company now has interests in 37 companies which are primarily engaged in trade and have a capital of £50m. In addition there are interests of £17m. Therefore, in these countries the emphasis is still on the trade of imported goods.

The growth and profitability of UAC in West Africa however, would have been impossible without the assistance and encouragement of the governments. We have suggested that in the past the colonial administrations actively encouraged and colluded with UAC. In post-independent West Africa the pattern is different, but the net effect is in no way changed. The sheer size of this international company gives it not only economic power but a great deal of political influence as well. The fact remains that a sizeable section of the new elite of West Africa depends on UAC for its livelihood. Through its financial power hundreds of retail and wholesale traders are dependent on the company for credit facilities; the large produce farmers in Ghana and Nigeria and the Ivory Coast see Unilever as a major buyer of their produce and the supplier of farming equipment and credit; more directly, through its 'investment in education', UAC and the other large firms have the loyalty of the cadre of managers and technicians that work for them. On civil servants and Government officials, UAC also exercises an influence because of its relatively large contribution to the treasury in taxes and duties. Through its international network in the financial and trading world its decisions effect the trading position of countries, and the stability of governments.

Its relationship with the Governments of West Africa provides UAC with an important area of profitability, which strengthens the dependency of those countries on the imported goods and technology of the West. For the large infrastructural projects which are carried out by Governments, UAC provides a large number of tied services A UAC subsidiary, UNAMEC, spans the whole range of engineering needs in the earthmoving, industrial and agricultural sectors, in addition to the technical advisory services. In Ghana and Nigeria, the subsidiary is also involved in plant hire and buying arrangements for technical equipment, and distributes Caterpillar products (earth moving equipment etc) throughout Africa.

'Unilever precisely because of its evaluation of long-term profit possibilities displays somewhat more flexible policies towards investment and government relations than most 'colonial period' trading, plantation or mining concerns. Given market opportunities and protective tariffs, it will build at least assembly type factories. Given an option between not investing and participating in a joint venture with an African state, it will often turn to the latter. The gravest problem in such negotiations is the absolute size of Unilever-UAC, for which any individual investment project is a small component of their overall programme. As a result its bargaining position is extremely strong, a strength increased by its generally better knowledge of production and marketing costs and conditions than the government with which it negotiates (Green and Seidman).

NIGER FRANCE

For a multinational like Unilever it is extremely convenient to operate in a political and economic climate that is compatible with its aim of achieving the highest rate of return on its capital. In the case of francophone Africa its operations are centered in Paris and controlled by the Niger France Group. The control from Paris is not accidental, since its commercial and industrial interests are heavily concentrated in that area dominated by the Franc. Consequently the interests of the company are closely related to the private interests of metropolitan France.

The Compagnie du Niger Francais was set up in 1913, jointly owned by British and French capital, though its more profitable life began after the war when the subsidiary of the Dutch Margarine Unie, Nouvelle Societe Commerciale Africaine S.A., was brought under its administrative control. NOSOCO, as we have seen, was an affiliate of the old French colonial trading company of Calve-Deft. Since then, **this United Africa Company subsidiary controls all Unilever activities in the former French African Empire and the former Portuguese Guinea.**

Together with three other French trading companies, the Niger France shared the exclusive right to trade in the the 14 countries of West Africa controlled by the French Government. As in 4 countries of British West Africa, the traditional activities were confined to the import of European merchandise and the export of raw materials, largely agricultural, from these countries. With the change in the economic environment, after World War II, participation in local processing activities assured continued dominance of the market. In addition these companies make a large contribution to the treasuries of the African countries, which gives them a powerful tool whereby they can change commercial regulations to suit their interests.

'Apart from their commercial and industrial activities. . .these companies continue to have an important revenue collecting function. It has been suggested that the four firms continue to collect annually, over FCFA 100 billions in revenue for the countries in which they operate. This sum accrues from custom duties, taxes on commercial profits, various taxes and services, and income taxes. According to some calculations, the revenue collecting functions performed by the four companies represent approximately 15 per cent of the total budget of the countries of West Africa—and over 20 per cent of the Francophone countries of the area. In the Ivory Coast revenue collected from tariffs and duties on textile products remains second only to mechanical and electrical equipment.' (Cambell)

Of considerable benefit to the companies was the regulations making the Franc zone a completely protected trade area, which excluded any goods from outside France by a common tariff (cf British Imperial Preference in the Commonwealth). These measures in effect provided a guaranteed market and supply for essential raw materials.

The Niger-France Group

By the late 60s the Niger France Group operated in 14 countries in Africa, under different names conforming to the colonial trading companies that had dominated trade.

Niger France in Africa

Ivory Coast	Francaise de la Cote d'Ivoire.
Senegal	Nouvelle Societe Commerciale Africaine, SA
Dahomey	John Walkden & Co.
Niger	Niger Afrique
Central African Republic	Societe Commerciale du Kouilou Niari (SCKN)
Togo	United Africa Company.
Gabon	Hatton and Cookson
Chad	Brasseries du Lagone and others.
Cameroun	R.W. King Ltd.

The pattern of the group's investments in these countries is largely an adaption of the old colonial system. A large part of the turnover and profit still comes from buying agricultural raw materials, needed for the Unilever factories in Europe, and the selling of manufactured goods from Europe. Thus the company buys ground-nut and oil from Senegal, Niger, Dahomey, Mali and Togo, and the palm oil, coconut, coffee and cocoa from the Ivory Coast and Cameroon.

Rules of Underdevelopment

In this vast area, there were changes in the approach to development after independence. 'At once differences began to emerge in the attitude of government in different areas. The list of imports included, for example, a considerable proportion of luxury goods that might well seem dispensable to a 'planning' government. The first need was the provision on the basic industries to supply the fundamental wants of the people. Elsewhere, a more liberal (sic) view was taken. On the Ivory Coast some of the more promising industrial investments were aimed at producing high quality goods of a luxury or semi-luxury character.' (Wilson)

As a result the countries that did take this favourable view were the main areas of the Group's investment. The Ivory Coast in francophone Africa became the most profitable, since approximately 25 per cent of Niger France's turnover was accounted for in that country. In the poor countries in the area, since the markets are not affluent enough, the company's main activity remains the 'buying of produce and the selling of imported merchandise.' (Wilson)

In the import sector UAC is strongly represented in most of francophone Africa. To take Ivory Coast as an example, the main imports are refrigeration, motors, electrical engineering, textiles and general merchandise. The import of these commodities alone generated a turnover for UAC of 10,000 million francs, as late as 1965. The profit from these commodities averaged out at the rate of 16 to 17 per cent. **As in other parts of West Africa indigenous industrial development was limited as a result of the import trade, and restricted**

to the processing, packaging and assembling of the manufactured goods produced in France, in some cases by UAC itself.

The example of bicyle assembly and manufacturer is instructive. In all Niger France has 7 bicycle manufacture and assembly plants, though most of the parts come from Europe. The assembly of the product is done by cheap labour. However, the final product comes out more expensive than in France.

'The bicycle plant in the Ivory Coast produces a little more than half its rated annual output. Its costs are higher than those of French producers , partly because it is operating below capacity.' (Seidman) Another bicycle plant in the neighbouring Upper Volta would further reduce the market for the plant in the Ivory Coast.

As in Commonwealth West Africa, a notable activity is beer brewing in Chad, under a company called Brasseries du Lagone, with Heineken as technical partners. The other typical industry is the assembly plant for Land Rovers in Duala (Cameroon), and the various technical sales, covering construction equipment, building materials, radio, refrigeration and electrical equipment.

As a contribution to the development (sic of Francophone Africa, Niger France, through its subsidary, A.J. Seward manufactures and distributes toiletries and perfumes from its factory in the Ivory Coast. Niger France claims to be producing 8 different types of hair dressing, 8 talcs, 5 creams, 28 colognes. A further luxury that it extends to Francophone Africa is wine, which is imported in bulk, bottled and sold throughout the area.

Carry-on Colonising

The development of the textile industry in West Africa affords a classic case study of the continuity of the old colonial system. With all its dependency on capital equipment, patent rights and servicing charges, Niger France and the other companies replaced the traditional artisan industry, by distributing imported textile products and controlling production in the area. Its plant in the Ivory Coast, for wax prints (a traditional industry) is managed in partnership with Uniwax, and it has textile printing works in Zaire, Ivory Coast, Dahomey and the Congo, with the Schaffer Group as partners. In its textile interests the concentration of location for processing is again in the Ivory Coast. This '**favourable' investment area was made possible after 1960,' by the local ruling group, which was a landed plantation based class and which encouraged the continuation of close metropolitan relations.** Their assumption of power at independence explains why the Ivorian state has been willing to assume a large part of the costs of public investments necessary to create a favourable environment for foreign investors, so that they can concentrate their investments in the most profitable sectors of the economy'. (Campbell)

From this base, we find that the commercial regulations continue the pattern of the colonial period. The regulations in effect exclude all imported textile goods, other than those emanating from France through the trading companies. 'La Valuer Mercuriale (VM) is that value assigned on imported products which will be the basis on which duties are to a level which makes a more competitive non-French import, after tax, non-competitive on the de domestic market. . . The use of V.M. tariffs assures local textile producers a complete monopoly of the Ivorial market.' (ibid)

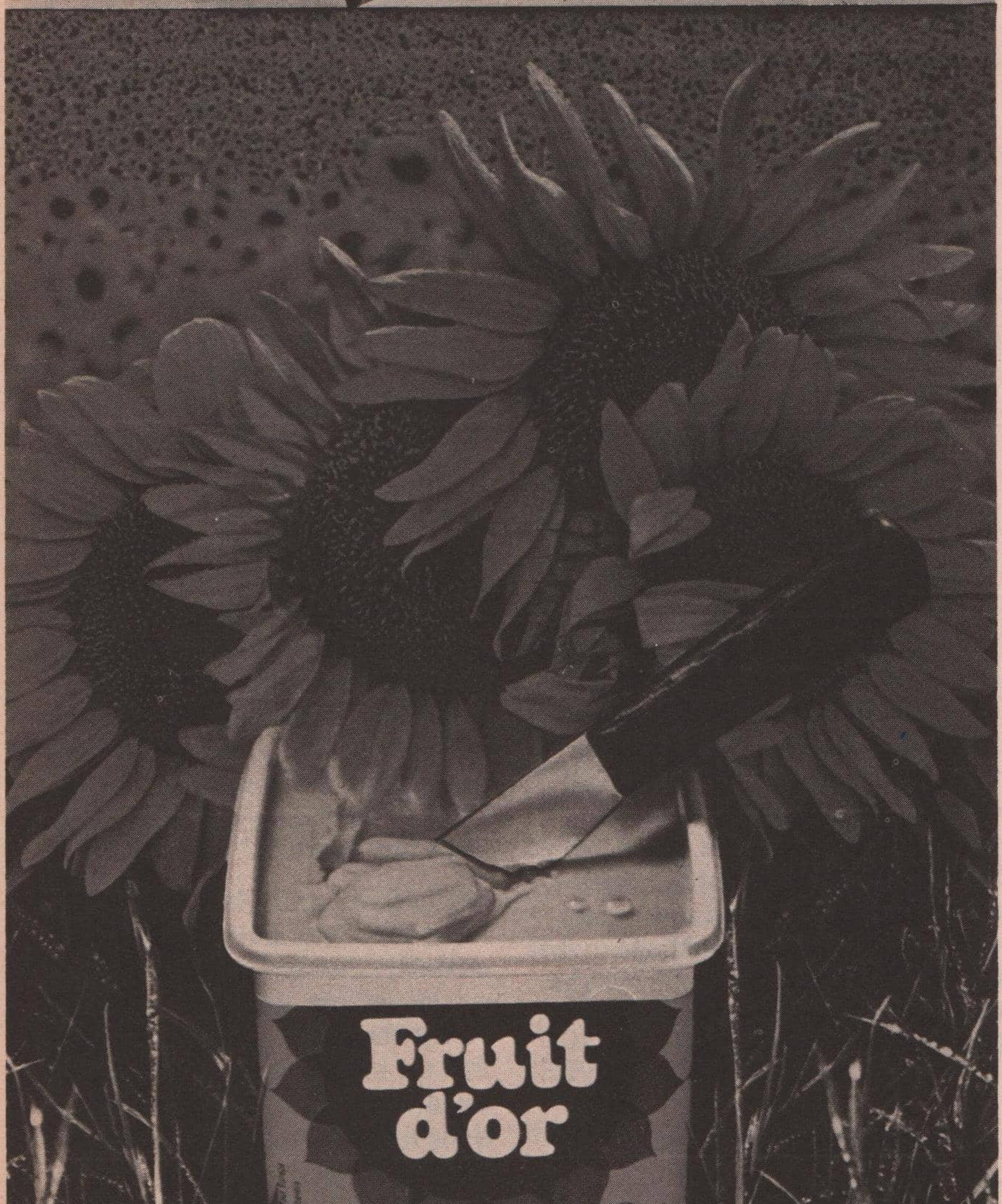
Apart from Tariffs, the Code des Investissement also ensures colonial continuity. The projects given 'priority' under the code are granted 'a 25 year guarantee tax stability at a rate which is about half that of industrialised countries: unlimited transfer of profit conditioned only by a 10 per cent clause – the amount to be used for investment on the spot; tariff exemption on all imports to be used for building, port, replacements and industrial imputs.' (Ibid).

The last concession particularly suited Niger France and the other trading companies. Having originally supplied the market with textile goods, 'they now became major investors in local finishing industries since they could import all semi-finished inputs for such production, duty free.' (ibid)
Thus, the dominance of the market in the Ivory Coast by the trading companies means a guaranteed profit centre. The profits can be maintained even if production is inefficient, since there is no competion from other imports. For instance, local cloth in the Ivory Coast manufactured by the companies costs 86 F a metre, though the equivalent import from the Far East would cost only 55F. The cloth from the Far East becomes non-competitive once tariff charges are included. The main losers in the system are the people of Ivory Coast, who have to buy expensive cloth, in order to maintain the monopoly power of the trading companies.
In all the regulations and the Code encourage an industrial structure that is based on the import of semi-finished inputs; that minimises local productive activities and perpetuates a dependent externally controlled pattern of growth.

Fruits from the land

Given the identification of the ruling group in the Ivory Coast with that of the private metropolitan interests, it is not surprising that the structure of agricultural development is also tied to the needs of those interests. The Ivory Coast, in spite of the externally stimulated efforts at industrilization, is still a plantation economy. The development of the economy since the sixties is largely due to the export of agricultural produce, including coffee, cocoa, wood, palmoil and coconuts. The extension of the plantation areas is made possible by foreign, mainly French investments, and the thousands of men and women who migrate from the desperately poor neighbouring country of Upper Volta to work on the plantations. The combination of large scale capital and cheap labour thus benefits this export sector. Of considerable interest to UAC is the recent investments in the plantations producing palm oil, palm fruit and coconuts.

At the end of 1963, a company called the SODEPALM group was formed to exploit some 70,000 hectares of land in the Ivory Coast by establishing plantations for palm and coconuts. Subsidiary companies, called Palmindustrie and Palm ivoire, were established to develop related industries. The project, costing some 50 billion Francs, is financed by the European Development Fund, European Investment Bank, Republique de Cote d'Ivoire, World Bank and Caisse Cle de Cooperation Economique. The project involves the building of 8 oil milling factories, two enormous warehouses at the port of Abidjan, deforestation of 60,000 hectares of land, the construction of 8000 kilometers of roads and 45 villages for plantation workers. In 1972 production had reached 70,000 tons of palm oil, 30,000 tons of palm fruit and 1,500 tons of coconuts. By 1980, the group hopes to extend the area of cultivation to 100,000 hectares. The extention of the area is largely to be in the South



East, where a further 15,000 hectares are devoted to coconut production and 50,000 to palm oil production. **What is even more significant is that there will be approximately 30,000 workers involved and it is estimated that a total of 180,000 people will depend on the project.**

The type of development illustrated by this project, however is likely to increase the dependency of thousands of people on Unilever. Further, the relative decline in the world price of raw materials will lead to very unfortunate consequences. But above all, the project ties down scarce resources that could be utilised for more urgent necessities (see later).

Operation Clean-up Africa

An imposing, solid glass and concrete building in Paris houses the headquarters of Unilever Export France Ltd. Its main function is to push as many detergents, toiletries, and fats produced by Unilever factories in Europe and Britain into areas of Africa and the the Far East, where there are no Unilever plants. The company claimed that Unilever exported some £50 millions worth of products in 1973 to these markets, of which £30 millions was accounted for by detergents and fats. Its target includes a population of 50 million people, in francophone Africa, Madagascar, La Reunion, Antilles, the Far East and the French colonies in New Caledonia, Tahiti and Guadaloupe. The product range includes Omo, Lux, Persil, Ala, Rexona, Signal, Astra (maragine), Sunsilk, Royco (beans) etc.; in fact a range of 250 Unilever products except chemicals, packaging and animal feeds. 'The majority of the products naturally come from France, because of the relationship maintained with the countries where UEF operates. But the company can draw on any Unilever source of production in the world. Astra margarine is packaged in Holland, Asepso soap is made in Britain and sold in the Cameroons and Lever Australia produces frozen foods for New Caledonia and Tahitī. (Uniafrique Oct 1971.)

