

# BULLETIN

## What obligations determine the provision of care to the elderly, and are they adequate?

This *Bulletin* summarises a presentation made to a Conference on Intergenerational Solidarity organised by the Slovenian Presidency of the European Union<sup>1</sup> in April 2008. It draws on a wider, cross-national study of policies for the financing of long-term care that pays particular attention to issues of policy transfer, the role of the family and of social assistance legislation and of the enforcement of filial piety or familial duty.

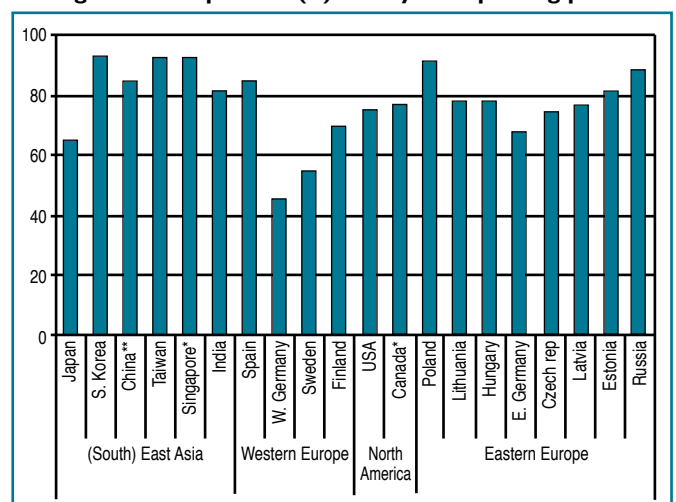
That the frail elderly prefer to stay at home for as long as possible and prefer care to be provided, at least in the first instance, by family members is widely accepted.<sup>1</sup> The recent Eurobarometer provides evidence for this (Eurostat, 2007). What is less clear, and of more interest, is whether families are able or willing to provide such care. Provision of care by the family has its costs. It is some of these issues that this paper seeks to address. There is little doubt that adult children feel some obligations towards their parents. An analysis of the World Values Survey, which tries to ask questions in a manner that is as culturally sympathetic, but also as culturally neutral as possible, shows that in most societies parents are felt to deserve almost unquestioning respect. What is of interest is not the differences between countries and the one or two outliers, but rather the similarities in scores. As might be expected, views consistent with “filial piety” are particularly widely shared in East Asian countries, where “Confucian values” are supposed to prevail, but such views also seem to prevail in countries such as the United States and to central and Eastern Europe.<sup>2</sup> Equally, different belief systems are not associated with substantially different scores. Non-adherents to any faith seem little less filially pious than adherents to any particular religion. Thus, the question becomes, whether the fact that filial piety is widespread

provides the basis upon which a sustainable system of care for the frail elderly can be built.

### The codification of values

Filial piety is not merely a shared value; it is something embedded in law. Most European countries are part of a civil code tradition. The Napoleonic and the Bismarkian civil codes present the best known examples. These set out obligations towards family members and these obligations are not merely vertical and downwards – requiring that parents take responsibility for the welfare of their not yet adult children – but also vertical and upwards – requiring that adult children take responsibility for the support and

Diagram 1: Proportion (%) “always” respecting parents



<sup>1</sup> Further details are obtainable from the author, Bernard H Casey (b.casey@warwick.ac.uk). Some of the initial analysis behind this article was undertaken when he was a senior economist at the OECD. However, the views and interpretations presented are his alone.

<sup>2</sup> The low score achieved by Japan – an east Asian country – is remarkable and, so far, an explanation for it is lacking. However, a similar result has been found in an HSBC/Oxford Institute of Ageing study (see HSBC, 2007, Fig. 2.3). This also shows a relatively low score for Japan with respect to a question on how much individual responsibility individuals feel towards their families.

maintenance of their parents – and even horizontal – involving responsibilities to siblings. Such codes can be enforced before civil courts. More importantly, certain principles contained in civil codes are translated into social assistance legislation. Thus, before being able to call upon the state for assistance, including assistance to pay for long-term care, applicants have to show that their adult children are unable to meet their obligations. The state is the last resort, and social assistance authorities can enforce their claims against children in administrative courts.

Civil codes originated in Europe, but were copied by South East Asian countries – notably Japan and the republican government of post-imperial China (on Japan, see Campbell 1992). Social assistance legislation was also copied. The post-socialist countries of Central and Eastern Europe have equivalent codes and laws. In both Europe and East Asia, legal enforcement is rare. In most cases, the authorities rely on moral pressure and a sense of “shame” to operate. Even the United States has federal legislation, complementing earlier state-level legislation that enforces filial piety with respect to the payment of the costs of long-term care where this is publicly provided.

The UK, along with most other “Anglo-Saxon” but also the Nordic countries, is outside the civil code tradition. In the UK, there is no direct responsibility for children to pay for care. However, in England (and to a lesser extent in Wales), means-testing requires that recipients of publicly provided care must run down their assets. To the extent that they do, they diminish the amount they can leave to their children on their death. There is thus an economic incentive for children to behave in a “moral” fashion.

