



Children's health: stranded between corporate power and corporate powerlessness

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One image of the corporation...





John Vincent

@JohnV_LEON

 Follow



When was on 5 Live with person from Food & Drink Federation he said that 'it's all about consumer choice'. See photo

http://twitter.com/JohnV_LEON/status/716749671088128001/photo/1 (4 April 2016)

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Structure of talk

- What are corporations?
 - Clue: they are **not** 'free market' actors
 - What are their strengths?
 - Capital intensive production
 - What does imply for food/drink?
 - Intensive marketing of processed foods
 - How can this be changed?
 - Clue: not by corporations themselves!
- Like the rules that create corporations, regulation can uphold freedoms



Corporations: a very brief history



*Coat of Arms of York's
Company of Merchant
Adventurers, chartered
in 1581*

- Early corporations
 - Medieval city-states, colleges, religious foundations, guilds
 - Individual charters from sovereign
- C17: corporations for trade/conquest – e.g. Dutch East India Company
- C19: private individuals granted right to ‘incorporate’ businesses
- Charter / corporate law lays down structure of entity



Why charter corporations?

- Originally: pursue a specific public purpose, independent of any natural person
 - Assets secured for that purpose
 - Authority structure
 - People = replaceable role-holders
- *Collective action*
- At arm's length from sovereign/state
 - Usually non-democratic, even authoritarian
 - Extension of / check on state power



Why charter business corporations?

Manage risks of large-scale enterprise:

- People can direct business activities
 - No personal risk
 - No need for personal wealth
 - Legal duty to promote *interests of the corporation*
- People can invest with limited risk *and* high liquidity
 - Shares *tradeable* and *paid up*
- Assets are *locked-in*, profits too

→ “Separate ownership and control”

→ Long-term, capital-intensive production



Privilege and vulnerability

- Early corporations had special privileges
 - Monopolies, rights to govern, land/territory
- Business corporations have some (non-exclusive) privileges...
- ...but also subject to competition
 - Must secure profits (vulnerable to bankruptcy)
 - Must retain investors (vulnerable to take-over)
- In theory: responsive to consumers
- In practice: capacities to deceive / exploit weaker actors / externalise costs / cartelise

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Essential role of corporate charter

- Usual assumption: corporations belong to “free market”
- But they can’t arise from transactions between individuals
 - Legal personality: organisation’s power to own, contract, employ, sue and be sued...
 - Governance structure: directors, shareholders, employees
 - Integrity of assets: corporation has its own assets/debts, separate from members’

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Corporations, free markets, freedom

- Corporate law restricts individual freedom
 - Partly by corporations' scale and reach
 - But also by very legal basis
- It also create new freedoms:
 - Ways to pursue business
 - Provision of goods/services
 - Employment & investment opportunities
- Enables capitalism / globalisation / new balance of power (vs. state, individuals)



