

THE UNITED FRUIT COMPANY IN THE 1950S:  
TRUSTEESHIPS OF THE CAMEROONS

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I

Introduction

In the literature on multinational companies operating in the Third World, it is a widely-held belief that such companies are more powerful than the nation-states within which the companies operate. Dramatic comparisons can be drawn between the annual international earnings of a multinational company and the annual government budget of a small developing country in which the company figures are often several times greater than the financial operations of the host country. This position, it is argued, inevitably puts the host country at a severe disadvantage and leaves it prey to the purely self-interested decisions of the international business.

Business executives, on the other hand, claim that their operations are largely decentralized and function as subject companies within each nation-state. Those aspects of operations which are handled internationally do not affect local decisions which, they contend, can only be made locally by people living and working in the host country. Both of these positions are clearly expressed in the summary of the 1973 hearings before a United Nations Group of Eminent Persons studying the impact of multinational corporations on development and on international relations.<sup>1</sup>

A case study of the United Brands Company in the Cameroons during the 1950s offers a good opportunity to study these two positions. The company, then known as the United Fruit Company and operating through its British and French subsidiaries, was involved in the export of bananas to Britain and France from what were two separate United Nations Trusteeship territories: the British Cameroons and the French Cameroons. However, this political division hid the essential likeness of the two plantation regions where bananas were grown. These regions were

both based on the volcanic soils that cross the boundary of the two Cameroons, and each presents a similar landscape of volcanic peaks, fertile lower slopes, and, before the introduction of plantations in the early twentieth century, each was heavily forested and thinly populated.

The geographical likeness of the plantation regions of the French and the British Cameroons was imitated in the social history of the two areas. On both sides of the Mandate/Trusteeship boundary, early European plantations under private ownership were established and worked largely by migrant labor that came in large numbers from other areas of the Cameroons and from Nigeria. One of the "source" areas which crossed the Mandate boundary to the north of the plantations was the highlands plateau, an area of high population density containing a large number of ethnic groups which, although frequently linguistically and politically distinct, show marked cultural and historical similarities. Of these similarities, the most important for our purposes was the tendency for members of these groups to settle around the lowlands plantations and begin smallholder export cropping in conjunction with the European plantations. This situation in both the British and the French Cameroons resulted in a certain amount of tension between the immigrant and indigenous Africans in the plantation areas.

Thus, geographically and socially the essential likeness of the plantation regions of the British and the French Cameroons should be stressed. Where the two regions differed was on political grounds, with one side affected by a British administration and the other by the administration of the French. In this paper we shall briefly examine some of the effects of that political difference on the postwar development of the banana trades in the two Cameroons and on the different roles in those business which were taken by the subsidiaries of the United Fruit Company. With so many other factors being roughly equal, we are allowed in this situation to judge how much the multinational corporation's behavior was shaped by government policies and the resulting social structures of the host countries.

## II

### Corporate Background

The United Fruit Company of Boston (now the United Brands Company of New York) was incorporated in 1899 when the marketing and shipping assets of the Boston Fruit Company joined with the Latin American land and rail holdings of Minor Cooper Keith. By the 1920s United Fruit dominated the trade in bananas, building on abundant supplies from Jamaica, Central America, and Colombia and selling cheaply in the United States. In so doing, the company either outlasted, bought out, or merged with its major

competitors and came to play an influential role in the economies of several Central and South American countries.<sup>2</sup>

United Fruit first became involved with European markets in 1902 when it bought 45% of the shares of Elders and Fyffes Company, Ltd., London (now the Fyffes Group, Ltd.).<sup>3</sup> At the time, Elders and Fyffes were a minor concern of the Elder Dempster Shipping Lines and had been formed to organize the sale in Britain of bananas from the Canary Islands. It was because of the inadequacy of the Canary Islands' supplies that Elders and Fyffes first leagued with United Fruit to obtain Latin American fruit for the British market. In 1915, the remaining 55% of Elders and Fyffes stock was sold to United Fruit by Elder Dempster Shipping Lines.<sup>4</sup>

In 1921, Elders and Fyffes set up the *Compagnie des Bananes* to sell bananas in France. In recent years, the *Compagnie des Bananes* has become a subsidiary owned and supervised by the New York office, but there are still close links with the London company, Fyffes, and the main interest of the *Compagnie des Bananes* continues to be the sale of fruit in France.