The organisation of this mammoth sales effort is based on either regional directors or, closer to Unilever strategy, the product chiefs. The latter coordinate a host of activities aimed at expansion of the market for the product they are responsible for. This includes getting products to conform to the natural environment of the market. If it is hot and humid margarine has to be tinned, or packaged in more temperate climates. The Product Chief is also responsible for determining the size/ price ratio of the product, to suit the pockets of his potential market. Thus you have powder tins containing 65 grammes for the Africa market, 160 grammes for Antilles etc. The entire area is also subject to a massive advertising programme to get the populace to accept Unilever products. This is done by Radio, television, travelling cinemas, salesman etc.

THE POLITICS OF PROFIT

'In the Unilever experience, the multinational only has one power vis-a-vis the Government. Like any other company, it can refuse to invest. The Government, on the other hand, has a large number of powers, the exercise of any of which can frustrate all the Company's expectations of a reasonable return.' (Unilever and World Development, a Unilever Publication)

Unilever's activities offer us a good example of the real power of multinationals, including the power to survive political change. When Schicht, Unilever's massive subsidiary in Eastern Europe, was nationalised by Soviet Russia in 1945 and the company expelled, few would have imagined that extensive trade agreements would be carried through in the 1970s with Eastern Europe, largely on Unilever's terms.

Unilever has survived independence movements, political coups, and even the total destruction of wars with equanimity. We give four quite different examples of what might be called the politics of making profit: Unilever operations in Nazi Germany, Indonesia, South Africa and India. **The reality in no way tallies with Unilever's claim that they are impotent in the hands of Governments.**

Germany

'In the Sports Palace we were Hitler's personal guests of honour and were shown onto a podium next to Gobels and Goring. With arms raised in the nazi salute they sang demonically. D'Arcy nudged me and said 'For God's sake let's stand up and raise our arms as well' . . . . **This was the first and only time that I made the nazi salute apart from this I was biting my lip not to laugh. The next morning to my surprise I got the contract'** (Rijkens p83).

The startling collaboration between Unilever and Hitler is described by Paul Rijkens, Unilever's senior director in Germany in the years leading up to the war. Unilever's interests in Germany were immense. The margarine and edible oil production there dominated Europe. Germany in 1929 was consuming half the total Unilever production in Europe. There were factories at Hamburg-Bahrenfeld, at Kleve and at Mannheim. There was a large Jurgens factory at Goch, and a complex of oil mills and extraction plants which formed the lifeline of their margarine manufacture. Although edible fats and oils dominated, the complementary soap and food market ensured that Germany held a central place in Unilever's investments. 'All in all tens of thousands of people in Germany worked for us' (ibid p72). But the interest was reciprocal. A German Government enquiry into the Unilever businesses late in 1932 commented favourably on their administration and policy. Hitler noticed. It was Unilever that brought into Germany the crucial raw materials for the country's food industry.

'The majority of Europeans never realised that half their food came from abroad. Today we recognise the foreign origin of the banana but not of the steak. One man never forgot: Hitler. The need for tropical colonies and plantations obsessed him and he talked about it in his field headquarters in the Ukraine. He had decided to leave the management of tropical colonies and enterprises (after his presumed victory) to the Dutch, who, he said knew more about this than anyone else in the world and 'would do it better than we could hope to do it'. What had evoked his respect? The incredible efficiency of one firm' (Gudrun Tempel p47).

Hitler given a 'fair chance'

In 1932 the German Government suspended the Gold standard and imposed controls on the export of money from Germany. In order to trade and take profits Unilever needed concessions from the Government and ultimately from Hitler. Paul Rijkens was Unilever's financial expert: 'We talked with Kepler (economic adviser to the Fuhrer) . . . . he gave us much help. He was a real Nazi, but he was an idealist and would discuss on moral terms. But Schacht was different. He was no Nazi, politically he was a nobody, but in fact was a very sly type . . . . We would not only try to get a business agreement but would try to get on friendly relations with the Nazis. Difficult to believe that the whole German people would allow themselves to be drawn into His leadership. We would give any regime a fair chance.' (p75)

This attitude was not uncommon among businessmen. The 1930s saw the establishment of the Anglo-German Fellowship by those who wished to do business with Nazi Germany.

'The Anglo-German Fellowship got official support, we could easily talk with the Germans. Without doubt you can catch more flies with molasses than vinegar. The Fellowship helped us to talk eventually to Hitler (p76) ...

Our goal was that not a ton of raw materials would pass into Germany unless there was effective payment in hard currency (97). Rijkens drew up a contract before he went to meet Hitler. **'If Hitler would sign this contract he would have a guarantee for his people and enterprises in Germany. If I went back to England without it, the whole Unilever operations in Germany would come into question.'** (p97)

The Unilever men who went to see Hitler were very aware that they could probably force Hitler's hand. Their trump card was 'our ability to bargain on raw materials'. Goring suggested that the margarine raw material need could be met by growing sunflowers along the autobahns. Hitler thought differently.

'At the end of our meeting Hitler agreed to sign the contract written by myself . . . . His minister of economic affairs would countersign it. The surprising thing was that his minister was not even at the meeting. I was right when I told my colleagues in London that only Hitler had the right to decide and everyone follows . . . . When he was finished he invited us to the Sports Palace where he was going

SUNLIGHT SOAP

Men of Harlech march to glory,
Victory is hov'ring o'er ye;
Bright-eyed freedom stands before ye;
Hear ye not her call?

NO one can pay too high a tribute to the bravery and efficiency of our gallant Soldiers — the cleanest fighters in the world.

We could not associate Sunlight Soap with our clean fighters if it were not for its high standard of efficiency. Just as there is no better Soldier in the world than the British Tommy, so there is no better Soap in the world than Sunlight Soap. It is used in the homes of our clean fighters, and by our Soldiers in the trenches, billets and camps.

Include a Tablet in your next parcel to the front.

£1,000 GUARANTEE OF PURITY ON EVERY BAR.

The name Lever on Soap is a Guarantee of Purity and Excellence.

LEVER BROTHERS LIMITED, PORT SUNLIGHT.

to deliver a speech to 20,000 members of the S.S. We could only accept.' (p83)

The profits of Unilever in Germany had been frozen. The gain to Unilever of the friendly negotiations with the Nazis and their agreement to continue to run the margarine and edible oil industry was not only hard currency with which to trade, in itself to Unilever's interest, but provided extra facilities to use their profits which in reichmarks were useless outside Germany.

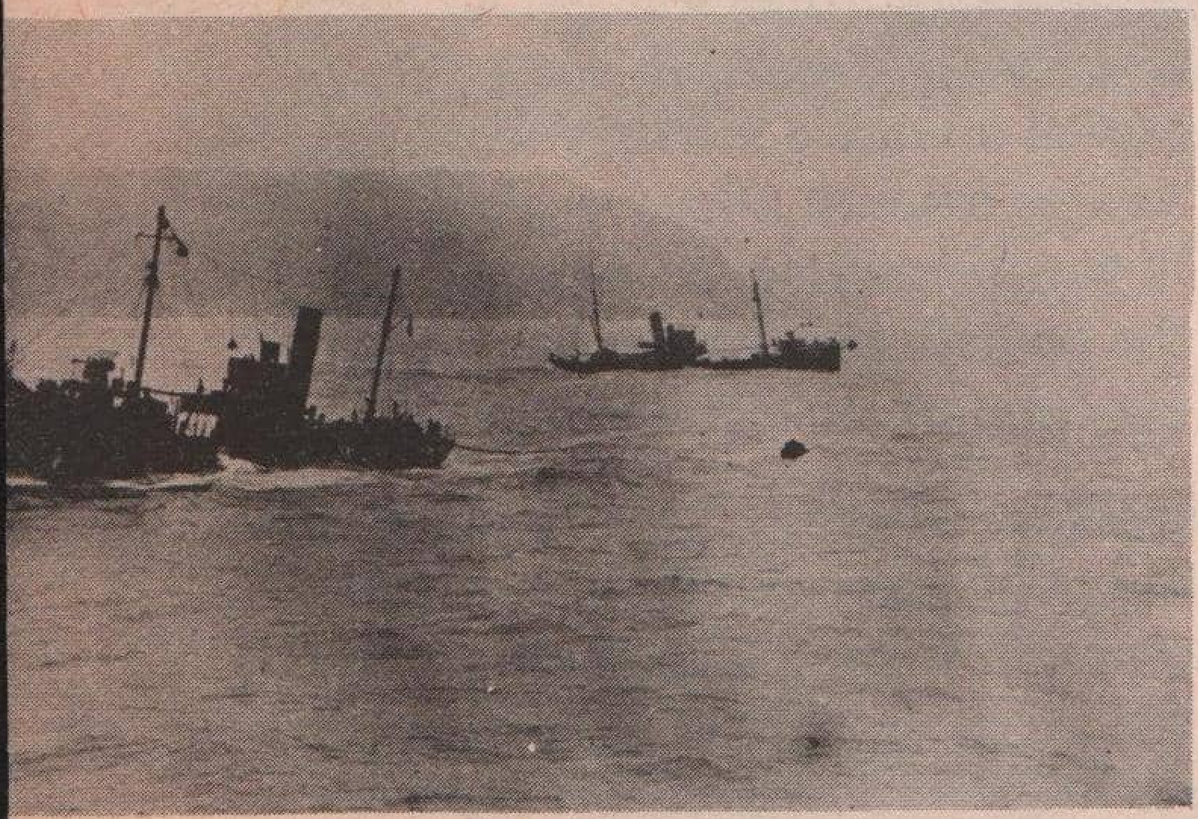
The Nordsee Saga

Unilever were not allowed to use the 'blocked' marks to extend their margarine interests so they bought up paper mills, cheese factories, property, etc. Considerable sums were loaned to the government by the purchase of treasury bonds. But the agreement signed by Hitler and Rijkens also allowed the building of a north sea fishing fleet. 'We would use the useless Reichmarks to build ships for MacFisheries.' (p34) It is not clear whether it was wholly Rijkens idea. Hitler encouraged the Unilever men to build a whaling fleet which would be run by them, but the fat and oil had to be available to the whole of German industry. This latter was accepted. It was a condition for the release of the reichmarks. One factory ship and eight 'catch' boats were built. At the same time Unilever was allowed to have built trawlers, tankers, tramps, either for the company's own use or for sale. 'We had ships built for Palm Line (Unilever) Ltd. of 8,000 tons each. When we didn't need any more, we had built 13,000 ton tankers, for which there was great demand to sell abroad. All of which involved deals worth many millions of pounds sterling, about 50 million reichmarks. It was regarded by both of us as very profitable.' (p77) Altogether 300,000 tons of shipping was constructed for Unilever in Hamburg and Bremen between 1933-39. The last ship was delivered for export in July 1939. Wilson comments: 'The shipbuilding programme allowed the concern to bring a considerable proportion of its profits out of Germany' (VII 370) But more important it provided Unilever with the initial investment for what became the biggest fishing fleet in the North Sea.

At the outbreak of war, apart from the ships, Unilever had accumulated cheese interests, a printing works, a fishing business (Nordsee), an ice-cream factory and an Elbe shipping company over and above its huge edible fats and oil business. During the war these played their part in the German war effort. But the ships; 'I have pleasant memories of these trawlers sailing away to MacFisheries ..... the trawlers were placed under the command of the British Navy and the others were used as minesweepers' (p34).

Indonesia

Unilever's operations in Indonesia is a critical example of their power to operate profitably in a 'developing world' where average incomes are pitifully low and unemployment is massive. It also illustrates the diverse ways they can influence a people's development.



Trawler/Minesweepers.

Indonesia had been important to the constituent firms of Unilever for a long time. Before the First World War the Dutch East Indies, as it then was, had been the biggest exporter of copra, and throughout that war Anton Jurgens had used the area to make secret deals in order to stockpile enormous amounts of copra for the post-war European markets. He had also made an outright attack on local oil millers, sinking large amounts of money into his own mills, including one at Batavia (now called Djakarta), in Indonesia.

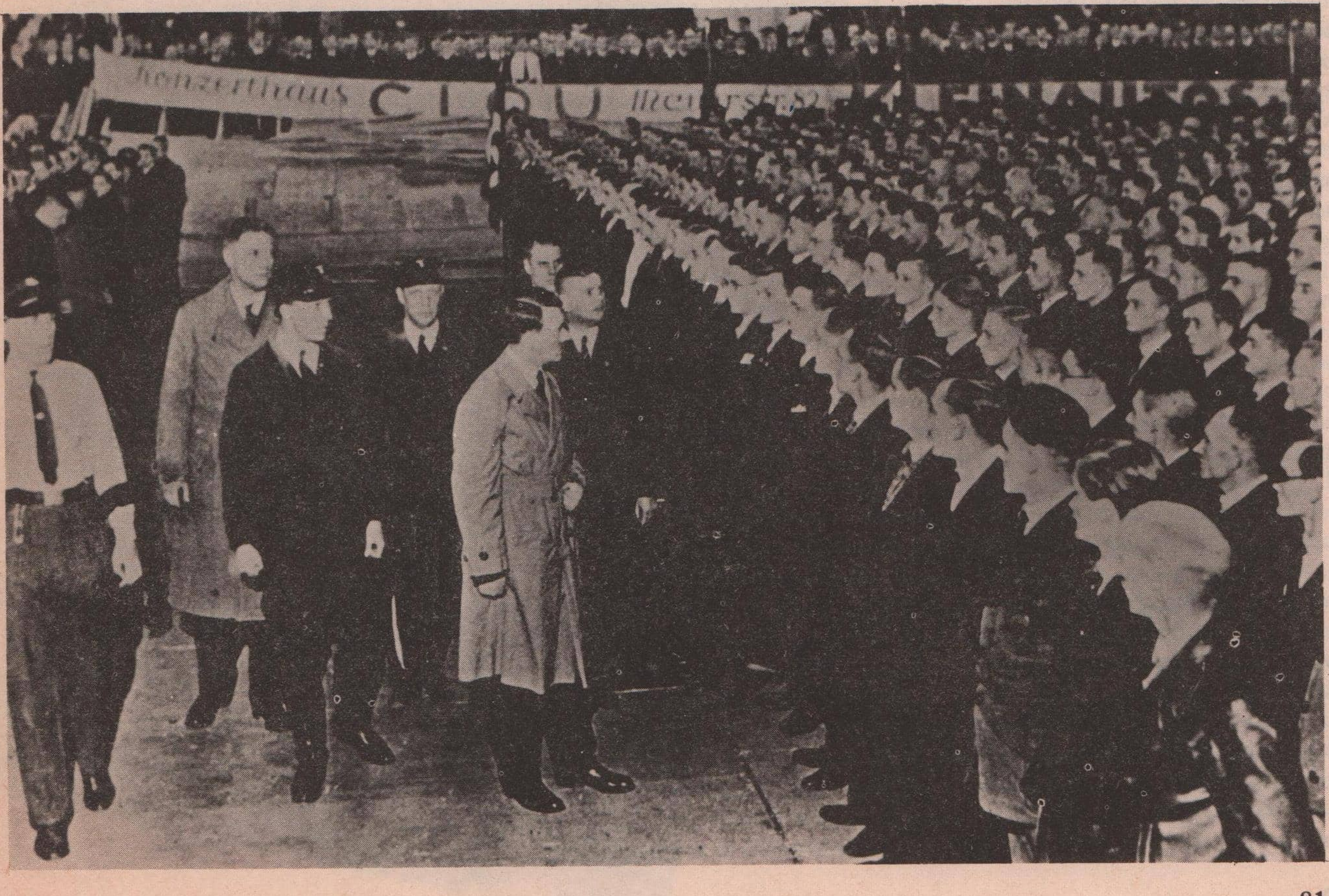
In 1935 a new Unilever factory was built at Batavia, producing soap which competed with locally manufactured products as well as with American and Japanese imports. A start was also made there with margarine and edible fats.

By the end of the Second World War Indonesia had suffered Japanese occupation as well as some three hundred years of Dutch colonial rule. The potential profitability of the Indonesian operations for Unilever was great. Already it was the third largest market in the East after India and Pakistan, with a population of between 70 and 80 million. The main Unilever operations were the Batavia factory and a new (1941) cosmetics factory at Surabaya. Soon after the war the company had reactivated its Indonesian possessions into profitable operations once more.

In 1949 the Independent Republic of the United States of Indonesia was set up under President Sukarno. Sukarno initiated a nationalisation programme, but his first concern was Dutch New Guinea which he believed should be returned to Indonesia. And at this point the company was considered to be sufficiently important for Sukarno to deal personally with Paul Rijkens and Sidney Van den Bergh over the question of New Guinea. The Unilever bosses agreed that New Guinea should be returned, and worked out a return schedule with Sukarno, meanwhile communicating with the Dutch government and lobbying for support. **They were in effect the major political negotiators, and as such were, of course, in a particularly good position to further their own business aims. As Rijkens put it 'Wouldn't it be stupid to risk our interests for such a worthless piece of land as New Guinea.**

Unilever was now in a unique position to make money, with demand for soap, margarine and cooking oil all far exceeding supply. But conditions and pay at Unilever's factories could not have been good even by local standards, for turnover of labour was very high. 'Of Unilever's force of some 2,000 workers, for every one that moved

Hitler and friends at the Sports Palace 1932.



into a factory, another as swiftly moved out.' (Wilson V3 p244)

While Indonesia struggled for economic survival as Dutch and American firms disinvested after independence, Unilever directors complained that their managers had to cope with a shortage of the 'small luxuries which makes life more pleasant in other countries', a lack of motor-cars to take them on hill-leave, and the effect of electricity shortages on their air-conditioning and refrigerators. Political connections were still strong, and the Unilever managing director remained the spokesman for industry in general, in the eyes of the Indonesia government and of his fellow businessmen. A major problem for him was to convince the government that Unilever was no longer a Dutch company (which entailed nationalisation), but an international company, allowed to operate independently. **But in 1966 Unilever's business came under government control. By this time nearly all Indonesian industry was operating at only a fraction of capacity. Exports had declined, and imports had been cut back drastically.**

Military Dictatorship

In 1967 the Sukarno administration was overthrown by a Generals' coup under Suharto. **Hundreds of thousands of Indonesians were killed and imprisoned by the new military dictatorship. Back came a free rein to foreign investment, complete with repatriation of dividends and back came the Indonesian business into Unilever's own hands. Unilever immediately began to prosper once more in the new 'beneficial' climate.** Agreements were speedily signed for a tripling of production all round within one year, millions of dollars were invested in repairs and expansion, and the only stipulation was that the commercial section of the Indonesian Navy would transport raw materials (mainly palm oil). By October 1967 $1.5m investment had been committed, and the company had been allowed business operation rights for at least the next thirty years. At a press conference in March 1968 the company spokesman remarked on how swiftly the Indonesian business was recovering, and a month later the shareholders were told that relations with the new regime's leaders were excellent, money compensation had been received for costs incurred in Europe, and the dividends were flowing back out of Indonesia once again. For the four years following 1967 the average annual transfer of dividends, management fees etc. amounted to $1.5m. In 1970 Suharto himself opened the brand new Non-Soapy Detergents plant at Djakarta.

