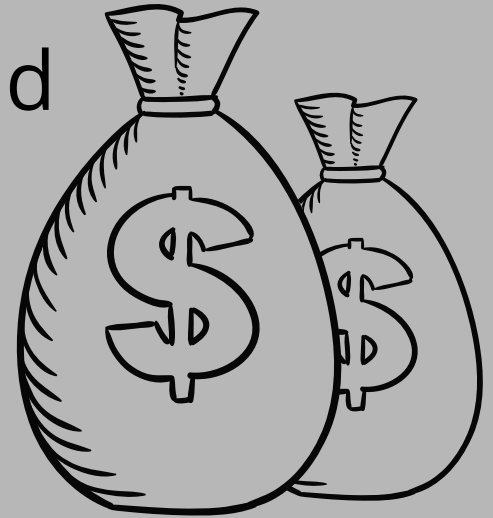




Profiting from the Pandemic

The how and why of a 'people's vaccine'



Reader Profile

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A 'Plain-English Economics' Classroom-Resource for Post-Primary Schools

What happened in March 2021?



India and South Africa made a proposal to the World Trade Organisation (WTO) in March 2021, signed by over 100 countries. They asked the WHO to change the rules and allow the free sharing of some '**intellectual property**' (IP) between countries. Intellectual property is a type of property that includes non-physical creations of the human intellect or mind.

Changing these rules would allow the sharing of information about how to make vaccines against Covid-19. This would challenge the emerging vaccine **inequity**.

When a company creates a drug or medicine, they often buy a '**patent**'. A company can buy a patent for anything. For example, everyday medication for reducing pain, or medication for treating diseases like AIDS (Acquired Immune Deficiency Syndrome). Then only the company that owns the patent has the right to produce the patented product, giving them control over the price of it for 20 years, and often charging much more than regular people can afford. This happened in the 1980s and 1990s when a company that 'won' the patent for a drug to treat AIDS called AZT kept the price high by restricting supply and keeping the details of how to make AZT from other pharmaceutical companies.

This matters because if lots of companies make the same drug, the price decreases because there is more (supply) of the drug. This is the **law of supply and demand** and it works because of scarcity. But this scarcity is often created by people and is not because of actual limits on production (this is called **artificial scarcity**). This is what happened when the AZT patent expired and other companies could then make **generic** versions of AZT. It is the case with paracetamol, which is the active ingredient in Panadol (and many other brand names). Nowadays, in any pharmacy you can buy a generic version of paracetamol, or you can buy a brand name version which is more expensive. This is all because the patent for paracetamol expired in 2007.

So what do drug patents have to do with Covid-19? A patent is a form of knowledge, a 'how-to' guide for producing something. A vaccine is a drug, and companies have been hard at work producing vaccines to stop us getting Covid-19. Yet these companies have a goal to make a profit for their shareholders. In fact, this is their duty as a profit-making business (this is called '**fiduciary duty**'). They make a profit by charging more than the vaccine costs to make. They also profit by keeping their know-how to themselves, so that nobody else can make the drug, even if those other companies have factories ready to make it.

The money that helped fund the development of vaccines largely came from national governments, in other words, taxpayer's money. All the leading vaccine developers got billions of dollars in public **subsidies**, (a form of government financial support), yet governments gave pharmaceutical companies the **monopoly power** to produce and profit from these vaccines.

Countries with more money have been able to buy more of these vaccines. From February to March 2021, rich nations vaccinated one person every second while the majority of the poorest nations were yet to give a single dose. According to the UN Secretary General,

“progress on vaccinations has been wildly uneven and unfair, with just 10 countries having administered 75 percent of all vaccines [and] more than 130 countries have not received a single dose.”

Wealthier countries, including Ireland, have already bought enough doses to vaccinate their entire populations almost three times over by the end of 2021! For contrast, countries representing **14 percent** of the world's total population now own **53 percent** of the most promising vaccines.

How can this be changed?

One way of making vaccines available to developing countries is to override the monopoly power that pharmaceutical companies have to make vaccines. But one big barrier stands in the way: intellectual property rights laws.

