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ARTICLE

Have Faith in Business: Nestlé, Religious Shareholders, and the Politicization of the Church in the Long 1970s

Sabine Pitteloud 

During the 1970s, religious activists were heavily involved in national and international campaigns against multinationals and urged firms to adapt their behavior to align with Christian ethics. This article analyzes the strategies of Nestlé in addressing religious activism at three levels: national, international, and organizational. The analysis examines Nestlé's collaboration with other Swiss and European multinationals and high-ranking church representatives in establishing dialogue platforms that sought to improve mutual understanding and promote tolerance for global capitalism. Nestlé also contributed to the creation of guidelines for the main churches in Switzerland that were aimed at their partial depoliticization. When Nestlé's executives faced religious shareholder activists during its shareholders' annual general meetings, they chose to engage with them to avoid their radicalization, although most of their demands ultimately remained unanswered. Overall, Nestlé contributed to the reorientation of religious discussions to small-scale ethical problems and business self-regulation rather than to substantial reforms of the capitalist economic system.

Keywords: multinationals, NGOs, religion, business ethics, capitalism

Introduction: Multinationals and Legitimation

In his presidential address at the 1980 annual general meeting (AGM), Pierre Liotard-Vogt, chairman of Nestlé, stated that “multinationals were poorly understood” and added that Nestlé “was among the most internationalized enterprises in the world” and therefore “more sensitive to unfounded attacks against this type of company.”¹ He also deplored that there had been “a certain number of perfectly honest people, whose good faith had been abused” by anti-multinationals movements.² Liotard-Vogt's comment was referring to the boycott that had been targeting Nestlé since 1977 for its promotion of infant formula in developing countries

1. Pierre Liotard-Vogt, Chairman of Nestlé, Discours à l'Assemblée Générale des Actionnaires, May 22, 1980, 14 & 18, Nestlé Historical Archives.

2. Ibid., 13.

and, more generally, to the political contestation that multinational enterprises (MNEs) were facing during the so-called long 1970s.³ Capitalism had indeed entered a legitimization crisis, and multinationals, which were often perceived as its ultimate emanation, came under attack for their allegedly excessive power over states, the destruction of jobs in Western countries due to restructurings, and their impact on the development of southern countries.⁴ Many transnational contestation movements and non-governmental organizations (NGOs), including religious organizations such as the World Council of Churches (WCC), were involved in campaigns against MNEs, while proponents of “liberation theology” were advocating for a radical change to the world capitalist system, which was considered to be fundamentally unjust.⁵

Drawing on the case of Nestlé, this article investigates the strategies that multinationals developed in the 1970s and 1980s to mitigate religious-inspired criticism and to re-legitimize their international operations. This article therefore contributes to the business literature analyzing businesses’ counteroffensives against the 1970s contestation movements and to the management and international business scholarship studying corporate response to religious activism. A growing body of historical literature has demonstrated how, in reaction to labor unions, student movements, academic and politicians’ criticism, businesses and their interest organizations launched a variety of political and ideological counteroffensives in Europe and in the United States.⁶ Regarding multinationals in particular, some studies have uncovered MNEs’ intense political mobilization to ensure that the regulations envisioned by international organizations, such as the Organisation for Economic Co-operation and Development (OECD), the International Labour Organization (ILO), the United Nations (UN), and the European Economic Community (EEC), became nonbinding codes that were acceptable to the business community.⁷ In the case of South Africa, business historians have documented MNEs’ differentiated communication strategies as well as their adhesion to the Sullivan principles to avoid the more radical path of disinvestment.⁸ Thanks to these previous empirical findings, it is evident that business leaders took legitimization issues seriously. Indeed, because so-called multinationals and/or transnational enterprises became the object of public scrutiny and political regulation in the 1970s, this was a formative decade in which their CEOs and managers began to identify themselves as a specific interest group and to engage collectively in political activities at both national and international levels.⁹ Moreover, legitimacy

3. Sasson, “Milking the Third World?” 1199. The long 1970s started in the wake of the 1968 protest and spanned until the mid-1980s and the neoliberal turn. See Andry et al., “Rethinking.”

4. Boldizzoni, *Foretelling the End of Capitalism*, 110; Maier, “Crisis of Capitalism,” 25. On labor unions’ criticism, see Gumbrell-McCormick, “Facing New Challenges,” 380. On the NIEO debate, see Kott, *Organiser le monde*, 145–178.

5. O’Sullivan, “Search for Justice,” 176; McCann, “Liberation and the Multinationals,” 51.

6. For calls to produce empirical evidence on business power, see Bartley, “Transnational Corporations and Global Governance,” 152; Rollings, “Vast and Unsolved Enigma of Power,” 896; Lefebvre, “Penser l’entreprise,” 6. On business counteroffensive, see Phillips-Fein, *Invisible Hands*; Waterhouse, *Lobbying America*; Wuokko, “Curious Compatibility”; Pitteloud, “Let’s Coordinate”; Westerberg, *Socialists at the Gate*; Chayou, *La Société*.

7. Petrini, “Demanding Democracy”; Pitteloud, “Unwanted Attention”; Warloutzet, *Governing Europe*, 57–77; Louis, “La diplomatie sociale des multinationals,” 79–93. On environmental governance, see Huf, Sluga, and Selchow, “Business and the Planetary History”; Bergquist and David, “Beyond Limits.”

8. Levy, “Black Power in the Boardroom”; Minefee and Bucheli, “MNC Responses to International NGO.”

9. Oliveiro, “United States, Multinational”; Pitteloud, “Les multinationals.”

was an important issue because ideological backlash might not only lead to the development of international regulations but also have the effect of potentially increasing political risks for multinational companies.¹⁰

Overall, little has been written about MNEs' reaction to religious movements and NGOs during this decade of contestation.¹¹ When it comes to business and religion, business historians have, in the Weberian tradition, mainly focused on how entrepreneurs' religious backgrounds influenced their business practices or their engagement in philanthropic activities.¹² Management and organization studies, as well as international business scholars, have mainly assessed religious activism regarding its effectiveness in tangibly transforming business practices and have mostly focused on moderate religious activists (i.e., organizations such as Christian-inspired shareholder groups who act within the existing capitalist framework). Although these studies trace the origins of socially responsible investment back to the Methodist Church and the Quakers in the 1920s and highlight the existence of a variety of NGO types and activities, they do not consider the 1970s as a crucial decade in challenging MNEs' legitimacy.¹³ This scholarship also tends to overlook the importance of MNEs' coordinated legitimization strategies and networks by studying firms either in isolation or in an aggregated fashion.¹⁴ Nevertheless, as Tatiana Kostova and Srilata Zaheer underlined in their seminal article, legitimization spillovers are key because the legitimacy of a given multinational also impacts the legitimacy of its subunits and of the other enterprises in the same class category.¹⁵ Consequently, further investigation is required to address multinationals' individual and coordinated responses to the rise of religious activism in the 1970s that questioned the legitimacy of "multinationals" and "transnationals" as a specific category of enterprise.

As the largest multinational in the food industry since 1971, Nestlé offers a good vantage point from which to study such strategies because enterprises selling consumers products are particularly sensitive to public relations issues and boycott campaigns. Moreover, because Nestlé was located in Switzerland, a declared neutral country with a small internal market, the success of the firm was dependent on foreign markets and its ability to navigate related political risks.¹⁶ Since 1945, Nestlé had entered a new phase of expansion through increased investments in non-Western markets and through acquisitions.¹⁷ No matter which indicator is considered (percentage of assets, jobs, or sales abroad), Nestlé has been one of the world's most

10. For an overview of the role ideology and symbolism to expropriate, see Bucheli and Decker, "Expropriations," 251. See also, on MNEs' legitimization issues and political risks, Bucheli and Salvaj, "Reputation," 732; Lubinski, "Liability of Foreignness," 724.

11. The history of the Sullivan Principles is intertwined with the history of religious activism, as its promoter, Sullivan, was a Baptist minister and played an activist role in the Black church. See Levy, "Black Power in the Boardroom," 175. On the role of the WCC against apartheid, see Minefee and Bucheli, "MNC Responses to International NGO," 988. On Swiss banks' responses to religious critics regarding their activities in South Africa, see Jeannerat, Morier-Genoud, and Péclard, *Embroided*, 274–312.

12. See, for instance, Jones, *Profits and Sustainability*, 26; Giacomini and Jones, "Drivers of Philanthropic"; Chessel and Pelletier, "L'entreprise et les religions"; Wong, Smith and Popp, "Religiosity."

13. Guay, Doh, and Sinclair, "Non-Governmental Organizations," 127; Louche, Arenas, and van Cranenburgh, "From Preaching to Investing," 302; Logsdon and Van Buren, "Beyond the Proxy Vote."

14. Mach, "Le pouvoir des ONG"; Rehbein, Logsdon, and Van Buren, "Corporate Responses."

15. Kostova and Zaheer, "Organizational Legitimacy," 76.

16. Donzé, "Advantage of Being Swiss," 379.

17. *Ibid.*, 382.

internationalized companies and therefore had every interest in preserving the legitimacy of multinational enterprises as well as foreign investors' economic leeway.¹⁸ Finally, the case of Nestlé is compelling because it sheds light on the company's strategy in addressing religious activism at the national, international, and organizational levels. Religious activists did indeed target Nestlé in Switzerland, internationally and within the firm's own sphere, through the actions of religious shareholders. As we shall see, Nestlé was involved in several national and international corporate networks aimed at depoliticizing religious institutions, which allows us to examine the scope and the variety of forms that MNEs' counteroffensives took in the 1970s.

