

The Baby Bottle and the Bottom Line:

Corporate Strategies and the Infant Formula Controversy in the 1970s

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Introduction

In the late summer of 1975, two Nestlé representatives visited the pediatric ward at the University Hospital in Nairobi, Kenya.¹ The visit was marked with urgency; the multinational food-processing giant believed it was unjustifiably the victim of media slander regarding its infant formula products and was quickly crafting its defense. A year earlier, War on Want, a British human rights group, had published an investigative report titled *The Baby Killer* that blamed corporate promotion of formula in developing countries for high rates of infant malnutrition and mortality.² Shortly after, the Bern Third World Action Group published a pamphlet in Switzerland under the title *Nestlé Tötet Babies* or *Nestlé Kills Babies*, prompting Nestlé to sue for libel. For a company who had built its reputation as a pioneer of infant nutrition since the 19th century, the circulating publications linking Nestlé's international activities to infant death seemed nothing short of illegal and unsubstantiated defamation.³

Dr. Elizabeth Hillman, a senior lecturer and pediatrician at the Nairobi teaching hospital, was responsible for accompanying the two Nestlé representatives. She sensed that they confidently expected that physicians would offer a clear defense against the activists' allegations.⁴ Coincidentally, there was a severely malnourished infant in the emergency ward who had been exclusively fed a Nestlé brand name formula since birth. The representatives were curious to see the case firsthand; however, upon entering the ward, the baby immediately collapsed. While Hillman and the attending medical personnel tried in vain to resuscitate the infant, the two Nestlé representatives were left to witness the death of one of their products' youngest consumers. Worse, the

¹ Elizabeth Hillman, *Excerpts from a Taped Interview with Dr. Elizabeth Hillman, Senior Lecturer in Pediatrics at the University Hospital in Nairobi, Kenya* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 1.

² Mike Muller, *The Baby Killer* (London: War on Want, 1974), 5-7.

³ Oswaldo Ballarin, *Testimony of Dr. Oswaldo Ballarin, Nestle Brazil* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 127.

⁴ Elizabeth Hillman, *Excerpts from a Taped Interview with Dr. Elizabeth Hillman, Senior Lecturer in Pediatrics at the University Hospital in Nairobi, Kenya* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 1.

representatives were told that upon hearing the death of her infant, the mother left the hospital still toting a can of powdered Nestlé infant formula in her purse. Hillman recalled, “It was a vivid demonstration of what bottle-feeding can do, because this mother was perfectly capable of breastfeeding. They walked out of that room very pale, shaken and quiet and there was no need to say anything more.”⁵

The infant formula controversy of the 1970s spurred heated debates over the accuracy of research correlating the rise of corporate infant formula promotion with both the post-World War II global decline in breastfeeding and concurrent high rates of infant malnutrition and mortality in developing countries. Nevertheless, Hillman’s written testimony illustrates the power of a single narrative—behind every statistical case was an account of profound human suffering and loss. Hillman’s moving statement was a short excerpt among hundreds of pages of physician testimonies revealing deleterious infant health outcomes from improper formula use. These accounts were submitted by the Third World Action Group during the United States Senate Hearings in May of 1978, in which four infant formula industry giants—Nestlé, Bristol-Myers, Abbott and American Home Products—testified before the Senate Subcommittee on Health and Scientific Research chaired by Massachusetts Democratic Senator Edward Kennedy.

Prior to the hearing, the infant formula controversy was shaped largely by global human rights and religious activist organizations who used mass media as a platform to spark outrage against infant formula companies. These advocacy groups asserted that profit-driven corporations were irresponsibly marketing infant formula in communities where requisites for safe product usage—such as access to clean water, basic literacy and sustainable income—were severely lacking.⁶

⁵ Elizabeth Hillman, *Excerpts from a Taped Interview with Dr. Elizabeth Hillman, Senior Lecturer in Pediatrics at the University Hospital in Nairobi, Kenya* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 1.

⁶ New Internationalist, “Action Now on Baby Foods: The Baby Food Tragedy.” *New Internationalist*, No. 6, August 1973.

The consequent contamination and over-dilution of formula would thus fuel persistently high rates of infant malnutrition and mortality. Corporate promotion was especially egregious considering that breastfeeding, which scientific literature had overwhelmingly concluded since the 1950s to be the most nutritious and economical option for infant feeding, was marketed to new mothers aspiring to be modern and “Western” as backwards or insufficient.⁷ Furthermore, activists pointed to numerous testimonies criticizing non-medically certified sales representatives misleadingly dressed in nurse uniforms, commonly referred to as corporate mothercraft nurses, who advised impressionable new mothers of the merits of formula use immediately after birth and consequently hampered their natural lactation process.⁸ Activists argued that corporate formula promotion and distribution was so influential that it had precipitated the global decline in breastfeeding after World War II, especially since the rapid international expansion of the commercial infant formula industry began in the 1950s.⁹ As birth rates in industrialized countries started to taper by the early 1960s, corporations were accused of indiscriminately entering developing regions to capture a growing consumer base.¹⁰ Outside of financially material factors, the firms were criticized for not considering existing breastfeeding practices or structural development issues. These powerful condemnations of unethical corporate practices created an overarching, popular narrative of how the infant formula controversy evolved in the 1970s and where blame justifiably rested.

Since the early 1900s, there had been interest in evaluating the nutritional content of humanized infant formula compared to breastmilk.¹¹ Although medical studies overwhelmingly concluded that breastmilk was the best possible means of infant nutrition, humanized formula, if used

⁷ Derrick Jelliffe, “Commerciogenic Malnutrition,” *Nutrition Review*, no. 30 (September 1972): 200.

⁸ Leah Margulies, *Marketing and Promotion of Infant Formula and the Decline of Breast Feeding in Underdeveloped Countries* (presented at hearing before the Subcommittee on International Economic Policy and Trade of the Committee on Foreign Affairs of the House of Representatives. Washington, D.C.: U.S. Government Printing Office, 1980), 2.

⁹ Jacqueline Wolf, *Don't Kill Your Baby: Public Health and the Decline of Breastfeeding in the Nineteenth and Twentieth Centuries* (Columbus: Ohio State University Press, 2001), 290.

¹⁰ *Ibid.*

¹¹ Rima Apple, *Mothers and Medicine: A Social History of Infant Feeding, 1890-1950* (Madison: University of Wisconsin Press, 1987), 5.

properly, was considered a safe alternative.¹² Nevertheless, it was not until 1968 that researchers began to investigate the role of commercialization within the field of global infant nutrition.¹³ Dr. Derrick Jelliffe, the director of the Caribbean Food and Nutrition Institute, introduced the term “commerciogenic malnutrition” to describe infant malnutrition and mortality specifically caused by inappropriate commercial formula promotion.¹⁴ Once news of “commerciogenic malnutrition” entered the public sphere, activists and reporters, rather than physicians and government officials, became the key stakeholders in shaping the direction of the infant formula controversy.

In August 1973, the British global justice magazine, *New Internationalist*, published an exposé interviewing two pediatricians who recounted how aggressive formula promotion proved “disastrous and dishonest” within impoverished communities.¹⁵ Perhaps even more upsetting, the cover of the *New Internationalist* issue featured a makeshift grave of a Zambian baby, adorned with a feeding bottle and an empty tin of formula powder as “symbols of death and of the mother’s attempts to do her best for her child.”¹⁶ Infant formula producers were further vilified in the 1974 publication of *The Baby Killer*, the globally disseminated pamphlet by War on Want, which directly attributed corporate greed to severe infant malnutrition.¹⁷ In response, organizations like Minneapolis-based Infant Formula Action Coalition (INFACT) swiftly mobilized to heighten public awareness of corporate abuses abroad.¹⁸ In addition, religious-based investment partner groups of the Interfaith Center on Corporate Responsibility (ICCR) initiated a shareholder activist campaign in 1974, urging U.S.-based corporations to improve disclosure of their international distribution and marketing activities.¹⁹

¹² Rima Apple, *Mothers and Medicine: A Social History of Infant Feeding, 1890-1950* (Madison: University of Wisconsin Press, 1987), 5.

¹³ Derrick Jelliffe, “Commerciogenic Malnutrition,” *Nutrition Review*, no. 30 (September 1972): 199-205.

¹⁴ *Ibid.*

¹⁵ *New Internationalist*, “Action Now on Baby Foods: The Baby Food Tragedy,” *New Internationalist*, no. 6 (August 1973): 2.

¹⁶ *Ibid.* Cover page of issue.

¹⁷ Mike Muller, *The Baby Killer* (London: War on Want, 1974), 5-7.

¹⁸ John Dobbing, *Infant Feeding: Anatomy of a Controversy 1973-1984* (Berlin: Springer-Verlag, 1988), 61.

¹⁹ *Ibid.* 58.

As activist demands grew louder, it became clear that corporations could not remain mum about the issue without suffering serious damage to their public image. On July 7, 1977, the Infant Formula Action Coalition (INFACT) specifically targeted Swiss-based Nestlé, the largest provider of infant formula worldwide, in a highly publicized consumer boycott. Activists urged congressional representatives and senators to develop regulations. Senator Kennedy was particularly interested in the infant feeding controversy, having chaired previous hearings on the pharmaceutical industry.²⁰ He invited representatives of four infant formula industry leaders, health workers from developing countries, WHO delegates, non-profit representatives and a marketing expert to testify in May 1978.²¹ The Kennedy Hearings proved to be a pivotal moment in elevating the activists' demands, but also provided a rare opportunity for both sides to present and substantiate their arguments formally. Before the hearing, the corporate voice had either been missing entirely in the media or was stereotyped as complicit in abuses abroad.

Nevertheless, just as activists shaped their strategies to bring the issue of "commerciogenic malnutrition" to the international forefront, the companies were developing sophisticated defense mechanisms partly to divert attention from questionable activities and partly to showcase early industry self-regulatory moves and blur where specifically corporate blame should be assigned.²² Although condemning corporations proved convenient, since multinational companies inherently privilege the interests of financial shareholders and corporate disclosure was notably lacking throughout the 1970s, failing to fully capture how the controversy evolved from the perspectives of all stakeholders, especially retrospectively, risks dangerous simplification. This thesis will revisit both public and internal corporate communications during this time not to exempt private actors from

²⁰ Andrew Chetley, *The Politics of Baby Foods: Successful Challenges to an International Marketing Strategy*. (New York: Palgrave Macmillan, 1986), 53.

²¹ Ibid.

²² Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 27-41.

the detrimental consequences on infant health linked to their commercial activities, but to provide a more nuanced timeline of the controversy by treating different corporations as distinct entities. I will examine annual reports to shareholders, internal management communications, and evidence submitted during the Kennedy Hearings of the four main industry giants—Nestlé, Abbott Laboratories, Bristol-Myers and American Home Products—from the time of their initial international expansions of their infant formula product lines to the mid-1980s. Although infant formula remains controversial for a variety of reasons in the 21st century, the issues specific to the 1970s were more or less resolved in 1981 after the International Code of Marketing of Breast-Milk Substitutes was enacted by the World Health Organization in 1981.

A deeper inspection of corporate strategies behind the production, marketing and distribution of infant formula complicates the simplified narrative of multinational corporations acting with minimal foresight in their activities abroad. Given the need to measure return on investment and mitigate risk in new markets, the industry giants had all engaged in significant market research and product testing before introducing their products.²³ What was notably lacking was end-use surveillance to ensure if their products were being used as intended. Furthermore, although the infant formula industry was concentrated in an oligopoly between four main multinational players in the 1970s, the companies were fundamentally quite different in their operational structures, product orientations and management cultures. For instance, a focus solely on Nestlé, which received the most intense media backlash, creates a distorted view of how corporations in general responded to the controversy. Thus, by illuminating the differences between the corporate actors, we can gain a more cohesive understanding of what practices were especially egregious or effective in mitigating deleterious health consequences and the consequent public backlash.

²³ Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 27-41.