The Trade-Related Aspects of Intellectual Property (**TRIPS**) contains the rules or laws around patents mentioned earlier. Only the World Trade Organisation can change these rules (doing this temporarily is called **waiving** the rules). If the WTO wanted to, it could suspend certain parts of TRIPS, removing the legal barriers that prevent more countries and manufacturers from making vaccines and important things like tests and masks.

But the United States and Europe, home to the companies responsible for creating most of the Covid-19 vaccines, blocked the proposal for a #TRIPSWaiver at the WTO! The call for a waiver is supported by at least 119 countries and the African Union, but vaccine makers are opposing it.

The Call for a 'People's Vaccine'

The People's Vaccine Alliance is a group of organisations calling for a People's Vaccine. They are asking all pharmaceutical companies developing Covid-19 vaccines to share their intellectual property so that billions more vaccines can be made available to everyone in the world.

They also want governments to do everything in their power to make sure that Covid-19 vaccines are made into a global public good – free of charge, fairly distributed and based on need.

The People's Vaccine Alliance has warned that in South Africa, Malawi and other African countries 'history is in danger of repeating itself'.

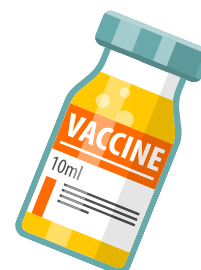
Millions of people died in the early 2000's because pharmaceutical monopolies had priced successful treatments for HIV/AIDS out of reach at up to \$10,000 a year.

As Joseph Stiglitz says,

"...there are many companies in developing countries that could produce massive amounts of vaccine if they had the right, the intellectual property, if they get access to the technology. So, that's why it's so important for us to have the suspension of intellectual property rights relative to — related to Covid-19. It's just foolish that we aren't doing it. And it's particularly unconscionable, given that the advanced countries' governments have actually financed a very large fraction of that research, and the companies themselves are already making multiple returns on their investments."

Joseph Stiglitz has had an impressive career...Nobel Prize-winning economist, Columbia University professor, Chief Economist at the Roosevelt Institute, previous chair of the Council of Economic Advisers under President Clinton and previous Chief Economist at the World Bank, so maybe governments around the world should listen to him!

We need a people's vaccine, not a profit vaccine!



Activity 1: Match the Definitions!

