



## Investing in the care economy

### Background Note for CSW63

### Investing in the care economy

Globally, almost four in ten people have directly experienced unemployment or the reduction in available working hours – either in their own job or that of a family member. More than half the world’s population say their incomes are declining, in terms of the cost of living. Nearly one in four people in work believe their job is insecure. Having a job no longer guarantees enough to meet basic needs and women are the majority of the working poor<sup>1</sup>.

### The cost of not caring

Although more women than ever are in the labour market, this has not been matched by a corresponding improvement in the economic position of women overall. In fact, labour market participation rates for women are stagnating. Women continue to be segregated in insecure, involuntary part-time, low-waged and ‘low-status’ jobs, including in the supply chains of transnational companies. Gendered perceptions of women’s roles in society, particularly in relation to care-giving, are contributing to occupational segregation and the undervaluing of work women generally perform in the labour market, both within and outside the care sector.

Investing in care makes economic sense. It also makes sense from a social policy and gender equality perspective. Globally, women spend at least twice as much time as men on unpaid care work, including domestic or household tasks as well as care for people at home and in the community<sup>2</sup>. ITUC research<sup>3</sup> shows how public investment in paid care jobs provides women with independence to find and keep jobs in other sectors or be paid for the work they disproportionately do, through formal employment in the care sector.

Although critical to our social and economic well-being, unpaid care work has been largely ignored by economic and social public policy. The time and opportunity costs of unpaid care work, as well as the sheer physical demands, can have a severe and negative impact on women’s well-being and economic independence by limiting women’s access to paid employment and defining the types of jobs to which women have access. Even when care work is paid, it remains undervalued and often characterised by poor pay and working conditions.

Reducing the amount of unpaid care work performed by women by providing better access to care services and promoting a more equal distribution of care responsibilities between women and men has a positive impact on women’s employment outcomes, increasing their labour force participation and access to decent

<sup>1</sup> ITUC (2017) Global poll: [https://www.ituc-csi.org/IMG/pdf/global\\_poll\\_en\\_print.pdf](https://www.ituc-csi.org/IMG/pdf/global_poll_en_print.pdf); ITUC (2018) Global poll: <https://www.ituc-csi.org/ITUC-Global-Poll-2018>

<sup>2</sup> As well as cooking, cleaning and looking after children and other dependents, this can include fetching water and firewood where the physical infrastructure to distribute clean and affordable water and fuel is lacking.

<sup>3</sup> ITUC (2016) *Investing in the Care Economy - A gender analysis of employment stimulus in seven OECD countries*; ITUC (2017) *Investing in the Care Economy – Simulating employment effects by gender in countries in emerging economies*: <https://www.ituc-csi.org/investing-in-the-care-economy>

jobs. In countries where women spend an average of five hours a day on unpaid care activities, 50% of women in the working age-population are active, i.e. employed or looking for a job. However, in countries where women spend three hours a day on unpaid care work, 60% of women are active in the labour force. A decrease in women's unpaid care work is therefore related to a ten percentage point increase in women's labour force participation rates.<sup>4</sup>

Financial cuts - in particular cuts to investment in public services, outsourcing and privatisation contribute to the casualisation and informalisation of paid care work while deepening existing gender gaps and structural barriers to women's employment, such as the gender pay and pension gap, pregnancy discrimination, occupational segregation and insecure or informal working conditions, as women struggle to balance income generating activities with unpaid care work.<sup>5</sup> The ILO and others calculate that by 2020 seventy-nine per cent of the world's population will have been affected by austerity measures: 83 per cent living in developing countries and 61 per cent in industrialised countries.<sup>6</sup>

The provision of care is increasingly seen as a private and individual responsibility, rather than a collective responsibility to be subsidised through fair and progressive taxation systems.<sup>7</sup> When societies' needs for care are met privately, it is almost exclusively by other women's work. Millions of women are migrating every year either within their own country or across borders to take up a job as care or domestic workers.

