

# Political Implications of the Nestlé Boycott (1976-1984) for Transnational Activism against the Misconduct of Transnational Corporations\*

Soul Han\*\*

## <Abstract>

A transnational network of activists led the international consumer boycott against Nestlé from 1976 to 1984. The boycott aimed to make transnational corporations “immediately stop all promotions of infant formulas in developing nations,” as the deaths of numerous infants in the developing nations were attributed to these formulas. An international movement originating from the U.S. spread to networks of NGOs from 65 nations. Eventually, the boycott successfully pressured Nestlé to abide by the international code drafted by the WHO and UNICEF to sanction excessive marketing of infant formula.

Although this boycott transpired three decades ago, the case deserves a thorough analysis for its political strategy. To effectively pressure Nestlé, activists pushed for “information politics, symbolic politics, leverage politics, and accountability politics” by mobilizing various economic and political actors (e.g. consumers, GOs, IGOs), and leveraging their power against Nestlé. My analysis enriches the understanding of international political economy through illuminating the rich potential of transnational activists’ networks to harness the power of multiple stakeholders to curb multinational corporation.

**[Keywords]** *Nestle boycott, transnational activist network (TAN), transnational corporation (TNC), infant formula, consumer activism, boomerang effect*

---

\* This paper is a revised version of my senior thesis at Swarthmore College. I would like to express gratitude toward Professor Ayse Kaya and Professor Shervin Malekzadeh whose instruction sharpened my thought and writing.

\*\* Han, Soul (E-mail : soulhan@snu.ac.kr )

Acquisition :B.A. earned at: Swarthmore College

Affiliation: Present Position: Master’s candidate, Seoul National University

Received: June.15. 2018, Revised: July. 16.2018, Accepted: July.20.2018.

# 네슬레 보이콧 1976-1984: 초국적 사회운동으로서의 정치학적 함의를 중심으로

한 솔

## <국문요약>

본 연구는 조직화 된 초국적 사회운동의 초기 사례 중 하나인 네슬레 보이콧(1976-1984)에 대한 심층적 사례연구를 시도한다. 개발도상국에서 수많은 아동들의 사망 요인으로서 조제 분유(infant formula)가 주요하게 작동했음에도 불구하고 판매촉진 활동을 포기하지 않는 초국적 식품 제조기업인 네슬레에 대항하여 시작된 이 보이콧은 미국에서 시작하였지만, 이후 65개 국가의 NGO들의 네트워크 조직화를 이끌어내게 되었다. 이 국제적 네트워크의 조직화 된 압력으로 인해 UNICEF와 WHO는 조제분유의 과도한 마케팅을 제재하는 국제적 규약을 제정 한 바 있고, 네슬레는 1984년 해당 규약을 준수하기로 합의하게 되었다.

역사적으로도, 그리고 규모의 측면으로 볼 때 네슬레 보이콧은 중요한 사회적 함의를 지닌다. 초국적으로 조직된 운동가들이 소비자, 정부행위자, 국제기구 등 기업을 둘러싼 다양한 이해관계자를 성공적으로 동원했고, 이들을 동원하거나 압력을 가하기 위해 ‘정보 정치’, ‘상징 정치’, ‘지렛대 정치’, ‘책무성 정치’를 성공적으로 구사했기 때문이다. 하지만 그럼에도 불구하고 국내에서는 심층적인 연구가 진행된 바 없으며, 국제적으로도 정치이론적 차원에서 해당 사례에만 집중한 연구는 찾아보기 힘들다. 이 논문에서는 초국적 기업이 국제적 제도의 장에서 차지하는 권력의 기반을 이론적으로 설명 한 후, 그러한 권력의 기반에 대항하여 초국적 기업이 어떤 효과적인 정치적 전략을 구사했는지에 대하여 비교정치학이론, 초국적 사회운동론의 이론 자원에 기반하여 분석하고자 한다.

**[주제어]** 네슬레 보이콧, 초국적 사회운동 네트워크, 초국적 기업, 조제 분유, 소비자 운동, 부메랑 효과

## I. Introduction

Transnational corporations (TNCs) have become more influential in the current era of globalization. While the TNCs are nominally subject to regulation by the nation-state, states may lack the power to regulate. Technological breakthroughs in transportation and communications have led to the compression of space and time, which bestowed tremendous power to the TNCs (Gilpin 1973). Against hostile regulations, firms can simply offshore and outsource. Because nations may need large TNCs to keep abreast of the fierce global economic competition, the threat of a TNC's exodus has endowed corporations with the upper hand vis-a-vis states. While labor unions and international organizations may possess latent power to restrain TNCs, such potentials have not been fully realized. As labor has organized more effectively domestically than internationally (Martinelli 1975), the political and economic interests of labor cannot be aligned globally to countervail the free movement of TNCs.

The waxing power of TNCs against the waning power of labor, state, and civic organizations have provoked numerous scholars from the realm of international politics and international political economy. Nevertheless, their primary analysis has been at macro-level. Many researchers have focused on how the fluctuating power calculus affects economic and geopolitical rivalry between the nation-states, how TNCs infringe on labor, and how nation-states and international organizations can regulate TNCs. While these controversial issues are significant, research has yielded some blind spots.

