

# **A FULL SPECTRUM JOB-CREATION PROPOSAL: THE ROADMAP TO A NEW CARING ECONOMY**

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## INTRODUCTION: Roadmap to a New Caring Economy

This proposal is directed to President Obama, his economic advisory team, and Congress. It proposes a full-spectrum job creation plan for the post-industrial era that includes critical investment in high quality human capital through the American Recovery and Reinvestment Plan: an investment in our *human infrastructure*. It provides data supporting some recommendations in the current plan, urges the plans expansion in both the market and non-market economies, and proposes a cabinet level post or advisory council focusing on human capacity development. It introduces the concept of a new economic agenda that recognizes three important economic sectors: the household economy, the natural economy and the volunteer community economy.

*The information in this document shows that investment in human infrastructure is essential for a successful post-industrial economy. A central theme is that the stimulus plan can and should be a bridge to the kind of society we need: one where caring for humans and the planet is the primary economic driver.<sup>1</sup>*

By creating and subsidizing jobs in industries like childcare, education, and eldercare, as well as subsidizing caring in homes, we support families, radically reduce poverty, effectively address crime, more fully recognize women's economic contributions, and create high capacity human capital.

The return on investment in caring jobs and home activities is huge - and not accounted for in current economic models. Investment in the caring sectors will provide economic stimulus in the short term as well as enormous long-term savings of health, prison, and other tax dollars. Neuroscience shows that the quality of childcare directly affects the development of human capacities and potentials; caregiving produces what economists call "public goods" and should be economically valued as civic work.

Our economic crisis offers an opportunity to lay foundations for a more equitable and sustainable system, instead of simply trying to patch up an economy based on unsustainable consumerism, unsustainable consumer debt, unsustainable greed, and unsustainable environmental practices. In a caring economy, we produce high capacity human capital capable of pioneering new frontiers of innovation across the board in every sector of society: culturally, socially, agriculturally, medically, educationally, technologically, and environmentally.

Creating a post or council for high capacity human development will facilitate the reordering of our priorities and the implementation of a new economic agenda where our most precious resources - people and the natural environment - are nurtured, sustained, and thrive for generations to come.

## A. Investing in Our Human Infrastructure

*The real wealth of our nation is its people.*

The American Recovery and Reinvestment Plan emphasizes the need to invest in our material infrastructure (bridges, roads, etc.) and our natural infrastructure (green jobs, environmental sustainability, etc.). I urge you make a larger investment in the third, even more critical infrastructure: *the human infrastructure*.

Good ideas for investing in our nation's human infrastructure – that is, in human capacity development starting in childhood – are detailed in your proposed family, healthcare, and educational policies. But they should be a salient part of the new economic policy being rolled out right now. By making human capacity development a focal point, we will not only stimulate economic recovery through an extremely cost effective investment; we will also position ourselves to restore and renew our standing as a positive force in the global community, culturally, politically, and environmentally.

Our economic crisis is not due simply to the globalization of unregulated capitalism; the problem goes much deeper - and so must the solutions. We're shifting from the industrial to the post-industrial era where our most important asset is what economists like to call "high-quality human capital": flexible, innovative, capable people. Producing this high-quality human capital requires good childcare in homes, good early childhood education in schools and communities, good healthcare, and other long-term investments in caring for the real wealth of our nation: people. To this end, these suggestions address both the market and non-market economies.

## B. Creating and Subsidizing Caring Jobs in the Market Economy

To move forward, we must create jobs, subsidize jobs, and provide training for jobs that care for people, especially children, the elderly, and the sick.

***The Scientific Rationale:*** Neuroscience shows that the quality of childcare directly affects the development of human capacities and potentials.<sup>2</sup> Top priorities should be parent education and training, prenatal, infant and child healthcare and universally high quality childhood education. These initiatives are essential for human CAPACITY building, and honor early distinctive developmental needs like bonding and whole-brain-learning. Creating, reinstating, and subsidizing jobs that provide a wide variety of different services and programs to address developmental stages at any age will address both sides of the caring equation: jobs and the need for more highly trained caregivers.

