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A Policy Option for Sustainable and Equitable Development in Turkey: Public Investment in Social Care Services

POLICY BRIEF¹

Low labor force participation accompanied by a high unemployment rate has been an important structural challenge facing the Turkish economy since the 2000s. Although approximately half of the adult population does not participate in the labor force, the unemployment rate remains in two digits, indicating that economic growth is unable to generate a sufficient number of decent jobs. Underlying the low labor force participation is the fact that Turkey has one of the lowest female labor force participation rates in the world. The solution to this structural challenge is to be found in inclusive growth policies that address bottlenecks on both the demand and the supply sides - i.e. policies with high job creation potential that support women's integration into the labor market.

Public investment in social care services (nurseries, day-care centers, and kindergartens, as well as professional care services for the elderly, the disabled, and the sick) constitutes an inclusive growth policy, which could provide an effective solution to this structural problem by addressing both demand and supply side issues. Recent research studies show that the lack of high-quality, affordable social care services

constitutes one of the major sources of women's weak labor force attachment in Turkey. Based on these findings, policy discussions have revolved around the need for accessible and quality care services in order to decrease women's burden of care, relieve their time constraints, and support their participation in and attachment to education and the labor force. Similar assessments also hold for other countries in the region. For example, a recent Beijing+20 regional assessment by the United Nations Economic Commission for Europe (UNECE) on Gender-sensitive Economic and Social Policies to Support the Empowerment of Women and Girls in the ECE Region points to the important role to be played by policies to decrease the burden of care responsibilities on women and asserts that:

"Affordable, good quality childcare facilities are perhaps the most effective way to increase female employment. Prohibitive childcare costs force women to work less, or not at all." (UNECE 2014, p.8).

¹ This policy brief, prepared by Prof. İpek İlkkaracan, is based on the results of a research study conducted by Istanbul Technical University Women's Studies Center in Science, Engineering and Technology and the Levy Economics Institute, in partnership with ILO and UNDP Turkey, and the UNDP and UN Women Regional Offices for Europe and Central Asia. The field research was supported by the Aydın Doğan Foundation. See İlkkaracan, Kim and Kaya (2015) for the full research report.

² See for example İlkkaracan (2010 and 2012); KEIG (2011 and 2013); World Bank (2009).

An aspect of public provision of social care services that is less well-known and discussed pertains to its potential positive outcomes on the demand side. Given the labor-intensive nature of social care, investments in this sector carry the potential to generate large numbers of jobs, both directly in the sector itself and indirectly in other sectors through backward linkages. This means that social care expansion can reduce unemployment and increase labor force participation through a demand pull effect, and also reduce poverty by increasing household income. This policy brief focuses on the striking findings of a policy simulation study on Turkey to this effect. The study builds on a research framework used in a number of studies on other countries and adapts it to the case of Turkey (see: Box 1).

The research uses data from a field study on childcare centers and preschools in Turkey as well as input-output data to estimate the number of new jobs likely to be created directly and indirectly through an increase in public spending on early childhood care and preschool education (ECCPE) services, together with the distribution of the new jobs by sector and

occupation. The study also utilizes data from the Survey of Income and Living Conditions to run micro-simulations to match the new jobs with individuals who are currently not in employment (either unemployed or outside the labor force) but who are capable of being employed, and estimates the distribution of the newly-generated employment by demographic characteristics such as gender, age, education and household income. This makes it possible to estimate the likely increase in household income and reduction in the incidence of poverty. The results of an expansion of ECCPE on employment, gender equality and poverty are compared to two alternative scenarios: an expansion of similar magnitude in expenditure on physical infrastructure and housing - i.e. the construction sector, which has served as one of the engines of growth in Turkey in the past decade - and an expansion by a similar magnitude of expenditure on cash transfers to households in the bottom income quintile (Cash transfers from the central government budget have been rising over the past decade, and the use of this policy option in order to address the needs of disadvantaged households has attracted much attention).

Box 1: Studies on Demand-side Effects of Social Care Investments in other Countries

The research study upon which this policy brief is based takes after earlier studies by the Levy Economics Institute on the USA, South Africa and Greece which explore the potential short-run demand side effects of investments in the social care service sector. These earlier studies compare from a gender perspective the effects of social care service expansion on employment, income generation and poverty reduction to similar expected effects through increased spending of equal magnitude on physical infrastructure and construction (Antonopoulos and Kim, 2008; Antonopoulos et al., 2010; Antonopoulos et al., 2014).

The study on the USA finds that an investment of USD50 billion on home-based care of the elderly and of persons with long-term illnesses and on childcare centers would create 1.2 million new jobs, directly and indirectly, of which 90% would go to women. An investment of similar magnitude on physical infrastructure, on the other hand, would generate 555,000 new jobs, directly and indirectly, of which 88% would go to men. The simulation also shows that almost half of the jobs created through an expansion of social care would go to households in the bottom 40% of the income distribution, while two-thirds of the jobs created through spending on physical infrastructure would go to households in the middle and upper quintiles.

The South Africa study finds that an investment of ZAR13.3 billion (in 2007 prices, equivalent to 3.5% of public expenditures and 1.1% of GDP) in home-based health care and early childhood care services would generate 772,000 new jobs, with 60% going to women; furthermore, the national growth rate would increase by 1.8%, and growth would be pro-poor in that the income of ultra-poor households would increase by 9.2%, the income of poor households by 5.6%, and the income of non-poor households by 1.3%.

The study on Greece explores similar effects under a proposed job guarantee program in which a substantial share of job creation is directed at social service provisioning. The study finds a high multiplier effect: for every EUR100 spent on the program, roughly EUR230 would be added to the Greek economy, and for every 320 jobs (program positions) created directly, another 100 full-time jobs (mainly skilled) would be created in the private sector.