Furthermore, as a rebuttal to the post-World War II global decline in breastfeeding being attributed primarily to commercial formula activities, corporate representatives pointed to academic research that suggested the shift in infant feeding practices occurred outside of private industry influence. Rapid urbanization in developing regions had propelled new mothers to make different lifestyle choices and nutritional experts emphasized the importance of “humanized” breastmilk alternatives in cases where natural lactation was unavailable or insufficient. In addition, certain companies argued that they were unfairly singled out in a multi-stakeholder conflict; they submitted evidence to argue that many new markets in developing regions were entered not from corporate profit-seeking initiatives, but upon request from local governments, hospitals and even NGOs to support development or humanitarian aid programs.

Although activists criticized corporations for indiscriminately promoting Western feeding practices abroad, representatives suggested it was equally paternalistic to argue that mothers in developing countries should be limited in infant feeding options out of the “Western” fear that their resources and judgement would prove inadequate. In addition, mothers who were unable or had significant difficulty in breastfeeding had long sought out alternatives, such as diluted cow’s milk, which had proved nutritionally inferior to humanized formula and were equally plagued by issues of poor sanitation and over-dilution. Thus, from a corporate perspective, it was unethical to withhold the supply of a high quality product when demand for more infant formula alternatives was substantial and already existed.

By contextualizing activist undertakings with the early initiatives and responses of the four companies, the simplified narrative featuring a clear corporate villain that continues to be reiterated becomes highly inadequate.²⁴ Retelling the evolution of the infant formula controversy from a

²⁴ Jill Krasny, “Every Parent Should Know the Scandalous History of Infant Formula.” *Business Insider*, June 25, 2012.

management perspective offers a more comprehensive understanding of the role of commercialization within the fields of global development and health equity. Thus, a deeper look is required to fully capture how the corporate pursuit of the bottom line influenced the use of the baby bottle.

The Infant Formula Industry in the 1970s

Although accusations of poor oversight and irresponsible promotion initially were directed to the entire infant formula industry, the four main manufacturers that gained notoriety during the controversy had starkly different corporate goals, cultures, product orientations and public relations strategies. However, before analyzing the practices employed by each corporation, it is important to consider how the controversy evolved within the broader framework of industry dynamics. A corporation's response to external pressures is not only conditioned by internal operations and values, but also a variety of factors such as the composition of competitors, the ease of entry and exit into markets, industry relations with government authorities, and corporate risk in relation to potential profitability.²⁵

In the 1970s, the global infant formula industry was comprised of more than 30 companies engaged in some form of manufacture and sale of "nutritionals" for newborn babies.²⁶ Nevertheless, it was and remains characterized by an oligopolistic structure, with the top four multinational companies accounting for more than two-thirds of total global sales.²⁷ At the start of the controversy, Swiss-based Nestlé was the highest seller in international markets, followed by three U.S.-based pharmaceutical companies: Ross Laboratories (a division of Abbott Laboratories), Wyeth

²⁵ Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 125.

²⁶ Ibid.

²⁷ Ibid. 126.

Laboratories (a division of American Home Products), and Mead Johnson (a subsidiary of Bristol-Myers).²⁸

The modern infant formula oligopoly emerged after World War II. In the late 1920s, Ross, Mead Johnson and Simulated Milk Associates (later acquired by Wyeth) started to market humanized infant formula, mimicking the digestible composition of protein and iron in breast milk.²⁹ As Europe regained prosperity after World War II, the major multinational corporations offering humanized formula expanded operations in Africa, South America and Asia in the late 1950s, where infant formula became the “food of choice” for expatriate Americans and Western Europeans.³⁰ Consequently, infant formula sales skyrocketed and peaked in the late 1950s alongside the postwar baby boom and breastfeeding rates halved between 1946 and 1956.³¹ The success of infant formula sales among Western populations as a “medically-advanced” form of feeding encouraged the major firms to enthusiastically expand abroad.³²

Although the distribution of infant formulas in developing countries proliferated from a variety of complex corporate and cultural factors, the notion of Western expatriate practices invading local traditions and rendering breastfeeding “unfashionable” would fuel the late 1970s media backlash. Whether or not the major companies created new demand based on promoting images of Western aspirations versus catered towards existing calls for formula in developing countries would form the crux of the controversy. In addition, the rise of mass media marketing coincided with the postwar industry-wide expansion into international markets, placing additional weight on the notion

²⁸ Corporation names reflect the 1970s time period.

²⁹ James Post, “The Infant Formula Industry: Strategy, Structure and Performance,” in *Corporate Behavior and Social Change* (Reston: Reston Publishing, 1978), 220.

³⁰ Ibid.

³¹ Ibid.

³² James Baker, “The International Infant Formula Controversy: A Dilemma in Corporate Social Responsibility,” *Journal of Business Ethics* 4, no. 3 (June 1985), 181.

of irresponsible marketing exploiting poor mothers to choose formula.³³ Even in the early 1970s, the developing world was estimated to have spent more than \$1 billion per year on infant formula, an amount exceeding the total World Bank loans made to all African nations south of the Sahara in 1977.³⁴ By 1980, the world market for infant formula products was approximately \$5 billion, with Latin America, Africa, the Middle East and Southern Asia accounting for as much as 40 to 50 percent of global sales.³⁵

The four main infant formula producers can be separated into two distinct groups: pharmaceutical/healthcare and food-processing. While Nestlé was long deemed a global leader in manufacturing dairy and food products, the three other U.S.-based firms primarily sold drugs and devices; as a result, they brought a scientific approach to the development and marketing of infant formula. Notably, Ross and Mead Johnson dominated the U.S. market during the postwar period and accounted for approximately 90 percent of domestic sales from *Similac* (55 percent) and *Enfamil* (35 percent) alone.³⁶ Wyeth maintained a small percentage of U.S. market share through aggressive direct pharmaceutical sales.³⁷ Nestlé, despite being the worldwide leader in infant formula, made no attempt before 1988 to enter the U.S. market due to Ross' and Mead Johnson's dominating stakes.³⁸ Although the U.S. division of Nestlé did not engage in any manufacturing or marketing of infant formula during the time of the controversy, ironically it was Nestlé's products in the U.S. that were officially boycotted in 1977 by activist groups.³⁹

³³ United States Senate, *Marketing and Promotion of Infant Formula in the Developing Nations, 1978: Examination of the Advertising, Marketing, Promotion and Use of Infant Formula in Developing Nations* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, 95th Congress, Second Session, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 120.

³⁴ Ibid.

³⁵ Ibid.

³⁶ James Post, "The Infant Formula Industry: Strategy, Structure and Performance," in *Corporate Behavior and Social Change* (Reston: Reston Publishing, 1978) 221.

³⁷ Ibid.

³⁸ Ibid.

³⁹ Oswaldo Ballarin, *Testimony of Dr. Oswaldo Ballarin, Nestle Brazil* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 127.

Infant formula production and distribution methods also varied. For food-processing companies like Nestlé, infant formula and other milk products were typically produced locally under direct ownership of dairy herds or contractual arrangements with other local dairy operators and processors.⁴⁰ Pharmaceutical companies tended to prefer processing formula in one international or regional facility and exporting the finished product, as was initially the case for most of the African, Latin American and Southeast Asian markets.⁴¹ All four multinational infant formula producers preferred utilizing direct control over distribution channels, particularly where significant market share already existed and management could have greater oversight in assessing evolving consumer segments and product end use.⁴² Thus, the 1970s controversy concerned markets using indirect distribution channels and where local agents operated as independent businessmen employed based on commission. Indirect distribution methods were popular in thinly populated and hard-to-access regions, which typically applied to developing markets, and was utilized primarily by food-processing and dairy companies that advertised direct-to-consumer instead of through hospitals and pharmacies.⁴³

The distinction in marketing between pharmaceutically-oriented and food-processing firms was also significant and among the four multinationals, each on average spent 10 to 15 percent of gross sales on advertising.⁴⁴ Healthcare firms preferred to channel their promotional efforts towards physicians and medical personnel, while food companies were adept at appealing directly to consumers.⁴⁵ However, it should be noted that in developing countries, no firm exclusively adopted one form of advertising.⁴⁶ Wyeth and Ross at one point spent a substantial portion of their marketing

⁴⁰ James Post, "The Infant Formula Industry: Strategy, Structure and Performance," in *Corporate Behavior and Social Change* (Reston: Reston Publishing, 1978) 223.

⁴¹ *Ibid.*

⁴² *Ibid.*

⁴³ *Ibid.* 224.

⁴⁴ *Ibid.*

⁴⁵ *Ibid.*

⁴⁶ *Ibid.*

budgets on consumer-oriented advertising and Nestlé maintained significant relationships with hospitals.⁴⁷ In addition, all four multinational companies historically utilized mothercraft nurses, who served as corporate representatives present in healthcare facilities. This promotion technique, while intended to provide firsthand advice on proper product usage, drew substantial criticism for blurring the line between objective medical advice and profit motivated practices. Furthermore, while many mothercraft personnel were dressed as nurses, they did not require certification or medical training.⁴⁸

The oligopolistic structure of the industry considerably shaped the marketing practices of the four multinational companies. Despite the growth in the infant formula market for developing countries, no other multinational corporations entered the growing market due to extremely high barriers to entry enforced by the existing oligopoly.⁴⁹ In addition, no major firm withdrew from any markets even when under intense public duress, as they felt their position would be readily replaced by a peer competitor or a local producer.⁵⁰ The four established firms also avoided price competition in international markets, as lower prices would invariably have to be matched by all major competitors and erode profit margins.⁵¹ Thus, market share was gained instead through intense brand promotion and singular control of distribution channels, resulting in hospitals often being adorned with infant formula advertisements effectively serving as wallpaper.⁵²

However, there were industry-wide issues that plagued the broader debate. Even decades after the WHO's 1981 International Code of Marketing of Breast Milk Substitutes was enacted, no

⁴⁷ Oswaldo Ballarin, *Testimony of Dr. Oswaldo Ballarin, Nestle Brazil* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 130.

⁴⁸ Wyeth Laboratories, "An Infant Nutrition Education Program: Breast Feeding Guidelines for Implementation" *Pulse of Pharmacy* 9 (2) (New York: Wyeth International, American Home Products International, 1955) 8.

⁴⁹ Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 129.

⁵⁰ *Ibid.*

⁵¹ James Post, "The Infant Formula Industry: Strategy, Structure and Performance," in *Corporate Behavior and Social Change* (Reston: Reston Publishing, 1978) 223.

⁵² Elizabeth Hillman, *Excerpts from a Taped Interview with Dr. Elizabeth Hillman, Senior Lecturer in Pediatrics at the University Hospital in Nairobi, Kenya* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 2.

major infant manufacturer publicly disclosed country-by-country sales or percentage change in sales by market.⁵³ Historians have noted that despite the lack of this data, corporations of such scale would at least have maintained records of percentage change in sales per product to monitor trends, identify market aberrations, and estimate market share relative to other competitors.⁵⁴ Thus, the industry-wide reluctance to publish any hard data and feign a united front of “ignorance” on true worldwide infant formula sales was eyed with intense public criticism; it suggested a concerted and complicit effort to hide an undeniably ugly truth. Historian Prakash Sethi, who analyzed the controversy from a business ethics perspective, suggested that the oligopolistic structure of the infant formula industry and the high profitability of the developing nations market were root factors in the lack of published sales and end-use data. He stated, “Absolute levels of high profits and higher rate of profit on sales, especially in Third World countries, would make it difficult for the companies to make credible assertions about not using high-pressure tactics...it may also provide corporate critics additional ammunition to accuse the companies of profiteering and to show that their sales are driven by greed.”⁵⁵ Consequently, without quantifiable evidence willingly made available, the controversy was plagued by accusations primarily based on anecdotal testimonies from both sides.

Although the media was quick to construct infant formula corporations as the clear villains behind high infant mortality rates abroad, it is important to also consider early initiatives of industry self-regulation. Many corporate publications disseminated since the 1950s paint an interesting and rather contradictory picture of infant formula company representatives facilitating and encouraging breastfeeding among reluctant local mothers.⁵⁶ Thus, the following sections are aimed to provide a

⁵³ Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 127.

⁵⁴ Ibid.

⁵⁵ Ibid.129.

⁵⁶ Wyeth Laboratories, “An Infant Nutrition Education Program: Breast Feeding Guidelines for Implementation” *Pulse of Pharmacy* 9 (2) (New York: Wyeth International, American Home Products International, 1955) 2-7.

more nuanced examination of corporate manufacturing, marketing and distribution of infant formula based on available company publications.

