Breaking the Inequality Cycle Driving Ebola, AIDS, COVID and Beyond

Professor Joseph E. Stiglitz

Thank you. It is a great pleasure to join you, and I wish I could be there in Rio. Greetings to Winnie, Nisia, Javier, Richard, and Matt from our Council.

I want to talk today about what the Global Council has identified as the Inequality-Pandemic cycle.

We are used to thinking about medicine as at the center of addressing pandemics and other health issues. Our Global Council has focused on another critical set of determinants, socio-economic factors, many driven by persistent inequality.

International development has long focused on the gap between rich and poor countries. That remains critical. But today, one of the greatest factors in a country's economic and social wellbeing is the inequality within countries.

Let me use AIDS as a jumping off point. Since AIDS was first identified in 1981, income and wealth have become steadily more concentrated at the top. In the last forty years the gap between the wealthiest and the average person has grown dramatically—side by side with the AIDS pandemic. In a report Winnie and I prepared with others for the G20, we showed that 83% of countries, home to around 90% of the world's population, have now passed the World Bank's definition of "high inequality." Between 2000 and 2024, the richest 1% captured 41% of all new wealth created in the world, while the bottom 50%—most of the world—captured just 1%. We are living through a new gilded age.

This has consequences.

I am an economist, and much of my academic work has shown why high inequality is bad for national economies. So bear with me—I will come back to pandemics.

Economically, when wealth concentrates at the very top rather than spreading across society, it undermines economic performance, growth and productivity. It undermines the **trust** needed for well-functioning markets and institutions. It undermines **good policymaking**, because the wealthy use power to shape monopolies and to prevent effective anti-trust enforcement, secure favorable government treatment, and pay low taxes. And because the wealthy privately provision their own health, education, and security, we get chronic **underinvestment in public goods and infrastructure. These are aspects of the adverse effects of inequality that I described in my book *The Price of inequality*.**

What does this have to do with pandemics?

Our Council research shows the same dynamics at work. When a pandemic hits, inequality undermines trust and social cohesion—and whether on AIDS, COVID-19, Ebola or mpox, trust in public health institutions is critical. Meanwhile, pandemics require strong government response: widespread testing, affordable medicines, PPE and time off for workers. These are costly to business, and when power is concentrated in a tiny few, they effectively resist policies that hurt their bottom line, even when that slows the response and lets viruses spread. And where inequality drives underinvestment in public goods, it weakens our ability to respond. Strong education for girls is one of the best proven ways to fight HIV. Public healthcare was crucial in preventing deaths in COVID-19.

Inequality makes containing pandemics more difficult in other ways. Poor nutrition and health services obviously make people more vulnerable. Overcrowded housing drives airborne infection. The list is long.

While inequality makes pandemics more persistent, pandemics hit the poorest hardest, increasing inequality. That's the cycle our Council identified.

Inequality is not a fact of nature. It is a policy choice. Policymakers can reduce inequality itself and, even in high-inequality settings, make choices that reduce its effects.

In a moment, Matt will share a new Council analysis: countries rated more "pandemic prepared" by international standards did not respond more

effectively to AIDS or COVID-19. Some labeled most prepared, like the United States had the weakest responses. The countries that *did* prove more resilient in the real world were more economically equal, even if their "preparedness" was weaker and their GDPs lower.

That should force us to rethink health security. It is not only about hospital beds, laboratories, surveillance systems and emergency stockpiles.

That is why the Global Council is calling for **inequality-informed or inequality-aware pandemic preparedness**, which I trust my colleagues will explain.

Let me turn to the global picture, where these same dynamics play out through two great inequalities: fiscal space and patent monopolies.

You are acutely aware of the funding crisis for the public goods that anchor the global AIDS response. It is a global failure, especially when African countries are increasing their own spending but cannot make up for aid cuts that paid for clinics and medicines while servicing high debt.

Look too at Ebola in the Democratic Republic of Congo, and how it mirrors the way underfunding hampered the response in Liberia, Sierra Leone, and Guinea in 2014.

The world is not short of capital. Trillions of dollars are circulating globally, seeking returns.

The problem is what we call *public* fiscal space.

When some countries cannot respond to the next outbreak, everyone is at risk.

We can do better. During COVID-19 the International Monetary Fund released billions through what are called "special drawing rights," replenishing treasuries. It was a counter-weight to the global failure to get money where it was so desperately needed and where global social returns were so high. But it was unequal—rich countries that didn't need the funds so badly got the lion's share of pandemic funding. It could be done differently—focused on low- and middle-income countries as a tool for expanding their pandemic fiscal space. Together with comprehensive debt

restructuring, changes in the global financial architecture could help address the AIDS funding crisis and let countries invest against future pandemics.

Finally, access to medical technology. From HIV to COVID-19 to mpox, we see a pattern: breakthroughs emerge and the resulting medicines come with high prices and limited supply. That drives inequality: some get access, others do not, and in the gaps we fail to stop pandemics.

The research for which I received the Nobel Prize highlighted the unique nature of information and knowledge. Knowledge is not an ordinary commodity. Once it exists, allowing another person to use it generally does not diminish anyone else's ability to use it.

But someone has to pay for research. Patents are one way to incentivize innovation: we finance it through monopolies, limited supply, and high prices charged to those who have the disease. But in a pandemic, that means viruses spread.

The long-acting HIV medicines being discussed at this conference are a perfect example of the failures of our current system. This is the opposite of health security.

Patents are not the only way, however, of financing research. Instead of monopolies, the world could create a pandemic prize fund—large prizes for developing cures and vaccines for diseases such as AIDS, with companies worldwide free to produce at cost. This would be more efficient and more equitable.

Even with patents, there should be a waiver in the event of a pandemic. The current system of compulsory licenses didn't work in covid-19 and it's not likely to work in the next pandemic. And once the pandemic hits, we can't spend months on end arguing about the waiver, with the drug companies doing what they can to delay. We need now to agree to have a waiver as soon as a pandemic strikes.

At minimum, even if high-income countries maintain monopolies at home, governments could compel sharing of pandemic technologies with all low-

and middle-income countries. Make it systematic, not voluntary, and the world will be not just more fair but far better able to fight pandemics.

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Let me make one concluding observation: AIDS remains a pandemic. It requires global and systemic solutions, and this is true whether we are talking about AIDS, Ebola, or some future Disease X. So I hope those of you gathered in Rio, and watching around the world, can help us see and stop this inequality-pandemic cycle—necessary for a truly pandemic-prepared world.

Thank you.