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CHARLES STREET SYMPOSIUM | MARCH 2016

How can we ensure that ageing societies are more prosperous societies?

AIG

2015/16 Symposium is organised in partnership with AIG

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ABOUT THE LEGATUM INSTITUTE

The Legatum Institute is an international think tank and educational charity focused on promoting prosperity. We do this by researching our core themes of revitalising capitalism and democracy. The *Legatum Prosperity Index*^{TM}, our signature publication, ranks 142 countries in terms of wealth and wellbeing.

Through research programmes including The Culture of Prosperity, Transitions Forum, and the Economics of Prosperity, the Institute seeks to understand what drives and restrains national success and individual flourishing. The Institute co-publishes with *Foreign Policy* magazine, *Democracy Lab*, whose on-the-ground journalists report on political transitions around the world.

The Legatum Institute is based in London and an independent member of the Legatum Group, a private investment group with a 30-year heritage of global investment in businesses and programmes that promote sustainable human development.

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Foreword

An ageing population is one of the most challenging issues facing global policy-makers. If we are to build prosperous ageing societies, we have to find new and innovative ways to ensure the very people who supported earlier generations continue to thrive.

The number of people aged over 65 will become an increasingly significant proportion of the population. The prosperity of all generations is under pressure: tax revenues are being stretched to support greater societal needs, bigger pensions are needed if people are to enjoy retirement, buying homes is proving expensive for younger generations as available housing stock reduces and, increasingly, people are having to find ways to fund their own care should they need long-term assistance.

This is why the AIG Legatum Institute Prize is so important in the debate about society's future, and how we ensure ageing societies are prosperous societies. The thought-provoking essays submitted by our shortlisted entrants offer solutions to societal pressures but also challenge us to ask more questions.

I would like to thank everyone who submitted ideas and engaged in the discussion about how we strengthen societies. Empowered and fulfilled societies are those which support each other and continue to ask how we provide for tomorrow.

Adam Winslow
CEO, AIG Life Limited

Introduction

This year the Legatum Institute's Charles Street Symposium in partnership with AIG, seeks to address one of the most daunting challenges facing society—that of demographic change.

In the next four decades the number of people aged over 60 globally is set to jump from 800 million to 2 billion. Here in Britain we will see a 60% rise in the number of people over 65 by 2032. Many countries will have to grapple with a range of economic, political and health-related challenges.

Yet, in many respects this is a problem of success. As two of the shortlisted entrants, Jonathan Guillemot and Haley James, note:

> *"Ageing societies are more prosperous societies… Death is delayed when people are better fed, receive better healthcare and benefit from increased security. Ageing is a pivotal outcome of a successful society."*

Many of the societies most affected by changing demographics are immensely prosperous. The Institute's own research, the *Legatum Prosperity Index*™, finds that places such as Japan (ranked 19th), Germany (14th), the Nordics (Norway is top of the Index) and Britain (15th) are some of the most prosperous places in the world. Despite this there is no guarantee, particularly without policy reform, that they have the resources or systems capable of dealing with the impeding demographic crunch. Perhaps more worrying, many other countries—developing countries—will also be acutely affected by societal ageing. China is perhaps the best example of a country that will have to deal with the demographic crunch before becoming a developed country. The question—how can we ensure that ageing societies are more prosperous societies?—is one with global significance.

Given this we are delighted to have received so many thought-provoking entries for this year's competition. Entries came from across the globe, including Africa, North America, and Europe. The quality of entries was high but the shortlisted entries in this volume stood out for offering policy solutions that, if further developed, could form part of the world's response. Some are novel and ambitious, such as pooling caring credits across national borders, or creating migrant worker programmes. Others seek to refine existing solutions, such as getting the best graduates into the elderly care sector, rejuvenating the equity release market, or reforming the system of elderly benefits.

The collection of essays offer solutions but also pose questions. This in itself is perhaps the most valuable contribution of the competition. Both the Legatum Institute and AIG hope that this inspires many more keen minds to apply themselves to the challenges posed by changing demographics.

Stephen Clarke
Head of Quantitative Research, Prosperity Index
and Editor of the Charles Street Symposium

Judges' Notes

"The challenge of predicting demographic trends and coming up with appropriate solutions can often be waylaid by the unexpected. Who would have thought that over million immigrants would pour into Europe in a matter of months—or that the members of the European Union would argue amongst each other—and sometimes within their own countries—about the right response. At the same time, some alarmist media rhetoric, reflecting the disorganised nature of this immigration, can obscure the fact that many parts of Europe have identified a clear need for talented young immigrants to restore future demographic balance to an ageing population. And there is a strong echo of that problem and that need in other parts of the world as well. So the Legatum Institute's invitation to some of society's brightest young thinkers to apply their problem-solving instincts and ideas to the issue could not be more timely. This year's entrants have delivered a stimulating richness of new ideas and new combinations and applications of known ideas. For me, the results—concisely expressed—created real delight in the original thinking on display. Some even appear to create a "Eureka" moment, when the reader wonders why no politician seems to have thought of that before. As such, the Legatum Institute continues to uphold its already fine reputation as a seed-bed for new thinking to benefit us all."

Sir Martyn Lewis CBE, broadcaster, journalist and Chairman of the National Council for Voluntary Organisations (NCVO)

"The great challenge presented by the ageing of Western (and, increasingly, non-Western) populations lies not just in its scale but in the range of specialisms any serious policy response must encompass: political science, sociology, medicine, and economics. All five of the essays shortlisted for the Charles Street Symposium live up to the task, intertwining the relevant disciplines with originality and flair. Each identifies a particular aspect of the phenomenon, grapples with it and convincingly marshals its evidence and arguments in support of a corresponding solution. It is too soon to say whether the breaking demographic tide will divide and weaken rich societies, or help them cohere and mature. But the gap between the two outcomes can surely be measured in intellectual ambition and creativity. As such, the ideas presented in the following pages provide firm grounds for optimism."

Jeremy Cliffe, Bagehot Columnist, *The Economist*

"Considering the prosperity of ageing societies is of great significance and consequence. It is well established that in developed nations the proportion of people over the age of 65 years is the highest ever experienced and increasing annually. These essays include challenges to the mind-set of older people as recipients rather than contributors. There is important recognition of the loss of cachet experienced by both older people and those who care for them, and acknowledgement that prosperity requires dignified inclusion and intelligent provision that harnesses technological advances. From capitalism to Marxism, economic and philosophical approaches are proposed as foundations for a silver economy. These essays are a brilliant starting point for what must be a deep and dedicated inquiry into finding solutions."

Julia Manning, Chief Executive of 2020health

"This is a wonderful series of ideas to address the societal consequences of people living so much longer today. What a relief to read that these enchanting scholars recognise our ageing societies as markers of success and their reasoning goes far beyond current dogma that it is all drama. With an open mind they argued for novel approaches to address the nowadays challenges. It is reassuring to see that none argued that there is a shortage of money; after all ageing has become priority on the public agenda because our nations have become that prosperous. The real issue is that the money we have is locked, that it is unequally distributed between generations, and that there is doubt on the value you get for it. Among the underlying root causes that need to be addressed are the denial of us growing older ourselves, straight ageism, lack of reciprocity between generations, and too little trust that allows everybody a place in society."

