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Childcare and the European Union: A bumpy but upward path

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“It is essential to attract more people into the labour market. This aim will be achieved by following the course of an active employment policy, of making work pay and of measures to reconcile working life and family life, including the improvement of child care facilities;”¹

Over the past decades both the European Union (EU) and the Government of Canada (GoC) have become increasingly active in the area of childcare. They have focused on services for young children and families as well as the conditions under which parents combine employment and childcare. This is not by chance. Their actions on childcare are linked to the fact that policy attention to promoting higher employment rates – what the Europeans call activation – has become a major strategy in the modernisation of social and economic policy in both places.

There are major differences between the positions of these two jurisdictions, however.

- In 2002, the Member States of the EU committed themselves to a tangible objective, termed the Barcelona targets: “Member States should ... 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.”² This is now a benchmark against which performance can be judged.
- In Canada no such shared commitment to expanded services and coverage exists, nor is it likely to be forthcoming in the near future.

These *differences* in the Government of Canada and European Union’s approaches to childcare services exist, despite three major *similarities* in the institutional and political circumstances of the EU and the GoC:

1. neither the EU nor the GoC has constitutional responsibility for childcare services;
2. both the EU and the GoC have relied on a variety of tools to gain some leverage over childcare policy and programmes;
3. both the EU and the GoC have seen the organisation of childcare services as well as incentives for some parental care as important to their overall policy strategy for future economic and social well-being.

¹ Conclusions of Brussels European Council, 22-23 March 2005, p. 9. Available on: http://europa.eu/european_council/conclusions/index_en.htm

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¹ Report of the Barcelona European Council, 15-16 March 2002, p. 12. Available on: http://europa.eu/european_council/conclusions/index_en.htm

This short paper does not provide a full-scale comparison of these two jurisdictions' attention to the linkages between childcare and their policy strategies, focusing instead on how the EU has confronted these three shared circumstances.

The constitutional situation

The *provision* of childcare services as well as the *organisation of their financing* is a provincial responsibility in Canada, as are all such social policies.³ Beginning in the 1960s, however, the federal government undertook to share some of the *costs* of services with provincial governments, under the Canada Assistance Plan. Then in the 1970s, in recognition of rising rates of female labour force participation, the GoC offered two benefits directly to Canadians that affect their use of childcare services:

- support for a period of parental care of newborns by working parents, via maternity (later parental) leaves within the Unemployment Insurance regime;
- financial relief to parents who had accrued childcare costs, via a tax deduction (Child Care Expense Deduction - CCED).

It also maintained its long-standing tax deduction for a “dependent spouse,” a benefit available to families providing full-time parental childcare. These policies and programmes generated a fragmented and patchwork system, and they continue to shape the current regime, despite significant adjustments in the last decade.⁴

The Treaty of Rome that came into effect on 1 January 1958 establishing the European Economic Community left most of the traditional areas of social citizenship within the competence of the Member States. Nonetheless, the Treaty was not silent on matters of social provision. Title VII dealt with social policy and, among others, its articles 117, 118 and 119 gave the European institutions some levers for shaping the actions of Member States. The first of these articles states that “Member States agree upon the need to promote improved working conditions and an improved standard of living for workers, so as to make possible their harmonisation ... ” while article 118 provides tools for doing so (“making studies, delivering opinions and arranging consultations”). Most important to the childcare story has been article 119, which committed Member States “to maintain the application of the principle that men and women should receive equal pay for equal work.” European treaties, legislation and court interpretations have provided expansive definitions of the concept of equal pay since 1958, and it underpins the EU’s on-going policy attention to the fundamental principle of equal opportunities.⁵

³ Cities also play some role, especially in Ontario, but that matter is beyond the concern of this paper. For details on the municipal role historically see Jenson and Mahon (2002) and currently Mahon and Jenson (2006).

⁴ For the details of these programmes from the 1960 through the 1990s see Jenson and Stroick (1999: 18-19).

⁵ The EU’s most recent statement on gender equality is *A Roadmap for equality between women and men 2006-2010*, Brussels, 1 March 2006, COM (2006) 92 final. The need for improved access to childcare and other care services as well as improvement in the working conditions of care providers is developed on p. 5. Available at: http://ec.europa.eu/employment_social/news/2006/mar/com06092_roadmap_en.pdf

In a time line that closely resembles the Canadian one (and many others, of course), the early 1970s were years of innovation. In the 1974 Social Action Program, Member States pledged to adopt a number of measures, including “action for the purpose of achieving equality between men and women as regards access to employment and vocational training and advancement and as regards working conditions, including pay ... [and] ... to ensure that the family responsibilities of all concerned may be reconciled with their job aspirations.”⁶ This Program marked Europe’s entry into the domain of childcare, via the theme of reconciliation of work and family life, which is eurospeak for “work-family balance.”

