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Time Banking: Mutual Aid For Aging Societies

Dr.A.Shaji George

Independent Researcher, Chennai, Tamil Nadu, India.

Abstract – Time banking is an emerging concept where people can deposit time spent helping others and withdraw that time later when they need help themselves. As global population ages and rising costs strain government resources, time banking provides a framework for mutual aid between generations. This article examines the concept of time banking, its implementation in Switzerland and China, its purported benefits, criticisms, long-term viability, and the prospects for private sector time banking.

Keywords: Time banking, elder care, Intergenerational reciprocity, Aging populations, Community service, Informal caregiving, Time credits, Service exchange, Mutual aid, social safety net.

1. INTRODUCTION

Money makes the world go round, as the saying goes, but what if time itself were a currency? That is the idea behind time banking - a system where people earn time credits by providing services to others that they can redeem later for services they need. Countries with aging populations like Switzerland and China have started experimenting with government-backed time banks to promote intergenerational mutual aid. But independent time banks also exist, and some predict they could grow substantially in the coming decades.

This article will dive deep into time banking to understand what it is, how Switzerland and China have implemented it, arguments in favor and against, predictions for the future, and the roles that both the public and private sector may play as time banking evolves from an isolated initiative into a larger societal institution. Time banking provides a window into how countries are adapting social connections and safety nets to the modern challenges of demographic shifts and social isolation.

2. OBJECTIVE

The objective of this article is to serve as a comprehensive overview of time banking, including its real-world implementations, rationale, criticisms, viability, and future directions. It aims to equip readers with a nuanced understanding to evaluate the potential upsides and downsides of time banking.

3. METHODOLOGY

This article was prepared through extensive secondary research of academic and media articles on time banking and economic concepts relevant to population aging, healthcare costs, retirement financing, and emerging mutual aid networks. Information specific to programs in Switzerland and China was gathered from media reports and official government sources. Limitations are the relative newness and small scale of most time banking initiatives from which to draw insights about long-term sustainability.

4. EXPLANATION ABOUT TIME BANKING

Time banking at its core is simple - at participating time banks, people earn credits, often called "time dollars" or "service credits", by providing services to others in the network. Usually an hour of service provided earns onetime credit. Those credits can then be redeemed later to "purchase" an hour of service when needed from any member of the time bank. Services offered in time banks often include childcare, administrative tasks, transportation, cooking, repairs, gardening etc. Every participant's time contributions are equally valued; two hours of legal advice grants the same two time credits as two hours of dog walking.

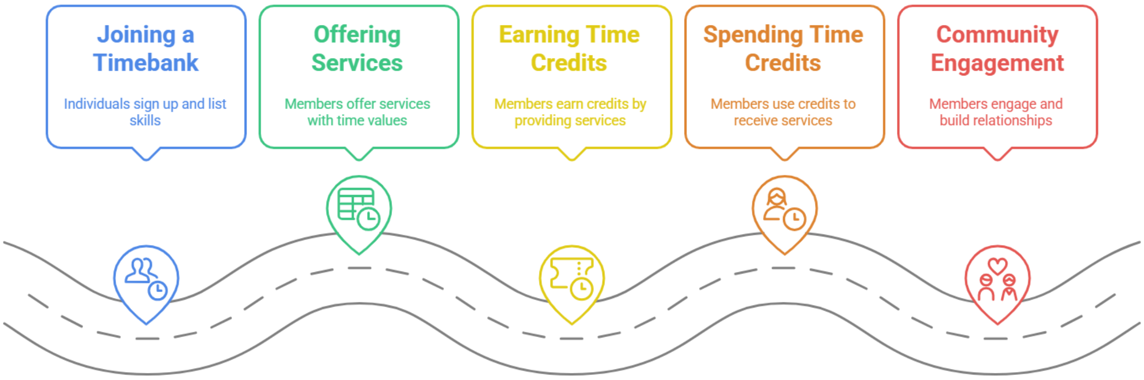

Fig -1: Timebanking Process

The time banking concept originated from Edgar Cahn, a law professor and anti-poverty activist in the United States. In the 1990s, Cahn envisioned an approach for communities to exchange services drawing inspiration from the unused capacity people have in terms of talents and availability. Traditional volunteerism often relies on uneven goodwill rather than an ingrained incentive structure. Cahn saw the potential for a system resembling banking that formalizes reciprocal services facilitated by a virtual currency as a new form of voluntary social safety net. This became known as time banking.