The complexity of political dynamics in political economy stems from the fact that there are multiple stakeholders in the market that affect firms' interests (Freeman 1984). While certain unit of analysis with centripetal regulatory power—such as nation-states, firms, and international organizations—may be the more conspicuous, distributed stakeholders such as consumers, laborers, citizens, community members, and shareholders also hold potential to become crucial part of the dynamics (although whether and/or which of these stakeholders will have crucial effect may depend case by case). Moreover, in international political economy, transnational networks of activists (TNA) can also exercise large influence upon the dynamics. These networks, “bound together by shared values, a common discourse, and dense exchanges of information and services” (Keck and Sikkink 1998, 2), can galvanize multiple stakeholders in markets and/or leverage powerful GOs and IGOs to solidify actions against the TNCs.

TNAs can seem peculiar to scholars in international politics and international political economy. Their language is somewhat value-driven, and many of their criticisms upon the misconducts of TNCs have been that these corporations have failed to meet the corporate social responsibility (CSR). While these activists engage in multi-front endeavor to pressure GOs and IGOs to regulate the TNCs, they recognize the immense impact of TNCs on global society,

especially on labor, environment, consumer health, and cultural identities. These issues provide a potential for TNAs to mobilize multiple stakeholders in above-mentioned markets.

In this context, the success of the Nestlé Boycott during 1976 to 1984 deserves some critical academic observations, since doing so can yield invaluable lessons on waging strategic transnational campaigns to check the TNCs' abuse of power and pressure them to fulfill their social responsibility. This research can also broaden the understanding of international politics and international political economy by examining the critical role of transnational advocacy networks and stakeholders in markets as an important political entity that could restrain the power of TNCs (Keck and Sikkink 1998).

While the boycott movement began from a small local-scale effort by NGO activists in US to stop the Nestlé for its aggressive marketing of infant formula in the developing world, the movement grew to enforce Nestlé to concede the boycotters' demands and to abide by the code of conduct established by the WHO and UNICEF. For the first time in history, "international standards, sanctioned by the United Nations, were established to control the excesses of a large multinational industry" (Fazal and Holla 2004). Furthermore, examination of the resources that these activists could wield against Nestlé illustrates the asymmetry that evokes the battle between David and Goliath. The triumph of the TNAs did not rest on their financial capacities. For example, InFACT, one of the main NGOs to challenge Nestlé, "began in Minneapolis, Minnesota, as a group of twenty volunteers and one paid staff member. InFACT grew in size and sophistication over the years, but its total budget for the seven-and-one-half-year period boycotts did not exceed \$3.5million" (The New York Times 1984.01.27.). This amount is miniscule when compared to Nestlé's global revenue that approach \$10 billion in 1978 (Post 1985). Although full-time core activists were few small in numbers, and the advocacy network relied heavily on church groups and volunteers to spread information.

Given such divergence in resources between Nestlé and the anti-Nestlé network of activists, it is crucial to ask: How did the boycott activists leverage their transnational network to strategically challenge Nestlé? How should we understand the source of Nestlé's political power as a TNC, and how does the campaign destabilize such sources of power?

This paper explores these questions in four steps. First section sketches an account of the boycott against Nestlé. The next section dissects the nature of Nestlé's power as a large-scale TNC into easily digestible concepts. Drawing theoretical concepts from the comparative politics tradition, I apply theories of three dimensions of power (discovered by comparative politics scholar like Bachrach and Baratz (1962), and John Gaventa (1982)) in analyzing how Nestlé can use its power in qualitatively different ways to counter the boycott. This analysis involves not only accounting Nestlé's material capabilities, but also detailing how it exploited its material sources of power and institutional position as a TNC to defend itself.

Lastly, I investigate political strategies of the Nestlé boycott campaigners, and assess how they tactically undermined the various dimensions of Nestlé's power. I borrow Keck and Sikkink's (1998) conception of four specific political means used by transnational advocacy networks to challenge their political opponents—information politics, symbolic politics, leverage politics, and accountability politics—and analyze how the political strategies of the networks respond to each of these features.

## II. Narrative on the History of Nestle Boycott<sup>1)</sup>

### 1. Structure of Infant Formula Market and Nestlé's Behavior

To come to grips with the background conditions that led the activists to boycott may require a brief introduction into the structure of infant formula market, and into Nestlé's distinctive firm strategy and behavior during the period. Artificial baby milks—so called “infant formula”—became widespread commercial product during the early decades of the twentieth century. However, it was not until the World War II that the market structure came to be organized as oligopolistic structure. Among more than 30 companies involved in the business, only four TNCs (Nestlé, Mead Johnson of Mead Johnson Division, Abbott Laboratories of Ross Division, and American Home Products of Wyeth Subsidiary) took over more than two-thirds of total sales in the world (Sethi 1994). In such oligopolistic conditions, prevalent strategy among these firms was not a price competition, which could result in chicken game; the competition was largely shaped by attempts to increase market share and maintain barriers to entry through brand promotional efforts as well as control of value chains (Sethi 1994). Especially, fierce marketing competition was commonplace, with advertisements taking 10 to 15 percent of their net sales on average among these four TNCs (Post 1978).