### Fiscal pressures and policy responses

The extent of demographic change does not need to be set out. Nor does it need to be repeated that the fastest

growing component of the growing elderly population is the very old. The European Commission and the OECD carried out studies of the fiscal implications of societal ageing at the start of the millennium (see European Commission, 2001 and OECD, 2002). Whilst much of the interest that these studies evoked centred upon the costs of the provision of pensions, it is projections of the costs of providing long term care – i.e., of meeting physical as much as financial dependence – that are more noteworthy. In 10 out of 12 countries for which data was available, the proportionate (not the absolute) change expenditure for long-term care was projected to be greater than the proportionate change in expenditure on pensions.<sup>3</sup> In short, paying for care for the frail elderly might present the most substantial component of the challenge that ageing societies have to face. Faced with the prospect of a growing number of the very old and with the costs that caring for them implies, policymakers in many western countries have “rediscovered” the family. They have conceptions of “how things work” in countries such as Japan, and they have found this attractive – sufficiently so that there is, from some quarters, a promotion of “Asian values”.

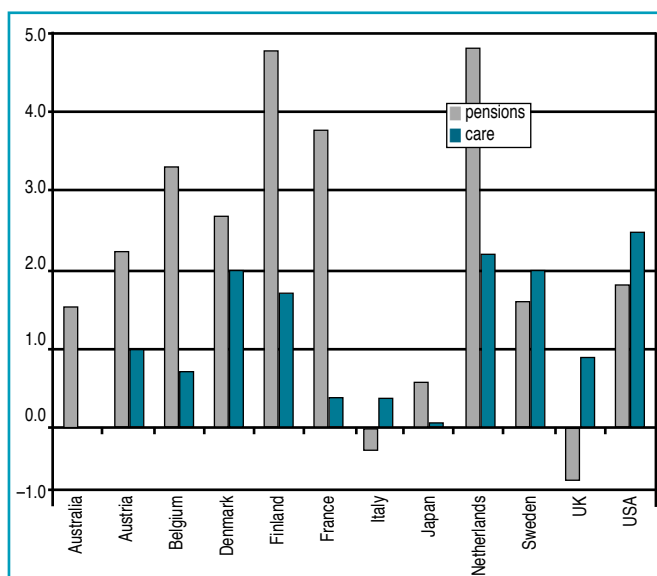
This provides an amusing example of what might be termed “technology transfer in reverse”. Policy ideas are usually understood to flow from “western”/“more developed” societies to “developing” societies, rather than in the reverse direction. However, reliance on “traditional values” has been used to justify fiscal conservatism with respect to social policy both in East Asian countries (South Korea and Singapore being examples) and in post-socialist countries of Central and Eastern Europe (including Slovenia). In the latter countries, formal social care systems have scarcely been built up, and most care is performed informally by family members.<sup>4</sup>

### Problems of relying on informal care

Family-based care systems come under pressure for a number of reasons. Families no longer live close together. Children move away for reasons of work. Women – the traditional providers of care – increasingly work outside the home and wish to do so. Distance not only makes the provision of informal care more burdensome, it also reduces the power of moral sanction.

However, it is not only that an increasing share of women work and want to work, it is also the case that economic and social policymakers want them to work. Declining birth rates and population ageing threaten to slow down the increase in the size of the labour force and even to reverse it. Moreover, without more people in work, the social contributions needed to pay for more people drawing pensions cannot be collected. It is for this reason that the European Employment Strategy, the Strategy for Growth and Jobs, and the wider Lisbon Agenda have put so