Rudi Westendorp, Professor of Old-Age Medicine at the University of Copenhagen

"Maintaining the prosperity of the Western world's ageing societies is no easy task. Yet the essays submitted for this year's Charles Street Symposium propose the socio-economic and political problems we and our geographical neighbours face could lead to shared solutions. Our five shortlisted entrants make creative, industrious, impassioned arguments on an array of individual challenges. They propose that by tapping the knowledge of our ageing labour market and the finances it has already acquired, we could in turn harness the outlook and skills of younger generations to build a richer, more caring and supportive society. Such ingenuity and ambition is to be both admired and commended as an example of what society might achieve when it seeks new thinking and analysis."

Adam Winslow, CEO, AIG Life Limited

1 SELL AND STAY: HOW A NON-PROFIT, EQUITY RELEASE FUND COULD SUPPORT INDIVIDUAL AND SOCIETAL AGEING

This essay argues for the creation of a non-profit equity release fund to help maintain wealth through the ageing process. By purchasing houses, the fund aims to release blocked capital from homeowners without requiring older people to vacate their home.

2nd

Jonathan Guillemot
PhD student at the Institute of Gerontology, King's College London

Hayley James
PhD student at King's College London

Sell and stay: how a non-profit, equity release fund could support individual and societal ageing

AGEING SOCIETIES ARE PROSPEROUS

Ageing societies are more prosperous societies. At stable birth rates, a society starts ageing when people start dying later. Death is delayed when people are better fed, receive better healthcare and benefit from increased security. Ageing is a pivotal outcome of a successful society.

MORE PROSPERITY IS ABOUT MAINTAINING THE AGEING PROCESS

Nonetheless, an ageing society poses immense challenges including healthcare and pension financing, employment organisation, family solidarity and so many other pillars of society. It may even bring society to the brink of collapse.

Inevitably, a society that inappropriately adapts to ageing soon stops ageing. Making ageing societies more prosperous involves (re-)inventing policies that will ease the transition from a young society towards an old society.

MAINTAINING THE AGEING PROCESS VIA MAINTAINING INCOME IN OLDER AGE

Despite benefiting from one of the best healthcare systems in the world, people in Great Britain who are subject to an income decline tend to have poorer health and a shorter life expectancy. Therefore, we advocate a policy that will maintain wealth in older age to adequately support the lives of individuals and therefore maintain the societal ageing process.

In 2012, more than 1.5 million pensioners—one pensioner in ten—lived in poverty in the United Kingdom.[1] Individuals seem to underestimate their retirement needs as well as their life expectancy. Poverty in older age is expected to increase as less than one-third of the working population is a member of a pension scheme.[2,3] This shows that maintaining wealth and therefore living standards throughout the ageing process is a challenge, and individuals are not taking appropriate measures to compensate for this. This also suggests that maintaining wealth is a way of contributing to a prosperous ageing society.

THE LIMITS OF GOVERNMENT RESPONSES: SHRINK PENSIONS, INCREASE CONTRIBUTIONS, AND DELAY THE RETIREMENT AGE

In ageing societies, there have been a number of economic responses to the challenge of maintaining wealth in older age. Private or public pension systems undergo stress in ageing societies: assumptions made when people are young prove no longer true when they become old, leading to real and nominal pension losses. If shrinking pensions is a solution, it pushes older people further into relative poverty, thereby ultimately endangering the ageing process.

Alternatively, increasing contributions to either state or private pensions, through taxation or other means, can only be effective to a certain extent, until an acceptable ceiling is reached where people cannot, or will not, contribute more.

While there are potential adjustments in legal retirement ages, the reality of declining health and fatigue in older age sets limits to the benefits associated with changing the retirement age. Furthermore, such policies meet strong opposition from the electorate.

These economic policies, while widely used, are often unpopular. Finding alternative solutions can help prevent the systematic use of these approaches.

UTILISING THE CAPITAL OF HOMEOWNERS TO SUPPORT AGEING

A significant proportion of older people living in poverty own their home and therefore constitute the so-called "income-poor and house-rich" group. While two-thirds of pensioners owned their home outright in 2007, 5-30% of older people could still live in poverty despite owning their home.[4,5] Downsizing, which means moving to a cheaper home and living on the capital, can be perceived as a rational option but older people often prefer to stay in their own homes. This can be understood as a way of avoiding upheaval.

An immense amount of capital is confined in estate. The median value of properties owned by people over 65 is £180,000 and over £230,000, for single and couple households respectively. For many people this amount outweighs the wealth held in pensions. For individuals aged 65 to 74, the median value of wealth held in pensions is £145,300; for individuals over 75, the wealth held in pensions is £50,100. Furthermore, the importance of housing wealth is likely to increase in the future due to the increase in the number of homeowners in subsequent generations. Also, private pension saving has become more precarious under defined contribution schemes, where the pension value is exposed to investment risk. It was estimated that if housing assets could be safely accessed by the over 65s in Europe it could reduce the pension gap by approximately 33% in 2010.[6]

The policy for which we argue proposes the release of capital associated with the estate of older homeowners. In this essay we support the creation of a non-profit fund that will offer to purchase the homes of older people against equity, which will help support everyday living expenditures and include the lifetime right to remain in their home.

CREATING AN EQUITY RELEASE FUND

We propose the creation of an equity release fund, which aims to compensate for declining income in older age. In order to maintain their economic, social and health standards, homeowners can sell their home in exchange for fair and acceptable equity payments. They also receive the right to remain in their home as long as they wish to. Upon death of the homeowner, the fund gains ownership of the house. Thus, the equity paid to the homeowner is calculated on the basis of the homeowner's life expectancy as well as the property value.

EQUITY RELEASE IN THE UK

The demand for equity release schemes in the UK fell between 2008 and 2011 but has been increasing since 2012, although it is limited by the poor reputation of equity release products.[7,8] This is due to the miss-selling of shared appreciation mortgages, as well as concerns over the complexity of products, including the involvement of potential beneficiaries.[9] There are a limited number of advisors who work with these products. Only 23% of advisory firms surveyed had sold an equity release product in the past year.[10]

The equity release market in the UK is currently dominated by insurers, as banks moved away from the products during the 2008 financial crisis.[11] This has led to some innovation in recent years but still only 1% of estimated property wealth held by pensioners is being accessed through equity release.[12] There is a huge potential for growth in this area, however, insurers who have been selling equity release schemes have not been greatly successful. Has it more to do with the small size of potentially interested people or rather the unattractiveness of the offers? Evidence supports the latter. Further research is nevertheless required to fully understand.

THIS EQUITY RELEASE FUND SHOULD BE NOT-FOR-PROFIT

Equity release is not new. Equity release products are already on the market, offered by financial service organisations. This fund differs in that it should be not-for-profit. Older homeowners are at the centre of attention of this policy. Establishing the fund as a not-for-profit organisation limits the risk that profitability becomes the first item on the agenda. Experiences of for-profit equity release programmes have demonstrated the fundamental ethical risks that lie behind such an enterprise: the risk is that homeowners who are desperate enough to accept unfair offers are targeted by exploitative organisations. A not-for-profit will make the prospect more attractive and trustworthy to older people and their families.

Older people do not usually want to sell their home and move. Older people are usually keen to remain at home as long as their health permits. This may lead to capital-rich homeowners living in appalling conditions.

WHAT EVIDENCE DO WE HAVE THAT IT WILL SUPPORT AGEING?

