

Case 10-2 A Classic: Baby Formula Raises Questions

In capitalist theory, the law of supply and demand and the human virtues of honesty and fairness are determinants regulating competition in the marketplace. If and when these get out of kilter, appropriate restraints or regulations can be imposed by governmental authority.

However, laxity in self-imposed standards back in the 1960s led to a number of consumer protection laws and to the growing intervention of the consumer's advocate. The advocate came in the form of either a person or an organization, acting as investigator or quality control manager, on behalf of the consuming public. Over time, nongovernmental consumer protection and advocacy have come to involve the Better Business Bureaus, *Consumer Research* and *Consumer Reports* magazines, telephone hotlines, television programs, newspaper and magazine features, newsletters, and dozens of special interest groups with their networks for investigation and communication.

Competition Is the Culprit

Product producers who are in business for the long haul don't set out to deliver an unsafe, fragile, or overpriced product. Occurrences when consumers are harmed or abused by gutter-level tactics and ethics are the exceptions. More often, breaches of the buyer-seller relationship stem from competitive pressures resulting in use of substandard materials; inadequate research, testing, or quality control; improper packaging; overstated claims of product benefits or capabilities; or faulty instructions. When consumer complaints pile up and a protectionist group moves in or litigation threatens, product makers go on the

defensive, sometimes to stonewall, and other times to recall, to replace, or to refund.

Mothers, Babies, and Nutrition

To exemplify a breached buyer-seller relationship and a consumer group moving in, we have chosen powdered infant formula as the product, and two giant producers, Nestlé, the world food colossus based in Switzerland, and Bristol-Myers, a multi-billion dollar U.S. company diversified in pharmaceuticals, household products, cosmetics, and may other products.

The problem arose when powdered infant formula was distributed by these two competitors in underdeveloped areas of the world. Medical studies conducted by world health organizations found that when the product was administered it was a contributing factor in malnutrition and the cause of diarrhea and a higher mortality rate in babies in underdeveloped countries (see Figure 10-3).

At the core of the problem was the reality that most infant formulas sold in underdeveloped countries come in powdered form, and these milk solids must be mixed with water before they are usable. According to the reports, babies frequently received contaminated milk because in many areas there is a general ignorance of hygiene, unclean water, or limited fuel for sterilizing bottles. These conditions prevented mothers from following formula preparations correctly.

High Cost of Powdered Formula

Moreover, according to the reports, the powdered formula was so expensive that mothers often diluted it to make it last longer. It was



FIGURE 10-3 Emotion-packed photo carried by *Mother Jones* magazine dramatically shows the impact of the use of powdered formula sold in underdeveloped nations

estimated that in Nigeria, where American-made formula was widely used, the cost of feeding a three-month-old infant with formula was approximately 30 percent of the minimum urban wage. Making matters worse, there was a sweeping shift away from breastfeeding throughout developing countries. The shift was associated with the rapid urbanization of these countries.

Critics admitted that the infant formula manufacturers were not responsible for the trend away from breastfeeding. However, faced with stagnant or declining birthrates in the developed world, the critics maintained that these companies encouraged the abandonment of breastfeeding by stepping up their sales effort in the baby-booming areas of Latin America, the Far East, Africa, and the Middle East.

Profits from baby formula sales reached new highs for some of the companies. In

1975, Bristol-Myers enjoyed a one-year record in profits largely because of formula sales. For another company, baby formula sales increased by more than 30 percent for two years in a row.¹

Ethical Misconduct, Clever Marketing, or Social Irresponsibility?

Most of the criticism of the companies focused on how they achieved their sales. In underdeveloped countries, they relied heavily on “milk nurses” or “mother craft workers” who went into hospitals, clinics, and private homes to instruct new mothers on child care and on the advantages of using the company’s formula. The “nurses” wore traditional nurses’ uniforms, which, the critics charged, lent a spurious air of authority to their sales appeal, and in some cases they

¹*New York Times*, September 11, 1975.

