Corporations [have] no moral conscience...[They are] designed by law to be concerned only for their stockholders, and not, say, what are sometimes called their stakeholders, like the community or the workforce.”

Noam Chomsky

Abstract

This article discusses the nature and power of corporations and some ways in which their activities adversely impact public health. It then reviews those activities of GE Healthcare and its parent company, General Electric (GE, ranked by Forbes Magazine in 2008 as the world's largest company), which have been antithetical to public health. These activities include unethical human subject experiments; environmental pollution; workers' rights and workplace health and safety violations; fraud; false and misleading advertising; sponsorship of corporate front groups; lobbying; a personal attack on a radiologist for exposing the risks of nephrogenic systemic sclerosis from its contrast agent Omniscan; and an ethically troubling technology transfer agreement with New York Presbyterian Hospital. Despite such activities, General Electric has been highly praised in the business community, including being named “America's Most Admired Company” in a Forbes Magazine poll and one of the “World's Most Respected Companies” in polls conducted by Barron's and Financial Times. The article concludes with suggestions for individuals, governments, and academic institutions on how to fight the corporate corruption of public health.

Introduction

Corporate power and practices

Corporations have become the predominant force in business over the last century. Designed to grow, profit, and augment the wealth of their shareholders, corporations have exercised increasing influence over public education, the media, legislation, and public policy relevant to human health and well-being.

While there are almost 6 million corporations worldwide, 500 companies control 70 percent of world trade. Fifty-three of the world's one hundred largest economies are private corporations; forty-seven are countries.

The last few decades have been marked by increasing corporate consolidation and mergers. While workers’ wages have stagnated, executive pay has grown increasingly exorbitant, and corporate taxes have reached their lowest level since World War II.

Corporations spread their influence through sponsored educational materials, media ownership, corporate front groups, greenwashing (public relations and ad campaigns designed to portray corporations as promoting human health and the environment despite evidence to the contrary), astroturfing (artificially-created grassroots coalitions), and lobbying.1,2

Health care corporations

In the U.S., for-profit health care delivery organizations have been widely cited for higher death rates, lower quality of care, and higher administrative costs.3 Pharmaceutical corporations are criticized for “data mining” to target specific practitioners, spending more on marketing than on research and development, and for egregious profits consequent to high drug prices.4,5 Medical organizations have entered into troubling agreements with companies whose products can contribute to illnesses,
such as obesity in the case of the American Academy of Family Physicians’ (AAFP) partnership with soda maker Coca Cola.\(^6\)

Academic medical centers, where much of the nation’s health-related research is conducted and where new physicians and nurses are trained, have increasingly entered into corporate partnerships. These joint ventures promote secrecy in research (in order to turn out more patentable, i.e., profitable, medications and medical devices) and sometimes link educational institutions with companies possessing poor environmental and labor-relations records and whose corporate practices have often harmed, rather than benefited, the public’s health.\(^7\)

This paper describes one such corporation, GE Healthcare, a subsidiary of General Electric (GE), focusing on this organization’s myriad activities which have undermined public health, including a troubling technology transfer agreement between GE Healthcare and New York Presbyterian Hospital.

**GE Healthcare**

*Company overview*

GE Healthcare produces diagnostic and interventional medical equipment, monitoring systems and supplies, and information technology systems.\(^8\) The company is a subsidiary of GE, ranked in 2008 by Forbes as the world’s largest company, based on sales ($183 billion), profits ($17 billion), assets ($798 billion), and market value ($90 billion).\(^9\) GE produces chemicals, household appliances, lighting, water treatment systems, military hardware, and nuclear power plants; and runs a financial services group.\(^10\) On January 18, 2011 the Federal Communications Commission and the Justice Department approved Comcast’s $13.8 billion acquisition of NBC Universal from GE.\(^11\)

While GE Healthcare has become a major player in health care worldwide, some of its practices—and those of its parent company—are controversial and raise important questions relevant to the larger role of corporations, not only in health care delivery, but in public policy, government, and international relations.

**GE Healthcare’s radiographic contrast agents: Dangers, lawsuits, and intimidation**

GE Healthcare hit the headlines in the UK when it sued radiologist Henrik Thomsen for libel\(^13\) after he claimed that GE’s contrast agent Omniscan can cause nephrogenic systemic fibrosis (NSF).\(^14\) The company accused Thomsen of being a liar, at which he countersued GE for defamation.\(^15\) In February, 2010, a secret financial settlement was announced,\(^18\) since Thomsen’s solicitors had defended his case on a no-win/no-fee basis, observers guessed that they earned a sizeable payment. Thomsen said he stood by his earlier statement about the link between the contrast agent and NSF.\(^14\) General Electric said it had not intended to "stifle academic debate" by suing Thomsen for libel, accepted that his concerns were expressed in good faith, and welcomed what it called a "principled debate" about safety issues.\(^14\)

