



The Economics of Care and its Growing Importance

Summary by Eszter Turai

Care for children, the sick and the elderly – still done mostly by women – is an elementary function in our society, which provides a basis for the whole economy. The goal of the conference jointly organized by the FES, the Hungarian Women's Lobby and the Democratic Trade Union of Crèche Employees was to cover the most important issues in the topic from an economic perspective. The event consisted of three panels. In the first panel there were two presentations by Ana Sofia Fernandes (Portuguese Platform for Women's Rights) and Anikó Gregor (ELTE University), providing a broad theoretical framework for the economics of care. The second panel consisted of the presentations of two economists, Jérôme de Henau (Open University) and Ferenc Büttl (Metropolitan University), who analysed the possibility of state policies of investing in the field of care from an economic perspective. Finally, the last part of the event was a panel debate, where professionals and activists working on the field discussed the current situation of care in Hungary. The chairs were Borbála Juhász (Hungarian Women's Lobby), Anikó Gregor (ELTE University) and Dorottya Szikra (Centre for Social Sciences, Hungarian Academy of Sciences).

In her opening remarks **Eszter Kováts** from FES described why it is not enough to focus on involving men as well into housework, as this misses a broader social-economic perspective which is necessary in order to understand this problem. On the one hand, she stressed that the state should consider resources spent on care as investments, but on the other hand, she also underlined the limits of the narrow mainstream economic approach. She pointed out that the energy women are putting into 'invisible work' in the informal sector day by day is just as finite as our natural resources, therefore it is impossible for women to bear all the costs and consequences of the weakening of the welfare state and the social and demographic processes.

The first panel was opened by the presentation of **Ana Sofia Fernandes** (Portuguese Platform for Women's Rights), who gave an overview of the main statements of feminist economics about the crisis of care and the notion of the 'purple economy' as a potential solution. One of the starting points of feminist economics is the critique of the notion of the perfectly rational, individualistic, profit maximizing homo economicus, which is still a significant concept in mainstream economics. Among others, this view of the human behaviour is the root of those biases and prejudices that hide the elementary function of



reproductive work done by women in society. In various phases of capitalism the duality of productive and reproductive work appears in different forms, but the gender-based division of labour has not disappeared. In her presentation Fernandes focused on the current neoliberal, financialized phase of capitalism. She highlighted the importance of the global perspective: the field of social reproduction mirrors the hierarchies created by the North-South division of labour as women of the core hire women migrating from the periphery and the semi-periphery. One important aspect of this is the precarization of these jobs: in most cases these women work not only underpaid but also in insecure circumstances and without any legal defence. Another characteristic of neoliberal, financialized capitalism is that the financial sphere dominates both the productive and reproductive sphere. Changing this is one of the goals of the approach called 'purple economy'. The notion of 'purple economy', originally introduced by a Turkish economist, İpek İlkkaracan, has four main pillars. 1.) The various fields within care: children, the elderly, the sick, people with disabilities and self-care; 2.) rethinking the regulation of the labour market through a gender lens (e.g. obligatory parental leave for fathers); 3.) implementing the special needs of rural communities; 4.) developing the regulation of the macroeconomic environment. Purple economy would be able to correct the mistakes of the economic logic based on the homo economicus and it would also handle the field of care befitting its significance. This would be the precondition of the effective representation of the perspective and interests of women.

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In her presentation **Anikó Gregor** (ELTE University) summarized the outcomes of the Women's Affairs 2018 research she made jointly with Eszter Kovács, financed by the FES. The research that merged qualitative and quantitative methods was focusing on the questions: which are the most important problems for Hungarian women and how do they talk about them, and what the members of the society in general think about these issues. Although all of us are necessarily involved in relations and work of care, it is no surprise that the burdens of it are mostly borne by women. Gender-based division of labour is rooted in our society so deeply that even the women respondents did not question that it is their duty to care for the dependent family members. A significant part of the problem is the deficit of the state care system: very small allowances, limited eligibility and deficits of institutions and services. As a consequence, it is impossible for women to perform tasks related to care without making a lot of personal sacrifice and asking for the time and energy of other family members. Difficulty of employment makes these situations even harder: in most cases it is against the employer's interest to support the employees who are burdened by the task of care for someone. The most affected groups within women might be the so called 'sandwich