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were paid on a commission or bonus basis, adding a conflict-of-interest charge to the matter of morality.²

As public awareness of the controversy grew, better-known organizations became involved. The Protein Calorie Group of the United Nations issued a statement that emphasized “the critical importance of breastfeeding under the sociocultural and economic conditions that prevailed in many developing countries.” Later, the Twenty-Seventh World Health Assembly passed resolutions strongly recommending the encouragement of breastfeeding as the “ideal feeding in order to promote harmonious physical and mental development of children.” The resolutions called for countries to “review sales and promotional activities on baby foods and to introduce appropriate remedial measures, including advertisement codes and legislation where necessary.”³

Publicity Continues for Years

The controversy continued at the publicity level four years before organizations within the United States adopted the role of consumer advocate. Perhaps the most influential advocate was the Interfaith Center on Corporate Responsibility (ICCR), a division of the National Council of Churches. The group represents 14 major Protestant denominations and more than 150 Catholic groups. In an annual report, ICCR stated that it “exists to assist its member boards, agencies and instrumentalities to express

social responsibility with their investments. Members of ICCR agree that as investors in businesses, they are also part owners and therefore have the right and obligation to monitor the social responsibilities of corporations and act where necessary to help prevent or correct corporate policy that produces social injury.”⁴

Consumer Interest Strategy

As an initial step, ICCR members filed shareholder resolutions with U.S. baby formula manufacturers, including Bristol-Myers. Management met with ICCR members and disclaimed any responsibility for formula misuse. Despite this disclaimer, other organizations supported the resolutions. The Ford Foundation joined the other shareholders in support of the resolution—calling for a report on sales and promotional activities. The president of the Rockefeller Foundation wrote to the chairman of Bristol-Myers requesting the “publication of all relevant information to the outer limits permitted by competitive considerations.”

Tactics and Debate

A short time later, Bristol-Myers published a 19-page report entitled *The Infant Formula Marketing Practices of Bristol-Myers Company in Countries Outside the United States*. ICCR called the report “an attempt to obfuscate the issue” and sought responses by experts in infant nutrition. Dr. Derrick

²Ibid.

³Other studies and reports were made both in the United States and in foreign countries. They told the same stories using different examples from different places in the world. While most of these reports went unchallenged by the producers of baby formula, one exception should be noted. An organization called Third World Action Group reprinted a report entitled *The Baby Killers*. The booklet was aimed at Nestlé and reported on infant malnutrition and the promotion of artificial feeding practices in the Third World. When the booklet was released in Switzerland, Nestlé sued for defamation. The suit made news throughout the world for two years before it was settled. In the end, Nestlé dropped three of the four defamation charges. On the fourth charge regarding the new title, *Nestlé Kills Babies*, the judge said that since it could not be shown that Nestlé directly kills infants—the mothers who prepare the formula are third-party intermediaries—the title must be defamatory. However, the judge imposed only minimal fines and asked Nestlé to “fundamentally rethink” its advertising policies.

⁴ICCR 1977 Annual Report.

Jelliffe, one of the early expert critics in the baby formula controversy, condemned the report as “inadequate and evasive.” Within a couple of months, more than 20 ICCR members, joined by staff members of the Rockefeller and Ford foundations, met with Bristol-Myers management. The meetings changed little, and ICCR members filed another shareholder resolution with Bristol-Myers, requesting the correction of the company’s report.

Four months after the ICCR resolution requesting a correction, Bristol-Myers issued a proxy statement stating that the company had been “totally responsive to the concerns [of ICCR members]” in the stockholders’ resolutions. Feeling sure the proxy was inaccurate, the Sisters of the Precious Blood and ICCR members filed a lawsuit against Bristol-Myers. The suit charged Bristol-Myers with making a “misstatement” in its proxy and called for “a rescission of proxy votes, free from the taint of fraud.” The Sisters of the Precious Blood submitted massive evidence in support of their claim, but the U.S. district judge dismissed the suit. The judge declined to rule on the accuracy of the proxy statement, saying the Sisters were not caused “irreparable harm” by the statement. The text of the decision implied that since a shareholder resolution is “precatory,” or not binding on management, it is not relevant whether a company fails to tell the truth in responding to a shareholder proposal. Sometimes even the courts seem to condone or encourage ethical lapses.