The First Action Program on Equal Opportunities for Women (1982-85) similarly tied gender equality and childcare services together. It called for an extension of parental leave and leave for family reasons as well as better services. This triangular linkage of women’s work, equality and childcare remains very important.

Available tools

The Government of Canada can deploy two basic tools in the realm of childcare. It can use its *spending power* directly to affect Canadians’ capacity to assume the costs of both parental and non-parental childcare (parental leaves in Employment Insurance, the CCED, the spousal deduction, the Canada Child Tax Benefit and now the Universal Child Care Benefit). It can also use its resources and its willingness to transfer funds to provincial governments in order to influence the ways that provinces design their childcare regimes. This second tool is one that depends on *intergovernmental negotiations*. Between 1998 and 2006 the GoC tried to use spending incentives to move the provinces towards aligning their childcare investments in directions already taken in most European and other OECD countries.⁷

The EU has a greater variety of tools but less directly powerful ones at its disposal. The greatest difference with the GoC is that the EU has no spending power that might allow it to shape the choices of individual Europeans. Therefore, a range of measures used by governments – such as tax credits, transfers to individuals, subsidies, and so on – are simply not in its tool box.⁸ The EU does, however, have other tools for shaping the childcare realm and it has used them to some effect. Three will be examined here.

⁶ Quoted in Ross (2001: 180). This analysis of the constitutional status of childcare draws on his analysis.

⁷ On the need to modernise Canadian childcare regimes to bring them into line with those now in place in the rest of the OECD world, see the report of the OECD’s Babies and Bosses team on Canada (OECD, 2005).

⁸ For an overview of the use of such spending tools by OECD countries see Immervoll and Barber (2005).

Legislation / Directives

A series of Directives in the 1970s provided the legal underpinnings connecting equal opportunities in employment and childcare. None dealt directly with childcare, but they did result in an expansive definition of equal opportunities, which could then be used by policy experts and advocates to push for attention to childcare as part of the equality and reconciliation agenda.⁹

One policy realm in which a Directive touching directly on childcare *was* used, however, is that of parental leaves.¹⁰ Passed in 1996, it provided a relatively weak entitlement: it is only guaranteed for three months; is not necessarily a paid leave, and so on. The Directive did, however, force harmonisation in the direction of protection of parents' right to take time off to care for a child, with a guaranteed return to employment. This right can be accessed by either parent, and up until the child's eighth birthday. The right is non-transferable; fathers "use it or lose it." In addition, there are guarantees of leave for other family reasons beyond care of young children. While many Member States had already instituted more generous leave provisions than the EU minimum, and therefore expectations were quite limited that the Directive would have much effect, the research project directed by Gerta Falkner has found it to have been the catalyst for significant change.¹¹ There is still, however, very wide variation within the EU on access to paid parental leave.¹²

Expert Analysis

Development and deployment of empirically-based policy analysis is one of the most effective tools available to the European Union. Through the 1980s and 1990s, internal as well as external experts in labour markets, women's employment and equality, child development and early education, and many others poured a constant stream of information into the European institutions. Most concluded that the EU had a significant role to play.

Initially, because of the way that childcare had emerged as a key pillar of gender equality, the primary focus was on reliable and accessible childcare as a support for women's employment and better sharing of family responsibilities.¹³ The Commission's Equal Opportunities Unit created a Network on Childcare and Other Measures to Reconcile the Employment and Family

⁹ Appeals to the European Court of Justice were also particularly important in the 1970s in providing a basis for this policy linkage. They are not discussed here.

¹⁰ A Directive on maternity leave, defined as a matter of women's health rather than childcare, was passed in 1992, along with protections for pregnant workers.

¹¹ The research project and resulting publications are at: <http://www.mpi-fg-koeln.mpg.de/social-europe/index.html>.

¹² The position paper of the conference *Childcare in a Changing World*, organized by the Dutch Presidency, developed a measure of "effective parental leave" (weighting duration and level of payment). Findings were: "This effective leave varies from 119 weeks in Sweden to less than 10 weeks for Belgium, Greece, Ireland, the Netherlands, and Cyprus" (Plantenga and Siegel, 2004: I-9).

¹³ Public opinion polling found that when asked to choose between financial support and childcare services, greatest support for the second came from women of prime child-bearing age while older women and men favoured the first. However, overall services outstripped income in the 1996 Eurobarometer report.