THE SHORT-RUN IMPACT OF AN EXPANSION IN EARLY CHILDHOOD CARE AND PRESCHOOL EDUCATION SERVICES IN TURKEY ON EMPLOYMENT

The social care service sector (i.e., care services for children, the elderly, the disabled, and the sick) remains an underdeveloped sector in Turkey. In terms of early childhood care and preschool education (ECCPE), an important subsector of social care, Turkey has by far the lowest rate of provisioning among the member countries of the Organization for Economic Co-operation and Development (OECD). For children below the age of 3, the enrollment rate in ECCPE institutions in Turkey is 0.2% as opposed to 33% in the OECD. The average enrollment rates for children aged 3, 4 and 5 in Turkey are 9%, 32% and 51% respectively compared to 70%, 84% and 94% in the OECD. Based on data for 2013-2014, 3.27 million additional spaces would need to be created in ECCPE institutions in order for Turkey to match the average OECD enrollment rates for children in

the under-6 age groups. This in turn would require additional spending of approximately TRY20.7 billion (in 2014 prices) (see: Table 1).

Including nursery classes in primary schools, public expenditure on ECCPE services stand at TRY3.2 billion as of 2014. This corresponds to 0.18% of GDP. An additional resource allocation of TRY20.7 billion would result in total expenditures of TRY23.9 billion on ECCPE, corresponding to 1.36% of GDP. The planned allocation for ECCPE in the central government budget of the last two years (2014-2015) is TRY9-10 billion - i.e. approximately 0.5% of GDP. Actual expenditures, however, have gone on following the same trend, and have fallen well below the planned allocation, at TRY3-4 billion (see: Table 2).

Table 1: Estimated Scale of Public Expenditures on ECCPE Expansion Required for Turkey to Achieve OECD Average Enrollment Rates (İlkkaracan, Kim and Kaya 2015,

Age	a. Age population	b. Number of enrolled students	c. OECD average ¹	d. Required total capacity to reach OECD average (axc)	e. Required additional capacity (d-b)	f. Annual cost per students (TL)	g. Total annual cost (exf)	h. Annual cost per student (TRY)	i. Total annual cost (exh)
<1	1.229.012	-							
1	1.262.391	-							
2	1.226.023	-							
Under 3 total	3.717.426	8.878	%33	1.211.881	1.203.003			8.472 ³	10.191.841.416
3	1.240.578	96.145	%70	868.405	772.260				4.763.299.680
4	1.248.411	402.053	%84	1.048.665	646.612				3.988.302.816
5	1.290.772	561.297	%94	1.213.326	652.029				4.021.714.872
3-5 total	3.779.761	1.059.495		3.130.396	2.070.901			6.168 ⁴	
0-5 total	7.497.187	1.068.373		4.342.276	3.273.903	6.333 ²	20.732.320.646		22.965.158.784

Source: Age population from Turkish Statistical Institute Population Statistics, number of enrolled children for under age 3 from MFSP and for age 3-5 from MoNE.

¹ OECD average enrollment rate for 2010 (under age 3) and 2012 (for age 3-5) (OECD Family Database [http://www.oecd.org/edu/EAG2014-Indicator%20C2%20\(eng\).pdf](http://www.oecd.org/edu/EAG2014-Indicator%20C2%20(eng).pdf))

² Derived from field survey by IPSOS on Daycare Centers and Preschools; revised for Turkey 2014 using the regional consumer price index and real estate price index (for details see: İlkkaracan, Kim and Kaya 2015, Appendix 1).

³ Derived from the pilot study for MFSP; estimated per child administrative costs for 2013-2014 in an exemplary childcare center with capacity for 40 children, with one teacher and one teacher assistant per 10 children.

⁴ Derived from the pilot study for MFSP; estimated per child administrative costs for 2013-2014 in an exemplary childcare center with capacity for 60 children, with one teacher and one teacher assistant per 20 children.

⁵ There are no official statistics in Turkey for the ECCPE enrollment rate of children under age 3. The enrollment rate above (0.2%) is derived from the figure obtained from the Ministry for Family and Social Policies on the number of children in ECCPE institutions in 2013-2014 and population statistics disaggregated by age by the Turkish Statistical Institute. The enrollment rates for ages 3 and above are official statistics for 2014-2015 for Turkey, and 2012 for the OECD.

Table 2: Public Expenditure on ECCPE in Turkey, 2006-2015 (in thousands of TRY)*(Ilkcaracan, Kim and Kaya 2015, p.35)*

Age	Preschool Education (free-standing ECCPE institutions (i))	Primary schools (incl. nursery classes)	Nursery Classes estimated ¹ (ii)	Total ECCPE (i+ii)	Total Public Education Expenditures	Total Central Public Budget Expenditures	ECCPE Expenditures as share of Total Public Education Expenditures (%)	ECCPE Expenditures as share of Total Central Public Budget (%)	ECCPE Expenditures as share of GDP (%)
2006	192.070	9.970.182	842.098	1.034.168	22.218.521	178.126.033	4,65	0,58	0,14
2007	245.905	11.756.908	993.008	1.238.913	25.720.314	204.067.683	4,82	0,61	0,15
2008	285.350	13.158.257	1.111.368	1.396.718	30.493.022	227.030.562	4,58	0,62	0,15
2009	300.859	14.763.689	1.246.965	1.547.824	35.753.422	268.219.185	4,33	0,58	0,16
2010	376.704	17.139.372	1.447.620	1.824.324	41.469.831	294.358.724	4,40	0,62	0,17
2011	563.602	19.142.996	1.616.849	2.180.451	48.558.263	314.606.792	4,49	0,69	0,17
2012	687.824	22.074.513	1.864.450	2.552.274	56.742.716	361.886.686	4,50	0,71	0,18
2013	624.920	24.217.372	2.045.439	2.670.359	63.510.828	408.224.560	4,20	0,65	0,17
2014 (realized)	800.311	27.892.012	2.355.805	3.156.166	75.698.748	448.423.971	4,17	0,70	0,18
2014 foreseen²	8.699.067	20.676.877	-	8.699.067	73.346.341	436.432.901	11,49	1,94	0,50
2014 if OECD ave³				23.888.437 ³			31,51	5,32	1,36
2015 (estimated end of the year)⁴	939.173	30.742.217	2.596.538	3.535.711	82.995.007	480.776.902	4,26	0,74	
2015 foreseen²	9.758.716	21.668.708	-	9.785.716	81.694.836	472.942.746	11,98	2,07	

Source: Based on Ministry of Finance (MoF), Central Government Budget Expenditures by Functional Classification (code f3) 2006–2015 for expenditures and Turkstat for GDP.