SEC Supports Sisters

The Sisters of the Precious Blood announced plans to appeal the dismissal on the grounds that the ruling “did not address the merits of the charge and makes a mockery of Securities and Exchange Commission laws requiring truth in corporate proxy statements.” The Securities and Exchange Commission added pressure to Bristol-Myers when it indicated a

plan to file a brief in court in favor of the Sisters if the appeal went forward. In the end, the appeal did not have to be filed because Bristol-Myers agreed to send a report to stockholders that included evidence from Third World countries, details of sales of Bristol-Myers in poverty areas, and a description of the medical problems caused by these practices. Bristol-Myers also agreed to halt the use of all consumer-oriented advertising and to withdraw milk nurses.

About the same time as the Sisters of the Precious Blood filed their lawsuit against Bristol-Myers, members of Congress began to act on the controversy. The first step was a resolution co-sponsored by 29 members of Congress calling for an investigation of U.S. formula companies. A year later, an amendment to the International Development and Food Assistance Act urged the president to develop a strategy for programs of nutrition and health improvements for mothers and children, including breastfeeding. The report accompanying the House version of the amendment stated that “businesses involved in the manufacture, marketing, or sale of infant formula have a responsibility to conduct their overseas activities in ways which do not have adverse effects on the nutritional health of people of developing nations.”

Legislative involvement continued the following year as the U.S. Senate subcommittee on Health and Scientific Research heard testimony on the infant formula controversy. Dr. James Post of Boston University stated that “for eight years, the industry’s critics have borne the burden of proving that commercial marketing practices were actually contributing to infant malnutrition and morbidity. . . . From this time forward, the sellers of infant formula must bear the burden of proving that their products . . . actually serve a public purpose in the developing world.” While no legislation came from the U.S. Senate, Senator Edward Kennedy did request that the World Health Organization

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sponsor a conference on infant formula promotion, marketing, and use.

Group action then fastened on Nestlé. However, when competition is international, what the U.S. Congress thinks or does is not always binding on foreign-based businesses. A responsive set of tactics came into play.

Nestlé Forms Council

To disarm critics and defuse the issue, Nestlé led a number of large baby formula companies to form the International Council on Infant Food Industries (ICIFI). One of the major undertakings of ICIFI was the publication of a “Code of Ethics” for formula promotion. While the “Code” appeared to strengthen the position of baby formula manufacturers, it was criticized as being vague and meaningless. It was further weakened by the fact that two of the largest formula marketers, including Bristol-Myers, refused to join ICIFI.

While stockholder resolutions continued to put pressure on American companies, a new citizens’ action group formed to bring pressure on Nestlé. INFACT (Infant Formula Action Coalition) began a national campaign. The Minnesota chapter initiated a boycott of Nestlé’s products. The boycott became necessary, according to INFACT, because Nestlé did not change its policies on infant formula marketing techniques. INFACT made these demands of Nestlé:

1. Immediately stop all promotion of Nestlé artificial formula.
2. Stop mass media advertising of formula.
3. Stop distribution of free samples to hospitals, clinics, and homes of newborns.
4. Discontinue use of Nestlé milk nurses.
5. Stop promotion through the medical profession.

6. Prevent artificial formula from getting into the hands of people who do not have the means or facilities to use it safely.

Nestlé representatives made themselves available to groups across the United States. They met with representatives of various health advocate groups, medical professionals, and others. Nestlé’s basic position stemmed from a history of manufacturing and selling formula in developing countries for more than 60 years. The root causes of infant malnutrition and mortality in the Third World, according to Nestlé, were poverty, lack of food, ignorance, and poor sanitation. Nestlé advocated breastfeeding, but stated that most Third World infants needed a supplement to mother’s milk to sustain normal physical and mental growth for a period of months.

The national INFACT conference reacted to the meetings with Nestlé officials by deciding to continue the boycott. Boycott endorsements came from the Democratic Farmer-Labor Party of Minnesota and Ralph Nader. Nestlé representatives again met with action group representatives. Nothing was resolved, and the groups indicated that they would continue the boycott until Nestlé made substantial policy changes.

Spicing up the Boycott to Build a Bigger Constituency

To bring more attention to the boycott, action groups sponsored “Infant Formula Action Day” across the United States. The activities included a Boston Nestea⁵ Party, demonstrations, leafleting, letter writing, fasts, and other public events. Later the same year, INFACT sponsored a program called “Spook Nestlé.” The program urged Halloweeners not to buy or accept Nestlé

⁵Nestlé’s brand of instant tea.

