



TRANSATLANTIC FORUM ON INCLUSIVE EARLY YEARS

INVESTING IN THE DEVELOPMENT OF YOUNG CHILDREN FROM MIGRANT AND LOW-INCOME FAMILIES

Azioni a supporto del progetto TFIEY

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Quality Early Childhood Services for All:
Addressing Disparities in Access for Children
from Migrant and Low-Income Families

Selected papers

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Presentazione

Proponiamo una selezione di testi presentati e discussi nel primo meeting internazionale di Ghent (21-23 gennaio 2013). Insieme delineano il problema: come si configura oggi l'accessibilità ai servizi per la prima infanzia, gli ostacoli, le barriere. Insieme negano risposte necessarie ai bambini poveri e deprivati.

Il primo contributo (*Accessibility of Early Childhood Education and Care for children from ethnic minority and low-income families*, di Michel Vandebroek e Arianna Lazzari) si focalizza sui fattori che spiegano il diverso utilizzo dei servizi: le politiche per l'infanzia e la famiglia, le risposte di cura e di educazione, la composizione e le caratteristiche delle famiglie. I maggiori discriminanti sono: la disponibilità dei servizi, la sostenibilità economica, la presenza/assenza di barriere all'accesso, la utilità percepita, la capacità di accogliere e includere. Insieme configurano un telaio necessario per ridurre le disuguaglianze nell'accesso e per meglio tutelare i diritti dei bambini più svantaggiati, con condizioni facilitanti di tipo politico, organizzativo e partecipativo.

Il secondo contributo (*The impact of Early Childhood Education and Care on cognitive and non-cognitive development. A review of European studies*, di Arianna Lazzari e Michel Vandebroek) presenta una sintesi degli studi che hanno considerato gli effetti positivi dell'accesso sullo sviluppo cognitivo e relazionale dei bambini. La qualità delle risposte può fare la differenza a vantaggio dei più svantaggiati e dei bambini immigrati. I principali fattori di qualità sono ad esempio l'approccio integrato, la formazione degli operatori, la collaborazione dei genitori, la gestione grupale dei bimbi e soprattutto la valorizzazione partecipativa delle responsabilità. Rappresenta un importante fattore di outcome.

L'offerta pubblica e di mercato è analizzata con particolare attenzione da Peter Moss nel contributo "*Early childhood education and care: a very peculiar market?*". I servizi per la prima infanzia, per loro natura, non sono gestibili in regime di offerta di mercato tradizionale. Infatti non sono distribuiti equamente, la domanda non è facilitata, le informazioni non sono adeguate, le condizioni di utilizzo penalizzano i più poveri, quelli che ne hanno maggiore bisogno. Il livello qualitativo vede perdenti i servizi for profit rispetto a quelli senza fini di lucro. La scarsa innovazione nell'offerta corrente e il condizionamento delle risorse a disposizione si ripercuotono sui costi di accesso e anche sulla possibilità di sostenere nel tempo i servizi. Il sistema di offerta per la prima infanzia non si comporta quindi in termini competitivi come normalmente fa il mercato, ma segue regole proprie che, in molti casi, penalizzano i bambini che ne avrebbero più bisogno.

L'ultimo contributo (*Putting the child-centred investment strategy to the test: Evidence for the EU27*, di Wim Van Lancker) si chiede se e quanto è possibile investire nei servizi per la prima infanzia.

zia. È vantaggioso e possibile? L'impatto è verificabile? La realtà non va in questa direzione e le ragioni sono evidenziate in molti studi. I dati EU-SILC lo documentano in termini di scarso utilizzo e discriminazioni nella fruizione. Mancano cioè le condizioni necessarie per passare da un'offerta disuguale e ad accesso universalistico e non selettivo che non scoraggia i più deboli. Il traguardo di un'offerta di servizi per la prima infanzia che diventa investimento a vantaggio di tutti i bambini rimane quindi una priorità, a partire dai più poveri e bisognosi di inclusione sociale.



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Accessibility of Early Childhood Education and Care (ECEC) for children from ethnic minority and low-income families

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Arianna Lazzari, University of Bologna

With the appreciated contribution of Wim Van Lacker (Antwerp University) and Sara Willems (Ghent University)

Introduction

This background paper wishes to inform participants of the first meeting of the Transatlantic Forum on Inclusive Early Years to be held in Ghent in January 2013. It gives a concise summary of what we know regarding the issue of access to high quality education and care provisions for immigrant families and families living in poverty with children of preschool age. The paper draws on recent scholarly research as well as international policy documents, both with a strong focus on Europe. As early childhood systems vary substantially from one country to another, no general formulas can be given. However, this paper also draws on analyses of successful projects to outline possible ways forward.

The problem

There is a growing concern about accessibility of ECEC for children from ethnic minority and low-income families. This concern is expressed in international policy documents (e.g. European Commission, 2011; European Parliament, 2002), as well as in international reports (e.g. Eming Young, 2007; Naudeau, Kataoka, Valerio, Neuman & Elder, 2011; OECD, 2006, 2012; Unicef Innocenti Research Centre, 2008). At the European level, this concern is rooted in a broader commitment toward the reduction of child poverty rates across the Member States and accompanied by the recognition that high quality ECEC has an important role to play in tackling disadvantage from an early stage (European Commission, 2006; **Education, Audiovisual and Culture Executive Agency**, 2009). Along this line, the provision of generalised and equitable access to high quality ECEC is advocated in order to reduce early school leaving and counter the risk of poverty and social exclusion (Council of European Union, 2011).

Despite this consensus at the policy level, it is well documented that children from ethnic minority and low-income families are less often enrolled in non-maternal care and preschools, and that – when enrolled – these children are more often to be found in provisions of poorer quality than their more affluent peers. While detailed figures are not available for all countries (e.g. France does not officially record ethnicity in the statistics on the use of ECEC), there is an abundance of evidence that this is a global phenomenon. This has been demonstrated in the U.S. (Hernandez, Takanishi, & Marotz, 2009) and in several European countries (Brabant-Delannoy & Lemoine, 2009; Büchel & Spiess, 2002; Del Boca,



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2010; Driessen, 2004; Ghysels & Van Lancker, 2011; Noailly, Visser, & Grout, 2007; Sylva, Stein, Leach, Barnes, & Malmberg, 2007; Wall & Jose, 2004).

What happens in pregnancy and the early years of a child's life has a profound impact on the rest of his or her life. Experiences in the early years influence children as they grow, through primary school, secondary school and into adulthood (Bowers et al, 2012). More children are born with low birth weight in poorer communities than those that are wealthier (Roberts, 1997). Children born with very low weight are less likely to enter post-secondary education than their peers (30 per cent versus 53 percent) (Hack et al., 2002). Children raised in poverty are likely to get a relatively inferior education, a lower paid job and live shorter, unhappier and unhealthier lives. A child in the lowest social class is twice as likely to die before the age of 15 as a child in the highest social class (Roberts, 2000). Furthermore, they are also at greater risk of being admitted to a hospital for breathing or other health problems, poor dental health, being exposed to harmful tobacco smoke before and after birth and becoming overweight or obese (Marmot, 2010). As they grow older, children from poor backgrounds are more likely to become teenage parents and more likely to die at a young age from heart attacks, strokes and cancer (Marmot, 2010).

Reasons for differential enrollment

While initially, this problem was (and sometimes still is) predominantly understood as a result of parental choice (Hofferth & Wissoker, 1992; Peyton, Jacobs, O'Brien, & Roy, 2001; Shlay, Tran, Weinraub, & Harmon, 2005), it is now clear that environmental constraints influence parents' decisions and that a more ecological approach is necessary, acknowledging a multitude of factors (Pungello & Kurtz-Costes, 1999, 2000; Sylva, et al., 2007). In this first briefing note, we will very briefly outline a number of factors that potentially mediate the differential use of high quality provisions in the early years.

Policy

It is documented that policy measures, regarding the availability of services as well as general quality regulations and monitoring affect the accessibility for immigrant children and children living in poverty (Sylva, et al., 2007). ECEC systems that operate on the market, even when accompanied by a voucher system for poor families, seem to be less effective in attracting poorer families (Lee, 2006; Moss, 2009). One salient example is that in The Netherlands, the number of provisions decreased in rural and poorer areas since marketization in 2005, while it significantly increased in more affluent urban neighborhoods (Noailly, et al., 2007). This of course does not mean that the problem of unequal access is limited to market-oriented systems. It is clearly demonstrated that in more comprehensive welfare systems – typical of continental Europe – high quality ECEC is also more available in more affluent areas (e.g. Vandebroek, De Visscher, Van Nuffel, & Ferla, 2008; Del Boca, 2010). In this sense entitlement, funding and affordability of ECEC provision are considered crucial factors for increasing the access of children from ethnic minority and low-income families (Children in Scotland, 2011). Public policies that address comprehensively the issues of availability, entitlement and cost of childcare provision – within a general regulatory framework for quality – are proven to be the most effective in reducing inequalities in ECEC participation rates. In this regard, the implementation of the 'maximum fee' reform – that was introduced in Sweden between 2001 and 2003 – provides an interesting example of how the impact of background

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factors, such as parental occupation and migrant background, can be reduced by extending entitlement to free preschool attendance to certain groups of children (Skolverket, 2007).

Characteristics of the provisions

In many countries, there is a shortage of provisions for the early years and in most split systems, the shortage is more salient for the youngest children (0 to 3) compared to pre-school age children (3 – 6 years). In case of shortages, provisions might be rationed according to priority criteria that – not always deliberately – discriminate children from ethnic minority and poor families, such as, for example, priority given to working parents or to those who subscribe early on waiting lists (Felfe & Lalive, 2011; Ghysels & Van Lancker, 2011). Indeed, immigrant parents and parents in precarious working conditions can hardly plan their need for non-maternal care very far in advance (Vandenbroeck et al., 2008).

Moreover, the fact that immigrant families have less access to care through informal networks (Wall & Jose, 2004) and more often work irregular hours, demands more flexible opening hours of services that are rarely available within traditional publicly-funded ECEC systems (Del Boca, 2010; Hernandez, et al., 2009; Wall & Jose, 2004).

Characteristics of families

Immigrant families and families living in poverty more often have smaller informal networks and less access to information about ECEC and enrollment procedures. In addition, language and cultural barriers might prevent them from fulfilling the bureaucratic procedures that may be necessary to enroll their children (Leseman, 2002). The most striking example in this regard is represented by the case of Roma communities, where families' lack of trust toward authorities and public services combined with discrimination and hostility encountered in educational environments tend to undermine children's participation to ECEC programmes (Organisation for Security and Cooperation in Europe, 2010).

Principles of good practice

Despite these recurring obstacles, there are many examples of practices around Europe that have begun to overcome these difficulties and noted significant progress in the enrollment of children from ethnic minority and poor families (for additional information on networks, working on these issues in practice across Europe, see for instance www.decet.org and www.issa.org and reports from the Roma Education Initiative: www.osi.hu/esp/rei/). An analysis of several successful projects reveals five crucial criteria for structural accessibility.

Availability

As families living in poverty are often less mobile than more affluent families, it is crucial that high quality services are to be found in those neighborhoods where poor families and ethnic minority families reside. This is not to say that ECEC provisions are to be targeted to families “at risk”. Quite on the contrary, structural provisions addressing the general population (but with specific attention for specific needs of families) are more successful than targeted provisions (OECD, 2006). In other words, policies based on a (children's) rights perspective tend to be more effective than policies based on a needs (or risk) framework. However, in cases of shortages, policy makers might decide to first invest in poorer areas, such as was the case with the Integrated Centers in the U.K.

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Affordability

In cases where public funding is structurally available, provisions are usually free, or parents' fees are molded according to income and are therefore more affordable (Del Boca, 2010). The criterion of affordability, however, does not only refer to material resources but also to more "symbolic" forms of payment. For instance, when provisions are targeted to specific populations "at risk", parents have to pay a symbolic prize, such as being labeled or giving up part of their privacy, which may represent a significant threshold (Roose & De Bie, 2003). For this reason, structural provisions addressing the overall population - either free of costs or according to income-related fees - tend to have an higher equalising potential than those in which entitlement is targeted to the poor (Children In Scotland, 2011).

Accessibility

The availability and affordability of provisions does not necessarily make them accessible, as many forms of thresholds may implicitly exclude children from poor and immigrant families: language barriers, knowledge of bureaucratic procedures, waiting lists, or priorities set by the management. For this reason, ECEC access policies should be carefully planned - especially at the local level - starting from the analysis of the barriers that prevent children and families from disadvantaged backgrounds to avail of ECEC provision. This might also entail outreach to families whose presence tends to be less visible in the local community in order to build trust between marginalised groups and ECEC centres (Bennett, 2012; Broadhead, Meleady & Delgado, 2008).

Usefulness

As explained above, unequal enrollment needs to be considered as a result of the reciprocal (bi-directional) relations between policies, characteristics of families and of services. Services also need to be useful, meaning that families experience the service as supportive and attuned to their demands. Firstly, this refers to practical issues, such as opening hours, considering the fact that immigrant families are more often employed in low-skilled, low-paid, jobs with irregular hours (Del Boca, 2010; Leseman, 2002; Wall and Josè, 2002). Second, it also means that the ways in which ECEC provisions are run must make sense to the different parents and local communities. For this reason, the management of ECEC centres should encompass democratic decision-making structures that allow the differing needs of families to be expressed and to be taken systematically into account in order to tailor ECEC provision to the demands of local communities. ECEC centres that - starting from these premises - develop policy-making capacity and actively participate in local consultation processes (policy advocacy) are found to be the most effective in engaging with disadvantaged communities (Open Society Institute, 2006; Zylicz, 2010).

