The commercial determinants of three contemporary national crises: How corporate practices intersect with the COVID-19 pandemic, economic downturn, and racial inequity

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Policy points

- The U.S. finds itself in the middle of an unprecedented combination of crises: A global pandemic, economic crisis, and unprecedented civil protests in response to structural racism.
- While public sector responses to these crises has faced much justified criticism, the commercial determinants of these crises have not been sufficiently examined.
- In this commentary we examine the nature of the contributions of such actors in the conditions that underpin these crises in the U.S. through their market and non-market activities.
- On the basis of this analysis, we make recommendations on the role of governance and civil society in relation to such commercial actors in a post-COVID world.

Main text (3394)

The US finds itself amid three concurrent and interrelated crises. First, at time of writing, the US is approaching 6 million confirmed COVID-19 cases, and over 180,000 Americans have lost their lives (1). Second, as a consequence of the physical distancing measures enacted to slow the spread of the pandemic, economic activity has stalled, resulting in record unemployment. According to the US Department of Labor, more than 50 million Americans filed for unemployment benefits since the COVID-19 pandemic started, almost 20 million Americans remain on state unemployment benefits, and over a million new unemployment claims continue to be filed each week (2). Third, the US is in the midst of civil unrest unlike any seen in half a century, triggered by the killing of George Floyd at the hands of police in Minneapolis. This civil unrest reflects centuries of structural racism and has brought unprecedented attention to this problems from populations of all racial groups(3).

In each of these three concurrent crises, the pandemic, ongoing large-scale unemployment, and civil protests (4), the US federal response has been characterized by delayed and poorly coordinated responses, a downplaying of the threat posed by the pandemic, and a failure to make the investments that would have facilitated a more robust and effective collective response to it.

By contrast, it would appear that corporate America has responded more rapidly to each of the ongoing crises. A number of large companies have engaged in activities that responded to needs emerging from the pandemic, from producing hand sanitizer (5), providing COVID-19 testing sites (6), and partnering on contact tracing (7). Most notably, the private sector is engaged in vaccine development for SARS-CoV-2, with 23 separate vaccine candidates currently undergoing clinical trials (8), with early promising clinical results (9).

In response to the economic downturn, many companies have been adapting their business practices to supply essential services in a time of great disruption. For example, food and other essential businesses have largely kept supply chains for essential goods open, through extending opening hours, hiring additional staff, and implementing new means of operating. Several large employers have responded to changing circumstance, aiming to keep as many employees working as possible, often through an embrace of remote working and implementing more permanent shifts into patterns of working (10).

In response to the global protests around structural racism, a number of large companies, including Nike, Reebok, Twitter and Citigroup, have publicly aligned themselves with the

Black Lives Matter movement (11), including committing over a billion dollars in pledged donations (12).

In a moment of great national turmoil, when government seems not up to the task, private sector actors have appeared, by contrast, to be better positioned to address the three crises of the moment. This plays neatly into a private sector-centric narrative, and there is little question that much good has come from elements of the private sector during this time.

It is certainly true that these visible private sector efforts have contributed to helping populations deal with the consequences of an unprecedented global pandemic. But, given the emerging evidence about the populations at risk for COVID-19, and why that risk exists to begin with, it is legitimate to ask: in the case of COVID-19, what was the contribution of the private sector to creating the conditions that made us vulnerable to the pandemic and its consequences to begin with? And, by extension, how can private sector actions align with a durable set of solutions to the crises that characterise this moment?

We already know that the private sector has a profound effect on population health at all times (13). The most obvious way in which this manifests is through "market activity", that is, the direct consequences of manufacturing and marketing particular products. For example, it is easy to recognize that marketing of cigarettes harms health. However, the private sector also influences population health through a range of "non-market" activities, including political activity, corporate social responsibility, and legal activity. These corporate practices, often seen as intrinsic to corporate practice, support and protect commercial interests, but do not necessarily promote population health, or structures of governance. Bearing this in mind, it is worth understanding how such activities by the private sector, both market and non-market, have contributed to the vulnerability of the US to these three crises: COVID-19, economic recession, and the effects of structural racism.