Demand for care is only likely to increase as populations grow older and more women enter the workforce, making the need for public investment in quality public care jobs and services, combined with inclusive social protection systems ever more urgent. According to the ILO, 2.1 billion people were in need of care in 2015, including 1.9 billion children under 15 and 200 million older persons. By 2030, this number is expected to reach 2.3 billion, driven by an additional 200 million older persons and children. In order to achieve the SDGs, 269 million jobs in the care economy will need to be created by 2030<sup>8</sup>. In addition, the World Health Organisation predicts that economic and demographic trends will create around 40 million new jobs in the health and social sector, mostly in middle- and high- income countries, by 2030. But despite the anticipated growth in jobs there will be a projected 18 million health worker shortfall, mainly in low and low middle income countries<sup>9</sup>. Adequate investment in the care economy is urgent to reduce these shortfalls and would further stimulate economic growth through the creation of millions of quality jobs.

<sup>4</sup> See OECD Development Centre, December (2014) *Unpaid care work: The missing link in the analysis of gender gaps in labour outcomes*: [https://www.oecd.org/dev/development-gender/Unpaid\\_care\\_work.pdf](https://www.oecd.org/dev/development-gender/Unpaid_care_work.pdf)

<sup>5</sup> See for instance TUC (2015) *The impact on Women of recession and austerity* <https://www.tuc.org.uk/sites/default/files/WomenRecession.pdf>; TUC (2014) *Austerity Uncovered* [https://www.tuc.org.uk/sites/default/files/TUC%20Final%20Report%20Dec%2714\\_2.pdf](https://www.tuc.org.uk/sites/default/files/TUC%20Final%20Report%20Dec%2714_2.pdf); European Women's Lobby (2012) *The Price of Austerity: The Impact on Women's Rights and Gender Equality in Europe* (<http://www.womenlobby.org/spip.php?article4235>); LSE Commission on Gender, Inequality and Power and Department of Economics Public Lecture (2015) *Inequality Matters: austerity policies, gender and race* [www.lse.ac.uk/publicEvents/pdf/2015-ST/2015-Stephanie-Seguino-PPT-FINAL.pdf](http://www.lse.ac.uk/publicEvents/pdf/2015-ST/2015-Stephanie-Seguino-PPT-FINAL.pdf); ILO (2018) *World Employment and Social Outlook: Trends for Women 2018*: [https://www.ilo.org/global/research/global-reports/weso/trends-for-women2018/WCMS\\_619577/lang-en/index.htm](https://www.ilo.org/global/research/global-reports/weso/trends-for-women2018/WCMS_619577/lang-en/index.htm)

<sup>6</sup> ILO, Columbia University and the South Centre (2015) *The Decade of Adjustment: A Review of Austerity Trends 2010-2020 in 187 Countries*: [https://www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS\\_431730/lang-en/index.htm](https://www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS_431730/lang-en/index.htm)

<sup>7</sup> For the link between unpaid care and taxation, see [http://opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/7996/PB109\\_AGID320\\_UnpaidCare\\_Online.pdf?sequence=1](http://opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/7996/PB109_AGID320_UnpaidCare_Online.pdf?sequence=1)

<sup>8</sup> ILO (2018) *Care work and care jobs for the future of decent work*: [https://www.ilo.org/global/publications/books/WCMS\\_633135/lang-en/index.htm](https://www.ilo.org/global/publications/books/WCMS_633135/lang-en/index.htm)

<sup>9</sup> WHO High Level Commission on Health Employment and Economic Growth (2016) *Working for Health and Growth: Investing in the health workforce*: <https://www.who.int/hrh/com-heeg/reports/en/>

## From crisis to opportunity

Unpaid care work, performed largely by women, contributes from 20 to 60 per cent of National Domestic Product<sup>10</sup> but governments and international institutions do not yet recognise or value unpaid care and domestic work in the development of economic and social policies.

