



**Commission on the Status of Women
Sixty-first Session**

**Women's economic empowerment in the
changing world of work**

**INTERACTIVE EXPERT PANEL
The global care economy in the context of the
changing world of work**

Reducing gender inequalities by investing in care

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Friday, 17 March 2017
3:00 – 6:00 p.m.

* The views expressed in this paper are those of the author and do not necessarily represent those of the United Nations.

The care economy and gender equality

Developing a high quality care economy through decent and well-paid employment is an important and necessary step towards gender equality. This is for a number of reasons.

First, the care sector employs many women. Hence poor pay and employment conditions of care workers contribute significantly to overall gender inequality. Further, employment conditions in the care sector affect the bargaining power all women workers. For employment in care is the job of last resort for many women, thereby setting a floor for wages and conditions of employment; this is one reason why migrant women and other vulnerable workers are often employed in care. If care jobs were of better quality, women's work in general might be better rewarded and gender gaps in pay and conditions reduced.

Second, the conditions of employment of care workers affect the quality of care provided. Care is skilled work, helping people, whether young or old, acquire capabilities that the rest of the population take for granted. Understanding how to do this well, compassionately and efficiently requires training and work experience, as well as the recognition of skills learned in the home. But if care workers are at the bottom of the employment hierarchy, with no prospects of improvement, training will be neither offered nor taken up. Employing migrant workers with skills that are not officially recognised is a cheaper alternative.

And if workers have to escape from care work to improve their prospects, the best workers are unlikely to stay and gain experience. This matters because good care relies on the quality of developing relationships between care workers and care recipients. This cannot be achieved when turnover rates are high and only those who cannot find other employment stay. That there remain extraordinarily skilled and devoted care workers, despite appalling employment conditions, is testament to the strength of the gender-specific training for unpaid care duties within families. However, the changing world of work makes relying on that for the future risky as well as unfair.

There are also gender inequalities in the care of the young, disabled and the old that improving access to, affordability and quality of care services will help rectify. Boy children are more likely to receive formal early years care and education than girls in some countries. In all, especially where women tend to marry older men, women are more likely to be dependent on formal care services than men in old age; and that will be increasingly true as younger generations' mobility stretches the geographical dispersion of extended families.

Third, the care sector has the feature, shared by few other sectors, that its development also affects the supply of labour, particularly women's. This is because the availability and affordability of care services, and norms over their use, affect whether and under what conditions those with caring responsibilities can enter and stay in employment. Absences from the labour market can have long-lasting, cumulative effects on workers' chances of moving into better quality employment. That most women (and only some men) have direct caring responsibilities at some point in their lives means that a lack of acceptable care services impacts severely on gender equality both in the labour market and in unpaid contributions to care.

Further, low quality care services will be used only by those who have no alternative – it will not change norms overall nor be used by women who have a choice. This will severely hamper women's employment progression. If the only care services are of poor quality, once families can earn enough not to have to all members in employment, women will again drop out of the labour market, or find their own informal solutions to their care responsibilities, reproducing poor labour market conditions and uncertain quality. Poor quality care provision will therefore fail to contribute to changing gender norms, to improving the quality of women's employment or producing sustainable reductions in gender employment gaps.

Investing in care

For these reasons, it makes sense to talk about providing publicly funded, good quality paid care as an “investment in infrastructure”. It is an *investment* because its benefits last beyond the current period into the future. And it is *infrastructure* because its benefits accrue to others beyond its direct recipients, in the form of a better cared-for, and hence more productive and socially integrated, population. It is these public benefits of infrastructure spending that justify government expenditure on it.

That spending on care is an investment is unfortunately not recognised in the UN-mandated System of National Accounts (SNA). In the SNA, spending on physical infrastructure, such as construction, counts as investment in capital stock, whereas spending on social infrastructure, such as care, is classified as part of governments’ current spending, despite its benefits being long-lasting. Given that many governments adopt fiscal practices which favour capital spending over current spending, the SNA’s classification distorts governments’ choices, resulting in spending on care being underfunded. It also implies a gender bias in the jobs generated by government investment, towards the mainly male work force employed in the construction sector rather than the mainly female workforce employed in the care sector¹.

