

# **Covid-19 and the Vaccine Tax: An egalitarian, market-based approach to the global vaccine inequality**

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## **Abstract**

*The global inequality in the distribution of vaccines is unjust. As countries scrambled to ensure enough vaccines, the world's poorest were left to fend for themselves, and the generosity meant to mitigate this through COVAX was not sufficiently forthcoming. In light of this I proposed a Vaccine Tax, which obligates those willing and able to pay to protect their own population to contribute to protecting those residing in the world's low-income countries. Petrovic has offered an important critique of this proposal, questioning both the fairness and the efficiency of the tax. However, when properly specified, the Vaccine Tax is not vulnerable to these critiques.*

## **Introduction**

In his insightful article, Petrovic raises several important counterarguments to my Vaccine Tax proposal.[1] The core idea of a Vaccine Tax is that for each dose of vaccine a country buys, a fraction of the price paid is reserved for purchasing vaccines for low-income countries.[2] The tax can be specified in various ways. I suggested that the tax should apply from the first dose bought and mentioned that it could be progressive, so richer countries should pay a higher rate, and low-income countries would be exempt from the tax. I also indicated that vaccine producers would pay the tax but acknowledged that it would increase prices for countries whose purchases were taxed. I highlighted various avenues that could be pursued to implement the tax and COVAX as a natural recipient of the funds raised. Petrovic's objections address both my original proposal and a recent specific implementation of the Vaccine Tax offered by Germani et al.[3] Here, I address what I perceive to be the main concerns. I do not address Petrovic's critique of Germani et al.'s proposal that it is difficult to establish a fair threshold for when the tax should apply. As Petrovic acknowledges, this does not apply to my proposal. It is not because the tax is paid

by companies, as Petrovic suggests, but because it applies to all vaccines purchased by affluent countries.

### **The Vaccine Tax cannot do it all**

Petrovic offers a range of concerns relevant to my proposal. One is that the vaccine tax does too little to address global inequalities and depends too much on market thinking. This is an entirely fair point to raise. While the tax would arguably decrease global vaccine inequality, it would not remedy the economic inequalities that cause it. Petrovic is right to want more fundamental change and be alert to whether relying on market forces creates new problems.[4,5] However, the former should not be at the expense of helping here and now, and the latter should be investigated rather than assumed. Additionally, many of the initiatives Petrovic mentions as alternatives to the Vaccine Tax could be implemented alongside it. Something I also explained in my original article.[2] It is not an either-or situation. Thus, it is worthwhile to describe and pursue a solution that would improve the current situation regarding vaccine inequality, even if more significant changes are not currently forthcoming.

### **The fairness concern**

Petrovic also doubts the Vaccine Tax's ability to fulfill these perhaps modest ambitions. According to Petrovic, the Vaccine Tax will make it more expensive for rich countries to introduce vaccine mandates and make vaccines too expensive for low- and middle-income countries.[1] The first part is correct. There is a burden to lift to achieve adequate protection for the most vulnerable across the globe. More affluent countries should contribute to protecting those who live in low-income countries, and the Vaccine Tax contributes positively to this. I deem this fair and submit that most theories of distributive justice would concur. I was surprised to see the redistributive effects of my proposal criticized for placing too significant a burden on the wealthiest nations in the world. But it is an implication I am happy to accept. However, in the spirit of reconciliation, I would add that I do not (as Petrovic seemingly assumes) prefer the money to be taken from healthcare budgets in wealthier nations. There are other sources of revenue.

Petrovic also mentions that when the Vaccine Tax increases prices, it may affect the ability of low and middle-income countries to acquire vaccines. This is not a necessary consequence. In my original article, I mentioned that the tax *could* be progressive, and Petrovic has convinced me that, indeed, it *should*. A progressive Vaccine Tax, where low-income countries are exempt from paying the tax and purchases from middle-income countries are taxed at a lower rate, would be less vulnerable to this critique.

As an additional element in this critique, Petrovic mentions that the population has not consented to buy the taxed vaccines. This is not a huge concern. Democratically elected politicians make many decisions, which in turn require that people are taxed. That is also the case when politicians buy vaccines without a Vaccine Tax. So this problem, if it is one, is not a specific problem for a Vaccine Tax.

### **The efficiency concern**

Another problem highlighted by Petrovic is that the Vaccine Tax would be ineffective. Here,

Petrovic presents us with a dichotomy: either rich countries hoard vaccines and pay the tax, leaving no vaccines to buy for low-income countries with the raised funds. Or, rich countries stop hoarding vaccines and do not pay the tax. Then vaccines are available but remain unaffordable for low-income countries.[1] Petrovic deems these outcomes to be mutually exclusive opposites. However, this is a false dichotomy. It may apply to a version of the Vaccine Tax solely focused on hoarding (i.e. where the tax only applies over a specific threshold). But that is not how my proposal for a Vaccine Tax works. When rich countries pay the tax on all acquired doses, then each dose bought helps raise funds for vaccines for low-income countries. Thus, a possible and plausible outcome is that the tax deters hoarding, but not all purchases. This would create a situation where money is raised for COVAX, and fewer orders are placed by affluent countries (i.e., less hoarding). This leaves vaccines available for low-income countries and raises money to acquire them for the world's poorest. Something which would arguably be even more likely if we, inspired by Germani et al.'s specification, ensured that the tax rate is also progressive, in the sense that it increases with the number of vaccines bought.

So, while Petrovic's insightful comments give pause for thought and may demonstrate that some specifications of the Vaccine Tax are better than others, I remain convinced that the core idea is a sound alternative to vaccine nationalism.[6] Thus, the numerous avenues I suggested for how it could be realized should be explored.

## **Literature**

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