Comprehensibility

Finally, this criterion refers to the extent to which the meaning of ECEC provisions is matched with the meanings that parents attribute to these provisions. This implies that values, beliefs and educational practices of the provision need to be negotiated with families and local communities (Vandenbroeck, 2011). Mono-cultural provision that does not take diversity into account in everyday practices often fails to gain the trust of ethnic minority groups and may therefore generate segregation and discrimination (Driessen, 2004; Leseman, 2002). On the contrary, services that involve parents and local migrant communities in democratic decision-making processes and that are committed to the recruitment and

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training of personnel from minority groups are found to be more successful in fostering participation of children from diverse backgrounds to ECEC (DECET, 2007; De Graaf & Van Keulen, 2008; Peeters, 2010). There is evidence to suggest that the provision of integrated services combining care and education, early childhood and family support programmes, special needs and mainstream provision within the framework of inter-agency collaboration might be most effective in answering the demands of local communities in contexts of diversity (Children in Scotland, 2011; Open Society Institute, 2006; Whalley & Pen Green Centre Team, 2007).

Furthermore, it needs to be noted that the impact of broader socio-economic factors associated with welfare policies should not be underestimated. In fact, it is no coincidence that the effects of family background on children’s participation rates to ECEC provision tend to be more limited in Scandinavian countries where universally accessible childcare is provided and socio-economic differences in population are less marked than elsewhere (Ghysels & Van Lancker, 2011). This leads to the conclusion that *universal entitlements to publicly funded ECEC provision within integrated systems that combine care and education* – along with a flexible allocation of funds that *target additional resources* toward children and families experiencing disadvantage – may contribute to overcoming the social stratification in the use of early childhood services with the greatest benefit for disadvantaged groups (Education, Audiovisual and Culture Executive Agency, 2009; Unicef-Innocenti, 2008; Leseman, 2002).

A framework for successful inclusive practices

In light of the principles of good practices presented above, certain structural conditions for increasing accessibility of ECEC for children from ethnic minority and low-income families are identified. Action toward the implementation of such conditions can be undertaken at several levels: through legislative support of national governments or within the framework of regional and local administrations as well as in the wider context of international cooperation. As said in the first part of this paper, accessibility needs to be considered as the interplay between policy, provision and parents. A framework for the implementation of structural conditions promoting successful inclusive practices could be outlined as follows:

| Policy level | Provision level | Parental level |
|--|---|--|
| 1. Public funding 2. Integration of education and care 3. Entitlement (population-based), possibly with geographical targets 4. Regulations on cost (fees) 5. Quality monitoring | 6. Democratic decision making 7. Priority criteria 8. Outreach 9. Flexible opening hours matching diverse local needs 10. Diverse workforce 11. Inter-agency cooperation | 12. Involvement 13. Accessible and meaningful information |





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1. Public funding: the way ECEC services are financed influence the differential enrollment, and funding provisions in that perspective seems to be more efficient than funding parents. The provision of structural services for all and the streaming of additional funding toward disadvantaged areas seems to be the most effective strategy for making ECEC accessible, especially for children from immigrant or low-income families.
2. Integrating education and care: systems where education and care services are integrated under one administrative department usually tend to have higher access, especially for the youngest age group (0 to 3 years).
3. Entitlement: policies that accept that ECEC is an entitlement for *all* children yield better results than targeted policies. In case priorities need to be set (e.g. for financial reasons), these should be framed within geographical areas: in fact, ECEC services targeted toward disadvantaged children and families tend to be perceived as stigmatizing with a negative impact on their attendance.
4. Policies that regulate parental fees according to income may more easily avoid financial barriers, while voucher systems for the poorest often entail financial barriers for the lower middle class.
5. Quality monitoring: centralized systems regulating and monitoring the structural quality of ECEC settings are the essential precondition to ensure equal quality for all (e.g. in terms of adult-child ratio, space, facilities, staff qualification levels and professional support,...).
6. Democratic decision-making: it is important that pedagogical policies in provisions reflect diverse standpoints about care, education and upbringing of young children by engaging with families and local communities..
7. Priority criteria: although in cases of shortage of places setting out priority criteria becomes inevitable, it is important to scrutinize their effects on different populations in order to avoid the unintentional marginalization of children with a disadvantaged background.
8. Outreach: developing pedagogical policies claiming that everybody is welcome does not suffice. In order to ensure equal access, ECEC providers should make efforts toward outreach to low-income families and ethnic minority children in local areas. This means engaging with those marginalized groups that tend to be less visible within the local community and taking into account their concrete needs in the organisation of the service.
9. Flexible opening hours: the fact that ethnic minority parents, as well as low-income families, more often are employed in irregular jobs for long working hours and that newcomers often have less access to care by kin should be considered when setting out criteria for the organization of ECEC provision at the local level.
10. Diverse workforce: a workforce reflecting ethnic and cultural minorities gives a clear welcome message to diverse communities. It also helps to broaden the understanding of the team in respecting diversity.
11. Inter-agency cooperation: integrated centers or provisions that cooperate across sectoral and institutional borders (e.g. education, health, housing, adult education, ..) yield better results both in the short term – by addressing the complex needs of children and families living in difficult conditions – and in the long term – by contributing to the regeneration of local community.
12. Involvement: parents with diverse backgrounds should be listened to and space should be intentionally created in order to facilitate dialogue and understanding of implicit needs. In this sense, ECEC services should be committed to constantly negotiating practices and values in contexts where contrasting values and beliefs might emerge.

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13. Accessible and meaningful information: we cannot assume that mainstream information is readily available and meaningful for all. Multilingual information that deals with concrete questions of diverse parents needs to be considered.

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The impact of Early Childhood Education and Care on cognitive and non-cognitive development. A review of European studies.

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Introduction

This paper provides an overview of existing studies on children's cognitive and non-cognitive acquisitions through participation in ECEC services and their importance to social development, successful transitions to school and social inclusion. The paper analyses the findings of recent academic research carried out in EU member states and current international trends in ECEC policies. While this paper provides evidence showing that high quality ECEC matters for children's cognitive and social development with potentially long lasting effects on their school careers, it also highlights pitfalls and limitations of this strand of research that tends to rely predominantly on the human capital paradigm.

Early childhood education and care has gained, since the Council Recommendations on Childcare in 1992 (92/241/EEC), an increasingly prominent position on European policy agendas. Initially, the main rationale for investing in ECEC was driven by socio-economic concerns about employment, competitiveness and gender equality. Most EU level action was focused on increasing the *quantity* of childcare places in order to enable parents (mainly mothers) to join the labour market. In more recent times, EU policies have been accompanied by a growing attention to children's rights, equal educational opportunities and social inclusion (Commission of the European Communities, 2006a & 2006b; Council of the European Union, 2010). By acknowledging the social and educational value of ECEC, recent EU policies have moved beyond the issue of quantitative expansion of provision to encompass at their core the issue of the *quality* of ECEC services as a necessary condition for the promotion of children's learning, personal fulfilment and social development (European Commission, 2011). There is a consensus among European policy-makers that a *generalised equitable access to high quality ECEC services* can make a substantial contribution to the success of the EU 2020 strategy (European Commission, 2010) with particular reference to the achievement of the headline targets concerning the reduction of early school leaving and of the number of people living at risk of poverty and social exclusion (Council of the European Union, 2011).

While there appears to be a broad consensus on the importance of ECEC, most of the evidence on which policies are based rely on longitudinal studies carried out in the U.S. suggesting that investing in high quality pre-primary education is expected to bring about the highest rates of returns over the whole



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lifelong learning cycle, especially to those children who are the most disadvantaged (Heckman & Masterov, 2007). In recent times, many experts have criticised the way in which the findings of such studies – carried out in the context of early intervention programmes targeted to disadvantaged children – have been generalised to European contexts, where publicly funded large scale provision is more generally available and rooted in longstanding pedagogical traditions (for a detailed discussion see Penn, 2011). Therefore the need for research that takes into account the heterogeneous nature of ECEC in a broader European context started to emerge. In this perspective, the aim of this paper is to provide an overview of research findings from longitudinal studies carried out in EU member states and complement these with the findings of qualitative research studies that look at educational processes and pedagogies. Evidence from longitudinal studies may provide political arguments for investing in early childhood education and in promoting quality of provisions. In addition, qualitative research gives a deeper insight into pedagogical questions and educational processes that may contribute to the reaching of the desired outcomes and therefore provide a better view on what *quality* may mean in contexts of socio-economic and ethnic diversity.

Research findings

Positive effects on cognitive and non-cognitive development, but only of high quality

Studies on long-term effects of ECEC on children's cognitive and non-cognitive outcomes (with special reference to children from disadvantaged backgrounds) exist for a number of EU countries, including UK, France, Germany, Sweden, Norway, Netherlands and Italy.

Most longitudinal studies highlight that attendance of high quality ECEC programs has long-lasting effects on *children's cognitive development* (Andersson, 1992; Broberg et al. 1997; Sylva et al., 2004; Melhuish et al., 2006; Sammons et al. 2007; Brilli et al., 2011; Felfe & Lalive, 2011). By promoting children's overall development, ECEC enhances fundamental cognitive abilities (verbal abilities and scientific thinking) that facilitate further acquisition of domain-specific skills related to language and mathematics. If certain conditions are provided – such as an early start, high quality services and effective primary school education – the positive effects of ECEC attendance can potentially persist until the teen age. However, research findings also highlight that none of the conditions mentioned above can, on their own, determine children's academic achievements and educational success.

Along the same line, most longitudinal studies highlight that attending ECEC programs has long-lasting effects on *children's non-cognitive development* as well (Andersson, 1992; Sylva et al., 2004; Melhuish et al., 2006; Sammons et al. 2007; Del Boca et al., 2010; Felfe & Lalive, 2011): their findings confirm that early experiences of socialisation with peers in formal settings promote pro-social behaviour, self regulation and autonomy. If early socialisation experiences are carried out in settings providing high





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quality care and education, the beneficial effects on children's social and emotional development might persist until the teen age, although other factors – such as quality of the home learning environment and further school experiences – also play important roles. As already mentioned, none of these factors taken in isolation can account for long lasting positive effects on children's social and emotional development: it is rather the combination of experiences over time that matters.

Some studies show that ECEC attendance did not have the expected significant impact on children's cognitive acquisitions. These studies were carried out in contexts in which ECEC provisions tend to be very diverse and highly fragmented with a possible negative impact on quality (Caille, 2001; Driessen, 2004) and in some cases their findings refer specifically to the effects of targeted programs for disadvantaged children (Veen et al. 2000-2002; Goede & Reezigt, 2001). This may suggest that quality is less the result of a specific program oriented towards cognitive development (e.g. Kaleidoscoop and Piramide) than a more generic aspect of ECEC.

Similarly, some studies (Veen et al., 2000-2002; Driessen, 2004; Datta Gupta & Simonsen, 2007) did not associate ECEC with positive social and emotional development. However, given the different contexts in which the studies took place and the variety of service provision investigated (programs targeted to ethnic minority children, centre-based provision and family day care) the only further consideration that could be made is that *comprehensive and consistent systems of high quality* are essential conditions to yield the expected beneficial results on a population level.

Effects are stronger for children in poverty and ethnic minority children in universal provisions

All studies focusing on sub-samples of vulnerable children report that *high quality ECEC benefits especially the most disadvantaged children*, whose gains in cognitive and socio-emotional development are higher than for 'average' children (Brilli et al. 2011; Felfe & Lalive, 2011). From the findings of these studies it appears that vulnerable children benefit the most from ECEC when it is provided in contexts of social mix (Sylva, 2004; van Tuijl and Leseman, 2007; Havnes and Mogstad, 2011). Two studies have also found that ECEC intervention reduces the risk of developing special educational needs (Sammons et al. 2003; Melhuish et al., 2006). *These results suggest that services addressing a diverse population, and thus structural services for all, in which special attention is geared towards disadvantaged children may be preferred over targeted provisions.*



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Positive effects on school career

Most studies highlight that participation in ECEC programs – by enhancing children’s cognitive and social competences – facilitate the transition into primary school, especially for those children who come from a disadvantaged background (ethnic minority and/or low-income families). Research findings suggest that not only did children who attended ECEC programs adjust better to formal learning within school setting (Sammons et al. 2003; Sylva et al. 2004; Melhuish, 2006; Lanfranchi et al., 2002-2003) but also that the advantages in educational attainment might persist until the end of primary school, provided that ECEC was of high quality (Sammons et al. 2007; Felfe & Lalive 2011). Similarly, studies carried out on children’s school placement and further educational chances (Spiess et al., 2003; Havnes and Mogstad, 2011) found that benefits of ECEC attendance are particularly salient to the school career of disadvantaged children, proving the substantial contribution made by ECEC to their educational opportunities.

However, from the analysis of findings of all these studies it also emerges that – despite the important contribution made by ECEC to children’s cognitive and social development – children’s outcomes are strongly influenced by their socio-economic backgrounds. Therefore the impact of broader socio-economic factors associated with welfare policies should not be underestimated. It is no coincidence that the effects of family background on children’s educational attainment tend to be more limited in Scandinavian countries (Andersson, 1992; Broberg et al., 1997; Havnes and Mogstad, 2011) where universally accessible childcare is provided and SES differences in population are less marked than elsewhere (EPPI Centre, 2004). This leads to the conclusion that *well-funded, integrated socio-educational ECEC services, in order to succeed in improving the life chances of children and families at risk, need to be closely linked to labour, health and social policies that promote a more equal redistribution of resources by targeting extra funding toward disadvantaged neighbourhoods* (UNICEF Innocenti, 2008).

