Covid vaccines: The $32 billion gift

Martina Frei / 13.03.2023

Let the public pay for development costs, privatize profits – this is how big pharmaceutical companies proceed.

The pharmaceutical companies Moderna and Pfizer have so far made over $100 billion with their Covid vaccines. That's 20 times more than the World Health Organization's budget for the two years 2020 and 2021. And although it costs only about one to three dollars to produce a mRNA Covid vaccine dose, both pharmaceutical companies have announced that they will want to charge 110 dollars per dose.

The editorialist Victor Roy points out these discrepancies in the British medical journal "BMJ". The reason for his article is research by US doctors working with the well-known pharmacologist Aaron Kesselheim in the "BMJ". They determined how much money the public sector in the USA put into the development of mRNA vaccines: at least $31,912,100,000.

Risk for the companies significantly cushioned.

During the pandemic, the National Institutes of Health, the US Department of Defense and the Biomedical Advanced Research and Development Authority invested at least 2.366 billion in research funds. They also made $29.2 billion in guarantee-payments for the vaccines (to be developed).

Moderna and Pfizer received promises that millions of vaccine doses would be bought from them. By funding Moderna's clinical trials, making large-scale purchase commitments for the vaccines, etc., the US government has significantly "de-

risked" the risk for the manufacturers in the development of the vaccines, write Kesselheim and his colleagues.

In the 35 years before the pandemic, US citizens paid a total of around 337 million dollars through the three institutions mentioned to get RNA technology off the ground, for example in research on lipid nanoparticles. Kesselheim and his colleagues write that this estimate is deliberately conservative. An additional 5.9 billion dollars in research funds are believed to have flowed indirectly.

Moderna received over $18.1 billion in public money, and Pfizer/Biontech around $13.1 billion, the research further found. Despite this generous funding, the companies refuse to disclose the raw data of their studies.

Production costs for one mRNA vaccine dose: three dollars maximum

According to the «BMJ», the production costs for one vaccine dose are between one and three dollars. However, the USA would have paid Pfizer/Biontech USD 19.50 in 2020, USD 24 in 2021 and around USD 30 in 2022 for the bivalent booster. Moderna initially received around $15 per vaccine dose, and then around $26 in 2022.

The mRNA vaccines are a remarkable achievement, says Victor Roy. But their development is also a cautionary tale of how the risk of innovation has been borne by the community while the lion's share of the profits have been privatized and paid out to shareholders.

Spent more on dividends than on developing new drugs.

The high drug prices "cannot be justified by the expenditures of the industry for research and development", state the authors of an analysis in the "BMJ" on drugs. According to them, every year from 1999 to 2018, the big pharmaceutical companies spent more on marketing and selling their products than on research and development. In doing so, they continued a trend that had already been identified in 1975.

Most of them have invested more in buying back their own shares than in research and development. The 14 largest drug companies spent about $577 billion on such buybacks and paying dividends from 2016 to 2020 -- $56 billion more than they spent on new drug research and development.

The annual remuneration of company management rose by 14 percent during this time, reports the "BMJ". This is against the background that most of the drugs that have just come onto the market would have offered only a small or no additional benefit compared to established active ingredients.

According to another analysis, from 2006 to 2015, 18 major pharmaceutical companies paid their shareholders more dividends than they invested in their research. For decades, drugmakers have focused on pumping up stock value, the authors of the BMJ article note.

Original Document in German:
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