Transnational Entangled Sustainability,

through the lens of Margarine and Soap production

at Unilever and its predecessors

Business History Congress in Paris

Preliminary draft, do not quote!

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Abstract

The development of transnational resource supply chains have had severe impact in, economic, social and ecological developments, in various places around the globe. This paper analyses the effects of (western) commodification of natural resources and oil hardening in the context of margarine and soap industries of Unilever and its predecessors. It highlights how these developments entangled multiple spatially different sites and highlight the sustainability (economic, social and ecological) effects. These insights not only create an entangled history of dispersed places, it also highlight the deep and long lasting impact of multinational firm in terms of sustainable development. The impacts have been reviewed through time and give context to contemporary EU regulations on corporate sustainability and due-diligence.[1]

Introduction

On May 30, 1931, the Dutch Indies newspaper in the Indonesian city Surabaya, *De Indische Courant* 'trade and industry' section featured an article on how margarine and soap producer Unilever had evoked a governmental crisis in Norway.[2] Now why would readers be interested in relations between a country and a company on the other side of the globe? For its Dutch reading audience of presumably colonial businessmen, the article sketches the growing influence of this recently formed multinational in resource markets. "It is the largest purchaser of copra and dried coconut, and regardless of the price setting of other buyers, Unilever ultimately dominates. The same goes for oil palm cultures, a lot of secondary colonial vegetable fats such as kapok kernel oil, soy, etc. And last

[1] https://ec.europa.eu/commission/presscorner/detail/en/IP_22_1145
[2] N.a., ´Unilever´s positie.´ *De Indische Courant*, (30-05-1931), 209, 10, 6. In Dutch Royal Library archives: https://resolver.kb.nl/resolve?urn=ddd:010279374:mpeg21:p021

but not least, whaling."[3] The article reported on the fall of the Norwegian government, that initially approved of Unilever expanding its shares in the whale oil refinery Denofa. That decision was not sustained by Norwegian anti-trust bodies and caused a political firestorm. To pressurize Norwegian politicians, Unilever announced it would not purchase any whale-oil from Norway the following season. The ensuing governmental overruling, in support of the largest whale oil purchaser, led to the downfall of Norway's prime minister Mowinckel. The article also highlighted Unilever's involvements in Africa: "These African plantations are a large drawback for our Indian oil palm cultures in which millions are invested." The reporter was surprised about the continuing investments in the Dutch Indies, especially considering these Norwegian developments. "The more Unilever grows its influence in soap and margarine consumption in the world, the more dependent these oil palm cultures become on this octopus."[4] The article warned about similar events as in Norway and called for community of interest among oil producers in the Dutch Indies.[5] It is interesting how the reporter described Unilever's entangled global activities as a warning to local entrepreneurs, focusing on the risk of these investments.

The newspaper in a nutshell shows Unilever's global entanglements and their deep political, social, and as I will show later environmental impact in the 1930s. In this paper I will use this case to explore our ambitions in entangled sustainability histories. In this paper I will sketch how some of these entanglements came about what effects these had on sustainable development in different regions. I will end this paper with an argument why I think historical work and insights are crucial for our contemporary debate about sustainable development.

Margarine production in the Netherlands

In the early 1870s Dutch butter mixers, had acquired the technical know-how from Hippolyte Mège Mouriès, the French inventor of artificial butter or Margarine. They mixed the margarine (artificial butter) with low quality butter and sold this to the growing British markets. Amongst other entrepreneurs the family firms of Jurgens and Van den Bergh succeeded in building elaborate sales forces in Britain. Furthermore, they developed good connection to a butter hinterland in Germany and Austria from where cheap butter was shipped across the Rhine to the Netherlands. Margarine production also required so called oleo-margarine from cattle. Initially this was acquired from local butchery but quickly became a commodity imported from Britain, France and the USA. Rotterdam transformed into an international oleo-margarine hub. New cooling ships introduced colonial butters

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[3] Ibid.
[4] Ibid.
[5] On Unilever's involvement in Norway, see Sanvik Thonstad, Pål and Espen Storli (2013), ´Big business and small states: Unilever and Norway in the interwar years´ in *Economic History Review*, 66, 1, 109-131.

from Australia on the Britisch markets together, this with import taxations in many European countries drove smaller firm into bankruptcies. The larger firms such as Jurgens and Van den Bergh however increased their multinational character by investments in local margarine production facilities in surrounding tax levying countries. The growing demand fed a continuous demand for margarine, at the same time it confronted these industries with increased prices of local resources such as oleo-margarine. The margin industries were in a continuous search for new resources and technologies.