A number of lawsuits are being brought against GE Healthcare by alleged victims of Omniscan in the UK and the US.\(^14\) In 2007, the U.S. Food and Drug Administration issued a black box warning (the strongest warning the FDA can issue about a dangerous drug) for all gadolinium-based contrast agents, noting that Omniscan was the most commonly reported agent associated with NSF.\(^16\) The American College of Radiology issued guidance that Omniscan posed a greater risk than other contrast agents.\(^17,18\)

Last year a New Jersey court ruled that GE Healthcare had engaged in false and misleading advertising in claiming that its x-ray contrast agent Visipaque was superior to a competing product, Bracco Diagnostics’ Iovue. GE was ordered to pay Bracco $11.4 million.\(^19\) In the past decade, similar court-ordered fines have been issued against a variety of organizations involved in health care, from insurance companies to pharmaceutical companies. Such fines are usually small in comparison with profits, but serve the purpose of bringing to light illegal corporate activities. On the other hand, many civil cases brought by individuals or groups against corporations end in confidential settlements, which may compensate victims but keep important information about unsafe products from the attention of the larger public and government regulators.

**GE Healthcare’s lobbying: Sense About Science**

GE Healthcare has sponsored the UK lobby group Sense About Science (SAS),\(^20,21\) which has published information leaflets and articles that downplay the risks of radiation from nuclear power plants\(^22\) and environmental chemical pollutants,\(^23\) including plastics.\(^24\) There is considerable overlap between SAS’s messages and its funder GE’s role in supplying nuclear power plants,\(^25\) petrochemicals, agrochemicals, and industrial gases. GE’s Plastics division produced plastics until 2007, when the parent company sold it.\(^26\)
GE Healthcare’s media manipulation: The Patient Channel

GE Healthcare owned the Patient Channel, a 24-hour television channel that broadcasts health care programs—and prescription drug ads—in more than 600 hospitals across the US. GE sold the Patient Channel to Interactivation Health Networks in April 2010. The Patient Channel came under fire from the Joint Commission on Accreditation of Healthcare Organizations for blurring the line between patient education and marketing. An article in the San Jose Mercury News quoted Dr Bruce Dan, the channel's managing editor, as envisioning a program about depression that would lead into commercials for anti-depressants such as Prozac, Zoloft, and Paxil. The article commented, “Medical ethics experts fear patients will assume that hospitals that offer the Patient Channel endorse the products advertised. Those concerns prompted San Francisco's Catholic Healthcare West to ban the channel from its facilities.”

GE Healthcare’s Technology Partnership Agreement with New York-Presbyterian Hospital

In 2003, GE Healthcare partnered with New York-Presbyterian Hospital (NYPH, a US medical conglomerate). In exchange for discounts on medical supplies and the promise of enhanced technological standardization, NYPH will spend $500 million over 10 years on products and services from GE Healthcare and no longer buy from competing vendors. This deal may be seen as introducing potential bias in the advice that GE gives on technology purchases and as offering NYPH incentives to promote expensive, high-technology, and revenue generating care, which may not necessarily be indicated. Ironically, GE Healthcare may profit from NYPH’s requirement that a patient’s developmental anomaly or environmentally-induced cancer (possibly resulting from exposure to GE’s toxins from the nearby Hudson River Superfund site, where GE dumped 1.3 million pounds of carcinogenic PCBs) be diagnosed by a GE scanner and treated with GE’s therapeutic devices—a macabre twist on the concept of cradle-to-grave health care.

General Electric (GE): Overview of the Parent Company’s History and Current Activities

Radiation experiments and releases

GE, GE Healthcare's parent company, has its own history of controversial activities. It has been accused of conducting unethical experiments from the 1940s to the 1960s, including irradiating prisoners' testes. For decades following World War II, GE released excessive radiation from its Hanford reactor, in part to study its distribution. This may have contributed to a reported increase in hypothyroidism, thyroid cancer, and spontaneous abortions in the US Pacific Northwest.

Pollution, labor and safety violations, and fraud

According to the non-partisan, non-profit Center for Public Integrity, GE is a major corporate polluter, with over 100 Superfund sites. Human Rights Watch and the Occupational Safety and Health Administration have cited GE for workers’ rights and workplace health and safety violations.

Employees vs. Management

GE eliminated 150,000 US jobs between 1989 and 2004. GE was one of the 15 U.S. companies that outsourced the most U.S. service jobs between 2001 and 2003. Until 2001, GE was run by “Neutron” Jack Welch, who made it a matter of principle to lay off 10% of his workers per year. Welch is also infamous for misleading government officials and the public about the dangers of PCBs, claiming at a 1998 shareholder meeting, “PCBs do not pose adverse health risks.”

GE’s pension plan for its regular employees continues to be under-funded, despite extremely generous compensation packages for executives. In 2009, CEO Jeffrey Immelt earned a total compensation of $5,487,155, which included a base salary of $3,300,000 and stocks worth $1,791,000. GE has shifted health care costs onto its workers, despite growing profits.
Political Influence

GE’s influence goes right to the top of the political power base. During the 2008 financial crisis, the Federal Reserve provided $16.1 billion to GE by buying short-term corporate IOUs from the company at a time when the public market for such debt had nearly frozen. In February, 2009 CEO Immelt was appointed by President Obama to his Economic Recovery Board. Following this, GE Capital became eligible for almost a quarter of the $340 billion debt-backing support through the government’s Temporary Liquidity Guarantee Program.

