Social Investment and Childcare Expansion. A Perfect Match?

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Abstract and Keywords

The chapter first examines at a conceptual level the links between theories of social investment and childcare expansion. Although 'the perfect match' between the two is often taken for granted in the specialized literature as well as in policy papers, it is here argued that a more nuance approach that 'unpacks' this relationship is needed. The chapter will then look for elements of variation in early childhood education and care (ECEC) expansion. Despite an increase in spending over the last two decades in many European and Organisation for Economic Co-operation and Development (OECD) countries, wide variation still exists in the way in which ECEC develops. A trade-off is often observed between coverage and quality of provision. A crucial dividing line that determines, to a large extent, the quality of provision in ECEC is the increasing differentiation between preschool education for children aged 3 and above and childcare for younger children.

Keywords: childcare, early years education and care, social investment, OECD, social investment, childcare expansion.

10.1 Introduction

Early childhood education and care (ECEC) has come to the forefront of policy discourse and action as part of a wider attempt to recalibrate developed welfare states through a social investment perspective in childcare and education services. Converging socioeconomic and demographic trends underpin discourse and action in this field, putting the question of who looks after the children at the centre of public debate and policy innovation. This 'politicization of childhood' (Jenson 2008) has become a major topic in emergent social policy paradigms (Esping-Andersen et al. 2002; Jenson 2010; Bonoli 2013).

By emphasizing equal opportunities in life rather than life outcomes, the underlying goal becomes that of 'preparing rather than repairing' (Morel, Palier, and Palme 2012c), which to a certain extent resembles Hacker's (2002) advocacy for pre-distribution. In this chapter, I will firstly present the main challenges and dilemmas that have given a prominent place to early years education and care within the social investment paradigm. The chapter will then briefly echo certain controversy in relation to the policy directions that investing in children might take. Finally, reflecting on Hemerijck's framework, the chapter analyses expansion and institutional diversity in ECEC to claim that whilst there is a visible trend towards increasing spending and coverage in ECEC provision in most European Union (EU) and Organisation for Economic Co-operation and Development (OECD) countries, the appropriate complementarity of stocks (labour market integration), flows (human capital gains), and buffers (securing income protection for vulnerable families) will differ under different institutional, economic, and cultural conditions.

(p.119) 10.2 Investing in Early Years and Its Critics

Research from as disparate disciplines as neuroscience, psychology, economics, politics, sociology, and social policy has come together to prove positive links between investment in ECEC and female labour force participation; fertility dynamics; children's opportunities in life; and productivity imperatives in the knowledge-based economy.

Lack of adequate institutional support to the reconciliation of work and family life usually acts as a deterrent to the participation of women in the labour market and to having children. Women who anticipate a high conflict between the spheres of employment and family life are either less likely to be employed or to 'resolve' the conflict by not having children (Brewster and Rindfuss 2000; Gauthier 2007; Esping-Andersen 2009; Kamerman and Moss 2009; Boje and Ejnraes 2011; Budig, Misra, and Boeckmann 2012; Drobnic and León 2014).
There is also a range of cross-discipline research which finds that early childhood is a key period in life when opportunities related to human capital are developing. Investment in ECEC seeks, from this point of view, to 'level the

playing field' by minimizing the 'accident of birth' to break the intergenerational transmission of inequalities and ensure that children from different socioeconomic and ethnic backgrounds have access to primary social goods. To the extent that the second demographic transition is widening social class disparities in children's resources, investing in ECEC as a way of compensating for the loss of parental resources of the more disadvantaged children and their impact on children's cognitive development and educational achievement becomes a more pressing goal (McLanahan 2004; Esping-Andersen 2009). In addition, the European Strategy for Cooperation in Education and Training—ET 2011 (Urban et al. 2011)—emphasizes those strong connections between productivity and investment in early age. Making a radical switch with traditional literature in the economics of education, scholars such as Heckman, Pinto, and Savelyev (2013) contend that rather than cognitive knowledge, it is non-cognitive traits, such as motivation, self-esteem or leadership, mainly configured in our early years, which determine our productivity capacity later in life. In this way, the interactions between care, education, and the economy shape the debate on care for the young ones. This is also in line with Sen and Nussbaum's (1993) capabilities approach in that access to good quality education and availability of policies to ease the work–family conflict both become a precondition to achieve agency (Hobson 2014).

The scale of the challenge has thus pushed many national governments and international agencies to rethink welfare protection for children and families from either developed or developing countries. There is now a widespread consensus that Fordist family policies are ill-prepared to confront these challenges and that enhancing human capital, capacitating women whilst at the **(p.120)** same time securing income protection for vulnerable individuals, are now key goals. International organizations (see, for instance, Starting Strong OECD reports) have played a key role in framing the ideological contours of the social investment perspective on ECEC providing for common solutions to shared problems.