Corporate practices and COVID-19

Pre-pandemic, the US was characterised by poor underlying health, as evidenced by a several years' decline in life expectancy (14) and a greater burden of non-communicable disease (15) compared to other high income countries. This includes the health conditions that are linked to more severe COVID-19, including cardiovascular disease, diabetes and obesity (16). These conditions were in turn driven by the market activities of corporate actors, specifically via the production, sophisticated marketing, and overconsumption of harmful products.

However, non-market activities have also influenced the response to COVID-19. One reason that policy measures to protect population health by reducing consumption levels, such as sugar taxes, remain elusive in the US, in spite of a robust and growing evidence base about the potential benefit of such policies for health (17), is the non-market activities of transnational corporations. Taking the example of sugar tax, the previous Director of the Centers for Disease Control and Prevention (CDC), Brenda Fitzgerald, had received significant donations from Coca Cola during her previous roles (18), and ultimately resigned from the CDC due to undeclared conflicts of interest, including recent purchases of tobacco stocks (19). An analysis of emails obtained by freedom of information request showed that Coca Cola met regularly with staff tasked with obesity at the CDC (20). This included sharing Coca Cola funded research that placed the emphasis on physical activity over diet as the cause of obesity, deflecting from the role of sugar taxes as an intervention. Executives also asked their CDC contact for advice on how to lobby the World Health Organisation to stop advocating for sugar taxes, as, in their own words, this “global threat to our business is serious” (20).

The CDC is one of several US public institutions in which there has been a pattern of regulatory rollbacks, and the installation of leaders with backgrounds in lobbying and industry advocacy (21), rather than public service or technical expertise. Promoting deregulation might seem to make good business sense from the perspective of a single, powerful commercial actor focusing primarily on preventing litigation, advancing brand image and boosting profitability. However, these come at the expense of public goods, and the sum of such activities, occurring across a range of powerful industrial sectors, has had a negative cumulative effect on essential public institutions (22), scientific credibility (23), and the quality of public discourse (24, 25) that have ill-served the US both before and during the pandemic. Such corporate activities, driven by pursuit of short-term profit, may well undermine longer-term environmental and economic stability, and inevitably, the health of populations.

Indeed, such efforts appear to be intensifying. A report by the Centre for Public Integrity found that since the national emergency declaration in March, the Trump Administration had already signed off or is reviewing 247 regulatory actions, of which only 33 were classified as pandemic related (26). These include halting enforcement of environmental pollution regulations for extractive industries, changing truck driver fatigue rules, and weakening emissions standards, all of which can have profound consequences to population health. Conversely, effective enforcement of such regulations may confer great benefit to population health and environmental sustainability. Yet, on May 19, an Executive Order was announced requiring federal agencies to address the economic crisis by “rescinding, modifying, waiving, or providing exemptions from regulations and other requirements that may inhibit economic recovery."

Corporate practices and the consequences of economic downturn

The economic downturn that followed COVID-19 has led to the loss of millions of jobs, disproportionately among Americans of colour. While large commercial operators are an essential source of jobs, they also have an interest in maintaining a steady supply of lower wage workers and often engage in non-market activity to preserve access to such a workforce. Federal social protections in the US in the form of minimum wage, paid leave and assistance with childcare remain, were all significantly less developed compared with peer countries pre-COVID-19. Pre-pandemic, 40% of Americans were already struggling to meet monthly bills (27), and therefore at greater risk of any economic disruption.

For example, while restaurant chains have been praised for innovating during the pandemic by shifting to new patterns of business, the National Restaurant Association had contributed to worker vulnerability to economic downturns, having consistently opposed raising the minimum wage from the current $7.25, which has remained unchanged since 2009 (28).