While equity release has been available in many countries for centuries, a question remains unanswered: do people who use equity release programmes live longer? Insufficient research has been conducted to demonstrate the health value of equity release. There is strong evidence of a positive association between income and life expectancy, hence the reasonable assumption that an equity release programme that allows access to blocked capital would support the societal ageing process. However, we would advocate for further research on key indicators that would test the value of equity release.

IS IT SOCIALLY ACCEPTABLE?

We believe a not-for-profit equity release fund will bring about societal benefits as older people will be able to maintain their wealth throughout the ageing process, and this will contribute to the ageing of society through their longer, happier lives.

One issue of acceptability is that not all will accept to disinherit their children from their family home. Can parents and children renounce the concept of estate inheritance? Fewer children live in their parents' home for their whole life. As a matter of fact, time spent in one home is declining as mobility increases, which weakens the concept of a cross-generational family house. Furthermore, research shows that the strong bonds that link older people to their children and grandchildren in terms of financial flows occur more often during their lifetime than after death.

Undoubtedly, not everyone will accept to sell their home. And, obviously, not everyone owns a home that they can sell. This policy proposal is not a systematic programme targeting all older people, but instead responds to a need for which we see there is an obvious solution.

HOW DOES IT MAKE AGEING SOCIETIES MORE PROSPEROUS?

This policy does not create wealth. It only releases blocked capital. However, it supports and maintains the income of older people who may otherwise enter poverty. It supports the maintenance of wealth through the ageing process by smoothly spreading access to capital over time, as the costs of older age occur.

By unlocking this capital, it makes available money that can be spent on social and health care services. This policy could be one tool to ease the demographic transition, contribute to making older people's life better, and eventually make society more prosperous.

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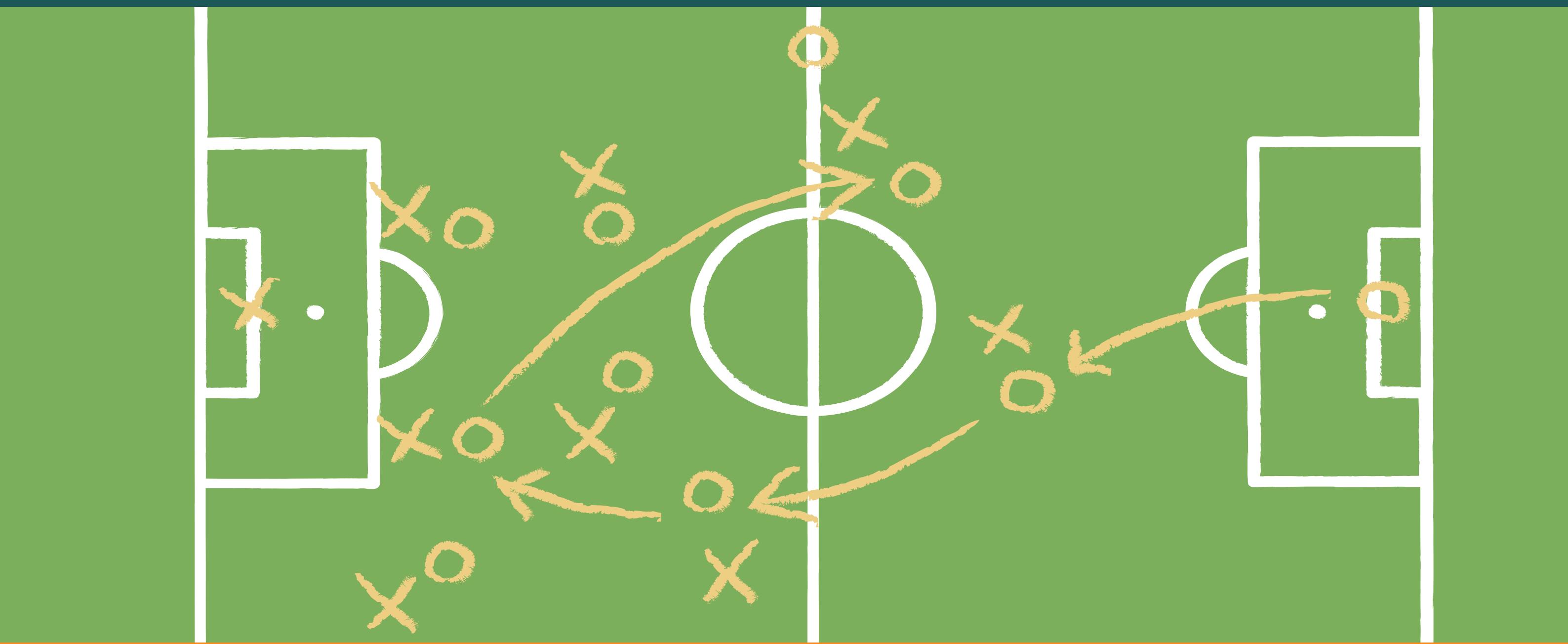
Hayley James is a PhD student at King's College London. Her thesis looks at the impact of automatic enrolment into workplace pensions on individual decision making, based on a qualitative research methodology. Hayley has a background in economic anthropology, having previously completed an MA at Goldsmiths, where she undertook ethnographic fieldwork about the Brixton Pound, a local community currency in South London. Her main research interests concern anthropological perspectives on money and value, and how meaning is created through these tools.



2 EFFECTIVE POLICY COORDINATION AND BOLD MEASURES: A FAIR AND SUSTAINABLE SOLUTION FOR CURRENT AND FUTURE GENERATIONS

This essay primarily focuses on addressing the question concerning the macroeconomic and fiscal challenges of ageing populations, although it also touches on the issue of political implications, as the author believes the two are fundamentally linked. In addition, the essay looks at the UK specifically, though some policy ideas may be applicable elsewhere.

Gareth Jones
Public affairs professional at Newgate Communications

Effective policy coordination and bold measures: a fair and sustainable solution for current and future generations

THE MACROECONOMIC AND FISCAL CHALLENGES

UK citizens are living longer than ever before. The Office of National Statistics (ONS) have projected that by 2035, those aged 65 and over will account for 23% of the total population, which represents a significant increase on the figure of 17% in 2010.[1] While improved life expectancy should be welcomed, it also represents one of the great challenges of the decades ahead.

There is certainly merit to the notion that the elderly provide an increasing contribution to the economy. Indeed, as the Legatum Institute's Stephen Clarke argued, "technology and changes in working practices can mean that more people work for longer and are not reliant on the state".[2] The significant financial challenges associated with retirement and care costs, however, cannot be denied or dismissed. Government figures show that in 2014/15 an estimated £114 billion of welfare spending was directed at pensioners, with expenditure expected to increase by an average of £2.8 billion a year over the next five years.[3] In addition, there will be significant additional pressures placed on other services, such as healthcare and housing. The fundamental challenge centres on the financial implications of these projected demographic changes and, specifically, how to manage the consequences of a relatively smaller working-age population.

In terms of the fiscal challenges, the Office for Budget Responsibility (OBR) has warned that without tax rises or spending cuts, the ageing population will cause a widening of budget deficits over time.[4] Such a situation would neither be sustainable nor desirable, however, the political challenges involved in raising taxes or reducing welfare payments to pensioners would be considerable. Given that older people are growing in number and more likely to vote, the political consequences of taking decisions to cut pension-related spending could be devastating for governments. Indeed, it could be argued that the current UK Government is indebted to the 'grey vote'. The Conservative Party secured its 2015 election victory thanks to significant support among older groups, particularly the 'over 65s', despite trailing the Labour Party among younger voters.[5] It would seem unlikely, therefore, that the Government would implement any policies in the immediate future that would negatively impact on older voters.