Nestlé

Corporate History

Although Nestlé was only one of the four key multinational players in the global infant formula oligopoly, and notably did not produce, distribute, and/or market any of its infant formula line within the United States, it became the target of both international regulatory organizations and grassroots movements. Comparing Nestlé's strategic plans and activities as a food-processing multinational corporation with those of its pharmaceutical-oriented competitors, who received less public indignation, helps identify what specific infant formula business practices prompted the controversy.

Prior to the introduction of the first commercially marketed infant formula, most European and America infants were breast fed or fed condensed milk.⁵⁷ In the early decades of the 20th century, medical research found humanized infant formulas to be nutritionally superior for newborns.⁵⁸ In order to retain market share within the baby foods industry, Nestlé, which originally began as a sweetened and condensed milk business in 1866, developed its own full product line of modified formulas in 1921 based on consultation from physicians.⁵⁹ According to representatives, Nestlé began to expand to developing markets in the late 1950s, where it gained a particularly strong position in Latin America.⁶⁰ By 1978, Nestlé's worldwide market share in infant formula sales was approximately 50 percent and in certain developing countries, its penetration often exceeded 70

⁵⁷ Rima Apple, *Mothers and Medicine: A Social History of Infant Feeding, 1890-1950* (Madison: University of Wisconsin Press, 1987), 4.

⁵⁸ Ibid.

⁵⁹ Oswaldo Ballarin, *Testimony of Dr. Oswaldo Ballarin, Nestle Brazil* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 127.

⁶⁰ Ibid.

percent.⁶¹ Unlike its pharmaceutical competitors, Nestlé carved out a significant presence in almost every market except the United States by establishing entire dairy industries and engaging in aggressive direct-to-consumer marketing tactics designed and implemented by local partners.⁶² It was this preference for expanding through decentralized operations that made Nestlé both an international success and an inviting target for activist groups.⁶³

Communications to Shareholders

Although Nestlé had been the target of growing media scrutiny several years before the formal boycott of its U.S. products on July 7, 1977, the company was notably unforthcoming in publicly divulging, or even defending, details of its international activities until the Kennedy Hearings in 1978.⁶⁴ While the lack of transparency contributed to growing public skepticism, Nestlé's annual reports to shareholders offers, albeit in rather censored form, an inside look into the evolution of the company's business strategy prior to and following the peak of the controversy.

Nestlé's repeated statement that declining birthrates in European markets alone propelled international expansion would later be interpreted as the company *creating* new demand for its infant formula products in less industrialized countries, rather than strategically responding to existing breastfeeding trends and targeting consumers who could afford and appropriately use its products.⁶⁵ For instance, the first line of Nestlé's 1974 annual report stated, "Sales of infant and dietetic products were affected by the continuing decline of the birth rate in a growing number of countries."⁶⁶ By 1976, a year before the official boycott, Nestlé stated that among the many factors which could affect

⁶¹ James Post, "The Infant Formula Industry: Strategy, Structure and Performance," in *Corporate Behavior and Social Change* (Reston: Reston Publishing, 1978) 195.

⁶² James Baker, "The International Infant Formula Controversy: A Dilemma in Corporate Social Responsibility," *Journal of Business Ethics* 4 (3), 1985, 183.

⁶³ Ibid.

⁶⁴ James Post, "The Infant Formula Industry: Strategy, Structure and Performance," in *Corporate Behavior and Social Change* (Reston: Reston Publishing, 1978), 195.

⁶⁵ Oswaldo Ballarin, *Testimony of Dr. Oswaldo Ballarin, Nestle Brazil* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 127.

⁶⁶ Nestle S.A., *Annual Report to Shareholders 1974* (Vevey: Nestle S.A., 1975), 12.

its infant formula sales, the “birth rate is one of the most important.”⁶⁷ For grassroots advocacy groups like War on Want, Nestlé’s primary focus on indiscriminately gaining market share in high birth rate countries suggested that the company had minimal consideration of existing local infant feeding practices and socioeconomic factors influencing safe usage of its products.⁶⁸

In its reports to shareholders, Nestlé addressed its decentralized structure in a positive light, often referring to itself as a “partner for development” in regards to its relationship with numerous joint ventures and affiliates based in developing countries.⁶⁹ By 1985, Nestlé’s infant formula manufacturing capabilities outside of Europe spanned Australia, Zimbabwe, Kenya, South Africa, Peru, Panama, Mexico, Colombia, Chile, Ecuador, Brazil, Argentina, Sri Lanka, Philippines, Indonesia and India, and most were established as partnerships with local state-planning authorities.⁷⁰ Based on reports to shareholders alone, Nestlé portrayed itself as a global company that engaged in local development plans through joint venture partnerships, rather than a Swiss company arbitrarily applying the same, headquarter-devised formula to all market entry plans.

In its 1976 report, Nestlé stated, “Integration with the host country is a basic aim of our company.”⁷¹ The 1976 annual report also included sample photos of local salesmen delivering boxes of dairy products by hand via “the country’s most traditional means of transport” and infant formula guides written in native languages, highlighting the company’s key cultural considerations.⁷² While local integration was key to its international success, Nestlé also noted in its 1980 report the inherent challenges of expanding abroad. The report frankly stated, “We see manufacturing and distributing companies in which we do or do not have majority shareholding; we see manufacturing companies with no functional importing and distributing companies; Nestlé representatives with or without

⁶⁷ Nestle S.A., *Annual Report to Shareholders 1976* (Vevey: Nestle S.A., 1977), 27.

⁶⁸ John Dobbing, *Infant Feeding: Anatomy of a Controversy 1973–1984* (Berlin: Springer-Verlag, 1988), 38.

⁶⁹ Nestle S.A., *Annual Report to Shareholders 1975* (Vevey: Nestle S.A., 1976), 22.

⁷⁰ Nestle S.A., *Annual Report to Shareholders 1985* (Vevey: Nestle S.A., 1986), 27.

⁷¹ Nestle S.A., *Annual Report to Shareholders 1976* (Vevey: Nestle S.A., 1977), 37.

⁷² Ibid.

administrative backup, agents or customers, or simpler still, sales to state owned companies.”⁷³ The statement was quite uncharacteristically revealing of the company’s high tolerance for risk in its decentralized operations.

Prior to the official boycott in 1977 and formal U.S. Senate hearing in 1978, Nestlé spearheaded the formation of the International Council of Infant Food Industries (ICIFI) in November 1975. ICIFI’s members included fourteen major industry players accounting for roughly 85 to 90 percent of the global infant formula market.⁷⁴ While Nestlé’s involvement in forming ICIFI appeared to be an effective self-regulatory move, the timing of its establishment was notably a few months before Nestlé would sue the Bern Third World Action Group for libel in publishing a version of *The Baby Killer* pamphlet under the translated title of *Nestlé Kills Babies*. As a response to critics targeting Nestlé as the focal point of their campaign against infant formula, the company sought to avert the majority of the blame by making the fight against critics an industry-wide effort.⁷⁵ However, ICIFI failed to create a unified front. The ICIFI Code of Ethics only required voluntary compliance and lacked any enforcement mechanism; there was no special allocation of funds to fulfill its purported reforms and thus, was accused of being a strategic public relations move rather than an actual commitment towards meaningful change.⁷⁶ Nevertheless, as its annual reports were an uncontested space to declare its self-regulatory initiatives, Nestlé still gained credit for spearheading industry monitoring, notably even from prestigious medical journals like *The Lancet*.⁷⁷

While the use of corporate mothercraft nurses by all major industry players drew serious concerns over giving company salesmen unwarranted medical authority, Nestlé countered allegations by defending that corporate in-hospital representatives helped ensure safe use of its products.⁷⁸ The

⁷³ Nestle S.A., *Annual Report to Shareholders 1980* (Vevey: Nestle S.A., 1981), 26.

⁷⁴ John Dobbing, *Infant Feeding: Anatomy of a Controversy 1973–1984* (Berlin: Springer-Verlag, 1988), 34.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Ibid.

⁷⁸ Ibid.

company was thus hesitant in discontinuing its use of mothercraft nurses unlike its pharmaceutical peers. It is reasonable to assume that since it lacked reputability among medical circles as a food-processing company, its “nurses” helped maintain ties to hospitals and health centers as well. Furthermore, it was not until 1982, five years after the official boycott started, that Nestlé’s Swiss headquarters agreed internal reforms would be necessary.⁷⁹ In response, Nestlé confirmed it had fully subscribed to the principles of the Code, particularly in stressing the importance of breastfeeding, and would further consult local governments about “specific” measures to take.⁸⁰ It was easy for Nestlé to affirm that it had always supported breastfeeding as the most nutritious form of infant feedings through proof of publications and mothercraft guides dating from the 1950s.⁸¹ However, compared to its pharmaceutical peers, there was minimal mention of its supposedly specific internal marketing guidelines. Likely, this lack of publicly circulating material was due to the fact that the guidelines varied tremendously between affiliates and subsidiaries.

Nestlé only directly addressed the U.S. boycott to shareholders the year it was called off. It published in its 1983 report that a collaboration with the WHO and UNICEF in a supervisory commission, known as the Muskie Commission, effectively resolved the issue.⁸² Nestlé stated that while all allied companies had fully implemented the WHO’s Code, many local partners met problems because not all competitors, particularly regional companies, followed the new regulations.⁸³ The company had initially only required its local partners to meet certain profitability marks, allowing considerable latitude in marketing and distribution techniques.⁸⁴ Thus, requiring additional guidelines to be fulfilled ultimately allowed less-regulated and smaller competitors to gain

⁷⁹ Nestle S.A., *Annual Report to Shareholders 1981* (Vevey: Nestle S.A., 1982), 19.

⁸⁰ Ibid.

⁸¹ Oswaldo Ballarin, *Testimony of Dr. Oswaldo Ballarin, Nestle Brazil* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 128.

⁸² Nestle S.A., *Annual Report to Shareholders 1983* (Vevey: Nestle S.A., 1984), 17.

⁸³ Nestle S.A., *Annual Report to Shareholders 1984* (Vevey: Nestle S.A., 1985), 19.

⁸⁴ Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 287.

market share, creating a conflict of interest between its headquarters and regional divisions.⁸⁵

However, by 1985, Nestlé confirmed that the final phase of the revision of all labels had been completed and by 1986, there would be no mention of any additional infant formula regulations or planned reforms.⁸⁶

Even during the boycott, international infant formula sales continued upward. Aside from 1978, Nestlé's annual reports illustrated steady growth of all its infant and dietetic products. By 1985, over 50 countries sold infant formula produced by Nestlé or its local affiliates.⁸⁷ Thus, one wonders what shift in business strategy ultimately appeased advocacy groups to call off the boycott. Outside of the vague Muskie Commission reforms, Nestlé seemed to maintain a similar approach to marketing and distributing its infant products, which in turn was positively reinforced by continuous demand. Nevertheless, a more subtle shift was adopted after its direct-to-consumer and mass media advertising methods continued to be targeted. Perhaps realizing that its pharmaceutical competitors incurred far less criticism during the controversy, the food-processing giant adopted more pharmaceutically-oriented measures in designing its infant formula product line. The company had soon realized that "prescribing doctors showed a preference for the more sophisticated products."⁸⁸ Starting in 1986, Nestlé unveiled a new "sophisticated" line of specialized infant products, which according to its reports, received strong approval from the medical community.⁸⁹ Pharmaceutical companies had emphasized the rigorous scientific backing of their "specially formulated" products for infants who could not benefit from traditional feeding methods. Consequently, Nestlé made subtle yet swift moves to appeal to shareholders as a reputable leader in breast milk substitutes who had scientific credibility.

⁸⁵ Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 287.

⁸⁶ Nestle S.A., *Annual Report to Shareholders 1985* (Vevey: Nestle S.A., 1986), 22.

⁸⁷ Ibid.

⁸⁸ Nestle S.A., *Annual Report to Shareholders 1980* (Vevey: Nestle S.A., 1981), 27.

⁸⁹ Nestle S.A., *Annual Report to Shareholders 1986* (Vevey: Nestle S.A., 1987), 19.