The United Fruit Company's early business with the British Cameroons was transacted through its German marketing subsidiary since, throughout the 1920s and 1930s, most of the plantation production in bananas came from German growers and was sent to the German market.<sup>5</sup> This situation changed with the Second World War when the German plantations were expropriated by the Custodian of Enemy Property and eventually sold to the colonial government of Nigeria, which administered the British Cameroons. The Nigerian government, in turn, leased the land back to the Cameroons Development Corporation (CDC), a parastatal organization charged with managing the plantations for the benefit of the inhabitants of the British Cameroons. By this time the United Fruit Company had redirected its business in the British Cameroons to its British subsidiary, the Elders and Fyffes Company. Elders and Fyffes, after a dispute over title, arranged to lease the Likomba plantation from the CDC and as of 1948 also handled the shipping of all bananas exported by the CDC and from their own plantations at Likomba.<sup>6</sup>

The company's decision to export bananas from the French Cameroons came in the early 1930s and followed a law in France limiting all banana imports in Metropolitan France to fruit from Martinique and Guadeloupe. United Fruit, which supplied all the fruit the *Compagnie des Bananes* sold in France, had never exported from the Antilles and thus the *Compagnie* was in danger of collapse when the law was passed.<sup>7</sup> However, an arrêté dated 26 July 1932 did allow for the import of fresh and dried bananas from the French Cameroons.<sup>8</sup> When the *Compagnie des Bananes* began exporting from the French Cameroons, it had three sources of supply: bananas grown on the Loum Chantier plantations in Mungo, which the company had leased in 1935/36 from Emile Nassif, a Lebanese trader; a 100-hectare concession near Penja

in Mungo bought in 1936; and the increasing banana production of the other European growers in the French Cameroons.<sup>9</sup> This last source had been steadily augmented since the first French banana plantation had been established in Mungo in 1931. It was so successful that it precipitated a rush of new plantations all along the Nkongsamba-Bonaberi railroad in the Mungo province.

### III

#### The 1950s' "Banana Boom"

The development and decline of fresh banana exports from the Cameroons can be described in three stages:

- 1) 1920s-1930s: the introduction and promotion of the crop based largely on plantation-style production, a period that ended with the cessation of banana shipments during the Second World War;
- 2) 1950s: the "banana boom" when smallholders and plantations were producing for a lucrative postwar market, a period that ended with independence in the early 1960s;
- 3) 1960s-1980s: the narrowing productive base of the banana trade serving a more competitive market, the elimination of the trade from the former British Cameroons, and the elimination of smallholders.

The role of the United Brands Company's subsidiaries in the Cameroons changed considerably from one period to another, but here we confine our attention to a comparison of the management of the two banana trades from the British and the French Cameroons during the 1950s. The outstanding feature of the period was the participation of smallholders in the banana trade which had previously been dominated by plantation production. Before the war, smallholders had exported bananas through the larger plantations, but after the war smallholders emerged as a distinctive and organized entity which by the end of the 1950s was responsible for the majority of all banana exports from both the British and the French Cameroons.

There are three principal factors which can explain the postwar increase in smallholder participation in the banana trade. The first of these also applied to the banana trade as a whole: namely, that the European market being supplied, largely Britain and France, was in effect a market beginning from zero. There had been no banana imports during the war, which meant that in the first postwar decade all producers were growing for a rapidly expanding market offering a high price for the fruit. Moreover, it was a market that was not terribly fussy about the quality of the fruit it bought. Second, although the quality of smallholder production would be increasingly criticized in the

late 1950s and the early 1960s, for much of the first postwar decade smallholder quality was fairly high. This can largely be explained by the fact that many of the smallholders were using newly-cleared land which was unusually fertile. In addition, neither of the principal banana diseases, Sigatoka disease and Panama disease, which require expensive and disciplined treatment, had yet reached the Cameroons in any significant way. Thus smallholders found they could export bananas based on an investment that involved initially little more than clearing land, planting the banana rhizomes, and harvesting the fruit eighteen months later. It was, in short, a fast and relatively easy income. The third factor smallholder participation was the encouragement of farmers' cooperatives by the government administrations in both the British and the French Cameroons. In the British Cameroons this resulted in the Bakweri Cooperative Union of Farmers which represented all smallholders in the banana trade in the British Cameroons. In the French Cameroons the government began directing additional funds to the Sociétés Anonymes de Prévoyance which were most successfully set up in Mungo for the farmers in the banana trade.<sup>10</sup>

Thus, with the addition of large numbers of smallholders to the Cameroons banana trade of the 1950s, we can see that the business in both Cameroons was based on two major sources of production: the plantations that had begun before the Second World War and were under European administration, and the large number of African smallholders who rushed to join the lucrative postwar trade. Of these, smallholders were exporting the largest volume, with plantations exporting less than half (see Figures 1 and 2). The plantation tonnage, including that from the United Fruit Company plantations in both Cameroons, was less than half of all plantation exports.