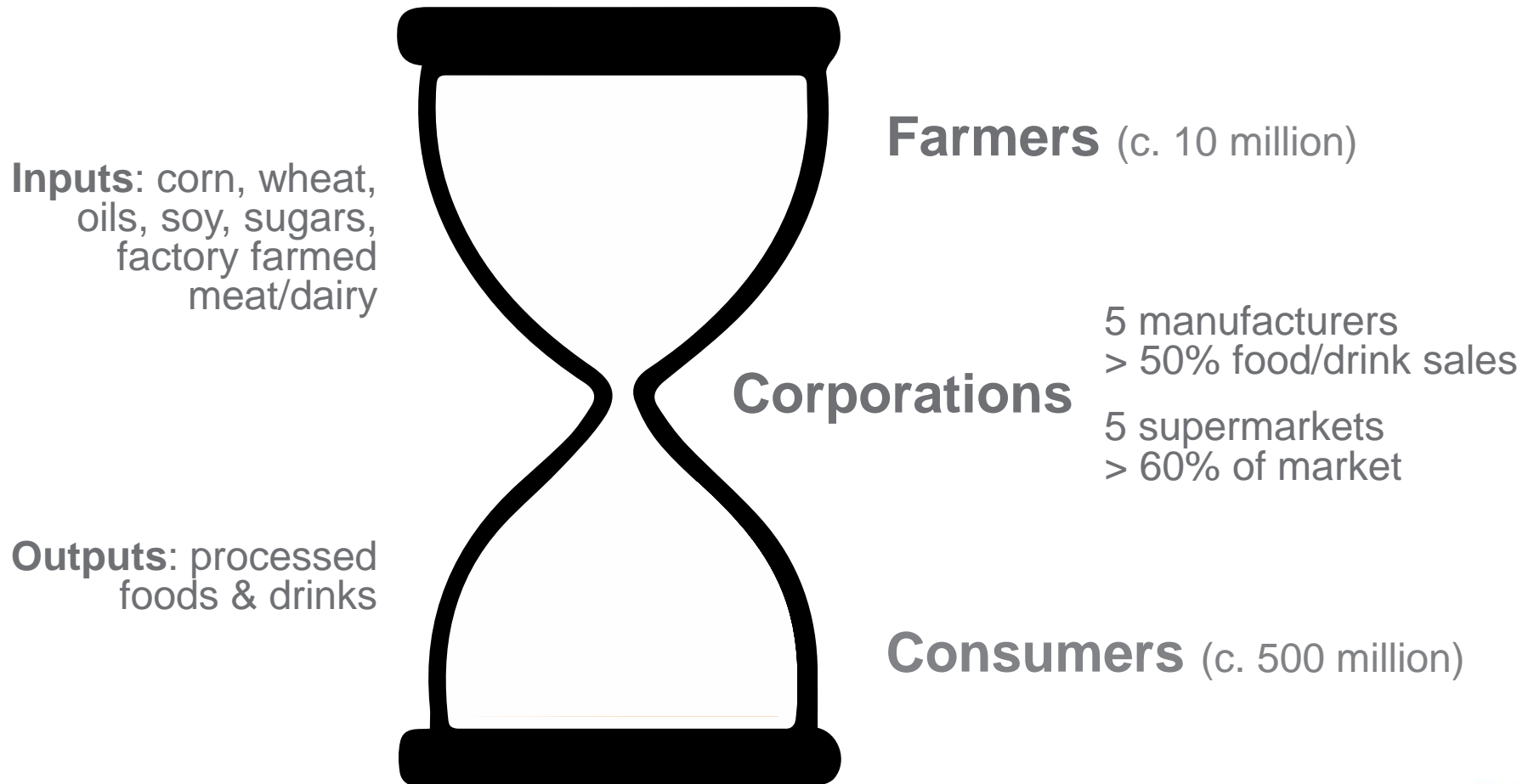
“Big food”

