

# Care in a time of austerity: casualty or remedy?

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*Beyond Austerity, towards employment*  
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## Diapositiva 1

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SF3

needs redoing

Susan.Himmelweit; 10/12/2014

# Plan of presentation

1. Care and the economy SF2
2. Trends in care provision and inequality before the financial crisis
3. Inequality, the financial crisis and austerity
4. The effects of austerity on care across Europe
5. UK case-study
6. What can be done instead

## Diapositiva 2

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SF2

needs redoing

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# 1. Care and the economy

- Care is the provision of hands on services to enable a care recipient to do what others can do unaided (or as near as possible)
  - For both children and adults
  - To achieve socially endorsed capabilities
  - Narrow definition - does not include eg similar services for the perfectly capable
- Economic analysis must be of social relations around all “provisioning” which includes:
  - provision for care needs as well as for material consumption
- Unpaid care work is equivalent to about 1/3 to 1/2 of GDP - though not counted in it
- Paid care the fastest growing industrial sector in developed economies
  - e.g. in US, one-fifth of all workers employed in care, and through C20 share of total employment increased five-fold
- Decisions people make about care affect the rest of the economy
  - Time spent on care affects what else people can do with their lives
  - Resources devoted to care affect what society has for doing other things

# Care norms

- “Care needs” are socially constructed norms
  - This is true of material “needs” too, for all but the poorest
- Variation across societies in care norms about:
  - what is thought necessary for people to be able to do
    - though this is often gendered – eg being able to earn an independent living may be seen as essential for men but not women
  - who takes responsibility for care giving within families
    - though this is always gendered - women universally take more responsibility and provide more unpaid care than men
  - the extent to which extra-familial care is accepted and used
    - and this is always gendered too – with care tending to be seen as better and more suitable work when provided by women than men
- Norms about care provision
  - *can and do change*
  - and are therefore fundamental to explaining gender differences *and much else about economies*
- Path dependence means many different trajectories are possible

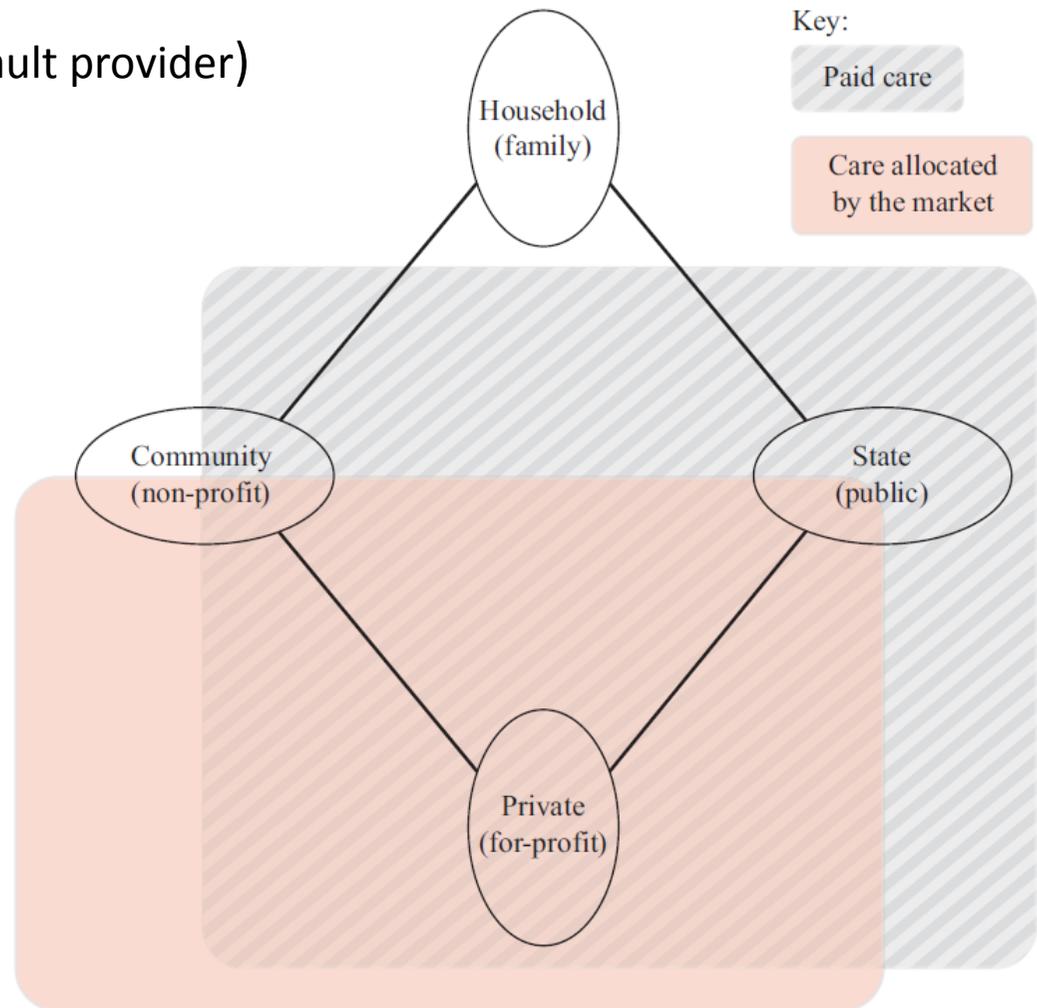
# All sectors provide care

- Five main sectors of care provision:
  - Household (family is always the default provider)
  - Public Sector
  - Private firms
  - Community/not-for-profit sector and in the background
    - *Informal/illegal sector*

- Sectors differ in whether:
  - they use paid or unpaid work
  - the market is involved in allocating care

NB this is for ***care provision***

- financing can be different
- e.g. state can finance provision by any of the three other sectors



# Large variation in care provision and financing over time and place

- Balance of different sectors of provision varies:
  - across countries
  - over time
  - by type of care (elder/child etc)
- Some acceptance throughout Europe of public responsibility to ensure that those who need care receive it.
- But variation in the extent to which and how welfare states contribute to the social reproduction of the working class
  - care for children and temporarily disabled adults
    - sometimes seen as an investment (eg in phrase “social investment state”)
  - care for adults with long-term disabilities and the elderly (LTC)
    - although equally part of the social infrastructure is less easily perceived as an investment
    - therefore particularly subject to varying social constructions and changing social norms

## 2. Trends in inequality and care provision before the financial crisis

- Unpaid familial care providing for a smaller proportion of care needs, due to:
  - Rising employment levels among women in nearly all European countries
  - Greater mobility of adult children
- Lisbon European employment strategy (2010) recognised;
  - the importance of higher rates of women's employment to the European Social Model
  - better (child)care provision as essential to achieving this
- Increased need for non-familial paid care
  - Expanding employment opportunities for women outside care industry meant wages in care could not lag far behind other industries
  - So rising costs in a labour intensive industry in which it is hard to raise productivity (Baumol)
- Rising need for paid care combined with increasing income inequality
  - Reduced the proportion of people who could pay the rising costs of the care they needed to replace/augment unpaid care.
  - Increased demand for state funding

# Variation around Europe: support for long-term care

**Total public expenditure on long-term care as % of GDP on home care, residential care, and cash benefits (selected countries around 2008)**

Country	Total expenditure on LTC (% of GDP)	% of total expenditure on LTC		
		Residential care	Home care	Cash benefits
Switzerland <sup>(5)</sup>	1.0%	73.9%	26.1%	(0.7%)
Denmark	2.7%	26.7%	73.3%	-
Germany	0.9%	57.7%	17.8%	24.4%
Spain	0.3%	59.0%	27.0%	13.9%
France <sup>(4)</sup>	1.2%	57.4%	42.6%	
Italy	1.7%	26.2%	31.7%	42.1%
Netherlands <sup>(6)</sup>	2.2%	55.8%	33.6%	10.6%
Austria <sup>(1)</sup>	1.3%	42.7%	57.3%	
Slovenia <sup>(5)</sup>	0.8%	25.7%	74.3%	(27.5%)
Slovakia <sup>(2)</sup>	0.5%	69.0%	4.9%	26.1%
Finland <sup>(3)</sup>	1.8%	69.0%	31.0%	-
Sweden	3.9%	58.7%	38.1%	3.3%
UK	1.2%	47.4%	24.2%	28.5%

# Marketisation of long-term care

Growing use of market to provide care:

- Addition to direct state and family provision, through:
  - Those with care needs and their families using their own funds to buy care
  - State contracting out care to private sector providers
  - State paying money directly to those judged to have care needs to spend themselves (or to their parents)
    - Either from corporate provider or employing own care assistants;
    - Either direct cash payments or control of personal budget administered by state (local authority)
    - Sometimes with restrictions on use
- All three forms of marketisation have been increasing throughout Europe,
  - all can be seen as attempts to reduce/contain costs for capital of reproduction of working class
  - though with a variety of ideological justifications

# Variation around Europe: typology based on the organisation and financing of long-term care

Nature of the system	Countries	Characteristics
Oriented towards informal care, low private financing	Belgium,* Czech Republic, Germany, Slovakia	Low spending, low private funding, high informal care use, high informal care support, cash benefits modest
Generous, accessible and formalised	Denmark, The Netherlands, Sweden	High spending, low private funding, low informal care use, high informal care support, cash benefits modest
Oriented towards informal care, high private financing	Austria, England, Finland, France, Spain	Medium spending, high private funding, high informal care use, high informal care support, cash benefits high
High private financing, informal care seems a necessity	Hungary, Italy	Low spending, high private funding, high informal care use, low informal care support, cash benefits medium

As the devisers of this typology (Allen et al, 2011: p17) note, this Table shows :

*“surprising results as, for instance, the German and Slovak LTC systems result as similar, while countries as different as Austria, England, Finland, France and Spain seem to show the same pattern of LTC service use and financing. As a corollary, these results may yet again underline that LTC as a system is just emerging in most European countries”*

# Why might marketisation help in reducing costs?

- Private sector employers can achieve cost reductions more readily than public:
  - Workers less likely to be unionised and therefore less likely to be able to protect:
    - their own working conditions
    - the standards of the care they are providing
  - Even more so when employer/purchaser is isolated care recipient
- Market can transfer risks to:
  - workers eg zero-hour contracts
  - care recipients themselves
- Providers or care recipients can be blamed for failures rather than lack of funding
- Easier to cut funding (or just not raise it in line with costs) when goes directly to isolated care recipients
- Despite this, receiving own budgets may appear attractive if quality of public provision is falling through lack of funding
  - Germany 2001, 75% of home care users chose to receive a cash payment worth less than half the value of services in kind
  - By 2009, it had not been increased and many were trying to opt back into receiving public provision

- So the care costs of women's employment were being inadequately covered by:
  - Provision of some publically provided or financed services and cash benefits
  - Increased total work hours of women in employment
    - In some cases massively
  - Career prospects of women through restricted job opportunities
  - Increased payments by care recipients or the families
    - In some cases catastrophically high
  - And inevitably, in some cases, by care recipients receiving lower quality care
    - Scandalously, in some case

Before the financial crisis situation, particularly with respect to long-term care, was beginning to be recognised as unsustainable; SF1

- Widely talked about as the “crisis in care”
- Eg Wanless Commission in UK

## Diapositiva 12

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SF1

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Susan.Himmelweit; 07/12/2014

### 3. Inequality, the financial crisis and austerity

- Increasing inequality within developed countries can be seen as the cause of the crisis
  - experienced differently in different parts of the world
- Median real wages stagnant – falling at the bottom
- Households borrowed to maintain or increase standard of living
  - expanding notions of socially necessary standard of living fuelled by conspicuous consumption of the rich
- Deregulation, perverse incentives and sharp practices within banking system led to lending to households who could not afford repayments
- Defaults led to collapse of some lenders, contagion to others, bank bailouts etc.
- A result of tendencies that undermined social reproduction

# Social reproduction in times of falling wages

- Borrowing used to maintain households' living standards when other household strategies failed:
  - dual earning by households
  - welfare state provision of services and benefits (including in-work benefits)
- These strategies entailed care costs, that had previously been absorbed by (largely women's) unpaid labour within households, being paid through:
  - Double shift (largely by women)
  - Expansion of public sector services (largely employing women) that enabled those with care responsibilities (largely women) to take employment
  - Some state benefits and allowances for carers (largely women)
- If labour market equality and public sector provision of services had been pursued more enthusiastically may have averted crisis
  - households less hit by care costs
  - less focus on material consumption
- Welfare state expansion and dual earning delayed the crisis but were not pursued consistently enough to avert it

# Austerity

- Austerity was not the only possible response to the crisis:
  - Or even the one that would re-establish “business as usual” the fastest
- It *was* the only response consistent with a view that:
  - global competitiveness required lowering the costs of reproduction of the working class
- Alternative responses rejected by financialised and internationally mobile capital:
  - Increasingly disengaged from national states and any stake in the reproduction of any particular national working-class
  - Countries varied in the influence of financial capital on policy
    - On smaller countries within Eurozone, interests of financial capital and thus austerity *imposed*
    - In UK, no need for imposition – austerity the *policy of choice* of a government directly representing interests of financial capital

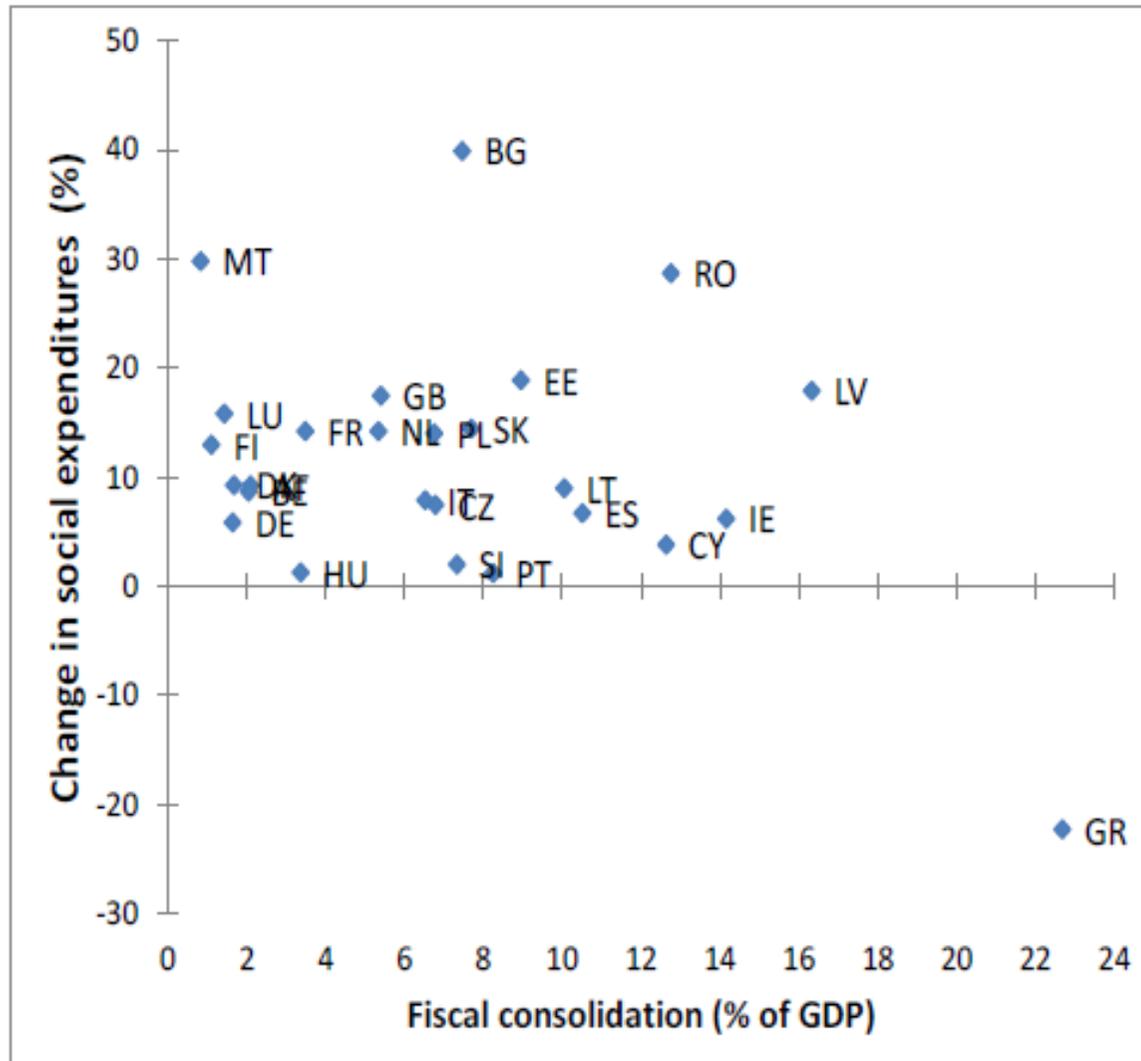
# “Never let a good crisis go to waste”

- Lowering the costs of reproduction of the working class required:
  - Not only lower real wages but also
  - Cuts in state spending on these reproduction costs
    - Budget deficits taken as an indication that they were too high
- Falls in living standards and cuts in public services therefore not an unintended consequence but a measure of the success of austerity
- Required a change in norms concerning acceptable living standards
  - not only about wages and acceptable conditions for workers
  - but about social expenditure too
  - including acceptable standards of care provision

## 4. The effects of austerity on care across Europe

### Large diversity in the impact of austerity on social expenditures

A: Social expenditures



Source: EU (2014) *Austerity and Poverty in the European Union*  
[http://www.europarl.europa.eu/RegData/etudes/STUD/2014/518758/IPOL\\_STU%282014%29518758\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2014/518758/IPOL_STU%282014%29518758_EN.pdf)