This analysis relies on documents from Swiss religious NGOs gathered at the Sozialarchiv, records related to religious organizations (Schweizerischer evangelischer Kirchenbund) in the Swiss governmental archives, and the private archives of Paul Jolles, a high-ranking Swiss diplomat in charge of defending multinationals within international organizations in the 1970s and who became Nestlé's board president in the 1980s.¹⁹ This analysis also relies on a variety of previous studies that have uncovered some aspects of Nestlé corporate activism, such as its legal battle to fight the boycott and its crisis management strategy,²⁰ its involvement in influencing corporate guidelines developed within international organizations,²¹ and its strategic ties to the Swiss government with the aim of mitigating political risks during the Cold War.²² Such a wide variety of archives and secondary literature allows for the triangulation of the views of religious activists, high-ranking church representatives, and company executives. Furthermore, while uncovering the variety of forms and scale of legitimization strategies, such empirical richness helps to identify general patterns of corporate modus operandi.

This article is structured as follows: The first section provides some context and introduces the main religious organizations targeting multinationals both internationally and within Switzerland. The three subsequent sections of this article are organized around the three levels in which Nestlé engaged in legitimization strategies: national, international, and organizational. The second section (national level) analyzes the institutionalization of a dialogue between several MNEs' board directors and high-ranking church officials in Switzerland to improve mutual understanding and neutralize conflict. The third section (international level) sheds light on the role of the International Christian Union of Business Executives (UNIAPAC) in organizing Church-Transnational Enterprises symposiums. The fourth section (organizational level) studies the response of Nestlé's managers to the activism of religious shareholders. The final section concludes by underlining some general patterns of multinationals' strategy toward religious activism in the long 1970s.

18. Benaroya & Bourcieu, "Mondialisation des grands groupes," 146; Kostova and Zaheer, "Organizational Legitimacy," 74.

19. "Base de données des élites suisses," OBELIS, accessed November 2022, <https://www2.unil.ch/elites-suisses/personne.php?id=53277>; Pitteloud, "Unwanted Attention," 594.

20. Sasson, "Milking the Third World?"; Kalt, "'Nestlé tötet Babys!'; Knapp, "Biggest Business"; Sethi, *Multinational Corporations*; Chamayou, *La Société*, 118–124.

21. Pitteloud, "Unwanted Attention," 594.

22. Donzé, "Advantage of Being Swiss."

The Context of Contestation: Religious Activism in the 1970s

Why did the spread of religious activism in the 1970s matter? This is a puzzling question because the secularization process, which can be broadly described as “the decline of church authority on all aspects of life,” had been strengthening in Western societies since the end of the nineteenth century.²³ First of all, and despite this trend, according to the 1981 *European Value Survey*, religion mattered for one third of the Western European population to determine “what is right and wrong,” and 76 percent of the surveyed declared that it was the duty of the church to address development issues.²⁴ Second, the importance of religion was even stronger in several developing nations, for instance in Latin American countries.²⁵ Third, even if religious authorities, in contrast to states and international organizations, could not enforce regulations, their moral criticism was adding to the general legitimization crisis into which capitalism had entered.²⁶ Such legitimization issues were extremely salient in the Swiss case because, thanks to its direct democracy system, minority groups such as NGOs could launch popular initiatives and allow Swiss citizens to vote on topics such as the regulation of enterprises, developmental aid, or codetermination rights for labor unions.²⁷ Finally, the moral and financial support that religious organizations provided to liberation movements could increase political risks for MNEs operating in developing countries.

At the international level, the World Council of Churches (WCC) was the key organization in the coordination of religious activism.²⁸ The WCC was founded in 1937–1938 to unify Christians from all over the world.²⁹ In the 1980s, it represented approximately 500 million members of more than 300 Protestant, Orthodox, Anglican, and other independent churches from over 100 countries. For theological reasons, the Roman Catholic Church never joined. Since the end of the 1960s, some WCC senior staff members increasingly criticized the existing world economic order, stating for instance that “the philosophical basis of capitalism is evil, totally contrary to the gospel.”³⁰ In addition to general declarations against exploitation and inequalities arising from the existing economic systems—both capitalist and communist—the WCC developed its Program to Combat Racism.³¹ The WCC donated to guerilla liberation movements, and, although specifying that the funding should not be used for military purposes, the WCC admitted to lacking the means to control its use.³² Consequently, the WCC’s actions went far beyond moral persuasion, considering it a religious duty to materially support

23. Several authors argue that such secularization also influenced business leaders, who developed new sets of values outside religions: Lutz and Gehlen, “Auf der Suche,” 21.

24. Lambert, “Le rôle dévolu à la religion,” 19.

25. Garrard-Burnett, Freston, and Dove, *Cambridge History*, 1.

26. Carnac and Descloux, “Religions(s),” 490.

27. For such examples in the 1970s, see Pitteloud, *Les multinationales*, 253–291.

28. Dr. S. Koechlin, World Council of Churches and Herrn Dr. L. v. Planta, KL-Mietglieder, Dr. J. Waldvogel, W. Wenger, August 14, 1980, Archives fédérales suisses (hereafter AF), J2.257#2002/196#1071*.

29. “History,” World Council of Churches, accessed January 2021, <https://www.oikoumene.org/about-the-wcc/history>.

30. Kirche-Wirtschaft, The World Council of Churches, Description, 1984, AF, J2.257#2005/26#70*.

31. Jeannerat, Morier-Genoud, and Péclard, *Embroiled*, 214.

32. Institut für Sozialethik SEK, Gespräch Kirche-Wirtschaft, Diskussionsgrundlage zu Punkt 10 : Die Unterstützung von “Befreiungsbewegungen” durch die Kirchen und im Zusammenhang damit die theologischen “Befreiungstheorien” der Kirche, December 13, 1976, AF, J2.257#2002/196#1079*.

local communities fighting for freedom. Such conceptions, focusing on the liberation of the oppressed, also spread within the Catholic Church, especially in Latin America, where the Peruvian priest Gustavo Gutiérrez coined the term “liberation theology” in 1971. Liberation theology was then adapted to various contexts, in South Africa and Palestine for example, as well as in the United States under the banner of “black theology.”³³

Both the WCC and liberation theology movements specifically addressed the issue of multinationals and/or transnational corporations (TNCs). In his 1973 book, *A Theology of Liberation*, which was influenced by the work of Latin American economists (the *peolpe*), Gustavo Gutiérrez depicted MNEs as new “forms of imperialistic presence” and as being responsible for “new kinds of dependence.”³⁴ In the wake of its 1975 fifth assembly in Nairobi, the WCC established a specialized documentation center for gathering information on MNEs. The topics of interest were the creation of corporate guidelines, MNEs’ activities in the undeveloped world, their introduction of laborsaving technologies, and the consequent impact on unemployment. The WCC’s concerns about MNEs therefore echoed the initiatives of several international organizations, such as the OECD, the ILO, the UN, and the EEC, which were advocating the establishment of international corporate regulations.³⁵ The WCC also supported the demands of European labor unions, which called for the introduction of participation rights for workers.³⁶

Regarding the role of MNEs, the WCC stated in its 1978 program:

Even though the single units are accountable to the legal demands of the country of their location, there is not a single legal authority to which the TNC in its entirety is accountable. In this sense, the nation states are fragmented units of legal and political power in relation to which TNCs can utilize their knowledge and power to make the most adequate and profitable decisions for their own maximization of profits and accumulation of capital.... It is crucial to encourage those who are attempting to combat unacceptable effects of TNCs and to support movements and organizations which emphasize human dignity, self-reliance and social justice.³⁷

The WCC was promoting a “Just, Participatory and Sustainable Society,” which constituted a variation of the general debate on the creation of a new international economic order (NIEO). The WCC’s understanding of the role of MNEs was indeed in line with those of leaders of developing countries, who, under the banner of the Non-Aligned Movement, requested a change to the world economic order that would allow them to pursue sovereign economic policies and to take control over their natural resources, sometimes at the expense of foreign investors.³⁸

33. Elina Vuola, “Liberation Theology,” *New Dictionary of the History of Ideas*, accessed November 2022, http://www.encyclopedia.com/topic/liberation_theology.aspx.

34. McCann, “Liberation and the Multinationals,” 52.

35. Pitteloud, “Unwanted Attention.”

36. Gumbrell-McCormick, “Facing New Challenges,” 380.

37. World Council of Churches, Executive Committee, Programme on Transnational Corporations (TNCs), February 13–17, 1978, AF, J2.257#2002/196#1071*.

38. On the NIEO debate, see Kott, *Organiser le monde*, 145–178.

In addition to these international trends, religious activism spread in Switzerland in the wake of the 1968 protests and materialized in the creation of several Swiss religious NGOs.³⁹ The Déclaration de Berne (DB) was founded in 1968 following the publication of a manifesto written by theologians.⁴⁰ This manifesto denounced the inequalities between developed and third-world countries and requested an increase in Swiss development assistance. Its 10,000 signatories also committed to giving 1–3 percent of their annual revenues for development purposes and to pursuing political change for more justice in the world.⁴¹ The DB launched several campaigns over the years to promote fair trade and lobbied the Swiss government to increase development aid.⁴² Arbeitsgruppe Dritte Welt (AG3W) was another activist organization that was founded by a group of theology students, in 1969. The AG3W advocated renouncing the purchase of Christmas gifts to focus instead on charitable giving. It was also involved in lobbying activities in Switzerland and in the collection of information about the situation in third-world countries.⁴³ Over the years, these two organizations documented several corporate practices of Swiss MNEs that they cast as being detrimental to the population of developing countries.⁴⁴ Mainstream religious organizations also participated in the debates on unfair North-South relations. For instance, in 1970, the Swiss Protestant Churches Federation (Schweizerischer evangelischer Kirchenbund), which was an affiliated member of the WCC, created the foundation Brot für Brüder, which took control of previous donation campaigns, circulated information aimed at sensitizing the Swiss population to the economic North-South relationship, and assumed the function of explaining developmental pitfalls.⁴⁵

Religious suspicion of capitalism and multinationals was therefore widespread. Moreover, various religious activists could coalesce and engage in collective campaigns. The well-documented boycott campaign against Nestlé illustrates this point well.⁴⁶ Nestlé was targeted for incentivizing women to give up breastfeeding in favor of milk formula by using aggressive marketing, for instance by employing salespeople dressed as nurses.⁴⁷ In poor populations, women would sometimes use Nestlé's product improperly (e.g., mix it with polluted water or over-dilute it), which could result in malnutrition or illness or, in the worst scenario, the death of their babies. The boycott, which started in 1977 in the United States and was coordinated by the International Baby Food Action Network (IBFAN), soon gained a truly transnational dimension, coalescing many religious NGOs and the WCC, as well as gaining support from

39. On international solidarity movements in Switzerland, see Holenstein, *Was kümmert*.

40. Andréa Weibel, "Déclaration de Berne," *Dictionnaire historique de la Suisse*, 2018, accessed January 2022, <https://hls-dhs-dss.ch/fr/articles/047101/2018-02-21/>.

