Corporate profits versus spending on non-communicable disease prevention: an unhealthy balance

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Tobacco, alcohol, and the overconsumption of unhealthy foods are responsible for approximately half of all premature non-communicable disease (NCD) deaths.[1] Transnational companies play an important role in driving increasing consumption of these unhealthy commodities in the global south.[2] Fully implementing the NCD Best Buys, as described by WHO, in low-income and middle-income countries would cost an estimated US$11·4 billion.[3] How does this compare to industry profits?

We used the 2017 *Forbes* Global 2000 report to extract financial data for publicly listed transnational companies that sell tobacco, alcohol, and processed food. We included the four largest fast-food retailers, two major soft drinks companies, and every company in the top ten of the tobacco, alcohol, and processed food sectors for which financial data were publicly available (nine of the top ten in each sector had data available). For a random 10% sample of the included companies we cross-checked the data with annual financial reports; the *Forbes* figures were accurate in all cases.

Combined sales for the 33 included companies totalled US$829 billion in 2017. The companies are all based in high-income countries, with the exception of the Indonesian tobacco manufacturer Gudang. Total profits were $99 billion (which is twice the GDP of Ghana) and mean sector profitability ranged from 7% for processed foods to 29% for tobacco (figure).

Although the market share and sector sales figures are illuminating, the most striking finding is that a handful of companies command resources that are orders of magnitude larger than those required for NCD prevention and control. Coca-Cola spends approximately $4 billion on marketing each year,[4] which is more than the public health budget for many low-income and middle-income countries, and US tobacco firms spend $1 million per hour on advertising.[5]

For the ***Forbes* Global 2000 report** see https://www.forbes.com/global2000

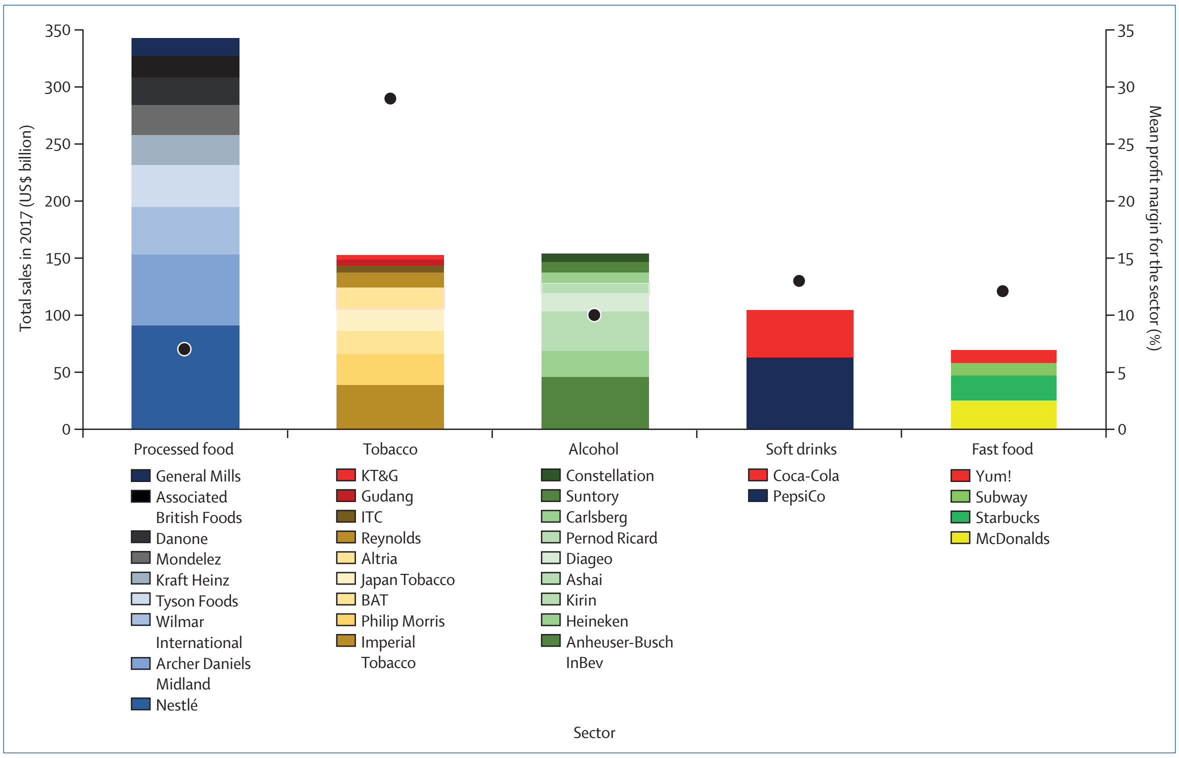

Figure: **Sales figures for 33 leading transnational corporations in 2017 by sector**
Coloured bars show the total sales in 2017. Black dots show the mean profit margin for the sector.

In the vernacular of economics, the consumption of tobacco, alcohol, junk food, and sugar-sweetened beverages leads to negative externalities—ecological, economic, social, and health costs that are borne by third parties. These products also constitute so-called demerit goods, because their use also harms the user. Demerit goods tend to be overconsumed when left to market forces. Governments can (but often do not) respond by introducing taxes and other policy measures, such as the cheap and effective WHO Best Buys.[3]

Our data highlight the fact that the sale of these products is extremely lucrative. These transnational companies have a substantial interest in maintaining the status quo. They design and advertise their products in ways that exploit biological, psychological, and social vulnerabilities,[6] and undermine policy implementation through lobbying and political financing.[7–9] Companies often frame public health policies as wasteful and ineffective assaults on personal freedoms that harm jobs and the national economy.[10]

Policy makers should acknowledge that, although tighter state intervention constrains short-term preferences (commonly decried as government over-reach or nanny-statism), measures to reduce tobacco addiction, alcohol use, and consumption of unhealthy foods are widely popular; they align with people's longer-term preferences for long and healthy lives and increase net welfare through health gains.

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