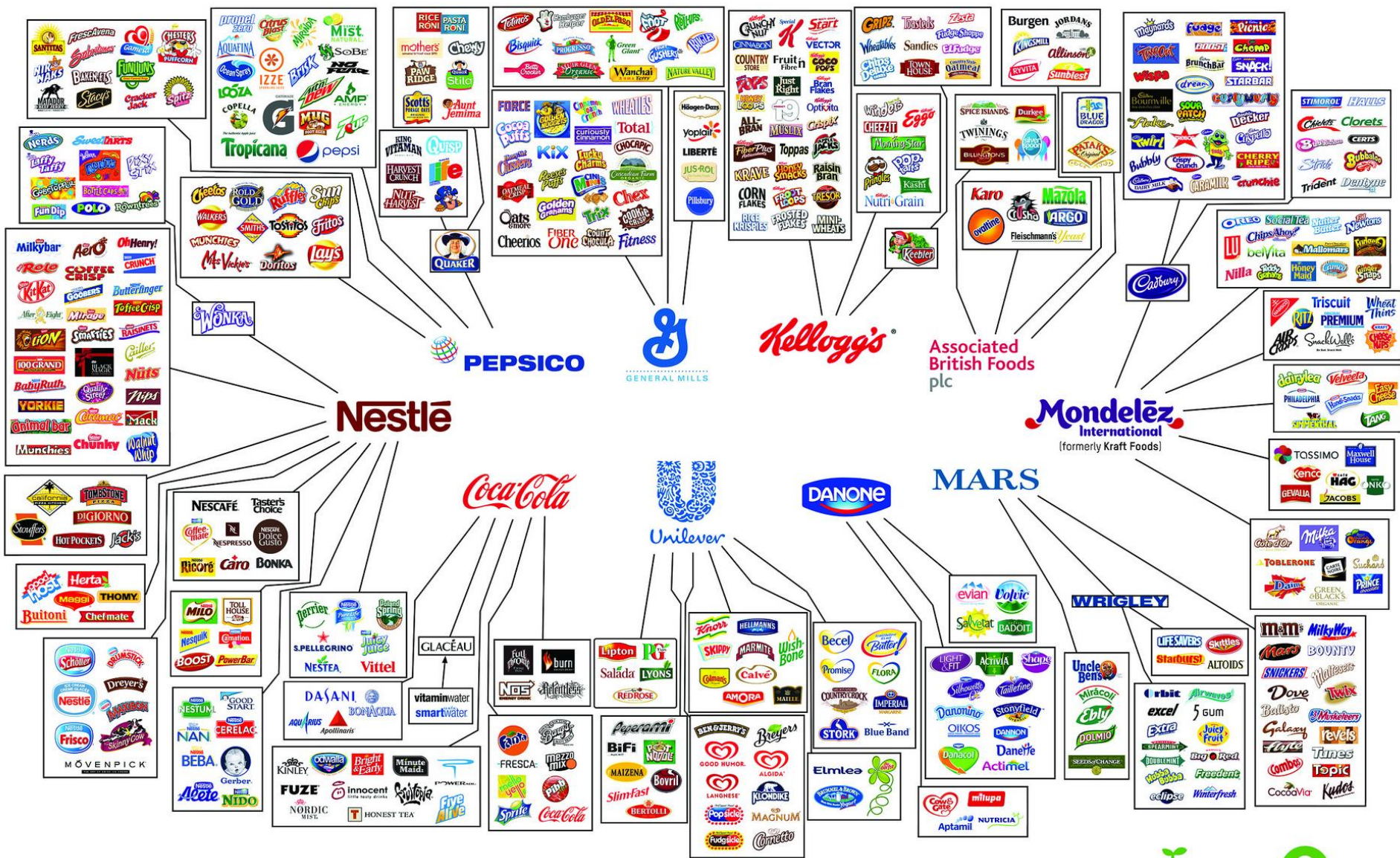


- Corporations serve us food and drink...
 - Capital intensive production – factories, research, distribution networks, trademarks, marketing
- Dominant role in food and drink markets
 - Largest manufacturing sector in EU
- Results:
 - Acute pressures on suppliers/farmers
 - Food processing
 - Marketing of processed foods/drinks



The hourglass of corporate food systems

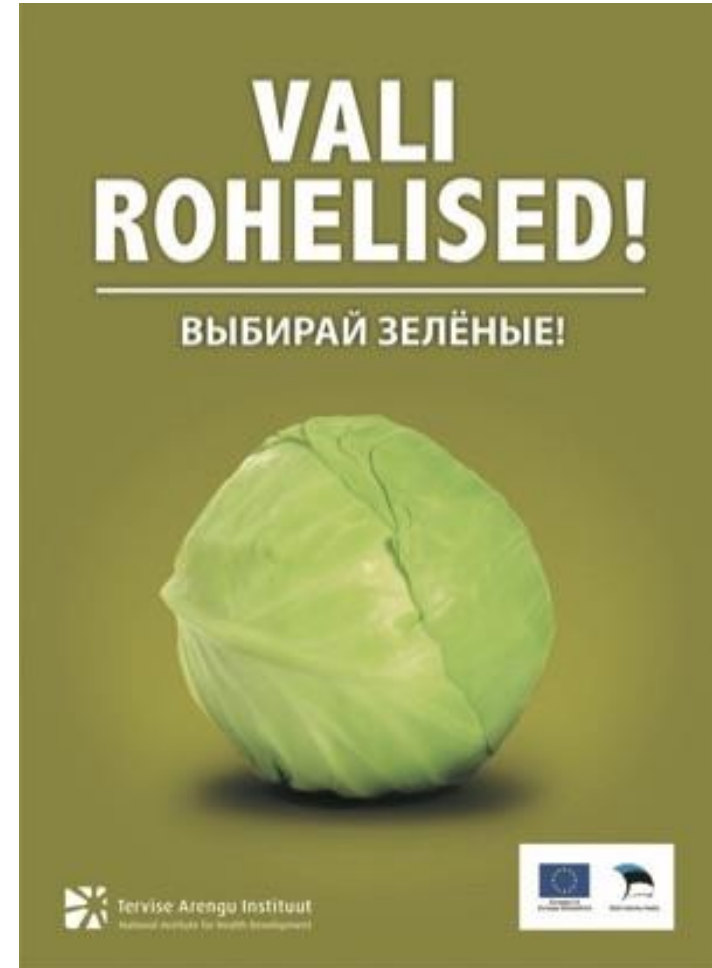






Whole foods

- Hard or impossible to brand
- More perishable
- Supply often seasonal/unreliable
- Few profit opportunities



