

First the virus, then poverty?

# Why social protection is crucial in the corona crisis

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The Spanish flu was one of the most devastating pandemics in human history, claiming up to 50 million lives worldwide between 1918 and 1919. It has many parallels with the current coronavirus and the international community would do well to learn from such past pandemics. For every flu death back then, four people survived, but became impoverished. In order to prevent such a scenario, we need to act now to utilise and adapt social protection systems to provide rapid, non-bureaucratic assistance to people.

Initially, as the Spanish flu claimed its first victims in 1918, no one believed in a highly contagious illness. Soldiers in the United States were the first to catch the aggressive virus. Troop movements during the First World War served to facilitate the extremely rapid spread of the flu around the globe. The pandemic also overran towns and villages in Germany, slowly at first and then with explosive speed. Around 300,000 people died within a year in Germany alone, while the United States lost almost 700,000 lives and India over 17 million. Each individual with the virus infected between three and four people at the time. Like corona, the virus could be caught simply by breathing it in. People became symptomatic between two and eleven days after catching it; most deaths resulted from the pneumonia caused by the illness. As in the current situation, there was no vaccine at that time either.

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Two per cent of the world's population died and the Spanish flu unleashed a global economic shock. Unlike the current coronavirus pandemic, the main victims back then were men between 15 and 40 years of age. As such, the Spanish flu claimed a large proportion of the working age population. Much like in the current corona crisis, return on capital collapsed, wages fell and overall global economic growth slowed, as people produced and consumed less.

This led to a marked increase in income poverty in many countries, though not every nation was affected to the same extent. There are indications that countries with at least rudimentary social protection systems coped better with the consequences of the flu, as they were able to prevent their populations becoming extremely impoverished and bolster domestic demand. In Sweden, for instance, more of the population were provided with essential supplies in poorhouses, which helped many people get back on their feet after the crisis.

The international community can learn lessons from the Spanish flu, especially in a situation in which the economic and social impact of coronavirus is emerging in low- and middle-income countries. In order to prevent a massive increase in poverty, we need to make comprehensive use of existing social protection systems and quickly boost cash transfer payments to poor population groups. This would at least help to curb the most severe economic and social consequences of the corona pandemic. A number of countries have already taken the first steps in this direction; Colombia and Brazil, for example, have expanded their existing social transfer programmes. Peru is also planning to transfer around USD 100 in cash to each of three million poor households. Nations with inadequate social protection systems should act quickly to implement measures to protect their poorest citizens, with financial support from international donors. There is an urgent need to establish a global fund to curb the effects of the corona pandemic.

German development cooperation should provide greater support for the expansion of social protection systems, primarily by means of advisory services and financial incentives. There are two key measures when it comes to helping to prevent and manage pandemics and crises. The first involves establishing comprehensive social cash transfer programmes. These programmes should be designed flexibly to allow them to cover many more beneficiaries at short notice in the event of a crisis and to provide larger cash transfers to poor population groups. The Productive Safety Net Programme in Ethiopia is a good example in this regard. The second concerns strengthening health systems on a massive scale to achieve universal health coverage. In addition to improving health care provision, this also includes providing access free of charge to health care services by means of public health insurance schemes.

Both measures offer the potential to break a vicious cycle. After all, pandemics such as the Spanish flu were responsible for an increase in poverty and inequality. An increase in the number of poor people could in turn lead to a greater spread of future pandemics. Indeed, low-income households often have fewer means of protecting themselves and avoiding becoming infected and/or infecting others. As such, the aforementioned measures boost the economic and social resilience of whole societies in time of pandemics.