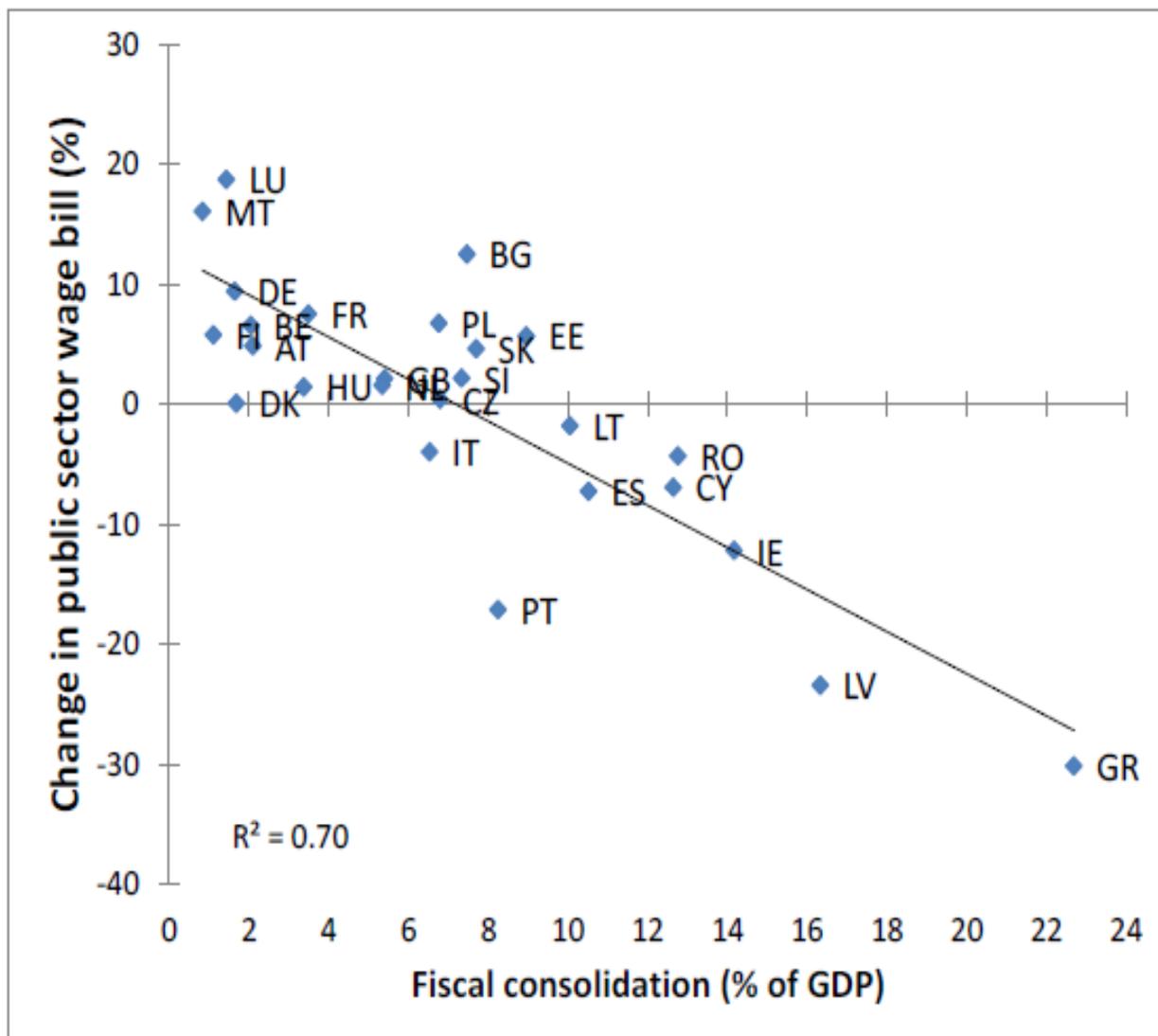
- Social expenditures other than on unemployment
  - fell by 5% (11% in real terms) in the countries that experienced the greatest imposed fiscal consolidation, Ireland, Greece and Portugal, taken together.
  - failed to keep up with inflation in Spain and Portugal and in the CEE countries (taken together)
  - rose slightly in real terms in other EU15 countries
- Expenditures:
  - on children and families fell in real terms in all countries
  - on old people rose slightly in real terms (reflecting rising population) everywhere, except in Ireland, Greece and Portugal, and stayed constant in Spain and Portugal

# And for long-term care in particular, the picture across Europe is mixed:

- Long-term care because seen as less of an investment is particularly subject to social norms:
  - Expenditure on it might therefore *already* be at the lowest possible level consistent with current norms
    - Expenditure on LTC should fall less than on other social spending (especially given rising need)
  - On the other hand, austerity might be *an opportunity to change* current norms
    - Expenditure on LTC might fall more than on other social spending
- None of the countries forced into austerity cut expenditure on long-term care as much as social spending in general
  - Where cuts were dictated, need determined that LTC was not the first to go
- Among countries not forced into austerity, those who cut expenditure on long-term care more (or raised it less) than social spending in general were:
  - Belgium, Denmark, Norway and Sweden where expenditure on LTC care was relatively high
    - *Austerity, even elsewhere, enabled norms to change*
    - *Convergence downwards in proportion of social spending allocated to long-term care*
  - France and Finland, not particularly high spenders, but where care already highly marketised
    - *Marketised systems allowed cuts to be implemented more easily*

# Much clearer pattern in the impact of austerity on public sector wages

B: public sector labour compensation



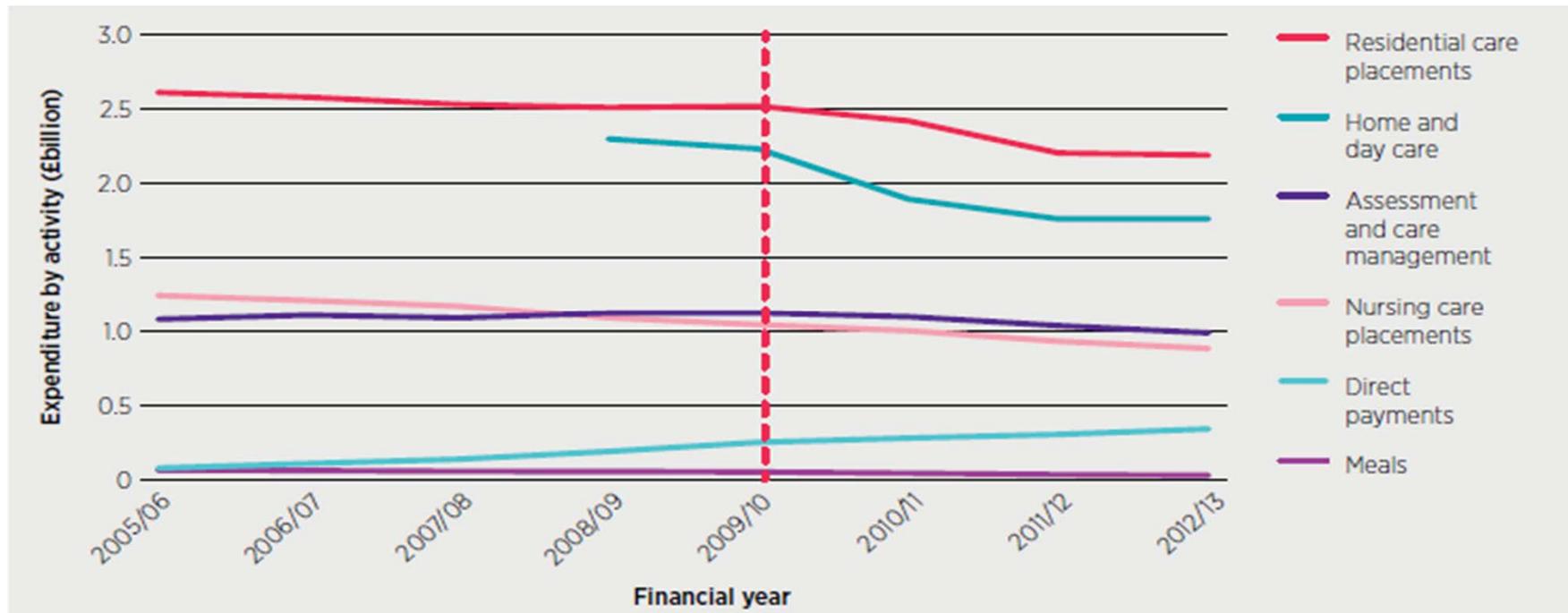
Source: EU (2014) *Austerity and Poverty in the European Union*  
[http://www.europarl.europa.eu/ReqData/etudes/STUD/2014/518758/IPOL\\_STU%282014%29518758\\_20\\_EN.pdf](http://www.europarl.europa.eu/ReqData/etudes/STUD/2014/518758/IPOL_STU%282014%29518758_20_EN.pdf)

- Strong negative relationship between cuts in the public sector wage bill and the extent of fiscal adjustment
- Countries varied in how far the reduction in the public sector wage bill was achieved by:
  - Reducing employment levels
  - Cutting hours of those remaining in employment
  - Reducing wages
  - Whether wage cuts were implemented progressively *within* the public sector
  - Moving public sector services into the private sector
- Shift away from public sector employment hit women in particular:
  - As the majority of public sector employees (especially in care)
  - When moved into private sector (eg by marketization of the service provided) faced worse pay (in all EU countries except Sweden), bigger pay gap and far greater insecurity
  - General worsening of conditions of employment, greater use of casual labour
    - especially in LTC care where marketization speeded up this process, eg widespread use of zero-hours contract jobs in the UK
- And, of course, greater impact on women, who are more likely to be dependent on the services provided by that employment

## 5. Case study: England, managing LTC through marketization in a period of austerity

- Right leaning coalition government elected May 2010
- Self-imposed austerity, planned severe fiscal deficit reduction through:
  - 80% cuts in spending, 20% through tax rises
  - in practice has been slightly more through cuts
- Local authorities (LAs) responsible for provision of LTC, but largely on basis of central government funding
  - 26% cut from centre led to a 14% cut in LA budgets in October 2010
  - 10% further cut in June 2013
- LA responses with respect to LTC varied:
  - One third cut LTC spending by more than 20%
  - A handful increased spending
  - Most implemented cuts of 0 - 20% with average cut of 15%
- How did they do this?
  - Tightened eligibility conditions
    - 87% receiving any publicly funded care had “substantial” or “critical” needs in 2013/4 compared with 65% in 2006/7
  - Reduced payments to providers (tenders)
  - Increased user fees (greater means-testing)

**Figure 1: Change in real net spending on older people's services in England: 2005/6 – 2012/3**



- By 2009/10 public expenditure on most services for older people (whether provided by public or private sector) was already falling;
  - But counteracted by an increase in spending on direct payments
- Between 2009/10 and 2012/3 spending on such services fell much faster:
  - On residential care fell by 13%:
    - Implemented through cuts in fees paid to residential care providers, numbers receiving services unchanged
  - On home and day care by 23%;
    - By cutting numbers of recipients and payments per hour
  - Expenditure on direct payments rose only at similar rate to before 2009/10
  - Net fall in expenditure on LTC overall of over £1billion
  - Unit costs overall fell by 5% raising concern with Care Quality Commission about quality sustainability<sup>23</sup>

# And on whom did the cuts in social care spending impact?

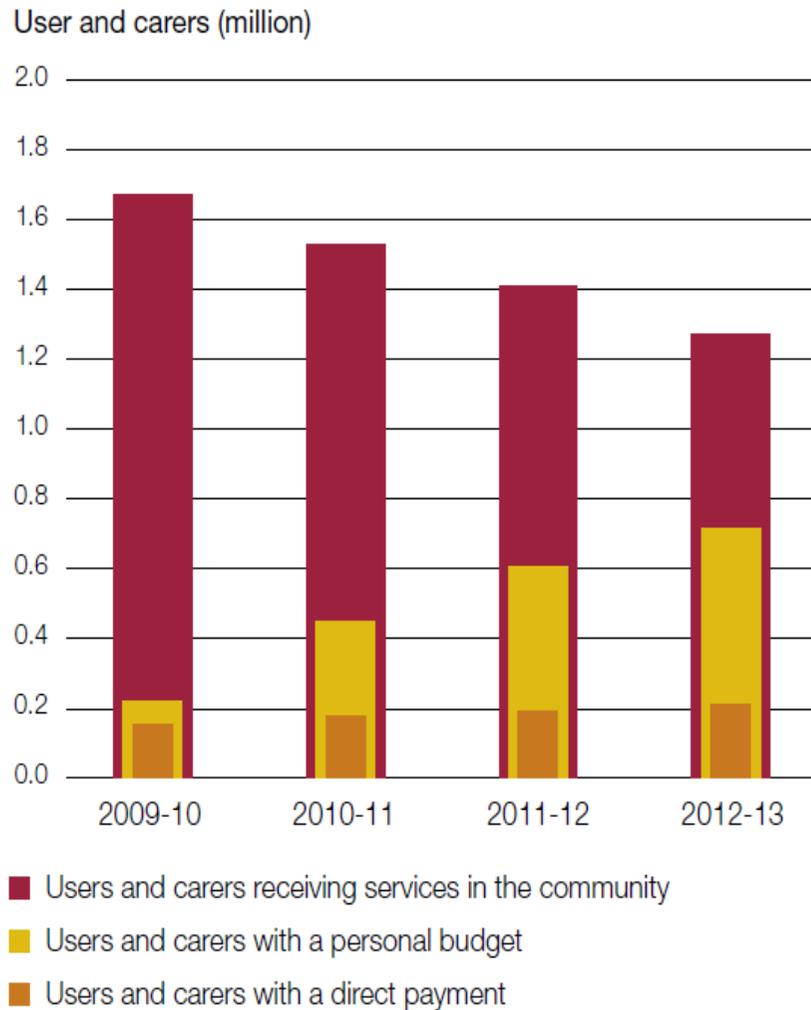
The impact of UK spending cuts, from 2010 up to and including 2015-16 tax year, as a % of household income: pensioner households



Cuts in social care impact most strongly on the “living standards” of pensioners, particularly female single pensioners, who are more likely to:

- Live on their own
- Be older
- And have lower household incomes so rely more on state support

**Figure 2: Numbers receiving care services in the community, numbers doing so through personal budgets and numbers whose personal budgets are received as direct payments: England, 2009/10 – 2012/13**



- Most of the cuts were in practice implemented through restricting eligibility for home care, despite increasing need
- Between 2009/10 and 2012/3:
  - Numbers receiving any publically funded services fell by 26%
  - While those covered by personal budgets rose by more than 300%
  - And those receiving direct payments by 20%
- Increasing numbers were having to use own funds or rely on relatives if needs were to be met
  - 2012 Health Survey found one third of women and one fifth of men had unmet needs
  - Increased number of unpaid carers reported caring for more than 20 hours per week

# Where austerity has got us

- Under austerity containing state expenditure on care, despite rising need, has become a priority:
  - Continuing a trend occurring before the crisis
  - LTC expenditure a particular focus for cost containment since seen as less of an investment than other social spending
- Greater use of marketisation in the delivery of state funded care may have made it easier to implement cuts, and thus reduce:
  - expectations and social norms about acceptable care standards – imposing the costs on those with care needs
  - the working conditions of paid and unpaid carers – so as to impose the costs of them
- Austerity thus a means by which weaker expectations of care provision are generated:
  - Along with falling real wages, part of reducing conditions of reproduction of the working class in order to producing conditions for profitable expansion
  - Like falling material living standards, more likely to be accepted while unemployment is high and crisis conditions are allowed to continue to prevail
  - Has occurred as part of disengagement of financialised and internationally mobile capital from the reproduction of any particular national working-class
  - And especially where financialised capital dominates ie the UK

## 6. What should we do instead?

- Reject financial capital's obsession with cutting the costs of reproduction of the working class
- b
- Invest in social infrastructure to build a
  - more sustainable care system and thus a
  - more gender equitable society

# Sustainability and equality require action on gender divisions in labour and care

- Labour market policies with respect to caring responsibilities that
  - help those that currently take on
  - encourage others (men) to take them on too
- This requires
  - regulation of working hours for all
  - well paid leave for both men and women to cover periods of requiring particularly high intensity caring
  - labour market regulation to ensure flexible working opportunities are available to all without cost
  - services to enable unpaid care to be combined with employment
- Measures to promote gender equality in the labour market so that men and women's time for caring has similar opportunity costs
- Important for setting up patterns of care that affect gender divisions in later life

## Also requires care policies that ensure

- High quality care services accessible to all
  - Quality important if not to be seen as inferior to paid care
- Better pay and conditions in the care sector
  - reversing shocking increase in precarity of employment
  - won't get higher quality provision with undervalued workers
  - huge contributor to gender pay gap
- Only possible with good training provision and career structure in the care sector
- Will only happen with a strong public/non-profit sector
  - which can set standards
  - plus regulations to ensure for-profits don't undercut these standards
- Social care budgets properly funded for level of need
  - Paid for by progressive taxation on large tax base
    - and thus requires increased numbers employed in high quality jobs
  - Government spending on care should be rising as a % of GDP
    - Productivity rises elsewhere can pay for this without cutting into disposable income (Baumol)
- *But can this happen in a recession?*

# Yes, because it's also the best way out of the recession!

- Spending on care has larger stimulus effects than on other infrastructure:
  - Nearly all spent on wages, few material inputs
  - Low pay in sector implies more employment generated and larger proportion of wages spent
  - More likely to employ women, given existing gender division of labour and women more likely to have to spend some of their wages replacing their own unpaid care (and not therefore on imports)
- Should also improve productivity, though having a better cared for and less anxious workforce

# Investing in care infrastructure

- *First step*: Recognise care as part of the social “infrastructure” of society, by analogy with physical infrastructure
  - UK: SNP and Labour party use that language now, occasionally Lib Dems
- *Second step*: Challenge the accounting standards that make spending on physical expenditure “investment”, while expenditure on care is “current spending”
  - Care has benefits beyond current year (definition of capital vs current expenditure)
- But be careful with that language:
  - Make sure benefits recognised aren’t just “economic”
  - Otherwise investment case may be restricted to care services:
    - that increase employment
    - and are for the young or those whose condition is expected to improve
  - This danger already apparent in the focus on prevention
- Just this week former UK care services minister Paul Burstow (Lib Dem) said:
  - *“As our society ages and our working lives extend ... compelling case for recognising the development of ... care services as an essential part of our economic infrastructure to allow us to combine our work and caring responsibilities.”*

# But ultimately there is no other way

- On environmental grounds, we cannot go on producing and consuming more things:
  - uses up too many of the earth's resources
  - Instead need to share what we do use, more equally
- So will have to replace much of the time and resources that we currently spend on material production and consumption:
  - on caring for each other and
  - on learning how to care for each other better.

# **Beyond austerity, towards employment: Progressive economic policies for equitable growth and job creation**

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***The impact of austerity and recovery on  
men and women in the labour market***

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## General information

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- Marginalisation of the working woman still reigns in the EU (high concentration of women in low value-added activities, low remuneration, ...)
- The Gender Equality Index (GEI) shows that there is much room for improvement in the work and economic independence (money) domains.