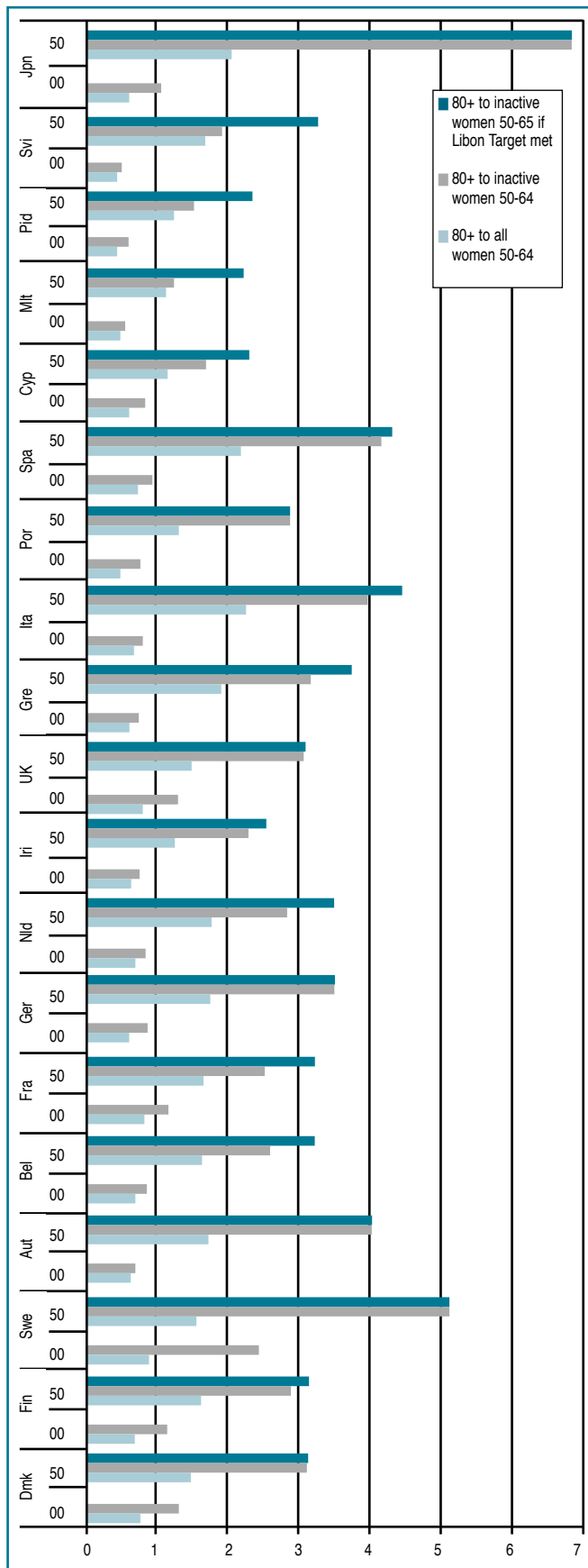
**Diagram 2a: Increase in public expenditure on age pensions and long-term care between 2000 and 2050**



<sup>3</sup> At the time the data was prepared at the OECD (in 2001), the relevant figures were not available for the countries of Central and Eastern Europe.

<sup>4</sup> It should be noted that the last constitution of the Soviet Union – that of 1997 – contained, in Article 66, a requirement for adult children to take primary responsibility for the support and care of their parents.

**Diagram 3: indicators of availability of informal carers, 2000 and 2050 (people aged 80+/women 55-64)**



much stress on mobilising additional labour resources. One of the most important of these resources has been older people. Thus, one of the “Lisbon targets” has been to increase the share of people aged 55-64 who are in employment to 50 per cent by 2010. Since it is older women of this age group who are least likely to be in employment, and yet are most likely to be undertaking informal care services, there is an apparent contradiction between the objectives of both European and national government policy.

The number of elderly people per 50-64 year old women both in 2000 and in 2005, per inactive women aged 50-64, and per inactive women if countries meet the Lisbon target were compared across Europe. Of note are the southern European countries (especially Greece, Italy, Malta and Cyprus). These are countries where older women’s labour force participation has been low and where informal care has been most important. However, the same applies to certain central and eastern European countries (for example, Poland and Slovenia). For all such countries, meeting the Lisbon employment target almost inevitably means substantially increasing public care provision. However, this has fiscal consequences.

### Some possible solutions

Policymakers have to confront, not hide, the potential contradictions. They should start by discussing demographic ageing not as a “problem” but rather as a “challenge”. They should also recognise that effective policy is integrated policy. The challenge cannot be met if it is approached in a compartmentalised fashion. Fiscal policymakers need to engage more closely with social policymakers and employment policymakers need to engage with social policymakers (see Casey, forthcoming).

Policymakers have to recognise that population ageing will have to involve some redistribution of income. They have an obligation to explain this to the wider public. They would be helped in doing so if they were to emphasise that whilst there is to be redistribution, this will be distribution out of an increasing total output – even if labour forces are not growing, productivity is.

Policymakers should also recognise the gender policy implications of promoting informal care. They should recognise that informal care involves not only, predominantly, the care of very old women, it also involves care being provided by older women. If informal care is to be relied upon to complement formal care, then at least the lives of the informal carers needs to be improved. This suggests that there will have to be more pronounced efforts to enable carers to take time-off to undertake caring tasks. Whilst some progress has been made with granting time-off for people who are caring for children, and even with providing social insurance credits for those who do take time out, far less has been done for those who find themselves obliged to engage in “eldercare”.

Last, policymakers need to consider new sources of finance. In some countries, older people have enjoyed substantial increases in their assets – almost always in

the form of housing wealth. This wealth increase was unanticipated – both by the older people themselves and by their children who stand to inherit from them. Moreover, these adult children will inherit at a time when they have already become relatively old. Their own children are likely to have grown up and left home and their living costs will have become relatively low. There is considerable economic literature on the inefficiency of intergenerational transfers. Moreover, a number of the successful wealthy have spoken out against overgenerous bequeathing and have openly favoured the taxing of estates – notable examples of the former being Andrew Carnegie and Warren Buffet and of the latter Bill Gates snr. and George Soros. Taxing inheritance makes sense. Adult children have a choice. They can be filially pious and inherit or they can choose an alternative life style (not, by definition, a worse one) and forgo an inheritance.

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