

Europe's Vaccination Debacle

With under-supplied vaccination facilities and overcrowded COVID-19 wards, the European Union is reaping what it sowed last summer when it decided to put the European Commission in charge of preordering vaccines. There was neither a legal basis nor any economic justification for central planning.

[Hans-Werner Sinn](#) Jan 18, 2021

MUNICH – A storm is raging over the European Union's failure to have ordered more of the approved COVID-19 vaccines ahead of time. Stéphane Bancel, the CEO of the US pharmaceutical company Moderna, which gained approval for its vaccine shortly after Pfizer/BioNTech, [claims](#) that the EU has relied too much on "vaccines from its own laboratories."



Biden's Grand Opening

[James K. Galbraith](#)

With an economic rescue plan that is both ambitious and well targeted, US President Joe Biden and his team have demonstrated a clear understanding of the scale and range of action that the current situation requires. A broader reconstruction plan can and must come later; but crisis management remains

Did the European Commission prioritize supporting its own pharmaceutical industry over protecting human lives? In fact, matters are not as simple as that. Contrary to what Bancel wants us to believe, the EU has actually ordered too little of its own vaccine. After all, the vaccine that is being administered most widely across the West was developed by a German company, BioNTech, and thus comes from the EU (though it was tested and partly produced in partnership with Pfizer in the United States and with Fosun

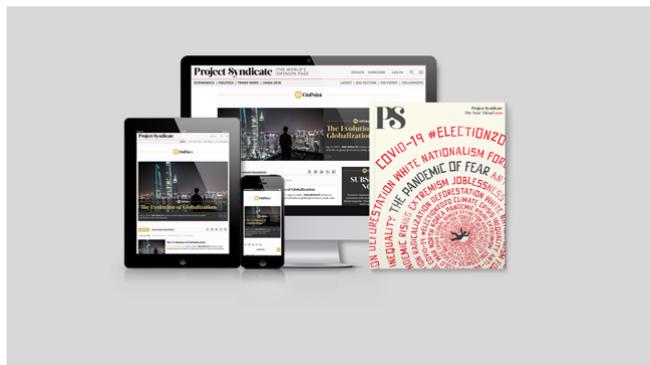
Far from having ordered too little of the “American” vaccine, the EU sat back while the US and other countries stocked up on doses of a vaccine that was created and produced in a German lab. The EU is guilty not of protectionism, but of institutional inflexibility. The slow vaccine rollout in many European countries is the result of the EU’s failure to coordinate the interests of the various member states. Whereas some countries balked at the price of BioNTech’s mRNA vaccine, others were skeptical about its new gene-based technological underpinnings, and still others simply did not recognize the urgency of the situation, having assumed that the worst of the pandemic had already passed.

To be sure, an inter-European rivalry between national vaccine producers may have contributed to the EU’s unwillingness to preorder more of the German vaccine last summer, as America and other countries did. As a small start-up from Mainz, BioNTech had little chance of being heard above the din of lobbying at the European Commission by established European pharmaceutical giants.

Whatever the reason, the severe delay in the supply of vaccines in Europe is now a fact. While the US, the United Kingdom, Japan, and Canada jostled last July and August to secure huge batches of the BioNTech vaccine, the EU initially placed its orders only with Sanofi and AstraZeneca, both of which subsequently admitted difficulties in clinical trials. Not until November – when journalists started asking pointed questions – did the EU strike its first deal for a batch of the BioNTech vaccine. This was followed in December and early January by further purchases, including from Moderna.

Due to the delay in ordering, the deliveries are coming late. After all, producers are operating on a first-come, first-served basis and need time to build up new production sites. As a result, European news media are filled with forlorn images of empty vaccination centers that have run out of supply, alongside footage of overstretched intensive care units. A sense of imminent horror has seized a frightened European public. At this rate, the

EU will have no chance of catching up with the US, the UK, Israel, and other leading vaccinators until this summer.



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The EU contends that it diversified its orders early on because it couldn't know which vaccine candidates would succeed. But that is a cheap excuse, considering that it still didn't order nearly enough from any producer to be able to vaccinate its people in the event that only one vaccine candidate reached the approval stage – a distinct possibility at the time.

If the EU had taken the risk of purchasing enough doses to cover two-thirds of its population from each

of the six producers it dealt with, it would have needed to spend just €29 billion (\$35 billion). For comparison, that is how much income the EU economy has been losing over the course of just ten days of the COVID-19 crisis. And given that not one but two vaccines have now turned out to be highly effective, the EU would have ended up with a surplus of high-quality doses, which it could have donated to some 300 million people across the developing world.

No single decision-maker bears the blame for Europe's vaccination debacle. But this episode should make clear that EU member states were wrong to entrust the European Commission with the purchase of vaccines last summer. Article 5 of the Treaty on European Union subjects the EU to the Subsidiarity Principle, which leaves political actions up to member states, except in cases where supranational action can be proven to be more efficient. When it came to securing an ample supply of vaccines, this principle was willfully ignored. There is neither the legal necessity nor a convincing economic justification for central planning in the procurement of vaccines. Had member-state governments been able to buy vaccines

independently and in direct competition with other countries worldwide, they might have had to pay a slightly higher price, but they would have placed their orders much earlier to avoid missing the boat. And if orders had been placed earlier, vaccine producers would have been able to invest more in expanding their production capacities.

In the end, central planning and lobbying by established producers created Europe's vaccine debacle. Europeans will now have to live with the consequences of an avoidable tragedy.