While the findings of existing studies do not allow speculation on the ideal age for ECEC enrolment and on the effectiveness of compulsory school provision, relevant information on ECEC quality is provided especially by those studies that combine quantitative and qualitative methodologies (a more detailed discussion will be reported in the following section).

The issue of quality

All of the studies analysed converge to say that quality of ECEC provision is a crucial factor for promoting children’s cognitive and social development and, in turn, for enhancing their educational chances in the long term. As these aspects are particularly salient to those children who are living in conditions of socio-



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economic disadvantage, deepening the discussion on the characteristics of ECEC provision that are associated with good quality becomes particularly important. International reports concur that there is a limited series of structural quality criteria that need to be fulfilled (European Childcare Network, 1996; EPPE, 2004; Care Work in Europe, 2007; Eurydice, 2009; OECD, 2006; Unicef Innocenti, 2008; :

- Staff qualifications (at least half of the staff should have a bachelors' level degree (ISCED5)
- Adult-child ratio
- Group size
- Universal provisions (mixed groups) obtain better results than targeted provisions
- Quality guidelines and monitoring by local or central governments
- Working conditions for staff (ideally paid at teachers' level) that ensure low turn-over rates

By focusing more specifically on qualitative studies that explore pedagogical approaches and educational processes, certain guiding principles for encouraging quality in ECEC settings can be identified as follows:

- Adopt an integrated approach that combines education and care for nurturing the holistic development of children's potentialities through many symbolic languages (Mantovani, 2007), rather than a narrow curriculum focusing on cognitive development;
- Elaborate educational practices that value children's everyday experiences and respect the specificity of their learning strategies by sustaining their curiosity, engagement and well-being (Jensen, 2011; Laevers, 2011);
- Build a balanced curriculum that combines teacher-initiated and child-initiated activities by providing a variety of resources for play according to children's interests and by valuing play as a form of meaning-making that leads to knowledge co-construction (Pramling Samuelsson & Carlsson, 2008);
- Sustain interactions among children as well as adult's responsive interactions to children's diverse needs that are fundamental for developing children's sense of identity and belonging (ISSA, 2010); Build strong partnerships among educators, families and local communities that allow the complex needs of children and families to be better understood and addressed through responsive practices, especially in contexts of diversity (Broadhead et al., 2008);
- Nurture a strong ethos that strives for inclusion, respects diversity and values democracy: educational curricula should be negotiated with children, parents, professionals and local communities whose voices, opinions and perspectives are taken into account (DECET & ISSA 2011; Vandenbroeck, 2007);
- Promote staff's initial preparation and continuing professional development initiatives that enhance practitioners' collective reflectivity and innovation of practices (Urban, Vandenbroeck et al., 2011)
- Document children's experiences in ECEC settings and engage different stakeholders – including



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children – in discussions for fostering the social and cultural growth of ECEC services at the local level (Moss, 2011; Mantovani, 2007);

- Advocate for ECEC policies that recognise ECEC as a right for all children allowing them to experience diversity and to actively participate in the life of their communities (Moss, 2011).

From the analysis of findings of both quantitative and qualitative studies it can be concluded that – whereas it is commonly acknowledged that high quality ECEC provides a solid foundation for children’s future educational achievements and social development – the processes involved in the definition of what constitutes quality may differ according to the broader socio-cultural and political contexts in which services operate (for a more detailed discussion refer to NESSE, 2009). The successful pedagogical approaches and educational experiences developed in many European countries tell us that ECEC quality is more the result of a participatory process that involves ongoing negotiation with all stakeholders – children, parents, practitioners, local communities and administrators – than a measurable outcome that can be predetermined by scientific evidence (Vandenbroeck, *forthcoming*).

Concluding remarks

This paper analysed the findings of existing studies from EU member states on the impact of ECEC participation on children’s cognitive and non-cognitive development, focusing in particular on the contribution made by such services to successful school transition and social inclusion for children from poor families and children from ethnic minorities. The analysis of findings deriving from longitudinal – mainly quantitative – studies on children’s outcomes was complemented with the discussion of findings from qualitative studies focusing on educational processes and pedagogical approaches. All studies reviewed in this paper are rooted Europe, in various disciplinary fields – education, psychology, economy and sociology. As these studies are carried out in contexts where ECEC systems vary substantially one from another, generalisations of findings should be considered with caution. It should also be noted that the evidence-based research analysed in this paper in relation to children’s outcomes mainly relies on one research paradigm: the paradigm of *child-centred social investment*. This paradigm is rooted in ECEC policy agendas typical of English-speaking countries with a liberal welfare state and so are the research perspectives explored by such studies. It should therefore be acknowledged that evidence-based research on the impact of ECEC on children’s development tends to marginalise the wealth of knowledge developed by educational research generated within European countries that have invested in ECEC as a public good within a rights-based framework. In this paper the insights provided by the latter research studies have been briefly discussed within the section on ECEC quality.

Remarkably, the findings of evidence-based research analysed in this paper highlight that in those



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countries where long-term investments in ECEC were driven by children's rights rationales, children gained the most from participating in ECEC programs. This is due to the high quality of services in a long-standing tradition of ECEC as a universal public good and grounded in participatory pedagogical approaches. It could therefore be concluded that the shortcoming of framing educational research within a human capital paradigm is to construct children in instrumentalist terms as profitable assets (Lister, 2007) – rather than considering them as citizens and subjects of rights – while the benefits of ECEC may be more related to children's democratic participation – and contribution – to the social and cultural life of their communities (Dalhberg & Moss, 2005; Kjørholt & Qvortrup, 2012). The risk of using human capital arguments underpinning economic rationales for investing in ECEC is therefore to dismiss important elements that are essential conditions for ECEC quality in many European countries – such as early childhood pedagogical approaches and children's democratic participation. This might in turn induce counter-productive effects such as, for example, the schoolification of ECEC (Pramling Samuelsson & Sheridan, 2010; Jensen, Brostrom & Hensen, 2010) and marginalisation of those children and families that are most at risk of social exclusion (Hübenthal & Ifland, 2011). Another major pitfall of child-centred social investment approaches is to consider that ECEC might be, on its own, a solution to the poverty that stands at the basis of children's disadvantage. As showed by many studies, ECEC has an important role to play in these regards, but only if it is embedded in strong welfare state policies across many sectors and if it is accompanied by a wider cultural and political commitment to democracy, rights, solidarity and equality (OECD, 2006).





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TRANSATLANTIC FORUM ON INCLUSIVE EARLY YEARS

INVESTING IN THE DEVELOPMENT OF YOUNG CHILDREN FROM MIGRANT AND LOW-INCOME FAMILIES

Early childhood education and care: a very peculiar market?

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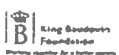
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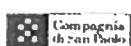
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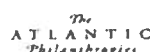
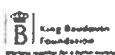
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1. Introducing the paper

This paper is about markets in early childhood education and care (ECEC) and how they work in practice. It is based mainly on a paper published in 2009: *There are Alternatives! Markets and Democratic Experimentalism in Early Childhood Education and Care*. In that paper, I made a political argument in favour of an alternative to the market model, what I termed 'democratic experimentalism', comparing these two models across several fields: "the different rationalities, values and understandings that underpin them; the implications of each for the structuring of service systems and the roles of different levels of government; and the conditions needed for these models to work well in their own terms" (Moss, 2009: 1). I remain convinced that the decision about which model to adopt (and there are, of course, more than two) must and should be primarily political, understanding political as implying the need for collective choice between conflicting alternatives. But the original paper also looked in some detail at the market model in ECEC, including its rationale and such evidence as I could locate about how it works in practice. It is this more technical part that I have been asked to condense for this paper, supplemented by some later work, in particular a new book *Childcare Markets: Can they deliver equitable service?* (Lloyd and Penn, 2012).

The paper has five parts: the growth in marketisation; the rationale for markets in ECEC; the differences in the way markets are formed and operate; a review of the evidence on how markets work in practice; and some conclusions. I have not gone into the reasons why markets and marketisation have come to the forefront in ECEC in recent years, though clearly this is part of a larger phenomenon and related to the spread of neoliberalism. Finally, by way of introduction, I do not write from the perspective of and with the knowledge of an economist. While I try to understand some of the basic economic thinking that lies behind marketisation, I view it predominantly from a social, historical and political perspective and as part of a utopian belief system created from a mix of social constructions, values and assumptions – just as any other utopian belief system.





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2. The growing presence of markets

The second report of the OECD *Starting Strong* review of early childhood policies in 20 countries notes the spread of markets in ECEC:

The marketisation of early childhood services has been promoted in recent years in OECD countries...To limit public expenditure, and allow greater choice and control by parents are among the reasons advanced. Vouchers and parent subsidies are favoured over direct funding of services in the expectation that parental purchase of services will bring private entrepreneurs, new funding and greater dynamism into the provision of services – all this with lesser cost to government. (OECD, 2006:115)

The spread, though, is not even. Marketisation has gone furthest in Anglophone countries, Africa and the Asia Pacific region. In Europe, it has become the dominant mode of delivery in England and the Netherlands (Lloyd, 2012: p.4). But everywhere, like the wider neoliberal project, it is extending its reach.

3. The rationale for markets

The market model of ECEC, inscribed with the thinking of neoliberalism, divides people into ‘purchasers’ (or ‘customers’) and ‘providers’ (or ‘sellers’), coming together in a market place to transact the sale and purchase of a commodity (such as ‘childcare’). Since purchasing power is unequal, the market is supposed to produce goods of varying cost and quality, which can be matched to individual preferences and means; some purchasers will be able to pay for *de luxe* services, others must settle for economy models. The market, therefore, is a unique mechanism for creating a relationship between purchasers and providers, based on what has been termed an ‘exchange paradigm’ (Vaughan and Estola, 2007).

The market model, its advocates claim, is better able to: meet needs and preferences (choice); drive up standards (quality); provide good value for money (efficiency); protect consumers against the self-interest and overweening power of providers (empowerment); improve or close failing services (discipline); and



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stimulate new solutions to meet unmet and new consumer demands (innovation). Competition is the driving force delivering these benefits (Cleveland and Krashinsky, 2004); alongside individual choice, competition is a central value of the market approach, supposedly ensuring the allocation of resources with the greatest possible efficiency.

To achieve a competitive market that will produce what the consumer wants at the lowest possible price, certain conditions are assumed to be necessary: *well-informed consumers* who know what they want and are willing to shop around for the best buy and, if subsequently dissatisfied, to switch their custom from one provider to another; *sufficient supply of services* to ensure choice and competition; *subsidy for lower-income consumers* ('demand-side funding') that will enable them to access the market; and a '*level playing field*', so that all providers operate under the same constraints and conditions. Section 4 will consider how far these conditions are met in practice in ECEC markets.

4. Different types of market

To talk about 'the market' – singular – is misleading. Rather there are 'markets' – plural - in the sense that the profile of a market in any given product, time and place will depend on a number of dimensions, such as:

- a. the degree and nature of **public regulation**, so that markets can vary from being entirely free to strongly regulated;
- b. the **provider mix**, for example to what degree market providers are from the public or private sectors, and within the latter, to what degree they are 'for-profit' providers. It is quite possible to develop a market consisting exclusively or predominantly of public sector providers, creating what some would term a 'quasi-market';
- c. the **density of demand and competition** in a given area, 'thin' markets arising in areas with relatively few children and services and 'thick' markets in areas with higher concentrations of children and service providers.



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Because these dimensions vary, both singly and in how they interact, market profiles vary. Marketisation is likely to work differently according to the particular profile of markets in a particular place and time. Take, for example, provider mix. There is a substantial literature on the relative merits of for-profit (FP) and not-for-profit (NFP) ECEC services, and researchers “generally find that non-profit centres produce higher quality services” (Cleveland et al., 2007: 28. See also Mitchell, 2012 and Sumsion, 2012). This is usually attributed to for-profit providers spending less on resources associated with quality, especially staffing:

[N]on-profits make different decisions about inputs (and appear to have higher quality objectives) than for-profits in childcare. Non-profits consistently hire better-trained staff, encourage them to [pursue] professional development and remunerate their staff better than FP centres. But, partly this greater production of quality appears to go beyond the different input decisions that non-profits make. Under the right conditions, a culture of quality appears to develop in non-profit childcare organisations, producing a quality level that is more than the sum of its parts. (Cleveland et al. 2007: 17)

Cleveland et al. (2007), in their research in Canada, also found an interaction between the mix of providers and density of demand; in ‘thin’ markets (i.e. where there are relatively few children in an area), the difference between NFP and FP services disappeared. They suggest that in

thin markets there is no opportunity for non-profits to produce and sell a differentiated service – differentiated in higher quality...In thin markets, there are not many parents with the demand and income to support higher-quality services. ... In thick markets, there is a sufficient mass of geographically concentrated potential consumers to allow non-profits to aim for the higher quality end of the market (while commercial centres go for the lower end). (ibid.: 15)

We must, in short, follow Edgar Morin (1999) and think in context and think complexity.

5. How do markets actually work?





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a. Availability

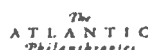
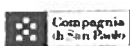
Do markets provide an adequate supply of services to all areas? A study for the English government by the global accountancy firm PricewaterhouseCoopers (2006a), identifies inadequate supply of services for certain groups as a risk: “The capacity developed may not suit the nature of local demand, e.g. in areas where cultural factors impact demand for childcare; [and] a proportion of the market may remain underserved, e.g. working families unable to afford the full-cost childcare places” (7). In their second *Starting Strong* report, OECD (2006) identified a similar risk, arguing that relying on privatised provision will almost certainly lead to inequities in poorer communities because of the reluctance of commercial providers to invest in such areas.

