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# A Public Investment Priority for Job Creation in Turkey: Expanding Child Care and Preschool Services

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Among all Organisation for Economic Co-operation and Development (OECD) countries, Turkey has by far the lowest rate of access to early childhood care and preschool education (ECCPE) services. Not coincidentally, Turkey also has the OECD's lowest labor force participation rate for working-age women (15–64), at 33.6 percent—almost half the OECD average. Maintaining this state of affairs costs the country dearly in the long run in terms of wasted human capital. For most mothers in Turkey, foregoing paid labor is dictated by a simple cost-benefit analysis: the potential monetary gains from paid work are much lower than the cost of buying market substitutes to replace household and care work. This is partly a function of Turkey's underinvestment in ECCPE services—the government spends just 0.18 percent of GDP on early child care and preschool, compared to an OECD average of 0.8 percent. Underinvestment in social care thus takes its toll on the country's long-term economic potential, not only through weakened labor force attachment but also in diminished childhood development and the persistence of socioeconomic inequalities at an early age.

What is less well known is that expanding ECCPE services would also produce considerable short-term economic benefits, in terms of employment creation, remediation of gender inequality, and poverty reduction. We measured the effects of raising Turkey's early child care and preschool enrollment rate to the OECD average through a publicly funded expansion of ECCPE—which would require an expenditure of 20.7 billion TRY (in 2014 prices)—and compared the results to the same expenditure on infrastructure (construction) projects. The results indicate that prioritizing public spending on social care, and on ECCPE in particular, should be a central part of an inclusive growth agenda for Turkey—and for other countries dealing with social care deficits.

Raising Turkey's early childhood enrollment rate to the OECD average would require the creation of 3.27 million places in preschool programs, which corresponds to an expenditure of 1.36 percent of GDP. This social care investment would generate 719,000 jobs, directly and indirectly—more than 2.5 times the total number of jobs that would be created by spending the same amount on construction projects (290,000). Moreover, ECCPE spending would produce more high-quality, decent employment, in terms of both the proportion and (given the much larger total) the absolute number of new jobs: 84 percent of the jobs created would have permanent contracts of unlimited duration (versus 24.6 percent in the case of construction) and 85 percent would have social security coverage (compared to just 30.2 percent for construction).

The large majority (73 percent) of the jobs generated by ECCPE expansion would go to women, compared to vanishingly few (6 percent) in the case of construction spending. Yet in absolute terms, spending in

the social care sector would still create substantial employment for men: 195,463 jobs, or 72 percent of the total number created in the infrastructure/construction scenario. A higher proportion of the construction-generated jobs would go to the unemployed, but in absolute terms more unemployed persons would find jobs in the case of ECCPE expansion; the majority of those receiving jobs would be women previously excluded from the labor market and engaged in domestic work.

For both the ECCPE and construction investments, the strongest income growth would be experienced by households in the bottom 40 percent of the income distribution. And when we take the labor-supply effects of ECCPE expansion into account, social care investment would have a more pronounced effect on Turkey's poverty rate than a comparable construction program. This is because investing in ECCPE services not only creates income for those employed in the expanded social care sector but also enables parents (mothers) who would otherwise be occupied with full-time care responsibilities to enter the workforce. A program targeted at poor mothers of small children could potentially reduce Turkey's relative poverty rate by 1.14 percentage points (compared to 0.35 in the case of construction).

Finally, the above-mentioned effects of ECCPE expansion would help minimize the impact on public budgets, such that the *net* fiscal cost would be substantially lower than 20.7 billion TRY: for the ECCPE investment, 75 percent of the initial outlay would be recovered through the higher tax revenue (income taxes and social security contributions) generated from new employment, compared to 52 percent in the case of construction spending. (The difference is largely a measure of the higher quality of employment generated by spending in the social care sector.) In other words, not only does the ECCPE expansion scenario produce better results in terms of employment, gender equality, and overall poverty reduction, but it does so at a lower net cost to the treasury as well. In that context, and given the long-run burdens associated with maintaining the status quo, the central question is whether Turkey can afford not to prioritize social care investment in its strategic budget decisions.

A more detailed discussion of the issues can be found at [www.levyinstitute.org/publications/the-impact-of-public-investment-in-social-care-services-on-employment-gender-equality-and-poverty-the-turkish-case](http://www.levyinstitute.org/publications/the-impact-of-public-investment-in-social-care-services-on-employment-gender-equality-and-poverty-the-turkish-case).

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