It was the experimental work by William Norman that caught the attention of margarine producer Jurgens [6] With the prospect of making vegetable oils more solid, Jurgens acquired British and German licenses of Norman's patent of 1907 and started up an oil hardening factory in Emmerich, Germany.[7] This activity inspired rival companies conducting similar investigations.[8]
Simultaneously explorations began into the applicability of various liquid plant plus animal oils and fats. This commodified these natural resources in technical and economic terms.[9] Fat hardening had opened new opportunities to apply seemingly unlimited resources. European margarine and soap producers turned their attention to whale, nuts, kernels and palm oils, to replace the oleo-margarine. The soap and margarine industries' invested in strategies of vertical integration to guarantee a stable supply of resources.

Whaling the (Un)endless resources

Jurgens invested in shares of Norwegian whaling companies in 1911. New technologies in whaling, like harpooning in the late 19th century and the introduction of floating factories ships in the 1910s allowed new parties to move into the seemingly unlimited rich catching areas of the Antarctic seas as it allowed to catch ´non floating´ whales such a blue an fin whales.[10] The interests of the margarine

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[6] Norman was following up on hydrogenation experiments by French chemists Paul Sabatier and Jean-Babtiste Senderens around the turn of the century. In 1902, Norman had filed a first patent in Britain on the hydrogenation of oils but faced huge challenges in controlling the process and the large amounts of hydrogen required.

[7] Van Helvoort, Ton (2017), *Marktleider met R&D, Zichtbare en onzichtbare innovaties in Unilever-margarines*, Stichting Historie der Techniek, Eindhoven, p. 18.

[8] Van Helvoort and Lintsen, *Versnellen en Veranderen*, p. 19-23.

[9] On commodification see: Veraart, Frank, et al. (2020), ´Creating, capturing, and circulating commodities'; Zimmermann, E.W. 1951. *World resources and industries: a functional appraisal of the availability of agricultural and industrial materials*. (Rev. ed.) Harper & Brothers, New York; Bridge, G. (2009), Material worlds: natural resources, resource geography and the material economy, *Geogr. Compass*, 3 (3), p. 1217-1244.; Avango, D., A. Nilsson, P. Roberts (2013). Assessing arctic futures: voices, resources and governance. *Polar Journal.* 3 (2), 485-493. Bekasova, Alexandra (2020), From common rocks to valuable industrial resources: Limestone in nineteenth-century Russia, *The Extractive Industries and Society*, 7, 1, 8-19.; Vikström, Hanna (2020), ´Risk or opportunity? The extractive industries' response to critical metals in renewable energy technologies, 1980-2014´, The Extractive Industries and Society,7, 1, 20-28.

[10] Jaap R. Bruijn and Louwrens Hacquebord (2019) *Een zee van traan, vier eeuwen Nederlandse Walvisvaart, 1612-1964*. Walburg Pers. Zuthpen. 255-259

and soap producers coincided with shifting markets in whale oils.[11] To confront the whalers' near monopolies, the soap and margarine industries together with fat hardening firms from Britain and Norway established a ´Whaling-pool,´ purchasing whale oils together.[12] The whaling companies became an important supplier for the margarine and soap industries, and the margarine industries the main market for whalers. Sometimes causing fierce economic confrontations as the earlier mentioned fall of the Norwegian government had showed.

Between 1910 and 1940 The production of whale oil almost doubled and this had a large influence on the environmental transformation of the Antarctic.[13] Britain and Norway, the main whaling countries began debating whale stocks and the possibility of whale extinction in the International Whaling Committee in the 1930s.[14] Unless efforts by the IWC to control whaling these turned out futile in changing political contexts and mass scale commercial whaling continued until the 1960s, leading to a near extinction of several species of whales. The vulnerable natural environment of the Antarctic regions is still recovering from these activities.[15]

Plantation Investments

The soap and margarine industries also started the scramble for commodities in tropical regions, especially copra, coconut, and palm oils. Jurgens and Lever Brothers explored various resource extraction regions. In 1910 together with Van den Bergh, Jurgens invested in the German *Syndikat fûr Oelpalmenkultur* that started building up plantations and oil works in the German colony of Cameroon and investments in Nigeria in 1917.[16] In 1920 investments in four oil factories in the Dutch Indies followed. Jurgens furthermore developed activities in British Ceylon (Sri Lanka).[17] Lever Brothers had started up plantations in the Pacific and Solomon Islands in 1906. As British colonial authorities viewed large concessions of western companies as a threat to social peace attempts to started plantations there failed.[18] In 1910, Lever encountered a more favorable reception from the