TIMELINE TO CONTROVERSY

- 1867** Henri Nestlé develops the first breastmilk substitute, noting that “during the first months, the mother’s milk will always be the most natural nutriment.”
- 1965** The Protein Advisory Group (PAG) is formed as a coalition of representatives (United Nations, doctors, manufacturers, etc.) concerned with infant nutrition.
- 1966** A PAG consultant, Derrick Jelliffe, writes “Child Nutrition in Developing Countries,” published by the U.S. government as a warning against improperly used infant formula.
- 1971** The infant formula controversy is joined as Jelliffe presents his conclusions to a UN meeting in Colombia, drawing response from others who contend formula is needed to reduce infant mortality and morbidity.
- 1972** PAG emphasis shifts from formula to marketing practices around the product. Nestlé responds that its only change should be an emphasis on the importance of breastfeeding in its advertising material.
- 1973** An article, “The Baby Food Tragedy” is published in the magazine the *New Internationalist*. Later, an editorial, “Milk and Murder” is printed. Nestlé responds by inviting interested journalists to Switzerland to “get the complete story.”
- 1974** After interviewing Nestlé officials, a British journalist representing the ad hoc group “War on Wants” issues a pamphlet, “The Baby Killer,” which is then published by a German group, the Third World Action Group (TWAG). They title the pamphlet “Nestlé Kills Babies.” Nestle sues for libel, citing:
- The title
 - A statement that Nestlé’s actions are “unethical and immoral”
 - The allegation that Nestlé is responsible for deaths of babies
 - An allegation that Nestlé employed “milk nurses” or sales people dressed in nurses’ uniforms
- Nestlé later drops all but the first charge, and the case goes to trial.
- 1975** TWAG sets the public discussion agenda on “the activities of a Swiss multinational in developing countries.” The World Council of Churches takes in interest in the issue. Eight major manufacturers form the International Council of Infant Food Industries (ICIFI), which adopts a code of ethics for formula sales. Bristol-Myers and Ross Labs decline to join. Nestlé breaks its silence with a press conference to address the issue and the looming trial.
- 1976** TWAG is found guilty of libeling Nestlé and is ordered to pay fines of 300 Swiss francs (about \$150 US). The judge advises Nestle to change its advertising and marketing practices.
- 1977** The U.S.–based pressure group Infant Formula Action Coalition, or INFACT, calls for a boycott of

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| <p>Nestlé products as well as an end to infant formula promotional activities.</p> <p>1978 U.S. Senate holds hearings led by Sen. Edward Kennedy, who asks the World Health Organization (WHO) to hold hearings on infant health and nutrition.</p> <p>1979 WHO and UNICEF recommend international codes for marketing formula.</p> <p>1980 Many U.S. church groups join the boycott, but not the United Methodist Church, which studies the issue and declines to join.</p> <p>1981 WHO adopts the international code of infant marketing. Nestlé establishes its Nestlé Coordination Centre of Nutrition (NCCN).</p> <p>1982 Nestlé agrees to follow the code. The Nestlé Infant Formula Audit Committee, also known as the Muskie Committee for its leader, Edmund Muskie, is formed.</p> <p>1984 The boycott is ended. The Infant Food Manufacturers group is formed to replace ICIFI.</p> <p>1988 Activists re-institute the boycott, claiming Nestlé renegeed on its 1984 agreement.</p> <p>1991 Muskie Committee disbands, saying its work is finished.</p> | <p>1992 Church of England Synod announces its boycott of Nestlé.</p> <p>1994 The report “Breaking the Rules” is issued, claiming to show which manufacturers have violated the WHO agreement. Nestlé says charges against it are unfounded or represent old actions that have long been corrected. Church of England Synod suspends its boycott.</p> <p>1997 Yet another publication, “Cracking the Code,” accuses manufacturers of violating the WHO code. UNICEF praises the report.</p> <p>1998 WHO proposes roundtable discussion with industry, governmental, and nongovernmental (pressure groups) representation. Nongovernmental groups decline.</p> <p>2004 International Baby Food Action Network (IBFAN) publishes “Breaking the Rules, Stretching the Rules,” which purports to document WHO code violations in 69 developing countries. According to the report, Nestlé is the leading violator.</p> <p>2006 Twenty countries (not including the United States) continue boycott against Nestlé.</p> |
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candies. Leafletting at grocery stores and film showings were also part of the program (see Figure 10-4).