What actual evidence do we have? A number of examples of unequal distribution have been cited:

Privately owned [FP] services in New Zealand (Mitchell and Brooking, 2007) are more likely to be found in high income communities than are community based [NFP] services, a finding that is replicated in the Netherlands (Noailly et al., 2007) and Canada (Cleveland and Krashinsky, 2004)...ABC [a large Australian-based provider] itself has admitted targeting high income communities and those low income communities where government is investing most money, that is areas where profits are easier to make. (Mitchell, 2012: 105)

In the Netherlands, following legislation in 2005 intended to increase marketisation, including a switch from supply to demand financing (Plantenga, 2012), there was a decline in NFP services and in provision in disadvantaged areas:

Before the 2005 reforms, not-for-profit childcare centres were the dominant form of provision in disadvantaged, predominantly rural, location. They needed consistent funding to survive in areas of weak demand. Since the reforms, however, many of these providers have been unable to sustain themselves through more volatile parental fees. In such areas, there has not been an influx of ‘for-profit’ providers to take their place, leaving parents without





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access to childcare. The number of centre-based childcare providers located outside of cities more than halved between 2000 and 2006 (Noailly and Visser 2009) alongside an overall reduction in daycare services in disadvantaged neighbourhoods (Bransden et al 2011: 25). (Cooke and Henehan, 2012: 31)

The evidence, therefore, points to unequal supply, in the absence of interventions to influence the natural workings of markets. Without these, FP providers will concentrate their efforts on more affluent and profitable localities.

b. Demand

A well-functioning market involves a demand-side, ideally a well-informed, risk-managing consumer able to assess supply; to calculate 'best value'; and to monitor their choice and, if necessary, to take action if the provider does not live up to contractual obligations. In short, *homo economicus*.

An initial issue with markets for ECEC is to decide who exactly is 'the consumer'. Most studies of and advocates for the market assume it is the parent¹. But, arguably, children are the direct consumers; they, it is, who have first-hand experience of the product. Children, however, are unlikely to have a strong voice in the choice or the continuing use of a service; they "cannot easily communicate with the parent about what kind of care is being delivered" (Cleveland and Krashinsky, 2002: 39); or, as Sosinsky puts it, "parents are the purchasers, and not the recipients of childcare and are not in the best position to judge its quality" (2012: 142). Indeed, children have no recognised place in the exchange transaction – reference to children's rights or citizenship is noticeably absent in the market model or literature.

But even *if* – and it is important to stress the contestability of this assumption - parents are accepted as the consumers of ECEC, a second issue arises. Are they able to live up to the role required of them by markets? *Homo economicus* has been the subject of increasing scepticism as a basis for predicting how people will actually behave. In particular, the work of a new generation of behavioural economists, who apply the psychology of human behaviour to micro-economic decisions, has cast doubt on the existence of

¹ In practice, the assumption is that the consumer is the mother, as reflected in the widespread usage of terms like 'childcare for working mothers'.





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the species: "It is no longer axiomatic that the majority of people, the majority of the time, can be assumed to make choices that are unambiguously in their best interests...The mystery isn't why we make so many poor economic choices, but why we persist in accepting economic theory that predicts we are biased toward making good ones" (Hutton and Schneider 2008: 16).

Market-based ECEC services provide some evidence to support this view. Take the key task of being an informed consumer. Writing of the Netherlands, Janneke Plantenga observes that "quality in particular can only be judged to a certain extent by parents" (2012: 70). As already noted, this is because children not parents actually attend services. But it is also a question of knowledge:

many parents have never purchased childcare before, and by the time they learn what they need to know, their children are old enough so that the parents may never purchase childcare again...[Furthermore, working parents have] little time to seek out and evaluate childcare, even if they knew entirely what they were looking for. (Cleveland and Krashinsky, 2002: 39)

Experience in the Netherlands confirms that:

[I]nformation is a real problem. The consumers [assumed to be parents] do not know every supplier and quite often receive information through informal networks. Furthermore the consumer is only partly able to check the quality of services...As a form of self-regulation, the sector has adopted a quality agreement with rules about a pedagogical plan, child-staff ratios, group size and accommodation. Parents, though, seem to value different aspects of quality, for example active play, the provision of different activities and short journeys. As a result, parents may overestimate a service's quality. (Marangos and Plantenga, 2006: 19)

What to do if the ECEC service does not live up to expectation? Faced by this failure, *homo economicus* might well switch suppliers. Most actual parents don't: "[a] typical feature of the childcare market is that parents rarely switch once they have opted for a certain childcare provider" (Plantenga, 2012: 70). The author explains this in terms of "high switching costs", including a concern for the adverse effects of





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‘switching’ on children.

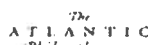
In their study of how childcare markets work in two middle-class areas of London, Stephen Ball and Carol Vincent offer other perspectives that throw light on the costs of switching, in particular, and the failings of *homo economicus* more generally. The market, they conclude, is “saturated with emotions...[so that] both positive choices and rejections are based on a mix of rational and emotional criteria...and typically determined by what is described as ‘gut instinct’” (38–40). Furthermore, it is a highly gendered market:

The main players in both supply and demand are women ... most literature on marketisation is silent on gender and also on the role of emotions. Again this challenges the traditional economic assumptions about the theoretical consumer. As Kenway and Epstein (1996: 307) suggest, ‘the free standing and hyper-rational, unencumbered competitive individual who can operate in the morally superior market can only be an image of middle-class maleness’. (43)

Similar issues – of gender and emotion – may apply to workers in ECEC services, overwhelmingly women, inhibiting their ability and willingness to adopt the role of *homo economicus*, this time as providers. Two studies by Jayne Osgood involving English ECEC practitioners found that they emphasised caring, collaboration and community, values that were perceived to be at odds with, and at risk from, government reforms that emphasised competitive entrepreneurialism and favoured rationality, commercialism and measurability.

[T]he ethic of care and approaches to management that female managers tend to adopt can be regarded as oppositional discourses to the masculine managerialism ... embedded in government policy designed to promote entrepreneurialism...They were resistant to viewing children as financial commodities, but this became inevitable when seeking to make a profit. (2004: 13,16)

In sum, marketisation and its presumed benefits assume a certain subjectification by all involved –





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certain shared ways of thinking, relating and acting – that will enable all players to participate according to the rules. The evidence suggests that this process of becoming *homo economicus* has some way to go.

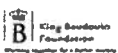
c. Use

Writing about what she calls “raw markets”, that is where there is no or minimal state intervention and regulation, mostly found in low income countries, Penn (2012a) argues such markets are inherently unequal in their operation. But what of the situation in high income countries where there is at least a modicum of intervention and regulation?

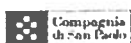
There is evidence that use of ECEC services is not equal. For example, in England and the Netherlands, both heavily marketised, the use of formal services by children under 3 years according to the level of educational qualification of their mothers, is strongly differentiated; children of graduate mothers are three times as likely to use these services as those whose mothers have low qualifications (Bennett and Moss, 2010: Table 5.5). A review of ECEC in England under the 1997-2010 Labour government confirms this picture: “All the evidence points in the same direction: the more disadvantaged the child, the less likely he or she was and is to attend ECEC” (Moss, 2012). So, too, does Ball and Vincent’s detailed study of two local childcare markets: the childcare market, they conclude, does not “guarantee quality or efficiency and it dispenses services in a highly inequitable fashion” (2006: 48)².

Other studies have suggested that one group not so well served by certain types of market may be middle-income families. One report on the English childcare market concludes that “working families unable to afford the full cost childcare places” may be “underserved” (PricewaterhouseCoopers, 2006b: 7). Another English study, of several local areas, reported that in an affluent commuter area parents with higher incomes could keep prices high, thereby putting these services out of the reach of low- to middle-income parents (Harries, La Valle and Dickens, 2004).

² In an earlier book on the ‘educational market’, Ball (2003) has described similar inequalities in schooling, with middle-class families having strategic advantages when it comes to competing in marketised systems.



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Such findings are, however, not easy to interpret. There may be inequality in use even in countries with little or no marketisation: the data on use of formal services for children under 3 years by mothers' qualification level finds substantial differences in most European countries (with the notable exception of the Nordic states). This may be because services for children under 3 are generally less available and more costly to use, whatever the system of supply; but it may also indicate less demand amongst certain groups, either because mothers are less likely to be employed or because of more negative attitudes to care outside the home. Differences in demand and attitude may also account for the finding. In a study of take-up of the universal and free early education entitlement for 3- and 4-year-olds in England, that "there was a strong association between the level of multiple disadvantage experienced by the family and their take-up of early years provision" (Speight et al., 2010: 2).

So though marketisation may contribute to unequal usage, there are other factors at work; there is no simple, direct relationship.

d. Quality

Another concern about marketisation concerns quality. As already noted, evidence suggests that, in most cases, quality is lower in FP than NFP services - though we might assume that the more tightly the market is regulated, the less this may apply (in which case, of course, FP providers may be discouraged from entering such a market). Funding may also be important. Without some form of public subsidy, quality may vary, to the extent of affecting children's well-being, with quality dependent to a large degree on the ability of parents to pay sufficient fees. But it may remain a problem even with some element of public funding, especially if demand-side funding (i.e. direct to parents) is used. The *Starting Strong* review is generally critical of this funding method, arguing it fails to direct sufficient funding to support quality due especially to under-funding and inefficient use of funding (OECD, 2006).

Similar issues about quality in marketised ECEC services with a demand-side funding base are highlighted in national studies. Following the 2005 reforms in the Netherlands, which increased marketisation and shifted from supply to demand funding, there is some evidence that quality has fallen:



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[A] longitudinal study of quality in Dutch childcare services indicates that the quality of childcare is quite low (NCKO, 2009)...None of the [200] groups studied received a good score: 51% received a mediocre score, 49% an insufficient score. Moreover process quality seems to have decreased, compared with findings from 2005 and 2001. (Plantenga, 2012: 69)

e. *Efficiency and innovation*

Markets are supposed to drive ever greater efficiency and innovation. Economists argue “that a childcare market is the most efficient and cost-effective way of recognising and providing for consumer demand” (Penn, 2012b: 33); while innovation should provide a competitive edge. There is, however, little empirical work on either aspect, though an English government report concluded that efficiency gains in the ECEC market were not emerging: “studies would suggest that the childcare market is not working to drive down price and drive up quality” (HM Treasury, 2004: 67)

It is not immediately apparent how this drive for efficiency might work in practice. There seems little scope for technological developments, since most observers would agree that ECEC is an essentially relational activity. Nor is there much scope for economies of scale, given that staffing accounts for a high proportion of operating costs, usually between 70 and 80 per cent (Penn, 2012b)³. Substantial efficiency improvements would require reducing these costs: by increasing productivity of workers, reducing their numbers and/or cutting wage costs. There are, however, substantial obstacles to achieving such goals.

For a start, it is not clear what it would mean for an individual worker to work more productively, nor indeed how this might be measured. One crude measure might be to reduce staff:child ratios, so each worker had responsibility for more children. But ratios are, in most countries, the subject of regulation, restricting the scope for such efficiencies. Another crude measure would be to cut pay and other employment conditions. But in the case of early childhood, this runs into a major problem: wages are already low in many countries, especially in the ‘childcare’ sector and in particular in services for the

³ It might be possible, for example, to save something by using centralised catering services. But some providers of services (e.g. the world-famous municipal schools in Reggio Emilia) would reject this, arguing that a kitchen and kitchen staff on-site form an important part of their educational philosophy and practice. Ultimately, organisation cannot be divorced from values and principles.





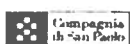
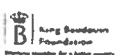
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youngest age groups of children. For example, in England in 2010, school-based early childhood workers earned on average around £14.60 an hour, with teachers (at around £20 an hour) earning roughly twice as much as assistants (£10-£11 an hour). But among the much larger group of workers in childcare services, the average pay was around £8 an hour, more for heads (£9.60 per hour in playgroups, £10.80 in full-day childcare), much less for non-supervisory staff working directly with children (£6.70 and £6.60 respectively). This can be compared with the national minimum wage of £5.93 an hour in 2010, the London Living Wage (intended to provide for 'a minimally acceptable quality of life' in London) of £7.85 an hour, and the average national hourly wage of £14.65 (Brind et al., 2011: Table 17).

Productivity might also be thought of and measured in terms of improved outcomes for children and better quality. But this points towards higher, not lower, costs. There is much evidence to show that the workforce is the central determinant of quality and that "quality in the early childhood field requires adequate training and fair working conditions for staff" (OECD, 2006: 158). The Effective Provision of Pre-school Education study, a major longitudinal study of 3000 English children, provides a clear example of this recurring finding, concluding unequivocally that "settings which have staff with higher qualifications, especially with a good proportion of trained teachers on the staff, show higher quality and their children make more progress" (Sylva et al., 2003: 2).