#### IV

##### Trade Management and the Companies' Roles

In Figures 3 and 4 I have attempted to schematize the managerial structures of the 1950s banana trades from the two Cameroons and the roles within that structure that were taken by the United Fruit Company subsidiaries. The single most important feature of both structures is that they were pluralistic. The idea of a vertically-integrated trade, within which all aspects of the business from field production to shipping to final sales in Europe were owned and controlled by the company, was clearly not represented here, particularly not in the French Cameroons. Instead, there was considerable division of responsibility and authority. In that division the company maintained control of several key points, but it was a control that was counterbalanced by the authority of the other participants in the trade.

Another observation that can be made is that in the British Cameroons there was a higher degree of centralized organization of the trade than existed in the French Cameroons, something which affected the responsibilities of the company subsidiaries. This is perhaps the single most critical difference between the two trades. Moreover, it is a difference that is rooted in the fundamentally different points of view in the British and the French Cameroons on some of the key issues in the Mandate/Trusteeship administration of the Cameroons. In turn these differences determined the nature of postwar plantation society and, within that, the organization of the banana trade. Exactly what this difference between the very individualistic style of administration in the French Cameroons and the more centralized style of the British Cameroons meant for the banana trades can be illustrated in three important areas: the organization of plantations, the management of smallholders' cooperatives, and the position of the United Fruit Company subsidiaries.

### Plantations

Between the two World Wars the banana plantations in the British Cameroons and in the French Cameroons were privately owned by Europeans or European companies. Although little is known about the administration of the German interwar plantations in the British Cameroons, one suspects that their administration--like that of the plantations in Mungo in the French Cameroons--was fairly autonomous, with decisions that required collective action being handled either informally among plantation owners or through the medium of the sales agent responsible for marketing the fruit in Germany.

However, after the war the organization of the European plantations in the British Cameroons was radically altered by the creation of the Cameroons Development Corporation. This had two important consequences. The first was that the plantations became state property and as such the profits to be made from that property were destined by law to be used for the inhabitants of the territory. This meant that the CDC plantations operated under a collection of social obligations for schools, housing, and health care that the interwar private plantations had not been expected to provide. Second, under the CDC's administration all the plantations around Mount Cameroon were subjected to a centralized management from the Head Office at Bota. This allowed for an administratively-coherent banana trade and meant, for example, that when the need for new technologies and greater investment began, the expense and organization of such changes could be coordinated among a number of plantations. The only exceptions to the CDC's administration of plantation lands in the British Cameroons Victoria Division were Elders and Fyffes Likomba Estate and another estate managed

by Pamol, a Unilever subsidiary. These two private companies, however, depended on the CDC for the lease of the land and were, by virtue of their lesser size alone, always under the influence of the greater CDC administration.

In contrast, the banana trade in Mungo in the French Cameroons maintained in the 1950s the same pattern of individual plantation ownership and management that had first been created during the 1930s. This testified to the continuing support on the part of the government of the French Cameroons for the principle of colonization. This policy encouraged the ownership and development of agricultural land in Cameroon by French families, who tended to settle in the territory for their working lives, but to return to France to retire. This policy can be contrasted with the postwar practice in the British Cameroons which discouraged the implantation of European settlers in the territory and instead wrote the land laws in such a way that Europeans were prevented from holding title to land, particularly land that could be defined as "native lands." In political terms, the French Cameroons' policy helped to create a social and economic dichotomy between the European and Cameroonian banana growers that contributed to a brief but bitter period of civil war from late 1959 through much of 1960. The managerial consequence of this pattern of private plantation ownership was that all developments in the industry were subject to the individual and not necessarily uniform agreement of the plantation managers. In an industry which ships and markets all fruit collectively, this variability ultimately served to lower the general standard of bananas coming from the French Cameroons and, particularly as the European market became more competitive, caused a general weakening of the position of the French Cameroons trade.