41. CANES, Bulletin d'information n°5, October 1983, 15, Schweizerisches Sozialarchiv (hereafter SA) Ar 430.12.1.

42. Spörri, "Der Einfluss der Erklärung."

43. "Arbeitsgruppe Dritte Welt," Information About Organization, Dodis, <https://dodis.ch/R30436>.

44. On the history of the DGB during the period, see Holenstein, Renschler, and Strahm, *Entwicklung heisst Befreiung*.

45. Peter Hug, "Brot für alle," *Historisches Lexikon der Schweiz*, accessed November 2022, <https://hls-dhs-dss.ch/de/articles/016637/2010-05-07/>.

46. Sasson, "Milking the Third World?"; Kalt, "'Nestlé tötet Babys!'; Knapp, "Biggest Business"; Sethi, *Multinational Corporations*.

47. Chamayou, *La Société*, 119.

international organizations and governments' representatives.⁴⁸ The Nestlé boycott therefore demonstrated how transnational church networks could be mobilized by activists and thereby contribute to jeopardizing companies' legitimacy. As explored in detail in the next three sections, Nestlé, as well as several other Western multinationals, took these forms of religious activism seriously and developed individual and coordinated strategies to mitigate such legitimization threats.

Swiss Multinationals and the Church-Economy Dialogue (National Level)

During the first half of the 1970s, when facing the most critical element of Swiss religious activists such as the AG3W and the DB, Nestlé's representatives often addressed criticism with full denial and sometimes even legal confrontation.⁴⁹ For instance, in 1974, when the AG3W translated an English brochure denouncing the impact of Nestlé's baby formula use on the health of babies in developing countries and turned the original title "Baby Killer" into "Nestlé tötet Babys" (Nestlé kills babies), Nestlé decided to sue AG3W for slander. The Swiss NGO was convicted in 1976 for the chosen title (and not for the content of the brochure) and given a symbolic fine of CHF 300. It was indeed not Nestlé's product that was causing the death of babies but its misuse. The judgement nevertheless stated that the plaintiff (i.e., Nestlé) should reassess its marketing practices if it wanted to avoid being criticized for unethical behavior in the future. Consequently, this was a legal victory for Nestlé but, to say the least, only a Pyrrhic victory in terms of public opinion.⁵⁰ The baby formula scandal and NGOs' increased criticism was particularly unfortunate, as Nestlé had previously enjoyed a rather good reputation in developing countries thanks to Switzerland's neutrality and absence of a colonial past. Moreover, Nestlé had benefited from the help of the Swiss government to present some of its investments as development assistance.⁵¹

Nestlé's representatives considered that these radical NGOs were attacking the company for ideological reasons and that trying to make them see reason was a hopeless endeavor.⁵² To mitigate their adverse impact on the company's legitimacy, the best solution therefore was to ignore their criticism and to isolate them from the mainstream sections of the Christian community.⁵³ Such strategies (e.g., isolating radicals, reeducating idealists, and negotiating with realists) would be retrospectively theorized by Rafael Pagan, a former conservative U.S. intelligence operative who Nestlé hired in 1981 as its crisis manager.⁵⁴ Following such logic, Nestlé joined forces with other Swiss MNEs' leaders to cooperate in institutionalizing a

48. Sasson, "Milking the Third World?" 1199.

49. Chamayou, *La Société*, 119.

50. Kalt, "'Nestlé tötet Babys!'" ; Chamayou, *La Société*, 119.

51. Donzé, "Advantage of Being Swiss," 393.

52. See, for instance, Pierre Liotard-Vogt, Chairman of Nestlé, Discours à l'Assemblée Générale des Actionnaires, May 22, 1980, 13, Nestlé Historical Archives.

53. Chamayou, *La Société*, 122.

54. Chamayou, *La Société*, 123; Sethi, *Multinational Corporations*, 220.

dialogue with representatives of the main churches in the mid-1970s.⁵⁵ Until the 1990s, executives of Swiss companies had very similar profiles, with the vast majority being Swiss nationals who were involved in national business interest organizations as well as politics.⁵⁶ This probably explains why they were so concerned that institutions as important as the Swiss churches were developing critical discourse on the activities of their companies. The Swiss umbrella organizations of both the Swiss Protestant and Catholic churches also had an interest in promoting nonconfrontational strategies because they had to navigate contradictory demands from their members, some of whom preached “liberation theology” while conservatives advocated a full depoliticization.⁵⁷ After a first preparatory meeting in August 1974, the rationale of the dialogue was clearly expressed:

Political and economic policy statements made by representatives at various church levels, especially in the area of development issues, have upset influential circles of the business community. Churches and business appear at this point to be in conflict, which makes a debate among representatives of the highest governing bodies pressing.... In a certain sense, the church and the business community have similar goals in the area of relations with developing countries, namely, to design their own goal-oriented actions to also be for the internal benefit of the developing countries. An exchange of experiences and the exploration of mutually constructive cooperation is urgent.⁵⁸

The goal was therefore to neutralize conflict, foster better understanding, and share a common reflection on ethical questions because religious institutions and MNEs were both active on a global scale. On the enterprises’ side, the participants were the following: Arthur FÜRER, managing director of Nestlé; Franz Luterbacher, president of the board at Brown Boveri & Cie AG; Louis von Planta, president of the board of Ciba-Geigy AG; and Philippe de Weck, president of the board of the Schweizerischen Bankgesellschaft (UBS). Such joint activities illustrate well that MNEs’ representatives felt that not only Nestlé’s legitimacy but the legitimacy of all MNEs was in jeopardy.⁵⁹ On the religious side, the three main churches of Switzerland were represented with the participation of Walter Sigris, president of the Swiss Protestant Churches Federation, Johannes Vonderach, bishop of Chur from the Roman Catholic Church, and Léon Gauthier, bishop of the Christian Catholic Church (which was not affiliated with the pope).⁶⁰ The participants insisted that they were speaking privately and not representing their institutions. The dialogue group met up to three times a year in plenary meetings. They were assisted by a group of experts who met more often to study specific

55. Similar endeavors had been conducted at the regional level in Basel: Ergebnisse der Diskussionen zwischen Vertretern der Kirchen und Vertretern der Privatwirtschaft, Bericht einer Arbeitsgruppe des Regionalkomitees Basel der SDW zu Entwicklungsproblemen der Dritten Welt, September 5, 1977, AF, J2.257#2002/196#1075*.

56. Mach et al., *Les élites économiques suisses*.

57. Jeannerat, Morier-Genoud, and Péclard, *Embroiled*, 274.

58. Hans-Balz Peter, Hans Ruh, Institut für Sozialethik, Spitzengespräch Kirche-Wirtschaft, Bern, September 12, 1974, AF, J2.257#2002/196#1075*.

59. Swiss multinationals addressed this general legitimization crisis on several occasions: Pitteloud, *Les multinationales*, 268–269.

60. “Zum Dialog Kirche-Wirtschaft,” NZZ, February 27, 1978, AF, J2.257#2002/196#1072*.

themes and prepare relevant documentation. The operational costs for the Church-Economy dialogue were shared between the industries and the churches, while the industries sometimes offered to finance extra costs for publications.⁶¹ The group also designated a communications manager who the members should contact prior to giving interviews, hoping to “avoid unpleasant experiences and to foster a positive media policy.”⁶²

When the representatives of the churches discussed their participation in the Church-Economy dialogue within their institutions, some voices criticized the absence of labor unions.⁶³ Religious activists’ organizations were also skeptical regarding the possibility of a true dialogue because, when concrete examples of misconduct were raised, MNEs tended to simply deny them. One of the DB members insisted on the importance of having country-detailed information coming from the ground “as ammunition” and on the need to “make sure that not everything was blown out in the first shot.”⁶⁴ In general, groups like the DB were insistent that “faith should not be a private matter” and that it was the duty of the church to be politicized.⁶⁵

One of the first tasks of the Church-Economy dialogue was to list the main points of conflict, especially when it came to the activities of MNEs in developing countries.⁶⁶ After the first meeting, Louis von Planta, president of Ciba-Geigy, underlined that if the group succeeded “in reducing confrontation and in carrying an objective analysis,” it “will have taken a big step,” as the situation was “after all still very much burdened by false dogmas on both sides.”⁶⁷ Generally, business leaders defended free enterprise as the best economic system, even for the development of third-world countries.⁶⁸ During the discussions, some MNEs’ representatives noted that the vision of their religious counterparts was sometimes marked by the “influence of historical materialism” and emphasized that the churches were somewhat similar to transnational enterprises because they also carried out activities around the globe and were in touch with a variety of political regimes.⁶⁹ They also pointed out that MNEs were already corseted by the rules and goals established by the states.⁷⁰ Business leaders nevertheless acknowledged that they often had to make decisions in “grey

61. W. Kunster, Schweizerische Gesellschaft für Chemische Industrie, Gesprächskreis Kirche-Wirtschaft, Kreditlimite, an die Mitglieder der Beratergruppe, Zürich, 15 November 1977, AF, J2.257#2002/196#1074*.

62. SGCI, Schweizerische Gesellschaft für Chemische Industrie, Gesprächskreis Kirche-Wirtschaft Dr. W. Kuster, Verbindungsstelle zu den Massenmedien, an die Mitglieder des Spitzengesprächs und der Beratergruppe, December 10, 1980, AF, J2.257#2002/196#441*.

