The Corporate Determinants of Health: How Big Business Affects Our Health, and the Need for Government Action!

John S. Millar, MD, FRCPC

ABSTRACT

Corporations have a great effect on the health of Canadians.

Good companies create jobs, sell valued products at market value, pay a living wage, empower employees, have progressive human resource policies (parental, mental health leaves, workplace wellness programs, day care), and pay their appropriate corporate taxes. They embrace corporate social responsibility and some have a triple bottom line – people, planet and profits. More good corporations are needed.

But others are selling products that are damaging to health and the environment, at prices that do not account for these damaging effects and often target consumers that are ill-informed and susceptible (e.g., children). These include businesses involving tobacco, alcohol, drugs, junk foods and beverages, resource extraction, arms production and the electronic media.

Governments have a responsibility to take action when the market mechanism fails in this way.

A priority for action is the food and beverage sector. The overconsumption of sugar, fat and salt is causing a rising prevalence of all the major chronic diseases, rising health care costs and declining population health and productivity. Urgent government action is required: taxation, advertising and sales restrictions, and a salt reduction program.

KEY WORDS: Prevention; health care costs; health care economics; government regulation

La traduction du résumé se trouve à la fin de l'article.

Can J Public Health 2013;104(4):e327-e329.

Canada, like most developed countries, has substantial interrelated challenges in population and public health. First, the health of the population is under threat: a growing prevalence of all the major chronic diseases (hypertension, obesity, diabetes, heart disease, stroke, cancer, mental health, addictions, and dementia) means not only overall poorer health of the population but also a reduction in the productivity and economic competitiveness of the country.[1] Related to this are concerns about growing health inequities; this means that for many diseases (notably diabetes and heart disease), the great burden of illness is borne by those who are most disadvantaged (the poor, homeless, hungry and marginalized). Second, health care expenditures continue to increase for many reasons:[2] aging and expansion of the population, increased costs and utilization of health-related technologies, drugs, and human resources, and the increasing burden of chronic disease. As health care consumes ever greater proportions of government budgets (now approaching 50% in many jurisdictions), in a political climate intolerant of increasing government revenues through taxation and other measures, there necessarily are reductions in spending for essential public services such as education, early childhood care and development, social housing, income supports, food security, family assistance, justice, job creation, working conditions, environmental sustainability and infrastructure development (e.g., highways, bridges, transit, security, power, water, sewage processing, and so forth).[1]

Most chronic disease can be prevented and there is evidence that more investment in prevention can reduce the burden of disease and, in the long term, reduce the costs of health care.[3] Effective prevention of chronic disease requires addressing the "corporate determinants of health".

The business sector has an enormous effect on population health, health inequities and health care expenditures.

There are good businesses that contribute to our health and well-being. They create jobs, produce valued products and services, generate profits, pay their share of taxes and contribute to economic growth. Healthy corporations pay a living wage, have progressive management practices that value and empower employees, and have workplace wellness programs, daycare facilities and progressive policies such as parental, stress and mental health leave policies. Some firms are now paying a "living wage" to all employees, including contracted-out staff. Green companies attempt to mitigate their impact on the environment. The triple bottom line – people, planet and profits – and the principles of corporate social responsibility (CSR) are genuinely embraced in some sectors.

But there are also bad corporations which simply take on CSR as a means of raising their profile and offsetting some of the damage they are doing. Such activities include the sponsorship of sports and cultural events and school activities that are really advertising opportunities in disguise. And these corporations often go to great

Author Affiliation

Clinical Professor Emeritus, School of Population and Public Health, University of British Columbia, Vancouver, BC

Correspondence: Dr. John Millar, 2345 Bellevue Avenue, West Vancouver, BC V7V 1C9, E-mail: john.millar10@gmail.com

Conflict of Interest: None to declare.

lengths to avoid paying taxes and expend much time and money to lobby for subsidies and deregulation.

And then there are the truly ugly corporations, motivated entirely by profits, that sell products at prices that are far below market value because they have been allowed to shift responsibility for the negative effects of their products (so-called "externalities") to society. They spend billions on the marketing of unhealthy products which are eroding the health of our children and families[4] and contributing to growing economic and health inequities. This is an example of *market failure:* markets that are inefficient and harmful to society with externalities and asymmetries of information ("where someone knows something relevant to a market trade that someone else doesn't know"[5]). The tobacco industry is the prototype: it sells a damaging product the price of which does not reflect the costs of health care. Tobacco companies do this in full knowledge that their addictive products are harmful, but continue to vigorously deny any harm and to market cigarettes to children and overseas uninformed populations. We now see the same thing happening in the market for "junk" food – foods and beverages high in calories but low in nutrient content.

To quote a recent *Lancet* article: "through the sale and promotion of…unhealthy commodities, transnational corporations are major drivers of the global epidemics of non-communicable diseases. Public regulation and market intervention are the only evidence-based mechanisms to prevent harm caused by the unhealthy commodity industries."[6]

Corporations also contribute to health inequities. Health inequities are "caused by the inequitable distribution of money, resources and power."[6] Corporate leaders lobby strenuously for tax breaks, subsidies and deregulation, while receiving salaries and bonuses thousands of times higher than the average wage earner and paying less income tax. The result has been growing social, economic and health inequities.[5] These inequities are not only unjust but also reduce population health, lead to political instability and inhibit economic growth.

