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The Cost of Childcare in EU Countries

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Transversal Analysis

Part 1 of 2

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EXECUTIVE SUMMARY

Aims, methods and structure of the report

The main aim of this study is to provide an overview of childcare policies for children aged 0 to 6 years in the 25 member states and a deeper understanding of the crucial issues at stake in family policy and child care. First, the study provides a collection of systematically comparable data on childcare and family policies in the 25 EU member states. Second, it provides a deeper analysis of six national cases representative of different models of childcare and social policy in general. Finally, it encompasses a transversal analysis of policy relevant issues based on the review of the literature and the data collected within the study.

In spite of diverse analytical approaches and partly different conclusions, most studies on the characteristics of family and childcare policies tend to agree on a typology that distinguishes between five European models, to which an example from Eastern European countries – until now often excluded from comparative researches – should be added. Accordingly, this report, besides offering an overview of all 25 EU member states, provides a more precise picture of six countries, illustrative of distinct models:

- Sweden, representing the “social-democratic” model;
- Germany, illustrative of the “conservative-Bismarckian” welfare state model;
- France, a variant of “conservative–Bismarckian” welfare state model, with long-lasting attention to childcare and pro-natal policies;
- Italy, representing the “familist model”;
- UK, an example of the “liberal” model;
- Hungary: an example from Eastern European Countries;

This study is based on a review of the literature, on data collection and analysis from existing research works and from national and international sources of information on childcare and family policies.

In PART ONE of the report a transversal analysis of policy related issues is provided. After presenting existing typologies of child care and family support systems (section 4), the report presents and discusses the elements contributing to the definition of the costs of childcare for families (section 5). Furthermore, the report provides a discussion of the different hypotheses available in the literature concerning the relationships between care policies (leaves, cash allowances, tax benefits and service provision) on the one side and 1) female participation in the labour market; 2) children’s wellbeing; 3) fertility trends on the other (section 6). Some conclusive remarks are drawn based on current trends and emerging policy issues (section 7).

In PART TWO of the report the 25 country reports are presented according to a common grid of data collection and reporting. Six of these country reports – France, Germany, Hungary, Italy, Sweden, United Kingdom – encompass broader, more detailed and qualitative information.

The cost of childcare for families

Families with children bear additional costs that may be grouped into direct costs (i.e.: food, clothing, childcare, education, housing, etc.) and indirect costs (loss of income due to drop out or reduction of employment). Several policies may modify the cost of children for families. Some of them strictly fall into the category of childcare policies or family policies, while others may pertain to broader social policies (e.g. housing, labour market regulation, protection of workers, etc.). For the purpose of this analysis we shall only consider:

- a) **maternity and parental leave**; next to statutory paid maternity leaves – granted to mothers immediately before and after childbirth throughout Europe – most EU countries have introduced parental leaves. Duration, the size of benefits to which parents are entitled and the legal enforcement of leave policies, however, vary widely among these countries. Scandinavian countries provide the most generous leave systems, whereas liberal welfare systems and Mediterranean countries tend to be the least generous;

- b) cash and tax benefits; in most countries, tax and cash benefits – either income-related or non-income-related – represent the bulk of the resources devoted to family and childcare policies. Each country uses a different mix of cash and tax benefits in supporting families. Moreover the value of benefits varies according to family type and size, the age of the child and the family earning level. Bismarckian welfare states tend to have the most generous schemes;
- c) childcare provision; both the availability and costs of childcare facilities families have to sustain have a relevant effect on direct and indirect costs. The share of children aged less than 3 attending formal childcare ranges from 3% in Greece to almost 60% in Denmark. Southern European countries, continental countries (with the exception of France and Belgium), Ireland and the Baltic countries all show low take-up rates (up to 20%). Sweden; Denmark and France are the countries with the highest take-up rates (above 40%). At an intermediate level we find countries belonging to different welfare traditions: Slovakia, Slovenia, the Czech Republic, Belgium, the UK, Finland. A significant proportion of formal childcare facilities is directly provided by governments, with different levels of financial participation by families. Countries that rely more on private provision may achieve wide access but at relatively high costs for households. Here, public cash transfers may be paid to families according to their income, family type, age or number of children in childcare, so as to allow families to purchase care services on the market. Finally, some countries use tax provisions to reduce the costs of childcare. These diverse policy approaches have different effects on family expenses for childcare. Generally higher take-up rates characterise childcare facilities for children aged 3 until the entry of compulsory education. Moreover, the access to day care for children aged 3 to 5 mostly occurs through public services and is either highly subsidised or free of charge.

Childcare policies and women's employment

The relationship between leave provisions and women's labour participation is a complex one. Paid leaves may strengthen the attachment of women to the labour market providing an alternative to exit. Nevertheless, they may weaken the attachment to the labour market in the absence of other services and public support in re-entering the labour market. In countries with a strong provision of services, parental leaves tend to play a positive role with respect to female labour market participation, In countries with low supply of services, they tend to reinforce the role of women as carers (Rubery et al 1999; Council of Europe 2005, p.36).

Childcare services play a major role in supporting women's employment: the more satisfactory the provision of childcare services is, the less – *ceteris paribus* – women prefer to stay at home rather than to work for the market (Blau and Ferber, quoted in European Commission 2002). The cost of services is also crucial.

There is some consensus among authors about the fact that the most effective policies are those that offer a combination of maternity/paternity leaves for the period immediately following birth, and part-time jobs and childcare facilities for the following years (Del Boca et al. 2006). Such a combination is actually provided in Denmark, Sweden and Norway where, as we have seen, not by chance, both fertility and female participation rates are very high. The negative effects on women's career and income perspectives seem to be rather modest.

Childcare policies and children's wellbeing

There is evidence that a childcare package of higher value (cash transfers, tax benefits, other economic support) is linked to lower poverty rates among children (Bradshaw and Finch, 2002).

Moreover, a relevant element for the social and economic wellbeing of children is mother's employment. The mother's participation in the labour market reduces the chances of poverty for children. Nevertheless, this relationship is verified only when other conditions are fulfilled with regard to job security, flexibility and quality, and through an adequate support via care facilities (Esping-Andersen, 2002).

High quality level childcare with a good balance between time spent in services and time spent at home shows a positive impact, especially for children from deprived, low-income, low cultural level households, who draw the maximum advantage from the stimuli coming from the childcare services, that do not reproduce the social inequalities present between the families (Waldfogel, 2002).

Childcare policies and fertility

The relationship between social policy and fertility rates and trends is not a straightforward one. Several research findings show the correlation between financial incentives (**cash benefits or tax incentives**) and either the timing of childbearing or the family size (D'Addio and D'Ercole, 2005). Many studies have reported that **childcare availability** is very important to help women to combine career and family responsibilities. Research suggests that public childcare availability has an important effect on fertility rates, while higher childcare costs have the opposite effect and that it is the combined effect of childcare availability *and* costs that is most important (Blau and Robins, 1989; Del Boca, 2002). The effect of **maternity and parental leave** provisions on fertility rates is less researched: positive impacts are reported for several Nordic countries (Rønsen; 2004; Andersson, 2001). Only a few comparative studies have investigated the effect of policies on fertility rates: they report a positive relation between fertility rates and a range of policies: according to these studies, fertility rates are higher in countries with wider childcare availability, lower direct costs of children, higher part-time availability and longer leaves (Castles, 2004; Gauthier and Hatzius, 1997; Adsera, 2004; D'Addio and D'Ercole, 2005). Simulation models show that the total fertility rate could be increased by a set of policies. The illustrative examples from our study show how carefully the relationships between reproductive behaviour, employment and social policy should be considered (D'Addio and D'Ercole, 2005).

Current trends and issues at stake

All European countries are facing dilemmas and tensions related to the complex interaction between changes in the labour market, fertility trends, children's conditions and opportunities, matters of equality and freedom of choice. Social policy is therefore confronted with distinct policy objectives and instruments.

Nevertheless, these tensions do not take the same shape all over Europe. They depend not only on the features of previously developed social policies in the field of family support and childcare, but also on the more general characteristics of each social system.

At the European level the need to increase female participation in the labour market is an explicit political objective, to be reached, along with other measures, by improving the provision of childcare facilities. Moreover, the need to create care facilities for children and other dependent people is considered a way of support equality between men and women (European Council 2002). Moreover, the European Union has set the struggle against child poverty as one of the priorities of the 'European Social Model', also by supporting women's employment through job security, flexibility and quality, and through an adequate support via care facilities (Esping-Andersen, 2002).

The present study confirms that a family and childcare system is the result of the interaction between different social policy measures and pre-existing social and institutional features. In this respect, at present, a unique social policy model cannot be identified in Europe. As a result, harmonisation at the European level could possibly concern several issues and policy areas:

- quantity and quality of the supply of care services;
- affordability of care services for families;
- affordability of services for social protection systems;
- employment regulation with reference to entitlements and level of the allowances for parental leaves;
- economic support to the cost of children and struggle against children poverty (quantity and quality in terms of redistributive effects);
- equality across Europe, within countries and between genders in the access to social benefits and social opportunities;
- quality of employment in the care sector;
- a more systematic family and childcare statistical collection and analysis, which would help in providing a view of the trajectories of the different national welfare systems.

INTRODUCTION

1. Aims and limits of the study

Childcare and family policies embrace several political objectives and encompass a variety of schemes across EU member states, including cash benefits, tax incentives, in kind services and parental leave regulations. The European Parliament's Committee on Employment and Social Affairs is interested in knowing how these schemes work in practice in different contexts and to what extent they achieve different political goals: reconciling work and family, promoting the participation of women in the labour market, allowing and supporting parenthood.