63. L. Rösli, 4. Gespräch, Traktandum 2, “Kommentar zur Presseauswertung Gesprächskreis Kirche-Wirtschaft,” March 1, 1978, AF, J2.257#2002/196#1071*.

64. Rudolf H- Strahm, Sekretariat der Vereinigung der Erklärung von Bern für die deutsche Schweiz, an Herrn Hans-Balz Peter, July 8, 1977, AF, J2.257#2002/196#1074*.

65. Dr. Werner Kuster, Neue Zürcher Nachrichten, Ein Beitrag zum gesuchten Gespräch, August 25, 1982, AF, J2.257#2002/196#1078*.

66. Referat von Prof. Hand Ruh, Tagung : Kirche und Industrie, November 15, 1978, AF, J2.257#2002/196#1081*.

67. Gesprächskreis Kirche-Wirtschaft, Handnotizen der 3. Plenarsitzung, October 11, 1977, 9, AF, J2.257#2002/196#441*.

68. Gesprächskreis Kirche-Wirtschaft, Protokoll der 6. Plenarsitzung, February 7, 1979, 8, AF, J2.257#2002/196#441*.

69. Gespräch Kirche-Wirtschaft, Protokoll 31. Beratersitzung, November 7, 1979, AF, J2.257#2002/196#441*.

70. Gesprächskreis Kirche-Wirtschaft, Protokoll der 6. Plenarsitzung, February 7, 1979, 8, AF, J2.257#2002/196#441*.

areas” and that they could benefit from the moral guidance of Christian principles in navigating such situations.⁷¹ The groups often discussed the ambiguity of some concepts and the difficulty of translating general ethical precepts into daily practices. Their exchanges often had quite a philosophical nature, with theologians quoting authors such as Emmanuel Kant, Adam Smith, Karl Barth, and Thomas Aquinas, and were sometimes described as “hard to follow” by some of the business representatives.⁷² They nevertheless judged that the dialogue was worth their time.

The first official documents that the Church-Economy group released to the press were the 1977 guidelines about “the tasks of enterprises and the mission of churches operating within Switzerland.”⁷³ The guidelines for the church did not imply a complete depoliticization, as it acknowledged that religious institutions should “ensure that all areas of life are marked by a Christian-inspired ethic” and that it is “consequently part of the Church’s mission to take a stand on current events.”⁷⁴ Nevertheless, the guidelines also specified that, because the church enjoyed the trust of its followers, it was “her duty to prepare her public statements with a deep sense of responsibility,” to make sure “that its authority is not misused by parties or interest groups for their own benefit,” and finally “to ensure that there can be no doubt as to whether a statement is made in the name of the Church as a community or reflects the personal opinion of one of its members.”⁷⁵ The guidelines for the MNEs recognized that not only was the pursuit of profit legitimate but also that the enterprises had responsibilities to society in general.⁷⁶ The reception of these first guidelines was varied, with some praising the document as a first step in a meaningful dialogue, while others interpreted it as a closed and elitist endeavor.⁷⁷ Some religious movements also stated that the guidelines for enterprises were “giving absolution” to MNEs while those for the churches impelled them to “behave and practice self-discipline.”⁷⁸

Later, the Church-Economy group also invited guests to discuss the operability of the guidelines in practical cases, such as investments in the German Democratic Republic as an example of a totalitarian regime, and in South Africa as a racist regime.⁷⁹ In the lectures on the situation in South Africa, quite divergent perspectives were expressed, with business experts underlining that disinvesting would primarily hurt Black workers, whereas some religious

71. Gesprächskreis Kirche-Wirtschaft, Protokoll der 5. Plenarsitzung, September 3, 1979, 3, AF, J2.257#2002/196#441*.

72. P. de Weck, Gesprächskreis Kirche-Wirtschaft, Protokoll der 6. Plenarsitzung, February 7, 1979, 6, AF, J2.257#2002/196#441*.

73. W. Kunster, Schweizerische Gesellschaft für chemische Industrie, an die Teilnehmer und Berater des Gesprächskreises Kirche-Wirtschaft, October 1977, AF, J2.257#2002/196#441*.

74. Groupe de dialogue Eglise-Economie, “La mission de l’Eglise chrétienne,” December 1977, AF, J2.257#2002/196#441*.

75. Ibid.

76. Groupe de dialogue Eglise-Economie, “Les tâches des entreprises,” December 1977, AF, J2.257#2002/196#441*.

77. L. Rösli, 4. Gespräch, Traktandum 2, “Kommentar zur Presseauswertung Gesprächskreis Kirche-Wirtschaft,” March 1, 1978, AF, J2.257#2002/196#1071*.

78. Schweiz. Evang. Pressedienst, “Kritik an den Gesprächen Kirche-Industrie,” February 15, 1978, AF, J2.257#2002/196#1072*.

79. Gesprächskreis Kirche-Wirtschaft, Protokoll der 24. Sitzung der Beratergruppe, March 14, 1979, 2, AF, J2.257#2002/196#441*.

experts promoted sanctions and compared apartheid to the Nazi regime.⁸⁰ Niklaus de Senn, president of UBS, shared his experience of travelling in South Africa and the difficulty of exerting any significant influence even through disinvestment because of the international importance of the country as a gold provider, and that there would always be businesses willing to buy from it.⁸¹ Jakob Waldvogel, director of Ciba-Geigy, agreed on the uselessness of sanctions and underlined the efforts that his company was making in training its local staff.⁸² As a sideline to the discussions, firms were also offered the opportunity of having their new investments analyzed by an already existing institution, the Institut für Sozial Ethik. Holderbank was a groundbreaker by submitting its project for building a cement factory in Costa Rica for a social report.⁸³ This endeavor was described as experimental, and there is little evidence that such social impact investigations were ever again conducted on a larger scale. Following these first rounds of discussions in the 1970s, the Church-Economy group decided to maintain the dialogue in the following decade because ethical debates were still “virulent in the public,” “the guidelines cover only a small part of the spectrum,” and “the willingness to talk is greater where ongoing contacts already exist.”⁸⁴

In 1980, the Church-Economy dialogue issued a new set of guidelines for the international operations of companies.⁸⁵ The guidelines emphasized the need to respect local communities and the environment as well as maintain good relations with workers and their labor unions. Regarding politics, the guidelines stated the importance of MNEs’ noninvolvement in politics and respect for the laws of the host country. Such practice was in line with the traditional self-promoted neutral approach of Swiss businesses, meaning business as usual for all parties.⁸⁶ The guidelines nevertheless stated that “if it is established or foreseeable that the economic relations morally support or directly encourage serious and repeated breaches of fundamental human values, and if these breaches appear to be more important than the interest in these economic relations, the business should be modified or terminated.”⁸⁷ Although this principle opened a narrow door to disinvestment, critical commentators underlined that such a statement was rather vague and left a “huge interpretative leeway” to businesses.⁸⁸

The international guidelines for the churches proved more difficult to elaborate for several reasons. First, the definition of which institutions could speak for the “church” and at what

80. Gespräch Kirche-Wirtschaft, Protokoll 28. Beratersitzung vom 19. Juni 1979, 4, AF, J2.257#2002/196#441*.

81. Dr. H.B. Peter, Institut für Sozialethik, Gesprächsnotiz. Hearing mit Herrn Dr. Senn, SBG, June 14, 1979, AF, J2.257#2002/196#441*.

82. Dir. Jakob Waldvogel, Gesprächskreis Kirche-Wirtschaft, Protokoll der 26. Sitzung der Beratergruppe, May 21, 1979, 5, AF, J2.257#2002/196#441*.

83. Prof. Dr. H. Ruh, Institut für Sozialethik, an Herrn Dr. Widmer, Holderbank Management und Beratung AG, June 1, 1978, AF, J2.257#2002/196#1082*.

84. Gesprächskreis Kirche-Wirtschaft, Gesprächsnotizen der 33. Beratersitzung, January 14, 1980, AF, J2.257#2002/196#1076*.

85. Gesprächskreis Kirche-Wirtschaft, “Leitlinien für die internationale Geschäftstätigkeit,” November 5, 1980, AF, J2.257#2002/196#441*.

86. Bott, *La Suisse et l’Afrique du Sud*, 48.

87. Groupe de dialogue Eglises-Entreprises, “Ligne de conduite pour des activités dans le domaine international,” November 5, 1980, AF, J2.257#2002/196#441*.

88. “Nos Multinationales en pays totalitaires, Les conseils communs des prélats et des patrons,” *Tribune Le Matin*, 1981, AF, J2.257#2002/196#1078*.

level, was difficult to establish. Moreover, many theological differences existed. For instance, the Protestant tradition tolerated many diverging opinions.⁸⁹ Another problem was that various church bodies had already published extensively on the topic, requiring the hiring of two researchers to gather the existing works and summarize their general findings.⁹⁰ Regarding the content of the guidelines, one important question was how to define the duty of the church with respect to the poor and oppressed through “liberation theology.” The sentiment of business representatives was that the current “liberation movements” were often ideologically biased.⁹¹ The new set of church guidelines were finally issued in 1982 and remained very general.