## Table 1: Scores of the Gender Equality Index (GEI) (%)

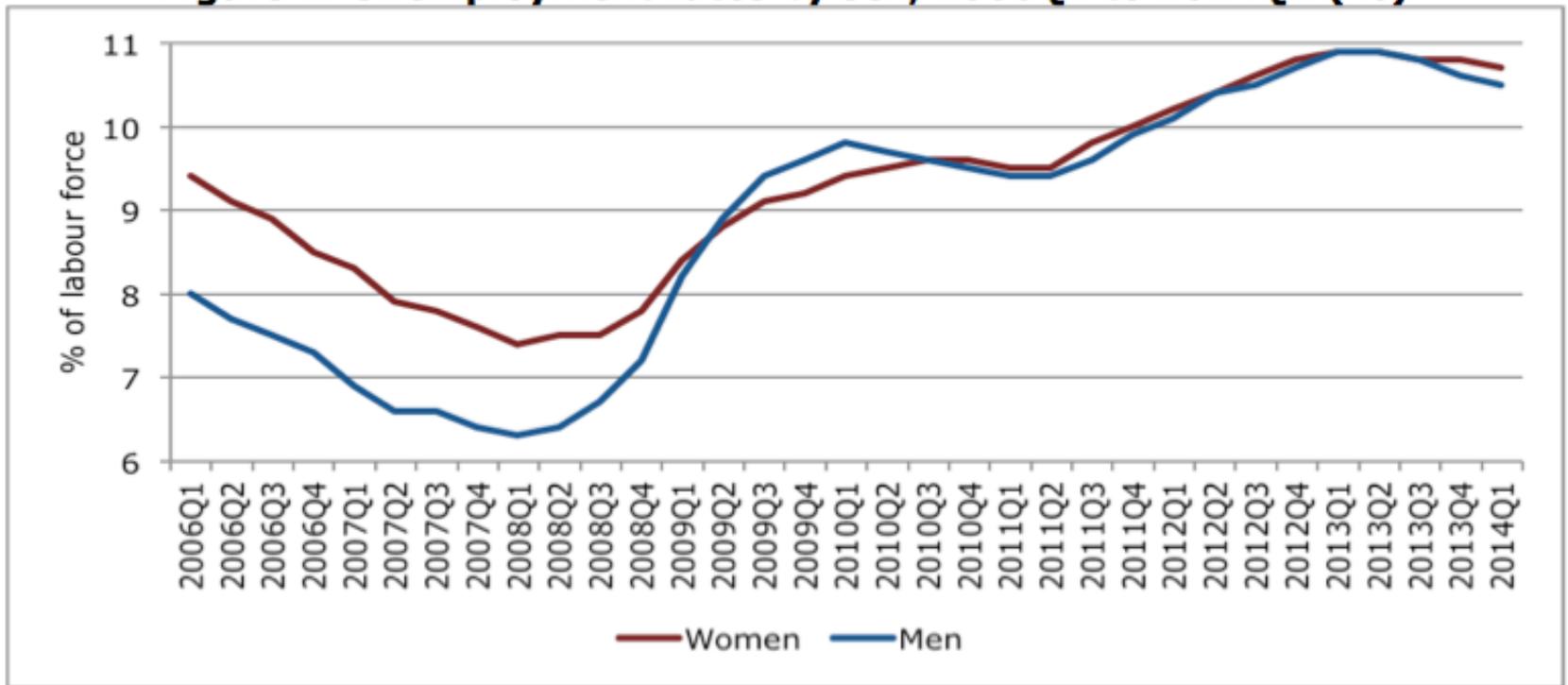
Country	Index	Work	Money	Knowledge	Time	Power	Health
SE	74.3	78.6	80.2	66.3	63.9	74.3	93.1
DK	73.6	81.6	79.2	75.1	64.9	60.0	91.8
FI	73.4	82.0	78.4	67.0	63.8	68.8	89.9
NL	69.7	73.1	82.5	65.5	71.3	52.2	94.7
UK	60.4	76.6	74.3	68.8	43.2	35.2	95.4
BE	59.6	66.4	79.3	54.7	45.3	45.2	94.1
FR	57.1	67.0	75.9	49.4	35.8	50.3	90.6
SI	56.0	69.1	70.2	51.4	49.1	36.0	88.7
IE	55.2	71.0	77.0	52.8	53.4	26.5	96.4
ES	54.0	61.3	60.7	53.5	33.8	47.2	90.7
DE	51.6	72.5	76.3	44.1	41.6	28.0	89.5
LU	50.7	66.4	90.9	61.1	48.9	14.7	93.9
AT	50.4	73.9	77.9	44.6	40.0	24.3	91.6
EE	50.0	64.6	49.1	53.0	51.4	27.5	83.8
CZ	44.4	71.6	59.3	37.3	23.2	29.6	89.6
LV	44.4	54.9	42.0	38.8	35.2	38.6	77.1
PL	44.1	61.4	52.2	44.0	20.9	34.5	82.6
LT	43.6	61.0	41.5	47.4	24.1	32.1	84.9
CY	42.0	68.7	74.1	52.9	25.3	12.2	91.1
MT	41.6	55.0	68.2	34.0	37.5	18.7	93.2
HU	41.4	55.9	54.4	35.1	32.5	24.4	83.7
PT	41.3	66.2	56.3	30.4	22.4	30.6	84.5
SK	40.9	61.0	53.7	35.0	17.8	33.1	85.8
IT	40.9	60.6	68.2	32.1	33.0	18.6	90.8
EL	40.0	59.7	63.3	36.7	17.4	24.4	92.4
BG	37.0	49.9	40.7	32.0	17.3	33.8	84.5
RO	35.3	60.4	39.0	28.8	17.8	24.9	84.0
<i>EU-27</i>	<i>54.0</i>	<i>69.0</i>	<i>68.9</i>	<i>48.9</i>	<i>38.8</i>	<i>38.0</i>	<i>90.1</i>

## Narrowing gender gaps

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- The current crisis presents aspects that no other crisis has shown before.
- Gaps between men and women seem to be bridged but under the surface things are more complex.
- Gender gaps are closing not because women have improved their situation but because men saw theirs getting comparatively worse.

**Figure 2: Unemployment rates by sex, 2006Q1 to 2014Q1 (%)**



**Source:** Eurostat.

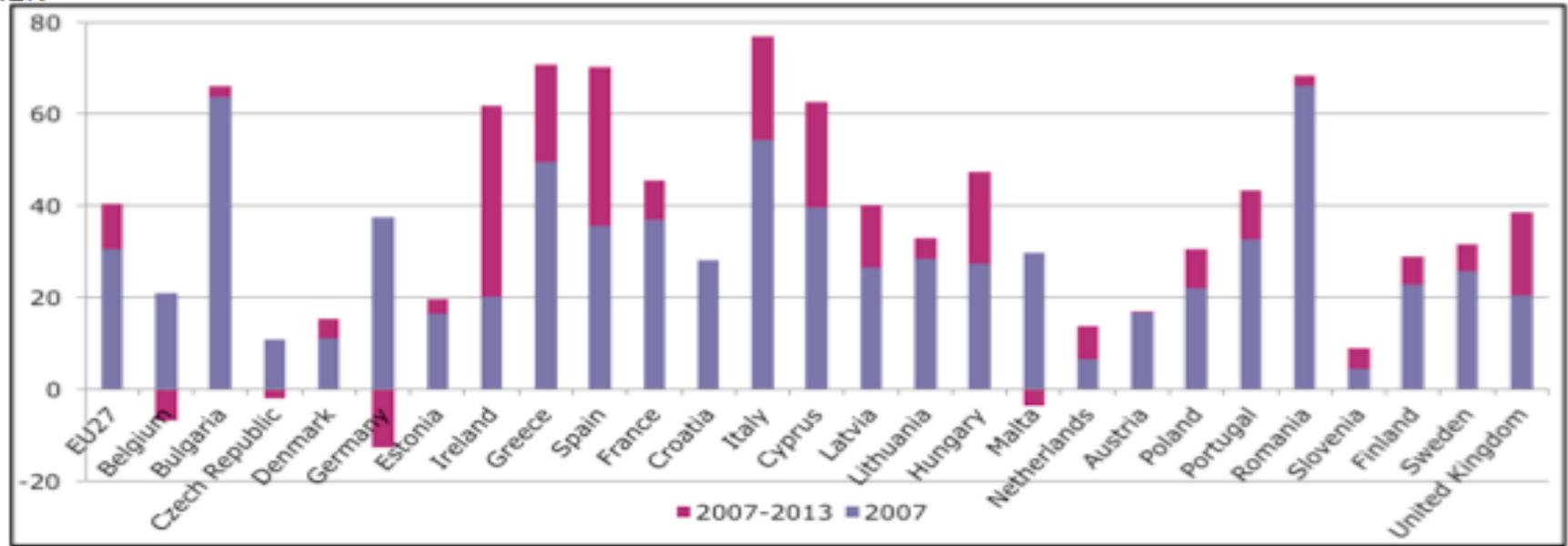
# Quality of employment deteriorates

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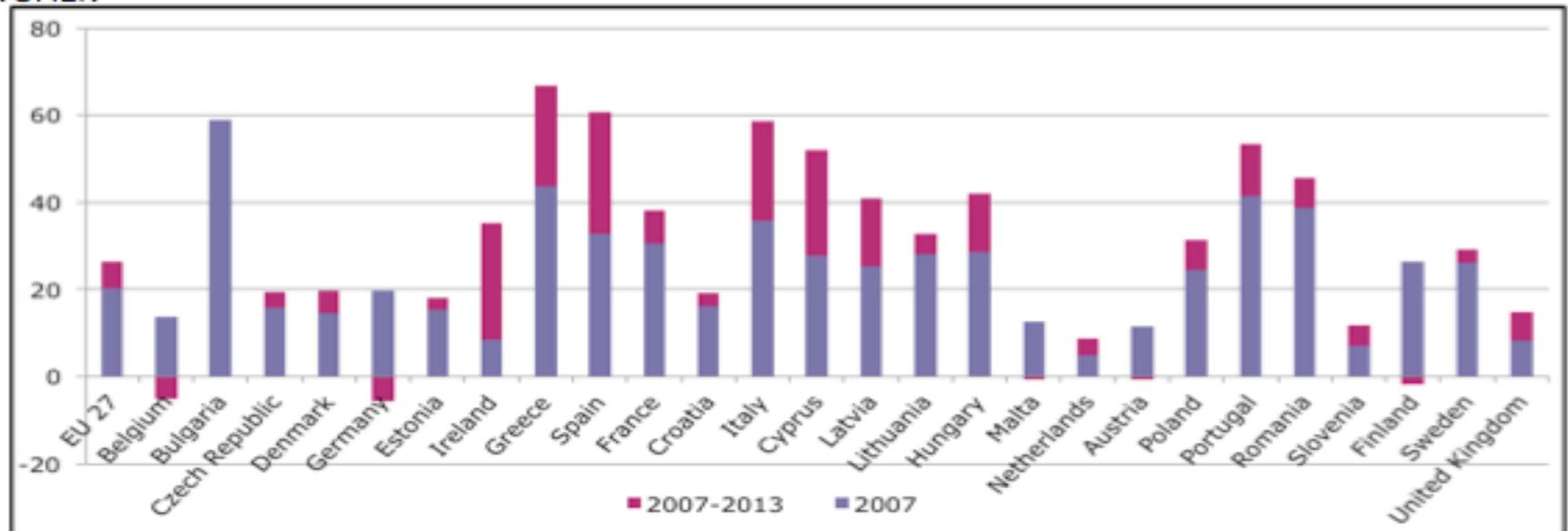
- Employers impose inferior conditions in an effort to curtail costs, or because employees are more willing to accept some worsening if it helps them to stay in employment.
- Worsening of working conditions has spared neither men nor women but has affected them differently.

**Figure 4: Involuntary part-time employment as percentage of the total part-time employment by sex, 2007-2013**

A) MEN



B) WOMEN



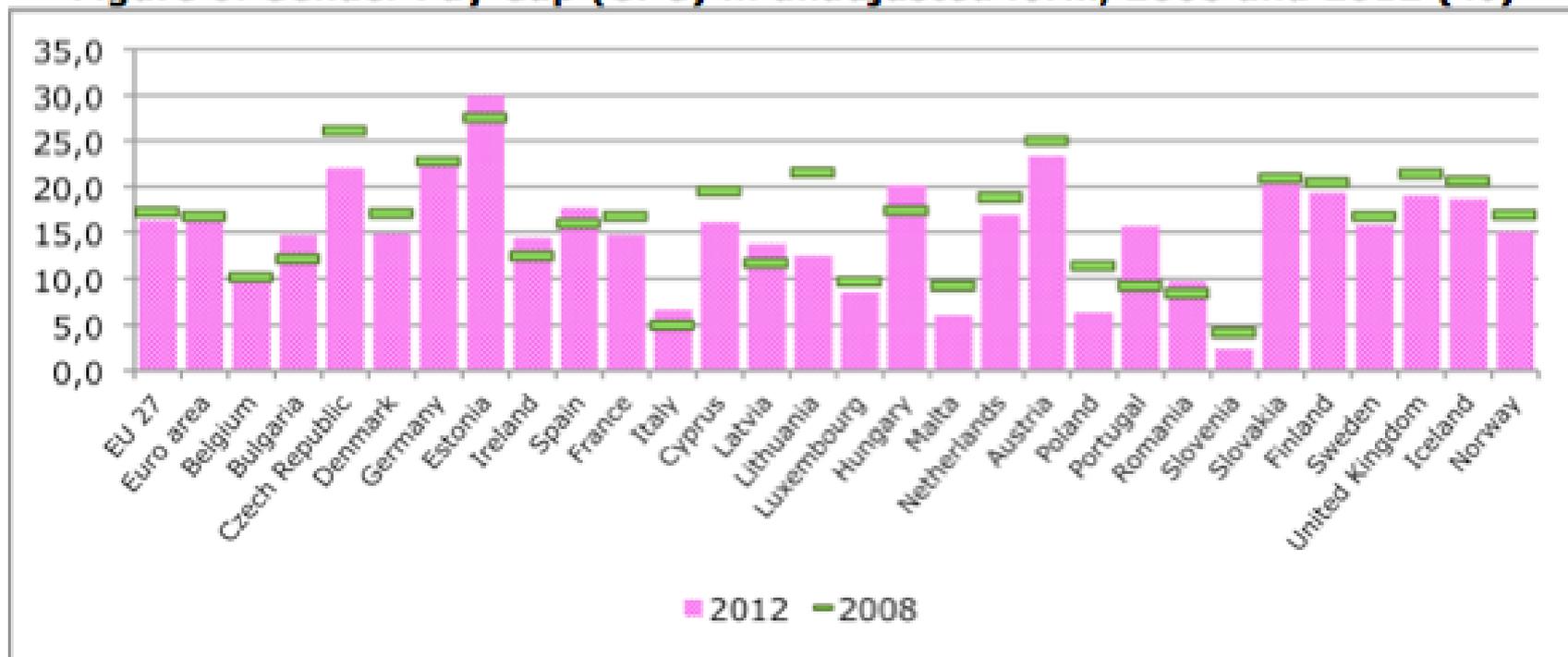
Source: Eurostat.

## **Gender pay gap (GPG)**

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- The GPG in Europe stagnates.
- GPG is related in a complex way to women's labour market participation rates.
- Child rearing has a large impact on women's average wages.
- Workers in unionised sectors are better protected against gender pay gaps.

**Figure 6: Gender Pay Gap (GPG) in unadjusted form, 2008 and 2012 (%)**



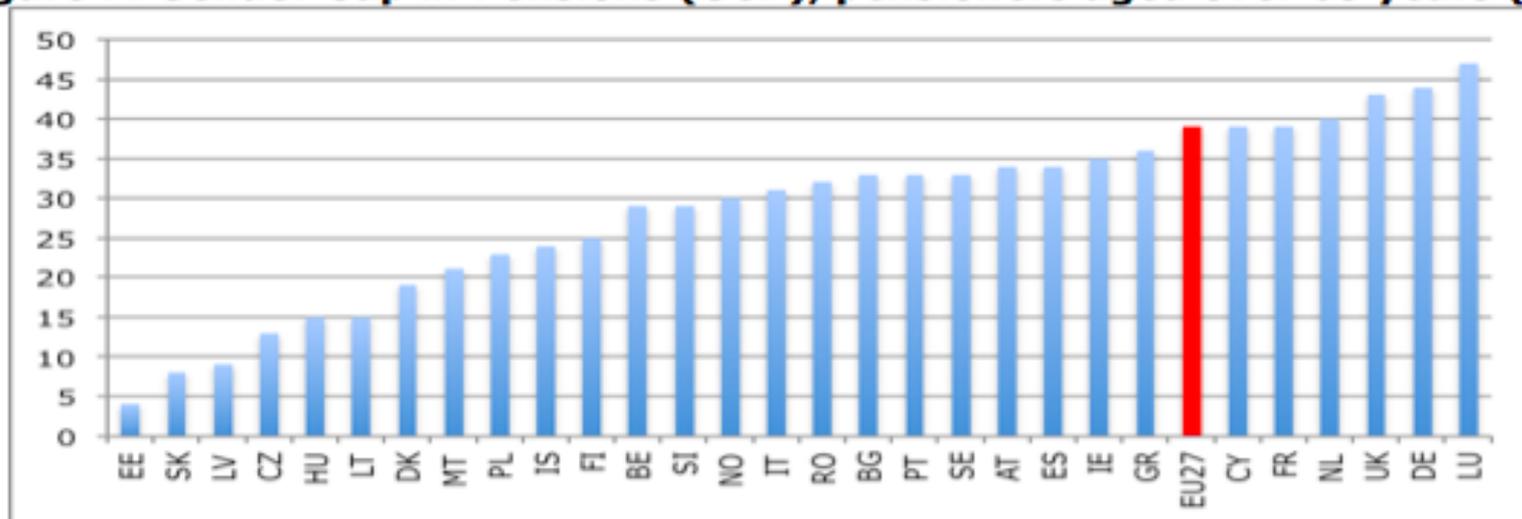
Source: Eurostat.

