ACCUMULATION THROUGH CARE? FINANCIALIZATION IN THE ELDERCARE SECTOR IN VANCOUVER AND SHANGHAI
KENDRA STRAUSS, SIMON FRASER UNIVERSITY

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THE FINANCIALIZATION OF ELDERCARE: HOW AND HOW MUCH?

- To what extent does financialization help us understand the restructuring of eldercare in two aspiring global cities, Vancouver and Shanghai?
- What is the empirical relationship between processes of market-making and the role of finance capital? To what extent do we need to analytically disaggregate marketization, privatization and financialization?
- What are the geographies of the financialization of eldercare, and do they differ from those in GFN/GPN analysis (Coe, Lai and Wojcik, 2014), e.g. because they involve services?
- What are the implications of restructuring and financialization for eldercare workers?
ELDERCARE SERVICE PROVISION

Vancouver

- Devolution under federalism → many provinces moving towards greater community care
- 1984 Canada Health Act covers acute and long-term health needs → ‘eldercare’ not covered; a mix of public and private provision
- B.C. was historically a leader in funding for home support, but funding was cut from the late 1990s
- Increasing private market accompanied by contracting out in the public sector post-2002
- Rationing of publicly funded services for older people, in particular home support

Shanghai

- Government-driven framework with multi-level implementation
- Social policy as a crisis management tool; non-family care has been an anomaly → crisis of care
- Long-term care addressed in one Five-Year Plan → no dedicated agency but emphasis on residential facilities with some means-tested services for poor urban residents
- Senior’s care sector kick-started in 2013 → new growth engine of real estate boom
Eldercare restructuring in Vancouver

Cuts in federal health transfers after 1997
- Reduced funding for home support services
- Changes in the classification of workers

Balanced-budget regime after 2002
- Newly elected provincial government tears up collective agreements with healthcare workers
- Contracting-out central to cost reduction strategy

Extractive regime of accumulation
- Public services and funding turned to private sector profit
- Rationing of eldercare services feeds demand for private market in services
TRENDS AND PATTERNS

- **Marketization** → the state creates markets in eldercare services with two complementary goals: union busting; and to channel public funding to private capital

- **Privatization** → direct conversion of public bodies into private corporations relatively minor; instead services and functions are privatized through a wide-spread regime of contracting-out

- **De- and re- regulation** → Employment standards and labour law are reformed to weaken protections for workers and unions and drive wages down; sector-specific regulations are watered down

- **Individualization** → More of the burden of care is shifted back onto households (for providing and financing direct care)
MAKING MARKETS FOR ELDERCARE

…Chinese financialization has been directly mobilized by the state as a governmental device, contrary to financialization elsewhere, which, despite the ongoing role of regulatory systems, is often understood as a response to the gradual withdrawing of the state (Dore 2000; Martin 2002).

(Maso, 2015: 48)

→ Financialization of eldercare in B.C. illustrates how the state actively creates conditions for finance capital to operate profitably, alongside (and in competition with) other fractions of capital. State-led marketization and privatization lay the foundation for financialization.

…the spheres and activities of social reproduction have become a significant terrain for market expansion and new rounds of accumulation, especially financial. Austerity and financialisation become two sides of the same coin: where austerity hits, new business models and financial products are being developed.

(Dowling, 2016: 456)
Long-term care (LTC) has long been a sector of interest for insurance companies, private equity firms and real estate investment trusts (REITS) → Three of the largest chains have separated their operating nursing homes from their property and used leaseback arrangements with property companies.” (Harrington et al. 2017, 5).

Three types of private equity firms that are especially relevant to the health care services sector: venture capital firms, growth capital/mid-market buyout firms, and buyout firms (Robbins et al. 2008, 1391).

The interrelationship of real estate and LTC make residential care particularly attractive, but service companies are also of interest (as in the acquisition of Retirement Concepts by Anbang Insurance) → “The findings showed that almost every large for-profit chain across the 5 countries owned and operated a range of related long-term care companies (Table 7). This allows nursing home chains to purchase services from their own related companies to enhance profit taking.” (Harrington et al. 2017, 20)