The Nestlé Response

The Kennedy Hearings proved to be disastrous for Nestlé, exacerbating internal schisms between its Swiss headquarters and regional divisions. Its poor performance was in one of the most highly publicized and formal forums on the infant formula controversy and became representative of the multinational corporation's response, regardless of early self-regulatory initiatives. Dr. Oswaldo Ballarin, chairman of Nestlé's operations in Brazil, was selected to testify. The company's Brazilian division had been established in the early 20th century and was one of Nestlé's oldest dairy industry establishments in a developing nation.⁹⁰ As a Brazilian manager, Ballarin lent authenticity and firsthand experience to the company's defense that its operations in the rural Amazon were just as regulated as those in Switzerland. Nevertheless, the Kennedy Hearings proved to be a powerful display of American superiority and paternalism typical of the Cold War era. Ballarin's negative reception was due not only to Nestlé's divided management and poor public relations strategies, but arguably from a pervasive fear within America of anything foreign. Several years later, Nestlé representatives recalled the tone of the hearings as being "guilty until proven innocent."⁹¹ Furthermore, the three other companies invited to testify had prior experience with pharmaceutical hearings and a more nuanced understanding of the American political process. Of the volume of evidence submitted on behalf of the four corporations—including internal employee handbooks, independent research and collected physician testimonies—Nestlé's was notably the smallest.

Since Nestlé was headquartered in Switzerland, the corporation was technically not legally bound to participate in the hearings and its American subsidiary, who did not manufacture infant formula, wanted to decline attending.⁹² However, Nestlé was planning for a substantial expansion of

⁹⁰ John Dobbing, *Infant Feeding: Anatomy of a Controversy 1973–1984* (Berlin: Springer-Verlag, 1988), 69.

⁹¹ David Guerrant, *Letter from David Guerrant of Nestle Company with Douglas Johnson of Third World Institute of the Newman Center, May 5, 1978* (White Plains: Nestle Enterprises Inc. – U.S. Division, 1978).

⁹² Andrew Chetley, *The Politics of Baby Foods: Successful Challenges to an International Marketing Strategy* (New York: Palgrave Macmillan, 1986), 7.

its other product lines in the United States and a refusal to attend would serve as a confirmation of its critics' accusations.⁹³ Ballarin initially drafted his own statement with a primary focus on the scientific and practical merits of infant formula feeding in less developed countries.⁹⁴ Although his testimony would move from the technical domain into a more heated discussion on corporate responsibility, a few of his early defenses did echo those of other pharmaceutical competitors. Calling upon his experience as a physician in Brazil since the early 1940s, Ballarin noted that prior to the commercialization of humanized infant formula, mothers fed their infants a mixture of manioc flour with water or fresh cow's milk of questionable quality.⁹⁵ In addition, Ballarin recalled that on a trip to the Amazon in 1942, his introduction of infant formula into a rural community was enthusiastically welcomed by residents as a safe and nutritious alternative to breast milk.⁹⁶ From this perspective, it was both logical and ethical for infant formula corporations to provide a highly demanded product that if used appropriately, would be nutritionally superior to all other traditional breast milk alternatives.

However, Ballarin's defense quickly unraveled. In regards to concerns of contamination, Kennedy asked whether or not Ballarin would agree that infant formula should not be sold in communities with contaminated water.⁹⁷ As a response, Ballarin stated that it would indeed be a poor decision to market products in regions without reliable access to sanitary water, but that it was beyond Nestlé's responsibility to cope with such external development issues.⁹⁸ Ballarin included concerns of low literacy and over-dilution as inherently beyond Nestlé's control.⁹⁹ Although its pharmaceutical peers held similar views regarding corporate responsibility within the broader issue

⁹³ Ibid.

⁹⁴ Judith Richter, "Shareholder Resolutions, a Consumer Boycott and a US Senate Hearing" in *Holding Corporations Accountable: Corporate Conduct, International Codes, and Citizen Action* (New York: Palgrave Macmillan, 2001), 53.

⁹⁵ Oswaldo Ballarin, *Testimony of Dr. Oswaldo Ballarin, Nestle Brazil* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 129.

⁹⁶ Ibid.

⁹⁷ Ibid. 131.

⁹⁸ Ibid.

⁹⁹ Ibid.

of development, they had crafted their responses to be politically palatable and never definitively denied any responsibility without highlighting corporate initiatives that at least recognized the presence of such problems.

Ballarin's testimony garnered public ridicule, particularly in his justification to end the Nestlé boycott. He stated, "This boycott is actually an indirect attack on the free world's economic system. A world-wide church organization, with the stated purpose of undermining the free enterprise system, is in the forefront of this activity."¹⁰⁰ Although Kennedy dismissed the statement by emphasizing, "A boycott is a recognized tool in a free economic democratic system...and it is not recognized as being part of an international kind of conspiracy to bring the free world's economic system down", Ballarin's response dangerously questioned the intentions of religious organizations and was an unsuccessful attempt to justify ending the boycott without making significant operational changes.¹⁰¹ Rather than addressing concerns of infant mortality and malnutrition, Ballarin's desire to use a flawed economic argument to shield Nestlé of activist attacks only provoked further criticism.¹⁰²

While it was easy to condemn Nestlé after Ballarin's testimony, there was and still has been minimal discussion of the cultural tensions that dictated the hearing process. Ballarin's difficulty with English led him to clarify simple questions and retract responses repeatedly, which was interpreted at the time as an affront to the congressional hearing process.¹⁰³ While Kennedy reaffirmed that the welfare of infants in developing nations took precedence, there was also a perceptible air of American paternalism. The U.S. government had a clear motivation to rescue the ill-informed and impoverished from further victimization, but ironically justified its concerns by

¹⁰⁰ Oswaldo Ballarin, *Testimony of Dr. Oswaldo Ballarin, Nestle Brazil* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 127.

¹⁰¹ Ibid.

¹⁰² John Dobbing, *Infant Feeding: Anatomy of a Controversy 1973-1984* (Berlin: Springer-Verlag, 1988), 69.

¹⁰³ Ibid. 71.

emphasizing the “backwardness” of certain communities. For instance, when Kennedy asked Ballarin to confirm whether or not Nestlé advertised in rural Amazon communities, he stated, “But you do not advertise in the Amazon. Maybe there is no way to advertise [laughter].”¹⁰⁴ The attendees also erupted into laughter at the thought of any mass media being used in rural Amazonian communities.¹⁰⁵ Although Ballarin clarified that many companies advertised by radio and that Nestlé had used radio ads in the Amazon for other products, Ballarin’s firsthand experience operating in developing regions for decades was deemed less credible than Kennedy’s American perception of how certain communities operated abroad.¹⁰⁶ Despite any of Nestlé’s self-regulatory initiatives, its disastrous performance in the Kennedy Hearings solidified its position as a defiant and dangerously foreign corporate villain.

Pharmaceutical Companies as Infant Formula Producers

For pharmaceutical companies, navigating stringent regulatory processes was inherent in their primary business of producing medical drugs and devices. Although Mead Johnson, Ross and Wyeth pursued distinct strategies in handling the media backlash, in all three cases, having a healthcare orientation was critical in elevating their scientific authority. However, the fact that the pharmaceutical companies had such close relationships with medical authorities through sponsoring research grants and providing hospital donations begs the question of conflict of interest. Although the pharmaceutical companies were able to submit multiple accounts written by “unaffiliated” physicians in developing countries, the impartiality of these statements are debatable, given that many worked in hospitals dependent on donated medical technologies. Since the advice of medical

¹⁰⁴ Oswaldo Ballarin, *Testimony of Dr. Oswaldo Ballarin, Nestle Brazil* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 132.

¹⁰⁵ *Ibid.*

¹⁰⁶ *Ibid.*

experts is typically treated as sound, it is arguably more egregious that ill-fitted products were prescribed in resource-strapped hospitals by physicians than displayed on grocery shelves for consumers to judge for themselves.

Among the three U.S.-based pharmaceutical companies, Mead Johnson and Ross dominated the domestic markets. Outside of the U.S., Mead Johnson maintained a majority of its developing markets activity in the Caribbean, Central America and Philippines.¹⁰⁷ It expanded based on geographic proximity to the U.S. and where exporting excess production from its domestic manufacturing plants would be relatively cheap.¹⁰⁸ Ross targeted fast-growing markets in Africa and Asia, such as Nigeria and Taiwan, where there was a rapidly expanding population of middle to upper class mothers who could afford the product.¹⁰⁹ Wyeth, which controlled less than 10 percent of the U.S. market but was the leading infant formula producer in countries like Canada and South Africa, expanded into Southeast Asia, Latin America and Africa as a complement to existing sales efforts of its parent company's other products.¹¹⁰ Similar to Nestlé, Wyeth preferred to establish local or regional production facilities.¹¹¹ Thus, despite all operating as multinational pharmaceutical companies, Mead Johnson, Ross and Wyeth targeted distinct developing regions that reflected strategic decisions based more on maximizing internal operational efficiency rather than responding to local cultures of breastfeeding.

¹⁰⁷ James Post, *The International Infant Formula Industry* (supplementary testimony presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Boston: Boston University, 1978), 7.

¹⁰⁸ *Ibid.*

¹⁰⁹ David Cox, *Abbott Laboratories Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 196.

¹¹⁰ James Post, *The International Infant Formula Industry* (supplementary testimony presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Boston: Boston University, 1978), 8-9.

¹¹¹ John Stafford and Charles Hagan. *American Home Products Corporation Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 191.

Bristol-Myers Company – Mead Johnson Division

Corporate History

In the 1970s Bristol-Myers was a major multinational healthcare company, producing and marketing medical devices, nutritional products, pharmaceutical drugs and other consumer products in over 100 countries.¹¹² Bristol-Myers started to offer infant formula after acquiring Mead Johnson in 1967 and then expanded its product line, particularly its healthy baby formula *Enfamil*, to international markets.¹¹³ By 1977, Mead Johnson controlled around 35 percent of the \$290 million U.S. domestic market and around 40 percent of roughly \$125 million in U.S.-based sales to developing countries.¹¹⁴ As the result of both its history as an early promoter of infant nutritional supplements and its strong international presence, Mead Johnson's corporate activities fell under intense public scrutiny. In fact, Mead Johnson was the first firm to be targeted in a proxy battle by the religious activist investor group, ICCR. After Mead Johnson's early encounter with activist groups, its management became adept at designing palatable responses to shareholders, activists and ultimately government officials by tactfully drawing upon its significant relationships in the scientific research and medical communities.¹¹⁵ However, this apparent corporate eagerness to change profitable marketing and distribution strategies should be considered alongside its eventual reneging of landmark policies only a decade after the Kennedy Hearings. In 1989, Gerber Products, a baby foods maker, announced a collaboration with Mead Johnson to introduce an infant formula that would be advertised directly to parents, despite the vocal opposition of the American Academy of Pediatrics, a longtime partner.¹¹⁶

¹¹² Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 143.

¹¹³ Bristol-Myers Company, *Annual Reports to Shareholders* 1968 (New York: Bristol-Myers Company, 1969), 8.

¹¹⁴ James Post, *The International Infant Formula Industry* (Boston, Massachusetts: Boston University, 1978) 222.

¹¹⁵ Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 67.

¹¹⁶ Irene Powell, "Infant Formula," in *Handbook of American Business History: Extractives, Manufacturing and Services*, Vol. 2, 1997, 166.

Communications to Shareholders

Bristol-Myers' annual reports to shareholders are filled with photos of physicians and nurses treating ailing patients amid cutting-edge research facilities. Whereas Nestlé's annual reports and corporate publications were adorned with smiling children indulging in infant formula, dairy products and chocolate desserts alike, Bristol-Myers' reports suggest that the company was an indispensable partner to professionals who nurture the sick and the elderly. With all executive officers pictured in white coats, this technocratic image even pervaded the language of how they classified their products. Instead of infant foods, Mead Johnson marketed "infant nutritionals" or "pediatric health products."¹¹⁷ In addition to offering a line of infant formula, Mead Johnson also manufactured other advanced health products.¹¹⁸ In its divisional report, the company described a poignant story of how its *Mucomyst* inhaler alleviated the suffering of a newborn with cystic fibrosis.¹¹⁹ Given the heavy regulatory process inherent in manufacturing any pharmaceutical drugs, Mead Johnson emphasized that it was in the business of "saving lives", not simply manufacturing consumable goods.

