Credit: Jaymee Caparanga

The COVID-19 Vaccine: Profit, Responsibility or Both?

by Ryan Ing | BComm (ACCT) '20, GD (ACCT) '20

Almost one year after the beginning of the COVID-19 pandemic, Pfizer and Moderna announced success in developing effective vaccines in early trials (Thomas, 2020). As a result, world governments are starting to shift funding priorities towards finding ways to secure and distribute doses (Thomas, 2020). With research and development potentially reaching a conclusion for many groups aiming to develop vaccines, one of the next critical factors in resolving the COVID-19 conundrum will be logistical. Given that the COVID-19 pandemic is global, there are approximately eight billion humans that will need vaccines. High demand, coupled with the logistical issues of making the vaccine accessible to all countries, bring forward a few immediate questions about who will receive the vaccine first and how much it will cost for all parties. While the existing logistical issues can be eventually resolved, no part of this process will come without significant cost. With Pfizer and Moderna being the only companies to have a breakthrough with potentially viable vaccines for COVID-19, both companies are poised to profit greatly from this unique, low-competition, and massive demand scenario (Hopkins & Loftus, 2020). Pfizer and Moderna could monopolize the vaccine, however, choosing to maximize profit in this scenario would make equitable distribution unlikely, which could be damaging to many communities across the globe.

Due to the anticipated high demand for COVID-19 vaccine, it is likely that the rollout and distribution will come in stages. In preparation, many countries have begun securing doses of potential vaccines from pharmaceutical companies by signing contracts (Cotnam, 2020). While securing initial doses will not be a concern for those living in Canada and the United States, where does this leave countries that cannot afford to spend billions in guaranteeing supply (Cotnam, 2020)? The question of "Who first?" is only one of the many ethical challenges that the pharmaceutical industry faces. Traditionally speaking, corporate social responsibility (CSR) aims to contribute to communities and sustainability, however pharmaceutical companies are in a unique position of being more directly responsible for the well-being of populations than other companies as the pharmaceutical industry actively plays a role in maintaining public health through the development and distribution of drugs (Rangan et al., 2015).

While major pharmaceutical companies such as Sanofi and GlaxoSmithKline are for-profit companies that might be meeting their conventional CSR responsibilities by providing safe working environments to employees, creating a profit to benefit stakeholders, and helping society by developing medication, further questions could be asked about whether these pharmaceutical companies have a greater social responsibility beyond other non-healthcare companies (Droppert & Bennett, 2015). Do Pfizer and Moderna, in face of a global pandemic, have an ethical responsibility to ensure that each country has equitable opportunity in receiving a vaccine? Due to the current interpretations of CSR standards, the COVID-19 pandemic has created a truly unique situation where Pfizer and Moderna are able to meet minimal ethical responsibilities while selling to the highest bidder.

Examining the general issue of drug pricing and accessibility for individuals can provide some insight in answering the question of, "Who receives the vaccine first?" on a micro-scale. While drug prices are a less prevalent issue in countries with universal health care such as Canada, those living in countries like the United States struggle daily to meet their needs (Knowledge@Wharton, 2017). Infamously, just over five years ago, Turing Pharmaceuticals, who manufactures a life-saving HIV drug called Daraprim, raised the price of the drug by 5000% (Pollack, 2015). As a result, there was outrage over the CEO's decision and the pricing issue remains unresolved to this day (Pollack, 2015). The Daraprim situation caused a significant amount of discourse over government involvement in the pharmaceutical industry, so a common suggestion raised was for governments to impose regulations on drug prices to reduce personal expenses for individuals (Kennedy, 2019). While capping drug prices seems like a relatively simple strategy to make medication affordable, it can also lead to many complications beyond impacting executive compensation. In a standard R&D process, pharmaceutical companies take approximately ten years to develop a drug from discovery to market, a process that costs 2.6B USD on average (Kennedy, 2019). It is partially due to the exorbitant costs involved with R&D that pharmaceutical companies typically raise prices on medication (Kennedy, 2019). If price caps were placed on existing drugs, pharmaceutical companies would lose out on a significant amount of revenue that could be re-invested into future R&D (Kennedy, 2019). Simply put, price caps would force pharmaceutical companies to cut down on their number of R&D projects, which would result in fewer potentially life-saving drugs being developed in the future.

While the issues of accessing COVID-19 vaccines for developing countries, as well as issues in pricing for the vaccine itself do not have clear methods of resolution, there are a few initiatives in place that aid in mitigating these issues. A significant player is the Global Alliance for Vaccines and Immunisation who, in conjunction with the World Health Organization, created the COVAX initiative which works with other vaccine manufacturers to develop a COVID-19 vaccine by pooling investments from participating countries (World Health Organization, 2020). Once developed, the vaccine will be distributed among the participating groups. While the COVAX initiative will be invaluable in leveling the playing field among higher income and lower income economies, the system still has limitations as it cannot completely meet demand for all participating countries (World Health Organization, 2020).

Perhaps the answer to dealing with cost and accessibility issues is not through searching for solutions outside of these pharmaceutical companies, as seen with the COVAX initiative, but rather through re-examining fundamental ethical responsibilities. Under extraordinary circumstances such as the COVID-19 pandemic, it may be worthwhile to question whether simply meeting basic CSR self-regulations is sufficient for organizations to be considered as operating in an ethical manner. Is it ethical for companies to raise prices on life-saving drugs, to further R&D and compensate executives and shareholders, to the point that customers are outpriced? Perhaps under certain circumstances, such as a global pandemic, a company's ethical responsibility to society can outweigh its responsibility to its direct stakeholders.