

# Economist argues that public-private partnerships are a must in creating an HIV vaccine

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(PhysOrg.com) -- MIT economist Jeffrey Harris argues that while the scientific obstacles to creating an HIV vaccine are great, the lack of commercial incentive poses a major problem.

In his paper, “Why We Don't Have an [HIV Vaccine](#), and How We Can Develop One,” published in the November/December issue of the journal *Health Affairs*, Harris writes that “the recent history of attempts to develop an HIV vaccine represents a textbook case in the economics of inadequate private incentives.”

Given the recent high-profile failures of several clinical trials of vaccines against HIV, many scientists have all but given up hope of producing a human-ready vaccine. Harris writes, “the groundwork will be laid for a major scientific breakthrough in vaccine development only when there are new contractual structures that enhance private incentives for vaccine development; when we have clearly specified the rights to the profitable North American market; when we have established a system of liability protection for vaccine side effects; and when our clinical trials also test the behavioral consequences of vaccination.”

Development of an [HIV vaccine](#) is an extraordinarily risky enterprise for a private commercial firm. Demand for the vaccine will depend on volatile decisions by governments to implement large-scale vaccination programs. International political pressures may prevent a successful

vaccine developer from charging enough to recoup its investment and manufacturing costs, especially if some countries compel the developer to license the vaccine below cost to a generic manufacturer. What's more, adverse publicity about side effects could damage sales and result in product liability suits. While the scientific community has learned a lot from the many failed human vaccine trials, the manufacturers of these candidate vaccines have so far been unable to convert any of these incremental advances in knowledge into private gains. There has been much talk about the need for sharing of preliminary data, biological samples, and laboratory techniques. From the economist's standpoint, what is most essential is a mechanism for sharing risk.

Harris argues that “new public-private contractual structures” will reduce economic risks for potential vaccine developers. These public-private partnerships include rewarding firms for intermediate developments rather than all-or-none-payment for vaccine delivery; providing antiretroviral manufacturers with stronger incentives to participate in joint ventures involving containment vaccines; and establishing a system of liability protection now rather than later. Harris writes that in order to proceed more rapidly with human testing, new institutional arrangements must be made between manufacturing countries and testing countries, where HIV incidence is highest. “Instituting these changes will be every bit as important for HIV [vaccine development](#) as getting the science right.”

Provided by Massachusetts Institute of Technology ([news](#) : [web](#))

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