In addition to the elaboration of these sets of guidelines for their national and international operations, the members of the Church-Economy dialogue used this platform to raise concrete problematic cases in the attitude of MNEs and religious movements. Business executives indeed used the established network to complain about the publications by some religious NGOs. For instance, Nestlé’s managing director expressed his disapproval of a comic book distributed by two organizations, Action de Carême and Pain pour le prochain, maintaining that it looked like “a child’s guide to class struggle.”⁹² Another member of Nestlé’s staff wrote to Walter Sigrist to complain about the distribution by Pain pour le prochain of a movie critical of infant nutrition, in which “Nestlé was unfairly attacked by highly politicized groups.”⁹³ In response, Walter Sigrist transmitted the complaint to one of the people responsible for the distribution of the film who did not deny that the movie was indeed critical, as it had been produced in the context of the legal action of Nestlé against Arbeitsgruppe Dritte Welt.⁹⁴ Except for the writing of some letters to gather information on the documents and videos decried by MNEs’ executives, there is no evidence that concrete actions were taken by the church representatives to exert more control over religious publications. In parallel, they sometimes used their contacts with members of NGOs to bring some cases to the attention of their business counterparts. For instance, based on documents made public by a former employee of Ciba-Geigy, the DB accused the MNE of manipulating transfer prices in Indonesia and wrongfully taking advantage of tariff favors to import machinery into the country. After receiving a letter on the matter, Louis von Planta defended his company and explained that the Indonesian government had indeed granted the tariff deal, which was a sovereign decision and perfectly legal.⁹⁵ As these examples show, both sides remained critical of the activities of the

89. Gesprächskreis Kirche-Wirtschaft, Gesprächsnotizen der 46. Beratersitzung, June 25, 1981, AF, J2.257#2002/196#1077*.

90. Introduction à la séance Gespräch Kirche-Wirtschaft, October 9, 1981, AF, J2.257#2002/196#1077*.

91. Gnehm, Zum “Entwurf für Leitlinien,” October 19, 1981, AF, J2.257#2002/196#1077*.

92. “Réalités économiques et éthique chrétienne. L’Eglise remise au pas,” *La Liberté*, November 11, 1980, SA, Ar430.33.1.

93. Jean Heer, Conseiller de direction, Nestlé Alimentana SA à Monsieur Dr Walter Sigrist, Président de la Fédération des Eglises protestantes de la Suisse, February 24, 1977, AF, J2.257#2002/196#441*.

94. Daniel von Allmen, Secrétaire théologique de la Fédération des Eglises Protestantes de la Suisse, Concerne : Lettre de M. Jean Heer, direction de NESTLÉ, aux membres du Conseil, March 21, 1977, AF, J2.257#2002/196#441*.

95. Dr. L. von Planta, Präsident des Verwaltungsrates, an Dr. H- B- Peter, Institut für Sozialethik der Schweizerischen Evangelischen Kirchenbundes, 1977, AF, J2.257#2002/196#1074*.

other, but the networks developed within the Church-Economy dialogue enabled discussions on contested cases and the sharing of interpretations.

In the mid-1980s, the Church-Economy dialogue tackled the theme of labor. The participants discussed the value and status of labor in the Old and New Testaments, which appeared to be a difficult theological question.⁹⁶ They invited, for the first time, a representative of labor unions, Dr. Guido Casetti, the head of the Confederation of Christian Trade Unions of Switzerland (CSCS).⁹⁷ The discussions did not lead to joint statements because disagreement persisted.⁹⁸ The same problem occurred later with the theme of the environment, with the representatives of industry presenting environmental risks as inevitable, while church representatives were advocating a more active role for governments in addition to regulation.⁹⁹ From the mid-1980s, the Church-Economy dialogue group, after the replacement of several of its members due to retirement, decided to focus on more specialized ethical questions such as genetic technologies.¹⁰⁰ Focusing on technical topics was a way of depoliticizing the debates, as the point of the discussions was no longer the reform of the fundamental economic system. When the group made its own assessment in 1987, it stated that “the 12 years during which the dialogue operated had developed a spirit of understanding and friendship among the participants that was certainly an important achievement.”¹⁰¹

The International Christian Union of Business Executives (International Level)

Contemporaneous with debates within Switzerland, Nestlé’s representatives also navigated the international context of criticism. The activities of the WCC were particularly important for Nestlé and Swiss MNEs because, along with many international organizations, it was based in Geneva and benefited from Swiss media coverage.¹⁰² On several occasions, Swiss business leaders expressed public concerns about the WCC, for instance when it was made public that it had granted USD 85,000 to the Patriotic Front of Zimbabwe in 1978.¹⁰³ Representatives of Nestlé, Brown Boveri & Cie AG, Ciba-Geigy AG, and UBS indeed considered that the WCC, by funding anti-MNE movements, was engaged in a “crusade against capitalism.”¹⁰⁴ In the context of the Nestlé boycott, during a hearing on infant nutrition organized by the health

96. Gesprächskreis Kirche-Wirtschaft, Notizen von 13. Plenargespräch, June 25, 1984, AF, J2.257#2005/26#68*.

97. Gesprächskreis Kirche-Wirtschaft, Gesprächsnotizen der 67. Beratersitzung, March 20, 1984, AF, J2.257#2005/26#68*.

98. Philippe de Weck, Président, Aux membres et experts du Groupe de Dialogue Eglises-Entreprises, December 10, 1987, AF, J2.257#2005/26#69*.

99. Gesprächskreis Kirche-Wirtschaft 16. Plenargespräch, November 26, 1986, AF, J2.257#2005/26#69*.

100. Gesprächskreis Kirche-Wirtschaft, Notizen vom 21. Plenargespräch, December 11, 1989, AF, J2.257#2005/26#69*.

101. Dialogue Eglise-Entreprise, “Histoire,” 1987, AF, J2.257#2005/26#69*.

102. The WCC was discussed within a task force of Swiss multinationals aimed at influencing the work of international organizations: Wirtschaftspolitische Arbeitsgruppe MNG, 60 Besprechung, November 1, 1983, 26, Archiv für Zeitgeschichte (hereafter AfZ), IB Vorort-Archiv, 291.4.2.2.1.4.

103. World Council of Churches, Communication, WCC Grant to Patriotic Front of Zimbabwe, Geneva, August 8, 1978, AF, J2.257#2002/196#1081*.

104. Kirche-Wirtschaft, The World Council of Churches, Description, 1984, AF, J2.257#2005/26#70*.

subcommission of the United States Senate, Oswaldo Ballarin, the president of the board of Nestlé Brazil, went as far as asserting that the boycott was an indirect attack on the economic system of the free world and that the WCC was behind it.¹⁰⁵

In this context of deep defiance, one of Nestlé's strategies was to fund conservative religious activists. It acquired, for example, the services of Ernest Lefever, a pastor characterized as "standing to the right of Attila," to improve its public relations in the United States and write a pro-Nestlé article in the context of the baby formula scandal.¹⁰⁶ Lefever was also famous for scandalous declarations in the press, such as stating that Nazism had been a far lesser evil than communism and that the CIA should use missionaries as agents in the third world. Lefever had founded the Ethics and Public Policy Center, a U.S. conservative religious organization, in 1976.¹⁰⁷ As had also occurred at the Swiss level, the success of such confrontational strategies seemed to have been limited because when such ties were exposed, the consequences were not very favorable to the corporate image. For instance, when a journalist at the *Washington Post* exposed and criticized Nestlé's connection to the Ethics and Public Policy Center, the information was soon debated in the Swiss press.¹⁰⁸

Nestlé executives, as well as many other Western business leaders, therefore also engaged in nonconfrontational strategies, emphasizing the need for dialogue at the international level. Such endeavors were pursued within the International Christian Union of Business Executives (UNIAPAC), an ecumenical nonprofit organization established in 1946.¹⁰⁹ Church-Enterprise meetings took place in Rotterdam (1968), Vevey (1969), and London (1971).¹¹⁰ From the mid-1970s onward, the UNIAPAC organized specific Church-Transnational Enterprises symposiums that gathered about eighty churches' and multinationals' high-ranking representatives, with the following rationale, as stated during the first meeting in Fontainebleau:

Everywhere, from states, international organizations (UN, ECOSOC, ILO, UNESCO), and trade unions, questions and criticisms are addressed to business leaders; generally, in a rather schematic and global form.... The churches have joined this trend.... Their statements are considered by some leaders of large companies as hasty judgements that do not take into account the realities and dynamics of the economy.¹¹¹

As with the Swiss Church-Economy dialogue, the need for informal exchange and better information was therefore emphasized, as well as the necessity for MNEs to reflect more

105. CANES, Convention d'actionnaires Nestlé, Mai 1981, 23–24, Archives d'Etat de Genève (hereafter AEG), MPI 8.23.

106. "Une publicité dont Nestlé se serait bien passé. Pour le Monsieur Droits de l'homme de Reagan le nazisme aurait été préférable au stalinisme," *Tribune de Genève*, March 21–22, 1981, AEG, MPI 8.23.

107. "Defending American Ideals," Ethics and Public Policy Center, accessed January 2022, <https://eppc.org/>.

108. Schweiz- Evang. Pressedienst, "Nestlé-gelder indirekt für die Kritik an US-Kirchen und OeRK?" Nr. 2, January 15, 1981, AEG, MPI 8.23.

109. "Who Are We? Mission, History, Objectives," UNIAPAC, accessed January 5, 2022, <https://uniapac.org/who-are-we/>.

110. Rapport de synthèse, Symposium "La grande entreprise dans la société," Fontainebleau, 1–3 mai 1975, February 03, 1975, AF, J2.257#2002/196#1079*.

111. Note du comité d'orientation, "Pour un dialogue entre les églises et les grandes entreprises," Symposium "La grande entreprise dans la société," February 03, 1975, AF, J2.257#2002/196#1079*.

deeply on their ethical purpose.¹¹² According to the organizers, in order to establish a successful dialogue, the meetings should remain private and without publication goals, and sympathy and trust should prevail.¹¹³ They specified that even representatives of the WCC could participate. Philip de Weck from UBS and Klaus Schnyder from Nestlé, who were both participating in the Swiss Church-Economy dialogue, made presentations and comments during the UNIAPAC symposiums, while other Swiss executives from Schindler, Sika, Hoffmann-La Roche also attended.¹¹⁴ Philip de Weck was president of the organizing committee so that several UNIAPAC Church-Transnational Enterprises symposiums took place at the UBS training center in Wolfsberg, Switzerland. Later, Nestlé's new managing director, Helmut Maucher, joined the Swiss dialogue group as well as the UNIAPAC symposiums.¹¹⁵

For the 1981 Wolfsberg meeting, the organizers decided to focus on practical discussions using the case method.¹¹⁶ Two professors from the IMEDE (Institut pour l'étude des méthodes de direction de l'entreprise), Pierre Goetschin and George Taucher, were in charge of presenting the cases and guiding the participants.¹¹⁷ Here again the Swiss influence was palpable because the IMEDE was based in Lausanne, Switzerland, and had been founded by Nestlé in partnership with Harvard Business School.¹¹⁸ One of the eight cases discussed was about Nestlé and milk cooperatives in Indonesia.¹¹⁹ General information on Indonesia and its economy was provided as well as data on Nestlé's operations. The participants then had to discuss a set of questions, such as who the legitimate actor was to decide a change in eating habits, if it was fair to provide cash to farmers in a traditionally barter economy, and what were the consequences of the industrialization of milk production. The case method had the advantage of focusing on business responsibility, particularly investment decisions, and of setting aside the idea of fundamentally transforming the capitalist order.