Despite this political challenge, it appears inevitable that at some point, tough decisions will need to be made on pension welfare spending. The current 'triple-lock' system, established in 2010, is regarded by some as particularly generous compared to the welfare settlements obtained by other demographic and socio-economic groups. Recent figures from the Institute for Fiscal Studies (IFS) show that pensioners now have higher incomes, on average, than the rest of the population.[6] It is questionable whether a continuation of this policy is fair or sustainable. Scepticism is clearly evident in the recently established House of Commons Work and Pensions Committee inquiry into "inter-generational fairness".[7] The basis of this inquiry is focused on whether welfare spending is well-targeted, given that current generations "in or approaching retirement will over the course of their lifetimes have enjoyed and accumulated much more wealth, welfare and pension entitlements than more recent generations can hope to receive." These criticisms of current government policy are likely to intensify as pension costs play an ever-greater role in public spending, particularly if they are seen to impact on other government spending decisions or tax increases.

The broader macro-economic challenges associated with an ageing society are arguably even more significant than the fiscal challenges and could result in future generations being significantly worse off than current generations in or near retirement. There are a number of concerns over the take-up, sustainability and effectiveness of private and company pensions in the UK. According to Scottish Widows, only 56% of people are saving enough for retirement.[8] Private pensions have been impacted by the closure of many defined benefit schemes, which has accelerated in the past few years.[9] As organisations struggle to cope with the cost and volatility of running such schemes, more individuals find themselves placed on defined contribution (DC) schemes and responsible for their own savings. This means that individuals will be subject to the risks associated with poor investment returns or market volatility (particularly in the current low interest rate climate) which they may not understand or be able to respond to. Moreover, there is a significant portion of the population unable or unwilling to save for their own retirement, despite the government's introduction of auto-enrolment for workplace pension schemes. The Department for Work and Pensions' (DWP) own research suggests that myopia, lack of knowledge and understanding, perceived poor financial incentives and affordability are common reasons given by individuals for not saving enough for retirement.[10] These issues clearly need to be addressed.

The final major macro-economic challenge relates to the UK housing market. The current generation in or at retirement have largely done well from the sustained and significant increases in UK house prices. Many current retirees receive an income from buy-to-let purchases (a trend that is reported to have increased since the introduction of pension freedoms) or through equity release schemes on their existing home.[11]This has also caused a dramatic decline in the rate of home ownership among younger generations. Should this trend continue and not be addressed by vastly increased housing supply, it will have a significant increase the intergenerational transfer of wealth and result in future generations being substantially less well off by the time they reach retirement.

A FAIR AND SUSTAINABLE SOLUTION

As the above demonstrates, the challenges posed by an ageing society are substantial and complex. In addressing them, policy-makers need to strike a careful and difficult balance in supporting those in or at retirement ensuring that they can live in dignity and comfort, while also delivering significant reforms to ensure that future generations do not suffer as a result. Crucially the management of issues associated with the UK's ageing population must be seen as fair and sustainable. This does not mean they should be viewed as divisive or as stoking some sort of intergenerational warfare, but rather as delivering for the long-term interests of all UK citizens. That said, it is difficult to conclude that meaningful change can be delivered without some bold measures—and a significant amount of political will.

I have prioritised the three main policy recommendations, which I believe will make the biggest difference in addressing the macroeconomic and fiscal challenges outlined above.

Recommendation One: Adopt a means-testing approach to certain benefits and social care services and remove the triple-lock protection of the state pension

This would be, by far, the most effective way of managing the significant fiscal pressures on pension-related welfare spending, without impacting on service quality or significantly increasing pensioner poverty. The means-testing of benefits would mean that better-off pensioners would no longer receive certain benefits such as free bus passes, TV licences and the winter fuel allowance, although more areas would need to be considered. The removal of the triple-lock must be undertaken given the projected impact it is likely to have on public finances in future.[12] These changes would be relatively simple to implement, but as outlined above, the challenge is essentially a political one and unlikely to be undertaken by the current government anytime in the near future. Further public policy debate and examination of this issue, however, should be conducted on a cross-party basis to ensure it remains high on the political agenda.

Recommendation Two: Government to provide a coordinated focus on policies to help people better fund their own retirement, ensuring that all consumers are encouraged to save adequately and that the UK's savings gap is closed

This, of course, is easier said than done and there is no single neat solution to this complex problem. There is, however, a range of actions, which should be undertaken by the financial services industry, employers and the government that, administered together, could substantially increase savings rates and the effectiveness of private pensions.

The financial services industry has long recognised the importance of encouraging greater levels of consumer saving and, in recent years developed more coordinated proposals to facilitate this. Examples include the proposals from a pan-industry initiative The Savings & Investments Policy Project's (TSIP) on 'Saving our financial future'.[13] The proposals in this report include, interestingly, the greater adoption of digital technology and standardised personal information to simplify how consumers manage their money and save. It would make sense that the role of digital financial services and 'fintech' (including innovations such as Apple Pay) should play an important role in (a) making saving more convenient and (b) engaging young people to save.

At a broader level, the development of guidance and financial education will be important to increase savings rates. The financial services industry should also take further steps to ensure it explains its own savings products better to consumers at a mass-market level. It is often the case that the affluent are well-served, but often other socio-economic groups do not understand some of the complex ways in which financial products are described. The savings industry could learn from other industries on how to describe complex issues in a straightforward manner to consumers, for example, the pharmaceutical industry and the way it explains how to use its products.

Auto-enrolment has meant that employers now take a greater role in pension saving. Further measures should be undertaken by employers, for example, the use of behavioural economics and 'nudge' techniques to encourage employees to automatically increase their pension contributions—ensuring they are saving adequately for retirement.

From the government's perspective, the pension tax system should be reformed to improve incentives for the majority of savers. Recent media reports suggest that the government are set to reform the pension tax-relief system in this year's Spring Budget, though it is unclear whether such a move would be effective.[14]

Recommendation Three: Government to address some of the structural issues around the UK housing market to vastly increase housing supply and reverse the declining rates of home ownership among current younger generations

This is arguably the most substantial of all recommendations, yet if it is not sufficiently addressed then the consequences of unaffordable homes will greatly compound the challenges of an ageing society. Unaffordable housing concentrates wealth, impedes social mobility, and undermines other forms of savings and investment, damaging productivity. The issue is primarily one of lack of supply and, largely, concerns planning policies and the allowing of housing developments in areas that are currently restricted (eg. green belt land). Again, the issue here is largely a political one (although this primarily concerns local government) and reflects the power of older established voters on current public policy-making.

In conclusion, addressing the challenges associated with an ageing society is a considerable task and requires a combination of effective policy coordination and tough political decision-making to ensure a fair and sustainable outcome for all UK citizens.