This evidence is, nonetheless, confronted with different interpretations. To begin with, views as to whether ECEC attendance may have compensating effects for children's development are somehow mixed (Anderson et al. 2003). The assessment of publicly funded comprehensive preschool programmes for children aged 3 to 5 at risk of poverty in the USA, for instance, seems to be inconclusive. The limited focus on short-term cognitive measures appears to be inadequate for drawing conclusions about their long-term impact on the wellbeing of children. In their meta-analysis of sixteen studies, Anderson and colleagues (2003) conclude that even though ECEC interventions improved the cognitive and non-cognitive abilities of children who used the provision, which signals subsequent economic, social, and health success, they could not come to any clear conclusions as to the key features of effective and efficient programmes. In a similar vein, research assessing the benefits of early formal

schooling does not seem to reach clear causations (Sharp 2002). Some other studies suggest that children require a minimum level of support from the home environment to benefit from higher quality care (Vandell et al. 2010; Anders et al. 2012). For example, conditional transfers that grant cash benefits to low-income households on the condition that parents invest this money in their children's education and health have been found to be successful in empowering families to provide favourable environments for child development, as can be observed in some Latin American countries (see Chapter 25, this volume). From a more critical perspective, scholars pertaining to the new sociology of childhood, often echoing Bourdieu's critical theory, denounce the uncritical embracing of the liberal logic that arguments in favour of ECEC expansion can encapsulate. The focus on children's agency allows these authors to link discourses and debates around ECEC with broader questions of universalism/ particularism and structure/agency (James and Prout 2005; Graham, 2011). The predominance of 'investment' and economic rationales in some key arguments in favour of ECEC expansion (especially from the part of international bodies such as the OECD, World Bank, or the EU) reveals for some an understanding of early years' education as an instrumental means to productive gains through high returns on investment and macroeconomic growth. By doing so, some authors would argue, it strips education of its social and psychological meaning for the individual child, ignoring the other key function of education in developing into mature and engaged citizens that can articulate their demands and participate in democratic society (Aubrey 2008).

(p.121) Furthermore, the 'social investment' premise generates important trade-offs and tensions under conditions of permanent austerity in welfare states (Pierson 1996, 1998). The 'austerity turn' since the onslaught of the global financial crisis in 2007, with its 'collateral effects' on social spending, is an economic doctrine at odds with the social investment philosophy. In other words, the interconnections between macroeconomic, fiscal, employment, and social policies are so strong that a well-intended social investment message will face a wall rather than a window if confronted with the pressures for balanced budgets and deficit reductions endorsed by austerity politics (see Chapter 1, this volume). Therefore, the integration of apparently competing paradigms, that is, between market deregulation and social investment policies or between compensatory and preventive welfare, is a puzzle worth exploring (see Cantillon and Van Lancker 2013, and Chapter 5, this volume, for the 'Matthew Effect' risk of investing in childcare).

Nevertheless, this simultaneous change in the paradigm governing childcare and a common trajectory in the transformation of ECEC in Europe and around the globe is taking place, departing from very different starting points in the different countries. The common set of ideas, benchmarks, and policy prescriptions regarding ECEC at EU and OECD levels points towards a shared trajectory of policy change, although the appropriate complementarity of stocks,

flows, and buffers differ under different macro and meso conditions.
Developments have not been uniform regarding both the pace of transformation and the specific path taken (Oberhuemer 2010; Morgan 2012; Eurydice 2013; León 2014). Certainly, at the level of intervention and implementation of the policy paradigm, the actual expansion of ECEC (and, crucially, the way in which it expands) as part of a wider social investment approach, depend on a number of 'varieties' of cultural, political, and economic structures embedded within institutions that conform to the different welfare-regime types and that are pretty much anchored at the nation state and even subnational levels. As a consequence, different patterns and determinants of ECEC developments are to be expected cross-nationally and cross-regionally. Moving one step further, where comparative social policy analysis and policymaking meet, it is well known that welfare efforts in one direction do not necessarily produce the expected results. As a matter of fact, the virtuous intentions behind new social policies are seldom achieved to full effect. The relevant question then becomes: how do specific policies perform in reaching the anticipated outcomes?

When we move beyond assessing increases in spending in the early years to evaluate aspects related with quality of provision and content, an array of central issues are at stake: from preschool entry age, length of schooldays, and balance between free play and structured curriculum, to expertise and requirements of staff, the public/private welfare mix, and the complementarity **(p.122)** between ECEC provision and other work–family reconciliation and care- related policies (parental leaves, cash for care, and working time arrangements in particular). Section 10.3 considers both quantitative and qualitative changes in early years' education and care in a number of countries. As a general trend, the shift from an assistential approach to childcare to a more educational focus, particularly for children aged 3 and older, has implied in most countries an improvement with regard to universal access and conditions of the service. In this respect, a significant degree of convergence in preschool provision is observed. Distinctive 'models of care' are, however, prevalent for formal and informal arrangements for very young children.