There is a long list of these "ugly" corporations.[4] The food and beverage sector spends huge amounts on developing and marketing products that combine sugar, fat and salt (and other ingredients) that are deliberately designed to lead to addictive consumption and are contributing to the increasing prevalence of hypertension, overweight, obesity, diabetes, heart disease, stroke, cancer and other chronic conditions. Tobacco, alcohol and both legal (pharmaceuticals) and illegal drugs are an additional problem. Electronic gaming, gambling and pornography lead to extensive "screen time" and so contribute to obesity and its attendant health problems. The arms industry (and its well-funded lobby groups like the National Rifle Association) opposes any regulatory controls on firearms. Resource extraction corporations (oil, gas, coal, forestry, etc.) reduce natural capital, pollute the environment and contribute to global warming. And there is the relentless push from the for-profit corporate sector to privatize such public sector services as health care, day care, home care, long-term care, education, prisons, security services, transportation, etc. Finally, corporate lobbying has led to the return of child labour.

Economists agree that where there is market failure, governments should take corrective measures. But the corporate sector takes a very cynical stance: when governments restrict the advertisement of harmful products (tobacco, junk food), taxes harmful products or restricts sales, there is much corporate complaining about the encroachment of the "nanny state"; but when industries fail (banks, auto industry), there are lineups for corporate bailouts.

A priority for action is market failure in the food and beverage sector. The externalities cannot be ignored – particularly the costs of health care to treat the many chronic diseases that are the result of consuming unhealthy products, and the effects on the economy related to declining productivity. And the food and beverage industries have learned well from tobacco – deny that there is a problem and resist at every stage any attempts at regulatory intervention by governments. Why is there such resistance? They resist because they know from the experience of tobacco regulation and injury prevention that regulatory interventions effectively reduce sales.

A common stalling strategy employed by the food and beverage sector is to argue that a regulatory approach by government is an infringement of personal choice and freedom of speech. Instead, they embrace corporate self-regulation and advocate more health education. This has been a woeful failure.[6]

Governments at all levels now need to take the appropriate measures to correct this failure of the market mechanism and introduce a more rigorous regulatory approach[6] which should initially include at least:

- a significant tax on specific junk foods such as sugar-sweetened beverages, and removal of taxes from fresh fruit and vegetables (federal and provincial governments)
- the restriction of advertising junk food to children (federal, provincial governments)
- restrictions on the placement of junk food at checkouts and other sites easily accessed by children (provincial, municipal governments)
- implementation of a federal sodium reduction strategy (pass Bill C460 – federal government).

Is there evidence that such measures will be effective? Although there have been few serious attempts to regulate junk food, we certainly know that a regulatory approach to tobacco, drunk driving, and seatbelt and helmet usage has reduced illness and injuries. It is time for governments to acknowledge their responsibilities and take action to reduce the consumption of unhealthy foods and beverages.

REFERENCES

1. Millar J. Sustainability of the Health Care System Submission to the Select Standing Committee on Health. Vancouver, BC: Public Health Association of BC, 2012. Available at: http://www.phabc.org/userfiles/file/SubmissiontotheSelectStandingCommitteeonHealth_Jan7_John%20Millar.pdf (Accessed January 20, 2013).
2. Canadian Institute for Health Information. Health Care Cost Drivers: The Facts. Ottawa, ON: CIHI, 2011.
3. Milstein BH. Why behavioural and environmental interventions are needed to improve health at lower cost. *Health Affairs* 2011;30(5):823-32.
4. Bakan J. *Childhood Under Seige.* Toronto, ON: Penguin, 2011.
5. Stiglitz J. *The Price of Inequality.* New York, NY: W.W. Norton & Company, 2012.
6. Moodie R, Stuckler D, Monteiro C, Sheron N, Neal B, Thamarangsi T, et al. Profits and pandemics: Prevention of harmful effects of tobacco, alcohol, and ultra-processed food and drink industries. *Lancet* 2013;381(9867):670-79.
7. Commission on the Social Determinants of Health. Closing the Gap in a Generation: Health Equity Through Action on the Determinants of Health. Geneva, Switzerland: World Health Organization, 2008.

Received: January 25, 2013
Accepted: May 13, 2013

RÉSUMÉ

Les sociétés exercent une grande influence sur la santé des Canadiens.

Les bonnes entreprises créent des emplois, vendent des produits appréciés à leur valeur marchande, versent des salaires suffisants, habilitent leurs employés, ont des politiques de ressources humaines progressistes (congés parentaux et de santé mentale, programmes de mieux-être au travail, services de garde) et paient l'impôt des sociétés. Elles sont d'accord avec le principe de la responsabilité sociale des entreprises, et certaines présentent un triple bilan – sur leurs performances sociales, environnementales et financières. Il faudrait que les bonnes entreprises soient plus nombreuses.

D'autres par contre vendent des produits dommageables pour la santé et l'environnement, à des prix qui ne tiennent pas compte de ces dommages; elles ciblent souvent des consommateurs mal informés et vulnérables (comme les enfants). On trouve ces entreprises dans les secteurs du tabac, de l'alcool, des médicaments, des aliments et boissons vides, de l'extraction des ressources, de la production d'armements et des médias électroniques.

Les gouvernements ont la responsabilité d'agir lorsque le mécanisme du marché fait ainsi défaut.

Il faut agir en priorité dans le secteur des aliments et boissons. La surconsommation de sucre, de matières grasses et de sel entraîne une prévalence accrue de toutes les grandes maladies chroniques, une hausse des coûts des soins de santé et une baisse de la santé et de la productivité des populations. Une action urgente du gouvernement s'impose : fiscalité, limitation de la publicité et des ventes et programme de réduction du sel.

MOTS CLÉS : prévention; coût soins médicaux; économie médicale; réglementation gouvernementale