It should be noted that this strong individualism in the French Cameroons was tempered by the existence of the Syndicat de Défense des Intérêts Bananiers du Cameroun. The Syndicat had begun during the 1930s as a lobby for the European banana growers in Mungo, but by the 1950s the African smallholders cooperatives had also been admitted as members. Although originally conceived as a political lobby more than a managerial organization, the Syndicat did serve as a meeting point for the various growers in the banana trade and was behind the creation of several important collective efforts, the most important of which was the organization of aerial treatment. Throughout its active life, however, the Syndicat tended to maintain its identity as a lobby and avoided any definition of itself as a managerial organization imposing decisions on its still very independent members.

#### Smallholders' Cooperatives

It is equally revealing to compare the organization of the smallholders' cooperatives in the British and the French

Cameroons. Here there are two important points to be mentioned. The first is that in the British Cameroons, all banana cooperatives were members first of a village society, then a secondary society consisting of several villages, and ultimately of the "apex" organization, the Bakweri Cooperative Union of Farmers (the BCUF). In contrast, in the French Cameroons each cooperative functioned independently of the others and no umbrella organization for cooperatives existed. This pattern continued, in the cooperative context, the same difference one saw in the organization of plantations where the British tended towards a more centralized system while the French were resolutely individualistic. The second point to be made about the cooperatives reflects again the different attitudes in the two Trusteeships towards the organization of "native affairs." By the 1950s Lugard's principles of "indirect rule" had begun to penetrate the administration of the British Cameroons. It is therefore not surprising to find that in the British Cameroons banana trade, each local cooperative organization was based on a village and functioned within the indigenous administrative organization of each village. In the French Cameroons, however, the individual cooperatives tended not to be organized around villages, but around notable individuals. This system echoed the French administrative practice of introducing "chiefs," who often were quite outside indigenous political structures. Thus any individual in the French Cameroons who could convince other farmers to join his banana cooperative was free to do so, a system that seems to have granted the cooperative president fairly autonomous authority over the structure and administration of his cooperative.

As with the organization of the plantations, there were both political and managerial consequences of these different systems. Certainly one feature of the cooperatives in the French Cameroons was an overall lack of accountability provided by this system. Not only were village customs for reviewing decisions not obviously applicable, but there was a very poor circulation of routine information and a haphazard system of recordkeeping that meant most cooperative members were in the dark when it came to judging what their earnings should have been. It is not surprising then to hear that as banana earnings declined in the late 1950s, one cooperative president was able to keep for himself 75% of the income he should have been distributing to members. While corruption also increased in the British Cameroons as earnings declined, the extent of corruption was considerably lower, largely owing to the managerial supervision provided by the central office of the Bakweri Cooperative Union of Farmers which, for example, provided each farmer with a book for recording the fruit he had exported. In the French Cameroons, corruption undoubtedly contributed to smallholders' dissatisfaction with the trade in 1959, which led to the strike by smallholders that was eventually presented as a



conflict between Europeans and Cameroonians in the de facto civil war of 1959/60.

In managerial terms, the British Cameroons' organization of cooperatives into village-level societies, secondary societies, and an "apex" society meant that as the smallholders found themselves unable to rely on the fertility of newly-cleared land, and also under increasing pressure from both Sigatoka and Panama diseases, a systematic attack on these problems could be undertaken. This meant that considerable attention was given to the problem of adapting what had been exclusively plantation techniques of fertilization and disease control to smallholders' circumstances. The introduction of back-carried sprayers to spray small farms against Sigatoka disease, a procedure which on plantations is usually done by airplanes, is one example. In the French Cameroons, disease control was tackled by a tax on banana exports that was used to finance the aerial treatment company hired to make routine sprayings of the whole Mungo banana zone. It is perhaps not surprising that one of the principal demands of the smallholders' strike was the discontinuation of the tax for aerial treatment, which must have been seen as an expensive "plantation" imposition rather than as an improvement of their own farming operations.

#### United Fruit Company Subsidiaries

It is in the context of this difference between the centralized organization in the British Cameroons and the individualistic organization in the French Cameroons that one must examine the different roles of the United Fruit Company subsidiaries in the two territories. It should not be surprising that of the two subsidiaries, the Elders and Fyffes Company in the British Cameroons was given a greater degree of authority than the Compagnie des Bananes was able to command in the French Cameroons. In part this was no doubt owing to the fact that the Compagnie des Bananes was in turn a subsidiary of Elders and Fyffes. As such, it was a British company, staffed in the 1950s largely by British and for that reason alone suspect in the context of a French banana trade. But it is also true that very little centralized management existed in the French Cameroons banana trade and this is reflected in the position in that trade accorded to the Compagnie des Bananes.