Finally, there is little evidence of innovation in early childhood services in market systems, and what exists is limited to private centres offering specific programmes of instruction (e.g. English, information technology, music lessons) and 'flexible places', where children can attend for a few hours or sessions or even outside normal opening hours (OECD, 2006). The emphasis here is on innovation as a response to individual consumer demands, in order to attract more business. When it comes to pedagogical innovation, experimentation with new ways of working with children and families, there is no evidence one way or another for the superior workings of marketised systems. Certainly the most well-known and documented examples of innovation (such as Reggio Emilia) are usually drawn from the public and non-profit private sector, and have evolved in non-market settings or else have adopted a non-competitive approach. This does not prove that no such examples exist among FP services actively competing in





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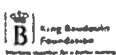
markets; it does suggest that the alleged innovative nature of markets is not readily apparent in the ECEC sector, except in very narrowly consumerist forms.

f. Collaboration and instability

Finally, two problems in markets can be identified. First, the imperative of competition can override the benefits of collaboration. Private sector managers in Osgood's studies "tended to take an insular and defensive view of their interests and were sceptical about sharing practices for fear of losing a competitive edge over other providers" (2004: 16). Consequently, most did not participate in local networks and other groupings: one manager commented that "you're all in competition with each other, so sitting on these things would be like liaising with the competition" (ibid.: 16). The same tension between competition and collaboration is vividly displayed in an article by the chairman of a business running a chain of nurseries in England. Responding to a government proposal that 'best nurseries' be expected to share 'best practice' with other nurseries, he points out the contradiction of such collaboration in a market system:

Imagine arriving at your supermarket and finding members of a rival brand advising on how best they should display their goods...What has this to do with childcare? Well, this is exactly what the government is expecting the best nurseries to do in an effort to raise standards across the board. In the spirit of partnership working, both the private and maintained [public] sectors will be expected to spend time sharing best practice[s] with other nurseries, even if they are competitors...[To] ignore the commerciality [sic] of such a request to the private sector is simply not realistic. (Bentley, 2008: 12)

Second, as Penn points out, "markets are inherently unstable...[and] small entrepreneurs have a very high failure rate" (Penn, 2012b: 29). Services in ECEC markets are no exception, leading to a high rate of 'churn' – a lot of new services, but a lot of services closing. The evaluation of the English Neighbourhood Nursery initiative concluded that without substantial subsidy, nurseries in disadvantaged neighbourhoods were not financially sustainable (Smith et al., 2007).





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But the problem is pervasive. Between 1999 and 2003 in England, the rate of childcare places closing was higher than government had expected: 626,000 new childcare places were created, mostly in ‘out-of-school’ services, but 301,000 closed, with the closure rate particularly high among family day carers, where it exceeded new places (National Audit Office, 2004). Similar experiences, of high closure rates among private services, are reported in other countries. Between 2000 and 2006, 749 new privately funded services opened in Flanders, but 338 closed. Prentice (2005) quotes research in British Columbia showing that a third of centres operating in 1997 had closed by 2001, with FP services at much greater risk. In 2003–2004, 349 centres opened in the province of Ontario, but 256 closed during the same year. Nor is this volatility confined solely to small entrepreneurs: ABC Learning, an Australian company that ran thousands of nurseries across three continents, collapsed spectacularly in 2008 (Sumsion, 2012).

Some would see such volatility as ‘creative destruction’, an example of the market working as intended, driving out the weakest and favouring the strongest. From another perspective, it seems more problematic: “[s]uch market volatility is an obstacle to providing stable and consistent care that young children need for their well-being, and for the reassurance mothers need to combine work and domestic life” (Penn, 2012b: 31).

6. Conclusions

Jennifer Sumsion has described the primacy of market forces in Australian childcare since the early 1990s, driven by government commitment to “consumer choice, competitiveness, profit maximisation and a downsizing of government’s role in favour of private sector expansion...and the assumption that privatisation will enhance the efficiency of childcare provision” (2006: 101). However, as she goes on to note, there is a “lack of empirical evidence to support assertions about the ‘automatic superiority’ (Crouch 2003: 9) of market-dominated provision of social services generally (Meagher 2004) and childcare specifically”. At best we can say that the case for markets, judged in their own terms, is not proven.

What is apparent is that any discussion of or evidence about markets needs to be strongly





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contextualised. There is, in practice, no such thing as *the* market, a universal, unmediated and pure nexus of market relationships. Instead there are many and diverse markets, varying in the extent and nature of regulation; the respective roles and modes of private and public funding; the density of demand; and the mix of providers.

Also apparent is that markets in early childhood services do not behave as markets are supposed to do. Sumsion concludes that “in Australia and internationally, evidence abounds of an ‘imperfect’ market for childcare services that fails to conform to the principles of so-called market rationality” (Sumsion, 2006: 101). From the Netherlands, Plantenga concludes that “[t]he childcare market [in her country] is an unusual and atypical market...market competition does not seem to matter much” (2012: 70). Whilst Ball and Vincent conclude that in the UK the “childcare market just does not work like markets are supposed to...and indeed it is a very inefficient market” (2006: 38).

One reason is the level of regulation and public funding; governments seem reluctant to allow market forces full play. But the problem runs deeper, to the nature of the ‘product’ that ‘businesses’ in early childhood ‘markets’ purport to ‘produce’ and ‘sell’ to ‘consumers’, indeed to the very notion of commodification and contractual relationships that such terms express. Both Plantenga and Vincent and Ball put their fingers on the problem.

[Where] the quality of the product may depend directly on the personal relationship...raising efficiency by the introduction of market forces is almost impossible, because *the client does not fit into the idealised image of a mobile, detached consumer*. This conclusion may be even more relevant if the service is provided to a third party, as is often the case with care and welfare services. (Plantenga, 2012: 75; emphasis added).

The services which are required by consumers are complex and unusual. As our respondents unanimously see it, they want ‘safety, happiness and love’. ... This is in a sense an impossible market. *The financial exchange is inadequate as a way of representing the relationship involved.*



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(Ball and Vincent, 2007: 38; emphasis added)

Parents adopt the role of *homo economicus* hesitantly or not at all, most clearly seen in their reluctance to 'switch suppliers'. Decisions and actions are swayed by more than economic considerations, highlighted by research into how people make decisions about parenting, partnering and work develops this point:

People seem to take such decisions *with reference to moral and socially negotiated views about what behaviour is expected as right and proper*, and that this negotiation, and the views that result, var[y] between particular social groups, neighbourhoods and welfare states. These decisions are not simply individual, but are negotiated in a collective way...*Decisions are still made rationally, but with a different sort of rationality to that assumed by the conventional economic and legal model.* (Duncan, 2000: 1–2; emphasis added)

Such considerations lead Plantenga to conclude that “market control by parents will always be limited” (2012: 75). Ball and Vincent go further, arguing that the current problems are irresolvable “in so far as there are important paradigmatic differences between the nature of market relations and the nature of the social relations embedded in childcare...[T]he market is an exchange relationship rather than a shared relationship based on shared values” (Ball and Vincent, 2006: 48).

Of course, it may be possible over time to reshape the subjectivity and behaviour of people, to turn parents into informed and calculating consumers of early childhood education and care, to construct an authentic *homo economicus* from the present unpromising material. But do we want this? Do we want to commodify care and education and to reduce all relationships to the economic? Will that make for a better world? These are important political questions – and a suitable point at which to end this paper.

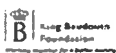


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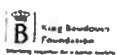




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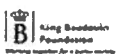
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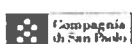
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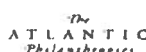
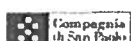




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**Putting the child-
centred investment
strategy to the test:
Evidence for the
EU27**

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Putting the child-centred investment strategy to the test: Evidence for the EU27*

Wim Van Lancker

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ABSTRACT

Under the social investment paradigm, a child-centred investment strategy has been developed. Mainstay of such strategy is the provision of childcare services, which are expected to increase maternal employment rates, further children's human capital and mitigate social inequalities in early life. In this article, I critically assess the child-centred investment strategy and explore whether childcare services in European countries in their current state of affairs are up to the task of producing the anticipated benefits. The argument I develop is fairly simple: in order to be effective, childcare services should cover all social groups, in particular children from a disadvantaged background. Drawing on recent EU-SILC data I show that in all but one country this condition is not met: childcare is often used at low or moderate levels, and children from low-income families participate to a much lesser extent than children from high-income families. In order to overcome these childcare deficits, countries should pursue a consistent investment strategy which entails increasing childcare supply and increasing employment opportunities for all social groups. This will require huge budgetary efforts for most member states.

Keywords: social investment, child-centred investment strategy, childcare, ECEC, inequality, European Union

JEL: I3, J13, J24, I24

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1. Introduction

The social, political and economic environment in which European welfare states have to operate has changed dramatically since the oil crisis of 1973, which is considered a major turning point in the transformation of industrial societies into post-industrial societies. Interestingly, though, *prima facie* evidence suggest that welfare states have been remarkably robust, “immovable objects” even, in those past four decades; certainly when compared to the welfare state transformations that materialised in the golden post-war period (Pierson, 1998). The picture of the welfare state as a frozen landscape is at best only a partial truth, however, because there have been important changes in the traditional welfare settlement in qualitative terms, both at the level of policies and at the level of ideas. Governments began to rethink prevailing (social) policy paradigms and recalibrated their social welfare programmes to meet the new risks and realities stemming from profound changes such as economic globalisation and international competition, demographic changes, the shift from manufacturing to service employment, changing family relations and the massive entry of women into the labour market, and new migratory flows¹. Incrementally at first, but more explicitly since the mid-90s, a common focus on increasing employment, human capital investment and cost containment has been developed which was underpinned by European discourse and policy (Hemerijck, 2011a; Cantillon, 2011). *Post factum*, these qualitative changes have been designated the ‘social investment turn’ in social policy (Esping-Andersen et al., 2002). This ‘social investment perspective’ is at present the dominant scholarly paradigm to appreciate the current welfare settlement.

Basically, the core idea underlying social investment is that governments should prepare people for the changed employment circumstances in the post-industrial labour markets. While social policy traditionally aimed to protect people *from* the market, the idea is now to ‘empower’ people in order to integrate them *into* the market (Jenson and Saint-Martin, 2003). Mainstay of such strategy is human capital investment, giving citizens the opportunity to grasp labour market opportunities themselves, rather than relying on passive cash transfers to repair damage done. In sum, social policy ought to invest in people in order to make them resilient and enhance their capacity to grab the available opportunities in a changed

¹ Summarizing forty years of societal transformation and its impact on risk structures in an exhaustive and balanced way, is an exercise riddled with difficulties and most likely a mission impossible. Hence I refer the interested reader to Esping-Andersen et al., 2002; Taylor-Gooby, 2004; Bonoli, 2005; Jenson, 2009; Hemerijck, 2011b; and Morel et al., 2012, for further reading on the welfare state transformation, new social risks and the social investment paradigm.

labour market, before they become dependent on benefits (Cantillon and Van Lancker, 2012)².

In this respect, children and childhood are key to any successful investment strategy. Not only because the sustainability of the welfare state hinges on the number and productivity of future taxpayers, a point emphasized by Frank Vandebroucke et al. (2011), but also, and maybe foremost, because inequalities in childhood pose a real threat to the accumulation of human capital and are root cause of unequal opportunities in the labour market and later life. To quote Esping-Andersen in his highly-influential contribution on this issue, a child-centred investment strategy “must be a centrepiece of any policy for social inclusion” (Esping-Andersen et al., 2002: 30). Linchpin of such strategy is the provision of high-quality early childhood education and care (hereafter, childcare). The idea is that childcare services not only help to achieve social inclusion through the labour market, by allowing mothers of young children to engage in paid employment and balance their work and family duties, but also by furthering human capital of children by means of a high-quality and stimulating environment. Both dimensions should be in particular beneficial for children from a disadvantaged background, ultimately breaking the intergenerational chain of poverty. The child-centred investment strategy is heavily influenced by the assumption that public investments early on yield significant returns in later life in forgone benefits and reduced crime rates (Carneiro and Heckman, 2003).

The idea of investment-through-childcare is not a mere academic exercise, but impacts on real-life policymaking. The need to increase childcare provision is propagated by influential international organisations such as UNICEF (2008) and the OECD (2001, 2006, 2011), and is also prominently on the European agenda. At the Barcelona Summit in 2002 as part of the European Employment Strategy (European Council, 2002), European member states adopted explicit childcare targets to provide childcare by 2010 to at least 33% of children under 3 years old and to at least 90% of children between 3 and mandatory school age. At present, for the EU, childcare is seen as a means to reach both the EU2020 employment and poverty targets (Van Lancker and Ghysels, 2013), adhering to the investment ideal of mitigating inequalities and preparing productive citizens. Obviously, not all public investment in childcare services is *necessarily* linked to the social investment idea but it is safe to say that childcare expansion in the European Union (EU) is at least *informed* by the child-centred investment strategy (Morgan, 2012).

² It should be noted that proponents of the social investment idea, such as Esping-Andersen, fiercely argue that social investment is but one part of the welfare settlement and that adequate income is a precondition for any longer-term investment strategy. In this view, social investment and social protection are mutually reinforcing (Vandebroucke and Vleminckx, 2011).

In this article, I critically assess the child-centred investment strategy and explore whether childcare services in European countries *in their current state of affairs* are up to the task of producing the anticipated benefits. The argument I develop is fairly simple: in order to be successful, childcare services should be within reach of children from disadvantaged families who are expected to benefit disproportionately, both in terms of child development and maternal employment. If that is not the case, so I argue, the child-centred investment strategy as it is currently developed is bound to fail. Using recent and comparative data for the EU27, I aim to shed light on this issue and explore some tentative explanations which may ultimately yield valuable lessons for European policymakers.

In the following section, I discuss the basics of the child-centred investment strategy, further develop the main argument and articulate my research questions. This is followed by a section on data and method used, and the analyses proper. I end this piece with a discussion of the implications of my results for the future of child-centred investment in European countries.