The list of those endorsing the boycott continued to grow. At the top of the list was the governing board of the National Council of Churches, which had facilitated earlier meetings.

The stalemate continued for more than five years. Nestlé published a list of 19 excerpts from letters indicating support of Nestlé activities in Third World countries, but this action did not swing public opinion in its favor and end the boycott. The boycott cost Nestlé millions of dollars, yet these costs did little to actually hurt the giant

WHAT YOU CAN DO ABOUT THE BOTTLE BABY SCANDAL

1. Boycott Nestlé. Nestlé is the largest infant-formula distributor in the Third World. A boycott of the company's products has been under way for some time in Western Europe; one in the U.S. began on July 4, 1977. Don't buy Taster's Choice/Nescafé/Nestlé Quik/Nestlé Crunch/Nestlé Libby, McNeill & Libby products (Libby's tomato juice, canned vegetables, etc.).

2. Join the campaign. As we go to press, active groups in more than a dozen American cities are working to spread the Nestlé boycott, distributing articles and a documentary film called *Bottle Babies*, speaking about the problem in churches and on talk shows, and so on. To find out how to link up with the campaign where you live, write or call:

Interfaith Center on Corporate Responsibility 475 Riverside Drive New York, NY 10027 (212) 870-2294	Third World Institute of the Newman Center 1701 University Ave. Minneapolis, MN 55414 (612) 331-3437	Earthwork 1499 Potrero Ave. San Francisco, CA 94110
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3. Sound Off. Clip or copy the coupon below and send it to:

Name of Your Representative U.S. House of Representatives Washington, DC 20515	Name of Your Senator U.S. Senate Office Building Washington, DC 20510
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Send a copy of your letter to:

Bristol-Myers 345 Park Ave. New York, NY 10022	Nestlé Co., Inc. 100 Bloomingdale Road White Plains, NY 10605
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Add a note to Nestlé saying that you are boycotting its products until it stops all promotion, advertising and free-sample distribution of infant formula in the Third World, and all distribution of formula anywhere where people do not have the money or the facilities to use it safely.

Dear _____:

The attached article details the growing problem of death and disease that results from aggressive infant-formula sales in the Third World. I am outraged by this practice. We need legislation that will bring it to a halt. Please inform me what you intend to do about this.

Sincerely,

FIGURE 10-4 Boycott Nestlé was promoted in a variety of ways, including advertisements such as this one appearing in *Mother Jones*

corporation, which had profits in the billions during these years. What Nestlé wanted to get rid of was “the public relations nightmare.” Church groups, labor unions, feminists, and other activists accused Nestlé of killing babies.

A Code of Ethics in Practical Form

In the 1980s, the World Health Organization (WHO) tackled the problem by establishing the International Code of Marketing of Breastmilk Substitutes. The membership of WHO voted 118 to 1 to adopt the nonbinding code. The United States cast the one dissenting vote, claiming that the code's restrictions violated the constitutional guarantees of free speech and freedom of information.

The code restricted the promotion of infant formula and prohibited the widespread practice of free formula samples to new mothers and the use of “mothercraft” nurses, a long criticized marketing aspect. Advertisements and other promotions to the general public were forbidden, as were gifts to mothers given to promote the use of breastmilk substitutes. The code also required that manufacturers discontinue use of product labels that idealized the use of infant formula. All products were to be labeled explaining the health hazards of bottle feeding.

After the passage of the code in 1981 by individual governments, Nestlé changed several of its marketing practices, even in countries where the code had not formally been adopted. Despite these advances, the

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OF ALL THE PARTICIPANTS, WHO WON WHAT?

