

Response ID ANON-FYWG-P42B-N

Submitted to **Call for Views: Advisory Group on Economic Recovery**

Submitted on **2020-05-31 17:43:51**

Questions

Significant macroeconomic and fiscal implications will change the economic context for the foreseeable future

What will be the shape and form of the recovery from the crisis and the what will be the implications for the future growth and structure of the economy?:

In the wake of the Great Recession that was caused by the financial crash of 2007/08, the Labour Government first responded with a programme of quantitative easing, and from the election of the Conservative-Liberal Democrat Coalition in 2010 heralded a period of public sector spending retrenchment known as 'austerity'. The spending cuts associated with the austerity agenda have been shown to have been taken disproportionately from the incomes of women. Subsequently, wider economic inequality has worsened, leading to an overall lack of aggregate demand (Stiglitz 2016). It is argued therefore that in response to the current public health crisis and inevitable recession, stimulating demand may be a more inclusive and more effective way to restart economic growth. As the productive economy begins to re-open under Phases 2 and 3 of the Scottish Government's 'route map' out of the crisis, stimulating consumer spending by boosting the incomes of those individuals with the highest marginal propensity to consume (i.e. the poorest) will lead to a multiplied increase aggregate demand. Stiglitz, J (2016) "An agenda for sustainable and inclusive growth for emerging markets" in Journal of Policy Modelling 38 pp693–710.

Scotland's tax base is already fragile and insufficient - reflective of the low-wage economy in Scotland. The Scottish Government previously stepped back from Council Tax reform. The analysis of the Commission on Local Tax Reform still offers relevant data, and the proposals for re-valuation, alterations to the bands, and consideration of Land Value Tax, alongside reform of NDR, etc. still stand. As Scotland's income levels with fall for many in Scotland, it will be imperative to look across tax instruments for revenue generation, including ensuring maximum effectiveness in minimising revenue lost to avoidance and evasion.

Different sectors and businesses will be impacted in different ways.

What are the medium- to long-term consequences of the lockdown on businesses, including loss of employees, debt overhang, loss of markets, reduced investment and unemployment?:

Feminist organisations in Scotland and globally have outlined the need for a feminist economic recovery plan, which recognises the gendered realities of the impact of the crisis, and takes a broad view of economy as embedded (see for example Engender 2020, WBG 2020, Hawaii State Commission on the Status of Women 2020, Alon et al 2020). A feminist approach to economic recovery is essential in ensuring that gender inequality is addressed and not actively reinforced as the economy recovers from the crisis.

Existing models of infrastructure have been demonstrated to not be fit for purpose. In particular the social care sector, with its mixed provision of public and private ownership and management must be addressed. While the regulatory frameworks provide some cohesion, it has become more evident than before that social care must be regarded as core to our economic and social infrastructure.

The childcare expansion due to have been fully implemented by August 2020 must be continued. Access to affordable, flexible childcare continues to be a major barrier to labour market participation for women, and particularly poorer women. For many low income women, publicly provided childcare continues to fail to meet their needs as shift workers and atypical workers - the mainly women keyworkers who have sustained economic activity during the lockdown. Prior to the current crises, childcare costs were prohibitive, preventing women from accessing new jobs, more hours of work, or education and training opportunities.

Evidence from multiple sources has illustrated, in detail, the economic and social benefits to parents and carers in paid employment, childcare workforce, and revenue receipts.

Investment in childcare yields significantly higher returns than investment in construction alone. UK Women's Budget Group study (de Henau et al.) showed that, for the UK, investing in care

- produced twice as many jobs as investing in construction
- produces almost as many jobs for men as construction and far more for women
- raised women's employment rate by 5.1% and men's by 2.3%
- reduces the gender employment gap by 2.8 percentage points (almost a third of the existing gap of 9.9%).