Furthermore, consistent in every annual report, the company stressed that its infant formula products were primarily used in hospitals and designed for the convenience of medical staff. For instance, its 1970 report highlighted the launch of *Enfamil Nursette-RN*, a pre-filled nurser with a pre-attached nipple, and stated, "It was introduced by Mead Johnson Laboratories at the American Academy of Pediatrics meeting last spring. The time saving, convenience features are especially valuable to busy hospital staff."¹²⁰ Thus, Mead Johnson strategically conveyed to shareholders that its products were deemed favorable by medical experts while distancing itself on paper from mass

¹¹⁷ Bristol-Myers Company, *Annual Reports to Shareholders* 1970 (New York: Bristol-Myers Company, 1971), 7.

¹¹⁸ *Ibid.*

¹¹⁹ *Ibid.*

¹²⁰ *Ibid.* 8.

market consumption. Another way Mead Johnson leveraged its healthcare orientation was through manufacturing a line of specialized formulas designed for sick babies who could not benefit from mainstream formula or breast milk. Its 1971 report stated that in addition to the specialty formulas, *ProSobee*, *Lofenalac*, and *Nutramigen*, Mead Johnson had just started the commercial production of *Pregestimil* for infants with the rare inborn metabolic disorder called phenylketonuria or PKI.¹²¹

While the sales of its main product, *Enfamil*, clearly dominated the division's sales, the fact that the company continuously drove a niche market of specialized formula also pointed towards an ostensibly "altruistic" motive and perhaps even testified to the quality of *all* its products consumed both domestically and abroad.¹²² In its 1979 report, the company primarily defended its role as a responsible infant formula manufacturer not by highlighting revised protocols for distribution in developing countries, but by drawing upon its "sick baby" products.¹²³ It stated, "Mead Johnson remains the only company that can offer the physician this complete system of products to help in management of these special feeding problems."¹²⁴ Despite the fact that the controversy centered upon promoting formula use among otherwise healthy infants in developing countries, Bristol-Myers could bolster the image of its Mead Johnson division by highlighting the rare cases of infants in which formula use was medically crucial.

Rather than addressing the crux of the controversy, Bristol-Myers told shareholders in 1979 that the next decade would see a dramatic increase in nutritional health care.¹²⁵ The shifting medical trend in prescribing formula as a supplement to breastmilk and for longer periods justified Mead Johnson's increased sales, as well as provided reassurance to financial shareholders that growth

¹²¹ Bristol-Myers Company, *Annual Reports to Shareholders* 1971 (New York: Bristol-Myers Company, 1972), 32.

¹²² Despite the high publicity, the sick-baby segment of the market comprised only 2 percent of total infant formula sales volume. Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 130.

¹²³ Bristol-Myers Company, *Annual Reports to Shareholders* 1979 (New York: Bristol-Myers Company, 1980), 16.

¹²⁴ *Ibid.*

¹²⁵ *Ibid.*

would be generated organically.¹²⁶ However, it is concerning that under a section titled “Programs of Public Interest” in its 1977 annual report, there was no update on infant formula marketing or distribution reforms in developing countries, despite including new sustainability initiatives and information on tighter safety regulations for other products.¹²⁷ Although the company published separate reports on the topic, it is unusual that its management did not deem the controversy significant enough to circulate to all of its shareholders as a “public interest” item.¹²⁸ Thus, Bristol-Myers strategically managed to both appease activists while continuing to appeal to financial stakeholders by diverting attention from its activities in developing countries to its domestic role as a pioneer of infant nutrition.

The Mead Johnson Response

Unlike Nestlé, which selected a regional director who little experience in the public spotlight, Bristol-Myers sent its vice chairman, Frank Sprole, to the Kennedy Hearings armed with a fully prepared statement, internal publications and testimonies from physicians and nurses in developing countries.¹²⁹ Although the language in which all three U.S.-based pharmaceutical companies described their activities was still overtly vague, the hearings provided a podium for them to highlight their earlier self-regulatory initiatives that contradicted the corporate villain narrative.

Sprole took the opportunity to clarify what Mead Johnson’s management perceived as the true impetus for expanding into developing countries. Although international expansion commenced since the mid-1960s, Sprole argued that the increased activity was in response to demands echoed by the United Nations Protein Advisory Group that declared in 1973, “It is urgent that infant formulas be developed and introduced to satisfy the special needs of infants who are not breast fed.”¹³⁰

¹²⁶ Bristol-Myers Company, *Annual Reports to Shareholders* 1979 (New York: Bristol-Myers Company, 1980), 16.

¹²⁷ Bristol-Myers Company, *Annual Reports to Shareholders* 1977 (New York: Bristol-Myers Company, 1978), 17.

¹²⁸ Ibid.

¹²⁹ Frank Sprole. *Bristol-Myers Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978).

¹³⁰ Bristol-Myers Company International Division, *Policies & Practices: Production, Labeling and Marketing of Infant Formula* (New York: Bristol-Myers Company, 1978), 2.

Although there were substantiated claims of mothers diluting formula or mixing the powder with contaminated water, Sprole mentioned that “the introduction of formula products represented a significant advance in nutritional quality in many less developed countries”, as mothers prior had resorted to feeding infants foods such as green tea, rice water and flour pap.¹³¹ Thus, there was a belief, whether long-held or strategically constructed by management, that they were providing a compelling solution to a preexisting problem, not creating a new one.

Sprole also submitted Bristol-Myer’s 1976 report, *Policies and Practices: Production, Labeling and Marketing of Infant Formula Products in Countries outside the U.S.A. and Canada*, to point out early self-regulatory initiatives that spurred from the Protein Advisory Group’s 1973 recommendations for the infant formula industry.¹³² Contrary to Nestlé, who permitted greater operational freedom among local manufacturers, Bristol-Myers preferred tight control and required that all contractors were bound to headquarter policies.¹³³ Among the most prominent policy was strictly eliminating mass media advertising to consumers.¹³⁴ Periodical independent advertising audits by Louis, Harris & Associates would also be conducted throughout all operating markets to ensure that the policies were properly implemented and followed.¹³⁵

In addition, Mead Johnson mothercraft nurses were paid a salary, not by commission.¹³⁶ Nevertheless, Bristol-Myers executives took further drastic action in December 1977 and eliminated the controversial mothercraft practice completely.¹³⁷ Sprole testified in the hearing, “Although many doctors have praised “Mothercraft” nursing services as a valuable adjunct to their work—and we

¹³¹ Frank Sprole, *Bristol-Myers Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 2.

¹³² Bristol-Myers Company International Division, *Policies & Practices: Production, Labeling and Marketing of Infant Formula Products in Countries outside the U.S.A. (Including its Possessions) and Canada* (New York: Bristol-Myers Company, 1976).

¹³³ Frank Sprole, *Bristol-Myers Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 3.

¹³⁴ *Ibid.* 4.

¹³⁵ *Ibid.*

¹³⁶ *Ibid.* 5.

¹³⁷ *Ibid.*

have statements from about 60 doctors attached as exhibits and furnished to the committee—there has been criticism that these nurses may not always have followed our policies and practices.”¹³⁸ Despite activist concerns of corporations blurring the line between company promotion and objective medical advice with the use of mothercraft nurses, Sprole admitted that he was unsure if the decision was necessarily for the best.¹³⁹ Contrary to what was presented in the media, mothercraft nurses often served as breastfeeding advocates. Dr. Eve Palomino, who served as a pediatrician in a public hospital in Kingston, Jamaica, wrote to the hearing committee that she in fact had never witnessed the nurses discourage breastfeeding; rather, they served as effective liaisons with pediatricians and would encourage inexperienced mothers who, for a variety of reasons, were disinclined to breastfeed.¹⁴⁰ Sprole was also concerned that eliminating the practice would also increase the risk of product misuse among prescribed mothers who would benefit from further guidance and follow-up.¹⁴¹ Thus, it was conflicting that critics demanded ending the mothercraft practice while simultaneously calling for greater corporate oversight in ensuring proper use of formula among mothers.

Although Mead Johnson’s decision to limit its influence within hospitals and health centers was deemed positive, allowing non-corporate affiliated medical professionals to serve as the gatekeepers between infant formula and potential consumers, shifting responsibility to physicians did not necessarily prevent the impact of corporate biases. Even decades before the controversy first emerged, Mead Johnson had emphasized in its policies that “detailed information on infant formula product claims and indications for use will be directed only to physicians and professional medical

¹³⁸ Frank Sprole, *Bristol-Myers Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 5.

¹³⁹ *Ibid.*

¹⁴⁰ Eve Palomino, *Testimony of Dr. Eve Palomino collected by Mead Johnson Jamaica Division* (submitted at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978.), 1.

¹⁴¹ Frank Sprole, *Bristol-Myers Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 5.

personnel. Product claims will contain only statements that are supported by sound medical and scientific data.”¹⁴² Yet, Mead Johnson’s corporate publications illustrate that it was highly likely that physicians, especially in resource-strained hospitals, had vested interest in maintaining favorable relations with the pharmaceutical giant. Since Bristol-Myers also manufactured and donated medical technology, such as incubators, receiving free supplies that directly saved the lives of infants may have justified enthusiastic prescription of formula.

Although Sprole submitted numerous testimonies from physicians in public hospitals stating that accusations of promotion affecting medical judgment were “unjustified and offensive”, it would be problematic to not consider the substantial power dynamics at play in the healthcare system.¹⁴³ Hospital staff in impoverished hospitals were unlikely to turn down additional “help” from mothercraft nurses and risk severing valuable relationships among pharmaceutical benefactors. In this sense, infant formula promotion among powerful pharmaceutical companies promoted a dangerous conflict of interest. Although Mead Johnson benefitted from relying on physicians as gatekeepers to potential consumers, it would be presumptuous to say that medical experts were never swayed by corporate promotion.

Abbott Laboratories – Ross Laboratories Division

Corporate History

By the 1970s, Abbot Laboratories had grown from a U.S. pharmaceutical manufacturer to a broad-based healthcare company commanding significant international market share for its diversified product lines. Abbott entered the infant formula industry after its acquisition of Ross

¹⁴² 1976 report summarized policies in place since the 1950s. Bristol-Myers Company International Division, *Policies & Practices: Production, Labeling and Marketing of Infant Formula Products in Countries outside the U.S.A. (Including its Possessions) and Canada* (New York: Bristol-Myers Company, 1976), 3.

¹⁴³ Frank Sprole, *Bristol-Myers Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 4.

Laboratories in 1964.¹⁴⁴ The acquisition would prove highly profitable, as Ross, alongside Bristol-Myers' Mead Johnson Division, held an almost impenetrable duopoly of the U.S. infant formula market throughout the 1970s and 1980s.¹⁴⁵ At the time, Ross offered one of the broadest selections of humanized infant formula through its successful *Similac* and *Isomil* brand names, and due to its success in the United States, only 10 percent of Ross' \$222 million in worldwide infant formula sales in 1977 was from developing markets.¹⁴⁶ Historians have remarked that even in the early stages of the controversy, Ross executives responded to critics with the greatest sensitivity and engaged in rigorous self-regulation with the deployment of its own research task force.¹⁴⁷ Like Mead Johnson, Ross was able to publicly comply with rigorous restrictions in the wake of critics' demands without withdrawing from all controversial developing markets since it had already enacted stringent internal regulations. Although Ross offered greater transparency regarding details of its international operations to shareholders and critics alike, it is also important to scrutinize the company's close ties with medical practitioners and researchers, as well as its seemingly faultless public image as a health care solutions provider.

Communications to Shareholders

Ross' enhanced transparency in providing shareholders details of its infant formula manufacturing and marketing activities abroad offers a more nuanced chronology of how the division evolved before and during the controversy. Ross had stated that since the 1960s, it favored choosing countries with a growing middle class and an existing base of well-off consumers who could afford

¹⁴⁴ David Cox, *Abbott Laboratories Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 196.

¹⁴⁵ James Post, "The Infant Formula Industry: Strategy, Structure and Performance," in *Corporate Behavior and Social Change* (Reston: Reston Publishing, 1978) 221.

¹⁴⁶ David Cox, *Abbott Laboratories Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 196.