The main aim of this study is to provide an overview of childcare policies for children aged 0 to 6 years in the 25 member states and a deeper understanding of the crucial issues at stake in family policy and child care. In the light of previous literature and research findings, the study is conducted through the collection and analysis of available empirical evidence. First, the study provides a collection of systematically comparable data on childcare and family policies in the 25 EU member states. Second, it provides a deeper analysis of six national cases representative of different models of childcare and social policy in general. Finally, it encompasses a transversal analysis of policy relevant issues based on the review of the literature and the data collected within the study.

2. Methods and sources

Several comparative studies on childcare policies are by now available. Nevertheless, they usually consider a small sample of countries and/or tend to select one or two schemes of childcare and family policy. An effort was made in this study to collect comparable data for all 25 EU member states concerning a set of indicators covering some basic socio-demographic data, information on public social expenditure for childcare and family policy, cash allowances, care services and parental leave regulations.

A common grid was constructed in order to collect systematically comparable data¹. In order to complete the grid different sources of information and data were combined. Some of these data – particularly demographic, labour market and social expenditure indicators – are fully comparable and available for all 25 countries through Eurostat data resources.

The situation is different in the field of cash allowances, care services and parental leave regulations, for which the sources vary depending on the country. A few comparative studies provide information on a number of countries. Some countries are included in several studies, while others are utterly absent. Namely, smaller countries tend to be left out of comparative works and Eastern European countries, despite some exceptions (Pringle, 1998; various UNICEF-Innocenti national reports) have seldom been considered. OECD, ILO, MISSOC, MISSCEEC and Council of Europe sources were used in order to complete information when it was missing and to double check it when it was available. Original national data were sometimes available. At times inconsistencies between sources existed. Data on service provision are sometimes missing; when present, they tend to be non homogeneous and therefore difficult to compare².

¹ See PART TWO for the presentation of the grid, the definition of indicators and identification of sources.

² The need for a more systematic approach on the collection of data and analysis of health and care services was also underlined by the White paper on services of general interest published in May 2004 (COM(2004) 374 final) and proposed by a Communication of the Commission adopted on 26 April 2006.

A subset of countries was chosen for a more detailed national report (see section 4 for selection criteria). For these countries additional quantitative and qualitative data are available in the country report. The sources used in order to complete these details are national reports on childcare and family policies and contacts with national experts³.

The transversal analysis is based on a review of the literature, of existing studies and on a secondary analysis of available data on childcare and family policy collected within this study. The study therefore offers a cross country analysis focussing on some key policy related issues and is based on a wide-ranging review of the literature and on the analysis of the collected data.

3. Structure of the report

In PART ONE of the report a transversal analysis of policy related issues is provided. After presenting existing typologies of child care and family support systems (section 4), the report presents and discusses the elements contributing to the definition of the costs of childcare for families (section 5). Furthermore, the report provides a discussion of the different hypotheses available in the literature concerning the relationships between care policies (leaves, cash allowances, tax benefits and service provision) on the one side and 1) female participation in the labour market; 2) children's wellbeing; 3) fertility trends on the other (section 6). The discussion is conducted making reference to the data collected within this study, with specific reference to six selected case studies, whose characteristics are summarised in a synoptic table (Table 1). Some conclusive remarks are drawn based on current trends and emerging policy issues (section 7).

In PART TWO of the report the 25 country reports are presented according to a common grid of data collection and reporting. Six of these country reports – France, Germany, Hungary, Italy, Sweden, United Kingdom – encompass broader, more detailed and qualitative information.

³ We should thank Laurent Fraisse (LSI, CNRS, Paris), Birgit Riedel (Deutsches Jugendinstitut, Munich), Dorottya Szikra (Central European University, Budapest). Of course, the responsibility for the information provided in the report remains with the authors.

PART ONE – Transversal analysis

4. Childcare and family policy models

Quite a significant amount of comparative research on childcare services and policies is currently available. The influential work of Esping-Andersen (1990) has represented an important point of reference for the analysis of social policy. Esping-Andersen (1990) proposed a three model typology of *welfare regimes* (1990) – social democratic, conservative and liberal – based on his analysis of de-commodification and re-stratification⁴. It should be underlined that this typology was, at least at the beginning, based on a study concerning the protection of workers from the risk of participating in the labour market and only later included the dimension of de-familisation⁵ and the issue of care (Esping-Andersen, 1999). During the Nineties the debate on childcare and family policy had in fact often highlighted the insufficiency of this typology and fostered the development of studies aimed at classifying *welfare states* in relation to the specific area of care and family policy.

Many authors have underlined the difficulties involved in comparative studies, due to unavailable or non homogeneous data, which until recently have mostly focussed on public provided services and on the supply side of the system. Some studies have also highlighted the existence of important regional differences within the same national systems (European Commission, 1996; Fraise *et al*, 2004). Besides questioning territorial equity, this also has some consequences on the meaningfulness of national data for the comprehension of cross-country trends. Subsequently, the main analysis and classifications are summarised.

4.1. Debate on the models and classifications from the literature

One of the first attempts to classify childcare policy systems was carried out by Kamerman and Kahn during the Eighties, identifying main differences in national policies and pointing at diverse national patterns, on the basis of the role of the public sector; the weight of education, health or social welfare system in delivering the services; the coverage of services by age range; universality or targeting of services (e.g. towards working mothers); the quality level of childcare provided (European Commission, 2002).

Ever since this first study, a major cleavage in policies appeared evident in relation to age ranges. Regarding pre-school age children (on average 3 to 5 years of age), an extensive, almost universal coverage was found in several European countries, with a net prevalence of public provision. Three models were observed: 1) a global approach to childcare for children under 6 years of age in Nordic countries; 2) a pre-school educational approach in continental Europe, with kindergartens and nursery schools; 3) a dual system with social welfare day-care for deprived low-income families and part-time nursery schools for middle and upper class households in Britain. Concerning younger children (0 to 2 years of age), the issue is more complex. Care for children under 1 year of age is virtually absent from policy debate, as it is generally assumed to be the private responsibility of families. Care for children between 1 and 2 years of age is, on the other hand, a critical issue, as the provision of services is almost everywhere lower than the demand, and made up of several fragmented providers and solutions (less so in the Scandinavian countries). Besides, the care demand is partly tackled through cash benefits to support the withdrawal of parents (mothers) from the labour market in order to care for their children (*ibidem*).

⁴ The concept of de-commodification describes the degree to which welfare states weaken the dependency of individuals on the market by granting entitlements regardless of market participation (*ibidem*). The feminist critics of Esping-Andersen have highlighted how de-commodification can only be applied to commodified persons, who are engaged in paid work, and less to women, whose work is often mainly related to family care responsibilities, unpaid and under-recognised.

⁵ The degree to which a welfare state weakens the individual's dependency on the family, and the degree to which individuals are entitled to welfare resources independently of their family ties. Lewis and Ostner (1994) observed how in most welfare systems the women's rights to welfare are indirect, based on their presumed dependence on a male breadwinner. They distinguished between strong (UK, Germany, Netherlands), moderate (France) and weak (Sweden, Denmark) male breadwinner models, based on the degree to which women were considered mothers, wives and workers.

Anttonen and Sipilä (1996) have proposed a typology of European welfare states on the basis of the extent to which social services (in particular care services for children and the elderly) are developed and of the prevailing mode of interaction between the different spheres providing care (family, State, market, third sector). Their typology differs from that of Esping-Andersen not only in the identification of a South European cluster⁶, but also in the subdivision of central European countries into two clusters.

With particular reference to the role and the organization of early childcare services, the following five models are identified. 1) The *Scandinavian countries* (Sweden, Finland, Denmark and – to a lesser extent – Norway), are characterised by high levels of women's participation in the labour market, and much higher levels of early childcare provision than the European average. It is, in fact, the coverage of children under three years of age that marks the difference between these countries and the rest of Europe. This provision, mainly public or strongly publicly subsidised and controlled, and of a high quality level, has not only allowed women to reconcile paid work and family responsibility, but it has also created a huge labour market demand for women, who are traditionally overrepresented in these sectors, thus permitting a virtuous circle between the externalization of care and female employment. As a matter of fact, during the decades of the economic boom, supporting women's employment was part of an explicit aim of Nordic governments towards gender equality – with the exception of Norway – pursued through service provision and, later on, through reform of leave policies. 2) The *Anglo-Saxon means-tested model* is represented in Europe basically by the UK. Here, after World War II, the provision of early childcare services was drastically reduced because of a political orientation towards the maternal responsibility for caring for young children. Public social educational services for children under three years of age have in fact long been reserved for children of economically and socially deprived households. Supply for children of working parents is very limited, and the coverage of older pre-school children (3-4) is very low if compared to the Nordic countries, but also to France, Belgium, Italy. The New Labour Governments have devoted remarkable attention to this, but again prioritizing an approach towards difficult areas and households in difficulty (Lewis, 2004). The *Centre-Northern European* countries are too diverse to be looked at as a single cluster. 3) In Germany and the Netherlands the *subsidiarity* between the state and the family is mainly translated into important monetary support. The State has for long not been responsible for policies of reconciliation, delegating to confessional third sector organizations. If the provision of services for children 0-2 is residual, the coverage for the 3-5 year olds is traditionally also rather low. 4) On the contrary, in France and Belgium the *family policies approach* has interpreted the subsidiarity in terms of monetary transfers as well as of service provision. The coverage of the *écoles maternelles* for 3-5 year olds is almost universal, and the system of care solution for the 0-2 age range is articulated, publicly provided or financed and controlled, and permits a significant level of coverage. Women's participation levels are higher than in the Netherlands and – less and less so – in Germany, especially for what concerns women with young children. 5) Finally, the persistence of a *traditional care model* is to be observed in the Southern European countries (Italy, Spain, Portugal and Greece) and in Ireland. Here the service provision is better for the age range 3-5 (especially in Italy), but residual for the age range 0-2. Women's participation in the labour market is rather low (particularly in some areas of the countries, such as Italian Southern Regions), and the unequal share of family responsibilities between genders is more persistent than elsewhere, even when women are in paid work. In order to answer to a growing unsatisfied demand, then, an important private sector is growing.