The news coverage of the accord between Nestlé and the health advocate organizations indicated that the health advocate organizations had won the long battle. For example, an article in *Newsweek* included a photo of a Nestlé ad with the subhead: “A Boycott That Hurt.” The headline on the article stated, “Nestlé’s Costly Accord.” The lead in the story set the tone and clearly put the health advocate organizations in the winning position:

For the past 7 years, scores of religious, women’s health and public-interest groups

have waged a very rough and costly boycott against the Swiss-based Nestlé company. . . . Last week, after spending tens of millions of dollars resisting the boycott, Nestlé finally reached the accord with the protesters.

Nestlé agreed to change four of its business practices as the basis of the accord.

1. Put information on labels.
2. Update and provide all information in literature.
3. Stop giving gifts to health officials.
4. Stop distributing samples and supplies.

ICCR and the National Council of Churches found a long list of violations by Nestlé.

On its own, Nestlé released a revised set of policies designed to follow the code. The boycott continued, however, with focus on Nestlé’s Tasters’ Choice brand product. Several groups gathered and dumped 112,000 signatures onto the front steps of the company’s headquarters in Switzerland.

A Resolution of Sorts

Just as it seemed as though the standoff would go on forever, Nestlé reached an accord with the protest groups in 1984. Bristol-Myers, Ross division of Abbot Laboratories, and Wyeth Laboratories, a unit of American Home Products, major baby formula manufacturers in the United States, also reached accords with the protesters.

An Update

In 1988, the International Baby Food Action Network (IBFAN) released a detailed and illustrated report on the international

marketing practices of the infant food and feeding bottle industry prepared initially for the World Health Assembly. The report was titled “Still Breaking the Rules” and IBFAN continues to update this report (see Figure 10-5).⁶

The report indicated that the infant foods industry, in pushing its products around the world, continued to employ methods that “endanger infant health and undermine the efforts of national policy makers, primary health-care workers, consumer protection organizations and international agencies which have worked for more than a decade to encourage mothers to implement inexpensive and simple measures, including breastfeeding, to protect their babies’ health and lives.”

In naming offenders, the report went beyond Nestlé and Bristol-Myers. The list was far-reaching, demonstrating that the international infant food market has attracted entries from many countries, making control or discipline extremely difficult. Success in competition comes first in business whether local or worldwide.

⁶For a copy of the report, write to IBFAN USA, c/o ACTION, 129 Church Street, New Haven, CT 06510.



FIGURE 10-5 The report “Still Breaking the Rules” examines all baby food makers and their compliance to the international marketing practices

Source: (Courtesy of IBFAN and Action for Corporate Accountability.)

Also in 1988, *Action News*, a publication issued by an IBFAN member named “Action For Corporate Accountability,” reported that despite the code, Nestlé continued to “dump supplies of formula on hospitals” and thus gave the impression of medical endorsement for artificial baby feeding. If Nestlé persisted, the planned responsive action would be a renewal of the boycott in the United States starting on October 4, 1988, the fourth anniversary of the date the first boycott was ended.

As promised, the boycott was initiated again that year and is still ongoing. Action for Corporate Accountability spearheaded the effort against Nestlé in the United States and has focused attention on another company in this most recent boycott, American Home Products. AHP and Nestlé control about 65 percent of the global infant formula market and refused to succumb to ACTION’s demands to end the practice of supplying their formulas free to hospitals. It began circulating a petition and collected over 50,000 names that it has presented to Nestlé to pressure it with grassroots support. To emphasize its point, ACTION sent out frequent newsletters and fact sheets to update the violations Nestlé and AHP have recently

committed in marketing and selling their baby formula worldwide. To follow up the U.S. effort, boycotts were initiated against AHP, Nestlé, and local formula companies in 12 other countries from 1988 to 1990.

In 1992, the “Baby-Friendly” Hospital Initiative was issued by UNICEF and WHO. It is a global campaign to foster support for breastfeeding and an effort to end the supply of free and low-cost formula to maternity institutions. Both AHP and Nestlé agreed to the initiative and to stop supplying hospitals with free samples of their formulas. However, ACTION remained unconvinced of the formula manufacturers’ commitment to the initiative, citing the company’s behavior of “business as usual” as an indicator of how seriously the companies are taking the proposal. Enforcing the Baby-Friendly Hospital Initiative also may be sticky, considering that “UNICEF and WHO have no power to implement this initiative globally,” says ACTION’s Executive Director, Dr. Idrian N. Resnick. “Only an intense campaign of consumer and media pressure will force these corporations to quit stalling and do what’s right.”⁷

And where is Nestlé in all this? Nestlé continued its efforts with the International

⁷Taken from a press release issued by Action for Corporate Accountability on March 11, 1992.

