

In his article entitled, “The Social Responsibility of Business is to Increase Its Profits”, Milton Friedman argues that corporations have no additional social responsibility than to legally increase profits, in accordance with ethical custom. Friedman believes that, since a corporate executive is an employee of the owners of the business, he or she has “direct responsibility” to his or her employers, which usually entails earning the highest profits for the company as possible. The realm of possibility, however, is not an open range—the profits must be earned through only legal and ethically acceptable methods, collectively referred to by Friedman as the “basic rules of the society”.

Friedman also argues that the social responsibilities of the individual corporate executive need not—and, likely, should not—become the social responsibilities of the corporation as a whole. As Friedman states, if the corporate executive were to operate the company towards an end beyond what would be in its best interests, he or she “would be spending someone else’s money”—whether it be the stockholders’, the customers’, or the employees’—“for a general social interest.” It is, however, not unfeasible that practicing general social responsibility would actually be beneficial to the company, in the long run, even if that is not immediately apparent. Friedman argues that such a “cloak of actions” is not hypocritical, and is indeed quite common.

Friedman’s arguments can be applied to the controversy surrounding the advertising practices of Nestlé’s infant formula in Third World countries during the 1970s. According to a brief article prepared by Dr. Kathy Winsted of Pace University, Nestlé used heavily misleading print advertisements and in-person salespeople. According to Winsted, the informational pamphlets distributed by Nestlé placed much emphasis on mothers’ use of infant formula over breast milk through an abundance of photographs depicting the former. The English text accompanying the photographs was later changed to clarify that breast milk is healthier for an infant than the formula, but this had little effect, as many mothers in

such areas could not read the text. In addition, the salespeople who visited the mothers were dressed to look like nurses, leading many mothers to believe that they were receiving unbiased medical advice from trained professionals.

In addition to the misleading advertising that led to many mothers and infants becoming reliant on the formula (as its use prevented the mother from continuing the production of breast milk), these mothers were preparing the formula using contaminated water or in a manner inconsistent with the instructions on the cans of the formula. As a result, many infants were dying from cholera and other diseases—and the blame was being placed on Nestlé. Since the company continued its operations virtually unchanged, it can be assumed that Nestlé was profiting from these deceptive advertising techniques—and, consequently, the deaths of the infants. Also, while Nestlé wasn't necessarily breaking any laws, the company was being morally irresponsible by profiting off of the deaths of infants, which were indirectly related to the use of the company's product.

Friedman's description of the responsibility of a corporate executive requires strict adherence to both the rules embodied in law and the rules embodied in ethical custom. By continuing to practice misleading advertising to increase its profits, especially among stark criticism from others, Nestlé clearly violated the latter part of its responsibility: to follow the rules of ethical custom—including morals. Nestlé took advantage of the little knowledge mothers in Third World countries have regarding the use of infant formula, and the company broke the trust that the mothers had put in the salespeople, whom they thought were nurses. It was the responsibility, according to Friedman, of Nestlé to abide by the written and unwritten rules of the land while making a profit, and the company failed to do that.