In contrast to the Church-Economy dialogue at the Swiss level, the UNIAPAC symposiums remained merely a platform for discussions aimed at maintaining ties and a better understanding. The participants could not establish common statements on which all could agree.¹²⁰ The UNIAPAC indeed stated that the complexity of topics implied that "in a certain manner, the dialogue was to continue over and over again" and that "no definite answer could

112. Rapports adoptés par les groupes de travail, Symposium "La grande entreprise dans la société," February 3, 1975, AF, J2.257#2002/196#1079*.

113. Note du comité d'orientation, "Pour un dialogue entre les églises et les grandes entreprises," Symposium "La grande entreprise dans la société," February 03, 1975, AF, J2.257#2002/196#1079*.

114. Rapport de synthèse, Symposium "La grande entreprise dans la société," Fontainebleau, 1–3 mai 1975, February 3, 1975, AF, J2.257#2002/196#1079*.

115. Uniapac, Programme, 6^{ème} symposium européen Eglises-Entreprises transnationales, Un nouveau regard sur la responsabilité sociétale des entreprises, Wolfsberg, April 22–24, 1985, AF, J2.257#2005/26#68*.

116. Uniapac, Symposium européen églises-entreprises transnationales, Wolfsberg May 1981, rapport de synthèse, AF, J2.257#2005/26#69*.

117. Uniapac, Méthode pour la discussion des cas dans les ateliers, Symposium européen Eglises-Entreprises Transnationales, Wolfsberg, April 25–27, 1983, AF, J2.257#2005/26#70*.

118. David and Schaufelbuehl, "Transatlantic Influence," 81.

119. Uniapac, Eglises-Entreprises Transnationales, études de cas, Wolfsberg Suisse, May 25–27, 1981, AF, J2.257#2005/26#69*.

120. European Churches-Transnational Corporation Symposium, Working Group on "Churches-Transnational Corporations and Human Rights," minutes of the Working Group at Belgian Shell, Brussels, held on October 1, 1980, AF, J2.257#2002/196#442*.

be provided.”¹²¹ Although the WCC’s inclusion made consensual discussions more difficult, the advantage was a certain mutual recognition between the WCC and the UNIAPAC. The UNIAPAC was in turn invited to delegate an observer to WCC meetings.¹²² The WCC nevertheless remained critical of those meetings consisting only of MNEs’ representatives, stating in its 1978 program that

the challenge facing the churches and the WCC is to seek dialogue and a proper understanding of the plight of the poor, the oppressed, the exploited and other excluded people. Therefore, any program carried out by the churches should be aware of the danger of a strategy which would limit the church to offering pastoral care, and dialogue with corporate executives alone. Churches can help in the development of a meaningful and non-patronizing dialogue by creating a forum where confrontations and negotiations between the powerless and TNCs can take place.¹²³

Over the years, the question of maintaining ties to the WCC was raised on several occasions within the UNIAPAC.¹²⁴ Despite the WCC’s still apparent hostility, business executives preferred not to make a final break. Helmut Maucher, who had personally met Bishop Armstrong of the WCC to discuss the latter’s concerns about Nestlé’s activities in developing countries, underlined the importance of engaging in dialogue whenever possible, while at the same time isolating the extremist groups and individuals who were condemning multinationals on ideological grounds.¹²⁵ Overall, the UNIAPAC judged that the collaboration with the WCC proved helpful:

It was a wise decision to continue the dialogue between representatives of MNEs and the WCC. At the beginning, each of the two groups held to an entirely different view of the role of MNEs and the economic system in which they operate. Now, each group feels it has a much better understanding of the other’s position and dilemmas.¹²⁶

The Swiss MNEs’ representatives also noted that the first contact with this institution had proved useful because, at the beginning of the 1980s, the attitude of the WCC was “progressively less emotional” and “did not seek to fight the TNCs, but to tackle the economic consequences of their transnationalization.”¹²⁷

121. Uniapac, Symposium européen églises-entreprises transnationales, Wolfsberg rapport de synthèse, May 1981, AF, J2.257#2005/26#69*.

122. Uniapac, Le dialogue entre le Conseil Œcuménique des Églises et les Entreprises Transnationales doit-il être poursuivi? Rapport intérimaire d’un groupe de travail, 1979, AF, J2.257#2005/26#69*.

123. World Council of Churches, Executive Committee, Report on the WCC Programme on Transnational Corporations (TNCs), February 13–17, 1978, AF, J2.257#2002/196#1071*.

124. Uniapac, Le dialogue entre le Conseil Œcuménique des Églises et les Entreprises Transnationales doit-il être poursuivi? Rapport intérimaire d’un groupe de travail, 1979, 7, AF, J2.257#2005/26#69*.

125. “Interview de M. Helmut Maucher,” *24 Heures*, July 7, 1982, AEG, MPI 8.23.

126. Uniapac, Le dialogue entre le Conseil Œcuménique des Églises et les Entreprises Transnationales doit-il être poursuivi? rapport intérimaire d’un groupe de travail, 1979, 22, AF, J2.257#2005/26#69*.

127. Dr. Klaus Schnyder, bert. World Council of Churches (WCC): Programme on Transnational Corporations, an die Mitglieder der Beratergruppe Gesprächskreis Kirche-Wirtschaft, April 07, 1978, AF, J2.257#2002/196#1071*.

Nestlé's Managers Facing Religious Activist Shareholders (Organizational Level)

At the beginning of the 1980s, in addition to religious criticism at national and international levels, Nestlé's management faced internal conflict with some of its religious shareholders. "Who says nothing is a criminal": It is with this quote from Berthold Brecht that the Convention d'Actionnaires de Nestlé (CANES) justified its creation in 1981.¹²⁸ Its founders claimed to be Christians inspired by the gospel. Unlike certain activists who purchased shares with the deliberate goal of disturbing the AGM, CANES' founding members had been shareholders for many years by inheriting shares and then questioning the meaning of their ownership. Antoine Duchemin, who was a descendant of one nineteenth-century president of Nestlé, was CANES' first president. André Bieler, a theologian and PhD in economics, and Alain Perrot, a pastor, were its vice presidents.¹²⁹ Their wives were also involved in CANES from the start and participated in the moral discussions. Because many small shareholders came to the AGM to enjoy a copious buffet and free drinks, CANES took advantage of this moment to distribute tracts and to recruit more members.¹³⁰ Shortly after its creation, CANES had 105 members, mainly from the French-speaking part of Switzerland, owning about 15,000 shares (CHF 40 million) on a total of 2.85 million shares.¹³¹ In quantitative terms, CANES was therefore never significant. The names of the holders were kept secret.¹³²

According to CANES' founders, MNEs "play a significant role in the global economy and therefore participate directly in the mechanisms of development and underdevelopment, debt and dependence, wealth and poverty."¹³³ Knowing this, shareholders should participate fully in the moral and ethical responsibilities of Nestlé that went beyond both the economic goal of making profits and legal requirements.¹³⁴ CANES also wanted shareholders to have a say in the use of profits, and advocated investing in ethical research and development assistance programs. CANES did not call into question the role of the managers and the power structure, however. It simply wished the actions of the managers to be informed by a variety of viewpoints, including those of shareholders, workers, and labor unions.¹³⁵

CANES was linked to the DB, as André Bieler was also one of its founders. Another DB committee member, Pier-Luigi Giovaninni, joined the CANES committee after buying a single share when the price was historically low. Moreover, CANES often relied on the information provided by the DB, the WCC, and other activist organizations to raise some specific cases during the AGMs.¹³⁶ CANES also used reports from missionaries working on the ground. CANES noted that fact-checking was especially important as Nestlé had benefitted from a prestigious image in the past because the company was from a neutral, pacifist country that

128. CANES, Convention d'actionnaires Nestlé, May 1981, 1, AEG, 324.11.C.204.1.

129. "La révolte des pasteurs," *La Suisse*, May 15, 1981, AEG, 324.11.C.204.1.

130. CANES, Bulletin d'information N°3, November 1982, 4, AEG, MPI 8.23.

131. "Nestlé : rencontre entre la direction et la Convention des actionnaires," *Le Courrier*, 1981, AEG, MPI 8.23.