¹ In official statistics, nursery class expenditures are included in primary school expenditures. The figures for nursery class expenditures reported in the table are estimated at 8.45% of total expenditure on primary schools. This percentage is derived from 2011 OECD statistics on Turkey and information provided by the MoNE Statistics Division regarding their report to OECD Statistics in 2011.

² The budget lines foreseen for preschool education for 2014 and 2015 are substantially higher than realized preschool expenditures. The difference is reflected in the budget lines foreseen for primary school expenditures, which are lower than end-of-the-year realized primary school expenditures.

³ Total hypothetical expenditures in order to attain OECD average ECCPE enrollment rates (TRY20.7 billion for additional ECCPE places to be created plus TRY3.2 billion of realized expenditures in 2014 (column 4, row 10) (see Table 1).

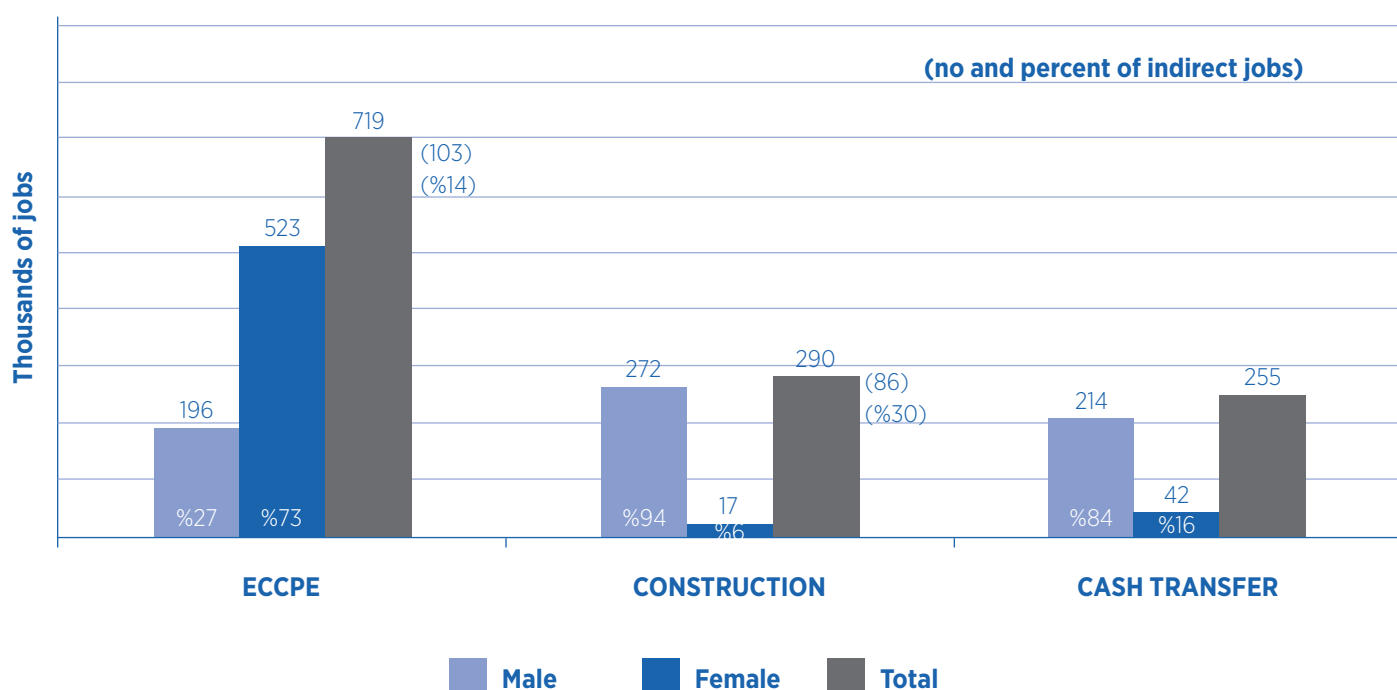
⁴ As of the time of writing of the report, realized expenditures were available up to May 2015; end-of-the-year realized expenditures were estimated on the basis of the average of the first five months.

The short-run economic rationale of an additional resource allocation of TRY20.7 billion on childcare centers and preschools can be evaluated in terms of the new employment opportunities it would generate, the consequent decrease in unemployment and increase in labor force participation, and the resulting effects on gender equality in the labor market and poverty reduction. The number of jobs that would be created directly and indirectly through an expansion of ECCPE

sufficient to achieve the OECD average enrollment rate for children under the age of 6 is 719,000. This is two-and-a-half times the number of jobs that would be created as a result of a similar amount of expenditure on the construction sector (290,000 jobs), and three times the number of jobs that would be created by a similar increase in spending on cash transfers (255,000 jobs) (see: Table 3 and Figure 1).

Figure 1: Employment Generation Potential of Expenditure on ECCPE Service Provision versus Construction versus Conditional Cash Transfers

(Ilkkaracan, Kim and Kaya 2015, p.44)



Source: Authors' calculations.

Of the jobs that would be created through the expansion of the ECCPE sector, 14% are jobs that would be created indirectly, while in the case of construction, the percentage of jobs that would be created indirectly is 30%. Even so, when the absolute numbers of jobs to be created indirectly are compared, ECCPE still performs better than construction: the proposed ECCPE expansion would create 103,000 jobs in sectors other than education, while a similar amount of expenditure on physical infrastructure would create 86,000 jobs in sectors other than construction.

Another striking finding concerns the gender distribution

of the new jobs to be created. In the case of additional spending on ECCPE, as many as 73% of the new jobs would go to women, compared to only 6% and 16% in the cases of additional expenditure on construction and cash transfers respectively. Nevertheless, in terms of absolute numbers, the proposed extra expenditure on ECCPE would still create a substantial number of jobs for men - an estimated 195,463. This figure corresponds to three-quarters (72%) of the 272,000 jobs that would be created for men if the expenditure were made on construction and 91% of the 214,000 jobs that would be created for men if the same amount were spent on cash transfers.

