[Ognian Kassabov](https://www.thenews.com.pk/writer/ognian-kassabov)

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**Disaster capitalism**

One foundational myth of global capitalism is that private entrepreneurship is the only effective source of innovation and progress. But Big Pharma has long demonstrated this is not necessarily so.

For decades, vaccines have been de-prioritised by the industry as insufficiently profitable. For example, despite the persistence of deadly outbreaks of the Ebola virus in West Africa, there were no serious efforts to develop a vaccine against it until after the epidemic of 2014. And up until the coronavirus pandemic, companies like BionNTech – which partnered with Pfizer to develop a Covid-19 vaccine – were mostly focusing on the application of the mRNA technology in drugs rather than vaccines.

The swift development of Covid-19 vaccines came only in the wake of significant financial support by governments, combined with massive buyout contracts using taxpayers’ money. For instance, US government agencies gave Moderna alone some $2.5bn to help develop the vaccine and buy doses.

That is, the public sector was a key driver of Covid-19 vaccine development and public funds are used to finance the process. In effect, pharmaceutical companies secured a cost-reduced development and risk-free launch of a new product.

The claim that private companies are best at innovation is further eroded by the fact that at least two state-owned companies, Russia’s Gamaleya Institute and China’s Sinopharm, were successful in developing effective vaccines.

All of this is not to question the efficacy of available vaccines or the devoted work of the researchers who developed them. Rather, it is to point out the fact that privatising the vaccine development effort not only is too costly and exploitative, but it is also inefficient, as it prevents scientists from collaborating and sharing research to come up with the best possible vaccine.

Another capitalist myth is that competitive markets are the best regulators of supply and demand and the best at achieving the optimal distribution of goods. In early 2020, we witnessed the dark side of this fable, as countries started to outbid each other for vital medical equipment, such as PPE and ventilators.

Demand was high across the board, but supply only went to the wealthy few, at the price of many human lives. This is now happening again, as, amid severe undersupply of vaccines, governments are scrambling to secure enough doses for national use.

Israel has achieved its spectacular vaccination rate by paying higher prices for the vaccines. The US is trying to follow suit. Even within the European Union, where a coordinated response and fair distribution of vaccines in proportion to member states’ populations was negotiated, it emerged that wealthier countries like Germany have managed to secure more vaccines for themselves.

If the present situation continues, where the highest bidders can buy as much as they want, even if it is more than they need, supply will continue to fall short of global demand. The World Health Organization (WHO) has called it “vaccine nationalism”, but what it really is is vaccine capitalism. Countries are rushing to outbid each other on vaccines because there is an inadequate supply, and there is inadequate supply because pharmaceutical companies are allowed not to share their inventions with the world.

As Scottish economist Adam Smith has pointed out, any trade secret is a form of monopoly, and in this sense, pharmaceutical patents enable the supplier to impose a monopoly. Keeping vaccines the exclusive intellectual property of companies renders deployment not only too costly, but also inefficient, as it severely limits production capacities.

The third key myth of late-stage capitalism that is now unravelling portrays globalisation as equally beneficial for all. But a cursory look at the global distribution of vaccines shows that this is far not the case.

As Western countries are able to acquire vaccines, albeit at different pace, many other parts of the world have not even started their vaccination campaigns. Even emerging economies – some of which served as the testing ground for the vaccines – are struggling with limited supply.

As a result of this global inequality in vaccine distribution, we are not only facing what WHO Director General Tedros Ghebreyesus has called a “catastrophic moral failure”, but also an inevitable global economic disaster. Economists are already warning that an uneven global vaccine roll-out would be much costlier for wealthy countries than a coordinated deployment of vaccines.

If the current immunisation inequality persists, the deployment of vaccines in wealthier countries can become close to useless. Even if herd immunity is achieved in some countries, persistent outbreaks in others will continue to disrupt travel and global supply chains. One study suggests that if there is no serious global effort for an equitable vaccination campaign, this could cost developed countries $4.5 trillion.

Immunity cannot function as the privilege of the few. Immunised wealthy countries may try sealing themselves off from the rest, but the sustainability of this global apartheid will be questionable and the human cost – surely appalling.

Canadian author Naomi Klein has famously defined disaster capitalism as a brand of predatory capitalism that seeks to extract profit from natural or human-made crises. The fallout of the current pandemic has allowed us to see this idea go further: while preying on disaster, capitalist forces can magnify it and create a new, much bigger one.

Excerpted: ‘What the vaccine debacle tells us about predatory capitalism’

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