## **Gender pension gap (GGP)**

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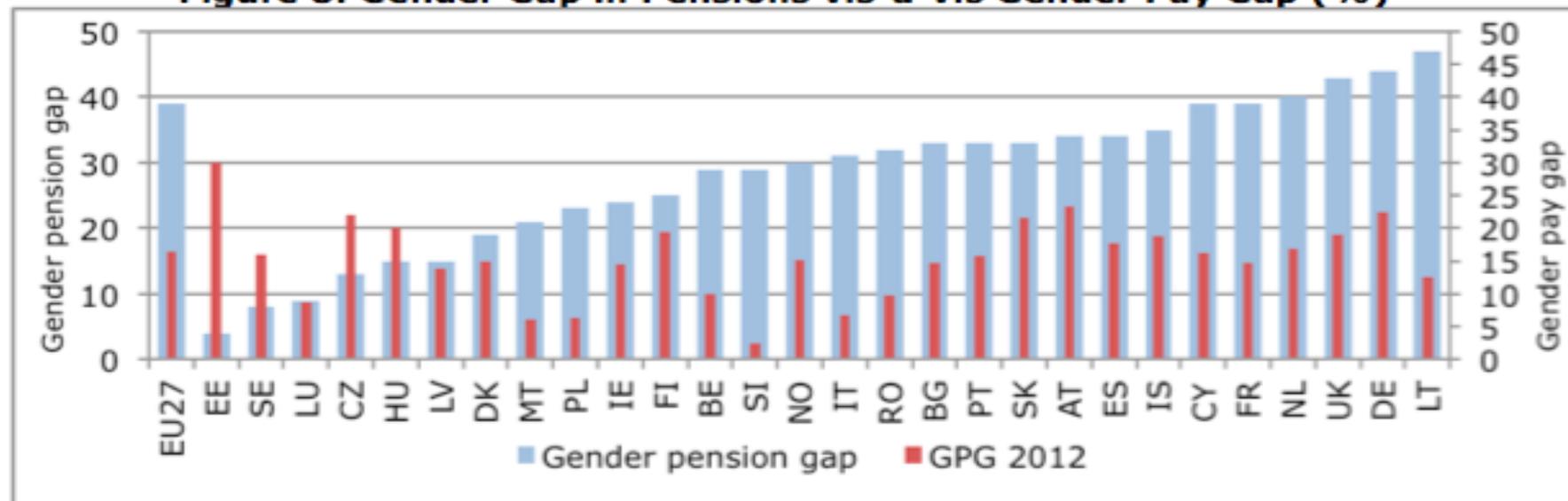
- GGP is very wide in the EU: it is more than twice the figure of the gender pay gap indicator.
- Shorter careers are associated with larger pension gaps, though that relationship is not one-to-one.
- Lowest gender gaps are met in the public sector, and the largest for the self-employed.

**Figure 7: Gender Gap in Pensions (GGP), pensioners aged over 65 years (%)**



Source: Bettio et al. (2013).

**Figure 8: Gender Gap in Pensions vis-à-vis Gender Pay Gap (%)\***



Note: (\*) GPG data for Greece are missing in 2012.

Source: own calculations on data provided by Bettio et al. (2013); Gender Pay Gap from Eurostat's Earnings Database for 2012 [http://epp.eurostat.ec.europa.eu/portal/page/portal/labour\\_market/earnings/database](http://epp.eurostat.ec.europa.eu/portal/page/portal/labour_market/earnings/database)

## **Towards a *PINK NEW DEAL***

---

- The entire economic policy has so far ignored gender inequalities and might tend to ignore them even more now, due to the shortage of resources.
- Introducing a gender perspective in the recovery measures would help to get out of the current situation sooner and better.

## Gendered investment plan

---

- Investment in social infrastructure generates employment and encourages qualified female employment.
- With a **gendered investment plan**, European GDP would increase gradually, reaching a level 2.4 p.p. higher by 2018 than without the investment plan (Hansen and Andersen, 2014).

# Recommendations (1)

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- **National Governments and national Parliaments** should fully acknowledge the scope for **fiscal policies to enhance female labour force participation**:
  - Replacing family income taxation with **individual income taxation**.
  - Using **Tax credits or benefits for low-wage earners** to stimulate labour force participation, including among women.

## Recommendations (2)

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- The **European Parliament** should urge all institutional actors to **remove labour market distortions** and create a level playing field for measures that would help boost the demand for women's labour:
  - Increasing the **awareness of legal rights to equal treatment**.
  - Empowering **national equality bodies**.

## Recommendations (3)

---

- **European Commission** should reconsider the formulation of **indicators of gender equality** to monitor the social impact of the crisis:
  - Cooperate with EIGE to improve the quantity and quality of sex-disaggregated data.
  - Monitor (with EIGE) the area *Women and the Economy* of the Beijing Platform for Action.
  - Include outcomes into annual report(s).

# Beyond austerity, towards employment: Progressive economic policies for equitable Growth and job creation

Elvira González Gago  
Centre for Economic Studies Tomillo

Barcelona, 12<sup>th</sup> December 2014  
FEPS and Fundació Rafael Campalans

## OUTLINE OF MY PRESENTATION:

1. The Spanish crisis
2. The policy response from a gender perspective
3. The impact of the crisis and the policy response on men and women
  - The gender effects on the labour market
  - Other effects
4. Beyond austerity, towards employment

1

# THE CRISIS: employment and GDP growth (07-14)

Annual GDP and Employment growth



- **A threefold crisis:** After almost 15 years of growth, the global financial crisis added to the Spanish burst of its housing bubble and to the bail-out and fiscal consolidation induced crisis.
- Phase of recovery in 2014?

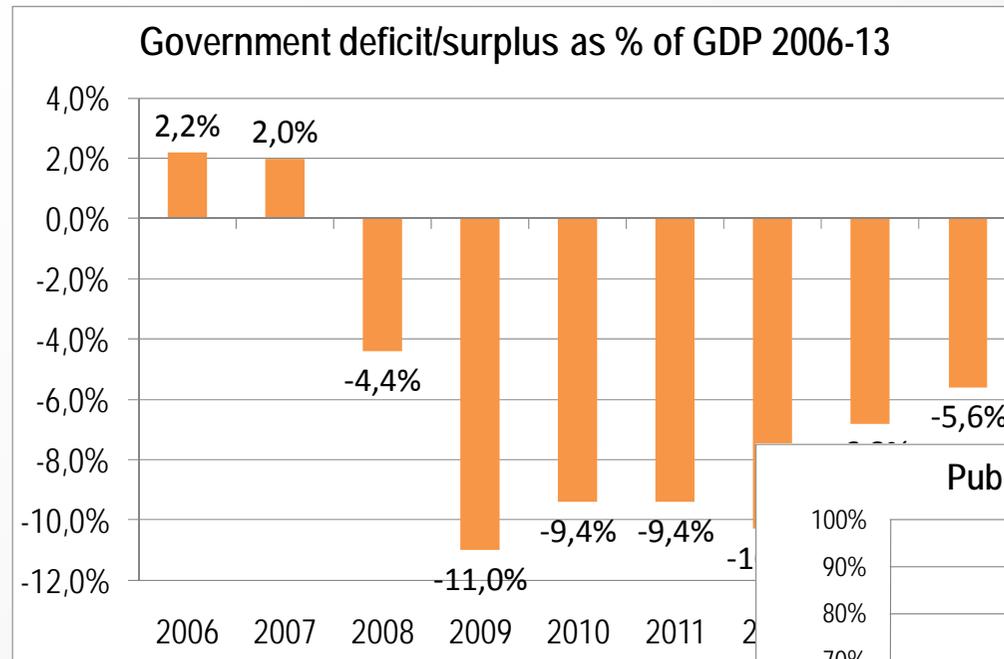
- **2Q08-2Q14:** Accumulated GDP loss = 8.4%
- 3.3 million jobs lost = 16%
  - 76% of which male workers

Annual employment growth 2007-2014 (%)



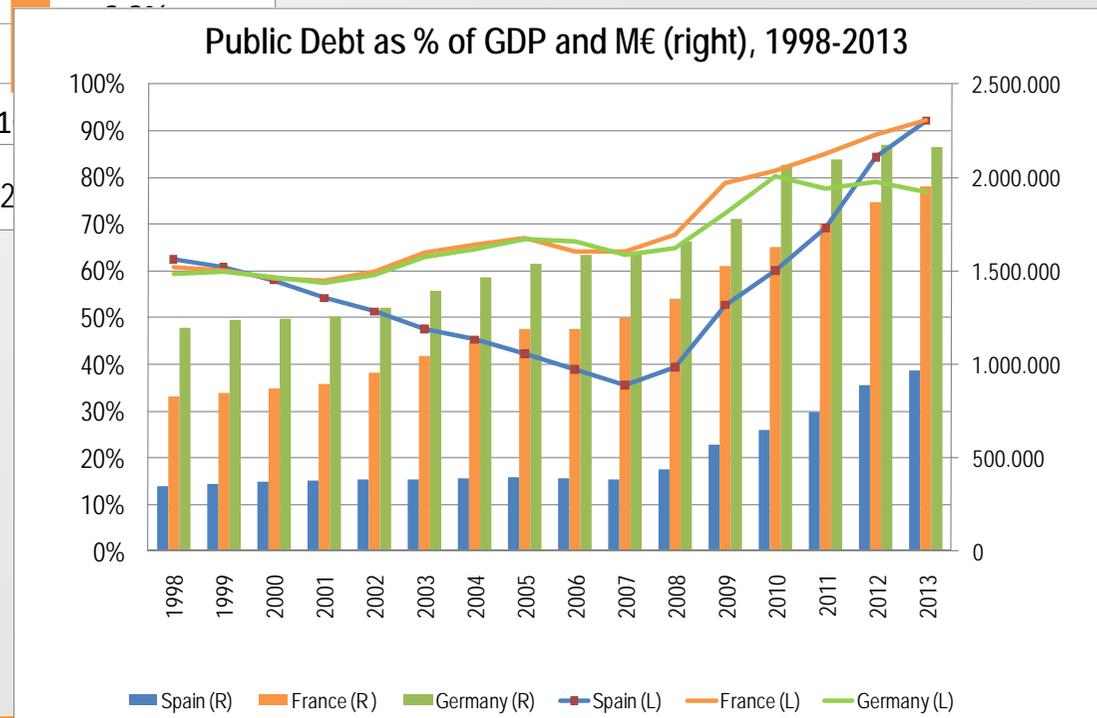
1

# THE CRISIS: public deficit and debt



- Sharp increase of public deficit caused by diminishing revenues and initial expansionary policies, increasing unemployment benefits, debt service payments and bail-out.

- Sharp increase of sovereign debt and the anticipation of transformation of private financial debt into public led to unbearable risk premium and bail-out in 2012.



## 2

## THE POLICY RESPONSE: structural reforms and austerity

- ❑ **1<sup>st</sup> phase of expansive and expensive measures** (€13 billion) to cushion the negative effects of the global financial crisis, particularly in **male dominated** construction, financial and automotive sectors (Plan E) → **public deficit brought to 11.0% in 2009 and 9.4% in 2010.**
- ❑ **2nd phase of austerity** from May 2010 on, that does not prove effective for growth and jobs due, among others, to the weaknesses detected in the Spanish financial system.
  - Among which, the Reform of the Spanish Constitution to limit deficit and guarantee debt service payment (art 35).
- ❑ **3rd phase**, conservative government elected in Nov '11 with absolute majority. Sovereign debt crisis in summer 2012: **invigorated austerity** based on fear of having to be rescued + neoliberal messages questioning the benefits of the former *excessive* welfare state → bail-out of € 47 billion and public deficit of 10.3% in 2012.
- ❑ **4<sup>th</sup> phase** of slight recovery in 2014 and controversy about the usefulness of austerity.

## 2

## THE POLICY RESPONSE: structural reforms and austerity

### □ Some structural reforms in the period:

- Restructuring of the **financial sector** → bail-out of €47 billion, although lending to the economy not yet fluent.
- Comprehensive **reform of the labour market** aiming internal / external flexibility and combat segmentation between fixed-term and open-ended workers, through:
  - Reduction of firing costs
  - Deep reform of collective bargaining towards worker-employer relationships
  - Possibility of unilateral changes of substantial working conditions: wages, time schedules including part-time...
  - Reform of ALMP, but coupled with halving of its budget, which limits impact
- **Reform of the pension system**, with gradual postponement of retirement age to 67 and period required to full pension and calculation basis increased to 25 years
- Initial temporary **tax increases** (including fiscal amnesty and permanent VAT increase from 16% to 21%) before a contractive recent **fiscal reform** in 2014 (€ -9 billion).

## 2

## THE POLICY RESPONSE: structural reforms and austerity

- **Some austerity measures, cutbacks in national and regional public spending:**
  - **Elimination of the Ministry for Equality**, established in 2008, to save € 0,9 million, downgraded to a General Direction of Equal Opportunities in the Ministry for Health, Social Services *and* Equal Opportunities. Other regional gender institutions followed. The **equality expenditure reduced by 37%**.
  - The **core of budgetary cutbacks** in long-term care/dependency (€ 3 billion), education (€ 6.7 billion), health (€7 billion) and social policies (€ 1.6 billion).
  - Suspension of further acknowledgement of **dependency benefits**. Elimination of public social security contributions to non-professional caregivers (41% persons less in only one month, 93.5% women, € 283 million).
  - Postponement of approved **extension of paternity leave** from 13 to 28 days (€ 200 million).
  - Freezing of contributory **public pensions** (€ 1.8 billion) (older W+5 pp AROPE than older M).
  - Cut of **public servants' wages** and extra pay, with 6 p.p. higher participation of women (€6.3 billion).

## 2

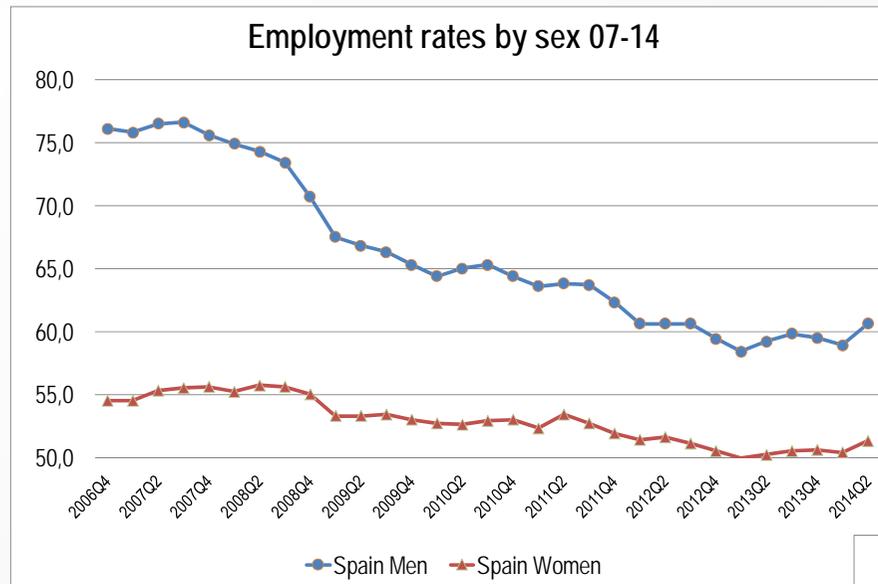
## THE POLICY RESPONSE: the gender perspective

### □ The gender perspective:

- Not a single **sound gender analysis** of the impact of all these measures, pre-, post- or intermediate. The Equality Law (2007) establishes that all legislative changes “of particular economic, social and cultural relevance” shall incorporate a gender impact assessment, including the General Budget. Apart from the latter, no gender analysis have been carried out of the reforms and the budgetary cuts.
- Since the beginning of the crisis, **gender has been perceived as a luxury** good the Spanish economy can no longer afford, as part of the “excesses” of the fool pre-crisis times.
- The **gender infrastructure** has been to a great extent dismantled and weakened, so that old imbalances are expected to re-emerge in an eventual recovery.
- Women are not seen as a necessary valuable resource to get out of the crisis but rather as a vulnerable group.

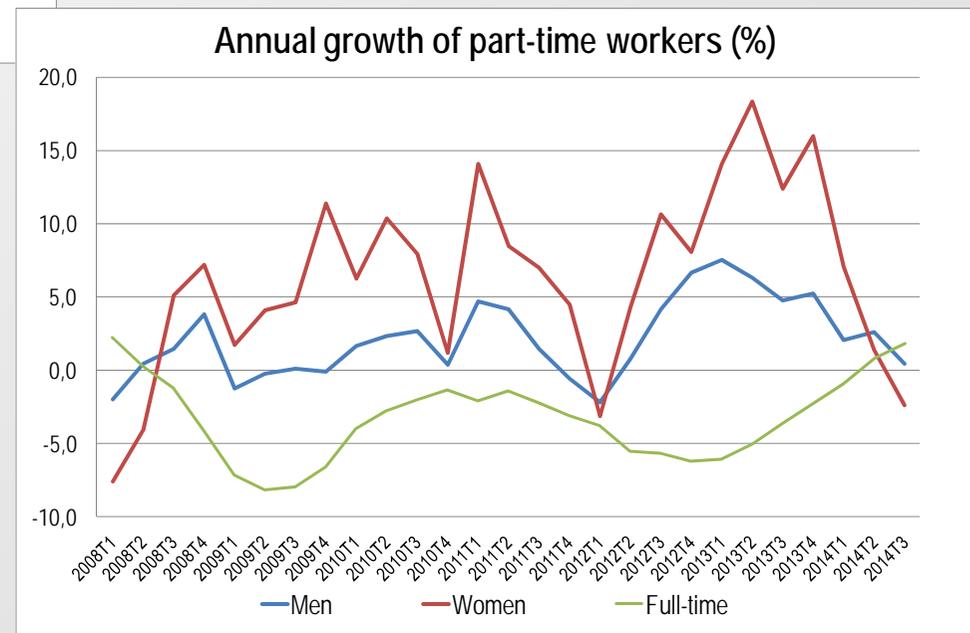
3

# THE EFFECTS OF THE CRISIS AND OF THE POLICIES



- 2008-2012: 2.9 MM jobs lost, 79% men
- 2012-2014: 0.4 MM jobs lost, 55% men
- In 2014: 275.000 jobs created, 80% men
- The gender gap has closed from 22 to 8.5 pp until 2012. On the rise again to 10.5 pp in 2014.