Table 3: Job Creation by Industry and Occupation*(Ilkkaracan, Kim and Kaya 2015, p.43)*

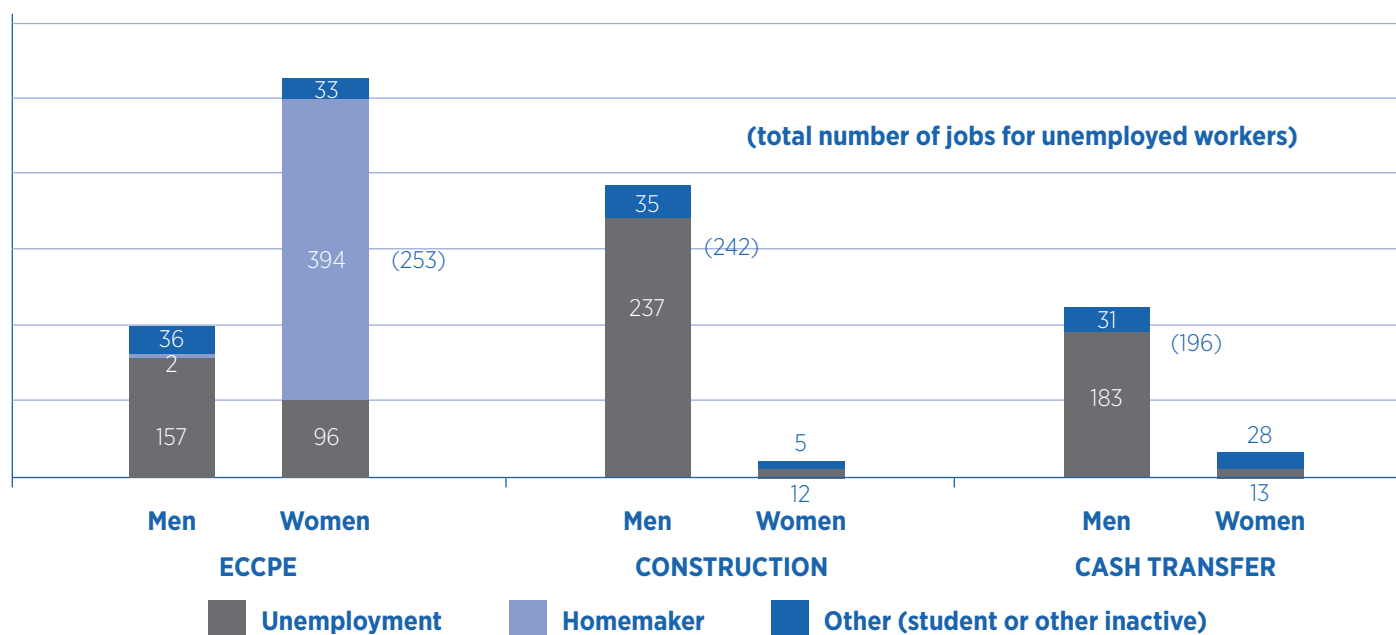
	High professionals	Associate professionals	Service and craft workers	Production workers	Elementary workers	Total	Share (%)
ECCPE							
Agriculture, forestry and fishing	31	18	42	15.766	3.940	19.797	2,8
Mining, manufacturing, utilities	2.501	2.693	2.415	15.666	3.404	26.678	3,7
Construction	1.034	354	583	7.483	3.072	12.525	1,7
Services	5.644	1.738	10.064	7.079	2.973	27.499	3,8
Finance, Real Estate	2.818	2.025	5.283	1.058	3.991	15.175	2,1
Government, health and social services	332	357	351	49	60	1.150	0,2
Education	260.115	206	256.969	60	985.190	615.870	85,7
Total	272.477	7.390	275.708	47.161	115.958	718.693	100
Share (%)	37,9	1,0	38,4	6,6	16,1	100	
CONSTRUCTION							
Agriculture, forestry and fishing	6	3	8	2.969	742	3.729	1,3
Mining, manufacturing, utilities	2.749	2.424	2.410	19.081	4.149	30.811	10,6
Construction	16.784	5.740	9.465	121.471	49.863	203.323	70,2
Services	8.616	2.578	14.915	8.775	4.080	38.964	13,4
Finance, Real Estate	2.345	1.715	4.478	832	3.124	12.495	4,3
Government, health and social services	90	88	191	16	17	311	0,1
Education	136	8	15	2	12	173	0,07
Total	30.727	12.556	31.391	153.146	61.986	289.806	100
Share (%)	10,6	4,3	10,8	52,8	21,4	100	
CASH TRANSFER							
Agriculture, forestry and fishing	77	45	104	38.788	9.692	48.707	19,1
Mining, manufacturing, utilities	11.731	10.839	10.443	81.808	16.121	130.942	51,3
Construction	373	127	210	2.697	1.107	4.515	1,8
Services	9.771	2524	21.008	14.201	6.916	54.421	21,3
Finance, Real Estate	1.843	1.274	3.319	772	2.934	10.142	4,0
Government, health and social services	1.041	1.142	1.082	147	185	3.598	1,4
Education	2.244	131	245	38	192	2.849	1,1
Total	27.079	16.084	36.412	138.452	37.148	255.175	100
Share (%)	10,6	6,3	14,3	45,2	14,6	100	

Source: Authors' calculations.

More than half of the new jobs that would be created through the proposed additional spending on ECCPE would go to women engaged in domestic work (An estimated 394,000 female homemakers would become employed). By contrast, in the case of construction and cash transfers, the majority of the new jobs that would be created as a result of a similar increase in spending would go to unemployed men (237,000 jobs for unemployed men in the case of construction and 183,000 jobs for unemployed men in the case of cash transfers). Nevertheless, the extra expenditure on ECCPE

would still create more jobs for the unemployed (157,000 jobs for unemployed men and 96,000 jobs for unemployed women, amounting to a total of 253,000 jobs for unemployed people) than a similar amount of additional expenditure on construction (237,000 jobs for unemployed men and only 5,000 jobs for unemployed women, amounting to a total of 242,000 jobs for unemployed people) or on cash transfers (183,000 jobs for unemployed men and only 13,000 jobs for unemployed women, amounting to a total of 196,000 jobs for unemployed people).