¹⁴⁷ Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 64.

sustainable infant formula use.¹⁴⁸ In 1965, a year after being acquired by Abbott, Ross decided to enter Germany, Italy, Canada, the Netherlands and the Philippines.¹⁴⁹ While the countries listed were also regions where Abbott had already successfully marketed other products, its management revealed to shareholders in 1969 that cultural factors were also heavily considered.¹⁵⁰ In its 1969 annual report, Abbott stated on behalf of its rapidly expanding Ross division, “One of its biggest challenges is in determining the optimum marketing strategy in overseas markets. Cultural differences, in many cases, dictate the way a particular product is best accepted by overseas customers.”¹⁵¹ Although Ross did not specify exactly what these cultural considerations were to shareholders at the time, it is important to note that it was indeed a highly material factor among management in the first place. Its 1978 annual report, published only a few months after the Kennedy Hearings, also stated that a research team and corporate task force had continuously examined infant formula practices in developing countries to ensure proper distribution methods over the past decade.¹⁵² Thus, it was not true in Ross’ case that infant formula manufacturers arbitrarily entered new markets without cultural considerations; nevertheless, as Kennedy would highlight, there was a notable lack of post-market surveillance confirming whether or not its products were ultimately being used properly and by intended consumers.¹⁵³

Furthermore, Ross pointed out in the early 1970s that initial distribution of infant formula in impoverished regions was prompted by partnerships with charity organizations. During the hearings, Cox stated, “Paradoxically, while critics complain about the availability and sale of prepared infant formula in developing nations, we regularly receive requests from numerous church groups

¹⁴⁸ Abbott Laboratories, *Annual Report to Shareholders 1965* (Chicago: Abbott Laboratories, 1966), 5.

¹⁴⁹ *Ibid.*

¹⁵⁰ Abbott Laboratories, *Annual Report to Shareholders 1969* (Chicago: Abbott Laboratories, 1970), 13.

¹⁵¹ *Ibid.*

¹⁵² Abbott Laboratories, *Annual Report to Shareholders 1978* (Chicago: Abbott Laboratories, 1979), 11.

¹⁵³ David Cox, *Abbott Laboratories Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 211.

‘imploing’ us to contribute supplies of our products to be used in exactly those poverty-stricken situations.”¹⁵⁴ In 1973, Ross contributed more than 250,000 pounds of various nutritional supplements to “the starving nations of Mali, Upper Volta, Niger and Chad” alongside other products like intravenous solutions.¹⁵⁵ With this in mind, there are two issues of conflict that arise and contradict the simplified narrative of infant formula corporations as irresponsible actors who introduced formula in impoverished regions purely for financial benefit. Given that government aid programs and charitable organizations relied on infant formula donations for nutritional relief, often in areas where multinational corporations had yet to formally market products, it is less clear who was responsible for getting new mothers “hooked” on formula. Secondly, perhaps infant formula distribution, regardless of the possibilities of inappropriate use, offered a marginal benefit to mothers in developing countries since it was objectively nutritionally superior to traditional breast milk substitutes and development issues, such as contaminated water, could not realistically be avoided.

Ross also gained credibility among shareholders and critics due to its approval within the medical community. In 1968, Ross reported that its *Similac* Hospital Formula System was used in more than 2,500 hospitals throughout the United States, where more than half of all U.S. births took place.¹⁵⁶ Furthermore, new products, such as the pre-bottled *Similac-20* launched in 1968, underwent up to three years of successful test marketing by physicians and other medical practitioners to ensure appropriate quality.¹⁵⁷ While it did not clarify if test marketing had been performed in developing countries, pre-controversy annual reports did illustrate foresight in evaluating quality design and usability. Furthermore, Ross hosted 68 sponsored conferences on pediatric research that attracted more than 2,000 pediatricians, other medical professionals and even several Nobel Prize winners

¹⁵⁴ Duane Benton, Richard Huston, and Jane Jansen, *Infant Malnutrition, Breastfeeding and Infant Formulas in Developing Nations* (Chicago: Ross Nutritional Research Division, 1978), 18.

¹⁵⁵ Abbott Laboratories, *Annual Report to Shareholders 1973* (Chicago: Abbott Laboratories, 1974), 10.

¹⁵⁶ Abbott Laboratories, *Annual Report to Shareholders 1968* (Chicago: Abbott Laboratories, 1969), 14.

¹⁵⁷ *Ibid.*

prior to the controversy.¹⁵⁸ Although its substantial involvement in medical research raises the concern of corporate bias, Ross was relatively comfortable calling upon physician testimonies during the hearing and received many favorable responses.

Nevertheless, its sensitivity to demands did not translate into a willingness to withdraw from controversial markets and in fact, Ross would strategically use its cooperative reputation to defend the continuous distribution of formula in developing countries. Thus, the focus of the hearing would be highlighting both independent and internal research that discredited the argument of private firms causing a decline in breastfeeding. In 1979, Ross mentioned to shareholders that it produced a film, “Mothers in Conflict; Children in Need”, highlighting cultural reasons why mothers in developing countries were actively choosing not to breastfeed their infants.¹⁵⁹

It was likely due to Ross’ rigorous product monitoring since the 1950s that allowed the company to be transparent of its past activities. After the United States Infant Formula Act became effective late in 1980, tightening formulation and production standards, Ross stated that a smooth transition would be expected since more than 2,000 quality checks were already applied to every product distributed in developing countries.¹⁶⁰ By 1983 onwards, Ross did not mention any activity or initiatives relating to the controversy and activist groups withdrew their public calls to end infant formula promotion abroad for the time being.

The Ross Response

During the Kennedy Hearings, Abbott sent David Cox, president of the Ross Laboratories division, to the stand. In addition, Cox brought Tom McCollough, the head of their internal research

¹⁵⁸ Abbott Laboratories, *Annual Report to Shareholders 1975* (Chicago: Abbott Laboratories, 1976), 9.

¹⁵⁹ Abbott Laboratories, *Annual Report to Shareholders 1979* (Chicago: Abbott Laboratories, 1980), 11.

¹⁶⁰ Abbott Laboratories, *Annual Report to Shareholders 1981* (Chicago: Abbott Laboratories, 1982), 10-11.

team studying Third World problems.¹⁶¹ According to Cox, Ross' management had been notified of concerns regarding prepared infant formula products in developing countries after attending a United Nations sponsored conference in 1970 held in Bogota, Colombia.¹⁶² At this time, its management believed that improper infant formula use was a small part of a larger, undefined problem and claimed responsibility by establishing two new central marketing practices: 1) requiring initial prescription by a health care professional and 2) prohibiting mass media advertising directed to non-medically trained individuals.¹⁶³ Ross also formed a permanent study team to keep management informed of developments and recommended policy.¹⁶⁴ This effort included extensive field trips to evaluate how the product was used firsthand and partnering with local governments to formulate national breastfeeding programs.¹⁶⁵ Thus, Ross' attendance at nutritional conferences gave the company initial exposure to some criticisms that it would face later on and insight into building strategic defenses mechanisms against a potential backlash.

Ross first sought to differentiate itself from its competitors by highlighting that it held itself to higher standards and was just as critical of potential flaws in its activities as activists. It foremost pointed to its 1977 publication, *Code of Marketing Ethics for Developing Countries with Reference to Infant Feeding*, as a testament to industry best practices.¹⁶⁶ Although supportive of the concept, Ross had not joined ICIFI since the group did not prohibit mass media campaigns, strategically shifting additional blame to its more recalcitrant industry peers, Nestlé and Wyeth.¹⁶⁷ Among the

¹⁶¹ Abbott decided that roughly 100 countries were "Third World" according to internal socioeconomic criteria. David Cox, *Abbott Laboratories Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 192.

¹⁶² Ibid. 198.

¹⁶³ David Cox, *Abbott Laboratories Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 200.

¹⁶⁴ Ibid. 201.

¹⁶⁵ Ibid.

¹⁶⁶ Ross Laboratories, *Code of Marketing Ethics for Developing Countries: With Reference to Infant Feeding* (Chicago: Abbott Laboratories, 1977).

¹⁶⁷ David Cox, *Abbott Laboratories Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 202.

many tenets, the Ross Code included a section on “The Central Role of Professional Health Care Judgments.” The Code stated that a primary concern in developing countries is that “the delivery of health care to major segments of the population is too often complicated by unfavorable living conditions...Where no health care counselling is available, the use of our products is inappropriate.”¹⁶⁸ Nevertheless, since Ross had a clear preference for distributing its products through healthcare networks in the first place, the seemingly drastic restriction required minimal operational sacrifices.

After emphasizing Ross’ early self-regulatory initiatives, Cox aimed to prove that the decline in breastfeeding was not the direct result of corporate infant formula promotion, but had occurred independently as a result of rapid urbanization. Abbott’s 1978 Third World task force report stated that the “reasons for the decline [in breastfeeding] among the urban transitional groups are variously attributed to the mimicry of the affluent, changing life styles, an increased failure of lactation attributed to breakdown of help for the mother, the psychological tensions of poverty and urban life affecting the let-down response.”¹⁶⁹ Several independent case studies, although clearly not reflective of all scientific opinions, substantiated Abbott’s position. Plank and Milanesi, in their 1973 report sponsored by the WHO, found that in rural Chile, breastfeeding decreased significantly as maternal education and paternal income rose in areas where infant formula promotional activity was minimal.¹⁷⁰ A study published in the *Journal of Tropical Pediatrics* additionally found no negative effect between milk company activity and breastfeeding rates in the Philippines.¹⁷¹ Furthermore, Ross cited “anecdotal evidence” in China and Cuba that breastfeeding had begun to decline in urban

¹⁶⁸ Ross Laboratories, *Code of Marketing Ethics for Developing Countries: With Reference to Infant Feeding* (Chicago: Abbott Laboratories, 1977), 2.

¹⁶⁹ Duane Benton, Richard Huston, and Jane Jansen, *Infant Malnutrition, Breastfeeding and Infant Formulas in Developing Nations* (Chicago: Ross Nutritional Research Division, 1978), 6.

¹⁷⁰ SJ Plank and ML Milanesi, "Infant Feeding and Infant Mortality in Rural Chile." *Bulletin of the World Health Organization* 48, 203-210.

¹⁷¹ BM Popkin and FS Solon. 1976. "Income, Time, the Working Mother, and Child Nutrition." *Journal of Tropical Pediatrics* 22, 156-166.

centers, despite private promotion being prohibited.¹⁷² Although Kennedy had been vocally critical of infant formula corporations, running the hearing with a distinctly interrogative tone, Ross' research-based defense and openness to regulatory initiatives were lauded as "very responsible."¹⁷³

American Home Products Corporation – Wyeth Subsidiary

Corporate History

American Home Products Corporation (AHP) was a large consumer conglomerate based in New Jersey that manufactured and sold infant formula worldwide through Wyeth Laboratories. While Wyeth was based in the United States, overseas distribution comprised a significant share of its business activities.¹⁷⁴ Wyeth was the second largest producer in the international infant formula market following Nestlé and distributed its products to 135 countries abroad while maintaining manufacturing capabilities in 14 foreign countries.¹⁷⁵ Although Wyeth concentrated its marketing efforts in Europe and the Americas, it at most commanded only 10 percent of the U.S. infant formula market in 1978.¹⁷⁶ Furthermore, 83 percent of its infant formula products was manufactured through Wyeth international production facilities and local affiliates.¹⁷⁷ Throughout the 1970s, Wyeth had a strong presence across the United Kingdom, France, Middle East and around the Pacific Rim, marketing its products under the brand names of *SMA*, *S-26*, *Nursoy*, *Bonna*, and *Bonimil*.¹⁷⁸

¹⁷² Duane Benton, Richard Huston, and Jane Jansen, *Infant Malnutrition, Breastfeeding and Infant Formulas in Developing Nations* (Chicago: Ross Nutritional Research Division, 1978), 6.

¹⁷³ David Cox, *Abbott Laboratories Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 242.

¹⁷⁴ John Stafford and Charles Hagan, *American Home Products Corporation Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 1.

¹⁷⁵ *Ibid.*

¹⁷⁶ James Post, *The International Infant Formula Industry* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Boston: Boston University, 1978), 4.

¹⁷⁷ John Stafford and Charles Hagan, *American Home Products Corporation Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 1.