2. Child-centred investment: basics and pitfalls

The development of formal childcare services constitutes an essential dimension of the child-centred investment strategy. Such services express the goals of the social investment perspective in two ways: they invest in the human capital of mothers by helping them engage (or remain) in paid work; and they invest in the human capital of children by providing them with quality educational stimulation at an early age. Both elements are not new, as the reconciliation of paid work and family life (and gender equality) was the main rationale for Scandinavian countries to push a service-oriented agenda from the 1970s onwards (Ferrarini, 2006), and investment in human capital has since long been recognized as the predominant mechanism to raise productivity (e.g. Becker, 1964). Rather novel in this context, and resonating more 'traditional' goals of social protection, is the explicit commitment to social inclusion and the firm belief that childcare will prove to be the most efficient policy tool to mitigate social inequalities early on in life and to combat child poverty (Esping-Andersen et al., 2002).

Increasing human capital should be all the more relevant in a post-industrial labour market, which is characterized by upward skill requirements and a declining share of routinizing labour stemming from the industrial era, i.e. traditional working-class jobs (Oesch and Menés, 2011). This is likely to exacerbate the gap between those who can and those who cannot or are not able to acquire the skills needed in a 'knowledge economy'. Thus, a failure to increase the resilience of future workers by enhancing their human capital (and their labour market

prospects) will require more public resources devoted to unemployment and social assistance benefits. For this reason, the social investment approach is particularly targeted at investment in children, since early developments in cognitive capacities are critical to develop a capacity to learn. James Heckman, amongst others, argues that the economic return from early interventions is much higher than the return from later interventions such as public job training programs (Heckman, 2006). Investing in young children by means of qualitative childcare now pays large dividends in the future in tax revenues and forgone social spending, concomitantly contributing to sound public budgets.

The whole idea of childcare as a device for furthering human capital is based on a large body of research stemming from neuroscience and developmental psychology that established that human capital accumulation is determined especially in the first years of life (Shonkoff and Phillips, 2000). Moreover, economic and sociological research established strong correlations between early educational stimulation on the one hand and educational achievements and longer-term outcomes in terms of labour market attainment and earning capacity on the other (Ruhm and Waldfogel, 2011; Lowenstein, 2011). Yet, these benefits are conditional on the quality of the childcare services: services of low quality may be harmful and yield detrimental outcomes in terms of child development. Important quality aspects are *inter alia* the staff to child ratio, the quality of the staff-child interactions, staff qualifications, group size, the curriculum and the integration of both care and educational elements (for further reading on the issue of quality, see Penn, 2011 and OECD, 2012).

The use of qualitative childcare services should be especially beneficial for children living in disadvantaged families (Esping-Andersen et al., 2002). It is well established that child poverty relates to very adverse long-term effects. Growing up in poverty is associated with worse health outcomes and lower levels of psychological well-being, impaired cognitive and emotional development, inadequate schooling and an increased chance of early dropout; all of which lead in the longer term to lower earning capacities, less labour market opportunities and a higher risk of incarceration. In short, children growing up in poverty face inferior life chances and low levels of social mobility (Duncan et al., 1998; Vleminckx and Smeeding, 2001; Hackman et al., 2010). Even worse, given the inheritance of social inequality, children growing up in poverty have a great chance of becoming poor parents themselves. For sure, child poverty is anathema to the ideal of social investment which explains why the benefits of high-quality childcare for disadvantaged children are emphasized in the child-centred investment strategy.

Childcare is expected to mitigate early inequalities mainly through two channels. First, allowing mothers from disadvantaged families (often, if not always, having a weak labour market profile) to engage in paid

employment does not only yield benefits in terms of human capital (*supra*), but also raises family income which may push them above the poverty threshold. It is indeed an established fact that maternal employment is a bulwark against child poverty (Chen and Corak, 2008; Gornick and Jäntti, 2012). Second, the disparity in terms of school readiness, between children growing up in low-income and children growing up in higher income families, is large already by the time they start school. This is largely so because the former grow up in a less conducive learning environment with parents who are less able to facilitate their children's school readiness than their higher-income and higher-skilled counterparts (Augustine et al., 2009; Waldfogel and Washbrook, 2011; Ermish, 2008). Obviously, other factors which are interrelated with poverty (such as ill health, bad housing, disadvantaged neighbourhoods and impoverished social networks) interfere with and add up to the early disparity in school readiness (Brooks-Gunn, 2003). In short, because these children start off from a disadvantaged point, they have the most to gain from high-quality childcare (Magnusson et al., 2007). Bestowing upon these children a stimulating learning environment offsets (at least partly) the unequal abilities of parents to improve their children's development, language competence and school readiness; hence narrowing the achievement gaps (Currie, 2001; Barnett, 1995). This goes beyond short-term but fading gains in cognitive abilities (such as gains in IQ or test scores), but manifests itself more in terms of social skills, motivation and achievement which makes children better prepared for learning (Heckman, 2006). And because learning begets further learning, the effects of equalizing initial endowments are long-lasting which leads to improved chances for school success and social mobility (Brooks-Gunn, 2003; Magnusson et al., 2007; Phillips and Lowenstein, 2011). These effects have been found in a US as well as in a European context, for different types of services (Havnes and Mogstad, 2011; Sylva et al., 2004; Currie, 2001, see also the overview in UNICEF, 2008). Simplifying an enormous body of literature, the overall conclusion is that formal childcare services, given they are of high quality, promote school readiness.

To summarize, providing high-quality childcare as part and parcel of a child-centred investment strategy is expected to further human capital of mothers and children alike, and should in particular yield benefits for children from disadvantaged backgrounds and mitigate social inequalities by tackling its root causes. There are, however, several reasons why such child-centred investment strategy might fail.

First of all, notwithstanding the fact that positive effects on school readiness are increasingly albeit inconsistently found for 'regular' care services in European countries (Vandenbroeck et al., 2012), the assumptions regarding the benefits for disadvantaged children are almost entirely based on experimental evidence drawn from quite unique and high-intensive US-based 'model programmes' (in particular the HighScope

Perry Preschool Programme, the Chicago Child-Parent Center Program and the Carolina Abecedarian Project). These model programmes do not reflect the heterogeneity in services found in European countries and it is not clear whether these findings are readily transferable to any given context or scale, such as child minders which are a common type of non-parental care in several European countries (Morrissey and Warner, 2007; Baker, 2011). Moreover, most of these programmes concern preschool children, while largest progress in terms of social and cognitive development is expected to be gained for toddlers (Heckman, 2006). *Second*, and related to the first point: quality is primordial but there is great variety in the quality of care services in and across countries. Regular care services for under threes usually focus on care and safety and less so on education while staff often has low levels of training (the Nordic countries are exceptions here, see the discussion below). It is not clear how a stimulating environment adhering to the necessary quality can be achieved in such context. *Third*, childcare services do not operate in isolation and should be connected to parental leave, education systems and broader welfare programs. There is evidence of harmful effects of first-year non-parental care in terms of cognitive and emotional well-being (Belsky, 2001; NICHD ECCRN, 2003; Han et al., 2001), highlighting the importance of parental leave systems allowing (at least one of the) parents to rear children themselves in the critical beginning of life. European leave regulations differ greatly across countries in terms of duration and remuneration, however, not always matching the availability of childcare services or providing the right incentives for parents to take up leave (see Moss, 2012, for an overview). Adding to that, previous research has demonstrated that the use of leave is socially stratified which might reinforce prevailing inequalities too (Ghysels and Van Lancker, 2011; Van Lancker and Ghysels, 2013). A similar argument holds for the transition from childcare to compulsory schooling. School systems in many European countries are known to reproduce or even reinforce existing inequalities which may very well offset much of the benefits gained (Schütz et al., 2008). Indeed, US research has shown that this is most likely to happen in schools of lower quality (Currie and Thomas, 2000). And of course, because the quality of parental care also differs greatly among socio-economic groups, the existence or absence of broader child support arrangements such as home intervention programmes (focusing on changing parent's behaviour) presumably plays a role in the success or failure of childcare services too (Waldfogel, 2002; Ruhm, 2011). In sum, a successful child-centred investment strategy clearly cannot limit itself to childcare services alone. *Finally*, although correlations between the use and availability of childcare and maternal employment have been found time and again, some studies have shown that the creation of additional childcare places mainly crowd out informal arrangements and in particular benefits mothers who are already employed (e.g. Havnes and Mogstad, 2011). Even the causal effect of childcare on maternal employment is thus not *a priori* to be assumed.

One argument, however, precedes these issues of quality, employment and generalizability. In order to be a beneficial strategy for disadvantaged families, childcare services should be within reach of these families. Recent research casts some doubt whether this is actually the case in European societies (OECD, 2011; Ghysels and Van Lancker, 2011). If this is true, childcare may not only fail to mitigate social inequalities but might even exacerbate them and raise new issues of social inequality between the haves and the have-nots, because the better-off children are able to ameliorate their existing advantage through the benefits of childcare while the children who would benefit the most are excluded. This would actually end up being the reverse of what is aimed for.

Basically, there are two pathways to ensure the inclusion of disadvantaged children: 1) Extending childcare coverage to all children, irrespective of family background and parents' labour market attainment (i.e. a strategy of *universalising* childcare); or 2) if childcare coverage is incomplete, giving priority to disadvantaged children to participate (i.e. a strategy of *targeting* childcare). According to Esping-Andersen (2005), the universal strategy is preferable from a social investment point-of-view because it kills two birds with one throw: it ensures access for disadvantaged children whilst allowing mothers to engage or remain in paid work. In the empirical analysis, I will investigate the social distribution of childcare use in the EU27. This exercise will allow to assess whether countries have succeeded in universalising and equalising access for all social groups alike or, if that is not the case, whether priority is given to disadvantaged children.

3. Data, definitions and method

Data are drawn from the European Union Survey on Income and Living Conditions (EU-SILC), wave 2009. The EU-SILC is the main source for cross-national research on income and living conditions in the European Union as well as for monitoring progress towards the Barcelona childcare targets. Although sometimes criticized (e.g. Keck and Saraceno, 2011), the SILC data is currently the only data source allowing to calculate childcare usage among young children in a 'regular week' for all EU member states. In this analysis, I distinguish between two types of care. First, *formal care services* include care centers, nursery schools, professional child minders and family daycare providers. Second, *informal care* relates to care given by grandparents, relatives and friends. It should be noted that formal care entails both public and private services. The inclusion of private childcare is a crucial issue insofar as private-market services, particularly if they are not subsidized, may hide inequalities in quality as well as access (I will come back to this issue in the discussion). The empirical analysis is limited to children below 3. Although non-parental care should ideally start around age 1 (see the discussion above),

in several European countries children are enrolled much earlier. Furthermore, using this age bracket is consistent with the European approach as set down in the Barcelona targets and allows to compare homogenous groups because, starting at age 3, the role of educational systems becomes very diverse in European countries and a comparison of service use becomes much more complex. A drawback is that I cannot take into account the uptake of leave schemes which will beyond doubt negatively influence childcare use levels, especially among the very youngest children. I will come back to this when discussing the results (*infra*, §4).

In this article, I present a full time equivalent (FTE) measure of care use in order to take into account differences in care use intensity (i.e. hours of attendance per week). It is quite obvious that low-intensity use (say one or two days in the week, or only for few hours a day, which is for instance common in The Netherlands, e.g. Plantenga and Remery, 2009) is not suitable to allow for maternal employment and to improve school readiness. Consequently, low-intensity childcare use does not adhere to the social investment ideal and simply relying on average use might obscure this important dimension. Following Rauch (2007), Meagher and Szebehely (2012) and the approach used in the OECD Family Database, FTE care use represents the proportion of children as if they were receiving full-time care use (30 hours per week or more)³. This gives us better insight into the genuine contribution of a particular country's childcare system to the social investment ideal.

To gauge the social stratification of care use, families with young children (defined as families with at least one child below 6⁴) are divided into five income groups⁵ (quintiles) for each country and FTE formal care use is compared between children living in low-income households and children living in high-income households. To properly report the outcomes, I present for every country an inequality ratio (IR), i.e. the average FTE care use among children living in the highest income family (fifth quintile) divided by the average care use among children living in a low income

³ The calculation is as follows: FTE = proportion of children in formal childcare * average number of hours per week (as % of 30 hours per week). See OECD Family database, *PF3.2: Enrolment in childcare and pre-schools* (<http://www.oecd.org/els/social/family/database>).

⁴ Because we want to compare children who are disadvantaged relative to other children, it would not make sense to include all households (including childless families) to calculate income groups.

⁵ To compare households with a different number of members and different needs, household income is standardized using the so-called modified OECD-scale. The outcomes are somewhat sensitive to the use of this equivalence scale; other analyses (not shown) using non-standardized household income however do not alter the overall interpretations of the results. In Hungary, Luxemburg and Portugal, though, the IR increases with more than 2 points while the IR decreases with more than 2 points in Poland and Ireland.

family (first quintile). An inequality ratio (IR) of 2 thus means that children from a high-income family are twice as much enrolled in FTE childcare than their counterparts from a low-income family, while an IR of 1 means an equal distribution of care use.