Figure 2: Job Recipients by Previous Labor Market Status (Ilkcaracan, Kim and Kaya 2015, p.49)



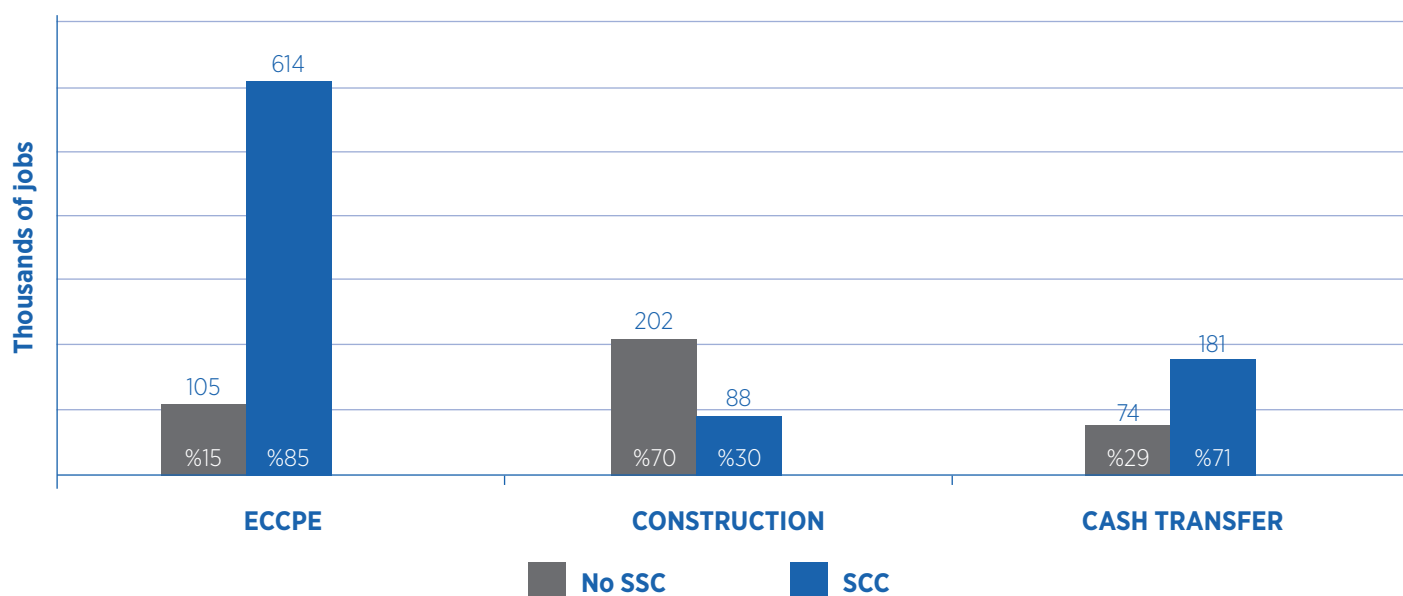
Source: Authors' calculations.

A major expansion of the ECCPE service sector would not only create more employment in general and more jobs for women and the unemployed than a corresponding investment in construction or an increase in cash transfers; it would also generate more decent jobs. Of the new jobs to be created through an expansion of ECCPE services, 85% would be formal jobs leading to registration for social security. On the other hand, in the case of the new jobs that would be created by expenditure of a similar magnitude on construction or cash transfers, only 30% and 71% respectively would confer social security coverage. With respect to the type of contract, 83% of the new jobs that would be created through an expansion of ECCPE services would provide employment of unlimited duration, while 11% would be temporary contracts and 6% casual jobs without a contract. In the case of a corresponding

increases in expenditure on construction, the majority - 64.1% - of the new jobs that would be created would be casual jobs without a contract, while 25% would be permanent jobs and 11% temporary jobs. The quality of the jobs that would be created in the event of additional spending of the same magnitude on cash transfers is also lower than for ECCPE. While 68% of the new jobs that would be created through extra expenditure on cash transfers would involve permanent contracts of unlimited duration, 31% would be casual jobs and 1.5% temporary contracts. Thus an expansion of ECCPE services would have a much greater impact both in terms of the number of jobs created per unit of expenditure and in terms of the quality of the jobs created. Investment in ECCPE services creates more decent jobs.

Figure 3: Quality of New Jobs: Social Security Coverage

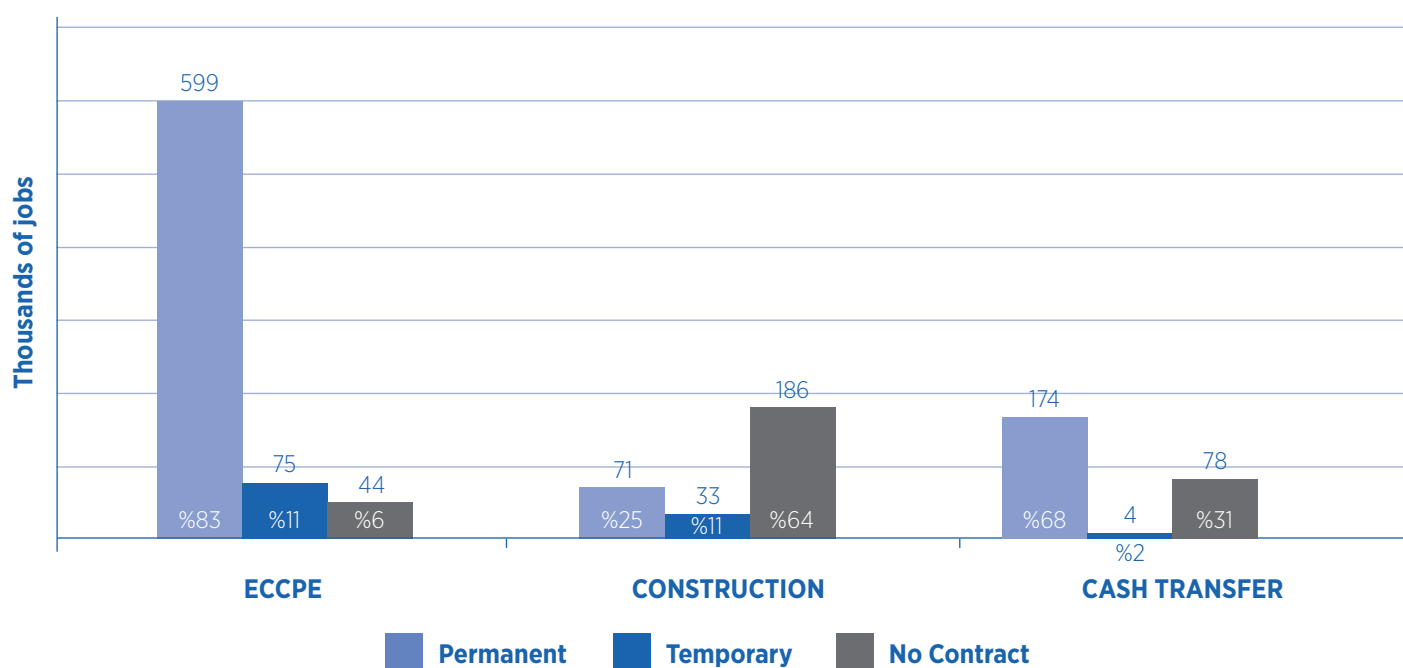
(Ilkkaracan, Kim and Kaya 2015, p.45)