A growing body of evidence<sup>11</sup> shows that at times of low growth, high unemployment and pervasive underemployment, public investment in social infrastructure and the right mix of gender equality policies can drive inclusive economic growth and women's economic autonomy. ILO research shows that around 269 million new jobs could be created if investment in education, health and social work were doubled by 2030<sup>12</sup>. Research commissioned by the ITUC<sup>13</sup> shows how investing 2 per cent of GDP in public care services can create millions of quality jobs, narrow the gender pay gap, reduce overall inequality, help redress the exclusion of women from decent jobs and contribute to inclusive economic growth. Such investment will have a direct effect through the creation of millions of jobs for women in the care sectors where the investment takes place. But there will also be multiplier or knock-on effects of that investment, such as the creation of jobs in the industries that supply the necessary raw materials and services for the initial investment; expansion in household income as a result of the expansion in employment; savings in public expenditure from the reduction in unemployment and social security payments and additional tax revenue from the newly employed workforce. Such investment would further close gender gaps in employment by improving pay and working conditions in the care sector and increasing the options for informal carers to juggle paid work and caring. Overall, such investment would help tackle some of the central economic and social problems confronting contemporary societies: low productivity, the care deficit, demographic changes and continuing gender inequality in paid and unpaid work.

Macro-economic policies play a key role in advancing or hindering gender equality, as they shape the overall economic environment. Adopting macroeconomic policies to boost both short-term and, crucially, long-term inclusive economic growth and that promote women's economic empowerment requires approaches that recognise and prioritise the creation of productive and decent jobs and support existing livelihoods in agriculture and the informal economy. It requires adequate, universal social protection over the life cycle, public investments in social and rural infrastructure, reductions in the amount of unpaid care and domestic work borne by women, and maximising and optimising fiscal space through tax regimes that redress inequality and provide sufficient public resources.

<sup>10</sup> See for instance Rania Antonopoulos (2009) *The unpaid care work – paid work connection* [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms\\_119142.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_119142.pdf)

<sup>11</sup> See for instance Antonopoulos, Rania and Kijong Kim (2011) *Public-Job Creation Programs. The Economic Benefits of Investing in Social Care. Case Studies in the US and South Africa* [http://www.levyinstitute.org/pubs/wp\\_671.pdf](http://www.levyinstitute.org/pubs/wp_671.pdf); Ipek Ilkkaracan, Kijong Kim, and Tolga Kaya (2015) *The Impact of Public Investment in Social Care Services on Employment, Gender Equality and Poverty - The Turkish Case.* [http://www.levyinstitute.org/pubs/rpr\\_8\\_15.pdf](http://www.levyinstitute.org/pubs/rpr_8_15.pdf); and AK Europe Brussels (2013), *Social Investment - Growth, Employment and Financial Sustainability - Economic and Fiscal Effects of Improving Childcare in Austria* [http://www.akeuropa.eu/includes/mods/akeu/docs/main\\_report\\_en\\_304.pdf](http://www.akeuropa.eu/includes/mods/akeu/docs/main_report_en_304.pdf)

<sup>12</sup> ILO (2018) Care work and care jobs for the future of decent work: [https://www.ilo.org/global/publications/books/WCMS\\_633135/lang--en/index.htm](https://www.ilo.org/global/publications/books/WCMS_633135/lang--en/index.htm)

<sup>13</sup> ITUC reports – Investing in the care economy: <https://www.ituc-csi.org/investing-in-the-care-economy>



Such policies must go hand in hand with policies to challenge and change social norms; policy and legislative measures to address structural barriers, including discrimination based on gender, race, age, disability, immigration status, etc.; active labour market policies that strengthen labour market institutions and tackle occupational segregation and gender pay gaps; as well as family-friendly workplace policies that enable workers to balance work with family responsibilities.

## Trade union action

Decent work for women and men is a trade union priority. Trade unions recognise that public education, affordable health care, child protection, child care, aged care, maternity protection, support for the disabled, living minimum wages and active labour market programmes are among the hallmarks of dignified societies. Through social dialogue and collective bargaining, trade unions are contributing to policy formulation at global, national and regional level; trade unions have bargained collective agreements and changes to national laws and policy; extended social protection to millions of women, including women working in the informal economy; enhanced maternity protection; ensured time off for workers to care for their dependents; secured parental leave for both women and men; and changed working arrangements to allow workers to reconcile work and family. The trade union wage “premium” is significant for women<sup>14</sup>, helping to close the gender wage gap.

For the full reports, including the figures on job creation, please visit: <https://www.ituc-csi.org/investing-in-the-care-economy>

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<sup>14</sup> Defined as the percentage difference in average gross hourly earnings of union members compared with non-members