Among them, Nestlé was the biggest manufacturer, distributor, and marketer, controlling more than 40% of estimated \$1.72 billion market. Moreover, there were several crucial differences among Nestlé and three other TNCs. First of all, unlike other pharmaceutical firms, Nestlé was the only food-processing firm (Post 1978). Second, while three other firms, US-based, were relatively more concentrated in US market, Nestlé entered into neither manufacturing nor marketing attempts in the US until 1988. Instead, it penetrated into markets in developing

---

1) Large part of this section is extracted from my own case study research in “Global Nonviolent Database.”: Han (2012)

<http://nvdatabase.swarthmore.edu/content/international-groups-boycott-nestle-products-end-indiscriminate-advertising-1977-1984>

countries, with its infant formula market share reaching more than 50 percent in Latin American, African, and Asian markets (Post 1978).

It is important to note that it was a combination of both the prevalent market-specific institutional logics and firm-specific character of Nestlé as the food-processing firm with operational overstretch in the developing countries that led to Nestlé's own distinctive strategy (its marketing and operational behavior); such strategy that would later become highly vulnerable to boycotters' charges. While the pharmaceutical companies were able to channel their products through professional medical personnel, Nestlé, as a food-processing company, engaged in fierce direct-to-consumer promotional efforts (Post 1978). Moreover, as an effort to penetrate into local regions in developing countries that are hardly accessible and less populated, Nestlé adopted decentralized operation strategies by establishing joint venture partnerships with local distributors (Wattana 2016). Because Nestlé had so many different relationships with so many affiliates and partners in those areas, Nestlé had hard time regulating and overseeing their operational behavior; as a result, these small businesses had relative autonomy to pursue their own marketing and distribution goals with only certain profit goals from the headquarter given (Wattana 2016).

The result was an unorganized, haphazardly managed, aggressive direct-to-consumer marketing. The aggressive marketing strategies included: "mass media campaigns, free samples, free gifts to doctors, and donations of supplies and equipment to hospitals and clinics. [And of utmost importance], Sales personnel attired as nurses, the so-called 'mothercraft nurses', promoted infant formula directly to new mothers in hospitals, clinics, and home visits" (Post and Baer 1978, 22). These mothercraft nurses became the symbol of Nestlé's aggressive and indiscriminate marketing strategy, since it "blurred the line between objective medical advice and profit motivated practices" (Wattana 2016, 14).

Such aggressive behavior and techniques of Nestlé became the potential source of public controversy, since some of the population in the developing world lacked resources to consume infant formula safely. As some of the doctors and activists would later clarify, "with the exception of abnormal circumstances such as famine or disaster situations,...bottle-feeding was one of the main causes of malnutrition and death from starvation" (Sasson 2016). There were two inherent problems with the aggressive marketing of infant formula in the Third World. First, the mothers in some impoverished regions could not afford to give enough amount of formula to their babies, so they would dilute it, causing malnutrition. Second, unhygienic water supplies and surroundings made it nearly impossible for them to consume infant formula safely (Sasson 2016).

## **2. On Nestlé Boycott Campaign**

In 1939, the first case of infant death caused by the infant formula was reported. However, it was only after 1973 that the issue began to capture the major public attention, when the magazine *New Internationalist* issued a cover story, "The Baby Food Tragedy". In 1974, *War on Want*, a British Charity group published an article "The Baby Killer". When a NGO named Third World Action Group (AgDW) translated "The Baby Killer" in German with a new title "Nestlé Kills Babies", Nestlé sued them with libel charges in Bern, Switzerland. Nestlé won the case in 1976. Clearly, as the court agreed, framing the issue in causational manner may have been inappropriate. However, it was de facto AgDW's victory. While charging mild fines on AgDW, the court strongly advised Nestlé to make major adjustments regarding its unethical marketing practices. But Nestlé did not take the recommendation seriously and continued to aggressively market the infant formula in the developing world.

On July 4, 1977, as a response to Nestlé's inattentive stance despite the court's recommendation, Infant Formula Action (InFACT) launched a boycott campaign in Minneapolis, USA. The campaigners demanded that Nestlé "immediately stop all promotion of infant formulas in developing nations" (Fazal and Holla 2004, 24). By November, the campaign became a national level campaign; by 1978, the boycott attracted international attention, spreading to countries like Australia, Canada, and New Zealand.

Initiating the educational campaign first, activists created leaflets containing lists of Nestlé products to boycott and distributed them through volunteers. They also engaged in local community debates and teach-ins, and encouraged local newsletters to cover the issue. Activists also targeted churches and supermarkets to dissuade the customers from buying Nestlé products.

The international network of activists also pressured the government in each of their nations, and successfully scaled-up their movement to push the international institutions to exert their influence toward the goal of restraining Nestlé's promotion. First, as a result of sending hundreds of letters to senators in charge of market regulations, Senator Edward Kennedy began the US Senate hearings on May 23, 1978. He reproached Nestlé for its indiscriminate infant formula marketing in Third World countries. The hearing, broadcasted around the world, was the first critical moment in exposing the aggressive marketing efforts made by Nestlé (Wattana 2016).

Second, on October 9, 1979, WHO and UNICEF held their joint conference that brought together government and industry officials, NGO activists, and consumer groups to discuss on the issue. The participants of the conference reached an agreement that an international code should be drafted to exert an internationally acknowledged sanction upon the excessive marketing of infant formula. Although not legally binding, the code finally came into existence in

1981, and it was incorporated into the national laws of most of the WHO member states (Sikkink 1986).

By the end of the conference, moreover, five NGOs—IOCU, War on Want, The Third World Action Group of Bern, InFACT, and ICCR—launched the International Baby Food Action Network (IBFAN) to work in concert against indiscriminate marketing of infant formula. But Nestlé remained adamant in their refusal to abide by the Code.