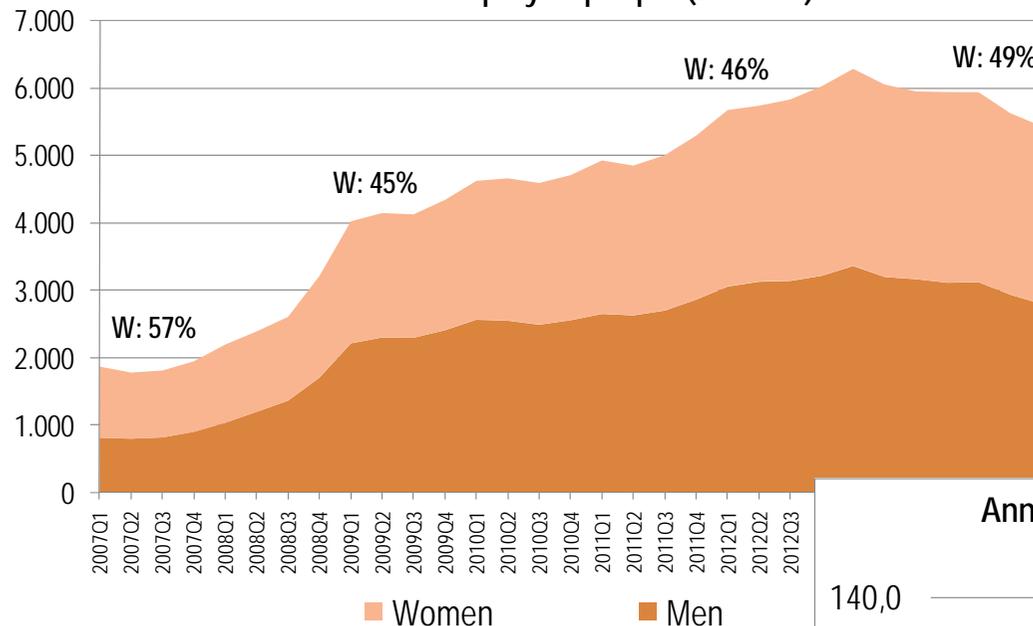
- **Temporality** has not decreased, but increased
- **A new segmentation is emerging:** part-time (women share 78%-73% W) and more precarious (61%W, 70% M cannot find full-time).



3

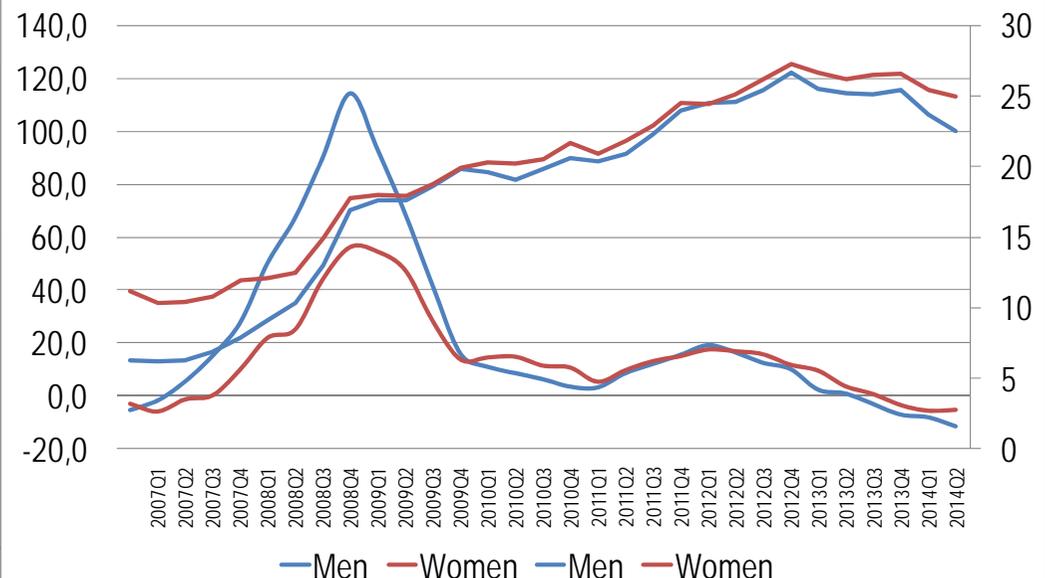
# THE EFFECTS OF THE CRISIS AND OF THE POLICIES

Evolution of unemployed people (2007-14)



- 2007-2010: unemployment increased by 2.9 MM, 61% men
- 2010-2012: increased by 1.1 MM, 54% men
- 2012-2014: decreased by -108,000; -192,000 men, +84,000 women

Annual unemployment growth (left) and U-rate (right) 2007-2014 (%)

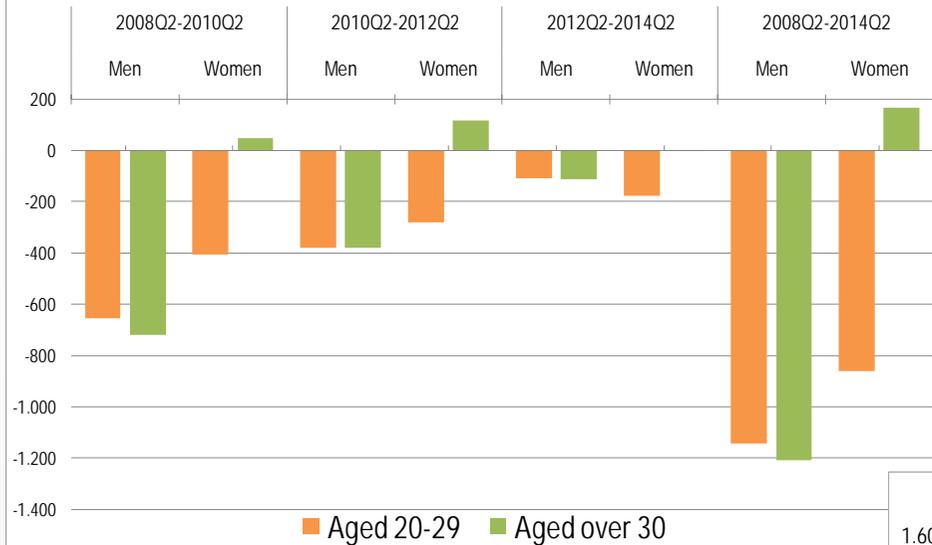


- Female unemployment rate has always been higher
- A new divergent process envisaged in the last year

3

# THE EFFECTS OF THE CRISIS AND OF THE POLICIES

Young women and men are wearing the loss of jobs (000 jobs)



- Young people under 30 have lost 2 million jobs, but adult people over 30 only 1 million.
- Young population has decreased by 1.4 million (1/3 immigrants); adult population has increased by 1.7 million. Adult women have kept at work.

- Only 20% of the increase of unemployment absorbed by young people (no gender difference).
- Unemployment is rising again among adult women.

Not so much the unemployment... (000)



## 3

## THE EFFECTS OF THE CRISIS AND OF THE POLICIES

- **Inequality, poverty and social exclusion have increased (2008-12)**, and affects 28.2% of the population, particularly children under 16 (32.8%).
- **Having a job is not a protection against poverty or social exclusion:** 14.7% of workers (15.8% of men but 13.3% of women) are poor or excluded.
- **Low wage** earners increasing (9% M and 21% W in 2010). Increasing part-time and temporality will further deteriorate job quality. **GPG has increased** so that women earn 17.8% less than men (+1.7 p.p. compared to 2008).
- **Around 60% of job loss fixed-term, but temporality is rising again** since 2013 and is getting more precarious (increase from 18% to 25% less than 3 month).
- **The U-rate of the young (20-30) women and men** has increased to 36.2% to 37%, and over 55% among the 16-19 years old. Their situation can offset previous positive performance in equality terms (e.g. GBV among teenagers).
- Downward levelling of gender gaps but women are not better than men. The **sensibility towards gender imbalances has clearly diminished** faced to other "urgent and *serious* issues", such as the markets, debt and deficit.

## 4

## Beyond austerity: rather “how” than “what”

- ❑ There are **proved sound and rigorous tools** that guarantee that strategies/ programmes/ plans are more gender equitable: assess ex-ante the gender impact... and also the impact on poverty, on inequality, on the young and older, on the migrants, on environment.
- ❑ **The EU2020 Strategy** has set 5 goals in the areas of employment, research and development (R&D), climate change and energy, education, and the fight against poverty and social exclusion. None of them take account of gender. However, it is certain that none of its objectives will be reached if the contribution of women to their attainment is not taken into account.
- ❑ **The new Investment Plan for Europe** (Juncker’s Fund) of € 315 billion devoted to infrastructures (ICT, energy, transport, environment, education and welfare) will again favour male employment. Preliminary data suggests that only 15% would be devoted to social infrastructures (10% in Spain): alternatives to better gender balance should be thought of. Integral and systemic projects that take due account of inequalities and that mind their impact on women.

## 4

## Beyond austerity: rather “how” than “what”

- ❑ **Gender infrastructures matter:** The Spanish experience shows that what we believed to be a strong gender infrastructure (Ministry, Women’s Institute; Laws for GBV, Equality, Dependency, Abortion, Marriage among persons of the same sex ...), achieving valuable progress in gender equality in the past, has been too easily eroded. Lack of funding is too an easy excuse to downgrade equality policies.
- ❑ **Let’s believe that social investment is profitable, it is not a cost.** Investment in education, investment in health, ALMP and social services are profitable. These services create economy. **Investment in gender equality is profitable and women are needed to bring the economy to grow.**
- ❑ In the past, Spain’s best and most effective gender policy has consisted in joining the EU and integrating EU’s and other MS’s gender policies.
  - The EU needs reinforcing its gender infrastructure and gender sensibility: what it says is not what it does and demands to be done;
  - Spain could contribute to reinforce EU’s gender sensibility, but starting at home.

MOLTES GRÀCIES PER LA SEVA ATENCIÓ!  
THANK YOU FOR YOUR ATTENTION!  
MUCHAS GRACIAS POR SU ATENCIÓN

# **A gender perspective on UK austerity**

Jerome De Henau

The Open University and UK Women's Budget Group

FEPS – Rafael Campalans joint seminar

Barcelona

12 December 2014

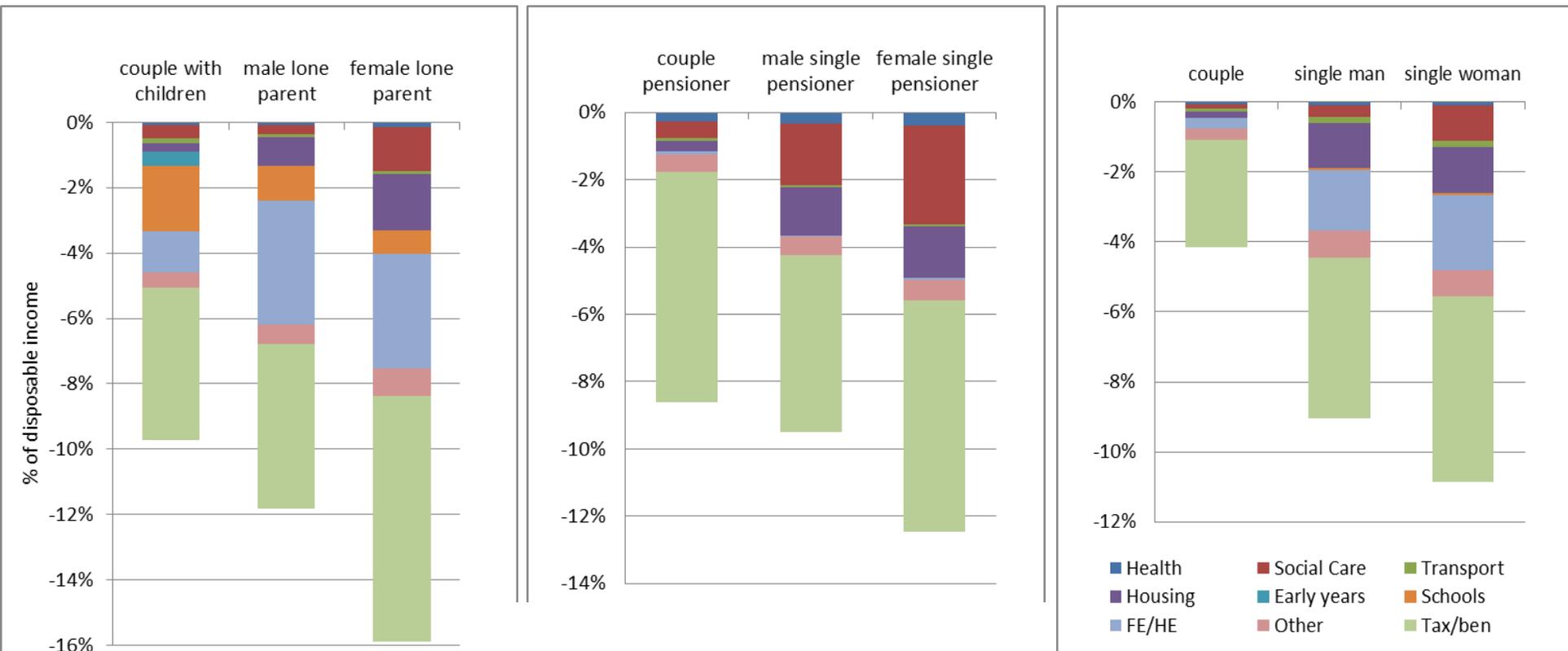
# What is at stake?

- Austerity policies in the UK have hit women harder than men
- Employment
- Benefits
- Public services
- Tax give-away to men
- Yet talks of recovery
  - Employment
  - Output
- But what about earnings?
- And income?
- And which type of employment are we talking about
  
- Gendering these aspects

# Gender impact of austerity cuts 2010-15

- 85% spending cuts / 15% tax increases
- Rise in income tax threshold benefit fewer women (43% gainers are women) – a huge tax give-away worth the equivalent of cuts in welfare due to take place in next Parliament (£12bn)
- Cuts in child benefits (real), lower uprating of other benefits
- Cuts in services, affecting women's employment, time and earnings (as likely substitutes), especially:
  - Social care (-23%)
  - Social housing (-34%)
  - ECEC (-19%)

# Combined tax and spending 2010-15



Source: Landman Economics for the WBG (2013)

- Female lone parents most affected
- Tax-benefit changes biggest proportion of income
- Cut sin FE/HE for working-age adults
- Cuts in social care for pensioners

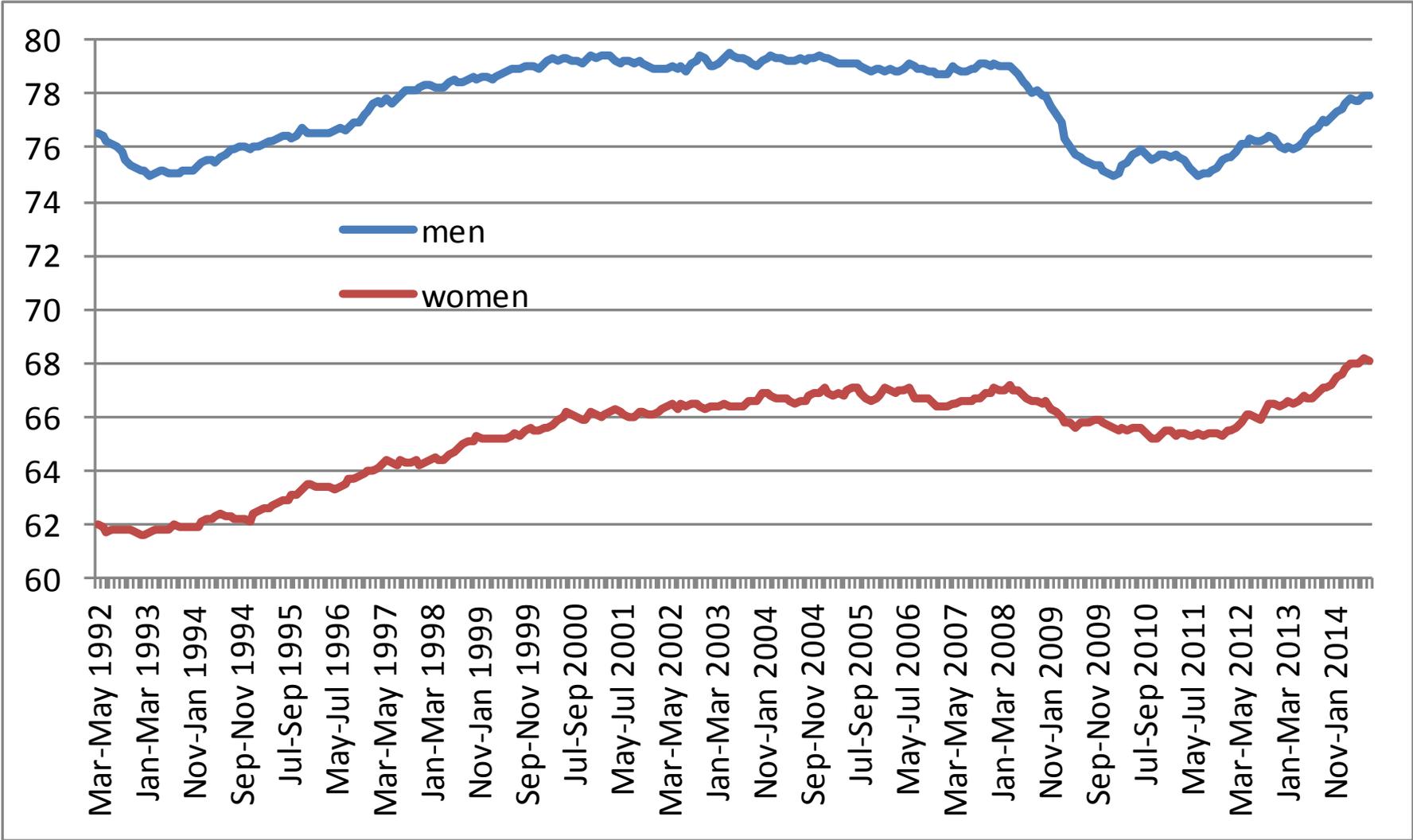
# Changes in employment (2010-2013)

- Men accounted for 60% of total employment increase
- **Women's unemployment increased by 5% while men's decreased by 15%**
- Both decreased since Dec 2011 but faster for men (14% vs 9%)
- But still 50% higher than pre-crisis levels (41% for men)
- Although male unemployment is higher (incl. long-term) women are catching up
  - Share of **long term unemployment** shot up by 46% for women aged 18-24 (17% for men) and by 28% for women aged 50+ (18% for men), while the latter has decreased since 2011, it kept increasing for women

