

For Free Universal Vaccination Against Covid-19*

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Of all the decisions taken by the Modi government the most mindless has been the so-called “liberalization” of vaccine distribution. Originally, the central government was the sole buyer from the two producing firms at a fixed price of Rs.150 per dose, and then, while itself distributing them free to the people, also used other channels for distribution, including private hospitals (who however charged Rs.250 per dose because they had to pay the central government for the vaccines). With “liberalization”, it suddenly made state governments and private hospitals buy vaccines directly from the firms at prices determined by the latter.

Given the shortage of vaccines, and the fury of the pandemic which requires urgent vaccination, the firms gleefully accepted this bonanza and charged exorbitant prices that had nothing to do with their costs of production. (They later brought down the prices a little for state governments which only shows that the prices were fixed according to their whims rather than on any rational basis).

Many state governments have announced their intention to provide free vaccination; but whether their precarious finances can permit this remains to be seen. Private hospitals however will certainly offset the exorbitant prices they pay, through correspondingly exorbitant prices they charge. A significant segment of the population therefore will be paying large sums of money for getting anti-covid vaccination.

Many would ask: what is wrong if some well-off people who patronise private hospitals are made to pay large sums for getting vaccinated? Why should the State subsidize their vaccination? The answer can be given at two levels.

First, since there will be some shortage of vaccines in the immediate future, if both state governments and private hospitals compete for obtaining supplies from the same stock (which is half of the total output, the other half being pre-empted by the central government), it is obvious that more of the vaccines will be diverted to private hospitals, sales to which will be more lucrative. State governments therefore will be short of stocks, forcing even some poor people to go to private hospitals. The burden of the exorbitant prices therefore will fall not just on the well-off, but even on those poor people who would be forced to access private hospitals. Having a dual price (between state governments and private hospitals) without fixing quotas, i.e. who gets what proportion of the overall supply that is meant for both, is utterly mindless; and this is what the Modi government has done.

Secondly, and even more fundamentally, the provision of free vaccination is a recognition by the State of the right to life for everyone. The right to life is a universal right; its universality is expressed through a uniform price for everyone, and such a uniform price can only be zero. Any positive price, whether uniform or non-uniform, impinges differently on different persons depending on their money incomes; and hence implicitly suggests that the State puts different values on the right to life for different persons. Thus the provision of free vaccines to all is the only way that the proposition that all lives are of equal value in the eyes of the State can find expression.

Just as the right to vote, being a universal right for all citizens of a certain age, cannot be conditional upon any payment (since such payment would violate the equality, and hence the universality, of the right to vote), likewise the right to life, upon which vaccination against Covid-19 is based, being equally enjoyed by all, must be absolutely free.

Of course, the State has to find resources for it, and it would obviously be taxing different people differently for it. But this difference must not be linked in anyway to any difference in one's access to vaccination. The latter must be universal and non-taxing; taxing must remain a separate issue. And if the vaccine is to be made free for all, then it can be done only through the central government procuring the entire supply of the vaccine, and distributing it among people through various channels including private hospitals (who should also vaccinate free, instead of charging even a nominal sum like the Rs.250 earlier).

Before the introduction of three-tier pricing (separate prices for the centre, the states and private hospitals), the central government used to procure all vaccines for Rs.150 per dose. As the cost of production has scarcely gone up since then, the same price should suffice for the central government's bulk purchase even now. Let us assume that a population of 120 crores has to be vaccinated, each with two doses; then the total cost will be Rs.36000 crores.

Thirteen leaders of political parties have written to Narendra Modi suggesting that the amount earmarked for the general vaccination programme in the government's budget should be spent on vaccinating people against Covid-19. But even if the government does not do so, and instead wants to raise additional resources, it must immediately undertake the expenditure required for Covid-vaccination by enlarging the fiscal deficit. If resources can be raised later to eliminate the fiscal deficit, then so much the better; otherwise an addition to the fiscal deficit of Rs.36000 crores is too trivial a sum to cause any concern as it comes to less than 0.2 per cent of the GDP. Such an increase will not even be noticed by financial markets if the government is worried about the reactions of financial markets. Besides, when the lives of millions of people are at stake, to worry about the reactions of global finance is itself a criminal act.

But an explanation, other than sheer inhumanity, is to be offered for the government's action of "liberalizing" vaccine distribution, then it can only be its worry about the reaction of global finance. Since the second wave of the coronavirus is as harsh on the young as on the old, unlike the first wave that more severely targeted the old, the vaccination drive had to be expanded to the young as well; and the government, it may be argued, was afraid that a continuation of the old arrangement on a larger scale would expand the fiscal deficit and alienate global finance. But, for any government, putting the reactions of global finance above the lives of the people, is an act of betrayal of the nation.

Finally there is the question of the supply of vaccines. The central government has handed over Rs.3000 crores to SII, the producer of Covishield, and Rs.1500 crores to Bharat Biotech, the producer of Covaxin, for expanding their production capacity. But the time-profile of the expansion of their output, and how it would match the time-profile of planned vaccinations, still remain unclear; the government has not taken the country into confidence on this crucial issue.

Besides, there are two other problems. One is that SII has also entered into an agreement with the British government to invest £240 million in Britain to produce vaccines. Since the Indian Covid-19 situation is currently acknowledged to be the worst in the world, any deferment of production for India, and diversion of effort and resources to other markets, must be prevented. Towards this end, government supervision over the activities of SII becomes essential, which can be ensured through government representation in SII management. This is particularly needed since, if the government has handed over Rs.3000 crores to SII, it must keep an eye on how this money is spent. (Exactly a similar arrangement has to be arrived at with BB as well).

Since AstraZeneca has defaulted on its supply schedule to the European Union, the chances of SII and BB taking public money and defaulting on the supply schedule are by no means small. Government supervision of the management of these companies, through the presence of government representatives in appropriate positions within these companies, is required minimally, both to ensure that they do not profiteer but sell at Rs.150 per dose to the central government, and to ensure that supply schedules are met.

Secondly, to increase production the government has to go beyond these two firms. It must invoke compulsory licensing and start new production facilities, preferably in the public sector itself, so that it can buy from them at Rs.150 per dose.

The Covid-19 crisis is akin to a war-like situation. It has to be tackled through measures that are no less far-reaching than those required in a war.

* This article was originally published in the [Peoples Democracy](#) on May 9, 2021.