Timebanks have been built in 34 countries, including at least 500 in 40 US states and 300 in the United Kingdom. TimeBanks are also widely used in Japan, South Korea, New Zealand, Taiwan, Senegal, Argentina, Israel, Greece, and Spain. TimeBanks have been used to reduce recidivism rates with diversionary programs for first-time juvenile offenders; facilitate re-entry for ex-convicts; deliver health care, job training, and social services in public housing complexes; facilitate substance abuse recovery; prevent institutionalization of severely disabled children through parental support networks; provide transportation for homebound seniors in rural areas; and deliver elder care and community health services.

Since its inception, time banking has grown to thousands of organizations globally. Timebanks USA reports in the U.S. alone with over 100,000 members trading millions of hours. That growth signals rising interest in exploring creative grassroots solutions to help combat economic insecurity amid pressure on overstretched government welfare programs.

5. PROS AND CONS OF TIME BANKING

5.1 Pros

1.Encourages mutual aid in aging societies

Populations are rapidly aging in most developed countries. By 2030, seniors over 65 will outnumber children under 10. Longer lifespans strain families and governments to provide adequate care. With fewer children per family, a smaller share of seniors may have family able to assist them as health falters. Time banking provides a framework for reciprocal caregiving across generations. Younger members earn credits helping seniors that they can cash in later when they themselves need assistance.

2.Reduces isolation

Up to one-third of seniors experience some feelings of loneliness. Social isolation exacerbates physical and mental decline. Time banking facilitates connections through service exchange that combat loneliness and boredom. Humans inherently seek purpose; time banking gives members, especially retirees, valuable roles assisting others.

3.Saves government costs

Demand for elder care assistance outpaces what governments can provide. With tight resources, cities and countries face ballooning deficits from medical subsidies and pensions. By promoting community caregiving support, time banking eases strain on publicly-funded programs. Studies show time bank participation even cuts healthcare usage - a sign members are potentially getting healthier.

4.Supplements household income

Earning time credits expands purchasing power for everyday services without requiring actual money. For financially-stressed individuals, time banking helps fill gaps. By monetizing the talents they already have, people gain economic value. Some thinkers envision time banking becoming a full parallel economy improving families' welfare separate from regular jobs.

5.Builds community resilience

Time banking forges personal connections and trust between neighbors which studies confirm strengthen communities on many levels. Tighter social ties facilitate coordination assistance with crises like natural disasters where rapid localized response is vital. By avoiding reliance solely on institutional help, time banking makes communities less socially fragile.

5.2 Cons

1.Allows exploitations by bad actors

Trust between members makes time banking function, but poor vetting could allow bad actors to exploit rather than contribute value. Some critics theorize serial killers could utilize time banks as victim sourcing networks. While most members naturally regulate integrity via reputation, safeguard policies likely need reinforcement as systems scale up. Tech now enables better identity verifications and member rating systems.

2.Hard to reach efficient scale

Small local time banks work fine. But complex reciprocal service coordination doesn't parallel traditional economies of scale. Very large groups likely overextend capacity to evenly match service needs with availability. Limits emerge on how big single time banks can balloon before becoming too dispersed and fragmented. This hinders time banking graduating into a true parallel economy.

3.Poses tax compliance challenges

Tax agencies view earned credits as reportable income equivalent to regular earnings. Accurately documenting micro-transaction records across entire systems becomes burdensome for administrators and members who must pay income taxes on credits redeemed. Technological fixes ease data collection but don't eliminate compliance obligations considered by some too onerous.

4.Has unclear macroeconomic effect

If time banking indeed grew very widespread, at some threshold its service substitution for regular paid services could negatively impact traditional economic metrics. Critics theorize GDP might decline if time credits displace enough monetary transactions even if overall welfare increased. Hard evidence is lacking, but highly popular time banking could have unintended macro effects.

5.Suffers bootstrap problem for widespread adoption

Time banks need critical mass diversity of services for viability. Younger members will only join knowing elder care credits await them decades later. Thus both generations must enter the system together with incentives aligned on trust in continual operations. This two-sided adoption process poses a bootstrapping challenge to scale small experiments into stable institutions.

