INTERNATIONAL TRADE UNION CONFEDERATION
ITUC OnLine
011/080316

Investing in the Care Economy: A Pathway to Growth

Brussels, 8 March 2016 (ITUC OnLine): A new study released today by the ITUC shows that investment into the care economy of 2% of GDP in just 7 countries would create over 21 million jobs and help countries overcome the twin challenges of ageing populations and economic stagnation. The report http://www.ituc-csi.org/CareJobs which analysed the employment growth potential in the care economy in Australia, Denmark, Germany, Italy, Japan, the UK and the USA, also demonstrates how investing in care narrows the gender pay gap, reduces overall inequality and helps redress the exclusion of women from decent jobs. The G20 has set a target to increase women's participation in the workforce by 25% in the coming years. This can only be achieved when the care sector is properly funded.

The report cites additional evidence from South Africa and Turkey showing that the economic stimulus from care investment is not limited to the world's richest countries.

Sharan Burrow, ITUC General Secretary, said: "This study shows how sustained investment in care is not only vital to societies, it also provides an indispensable motor for economic growth and an antidote to the destructive impact of failed austerity policies. Most of the burden of service cuts has been borne by women, which has in turn depressed household incomes at a time when boosting purchasing power and economic demand is crucial to restoring global prosperity. The care sector itself has high rates of precarious work and low pay, and it is essential that workers in this sector have the full protection of labour legislation in line with international standards."

Economists from the Women's Budget Group http://wbg.org.uk/ carried out advanced modelling of the employment impact of investing the equivalent of 2% of GDP into the "social infrastructure" of education, health and social care services. They found that:
- It would increase overall employment by between 2,4% and 6.1% depending on the country;
- between 59% and 70% of the directly-created jobs would be taken up by women; and,
- the employment multiplier effect from these new jobs would also increase overall male employment, by between 1.4% and 4% in different countries.

"Some governments have acted to lift investment in physical infrastructure projects, to stimulate growth and overcome decades of underinvestment. We now have clear empirical evidence of the economic and social benefits of investing in care as well. Governments should look to this rather than sticking with an austerity agenda which was based on deeply flawed analysis from the outset," said Burrow.

The evidence in the report shows that investment of 2% of GDP would create:
13 million jobs in the USA
3.5 million jobs in Japan
2 million jobs in Germany
1.5 million jobs in the UK
1 million jobs in Italy
600,000 jobs in Australia
120,000 jobs in Denmark.

"Cuts in public care services have had a double impact on women. They are finding it harder to get decent jobs, and in most countries the pressure on social investment means that it is mainly women who end up filling the gap as unpaid carers. This in turn keeps them out of the paid workforce for even longer and pulls apart the fabric of households and communities. Our new study confirms that the right kind of investment can turn this social crisis around, and we call on governments to take up the challenge and break from their obsession with simply keeping the financial sector happy. The evidence from these seven countries reinforces the huge jobs and growth potential in the care economy worldwide," concluded Burrow.

The ITUC represents 180 million workers in 162 countries and territories and has 333 national affiliates.

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