How is Unilever benefiting the population of Indonesia? The firm makes much of the 'know-how' it has transferred to Indonesia, in everything from chemical research to market research. Yet it is Unilever that profits from this transfer both in market shares and indirect payment in the form of management and consultancy fees. Of the $1.5m of transferred cash mentioned above, some 25% was in the form of 'fees' of one sort or another. And the two largest investments provided by Unilever for the people of Indonesia in recent years have been in Non-Soapy Detergents and timber exploitation. Just how necessary Non-Soapy Detergents are to the bulk of the population was indicated by Unilever's own market research prior to the setting up of operations. **'In 1968 NSD powders virtually did not exist in Indonesia, all clothes washing being done mainly with hard soap.' but 'There was no reason to assume that the Indonesian housewife of the urban areas should not wish to use a product decidedly superior to the fat-based laundry soap'.** (Unilever and World Development)

In other words, the firm has gone about creating a market which did not exist before, for a minority of the population who can afford such a product. The benefit to the majority is nil. Unemployment in Indonesia is massive. It increased between 1969 and 1971 from 13 million to 20 million, ie, over a quarter of the population. The argument that western capital investment is creating jobs does not hold water, as the losses in local small industries are usually larger than the number of jobs created. For example, **in the Indonesian textile industry foreign investment has created a few thousand jobs in capital-intensive operations which have directly caused the loss of at least 200,000 jobs in local small textile operations. In western Java 10,000 jobs were created by foreign investment between 1965 and 1970 at a loss of 200,000 local jobs.** One is immediately led to ask the question, what will happen to the local producers of hard soap which Unilever is so eager to replace with NSD powders? And what is the benefit to the Indonesian population of Unilever's other major investment area — timber?

UAC Timber started operations in Indonesia in 1973 when it bought control of a locally named (but Philippine owned) company, P.T. Sangulirang. On an initial investment of some $1.4m the firm gained a cutting concession for an area of 250,000 acres in East Kalimatan, with an annual export of 250,000 cubic metres of timber, mainly to Japan, Taiwan and Korea. The plans are for a further $6m investment in this sector, and 'feasibility studies' have estimated 'that without any harm to the surface structure . . . 40% of the total wood surface in Indonesia of 325m hectares could be cut and exported'. The Indonesians will not benefit from the timber, which is to be exported (like Indonesia's other basic natural resources, oil and tin). Jobs in this capital intensive industry will be few. A large amount of any profit accruing to the Indonesian government from the operation will be re-exported in the form of management fees etc.

Unilever currently has about 79% of the soap, detergent and margarine trades in Indonesia, and about 30% of the toothpaste trade. **With operations there secured by contract until the year 2,000, powerful contacts within the military dictatorship, and extensive representation in business and professional organisations such as the Indonesian Employers' Association and the Indonesian Management and Services Institute, Unilever can be expected to maintain and expand its markets in the above trades.** It is also in a position to enter and build up leading market shares in other profitable areas, such as timber, as the opportunity arises. Its presence in Indonesia means, for the average Indonesian, increased unemployment and impoverishment, and the inevitable outflow from the economy of wealth in the form of natural resources and money. Indonesia has merely exchanged one form of colonial exploitation for another, and as in the earlier form, Unilever continues to reap the profits.

Levers had been exporting to South Africa as early as 1890, when 'Sunlight Soap' was painted on pavements in Durban, but it was not until 1910 that they judged the time ripe to bring operations inside the country.

Following Leverhulme's observation that 'local soap works are springing up there at a great rate and competition is becoming very keen. South African colonists are at present mad upon local industries and are not only giving protection by duties but they are giving advantages in railway rates and very serious advantages, viz., in many cases 50% rebate on goods manufactured in South Africa.' (Silson VI p200) The first Lever factory was built in Durban in 1910. **The next year the company bought up the Transvaal Soap Company and by 1914, with four plants either acquired or built in Durban, Cape Town and Johannesburg, Lever Bros had cornered the soap manufacturing industry in South Africa and were well placed to continue expanding.** Profits were high – £100,000 in 1925 – and by 1939, following extensive concentration of production during the 30s, soap sales had doubled to 36,000 tons.

Integration

The company grew steadily, spreading its net throughout the country. During the 50s butter shortages forced a relaxation in the hitherto tight controls on margarine and Stork seized a major share of the market. During the 60s new products, such as dried and canned foods, were added to the traditional soap and edible fats. With the acquisition of the Rondi Ice Cream company in 1963 Walls Ice Cream had plants in Boksburg and Cape Town, and in the same year Levers went into chemicals, acquiring a controlling interest in Silicate and Chemicals Industries. In 1965 they added cheese to their food products and took control of Robin Cheese Manufacturers (Pty) Ltd one of the Industrial Selections group of companies which is owned by the South African state. In 1970 Lever Brothers became Unilever South Africa, with nine subsidiaries, and operations in all major South African cities. As part of the world-wide deal which brought Lipton tea under the Unilever umbrella, in 1972 the company acquired the Pitco Tea Company with annual sales totalling R5m and a 14% share of the market. The following year Unilever made an R11m bid for the big South African tea company Glenton & Mitchell, with five factories in South Africa and one in Rhodesia, offering 77% above the market price of G&M ordinary shares. 'The impression gained is that Unilever really needs Glenton & Mitchell badly and is prepared to pay a high price' (Cape Times 17.2.73). G&M directors rejected the bid; had it gone through Unilever would have gained a major share of the market for yet another basic commodity, as well as another factory in Rhodesia, where Lever Brothers was already operating. **Although the company does not operate in Namibia, in 1969 they toured a show 'Pick-a-Box' around miliary bases there and in South Africa, for which they were thanked personally by the Director of General Personnel Defence Headquarters, Pretoria. 'On behalf of all those military personnel who had the pleasure of either partaking or in attending the series of 'Pick-a-Box' shows. . . I would like to convey our sincere gratitude. The value of this form of entertainment as a 'morale booster' to troops serving in isolated areas is inestimable'** (Inspan News, Unilever SA staff magazine, April 1969)

Now, with 15 factories producing troilet preparations (Elida Gibbs), soaps and detergents (Lever Bros), edible oils and fats, soups (VBJ), animal feeds (Lever Stock Feeds), cheese (Melrose Foods), chemicals (Silicate and Chemical Industries), ice cream (T. Walls & Sons), tea (Pitco Ltd) the trading company Hudson & Knight, and South African Warehousing Services, as well as Lintas and the Consumer Research Services, Unilever's operations in South Africa are extensive and highly profitable.

Racism

The company's justification for its operations in the apartheid state is that summed up by the President of the UK-South Africa Trade Association (UKSATA). The development of the South African economy 'to which we are contributing with British investment and know-how has produced a situation which I for one am convinced is going to have a profound effect on the development of human relations in South Africa' (South African Connection p220). UKSATA acts as a pro-South Africa political lobby and pressure group. Its council includes representatives 'of most of Britain's leading companies', without whose encouragement as 'members of UKSATA our task would have been even more difficult' (Ibid p221). Unilever is represented on the UKSATA Council by one of its directors C.E. Graham. **In Unilever's own words: 'in the case of South Africa we believe that the best contribution we can make to the progress of all races is by our companies being among the leading firms in raising pay to their lowest paid employees and increasing their job opportunities.'** (Commons Select Committee Report, p155)

Unilever claims to provide equal pay and job opportunities for all its workers irrespective of race; to run a number of training and educational schemes to enable 'all our employees to make the most of their abilities' (p153); the image it attempts to project is that of a haven of paternalism and equality. But for the majority of Unilever's 5,000 or so workers the reality is racial discrimination and exploitation. The total weekly earnings of the 1,200 (non managerial) white employees are approximately the same, at about R92,000, as those of the 3,600 black workers. On average, the African worker earns about a third of a white worker's wage. And although the company claims that no facilities are racially segregated where not required by law, Webb, General Manager of the Cape Town Branch, when interviewed by the University of Cape Town Wages Commission 'made it clear that where possible different ethnic groups were divided as far as possible to avoid any form of conflict', and 'pointed out that it was acceptable in the Cape for an African to carry tea through white offices and even serve white employees. This might not be acceptable in the Transvaal.'

In 1973, giving evidence to the House of Commons Select Committee set up to investigate the practice of British companies in South Africa, Woodroofe, then chairman of Unilever, remarked **'about two years ago we started to take serious account of the various poverty datum lines that were coming out. Before then they had not really impinged on us in any serious way.'**

(p160) 'Two years ago' in 1971, the South African Institute of Race Relations had conducted an investigation of wages foreign companies were paying their African workers. Seventeen companies refused to disclose their wage rates. Of these, thirteen, including Unilever, were paying below the Poverty Datum Line. The same year Sunday Times journalist Denis Herbstein conducted a survey of 10 British companies operating in South Africa. All of them were paying wages below the PDL, again one was Unilever.

In the first three months of 1973 African workers staged a mass wave of strikes throughout the industrial areas of South Africa, and especially in Durban, where most of Unilever's factories and warehouses are sited. The reasons behind the strikes, which in Durban alone involved over 50,000 workers, were universal – starvation wages, apalling conditions and the lack of any genuine shopfloor organisation to represent African workers. On February 8th, at the peak of the strike wave, Unilever upped wages across the board by R2.71. For the lowest paid this represented a 15% rise. The company claimed that the increase resulted from representations made on behalf of the African workers through the Durban African Advisory Committee. This is a purely advisory body, it has no legal status and cannot negotiate on behalf of the workers. Although allegedly an elected committee, all nominations for membership have to be approved by management, who also appoint its chairman. Unilever claim that they will listen to this unrepresentative and impotent Advisory Committee 'provided they put forward sensible suggestions', and presumably during the height of the Durban strikes, it was 'sensible' to take some action to get the workers back into the factories before profits were seriously affected. Also, during the strikes the Natal Employer's Association, of which Unilever is a member, urged all its members to pay their African workers above the PDL.

The Poverty Datum Line is the alleged absolute minimum on which an African family of five can survive – **'it is perhaps more remarkable for what it omits than for which it includes. It does not allow a penny for amusement, for sport, for medicine, for education, for saving, for hire purchase, for holidays, for odd bus rides, for newspapers, stationery, tobacco, sweets, hobbies, gifts, pocket money or comfort or luxuries of any kind. It does not allow a penny for replacements of blankets, furniture, or crockery. It is not a human standard of living. It thus admirably fulfills its purpose of stating the barest minimum upon which health and subsistence can theoretically be achieved.'** (Professor Batson, University of Cape Town, quoted in the Guardian, 13.6.73)

However, even a 15% rise did not bring the lowest paid workers in Unilever factories above the PDL. Despite what the company told Adam Raphael during the Guardian investigation into wages paid by British companies in South Africa, leading him to conclude that 'Unilever . . . . were paying all employees above the minimum for an African family to avoid malnutrition' (Guardian 12.3.73), the evidence the company presented to the Commons Select Committee showed otherwise. According to this after deductions for pension, tax and insurance, the lowest paid African worker was taking home R67.60 per month, a wage that was well below the Durban PDL of R83, and the Johannesburg and Cape Town PDLs at that time. **Effectively in 1973 Unilever was paying 20% of its total labour force (approximately 1,000 workers) starvation wages, and pay was even worse in the newly acquired Pitco Tea Company.**

In their evidence to the Select Committee the company also claimed that the minimum wage paid was 'related' to the Minimum Effective Level, the other standard commonly used to measure African wages, and calculated at 50% above the PDL. According to a set of guidelines published by the US State Department for American companies in South Africa, 'the MEL allows for the purchase of a few basic amenities and paying an occasional doctor's bill . . . a fair wage in terms of productivity and the capabilities of the economy would be higher still.' (Guardian 13.6.73) It is, according to Adam Raphael 'the amount that enlightened employers in South Africa recognise as a necessary, immediate goal' (ibid). By November 1974 Unilever claimed to have increased its minimum wage to R29 per week, or R124.30 per month (Cape Times 22.11.74). However this wage is still well below the MEL.

Nor do these figures take into account, for example, recent increases in rail fares – second and third class fares between Soweto and Johannesburg have leapt up by R2.55 and R1.67 a month (ibid). For Unilever workers in Melrose cheese factory, this represents a considerable additional burden on their wages, the alternative being a long walk to work.

PDL AND MEL FIGURES IN CITIES WHERE UNILEVER FACTORIES ARE SITED (for African Workers)

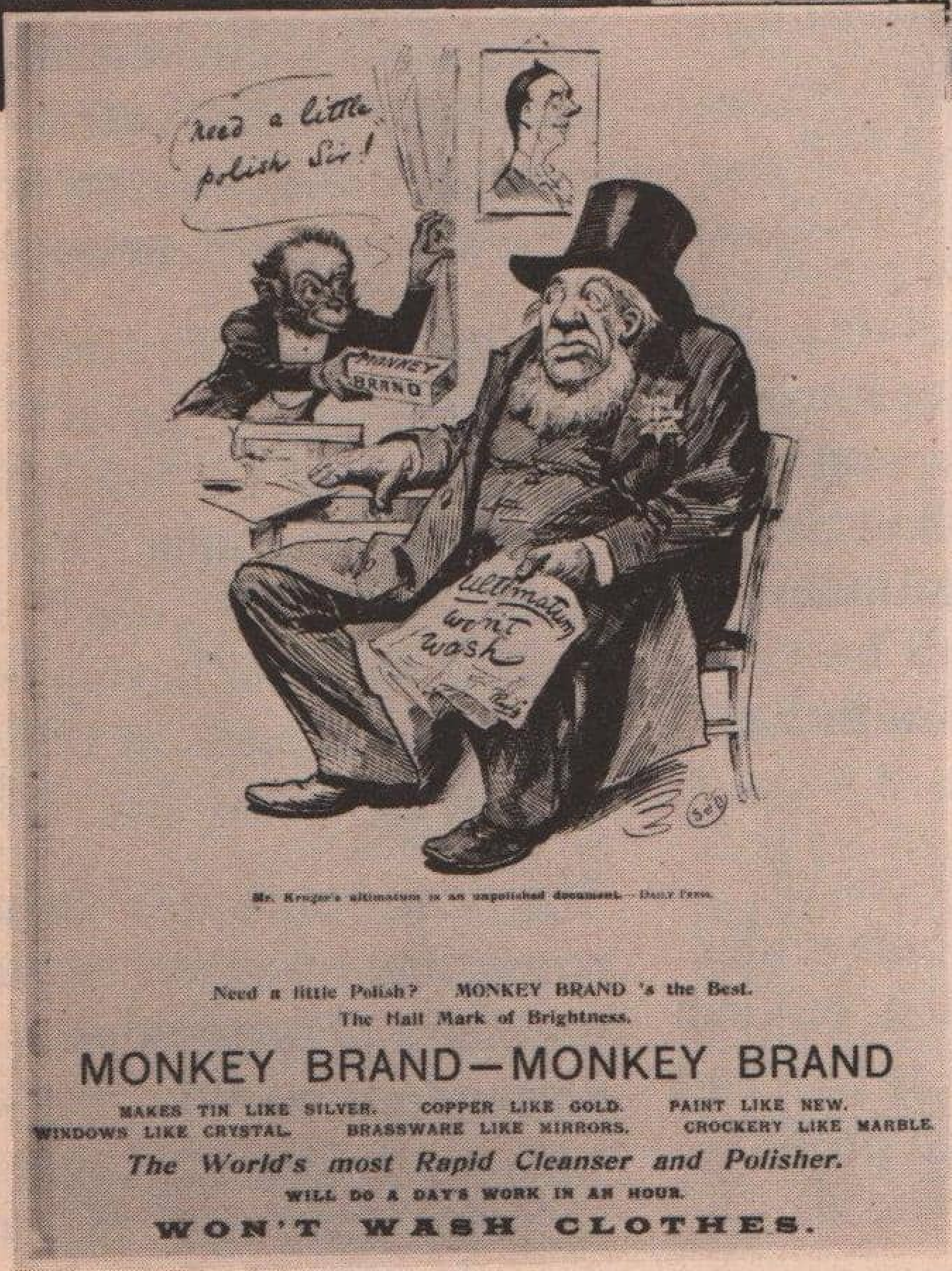
Site	PDL	MEL
Bloemfontein	104.60	156.90
Boksburg	98.93	148.39
Cape Town	107.23	160.15
Durban	98.87	148.30
Johannesburg	103.61	155.46
Port Elizabeth	103.26	154.89
Pretoria	100.12	150.18

PDL figures according to the Financial Mail 15.11.74 pages 651-652
MEL figures based on 50% of PDL

The realities behind Unilever's extravagant claims of equal pay and job opportunity for black workers are harsh. In a country where 80% of black children are suffering from malnutrition (South African Argus 25.1.75), where the figures for kwashiorkor (the main vitamin deficiency disease) are so embarrassing that the government no longer publishes them, where last year alone the number of new cases of tuberculosis in Africans rose by 14.2% and the 1973 figures for African infant mortality snowed a 20% increase, under such conditions to pay African workers less than what even the US State Department considers a fair wage, to pay wages that barely allow sufficient food, never mind medical treatment, is nothing less than barbarous.