If one looks again at Figures 3 and 4 to compare the managerial structures of the British and the French Cameroons banana trades in the 1950s, one sees that in the British Cameroons Elders and Fyffes was one of three "partners" in the trade, bracketed on either side by the CDC and the Bakweri Cooperative Union of Farmers. Each partner was responsible for his own banana production and much of the transport to the wharf. But the three organizations were intricately linked to each other both by contracts and by the fact that the nature of

the banana crop required growers to ship fruit out on a regular, collective basis every week or ten days. Under the contracts between Elders and Fyffes and its two suppliers, the CDC and the BCUF, all shipping to and sales in Britain were handled by Elders and Fyffes. Moreover, all fruit from the British Cameroons was sold jointly, with earnings apportioned to each grower according to the amount he had supplied. This arrangement, which forced producers of better quality fruit to carry or subsidize producers of poorer quality fruit, was strengthened by a stipulation from the CDC that it would ship only its higher-quality plantation fruit with that of the smallholders cooperatives if the cooperatives were able to meet the standard set by the CDC. This arrangement, which later broke down, was possible as long as smallholder growing conditions were fairly good and was further strengthened by the fact that in the late 1950s the government Cooperative Department asked Elders and Fyffes to second managerial staff to the Bakweri Cooperative Union of Farmers, an arrangement confirmed in the latter's 1957 contract with the company.

The end result in the late 1950s was that Elders and Fyffes was in a critical central role in the management of the trade. Much of this was owing to the fact that nearly all shipping and sales were handled by the company. However, their role in the management of the Bakweri Cooperative Union of Farmers is the one best remembered in 1982 and most praised for its contribution to the success of smallholders and thereby to the whole trade. In addition, the company was a producer, managing not only the Likomba plantation on CDC land, but also developing a 10,000-acre plantation off the Kumba road. Finally, under the terms of the contracts of the late 1950s, the Elders and Fyffes Company also handled the final selection of all fruit to be exported from Cameroon, a responsibility that affected all producers and increased the company's importance in the trade.

The institutional importance of the United Fruit Company subsidiary in the British Cameroons was not reflected in the company's role in the French Cameroons. Here one must again stress the very pluralistic nature of the organization of the banana trade from the French Cameroons. Unlike Elders and Fyffes in the British Cameroons, the Compagnie des Bananes did not provide any of its own ships, or those of the international company, to evacuate fruit from the French Cameroons to France. Instead, all shipping during the 1950s was handled by a French company, Chargeurs Réunis, which operated under a contract with the Compagnie des Bananes. Nor did the company control the final selection of fruit before it was loaded onto ships. Instead, the government's Service du Contrôle et du Conditionnement was responsible for the final wharftside inspection and selection of exportable fruit. Finally, the company had no role at all in the management of the smallholders' cooperatives, other than a very informal function

as advisors to those cooperatives which approached them for help. Like Elders and Fyffes, the Compagnie des Bananes coordinated the procedures designed to estimate production from each grower, anticipated the required shipping, and issued the cutting instructions on shipping days that indicated how much fruit was to come from each plantation and cooperative. However, while this role was defined by contract in the British Cameroons, in the French Cameroons it would seem to have been a responsibility that grew up informally in Mungo and was managed through a weekly meeting of all planters and cooperative presidents held in the company's plantation offices in Mungo.

The general impression one receives is that the Compagnie des Bananes in the French Cameroons, although extremely important in the management of the trade from Mungo, was in an essentially weaker position than Elders and Fyffes. Like Elders and Fyffes, it was a producer, was responsible either directly or indirectly for shipping and sales, and played a key role in organizing the shipment of fruit. But the broader structure of affairs in the French Cameroons was more fragmented, authority in the trade was more diffused, and, by extension, the authority of the company was inevitably tempered by the overall fragmentation of responsibility in the trade.

## V

### Conclusion

It is hoped that in this brief comparison of the United Fruit Company subsidiaries in the French and the British Cameroons some light has been thrown on the manner in which a multinational company will adapt its operations--is, in fact, obliged to adapt its operations--to local definitions of how the trade should be organized. In this respect, this case study would tend to support company executives' claims that their subsidiaries are subject to pressures from, if not always directly the nation-state, certainly from the social and commercial organization of businesses within that state. However, it should be recognized that during the 1950s both the Compagnie des Bananes and Elders and Fyffes maintained a high level of control over shipping and sales and to a lesser extent over the quality of production. In effect, these controls were the companies' bargaining levers and to the companies they no doubt represented the tools required to maintain an economic trade. It should be remembered, however, that they were tools that shaped the trade and in turn inevitably must have shaped some of the social structures that were created by the trade.