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3 BRITONS NEED TO CARE ABOUT CARE

Current approaches to the macroeconomic and fiscal challenges of ageing populations, such as planning to meet the strain via the increased use of migrant labour or raising spending in line with the Scandinavian example, are inappropriate for the UK. Instead, Britain needs a major cultural shift so more professionals across disciplines contribute their passion and expertise to the thousands of little changes we need for an effective, humane, universal system of eldercare. This could be achieved by ramping up scrutiny with a specialist industry watchdog, by promoting old age care as a prestigious first career for elite graduates following the model of Teach First, and by encouraging controlled innovation across the spectrum.

3rd

Jonathan Lindsell
EU Research Fellow at Civitas

Britons need to care about care

Western countries are currently exploring three approaches to meeting the growing problem of eldercare. This essay argues that none of these approaches is appropriate or feasible, meaning that reform and new thinking is urgently required. Sustained engagement with the problem now, before it is truly catastrophic, must instead foster a culture shift to permit not only the survival of developed states at their current levels of comfort, but the opportunity for flourishing.

The first approach being tested, particularly by families in Germany, is to outsource old age. Thousands of retired Germans are relocating to countries where care, medical expenses and the general cost of living are lower, allowing a higher quality of life than would be affordable in Germany, albeit in alien surroundings that are often disorienting.[1] For some individuals relocation to sheltered accommodation in cheaper Central or Eastern European states, or even far eastern communities like Baan Tschuai Duu Laa in Thailand or resorts in the Philippines, may be attractive.[2] To the extent that this solution is useful, it must be done with sensitivity, contributing to the outsource hosts' local economies rather than simply exploiting low wages and limited prospects.

But this cannot be a universal solution. The option is only open to the high-income elderly. It appears inhumane to many, is impractical for families and the elderly concerned, and rests on continued exchange rate and development disparity factors for its sustainability. Moreover its embrace would imply surrender, an acceptance that an advanced wealthy Western state cannot cope with its own elderly.

A similar solution that arises in British, American and German discourses is reliance on new economic or humanitarian migrants' labour to keep eldercare at reasonable costs. For North Europeans the main labour pools are the former Eastern Bloc and increasingly war-torn Middle Eastern states; for America, Mexico. With the embrace of labour-saving technology this kind of solution could well delay the kind of demographic crunch-point economists fear, but again it is untenable in the long term.[3] Migrants usually upskill and enter other industries as they assimilate and gain language qualifications, and those that do not repatriate will age and eventually contribute to the top-heavy demographic profile this essay competition aims to address. Again, if migrants' home states' economies converge with those of the employer state, their incentives to work in the West for low wages will disappear. In addition, the rise of anti-migrant populist parties suggests this solution would meet fierce opposition.[4]

The third broad solution, exemplified by the Nordic states, is to tax more and spend more. Those states are historically much more comfortable with higher levels of taxation than Britain and Germany, let alone the US. It is difficult to see any kind of massive spending overhaul in Britain, which has twice elected austerity-obsessed governments whose cuts to local budgets have seriously affected social care, or in Germany where infrastructure spending is waning and the political class wary of policy lurches.[5]

For the wealthy in wealthy countries, eldercare is a kind of national prisoners' dilemma: should we contribute to a mediocre system that eventually helps us, or save for our own potentially comfy retirement. In this vein it is tempting to justify much higher state spending for building elder communities and sheltered accommodation near hospitals with a full suite of facilities addressing physiotherapy, nutrition, social and mobility needs. However, it isn't clear that mountains of cash directed just at eldercare would reproduce Swedish standards. A fallacy that often arises when looking to Scandinavia for policy ideas is to cherry-pick specific areas of excellence (education, medicine). Those countries' high quality of life and public services are the result of fifty years of social democratic investment across all state concerns, plus divergent understandings of social responsibility. To cherry-pick you would need the whole cherry tree.

A mixture of the solutions above may soften the negative aspects of each, but would remain risky and politically Herculean. It is more constructive to consider reforms to health systems and social attitudes to them, to allow a nation such as Britain to provide largely for itself, of its own labour supply, without an unlikely pivot to Nordic spending levels.

To give specific policy prescriptions to achieve this in a brief paper would be arrogant and superficial—hundreds of specific tweaks are needed. These can be achieved by promoting a robust culture shift. The suggestions below consider ways to prompt attitude changes to bring eldercare health and social systems closer to Britain's best talent, Britain's best scrutiny and the market.

Looking only to technology cannot be the solution. Technological advances may well help monitoring health and allow distance communication, or address individual health needs, but will only ever form a small part of the answer. Most recent innovations attempt to solve very specific problems: falls, incontinence, medication regime keeping, nutrition.[6] Labour-savers like the Japanese bed that converts itself into a wheelchair are helpful but far from the root of the issues (nevertheless, emphasis on more innovations like this is important for their cumulative effect.)[7] Technology could allow for more responsive nursing and emergency care. The most effective developments could doubtless be adopted at a national level or integrated into NHS provision, but it is as yet unclear which deserve such investment.

Elder healthcare and social care are not sexy career choices. The sectors mainly employ low-skilled natives or migrants, usually young, often through agencies which increase costs and potentially endanger care. Even at the bottom margin of the skills pool, the sector struggles to recruit and retain workers, or overworks them.

This is a troubling state of affairs, but a soluble one. There is employer appetite for more elite graduates to work in eldercare, and according to the Good Care Group, plenty for them to do.[8] The sector indicates that it is keen to recruit more but is struggling to do so.[9] Why? Because they are drawn to the pay and prestige offered by careers in management consultancy, banking, law or industry.

However, a similarly low-paid and hard career path—secondary education—has had great success in hiring large numbers of the best graduates. This is thanks to Teach First, a social enterprise that presents teaching as a valuable learning experience, a challenge that overcoming entails CV and personal enrichment, and a fulfilling social good. It places teachers in tough schools after six weeks in boot camps, and requires recruits to study for full teacher qualifications, attained after two years. Teach First recruited more than 1,600 new teachers in 2015 and has been in the top ten of *The Times Top 100 Graduate Employers* since 2008.[10] Retention is lower than traditional teaching routes but still high. For continuity, consider the eldercare proxy approach 'Care First', including at least a year actually doing the physical work of hands-on staff to fully understand the system from the bottom up.

If an industry-government partnership or a social enterprise established Care First as a high prestige option, more of the country's best would be attracted. This is important because many of the localised problems of eldercare require not only compassion and health training but problem-solving and coordination ability. A clear example is the issue of 'bed blockers', or elderly people who are stuck in hospitals—at great cost to overburdened hospitals and to their own distress—awaiting appropriate sheltered accommodation or home visits to be organised by the local authority.[11] This is precisely the kind of bottleneck that private firms employ consultants to fix.

Engaging more of the best minds in eldercare should also foster innovation in much the same manner as this essay competition perhaps aims to, but on a greater scale and with more practical grounding. Engineering, computing or design specialists in Care First placements may see specific care difficulties their skills could solve, make and test prototypes, even found businesses following their experiences. Humanities students and linguists may discover better ways of integrating the different aspects of care for the comfort of the elderly, or of promoting social bonding through shared spaces. Statisticians and scientists could run in-field blind tests comparing the efficiency of different systems or interventions. The British government has already recognised the potential of a Care First-like scheme in the form of the Frontline programme, which is modelled on Teach First and aims to recruit social workers from universities, and is bearing early success.[12]

A Care First scheme would attract media and public attention. This would have the benefits of caregivers unionising for better conditions and pay, making the career more attractive to all, and allowing more apprenticeship-level recruitment.[13] Those who participate and move on would gain a relationship with, and awareness of, the problems of healthcare through later life.