6. FUTURE OF TIME BANKING

Current landscape

Right now time banking remains predominantly small, fragmented initiatives even after decades of growth. Still, rising strategic interest is apparent over just the past few years. Governments view time banking as a policy tool that aligns with social priorities as populations age. Privately, entrepreneurial projects see potential in digitizing and gamifying time banking to expand its use cases.

Government-led time banking

Several national and local governments now actively promote time banking for social policy reasons - notably Switzerland and China out front. Switzerland seeks increased civic service participation to ready its aging society. China unveiled an ambitious plan leveraging time banking principles to address elder care gaps stemming from the legacy one-child policy. Governments see political upside winning voter support for time banks while offloading some budgetary pressure.

Switzerland's case study

Amid a rapidly graying population, the Swiss government partnered with a nonprofit in 2020 to launch a national time banking program called Pro Senectute. The effort encourages young people to volunteer assisting seniors in exchange for time credits. Credits can be donated or used to access elder care services once they themselves get older. This establishes a scaled model for reciprocity in caregiving between generations. By 2045, Switzerland expects to have just two working-aged adults for everyone over 65 compared to about four today. To ease chronic care worker shortages down the road, Switzerland sees time banking as proactive policy.

China's case study

In a similar demographic predicament, China recently announced the country's medical insurance fund will include incentives for mutual assistance by 2025. This extraordinary initiative named "Shared Care" calls for 90% of seniors to be covered by basic elder care services, with time banking as an explicit mechanism. Under the plan, young people who provide ten thousand hours of caregiving to elderly will become eligible for government-funded nursing care themselves upon turning 60. That threshold delivers a massive incentive for participation by tapping into the postwar Generation X's fears over inadequacies in future elder care safety nets. Shared Care ambitiously aims to have servicer capacity for 100 million seniors by 2030. With strong central direction, the world will watch how China fares aggressively deploying time banking to alleviate looming aging crises.

Independent time banking prospects

Alongside state planners, the time bank concept shows early signs of takeoff in the private sector - but with key evolution from the grassroots model. Boston-based startup Neighborhood Villages applies Uber-like software infrastructure to time banking so members easily track credits. As population economics shift, more startups likely see promise in time banking's unique incentives.

7. DISCUSSION ON VIABILITY AND FUTURE DIRECTIONS

Time banking evokes comparisons to the emergence of the cooperative economy over a century ago. As with early cooperative stores and banks, small isolated time banks have demonstrated successes but not yet transformed into a true fixture in the socioeconomic landscape. Scaling complex service bartering systems widely will determine if time banking remains a novelty or builds legitimacy as a quantifiable economic subsystem.

Parallels exist to the trajectory of digital currencies over the past decade. Dismissed initially as speculative fringe experiments, cryptocurrencies built extreme value through networked effects. However, uneven adoption and regulations check replacing sovereign currency. Time banking arguably has clearer use cases directly improving individual welfare if it reaches maturity. But as with crypto, time banking requires overcoming barriers on identity, taxes, risk controls, and fragmentation. Widespread adoption fundamentally hinges on building secure and easy-to-use technological rails.

Switzerland and China offer intriguing early tests harnessing time banking for national aging policy. But governments make fickle partners unable to address foundational ownership issues. The cooperative model seems a natural fit for time banking seeking continuity free from political winds. Alternatively privately-owned sharing economy platforms with incentives aligned for growth hold advantages in user experience vital for mainstream penetration. Both paths remain largely unproven.

Much open question marks remain whether time banking moves past boutique curiosity into significant economic force at society-wide scale. But with the right embraced solution to currency and system design problems combined with coming demographic shifts certain, time banking lays a foundation for real possibility that into the 2030s and beyond “time is money” gets taken quite literally.

8. CONCLUSION

While niche currently, time banking tests balloon in pockets eager to ease strains from global societal aging through structured mutual assistance. Championed originally by anti-poverty activists, time banking now draws interest from nations and technology startups ripe for disruption to entrenched elder care systems. By allowing reciprocal trading of home and community-based services often starved by strained government budgets, properly designed time banks offer promise to empower healthier connections. However, doubts remain if complications from bootstrapping adoption, safeguards, regulations, and fragmentation can subside before geometric network effects take hold. Universal basic income made “time wealth” for all a hot topic in recent years. If the pieces align, time banking may yet emerge as an earned alternative model improving livelihoods by realizing underutilized capacities in many developed country populations.

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