

# The Virus of Inequality and the Pandemic of Poverty

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I have heard it said several times that COVID-19 has made the whole of humanity equal, since it infects both rich and poor, all over the world. The reality, nevertheless, is that the impact of the pandemic, whether because of the disease itself or the crisis it has provoked, is profoundly unjust. Country of origin and residence, sex, social class, race... all of these factors determine how likely it is a person will survive, as well as the resulting effects of the economic tsunami.

The coronavirus has swept across a world where inequality has increased in the majority of countries, founded on a system which favours the hoarding of wealth, income, opportunities, and natural resources by a few. By not facing up to this huge crisis in a new way, we will witness an acute rise in poverty and a deepening of the divide between those who are somehow sheltered from its worst effects and those left out in the cold.

Over the last few months, Oxfam has produced various reports and investiga-

tions which examine the prospect of what could happen, using real stories and statistics, with events which are actually happening both in Spain and around the world.

## **Crisis after crisis for the most vulnerable on our planet**

The pandemic has unfolded in a double wave, firstly with a direct impact on health, followed by the broader consequences on the economy, caused by the measures taken to contain the spread.

In Spain we have seen how our public health system became overwhelmed, even though in spite of shortages it was relatively well-equipped. In Brazil, people are dying in the streets and collapsing at the entrance to hospitals; in Peru, people are queuing for hours in order to buy oxygen at exorbitant prices so that family members ill with COVID-19 can breathe; in Yemen, half of their health centres are not even operational, while some have been destroyed by bombs bought by the West; in Zambia,

there are hardly any doctors, but the fees to receive any kind of medical attention are such that hardly anyone can afford them.

When people are living through conflict or famine caused by climate change, a crisis like the coronavirus pandemic multiplies the risks for a population that is already exposed and vulnerable. The risk of becoming infected in a slum or in a refugee camp is high; while the chance of being able to rely upon adequate medical attention is almost impossible.

At the time of writing this document, the virus has established itself in Latin America and is spreading in Africa and India. The worst part of this is that some of these countries locked down their population relatively quickly –with Brazil being the dramatic exception–, although due to the nature of their social and economic culture, the lockdown was not an absolute one. Now even though the virus has become widespread, they find themselves forced to resume some sort of economic activity due to the threat of hunger. In Bangladesh, the BRAC organisation has estimated that vulnerable members of the population have seen their daily income reduced by 70 % during the pandemic. With more than 60 % of its workers being casual labourers with hardly any social or employment protection, a country like Peru could not manage lockdown for more than three months. The same situation is happening in Kenya and other African countries, where the police have used force against anyone defying the lockdown.

Oxfam estimates that up to 500 million people could fall into poverty because of the economic crisis caused by the coronavirus. This represents an absolute tragedy for those who have fought for their lives, their income, and their dignity. A statistic which, in some African countries, will re-

verse up to three decades of progress in the fight against poverty.

We have suggested an urgent rescue plan for the 85 countries with the most fragile health systems, which doubles their budget and capacity, and which could also be used to tackle other illnesses. Access to healthcare should be universal and not a luxury reserved for the few. We are also asking for a wider programme of social protection to address the current economic devastation, which will secure food and a minimum income for the millions of people who are having to decide between becoming infected or dying of hunger.

In order to finance this, as well as renewing budgets to assist with development and humanitarian action, we are asking that all payments destined to service external debt be cancelled during 2020 –whether they be private debts, loans from the IMF or from the World Bank– and that extraordinary mechanisms be put in place such as the issuing of Special Drawing Rights by the IMF, which would provide necessary liquidity to fragile economies and public finances damaged by the pandemic.

In the medium term, it is essential that a reform of the international taxation system takes place –if not now, then when?–, which will limit the manipulation of taxes, which currently allows big companies and wealthy figures to become richer through fiscal filibustering. New taxes on wealth, suggested by the IMF and the Financial Times, are necessary in order to lessen the fiscal gap and prevent further shortfalls in the protection of vulnerable members of the population. These shortfalls will bring about millions of deaths, much more than the virus will.

Finally, we have proposed that the vaccines used to treat Sars-Covid-2 should be given universally and freely, depending

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on an individual's risk factor, and not on where they live. The distribution or hoarding of vaccines and treatments will represent the biggest struggle between solidarity and egotism that we have seen in decades.

### **In Spain, the coronavirus has brought about an increase in inequality**

With all the different starting points which exist between countries, Spain is a standout example of inequality among the nations surrounding it. The crisis of 2008 left us as the fourth most unequal country of the EU with a relative poverty rate of around 22 %. This figure has only been slightly reduced over the last four years through the fragile recovery of our GDP and a labour market that is characterised by its instability and low salaries. In the eight years of crisis and "recovery", the average salary brought the GDP down by 5 percentage points, which reflects the profound changes that have taken place in the structure of wealth and employment in Spain.