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Association of Infant Food Manufacturers (IFM) to prove its commitment to work with “international agencies, governments, non-governmental organizations, and all others concerned, to end all supplies of infant formula in developing countries except for the limited number of infants who need it.” This statement, taken from a Nestlé policy update in December of 1990, suggests its continued commitment to ending free baby food supplies to hospitals of Third World countries.

The battle continues and can be followed on the Internet. In 1999, Nestlé released a publication titled “Nestlé Implementation of the WHO Code” in defense of its marketing practices. IBFAN declared it “a public relations offensive on the baby milk issue.”

But once a company or organization behaves irresponsibly, it takes more than words to regain trust. Many are therefore undoubtedly asking, “Does Nestlé mean it this time?”

The Saga Continues

By 2006, the impasse was still on. According to Baby Milk Action, “Nestlé is the target of a boycott in 20 countries because it aggressively markets baby foods, breaking World Health Assembly marketing requirements and contributing to the death and suffering of infants around the world.”

According to UNICEF: “Marketing practices that undermine breastfeeding are potentially hazardous wherever they are pursued: in the developing world, WHO estimates that some 1.5 million children die each year because they are not adequately breastfed. These facts are not in dispute.”

Nestlé does dispute the facts. Its efforts, however, are widely decried as “bogus

arguments,” by IBFAN and Baby Milk Action. “In a global Internet vote for the world’s most irresponsible company, coinciding with the World Economic Forum in 2005, Nestlé received 29 percent of the vote, more than double the second-placed company,” the organizations’ newsletter gloats.

As the world’s largest food company (annual sales of more than \$67 billion), Nestlé is chastised by IBFAN as being “the largest single source of violations of the WHO/UNICEF International Code of Marketing of Breast-milk Substitutes.” And, the boycott continues.

The boycott is now coordinated by the International Nestlé Boycott Committee, the secretariat for which is the UK group Baby Milk Action. Company practices are monitored by IBFAN, which comprises more than 200 groups in over 100 countries.

In November 2000, the European Parliament invited IBFAN, UNICEF, and Nestlé to present evidence to a public hearing before the Development and Cooperation Committee. Evidence was presented by the IBFAN group from Pakistan and UNICEF’s legal officer commented on Nestlé’s failure to bring its policies into line with the World Health Assembly Resolutions. Nestlé declined an invitation to attend, though it sent a representative of the auditing company it had commissioned to produce a report on its Pakistan operation.

In parallel with the boycott, campaigners work for implementation of the Code and Resolutions in legislation and claim that 60 countries have now introduced laws implementing most or all of the provisions.

Many hundreds of European universities, colleges, and schools, including over 200 in the United Kingdom, have banned the sale of Nestlé products from their shops and vending machines. ■

QUESTIONS FOR DISCUSSION

1. As between the open system and the closed system, which label fit the posture of Nestlé and of IBFAN, expressed in their policies and actions? How about proactive versus reactive?
2. To change peoples' opinions, there are several options in strategy and tactics, such as persuasion, coercion, compensation, and compulsion. Which ones among these, or others, do you see employed by various opposing groups in this case study?
3. In 1988, when IBFAN announced a plan to renew the boycott of Nestlé products, would that clearly constitute a more effective or less effective threat as stated in a Chapter 1 maxim? Might the factor of mildness or harshness depend on Nestlé management's reaction based on its marketing strategy and practices? Whether it would or not, what does that say to you about the practical application of maxims?
4. If you feel this was a matter on which the opponents could work out a reasonable resolution in the public interest, and both sides had professional counsel morally committed to reconciliation, what could have been done better or differently so that the matter wouldn't drag on for years? After you figure out your answer to this, try coming up with a resolution for the abortion issue. Are the intervening forces and stubborn issues the same?
5. Is it possible for Nestlé (and other baby formula manufacturers) to come to a definitive accord with these activist groups? What is the issue each is fighting for or against? Compare the underlying value systems of the two sides.