132. CANES, Bulletin d'information N°3, November 1982, 5, AEG, MPI 8.23.

133. Ibid.

134. CANES, Convention d'actionnaires Nestlé, May 1981, 20, AEG, MPI 8.23.

135. CANES, Bulletin d'information N°3, November 1982, 12, AEG, MPI 8.23.

136. Antoine Duchemin, Président de CANES, à M. Klaus Schnyder, Directeur adjoint Nestlé, November 26, 1987, AfZ, NL Paul R. Jolles, 1712.

was the birthplace of the Red Cross.¹³⁷ CANES denied pursuing Marxist-oriented goals, refusing “to be trapped in this false dilemma: a fixed liberal capitalist society or Soviet communism.”¹³⁸ CANES also strongly criticized the “depoliticization of historic Christianity confusing its own values with those of the dominant ideology.”¹³⁹ For CANES members, if preserving the unity of the church meant preserving the status quo, then that was wrong because this would only benefit the rich and powerful.¹⁴⁰ On the contrary, fighting an unfair system was to “conform to the gospel which announces that God intervenes in favor of the poor and the weak.”¹⁴¹ André Bieler also expressed public criticism of the Church-Economy dialogue, stating that considering solely the vision of business leaders was a “spiritual failure.”¹⁴²

CANES was inspired by shareholders’ activism in the United States. In 1984, three of its members made a trip to New York. They met Lewis Gilbert, who had been a pioneer in advocating corporate democracy in the 1930s, and they also paid a visit to Timothy Smith, the Director of the Interfaith Center on Corporate Responsibility, which grouped religious investors, among them fourteen Protestant churches and two hundred Catholic religious communities.¹⁴³ Like these U.S. groups, CANES questioned the “Wall Street rules,” which stated that shareholders, if unhappy with firms’ management, should sell their shares. On the contrary, they advocated for the responsibility of shareholders to speak up during an AGM and to challenge the management. Their shareholder activism was part of an emerging transnational movement of socially responsible investing, with some branches advocating for exclusionary investments while others, like CANES, focused on shareholders’ engagement.¹⁴⁴

In its mission statement, CANES insisted on the importance for the shareholders of information and debates. CANES wanted to have more precise data about Nestlé’s operations in various countries, such as the number of its workforce, the profits made by the subsidiaries, the amounts that were repatriated to the headquarters, etc.¹⁴⁵ The association also wanted to know more about Nestlé’s role in international negotiations on various codes of conduct and the money the firm was donating to different organizations.¹⁴⁶ CANES used the AGM as a platform to ask for information and to comment critically on Nestlé’s behavior. Their interventions were often echoed in the press.

CANES tackled a wide range of topics, which were disparate in terms of scale and scope. Some of CANES’ requests regarding Nestlé’s management were specific and had measurable and practical implications. For instance, because nutrition specialists were advocating breastfeeding as the best way to feed babies, CANES wanted Nestlé to promote it for female workers within the company through the introduction of a generous maternity leave, working time

137. CANES, Convention d’actionnaires Nestlé, May 1981, 4, AEG, MPI 8.23.

138. A. Duchemin, “Président de CANES, Un agent du KGB?” *Gazette de Lausanne*, May 14, 1983.

139. CANES, Convention d’actionnaires Nestlé, mai 1981, 19, AEG, 324.11.C.204.1.

140. Alain Perrot, “Echec à la démobilisation,” *Le Courrier*, 1983, AEG MAAS 201.11.11.

141. CANES, Convention d’actionnaires Nestlé, May 1981, 15, AEG, MPI 8.23.

142. André Bieler, “Dialogue Eglise-Economie, le débat continue,” *Vers un développement solidaire*, N°37, June 1978, AF, J2.257#2002/196#1078*.

143. CANES, Bulletin N°8, November 1984, 3, AfZ, NL Paul R. Jolles, 1712.

144. Jones, *Profits and Sustainability*, 280.

145. CANES, Bulletin d’information n°3, November 1982, 17, AEG, MPI 8.23.

146. CANES, Texte de la convention, 1981, AEG, MPI 8.23.

arrangements, and the creation of company nurseries. Nestlé's management reacted positively, stating that the firm had already introduced three months paid maternity leave, three additional unpaid months with the assurance of job preservation, and the possibility of taking paid breaks during working hours to breastfeed. Moreover, Nestlé's subsidiaries could, in a decentralized fashion, choose to open nurseries when needed. Nestlé promised to monitor this first step more closely to make sure it was properly implemented.¹⁴⁷ CANES also advocated the appointment of a woman to Nestlé's board.¹⁴⁸ Although Nestlé's representatives declared that they agreed, the first woman would not be appointed until five years later in 1992. Swiss firms, by international comparison, were slow in feminizing their boards, and Nestlé was no exception.¹⁴⁹

Other CANES' requests had significantly broader corporate policy implications. For instance, CANES wanted more investments and technological transfer to the poorest regions of the world, better prices for raw materials such as coffee and cocoa, and Nestlé's commitment to fighting the apartheid regime in South Africa. CANES also criticized Nestlé's acquisition strategy, accusing the firm of "gigantism."¹⁵⁰ The organization often expressed opinions on the type of products Nestlé was selling. Of course, it regularly expressed concern about baby food and its marketing in the context of the Nestlé boycott. When the International Health Organization issued a code of conduct on that matter, which Nestlé subscribed to, CANES monitored its implementation. More generally, CANES urged Nestlé to focus on simple and cheap food that could solve the hunger problem. For instance, when the president of the board, Paul Jolles, declared that Nestlé's "vocation was to satisfy consumers' needs in the food sector," CANES commented that these needs "can be created, aroused, developed, which every good publicist—and Nestlé has no shortage of them—has long since discovered" and that it was therefore "utopian to pretend to satisfy them," especially because many of its products were in fact aimed at satisfying "greediness."¹⁵¹ CANES was therefore reinterpreting the firm's self-declared purpose through Christian values.

In response to CANES' comments, Nestlé's management often underlined that the purpose of the company should not be confused with the purpose of charities, to which Nestlé was already donating.¹⁵² When criticized for selling Maggi cubes in Africa, which CANES considered a luxury and an unhealthy product because of its high sodium level, Jolles replied that dictating to third-world countries' housewives what they should consume would betray "a colonial attitude."¹⁵³ As these examples show, the management therefore never questioned the nature of Nestlé's business (i.e., selling industrial consumer goods globally in the pursuit of profit). Nestlé nevertheless announced, soon after CANES' creation, its intention of increasing its donations to charities involved with developmental promotion.¹⁵⁴

147. Lettre d'Antoine Duchemin à M. Paternot, Nestlé SA, February 24, 1983, SA, Ar 430.12.1.

148. Antoine Duchemin à Paul Jolles, Président de Nestlé SA, June 15, 1987, AfZ, NL Paul R. Jolles, 1712.

149. Ginalschi, "Who Runs the Firm?" 195.

150. CANES, Bulletin N°8, November 1984, 15, AfZ, NL Paul R. Jolles, 1712.

151. CANES, Bulletin d'information N°15, Septembre 1988, AfZ, NL Paul R. Jolles, 1712.

152. *Ibid.*, 11.

153. CANES Bulletin d'information N° 12, Pour un véritable dialogue avec obstination, June 1986, 6, AfZ, NL Paul R. Jolles, 1712.

154. CANES, Bulletin d'information N°3, November 1982, 10, AEG, MPI 8.23.

In the Swiss corporate governance tradition, the managers enjoyed a certain leeway, distributed stable dividends, and provided little information to shareholders.¹⁵⁵ Being publicly challenged by CANES' members during the AGM was therefore rather unpleasant for Nestlé's management, which tried to anticipate the themes that would arise. They often felt that CANES' points were "demagogical" and chosen for their sensationalism.¹⁵⁶ Such management hostility to church-related shareholder activism was not a feeling limited to Swiss companies, however. For instance, D. J. Kirchhoff, president of the U.S. exotic fruits producer Castle & Cooke, which had also faced religious shareholder activism, explained before the Merchants & Manufacturers Association 1979 assembly in no uncertain terms:

Spokesmen from prestigious church organizations have confronted Castle & Cooke at annual stockholders' meeting with charges so outlandish that they would not normally warrant any comment.... The guises frequently used are "The New international Economic Order," "Alternative Economic and Social Solutions" and "Economic Democracy." These are buzz words and are palatable, at least on the surface. They are, nonetheless, the siren songs of the Marxist ideologues who have simple, uncomplicated goals: the destruction of the world's most efficient economic system.... Confronting any church organization is neither an easy nor a comfortable task. It is somewhat akin to kicking your dog or tripping your grandmother.... I believe that the time for corporate timidity is over.... We are at war, but it is a guerrilla war. It is being fought in the courtroom, the boardroom and the media.¹⁵⁷

In comparison with such warlike discourse, Nestlé's attitude toward its religious shareholders was much less confrontational. CANES nevertheless regretted that Nestlé's management was too often attributing "Machiavellian motivations" to religious activists and were generally "overreacting."¹⁵⁸ CANES also recognized its limitations due to its small size and, sometimes, the lack of focus of its interventions, which proved counterproductive and irritated the rest of the shareholders.¹⁵⁹ Most shareholders were indeed backing Nestlé's management, and some expressed their hostility to CANES' activities.¹⁶⁰

In addition to the exchanges during the AGMs, CANES also requested meetings with high-ranking business representatives. Nestlé's management agreed to meet CANES members on a regular basis, and Jacques Paternot, who had spent more than thirty years working for Nestlé, was designated as their main interlocutor. Nestlé wanted to avoid giving full and uncontrolled access to the firms' executives. When Paul Jolles was appointed as the new board president in 1984, CANES' president reached out directly to him requesting an audience.¹⁶¹ Paternot, far from pleased, stated that "it has always been CANES' goal to

155. David et al., *De la 'forteresse'*, 16.

156. J. Paternot, Bulletin CANES N°8, Note à Messieurs P.R. Jolles, H. Maucher, C.L. Angst, J. Daniel, E. Henry, K. Schnyder, AfZ, NL Paul R. Jolles, 1712.

157. Corporate Missionary, Those Who Believe in Capitalism Must Fight Back, *Barron's*, February 19, 1979, AF, J2.257#2002/196#1078*.

158. CANES, Bulletin d'information, N°2, May 1982, 8, AF, J2.257#2002/196#1084*.

159. CANES, Bulletin d'information N°15, September 1988, 14, AfZ, NL Paul R. Jolles, 1712.

160. CANES, Bulletin d'information N°3, November 1982, 15, AEG, MPI 8.23.

161. Antoine Duchemin, Président de CANES, à Monsieur Paul Jolles, Président de Nestlé SA, November 19, 1984, AfZ, NL Paul R. Jolles, 1712.

establish privileged ties with Nestlé's management at the highest level."¹⁶² Writing to Paul Jolles and other high-ranking representatives, he explained that Nestlé had to "navigate between two pitfalls," the first being to effectively open the door to these privileged links by receiving the CANES' committee, whereas the second was to refuse the meeting proposal, which would in turn "provoke a stiffening of CANES" and allow the organization to exploit this refusal in the media.¹⁶³ Paternot finally agreed to a meeting but delayed it by arguing that Jolles needed to gather more knowledge of Nestlé's operations because he was new to the firm. The existing dialogue between Nestlé and CANES was therefore not as valued by the management as the Church-Economy dialogue but appears to have been more of a forced consultation.