Coronavirus arrived in our country some months ago, undoing a health system that had been weakened by cuts and causing a severe economic crisis, the likes of which has not been seen for decades.

With statistics pointing to a fall in GDP and employment, a recent report by Oxfam International concludes that more than 700,000 people will be thrown into poverty because of the pandemic, causing the poverty rate to rise to 26 % of the population, if the threshold remains the same as it was before the crisis.

GDP and disposable income are plummeting in the country. Nevertheless, and similar to other crises, this decline does not affect everyone equally. 10 % of the poorest sector of the population will see their income fall by more than 20 %, while the

wealthiest 10% will see their income affected by barely 2 %, ten times less. This division becomes more accentuated if we look at the Spanish multimillionaires: a group of 23 people (18 of these being men), whose fortune grew by 19,200 million euro in the first 79 days of the pandemic.

A more detailed analysis firstly highlights the issue of the labour market, where 73 % of people excluded from Social Security benefits during the pandemic belong to low income groups, the majority of these being tied into temporary contracts.

If the individual is also an immigrant, the possibility of losing their job is 145 % greater than the national average, which is why we have seen immigrants in queues at canteens and churches, where the migrant population is in the majority, just as they are in the care sector and other vulnerable sectors. For many, life didn't change that much compared to their Latin American or African countries of origin: casual labour, paid by the day and a weak support network. Add to this the fact that thousands of these are undocumented. Two weeks into lockdown, their extreme vulnerability had them out on the streets with hunger.

It is important to recognise the contribution that migrants make to society, since these were among the essential workers during the most severe periods of the pandemic: food harvesters, supermarket shelf stackers, carers for the elderly and cleaners in hospitals and nursing homes, essential workers that were exposed to infection. These are the people most likely to be experiencing unemployment, poverty, and social exclusion right now –they are in fact estimated to represent 27 % of the unemployment figures.

Vulnerability also disproportionately affects women: they are over-represented in the most vulnerable sectors where tem-

porary contracts and discrimination abound, and they also often work in the nursing and healthcare sector. In fact, 76 % of medical staff that were infected during the worst months of the pandemic were women, a higher proportion than women actually represent in that sector; a terrible example of temporary employment and rolling contracts. This also happens with employment in nursing homes and long-term care units, whether in the private sector or subcontracted in the public sector, where women hardly earn enough to keep their families, that are in many cases entirely dependent on them.

This extreme vulnerability is also seen among domestic workers. One in three of these live below the poverty line in normal circumstances. The lack of contracts and the inhumanity of many homes led many of these women to the hunger queues shortly after the start of lockdown. Thus we witness maximum vulnerability and minimum protection for those who care for our elderly and keep our houses.

Therefore, we have both a fragile tax system and a fragile social welfare system. The measures put in place by the government have been positive, in relation to employment and income protection, and among them the Minimum Living Wage stands out as something that has been needed for years, and which is indispensable during the COVID-19 crisis. However, the Spanish system of social protection, going beyond pensions and unemployment, is as fragile as it is unjust among different sectors of the population.

The absolutely central question is: «how long will the public finances last when they run out of the funding necessary for social policies?». Each economic sector, both business and social, requires as-

sistance, while the needs of the Department of Social Protection are increasing and tax revenues are falling. Even though the EU is relaxing its requirements in relation to the servicing of debt and deficit, and providing support funds to productive sectors, this tax shortfall cannot last.

By not undertaking fiscal reform, it will be impossible to avoid facing drastic cuts, which will be much deeper than those brought about by the 2008 crisis. This would result in not being able to apply protective measures that have already been approved, something which has already happened in relation to benefits for carers.

Oxfam International suggests undertaking short-term fiscal measures, as well as a profound reform of the fiscal sector. This should incorporate new taxes which target pockets of wealth that face little or no taxation, a frontal assault tackling large-scale fraud which incorporates more aggressive measures against the use of tax havens, and the reversal of tax reforms such as those relating to corporation tax and estates, the approval of which led to a fall in revenue. There is no other option.

Furthermore: the crisis caused by COVID-19 is having a devastating effect on the most vulnerable, both in Spain and around the world. If we continue along the path we are going, this unequal divide will worsen and cause hunger and poverty for millions of people.

Thousands of voices are crying out for new and urgent action to be taken to face the magnitude of the challenge that is threatening humanity.

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