A complementary reform must be a well-resourced watchdog. Monitoring eldercare is a responsibility of the Care Quality Commission (CQC), which oversees everything from care homes to large NHS hospitals to dental surgeries. Given the scandals that investigative programmes such as the BBC's *Panorama* often unveil across the spectrum of its responsibilities, the CQC appears unfit for purpose.[14] To give eldercare the scrutiny it needs for consistent high quality, it needs its own watchdog, one that can hold all aspects of eldercare to a gold standard and motivate care providers to be the best. No protracted abuse scandal should be possible. This could be emphasised further with a ministerial position in the Department of Health with a dedicated eldercare brief, giving the issue the precedence it requires lest it become a national scandal.

My generation tries to forget about pensions and our own retirement as much as possible. Everyone should be keenly interested in the state of the elderly. Care must have more guardians than the odd investigative journalist and the occasional crusading family.[15] Again, enlivened recruitment and cultural interest could help here, as could technology to some extent: care providers are unlikely to do shoddy work if they fear every granny has a hidden camera.

In a TED talk exploring the lessons tribal societies may offer for eldercare, Jared Diamond highlighted the need to look seriously at ways the elderly can work and contribute to society. This would help them stay healthy and productive. One suggestion was to give the elderly a greater role in childcare.[16] Pushing a culture shift of familial responsibility can only help so far. Some elderly people are estranged or simply don't have younger relatives, and many working-age children already support their parents. Other roles, Diamond suggested, included dispute arbitration, strategic planning and interpersonal resolutions.

Diamond's thesis raises an interesting possibility: that of the actual integration of childcare and eldercare. This is already being seriously tested.[17] While the staff directly caring for the two groups may need to be separate, the importance of quality heated accommodation and nutritious food for both is paramount. This could have the long-term effect of socialising children to being accustomed to the elderly and to recognise their needs. It could also save the state double-catering for shared needs, and stimulate building planners and architects to consider spaces that meet the essentials of all ages, keep spirits high, and incorporate health facilities.

These ideas have costs, but would be far cheaper than those associated with a shift to the Nordic model. If Britain were committed to a change in healthcare culture and made real progress in producing high quality affordable health and social care for the elderly, it may well attract just the kind of eldercare tourism discussed in the German example. If the UK solutions were seen as gold standard, this opportunity could prove lucrative to the elderly population of Germany, America and Japan, where the demographic situation is more extreme.

Britain could then be a world-leader, a model for a society that faces its responsibility to the older generation and meets it with the country's best talent, tolerates no shoddiness or abuses, embraces effective technology, and explores ways to keep the elderly integrated and enthused in daily life, not shut away from the public eye.

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4 TRANSFORMING POTENTIAL BURDENS INTO OPPORTUNITIES: HOW TO ENSURE THE SUSTAINED PROSPERITY OF THE EU AS BABY BOOMERS AGE?

The European Union currently faces a demographic transition which will inevitably alter the structure of European societies and pose a great challenge to the welfare system. Over the next few decades, as the baby-boomers will age and retire, the working age group (15-65 years) will shrink, creating a societal imbalance that could result in an inter-generational conflict between workers and retirees. This essay puts forth a twin-track policy which would entail the simultaneous encouragement of the temporary influx of highly educated young professionals and the social and economic engagement of retirees, to provide both short-term relief and a more sustainable solution.

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Transforming potential burdens into opportunities: how to ensure the sustained prosperity of the EU as baby boomers age?

From the Middle Ages to the contemporary era there was a radical shift from the belief in the power of miracles to the belief in the power of science and technology. This transition illustrates what Max Weber referred to as the "disenchantment of the world", one which has had incredible implications for Europe's, and the world's, demography.[1]

This disenchantment coincided with incredible advances in science, sharp declines in mortality, declines in fertility and ever-increasing life expectancy. Life expectancy increased from 31 years in the Middle Ages to 77.8 years in 2013 on the European continent.[2,3] In parallel, "the total fertility rate decreased globally by almost half over the last half century" and Europe in particular might even be heading "towards a baby recession", warns Giampaolo Lanzieri, a senior expert at Eurostat.[4] When these factors overlap, it causes the median age of a country or region to rise, creating the phenomenon we refer to as 'population ageing'.

An ageing population presents a number of opportunities for socio-economic growth—yet, this does not come without its obstacles. This esssay argues that to render this phenomenon sustainably fruitful, Europe (EU-28) will have to put in place policies to minimise the stress of its current demographic transition.

First, I examine the baby boom-and-bust phenomenon that occurred in Europe. Secondly, I assess its consequences for Europe's age structure and, in turn, the implications of such an imbalanced structure on European societies by adapting a Neo-Marxist framework of analysis. Finally, I outline a twin-track policy solution to cope with this upcoming challenge: I will argue that the creation of a Young Professionals Programme under the European Blue Card system, along with creating programmes to engage the current retirees in the socio-economic lives of their countries, will ultimately reduce intergenerational conflicts and advance social cohesion.

During the baby boom in the now 28 EU countries (hereafter, Europe), there was a significant increase in population, growing from around 549 million in 1950 to around 695 million in 1980, an increase of around 146 million people during those three decades.

This baby boom was followed by a baby bust, meaning a decline in fertility rates and henceforth in population growth. This becomes evident when we compare the population growth of these countries in the following three decades, from 1990-2020. European countries will experience a slow-down in their population expansion with an increase of only 20 million, compared to the 146 million of the previous three decades (1950-1980).[5]

The ripple effects of this boom-and-bust phenomenon are best put forth by three indicators. Firstly the median age of European societies is increasing. In 2000, the average median age in Europe was 37.1 years, but is projected to increase to 42.2 years in 2020 and 46.8 years in 2050. In parallel, the percentage of people 80 years and older (also known as the oldest old) made up only 3% of Europe's population in 2000 but is expected to jump to 5% in 2020 and 10.1% in 2050. Consequently, European societies' age structures will change drastically: the proportion of their older populations will continue to grow larger and their working age groups (15-65 years) will shrink in comparison. The consequences of such a shift become evident with this final indicator, the old age dependency ratio, which highlights the strain this will bring upon European welfare systems. In 2000, the old age dependency ratio was at 21.5%, while in 2020 it is estimated at 29.6%, and in 2050 it is estimated to climb to 48.4%. To put this into perspective, in 2013 there were four workers supporting one pensioner, while in 2060 estimates by the European Commission show that this proportion will halve, coming to only two workers to support one pensioner.[7] Yet, what could be the societal impact of such an imbalance in the age structure of European societies?

While it can be expected that the shrinking working age group pay higher taxes to accommodate for the welfare of an ever-growing elderly population, an intergenerational conflict of interests will become highly likely. As Marx said, "the ruling ideas of each age have ever been the ideas of its ruling class". Clearly, it is not a matter of a class struggle explicitly, as stated in Marx's theory, but if we create an adaptation of Marx's theoretical framework we can analyse the implications of Europe's coming age structure. Therefore, if we consider that Europe's societies are all democracies, and that there is an ever-growing population of the elderly who are in fact twice as likely to vote, we can consider the elderly as what Marx referred to as the "ruling class", yet applied here in a totally different context. Thereafter, the working age group (15-64) would fall under the category of the "proletariat" and, in this adapted context, would be highly vulnerable to exploitation if no policies are put into place to relieve the strain on the working portion on the population. Here, the Marxist framework serves not to promote the creation of a classless society, but to forewarn of the possible intergenerational conflict that might arise from the excessive stress created by the retiring baby boomers on the welfare systems. This excessive strain would inevitably result in "the workers of the world to have nothing to lose, but their chains" in what would be a vicious system.[8] Therefore, it would seem necessary to implement a twin-track policy, one which would provide short-term relief to expand Europe's increasingly restricted labour force and another to help Europe transition into embracing its older age group, engage them into society and develop a European "silver economy".