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[11] Whale oils were replaced by petroleum around the 1900s it reduced demand for whale based lubricants, candles, and lighting oils, and it plunged the whaling industries into crisis.Schokkerbroek, Joost (2008), *Trying-out, An Anatomy of Dutch Whaling and Sealing in the Nineteenth Century, 1815-1885*, Aksant, p. 224-226. Tønnessen, J.N. (1970) Norwegian Antarctic Whaling, 1905-1968: an historic appraisal. *The Polar Record*. 15, 96, 283-290.

[12] Van de Ven, F., Anton Jurgens Hzn, 1867-1945, Europees ondernemer bouwer van een wereldconcern, Waanders, Zwolle, 2006, 134-137. Activities in the whaling pool were a starting point for further collaboration that merged these companies into Unilever.

[13] Basberg, Productivity in the 20th century.

[14] Dyrdal, Didrik (2019) ´Whaling and the Extermination of the Great Whale´: Norwegian and British Debate about Whale Stock in Antarctica, 1913-1939. *Environment and History*. 25 (1), p. 87-115.

[15] Zerbini, Alexandre, Grant Adams, John Best, Phillip J. Clapham, Jennifer A. Jackson and Andre E. Punt (2019), ´Assessing the recovery of an Antarctic predator from historical exploitation,´ *Royal Society Open Science*, 6, 10 (22p). https://doi.org/10.1098/rsos.190368

[16] Van de Ven, Jurgens Hzn, Europees ondernemer p. 144.

[17] Ibid, 195-198.

[18] Nworah, K. (1972), "The Politics of Lever´s West African Concessions, 1907-1913, *International Journal of African Historical Studies*. 5(2): 248-264; Henriet, Benoit (2015), "Elusive natives": escaping colonial control in the Leverville oil palm

Belgian authorities, to develop plantations in the Congolese rainforest.[19] The Belgian authorities had reviewed Lever's plans in light of his achievements at the model village Port Sunlight in England. They viewed Lever was an excellent candidate to pursue this endeavor in the Congo and was granted a concession of 750,000 hectares of jungle forest and established a subsidiary *Huileries du Congo Belge* (HCB) in 1911.[20] In 1920, Lever Brothers acquired the *Niger Co Ltd*, a West-African trading company. Trading companies served as outlets for companies' products, but also as intermediaries between European firms and local producers of cocoa, ground nuts, palm oil, and other commodities.

In 1921, the market for produce collapsed and commodity prices almost halved. Existing business histories of Unilever mention the dramatic drop in prices highlighting the changing views of Unilever towards investing in plantations. Some investments were terminated, and others re-assessed as horizontal diversification. In practice, this meant that European soap and margarine manufacturers started purchasing commodities from the global market, leaving the risks with local traders. Unilever consolidated the joint African assets in the United Africa Company (UAC). UAC investments were considered ´anticyclical´ investments, meaning they returned high profits when commodity prices were high, and these could compensate the spending on purchasing resources.[21]

Plantations affecting the socio-environmental relations

In the early 1930s the global economic crisis again put pressure on the commodity prices showing the deep socio-ecological impacts of these endeavors. Accounts from indigenous people are lacking, but the parliamentary hearings in Brussels on the Pende revolt in July 1931 sketch the gruesome details and the event's entanglement with resource extraction activities. The revolt occurred in the Belgian Congo from May to July 1931 at one of the palm oil extraction areas run by Huileries de Congo Belge (HCB), a Unilever subsidiary. It was violently suppressed by the colonial authorities, resulting in over 1300 arrests and over 550 deaths, according to the official accounts.[22] In the Belgian parliament colonial minster was questioned about the revolt. On in service since the 5th of ,

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concession, Belgian Congo, 1923–1941, Canadian Journal of African Studies /Revue canadienne des études africaines, 49:2, 339-361, DOI: 10.1080/00083968.2015.1057855

[19] N.a.,´Lever Brothers and the Congo, *Progress,* 11(1911)1, cited in Boss, Eelco (2014), *The Scramble for Palms, a Comparative Historical Investigation: Two Companies Sourcing Two Commodities in Two Colonies.* Faculty of Humanities (Master thesis) Utrecht University, Utrecht, p. 23.