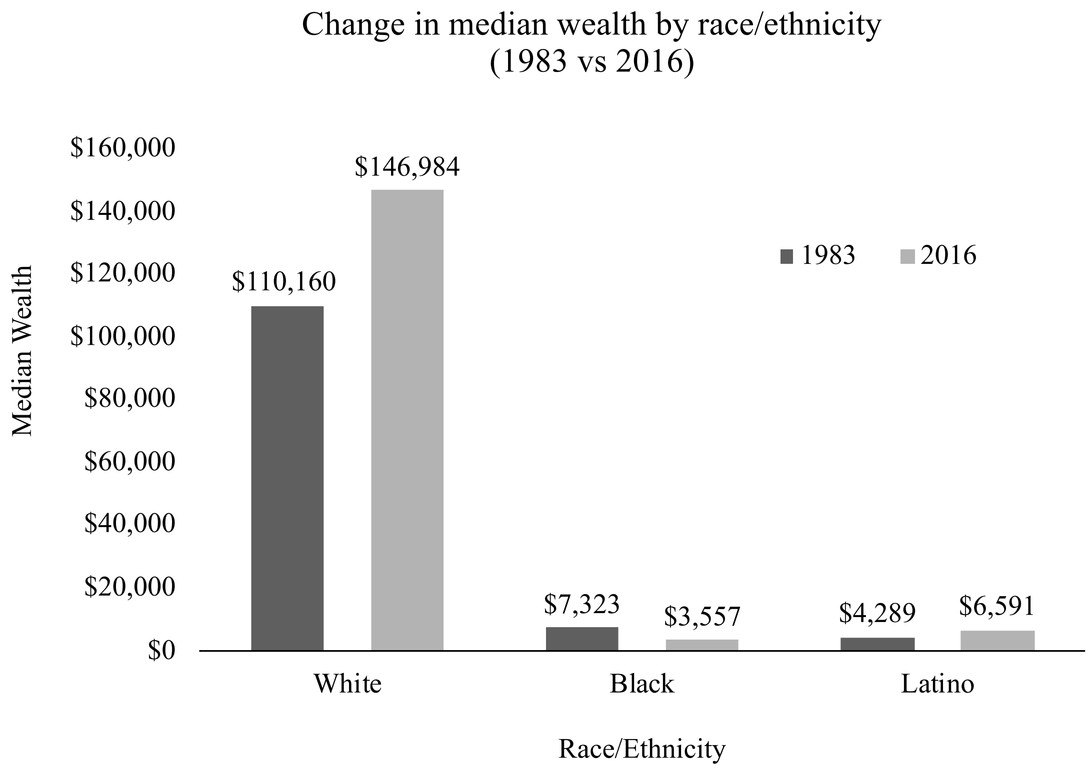
Safe return to work, and associated economic security, has also been made harder due to rollbacks to regulations concerning workplace safety that arise from the non-market activities of large commercial actors. In spite of the importance of workplace safety inspections to reduce COVID-19 infection risk, the US Occupational Safety and Health Administration recently recorded the lowest level of occupational safety inspectors in 45 years (29). The recent use of paid advertisements in leading newspapers by meat manufacturers, in an effort to force the re-opening of meat processing plants by overstating the risk to the US food supply, is reminiscent of similar efforts by the fossil fuel industry to manipulate public opinion on the evidence base regarding fossil fuels and global warming (25).

Corporate practices and racial disparities

In the context of structural racism, we must once again read the endorsement of Black Lives Matter by prominent brands through the lens of the contributions of commercial forces to exacerbating racial inequity in the longer-term.

Considering the distribution of assets, the US is characterised by significant, persistent racial disparities in household wealth (see Figure 1), in which median black and latinx households own 2 and 4 percent, respectively, of the assets of a median white family (30).

Figure 1: Change in median wealth by race/ethnicity in 1983 vs 2016 (adjusted to 2018 dollars)



Footnote: Adapted from (30)

A prominent way in which the private sector has exacerbated these disparities is through "predatory inclusion", defined as a process by which a marginalized group is provided access to previously unavailable goods, services or opportunities, but under conditions that jeopardise the benefits associated with such access (31). By way of example, predatory loans, particularly in the context of the subprime mortgage industry, have disproportionately disadvantaged Americans of colour, preventing home ownership from serving as a means of wealth accumulation (31). Prominent U.S. banks, currently at the forefront of facilitating small business loans as part of the COVID-19 relief package, and having pledged large amounts of funds toward ending racial inequity, had previously agreed settlements worth hundreds of millions of dollars with the Justice Department for their role in subprime mortgage deals, loan overcharging, and other breaches that disproportionately affected Americans of color (32).