The argument that spending on high quality care is an investment depends on its long-term benefits to care recipients and to society as a whole in having a well-functioning care system and well-cared for children and adults. However, investing in care also brings more immediate benefits in terms of employment generation and gender equality.

The UK Women’s Budget Group (for the ITUC and UN Women) has looked at the employment effects of investing substantial resources (2% of GDP) in either the care or construction sector in a number of different countries. Its first report compared effects in seven OECD countries: Australia, Denmark, Germany, Italy, Japan, UK and the USA².

Using input-output tables and current wage levels, the report estimated the numbers of three types of jobs that would be generated by such an investment: i) employment *directly* in the sectors invested in, ii) employment *indirectly* in sectors in the supply chain of inputs to those sectors and iii) additional employment *induced* through the extra spending of the workers employed directly or indirectly. The gender composition of the employment generated was also estimated, by assuming an unchanged gender composition of employment in each sector.

Figure 1 shows that the total employment effects of investment in care are considerably larger than in construction, at least 50% higher in all countries (except Japan). The direct effects of investment in care are greater because care is more labour-intensive and uses fewer inputs than construction. Further, in most countries workers in care are paid considerably less than in construction (but where they are not, as in Japan, the direct employment effects of investing in the two industries are more equal). Second, because more inputs are used, the indirect employment effects of investment in construction are generally larger but not large enough to offset the greater direct effects. Finally, the induced effects of investment in care are larger, making the total effects up to twice as large as those of investing in construction.

¹ SNA categories are not set in stone. They have, ironically, recently been updated so that some forms of military expenditure now count as investment.

² De Henau, J., Himmelweit, S. Łapniewska, Z. & Perrons, D. (2016) “Investing in the care economy: a gender analysis of employment stimulus in seven OECD countries”, Report by the UK Women’s Budget Group for the International Trade Union Confederation, Brussels. http://www.ituc-csi.org/IMG/pdf/care_economy_en.pdf

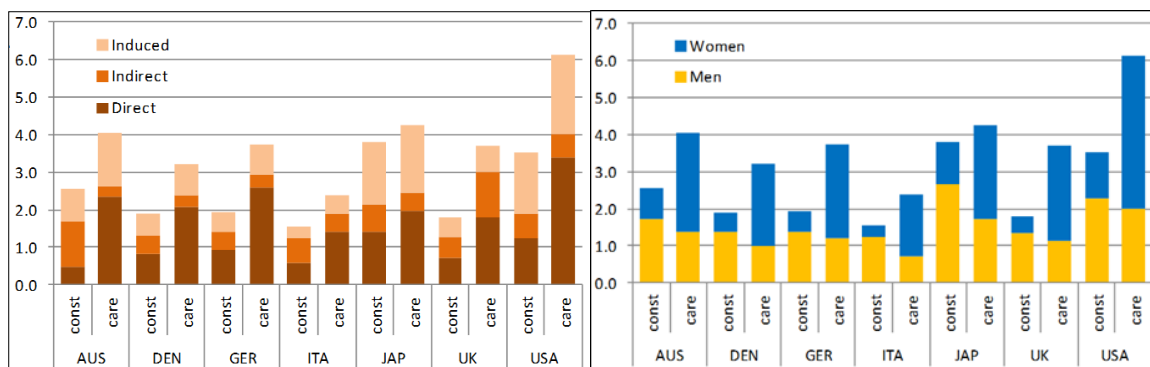


Figure 1: Contribution of direct, indirect and induced effects to the rise in employment rates by industry and country (in percentage points)

Figure 2: Rise in men's and women's employment rates by industry and country
Source: De Henau et al. (2016)

Figure 2 shows a consistent pattern in the gender breakdown of the employment generated. Because of gender segregation in both industries, investment in care produces a far larger boost to women's employment, reducing the gender employment gap, while investment in construction increases it. Further the greater overall employment effect of investment in care results in it generating almost as much employment for men as investment in construction, which generates very few jobs for women.