Alongside the wage increases the company has given stand the statements made to the Select Committee **'Managements are very well aware that the future expansion of the company lies mainly in the rising purchasing power of the Africans'** (p164) and, in any case, **'The general trend is for extra purchasing power to go into the necessities of life – food, things to wash with and so on'** (p167) and 'quite a large proportion of our sales are to the African population' (p166). In other words Unilever can be sure that any increases they give their workers are more likely to be spent on Unilever products – food, soap, candles. But, 'as wages go up there is more incentive to install mechanisation so one mechanises' – and reduces the number of jobs, and swells the already massive numbers of unemployed Africans.

Few African employees escape this particularly vicious circle and get the benefit of the highly selective training schemes run by the company – and



A household word in S.A: Black and White 1974 and 1899.

Unilever policy is to recruit those (very few) Africans who reach standard 7 at elementary school. The '58 highest paid African employees on higher pay scales than over 800 white employees' (p153), are used to substantiate the equal opportunity myth. In fact they illustrate the Unilever marketing strategy, to train African salesmen and managers to sell Unilever products to Africans. In Lintas, the 51% controlled Unilever advertising agency, 3 Africans, out of a total workforce of 112, are employed at management level. In Unilever itself, with a workforce of around 5,000, there is only one African manager – Thomas Rodelo, the training officer for African trade. He has two degrees and speaks six languages, including Italian and German! His function is to teach African traders how to run a business. To this end he gives weekly broadcasts on Radio Bantu, which 'provides coverage in all areas in the vernacular and is particularly suitable when people are illiterate' (Doing Business in South Africa, published by Barclays Bank, p89). He has also published a book aimed at the 6,000 or so African traders, entitled 'A business Guide for African Shopkeepers', which deals with all aspects of running a business.

The shopkeepers in whom Unilever hopes to instil a sense of loyalty run businesses in the poverty stricken areas where the majority of the African people live in squalid, miserable conditions – the black townships and the 'homelands', the barren, destitute areas where increasing numbers of Africans are 'resettled' every year. 'Our sales in the rural areas are an important part of our total' Unilever told the Commons Select Committee (p163).

In 1972 the company's sales in South Africa totalled R101 million. In the same year a survey of 517 families in the 'rural areas' showed that the average monthly income per family of 7 was R11.44 (S.A. Information Service, January-June 1973 p10), or R137.28 per year. But, according to 'Commerce' (May 1974), 'firms like Unilever are helping enormously' with economic development of the homelands. The homelands provide a captive market with a significant sales potential for a company which produces the basics of life. To exploit this market Unilever pursues a policy of bolstering and developing an elite of African businessmen, a policy which furthers its own ends and at the same time helps it to curry favour with the apartheid government.

In a country where the most common disease is malnutrition, Unilever is one of the biggest manufacturers of high protein food for animals; where peoples' lives are governed according to the colour of their skins, Unilever's subsidiary Elida Gibbs distributes 200,000 free samples of a 'revolutionary skin lightener called Bright 'n Lovely' (Inspan News, August 1970 p4). **In a country where the overwhelming majority of the people live in conditions of absolute poverty, on the brink of starvation, the largest food company in the world pays its workers subsistence wages and chooses to 'judge the standard of living by the amount of detergent you sell'** (Select Committee Report, p162).

Unilever claims 'our presence in a country in no way implies approval or disapproval of its political system' (ibid p 155). The racist policies of the South African government offer the company a virtually unparalleled opportunity to exploit over 17 million people at point of production and point of sale.

WORLD AT THEIR DOORSTEP

In 1973 6% of Unilever's capital was invested in, and 8% of its profits were derived from an area the company describes as 'Rest of World'. This is comprised of all areas outside Europe, Africa and the Americas. The higher percentage of profit as against capital invested indicates just how profitable are the company's operations in these areas, compared with its operations in the developed world.

Strictly speaking Australia and New Zealand are not 'developing world' countries, and their inclusion in the overall 'Rest of World' figures is a further indication of the greater profitability of the poorer nations coming into that category. Lever entered the Australian market early in his career, and the structure of factories and marketing which he set up was largely unchanged by the 1960s. The main change was the addition by that time of a number of food manufacturing companies, particularly in margarine and ice-cream. Profits in Australia doubled between 1955 and 1960, from £1m to £2m, despite heavy competition from American businesses, and the current programme is, as in Europe, towards rationalisation, lower costs, and higher profits.

In New Zealand Birds Eye, set up during the Second World War, was a great success, and the buying out of the main competitor has enabled Unilever to expand its food interests greatly despite complaints of the 'smallness' of the market.

Other countries falling under the 'Rest of World' tag are Malaysia, the Philippines, Japan and Thailand. Unilever went into local production in Malaysia in 1952, encouraged by the market potential of its 10 million inhabitants and the standard of living which was considered high for the East. All the old advertising methods developed earlier in India were used – van demonstrations, house to house canvassing, competitions etc. Between 1952 and 1962 a policy of Malayanisation of management was enacted, though European managers still remain. In 1960 a visiting director was moved to comment, **'Malaya is a delightful place to visit. The country is green, the economy is booming, the rebels have been put to flight and the people are happy.'** (Wilson Vol3, p242)

In the Philippines, where Lever had first purchased shares in the Philippine Refining Company in the 1920s, progress was slow after the Second World War. However Unilever has now transformed what was solely a milling company into an organisation making profits on everything from raw materials to edible fats and non-soapy detergents.

In the Philippines the upper 20% of the population holds 54% of the national wealth. Incomes of the lowest paid 20% have been falling steadily in real terms since the 1950s.

In Thailand Unilever has benefited from 'low taxation, favourable incentives, absence of controls and a fully convertible currency' (Wilson Vol3 p243), and also, no doubt, from the low per capita income of the Thai workforce. Toilet soaps and detergents have done well there, emphasising the fact that in low-income countries the needs of the majority have been subordinated to the market-potential of the better-off.

Japan, with its rapid post-war industrialisation and growth fulfilled all the conditions for successful investment, and Unilever entered a joint venture with the Hohnen Oil Company in 1964, opening a new factory in 1965 with a capacity of 26,000 tons annually of margarine, shortening and other edible fats. Japan also represents a major import market for other Unilever operations in South East Asia – including timber from Indonesia. In this way Unilever supports and services Japan's own 'economic imperialism' in South East Asia.

The South American operations of Unilever do not officially come under their 'Rest of World' umbrella, but can none the less be considered as part and parcel of the company's high profit activities in the developing world.

In Argentina a Lever soap factory was extablished in 1928, and a large perfume factory in 1934. **While complaining of difficult political conditions, Unilever still managed to introduce the dubious advantages of dried soups and synthetic detergents in 1960, to a country where the cost of living index rose by 5,420% between 1948 and 1965.**

In Chile and Peru Unilever went into partnership with local concerns, and although profits were – and are – made, the firm felt it was justified in Peru in complaining about bills levelled against industry to subsidise local social services.

Brazil represents the biggest prize in South America, with its 66 million inhabitants concentrated in one-fifth of the country. The business was reorganised in 1955, and new products such as talcum powder, hair-cream, toothpaste and household cleaners introduced. **No matter that high infant mortality and all the diseases of poverty flourish in the industrial slums of the major cities – a visiting director was still able to gloat in 1959, 'There is now a middle class in Brazil', and it was this middle class which formed the market for Unilever's less-than-vital commodities.** Sales and profits were further increased by a merger with the largest local competitor, Gessy, in 1960.

One area of Unilever's 'Rest of World' category stands out strikingly in terms of density and size of population. This is Southern Asia, comprised of India, Pakistan, Sri Lanka and Bangladesh. In three of these countries Unilever claims a principal subsidiary. **Unsurprisingly Bangladesh is the odd man out, too poor for even Unilever to make substantial profits, though the company does have a token presence there.**

The three principle Unilever subsidiaries are Hindustan Lever in India, Lever Brothers Pakistan and Lever Brothers (Ceylon), Sri Lanka. Only the latter company is fully owned, 15% of Hindustan Lever having been sold to Indian investors, and Unilever owning 70% of Lever Brothers Pakistan.

The three countries in which these companies operate share common problems of overpopulation and horrendous poverty. The latter, without doubt, does not suit Unilever, reducing the size of the market as it does. Nevertheless, these countries do have two other things in common: all three allow multi-national companies to continue operating, and all three have an affluent minority. It is at this market that Unilever aim. In fact it positively encourages the existence of this minority, first through its own training and second by its orientation. Unilever's basic products in the area are soaps and detergents and edible oils and fats, particularly Vanaspati. This is a substitute for natural ghee, a kind of boiled, clarified butter which is a product of Southern Asia's rural peasant economy. Vanaspati is produced industrially from mainly vegetable oils. It was originally exported from the Netherlands by Hartogs in the 20s, before the formation of Unilever. The company's detergent sales to the continent also began with exports from Europe, and it was only in the 30s that significant production facilities were established on the sub-continent.

Through the acquisition of Lipton (UK) in 1972, Unilever took over large tea estates in Sri Lanka and is continuing the exploitation of the cheap labour force that work in the appalling conditions of these estates. Unilever also produce edible oils and fats, food, soaps, detergents and toiletries in Sri Lanka, and in Pakistan, where it also produces animal feeds. The main Pakistan plant is located at Rahim Yar Khan. **But as its geograhic and demographic size would indicate, Unilever's Indian operations are its largest in Southern Asia. They are probably also its most profitable.**

The Largest Food Company in India

India has a population of some 600 million, although probably over nine-tenths of these people can afford no more than at most the bare necessities of life. The greater part of the population consists of peasants but there is a substantial urban population.

Unilever aims straight at the better-off minority. 'In all, perhaps 50m or 60m people in India can afford more than the bare necessities of life and it was to them that Hindustan Lever must appeal (sic).' (Wilson V3 p239) Large parts of the society are still illiterate though, and this posed a problem for the company, for illiteracy and relative weath are not mutually exclusive. To solve this problem it pioneered novel forms of salesmanship there.

'An essential part of our selling organisation,' ran a report in 1934, 'is the lorry crew, of which we have six at present in India and Burma. The crew consists of a chauffeur, a propagandist and a coolie. They drive into a village and buy our soaps in the various shops in the bazaar, then the side of the lorry is let down and the goods bought are sold at the usual prices to the public. After that our propagandist salesman sells new stocks to the wholesalers to replenish the dealers' stocks. In this way we are able to move our goods straight away from the wholesalers to the consumers. We are able to popularise our goods and show their use anywhere the lorry can go, which in India is practially anywhere.' (Wilson V2 p364) Even today, the van salesman still plays a vital role in Unilever's Indian operations, though not quite at this level.

As this approach to the problems of illiteracy illustrates, where there is a will there is a way. But Unilever has no will to do anything about poverty, since there is no profit in that (other than through 'aid' operations, etc). In fact its growth in India does just the opposite, worsening the problems of the poor and improving the lot of the better off.

Unilever's Vanaspati production replaces indigenous industry. But it turns out a packaged consumer article giving a profitable return. Vanaspati is based on indigenous oil crops, which are purchased from the peasant producers at low prices and then processed into ghee for sale to those able to afford it. It is the same cycle that we have seen between Africa and Europe. The soap and detergent side of the business has a similar effect. 'Here, Hindustan Lever were in a strong position to tap a growing market amongst the more affluent sections of the Indian population. Climate and social habit combines to create a potentially good market for toilet preparations whose use came naturally to people long accustomed to the use of various unguents, hair oil, powders and the like.' (Wilson V3 p239)

This is, of course, fine for Unilever's profits, and for the more 'affluent' members of Indian society allowing them to consume more. However it can only exacerbate the problems of the poor, for soaps and toilet preparations are based largely on imported oils, and it is clearly far more important for the poor that India's scarce foreign exchange should be spent on basic foodstuffs than on luxury imports for an affluent minority. Yet Unilever's criteria demands that it do all in its power to maximise the sales of these luxuries, for that is where the profits lie.

Hindustan Lever's more recent diversifications follow the same trend. The company is beginning limited industrialised farming but its aim is to produce vegetables for processing – and only the better-off can hope to afford processed food. Similarly it is producing, partly as a by-product from oil mills, animal feeds. These are used by the better off farmers able to utilise more up to date methods. The feeds make milk and milk products a little cheaper for those rich enough to afford them, but only makes things harder for the peasant producers. As we have seen happen in Bangladesh and other places, the already comparatively rich farmers get richer, the peasants poorer, until eventually they are driven from their land and into worse poverty – and still only the relatively affluent can afford the milk products.

Despite the disproportionate effect that its methods have on an impoverished peoples such as those in India, Unilever goes on expanding there with the apparent support of the government. **It is apparent that the local Hindustan Lever management occupies a high place in the country's small controlling elite, as befits the representatives of the world's largest food company in India.** The way in which it has won for itself a monopoly position in the manufacture of non-soapy detergents (NSD) there over the past two decades illustrates this well.

The Case Against Unilever

In 1956 Unilever was given permission to import an NSD plant, its first in India and only the second to be erected there. The plant, at Bombay, went into production in December 1958. In the meantime another company, Tata Oil Mills, made a similar application in February 1957, which was rejected by the government on the grounds that sufficient capacity had already been licenced and foreign exchange would be required for both plant and raw materials. 'Apparently these grounds were overlooked, or were considered not to be important, only a few months earlier when Hindustan Lever's proposal was approved.'

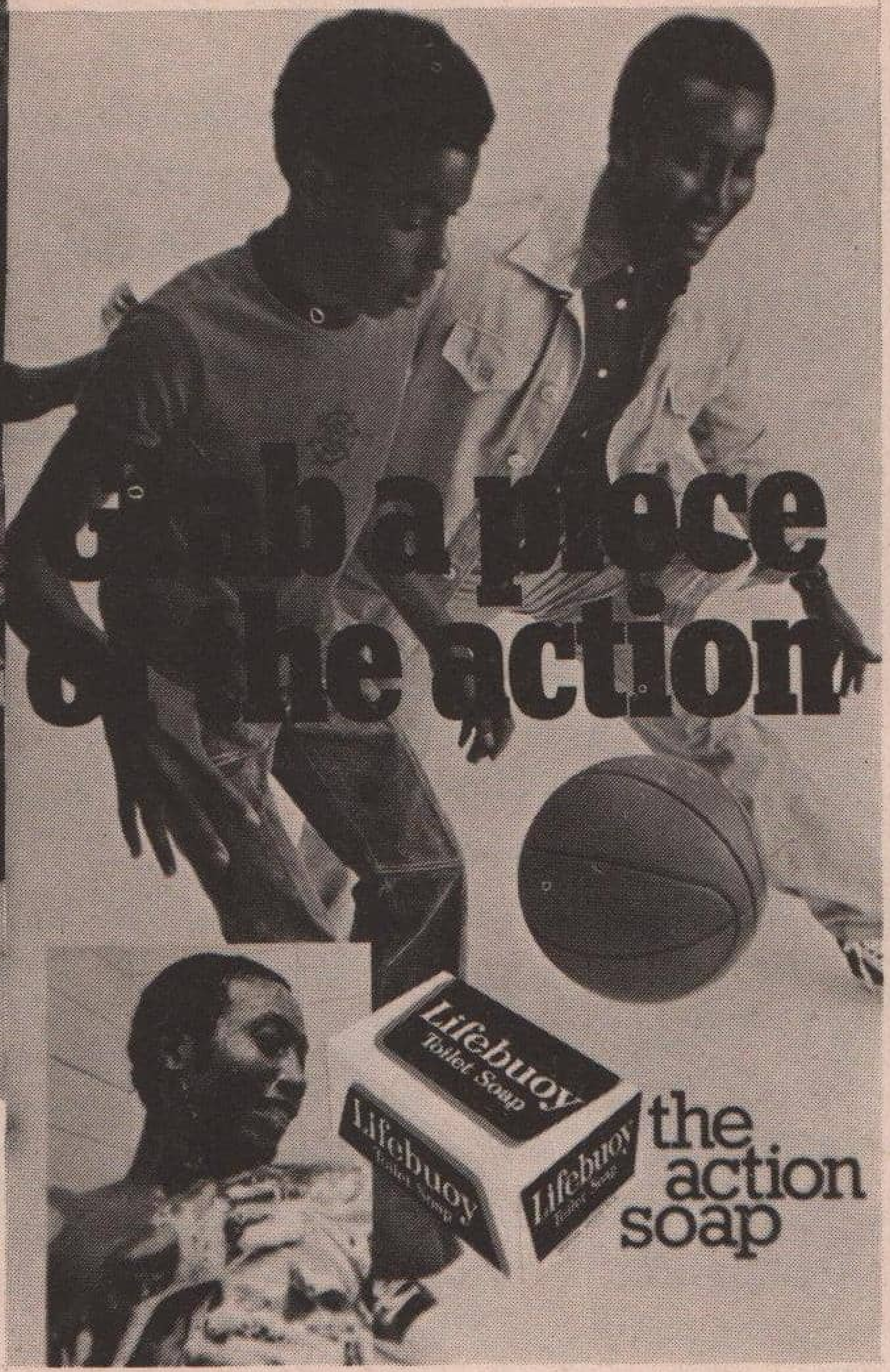
In March 1963 Unilever applied to set up a further NSD plant at Calcutta, even though there was currently a ban on the creation of further NSD capacity. Despite this permission was given, as the company gave assurances that the capital costs would be funded by the issuing of fresh capital from the UK. The company later decided to make it a loan instead. The new plant had a capacity of 8,000 tonnes, though the industry's total capacity at that point was only 3,600 tonnes, and no

other company could increase its capacity because of the ban.