**The Economic Rationale:** Many studies demonstrate that investment in our human infrastructure, starting in early childhood, yields very high returns in both the short and long term.

REINVESTMENT - ECONOMIC RECOVERY ACTION	SHORT-TERM ECONOMIC STIMULUS	LONG-TERM RETURN ON INVESTMENT
Invest in education, healthcare, childcare, and eldercare	Drastically reduces welfare and unemployment for women	Reduces poverty, provides a trained caring workforce to develop human capacity
Subsidize care provider and parent training for home childcare and eldercare	Stipends provide financial resources, increase purchasing power and household consumption	More skill development, school readiness and school completion. Reduces back end remedial program costs
Provide tax credits for caring activities & business policies, such as onsite childcare, flex hours, wellness and fitness programs	Employers savings, increases employee productivity	Increases profits, healthier happier workforce

The Abecedarian and Perry longitudinal studies spanning 40 years verify that income rises sharply as a result of investment in good early childhood care and education.<sup>3</sup> Economic research - by Nobel Prize-winners and Federal Reserve economists - and economic studies in dozens of states and counties demonstrate the enormous return on this investment (ROI). To illustrate, research shows the following metrics from the Abecedarian project:

- Children in high-quality programs were projected to make roughly \$143,000 more over their lifetimes than those who didn't take part in the program.
- Mothers of children who were enrolled can also expect greater earnings – about \$133,000 more over their lifetimes.
- School districts can expect to save more than \$11,000 per child because participants are less likely to require special or remedial education.
- Participants were less likely to smoke (39% vs. 55% in the control group), resulting in health benefits and longer lives, for a total benefit of \$164,000 per person.
- The overall return? Roughly four dollars in benefits for every dollar invested.

Other research also shows that investing in human capital is the best investment a government can make. A study by two University of Toronto economists calculated that the net additional cost for ALL Canadian children to participate in high quality childcare and preschool programs would be \$5.3 billion per year. But the economic value of additional benefits to children and parents would be \$10.6 billion per year, *yielding a 200 percent return on investment*. The study concluded that “dollars spent” on education for young children are far more effective than dollars spent at *any other time in a person’s life... any reasonable industrial and educational strategy requires high-quality childcare.*”<sup>4</sup>

Tax payers receive financial benefits from a stronger, better-educated workforce and gain a higher tax base. Direct savings also include less spending on prisons and welfare.

These long term benefits are pointed out by other economists – including Randy Albelda , Robert William Drago, Shawn Fremstad, Nancy Folbre, James Heckman, Julie Matthaei, and Christopher Ruhm – and must be taken into full account in developing cost-effective government spending.

Funding for good training, higher salaries, and more positions in high quality early childhood education and vocational programs should entail a partnership with corporate America because it is an investment in workers for an increasingly competitive global economy.

In *Leveraging the New Human Capital*, Sandra Burud and Marie Tumolo showcase a large number of studies showing that caring policies such as providing child care, flexible work hours, and paid family leave all have a very high return on investment (ROI).<sup>5</sup>

- Chase Manhattan’s investment in backup child care services for employees yielded a 115 percent ROI, saving the company 6,900 workdays in one year.
- Companies on *Working Mothers’* list, “100 Best Companies for Working Mothers” (which have child care benefits, flexible work schedules, telecommuting, and other caring policies) had high customer satisfaction ratings, which translated into a 3 to 11 percent market value increase, or \$22,000 per employee.
- Companies rated by *Fortune* as the best places to work also yielded shareholder returns on investment of 27.5 percent, much higher than the Russell 3000 stocks, which only had average returns of 17.3 percent.

***The Family Rationale:*** Our children are woefully under-cared for as both parents have jobs and education budgets are cut. The time has passed when male “heads of family”

were the sole breadwinners. The hi-tech green jobs and infrastructure construction jobs proposed through the job-creation program as currently formulated are still largely “men’s work.” The majority of families today are either two wage-earner families or woman-headed families. An effective program provides jobs, training and subsidies where the female labor force is now concentrated: education, healthcare, eldercare, childcare.