The results of a second study, looking at six "emerging economies", Brazil, China, Costa Rica, India, Indonesia, South Africa (with Germany as a comparator), were more mixed³, because for these economies the care sector could not be isolated from available input-output data, and the less specific and more internationally variable "Health and Care" sector had to be used.⁴

More research is needed fully to explain the results, which showed greater employment effects for investment in health and care in Brazil, China, Costa Rica, Indonesia (and Germany), but not for India nor South Africa. In all countries construction was the more male-biased sector in its employment, but in some countries, though not Brazil or China, even investment in health and care favoured men's employment, though to a much lesser extent (and we doubt that male bias would have been applied to the care sector, if we could have isolated such a sector.)

Generating labour supply

An aspect of care provision that the above reports did not consider is that, unlike investing in construction, investing in care generates at least part of the additional labour needed to fill the jobs it creates. This is because care services enable unpaid carers to take or increase their employment. This is another way in which such investment has desirable gender effects, because those freed up to enter the labour market in this way are likely to be women.

It also means that the costs to the government of investing in care are partly offset by the revenues generated by the newly employed paying more taxes and needing fewer benefits, an

³ De Henau, J., Himmelweit, S. & Perrons, D. (2017) "Investing in the care economy: Simulating employment effects by gender in countries in emerging economies", Report by the UK Women's Budget Group for the International Trade Union Confederation and UN Women, http://www.ituc-csi.org/IMG/pdf/care_economy_2_en_web.pdf

⁴ In some of the countries studied, the "Health and Care" sector mainly employs highly paid and trained professionals, often men, catering for a relatively small sector of the population, while in others, with more widely available health care, it is a more labour-intensive, worse paid sector, with features more in common with the care sector of the first study, including employing more women. Further, the proportion of the health and care sector that could be considered as providing care also varies considerably – indeed, in some of these countries there is currently little formal child and social care.

effect that would not arise from investment in construction if those jobs were taken by those already employed. In the case of care, we know that the labour supply is also increased.

Jerome De Henau of the UK Women's Budget Group has estimated that for the UK, depending on employment conditions, 89%-95% of the gross costs of providing universal publicly funded childcare would be recouped.⁵ Of course, this percentage depends on country specific tax and benefit systems as well on the proportion of people care provision frees up to take employment, which may be different for different types of care. For example, the percentage of spending on aged care recouped in this way may be larger or smaller: larger possibly, because many elderly care recipients do not need full-time care, so it may cost less to free up one unpaid carer to take employment, but smaller possibly, because the unpaid carers of elderly people tend to be older themselves so fewer may seek employment.

Quality in care

The issue of care quality is important above all as a contribution to the well-being of those being cared for. But it also matters because the provision of poor quality care will not bring about the transformation in norms and practices required for gender equality.

Investment in care involves increasing care provision by the sectors, public, private for-profit or community non-profit, that employ paid carers. However, the private for-profit sector produces less good quality care and inferior working conditions than the other two sectors. In particular, moves to privatise care provision in many European countries, although designed to improve quality while cutting costs, have led to criticisms of both care and job quality.

This is because, even when regulated, markets are not appropriate mechanisms for producing good quality care, which depends on the relationships developed between care workers and care recipients. Relationships are inherently difficult to judge from outside or score against comparable indicators. Further, care purchasers, whether care recipients themselves, parents or state agencies, tend to be income-constrained. As a result, for-profit suppliers tend to compete over cost rather than the more difficult-to-demonstrate quality. In such a labour-intensive industry, the only way to reduce costs is by cutting payments to staff, employing fewer or worse paid/less qualified staff, or worsening conditions of employment, generating races to the bottom in terms of quality. Further, the private sector cannot be relied on to provide the training and possibilities of employment progression that are needed to transform care work into high quality decent employment.

The public and non-profit sectors, if properly funded, can resist such pressures. Unlike the for-profit sector, non-profits have a mission to fulfil besides cost-cutting. Similarly, the public sector can be mandated to provide high quality care. Provided both are adequately funded, trustworthy and not expected unreasonably to cut costs, they should be able to retain professionalism and focus on quality.

⁵ De Henau, J. (2017) "Investing in the caring economy – the case of free universal childcare in the UK", A briefing from the UK Women's Budget Group on the costing, employment effects and financing of universal provision of childcare in the UK http://wbg.org.uk/wp-content/uploads/2016/02/WBG_childcarebriefing_Feb16.pdf