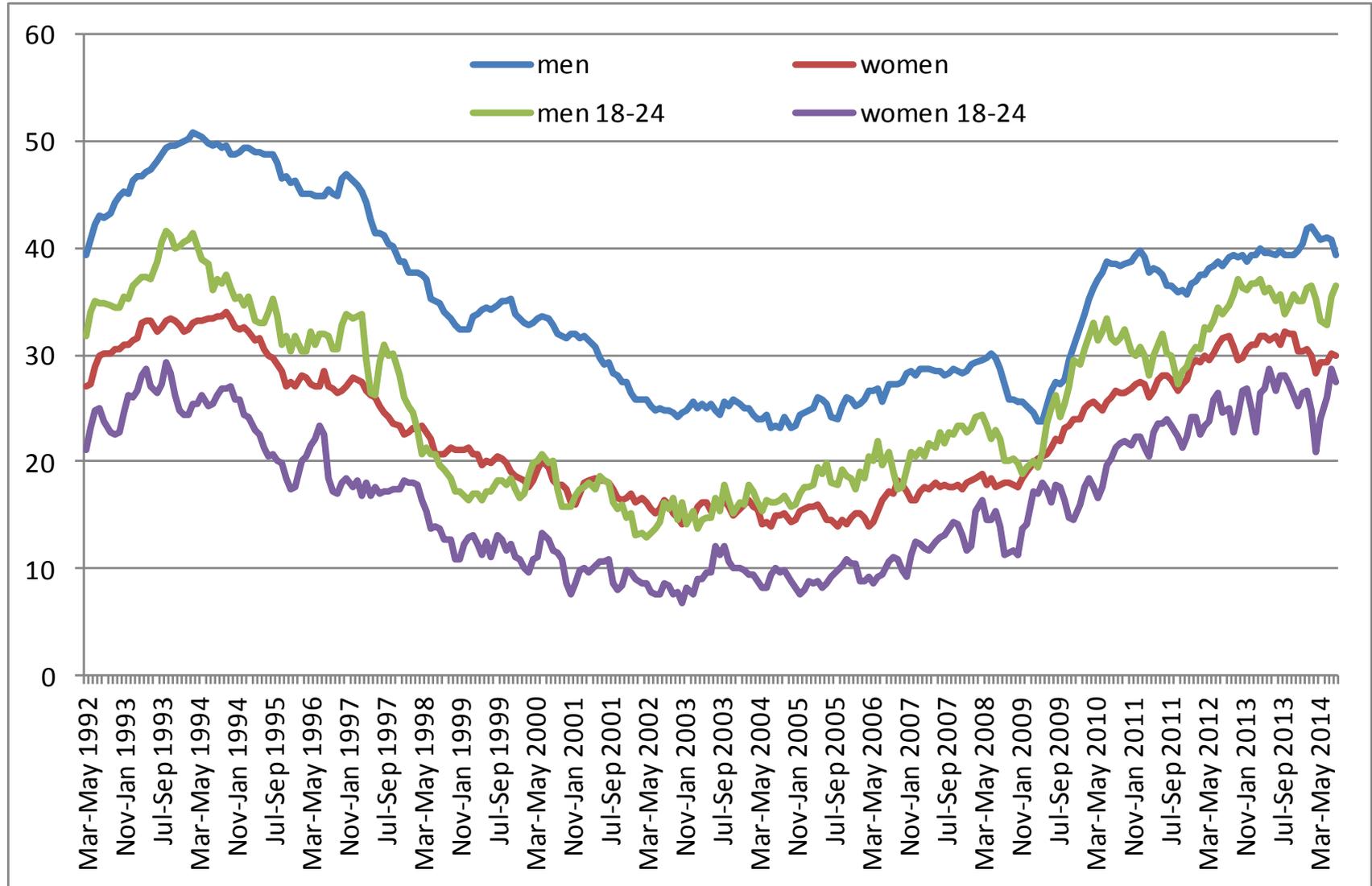
# Changes in employment (2010-2013) (2)

- **Self-employment increased faster for women** than men (16% vs 9%); women now account for 31% of self-employed, compared to 27% in 2008.
- Men took up many more **part-time** jobs than women but women's share of part-time employment is still very high at 73%
- Same for involuntary PT employment (more than doubled since 2008 for men and doubled for women but **women still 56% of all involuntary part-timers**)

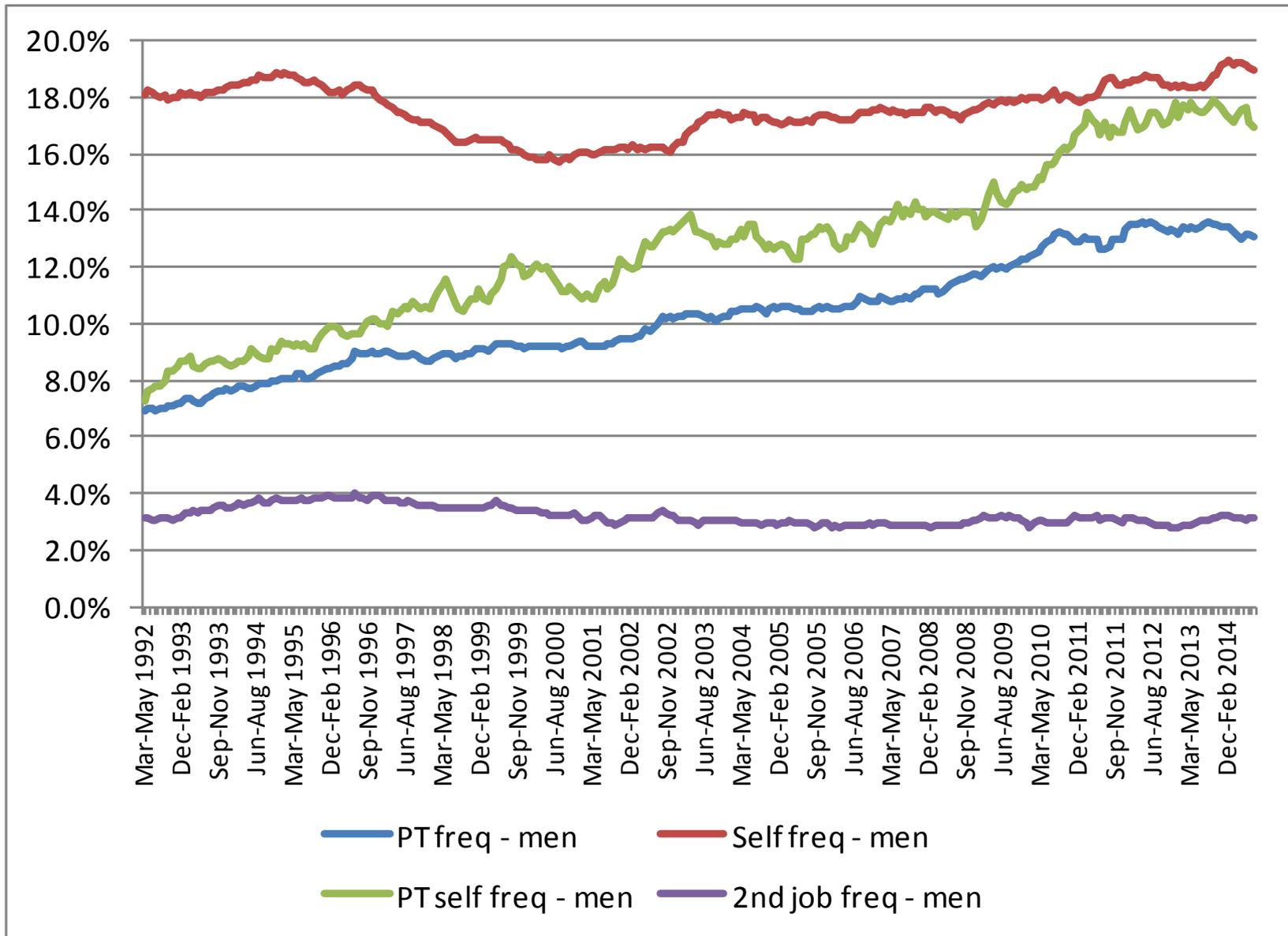
# Employment rates 1992-2014 (Sep)



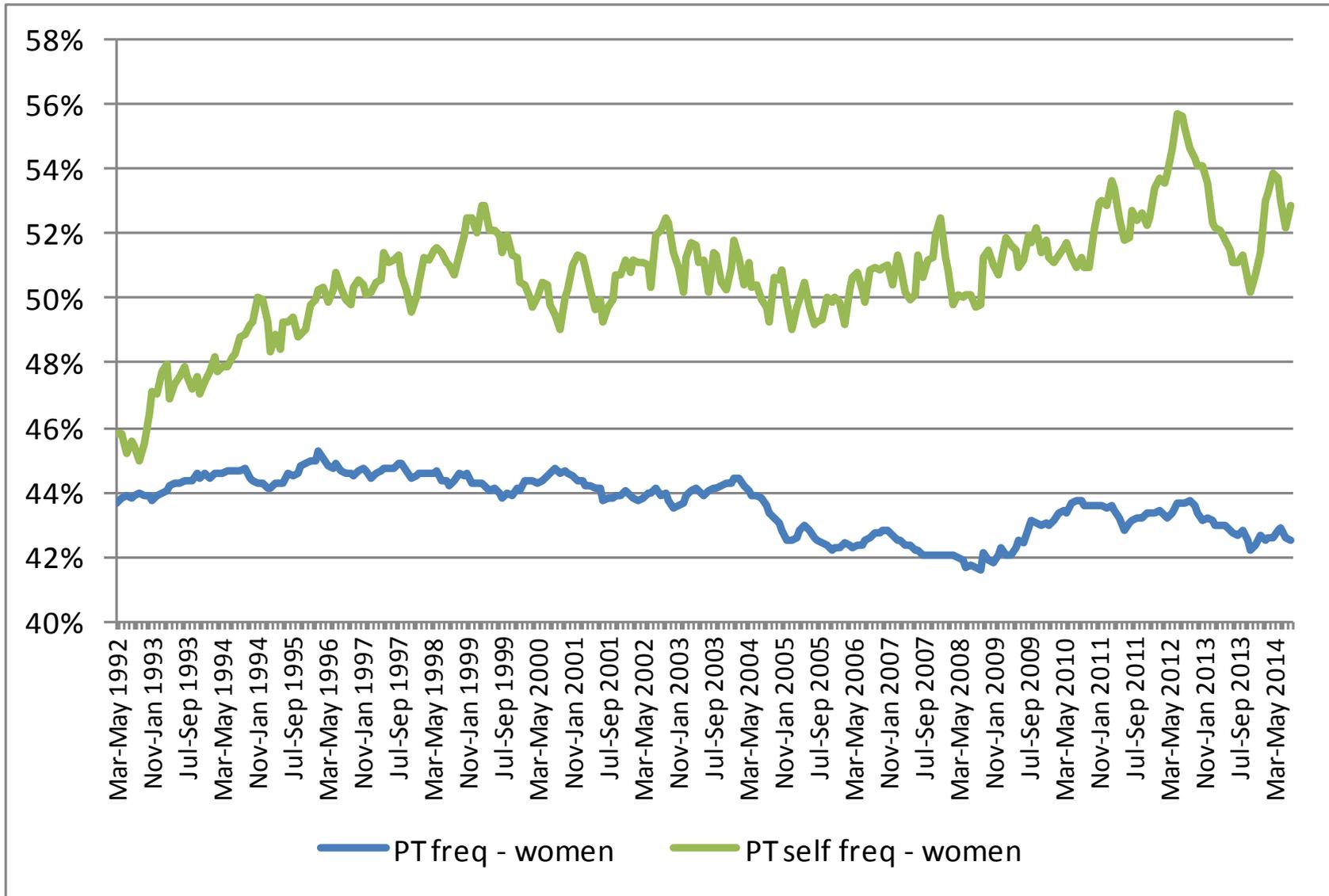
# Long-term unemployment 1992-2014 (Sep) (% of unemployed)



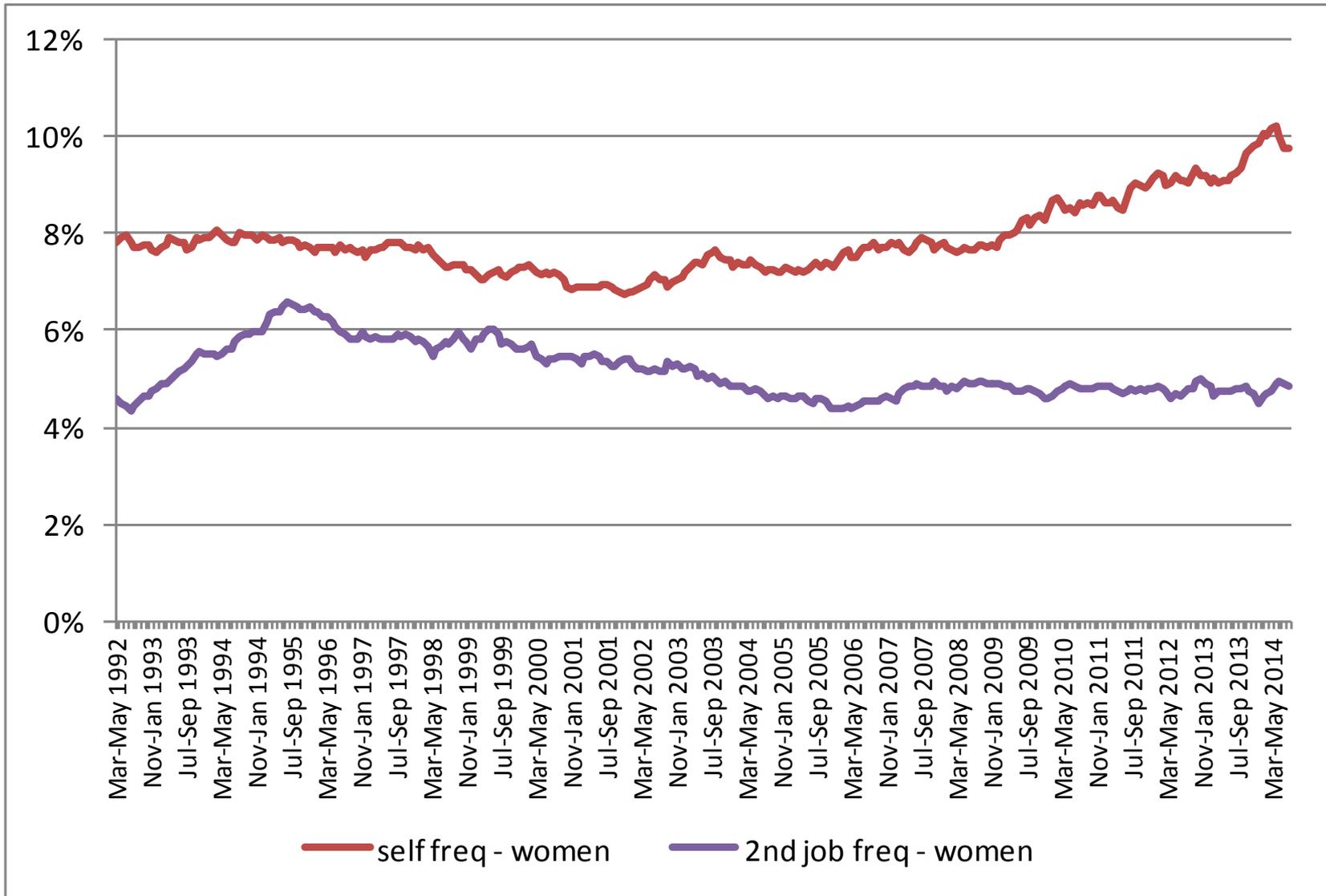
# Types of job 1992-2014 (Sep)



# Types of job 1992-2014 (Sep)



# Types of job 1992-2014 (Sep)



# Income and earnings

- Real earnings still flat for both men and women (after having fallen for the best part of the crisis years)
- Gender Wage gap slightly up in 2013 compared to 2012 for full-time employees
- Trend of decreasing gender wage gap has halted in the private sector (while kept decreasing in public sector)
- Incomes as we have seen are being cut more at the bottom and for female-dominated households
- Also simulated cumulative impact of austerity on individual post-tax incomes by decile show that women are being hit harder than men at all levels of the distribution
- Living standards overall are flat, especially in lower income families, and these have more women

# Policy implications

- Austerity and recovery do not seem to go together – either unrelated or contradicting each other (with respect to growth in earnings and quality jobs)
- Is austerity too unbalanced between tax increases and give-aways and spending cuts (60% of which are still to come)?
- Is austerity the only way → as the rich are proportionally less affected than the lower income groups, overall income inequality is bound to rise, with impact on economic growth further down the line (as per recent OECD study on pre-crisis years)
- Current impacts and employment trends highlighted once again the necessity to rethink our economic system and promote a Plan F for more inclusive care economy (for workers, for carers, for families, for the environment), less based on GDP growth as such and more on sustainability of social infrastructure.