Another classification of European countries was proposed by Millar and Warman (1996), according to how legislation takes the family into account and how extensive state intervention is as opposed to family obligations. In the Scandinavian countries the emphasis is on individual entitlements and citizenship rights available to all. Those in need are most likely to expect and receive state, rather than family, provision and legal requirements to provide support are limited. In these countries, children are more likely to be treated as individuals with rights of their own than in other contexts. More obligations are attributed to the nuclear family in Austria, Belgium, France, Germany, Ireland, Luxembourg, the Netherlands and the UK. Here, individualisation is not relatively well developed; benefits and taxes almost always entail family obligations. In Ireland and the UK legal obligations to provide financial support extend only downward, from parents to children, whilst in the other countries also upwards, from adult children to parents. However, these obligations are rarely enforced, except in UK and Ireland.

⁶ See also Liebfried (1992), Ferrera (1996).

Due to the presumption of family care for children, childcare coverage is low and school hours make it difficult for mothers to be in full-time work, except in Belgium and France where, on the contrary, childcare is seen as a responsibility of the state. In Portugal, Spain, Italy and Greece the extended family plays an even more important role. Families are expected to support one another across a broad range of relationships and persons in need are expected to turn first to their family for support. Services are marginal, and mainly targeted to those without family. State provision of childcare for young children is low and not primarily intended as a means of support for working parents.

Jenson and Sineau (1997) compared childcare policies in four European countries, and their analysis highlighted both common developments (decentralisation and flexibilisation of services) and national distinct patterns: Sweden supports a dual career/dual carer family model; France and Belgium tend to support at the same time the traditional role of women as caregivers, and their participation in the labour market, through a combination of monetary support for withdrawal from employment and services; in Italy care of the youngest children has remained a primarily family issue, with a consequent increase of childless working women. These examples are coherent with three of the classical welfare regimes (Nordic, part of the Continental, Southern European).

Gauthier (1996) carried out a historical review of the development of family policy in OECD countries, and clustered them into four different groups. The *pro-egalitarian model* aims at promoting gender equality. Men and women are treated as equal breadwinners and equal carers and policy aims to support dual parent/worker roles. Liberal policies on marriage, divorce and abortion entail few restrictions on how people choose their family life and parenthood options (Sweden and Denmark). In countries belonging to the *pro-family/pro-natalist model* the major concern is low fertility and the main task of family policy is to encourage families to have children, by helping mothers reconcile work and family life, through relatively generous maternity leave and child-care facilities. Great emphasis is placed on cash benefits, particularly for the third child (e.g. France). In the *pro-traditional model* the preservation of the family is the main concern. The government assumes some responsibility for supporting families, but the most important sources of support are seen as the families themselves and voluntary organisations. The low provision of childcare does not give women the opportunity to combine employment and family responsibility easily (e.g. Germany). In the countries belonging to the *pro-family but non-interventionist model* families are considered basically self sufficient and able to meet their own needs through the private market, with only a limited help from the state. Public intervention is targeted towards families in need (UK).

Letablier and Hantrais (1996) classified European countries on the basis of the family-employment relationship (conceptualisation of women's work, acceptance of early socialization) and of their family policy models. In a first group of countries public policies allow for the reconciliation of employment and family responsibilities, but with different aims: in the Nordic countries the aim is to improve gender equality, whereas in France and Belgium, the aim is to support the well-being of the family and motherhood. In a second group of countries, public policies mainly support the partial or temporary exit from the labour market of one of the parents (generally the mother) in order to raise children. In Austria, Germany, Luxembourg and the Netherlands, the State recognizes the role of care-givers through paid leaves and/or access to social rights (supportive subsidiarity). In a third group of countries (UK and Ireland) state support is low and regulation regarding paid leaves is seen as an intrusion into the family's private life as well as a limitation of the employer's freedom. Care is a family responsibility and thus causes movements in and out of the labour market (mainly for women). In the Southern European countries state support is weak because of low development and financial constraints which give priority to other social needs. Family intergenerational solidarity and private for and not for profit actors substitute public support (compulsive subsidiarity). Female employment and family responsibilities are hardly reconciled (low women's participation and low birth-rate).

Korpi (2000) categorised 'gender policy models' according to the level of public provision of care services and the level of public monetary transfers to families. Also according to him, the 'dual-earner model' is best developed in the Nordic countries, characterised by the egalitarian gender policies of the social-democratic governments and by a noteworthy preference for service provision over transfers. Continental European countries have been much more conservative, due to the role of the Church and confessional parties trying to protect the traditional 'male breadwinner' family model, through extensive transfers and little service provision.

Liberal regimes are characterised by more decentralised industrial relations and more market-friendly, less egalitarian welfare systems, with low levels of both monetary transfers and service provision. As a consequence, the level of female employment is lower than in the Nordic countries, but higher than in the continental ones.

Under represented in comparative research studies until recently, the trajectories of former socialist states are now of specific interest. It should be taken into account that these countries, despite sharing some common traits, reveal diverse characteristics both in relation to childcare and family policies and with reference to their trajectories into democracy and market economy. Several sources report that former Communist countries had generally developed a generous system of service provision for children. The crisis of the late 1980s and early 1990s determined a decline of these public schemes. For instance, a study on Lithuania's children policy (Kabasinskaite and Bak, 2006) found that the Lithuanian welfare regime does not correspond to any of the welfare regimes identified by Esping-Andersen (1990, 1999), as it combines traits from the former Soviet regime, new liberal extreme market orientations and conservatives views on women and family.

Nevertheless, more recent developments show that, after a critical period of retrenchment of childcare policies, a shift took place at the end of the 1990s in the direction of a renewed development of family friendly schemes. At the same time the economic crisis exposed serious problems of poverty among children and family disruption (the sometimes called "dysfunctional families") leading to the abandonment and institutionalisation of children. Despite the fact that these phenomena are not the main concern of this study, it should be considered that they absorb a relevant share of childcare policies in these countries.

4.2. Six illustrative case studies

In spite of diverse analytical approaches and partly different conclusions, many of the typologies presented above tend to identify similar clusters. Accordingly, in this report, besides offering an overview of all 25 EU member states, we provide a deeper illustration of six countries, each belonging to a specific model:

- Sweden, representing the "social-democratic" model;
- Germany, illustrative of the "conservative-Bismarckian" welfare state model;
- France, a variant of "conservative-Bismarckian" welfare state model, with long-lasting attention to childcare and pro-natal policies;
- Italy, representing the "familist model";
- UK, an example of the "liberal" model;
- Hungary, an example from Eastern European Countries;

Table 1. Main socio-demographic indicators and family and childcare policy feature of six selected EU countries.

	France	Germany	Hungary	Italy	Sweden	UK
Socio demographic indicators						
% children <6 in total population	7.6	5.4	5.7	5.6	6.4	6.9
Fertility rate	1.94	1.36	1.32	1.32	1.77	1.80
Female employment	57.6	59.6	51.0	45.3	70.4	65.9
<i>of which part time</i>	30.7	43.8	5.8	25.6	39.6	42.7
Child poverty	7.9	9.0	8.8	16.6	4.2	15.3
Social expenditure on family and child policy						
Cash (% GDP)	2.1	2.3	2.1	0.7	1.6	1.4
Services (% GDP)	0.6	0.8	0.7	0.4	1.5	0.4
Total (% GDP)	2.6	3.1	2.7	1.0	3.1	1.8
Services 0-2						
Collective care						
Coverage	20% (10% in crèches + 10% early entry in kindergarten)	8.5%	9.3%	10%	40% of 1 year olds 80% of 2-3 year olds	26%
Costs	Highly subsidised	Highly subsidised	n.a.	Highly subsidised	Highly subsidised	Targeted subsidies
Cost/month 2001 (£PPP) ^a	186	225	n.a.	186	151	385
Public/private	Public	Mainly public in ex WG; Mainly non profit in ex EG	n.a.	Public and growing private	Mainly public	Mixed
Hours of service	Full time	Mainly full time	n.a.	Mainly full time	Mainly full time	High incidence of part time
Institutional level	Crèches: municipal with high state funding; kindergarten: state	Municipality with some state regulation	Municipality	Municipality	Municipality	Municipality
Sub-national variability	High in coverage; low in regulation	High between and within länder	High	High	Some between rural and large cities in coverage. Increasing about costs	High

	France	Germany	Hungary	Italy	Sweden	UK
Child minders						
Coverage	21%	5.2% (<6)	n.a.	4% (estimate)	12% of 1 to 5 year olds	n.a
Costs	Highly subsidised	Subsidised	n.a	Barely any subsidies	Highly subsidised	n.a
Institutional level	National regulation and funding	Some national funding	n.a	Non regulated	national regulation	State and local, but wide informal sector
Services 3-5						
Coverage	100%	89.8%	86%	100%	90% of 4-5 year olds	95-100%
Costs	Free	Free or highly subsidised	Free	Free	Highly subsidised	Highly subsidised
Public/private	Public	Mainly public in ex WG; Mainly non profit in ex EG	Public	Public	Mainly public	Mixed
Hours of service	Full time	Mainly part time in ex WG; mainly full day in ex EG	Full time	Full time	Mainly full time	High incidence of part time
Institutional level	State	Municipality with federal regulation		State	Municipality	Subnational or local (depending on regions)
Sub-national variability	None	Moderate	Moderate	Low	Some between rural and large cities	Moderate
Family allowances and tax benefits						
Cash benefits 2001 (£PPP) ^b	33	n.a.	n.a.	11	65	67
Child tax benefit 2001 (£PPP) ^c	85	95	n.a.	6	0	43

	France	Germany	Hungary	Italy	Sweden	UK
Parental leaves (beyond compulsory leaves)						
Entitlement/coverage	Social contribution and number of children	Parent(s) working no more than 30 hours per week Employed at the time of birth	Employed. Only mothers during the 1 st year; either parent, but only one afterwards	Parent(s) in standard employment	Paid employment before birth	One year employment with same employer
Replacement rate	Flat rate €521.85/month	Since 2007 67% with ceiling (1,800€/month)	70% with ceiling	30% of salary up to the age of 3 and unpaid until the age of 8.	80% with ceiling	Unpaid
Duration	Up to 3 years until age 3 (depends on number of children)	Since 2007 12 months	Approximately up to 1.5 years until age 2	Max 6 months per parent, for total 10 months	18 months until age 8	13 weeks per parent per child up to age 5
Flexibility	Possibility of different part time solutions	Possibility of part time leave	n.a.	Leaves can be taken at any time for any length	Leaves can be taken in different blocks and part time forms throughout the entitlement period.	Block up to 4 weeks per year
Gender	No incentives for men. Low replacement rate is a disincentive for men.	Some incentives for men (2 more months for the couple if fathers take at least 2 months).	n.a.	Some months use or lose for fathers, but very low take-up due to low replacement rate	Some months use or lose for fathers. High replacement rate reduces gender bias	No incentives for men.