Although Nestlé tried to delegitimize its opponent and retrieve public support by lobbying some politicians, putting efforts into public relations, and bringing Nestlé's policy slowly toward the campaigners' demand, the effort could not prevent the campaign from growing. The boycott campaign grew both in terms of depth and breadth. Strong grassroots momentum prevailed, making it hard for Nestlé to discredit the campaign. The campaign became so internationally widespread that the network of activists came to encompass the NGOs of 65 countries.

Finally, on January 24, 1984, Nestlé announced that it agreed to abide by the International Code in the Third World. IBFAN, as a response, agreed to suspend the campaign for six months, allowing Nestlé a time to implement the change in policy. Nestlé's implementation process was thoroughly monitored for six months, and at last, IBFAN decided to call off the boycott on October 4, 1984.

### III. Dissecting the Nature of Nestlé's Political Power

Before delving into the political analysis of the strategies of Nestlé boycott, it may be crucial to carefully scrutinize the sources of Nestlé's political power. Without such effort, it would be difficult to fully comprehend the real challenges met by transnational boycotters waging political actions against the Nestlé. To do so would require examining in what specific ways can Nestlé—as a transnational corporation—leverage its large scale of wealth and institutional power to exert practical political power.

The political power of the corporations like Nestlé is not easy to comprehend despite some people's intuitive response to its economic scale. It is true that economic scale of a firm may have positive correlations with its political power; the more the financial resources available, generally the more the firm would be able to use it for its own political interest by countervailing collective political actions against it. Nestlé seem quite formidable institution to tackle if we solely regard the scale of its financial wealth. Its net sales level in global scale in 1981 amounted to roughly \$13.7 billion with its after-tax income amounting to \$477.2 million (NYT 1983.01.03). If one were to include its net sales in the GDP rankings of nations around the world, it would be ranked fifty-seventh.<sup>2)</sup>

However, one can never say that the relationship between the corporation's financial resources to its political power is linear. It is not always clear to which extent the financial resources of the firm can translate directly into political influence. One may not even need to cite Foucault to perceive that "power is not something that is acquired, seized, or shared, something that one holds on to or allows to slip away...[it] is exercised from innumerable points, in the interplay of non-egalitarian and mobile relations" (Foucault 1979, 94). Power is always relational and contextual. In this sense, delving deeper into "how [political] actors are differentially enabled and constrained to determine their fates"(Barnett and Duvall, 2005, 41) can enhance better understandings of power in international politics.

In the case of Nestlé, for example, there are at least two inherent problems that shape the contours of the conflict. First, there is a collective action problem (Olson 1965). The firm as a large-scale transnational corporation would be able to leverage its economic resources and its power of "exit" to gain comparative advantage in bilateral negotiations with a nation-state; however, collective international efforts coordinated through IOs can deter such strategy. Moreover, while the firm may also be highly vulnerable to an organized political challenge by consumers, whose actions can affect the fundamental pillar of its economic power—revenue of the corporation.

One can also dissect Nestlé's power in relation to defense (against the attacks by the political elites/leaders,) prevention (of the elevation of conflict), and preemption (of the conflict by shaping the perception around it to be favorable), whose capability in each situation will differ qualitatively. In this part, I will try to dissect the political power of Nestlé and relate them to three qualitatively different dimensions of power. The process will require drawing insights from political theorists like Gaventa (1982) in comparative politics literature.

The most obvious and direct ways through which monetary resource can affect TNCs' political power is when they leverage their financial power to "facilitate the access to the corridors of state powers" (Holzer 2010, 12). The financial resources can be used to lobby influential political elites to affect the process of rule-making in their favor. Such actions by Nestlé to directly affect the "decision-makers" in the political arena should be referred to as functions of power in "first dimensions of power" (Gaventa, 1982). Some of the examples of Nestlé's action taken to this end include: 1) lobbying top-level WHO officials to affect the WHO/UNICEF code on babyfoods favorable to their economic interest<sup>3</sup>; 2) and lobbying some

---

2) According to the data available in World Bank website, total GDP of Singapore in 1981—approximately \$14.3 billion—is ranked fifty-sixth; that of Democratic Republic of Congo is ranked fifty-seventh, with the total of \$12.5 billion. <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?page=6>

3) According to Boyd(2012), Nestle employed an ex-assistant general director of WHO Stainslaus Falche, as a secretary general of infant formula industries association. He led the effort to lobby top-level officials of WHO.

of the US government officials to cast 'no' vote in the code-approving process.<sup>4)</sup>

Nestlé had mixed results in employing this strategy. One of the most dramatic failures from the wide use of lobbying would be the case regarding Ernest W. Lefever, who originally was nominated by the Reagan administration as deputy assistant secretary of state for human rights; but he was rejected during the Senate confirmation hearing in which a research institute that he had headed—Ethics and Public Policy Center at Georgetown—received \$35,000 “donations” from Nestlé (Boyd 2012) was revealed. However, Nestlé’s effort to lobby the political elites achieved certain level of success. Its consistent effort to lobby the government officials of United States led it to become the only country to vote against the adoption of the WHO/UNICEF “Code of Marketing for Breast-Milk Substitutes” in 1981.<sup>5)</sup>

From a different angle, apart from visible instances of conflicts, political actions can also develop “mobilization of bias...in favor of the exploitation of certain kinds of conflict and the suppression of others...organizing [some issues] into politics while [leaving other issues] out” (Gaventa 1982, 9). In this second dimension of power, what should be highlighted is the power of TNCs to prevent the transformation from a grievance of certain minor groups of people to mobilization of the mass into political action so as to reach the level of affecting the political decision makers and/or significantly deteriorating economic interest of TNCs.