10.3 Diversity in ECEC Developments

Figure 10.1 shows that, as an overall trend, public spending in ECEC has increased in most countries although a high degree of cross-country variation remains. Several OECD countries have recently invested strongly in public financing of ECEC, commencing from very low levels. Still very few nations reach the target of 1 per cent of gross domestic product (GDP) as set up by the United Nations Children's Fund (UNICEF) with the clear long-term exception of Denmark. The 2008 financial crisis has in some European countries slowed down the incremental path of the early 2000s. This is particularly the case of Italy and the UK. In others, however, the economic downturn has not affected this growth

even in countries with severe cuts in public spending such as **(p.123)** Spain, indicating a certain level of recalibration in welfare policies (León and Pavolini 2014). The extent to which quality aspects are being compromised in the long run by through-the-back-door retrenchment measures such as cuts in personnel, worsening pay conditions, or increasing staff/child ratios remains to be tested

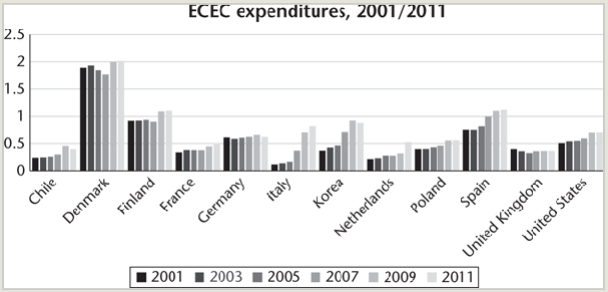
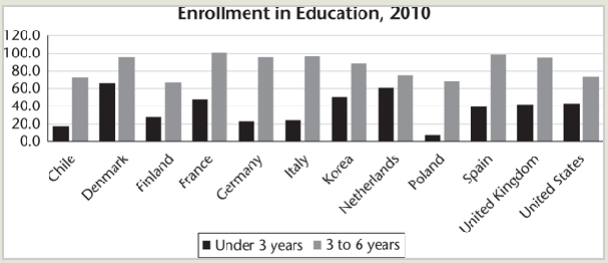


Figure 10.1. Expenditure on early childhood education and care

Source: Own elaboration from OECD family database—Indicator PF3.1—<http://www.oecd.org/els/family/database.htm>.

The 'investing in children' new blueprint might follow only to a certain extent the pathways of welfare regime classification. Two designs in opposite ends are usually identified by the literature, that is, the social-democratic approach where investment takes on mainly the supply side to facilitate access to a high quality system, to the liberal one where emphasis is placed on the demand side following choice-driven criteria whilst the supply side is usually left to the market. In between these two poles, a myriad of policy solutions is found and regime-types are somehow hard to identify (Mahon 2013). As shown in Figure 10.2, an increasing dividing line in ECEC provision in most countries is the separation between preschool attendance for children aged 3 and older and childcare services for the under 3s.



In countries such as Germany, Great Britain, Spain, and, to a certain extent, also Italy, improving ECEC for older children (just below school entry age) is altering, in a way, one of the founding stones of the Conservative, Liberal, and Mediterranean welfare states. States are adopting a much more proactive role in their responsibility towards children. By increasing state funding, regulation, and resources on expanded preschool years, the gap between non-compulsory but mostly universal educational provision and purely childcare services for smaller children has widened in most countries. This fact calls for more nuanced interpretations of what appears as straightforward expansionary trends.

Differences in the form of provision according to children's age can be seen in Table 10.1. It affects from the definition of rights and **(p.124) (p.126)** responsibilities, to governance, private sector involvement, and enrolment rates (León, Ranci, and Rostgaard 2014a). For younger children the emphasis continues to be placed on the care dimension of the provision, and thus the definition of the quality criteria and/or standards for ECEC (qualification requirements of staff for instance) is usually weaker than in preschool provision. The mixed economy of welfare is also much more convoluted in childcare for the under 3s. Furthermore, the working conditions of preschool teachers are in most countries equivalent to primary school teachers in terms of pay, career promotion, and working time, resulting in higher standards of professionals and a much lower staff turnover when compared with carers in childcare services (León, Pavolini, and Rostgaard 2014b: 52). This wider cross-national variation and lower degree of standardization on services for very young children is a main reason for many organizations to advocate for the integration of ECEC into mainstream educational systems (see, for instance, European Commission 2011a, 2011b).