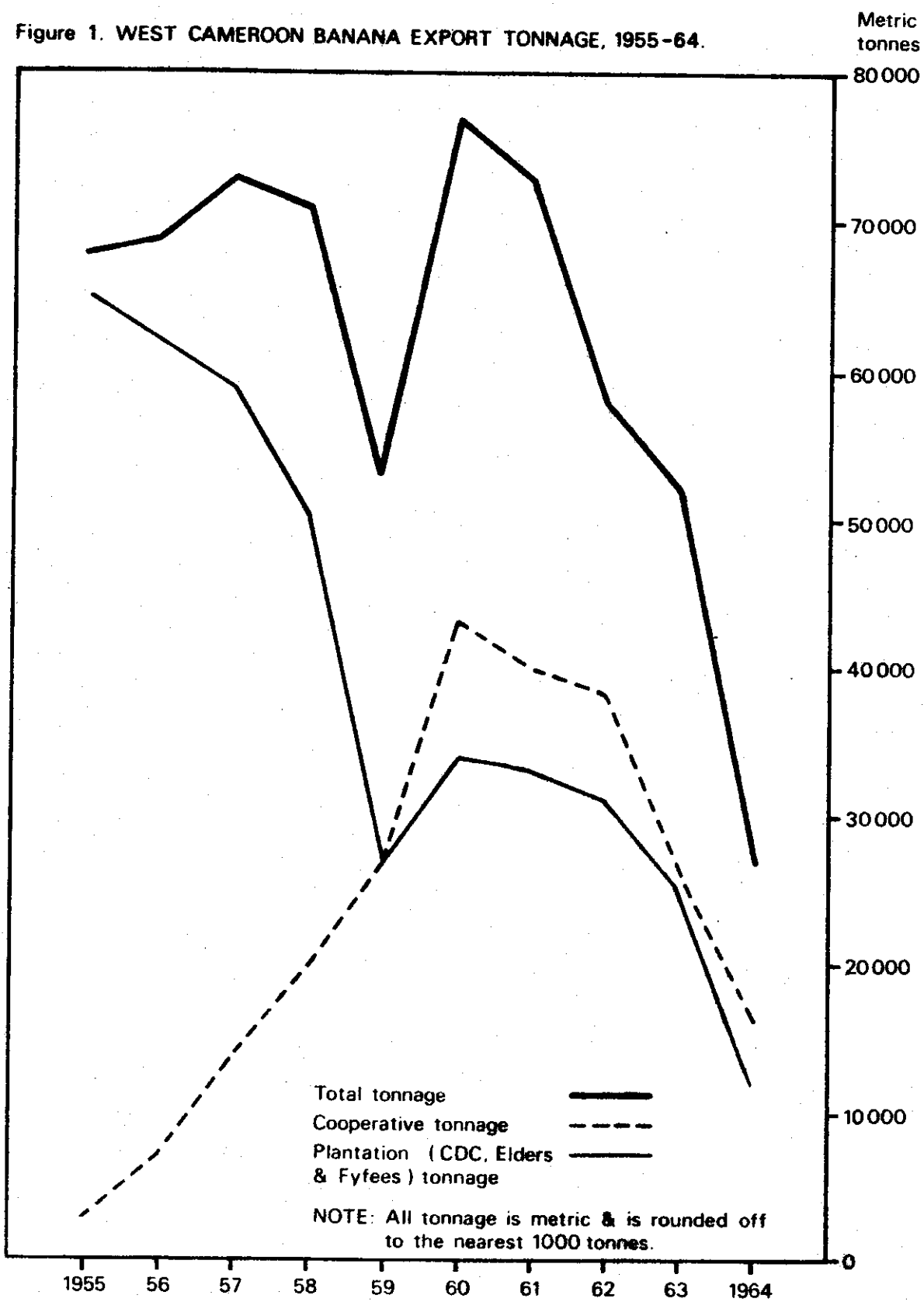
In conclusion, one is tempted from this single and perhaps unrepresentative case study to suggest that the nature of any company/host country relationship is less likely to have been defined by the dominance of one party over another than it is

the product of an evolving process of pressure and adaptation that shapes both sides. Such a process might at any one point favor one party over the other, but in any long-term involvement it is bound to create a hybrid organization that in some way should have satisfied the legitimate aspirations of both company and host country. Where this has not occurred, it would be useful to study both the nature of the multinational company and its policies, as well as the nature of the local political and social order. It is not unreasonable to postulate that the subsidiary company's behavior will in some respect be a reflection of both the values defining local institutions and customs as well as those behind its own international organization.