Results from seven high income countries on the impact of government spending on social infrastructure revealed that investment in childcare and elder care services is more effective in reducing public deficits and debt than austerity policies which reduce spending, boosting employment, earnings and economic growth. And more social infrastructure spending fosters gender equality.

Investing 2% of GDP in the UK care sector would generate twice as many jobs as the same investment in construction.

The International Trade Union Confederation (ITUC) (2017) report shows that investing 2% of GDP in the caring industries would generate up to one million jobs in Italy, 1.5 million in the UK, two million in Germany and 13 million in the USA. 39

Looking at similar investments in the caring and construction industries, you see that investment in the caring sector creates more jobs overall, with a higher proportion of those jobs going to women. Findings are consistent across seven countries: Australia, Denmark, Germany, Italy, Japan, UK and USA. Investing public funding worth 2% of GDP in care services would boost overall employment rates by between 2.4 percentage points in Italy (one million jobs) to 6.1 percentage points in the US (13 million jobs).

It would raise women's employment rates by much more than that, given their greater concentration in the care industry: between 3.3 percentage points in Italy (660,000 jobs) and 8.2 points in the US (8.7 million jobs) with rises of more than five points in Japan (two million jobs), the UK (1.1 million jobs), Australia (400,000 jobs) and Germany (1.4 million jobs).

This data underscores the importance of investment in care, and points to the potential for the care economy to be integral to the renewal and re-shaping of Scotland's economy. There is a clear role for the Scottish National Investment Bank to consider investment in care through social enterprise as within scope.

Workforce remuneration in childcare and social care setting must be reviewed. Wage increases and improvements in terms and conditions would produce significant multiplier effects. As has been shown by feminist economists, public investment in health, child and social care delivers more GDP growth through

direct indirect and induced effects than investment in physical infrastructure such as construction (Kim et al 2019, Antonopoulos and Kim 2011, de Henau et al 2016 and 2017). Furthermore, given that so many health and social care workers have now been recognised as essential and/or key to the functioning of the economy, public investment in health, child and social care offers the opportunity to address the systematic market undervaluation of these jobs.

Antonopoulos, R and K Kim (2011) Public Job-Creation Programs: The Economic Benefits of Investing in Social Care? Case Studies in South Africa and the United States Levy Economics Institute Working Paper No. 671

De Henau, J, S Himmelweit and D Perrons (2017) Investing in the Care Economy – Simulating employment effects by gender in countries in emerging economies International Trade Union Confederation available at https://www.ituc-csi.org/IMG/pdf/care_economy_2_en_web.pdf

De Henau, J, S Himmelweit and D Perrons (2016) Investing in the Care Economy - A gender analysis of employment stimulus in seven OECD countries available at <https://www.ituc-csi.org/investing-in-the-care-economy>

Engender (2020) Women and COVID-19 available at <https://www.engender.org.uk/content/publications/?cat=1>

Hawaii State Commission on the Status of Women (2020) Building Bridges, Not Walking on Backs: A Feminist Economic Recovery Plan for COVID-19 available at <https://humanservices.hawaii.gov/wp-content/uploads/2020/04/4.13.20-Final-Cover-D2-Feminist-Economic-Recovery-D1.pdf>

Kim, K, I Ilkkaracan and T Kaya (2019) "Public investment in care services in Turkey: Promoting employment & gender inclusive growth" in Journal of Policy Modelling 41(6) pp1210-1229

The crisis will impact differently on different groups in society, and on different parts of the labour market; and, has already revealed some thorny issues about relative wages across key occupations.

What will the implications of the recovery be for different groups, unemployment and on the nature of work? How is the recovery likely to impact on socio-economic inequality as a whole?:

The COVID-19 pandemic is set to have a detrimental effect on gender equality primarily in the labour market, but also in the household. The crisis is impacting more heavily on women due to horizontal occupational segregation which means that women make up 77% of healthcare workforce (NHS IDS 2019), their over-representation in low paid work and the uneven burden of unpaid domestic work and care that is done by women.

