

Long-term care as a lens of structural inequality and a starting point for systemic transformation. Caring Economics and Gender Equality as joint levers for transformation

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Germany: The time spent by women alone on unpaid care for relatives increased from 3.22 billion hours in 2020 to 4.3 billion hours in 2021—an increase of around 1.1 billion hours. Calculated in 30-hour jobs, this increase alone corresponds to more than 700,000 jobs. A ten-year analysis shows no change in the distribution of unpaid work between women and men. All political measures have remained ineffective, despite men working less and women earning more. (CloseEconDataGap, 2024): The problem is growing, yet within this economic framework, nothing is changing.

“Care must be placed at the center of development strategies, as it is essential for sustaining life, reducing inequality, and enabling inclusive and sustainable economic growth.” ECLAC (2023), The Care Society

Core thesis

Long-term care is not a downstream social expenditure, but productive social infrastructure. Those who expand formal, mobile and cooperative care simultaneously invest in health, employment, regional value creation, poverty prevention and gender equality. The central policy task is therefore not to fix individual deficiencies within care systems, but to fundamentally realign economic logic: care, caregiving and education must be understood as core domains of economic value creation – in the sense of Caring Economics, as conceptually developed by Riane Eisler.

The economic value of formal care

The economic importance of formal care is systematically underestimated. Robust studies show that investments in care generate strong multiplier effects. The WIFO analysis on long-term care in Austria shows that €3.4 billion in expenditures generated a total economic impact of €5.9 billion and secured over 115,000 jobs (WIFO, 2017). In addition, significant tax revenues and social security contributions are generated. These figures clearly demonstrate: care is not a cost factor, but a productive economic sector with strong domestic effects.

This finding is confirmed internationally. The ILO estimates that the global Caring Economy employs around 381 million people (ILO, 2018). Simulations by ECLAC and ILO show that investments in care infrastructure in Latin America and the Caribbean could generate more than 30 million jobs by 2035. Investments in care therefore act simultaneously as labour market policy, economic policy and social policy.

Informal care and gender equality

The current structure of many care systems is based on the externalisation of costs to private households. In Austria, around 80% of care is provided by family members, predominantly women (BMASGK/University of Vienna, 2018). This leads to reduced labour market participation, lower incomes and long-term risks such as old-age poverty. Care thus becomes a central driver of structural inequality.

Empirical research clearly shows the link between public care investments and gender equality. “The gender care gap is smaller in countries that invest more in formal care systems,” notes Peter Haan (DIW Berlin). Ingrid Mairhuber (FORBA, 2018) also emphasises that the compatibility of employment and caregiving depends heavily on system design. Countries with well-developed public care systems – such as the Nordic countries – show higher female employment rates and lower levels of inequality.

Systemic perspective: familisation, unpaid work and economic distortions

The increasing familisation of public responsibilities such as long-term care weakens state capacity and creates economic distortions. Unpaid work is shifted into the economic sphere of private households, where it is only insufficiently captured statistically, yet reaches significant macroeconomic dimensions. In Austria, the value of unpaid household production for 2022 is estimated at approximately €195 billion – around 44% of GDP (Institut CloseEconDataGap, 2022). Analyses in Germany show that the gender distribution of unpaid work has hardly changed over a decade. At the same time, care shortages – driven by cost pressure, profit orientation in the sector and inadequate management models – further shift care work into private households. This reduces labour market participation, exacerbates inequality and undermines overall economic efficiency (OECD, 2022; EIGE, 2021).

Caring Communities and new organisational models

A future-oriented long-term care system requires new organisational forms. Caring Communities combine professional care, municipal infrastructure and civil society support. It is crucial that these models are not understood as substitutes for public responsibility, but as complementary elements within a strong system of formal care.

Cooperative organisational models such as Buurtzorg show that decentralised, self-managed teams can improve both quality of care and job satisfaction. The main barrier lies not in implementation, but in existing financing and governance logics that hinder such models. At the same time, this demonstrates the potential of a different way of organising economic activity: more cooperative, regionally embedded, preventive and closer to people's real needs – creating measurable added value in terms of quality, efficiency and system resilience (cf. CaringEconomy.Jetzt, 2023). It also generates fiscal effects: better care, prevention and reduced burden on informal carers lead to lower transfer payments and healthcare costs, thereby easing pressure on public budgets.

Macroeconomic perspective and transformation

The macroeconomic effects of gender equality are substantial. According to the European Commission, improving gender equality could increase EU GDP per capita by up to 9.6% by 2050 and create more than 10 million additional jobs. These effects are closely linked to the development of the Caring Economy.

The evidence makes clear: this is not about sectoral reforms, but about a profound transformation of economic systems. Caring Economics means recognising care, caregiving and education as fundamental economic factors and core elements. Economic success is no longer measured solely by growth, but also by social stability, equality and quality of life.

Conclusion

Systems based on formal services and public responsibility are more economically efficient and socially just. Systems that rely primarily on informal care and cash benefits increase transfer costs, shift burdens to households and reproduce inequality.

Caring Economics and gender equality are not parallel policy agendas, but mutually reinforcing levers of transformation. This strengthens not only individuals, but entire economies. The evidence is clear: investing in care is not only socially necessary, but economically rational. A sustainable transformation of our economy is only possible if care, equality and value creation are no longer treated separately.

Graphic Resources for the EU-LAC Foundation: The Economic Footprint of Care and Unpaid Work
<https://www.caringeconomy.jetzt/eu-lac>

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