There are several different ways in which Nestlé’s power functions in this dimension. Consider the bilateral political negotiations between a nation-state and TNCs. Lurking behind this relationship is always the TNCs’ “threat of emigration: corporations have the option of relocating their operations, thus inflicting losses of both tax payments and jobs on a country ...” (Holzer 2010, 12). In this negotiation, government face dilemma in that, “the company is free to move; but the consequences of the move are bound to stay” (Bauman 1998, 8). In this sense, nation-states usually lack relative power and perceive the company to be powerful; while the actual relocation of company would be infrequent, the sharing perceptions among the nation-states toward the comparative political advantage of TNCs in such bilateral relationship could prevent the nation-states from practically restraining TNCs’ actions.

---

4) “The new Reagan administration sent its assistant secretary of state for international organizations Elliot Abrams to Geneva to discuss the code with WHO’s director general Hafdan Mahler. Abrams told Mahler that the United States would vote to recommendation for member governments, and WHO went on record favoring a recommendatory code. As a result of industry lobbying, however, the Reagan administration reversed its decision at the last minute and cast the sole vote against the code. This reversal caused some resentment among code supporters who felt that they had been over backward to incorporate U.S. concerns” (Post 1985, 120). Also, Post argues that the boycott of Nestlé “could have ended in mid-1981 rather than in 1984 if the Reagan administration had not voted against the WHO code in 1981, [which made]...the US the sole opponent of the code and stimulating further consumer agitation” (121).

5) To be precise, 118 voted in favor; 3 abstained; 1 (United States) voted against (Sikkink 1986).

Additionally, the reputation per se of Nestlé as a formidable political actor could have prevented the activists from drawing widespread political participations from citizens and consumers against Nestlé in its initial stage. Empirical studies from management/business studies suggest that early expectations from the individual consumers about the possibility of achieving the goal of boycott actions has significant effects on making their decisions about whether to participate in the boycott or not (Klein et al 2004). In this sense, waging a political campaign against Nestlé may have been very difficult in its initial stage. Some of the early organizers of the boycott even stated that, “mesmerized by the tremendous size of Nestlé’s baby food market and by its potential power as world’s largest food company,” did not first “believe that they would achieve success ‘in [their] life times’” (Fazal and Holla 2004, 28). It may be true that these fervent activists have started the action because they conceived of their action as “an act of witness against a global atrocity” (Fazal and Holla 2004, 27); but I believe their initial pessimism shows how the reputation of Nestlé as a formidable political actor could have prevented the activists from drawing widespread political participations from citizens and consumers against Nestlé in its initial stage.

Public relation efforts by Nestlé can also be seen as power functions in second dimensions since it can exclude the group holding grievances from the public. Moreover, such efforts can be especially effective if it can make itself appear to the public as a responsible actor, which can self-regulate itself; doing so would largely discredit the charges of press and media. One of the best examples in public relation efforts by Nestlé is an instance in which Nestlé and other firms in the baby food industry voluntarily established the industry code called International Council of Infant Formula Industries (ICIFI) in 1975.

According to Douglas Johnson, one of the prominent leaders of the boycott, the code was:

“...neither adequate, nor did it have any teeth. Nestlé’s field managers approached national governments with the ICIFI code to have it incorporated into legislation, in an effort to undermine governments’ support for a strong international code.”

Given that the code was adopted “only a few days before the beginning in Switzerland of Nestlé’s suit against the Third World Action Group over the pamphlet ‘Nestlé Kills Babies’” (Sikkink 1986), it is not hard to infer that the action was the attempt to settle “preemptive code...which can...ward off external regulation by showing that the industry is capable of regulating itself” (Sikkink 1986).

Nestlé also adopted the widespread use of “third party rebuttals of the activists’ case” (Miller 1983, 10), and the use of press to amplify such voice and delegitimize the pro-boycott groups. For example, Nestlé had funded Herman Nickel, a writer of Fortune magazine, who in

an attempt to disparage and delegitimize the religious groups in the boycott movement by labeling them as “Marxist marching under the banner of Christ” (Fortune 1980.06.16.).

Nestlé may have power to prevent the mobilization of political movement against them, “by setting “barriers to action upon grievances...[but it also could have]...power that may affect conceptions of grievances themselves” (Gaventa 1982, 11). In fact, it could “preempt manifest conflict at all, through the shaping of patterns [of the other parties] or conceptions of non-conflict” (Gaventa 1982, 13). I believe the power that modern corporation holds in this third dimension is manifest through their promotion process that include advertising, branding, and marketing. The influence of advertisement and branding can significantly shape the consumers’ cognitive path dependency in buying the product and supporting the firm. Moreover, given that the “firms [selling infant formula] competed for market share primarily through minor product differentiation” (Post 1978, 22), branding was especially important for Nestlé in attracting consumers its infant formula products.