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Processed foods

- Based on a few commodities from industrial agriculture
- Processed for long shelf-life = low water/fibre/micro-nutrients
- Processed for sensory appeal = high in salt, sugar, fat
 - ***Calorie dense***
- Packaging permits branding etc
- Trademarks = artificial monopolies
 - ***Relentless marketing***



Ideas

Facts

▶ Available Sizes



▶ Nutritional Facts

▼ Ingredients

CONTAINS: WATER, HIGH FRUCTOSE CORN SYRUP AND 2% OR LESS OF EACH OF THE FOLLOWING: CONCENTRATED JUICES (ORANGE TANGERINE, APPLE, LIME, GRAPEFRUIT), CITRIC ACID, ASCORBIC ACID (VITAMIN C), THIAMIN HYDROCHLORIDE (VITAMIN B1), NATURAL FLAVORS, MODIFIED CORNSTARCH, CANOLA OIL, SODIUM CITRATE, CELLOLOSE GUM, ACESULFAME POTASSIUM, NEOTAME, SODIUM HEXAMETPHATE, POTASSIUM SORBATE AND SODIUM BENZOATE TO PROTECT FLAVOR, YELLOW #5, YELLOW #6.



So why not regulate in the cause of public health?

- Restrict marketing
 - Especially to children
 - Limit “health halos”
- Restrict ingredients
 - Ban trans-fats
 - Limit salt / sugar
- Better labelling
 - Traffic lights
 - Sugar Jamie Oliver →
 - E.g. palm oil / meat
- Rebalance prices
 - Tax and subsidy
 - Recoup health costs





Arguments against regulation

- Consequentialist
 - Inefficient / economically damaging
 - Obstructs consumer preferences
- Deontological
 - Rights of market actors / shareholders
- Separately unconvincing, mutually incompatible
- Still, politically hard to limit companies
 - Economic importance
 - Lobbying power



Self-regulation

- Often promoted – e.g. EU Platform for action on diet, physical activity and health
- Can work if corporate interests align with consumers'
 - E.g. if raw ingredients expensive, companies have interest in smaller portions...
 - Or if substitute ingredients don't increase costs
- But note:
 - These foods not in consumers' health interests
 - Hard for consumers to avoid them
 - Price / market share pressures acute in food sector
 - Children especially vulnerable



“No advertising for food and beverage products to children under the age of twelve on TV, print and internet, except for products which fulfil specific nutritional criteria based on accepted scientific evidence and/or applicable national and international dietary guidelines.”

<http://www.eu-pledge.eu/>



Foods and drinks marketed to children by companies that have signed the EU Pledge

Foodwatch. 2015. Kindermarketing für Lebensmittel

<https://www.foodwatch.org/de/informieren/kinderernaehrung/mehr-zum-thema/produkttest-selbstverpflichtung/>



Powerful corporations

- *The* defining institution of modern capitalism and globalisation
- Dependent on corporate law
 - But exert sizable political influence
- Control enormous flows of money, know-how, goods/services
- They alone can engage in extensive marketing



Big food as powerful

- Shape and reshape food / drink markets
- New infrastructures, technologies, products
- Marketing reshapes consumer preferences
- Power over suppliers
- Policy / ideological influence



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...and powerless

- Can't stop marketing to children
- Can't stop pushing processed foods
- Can't impose meaningful self-regulation
- Can't talk constructively about regulation/reform
- Mounting loss of credibility

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Regulation enables

- Corporations are not free agents, any more than their directors/employees are
- These are not ‘free markets’
 - Big Food dominates agricultural producers
 - It structures consumer options, with special impact on children
 - These are **not** markets that merely serve preferences
 - Efforts at ‘self-regulation’ show inability to reform
- Regulation can *enable* and *uphold freedom*



Summary

- Corporations are **not** ‘free market’ actors – nor our servants
- Their strength is capital-intensive production – applied to food, this means:
 - Hourglass shape of food supply chain
 - Processed foods, less healthy than whole foods
- If we care about children’s health, we must regulate corporate activities more tightly
- Regulation is not just about restrictions – it can enable respect for children’s health



Thank you

- Special thanks to all my collaborators in the I.Family project
- I should stress that the views presented here are my own
- This work was done as part of the the I.Family Study (<http://www.ifamilystudy.eu>). We gratefully acknowledge the financial support of the European Community within the Seventh RTD Framework Programme Contract No. 266044