## NOTES

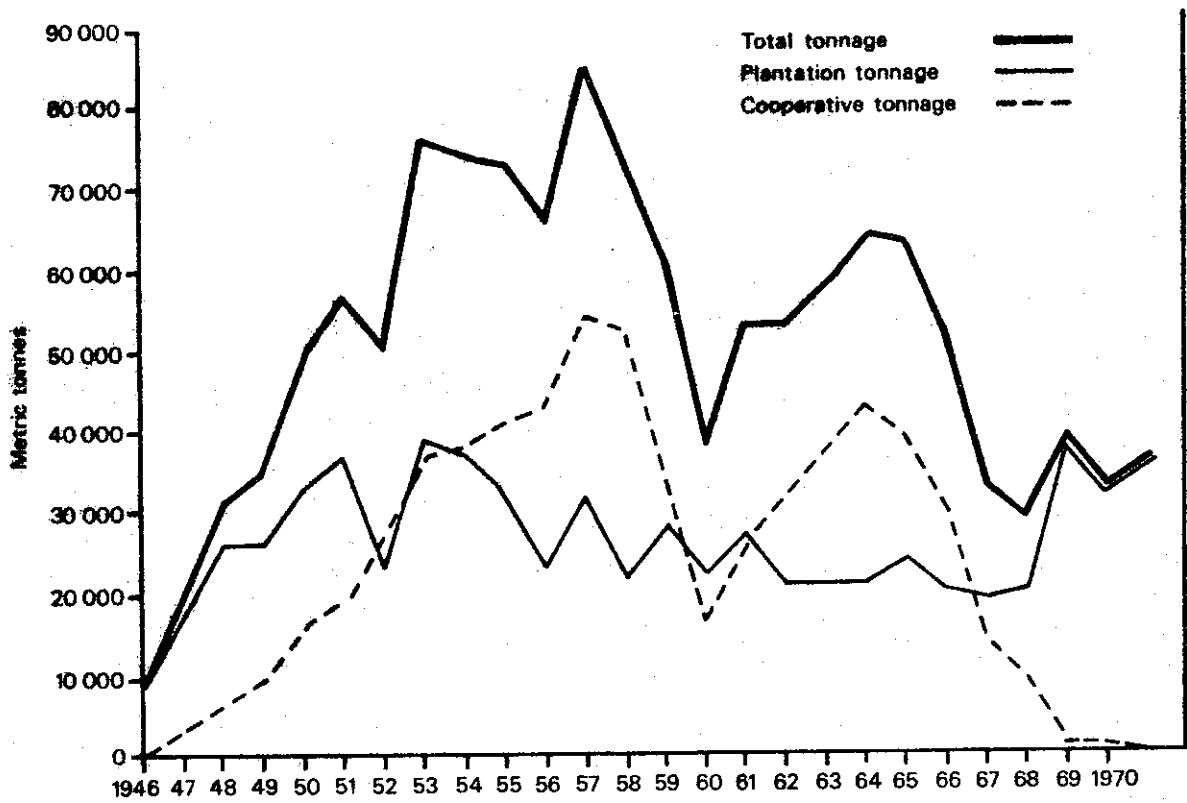
1. United Nations. Department of Economic and Social Affairs, Summary of the Hearings Before the Group of Eminent Persons to Study the Impact of Multinational Corporations on Development and on International Relations (New York, 1974), passim.
2. See Charles Morrow Wilson, Empire in Green and Gold (Westport, Conn., 1968), for a history of the early years of the United Fruit Company.
3. Patrick Beaver, Yes! We Have Some: The Story of Fyffes (Cutting Hill, 1976), 39.
4. Ibid., 51
5. Interview in 1982 with David Philp, Director, Fyffes Group, London. See also export statistics in Great Britain, Colonial Office, Report ... on the Administration of the Cameroons under British Mandate for the Year(s) 1929, '30, '31, '32 (London, 1930-33).
6. Edwin Ardener, Shirley Ardener, and W. A. Warmington, Plantation and Village in the Cameroons (London, 1960), xxvii-xxviii.
7. Interview in 1982 with Alistair McLaurin, first director of the Compagnie des Bananes, Cameroon.
8. Journal Officiel du Cameroun, no. 297 (1 October 1932).
9. Interview in 1982 with Alistair McLaurin.
10. See Jane I. Guyer, "The Provident Societies in the Rural Economy of Yaounde, 1945-1960" (Working Paper no. 37, African Studies Center, Boston University, 1980) for a more detailed discussion of the SAPs.
11. Estimated tonnage from the French Cameroons was read from a line graph on the wall of the director's office at the Institut de Recherche Agronomique, Nyombe, Cameroon. Tonnage from the British Cameroons comes from the Stanford Research Institute, The Economic Potential of West Cameroon (Menlo Park, 1965).