Nestlé had heavily invested their money on building the corporate image based on high-quality food products, which led to high level of trust among consumers. For example, it spent more than 10 percent of their net sales into advertising the infant formula products (Post 1978). And on this basis of good reputation, it tried to promote the infant formula by “cultivating the image of [infant formula in the developing countries] as ‘mother’s helper’...” (Sikkink 1986). The power of Nestlé’s aggressive marketing strategy in shaping the habits of the consumers also lied in that “once a mother switches to powdered milk and stops breast feeding her baby, her production of milk ceases, and the supplier has a locked-in customer” (Boyd 2012).

Table 1. Dimensions of Power and Applications within Each Dimension<sup>6)</sup>

Dimensions of Power	Application of Power
1. First Dimension: “Prevalence of A (thorough superior bargaining resource)”	1.1 Using financial resources to lobby/affect political elites
2. Second Dimension: “Construction of barriers against participation of B”	2.1 Threat of emigration (in bilateral negotiations with states) 2.2 Reputation as a formidable political-economic entity (to prevent participation from consumers and citizens) 2.3 Public relations effort that mobilize bias
3. Third Dimension	3.1 Building brand/corporate image to

6) The explanations under “dimensions of power” column is borrowed from Gaventa’s (1982:9) theoretical framework.

<p>“Influencing or shaping of consciousness of B...[to act in favor of A despite its potential harm to the interest of B]”</p>	<p>foster trust and loyalty of consumers</p>
--	--

## IV. Strategic Implications of Nestlé Boycott

In this section, how the group of activists was able to leverage their institutional power as a transnational network to challenge the Nestlé and countervail Nestlé’s various dimensions of power (that I have mentioned above) will be the focus. In analyzing this, I will borrow from Keck and Sikkink, the concept of “information politics, symbolic politics, leverage politics, and accountability politics” (Keck and Sikkink 1998, 12), which are used to describe the main mechanisms by which transnational advocacy networks exert their political influences.

### 1. Accountability Politics

To start with, the choice of the organizers to chiefly target Nestlé to restrain the TNCs’ aggressive marketing of infant formula demonstrates the power of accountability politics. Keck and Sikkink believe that a movement initiated by transnational activist network can be effective if it can “as sign...the causes of the problem...to the deliberate actions of identifiable individuals [or institutions]” (Keck and Sikkink 1998, 7). In the context of infant formula industry, the underlying causes of infant mortality in the developing world due to infant formula may be very complex in that it may be ascribed to different factors. These factors can include: consumers’ lack of education or their bad voluntary choice; governments’ failure to regulate the economic activities of TNCs; their failure in establishing a decent infrastructure that can enable the infant formula users to consume the product in a healthy manner; the aggressive marketing of infant formula prevalent in the infant formula industry. However, for the activists such “wholesale critique...[is likely to yield] no consequences. Protest needs [clear and identifiable] addressees” (Holzer 2010, 61).

In such context, there are several “good” reasons for Nestlé to become the target of TANs. First, as a distributor and marketer of the product, Nestlé is responsible for the end-use of the product. Second, as the biggest promoter of infant formula with more than 40% of the sales rate in global infant formula market, was highly identifiable target that could effectively draw attention and participation from the citizens and customers. Its high level of brand reputation and popularity, ironically, rendered itself vulnerable to the charges against it as the main cause of infant deaths due to marketing of infant formula. Third, (as above-mentioned) operational

behaviors of Nestlé, even when compared to those of other oligopolistic TNCs, was hard to reasonably defend when questioned its legitimacy by activists. It not only managed haphazardly, leaving marketing strategies to local partners, but also irresponsibly, by fierce direct-to-consumer promotions without any professional prescriptions (Post 1978). Moreover, until the senate hearings in 1978, Nestlé had been notorious for its reluctance to reveal information regarding its international market activities (Post 1978). Fourth, Nestlé was on the verge of expanding its other product lines to the US (Chetley 1986). In order to build trust and maintain its reputation, it had to ensure American consumers and citizens as well as be responsive to the US government's demands (Chetley 1986; Wattana 2016).

## 2. Information Politics

To this end of holding Nestlé accountable for the infant deaths, the activists had to strive to present the reality in a story with “short and clear causal chain...to make the case convincing” (Keck and Sikkink 1998, 27). Longer chain of causality had the risk of dispersing the attention from the public by diversifying the target and the goal of the political movement. And Nestlé, through lobby (1.1), or public relations efforts (2.3), can exempt itself from taking responsibility by manipulating this factor in its favor. In other words, the activists had to establish that Nestlé “directly influenced [consumers] decisions about infant feedings” (Keck and Sikkink 1998, 28), and that their decisions, in turn, caused high level of deaths of the infants. The facts regarding this infant formula case was highly favorable to the activists in this sense, because there was a high level of consensus among the public health experts in that they “uniformly agreed that... improper bottle feeding contributes to infant mortality and malnutrition” (Sikkink 1986).<sup>7)</sup>

How the NGOs framed the case should also be highlighted. From the early phase of the anti-Nestlé action—even before the start of the international boycott—the NGOs established the “causal story” when some of the NGOs like War on Want and AgDW framed this issue as “Nestlé killing babies”, by publishing articles such as “The Baby Killer” and “Nestlé Kills Babies”. Moreover, activists adopted the term “commerciogenic malnutrition”, coined first by a pediatrics scholar Derrick Jelliffe to describe the aggressive infant formula promotion efforts resulting in the death of children, as a catchphrase for the campaign (Sasson 2016).