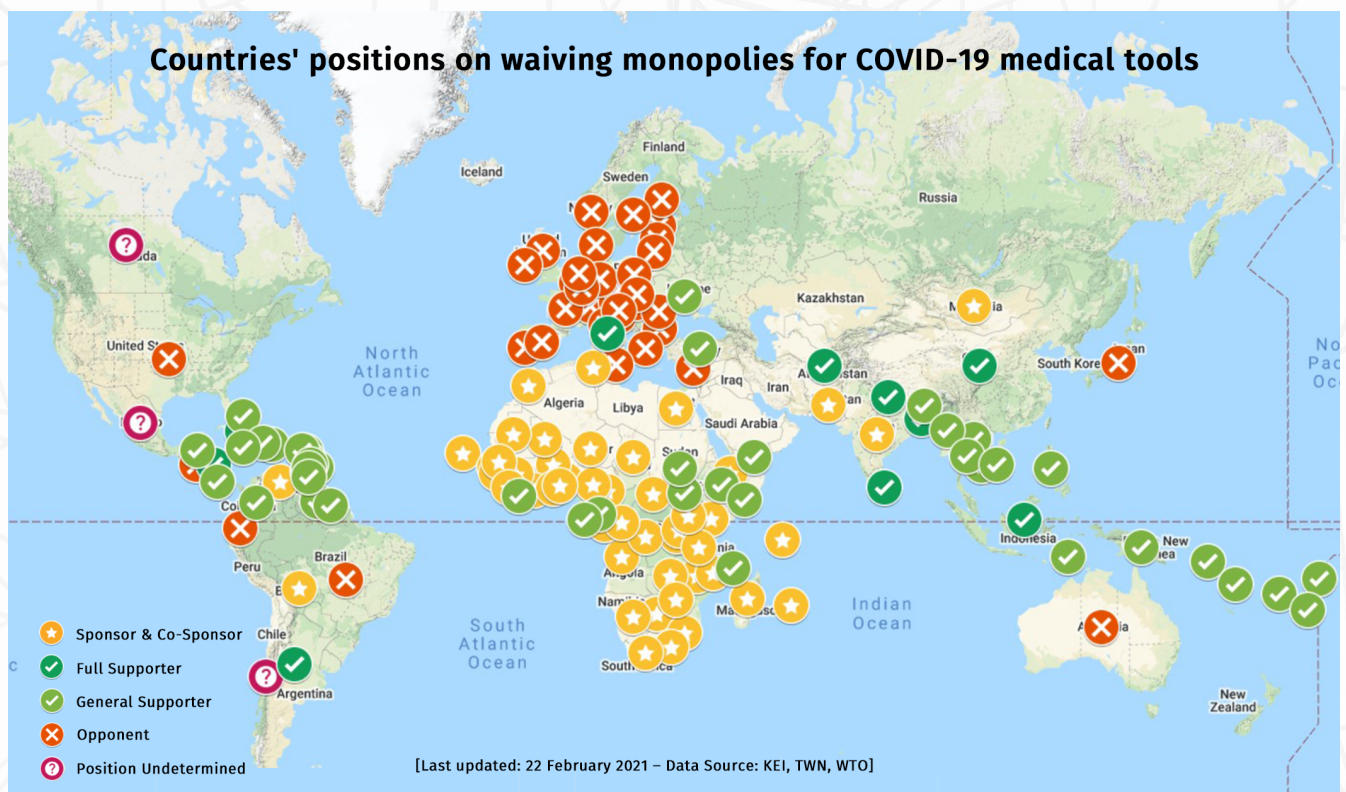
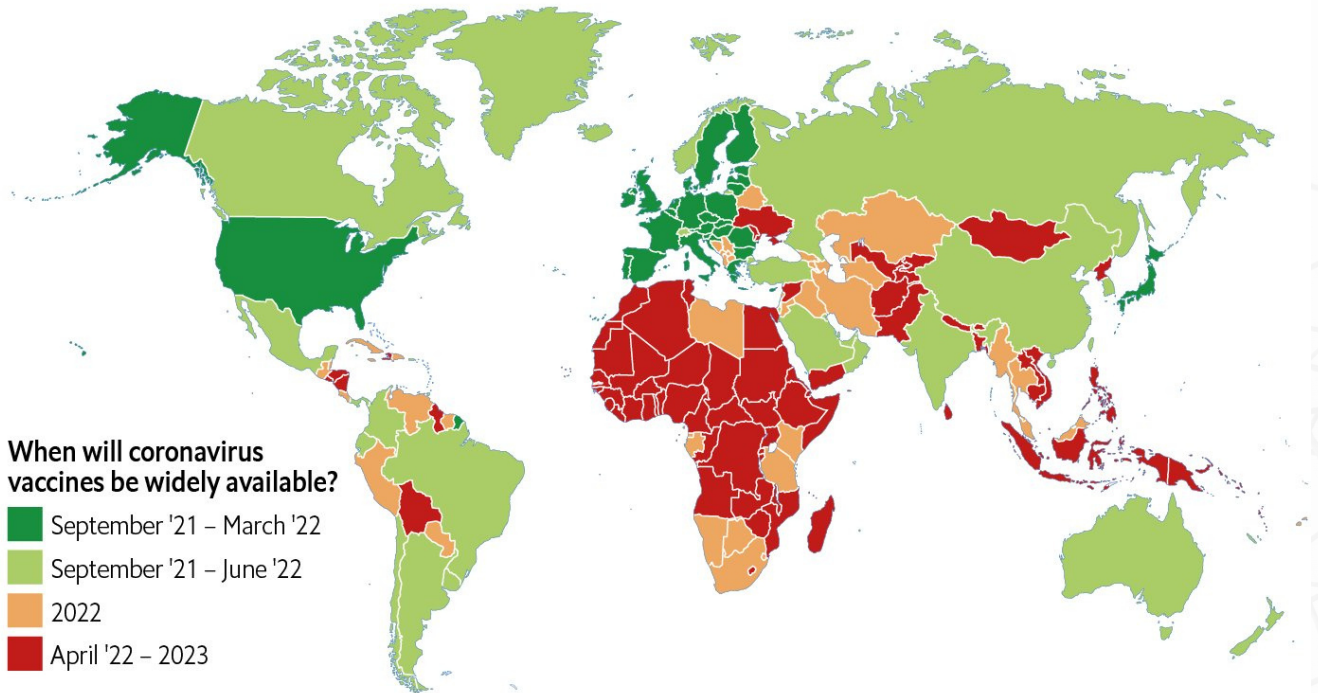
Connect the word on the left with the correct definition on the right.