NHS IDS (2019) NHS Scotland Workforce latest statistics available at

<https://www.isdscotland.org/Health-Topics/Workforce/Publications/2019-06-04/2019-06-04-Workforce-Report.pdf>

Given the limitations of time and space, these data and analysis sources highlight the depth of the crises of gender inequality and the economic, health, and social damage of C-19.

Women's Budget Group (2020) Crises Collide: Women and COVID-19 available at <https://wbg.org.uk/wp-content/uploads/2020/04/FINAL.pdf>

A recent summary by the Commission on a Gender Equal Economy captured the inter-relationships in its Spirals of Inequality Report - available as a 3 minute video at <https://wbg.org.uk/analysis/spirals-of-inequality/>

Calls for basic income payments do not by themselves guarantee a gender equal impact. Similarly, from a feminist economics perspective, public investment in the health and social care sector offers the opportunity to stimulate demand through increasing the wages of low paid women working in the sector. It would also serve to strengthen the sector's capacity to address the gendered dimensions of the 'care crisis' as the burden on our reproductive (unpaid domestic) economy intensifies.

Scotland has enjoyed a certain reputation as a pioneer for its commitment to wellbeing economy approaches, and to gender budgeting. The progress on gender budgeting and equalities budgeting has been limited. Processes, practical applications, and above all clear and consistent direction from Scottish Government Exchequer is essential in order to integrate equality analysis in the budget process and to advance human rights budgeting as an approach to underpinning the National Performance Framework and secure the realisation of rights. Recent research from the Scottish Human Rights Commission (SHRC) has highlighted the ongoing lack of transparency in the budget process. SHRC has led #YourBudgetYourRights, a collaboration between the SHRC, the Alliance, Glasgow University, Glasgow Caledonian University, and the Centre for Economic and Social Rights -

<https://www.scottishhumanrights.com/economic-social-cultural-rights/human-rights-budget-work/>

The recent submission to the Finance Committee on the The impact of COVID-19 on the public finances and the Fiscal Framework must be central to the analysis and recommendations of the Economic Advisory Group.

www.scottishhumanrights.com/media/2034/20_05_fincom_covid_publicfinances_humanrights_vfinal.pdf

A blatant issue made clearer during the pandemic has been that inequality is structural; often institutional, and that it hits harder those already living in the hardest conditions including Black and Minority Ethnic (BAME) people. The recommendation for fair economic recovery is that, whilst Scotland cannot amend the Equality Act 2010, Scotland can explore ways to clearly embed the concept of intersectionality into policy, and mainstream the understanding that experiences of disadvantage are complex but identifiable. Patterns are visible and reflect both, structural inequalities and instances of institutional discrimination. Scotland could make it a duty for public authorities to identify, tackle and prevent intersectional discrimination. More so is the case given the current concern about BAME peoples' health inequalities, and the occupational risks of those working for the NHS, care services, transport, etc.

Clear and specific guidance on intersectionality needs to be produced so that a broad intersectional approach can be adopted in order to unveil, assess and prevent real experiences of discrimination. This can help tackle structural injustice and ease the disparate effects of discrimination against people who are in particularly disadvantageous intersections. Tackling discrimination against people with protected characteristics in silo is simpler but often ineffective.

Recent calls from disabled people's organisations have reinforced the necessity of intersectional analysis and informed policy making. Highlighting the potential for existing inequalities to be worsened, and the rights of disabled people to eroded, Glasgow Disability Alliance, with almost 50 other organisations, have issued a call to action. "Scotland's recovery must leave no-one behind: Equalities duties and the involvement of equalities groups must pave the road to recovery every step of the way. (<http://gda.scot/content/publications/DPO-call-to-action-on-Amendment-49.pdf>).