To ensure the lasting dignity and rights of both the elderly and the young alike it is important to act immediately to rejuvenate Europe's labour force. The urgency of this matter becomes evident when compared to another developed region, such as North America. The US, for example, is "projected to grow faster and age slower than the populations of its major economic partners in Europe".[9] The US' current median age is estimated at 37.8 years, while Europe was only this young back in 2000 and is now projected to reach the median age of 42.2 years in 2020.[10] Thus, the US has a considerable strategic advantage over the EU. As Griswold commented about immigration in America, "successive waves of immigrants have kept our country demographically young, enriched our culture and added to our productive capacity as a nation, enhancing our influence in the world".[11] Thus, it becomes evident that the US' capacity to integrate migrant workers has been a big factor in this and its Green Card system has undoubtedly allowed it to maintain an overall younger society. In parallel, Europe, with its high dependency ratios, is likely to experience difficulties "to maintain the current social welfare systems". However, this analysis also highlights the potential power immigration holds to help Europe with this imminent crisis. While an increase in fertility rates should be encouraged, Europe must press for a solution with more immediate relief. Therefore, this essay puts forth the idea that a “sustained influx of young immigrant workers would relieve labour market pressures, support low inflation economic growth, allow for steady population growth, and keep pension commitments under control”.[12]

However, this essay also accepts that in many parts of Europe today there exists, an “anti-immigrant sentiment” and “rising xenophobia” expressed in particular with the rise of far-right parties in the region. For this reason, this paper upholds that this sustained influx of young immigrant workers should be established within a highly regulated structure: thereafter, the newly created European Blue Card system should be reinforced with the creation of a Young Professionals Programme to attract young and highly skilled workers from all over the world to work in Europe, for a limited period of 5-10 years before returning to their country of origin. This would have a number of benefits: first, it would help maintain a steady worker-pensioner ratio within European societies, yet without creating a “brain drain” for any of the developing countries or countries of origin, as it would be for a limited period of time (5-10 year work permits). In addition, this would drive the positive aspects of globalisation, such as flows of knowledge, diversity, and skills-sharing between young professionals from all over the world, including Europe. The successful integration of migrant workers would fill labour shortages and keep pension commitments manageable.

As this is being implemented, it would also be necessary to explore how to transform the growing elderly age group into being, to the greatest extent possible, an active part of Europe’s socio-economic life. Studies have shown that Europeans are living longer and healthier lives and as man is by nature a “zoon politikon”, in other words a political animal, who thrives on interaction with others, it is vital to ensure the inclusion of the elderly in society to avoid their segregation.[13]

To do so, it is equally crucial to deconstruct the myths surrounding the senior part of our populations. Far from being a burden, elderly citizens present countless opportunities for socio-economic improvements in Europe. European governments must focus their efforts to implement ways to prepare our societies for the development of an elderly workforce. However, this essay retains the position that this can only be done gradually and we will take Kant’s position of scepticism towards revolution and his preference for evolution.[14] In other words, we cannot expect the entire elderly workforce to enter into jobs or community volunteering, but programmes to encourage such activities should be put in place to help prepare the transition to raising our retirement ages.

Thus, it would seem cautious and well-founded to create opportunities, tailored to the older ages, to work either part-time or even receive training to learn skills needed for work. Indeed, “helping ageing workers to keep their skills up-to-date and preventing skills obsolescence is essential to preserving their work ability”.[15] It is true that, “Europe’s ageing workforce is increasingly talked about as ‘the silver economy’ that may energise development and bring new opportunities for economic growth", but this will only become possible through training and investments in human capital.[16] A European project of this type has been conceived already, titled "Silver Workers", which puts in place “mechanisms that help the 50+ workers detach from old and obsolete models and tasks which are no longer adapted to the needs of the contemporary market". This project aims to help more senior citizens "develop self-entrepreneurial skills and capabilities, through trainings and support of experienced executives to align with the professional skills necessary to integrate into new professions in line with contemporary trends".[17] We put forward the idea that more programmes of this type be adopted and implemented by national and local governments alike to develop Europe's silver economy, which holds an enormous potential for generating wealth, relieving pressures on the welfare systems and, in the longer term, allow for society to adapt to longer working lives. In turn, this would create additional social homogeneity and thus further reduce the possibility of an intergenerational conflict between the working and retired populations.

To conclude, Europe is certainly undergoing a difficult transition. Our population structures are changing faster than our societies and governments are able to adapt, which is proving to be a major obstacle of our time. The baby boom-and-bust phenomenon will pose a great challenge to the welfare systems which could trigger social division and conflicts between different generations. Yet, there are solutions to help societies cope and adapt to such changes. Immigration is currently a topic of controversy, but the creation of a Young Professionals Programme could undeniably ease the stress on a shrinking European workforce. In parallel, implementing programmes on all different levels to encourage the elderly to partake in socio-economic life past their retirement age would have the dual benefit of creating more advanced social cohesion while generating benefits for the economy—the silver economy—which Europe should look to develop in the coming decades.

If implemented, these policies could aid the European region to turn a potential burden into a golden opportunity. In the long run, implementing this twin-track policy would ease the demographic transition that Europe is undergoing and allow European governments to focus on innovating new frontiers for rendering welfare sustainable.

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5 CARING CREDITS FOR THE EUROPEAN UNION

This essay argues that the looming demographic change across the European Union may pose an even greater challenge than the economic recession and refugee crisis. Drawing on experience from other countries, it further indicates that the solution lies in redesigning the Union's healthcare systems to incorporate time banking and developing a common system of caring credits for the EU.

1st
WINNER
AIG LEGATUM PRIZE

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Caring credits for the European Union

The EU has endured more than its fair share of crises and challenges recently. The 2008 recession and ongoing economic uncertainty in Greece have both threatened to tear the Union apart. The current refugee crisis has now presented another pressing issue which will require cooperation and policy coordination to resolve. However, Europe is on the verge of yet another crisis—one that arguably threatens to dwarf previous ones both in terms of potential change and fiscal impact.

This crisis is one of ageing demographics. As the EU's population grows older the number of young, working age people decreases relative to the ever-growing number of elderly. This will impose untold costs on the healthcare systems of all member states and make financing the ever-growing care bill increasingly difficult. However, what if this impending crisis was viewed not as a challenge, but rather as an opportunity to make the EU more prosperous? The solution lies in redesigning the Union's healthcare systems to incorporate time banking and developing a common system of caring credits for the EU. Time banking allows ordinary citizens to earn time credits in exchange for caring for the elderly, which they can then spend on their own care in the future, or on a relative's care. This offers a low cost, humane system of care that allows the elderly to maintain their dignity. In this essay I examine the extent of the problem facing the EU. I then outline the inspiration for my caring credits solution and explain in detail how this would be implemented before reviewing the challenges and opportunities that pursuing this policy might entail. Finally, I offer a brief conclusion and reflection.