As shown above, the large part of the reason for the success of the ant-Nestlé action can

---

7) “A study by the Sao Paulo School of Medicine in 1979, for example monitoring babies of low-income families, found that 32% of bottle-fed babies suffered from malnutrition compared to 9% of breast-fed babies; 23% of the bottle-fed babies and none of the breast-fed babies had to be hospitalized. Research in Chile has shown that Chilean babies who were bottle-fed during the first three months of life suffered three times the mortality rate of those who were exclusively breast-fed” (Washington Post 1981.04.21.).

be attributed to the “information politics”, which involves “quickly and credibly generating politically usable information and move it to where it will have the most impact” (Keck and Sikkink 1998, 27). The other example of information politics includes using and reframing the information revealed in the court cases to delegitimize Nestlé. When the AgDW was sued by Nestlé for defamation and libel, for using the title “Nestlé Kills Babies” in its article, Nestlé won the short-term victory, with the court ruling that charged mild fines on AgDW. However, in doing so, it also “inadvertently provided the activists with a prominent public forum” (Sikkink 1986). With the two parties directly confronting each other, trying to delegitimize each other, the court case became source of highly credible and dramatic information. Information produced from it was processed by the NGOs and spread out to capture widespread public attention on the case. Moreover, the fact that court’s recommendation to Nestlé at the end of the case that it “make major adjustment regarding its unethical marketing practices” was also spread out by the international NGOs with the aim of delegitimizing Nestlé.

### **3. Leverage Politics**

The power of information politics became formidable when it was used along with the instances of leverage politics. Leverage politics, which involves “calling upon powerful [political] actors to affect a situation where weaker members of a network are unlikely to have influence” (Keck and Sikkink 1998, 23) may be effective in countervailing Nestlé’s functioning of power established by its reputation (2.2). The transnational network of activists’ strategic choice to deploy information to target middle class consumer in the early phase of the campaign, and to target politicians and officials in nation-states and the international organizations in the later phase can be an example of this.

The activists had resourcefully drawn their basis of the support from middle class consumers of developed countries, and led them to refrain from buying Nestlé’s product. Two main targets were church groups and supermarkets (especially co-ops) of the developed countries (Fazal and Holla 2004). Given their generally high level of moral standards, the consumers in the church groups became one of main targets in which the activists circulated leaflets and conducted teach-ins. Supermarkets, as the ultimate distribution channel of the Nestlé product, was pressured by the activists to refrain from selling Nestlé products.<sup>8)</sup> The activists also campaigned

---

8) “Emerging at the end of October 1983 with two new organizing centers and hundreds of volunteers [was the movement to] push to remove Nestlé’s most important product—Taster’s Choice coffee—from the supermarket shelves. InFACT launched two campaign centers (Chicago and Boston), with an investment of national staff on local organizing level. A 30-day house-meeting campaign in Boston recruited 450 new volunteers for a weekly petition drive in front of supermarkets,...which secured 60,000 signatures of Taster’s

in front of the supermarkets to inform the consumers of the Nestlé's misconduct regarding baby infant formula issue.

Such set of actions was an attack on Nestlé's Achilles' heel, not only because it harmed the corporation's direct economic interest—which was essential to its sustainability—but also because it changed the incentive structure for the Nestlé's policy toward infant formula marketing in the developing world. Moreover, because the “Swiss-based multinational Nestlé was outside InFACT's direct reach...”, boycott was necessary in order to be part of an international effort to put pressure on Nestlé (Sasson 2016, 1216).

In the later phase of the movement against Nestlé, the transnational network of activists also lobbied and pressured the government of various nations and international organizations, counteracting Nestlé's lobby efforts (1.1). The domestic pressure in US led Senator Edward Kennedy to open senate hearings on “The Marketing and Promotion of Infant Formula in Developing Nations”; as the result of the meeting, the World Health Organization meeting was requested to discuss this issue in international basis. In May 1980, WHO secretariat was mandated by World Health Assembly (WHA) to prepare international code for regulating the aggressive marketing of infant formula in developing countries. In the following twelve months, the secretariat prepared the “Code of Marketing for Breastmilk Substitutes”<sup>9</sup>); 118 countries voted for “yes”, with 3 abstentions, and one “no” (US). In this process, the role of the transnational networks of NGO was crucial, affecting the multiple nations simultaneously by lobbying the delegates and other government officials. Moreover, NGOs also distributed and dramatized the information produced by international organizations. The public perception of WHO “as a technical and professional organization with low ‘politicization’” (Sikkink 1986) added further credibility to the movement and delegitimized the defenses by Nestlé.

#### 4. Symbolic Politics

Lastly, throughout the campaigns, symbolic politics—“calling upon symbols, actions, or stories that make sense of a situation for an audience that is frequently faraway” (Keck and Sikkink 1998, 22)—laid out overall tone of the boycott actions. Symbolic politics was especially

---

Choice boycotters in one city during a three-month collection. Supermarket managers were pressured with demands to remove Taster's Choice from the shelves; thus the boycotters used the larger influence and leverage supermarkets had with Nestlé...” (Fazal and Holla 2004, 28).