Table 10.1. ECEC institutional design in several European countries

Country	Organization & Governance		Providers & Funding		Access	
	0–3	3–6	0–3	3–6	0–3	3–6
Denmark	Crèches & Childminding.	Kindergarten 3+ Aged-integrated centres (0–6) Bornehaveklasser (preschool).	Majority of provision is public (70 per cent). Private (non-profit) providers highly subsidized by the municipality (around 70 per cent of the costs). Preschool is part of the education system and fully funded by the state.		Universal entitlement to childcare provision	Universal. Full-day provision. Preschool has been compulsory since 2009.
	Responsibility of Ministry of Interior and Social Affairs.	Responsibility of Ministry of Interior and Social Affairs (3–6). Preschool (Bornehaveklasser) responsibility of Ministry of Education			Enrolment: 66 per cent.	Enrolment: 91 per cent.
Germany	Kinderkrippe (infant/ toddler centre).	Kindergarten.	Public funding in 0–3 is very limited. Around 2/3 of under-3s are in private non-profit (mostly religious) organizations but subsidized by the state. Around 1/3 of under-3s use municipal provided organizations.		No legal entitlement. Very diverse forms of provision. Demand met by private care, Tagesmütter (care in private homes).	Universal entitlement for at least four hours a day.

Country	Organization & Governance		Providers & Funding		Access	
	0–3	3–6	0–3	3–6	0–3	3–6
			High regional disparities between East and West.			In most states, free provision.
	ECEC within the child and youth welfare sector. Federal Ministry for Family Affairs, Länder and municipalities share regulatory responsibilities; municipalities organize and manage funding of 0–6 ECEC.				Enrolment: 18 per cent. Regional variation western Länder (10 per cent), eastern (41 per cent).	Enrolment: 93 per cent.
(p.125) Spain	Educación infantil/ Guarderías (crèches). Ministry of Education, Regional Gov. and Municipalities.	Educación Infantil (Universal Infant Education) (3+). Ministry of Education and regional governments.	Public funding is limited. Mainly private or externalized public services. High regional disparities.	Full state funding for 3+. The state assigns the budget to the regional governments.	No legal entitlement. Enrolment: 37 per cent.	Universal entitlement, but not compulsory. Enrolment: close to 100 per cent on a full-time basis.

Country	Organization & Governance		Providers & Funding		Access	
	0–3	3–6	0–3	3–6	0–3	3–6
England	Nurseries/ childminding.	Early Years Curriculum (EYC) (3+).	Public sector involvement for specifically designed services. Voluntary sector services publicly subsidized; private sector services are fee-paying.	EYC universal entitlement for all preschool children (3+) to fifteen hrs/ week in any EYC setting. Full state funding for 4+.	No legal entitlement.	Universal and voluntary entitlement for 4+.
	Department for Education, regulated by the national agency Ofsted				Enrolment: 41 per cent.	Enrolment (4–6): 93 per cent.

Note: Categories for enrolment correspond to 2008 (OECD 2008, family database).

***Source*: Own elaboration from León, Ranci, and Rostgaard (2014b: 46-8).**

10.4 Conclusion

The social change embodied in relocating the care and education of very young children from families to different forms of collective provision involves a policy change of considerable magnitude. To the extent that we are still at the problem definition stage (Mahoney 2012) and that ECEC seems to be in a privileged position with regard to future directions of welfare states and social spending, research devoted to clarify narratives, goals, processes, and outcomes are needed. Different institutional and policy legacies lead to complexity and diversity (Streeck and Thelen 2005) and, hence, on rare occasions, a perfect match between a policy problem and a corresponding solution can be identified. An interesting question then becomes how do complex sets of institutional diversity, including here the framing force of norms and values (Schmidt 2008, 2010) coincide to provide for specific outcomes? In this sense, in the field of early years' education and care there might be opportunities for change-generating actions, in Streeck and Thelen's terms (Streeck and Thelen 2005).

Following on from Hemerijck's 'flow', 'stock', and buffers' framework, I have argued in this chapter that whilst there is a visible trend towards increasing spending and coverage in ECEC provision in most EU and OECD countries, the extent to which investment in early childhood education is able to serve the multiple purpose of better parenting and work/family balance (as 'flow'), raising human capital (as 'stock'), and securing income protection of families (as 'buffer') is dependent on the quality-related aspects of the provision on the one hand, and on the complementarity of other closely related social policy mechanisms on the other. The path for **(p.127)** institutional innovation in the case of preschool is more clearly drawn and fits within the spirit of the social investment paradigm. The gains of service attendance for infants and very young children are, however, less convincing, and public intervention has been much more modest and thus the room for cross-country variation is much wider. It is in this latter case where the set of encompassing policies addressing children's needs, work/family balance conflicts, and families' well-being are particularly relevant.