generation’. This phrase refers to those middle-aged women who have to care for their children and also for their old parents at the same time. Not only researchers, but also activists and politicians can make several conclusions building on the results of the research. Gregor pointed out that the discourse on care should not be limited to raising children, but the issue of caring for the elderly, the sick and people with disabilities should also be considered. She stressed two main components which would be essential for the social appreciation of care: one is the recognition of caring professions both in a financial, both in a symbolic manner; and the other is improving the circumstances of women caring for their family members at home. It is important to note that it is not sufficient to keep talking about the inequalities of the division of labour between men and women, while the systemic conditions of care are not ensured, independently of the sex of the carer. The following policy recommendations were made by Kováts and Gregor: improving the working conditions, increasing the volume and the quality of institutional care for children, the sick and the elderly, and increasing the amount of the non-insurance-based child care leave (gyermekgondozási segély, GYES) and the family allowance (családi pótlék), as neither has been raised since 2008.

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The second panel started with the presentation of Jérôme de Henau (Open University), who talked about the results of a research made by him and his colleagues for the International Trade Union Confederation (ITUC). The starting point of the research is that the government spending for care can be considered as an investment in the ‘social infrastructure’, and that this spending is worth for the state due to not only political but also economic reasons. This aspect might be extremely relevant in the times of austerity, but keynesian politics also tends to forget about the fact that investment does not necessarily aim only the improvement of the physical infrastructure. According to De Henau one of the reasons behind this phenomenon is the gender bias of economics, which is the tendency to consider the life and perspective of men as a default, and to ignore those aspects and issues that impact on women’s lives. The research compared the care industry and the construction industry in seven OECD countries as typical fields of the two investment-types. As for the short-term effects, De Henau pointed out two main results: considering its impact on employment and on gender equality, it pays off more to invest in care than in the construction industry. This is partly due to the fact that care is a much more work-intensive sector than construction, and partly because of the very low wages and shorter work-time currently typical to care industry. Regarding gender inequalities De Henau called state investment in care a win-win situation: men’s employment rises almost as much as in the



case of investment in construction, but women's employment rises much more. In the remaining part of the talk the economist presented the second half of the research which is basically a simulation of the welfare system of the United Kingdom and which presents the estimated costs and effects of a policy that could replace the current childcare with a good quality and universal service. As a result of the calculations a popular counterargument came out to be false, as a reform like this would be fiscally absolutely feasible for the state and it would pay off. Although this would need great investments at the beginning, the cost of this returns later, not to mention the general benefits the whole society gains from the better conditions of care economy.

This is partly because of the well-known multiplier effects (higher wages generate higher tax-incomes and more consumption), and partly because the state can save money on several expenditure through the decrease of poverty and unemployment or the improvement of health and so on. Besides, it stimulates economic growth and increases productivity. As De Henau highlighted, the above mentioned advantages are only the short-term effects but counting in long-term would make the conclusion even more evident.

Ferenc Büttl (Metropolitan University) continued with his presentation, in which he applied a similar logic to the Hungarian situation in the field of care. To set the framework for his presentation he claimed that at the end of the day the priorities of government spending are always a result of political decisions, but he mentioned two basic principles based on which experts can still make suggestions. Firstly, experts can calculate which goal the government should choose to reach the most of other, smaller goals. Secondly, political decision makers should be aware of which fields have the biggest deficits or needs, so experts also can make suggestions based on this principle. One year after the 2008 crisis – typical to all fields of the Hungarian social policy – social spending started to fall radically. However, still, the amount of government spending is not the biggest problem of the current policies in the field of care. Compared to the OECD countries and the countries in the CEE region Hungary spends an outstandingly high amount on this field. According to Büttl, this is partly a result of the generous spendings on supporting high income families, for instance through the new family tax allowance. Nonetheless, the presentation highlighted two fields where there is a huge need for state investment: public crèches and elderly care, as in both cases a lot of people are excluded from the institutional service just because of the scarcity of the places. The extent of the unsatisfied needs can be illustrated by the fact that self-care is problematic for every third inhabitant above 65 years, while in most of the Western European countries this proportion is around 10%. In connection to this topic Büttl pointed out the relevance of the local historical context. In the countries of this region, self-exploitation in the second