Sources: see country tables in part 2, except where differently indicated.

^a Costs that a two earner couple (average male + half average female earnings) would be expected to pay for the most prevalent form of full-time childcare in their country per month, after direct and indirect subsidies but before taxes and benefits (year 2001 – £ PPP) (Source: Bradshaw and Finch 2002).

^b Cash benefits per month received by a 2 earner couple (average male + half average female earnings) with 1 child under 3 years of age (year 2001 £ PPP) (Source: Bradshaw and Finch 2002).

^c Value of child tax benefits for a two earner couple (average male + half average female earnings) with one child under 3 years of age (year 2001 – £ PPP) (Source: Bradshaw and Finch 2002).

5. The cost of children for families

Families with children bear additional costs that may be grouped into:

- *direct costs*: additional expenses due to the presence of children (food, clothing, childcare, education, housing, etc.);
- *indirect costs*: loss of income incurred by parents as a consequence of the presence of children, for example when the mother drops out of employment or reduces working hours to care for children, or when her career prospects decline following the birth of a child.

Several policies may modify the cost of children for families. Some of them strictly fall into the category of childcare policies or family policies, while others may pertain to broader social policies (e.g. housing, labour market regulation, protection of workers, etc.). Bearing in mind that broader social policies are likely to significantly affect the cost of children for families, for the purpose of this analysis we shall only consider a) maternity and parental leaves, b) cash and tax benefits, c) childcare provision.

5.1. Maternity and parental leaves

Maternity and parental leaves are related to indirect costs.

The duration and benefits of maternity leave provisions are aimed at both ensuring employment protection for working mothers and care for children at a very early age. **Statutory paid maternity leaves** – granted to mothers immediately before and after childbirth – exist in all EU countries. Maternity leave entitlement often depends on previous participation in the labour market. Less frequently, a broader group of citizens can access parental leaves, independently from their position in the labour market (e.g. in Finland). Maternity leaves are often paid at a full (100%) rate compared to previous employment. However, as salary support often decreases as the leave lengthens, not everybody can afford to use it fully.

Most EU countries have introduced **parental leaves** and rely today on a combination of different types of leaves. Duration, the size of benefits to which parents are entitled and the legal enforcement of leave policies, however, vary widely among these countries.

Among our six case studies (see table 1), a variety of situations is represented.

The **generosity** of parental leaves ranges from the very generous case of Sweden – 80% replacement rate with a ceiling – to the UK where leaves are unpaid. High replacement rates are detectable in Hungary (70% and very low in Italy (30%). In France the compensation is flat rate, but universal. Germany just introduced a 67% replacement rate with ceiling (it used to be a means-tested flat rate until 2006).

Entitlements are related to paid work and/or to social contribution. This link with the labour market position is likely to exclude a larger proportion of the population where there is a high segmentation of the labour market (i.e. the Italian case).

The **duration** of parental leaves ranges from a minimum of 13 weeks in the UK to a maximum of three years in France, within a time span that goes up to age 2, 3, 5, or 8 of the child depending on the cases.

The systems show a different degree of **flexibility** in terms of the access to parental leaves. In France and Germany parents are given the possibility to take a part time leave and receive compensation. In the other countries it is possible to combine work and care by taking short periods of leave (for one or more days in the Italian case) throughout the entitlement period.

Gender equality is a main concern in parental leaves. As fathers tend to gain higher earnings compared to mothers, the lower the replacement rate the lower the likelihood that fathers will take leaves. In two of the countries considered incentives for men are stated by regulations. In Sweden some months are use-or-lose for fathers, similarly to the Italian situation. Nevertheless, the higher replacement rates in Sweden support the recourse to leaves by men, whereas this is not the case in Italy due to very low replacement rates.

5.2. Cash and tax benefits

Cash and tax benefits influence the direct costs of having children. In most countries, tax benefits and cash benefits – either income-related or non-income-related – represent the bulk of the resources devoted to family and childcare policies. Each country uses a different mix of cash and tax benefits in supporting families. Moreover the value of the help provided varies according to family type and size, the age of the child and the family earning level (D’Addio and D’Ercole, 2005; Bradshaw and Finch, 2002). As a consequence a systematic comparison of childcare benefits is a complex operation.

Bradshaw and Finch (2002), based on a systematic comparison of child benefits for predefined family types, proposed a four group ranking:

- 1) (most generous): Austria, Luxembourg, Finland.
- 2) France, Sweden, Germany, UK, Belgium, Denmark (and outside Europe Union: Norway and Australia)
- 3) Italy, Ireland (Israel, Canada, USA).
- 4) Portugal, Spain, the Netherlands, Greece (New Zealand and Japan)

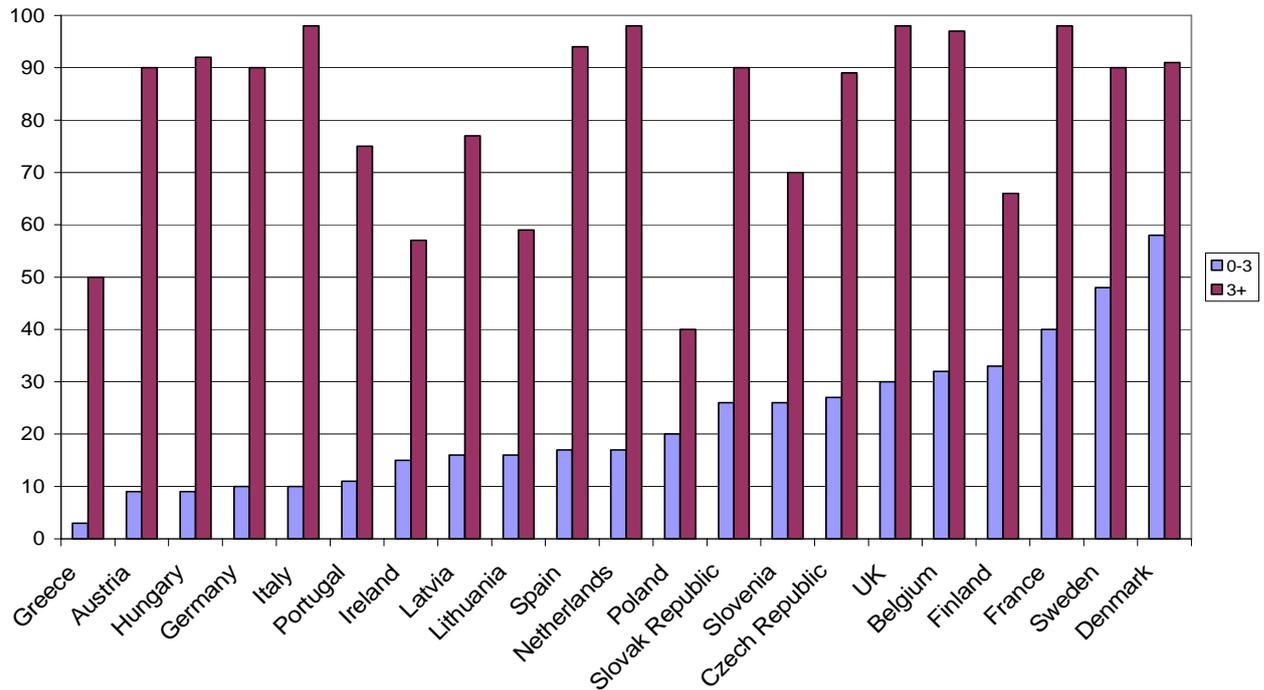
By way of example, we show in table 1 the estimated monthly cash benefits and tax benefits received by a two earner couple (considering an average male and half an average female employment situation) with one child under three years of age in 2001.

5.3. Childcare provision

The availability and costs of childcare facilities families have to sustain have a relevant effect on both direct and indirect costs.

With reference to **availability**, the share of children aged less than 3 attending formal childcare ranges from 3% in Greece to almost 60% in Denmark. Southern European countries, continental countries (with the exception of France and Belgium), Ireland and the Baltic countries all show low take-up rates (up to 20%). Sweden; Denmark and France are the countries with the highest take-up rates (above 40%). At an intermediate level we find countries belonging to different welfare traditions: Slovakia, Slovenia, the Czech Republic, Belgium, the UK, Finland (Figure 1).

Figure 1: Proportion of children 0-2 and 3-6 in childcare facilities (including regulated childminders)



Source: estimates based on country tables (PART TWO)

Generally higher take-up rates characterise childcare facilities for children aged 3 until the entry of compulsory education (usually 6 years). Take-up rates are below 50% only in Greece and Poland and they reach very high levels even in countries with low provision of childcare services for younger children, e.g. Italy, The Netherlands, etc. (see Figure 1).