Source: Authors' calculations.

Figure 4: Quality of New Jobs: Type of Contract

(Ilkkaracan, Kim and Kaya 2015, p.45)



Source: Authors' calculations.

IMPACT ON POVERTY⁴

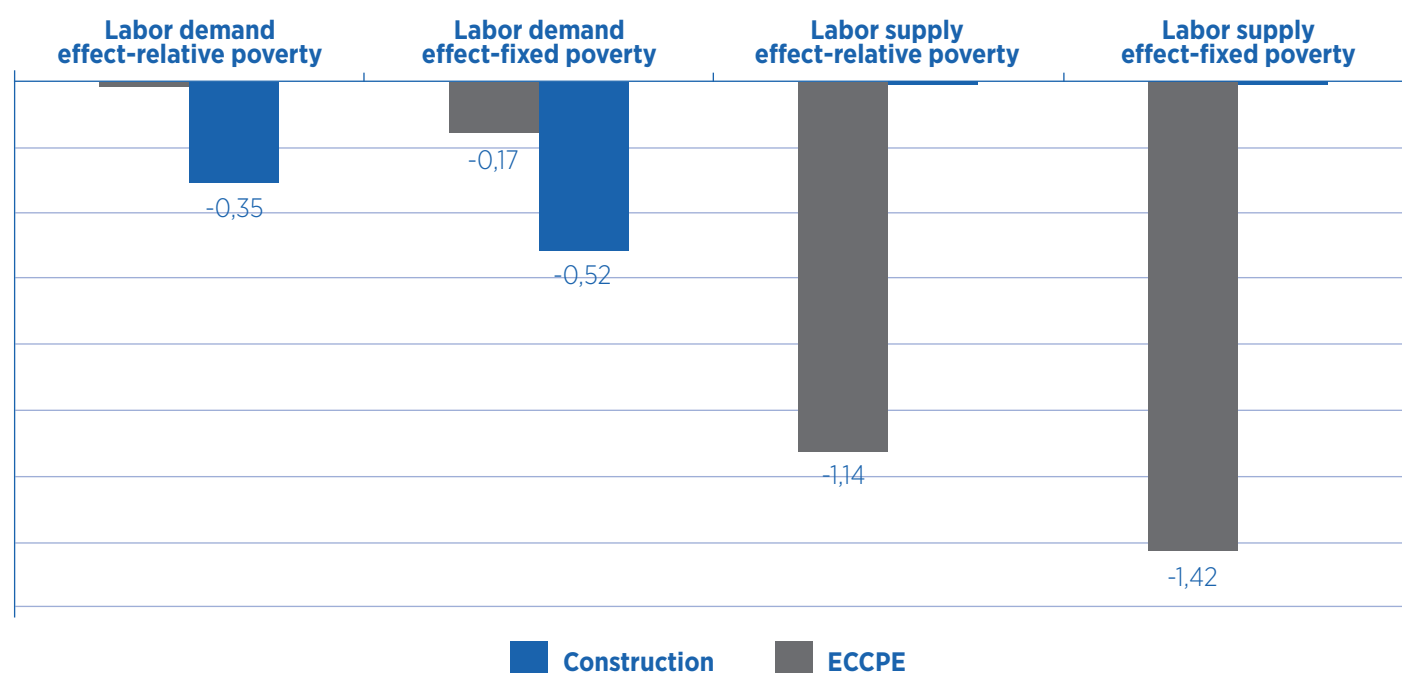
The microsimulation analysis shows that an increase in expenditures on either ECCPE services or the construction sector would increase the incomes of households in the bottom 40% of the income distribution more than the incomes of other households. However, it is estimated that a construction boom driven by increased public expenditure would generate more jobs for people living below the poverty line than a corresponding increase in spending on ECCPE services. Increased expenditure on the construction sector would provide an estimated 92,000 jobs for poor individuals compared to 50,000 jobs for the poor as a result of a similar investment in the expansion of ECCPE services. The creation of jobs via the construction sector would cause the relative poverty rate to decrease by 0.35 percentage points and the absolute poverty rate to fall by 0.52 percentage points. The proposed expansion of ECCPE services, on the other hand,

would fail to reduce relative poverty significantly, and a would lead to a smaller decrease of 0.17 percentage points in absolute poverty (see: Figure 4).

These results change completely when the supply side effects of an expansion of ECCPE services – i.e., the removal of obstacles to female labor force participation – are considered alongside the demand side effects. Increasing the accessibility of childcare services would make it possible for children under 6 years of age living in poor households to be enrolled in ECCPE institutions. A targeted expansion of ECCPE expansion, in which a portion of the new jobs created are directed towards the employment of mothers of small children in poor households would reduce the relative poverty rate by an estimated 1.14 percentage points, and the absolute poverty rate by an estimated 1.42 percentage points.

Figure 5: Poverty Alleviation by Labor Demand and Labor Supply Effects: ECCPE versus Construction (change in the poverty rate in percentage points)

(Ilkkaracan, Kim and Kaya 2015, p.55)



Source: Authors' calculations.