The 'ban' was removed one year later, in June 1964, but when three other companies applied to set up NSD plants their plans were rejected because of the necessity for the recurring import of raw materials, and because it was a non-essential industry. It was also argued that even if the companies were earning foreign exchange through exports to pay for the raw materials, these earnings could better be used for importing materials for more essential industries. **All these arguments were equally applicable to Unilever's application one year earlier, yet were not applied despite the ban. Their rejection simply served to reinforce its monopoly position.**

Over the next eight years total NSD capacity was allowed to rise to 107,000 tonnes, within which Unilever's capacity rose to 46,000 tonnes or 43% of the total. But **'Unilever has a well established brand image, can spend very large sums of money on advertising and sales promotion.'** As a result it accounted for 59% of total production in 1972; its competitors were the ones who suffered from excess capacity.

At this point Unilever went all out to consolidate its monopoly position in the Indian market. Until then there had been only one manufacturer in India of Sodium Tripolyphosphate (STPP), a vital ingredient of NSD. This was Albright, Morarji and Pandit, with a capacity of 25,000 tonnes of STPP



in 1972. Unilever applied for permission to erect an STPP plant with a capacity of 30,000 tonnes, together with an increase of 61% of its NSD capacity.

This application if approved would give Unilever considerable additional cost advantages over its competitors, and so it was referred to the newly created Indian Monopolies and Restrictive Trade Practices Commission. **The Commission seemed to accept just about every argument in Unilever's favour.** It accepted, firstly, that, because NSD is an important item of mass consumption in developed countries, it should also be in India. This ignored the fact that in terms of washing effectiveness NSD was twice as expensive as soap. **It also ignored the fact that any increase in NSD consumption at the expense of soap would only add to India's catastrophic unemployment problems,** as soap production is many, many times more labour intensive than that of NSD.

Secondly, the Commission made estimates that favoured Unilever. 'The significance of the Commission's seemingly arbitrary decision to provide for 25% idle capacity in estimating the STPP required by 1978-79 now becomes clear. Without it the gap in capacity would be only 17,000 tonnes and the Lever proposal (for 30,000 tonnes) might have seemed something of a tight fit'. And while the Commission doubted whether all the plans for STPP would fructify, it assumed that all those for NSD would and thus justify the increase in STPP capacity. **'The Commission's estimates of the requirement of NSD and STPP and of the production capacities likely to be actually established are thus tailor-made to suit Hindustan Lever's proposal.'**

Thirdly, the Commission ignored all the evidence and decided that approval of Unilever's application would not result in the extension of its monopoly. On the contrary it assumed that because of increases in its competitors' capacity, Unilever's share of total capacity would dwindle to 8.5% at some undefined point in the future. **'This assumption is as ridiculous as the other, implied one, that an aggressive multi-national company like Lever will sit on its haunches as its dominant position on the Indian Market dwindles and disappears.'**

Fourthly the Commission accepted the notion that 'good' multi-nationals must be good for India. Lever 'is a professionally managed company' and the Commission is 'greatly impressed by the sincerity of purpose shown by the management.'

The Commission is also overwhelmed by Lever expanding its NSD capacity from 3,600 tonnes in 1959 to 46,000 tonnes in 1972 and exclaims that **'a company with such a record can surely be trusted for better performance in the future also.'**

Lastly, the Commission chose to ignore the fact that all the while another company, fully Indian owned, had been prevented from activating its 15,000 tonnes of dormant STPP capacity, because of the Indian Government's inexplicable refusal to allow it to manufacture a vital raw material, sulphuric acid. If this capacity had been permitted to be activated, Unilever's application could not have been justified.

But why, one wonders, the exceptionally soft touch for Unilever from the Indian Government. It's not necessary to go far to find the answer. Hindustan Lever occupies a strategic position in the Indian economy and here, as in most other parts of the globe, the industrial elite, especially that of the multi-nationals, walks hand in hand with the political elite. Unilever itself underlined this close relationship when it pointed out in 1973 that **'the Government of India appointed Unilever men to the Chairmanship of the State Trading Corporation, to the Chairmanship of Hindustan Steel, and, in the last few months, to a Chief Consultancy to the Planning Commission'** (Unilever and World Development p 16). All are crucial positions, placing Unilever men at key points in the Indian economy where its opinions are bound to be listened to. The monopolies Commission Report was doubtless one of the fruits of this close relationship.

The Indian example demonstrates some of the reasons that Unilever's profits are so high in the 'Rest of World'. Whilst the company gets every encouragement, its weaker competitors, particularly domestic ones, receive short shrift. Such treatment is not a new experience for Unilever, either in India or elsewhere in the world. As a dissenting member of the Commission concluded, **'considerations which were used to support the grant of a licence to Hindustan Lever somehow did not operate in favour of other applicants even after a few months; and considerations which stood in the way of Indian competitors became less important after a few months when Hindustan Lever's case was considered.'** There can be little doubt that the Commission was right when it pointed out that 'a company with such a record can surely be trusted for better performance in the future also'.

Source: Economic and Political Weekly.

SAHEL DISASTER

As we have seen historically the Unilever combine established itself as a major trader in the groundnut production of Senegal and Gambia. Instead of the old colonial system, which involved buying directly from the African producer through colonial 'commandants', since the second World War, the company has had to purchase this produce through national marketing boards. In trade statistics, the major consumers of groundnuts and groundnut oil are France and Britain. These two countries in 1973 imported some 379,000 tons of groundnut oil equivalent, with France being the major importer at 273,000 tons. **What the trade statistics conceal is the proportion of the imports that go directly to Unilever factories in Europe. Given the dominance of the company in the manufacture and marketing of margarine, edible oil, foods, and animal fats, it is safe to assume that the company consumes the larger share of these imports.**

Because of its historical colonial dependency on France, the economy of Senegal is completely dependent on the production of groundnuts. In 1972, Senegal devoted 2.7m acres of its agricultural land to its production. On this land a total of approximately 450,000 farmers are involved. Since the 50s the larger share of their produce is processed for oil in and around Dakar, the capital, in five oil mills. However, a substantial amount of the groundnut produce exported to France is in fact processed in Marseilles and Bordeaux. Unilever, through its subsidiary, not only owns the shipping line that transports it there, but also owns the oil mills in Bordeaux.

From the 1936-37 harvest of 600,000 tons, groundnut production in Senegal increased in the 1950s, as a result of the extension of the area of cultivation to Casamance, in Southern Senegal. The growth rate was 7% in the decade 1950-1960, but fell to 4% a year between 1960-69. From a record harvest in 1965-66 of 1,011,000 tons the output has since stagnated to around 700,000 tons. **'This decline is at least in part due to the deterioration in the terms of trade on the 'world market' during recent years; a deterioration even more severe if measured by its effects on peasant producers. As well as the increase in the price of imported products, there has been an increase in local taxes; but the purchase price for a kilo of groundnuts in Dakar, fixed at 22.7 francs between 1959 and 1965, has since been reduced to 18 francs.'** (Amin) In 1972-73 the price was restored to 22 francs a kilo, in effect a real decline in view of inflation.

Further to the absolute decline in earnings of the peasants, the amount of labour expended by them has substantially increased, over the years. In effect, given the slow increase in productivity of the Senegalese producers, the amount of work put into production to buy the same amount of imports from France has increased. Thus the Unilever products, manufactured in Europe and sold in Senegal, cost the peasant producers a greater amount of labour time. **'This constant devaluation of Senegalese labour, means that the peasant receives less than a seventh of what he received less than a century ago in terms of the value contained in the products exchanged.'** (Amin)

This dependency has also led to a depletion of the soil resources of the region. Before 1950, increased production was achieved through the extension of cultivable land. However, the earliest cropped areas, around Podor, Matam and Bakel, in or near the Senegal valley, St. Louis, and the area around the Cape Verde penninsula, are now completely exhausted.' (Harrison Church p.208)

Production in recent years has also been maintained by the more intensive use of existing areas, especially in the southern Casamance area. This was largely achieved through the increasing use of fertiliser, animals and better quality seed. Assuming that it is desirable for the economy of Senegal to depend on groundnut cultivation, the expenditure necessary for increased production and yields is beyond the means of most producers, given the price of ground nuts. **'The annual expenditure required to modernise cultivation methods in one farming unit is 18,000 francs with an increase in area and 13,000 francs without an increase. From this it can be seen that with a price of groundnuts at 18 francs a kilo, and the increase in the price of fertilizer, modernisation is not worthwhile unless land is available and is situated in areas with the necessary rainfall.'** (Amin)

In the densely populated areas of the centre and north, the attempt to increase production has tragically led to the breaking of the crop rotation system, or to the increase in the swell of urban unemployed. In the rural areas, the alternative crop of food, such as millet, has also declined.

Yet in the entire groundnut basin of Senegal the agricultural potential lies elsewhere. If the thousands and millions invested in research and in the infrastructure for groundnuts, had been invested in a proper irrigation structure, the areas of the River Valley, the Biayes and Casamance could have produced better food crops. Rice and vegetables, with intensive cattle rearing, have been suggested by many surveys as the possible alternatives. Yet the Third Plan, published in 1970, retains the importance of ground nuts by setting a target for 1974 of 1.45m tons.

A similar situation exists in The Gambia, where production of groundnuts reached 135,000 tons in 1974, accounting for 95% of exports. The production is carried out by some 250,000 farmers on a land area of 400,000 acres. In 1973, the major buyers of the groundnuts and its oils were the UK, France and the Netherlands. As in Senegal, The Gambia faces the usual problem of depletion of soil fertility. Rice was considered as an alternative crop, but there seem to be no moves in that direction.

In terms of the needs of the world market, production in Niger and Upper Volta is small, but the ground nut production is absolutely vital to the survival of the population in these countries. In Niger the area devoted to its cultivation extends to some 750,000 acres, producing on the average 230,000 tons. Most of the production is exported in the form of shelled groundnuts, oil and oilcakes. In the same area of Francophone Africa, Mali is in a similar situateon with 300,000 acres cultivated for groundnuts producing approximately 160,000 tons, half of which is exported.

In Commonwealth West Africa the major producer for ground-nuts is Nigeria. In a land area of 2m acres, situated in the north of the country, some 400,000 tons were produced in 1973-1974. Most of the production is in the Kano and Sokoto provinces. It is estimated that approximately 40-45% of the population in these areas depend on ground-nut production. The various state agencies and private companies increasingly process the produce into oil and oilcakes, which are exported largely to Britain, France and the Netherlands.

The concentration on this one crop in a vast area, between Dakar and the Northern Nigerian provinces, is not simply because of the existence of the sandy soil in the area, which is suitable for groundnut cultivation. The commercialization of the crop began in the colonial period, and the various, metropolitan 'research and investment' efforts encouraged that dependency. The post-independence economy of the area made no real attempts at self-sufficiency, and through the rationalisation of marketing arrangements, by national boards, maintained groundnuts as the mainstay of existence. **The strong trading links with the former colonial powers, which still grant 'aid' to strengthen the dependency, ultimately reduced the area to the role of raw material source for the factories in Europe.** Thus we see massive investment in the infrastructure of roads, railways, oil mills and ports for the speedier and more efficient transportation of the crop to the metropolitan areas. **More particularly the Unilever combine, with its market domination of the products, using groundnuts and groundnut oil in France, Britain and the Netherlands, remains the main consumer of the produce. Through its historic, colonial links in the area, it is in the interest of the company to maintain that dependency.**

As we have seen, Unilever in fact is part of the structure of that dependency through its ownership of oil mills in Africa and Europe, and the shipping fleet which transports the produce to Europe.

The true agricultural potential of the area, has not been realised. On a simplistic level, since the area is also a cattle rearing one, the exported groundnut cake could be used for more intensive meat production; or the investment in the infrastructure could have been devoted to irrigation for more food crops. The yield from the alternative crop of millet is declining, as a result of soil depletion, and the various EEC subsidies which support the dismal price for the crop, to the producers, has discouraged any real redeployment. 'In many of the areas considered, the production of millet, a subsistence crop, has risen at the same rate as the rural population, with no increase in productivity.' (Amin)

'The promotion of cash crops and the indifference of the authorities towards subsistence agriculture has caused the peasants to over-exploit the land, regardless of whether they want to maintain both types of production, or increase their revenue from cash crops in order to buy their food. In any case, they set aside an ever increasing proportion of the land for cash crops so that a proportionately decreasing amount remains available for subsistence farming. In so doing, the peasant finds himself more dependent on the market for his food supply. **But the question of the commercialisation of subsistence products has never been given the importance, interest and investment devoted to cash crops. The production of food has deteriorated without measures being taken to remedy it, except for the periodic importation of rice for the urban populations'** (Meillassoux)

Drought in the Sahara 1973

The beneficiaries of this sytem of dependency are certainly not the peasant producers, whose efforts have resulted in a return of a fairly static 20 francs in the past few years. The surplus generated from the sale of that produce, goes indirectly to support the disproportionate growth of the bureaucracy in the cities, with their attendant 'western standard' of living; importing the 'luxury' goods that UAC is happy to sell them; and the Unilever combine that buys the produce and converts it into its profitable range of goods.

The system was manifestly not tenable. In 1970 disaster struck. In the entire region including the countries of Senegal, Mali, Niger, Upper Volta and Northern Nigeria, a severe drought brought catastrophe to millions of people. **'The famine took a grim toll among the 22 million people in the area . . . the US Public Health Service experts calculated at least 100,000 deaths from the drought during 1973 alone. Most of the dead were children.'** . . .

'The human cost of the drought was not only in the lives lost but in the destruction of a way of life for two million pastoral people. Their camels and cattle herds wiped out, their livelihood gone, the nomads survived the famine only to face despair and disease and still uncertain food supply in squalid refugee camps and settlements across six countries . . . Commercial crops, primarily groundnuts in Senegal and some cotton in Mali, were also crippled by the drought. Early in 1973, the FAO Associate Director for African Affairs, Moise C. Mensah, announced that the drought had slashed the gross national product of the six states by an estimated fifty per cent, leaving them by far the most destitute countries on earth.

