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THE HINDU

ARTICLE– Humanity Matters, Capitalism Needs An Upgrade

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RELEVANCE FOR UPSC-CSE:

- **GS Paper 1:** Capitalism, its forms and effect on the society.
- **GS Paper 3:** Indian Economy and issues relating to Planning, Mobilisation of Resources, Growth, Development and Employment.

RELATED KEYWORDS: Tragedy of the commons; Public good; Process patents; Product patents; Money-driven capitalist values

ARTICLE SUMMARY

Context: The COVID-19 vaccine crisis is another tragic instance of a clash between the needs of Humanity and the principles of Capitalism.

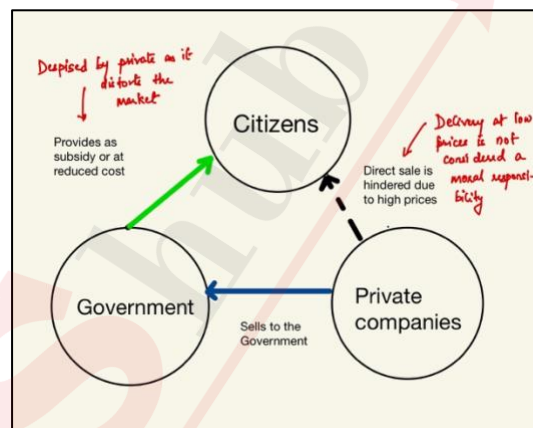
Capitalism Vs Humanity: Discussing the various ways in which Capitalism is against Humanity

- **Focused on profit:** Capitalists insist that private producers of vaccines must make profits because that is their compensation for investing in research and production.
 - They believe that they are not morally compelled to serve the poor at a loss.
 - For the poor, governments must step in and buy from private producers and subsidise sales to poorer people, for which resources are generated by taxing the private.
 - However, private companies also press governments for lower taxes and the government is also pushed by them to keep out of business (through privatisation), public service delivery gets impacted. The Indian government is facing this crisis right now.
- **Immorally converts the “commons” to private goods:** Justified on practical grounds of ‘tragedy of the commons’, as **Garrett Hardin** postulated, that people will not care for something unless they own it.
 - For e.g., Businesses convert natural capital into financial capital (leading to over-exploitation) and use it for generating profits and more capital for themselves.
 - The concept of ownership of assets for creating wealth had gone too far when slaves without human rights were used in capitalist enterprises.
- **Creating knowledge into private property (monopolies):**
 - Modern regimes of intellectual property rights (IPR) help capitalists to create intellectual property monopolies.
 - People are denied the use of their own knowledge — as they are when natural products, such as neem and turmeric, are patented by capitalists.
 - This ignores the fact that the public contributes to the creation of scientific knowledge in many ways, for example, through government research and development grants and subsidies.
- **Against the public sector:** Many economists do not like ‘public sector’ enterprises and prove that these enterprises do not produce as much shareholder returns as they would if they were ‘privatised’.
 - But public benefits are relegated to the background or even drop right off the table. The purpose of governments is to improve the all-round well-being of all citizens; not merely to provide products to customers
 - The COVID19 crisis has revealed the inadequacy of Capitalism to fulfil societal needs.
- **Manipulating the humans:** Capitalists can create even more wealth for themselves off

- New mRNA technologies on which some new COVID-19 vaccines are based provide the means to manipulate the composition of human bodies.
- With artificial intelligence algorithms in social media, capitalist enterprises are able to manipulate human minds.

Case study: Impact of Capitalism on welfare nature of State through the Intellectual Property regime.

- The **Trade-Related Aspects of Intellectual Property Rights (TRIPS)** regime was promoted by the World Trade Organization in 1995 for uniform global IPR rules.
- TRIPS is founded on the principle of “product patents”. India had a different approach to IPR based on “process patents”.
- While the product patents allow the manufacturers to decide the prices and give them exclusive selling rights (puts a limit on production), process patents force larger production volumes at lower cost.
- While the TRIPS allows for **compulsory licensing** provisions through which nations can demand the innovators to allow domestic producers to produce generic drugs, western nations despise it.
- Thus the welfare nature of state is impacted as the private companies force the state out of public service delivery (due to market distortions).



Conclusion:

- Governments must create more public-spirited enterprises to provide public goods equitably to all citizens.
- Companies must rethink the purpose of their existence. It is imperative now that more human and fewer money values are adopted.