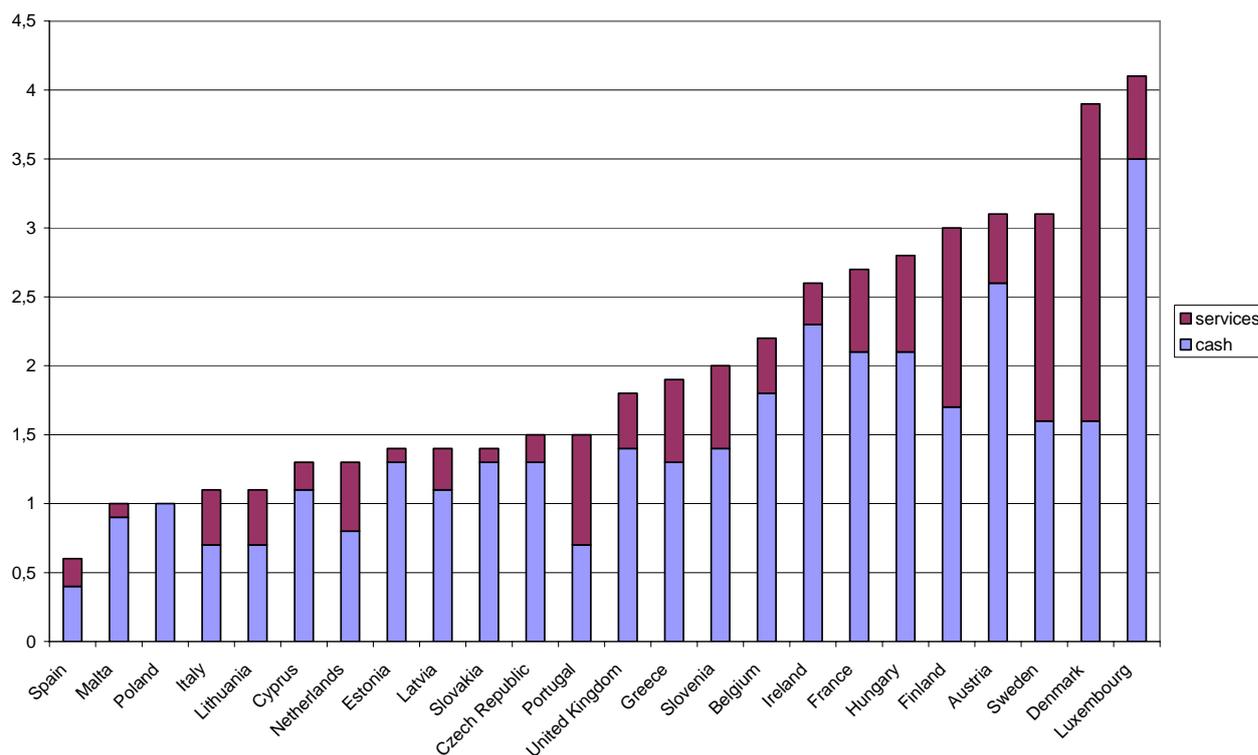
If we consider our six case studies, the country showing the highest take-up rate of children below the age of 3 is, as to be expected, Sweden. In the UK there is a relatively high supply, but with a considerably important private sector. In France the high overall supply results from a combination of collective services dedicated to children aged 0-2, early entry in kindergartens and a large recourse to publicly regulated and subsidised childminders. By contrast, the provision is considerably lower in Germany, Hungary and Italy. Due to the importance of local regulation and to some extent the financing of these policies, in all the countries considered there is a noteworthy sub national variability of the supply level.

Consistent with general figures, the provision of childcare for the age range 3-5 is very high in all of the six countries considered. Unlike service provision for younger children, these services are often regulated at the state level (even with local responsibility for implementation) and show a more limited sub national variability.

5.4. Public and private expenditure for childcare and family policies

Figures on the social expenditure of member states for children and family policies show both a different share of GDP dedicated to this policy area and a different distribution between cash and care benefits across countries (Figure 2).

Figure 2: Expenditure for children and family policy for cash benefits and in kind services in the 25 EU member states as a % of GDP (year 2003)*



Source: Eurostat

* for Cyprus the year of reference is 2002.

The childcare costs borne by families vary greatly across countries. A significant proportion of formal childcare facilities is directly provided by governments, with different levels of financial participation by families. Countries that rely more on private provision may achieve wide access but at relatively high costs for households. Here, public cash transfers may be paid to families according to their income, family type, age or number of children in childcare, so as to allow families to purchase care services on the market. Finally, some countries use tax provisions to reduce the costs of childcare. These diverse policy approaches have different effects on family expenses for childcare. In the case of families with two pre-school children, for instance, the costs of childcare reach 50% of gross household income in Ireland and the United Kingdom and are below 10% in Sweden (D'Addio and D'Ercole, 2006).

According to Bradshaw and Finch (2002), among our case studies, Sweden not only shows the highest take-up rate for the age range 0-2, but also the lowest costs charged to users (calculated as the cost that a two earner couple is expected to pay for full time care per month, after direct and indirect subsidies in 2001). In France the supply of collective and individual care is, as in Sweden, highly subsidised and costs borne by users are similarly low. By contrast, in the UK, where a mix of public and private provision is found and public subsidies tend to be highly targeted, the average costs for families are considerably higher. As mentioned previously, both in Germany and Italy the supply of 0-2 day care is limited. In Italy the costs for families are lower compared to Germany. This fact brings attention not only to the level of subsidies, but also to the cost of labour in care services as an important variable in evaluating care systems.

In all cases the access to day care for children in the 3-5 age range is either highly subsidised or free of charge and access occurs mostly through public services.

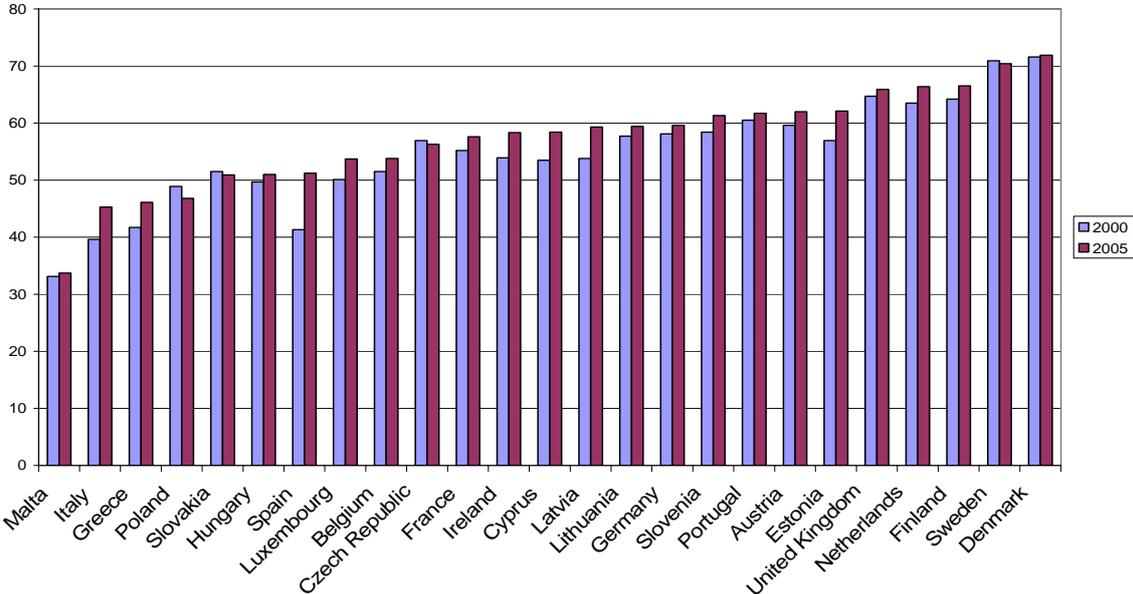
6. The debated links between childcare policies and social development

In this section we will summarize the literature that deals with the relationship between childcare policies and a) female labour market participation b) the wellbeing of children and c) fertility. We will tackle the impact of leave policies, cash and tax benefits and of the provision of childcare services, taking into account that the effects of the three are often interconnected in a complex way.

6.1. Childcare policies and women’s labour market participation

The employment rates of women are growing in all EU countries, and the EU has set a specific common target of 60% to be reached by 2010 (Lisbon strategy). Nevertheless, the rates are at very different levels in the member states (Figure 3).

Figure 3: Employment rates of women in the 25 EU member states (years 2000 and 2005)



Source: Eurostat

Specifically, female employment also varies widely as to patterns of working hours. It is known that part-time work is most concentrated among women. Moreover, it can be long, medium or short term. Therefore, a simple comparison based on headcounts is not enough: women's participation should also be observed in terms of the actual quantity of work per week.