'We don't know if they will even be here in ten years, an intelligence analyst said of the six countries and their twenty million people. 'It may be that all we can do is forestall the doom.' (Sheets & Morris p.11)

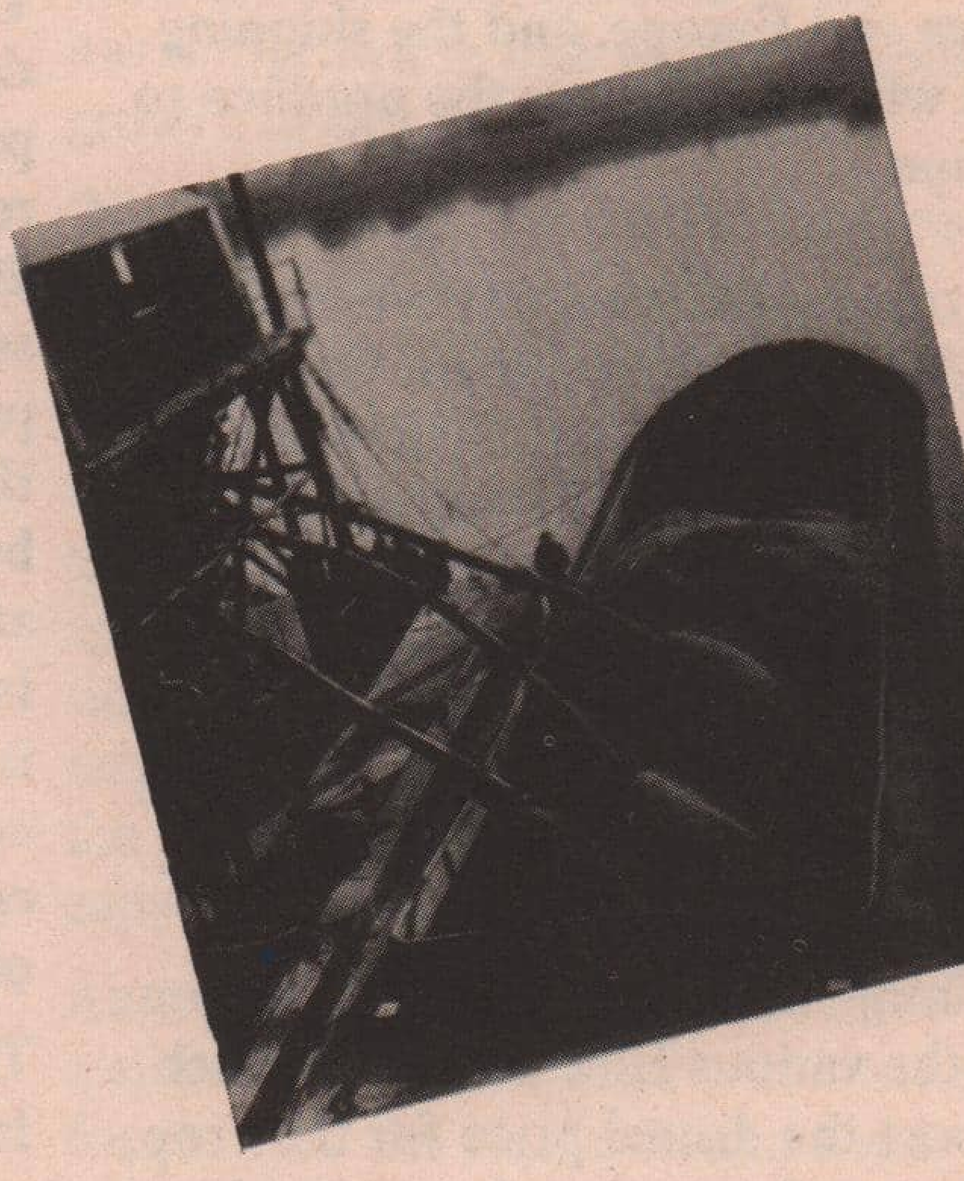
RAW MATERIALS

HAVING YOUR CAKE AND EATING IT

'Standing at the edge of Europe on the roof of a big oil mill, looking on as the vacuum hoses suck up copra from the Solomon Islands, palm kernels from Nigeria, peanuts from Senegal, I asked the engineer,
'What if it doesn't come any more?'
'Why shouldn't it come any more?'
'Because they keep it.'
'Keep it. Whatever would they keep it for?'
'To eat and give to their cattle.'
'But they can't pay for it.'
'They can't pay for what they grow?'
'No, they need the money', and after a pause: 'anyway, we can always buy soya beans from the United States, and they are much nicer to handle.'
'Buy soya beans from the United States?' I said, 'and what if, one day, we don't have the money?'
(Temple p 25)

The Unilever combine is the largest consumer of vegetable oils and fats in Western Europe. The copra, the palm kernel and oil, the ground-nuts, the soya beans, all grown in the far flung agricultural areas of the world, are consumed at an increasing rate by the factories of Unilever throughout the world. The raw produce is fed into highly capital intensive oil-mills that produce vegetable oils and the valuable 'by-product' animal feed cake; the oil, once processed, is the nutritional ingredent for margarine and various edible oils and foods. Large quantities are used in detergents, soaps and pet foods. The cake is sold to farmers to feed cattle and poultry. Further the fishing fleets of Unilever scour the seas for their catch (which also produces fish oils), which is pumped into the ever expanding Unilever production machine.

It was the need to secure this raw material supply that led the company to its colonial 'adventures' in Africa, and later in South East Asia. It was also the common use of these oils that led to the merger, in 1929, of Lever Brothers and the Dutch Margarine Unie. Since then, the technological innovations of the company, the expanding range and quality of its products, the dominance of markets,



were all related to the manipulation and use of vegetable oils. Without them the entire foundation of the global company would collapse. The supply and price of these raw materials are vital to the growth and profitability of Unilever.

In spite of this basic vulnerability the company has, in the 90 years of its history, maintained its ability to receive and process these materials. Judging by its profits record, it has received them at a minimal price. The methods by which this steady supply was maintained differed from period to period and from country to country. The most direct method was the establishment of plantations for copra and palm trees, for fruit and kernels, in Africa and Asia. Thus, even today it has copra plantations in the Solomon Islands, palm tree plantations in Malaysia, Borneo, Zaire, the Cameroons, Gabon and Nigeria. The indirect methods began by buying the produce from African and Asian peasants, to whom it sold European merchandise. Later, it bought increasing quantities from nationalised marketing boards, commodity brokers and governments. The evolution of the structure of producing and buying the produce has now become an integral part of the Unilever combine. The United Africa Company, the Nordsee Fishing fleet, the Raw Materials Company, the various plantation companies and their trading associates, are now locked into the global strategy that consumes its cash flow and churns out its profits.

The methods that the company used in ensuring its supply has left an indelible imprint on these areas of the world that grow this produce. In the plantation economies, whole communities have been shifted, labour has been transported, a completely new system of values have been introduced. Because of its overriding buying power, whole agricultural communities, transport systems, entire economies and their governments have been reduced to a dependent state. Thus, tariff policy, economic development programmes, trade treaties, political and economic unions, and indeed the nature and structure of world trade in oils have been influenced, if not actually formulated, by the paramount interests of Unilever. For the company, the main objective has always been to ensure adequate supplies of oils and to pay the least possible price for them.

By the late 60s Unilever plantations worldwide covered an area of approximately 250,000–300,000 acres, employing 35,000 people. Unilever manages Pamol (Nigeria) Ltd and Pamol

(Cameroons) Ltd, with a planted area of 20–25,000 acres, producing an average 5000 tons of palm kernels and 10,000 tons of palm oil. The plantation employs 20,000 African labourers. In Nigeria and Southern Cameroons plantations with a total acreage of 7,000 employ 2,500 labourers and produce 10m lbs of rubber every year.

Most of the larger plantations in tropical Africa are situated in Zaire, the original concession area in the former Belgian Congo. Unilever operates through Plantations Lever au Zaire Sul (H.Q.Brussels). The plantations cover an area of 750,000 acres, though it has been suggested that the actual area of exploitation could cover 2m acres (Merlier). It owns 15 oil mills in Zaire which give it an absolute dominance in the oil market. The company also owns a river fleet and various other agricultural interests. Through its trade subsidiary the company is responsible for a substantial amount of the manufactured goods imported into Zaire. The main output of the plantations are palm oil and kernels, which are exported to Europe and the US. In the early 70s, production reached 122,000 tons of palm kernels, and 194,000 tons of palm oil. The system of extracting and collecting the produce follows two patterns. There are the commerical plantations owned by the company, directly employing labourers, and the indirect method whereby company 'capitas' are given incentives to use their family and friends to gather the produce from the 'wild' areas. The 'capitas' work four months in the year and either deliver the collected produce to the company warehouses or load it onto trucks sent to collect their 'catch'.

The yield of Unilever plantation interests in tropical Africa has in the recent past experienced a steady decline, especially compared to the output in South East Asia. What the consequences of this is to the labourers working on the plantations or the communities from which the produce is bought, however, is not known. Nevertheless the company is introducing Malaysian trees in Nigeria, in order to increase output per tree. As a result, the plantations have registered an output increase, from 10 cwt of palm oil per acre to 30 cwt of palm oil per acre, with the trees bearing fruit in three years instead of five years. Productivity on the rubber estates in the Cameroons and Nigeria has also increased, from 600 to 1,800 lbs an acre.

If Africa served the interests of Unilever before World War II for its raw materials, it was the production explosion of palm oil kernel and coconuts in South East Asia that increasingly became a major source for its oils. The major world producer of palm products is now Malaysia, where Unilever has two plantations.

Raw Deal

Unilever's Pamol estates in the area are located at Kluang in West Malaysia, with 950 workers, and at Tungud in Sabah (East Malaysia). In East Malaysia (Tungud) the company faces the problem of labour shortages and as a result has widened its recruitment area. In all some 1,600 workers live and work on the estate; Sabahians, Malays, Chinese, Indonesians and Fillipinos. As in Africa, the pay and conditions of these workers is not known.

The oldest plantations in the area are located in the Solomon Islands, where Lever began the commercial exploitation of coconut trees in 1902. Almost the entire average annual output of 5,000 tons of copra is used for the Unilever soap manufacturing capacity in Australia. In all it is estimated that 100,000 acres are in production. As in Sabah, the recruitment of labour has historically proved to be a problem. In fact, in opposition to the colonial Indian Office, Lord Leverhulme considered at one time importing people from India to work on the plantations. The Phillipines is now the main source of labour, which is shipped to the plantations by the company.

The 30,000 workers in Unilever plantations do not produce enough vegetable oil to satisfy the needs of the Unilever combine. The plantation companies therefore operate independently from the company and, except for the produce from the Solomon Islands, their output is sold through cooperative societies or marketing boards. The output from the plantations in the Cameroons and Gabon is sold on the world market.

Though the plantations do not supply directly to Unilever the company is considered one of the leading plantation businesses in the world.

There is no doubt of the importance of the oil and fat markets to Unilever. Of the 40m tons of oils and fats available in 1973, approximately 10m tons was put on the world market by producer countries. Of that Unilever bought some three and a half million tons, or 35% of the supply.

Because of its vulnerability to the supply of oils and fats, it has histroically been a cardinal principal of the company not to become completely dependent on one type of oil or one source of supply. This principle was established as early as 1920, when the founder of Lever Brothers, Lord Leverhulme, recognised that the company 'was compelled to specialize in the use of West African oils and fats to the exclusion of other and possibly cheaper materials in order to support their West African interests.' (Wilson VI p264)

The flexibility that the company eventually evolved in the use of oils and fats was made easier, not only by its enormous economic strength, but by the varied qualities of oils and fats that could be processed in different ways.

As a former chairman of Unilever put it, 'the aim is always to enable us to switch from one oil or fat to another without any loss of quality. The texture, the keepability, flavour and the nutritional value of our margarine must not be impaired. Nor must the colour, the lather or washing qualities of our soaps. Subject to that imperative, **we are trying at all times to put ourselves in a position to use less of the oils and fats which are in short supply and more of those which are easier to get.'** The aim, in other words, is to use the cheapest possible oils or fats, given that the price of a particular oil or fat would rise if in short supply and vice versa. **'Our research has, therefore, been directed for years to making us more flexible, more able to use as many different oils and fats as possible for as many purposes as possible.' (Lord Cole, Financial Times 28.5.66)**

It was because of this need for flexibility that the company decided to withdraw from the extension of plantation development. The intention in the past may have been to develop a vertically integrated combine with the raw materials coming from company owned plantations to the Unilever factories. However, the overriding cost advantage in the freedom to choose supply and price meant the abandonment of that policy.

In spite of the flexibility achieved by Unilever, it is however relatively dependent on certain types of oils, given the structre of world trade. The fact is that 'over 90% of international trade is accounted for by 9 oils (including their oil equivalent of their oil seeds), these being palm kernel, palm, soya beans, groundnut, cottonseed, linseed, sunflower and rapeseed'.

The product range of Unilever also gives some idea of the oils it is interested in.

Margarine and Edible Oil:
palm, coconut, groundnut, soya beans, cottonseed, sunflower, and rapeseed.

For Compound Cooking Fat:

Cottonseed, soya bean, groundnut, palm kernels.

Soap and Detergents:

Coconut and palm kernels.

Synthetic Detergents and 'Specialised' Foods:

Palm, palm kernel, and coconut.

In addition Unilever is also interested in the production of tallow, lard and marine oils.

Of the 3.5m tons of oil equivalent that the company buys on the world market, approximately 25% is accounted for by purchases of soya bean from the United States and Brazil. The growth of soya bean exports from the United States has been a major shift in the supply structure for vegetable oils. Soya bean exports constitute one of the top three foreign exchange earners for the US. Unilever's interest in soya is conditioned by the phenomenal growth in its animal feeds section, since four-fifths of each bean is used for feed.

Hence the six oil mills for soya extraction the company has built throughout Europe. The other 'temperate source' of oils for Unilever is the sunflower exports of Russia and Rumania. In Western Europe the company buys tallow and rapeseed.

The major suppliers of tropical oils remain Africa and South East Asia, which is not surprising given Unilever's long association with their economies. Groundnuts and groundnut oil is almost exclusively provided by West Africa and Sudan (also cotton seed). The supply of the palm and palm kernel oils are roughly divided between Africa and South East Asia. The coconut oil source is largely Asia.

The fact that the company can switch from one edible oil to another means that it is in a strong bargaining position for the supplies from the developing countries.

The slow growth in the production of vegetable oils in these countries is a reflection of this position, since the price paid to producers is invariably static or rising slowly relative to the prices of food and clothing. Yet the importance of the export of these products is far greater than that in the developed countries. The United States, for instance, exports 28% of its soya bean production, whereas 80 to 90% of the groundnut production of Senegal or Nigeria is put on the world market. A similar situation exists in South East Asia, where a large percentage of the palm produce and coconut yield is exported.

Further the exports of these commodities, with their dependence on Western Europe, remain vital to the economic development of the developing countries. The groundnut, palm and coconut exports represent major sources of foreign exchange needed for development. Any cutback in price or in the quantity bought on the world market leads to increased poverty and malnutrition.

Gone West

For example, in 1972 there were sharp declines in the prices of both coconut, palm kernels, and their oils. The price of copra dropped by 30%, from $234 to $156 per ton in 12 months, and of coconut oil from $240 to $190 per ton in the same period. In the same year world output of coconuts and oil reached record heights, particularly from the Philippines and Sri Lanka (Ceylon). The Philippines increased their shipment by 41%, registering a record output of 2.1m tons. During the same year increased consumption of copra was registered in Western Europe and in the United States. In Western Europe consumption went up by a third to 575,000 tons.

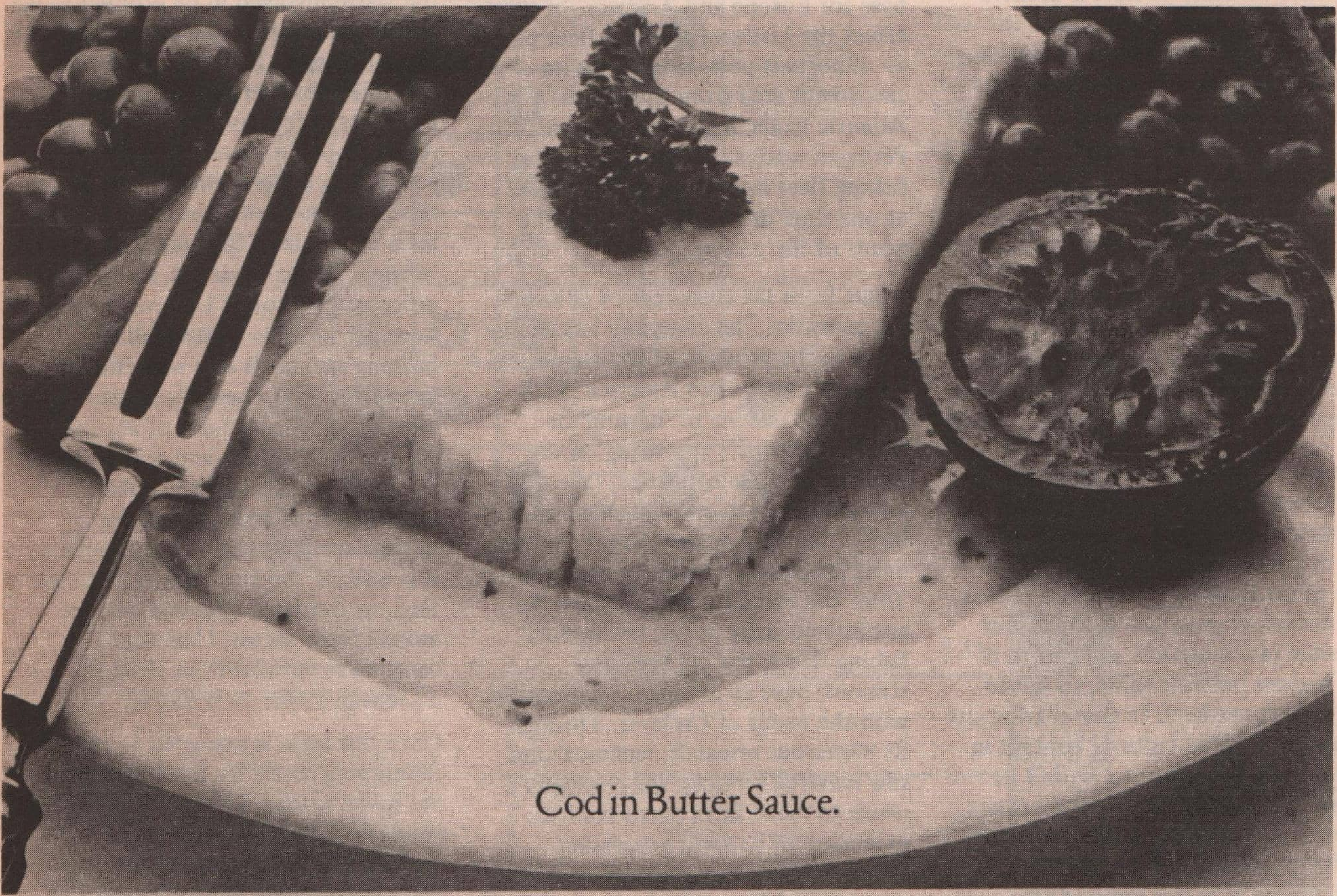
In 1971 the countries of Nigeria, Malaysia, Cameroon, Indonesia, Ivory Coast and Senegal increased their production of palm kernels to some 900,000 tons, of which 680,000 tons came from Africa. Net exports of this product amounted to 350,000 tons oil equivalent. West Malaysia alone exported 48,200 tons of palm kernel oil.

'The growth in world gross imports of kernels and oil in 1971 was substantial, much of the increase was generated by considerably heavier imports of kernels by the Netherlands, which in turn led to significantly larger kernel oil imports by other European Community members from that country'. (Vegetable Oil and Oil-Seeds Review 1973) In this broad state of the market, the palm kernel prices, CIF Western Europe, fell from £77.00 per ton at the beginning of the year to £49.50 in December a drop of 36%. Similarly, palm kernel oil (West Africa) which had stood at £173 per ton in January had fallen by 31% by December, to only £119 per ton.