***The Eldercare Rationale:*** Eldercare is expensive, and too often inadequate. As the Baby Boomers age, demand is rapidly exceeding services available. Millions of Americans are going uncared and under-cared for. We have a huge caring gap.

- A more broadly defined job-creation program would close this gap, and create a livable wage for eldercare workers. Consider also using your proposed student volunteer program for college credits to provide additional support.
- By 2020 the U.S. over 50 population will increase 74 percent compared to 1 percent for those under 50. Polls show that 54 percent of U.S. workers anticipate caring for an elderly parent or relative in the next ten years.<sup>6</sup> Reports from the Families and Work Institute (FWI) show that factoring these realities into workplace policies is not only socially essential; it makes good business sense.<sup>7</sup>

***The Poverty Rationale:*** The poor in the U.S., as in most nations, are disproportionately women and children. Only by taking this fact into account, can we create a more equitable and sustainable economic system.

- Women are discriminated against in virtually all labor markets. Occupations where women predominate provide lower pay. The average plumber gets \$50 to \$100 an hour, but childcare workers make an average of \$10 per hour – although most people would say they value their children more than their pipes.
- When women and the work they do is valued, the return on investment is enormous, including measurable reductions in child abuse, domestic violence, poverty, and crime.

I urge you as part of the economic recovery plan to create more caring jobs. I also urge you to subsidize training and provide higher salaries for caring work, i.e. childcare, primary education, eldercare. The program should include grants to states and other measures that give visibility and value to this essential work.

### **C. Supporting the Work of Caring in the Household Economy**

Particularly as we move into the post-industrial economy, we can no longer think of economics solely in terms of markets. Education and subsidies must focus on meeting our nation’s need for good caregiving and capacity development - not only in the

market economy but also in the non-market household economy as an investment in high capacity human capital. People may think the work of caregiving in households can't be quantified. It is possible to quantify the economic value of this work.

- A Swiss government report showed that if the unpaid "caring" household work were included, it would comprise 70 percent of the reported Swiss GDP.
- Salary.com estimated that a fair wage for a typical stay-at-home-mom would be \$134,471 a year.

***The Technological Rationale:*** The shift from an agrarian to an industrial economy radically changed work. Employment dropped from over 80 percent to just three percent in agricultural jobs. We're in the middle of a comparable technological revolution - and this requires redefining "productive" work.

- Robotics and other forms of automation will continue to radically cut present manufacturing, service, and middle management jobs as we shift from the industrial to the post-industrial era. The reality is that millions of the jobs currently disappearing are gone for good.
- Caregiving produces what economists call "public goods" and should be economically valued as civic work. In a caring economy, we produce high capacity human capital capable of pioneering new frontiers of innovation across the board.

***The Economic Rationale:*** Investing in the household economy - and thus in the work of caring for people, starting in childhood - will save billions of dollars that America now spends on prisons and other "back-end" costs. There are models we can use to craft U.S. policies that support caring in homes - from caregiver tax credits to innovations in our social security program.

- Scandinavian nations such as Sweden, Norway, and Finland successfully used investment in caregiving to build highly productive economies that provide a generally high quality of life.
- These countries were so poor at the beginning of the 20th century that thousands fled famines. Today, they are in the top ranks of the U.N. Human Development Reports and the World Economic Forum's Global Competitiveness Reports.
- One major reason: they implement policies that invest in high-quality human capital through universal healthcare, good childcare and early childhood education, generous paid parental leave, whole-brain-education, family stipends, education for sound parenting, and even social security credit for the first seven years of caring for a child.

These nations are not perfect, but they have more egalitarian families, low crime rates, teens who score high on international tests, generally sound environmental policies, more representative democracy (women are on average over 40 percent of national legislators), and very low poverty rates. They aren't socialist. They're a mix of free-market and centrally planned economies. They are, as they often say, "caring societies."

Our nation, on the other hand, has been extremely shortsighted in not investing in caring for children. The statistics, such as our extremely high infant mortality rates—higher than any other industrialized nation and even higher than poorer nations – are shameful.