Table 2 – Total and part time employment rates for women and men (2003)

	Women aged 20 to 49				Men aged 20 to 49			
	Without children under 12		With children under 12		Without children under 12		With children under 12	
	Total	Part-time	Total	Part-time	Total	Part-time	Total	Part-time
EU25	75.1	15.2	60.4	22.7	85.7	3.5	91.3	2.6
Belgium	74.6	21.8	67.5	27.2	87.2	4.2	91.7	4.3
Czech Republic	85.7	2.4	54.1	3.9	90.6	0.6	94.4	0.5
Denmark	77.1	:	79.9	:	82.8	:	93.2	:
Germany	79.5	21.3	60.0	35.1	83.1	4.3	89.7	3.0
Estonia	83.8	4.5	62.4	4.9	82.7	4.0	91.2	(1.8)
Greece	56.5	4.9	52.7	6.7	86.8	2.1	96.5	2.4
Spain	61.7	8.7	51.2	9.7	90.0	1.4	93.0	0.9
France	76.6	14.1	66.3	17.6	85.4	3.3	91.4	2.5
Ireland	:	:	:	:	:	:	:	:
Italy	60.4	12.3	49.7	15.2	91.6	3.3	94.0	3.3
Cyprus	74.9	8.8	69.7	8.3	93.4	(2.2)	95.8	(1.5)
Latvia	78.4	5.1	66.3	7.6	81.2	3.1	90.0	3.5
Lithuania	79.5	9.9	78.7	12.7	82.0	4.2	88.1	4.7
Luxembourg	74.8	15.5	59.3	26.1	90.7	:	96.6	(1.6)
Hungary	78.2	2.3	50.3	3.7	82.3	1.2	86.4	0.9
Malta	37.5	(8.6)	26.7	(8.4)	87.0	:	90.6	:
Netherlands	81.9	33.0	69.6	54.7	88.6	7.8	93.6	4.2
Austria	83.4	16.8	72.1	32.3	91.5	2.3	95.6	1.5
Poland	70.4	8.6	59.2	10.1	77.5	3.0	84.9	2.3
Portugal	76.6	7.7	76.4	7.2	90.8	2.0	94.6	(1.0)
Slovenia	83.1	2.6	85.3	(1.8)	87.0	(1.7)	94.2	(0.8)
Slovakia	81.4	2.0	59.1	1.6	83.2	(0.8)	86.5	:
Finland	77.9	10.2	72.0	7.8	76.6	5.0	92.4	(2.4)
Sweden	:	:	:	:	:	:	:	:
United Kingdom	83.2	18.5	61.8	36.2	87.1	3.4	90.9	3.3

: Data not available or not reliable due to a small sample size

() Data less reliable due to a small sample size

Source: Eurostat

Part-time work can be a matter of choice or a constraint, depending on whether it reflects the preferences of workers, or instead responds exclusively to the flexibility needs of firms. Especially in the latter case, it can have negative repercussions on career opportunities, as employers tend to assign fewer responsibilities to part-time workers, with consequently lower salaries. As a consequence, part-time work can have negative effects on women's attachment to paid work, lowering its value as opposed to care time spent with children.

Mary Daly (1998) has classified European countries around six clusters corresponding to different profiles of female employment, identified on the basis of the extent and continuity of women's labour force participation over their life cycle:

- Finland and Portugal (as well as US and Canada outside Europe): continuous participation rates over the life-cycle (typical male pattern);

- Scandinavian countries: continuous and extended participation, but public strategies encourage short full-time and long part-time patterns;
- France and Austria follow a similar trend, but with lower rates of part-time work;
- the UK and Germany (and Australia): women's careers are more interrupted and characterised by part-time work;
- Belgium: moderate participation rates and relatively high discontinuity;
- The Netherlands: important presence of part-time, strongly concentrated among parents;
- Spain, Greece and Italy: as part-time work is rare, female employment pattern is bipolar: continuous full-time versus inactivity;
- Ireland and Luxembourg: low and discontinuous women's participation; part-time is rare, interruptions after child-birth are common, but temporary for younger cohorts.

Social care is closely related to a person's chance to take up paid work. This has traditionally been especially true for women.

Gornick *et al.* (1997) classified 18 countries in the early 1990s according to the development of their policies to support the employment of mothers with children under school age. On the basis of the availability of publicly funded childcare, tax relief, maternity and parental leaves (length, replacement rate and job protection), countries were classified as providing high support (Sweden, Denmark, Finland, France, Belgium), medium support (Austria, West-Germany, Italy, the Netherlands, Norway) or low support (Greece, Ireland, Luxembourg, Portugal, Spain, UK). The authors observed a relatively strong co-variation between the supportiveness of policies and women's employment, with the exception of the liberal countries (especially the US) and Portugal, where low support was coupled with high female participation.

The feminist literature has underlined how the gender division of labour within the family between productive and reproductive activities, largely determined by stereotypes and social norms, has a major effect on the functioning of the labour market (Bettio, 1990). Women traditionally bear most of the family care and housework. Besides, women workers are preferably allocated to the "secondary sector" of the labour market, where jobs are characterised by less stability, worse working conditions, lower salaries, etc. (Piore, Sabel, 1987). This happens because women are perceived as secondary breadwinners due to their social role as caregivers. In turn, this sector tends to pay lower salaries also because it is populated by women, thus reinforcing a vicious cycle. This has an impact on female employment, as expected earnings are crucial in women's decision to return to paid work after the birth of a child⁷.

Some authors have highlighted the role of "handicapping privileges" (Addis, 1997): policies aimed at protecting the social role of women as wives and mothers paradoxically produce a handicap for women on the labour market, if such policies are exclusively reserved to women (e.g. maternity leaves).

According to previous studies the relationship between **leave provisions** and women's labour participation is a complex one. Paid leaves may strengthen the attachment of women to the labour market providing an alternative to exit. Nevertheless, they may weaken the attachment to the labour market in the absence of other services and public support in re-entering the labour market. In countries with a strong provision of services, parental leave tends to play a positive role with respect to female labour market participation, In countries with low supply of services, it tends to reinforce the role of women as carers (Rubery *et al.*, 1999; Council of Europe 2005, p.36). Parental leaves also play an ambiguous role with respect to the employers' attitude towards women's productivity.

⁷ Fiscal treatment of families (joint, separate or quotient treatment of spouses' incomes) can also play a discouraging, neutral or encouraging role towards women's employment.

For instance it is argued that, while maternity leave tends to increase labour market participation of women, it also leads to reductions in their incomes, and/or to changes in the job situation, tasks and in the hours worked relative to their situation before the leave (Kamerman, 2000).

The accent on equal opportunities (e.g. at the EU level) has fostered discussion about sharing of family responsibilities between partners, and thus of considering reconciliation needs for men too. This, together with a growing acknowledgement of the role of fathers in the children's development, and conversely of their rights as fathers to take part into the upbringing of their children, were at the basis of the development throughout most European countries of either the possibility for fathers to share parental leaves, with different kinds of incentives⁸, or – in more advanced cases – of 'use or lose' fathers' quotas of parental leaves and/or of paternity leaves, which only in some cases, and for a limited time period, are compulsory.

In the Scandinavian welfare states, especially in Sweden and Denmark, since the 1960s and 1970s policies have been committed to support mothers' (re)entering the labour market, whereas in other countries the absence of publicly sponsored childcare has been reinforcing a low rate of female participation (Kroeger, 2001). Almqvist and Boje (1999) have stated a clear connection between a high childcare provision and a high female participation. In fact, the level of mothers' employment is high in Sweden and Denmark, medium in France, low in Germany and the UK (van Doorne-Huiskes *et al.*, 1999), and even lower in the Southern European countries. As a matter of fact, while care services tend to be associated to a higher female employment rate, monetary transfers usually tend to lower it (Korpi 2000).

It is thus evident that **childcare services** play a major role in supporting women's employment: the more satisfactory the provision of childcare services is, the less – *ceteris paribus* – women prefer to stay at home rather than work in the market (Blau and Ferber, quoted in European Commission 2002). The cost of services is also crucial. This can be viewed as a sort of tax on the mother's salary: the higher the cost of childcare for families, the lower the interest of women in paid work.

Forssén and Hakovirta (2000) pointed out that the mothers' availability to participate in the labour market depends on both their preferences, and on labour market conditions, but also on family policies (European Commission, 2002). They investigated the work incentive dimension (i.e. separate taxation for spouses, childcare services, etc.) and the home care incentive dimension (extended leaves and related economic support). According to their analysis, the Nordic countries are very much advanced in helping parents to reconcile work and family responsibilities. This is achieved through a mix of parental leaves for both men and women, childcare provision and state subsidies for childcare costs which are crucial in allowing access to families.

Thus, there is some consensus among authors about the fact that the most effective policies are those that offer a combination of maternity/paternity leaves for the period immediately following birth, and part-time jobs and childcare facilities for the following years (Del Boca *et al.* 2006). Such a combination is actually provided in Denmark, Sweden and Norway where, as we have seen, not by chance, both fertility and female participation rates are very high. The negative effects on women's career and income perspectives seem to be rather modest. An alternative solution would consist in the introduction of a long maternity leave, allowing women to devote themselves full-time to the care of their children during the first three years of life (as in France). In this case, young mothers don't lose their jobs, but they pay important costs in terms of loss of human capital and experience and, therefore, of career opportunities (*ibidem*). Finally, if the only work option is represented by the traditional full-time job, reconciling family and career is more complicated, with consequent negative effects on female employment and/or fertility. This is particularly true when affordable childcare services are lacking (as in Italy and in Spain).

⁸ All EU countries now must provide parental leaves available also for fathers.

In Esping-Andersen's (2002) view, the growth of women's employment is also crucial in order to maintain the financial balance of the welfare systems. Such a development would, moreover, entail a virtuous cycle, as far as more female employment would result in a greater externalisation of childcare and other domestic activities, which would create a further demand for (female) work. Critics of Esping-Andersen have nevertheless stated that even a universal childcare provision is a necessary but not sufficient condition for gender equality, as – even out of home – childcare requires a certain degree of family organization. Children need to be taken to and collected from day care, and to be cared for during the hours not covered by care facilities, even if these overlap with parents' working hours (Lewis, 2002; Crompton, 2006). In this sense, a rebalancing of care responsibilities within the family between parents would also be unavoidable (research results persistently confirm women's unbalanced overload of responsibilities), as well as a more parent-friendly approach by firms and employers, especially with regard to flexibility of working hours.