In order to examine the proposed solution it is first necessary to examine the extent of the challenge facing the EU. Eurostat estimates that the median age of the population of the Union will rise from 40.4 (2008) to 47.9 by 2060. While this may not seem like a major increase it is only when the demographics are broken down by each age cohort that the coming crisis reveals itself. In 2008 there were four people of working age (15-64) to support every retired elderly person. By 2060, this figure is expected to halve.[1] The growing number of elderly will place a greater and greater burden on the healthcare systems of the member states. At the same time each state will have to finance their healthcare systems with an ever-diminishing tax base as the number of people paying income tax diminishes relative to those drawing state pensions. A recent study from the IMF found the cost of these demographic changes would be so great to advanced economies that their fiscal impact would be ten times greater than that caused by the financial crisis.[2] Governments are not the only ones feeling the cost; a report from Carers UK found that the value of carer's support provided has almost doubled in value from 2001 to today, rising from £68 billion to £132 billion.[3] This report not only shows that carers already perform a vital role in many economies—as Britain would need a second NHS if they did not provide the services they do—it also highlights that many carers feel overwhelmed and recommends relief schemes to help them.[4] Both of these factors make the EU's promise in Article 25 of its Declaration of Fundamental Rights: "to respect the rights of the elderly to lead a life of dignity and independence and to participate in social and cultural life" look increasingly difficult to guarantee in the future.[5] However, as we shall see, the introduction of caring credits across the EU would help states meet the financial challenges of ageing societies, while also providing relief to hard-working carers. It would also help the EU keep its promise of giving the elderly a dignified and respected life while simultaneously building a shared sense of European solidarity.

In order to develop a solution to the problems posed by the EU's ageing demographic I turned my attention to the country with the most experience in dealing with such issues: Japan. With the world's longest life expectancy and a low birth rate, Japan has been dealing with the kind of demographic challenges that await Europe for decades.[6] I began to study "Fureai Kippu" or caring tickets, a time bank system which allows members to earn credits for caring for the elderly which they can then exchange for their own care later in life or the care of a relative.[7] I was particularly interested in the idea of "long distance care", where a member can earn credits in one part of Japan and send them home to their elderly parents to use, getting another scheme member to care for them.[8] This scheme is cheap compared to state welfare schemes, and it also helps elderly people live independent lives and allows them to remain integrated within their local community.[9] This scheme is even exported abroad, with Japanese populations in the US and Switzerland caring for elders there and sending credits home.[10] Similar successful results are reported from time banks elsewhere such as the Visiting Nurse Service of New York, which provides services to elderly members in exchange for credits with the aim of allowing people to maintain their independence.[11] Daniel Grainger holds that integrating time banking into the UK healthcare strategy is a necessity as it offers the "best-value means of community development, welfare provision and health promotion".[12] However, compared to other time banks, Fureai Kippu still has some unique strengths; it is not one system but rather a collection of several local schemes designed around the specific caring needs of each community.[13] My idea is to combine the flexibility of this time bank with a credit system similar to the European Credit Transfer and Accumulation System (ECTS) used in higher education. This essentially functions as a form of currency, allowing a comparison of educational attainment by students across member states.[14] My vision is to have members of local time banks across the EU earn caring credits which they can then redeem in the future in any member state, or alternatively use to exchange for another member to care for their relatives. This would allow members to ensure their parents were cared for in their absence and would have the added benefit of building a shared sense of solidarity across the EU as immigrants cared for the elderly of their new host country.

But how easy would such a scheme be to implement across the EU? The answer is that it would take time, but much of the infrastructure necessary to make the scheme a reality already exists in the EU today. There are a number of time banks which aim to care for the elderly (along with other goals). For example, in 2013 the Dutch government created "daan helpt", an umbrella organisation which aims to facilitate the support of the elderly and disadvantaged in exchange for time credits which can be used to purchase services from other members.[15] Another scheme gives young renters in Finland cheap accommodation in care homes in exchange for spending time with residents.[16] I believe that there needs to be three distinct stages in the development of the scheme. Firstly, the EU needs to help facilitate the development of local schemes such as those mentioned above across the member states. This is already in operation to a small extent through the Community Currencies in Action programme which gives financial and organisational support to help in the development of pilot currencies such as the SPICE time bank in Wales, using funds from the EU regional programme. Firms such as Qoin, a not-for-profit organisation which aims to support communities or local governments in the development of complementary currencies such as time credits across the EU, could also be used to help develop a network of time banks. Secondly, the second stage involves national governments creating national clearing houses such as "daan helpt" allowing caring credits to be traded between schemes and regulating the amount that a credit is worth eg. one credit for one hour of caring. The final stage involves the EU facilitating the trading of credits across countries, allowing members in different countries to support their relatives in another state or save them to use in the future in any member state. The benefit to creating a system of caring credits across the EU is that it would give individual countries and communities the flexibility to design schemes that meet their unique care needs, while easing the pressure on health systems and carers across the EU.

Having outlined how the system of caring credits would operate within the EU, I turn my attention towards the possible challenges and opportunities that pursuing this policy might present. One of the potential challenges is the reaction of volunteers to the idea of being rewarded for their services. For example, in the UK Care4Care scheme, volunteers disliked the idea of benefiting from their actions because they were motivated out of a desire to help the elderly. Similar problems were also noted among some Japanese schemes.[17] One solution to this problem would be allowing members to donate the credits that they earn to other elderly people, thus allowing them to volunteer without personal gain. Another challenge which arises is when members who wish to use the service run out of credits. A solution to this problem in Japan came by allowing new credits to be purchased using cash. It was found that these hybrid cash and credit schemes were more resilient over time as new members could buy into the scheme and the funds raised could help finance the scheme's administration costs.[18] However, the scheme also offers many opportunities which traditional healthcare systems cannot. For example, in an article for the *Journal of Aging & Social Politics*, Ed Collom found that elderly members who participated in time bank schemes had increased contact with younger members of their communities, were better integrated and had higher reported wellbeing.[19] A 75 year study by Harvard University also found that "loneliness kills" and that people who had social relationships with their community were happier, healthier, lived longer lives and had superior brain function.[20] Taken together these two studies suggest that caring credits may not just help finance the cost of healthcare in the EU, but may provide benefits which current systems simply cannot, such as better social integration and increased subjective happiness in the elderly. What is clear is that despite the challenges, caring credits offer a humane and dignified approach to care which allows people to keep their independence. This is the policy's greatest strength.

In conclusion we can see that ageing demographics in the EU pose a major challenge to its existing healthcare systems. However, we have also seen that this challenge can be met head on by introducing a network of caring credits across the EU. This network would not appear overnight but much of the existing infrastructure to make this policy a reality is already in place. All the EU needs to do is to mobilise it. We have seen that caring credits would not come without their challenges, however, the potential benefits far outweigh the risks. Caring credits for the EU would not act as a panacea solving all demographic problems, but it is part of the solution and ultimately it would allow healthcare provision in the EU to adhere more closely to the values of dignity, independence and the right to participate in social and cultural life guaranteed to all of Europe's elderly in its Charter of Fundamental Rights. Europe's ageing demographic need not be seen as a crisis, but rather as an opportunity to redesign its institutions to promote a more prosperous society for all.

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