Thus in spite of greater efforts at increasing output, in terms of investment and human labour, the return from that production fell by approximately 30% in one year alone. In spite of this vulnerable situation in the market for these particular oils, there have in fact been attempts at the expansion of the acreage and labour devoted to their production in the producer countries. The Ivory Coast Government, in conjunction with European banks, is investing 50,000 million francs in expanding palm production (see Niger France). The Nigerian Government in association with the International Bank, is to replant some 40,000 acres in Owerri, Umuahia and Aba. In Kawara State, in the same country, it is reactivating a palm kernel processing project for 300,000 tons annually. Work is still in progress in the area on the 10,000 acre Alloma Oil palm project. In 1973, West Malaysian output of palm kernels rose by 15%, some of the expansion due to the efforts of the Federal Lane Development Authority incentives to small farmers. Similar expansions are in progress in the Cameroon Republic, Indonesia, Malaysia and Ivory Coast under the 1973 loan allocations by the World Bank.

Given the terms of trade, it is not naive to suppose that this aid to the plantation economies will in no way substantially affect their development. Companies like Unilever can dictate terms on the world market, as has been seen. But the monopoly buyers are unlikely to protest the aid as it ensures the continuing supply of cheap raw materials. For the countries receiving the aid, the revenue from the sales of raw materials, despite recent increase in agricultural commodity prices, is unlikely to compensate for the larger increases in the price of fuels, food and manufactured goods from the industrial countries.

WORLD FOOD & UNILEVER



Cod in Butter Sauce.

Lunch for the worst-fed member of the family.

It's you we're talking about. The wife, mother, cook, nursemaid and washer-up.

You're the one who works your fingers to the bone and tries to live off tea and sympathy.

Well, it's not good enough. You really must eat a nourishing lunch every day.

We're not suggesting our Cod in Butter Sauce every day, we hasten to add. Though once or twice a week wouldn't be a bad idea.

You get a substantial cod steak packed with protein yet very low in calories (200 for Cod in Butter Sauce, 170 for both Shrimp Flavour and Cheese Sauces).*

Each one comes in a sealed cook-in bag, which you drop into boiling water and forget for twenty minutes.

So if you are the sort of woman who feels guilty about stopping to cook lunch, carry on ironing while it cooks itself.

BIRDS EYE
GOOD FOOD IDEAS

'Hunger is caused by plunder and not by scarcity; the fruits of the earth and of generations of toil are unjustly divided up; and what comes from the earth can and must provide nourishment for all the earth's children rather than the private gain of the few.' (World Hunger – Causes and Remedies)

In its position as the largest food and soap company in the world, the activities of Unilever have a decisive bearing on the distribution and control of the food resources of the world. It is a major consumer of fats and oils on the world market. It is also the dominant manufacturer of branded food products in Western Europe, in the developed economies of Canada, Australia and New Zealand, and in the affluent pockets that exist in the developing parts of the globe. By controlling the technology of protein and animal feed production, it determines with others the ways in which protein resources are consumed.

The global principles by which these resources and technology are used are structured in the context in which the company operates. **The cardinal aim of maximising profits means that the company must use the cheapest possible raw materials and add to it the highest possible value, to sell to the richest markets.** In that market, its knowledge of the cultural context in which food is consumed is used to promote the products of its factories in order to get them accepted in diets, by the elaborate use of advertising techniques. It is this method that expands its markets and reinforces the inequitable distribution of food products.

In the first instance its raw material base is a vital source of protein. Half of the world's legume production is made up of soya beans and groundnuts. 'Although legumes cannot compete with grasses (cereals) in volume in world production, they have two to four times the protein content, and are thus critically important in human nutrition' (Ehrlich). In the case of soya beans, it was *Unilever Magazine* that pointed out that, 'the crop has long been touted as a major US contribution to alleviating world hunger, yet around three-quarters of the export went to Europe, one-fifth to Japan, and the rest to two small countries of Israel and Taiwan' (Nov/Dec 1974). A major consumer of US soya beans in Europe is the company itself, which already has soya extraction plants with a capacity of 6 million tons annually. As we have seen, the other protein-rich materials of groundnuts and vegetable oils are bought by the company from the developing countries of West Africa and South East Asia.

The other vital protein source that Unilever is increasingly using is fish. Since 1972, the oceans have been a scene of a massive concerted effort with considerable input of capital and energy to increase the raw material base for Europe and America. In this effort the Unilever Nordsee fleet plays an important part, extendings its catchment area from the North Atlantic to the highly productive Peruvian waters. Further, the entire fishing fleet in the United Kingdom, at one time or another, services the needs of the company.

Apart from the resources of developing countries, the company has a large stake in the produce of the farmers of Western Europe and America. With the steady decline of 'natural' or 'fresh' foodstuffs appearing on the markets in these countries, the relationship between Unilever and the highly capital intensive larger farming units is becoming more complementary. Thus, the broiler poultry farms; the automated dairy herds; the factory fishing fleets, the pig breeding stations, have an intimate relationship with the needs of Unilever. Through its numerous research, technical and raw material services, the company needs to make farm production an extension of its food processing factories. The large acres of beans and peas in the UK and Europe are in fact contracted to Unilever and other food companies for freezing and packing.

The use of these resources, once in the hands of the company, follows the logic of the business environment that operates in Europe. 'The food processing industry has to adapt its strategy to deal with a number of difficulties; increased requirement for capital; intense competition, pressures from the food trade, etc. Most large firms deal with these difficulties by taking the least line of resistance and aiming at the wealthy or busy consumer, for whom they manufacture increasingly sophisticated products . . . . . The simpler food products are becoming less and less profitable for firms producing them, under these influences. In order to maintain or increase their profits and overcome losses involved in producing simple products, firms have thus been led to putting new and dearer products on the market in the second stage. Present economic circumstances have facilitated this tendency, which in the long run will cause the old simple and comparatively cheap products to disappear and a new generation of products to take their place, with an increasing margin in the short-term' (OECD 1973).

Thus even within the European context, the class basis of Unilever's marketing strategy has a profitable logic.

In a world of structural food shortages, the waste involved in its product range is also the result of the continuation of the same logic. The soap, detergent and toiletries that the company produces in fact use food resources. Apart from the increasingly heavy advertising budgets, there is a continuous need for the company to revamp their products of the 'new', 'improved', 'whiter', 'bluer' varieties. In the food processing sector of Unilever's operations the need to 'industrialize' farming also leads to a wasteful use of resources. 'The presscakes that remain after oil is squeezed out of soyabeans, cottonseed, peanuts and sesame seeds are perhaps the most accessible, untapped source of protein for human consumption. Today much of it is wasted; the rest used as livestock feed, or fertilizer' (Ehrlich). In the animal feeds sector, Unilever sales went up from £229m in 1972 to £334m in 1973.

Once this logic is exported to the developing countries the consequences are more serious. The desperate food needs in these countries have been repeatedly stated by both national and international organisations. The World Bank in its 1974 report cited the recent and dramatic rise in the imports of increasingly expensive food items in West Africa and South East Asia. The so-called wealthy countries of Nigeria, Sierra Leone and Ivory Coast are forced to spend their foreign exchange resources on this vital import. Yet as we have seen, in the structure of dependency that has been established, the emphasis remains on heavy investment in export crops, of which vegetable oils play a leading role. What is more it is Unilever that benefits in this situation. Apart from increasing its raw material base, the illusory affluence in the cities provides it with its markets for its semi-processed foods. The Financial Times reported on the type of operation this involves. 'New markets for British made ice-cream, sausages and frozen foods are being pioneered by Unilever Export in up-country regions of Sierra Leone and Liberia . . . . In the present situation it is possible to establish conservator deep-freezes at retail outlets in villages, replenished by van from refrigerated supplies shipped from Liverpool or London . . . Another development of the frozen foods market involves consignments which arrive at the Zaire port of Matadi. Arrangements have been made for Birds Eye and Walls products to be sent in containers via roll-on, roll-off ferries to Antwerp. The containers are shipped to Matadi and then railed 400km up country to the capital Kinshasha. Some of the goods are then distributed to other regions by insulated containers carried in aircraft.' (9.3.73) In many ways this is an updated version of the type of operation thought up by a UAC whizz kid for Nigeria in 1930s, when the company began selling palm oil in bottles and groundnuts in cigarette tins, in a country where these products grow in abundance.

It is not however in the interests of Unilever to promote self-sufficiency in foods. We have constantly stated its needs to satisfy the affluent markets wherever they exist. One of its American directors pinpointed the millions of people in the world who are not starving but 'non-affluent', that is those that are 'undernourished but unnoticed because they show none of the obvious signs of deterioration.' The diets of these people are deficient in proteins which leads to a lag in 'intellectual performance' and restricted 'body growth'. He concludes that to solve this problem is through food technology, by protein supplements that are palatable. 'Moreover, protein supplementation is still less costly than trying to start new poultry or fishing industries'. Apparently the agency through which this process can take place is private industry. 'With private industry's vast experience in the development, processing and distribution of fortified foods, the urge to invoke their experience is irresistable.' Thus Unilever can step in to solve the problem; but under certain conditions. 'Of course, economic considerations also rule industry's enthusiasm about any venture, and the return on investment in the basic nutrition business isn't exactly promising. To be precise the objective of selling protein-supplemented foods at prices the non-affluent can afford doesn't leave much room for profit' (*Unilever Magazine* July/Aug 1974).

The only time Unilever would consider a protein supplement project is if 'host governments can offer reasonable security through such indirect supports as favourable tax policies, provision of land, buildings or raw materials at low cost, and high volume sales guarantees that will permit the economies of scale in production' (ibid).

Until then presumably, the 'world's most extensive food problem, in which societies are just getting by – and forever going nowhere' – will remain unsolved.

CONCLUSIONS

What you have just read is an incomplete report. It is incomplete in sheer information terms because the invisible giant is very concerned to maintain its invisibility. The outside world as much as the workforce is kept as ignorant as possible about the real workings of Unilever, the real facts and figures behind its gigantic profits. The annual report and accounts of the firm gives the basic legal requirements of information on its activities, little more. From the shop-floor worker to international organisations such as the UN Economic and Social Council, requests for more information are met with a bewildering variety of misinformation and self-justifying protestations. The stop steward is told by his local management that only 'the men at the top' can answer his questions. The UN Council is told 'In the competitive world in which we operate, no company can afford to put itself at a disadvantage by disclosing more than its competitors.' Where 'expedient' for its image, the company will give misleading information. It attempts to convince a British union that housewives complaints of pollution caused the cessation of enzyme production in the USA, whereas the pressure actually came from an American union. It tells a journalist investigating South African wage levels that all its workers received over the Poverty Datum Line, whereas the evidence to the government committee which followed the journalist's campaign proved that Unilever paid below this miserable level in a great number of cases. It tells workers in a British factory that they must lose their jobs because the lease on the factory is running out, whereas the lease is miraculously renewed after the workers volunteer to freeze their own wages and buy company shares into the bargain. But it is not only Unilever's evasiveness and manipulation of information which makes this an incomplete Report. The company does not stand still long enough for anyone to take a photograph. The features are always blurred. What we have attempted to do is to give a general impression of Unilever. Every working day we spent on this report the company invested a further £1.5m. Thus a complete report is impossible. However we can come to certain conclusions from our analysis.

Unilever confronts the world – governments, markets, workers – as an organised force. Unilever, its centralised administration, its computerised planning, its vertical integration, its monopolistic muscle, its huge capital base, is one army, with one goal, profit. But those whom it exploits are divided not only from each other, but even in themselves. The Unilever worker who buys Birds Eye frozen food is exploited both as worker and consumer, and he or she is merely the end of the line of exploitation which began in Africa, on the North Sea, or in East Anglia. The African or South East Asian plantation worker, working directly or via contract for Unilever, makes profits for the company by producing raw materials for products he will never see – and could not anyway afford – while at the same time his real needs, for foods, particularly proteins and grains, are denied because the land that could provide for them is tied up by the same plantations he works on. The Latin American worker from the slums of the Sao Paulo or Rio de Janeiro produces scented toiletries for a middle-class market which depends for its very existence on the workers' confinement in his economic and social strait-jacket. In each one of its operations Unilever management, centrally organised and sure of its aims, exploits a workforce deliberately divided along wage-grade, union and regional lines. When workers in one plant in one country manage to organise to make their demands heard Unilever can transfer commodities – or even production – across national frontiers to defeat them.

Hitherto, in spite of the many examples of the conflict of interest between Unilever and national governments, the only checks to its enormous power have been the outright nationalisations in Algeria and Burma, and the limited, though vital, internationally coordinated actions by trade unionists.

So far these are only pin-pricks. Until all Unilever workers can realise their common identity and forge links of communication and support across those same frontiers which the company so easily straddles, the giant will continue to trample resistance virtually unimpeded.


MONKEY BRAND
WON'T WASH CLOTHES
It shines for all.

SOME UNILEVER SUBSIDIARIES

UNILEVER LTD

Advita Ltd
African container Express
African & Eastern (Near East)
African & Eastern (Spain)
African & Eastern Trade Corporation
Alcock (Peroxide)
Art and Stationery Co.
Gordon Armstrong (Hull)
Gordon Armstrong (North Bar)
Associated Feed Manufacturers
J. & E. Atkinson
Audio Security
Austin Packaging Group
Harriet Hubbard Ayer
BOCM Silcock
P.& G.A. Barclay
Batchelors Catering Supplies
Batchelors Foods
Berkshire Waste Paper Co.
Bertrand Freres
Birds Eye Foods
Birmingham Chemical Co.
Blackfriars Insurances
Bloomfield's
British Edible Oils
The British Extracting Co.
The British Oil & Cake Mills
Butlers of Helmsley
C.W.A. Holdings
Cash & Carry
Ceytea (London)
Chemical andIndustrial Investment
    Industrial Polymers
Chiltern Copying
Clynol
    Deltrees of London
    Ginchy
Commercial Plastics Industries
    Blackfriars Plastics
    Colliprint
    Commercial Plastics Development
    Commercial Plastics Engineering
    Commercial Plastics (International)
    Commercial Plastics
    Commercial Plastics Manufacturing
    Commercial Plastics (Sales)
    Fablon Ltd
    Fablonite Ltd
    Greenwich Plastics Ltd
    Plastic Containers Ltd
    Plastic Improvements Ltd
    Polychen (AG)
    Rilite Ltd
    Trans Chemicals Ltd
    Vinyl Printing Co.
Craigmillar (BEOL) Ltd
Joseph Crosfield & Sons
Cumming, Parsons Ltd
Dales Export Packing Ltd
Dales (London) Ltd.
Domestos Ltd.
Drings Ltd.
Duche & Knight Ltd.
John Duncan & Son (Liverpool) Ltd
East Essex Farmers Ltd.
Elida Gibbs Ltd
Erasmic Co.
C.W. Field Ltd.
Fixol & Stickplast Ltd
Food Industries
Ford & Slater Holdings
    Ford & Slater (Aylesbury) Ltd.
    Ford & Slater (Cambridge) Ltd.
    Ford & Slater (Facilities) Ltd.
    Ford & Slater (Grimsby)
    Ford & Slater Ltd
    Ford & Slater (Lincoln)
    Ford & Slater (Midlands)
    Ford & Slater (Norwich)
    Ford & Slater (Notts)
    Ford & Slater (Oxford)
    Ford & Slater (South Lincs).
Fromac Ltd
General Freight Co.
D. & W. Gibbs Ltd.
Gloy & Empire Adhesives
Glycerine Ltd.
William Hay
John Hitchcock
Holmes (Wragby)
Hudson & Knight
Hunts (Aylesbury)
Hunts (Enterprises)
Hunts (Fotocup)
Hunts (Lithoprints)
Hunts Office Rentals
Hunts (Oxford)
Hunts (Watford)
Icilma Co.
M. Janssen (Accessories)
Kennedy's (Builders Merchants)
    J.C. Annear & Co.
    Aqua Pool Ltd
    Duncan Knowlson
        John W. Duncan
        S.F. Knowlson
    Gartrell & Co.
    Imco-Coronet Fireplace
    Iron & Marble Co.
    Joynes Ltd
    Kenelek Ltd.
    Henry Lawry Ltd
    H. Saunders & Son (Horsham)
    Surrey Iron Co.
    Western Vermiculite
Kirkwood, Craig & Co.
Lawson of Dyce Ltd
Leicester Office Equipment
Lever Brothers
Lever Brothers, Port Sunlight,
Lever Industrial
Leverton Group
    H. Leverton & Co.
    Levertons of Spalding
    Levertons (Westlode)
Lincolnshire Trout Farms
Lintas
    Lintas Overseas Ltd
Lipton
    City Ceylon Tea Agency Ltd
    Harden Bros. & Lindsay
        Harvest Teas
    Lipton (India)
    Lipton (Overseas)
    Medova Tea Co.
    R.O. Mennell & Co.
Liverpool Maritime Terminals Ltd.
Loders & Nucoline
Mac Fisheries (Export)
Mac Fisheries
Mac Fisheries (Wholesale & Retail)
Mac Markets
Marine Harvest
Robert B. Massey & Co.
    Batch Productions
    Eckington Engineering Co.
    Europower Hydraulies
    Lister & Edmond
    Massfinance
    Robert B. Massey (Beverley)
    Robert B. Massey (Driffield)
    Robert B. Massey (Hull)
    Robert B. Massey (York)
    Wold Carriers Ltd
Richard Mattes & Co.
Mattessons Meats
James and Geo. H. Matthews
Midland Poultry Holdings
    J.P. Wood & Sons (Poultry)
        Craven Arms Poultry Producers
        Dale Turkeys
        Midland Poultry Growers
        Midwest Turkeys
        J.P. Wood & Sons (Farm Services)
        J.P. Wood & Sons (Hatchery)
Mitchan Cardboards
B.C. Murch & Co.
New City Office Equipments
Original Helford Oysterage & Fishing
Palm Line
Pamol (Cameroons)
Palm (Sabah)
W.H. Pankhurst
    W.H. Pankhurst (Overseas)
A. & F. Pears
Pepsodent
W. Phillips & Co. (Preserves)
Photocopying (Oxford)
Stanley Pibel
Pinoya
Pin-up Cold Perm-Wave
Premier Supermarkets
Price's Chemicals
Proprietary Perfumes
Reichhold Chemicals
Research Bureau
Richmond Sausage Co.
Ricol
S.P.D.
Sandfield Copying (Oxford)
A.J. Seward & Co.
Smethursts Foods
E. & W. Smith
Solitaire Furs
Stegene
Synthetic Resins
T.V.S.
Taylors (Bilston)
Tempo Frozen Foods
Thames Board Mills
    Albion Paper Products
    Belvedere Waste Paper Co.
    Berkshire Waste Paper Co. (Holdings)
    Alexander Jacob & Co.
    W.C. Jones (Paper Stock)
    Phillips Mills & Co.
    Phillips Tug & Lighterage Co.
    Precision Engineering Products (Suffolk)
    J. Shaw & Sons (Paper Stock)
Thames Case
    The Brehmer Folding Box Co.
    Lockfast Divisions
J.L. Thomas & Co.
U.A.C. Holdings
U.A.C. International
    Ellis & Everard
U.A.C. Holdings
U.K. Compound Feeds
UML Ltd
Unifreeze
Unilever (Commonwealth Holdings)
Unilever (Computer Services)
Unilever Export
Unilever (Raw Materials)
United Agricultural Merchants
United Holdings
Urney Chocolate (UK)
Van den Berghs
Van den Berghs and Jurgens
Vinolia Co.
Vinyl Products
Walker Chemical Co,
T. Wall & Sons
T. Wall & Sons (Ice Cream)
T. Wall & Sons (Suppliers)
    Walls-Whippy
The Wall's Meat Co.
    W.H. Smart & Co.
Wall's Meat Group Ltd
Joseph Watson & Sons
John West Foods
A. Wilme Collier
John Woodger & Sons
Workington Sawmills