→ Strategies = assetization and locking-in revenue streams
<table>
<thead>
<tr>
<th>Ownership</th>
<th>CANADA (5 CHAINS)</th>
<th>NORWAY (4 CHAINS)</th>
<th>SWEDEN (5 CHAINS)</th>
<th>UNITED KINGDOM (5 CHAINS)</th>
<th>UNITED STATES (5 CHAINS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of owner</td>
<td>2 public, 1 trust</td>
<td>1 public, 1 PE, 2</td>
<td>1 public, 2PE, 2</td>
<td>4 PE, 1 private</td>
<td>1 public, 2 PE, 2 private</td>
</tr>
<tr>
<td>fund, 2 private</td>
<td>private</td>
<td>private</td>
<td>private</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple ownership changes</td>
<td>5 of 5 chains</td>
<td>4 of 4 chains</td>
<td>4 of 5 chains</td>
<td>5 of 5 chains</td>
<td>4 of 5 chains</td>
</tr>
<tr>
<td>and/or mergers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth since 2005</td>
<td>3 of 5 chains</td>
<td>3 of 4 chains</td>
<td>5 of 5 chains</td>
<td>2 of 5 chains</td>
<td>3 chains</td>
</tr>
<tr>
<td>Market share</td>
<td>24% of all beds</td>
<td>5% of all beds</td>
<td>13.5% of all beds</td>
<td>35% of all beds</td>
<td>10% of all beds</td>
</tr>
<tr>
<td>Corporate strategies</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Property separate from</td>
<td>3 of 5 chains</td>
<td>Property owned</td>
<td>Some property</td>
<td>5 of 5 chains</td>
<td>4 of 5 chains</td>
</tr>
<tr>
<td>operations</td>
<td></td>
<td>by municipalities</td>
<td>owned by</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>municipalities</td>
<td></td>
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<tr>
<td>Diversified</td>
<td>5 of 5 chains</td>
<td>4 of 4 chains</td>
<td>5 of 5 chains</td>
<td>5 of 5 chains</td>
<td>5 of 5 chains</td>
</tr>
<tr>
<td>Many locations</td>
<td>1 to 4 provinces</td>
<td>2 to 4 countries</td>
<td>2 to 4 countries</td>
<td>2 to 6 countries</td>
<td>21 to 34 states</td>
</tr>
<tr>
<td>Tax havens</td>
<td>None</td>
<td>2 of 4$</td>
<td>3 of 5$</td>
<td>3 of 5 chains</td>
<td>5 of 5 in Delaware</td>
</tr>
<tr>
<td>Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High revenues</td>
<td>509 to 890 million</td>
<td>NOK 1 billion to</td>
<td>SEK 1 billion to</td>
<td>£55 to £713 million</td>
<td>$1.3 to 5.6 billion</td>
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<tr>
<td></td>
<td></td>
<td>SEK 8.5 billion</td>
<td>SEK 8.5 billion</td>
<td></td>
<td></td>
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<tr>
<td>High profitability EBITDA</td>
<td>3.9% to 23%</td>
<td>3.6% to 9.5%</td>
<td>5.6% to 9.5%</td>
<td>1 lost</td>
<td>1.8% to 10%</td>
</tr>
<tr>
<td></td>
<td>2 = NA</td>
<td>1 = NA</td>
<td>1 = loss</td>
<td>1 = loss</td>
<td></td>
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<tr>
<td>Quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Low staffing</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>5 of 5 chains</td>
<td></td>
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<tr>
<td>Many quality violations</td>
<td>5 of 5 chains</td>
<td>NA</td>
<td>NA</td>
<td>4 of 5 chains</td>
<td></td>
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<tr>
<td>Government legal actions</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>5 of 5 chains</td>
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<tr>
<td>Accountability</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Public reporting</td>
<td>3 of 5 chains</td>
<td>4 of 4 chains</td>
<td>4 of 5 chains</td>
<td>1 of 5 chains</td>
<td>1 of 5 chains</td>
</tr>
</tbody>
</table>

Abbreviations: EBITDA, net income before depreciation, amortization and interest expense and income taxes minus lease expenses; NA, not available; PE, private equity; public, publicly traded.

$Estimated.

*Significant difference.
IMPLICATIONS FOR WORKERS

- In B.C., union busting and contracting out were the most immediate impacts of the ‘big bang’ in health care restructuring.
- Longer-term impacts have emerged in the last 15 years:
  - Just-in-time scheduling and split shifts, alongside reductions in staffing levels
  - Shorter-duration visits (for home support workers)
  - More rationing of care means a higher ratio of patients with acute needs
  - Credentialization and migration trajectories mean more debt for workers

→ Racialized, immigrant and lower-income women who provide care are also among those most likely to need state-funded care in older age.
→ More research is needed to trace the different circuits of financialization and their impacts on workers.
FINANCE AND LABOUR GEOGRAPHIES

- Geographies of finance and labour geographies → more conversations to bridge sub-disciplinary ‘islands’
- More attention to services rather than focusing on production or consumption as separate spheres
- Care services are (like retail) represent the fastest growing sectors and are targets of financialization, but remain understudied → regime of accumulation through care (with related mode of regulation that shapes norms of care and related processes of gendering and racialization)