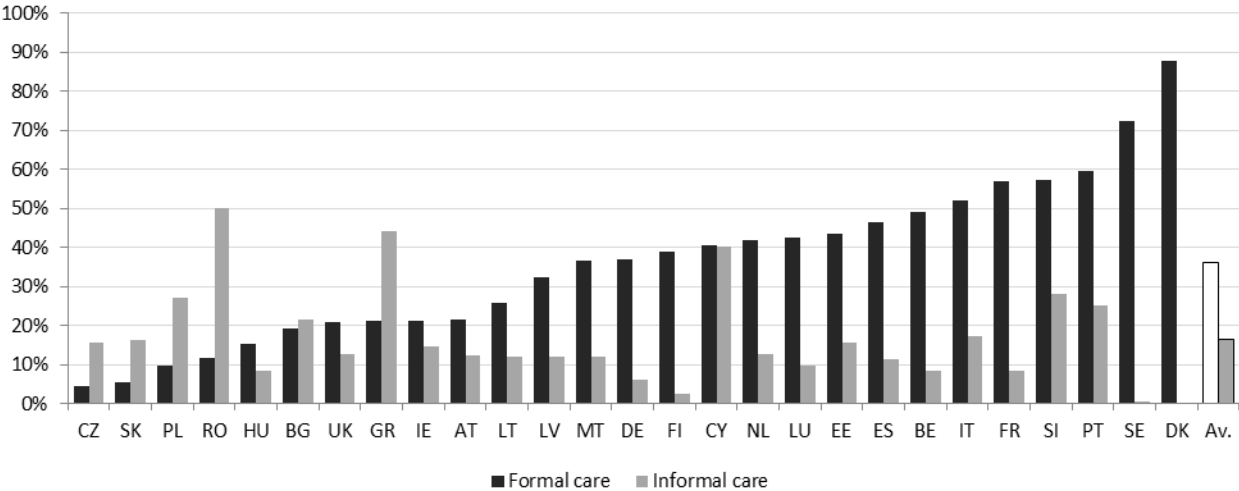
I will investigate both strategies (universal coverage for all social groups or priority access for disadvantaged children) for a successful child-centred investment strategy in the subsequent section. Average use across the EU27 will be examined first, followed by an exploration of its social distribution. Given the available data, I will also consider the distributional outcomes as a function of labour market attainment and informal care use.

4. Results: The social distribution of childcare use in Europe

4.1. Average care use

Figure 1 shows the average FTE measure of formal and informal childcare use for all children below 3 in the EU27. The disparity in formal care use between countries is enormous, ranging from more than 70% FTE in Sweden and Denmark to barely 5% in Czech Republic and Slovak Republic. France, and perhaps more surprisingly Italy, Slovenia and Portugal are also high-coverage countries with FTE use exceeding 50%. A group of countries reporting above-average use consist of Belgium, Spain, Estonia, Luxemburg, The Netherlands, Cyprus, Finland, Germany and Malta, while Latvia, Lithuania Austria, Ireland, Greece, United Kingdom and the former socialist economies Bulgaria, Hungary, Romania and Poland are underachievers with figures ranging from 10% to 30%.

Figure 1. FTE care use for all children below 3, EU27



Source: own calculations on EU-SILC 2009. Countries are ranked by average FTE formal care use. Average is unweighted.

Regarding FTE informal care use (i.e. care given by grandparents, friends or relatives), one can see this is the major channel of care for young children in only some of the low-coverage countries while informal care is almost non-existent in Sweden and Denmark. Indeed, the SILC data indicate a modest trade-off between informal and formal care use ($r = -0.38$): the higher formal care use, the lower the reliance on informal care in a regular week, and *vice versa*.

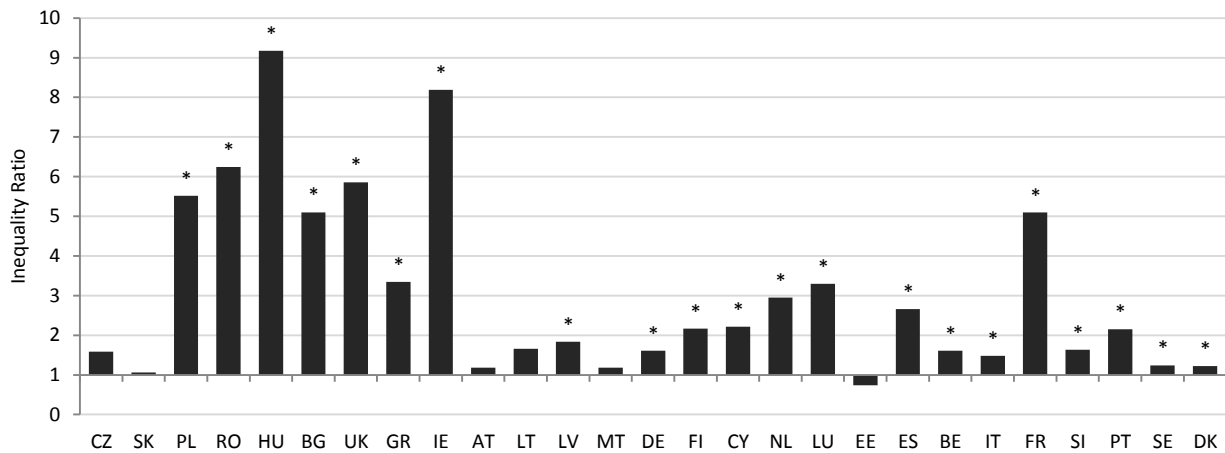
Although childcare use in European countries does not translate into consistent clusters of countries (and certainly does not follow the traditional welfare regimes), two general observations can be made: 1) the Central and Eastern European member states, which were in the socialist era characterized by high levels of care use have fallen back to the bottom of the league table, confirming earlier findings on trends in family policy in these countries (see Plantenga and Remery, 2009; Szelewa and Polakowski, 2008; Saxonberg and Sirovátka, 2006). Slovenia is a truly exceptional case; 2) Even in the high-coverage countries, including Sweden, FTE formal care use is not universalized: a significant share of young children are not catered for in formal childcare services.

Obviously, in evaluating countries' achievement with regards to universal coverage, due account should be taken of existing parental leave entitlements. In order to neutralize the effect of parental leave uptake, I also looked at the FTE formal care use among 1 and 2-year olds (results not shown). Although average usage figures are higher overall for this age group, still the only country approaching universal use is Denmark (with 90% FTE formal care use).

4.2. The social stratification of care use

Let us now turn to the social distribution of care use. Figure 2 reports inequality ratios for FTE formal care use across the EU27. The data demonstrate that care use is socially stratified in the large majority of countries. Only in 6 countries (Czech Republic, Slovak Republic, Austria, Lithuania, Malta and Estonia) the difference between children from low-income and high-income families is not significant, but none of these countries satisfy the first condition of universal use. Not a single country reports significant higher levels of care use for children from low income families *vis-à-vis* their higher income counterparts which means that in none of the European countries childcare services are targeted towards disadvantaged children.

Figure 2. Inequality in FTE formal care use, children below 3, EU27



Source: own calculations on EU-SILC 2009. Countries are ranked by average FTE formal care use. Significance level for the difference between low and high income families: * $p < 0.05$.

Prima facie, the magnitude of the inequality is particularly striking in countries characterized by low levels of overall FTE care use, such as Poland, Romania, Hungary, Bulgaria, United Kingdom and Ireland while usage is more equal in countries reporting higher levels of FTE care use, such as Belgium, Italy, Slovenia and Portugal (France is an exception here). Indeed, the IR attenuates when average usage goes up ($r = -0.42$). However, one should be careful in interpreting these figures. Although inequality ratios between 1.5 and 2 might seem reasonable compared to the extreme inequalities in the left-hand side of the graph (from an IR of 5.5 in Poland over 9 in Hungary to 8 in Ireland), in reality these translate into a wide gap when average use is at a high level. In the example of Belgium (IR: 1.6), this amounts to 61% of children from high-income families enrolled in formal care compared to only 38% of children living in a low-income household. In France, the situation is even more dramatic: an average FTE care use of 57% (see figure1) conceals usage rates of 15% for low-income children compared to 77% of high-income children. Such inequalities increase the gap between the haves and the have-nots (Schütz et al., 2008), and are detrimental to the whole idea of social investment. The only two countries more or less ensuring equal participation in formal childcare at high levels are Denmark and Sweden with IRs of 1.2. However, here too, the inequalities are not negligible (92% v 75% in Denmark and 75% v 60% in Sweden).

4.3. The role of employment and informal care

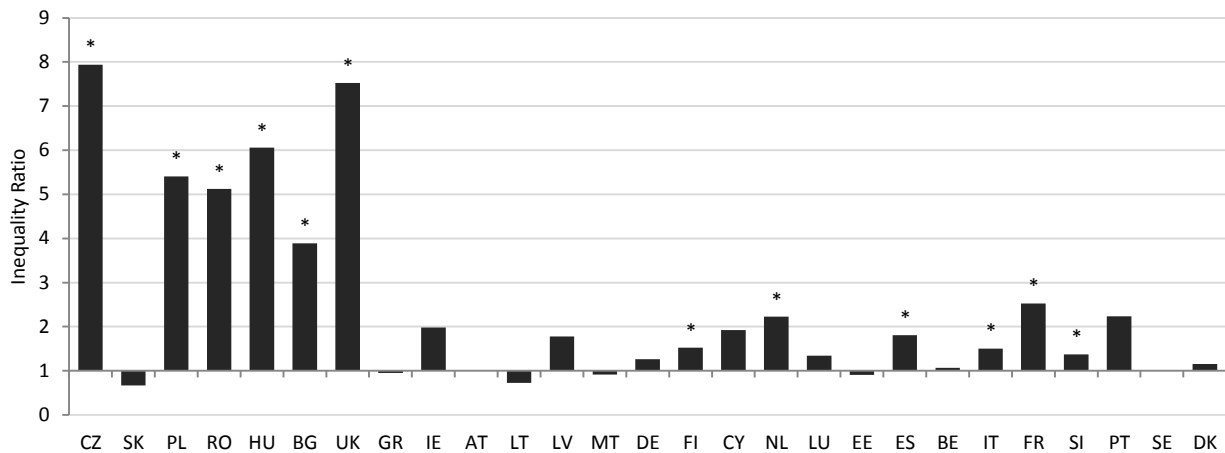
Naturally, the above findings should be interpreted in conjunction with labour market outcomes and the availability of other care arrangements. It is well documented that the increase in female labour market

participation has been a socially stratified process, with large differences in employment between low skilled and high skilled women (Cantillon et al., 2001; Gesthuizen et al., 2011). To the extent that employed parents rely on childcare services and the employment of parents also explains their position in the income distribution, the social stratification of care use could simply be a reflection of unequal labour market patterns (Ghysels and Van Lancker, 2011). If this were to be true, the inequality in FTE childcare use should disappear when limiting the sample to children with employed mothers⁶. I investigate this in Figure 3, and the results demonstrate that for the majority of countries the difference in care use is no longer significant. For these countries, labour market attainment indeed explains the stratification of care use⁷. This calls for a balanced interpretation. The relationship between childcare use and maternal employment is presumably reciprocal: availability of childcare services gives mothers of young children a better option to engage in paid employment which in turn will induce a higher need for childcare places (Steiber and Haas, 2012). If one assumes that employment and childcare use move together, advocates of activation will not necessarily be worried by the unequal outcomes in childcare use: childcare use will equalize when employment patterns converge. Social investment advocates, however, cannot be satisfied with such state of affairs: a child-centred investment strategy is explicitly committed to furthering human capital of disadvantaged children, which surely includes children whose mother is not (yet) employed.

⁶ Mothers are regarded to be employed if they declare themselves to be (full-time or part-time) employed at the moment of interview, which matches the time frame of the childcare questions.

⁷ One has to be careful still. The inequality is probably not explained away by employment in Portugal. Due to a small number of cases (n=94), the IR of 2.2 is near-significant (p = 0.052).

Figure 3. Inequality in FTE formal care use, children below 3 with employed mothers, EU27



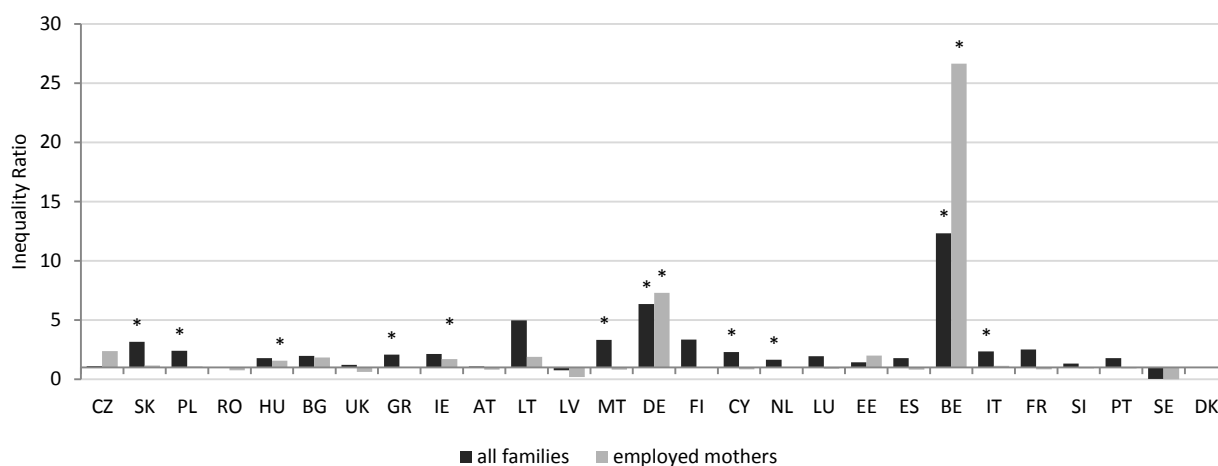
Source: own calculations on EU-SILC 2009. Countries are ranked by average FTE formal care use. Significance level: * $p < 0.05$.

Furthermore, bringing employment into the equation does not explain the social stratification in care use for all countries alike. While in some of the low coverage countries the huge inequalities are maintained (or even exacerbated, cf. Czech Republic and United Kingdom), in others the inequality in care use is mitigated but not fully explained by labour market participation. In Italy, for instance, the inequality ratio is 1.5 which translates in usage rates of 45% of children in low-income families versus 67% of children in high-income families. Similarly, for France this amounts to 34% versus 86%; for Slovenia to 50% versus 68%. In these countries, childcare participation is constrained for children from low-income families *even if their mothers are employed*.

