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The care economy: a catalyst for inclusive and sustainable growth

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The care economy, encompassing paid and unpaid work in health, aged, and disability care, personal care, and education, forms the bedrock of a thriving and equitable society. Its reach extends beyond these sectors, influencing everything from employer-employee relations such as via an employer's duty of care for its workers to social movements for equality. Care serves as a crucial driver of growth, prosperity, well-being, and equity, but is often misunderstood and deemed to be a burdensome cost to governments and business rather than a resource and investment with huge capacity for beneficial returns.

A robust care economy fosters increased productivity, gender parity, workforce participation, educational attainment, business profitability, and social cohesion, all while reducing long-term social spending. Importantly, a well-functioning and supported care economy is a strong driver of equity for people from vulnerable and often underrepresented groups including women, culturally and linguistically diverse people and migrants, and First Nations people. As noted above, investments in the care economy can cut across numerous sectors not traditionally associated with 'care'. For example, programs that might be considered primarily environmental in focus can support Indigenous Peoples in remote communities to work as rangers and in land and sea management. Such programs can have important benefits to health and wellbeing, employment, the local economy, society, and culture.¹

Investing in the care economy is paramount for building an inclusive, sustainable, and resilient future, which Governments are just beginning to understand.² It strengthens opportunities for economic growth, demographic planning, infrastructure development, climate resilience, technological integration, and skills mobility. Historically championed by women's rights movements,³ the care economy's potential has often been downplayed in a similar fashion to how women's work and industries that are largely made up of women such as nursing and midwifery have been.⁴ Recent crises such as the COVID-19 pandemic

have, however, highlighted the critical role of care systems to the function of economy and society more broadly, necessitating their support at all levels.⁵

Despite the general easing of specifically pandemic-related pressures, the ongoing crisis in the care sector and across economies more broadly hinders post-pandemic recovery, equity, and growth. To unlock the care economy's full potential, strategic investment and collaboration between stakeholders across public, private, and civil sectors is essential.

THE COMPELLING CASE FOR INVESTMENT

Globally, around 136 million people work in the health and social care sectors and three quarters of these are women. Nurses make up about a quarter of all workers in health and social care in Organisation for Economic Co-operation and Development (OECD) countries and the number of care workers across aged care, disability care, and child care is also growing.⁶ In Australia, there are over 460,000 workers across personal care and support, allied health, welfare, and nursing and almost 80 percent are women with 40 percent born overseas.⁷ Eleven percent hold multiple jobs and almost 30 percent are employed in casual roles.⁷

Beyond those employed in the care work, the unpaid component of the care economy is estimated to contribute a staggering 9 percent of global gross domestic product (GDP), equivalent to \$11 trillion, delivered by a workforce of nearly 2 billion.⁸ This vast pool of unpaid labour presents immense opportunities for job creation, income generation, and social mobility. Studies suggest that investing in the United States social sector, including paid care, could yield triple benefits; a \$1.3 trillion investment translating to \$3.1 trillion in GDP, 10 million social sector jobs, and an additional 1 million jobs in other sectors.⁸ With investment, equivalent returns could be expected in Australia and other contexts.

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Well-functioning and supported care systems not only promote equity but also acknowledge the economic value of care. This necessitates investments in resources, infrastructure, and fair compensation for care providers. Key inequities hindering the care economy include overreliance on unpaid care (often by underrepresented groups like women), precarious working conditions in the paid care sector (including casualisation of work, gig work, and reliance on low paid workers), and limited and inequitable access to care services and resources.

Overreliance on unpaid care, primarily by women, diminishes its social and economic value. It underestimates the demand for care services and delays solutions to address care gaps. Older women can be especially overlooked, with one recent study from the United Kingdom highlighting how around half of all family carers are grandparents and mostly women.⁹ Likewise, precarious work in the paid care sector, often reliant on low-wage female migrant workers, further undervalues the care economy.¹⁰ Finally, lack of access to care, such as lack of support for childcare or paid parental leave, particularly for women and disadvantaged groups, restricts education, training, and employment opportunities, hindering social mobility and economic well-being.

A recent White Paper published by the Global Future Council of the World Economic Forum highlights three interrelated trends that necessitate immediate investment in the care economy: rising demand for care due to an aging population and shrinking workforce, a growing need for care workers, and strong economic prospects for care-related skills that are not easily automated (e.g., human engagement). Two compelling arguments are also advanced that support investment: firstly, increased public spending in the care economy generates a greater multiplier effect on employment compared to other sectors like construction. Secondly, providing care benefits in the private sector (paid leave, childcare, flexible work) reduces costs for employers by addressing productivity losses due to care-related absences and turnover.

BUILDING SUCCESSFUL COLLABORATIVE CARE ECONOMIES

As the care economy has interfaces and influences across every level of society and the economy, intersectoral collaboration is vital to its successful operation and key to fulfilling its future potential.^{11,12} A three-pronged framework proposed by the Global Future Council could provide guidance for the development of a robust care economy.⁸ This proposed framework explains how reimagined care networks, design principles, and success factors each play a part in determining the success and sustainability of a well-functioning care economy. Reimagined care networks emphasise the importance of close collaboration between governments, businesses, and communities and

acknowledge the need to distribute roles and responsibilities across each sector. Such collaboration is critical to endeavours such as training, recruiting, and retaining an effectively distributed and sustainable skills mix of healthcare workers.¹³ The White Paper also proposes four key design principles for investments and interventions that are necessary for an effective care economy. These emphasise accessibility, quality, sustainability, and co-responsibility and articulate the importance of identifying the key characteristics needed for understanding what works in unique and diverse contexts when aiming to meet a range of care needs. Finally, underlying the success of care economies are several critical factors. These include strategic articulation across government, public, and private sectors to prioritise and address care economy barriers with collaborative solutions, an engaged leadership, and data-driven approaches to inform interventions with high-quality, contextual evidence.

The care economy, encompassing both paid and unpaid care work and largely driven by women, is essential for a thriving and equitable society. While often undervalued, the care economy when well supported contributes significantly to social well-being, economic growth, and gender parity. Strategic investments in care infrastructure, workforce development, and fair compensation are crucial to address current challenges and unlock the care economy's full potential. Such investments can foster job creation, social mobility, and equity for vulnerable groups. Collaborative efforts across public, private, and civil sectors and between stakeholders in each are necessary to build a robust and sustainable care economy, ultimately leading to a more inclusive and prosperous future for all. By recognising the care economy's true worth and investing strategically, we can unlock its potential for a more inclusive, sustainable, and prosperous future for all.

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