

Obscene global vaccine profiteering by pharmaceutical companies

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Last week, British Prime Minister Boris Johnson told a private Zoom meeting of backbench Tory MPs, “The reason we have the vaccine success is because of capitalism, because of greed my friends... It was giant corporations that wanted to give good returns to shareholders. It was driven by big pharma.”

His obscene comments sum up the response of the ruling elite to the pandemic—an opportunity for profiteering on a huge scale, aided and abetted by imperialist governments that have protected Big Pharma’s monopoly profits.

The reality is that the pharmaceutical companies were initially not interested in vaccine development. Zain Rizvi of the advocacy group Public Citizen told the *Financial Times* that the “immense scarcity” of vaccines was directly attributable to Big Pharma being “missing in action” as the coronavirus pandemic took off. The drug companies had years ago cut back on vaccine research and development in favour of blockbuster drugs to treat cancer and rare diseases, though the likelihood of a pandemic had long been discussed.

Even after the World Health Organisation (WHO) declared COVID-19 a pandemic on March 11 last year, three of the largest corporations, GSK, Sanofi and Merck, that dominated the vaccine market, were reluctant to get involved. They calculated that the pandemic would have run its course before a vaccine was ready and demonstrating once again the degree to which public health needs take second place to profits.

As the BBC reported in December, “Initially firms didn’t rush in to fund vaccine projects. Creating vaccines, especially in the teeth of an acute health emergency, hasn’t proved very profitable in the past.”

It was only after the governments of the European Union (EU), UK and US and agencies offered funding, including the main cost of running the “Phase 3” trials, assuming most of the risk in the process, that the industry started work on vaccine development, making rapid progress.

The profit gouging also began in earnest.

The US alone poured in an unprecedented \$14 billion via Operation Warp Speed even though six of the Big Pharma, excluding Moderna, had combined revenues last year of \$266 billion and profits of \$46 billion, an 18 percent profit margin, and could easily have funded it themselves.

While GSK, Sanofi and Merck received over \$2 billion from the US government to support the production of vaccines, Merck pulled out after disappointing early test results. GSK and Sanofi

are working jointly on a vaccine. According to the People’s Vaccine Alliance, they are largely sitting on the sidelines, planning to produce Covid-19 vaccines for only 1.5 per cent of the global population in 2021.

Of the major vaccine producers, only Pfizer has a successful vaccine, produced jointly with the German company BioNTech using the new messenger RNA technology that requires storage at ultralow temperatures. The other major producers are new entrants to the field, the US-based biotech companies Moderna, whose vaccine also uses the RNA technology, and Novavax, whose vaccine can be stored in a normal refrigerator.

Moderna, the most expensive vaccine, received \$2.5 billion from the US government. The campaigning group Public Citizen argues that this means, “Taxpayers are paying for 100 percent of Moderna’s COVID-19 vaccine development. All of it.” With the US government subsequently buying or reserving up to 500 million doses, Moderna is likely to make a whopping \$8 billion profit.

While BioNTech/Pfizer’s vaccine was privately funded, the company received a €100 million development loan from the European Development Bank as well as a €365 million euro grant from the German government to help with manufacturing costs.

Public monies funded not only the development of the vaccines but also, via the universities and public laboratories, much of the science underpinning the vaccines. Crucially, all the vaccine development teams benefited from the initial research carried out by Professor Zhang Yongzhen at the Shanghai Public Health Clinical Centre where he had sequenced thousands of previously unknown viruses. The Centre made the first genomic sequencing of the COVID-19 virus freely available on the open-source site virological.org on the very day that Wuhan recorded its first Covid death. It was the release of Covid’s genetic code that allowed University of Oxford, Moderna and BioNTech to design their vaccines in short order.

The companies have made a killing from massive pre-orders by governments, far larger than their population requirements, even before their vaccines had obtained regulatory approval. The US government made \$1.95 billion and \$1.53 billion pre-payments for the BioNTech/Pfizer and Moderna vaccines respectively through Operation Warp Speed, in effect an interest free loan.

But that was not enough for Big Pharma. They lobbied hard to guarantee monopoly profits by insisting the World Trade Organisation reject India and South Africa’s call to waive patent

protection for the vaccines and to allow developing countries to manufacture or import generic versions. Pfizer boss Albert Bourla said, “At this point in time, I think it’s nonsense, and... it’s also dangerous”.