Figure 1. WEST CAMEROON BANANA EXPORT TONNAGE, 1955-64.



Source See Note 11.

Figure 2. MUNGO BANANA EXPORT TONNAGE, 1946-70



Source: See Note 11.

Figure 3. MANAGERIAL STRUCTURE OF BRITISH CAMEROONS BANANA TRADE, 1959

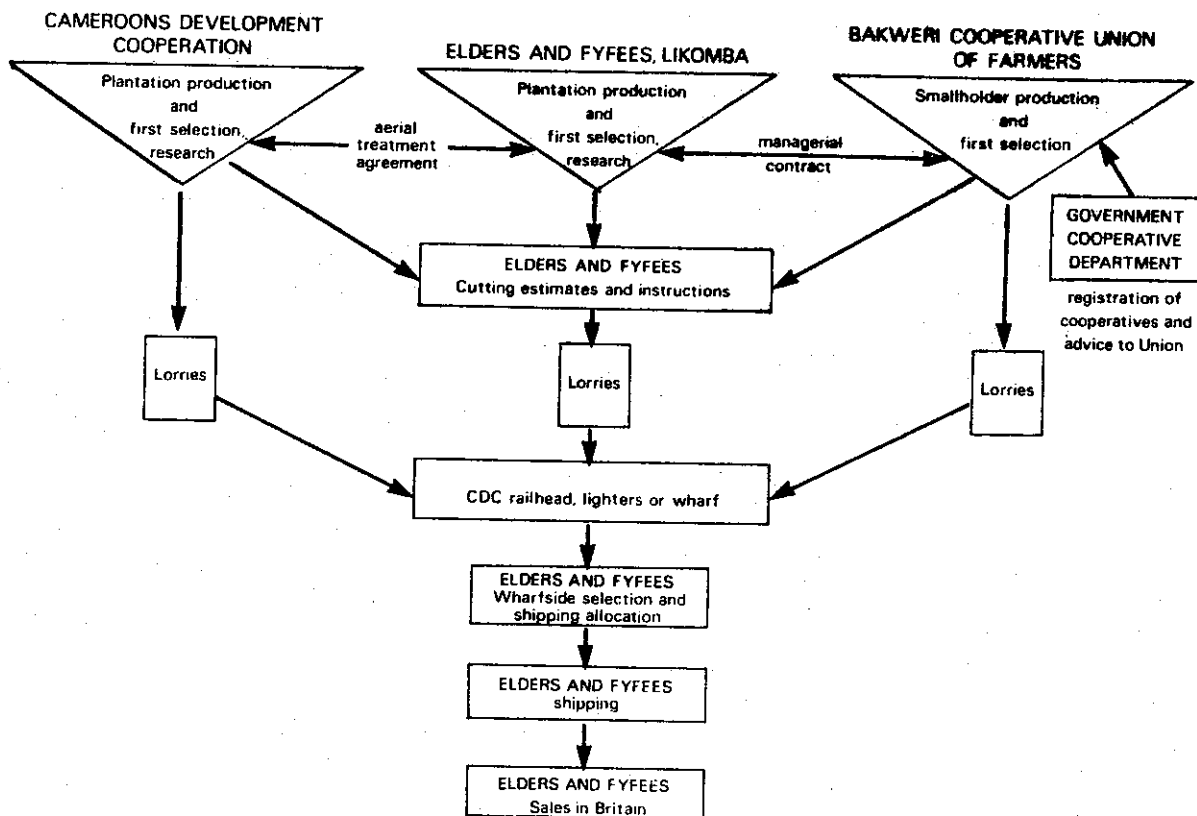


Figure 4. MANAGERIAL STRUCTURE OF MUNGO BANANA TRADE, 1959