In the mid-1980s, CANES tried to increase its professionalism and to produce its own studies. Jürg Frieden, a young economist, was hired to publish studies on Nestlé's milk policy.¹⁶⁴ Jürgen's analysis, based mainly on Nestlé's own publications, irritated the firms' managers with Paternot stating:

Reading it,... made me jump, and not only me. Our old colleagues who spent 20 years in the tropics to create the dairy departments, who improved the lot of hundreds of thousands of peasants, sweated, caught amoebas, malaria or Guinea worm, find it hard to accept lessons in social dairy economics from a young intellectual, sitting coolly in his office in Fribourg, who has only a bookish knowledge of the Third World, and does not seem to really master his subject.¹⁶⁵

Both parties recognized that the dialogue was never easy.¹⁶⁶ CANES regretted that, when it brought critical studies to the attention of Nestlé's management, they would usually deny in full without addressing specific points or providing documentation that would prove their case. Reporting on a CANES meeting with managers of Nestlé, including Helmut Maucher, a member of the DB committee stated that "generally speaking, Nestlé despises any criticism from any quarter" and that all in all the exchange was a "stonewall" and "somewhat useless."¹⁶⁷ Nevertheless, in letters, during the exchanges between CANES' shareholders and the president of the board at AGMs and during the CANES-Nestlé private meetings, a cordial and polite tone was cultivated on both sides. CANES, while being critical, always took care to thank Nestlé's management for its efforts and cooperation, and to highlight when progress was made to implement CANES' agenda.

At the end of the 1980s, CANES was planning further professionalization by increasing its reach to Swiss-German shareholders, as well as seeking to influence institutional investors such as pension funds. CANES was also hoping to motivate shareholders from

162. M. J. Paternot, Communication interne. Concerne : CANES, lettre de Monsieur Duchemin du 19.11.1984, à M. P.R. Jolles, cc : M. Maucher, November 22, 1984, AfZ, NL Paul R. Jolles, 1712.

163. Ibid.

164. CANES, aux membres de CANES, Telex, March 13, 1985, AfZ, NL Paul R. Jolles, 1712.

165. J. Paternot, à M. A. Duchemin, Président de CANES, April 25, 1986, AfZ, NL Paul R. Jolles, 1712.

166. CANES Bulletin d'information N° 12, June 1986, AfZ, NL Paul R. Jolles, 1712.

167. Déclaration de Berne, Procès-verbal, Weekend du Comité romand, September 28–29, 1979, SA, Ar 430.12.1.

other Swiss MNEs to follow its lead and was therefore pleased when, in 1986, another group of critical shareholders, the Verein kritischer AktionärInnen der Bankengesellschaft (VKA) was created at UBS. CANES' hopes for stronger shareholder democracy would nevertheless end up in a legal battle. At the 1989 AGM, Nestlé's management announced a capital increase of 175,000 "reserved shares," which would be entrusted to a banking consortium (Crédit Suisse, SBS, USB) and therefore would not be available for purchase by current shareholders. Moreover, the managers planned a modification of Nestlé's internal rules to imply that for certain decisions, owning a minimum of 3 percent of Nestlé's nominal shares would be required for voting. For CANES, this package diminished shareholder democracy and should be challenged in court.¹⁶⁸ As a result of CANES' legal action, the reform was frozen, but CANES had to deposit half a million Swiss francs to prove its good faith. Nestlé's management argued that the company was losing 250,000 Swiss francs a day because of this freezing. CANES tried to oppose the deposit requirement in federal court, but in vain.¹⁶⁹ Given the amount, CANES had to capitulate and dropped its legal action.¹⁷⁰ The labor union newspaper *Revue syndicale suisse* noted that, with the demand for the deposit of half a million Swiss francs, "Nestlé was less worried about its losses, than willing to financially break down its adversary."¹⁷¹ Such an outcome highlights another aspect that characterizes the dialogue endeavors between companies and activists groups: companies have more resources and can, over the long run, bet on the moral and financial exhaustion of activists.

CANES, despite its professionalization efforts, indeed faced difficulties in perpetuating itself. In the mid-1990s, CANES and the VKA (Verein kritischer AktionärInnen der UBS) created ACTARES to centralize resources and take over their task.¹⁷² This new organization regrouped shareholders, including pension funds, and represented them at the AGMs. The organization, which still exists, has the goal of making companies' strategies more sustainable and encouraging them to report on their social and environmental practices and acting, as some observers have put it, as "Swiss capitalism's guilty consciousness."¹⁷³ CANES issued its last newsletter in 2001, stating that the organization was "after hard battles and great successes, passing the torch."¹⁷⁴

Conclusion: In Multinationals We Trust

Despite intense public and political turmoil in which many religious organizations took part, MNEs' legitimacy was restored overall by the mid-1980s. Most of the foreseen regulations for

168. Tribunal fédéral, 56. Extrait de l'arrêt de la Ire Cour civile dans la cause Association Canes contre Nestlé S.A. Chapeau 117 II 290, June 25, 1991.

169. Tribunal fédéral, 17. Arrêt de la Ire Cour civile dans la cause Association Canes contre Nestlé SA. Chapeau 116 II 94, February 22, 1990.

170. Domaines Public, "CANES, Dernier Bulletin," March 9, 2001.

171. *Revue syndicale suisse*, CANES contre Nestlé, vol. 82, n°2, 1990.

172. ACTARES, Sans Antoine Duchemin, pas d'ACTARES, December 19, 2013.

173. Jacques Guyaz, "Roche et la transparence, encore un effort," *La Méduse*, March 21, 2017.

174. Domaines Public, "CANES, Dernier Bulletin," March 9, 2001.

multinationals had turned into nonbinding codes, whereas many developing countries, in the hope of attracting foreign direct investments and under the auspices of the International Monetary Fund (IMF) and the World Bank, agreed to sign bilateral and multilateral investment treaties that would protect the rights of foreign investors.¹⁷⁵ Moreover, groups of CEOs were increasingly perceived as legitimate political actors and were invited to the negotiation table within international organizations to solve the world's most pressing problems, such as economic development and environmental governance.¹⁷⁶

By focusing on religious contestation, this article has contributed to the historical literature documenting MNEs' legitimization efforts. The analysis indeed shed light on the responses and strategies that Nestlé's management, in conjunction with many other MNEs' business executives, developed as a result of religious activism in the broader context of the 1970s capitalist legitimization crisis. The analysis demonstrates how religious groups, like the WCC on the international stage and the DB in Switzerland, perceived MNEs as being the cause of chronic underdevelopment and inequalities. These groups were therefore eager to witness important changes in the existing capitalist order and advocated for corporate regulation at the international level. Motivated by their faith, they participated in boycott campaigns, published documents to expose what they considered to be MNEs' misconduct in developing countries, and lobbied international organizations to elaborate guidelines. Some of them were also active within companies, like the CANES religious shareholders, and used the AGM as a platform to voice their concerns.

In response to the politicization of the church, Nestlé's strategy took a variety of forms. Although legal battles and the funding of conservative religious groups had limited effectiveness, Nestlé's management often chose dialogue to air its views of the controversies and to foster a cooperative rather than a confrontational spirit. Such strategies were pursued in Switzerland with other Swiss MNEs through the establishment of the Church-Economy dialogue and, at the international level, through the UNIAPAC Church-Transnational Enterprises symposiums, which shows that, beyond the Nestlé case, MNEs' executives were aware of potential legitimization spillover effects. Nestlé also opened a dialogue at CANES' request, but because of its link to the DB and its use of activists' publications, the antagonism was never fully overcome. Some of CANES' practical requests, such as the promotion of breastfeeding within the company and increased donations to third-world organizations, were nevertheless implemented by Nestlé's management.

In terms of the effectiveness of such strategies to regain legitimacy, Nestlé and the other MNEs involved in the dialogues often expressed their usefulness in pacifying relationships with religious authorities. Within the Swiss-Church dialogue, the limited number of participants, (with representatives from the main churches and not from smaller and more critical NGOs), allowed the group to produce joint statements and guidelines for both MNEs and the churches. The guidelines for the churches' activities in Switzerland warned against the church's authority being misused by political groups and impelled a cautious attitude when making statements (i.e., a partial depoliticization). The code for MNEs provided a largely interpretative leeway, even if the door for disinvestment was open in the case of human rights

175. Perrone, *Investment Treaties*, 96; Beroud and Hajduk, "Chapitre 2. L'OCDE," 72; Slobodian, *Globalists*, 23.

176. Chamayou, *La Société*; Cowles, "Setting the Agenda"; Levy and Newell, *Business of Global Environmental Governance*.

abuses. Although the promotion of business self-discipline has a long tradition in neutralizing binding regulation, the long 1970s were marked by an impressive proliferation of codes, and church-MNEs relations were part of this trend.¹⁷⁷ MNEs also disseminated business schools' studying practices, such as the case method, to religious executives, which contributed to reorienting the discussions to more concrete small-scale problems rather than envisioning substantial reforms of the capitalist economic system. In the long run, the strategic importance of institutionalized dialogue between companies and religious activists should therefore not only be assessed with regard to its effectiveness in changing business practices, but also as a corporate strategy aimed at marginalizing most radical criticism, fostering financial difficulties and mobilization fatigue within activist ranks, promoting self-regulation, and, ultimately, restoring MNEs' legitimacy.

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177. For the proliferation of codes and CSR, see Pestre, "La mise en économie"; Kaplan, "Who Has Been Regulating."

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