The economic recovery program can educate our citizens and corporate America to understand that supporting caring work in both the market and non-market household economy is not socialism but an essential economic investment.

***The Human Rationale:*** While it is true that our nation's people will prosper and thrive when our policies value the work of caregiving, there is also a moral or spiritual imperative to be our brother and sister's keepers. For instance, although it is economically ineffective, and arguably immoral, to ship elderly parents into commercial enterprises where they are often neglected, even abused, their family members have very few alternatives other than insurance covered nursing homes. Instead, we should create innovative programs for funding training and supporting care at home. Consider also, for the sake of our children, providing social security credit to parents who participate in childcare training to learn to parent with excellence and contribute at local childcare centers or co-ops.

***The Gender Equity Rationale:*** Women provide the bulk of the caring work, both in the workplace and at home, and this, in addition to job discrimination, is a major reason poverty is largely a "women's issue."

- According to U.S. Census data, women over the age of 65 are twice as likely to be poor as men over 65. Most of these women are or were caregivers – and poverty is their reward.
- *A key to effectively reducing poverty is to give more value to the work of caring in both the market and non-market economies*
- This is also key to an effective economic stimulus package, as women will spend the money on the necessities so many of them now lack and cannot afford.
- Women are a powerful economic consumer group whose spending habits support caring economies; much of their money is spent on children, elderly parents, and household goods and services. Studies show that women are responsible for buying 80% of household goods.<sup>8</sup>

## D. Creating A Post or Council for Human Capacity Development

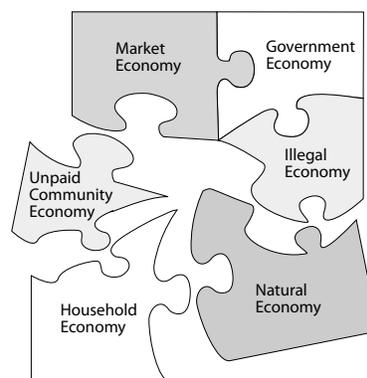
A new economic agenda can best be implemented through a cabinet post, or at least an advisory council, for human infrastructure development.

- This position or council would facilitate the new thinking appropriate for the post-industrial era.
- It would coordinate policies now formulated in separate government departments without adequate communication or coordination.

*Issues that underline the need for this post are:*

*New Economic Agenda:* As Einstein said, we can't solve problems with the same thinking that created them. The old economics aren't working. They don't go deep enough or far enough. We need a full-spectrum economics.

There are actually six key economic sectors, not just the three sectors (market, government, and illegal) recognized by current economic theories. *The three additional sectors vital to a well-functioning economy are the life-sustaining sectors: the household economy, the volunteer community economy, and the natural economy.*



Graphic: *The Real Wealth of Nations*, by Riane Eisler, 2008

President Obama, you implicitly recognize these sectors in your vision for our nation. My work describes an economic system that incorporates these important sectors and confers a value on their contributions.

*Changing Measures of Economic Productivity:* We need new measures to more accurately describe what is, and is not, “productive work.”

- Current measures of productivity such as gross national product (GNP) place activities that *harm* life (like selling cigarettes and the health and funeral costs from smoking) on the plus side. But these measures of “economic health” ignore the life-

sustaining activities of both the natural economy and household economy. This again reflects a distorted system of values. *The issue is not metrics but values.*

- Economist Duncan Ironmonger’s proposal that government leaders replace GDP and GNP with Gross Economic Product (GEP) could provide a starting point. This new economic indicator would consist of two equally weighted indices: the Gross Market Product (GMP) Index, which measures the value added to the economy from the market, and the Gross Household Product (GHP) Index which measures the value added to the economy from unpaid household work. The sum of the two - the GEP- can then soundly guide both national and international economic policies.<sup>9</sup>

***Reordering Our Priorities:*** We must use the job creation program to inspire our nation to reconnect with our core values of caring and justice.