# ENGENDERING ECONOMIC RECOVERY: ALTERNATIVES TO AUSTERITY IN EUROPE



Giovanni Cozzi

Foundation for European Progressive  
Studies (FEPS)

Hannah Bargawi

School of Oriental and African Studies  
(SOAS)

# IMPACT OF CRISIS AND AUSTERITY

- Crisis has stalled progress towards gender equality
- Policy responses to the crisis have focused on fiscal containment and debt reduction and not on growth and employment
- Austerity policies are bringing Europe towards a path of secular stagnation (Krugman 2014, Summers 2014) and high unemployment
- Austerity policies are significantly shifting the burden of debt and budget deficit adjustment on women (Seguino 2010, Gurmai 2013, Karamessini and Rubbery 2013, UNISON 2014)

# DEVELOPING ALTERNATIVE POLICIES

- Alternative policy proposals for economic recovery: growth and jobs are created with the adoption of an expansionary macroeconomic framework
- Feminist scholars demonstrate what a progressive feminist alternative to continued austerity might be (Annesley 2014, Perrons and Plomien 2013, Corsi 2014, Women's Budget Group 2012).
- E.g. F-Plan (UK, Women's Budget Group 2014), Pink New Deal (Corsi 2014):
  - ✓ *Reintroducing important benefits, e.g. child care allowance and pensioner benefits*
  - ✓ *Revenue-raising policies, support of Financial Transaction Tax (FTT) and raising taxes for higher income earners*
  - ✓ *Rebalancing investment towards social and human infrastructure as well as physical infrastructure*

# A GENDERED EXPANSIONARY MACROECONOMIC SCENARIO FOR EUROPE

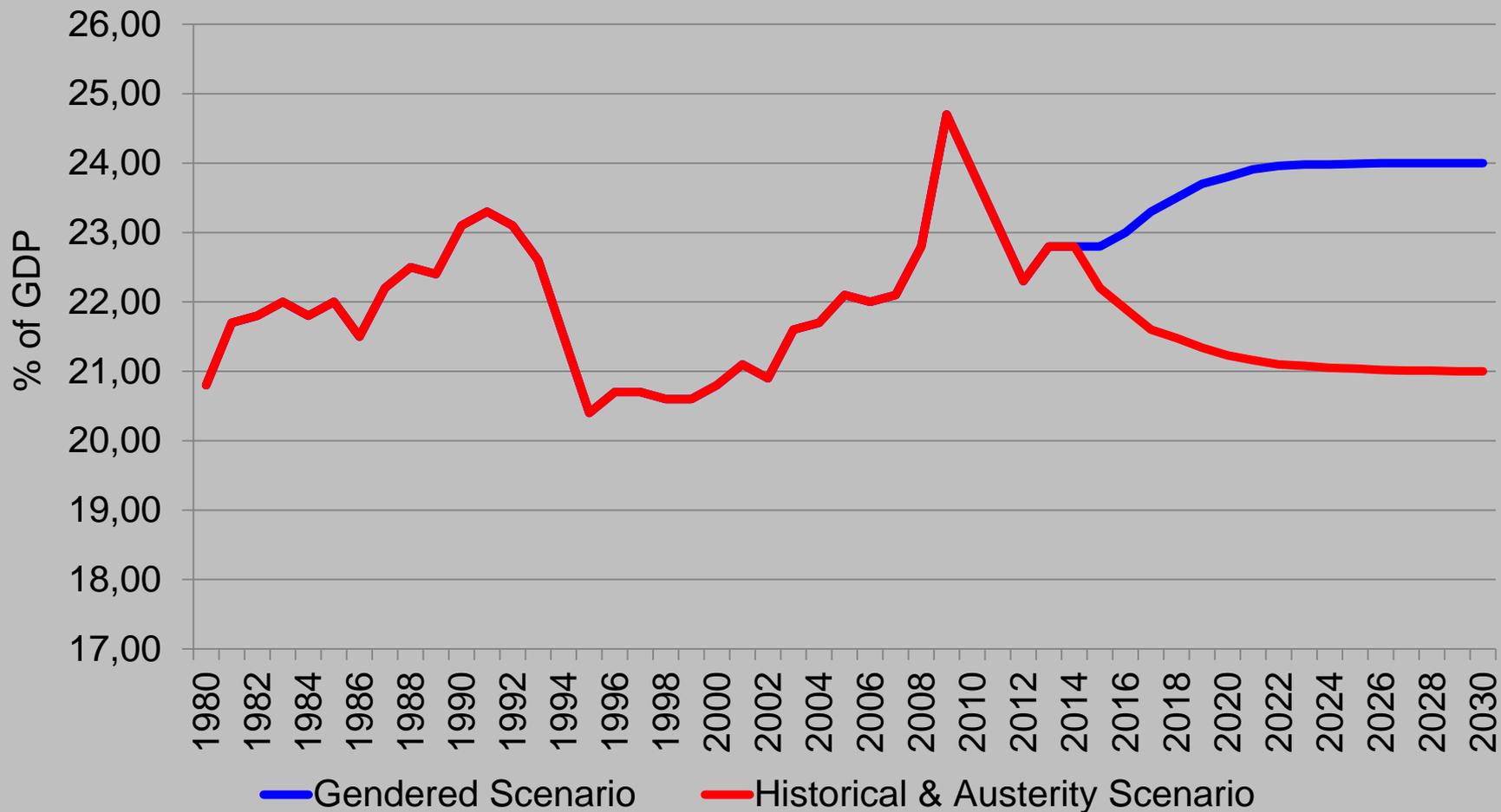
- What are the broader, long-term consequences of continued austerity versus alternative and gendered economic policy measures?
- The Cambridge Alphametrics Model (CAM) allows us to compare and contrast opposing policy scenarios.
- CAM is a non-conventional global macroeconomic model used to make medium to long term projections of historical trends.
- CAM projections draw on continuous historical data from 1970 to the most current year available for model variables (2014 for this exercise)
- Blocs and countries for this exercise:
  - ✓ Core Eurozone (Germany, Austria, Belgium, The Netherlands, Finland)
  - ✓ France
  - ✓ Eurozone Periphery



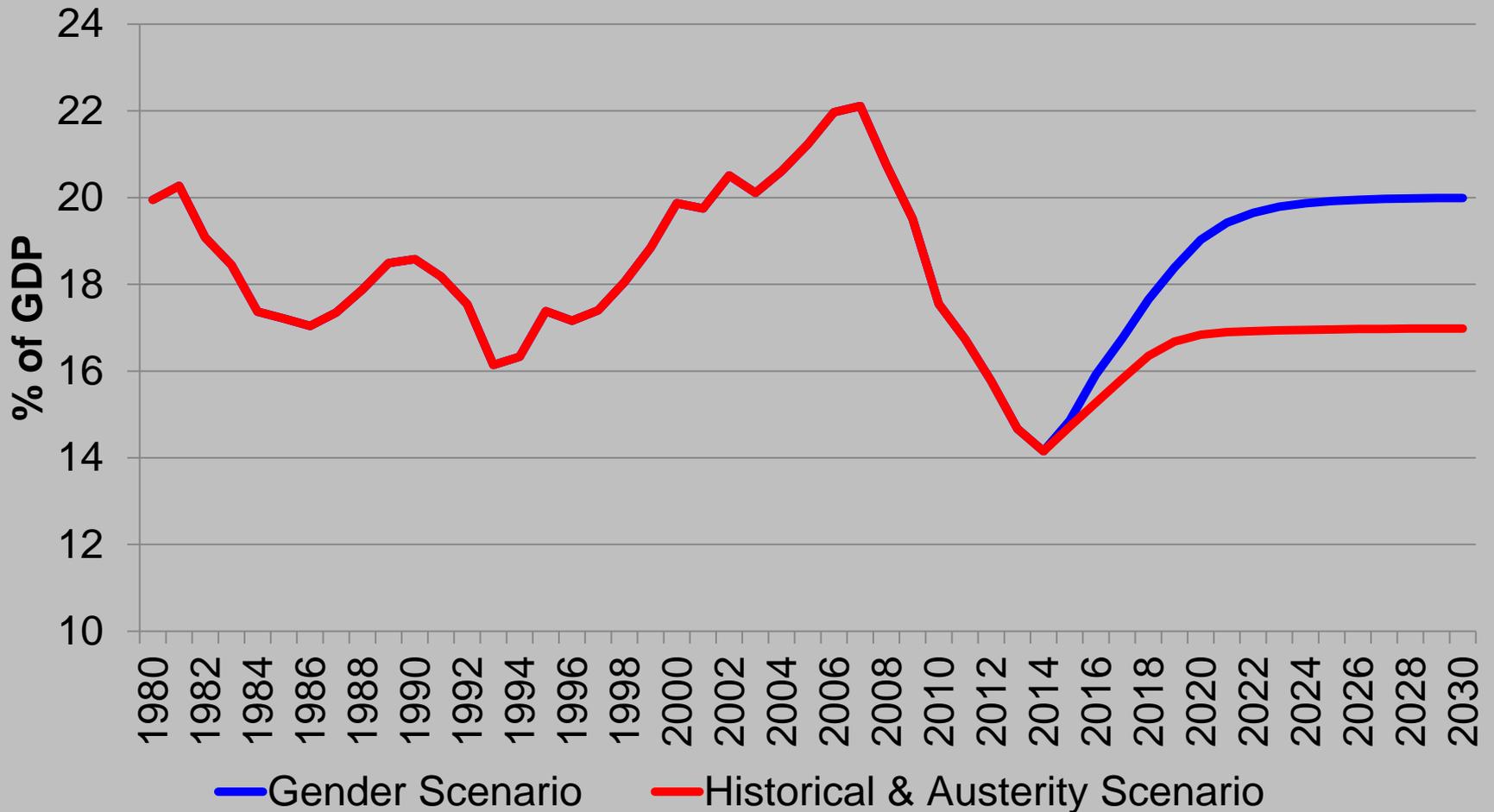
# SCENARIO ASSUMPTIONS AND SPECIFICATIONS:

AUSTERITY  
VS.  
GENDER EXPANSIONARY MACROECONOMIC  
SCENARIO

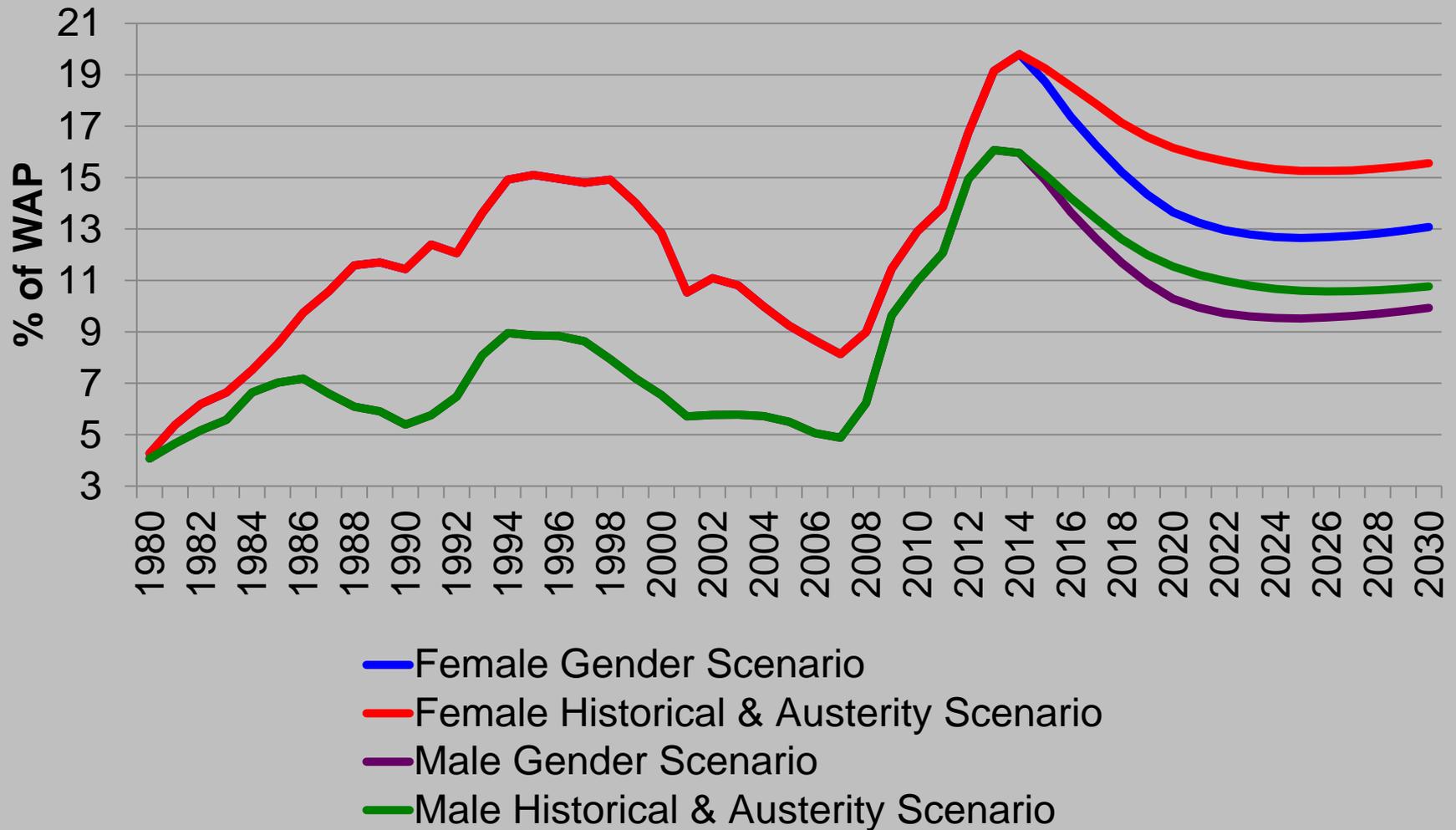
# GOVERNMENT EXPENDITURE % OF GDP EUROZONE PERIPHERY



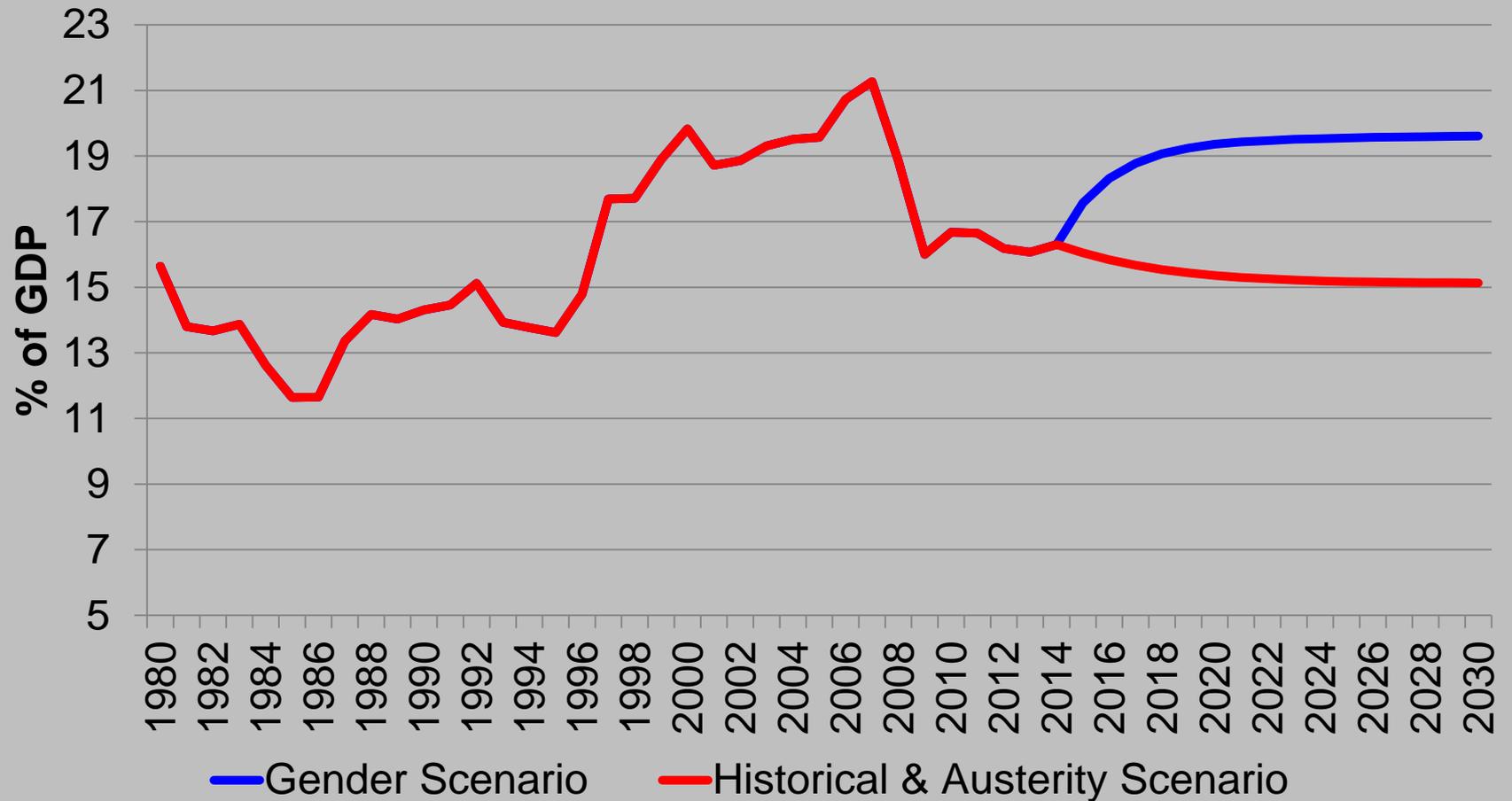
# PRIVATE INVESTMENT % OF GDP EUROZONE PERIPHERY



# FEMALE AND MALE ADULT UNEMPLOYMENT RATE EUROZONE PERIPHERY



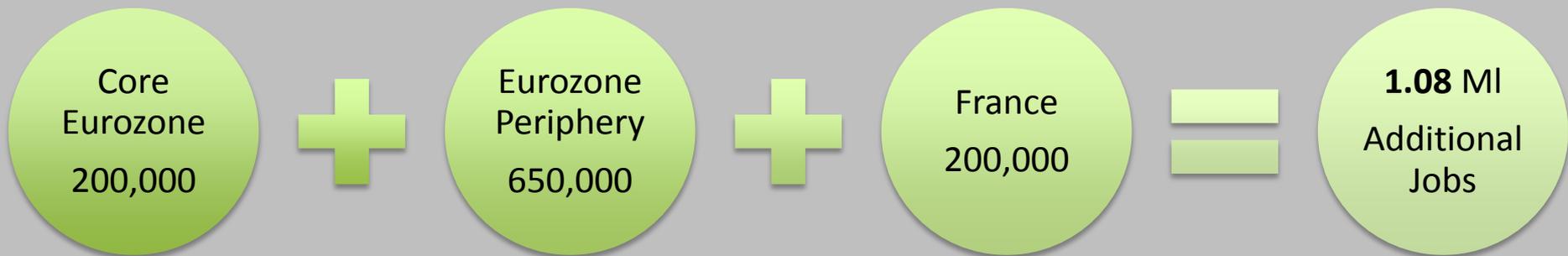
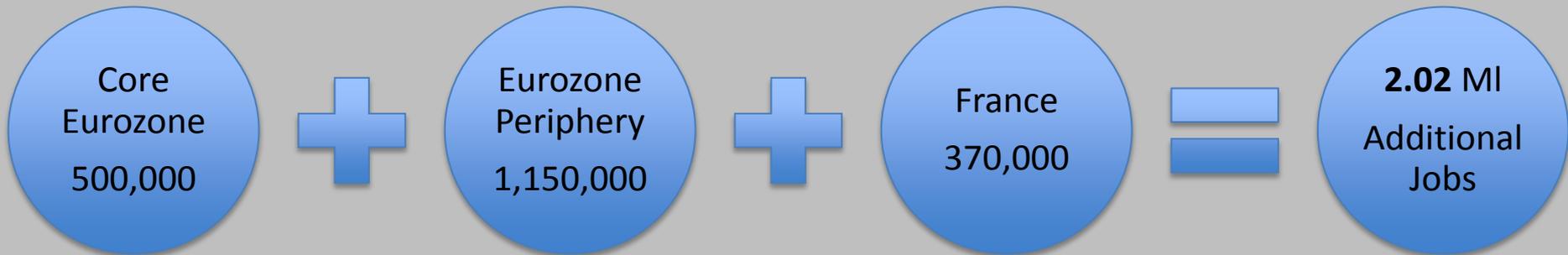
# GOVERNMENT REVENUE % GDP EUROZONE PERIPHERY