Predatory practices have also exacerbated racial disparities in health. Cigarette brands such as Kool and Salem were developed specifically to target African American segments of the market, and African Americans continue to be disproportionately targeted by tobacco retail marketing compared to other racial groups (33), even as British American Tobacco attempted to gain positive press by linking itself to the development of a COVID-19 vaccine. Similar disproportionate exposure to marketing has been reported for African American children in the context of targeted junk food advertising on TV (34, 35). The infant formula industry has previously targeted African American women (36), a group that, like other minority groups such as Hispanic and Asian women, use infant formula at disproportionally higher rates (37). The health and equity impacts of low rates of breastfeeding are well established, yet the current US administration refuses to sign the WHO breast feeding resolution, a stance more favourable to industry, as opposed to health, interests (38).

A way forward

It seems clear then, that corporate activity has indeed contributed to both the crises we currently find ourselves in, and the inequitable distribution of resultant harms. With that in mind, how do we chart a way forward? We propose three areas of focus, reflecting on the crises and the incentive structures we face.

First, our efforts to build a healthier and stronger US must be directed at the upstream drivers of inequity from both government policy, and the private sector. This will require an honest re-examination of the consequences of “upstream” decisions, such as worker safety and rights, environmental protections, campaign finance reform, taxation, or marketing regulations, on health equity. In doing so, we must build awareness of the implications these decisions have for peoples lived experience and their health. This will require coordinated efforts by civil society, both to ensure that meaningful changes are not stymied by undemocratic pressure, and to bear witness to the often hidden ways in which commercial influence affects health.

Second, there must be a renewed focus on developing sound processes of public-sector decision-making and governance. As we move forward, to what extent will our political decisions be driven by improving health, as opposed to the influence of specific commercial interests? How can all decisions incorporate health as a fundamental driver of resilience to COVID-19 and as a foundation for prosperity? Are there ways to ensure that private sector influence in such decisions is constrained to those areas in which conflicts of interest don’t arise?

There is a growing recognition of the power imbalances and risks of industry influence when a multi-stakeholder approach to policy-making is used. While a particular industry may be consulted in some contexts, the commercial interests they hold in certain health-focused policies *not* being implemented may preclude their involvement (39). In matters of regulation and public health, commercial organisations have no particular competence but can have major conflicts of interest when they profit from the conditions which increase public health risk. For these reasons the activities of those who create and drive harmful consumption practices and norms, and their ability to manipulate science, regulatory policy and the public conversation have to be denormalised, if any effort to build a healthier post-COVID world is to be realised.

Third, there is a role for civil society in general and academia in particular to find constructive ways to hold policy-makers and the commercial sector to account through greater accountability, monitoring and evaluation. Such evaluation should bring a sharper lens both to the distal consequences of regulatory changes and commercial lobbying, and the extent to which corporate social responsibility activities impact on population health and wellbeing. In an era of misinformation and confusion, it is more important than ever that societies plan the future clear-minded of their challenges and priorities and the causes that underly them. This perhaps, is where academia is best placed to respond, since it is the duty of science to bear witness to the forces that shape our world, the natural, and the man-made, in the interest of the public good.

In the wake of Covid-19, does the US need a Marshall Plan for health that focuses on marginalised communities, investment in public goods such as education, physical infrastructures and environmental protection? For such a plan to succeed where others have failed, we argue it must examine the upstream factors that led us here, strengthen and protect the democratic processes in which we make decisions, based on a sound understanding of those factors, and provide the tools with which to honestly and transparently interrogate future partnerships and progress.

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Exhibits

Exhibit 1(figure)

Caption: Median household wealth by race/ethnicity in 1983 and 2016 (2018 dollars).

Source: Adapted from (30)