⁴ There is no simulation of the impact on poverty of the cash transfers scenario, since by definition the cash transfers are directed at households in the bottom quintile of the income distribution.

IMPACT ON SHORT-RUN FINANCIAL SUSTAINABILITY

The fiscal sustainability of a publicly-financed expansion of ECCPE services is a key issue. In this context, it is important to note that there is a long-run sustainability effect through human capital returns. An increasing number of recent empirical studies show that enrollment in child-care centers and preschool education institutions yields higher productivity and higher returns (formalized in terms of higher future earnings) as compared to investments in later stages of schooling (see: Box 2). These associated human capital-enhancement effects of ECCPE services establish a reference point for evaluating the long-term fiscal sustainability of public investment in this area.

Short-run fiscal sustainability, on the other hand, may be explored by estimating the increase in the tax income of the government as a ratio of the public expenditures required for

an expansion of ECCPE services or of construction activities. The increase in annual tax revenue may be measured in terms of the income tax and social security contributions to be paid by those who would benefit from the newly-created jobs, and of the extra value added tax that would be generated as a result of increased household consumption expenditures. In fact, estimates show that the increase in tax revenue would correspond to 77% of initial outlays on an expansion of ECCPE services, but only 52% in the case of public spending of a similar magnitude on the construction sector. The disparity reflects the higher incidence of informal employment in the construction sector. In other words, there is a stronger argument for the short-run fiscal sustainability of additional public spending on ECCPE services than for spending on infrastructure and housing (see: Table 4).

Table 4: Fiscal Impact

(Ilkkaracan, Kim and Kaya 2015, p.57)

ECCPE						CONSTRUCTION				
		Total	Std. Err.		% 95 Conf. interval	Increase in Gov.t Revenue (TL)	Total	Std. Err.	% 95 Conf. interval	Increase in Gov.t Revenue (TL)
Social security employee contributions	before	2.69E+10	7210194	2.69E+10	2.69E+10		2.69E+10	7015605	2.69E+10	2.69E+10
	after	3.11E+10	6868701	3.11E+10	3.12E+10	4.200.000.000	2.95E+10	6732795	2.95E+10	2.95E+10 2.600.000.000
Social security employee contributions	before	2.96E+10					2.96E+10			
	after	3.42E+10				4.620.000.000	3.25E+10			2.860.000.000
TOTAL						8.820.000.000				5.460.000.000
		Total	Std. Err.		% 95 Conf. interval					
Ind.I Income tax	before	3.99E+10	1.70E+07	3.99E+10	4.00E+10					
	after	4.64E+10	1.70E+07	4.64E+10	4.65E+10	6.500.000.000				5.200.000.000
		Total	Std. Err.		% 95 Conf. interval					
HH income	before	2.41E+11	5.47E+07	2.41E+11	2.41E+11					
	after	2.43E+11	5.49E+07	2.43E+11	2.43E+11					
VA from add.I HH final demand	Hanehalkı nihai tüketim talebi ortalama KDV		0,07683334			153.666.671				76.883.335
TOTAL						15.673.666.671				10.736.883.335

Source: Authors' calculations.

Box 2: The Impact of Early Childhood Care and Preschool Education (ECCPE) Services on Child Development, Equality of Opportunity and Human Capital

A supply-side approach to assessing the economic outcomes of expanding child-care and preschool services entails the identification of the long-run effects through the human capital-enhancement role of early childhood support. This approach emphasizes the critical role that early childhood care and education services play in the physical, social, and mental development of children, preparing them to succeed in school and adult life. Hence, investment in early childhood care services has potential long-run growth-enhancing effects through improved quality of human capital that can be identified through the internal rates of return. Recent research finds that preschool education yields the highest returns (i.e., formalized in terms of higher future earnings) as compared to investments in later stages of schooling (Heckman, Pinto and Savelyev, 2013; Heckman, et.al., 2010). “From a purely economic standpoint, the highest return to a unit dollar invested is at the beginning of the lifecycle since it builds the base that makes later returns possible” (Conti and Heckman 2012, p.41).

These studies also emphasize that higher potential earnings are linked to higher intergenerational educational and income mobility. Hence, the positive effects of public provision of preschool education are particularly marked for children from disadvantaged households, because of the additional equality-enhancing outcomes of these services.

For a comprehensive summary of the findings of the various studies on the benefits of early childhood education, see also Heckman’s Address at the White House Summit on Early Education <http://heckmanequation.org/content/white-house-summit-early-education>; World Bank (1999). For outcomes specific to Turkey, see: World Bank (2010).

SOCIAL CARE SERVICES AS A SECTORAL PRIORITY IN PUBLIC EXPENDITURES IN TURKEY

There has been a proliferation of policy debates and initiatives on social care expansion in Turkey, with a particular focus on child care and preschool education. The main proponents on the government side have been the Ministry for Family and Social Policies (MFSP), Ministry of Labor (MoL), and Ministry of National Education (MoNE). The MFSP and MoL approach the issue from the perspective of women’s employment, but with little attention paid to the child development perspective. As an outcome of this exclusive focus, policy initiatives have focused on conditional subsidies based on women’s employment status. The inherent complication in designing social care expansion through subsidies conditional on women’s employment, rather than a universal expansion, is that it may result in triggering further inequality of opportunity among children and households by socioeconomic status. Relatively more educated/skilled mothers, living in regions with better labor market conditions and hence with higher

chances of finding a job, are likely to be the recipients of these subsidies. This would lead to an unintended consequence with children from relatively higher-income households increasingly the beneficiaries of ECCPE services.

The MoNE initiatives, on the other hand, have approached the issue from a child development perspective, limited thus far to nursery classes and devoid of a gender perspective. As noted in the above discussion, even if preschool education is universalized for children aged 5 (or age 4 as targeted in the MoNE strategy documents), the impact on women’s employment is likely to be very limited. Hence, there is a need to pool these parallel initiatives to expand ECCPE into a coherent national strategy with an ultimate policy target of universal access, and to adopt the mutually reinforcing policy objectives of children’s well-being and gender equality simultaneously.