9) According to Sikkink(1986), the code restricted aggressive marketing and advertising efforts, but it did not ban the sale of infant formula. The code called for “prohibition on the use of mothercraft nurses...ban of direct advertising of breast-milk substitutes, prohibited distribution of free samples to mothers, and required product labels to acknowledge the superiority of breast feeding and...about the dangers of improper preparation.” (Sikkink 1986, 822).

crucial in subverting the brand image and reputation of Nestlé. Nestlé had actively engaged in promotion efforts to build trust and foster consumers' loyalty (3.1) its infant formula products with the goal of "cultivating image of 'mother's helper'. But such image was put on defensive for endangering the health of infants" (Sikkink 1986). The image of infant formula as "mother's helper", instead turned into complete opposite image as the "baby killer", stimulating emotional response from its consumers. Moreover, because the Nestlé's other products were clearly identifiable by their names, due to its branding efforts (e.g. Nescafe, Nestea, Nestlé Crunch, etc.), the boycotting activists could use this feature of Nestlé to make it highly vulnerable upon the boycotters.

## V. Conclusion

The Nestlé boycott case illustrates that the transnational advocacy networks can be crucial actors in restraining TNCs' abuse of power. While the broad operational territory of TNCs can be their source of power vis-à-vis individual nation-states, their global scope also make them vulnerable to international-scale activism by networks of NGOs. By waging political campaigns to strategically distribute information and by mobilizing other powerful actors such as consumers and international organizations, activists can maximize their chances against formidable TNCs.

## Non-Korean References

- Bachrach, Peter & Morton Baratz. 1962. "Two Faces of Power." *American Political Science Review* 56 (4): 947-952.
- Barnett, Michael and Raymond Duvall. 2005. "Power in International Relations." *International Organization* 59(1): 39-75.
- Bauman, Zygmunt. 1998. *Globalization: The Human Consequences*. Cambridge: Polity Press
- Boyd, Colin. 2012. "The Nestlé Infant Formula Controversy and a Strange Web of Subsequent Business Scandals." *Journal of Business Ethics* 106(3): 283-293.
- Fazal, Anwar., and Radha Holla. 2004. "Taking on Goliath: The Nestlé Boycott (1977-1984)." *The Boycott Book*. <http://www.theboycottbook.com/>.
- Foucault, Michel. 1979. *The History of Sexuality. Volume 1: An Introduction*. London: Allen Lane/Penguin
- Freeman, Edward R. 1984. *Strategic Management: A Stakeholder Approach*. Cambridge: Cambridge Press.
- Gaventa, John. 1982. *Power and Powerlessness- Quiescence and Rebellion in an Appalachian Valley*. Urbana: University of Illinois Press.
- Gilpin, Robert. 1973. *U.S. Power and the Multinational Corporation*. New York: Basic Books.
- Han, Soul. 2012. "International groups boycott Nestlé products to end indiscriminate advertising, 1977-1984." *Global Nonviolent Action Database*. <http://nvdatabase.swarthmore.edu/content/international-groups-boycott-Nestlé-products-end-indiscriminate-advertising-1977-1984>
- Holzer, Boris. 2010. *Moralizing the Corporation: Transnational Activism and Corporate Accountability*. Cheltenham: Elgar.
- Keck, Margaret. and Kathryn Sikkink. 1989. *Activists beyond Borders: Advocacy Networks in International Politics*. Ithaca: Cornell University Press.
- Klein, Jill. Craig N. Smith, and Andrew John. 2004. "Why We Boycott: Consumer Motivations for Boycott Participation and Marketer Responses." *Journal of Marketing* 68 (3): 92-109.
- Martinelli, Alberto.1975. "Multinational corporations, national economic policies and labor unions", in L. Lindberg et al. (eds). *Stress and Contradiction in Modern Capitalism*. Lexington: Lexington Books.
- Miller, Fred. 1983. *Out of the Mouths of Babes: The Infant Formula Controversy*. The Social Philosophy and Policy Center.
- Nickel, Herman. "The Corporation Haters." *Fortune*, June 16.
- Olson, Mancur. 1965. *The Logic of Collective Action*. Cambridge: Harvard University Press.

- Post, James E. 1976. "The Infant Formula Industry: Strategy, Structure and Performance," in *Corporate Behavior and Social Change*. Reston: Reston Publishing.
- Post, James E. 1985. "Assessing the Nestlé Boycott: Corporate Accountability and Human Rights." *California Management Review*. 27 (2): 113-131.
- Post, James E. and Edward Baer. 1978. "Demarketing Infant Formula: Consumer Products in the Developing World." *Journal of Contemporary Business* 7 (4): 17-35.
- Sasson, Tehila. 2016. "Milking the Third World? Humanitarianism, Capitalism, and the Moral Economy of the Nestlé Boycott," *The American Historical Review* 121 (4): 1196-1224.
- Sethi, S. Prakash. 1994. *Multinational Corporations and the Impact of Public Advocacy on Corporate Strategy: Nestlé and the Infant Formula Controversy*. Boston: Kluwer Academic.
- Sikkink, Kathryn. 1986. "Codes of Conduct for Transnational Corporations: The Case of the WHO/UNICEF Code." *International Organization* 40 (4): 815-840.
- Tagliabue, John. 1983. "Pruning Nestlé's Operation." *The New York Times*, January 3.
- The New York Times. 1984. "Nestlé Boycott Being Suspended." January 27.p.1(N) pA1(L).
- Wattana, Melissa. 2016. "The Baby Bottle and the Bottom Line: Corporate Strategies and the Infant Formula Controversy in the 1970s." Yale University Senior Essay.
- World Bank Website. 2018. <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?page=6>