1	INEQUITY	a	When someone has this duty to someone else, the person with the duty must act in a way that will benefit someone else, usually financially.
2	PATENT	b	The relationship between the quantity of a commodity that producers wish to sell at various prices and the quantity that consumers wish to buy.
3	INTELLECTUAL PROPERTY (IP)	c	An incentive given by the government to individuals or businesses in the form of cash, grants, or tax breaks that improve the supply of certain goods and services
4	SUPPLY AND DEMAND	d	Refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.
5	ARTIFICIAL SCARCITY	e	Refers to unfair, avoidable differences arising from poor governance, corruption or cultural exclusion
6	FIDUCIARY DUTY	f	An exclusive right granted for an invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem.
7	SUBSIDY	g	When a firm has a dominant position in the market
8	MONOPOLY POWER	h	The first multilateral trade agreement to treat intellectual property (IP) rights, most notably copyright and patents, as a global trade issue, on the theory that one country's failure to protect another's IP creates a barrier to trade between those countries.
9	TRIPS	i	Describes the scarcity of items even though the technology and production capacity exists to create an abundance.

Activity 2: Finding Patterns

Do you see any patterns in the two images below? Discuss with your partner.

Rich countries will get access to coronavirus vaccines earlier than others



Activity 3: Where do you stand?

Mark an X on the lines below indicating to what extent you agree or disagree with the following statements:

NO!

Intellectual property rights should be maintained at all times.

YES!

Inventors of life-saving medicines should be forced to share their technical know-how with others who have the capacity to produce the medicine.

If companies are given government funding in the form of subsidies, they should be forced to share their technical know-how with others who have the capacity to produce the medicine.

Access to life-saving medicines is more important than maintaining intellectual property rights in a crisis.

Governments should, in some circumstances, allow someone else to produce a patented product or process without the consent of the patent owner or plans to use the patent-protected invention itself.

teachers

Curriculum Links

Activity 1 answers

Geography	Junior	3.7 compare life chances for a young person in relation to gender equality, health care, employment and education opportunities in a developed and a developing country
Business Studies	Junior	3.7 Debate the implications of globalisation of trade, including the benefits and challenges of international trade.
	Junior	3.11 Evaluate the benefits and costs of a government economic policy and assess who enjoys the benefits and who bears the costs
History	Junior	3.12 evaluate the role of a movement or organisation, such as the European Union or United Nations, in promoting international cooperation, justice and human rights
Religious Education	Junior	3.6 debate a moral issue that arises in their lives and consider the influences of two different viewpoints on the issue
Geography	Senior	6.2 We live in an interdependent global economy. Actions or decisions taken in one area have an impact on other areas.
Business	Senior	6.6 Ethical business practice; Socially responsible business at local and national level
		7.1 The changing nature of the international economy and its effects on Irish business; Trading blocs and agreements
		7.3 The development and impact of transnational companies

1e, 2f, 3d, 4b, 5i ,
6a, 7c, 8g, 9h

References

[Share the Vaccines, Erase the Debt: Joseph Stiglitz on How the U.S. Can Help Developing Countries](#)

[Designing vaccines for people, not profits](#)

[Rich nations vaccinating one person every second while majority of the poorest nations are yet to give a single dose](#)

[Secretary-General Calls Vaccine Equity Biggest Moral Test for Global Community, as Security Council Considers Equitable Availability of Doses](#)

[Patently absurd](#)

[Countries urge drug companies to share vaccine know-how](#)

[The People's Vaccine: Everyone deserves a fair shot against Covid-19](#)