From an activation perspective, this does not have to be a problem if these families are able to fulfil their care demands through informal channels. Indeed, it is often assumed that more disadvantaged families, including low income families, families with a lowly educated mother, minorities and immigrant parents, are more likely to depend on informal arrangements as their primary source of childcare (Debacker, 2008; Henley & Lyons, 2000). Again, however, social investment advocates cannot be satisfied with informal care for disadvantaged children because these arrangements are often not conducive for promoting school readiness (*supra*). Figure 4 shows the inequality ratio of informal care use in the EU27 for all mothers (dark bars) and for employed mothers (grey bars). In several countries, no significant difference between income levels can be discerned; but when there is a difference, the use of informal care is biased *against* low-income families. This pattern is not confined to specific countries but emerges across low, middle and high-coverage countries. The results do not support the assumption that low-income families rely more on kith and kin while high-income families fulfil their care demands through

formal childcare services: low-income families are less likely to use *both* formal and informal care.

Figure 4. Inequality in FTE informal care use, children below 3, EU27



Source: own calculations on EU-SILC 2009. Significance level: * $p < 0.05$.

It could however be that the expected trade-off between informal and formal care explains the inequality in care use only among working mothers. The grey bars in figure 4 show that, while in almost all countries differences between income levels disappear, in some countries inequalities still prevail (Germany and in particular Belgium are cases in point). Even more, there is not a single country in which we find that children from low-income families are significantly more cared for by grandparents, relatives or friends compared to children from high-income families. In other words, the existing inequality in FTE formal childcare use amongst working mothers is not explained by a trade-off with informal arrangements.

5. Discussion: lessons learned and the way forward

The empirical results warrant for some general lessons to be learned for any successful child-centred investment strategy. The outcomes show crystal clear that the majority of EU member states have a long way to go in universalizing and equalizing formal care use for children below 3. Although one cannot directly infer problems of rationing from usage figures as presented in this article, there is ample evidence of shortage in childcare slots in almost all European countries (except for the Nordics), in particular the Central and Eastern European countries (see the overview in Plantenga and Remery, 2009: 40-41). This is supported by research on the effects of childcare on female labour supply: while early research focused on the role of childcare costs (e.g. Blau and Robbins, 1988), nowadays the consensus seems to be that availability is key for maternal employment, in particular in a European context where childcare is in

almost all countries subsidized one way or the other (Kreyenfeld and Hank, 2000; Viitanen, 2005; Wrohlich, 2011). Detailed country studies indeed show that almost all European countries have implemented an income-related tariff system for their publicly provided or subsidized childcare services or provide childcare subsidies targeted towards low-income families when childcare has to be purchased on the private market (an exception here is Ireland, where *both* availability and affordability is problematic) (European Parliament, 2007; UNICEF, 2008). Obviously, childcare costs play an important role in families' care decisions, certainly so for low-income households for whom childcare costs proportionally incur a bigger cost. Yet, lowering prices cannot increase childcare participation if parents are not able to attain a free childcare slot in the first place (Farfan-Portet et al., 2011). Consequently, while continuously monitoring affordability for low income families, European countries have to drastically increase the number of available childcare places. That is the first lesson learned.

Notwithstanding its importance, increasing childcare supply is no sufficient condition for equalizing formal care use. Consider the example of the three Nordics where childcare places are guaranteed as a social right and no problem of rationing occurs. While Denmark and Sweden indeed display high levels of care use, equally distributed among social groups, Finland reports much lower levels of childcare use with a bias against low-income families. The latter country resembles Sweden and Denmark in that a place in public childcare is a social right and heavily subsidized, but differs in that it also installed a cash-for-care scheme in 1985⁸ as an alternative to childcare services (Ellingsaeter, 2012). Underpinned by a 'freedom of choice' rhetoric, a cash benefit is paid to families with a child below 3 not enrolled in childcare; *de facto* extending the period of parental leave until a child's third birthday (Sipilä et al., 2010). The popularity of the scheme explains the low levels of formal care use compared to Sweden and Denmark (in 2007, 52 per cent of Finnish children below 3 were cared for at home, Repo, 2010). Without going too much into detail here, it is in fact an incentive for mothers (who are still responsible for the bulk of caregiving work) not to use formal childcare, especially for those with low earning potential facing limited employment opportunities (*infra*; Meagher and Szebehely, 2012). The Finnish cash-for-care scheme thus contributes to the inequality in outcomes reported in figure 2. A similar policy ambiguity can be found in other countries characterized by high inequality in care use across income groups, such as France, where family policies include both the provision of childcare to

⁸ Sweden had a similar system installed in 1994 by the then centre-right government only to be abolished in 1996 by the subsequent centre-left government. It was reinstalled again in 2008 by a centre-right government. Municipalities are however free whether to offer it to its citizens. Although it is too premature to sort any significant effect, it cannot be but interpreted as a divergence from a consistent investment approach.

encourage maternal employment and cash benefits to encourage mothers to take care of the children themselves (Morel, 2007). Here, too, the incentive structure encourages low-paid mothers to stay at home. Contrary to the availability of parental leave in the critical first year of a child's life, long periods of home-care leave go against the child-centred investment prescription of extending childcare coverage to all children on the one hand, and are detrimental for maternal employment opportunities, in particular for mother with lesser career prospects, on the other (Gornick and Hegewisch, 2010). Thus, the second lesson learned is that a child-centred investment strategy is in dire need of a *consistent* set of policies, which highlights the importance of including a broader set of policies into the analytical framework.

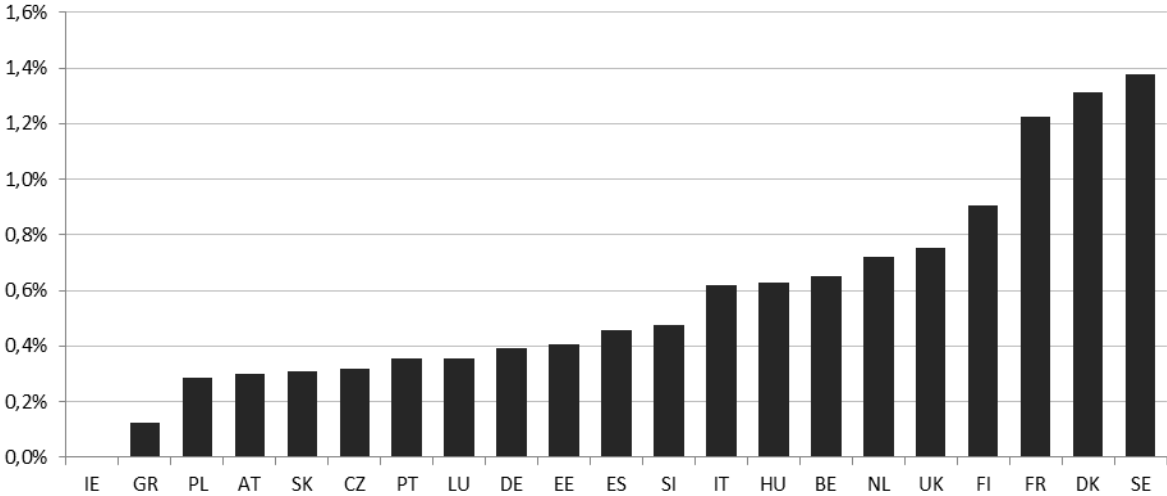
This connects to labour market policy: a consistent child-centred investment strategy cannot but include the implementation of consistent employment policies. The results showed that inequality in care use disappeared in the majority of countries when the analysis was limited to children whose mother is employed. Again, the Nordics may serve as a useful example here. Sweden and Denmark pursued a consistent investment-oriented labour market policy (with strong emphasis on active policies and training programs), influenced by the notion that gender equality could only be achieved by increasing women's employment opportunities and men's opportunities to take care of the children (the so-called 'dual earner/dual carer' model, Korpi, 2000). This entailed a focus on the provision of generous parental leave entitlements and public sector employment, and creating labour market conditions conducive for low-skilled women (Korpi et al., 2011). In most other countries (including Finland), however, employment opportunities for women are more limited, certainly so for low-skilled women. Few countries have followed a consistent investment approach towards employment (Bonoli, 2009; Vandenbroucke and Vleminckx, 2011). This is the third lesson: ensuring that childcare services are able to mitigate social inequalities entails a focus on increasing maternal employment across all social groups. However, similar to childcare, quality is important here. When mothers experience job instability with for instance unpredictable working hours and/or fluctuating work schedules which in turn induces parental stress and leads to volatility in non-parental care arrangements, employment might negatively affect the socioeconomic development of children (Johnson et al., 2012). Such jobs are often prerogative of disadvantaged families.

This brings me to the final lesson. Even when governments will have implemented a consistent set of policies and the conditions for a successful child-centred investment strategy are fulfilled, equal use of childcare services across social groups will not be guaranteed (cf. Denmark approaching but not satisfying universal coverage). First, this may be due to the details of policy implementation (e.g. how is the service exactly delivered? Are there unforeseen barriers for enrolment?),

which calls for more in-depth studies of policy design (one example being Van Lancker and Ghysels, 2012, for Sweden and Belgium). Second, irrespective of implementation issues, childcare use not only depends on structural opportunities and constraints, but also on social and cultural values on motherhood and children's needs. Some parents will always be unable or unwilling to enrol their children in non-parental care services (Lewis et al., 2008). Such families are in need of other policy recipes, and a smart child-centred investment approach should acknowledge that.

So, then, what is the way forward for European countries? Only in Denmark, and to a lesser extent in Sweden, do the outcomes more or less adhere to a successful child-centred investment strategy. In these countries, childcare services are heavily subsidized, a childcare slot is a social right for each child from the age of 1, out-of-pocket fees are related to disposable income, services have to meet strict quality requirements (e.g. conforming to centrally set educational curricula and staff-child ratios) and childcare staff is properly trained and adequately paid (Van Lancker and Ghysels, 2012; OECD, 2012). It is quite clear from the results that the majority of countries have a very long way to go in order to come close to the Danish example, inevitably requiring governments to switch into higher gear and take a huge leap forward. To have an idea of the size of the effort needed, Figure 5 shows the spending on childcare in percentage of GDP. Whilst only being illustrative, we immediately see the budgetary effort faced by some countries if one uses Denmark as the benchmark. Doubling (Belgium, The Netherlands, United Kingdom), tripling (Germany, Spain, Slovenia, Estonia,) or even quadrupling (Poland, Austria, Czech Republic, Slovak Republic) the public investment in childcare will certainly require political wherewithal but might be very hard to achieve for some of the underachievers, in particular the Central and Eastern European member states; certainly so in a social and economic context of austerity in which short-term fiscal consolidation instead of achieving longer-term investment goals is the prime policy objective (e.g. Hemerijck, 2012).

Figure 5. Average net government spending on childcare, % of GDP, 2007



Source: own calculations on OECD SOCX database. Note: childcare includes spending on day-care services, pre-primary (ISCED0) education and, if applicable, tax credits for childcare.

Not only the budgetary effort might be inconceivable, one should also be aware of path dependency in expanding childcare. Indeed, publicly providing and/or subsidizing childcare services might not be feasible for those countries where childcare services are mainly provided through the market (i.e. Ireland and United Kingdom, but also The Netherlands, Poland, Portugal, Austria and Czech Republic, according to the *OECD Family Database*). Although market-driven childcare provision does not necessarily exclude government involvement (policymakers can stimulate demand in various ways, e.g. demand-side subsidies such as childcare vouchers and tax rebates), from a social investment point-of-view this might not be a viable option because private provision is related with lower quality, higher private costs and problems of rationing, especially in disadvantaged neighbourhoods. For instance, the Netherlands have known a shift from supply-side to demand-side subsidies following its 2005 Child Care Act, which led to a proliferation of for-profit facilities at the expense of not-for-profit facilities. These for-profit facilities tend to be concentrated more in neighbourhoods with higher purchasing power (Noailly and Visser, 2009). Notwithstanding this important issue of service delivery, whatever choices governments make (or have made in the past) and irrespective of who bears the main burden of the cost, the total cost of universalizing high-quality childcare services for all social groups will hover around the same order of magnitude(see Esping-Andersen, 2005, for a similar argument).

6. Conclusion

In this article, I have developed the argument that childcare services should be within reach of disadvantaged children in order to be effective in increasing maternal employment rates, furthering children's human capital and mitigating social inequalities. The results demonstrate, however, that in almost all EU member states childcare coverage is not universal and socially stratified. Children from low-income families use formal childcare to a much lesser extent than children from high-income families. The only country approaching the child-centred investment ideal of universalizing and equalizing childcare coverage is Denmark. In discussing the results, I derived some lessons for governments pursuing a child-centred investment strategy: they should increase the availability of high-quality childcare places while simultaneously increasing employment opportunities for all social groups, embedded in a broader set of consistent investment policies. For most EU member states, this will require a huge budgetary effort which might not be feasible in the short or even in the long run. Further research should concentrate on identifying strategies in which governments can ensure access to qualitative childcare for children from a disadvantaged background, given budgetary constraints and path-dependent institutional configurations.

The main point to take home is that the children who would benefit the most from being integrated into qualitative childcare are the ones most likely to be excluded. This will exacerbate rather than mitigate social inequalities in early life. Hence, the unavoidable conclusion is that a child-centred investment strategy in its current state of affairs is bound to fail.

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