While no direct evidence suggests a quid pro quo, the Board does advise the president regarding economic policy. Later that year, Immelt joined Obama on a trip to India, where with the President’s assistance he negotiated a $750,000 order from Reliance Power Ltd. (in Samalkot, India) for GE steam turbines to be manufactured in Schenectady, New York. In January, 2011, Obama appointed Immelt to replace former Federal Reserve Chairman Paul Volcker as chair of his outside panel of economic advisers, the Council on Jobs and Competitiveness.

Corporate admiration for GE

Despite what critics see as an extensive record of practices antithetical to public health (but likely because of its profitability), GE was named "America's most admired company" in a Forbes magazine poll and one of the "World's Most Respected Companies" in polls conducted by Barron's and Financial Times.

Discussion

The domination of our national and global economy by corporations, whose primary obligations are to their shareholders, raises a number of important issues, which are especially relevant when corporate activities are antithetical to public health.

These questions include the following:

• What are we to think of the culture and values of a corporate world that reveres General Electric? Is a capitalist system, under which corporations thrive, a necessary prerequisite for democracy, or would other systems (such as participatory economics—parecon or socialism) provide for more equitable representation and promote greater health and happiness?

• How can multinational corporations, which operate internationally and are often larger than individual countries, be controlled? Possibilities include international treaties governing corporate structure, function, and activities; stronger tax, labor, environmental, and human rights legislation; litigation in national and international courts; sizeable fines that cannot be considered “a cost of doing business;” and holding leaders accountable through jail time.

• What are the implications for democratic action when the vast financial resources of corporations can be used to purchase front groups, own media conglomerates, spread lobbying largesse to influence legislation, and employ their extensive legal resources to harass scientists and other less-well funded opponents? At a minimum, universities and faculty groups should stand up for academic freedom, whistleblower protections need to be strengthened, and elections should be publicly financed. The Supreme Court should consider reviewing its recent ruling in Citizens United v. Federal Election Commission, where it opened the floodgates to unlimited corporate contributions to election campaigns. In the absence of such action, a constitutional amendment restricting corporate involvement in campaigns may prove necessary.

• How should educational institutions deal with corporate-sponsored curricula? Thomas Jefferson said, “Education is the currency of democracy.” A ban on such materials, or at least independent scientific review, would temper the influence of those who stand to profit from the manipulation of the malleable minds of future and present voters.

• What are the implications for rational and democratic discourse when advertising is mixed with "news," especially when it can be difficult to distinguish one from the other?

• How do we understand the social role of an organization like GE that promotes both health products and weapons? Is health just another commodity? Are weapons just another commodity?

• What legal and ethical precepts should cover how medical societies and academic medical centers interact with corporations whose activities harm public health? This is an area that the relatively new field of institutional ethics has just begun to address.

Conclusions/Recommendations

Given the breadth and depth of the harms to human health, the environment, and its own workers resulting from GE’s shameful legacy of corporate malfeasance, and given GE Healthcare’s recent activities, New York-Presbyterian should reconsider
the partnership agreement. Health care providers and patients should lobby against this alliance. Local and national medical and ethical organizations should also condemn the venture and throw their collective intellectual and moral weight behind measures designed to de-corporatize medicine, particularly in academic institutions where the next generation of healers learns how to protect the public’s health and to provide just and equitable health care.

Comment

The author contacted the President/CEO of NYPH and the head of their Ethics Department to determine if the issue of GE’s historical and contemporary practices was discussed prior to the agreement, but did not receive a response. Regrettably, the GEHC-New York Presbyterian deal may be the first of many, as GEHC announced a similar alliance with Virtua Health Care. See GE Healthcare And Virtual Health Collaborate To Redefine 21st Century Patient Care Delivery. Posted 26 January, 2004. Available at http://healthcare.i-sixsigma.com/library/content/n040128a.asp. Accessed 15 February, 2010.

References


5. Wiist WH. The bottom line or public health: tactics corporations use to influence health and public policy, and what we can do to counter them. Oxford: Oxford University Press, 2010.


23. Sense About Science, “Making Sense of Chemical Stories”, 2006. A typical quote (p. 2) is as follows: “In lifestyle commentary, chemicals are presented as something that can be avoided, or eliminated using special socks, soaps or diets, and that cause only harm to health and damage to the environment. The chemical realities of the world, by contrast, are that everything is made of chemicals, that synthetic chemicals are often much safer for human health than so-called ‘natural’ ones, and that unfounded anxiety about chemicals is encouraging people to buy into ideas and ‘remedies’ that make little scientific or medical sense.”


44. Robbins J, Schneider AB. Thyroid cancer following exposure to radioactive iodine. Reviews in Endocrine and Metabolic Disorders 2000;1(3):197-203.


78. Those interested in reading about threats the author faced when confronted with legal threats from a corporate front group are referred to Donohoe MT