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Commercial Determinants of Health: Economic and Health Interests Can Be Aligned

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Determinantes comerciais da saúde – os interesses económicos e de saúde podem ser conciliados

Palavras Chave
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Recently, the topic of commercial determinants of health has attracted a considerable interest in the public health field. The term refers to commercial entities marketizing, promoting, and selling products whose consumption may be harmful for both human and planetary health. Although some authors consider – correctly, in my view – that commercial determinants of health should be understood as shaped and interacting with socioeconomic and political factors [1], the topic has developed as a distinct area of research and policy.

Research in the field is focused specific – obvious – areas of interest, i.e., the "unhealthy commodity industries", such as tobacco, ultra-processed food, alcohol, firearms industry, or fossil fuel. Less obvious industries have also been scrutinized, such as the pharmaceutical industry, linked to the risks associated with overuse or inappropriate use of medicines, and pricing strategies that may threaten the sustainability of health systems.

Several studies have quantified the link between unhealthy products and health outcomes. For example, recent estimates from the Global Burden of Diseases indicate that, in Western European countries, smoking is the leading risk factor in terms of disability-adjusted life years, followed by high body mass index. High alcohol consumption ranks fifth, while the third and fourth positions – high systolic blood pressure and high fasting plasma glucose – are largely diet-related [2]. More recent research has documented the link between ultra-processed food consumption and increased risk of various conditions and mortality [3]. Similarly, health gains have been estimated from transitioning from fossil fuel to cleaner energy sources [4]. In parallel, other studies have analyzed the commercial practices to shape norms and policies, influence research, promote consumption, and resist or circumvent regulation, including taxes [5].

Proposals for action have developed along several pathways. These include restrictions on consumption

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and marketing (e.g., smoking in public places, on advertisement and sales to minors), taxation (e.g., on cigarettes, sugar-sweetened beverages, alcohol), information provision (warnings, labeling), or product reformulation (e.g., prohibiting addictive, reducing salt). The implementation of these policies has, however, been uneven and confined to a limited number of countries. Indeed, a central question remains debated, especially outside of the health community: to what extent should the commercialization of potentially harmful products be regulated, given their links to profits, employment, wages, tax revenues, and, ultimately, economic growth?

Let us consider the wine market as a case of high interest in Portugal. According to Informa D&B (a company that provides business data about firms), there were 1,430 wine-producing companies in Portugal in 2024, employing 12,056 persons; sales amounted to 1,887 million euros, with 954 million euros in exports [6]. Although this sector does not account for a large share of total Portuguese exports, it remains a high-value and strategic sector for the country, with a substantial number of firms and workers. Meanwhile, alcohol has been identified as a group 1 carcinogen, with the World Health Organisation stating that "no safe amount of alcohol consumption for cancers and health can be established" [7].

The common perception is that of a conflict between public health experts and economists, suggesting an antagonism between public health and economic objectives. Yet, this idea stems from a narrow and limited understanding of economic science and its purpose. The idea of the market is central to economic theory: consumers express demand for goods and services, while producers supply them, and the interaction determines the market price. If supply is higher than demand, the price will go down, and if demand is higher than supply, the price will rise.

This mechanism does not require any type of regulation because demand and supply naturally adjust to fluctuations. The current oil crisis illustrates this principle: as the oil distribution is disrupted, supply falls below demand, so that the price of oil increases. This price increases curbs demand (e.g., people using their cars less) but incentivizes an increase in supply, as production turns more profitable. A new equilibrium price emerges, above the previous one, where the new demand meets the new supply, without any external intervention.

This well-functioning mechanism, however, relies on the interplay of various conditions that often are not met – this is what economists call "market failures." A classic example is monopoly, which allows a single company to charge a higher price, leading to fewer transactions and a lower consumption compared to a competitive market. Excess prices related to monopolies represent inefficiency because money is spent that could otherwise be reallocated to other needs. This is the case for pharmaceutical products, where monopolies arise from patents' protection and marketing exclusivity. This may justify a price regulation based on products' value or public procurement mechanisms promoting generic competition.

A second example is that of externalities, i.e., when the benefits for a producer or a consumer affect also the well-being of others, imposing indirect costs or benefits; in such a case, demand might be appropriate from the individual perspective but in excess or insufficient from the social perspective. Again, this leads to an inefficient outcome because social costs and gains are not accounted for. The case of second-hand smoking is paradigmatic, which harms people exposed to smoking emissions. Greenhouse gas emissions from industry are also a clear example, provoking air pollution and disease. Conversely, an excessive price of vaccination for transmissible diseases may reduce uptake, increasing the social burden of higher transmission. This justifies excise taxes on tobacco and the subsidization of vaccines.

A third example is public goods, i.e., goods for which there is no rivalry (my consumption of a good does not hinder anyone to consume the same good) and non-excludability (no one can be prevented from consuming the good). The classic examples include clean air or urban green spaces: in a city implementing these measures, no one can be excluded from breathing pure air or enjoying the parks, while one person's use does not diminish access for others. This leads to under-provision in the market because private companies cannot exclude non-payers. Their provision, therefore, relies on public entities.

Finally, imperfect information arises when consumers buy a good or service without fully knowing its health effects, which might be the case for ultra-processed foods, medicines, or, more recently, e-cigarettes or vaping. Again, consumption may be insufficient or excessive, not due to preferences, prices, or budget, but to an erroneous perception of the product's risk. This justifies interventions such as labeling, warnings, or regulation of marketing strategies.

In summary, there are economic rationales to regulate certain markets, since market failures lead to inefficiencies. The question, though, remains on how regulation may be implemented when facing resistance from

companies. The question is complex, as it involves a power balance in a negotiation between parties with conflicting interests. Although there is no ideal solution, economics can contribute to the debate in at least two ways.

The first stems from the discussion of market failures: profits represent a single side of the economic coin when such failures are present. The use of economic evaluation tools may objectivize the costs and benefits of regulation – for instance, does the contribution of the unregulated growth in alcohol consumption to profits and employment outweigh the negative consequences on health, including the financial burden for the health sector?

The second is presented in a recent paper by Alex Liber, through the "regulatory stances" framework [8]. This concept assumes a continuum of regulatory options from prohibitionist or contractionist (reducing the market as much as possible) to expansionist or universalist (expanding the market as much as possible), with targets for the present and future market size. This framework not only considers the need to contract markets for harmful products but also naturally encompasses regulation aimed at promoting beneficial products, encouraging their market growth. For diet, contractionist regulation may target ultra-processed foods and meat, while expansionist policies could encourage the production of plain grain food or vegetables. For medicines, the new EU pharmaceutical legislation adopts this position with an expansion goal for areas with unmet needs, such as anti-microbial resistance. National agencies are expected to set prices based on value, rewarding highly cost-effective treatments and contracting the market for low value ones.

In other terms, states have the authority and responsibility to mitigate market failures, based on the understanding that free markets do not always produce optimal solutions from an economic and social perspective. In this sense, states should guide corporate behavior toward healthier products and use the profit-oriented behavior toward promoting public health objectives. This approach offers a more convincing strategy to ensure collaboration and achieve better outcomes.

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