Sweden, out of the six countries analysed more deeply, shows the highest female labour market participation rates, throughout the life cycle, also for women with children. This fact can be regarded as an achievement of the overall model of family and children policy in Scandinavian countries. Still, this was obtained at the price of a relatively consistent occupational segregation of women in public sector and low and intermediate positions. The **UK** shows slightly lower female employment rates, as a result of a consistently different model according to which participation in the labour market is far more determined by dependence on the market itself than from a choice between work and care responsibilities. At the other extreme, **Italy** is the country with the lowest female participation rate in the labour market. This is due, among other things, to the limited and delayed development of part time work, so that for a long time Italian women faced a dichotomous alternative between full-time job or no paid job at all (except for public sectors such as teaching, etc, where full-time patterns have always been rather short). In more recent years, labour market de-regulation represented for many women an opportunity to enter or re-enter the labour market, and introduced several different flexibility forms, also concerning patterns of working hours. Yet, this is linked to a severe lack of guarantees and rights, and risks of entrapment in such jobs (Barbieri and Scherer, 2005). This reinforces the secondary character of mothers' jobs within households.

Germany and France appear to show similar levels of female employment. It should nonetheless be noted that employment rates are higher in France for central age ranges. Moreover, given France's far higher fertility rate, compared to Germany, it represents, a variant of the conservative Bismarckian model with high female participation and above all high levels of conciliation between work and childbearing. Here gender equality concerns have accounted for strong protection of women's jobs and the significant development of different part-time patterns. More than the presence of children is their number which really impacts on women's employment, with a meaningful drop after the third child.

6.2. Childcare policies and children's wellbeing

There is evidence that a childcare package of higher value (cash transfers, tax benefits, other economic support) is linked to lower poverty rates among children, apart from some exceptions (Bradshaw and Finch, 2002).

Moreover, a relevant element for the social and economic wellbeing of children is mother's employment. Esping-Andersen (2002) has stressed how the mother's participation in the labour market reduces the chances of poverty for children. Nevertheless, this relationship is verified only when other conditions are fulfilled with regard to job security, flexibility and quality, and through an adequate support via care facilities.

As for care services, some evidence is found in the literature that children who start attending childcare services at a very early age have worse school results in their teen age than those raised by their parents. However, more refined studies make a distinction based on the quality level of care, length of out of home care per day, number of different caregivers the child is entrusted to daily or weekly, turn over of caregivers, etc.

High quality level childcare with a good balance between time spent in services and time spent at home shows a positive impact, especially for children from deprived, low-income, low cultural level households, who draw the maximum advantage from the *stimuli* coming from the childcare services, that do not reproduce the social inequalities present between the families (Waldfogel, 2001).

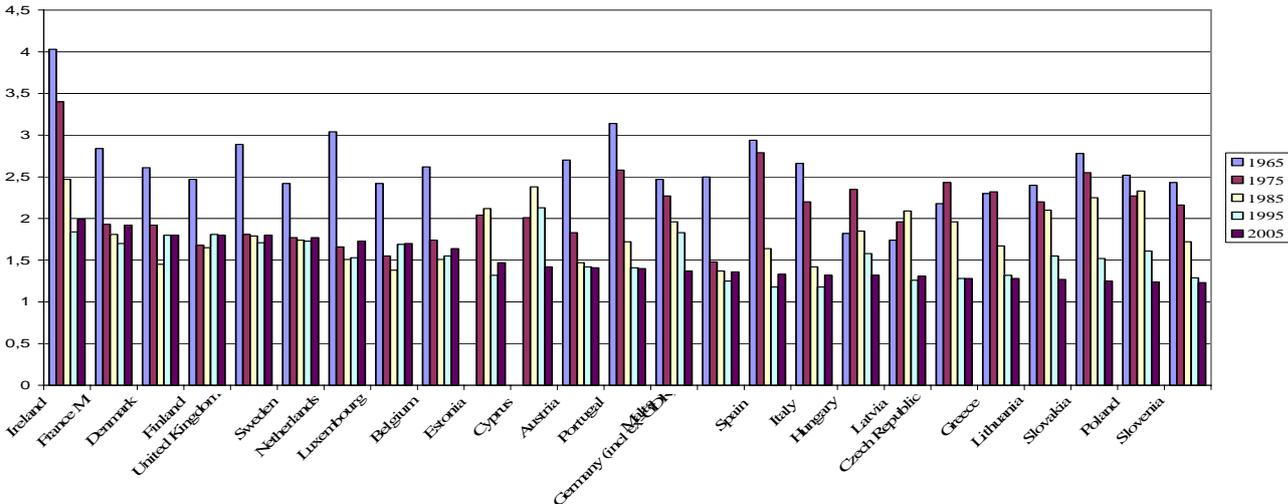
6.3. Childcare policies and fertility

Fertility rates have sharply declined over the past decades in all European countries, below generational replacement levels. Recent generations of women tend to postpone the birth of their first child (Gustaffson and Wetzels, 2000). However, late childbearing does not fully compensate for the lower number of children that women had in earlier times (D’Addio and D’Ercole, 2005: 13, 17). According to several studies a set of socio economic factors play a significant role in determining declining fertility trends. First, there is evidence that education is positively related to lower fertility rates, as well as income (D’Addio and D’Ercole, 2005). Second, within each country, employed women tend to have lower fertility rates compared to non active women (Mincer, 1985). Nevertheless, as opposed to the past, countries with lower female labour market participation rates do not show higher fertility rates. By contrast, fertility rates tend to be higher in countries where a higher share of women work in part-time jobs (D’Addio and D’Ercole, 2005).

Changes in attitudes and values are considered to be related to reproductive behaviour: women’s growing expectations for economic independence, a reduced importance attached to parenthood relative to other goals for life satisfaction, changing gender and family roles. At the same time the need to achieve financial security before having children and problems in conciliating parenthood and paid employment – e.g. social policy related issues – are considered to account, in part, for changed reproductive behaviours (D’Addio and D’Ercole, 2005; Sleebos 2003).

Despite some common trends, the pace of the decline of fertility and the levels achieved differ greatly across countries, as is also shown by data concerning the 25 member states of the EU (Figure 4). Nordic countries experienced an early decline, that nevertheless came to a halt in the early 1990s, stabilising the total fertility rate around 1.8. Southern European countries, conversely, have shown a decline in fertility rates beginning in the mid-1970s, but have now reached an extremely low level of 1.3 children per woman. Most Eastern European countries experienced a significant drop during the post-communist transition, that brought them to very low levels of fertility, even lower than the Southern European ones (Sobotka 2002). Fertility rates are quite low in all continental European countries, with the exception of France and Ireland.

Figure 4: Total fertility rates in the 25 EU member states (years 1965-75-85-95-2005)*



Source: Eurostat, online data.

* For Belgium, Estonia and Ireland the last year of reference is 2004

The relationship between social policy and fertility rates and trends is not a straightforward one. Based on a review of the literature, Sleenbos (2003) concludes that "most empirical analyses suggest a weak positive relation between reproductive behaviour and a variety of policies; findings are however often inconclusive and contradictory, partly because of methodological differences among studies, and partly because of differences in the range of policies considered". The results are often endangered by several methodological problems (for a review, see D'Addio and D'Ercole, 2005).

Despite the potential importance of policies, few studies have investigated the relation between fertility rates and policy interventions at cross-country level, mainly because of the lack of comparable data on some relevant variables (e.g. childcare provision). Most of the available evidence on the impact of policies on fertility rates relies on research based on individual data for specific countries.

Several research findings show the correlation between financial incentives (**cash benefits or tax incentives**) and either the timing of childbearing or the family size (see for a review D'Addio and D'Ercole, 2005). Many studies have reported that **childcare availability** is very important in helping women to combine career and family responsibilities. Research suggests that public childcare availability has an important effect on fertility rates, while higher childcare costs have the opposite effect and that it is the combined effect of childcare availability *and* costs that is most important (Blau and Robins, 1989; Del Boca, 2002). The effect of **maternity and parental leave** provisions on fertility rates is less researched: positive impacts are reported for several Nordic countries (Rønsen; 2004; Andersson, 2001).

Only a few comparative studies have investigated the effect of policies on fertility rates in industrialised countries. All of these studies report a positive relation between fertility rates and a range of policies: according to these studies, fertility rates are higher in countries with greater childcare availability, lower direct costs of children, higher part-time availability and longer leaves (Castles, 2003; D'Addio and D'Ercole, 2005). Simulation models show that the total fertility rate could be increased by "a package of policies relaxing some of the constraints to childbearing" (D'Addio and D'Ercole, 2005).

Our six case studies clearly illustrate the complexity of the relationship between childcare policies and fertility. The highest fertility rates are found in systems as different as those of France, Sweden and the UK, the first two nations having a generous childcare and family benefit policy and the third relying more on market principles. Italy and Hungary, with the lowest female labour market participation, are also among the countries with the lowest fertility rates. These examples illustrate how carefully the relationships between reproductive behaviour, employment and social policy should be considered.

7. Conclusive remarks: current trends and issues at stake

All European countries are facing dilemmas and tensions related to the complex interaction between changes in the labour market, fertility trends, children's conditions and opportunities, matters of equality and freedom of choice. Social policy is therefore confronted with distinct policy objectives and instruments.

Nevertheless, these tensions do not take the same shape all over Europe, they depend not only on the feature of previously developed social policies in the field of family support and childcare, but also on the more general characteristics of each social system. We shall now look at which specific trends and tensions are faced by the six countries represented in our case study and, thereafter, outline a set of relevant issues for European policy in the field.

7.1. Current trends and issues at stake in different policy models

The high availability of good quality and low price care service supply characterises the Scandinavian countries, represented in our study by **Sweden**. Generous universal family allowances are acknowledged by the literature to be connected with very low rates of child poverty. Sweden probably has the most advanced combination of compulsory maternity and paternity leaves and voluntary parental leaves. The high socialisation of costs related to children, combined with parental leave regulation and service provision is also indicated as a factor that explains a relatively high fertility rate, in comparison to the EU average (and also as opposed to Scandinavian historical tradition).