¹⁷⁸ *Ibid.*

However, critics argued that next to Nestlé, AHP was “the most recalcitrant and confrontational company” in regards to communicating with the media and activist groups.¹⁷⁹ While Wyeth had responded quietly to early demands from shareholder activist organizations like ICCR by releasing internal marketing documents, it was reluctant to engage in further public discussion prior to the Kennedy Hearings.¹⁸⁰ Nevertheless, Wyeth’s quiet and seemingly defiant response to the media outcry was also a product of its stringent and financially conservative management strategy across all subsidiaries and product lines.¹⁸¹ Even throughout multiple public controversies, it favored non-communication as a means of avoiding the limelight. AHP notoriously did not have a public relations department until a few years prior to the controversy and responses to previous scandals set a precedent for its defensive nature.¹⁸² In 1967, AHP had been under investigation by the Federal Trade Commission for aggressive promotion of hemorrhoid crèmes featuring unsubstantiated therapeutic claims.¹⁸³ In response, AHP representatives characteristically declined to comment and continued running advertisements throughout the legal battles.¹⁸⁴ Thus, its public relations tactics in dealing with the infant formula controversy were notably defiant but not uncharacteristic of the company.

Communications to Shareholders

In AHP’s 1976 annual report, the company stated that Wyeth’s *SMA* and *S-26* infant formulas were among a select group of formulations that met the exact nutritional criteria established by the Department of Health of Great Britain and other independent science experts; as a result of the

¹⁷⁹ Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestle and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994), 124.

¹⁸⁰ *Ibid.*

¹⁸¹ Reference for Business, “American Home Products - Company Profile, Information, Business Description, History, Background Information on American Home Products”, accessed January 3, 2016, <http://www.referenceforbusiness.com/history2/64/American-Home-Products.html>.

¹⁸² *Ibid.*

¹⁸³ *Ibid.*

¹⁸⁴ *Ibid.*

recognition, sales rose substantially in Great Britain and nearby markets.¹⁸⁵ A year later, its 1977 report stated that Wyeth's main formula brand names "continue to meet growing demands in countries around the world, aided by educational programs for doctors and nurses."¹⁸⁶ While ostensibly these statements illustrate Wyeth's commitment to supporting nutritional research, they also reveal a strategic effort to shape the standards to which its products would also be held accountable to. For instance, its 1972 annual report stated that the marketing of Wyeth's *SMA* infant food products received a considerable boost directly due to its "physician-learning system" on infant nutrition, where health professionals were given Wyeth sponsored films and monographs featuring recognized experts in the field of infant nutrition.¹⁸⁷ Although these learning programs were designed as forums to strengthen the nutritional quality of formulas, they were also profitable strategies to ensure that Wyeth's products remained heavily prescribed domestically and abroad.

Although the Nestlé Boycott started in 1977, Wyeth was not directly targeted in the media backlash and consequently continued to reveal to shareholders that the late 1970s was a remarkable period of growth for the international infant formula industry. Although European and U.S. based activist organizations were raising concerns regarding the welfare of infants in developing countries, ironically the local governments themselves were recruiting Wyeth and other multinational corporations to construct regional production facilities due to growing demand. In its 1976 report, Wyeth reported that affiliated companies in Germany, Mexico, Portugal, and Pakistan were unveiling new plant expansion programs.¹⁸⁸ In 1978, *SMA* and *S-26* reached record global sales.¹⁸⁹ This trend would continue in 1980, with its annual report highlighting, "Sales to export markets in Africa, the Near East and East Asia increased markedly during the year."¹⁹⁰ While other competitors favored

¹⁸⁵ American Home Products Corporation, *Annual Report to Shareholders 1976* (New York: American Home Products Corporation, 1977), 3.

¹⁸⁶ American Home Products Corporation, *Annual Report to Shareholders 1977* (New York: American Home Products Corporation, 1978), 4.

¹⁸⁷ American Home Products Corporation, *Annual Report to Shareholders 1972* (New York: American Home Products Corporation, 1973), 7.

¹⁸⁸ American Home Products Corporation, *Annual Report to Shareholders 1976* (New York: American Home Products Corporation, 1977), 5.

¹⁸⁹ American Home Products Corporation, *Annual Report to Shareholders 1978* (New York: American Home Products Corporation, 1979), 2.

¹⁹⁰ American Home Products Corporation, *Annual Report to Shareholders 1980* (New York: American Home Products Corporation, 1981), 3.

guarded language and emphasized self-regulatory initiatives, Wyeth remained committed to foremost showcasing financial progress.

Despite Wyeth's fiscally conservative nature and seemingly defiant public relations strategy, it had been considered an important player in promoting public health initiatives. In addition to producing oral contraceptives and antibiotic products for infectious diseases, its 1972 report stated that "Wyeth had played an important role in the World Health Organization's smallpox eradication program. After an intensive 5 year program, the scourge of smallpox has been eradicated from West and West Central Africa. This achievement was due to efficient vaccination and use of more than 180 million doses of Wyeth's Dryvax lyophilized (freeze dried) vaccine that maintains potency even in severe tropical climates."¹⁹¹ Thus, despite Wyeth's recalcitrant nature in the public eye, its additional public health engagements lent credibility and authority to its infant formula practices.

The Wyeth Response

Wyeth selected John Stafford, a senior vice president of AHP, and Charles Hagan, the company's general counsel, as its two representatives. Among its most compelling evidence submitted, Stafford highlighted Wyeth's 1955 employee orientation pamphlet, *Pulse of Pharmacy*, detailing the company's infant nutrition education program and employee guidelines for implementation. It is notable that since the early 1950s—decades before the infant formula controversy emerged—Wyeth had enthusiastically emphasized its commitment to breastfeeding as the best possible source of infant nutrition and that formula use should be provided based only on "good medical reasons."¹⁹² The pamphlet stated, "Wyeth has built a position of praise of Breast Milk for good reasons: 1) Because Breast Milk is the best, most practical and most economical diet for the

¹⁹¹ American Home Products Corporation, *Annual Report to Shareholders 1972* (New York: American Home Products Corporation, 1973), 4.

¹⁹² Wyeth Laboratories. "An Infant Nutrition Education Program: Breast Feeding Guidelines for Implementation." *Pulse of Pharmacy* 9 (2) (New York: Wyeth International, American Home Products International, 1955), 1.

newborn. 2) Because we gain respect and credibility in the eyes of the Doctor, Nurse, Midwife and the Mother by recommending breast feeding and by expending our time and effort in helping educate Mothers on breast feeding.”¹⁹³ Although there was no available data on how strict these corporate policies were implemented and followed, the pamphlet served as an important testament to Wyeth’s internal management goals, especially in light of the company’s other public relations failings. Compared to its peers, no other company seemed to have as extensive of a breast feeding program.

Wyeth also outlined in its employee guidebook a variety of company-sponsored learning aids targeted at expectant and new mothers to foremost promote breast feeding. The company’s arsenal of educational resources included a 20-minute film titled “Breast Feeding” that featured second sound tracks dubbed in different local dialects. The film “opens with some of the common reasons why women may choose bottle feeding over breast feeding—and then goes on to show how breast feeding is usually more satisfying from almost every aspect.”¹⁹⁴ Other resources include a slide/tape audio-visual titled “Caring for Your New Baby: What You Should Know About Nursing Your Baby.”¹⁹⁵ The guidebook further outlines do’s and don’ts for employee behavior, including prohibiting the promotion of Wyeth formulas unless medical personnel had determined that breastfeeding would not suffice and not initiating any contact directly with the mother unless staff have been authorized.¹⁹⁶ Nevertheless, the lengthy company-approved script also states, “By all means, try to breast feed your baby so long as your doctor or nurse recommend it. When mixed feeding is necessary, it’s much less a challenge to the baby’s tolerance to use S-26—it even tastes the same!”¹⁹⁷ The company script did not require its representatives to mention their corporate affiliation, and for mothers drawn to formula

¹⁹³ Wyeth Laboratories. “An Infant Nutrition Education Program: Breast Feeding Guidelines for Implementation.” *Pulse of Pharmacy* 9 (2) (New York: Wyeth International, American Home Products International, 1955), 1.

¹⁹⁴ Ibid.

¹⁹⁵ Ibid. 2.

¹⁹⁶ Ibid.

¹⁹⁷ Ibid. 7.

feeding for convenience, the fact that S-26 was portrayed as almost “interchangeable” with breast milk by a seemingly trained medical professional may have proven extremely convincing.

However, outside of its early commitment to disseminating breastfeeding resources, Wyeth was defensive of most accusations, despite submitted evidence showing pervasive misuse of infant formula. For instance, Stafford stated, “The second problem charged against use of infant formula is that because of their cost, many mothers cannot afford adequate quantities and they over-dilute the product, thus leading to malnutrition. We are not aware of even one controlled study which documents this even with the use of our products.”¹⁹⁸ Although there were no studies specifically researching over-dilution with Wyeth products, it was an affront to activists that the company would not even recognize the problem despite the overwhelming calls for concern.

Furthermore, the company took a stance that development issues would likely impact infant health regardless of the company’s presence.¹⁹⁹ For instance, Stafford suggested that infants in tropical countries would be exposed to contaminated water since even breastfed infants were traditionally supplemented with water to prevent dehydration.²⁰⁰ Kennedy, who grew increasingly perturbed at Wyeth’s subtle defiance, later asked a pointed question on whether the company would sell formula in areas where 70 percent of water was contaminated.²⁰¹ Stafford vaguely responded that since the company had always championed breastfeeding and intended its product to be used by middle class mothers in their internal pamphlets, structural concerns of poverty did not apply to Wyeth’s promotion.²⁰² However, Stafford would ultimately reveal the faults of its decentralized

¹⁹⁸ John Stafford and Charles Hagan, *American Home Products Corporation Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 151.

¹⁹⁹ *Ibid.* 150-151.

²⁰⁰ *Ibid.*

²⁰¹ *Ibid.* 190.

²⁰² *Ibid.*

distribution strategy.²⁰³ In the product's final distribution stage, the company admitted it lacked total control on whether or not the product would solely reach its target consumer.²⁰⁴

As Mead Johnson and Ross had similarly emphasized, Wyeth concluded its testimony highlighting the preexisting demand for formula and that activist organizations actually contradicted the interests of the people they were trying to protect. Stafford stated, "None of these countries has ever asked us to cease marketing of our infant formula products—we market in many of the countries with the specific approval of the governments."²⁰⁵ As evidenced in Wyeth's case, infant formula producers found themselves conflicted in responding to the media backlash when market demand, specifically from the developing nations in question, remained remarkably strong. Lastly, since Wyeth was a multinational corporation with stricter quality controls than local firms, Stafford believed that withdrawing promotion would not provide a solution to any of the critics' concerns.²⁰⁶ Because demand was so high, Stafford warned that market forces would cause smaller, less established firms to fill its place with nutritionally inferior formulas.²⁰⁷

Conclusion

The Kennedy Hearings marked a pivotal moment for the infant formula controversy of the 1970s. While activists' interests gained legitimacy with the support of regulatory institutions like the U.S. government and the WHO, future decisive battles against multinational corporations would now take place in the private sphere. Advocacy efforts aimed at engendering public disapproval via

²⁰³ John Stafford and Charles Hagan, *American Home Products Corporation Testimony* (presented at hearing before the Subcommittee on Health and Scientific Research of the Committee on Human Resources, United States Senate, May 23, 1978. Washington, D.C.: U.S. Government Printing Office, 1978), 191.

²⁰⁴ *Ibid.*

²⁰⁵ *Ibid.* 152.

²⁰⁶ *Ibid.* 190.

²⁰⁷ *Ibid.* 190.

boycotts declined in favor of collaboration with relevant government officials, medical experts and corporate representatives behind closed doors. In 1978, Kennedy asked Dr. Halfdan Mahler, the director-general of the WHO, to host a meeting on the role of commercial formula in infant malnutrition and mortality. The WHO and UNICEF agreed to convene in October 1979, with the ICIFI willingly in attendance. For the four main multinational corporations, the meeting fostered multi-stakeholder collaboration, but most importantly, insulation from any additional public criticism. Fifteen months after the hearings, the corporations used the scheduled meeting with the WHO as justification for activists to end the boycott.²⁰⁸

The participants included representatives of 23 governments, 14 UN agency officials, 19 delegates from NGOs based in both developing and industrialized countries, 26 corporate representatives and 22 experts on pediatrics, marketing, sociology, nutrition and public health.²⁰⁹ At the end of the WHO/UNICEF meeting, a consensus was reached that “there should be no marketing or availability of infant formula or weaning foods in a country unless marketing practices are in accord with the spirit of this meeting and the recommendations contained in this report or with any agreed international code.”²¹⁰ With the issue of infant formula feeding now on the formal agenda of the UN, the once vociferous public was somewhat placated with the idea of government actors monitoring and regulating corporate greed.