The US, the EU and the UK fell in line. Similarly, the companies sought and got legal indemnities from the governments protecting them in the event of problems with the vaccine, while ensuring that their contracts remained secret.

All this translates into massive profits for the pharmaceutical corporations. BioNTech/Pfizer is expected to make \$4 billion profit on \$15 billion sales at around \$19 a shot, a profit margin of nearly 30 percent according to the *Financial Times*, as the company strikes hard bargains with rich and poor countries alike. Moderna is projected to make \$8 billion profits on sales of \$18.4 billion with at least 700 million pre-ordered vaccines in 2021 at between \$25 to \$37 a shot. The company says production costs are just 20 percent of sales revenues. The ultimate beneficiaries are the giant investment funds that hold the companies’ shares.

As well as profits, the companies have had a massive free advertising campaign as their jabs have made them household names, while the science underpinning the vaccines can be put to treating and profiting from other diseases. Furthermore, according to figures from Morgan Stanley and Credit Suisse, should the advanced countries decide to offer annual booster jabs to cope with new, more resistant variants, as they do for flu, the pharmaceutical companies are set to rake in a further \$10 billion or more a year.

The one company that bucked the trend was AstraZeneca, which is selling its jab at between \$2 and \$4 a dose after entering into an agreement with the University of Oxford that restricted its prices. Not having developed a vaccine of its own, it bought the rights to the jab developed by the university’s Jenner Institute, paying the university \$90 million and a 6 percent share of future royalties. The university’s spinout company, whose directors include the leaders of the vaccine development team Professors Sarah Gilbert and Adrian Hill, will get 24 percent of the university’s share.

The scientists had initially wanted their vaccine to be produced on a non-exclusive, royalty-free basis, with the director of the Jenner Institute telling the media, “I personally don’t believe that in a time of pandemic there should be exclusive licenses.” He was echoing the words of Dr Jonas Salk, the inventor of the polio vaccine, who refused to patent the jab. When asked, “Who owns this patent?”, Salk famously replied, “Well, the people I would say. There is no patent. Could you patent the sun?”

In the event, the University of Oxford, stating that it needed to organize a massive global roll-out, entered into an exclusive deal with AstraZeneca, which agreed to sell the vaccine on a not-for-profit basis, claiming “We are absolutely committed to make the vaccine available to as many countries as possible at no profit during the period of the pandemic to support broad and equitable access around the world.”

Forgoing profits in the short term was viewed as good public relations and in any event ran counter to the terms of the deal that were not made public. According to the *Financial Times*, the contract allows the company to make 20 percent above the cost of manufacturing the vaccines and can raise the price when it deems

the pandemic to be over, any time after the end of July. While these conditions appear to apply to the UK and EU, the company is also selling the vaccine to poorer countries, including Bangladesh, South Africa and Uganda, at higher prices.

Nevertheless, the AstraZeneca jab is the cheapest on the market, with the US corporation Johnson & Johnson more expensive despite also selling its vaccine at “cost price” during the pandemic, which is why the AstraZeneca vaccine has far larger shots under contract than any other vaccine producer. Its vaccine became the vaccine of choice for the world’s poorest countries and the WHO’s Covax scheme, particularly since it does not require storage at low temperatures.

Their prices at \$2-\$4 are far lower than Sanofi/GSK’s vaccine at \$9.19, Pfizer/BioNTech’s at \$14.59 and Moderna’s at \$18, according to the pricelist negotiated by the EU. Other countries, including the US, are paying far higher prices, with the Pfizer jab reportedly costing \$39 per person. While AstraZeneca’s expected profits are unknown, sales of \$6.4 billion in 2021 and a 20 percent profit margin implies profits approaching \$1.3 billion.

Unquestionably, AstraZeneca’s undercutting of the market has incurred the wrath of its rivals, causing uproar in France, Germany and the US. The EU threatened a ban on the export of the vaccine, yet another instance of the vaccine wars fueled by the conflicting interests of the rival companies, the major imperialist countries, as well as their rivals and client states.

The unrestrained drive for profits has put vaccines out of reach for most of the world’s population and will serve to massively increase global death rates as more virulent mutants proliferate.

The disastrous response of all the major capitalist powers and the pharmaceutical industry to the global COVID-19 pandemic confirms the necessity of abolishing the capitalist system that subjugates human health and every other basic need to private profit. The international working class must intervene to expropriate the pharmaceutical giants and every major industry sector, transforming these monopolies into publicly-owned and democratically-controlled utilities to serve the needs of humanity.



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