Our taxes have been used to fund big government and huge deficits for weapons, wars, and corporate bailouts. At the same time, the concept of big government and deficits for healthcare, childcare, early childhood education, or supporting caring work in families has often been derisively labeled “socialism” – *even though studies show these investments are highly cost effective.*

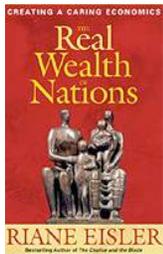
This disconnect reflects a culture that devalues anything considered “caring.” As long as caring and other activities stereotypically associated with women and the “feminine” are economically invisible, it’s not realistic to expect more caring government and business policies.

If we change the imbalanced values that drive present economic measurements, practices, and policies, we will see a truly representative democracy emerge. Consider that perhaps the most striking thing about the more caring Scandinavian nations is still generally ignored: women are nearly half of the national legislators. The higher status of women has meant higher value for caring and caregiving, and not coincidentally, lower rates of spousal and child abuse, violent crime, and poverty.

Women’s status can actually be a better predictor of everyone’s quality of life than GNP. This was the finding from the Center for Partnership Studies’ research using statistical data from 89 nations. The World Values Survey of 80 nations also showed that countries with more gender equity are more democratic and prosperous.<sup>10</sup> But one would never know these facts from the bulk of economic and political analyses, which still view “women’s issues” as peripheral – and fail to connect the dots.

## E. Conclusion: Charting A New, More Caring Course

Your administration is positioned to bring attention to the enormous benefits from caring and caregiving – human, ecological, and economic. Precisely because of the current economic crisis, you have the opportunity to chart a new, more caring – and hence more effective – course for our nation, and by example, for the world. Robert F. Kennedy said that “few will have the greatness to bend history.” Perhaps the silver lining in this very challenging global economic crisis is that we have a unique opportunity to do this now.



Riane Eisler is a systems scientist and cultural historian, president of the Center for Partnership Studies, and author of *The Chalice and The Blade*, now in 23 languages, and most recently *The Real Wealth of Nations*. Dr. Eisler is featured in *Great Peacemakers: True Stories from Around the World* as one of 20 international leaders who have made major contributions to world peace. The other 19 include Mahatma Gandhi, Martin Luther King, Jr, Mother Teresa, the Dalai Lama, Jane Goodall, and Archbishop Desmond Tutu.

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### ENDNOTES

<sup>1</sup> Riane Eisler, *The Real Wealth of Nations: Creating a Caring Economics* (San Francisco: Berrett-Koehler, 2007/2008).

<sup>2</sup> Bruce Perry, *Childhood Experience and the Expression of Genetic Potential: What Childhood Neglect Tells us About Nature and Nurture* (Brain and Mind, 2002, 3(1), 79-100).

<sup>3</sup> For details on the benefits-cost analysis of the Abecedarian Early Childhood Intervention project done by the National Institute for Early Childhood Education Research, see <http://nieer.org/docs/?DocID=57>.

<sup>4</sup> Gordon Cleveland and Michael Krashinsky, *The Benefits and Costs of Good Childcare: The Economic Rationale for Public Investment in Young Children - A Policy Study* (Scarborough: University of Toronto, Department of Economics, 1998).

<sup>5</sup> Sandra Burud and Marie Tumolo, *Leveraging the New Human Capital* (Mountain View California: Daives - Black, 2004).

<sup>6</sup> *The Most Important Work/Life-related Studies* (Minnetonka, Minnesota: Work & Family Connection, 2005).

<sup>7</sup> Human Development Report 1995. *United Nations Development Programme* (New York: Oxford University Press, 1995).

<sup>8</sup> UN Platform for Action Committee, (NUA Internet Surveys, November 13, 2001).

<sup>9</sup> Duncan Ironmonger, *Counting Outputs, Inputs and Caring Labor: Estimating Gross Household Product* (Fall 1993, *Feminist Economics*, 2(3), 37-64).

<sup>10</sup> Riane Eisler, David Loye, and Kari Norgaard, *Women, Men, and the Global Quality of Life* (Pacific Grove, California: Center for Partnership Studies, 1995); Ronald Inglehart, Pippa Norris, Christian Welzel. *Gender Equality and Democracy, Comparative Sociology*, 2002, /1/(3/4), 321–346.