The main obstacle to policymaker commitment to universal access to ECCPE services is the problem of resources. While the problem of a lack of social care services is acknowledged, an ongoing element in the recent debates has been how to resolve the issue at the lowest cost possible. Among the ramifications of this search for a low-cost solution are community-based child development programs of limited duration and part-time access, local women-run centers, extended care leave combined with home-based, part-time work for mothers, and an expansion of ECCPE services limited to the upper age groups. These low-cost strategies are likely neither to offer satisfactory solutions for women's burden of care nor to constitute an effective and sustainable national child development program.

The problem of resources necessary for a universal expansion of ECCPE services is actually a question of fiscal priorities. The findings of the research study summarized above present substantial evidence for justifying a prioritization of ECCPE services - or, more generally, social care services - in fiscal policy. The simulations show that there would be overwhelmingly favorable effects on employment generation, gender equality and poverty alleviation, this establishing a solid economic rationale for an expansion of ECCPE services toward an ultimate target of universal access. Such a strategy also entails a strong child development perspective with implications for equality of opportunity among children independent of socioeconomic status, human capital enhancement, productivity and long-run growth (see: Box 2).

On a more concrete basis, an immediate starting point could be a targeted expansion of services for children from lower-income households accompanied by efforts to direct some of the emerging job opportunities to women with lower skills. Within the scope of active labor market programs, primary or secondary school graduates could receive training in service jobs such as cooking and cleaning, and high school graduates could be trained in comprehensive certificate programs to work as teacher assistants. A targeted policy of this kind could be implemented effectively through a medium-term plan of coordinated action by MoNE, MoL, MFSP, the Ministry of Development (MoD) and the Ministry of Finance (MoF), with universal access to quality ECCPE services as the ultimate goal.

The research findings summarized above are concerned with ECCPE as a subsector of SCS. It should be noted, however, that there are other subsectors of SCS for the elderly, the disabled, and the sick, where there is ample space for growth and employment generation. It is highly likely that public investments in these other subsectors of social care would generate relatively more jobs for low-skilled workers from households in the lower income distribution quintiles, given the relatively lower skill requirements as compared to ECCPE. Hence, the demand-side effects of public investment in social care services for the elderly, the disabled, and the sick on poverty alleviation could be more substantial than in the case of ECCPE. To conclude, prioritization of public investment in, and expenditures on, a social care infrastructure of national scale represents a concrete example of the kind of economic policy for inclusive and sustainable growth that is called for in the Sustainable Development Goals (see: Box 3).

Box 3: Public Investments in Social Care Service Infrastructure in the Context of the Sustainable Development Goals

The research findings summarized in this policy brief show that public investment in a social care infrastructure for universal access to services will contribute to several of the Sustainable Development Goals (SDGs) addressing the following policy targets:

- inclusive and sustainable development, and poverty alleviation
- gender equality
- decent job creation

In particular, the expansion of social care services offers a policy framework for working towards SDG target 5.4 – namely, to “recognize and value unpaid care and domestic work through the provision of public services, infrastructure, and social protection policies, and the promotion of shared responsibility within the household and the family...” This is one of the specific objectives of SDG 5—“Achieve gender equality and empower all women and girls”.

SDG 1 calls for an “end to poverty in all its forms everywhere”. SDG 1.b envisages policy frameworks “based on pro-poor and gender-sensitive development strategies to support accelerated investment in poverty eradication actions.

SDG 8 seeks to “promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all”, and includes the specific objective of achieving, by 2030, “full and productive employment and decent work for all women and men...” (target 8.5).

SDG 10 addresses the need to reduce inequality within and among countries by 2030. SDG 10.1 aims to “progressively achieve and sustain the income growth of the bottom 40% of the population at a rate higher than the national average”. SDG 10.3 anticipates “equal opportunity and reduced inequalities in outcomes, including by eliminating discriminatory laws, policies, and practices and promoting appropriate legislation, policies, and actions in this regard”. SDG 10.4 aims to “adopt policies, especially fiscal, wage, and social protection policies, and progressively achieve greater equality.”

(see: <http://sustainabledevelopment.un.org/focussdgs.html>)

POLICY RECOMMENDATIONS

An additional resource allocation of approximately 1.18% of GDP to early childhood care and preschool education services would enable Turkey to achieve the OECD average enrollment rate. It would also create 719,000 new jobs directly (in the education sector) and indirectly (in other sectors), of which 73% would go to women. It is estimated that 253,000 unemployed workers and 394,000 female homemakers would be integrated into the labor market through these jobs, resulting in significant economic returns including a decrease in the unemployment rate and an increase in the labor force participation rate.

- The expansion of the public childcare center and preschool system in Turkey in such a way as to provide all children in the 0-5 age group and their parents with quality early childhood care and preschool education (ECCPE) services should be adopted as a policy priority, and the necessary resources should be allocated, in view of the short-run economic returns as well as the long-run returns.
- A national ECCPE system should be designed to serve the multiple policy goals of supporting child development and equality of opportunity for children, ensuring a work-life balance for parents, and increasing labor force attachment and gender equality.
- The child development and educational curricula to be implemented in the childcare centers and preschools should be designed according to international quality standards. Minimum criteria should be established to ensure the highest quality services. For example, professional staff should be required to possess a university diploma in child development and early education programs.
- While the medium-term aim should be to establish a public childcare center and preschool infrastructure that is national in scale and universal in coverage, priority should be given in the short term to children from low-income households, while some of the emerging employment opportunities could be specifically directed towards employable individuals from low-income households currently excluded from the labor market.
- ECCPE services for children in the 0-5 age group should be complemented by services for children in the 6-14 age group, such as after-school study programs, summer schools and similar activities for holidays and weekends.
- A social care infrastructure should be developed that encompasses not only children but also services for the elderly, the disabled and the ill, including day institutions such as active living centers and professional home-based care services for ill persons.
- The Turkish Employment Agency İŞKUR can play an active role in organizing job training courses for the associate staff positions to be created in social care services including ECCPE, as well as in the recruitment and placement of personnel.
- The strengthening of the social care infrastructure for the provision of universal services should be complemented by other care policies such as legislation on care leave (maternity and paternity leave, and care leave for family members who are ill) which encourages equal take-up by men and women, shortening of full-time work hours in line with decent work standards, and temporary flexible work arrangements such as flexible working hours or the option to work from home on certain days of the week.

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NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.