[20] Loffman, Reuben and Benoit Henriet (2020), 'We Are left with Barely Anything: Colonial Rule, Dependency, and the Lever Brothers in Belgian Congo, 1911-1960,´ *The Journal of Imperial and Commonwealth History*, 48:1, 71-100. https://doi.org/10.1080/03086534.2019.1638618

[21] Fieldhouse, D.K. (1978) *Unilever Overseas, the Anatomy of a Multinational, 1895-1965*, Croom Helm, London. p. 557 and Fieldhouse, D.K. (1995), *Merchant capital and economic decolonization: The United Africa Company, 1929-1987*. (Oxford), 176–225.

[22] Other estimates than issued by the Belgian authorities mention 1500 or more casualties. Jules Marchal (2008). "9: The Revolt of the Pende (1931)". *Lord Leverhulme's Ghosts: Colonial Exploitation in the Congo*. London: Verso. p. 167.

just as military action began against the Pende people he explained: “As the price of palm nuts has fallen, the blacks are at present obliged to work for several months to pay their taxes. On the other hand, no one is unaware that this region (..) is essentially under control of the HCB, whose recruiting operations have made it impossible for families to cultivate their fields as they would wish. (..) The reasons are economic in nature. The oppression weighing upon the tribes of the Congo is growing heavier by the day, and the exploitation of the blacks is more intense and more inhumane. The revolt is simply the logical inevitable consequence of this oppression.´[23]

Other medical reports of western doctors described the harsh working and poor living conditions a “the harshest industrial slavery. (…) Robbed, ill-treated, condemned in perpetuity to forced labor, they relapse into utter apathy and come to loath us.”[24] The 1930s global economic crisis had amplified the existing tension and vulnerabilities. When commodity prices fell, the situation in the plantations worsened. HCB decided that increasing production and lowering wages eventually it took fruit cutters three to four months instead of days to pay their tax.[25] The Pende revolt was a dramatic example of how palm oil exploitation and the development of Unilever’s supply chains had disrupted the indigenous way of life. It was a confrontation of colonial modernistic sociotechnical systems with indigenous socio-economic relations.

Unilever reframing of plantation business

In the early 1970s corporate development of Unilever suggested a partial divestment of the plantations because of a declining retainability in the 1960s. Conversations amongst various divisions of the company pointed out that divestment would have consequences in other activities and as large employments site would cause tensions in the affected regions. With the rise of commodity prices in the mid-1970s arguments of divestment vaporized. By the late 1970s early 1980s Unilever again extended investments in plantations in large palm and tea plantations in Indonesia, Colombia, India an East Africa. It made plantations a core activity of the company in view of the *Special Commission* reviewing the main activities. [26]

In the publications of Unilever reframed its plantations investments highlighting the growing global demand of food products and the much welcome foreign currency in production countries. Furthermore, Unilever pointed to the advanced position of their plantation in contrast to the backward position of agriculture in the rural areas. Plantations helped in the battle against

[23] *Annales Parlementaires*, Chamber 15 July 1931, p. 2157. See Marchal (2008), p. 159.
[24] Raingeard, Labour in Kwango, p. 127.
[25] Ibid. p. 165.
[26] G. Jones, Renewing Unilever: *Transformation and tradition* (New York 2005), 197–203.

urbanization and impoverishing of the countryside. The company also mentioned ecological arguments as plantations could play a role in the demise of tropical forests and soil protection. [27]

In the 1990s the Unilever´s plantations received increased scrutiny in western public opinion. Like many other multinationals the company had to legitimate it corporate activities in light of corporate social responsibilities. In its arguments it again pointed at it strong position in agricultural knowledge and it contribution to food production and its great responsibility as employer in creating jobs and foreign currencies in the global south. However, in the long run profitability had been the main driver for investment and divestment decisions by Unilever management.[28]

Outlook

This paper highlighted the origins and deep socio-ecological impact of transnational commodity trade. It showed how Unilever's interest and legitimation for its foreign investments changed over time. These insights connect to contemporary challenges of businesses in light of EU directives on corporate sustainability and due-diligence. This future research we will further unpack the role of (1) technological developments and (western) commodification of natural resources, the (2) system entanglers, actors influencing the different sites of the resource chain developments also across borders, and (3) the sustainability trade-offs encompassing the social, ecological, and economic developments in these sites.

[27] N.A. *Unilever in de Wereld*. (Unilever 1980), Rotterdam, 27-28.
[28] G. Jones, Renewing Unilever: Transformation and tradition (New York 2005), 197–203.