What can be done now to ensure the transition to a wellbeing-oriented, inclusive economy on a transition to net zero

How can the wellbeing of the people of Scotland flourish and what are the environmental implications of the crisis?:

There will be big changes in the form, nature and interactions between different institutions.

How will the crisis change the role and relationships between the UKG/SG/LAs, business and other institutions?:

Community and individual resilience have been tested in many ways in recent months, and will be further strained by the legacy of economic and social damage. The hollowing out of local services and local councils has also weakened local communities and the access of individuals to the services and support they need. Recently introduced structures, such as Community Health Partnerships and the management of community-based social care services have had to find different ways of working that have broken down the siloed and territorial ways of working.

As part of a care-led economic renewal, the development and investment in national care services will require a revisiting and re-visioning of the institutional structures to deliver and sustain social care provision. Evidence from multiple sources, including Inclusion Scotland and Glasgow Disability Alliance among others, demonstrates the distance from decision-making and participation that disabled people and households continue to experience. During the lockdown, disabled people have had services withdrawn, access to social security payments disrupted, and been further isolated from decision making processes that impact on their personal services and wellbeing. Describing the pandemic and lockdown measures as having "supercharged" the inequalities experienced by disabled people (<https://www.suse.org.uk/blog/covid-19-has-supercharged-inequalities-gda/>), GDA's findings reflect realities of disabled reported to Inclusion Scotland. The pressures on community level social care, community pharmacies, access to food, and personal care all reveal structural weaknesses that need to be addressed, in relation to resources and organisational structures and relations.

Scotland has sought to progress community engagement and participation, underpinned by the Community Empowerment Act 2015, and through participatory innovations such as participatory budgeting and citizens' assemblies. Research for the Scottish Government evaluating participatory budgeting revealed a general level of positive engagement in the concept, but mixed levels of institutional readiness and preparedness. The report highlighted the need for local councils and public sector organisations to engage in alternative models of power sharing and different relationships. Moving from current transactional characteristics, to transference of power and resources is required if a fully transformed relationship between government/public sector and communities is to be realised. Additionally, the evaluation revealed low levels of equality analysis informing participatory governance design and delivery, and the need for significantly improved compliance with equalities legislation. (O'Hagan, et.al 2019, 'Evaluation of participatory budgeting activity in Scotland 2016-2018', available at <https://www.gov.scot/publications/evaluation-participatory-budgeting-activity-scotland-2016-2018-2/>).

In its Framework for Decision Making),

(<https://www.gov.scot/publications/coronavirus-covid-19-framework-decision-making-scotlands-route-map-through-out-crisis/>), the Scottish Government expressed its commitment to ensuring the approach to economic recovery would be based on equality and framed around the realisation of human rights. The framework sets out a highly significant commitment and ambition, consistent with expressed aspirations to create a wellbeing economy. These commitments are foundational for a renewed social contract in Scotland, based on the realisation of human rights through the direction of public spending and revenue raising, and across all domains of public policy. The experience to date of equalities budgeting, recent work to advance human rights budgeting, and evidence of areas for improvement in transparency and accountability in Scotland's finances and the budgetary process provide clear direction and underpinning. Existing tools and practice require to be secured with more consistent leadership at Director level, and led across Cabinet. The deliberations of the Advisory Group on Economic Recovery must be formulated on the basis of improving current practice, and operationalising the already stated commitment to equality and human rights.

The pandemic is a shock which will provide insights and data across a range of areas

How do we ensure that we learn from the impact of the crisis and respond accordingly?:

About you

What is your name?

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Are you responding as an individual or an organisation?

Organisation

What is your organisation?

Organisation:

WISE Centre for Economic Justice, Glasgow Caledonian University

The Advisory Group on Economic Recovery would like your permission to publish your response. Please indicate your publishing preference:

Publish response with name

Are you content for the Advisory Group on Economic Recovery to contact you again in relation to this exercise?

Yes

I confirm that I have read the privacy policy and consent to the data I provide being used as set out in the policy.

I consent