**RESULTS**

# ADDITIONAL EMPLOYMENT BY 2020



# AVERAGE GDP GROWTH (2015-2020)

## AUSTERITY

Core: 1.6%

Periphery: 1.6%

France: 1.1%

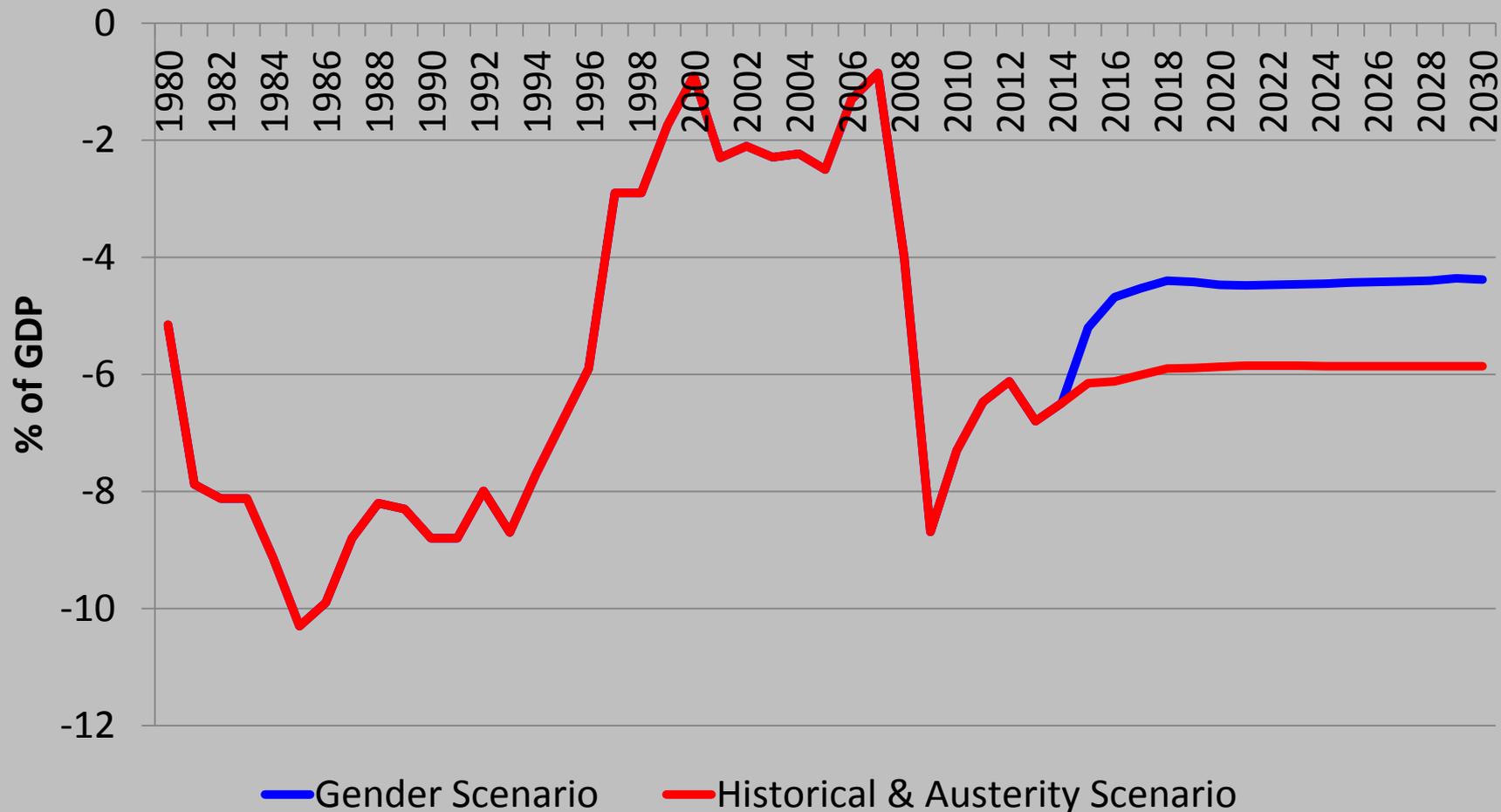
## GENDER SCENARIO

Core: 3.1%

Periphery: 3.5%

France: 2.5%

# GOVERNMENT SECTOR NET LENDING % OF GDP EUROZONE PERIPHERY





**POLICIES FOR  
GENDERING ECONOMIC  
RECOVERY**

# EUROPEAN LEVEL

## INVESTMENT

- ✓ Juncker plan not sufficient, at least double the size and discussion on social and gender dimension of the plan marginalized
- ✓ Increase role of EIB and the European Budget (size and allocation of resources)

## REVENUE

- ✓ Generating additional revenue by taxing financial transactions and combatting tax fraud

# NATIONAL LEVEL

- Public investment should be channeled towards adequately funded systems of social care for young and old
- Budgetary expansion could also be financed by increases in progressive taxes on income and wealth across Europe
- Continued austerity will impair job creation and could lead to a regression in terms of gender equity in the labour market as well poor economic growth outcomes.

# THE PURPLE ECONOMY: A CALL FOR A NEW ECONOMIC ORDER BEYOND THE GREEN

İPEK İLKKARACAN  
ISTANBUL TECHNICAL UNIVERSITY  
GEM-EUROPE NETWORK

Progressive Macroeconomic Policies for  
Sustainable and Equitable Growth and  
Employment

12 December 2014, Barcelona

# BACKGROUND

◎ A cross-country comparative research project:  
Work-life balance policies and inequalities in the labor market: A North-South Perspective

- 7 OECD countries: France, the Netherlands, Spain, Sweden, Mexico, S. Korea (Ilkkaracan 2010; Ilkkaracan 2012)

◎ An international workshop: Sustainable Economy and Green Growth: Who Cares?

by Life e.V. and German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

[http://genanet.hostingkunde.de/fileadmin/downloads/Green\\_Economy/workshop\\_care-eco\\_web.pdf](http://genanet.hostingkunde.de/fileadmin/downloads/Green_Economy/workshop_care-eco_web.pdf)

# MOTIVATION

A think piece aiming to

- ⦿ to innovate a popular catchphrase «*the purple economy*» capturing a *feminist* vision of an economic system
  - pulling together past two decades of feminist economics work
  - appealing to the popular concept of '*the green economy*'
- ⦿ to show how *purple* is necessarily complimentary to *green* for a truly sustainable economic order - placing not only nature but also nurture in the spotlight both as indispensable elements of human well-being
- ⦿ to provoke discussion on the characteristics a *purple* economic order based on the socialization of care and strategies for advocacy

# A CRISIS OF CARE?

*“This is an urgent question of political will and power. Without intervention, people may be less willing and able to fulfill caring norms, which may thereby be eroded. Those who assume caring responsibilities despite such pressures, will pay a higher price for doing so and may have less influence on policy than those conforming more to less caring dominant norms. Not to adopt a generous strategy for caring now will shift power away from those who continue to care, erode caring norms, and make it more difficult to adopt a more caring strategy in the future. Without such a strategy, standards and availability of care will fall, and with a high cost to society as a whole, and in particular to those who continue to care.” Himmelweit (2007)*

<i>Complimentarities</i>	<i>Green Economy</i>	<i>Purple Economy</i>
A response to ...  <i>also to the economic crisis</i>	the environmental crisis- sustainability of provisioning by nature  <i>Green Jobs</i>	the crisis of care- sustainability of caring labor  <i>Purple Jobs</i>
Acknowledges that beyond consumption of commodities, human well- being depends on	healthy ecosystems	access to quality care
Accounts for ....	the value of nature	the value of unpaid care work
Suggests to internalize .....into the workings of the system	environmental costs	the costs of caring labor
Aims at elimination of ... through redistribution of costs	intergenerational inequalities	inequalities by gender, class, origin
Calls for a reordering of priorities ...	from consumption to nature	from consumption to nurture
	from GDP growth to sustainable and equitable growth (or even degrowth)	

# Four Pillars of The Purple Economy

## Social Infrastructure for Universal Care Services Provisioning

for children,  
elderly, disabled,  
ill

## Labor Market Regulation

to enable  
work-life balance  
with equal  
incentives for  
women and men

## Public Policies for special Care Needs of Rural Communities

where caring  
labor entails both  
reproductive and  
productive work  
directly  
dependent on  
natural resources

## Reorientation of Macroeconomic Policy

sustainable and  
equitable growth  
as core  
objectives of  
macroeconomic  
policy

# SOCIAL INFRASTRUCTURE FOR UNIVERSAL CARE PROVISIONING

## ⦿ Public investments in social care sectors

### Main obstacle - Financing?

- Budget/spending reallocations (e.g. global pacts on reallocation of military spending)
- Care finance schemes - Purple Tax

## ⦿ Advocacy points

- **Purple jobs** in addition to **green jobs** as a solution to the crisis and unemployment
- Poverty alleviation through improved labor market opportunities for women
- Increased human capital (better education for children) with expected positive impact on productivity
- Improved equality by gender, class, origin
- Improved quality of life for elderly and disabled

# S. KOREA'S POLICY RE: GLOBAL ECONOMIC CRISIS: INVESTING IN SOCIAL CARE AS THE NEW GROWTH ENGINE OF THE ECONOMY

- ◉ Peng (2010) quoting from the Ministry of Labor:

*“Creating social service jobs has boosted our economy’s growth potential as it has helped the not economically active population, including housewives and the aged, to be brought into the economically active population. In particular, providing social services, such as child caring, housekeeping and patient caring, have liberated women from domestic work, which in turn, has increased employment. The project to create social service jobs has not only created jobs for vulnerable groups of workers, ...(but) has also played the role of providing social services which are in short supply, thereby largely contributing to supplying social services for low-income lower middle classes who want to get such services but have little purchasing power. The project has a great significance in that it has opened up new horizons by creating jobs in the social service sector, which is often called the third sector beyond the private and public sectors and need to expand its share of employment, through cooperation between NGOs and the government.”*

(Ministry of Labour, 2008, <http://english.molab.go.kr/english/Employment/print.jsp>, 2008).

# SOCIAL INFRASTRUCTURE FOR UNIVERSAL CARE PROVISIONING

- ◉ Advocacy based on research
  - ◉ *Effects of Investing in Social Care on Employment Generation, Poverty Alleviation and Equality*
    - ◉ USA and South Africa (Antonopoulos and Kim, 2011)
    - ◉ Turkey (İlkkaracan, Kaya, Antonopoulos and Kim, forthcoming)
  - ◉ *LIMTIP - Time and Income Poverty*
    - S. Korea (Zacharias, Kim, Masterson 2014)
    - Turkey (Masterson, Memiş, Zacharias 2014)
    - Argentina, Chile, Mexico (Zacharias, Antonopoulos, Masterson 2012)

# LABOR MARKET REGULATION

## Objective: Dual earner, dual carer family model

- Acknowledgement of work-life balance as an essential component of decent jobs as wages and social security coverage
  - Equal incentives for both men and women; even positive discrimination in favor of men
- 
- Legal rights to paid leave for childcare and other dependents
    - Mandatory paternity leave (instead of mandatory military duty) (Nyberg 2010)
    - Flexible leave - flexible work over the life cycle to enable  $\frac{3}{4} \times 2$  worker model (Plantenga 2010; Ilkkaracan 2012)
  - Shorten labor market working hours within decent job standards (Silvera 2010)
  - Regulate to eliminate discriminatory labor market practices, like equal pay for work of equal value; comparable worth policies; facilitate return to work on equal conditions post-care leave, ...

# PUBLIC POLICIES FOR SPECIAL CARE NEEDS OF RURAL COMMUNITIES

- ◉ Acknowledge and account for the extra burden that environmental destruction imposes of caring labor (women as unpaid family workers)
- ◉ **Green** investments in agriculture and rural infrastructure as integral to the social care infrastructure
- ◉ **Green** technology innovation programs building on women's indigenous knowledge
- ◉ Targeted agricultural subsidies for women
- ◉ Public Employment programs in **green** and **purple** sectors for landless women (*Hirway, 2010*)

# REORIENTATION OF MACROECONOMIC POLICY

- ◉ Use direct measures of human well-being as macro indicators and policy guidelines - (reordering over indirect indicators as GDP growth and efficiency)
  - Labor force participation beyond unemployment (discouraged workers)
  - Time Gap beyond Income Gap
  - Value of unpaid care work and its distribution
- ◉ Wage-led growth regime based on dual earner family model (instead of the male-breadwinner based profit-led growth regime) (*Onaran 2014*)
  - ◉ **Green** and **purple** impact assessment as a regular procedure for assessing fiscal and monetary policies
- ◉ Regulatory, democratic and transparent state («State with embedded autonomy»)
  - ◉ «*democratize macroeconomic policy*» (*Çağatay 2012*)
    - for a **Green** and **Purple** Macroeconomic order

# ENDING WITH QUESTIONS?

## ◉ How to move the agenda forward?

- ... against a deeply embedded systemic resistance to redistribution of income, assets and time and in a context of the economic crisis and rising social conservatism in some contexts...

Sources for an improved framework for advocacy:

- Multiple crises - A purple and green economic order as a response
- Local and global alliances of social movements - Feminist, environmental/green, socialist, occupy/resist movements
- Capacity building for heterodox economics policy research

For more evidence based and policy oriented research and knowledge networking (FEPS, IAFFE, GEM, FMM, ...)

# Gender aware policies as part of an equality-led and sustainable strategy in Europe

*Özlem Onaran*

*University of Greenwich*

# Austerity has failed!

- Britain: budget deficit ↑ despite spending cuts
- due to the squeeze in earnings
- The Chancellor : “the gender wage gap in Britain has declined” and reached its lowest level (19.1% wage gap in median” earnings) since 1997.
- downward convergence between male and female wages!
- Wages of both men and ↓ since 2008; however wages of men have declined more than wages of women.
- 2008-2014 : earnings of men ↓ 12.2%, earnings of women ↓ 8.1%
- 1. a larger number of women were already earning close to the minimum wage.
- 2. more women compared to men were in hourly paid part-time jobs; hourly wages fall less than gross annual earnings; the fall in annual earnings incorporate both the fall in hours and hourly earnings.
- 3. men, who have lost their jobs in well-paying jobs could only find jobs in lower paying industries, which are more likely to be the industries where a significant part of women were already working.
- This race to the bottom in wages is not our understanding of closing the gender wage gap!
- gender wage gap in Britain is still one of the highest in the developed world.
- The budget deficit is the wrong policy target to begin with;
- The main deficit is the deficit in investment, care, and equality.
- **take care of full employment, decent pay for women and men, equality, and ecological sustainability, and the budget will take care of itself.**

# Why does gender equality matter?

- Gender inequality: An important part of personal inequality as well as low wage share in national income
  - eliminating gender wage gaps as part of a process of an upward convergence in wages, would contribute to greater equality and overall a higher wage share
  - →higher growth in a wage-led economy like Europe (or Spain, Germany, Italy, Britain, France)
  - Wage-led growth = Equality-led growth=Gender equality-led growth
- Consumption ↑ as gender equality ↑
  - Not just the level but also composition of consumption
  - more income in the hands of women →household spending on children's education and health...↑
  - Social infrastructure=positive function of gender equality at the household
- Private investment ↑ as social infrastructure ↑
  - Social infrastructure +physical infrastructure (transport , ITC ...)
  - Public + household spending in social infrastructure
- Higher labour force participation for women

# Gender aware policies as part of an equality-led and sustainable strategy in Europe

- Gender aware labor market policies
  - Gender wage equality
  - Labor Market Regulation to achieve dual earner, dual carer family model
    - work-life balance as an essential component of decent jobs
    - shorter working hours –more later
    - Equal incentives for both men and women regarding parental leave
    - +Universal public child care - –more later
- Strengthening of the bargaining power of both women and men
  - Collective voice
    - inclusive unions
    - union legislation
    - increasing the coverage of collective bargaining
  - increasing the social wage via public goods and social security,
  - establishing sufficiently high minimum wages
  - regulating high/executive pay

# Wage-led recovery, growth, and employment?

- Effects of wage-led recovery on growth and hence employment however is modest, albeit positive.
  - a 1%-point rise in the wage share → EU GDP ↑ by 0.13-0.36% (Onaran and Galanis, 2012; Onaran and Obst, 2014)
- mobilize all the tools of economic policy and public spending with an aim to achieve full employment, ecological sustainability, and equality at all dimensions including gender equality between men and women.
- Complementarities between full employment, ecological sustainability and gender equality

## How to create more and better jobs for men and women?

- Create public jobs in social infrastructure: education, child care, nursing homes, health, community and social services
  - socializing the invisible care
    - Universal public care
  - labour intensive services = low carbon emissions
  - Jobs for both women and men
  - increasing the female labour force participation rates
  - improve pay and working conditions in these industries
  - different from the former reliance on low pay service jobs with weaker labour unions
  - Purple jobs for both men and women - (Ilkkaracan 2013)
  - In addition to green jobs in public physical infrastructure in housing, transport, renewable energy

## ... How to create more and better jobs for men and women?

- shorten working hours with wage compensation
  - in particular in the case of low/median wage earners,
  - Compared to the 19th century, we are all working part-time today.
  - More equal countries have shorter working hours. (Schor, 2010)
  - shortening of hours → higher hourly productivity
- shorter working hours → gender equality
  - Shorter hours with wage compensation for the lower wage earners → a narrowing of gender wage gaps.
  - should address daily care responsibilities, and work-life balance based on gender equality in the division of labour in the household;
    - e.g. daily working hours as opposed to more holidays or longer weekends.