By January 1981, the fourth draft of the International Code of Marketing of Breast-milk Substitutes was endorsed and unanimously recommended to the 34th World Health Assembly. The Code made local governments watchdogs of commercial infant formula activity, delineated industry

²⁰⁸ Judith Richter, "Shareholder Resolutions, a Consumer Boycott and a US Senate Hearing" in *Holding Corporations Accountable: Corporate Conduct, International Codes, and Citizen Action* (New York: Palgrave Macmillan, 2001), 56.

²⁰⁹ Ibid.

²¹⁰ World Health Organization, *International Code of Marketing of Breast-Milk Substitutes: Synthesis of Reports on Action Taken* (Geneva: WHO, 1981), 29.

standards on appropriate marketing and distribution, and recognized infant malnutrition as stemming from “wider problems of lack of education, poverty and social injustice.”²¹¹ While the Code formally restricted the corporations’ operational freedoms, such as prohibiting company donations to hospitals and mass media advertising, the demands did not require a major overhauling of current business strategies. Other than for Nestlé, the pharmaceutical companies had already restricted or dropped their mothercraft practices and relied on health professionals as the gatekeepers to their products. Nevertheless, the conflict of interest inherent in the pharmaceutical corporations’ ability to “financially sway” the judgment of health professionals was overshadowed by the media focus on Nestlé. Although the simplified Nestlé controversy narrative suggests the passage of the WHO Code was a decisive victory for activists, it can also be interpreted that corporations had emerged fairly unscathed.

The Code legitimized infant formula promotion in developing markets, rather than prohibiting it, and appeased activists with the impression of formal government regulation that in reality did not require major operational reform. It stated, “Considering that, when mothers do not breast-feed, or only do so partially, there is a legitimate market for infant formula and for suitable ingredients from which to prepare it; that all these products should accordingly be made accessible to those who need them through commercial or non-commercial distribution systems.”²¹² After the passage of the Code, the heated infant formula controversy of the 1970s had effectively diminished into a small spark kept alight primarily by a few interest groups, rather than the mainstream media and a demanding public.

²¹¹ World Health Organization, *International Code of Marketing of Breast-Milk Substitutes: Synthesis of Reports on Action Taken* (Geneva: WHO, 1981), 6.

²¹² *Ibid.* 7.

Still, the tenacity in which the four multinational corporations fought critics and remained active in their markets is telling. Despite tremendous backlash, no major infant formula manufacturer walked away from any significant markets, other than adjusting marketing practices through sophisticated wording that likely benefitted their public image without materially affecting any operational results.²¹³ Perhaps most shockingly, Nestlé would strategically venture into the U.S. infant formula market under its subsidiary brand name, Carnation, in 1988, alongside Mead Johnson initiating direct-to-consumer advertising campaigns in 1989.²¹⁴ The fact that entry into new markets and reversion towards controversial practices was attempted only a few years after the media frenzy subsided highlights the importance of the clear bottom line regardless of ethical initiatives: profit.

Retelling the infant formula controversy of the 1970s from a corporate perspective is not to discount the grave concerns of newborn malnutrition and mortality raised by activists, but rather to offer a more nuanced understanding of how and why the scandal evolved as well as illuminate the complexity of defining corporate responsibility within the broader issue of development. By reading between the lines of corporate annual reports, it is clear that certain operational moves or public relations strategies fostered greater insulation from public criticism, yet may have proved detrimental to infant malnutrition and mortality. Nestlé was easily vilified within the U.S. because of its decentralized structure, “foreign” and defiant public relations strategies, and lack of scientific credibility compared to its pharmaceutical competitors. Nevertheless, while the three U.S.-based healthcare companies had engaged in self-regulatory initiatives before the controversy, their substantial financial clout as donors of hospital products, patrons of research grants and organizers of medical conferences begs a more critical view of how “objective” medical advice can be influenced by underlying corporate motivations.

²¹³ Prakash Sethi, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestlé and the Infant Formula Controversy* (Boston: Kluwer Academic, 1994) 129.

²¹⁴ Ibid.

Furthermore, it is important to consider the dominant narrative of the profit-motivated firm exploiting the “Western” aspirations of illiterate mothers alongside the notion of a multinational corporation expanding into new markets as a result of a pre-existing and high demand for safe breastmilk substitutes. The task of assigning blame for poor infant malnutrition and mortality rates becomes increasingly complex given the role of other stakeholders, such as NGOs and government health agencies, in introducing infant formula under charity or humanitarian aid programs. For the activists and officials fearing product misuse and campaigning to end promotion abroad, their motivations vacillated between being genuinely protective and overly paternalistic. In a sense, mothers in developing nations were not given equal trust in making independent decisions regarding infant feeding than women in industrialized countries. Although corporations are bound by a fiduciary responsibility to shareholders, in the case of the infant formula controversy, it would be rash and inaccurate that a company’s pursuit of the bottom line automatically confers blame. Adhering to the popular yet simplified narrative of a sole corporate villain allows only one side of the story to surface.

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Bibliographic Essay

Retelling the infant formula controversy from a corporate perspective required the ability to analyze internal primary sources retrospectively. The goal of my paper was to review a missing side of the prevailing narrative because it had been initially easy to vilify profit-driven firms and difficult to access company materials kept internally for legal or strategic reasons. What I found most exciting, as well as daunting, about the research process was that I was analyzing routine company publications with the contemporary knowledge that seemingly harmless strategies at the time precipitated a controversy of international proportions. For all four corporations—Nestlé, Bristol-Myers, Abbott and American Home Products—reviewing their annual reports to shareholders formed the crux of my primary source investigation. While these documents had been public during the time of the controversy and were painstakingly revised by the corporations' legal and public relations departments, they offered an evolution of the controversy from an industry perspective.

Although my initial focus was on pharmaceutical companies and how their substantial financial interests within the medical community shaped the controversy, the difficulty in simply procuring Nestlé annual reports for comparative purposes piqued my interest in how corporations had responded to public backlash. The three other pharmaceutical companies had all historical reports accessible online, either through their own websites or external research databases. On the other hand, there were no digital copies of Nestlé's corporate reports to shareholders until 1986, several years after the 1970s controversy had been more or less resolved by the WHO. I was thus lucky to have the help of the Yale School of Management track down printed copies at Purdue, especially considering that the only other copies found were at Stanford and could not be shipped. Although I used the mid-1980s as an end period for analyzing the documents, and all four of the firms appeared eager to halt reporting on any controversy-related updates after 1981, I found it beneficial to review the reports starting as early as the 1950s, when most infant formula divisions were acquired or

formally established. Understanding how the development and initial reception of key products was conveyed to shareholders gave context to how the infant formula industry evolved as a whole, each firm's unique management culture and how the companies would eventually respond to the public backlash. Furthermore, it was useful to consider how they marketed and distributed other products since certain strategies criticized by activists as fostering exploitation and improper usage, such as Nestlé's decentralized and informal distribution networks, were not unique to its infant formula products. In addition, since the annual reports were not analyzed and cited among the secondary research I could find, it was both an opportunity and challenge to craft my own independent judgments.

Because the reports were inherently favorable to firms, it was important to next review primary sources from activist groups. I reviewed key whistleblower publications, such as *The Baby Killer* and *The New Internationalist* article, to understand what specific corporate grievances elicited the most drastic calls to action. Other articles, published in academic medical journals like *The Lancet* and mainstream newspapers, were particularly useful in gauging the prevailing sentiment among health experts and the greater public. I found it particularly interesting that while the entire industry initially was criticized, by the mid-1970s, it was clear that Nestlé had emerged as the clear villain. Furthermore, when I was initially selecting my topic, I had noticed that the infant formula controversy of the 1970s still is predominately known as the Nestlé Boycott. Thus, there was clearly another side to the story that became overshadowed or perhaps intentionally forgotten. It remained unclear at the time why other multinational competitors seemed to emerge relatively unscathed when they all had, albeit to a varying extent, distributed similar products in developing nations.

Although the compelling testimonies and research compiled by advocacy groups highlighted the dangers of misleading corporate advertising and the rampant over-dilution and contamination of formula, what remained noticeably missing were the corporations' rebuttals or even apologies for

their actions. While I would later learn that the lack of company public statements addressing activist concerns was in part to strategically prevent further incrimination, the poor transparency also seemed to imply that they were complicit in exploiting developing countries for profit. Thus, the testimonies of the four industry leaders and submitted evidence during the Kennedy Hearings proved crucial to filling the missing side of the story. One of my most important primary sources was a bound collection of all records from the 1978 hearing compiled by the Subcommittee on Health and Scientific Research. The hearing transcripts and evidence combined totaled more than 1,500 pages and despite being the most time-intensive part of my research, was truly formative in constructing a more nuanced account of the controversy. I was particularly struck by the evidence submitted by companies decades prior to the start of the controversy that stressed the importance of breastfeeding and ensuring that physicians had approved formula use as the most economical and safe alternative. Furthermore, since the annual reports typically did not divulge details into why certain markets were entered, internal company documents highlighting requests to partner or donate from local governments, humanitarian aid agencies and religious institutions provided a conflicting account of how developing nations were first introduced to formula. Consequently, it made me view the prevailing narrative of the infant formula controversy with a more critical lens. In addition, reviewing the hearing transcript also illuminated the politics behind the controversy. From my personal evaluation, it was quite clear that Cold War era fears driving skepticism of foreigners and approval of American paternalism influenced the conversation between government officials and corporate representatives. I would also rely on 1970s market research included in the hearing, such as an industry report published by James Post, to offer an independent account delineating the four main corporations' commercial activities up until 1977.

Although my focus was to analyze primary sources that had been "forgotten" or unavailable when crafting the prevailing controversy narrative, I also consulted secondary sources to better

understand the timeline of events and consider different management frameworks for evaluating corporate scandals. Since the late 1960s, S. Prakash Sethi, currently a distinguished Professor of Management at Baruch College, studied the role of public action in engendering corporate change. Since academic research studying the role of commercialization in infant formula is rather limited, his 1979 article, "Public Consequences of Private Action", and 1994 book, *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestlé and the Infant Formula Controversy*, were formative in my understanding of the different strategies activists employed and the resulting corporate responses. James Baker's article "The International Infant Formula Controversy: A Dilemma in Corporate Social Responsibility" was also useful in framing my analysis from a business ethics perspective. In the initial stages of my research, I naively assumed I would be able to reach a conclusion regarding whether or not it was accurate to blame corporations for poor infant malnutrition and mortality rates in developing countries. After, reviewing secondary sources on corporate social responsibility, such as Baker's, I realized a more realistic goal would be to capture the complexity of extricating the corporate role within larger issues of development, rather than forcing a clear-cut answer. Lastly, I referred to Rima Apple's *Mothers and Medicine: A Social History of Infant Feeding*, published in 1987. Apple's research detailed how demographic, cultural, political and economic shifts in the late 19th and early 20th century precipitated the need for breast-milk substitutes. Although corporations offered "third-party" research during the Kennedy Hearings that addressed how breastfeeding likely had declined prior to the rise of commercial infant formula, I was skeptical of the strategically hand-picked sources and appreciated the academic rigor of Apple's research.

If I had more time, I would have loved to further explore the topic through comparative country case studies. Although that was my initial plan, simply exploring the infant formula industry from a broad, international perspective proved to be a daunting task. Nevertheless, it would have

been interesting to compare countries, such as the Philippines and Chile, which were both major infant formula consumers, but had markets established under different pretenses and cultural practices. Furthermore, I would have liked to interview business ethics professors in person and travel to the Minnesota Historical Society, which has the largest collection of primary sources related to infant feeding from 1966-1995 organized by the Infant Formula Action Group (INFACT).

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