economy during the years of state socialism and the permanent crisis of health care after the transition both contributed to this difference between CEE and Western European countries. The presentation made it clear that both in the crèche service and in the elderly care a significant increase in wages and a broadening of the capacity of the institutions would be indispensable. The latter can be best illustrated by the statistics of institutional elderly care: the existing 54 000 places are full, and there are further 30 000 people waiting for getting in. Furthermore, there are a lot of elderly who (or their families) do not even try to apply because of the small chances. Based on Büttl's calculations we can see that in Hungary, even with a tiny part of the state expenditures mentioned by De Henau, the life of plenty of children, parents and workers could be improved. In the case that somebody would not be convinced at this point, Büttl pointed out that in contrast to the physical infrastructure care is one of the least exposed fields to automation, therefore investing in it produces more lasting jobs.

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In the last panel activists and professionals from several fields evaluated the current Hungarian situation based on their field experience. The chair was **Dorottya Szikra** (Centre for Social Sciences, Hungarian Academy of Sciences). The diverse background of the participants made it possible to understand the diversity of problems of women with various life circumstances and social status. We can illustrate this with the paradox situation which was described by **Anett Csordás** ("Lépjünk, hogy léphessenek!"): women who care for their disabled child at home need to do an extremely exhausting, 24-hours work for a ridiculous amount of money, but they are still luckier compared to lower educated parents who do not have any other choice than enrol their child to one of the big state-funded institutions with horrible circumstances.

Inequalities also derive from the differences between different parts of the country: **Andrea Varga** (trade union "Autonóm Területi Szakszervezet") pointed out that the North-East region of Hungary where their organization operates in many aspects differs from the richer parts of the country. Both the demographic problems and the lack of professionals and employees are more crucial here: it is a real danger in the short-term that a lot of elderly remain without carer. **Rita Tucza** (Regina Association, Miskolc), who works with young, mostly underprivileged Roma mothers also showed another dimension of the crisis of care that is easy to forget about in the well-situated circles of the capital. But living in a smaller town or a village means a huge disadvantage even if you are not exposed to poverty, as for



example the lack of crèches makes things harder for every parent(/mother) living in these types of settlements.

Despite the differences there are also a lot of general needs and critiques related to the role of the state in managing the current crisis of care. As Szikra summarized, not only bigger state would be needed, but also fine-tuned, sophisticated support from the state would be welcome. What should the quantitative increasing of state engagement target? According to the consensus between the participants the whole social sphere terribly lacks funding, which is a danger to the social security of women who care for somebody at home and also for women professionals working in the field of care, not to mention those who need care. **Viktória Szűcs** (Democratic Trade Union of Crèche Employees) called attention to the tendency that the state undertakes less and less tasks and responsibilities and it gives space to private actors and the churches. This is highly problematic not only from the aspect of equality, but also from the aspect of quality as it does not guarantee better quality either. There was a clear consensus among the participants that the state should support the institutions by providing more funding. This claim does not only concern higher wages, but also the broadening of services. **Réka Sáfrány** (Hungarian Women's Lobby) emphasized the importance of state engagement in sustaining institutions (e.g. health visitor network), instead of outsourcing it to the private sphere in the form of allowances. The discussion also covered an important tendency that welfare frequently seems to merge with the disciplining function of the authorities. Varga mentioned a spectacular example for this: the task of health visitors started to have a disciplining character, which erodes the cooperation of families with lower social status leading to a significant fall in the quality of the service.