Scandinavian countries succeeded more than all other European countries in ensuring family friendly working conditions. Gender equality has been a major concern and a political priority of social-democratic governments for several decades now. Sweden, in fact, displays very high female labour market participation rates, throughout the life cycle, also for women with children. Still, this was obtained at the price of a relatively consistent occupational segregation of women in public sector and low and intermediate positions.

The externalization of care and other housework activities does originate a virtuous cycle, calling for more labour demand, but it also causes a sort of entrapment of women in the service sector because: a) even out of the family, care is still seen as a primarily feminine activity; and b) jobs in the public sector better guarantee family friendly conditions, and in particular short full-time or long part-time patterns, which are still more requested by women. Although major attempts have been made to treat men and women equally as workers and carers, and although having actually gone farther in this regard than the rest of European countries, equality is far from having been reached. Even here women bear most of the care and family responsibilities, despite a wider externalisation of care tasks and a somewhat bigger share of these undertaken by men, in comparison with other countries.

Due to its generosity, the system is quite expensive and confronted with problems of financial sustainability. During the Nineties, several Municipalities increased the level of childcare services' fees, on the basis of family income level, but also of the number of hours of care used. This has widened the existing difference among Municipalities. In 2002 a ceiling was introduced (Maxtaxa) in order to contain fees and combat inequalities in access to care facilities.

Historically, public childcare services in the **UK** have been targeted to households in need, and the public provision has traditionally been limited in this field. Coverage of early childcare services has traditionally been very low; coverage of pre-school facilities (4-5 year olds) has been higher, but comparatively low as well. Moreover, care is often provided only on a part-time basis. Households that do not correspond to social priority targets, buy care on the market (less and less so for the 3-4 years age range); although the cost of this care provision is kept low, it can nevertheless weigh heavily on average income level households.

According to the approach of the conservative Governments during the Eighties and the first part of the Nineties, decisions about the allocation of time between housework and care work or paid work for the market were considered private individual and family choices. Protection of women's employment is also considered a source of interference in the employer-employee market interplay.

The Blair New Labour Government launched ever since 1997 a National Childcare Strategy to improve quantity and quality of childcare provision. The aim is not only to allow parents (mothers) to work, thus reducing the poverty risk, but also to provide children with high quality level socialization and early education. In particular, a legal entitlement for the 3-4 year olds (5 is the school entry age) was introduced, even if only part-time. The objective was reached for 4 year olds, and is currently being pursued for 3 year olds. Childcare is presently seen as a social investment from the political point of view.

Family policies are characterised in **Germany** – a typical conservative-bismarckian case – by “active subsidiarity” towards families, with an important role for cash and tax benefits.

Childcare services developed in a completely different way in Western and Eastern Germany after World War II. In Western Germany early childcare was considered a family responsibility, basically that of mothers. With the growth of female employment during the Seventies, kindergarten provision developed as well, and attendance – although part time – became almost universal for 4 and 5 year olds. In contrast, in Eastern Germany early childcare was considered a public responsibility, exercised through the centralised provision of full-time and free of charge services. After reunification, in ex-Eastern Länder early childcare was progressively undertaken by mothers, mainly due to high unemployment rates and financial crisis of services, whereas in ex-Western Länder the one and half model has been developing, with mothers working part-time after children are born.

Since 1996 a Federal law obliges Municipalities to provide kindergarten places at least part-time to every child. Municipalities work in partnership with non profit providers in order to fulfil such a requirement. Also part of the childminders' provision (Tagesmütter) is inserted in the public childcare system, with State subsidies, lowering the final cost for families. The systems shows several problems, such as a persistent low level of service coverage, a position of women as secondary earners and significant territorial differences. A national plan to increase the number of crèches has been recently launched, in order to reduce the demand/supply gap.

France is a case of the “conservative Bismarckian” model with high female participation and high fertility rates. More than the presence of children *per sé* it is their number which really impacts on women's employment, with a meaningful drop after the third child.

Explicit pro-natalist policies have long been developed because of traditionally low fertility levels. This has favoured generous monetary transfers to families, proportional advantages for families with more children, tax benefits, etc. Gender equality concerns have accounted for the strong protection of women's jobs, the important development of different part-time patterns, and the large availability of day care services. All this led to the development of an articulated system of sometimes contradictory measures: service provision, but also monetary compensation for withdrawal from the labour market. In fact, France is characterised by the parallel development of a) collective care, b) individual care (childminders), c) incentives for family (mothers') care.

Both collective care and care by childminders are highly subsidised according to nationally homogeneous scales. Crèche fees correspond to about 12% of household income. Latest reforms make individual care even more advantageous for high income families.

Although care needs are not completely satisfied and tensions persist, France provides the most reconciliation options in continental Europe and these are on the whole fairly accessible to most families. Several similarities are shared with Belgium.

Nevertheless, the tension between the logics of equality and those of “freedom” of choice is far from being resolved. Moreover, due to the high level of public intervention in the field the system suffers from financial tensions.

Italy, an illustrative case of the Southern European trajectory, combines very low female employment rates with very low fertility rates. The policy answers to the reconciliation dilemma were in Italy delayed, limited and mostly experimental.

The growth of needs for out-of-home care was only partly met by the growth of public supply, and with major territorial differences (fairly good public supply in the Centre and North, minimal in the South). This stimulated the important development of a private supply, only partly supported by public financial incentives (most of all start-up assistance). Altogether, the existing supply covers around 10% of children below 3 years of age. No regulation or public supply except for very limited local experimental initiatives exist concerning childminders (coverage estimated at 4% of children below 3 years, mainly in the black market). More than 20% of young children are cared for by grandparents, almost entirely covering the working hours of mothers.

In the last fifteen years, the gap between supply of and demand for early childcare services has been growing not only due to the increase of female employment, reducing the availability of caregivers within the families (mothers, but also grandmothers), but also because of a changing attitude towards out-of-home care and a growing interest in early socialization for new generations of parents.

Since the end of the Nineties some attention has been devoted to policies and services for childhood, but with limited monetary resources, and – therefore – with a project-based, experimental approach which favoured some innovation, but did not allow the continuity of service provision.

Due to the virtual inexistence of demand-side public support, private supply, both collective (private crèches) and individual (childminders), which is growing in importance, is very expensive for Italian families (400-€600/month).

From the point of view of leaves, a legislative reform was undertaken in 2001, with initiatives to enlarge the entitlement to maternity leaves, as well as innovative solutions of parental leaves in terms of flexibility of use and incentives for fathers (use or lose). Yet, as often in Italy, the weak point is represented by scant resources. As a consequence, the low replacement rate lowers the potential take-up rate, especially for fathers.

Of specific concern for the Italian case are:

- the demand-supply gap for children below 3 years of age;
- the public and private financial sustainability of care services;
- issues of quality in private services (both structures and pedagogical project and tools);
- the quality of employment in the private and externalised services, with consequences also in terms of quality of the provision (high turn over).
- the inadequacy of monetary transfers to families (children's allowances);
- lack of regulation and of demand-side monetary support for small private services (so-called *family crèches*) and childminders;
- low replacement rate of parental leaves, which contrasts incentives for fathers.

Hungary is here considered as illustrative of the Eastern European trajectory, even if a considerable variability in the development of family and children policies is observable within this group of countries. The reduction in birth rate from the beginning of the Nineties is one of the most prominent phenomena in the country, together with the decline of previously existent family and childcare policy. From the 1990s onward, due to the unfavourable financial situation and a decrease in the number of children, the number of *crèches* and children receiving care in crèches has dropped significantly. Nevertheless these trends started to be changed at the end of the decade. Here, more than in other cases, the recent developments in family and childcare policies seem linked to the economic, political and social trajectory of the country as a whole.

7.2. Policy items for European regulation

At the European level the need to increase female participation in the labour market is an explicit political objective: according to the conclusions of the Barcelona meeting of the European Council in 2002, efforts should continue in order to reduce the barriers and disincentives for females' labour force participation by, along with other measures, improving the provision of childcare facilities. (European Council 2002, p.42)

More specifically "Member States should remove disincentives to female labour force participation and strive, taking into account the demand for childcare facilities and in line with national patterns of provision, to provide childcare by 2010 to at least 90% of children between 3 years old and the mandatory school age and at least 33% of children under 3 years of age (*ibidem*, p.12). Moreover, the need to create care facilities for children and other dependent people is considered a way to support equality between men and women (p.47).

The European Union has also set the struggle against child poverty as one of the priorities of the 'European Social Model'. Such a goal is not only justified by the wish of relieving children and their families from living in difficult economic conditions, but also by the awareness of the impact that poverty experienced during childhood has in shaping the future educational achievements, job status and income opportunities of these children once they grow up (Pisati, 2000). In this regard, Esping-Andersen (2002) has underlined the need to support and favour women's employment through job security, flexibility and quality, and through an adequate support via care facilities, reflected in the EU Lisbon targets.

The present study confirms that a family and childcare system is the result of the interaction between different social policy measures and pre-existing social and institutional features. In this respect, at present, a unique social policy model cannot be identified in Europe. As a result, harmonisation at the European level could possibly concern several issues and policy areas:

- quantity and quality of the supply of care services;
- affordability of care services for families;
- affordability of services for social protection systems;
- employment regulation with reference to entitlements and level of the allowances for parental leaves;
- economic support for the cost of children and struggle against children poverty (quantity and quality in terms of redistributive effects);
- equality across Europe, within countries and between genders in the access to social benefits and social opportunities;
- quality of employment in the care sector;
- a more systematic family and childcare statistical collection and analysis, which would help in providing a view of the trajectories of the different national welfare systems.

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End Part 1.