Unilever Australia (Holdings) Pty.	Australia
Beacon Research Co. Pty	”
W.H. Burford & Sons	”
E.O.I. Pty	”
Golden Nut & Easyspread Maragarine Pty	”
Hillcastle Pty	”
Interpack Australia Pty	”
J. Kitchen & Sons Pty	”
Lever & Kitchen Pty	”
Rexona Pty	”
Rosella Foods Pty	”
Streets Ice Cream Pty	”
Unilever Australia Export Pty	”
Unilever Australia Pty	”
John West Foods	”
World Brand Proprietary	”
La Bourassa Ltee	Canada
Lever Brothers	”
A.& W. Food Services of Canada	”
Hart Chemical	”
Hygrade Foods Inc.	”
Lever Detergents	”
Monarch Fine Foods Co.	”
Myriad Detergents	”
Newfoundland Margarine Co.	”
Success Wax	”
Woodbridge Moulded Products	”
McGarry & Co.	”
Shopsy's Foods	”
Ghana Consolidated Machinery and Trading Co.	Ghana
Juapong Textiles	”
Kingsway Stores of Ghana	”
Lever Brothers (Ghana)	”
G.B. Ollivant (Ghana)	”
United Africa Co. of Ghana	”
Brindavan Properties	India
Campbell & Co. (South India)	”
Heath & Co. (Calcutta)	”
Hindustan Lever	”
Indexport	”
Lipton (Jamaica)	Jamaica
East Africa Industries	Kenya
Gailey & Roberts	”
Lever Brothers (Malawi)	Malawi
Lever Brothers (Malaysia)	Malaysia
Pamol (Malaya)	”
Lever Brothers (New Zealand)	New Zealand
Unilever New Zealand	”
African Timber & Plywood (Nigeria)	Nigeria
Bordpak	”
G.Gottschalck and Co. (West Africa)	”
Guinness (Nigeria)	”
Kingsway Stores of Nigeria	”
Lever Brothers (Nigeria)	”
Lipton of Nigeria	”
Niger Motors	”
Nigerian Breweries	”
Norspin	”
G.B. Ollivant (Nigeria)	”
Pamol (Nigeria)	”
United Africa Co. of Nigeria	”
U.A.C. (Technical)	”
United Africa Co. of Sierra Leone	Sierra Leone
Lever Brothers Singapore	Singapore
Walls Fitzpatrick's	”

Lever's Pacific Plantations	Solomon Islands
Levers Pacific Timbers	”
Lever Brothers (Ceylon)	Sri Lanka
Maddema Trading Co.	”
R.O. Mennell & Co. (Ceylon)	”
United Africa Co. of Tanzania	Tanzania
Lever Brothers West Indies	Trinidad
Lipton (Trinidad)	”
Gailey & Roberts (Uganda)	Uganda
K.B. Davies & Co (Zambia)	Zambia
Massey-Beherman Frigo	Belgium
Medova	Denmark
Te Plantage Compagniet	”
Hughes Bros. Chocolate	Eire
Liam Devlin & Sons	”
B.C. Murch & Co	”
Old Dutch Confections	”
F.H. Steele & Co	”
Urney Chocolates	”
Hughes Bros. Ice Cream	”
D.D.P. Development	”
H.B. Confections	”
The Lucan Dairies	”
The Lucan Dairies(1063)	”
Premier Ices	”
Sullivans (Distributors)	Eire
Lever Brothers (Ireland)	”
W. & C. McDonnell	”
Paul & Vincent	”
Fragep	France
Niger Francaise	”
Lipton Dcutschland	Germany
J. & E. Atkinson Industrial y Comercial	Argentina
Plantations Pamol du Cameroun	Cameroons
Palmiers et Hevease du Gabon	Cent. Africa Republic
Commerciale du Kouilou Niari-Congo	”
Sogerco (Dahomey)	Dahomey
John Walkden et Cie	”
R. Bienvenue et Toque	French Africa
Hatton et Cookson	Gabon
Maclaine Watson Tea (Indonesia)	Indonesia
Francaise de la Cote d'Ivoire	Ivory Coast
Unilever (Japan)	Japan
Lever Brothers Pakistan	Pakistan
Lipton (Pakistan)	”
Lever Brothers	Rhodesia
Planters & Importers (Rhodesia)	”
Cia. Distribuidora	El Salvador
La Favorita	”
Unilever-Industrias Unisola	”
Unisola	”
Hudson & Knight	South Africa
Lever Brothers	”
Lever's Stock Feeds	”
PITCO	”
Mazawatee	”
Pitco Properties	”
Unilever South Africa	”
Van den Bergh and Jurgens	”
T. Wall & Sons	”
J. & E. Atkinson Industrial y Comercial	Uruguay
Lipton Zaire	Zaire
Sedec S.A.R.L.	”

UNILEVER NV

Lucas Aardenburg
African and Eastern Trading Co. Holland
Agra Margarinfabrik Sweden
Agra Spain
Algel Italy
Algemeen Vrachtkantoor
Alnasa, Brazil
Allpack Verpackungen Gesellschaft, Austria
"Apollo" Seifen und Waschmittel, ”
Astra-Calve, France
"Astra" Fett-und Oelwerke, Switzerland
J. &. E Atkinson Chilene Industrial y Comercial, Chile
J. & E. Atkinson, Germany
Autonome de Transports et de Magasinage France
Bakhuis Vleeswaren-en Conservenfabrieken "Olba"
Becumij, Netherlands Antilles
Bensdorp Internationaal
Bensdorp Ges, Austria
Bensdorp , W. Germany
Bensdorp (Gt. Britain) U.K.
Bensdorp Industrieverkauf, W. Germany
W.L.M. Bensdorp U.S.A.
Blooker Belgie, Belgium
Blooker's Royal Inc. U.S.A.
Cacao Blooker (France), France
Verkoopmaatschappij Bensdorp Nederland
Verkoopmaatschappij Bensdorp Nederland
Wimex, W. Germany
Van den Bergh's Fabrieken Indonesia, Indonesia
Van den Berg en Jurgens
Bertrand Freres, France
Binfurst Autotransport
Bla Band Produkter, Sweden
Biare Industrier, Sweden
Blooker Cacao
R. Boivin et Cie, France
Gustaf Bong, Sweden
Brunita, Belgium
Calve-De-Betuwe
Centrava, Sweden
Colombiana de Grass "Cogra", Colombia
Croklaan
"Dehages" Handelsges, W. Germany
Deutsche Lebensmittelwerke, W. Germany
Deutsche Unilever, W. Germany
Duisburger Margarine-Fabrik Schmitz & Loh W. Germany
Edelweiss-Milchwerke K. Hoefelmayr W. Germany
Elida Cosmetic, Switzerland
"Elida" Gesellschaft, Austria
Expedo Trading Co. Sweden
Exportslachterij Udema
Eskimo-Iglo, Austria
Francaise de Nutrition Animals (COFNA) France
Frigo, Spain
Gamma Holding
Gibbs, Sweden
Gibbs, Finland
Good Humor Corporation, USA
Good Humour, Belgium

Gouda Stearaten
Handelmaatschappij Marko
Handelmasstschappij Noorda
Hartog's Levensmiddelen, Belgium
H. Hartog's Fabrieken
H.B. Chocolate, Eire
H.B. Ice Cream, Eire
Hohnen-Lever Co. Japan
Fritz Homann, W. Germany
IFH, Institute for Hushallundersokningar, Sweden
Iglo
Iglo industrias de Gelados, Portugal
Igol-Ola, Belgium
Industrie Hellenique de Detergents, Greece
Industrias Gessy Lever, Brazil
Indus Lever, Chile
Industrias Lever Portuguesa, Portugal
Industrias Unisola, San Salvador
Interserve Marketing services
Kleinol Vertriebs, W. Germany
Koninklijke Maatschappij De Betuwe
Koninklijke Stearine Kaarsenfabrieken "Gouda Apollo"
"Kunerol" Nahrungsmittel, Austria
Langnese-Iglo, W. Germany
Latecos, France
Lever y Asociados, Argentina
Lever Brothers (China), Hong Kong
Lever Brothers Co. USA
Lever Brothers (Thailand) Thailand
Lever Hellas, Greece
Lever Iberica, Spain
Lever, Belgium
Lever Pacocha, Peru
Lever, Venezuela
Lever Sunlicht, W. Germany
Lever's Zeepfabrieken Indonesia, Indonesia
Lever's Zeep-Maatschappij
Vinolia-Gibbs
Lintas Holding
"Lipoma" Maatschappij tot Beheer van Aandelen in Industreele Onderneming-gen
Thomas J. Lipton Inc. USA
Thomas J. Lipton, Canada
Liva Fabriker, Sweden
Lumivalko Oy, Finland
Maatschappij ter Exploitatie der Colibri-Fabrieken, Indonesia
"Marga", Mij. tot Beheer van Aandeelen in Industriele Ondernemingen
4P Verpakkingen/Emballages, Belgium
Jolly, Belgium
Magazijnen Borrewater, Belgium
Translev, Belgium
Viruly, Belgium
Margarin Svea, Sweden
Margarinefabriek Groningen
Margarine-Union, W. Germany
Margarines Savons et Cosmetiques au Zaire Compagnie des, Republic of Zaire
Mavibel International, Netherlands Antilles
Mavibel (Mij. voor Internationale Beleggin-gen)
Meistermarken-Werke. Spezialfabrik fur Back-und Grosskuchenbedarf, W.Germany
Mengvoeder U.T. Delfia,
Nederlandse Unilever Bedrijven
Noordzeen Gastro
"Nordsee", Deutsche Hochseefischerei, W. Germany
Norfolk Lijn
Novia Livsmedelsindustrier, Sweden
Olhandel-und Transport-Gesellschaft, W. Germany
Oesterreichische Unilever, Austria
Eskimo-Iglo, Austria
Van Oeveren Expeditie en Veembedrijf
S.W. Paasivaara-Yhtyma, Finland
Pensioenverekeringmaatschappij "Progress"
Philippine Refining Co. Philippines
Plantations Lever au Zaire, Republic of Zaire
Productos Lever, Colombia
P.T. Sangkulirang, Indonesia
4P Emballages France, France
La Roche aux Fees, France
Roomijsfabriek De Hoop
Rousset, France
Saebekompagniet "Gefion", Denmark
Safial
Sages, Italy
Sais, Switzerland
Saponia, Mij tot Beheer en Aandeelen in Industreele Ondernemingen
Savonneries Lever, France
Scado, Sweden
Scado
Schiffahrts-und Speditionskontor "Elbe" W. Germany
Sheby, France
Sheby-Kemi
Sobeal, France
Stabilital, Italy
Suma, Sweden
Sunlicht, W. Germany
Sunlight, Sweden
Sunlight, Switzerland
Svenska Unilever, Sweden
Thes de I'Elephant Ste, France
Thibaud Gibbs & Cie, France
Trollhatteglass, Sweden
Trollhatteglass Fastighets, Sweden
Turun Saippua Oy, Finland
U. Twijnstra's Ollefabrieken
U.E. Chemicals, W. Germany
Uitbouw, Belgium
Unichema-Chemie, W. Germany
Unichema Vertriebsgesellschaft, Austria
Uni-Dan, Denmark
Unilever-Emery
Unilever France,
Unilever Grondstoffen Maatschappij
Unilever (Schweiz) Switzerland
Unilever-Is Ticaret ve Sanayi Turk,Turkey
Unil-It, Italy
Union, Belgium
Union Deutche Lebensmittelwerke, W. Germany
Union Generale des Glycerines, France
Unox
Urachem International
The Utrecht Export Co. Griendt Brothers
Vami
Vandenberghs Margarin, Sweden
Vato Produkter, Sweden
Vereinigte Margarinewerke (RESI) W. Germany
Verenigde Zeepfabrieken
4 P Drukkerij Reclame
4P Golienfabrik, W. Germany
4P Gunzach, W. Germany
4P Nicolaus Kempten, W. Germany
4P Nicolaus Ronsberg W. Germany
4P Rube Gottingen, W. Germany
Vinolia-Gibbs, Belgium
Viruly
Vitho, France
Voedingsmeddelenfabriek Calve-Delft
"Wemado", Mij tot Beheer Van Aandeelen in Industrieele Ondenemingen
Zeepfabriek "de Fenix"
Zeepzaderij De Hamer
Zwanenberg.s Fabrieken
Zwanenberg's Levensmiddelenbedrijf
"Zwan", Belgium.

DEUTSCHE UNILEVER GMBH
Postfach 979
(Subsidiary of Unilever, Holland)
CeyTea Holding
CeyTea Import
"Dehages" Handels-
Iglo Feinfrost
Langnese-Iglo
Findus-Jopa Vertriebsgesellschaft
Tiefkuhlkontor
Lever Sunlicht Gesellschaft
Elida-Gibbs
J. & E. Atkinson
Kleinol-
Parfumerie Vinola
"Pepsodent"
Lever-Delta Reiningungsmitte
"Nordsee" Deutsche Hochseefischerie
Cuxhavener Schiffswerft
Deutsche Heringfischerei
"Deutsche See"Fischgrosshandels-
Walter von Eitzen
Fisch-ins-Land
"Frostfilet"
Kiel-Frost
Kiel-Frost
Tiefkuhl-Union
Lysell
"Norifco" Feinkost-
"Seeadler" Fischindustrie
Seefrost-Vertrieb-
Chr. Wollmeyer
Scado,
Schafft Fleischwerke
Schiffahrts-und Speditionskontor "Elbe"
Solo Feinfrost
Unichema Chemi-
Aldag Fettchemie, Vertriebsgesellschaft
Stearin, Olein, Fettsauren, Glyzerin
Food Industries, Vertriebsges, fur Veredlungsstoffe der Nahrungsmit-telindustrie
Unichema-Vertriebsgesellschaft fur oleo-chemische Erzeugnisse
VSW Germaina. Vertriebsgesellschaft fur oleochemische Erzeugnisse
Unilever Forschungsgesellschaft
Unileverhaus Verwaltungs
Union Deutsche Lebensmittelwerke
Bachhols Weinvertriebs-
Edelweiss
Edelweiss-Milchwerke K. Hoefelmayr
Elite Milchwerk
Harburger Olhandel
Margarine-Union
Margarine-Verkaufs-Union
Meistermarken-Werke H. Spezialfabrik fur Back- und Grosskuchendebarf
Milkana
Norica Lebensmittelwerk
Olwerke Germania Vertiebsgesellschaft
H. Schlinck & Cie. Palmin-Vertrieb
UNIMILLS Vertriebsgesellschaft fur Ernahrungsfette,
Ole und Futtermittel
Vertriebsgesellschaft der Deutsche Leb-ensmittelwerke
Vita-Lebensmittel
Wizona
4P Folie Forschheim
4P Gunzach
4P Nicolaus Kempten
4P Nicholaus Ronsberg
4P Rube Gottingen
4P Verpackungen
VP-Vereinigte Puverlack

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