Responsibilities of Men and Women in 1986, composed of 12 national experts and with Peter Moss as coordinator. Given this provenance, the reports of the Network stressed the need for good services in order to allow women to enter the labour force on an equal footing and to support a more egalitarian division of labour between women and men in families. Reports also, however, emphasised the need for high quality early childhood education and care (ECEC).¹⁴

More recent expert opinion continues the emphasis on childcare as a support for women's employment and the "gender contract," including the working conditions of the mostly female care providers. It says much less about ECEC.¹⁵

A second theme that experts have pressed insistently is the connection between falling birth rates and childcare. The argument can be summarised this way: fertility rates are low where women have been forced to choose between work and children; availability of childcare services allow women to avoid this forced choice; therefore greater availability of services can halt the demographic decline and perhaps increase birth rates.¹⁶

Policy Coordination

The EU has multiple ways of making policy. Some involve legislating "hard law" and others are softer. The end result is also variable, ranging from shared obligations to common objectives. Because of the constitutional status of social policy, the childcare issue has always been in the softer category, with the European Commission and Council usually pushing towards shared commitments and common standards rather than strict requirements.

For example, in March 1992 European Council issued this recommendation: "It is recommended that Member States gradually develop and/or encourage measures to enable women and men to reconcile family obligations arising from the care of children and their own employment, education and training..."¹⁷ This recommendation marked a significant increase in the EU's attention to childcare. Such calls would be heard with some regularity over the next decade.

When the 2000 European Council in Lisbon set down the "strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion," one of the ways identified to do so involved raising the employment rate of women to 60% in a decade.¹⁸

¹⁴ Ross (2001: 185-88) provides details of the reports over the life of the Network (1986-1996).

¹⁵ See, for example, the report of the European Foundation for the Improvement of Living and Working Conditions report on out-of-school childcare (children aged 5 to 12) (Elniff et al. 2006). This is a new area of research and interest for the EU. For Canadian comparisons see Mahon and Jenson (2006).

¹⁶ This argument has probably been most recently pressed by Gøsta Esping-Andersen. See, for example, the report to the Belgian Presidency of the European Union in 2001, a revised version of which became Esping-Andersen *et al.* (2002). The logic of the argument is not fully shared by all experts, however. For one well-developed counterpoint see the work of demographers see Fahey and Spéder (2004).

¹⁷ This is Council Recommendation 92/241/EEC, 31 March 1992.
Available on: <http://europa.eu/scadplus/leg/en/cha/c10916.htm>

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Not surprisingly, only two years later, the Barcelona targets were set; childcare services had become a must.

These recommendations have gained force, moreover, with the creation of the Open Method of Coordination (OMC), a policy lever that has been generalised as part of the Lisbon Strategy. It is a mechanism for setting targets and fostering coordination in social policy areas where the institutions of the Union have limited direct authority and there is a clear popular as well as Member State preference for respecting policy diversity.¹⁹ The OMC establishes a more constraining set of practices than the sharing of information that has developed in the domain of children's policy in Canada (for example, via the *National Child Benefit Progress Reports*, www.nationalchildbenefit.ca/home_e.html).

Policy Strategy for Future Well-Being

Family policy and childcare serve multiple ends. The following list indicates this range:

1. reduce the threat of poverty and economic vulnerability;
2. facilitate the transition to employment;
3. promote gender equality;
4. promote child development in the early years;
5. achieve population goals, such as a higher birth rate.²⁰

In both the EU and Canada governments have used family policy to address the first goal, and in the 1970s and 1980s they shared a strong commitment to the third goal, the achievement of which was seen as dependent upon availability of adequate supplies of affordable childcare. In the 1990s and 2000s, however, there is been some divergence in their two policy mixes and the place that childcare occupies within it. At the level of policy discourse, the GoC has focused increasingly on objectives 1, 2 and 4, while gender equality has fallen off the agenda almost completely.

In contrast, the EU has remained consistently committed to promoting equal opportunities at the same time as there has been a significant strengthening of attention to objective 5 and its full integration into the policy mix. The fourth objective, however, now receives much less attention.

That childcare services are at the centre of any strategy for future economic success has become almost self-evident in European policy communities. In 1999 The Commission's Communication, *A concerted strategy for modernising social protection* [COM (99) 347 final] put it this way: "Social protection should contribute to reconciling work and family life: support for families and for the possibility to reconcile work and family life is not only a question of

¹ See the Conclusions of the Lisbon Extraordinary European Council. 22-23 March 2000. Available on: http://europa.eu/european_council/conclusions/index_en.htm

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¹ Writings on the open method of coordination (OMC) are legion. Two useful overviews for a Canadian audience are Zeitlin and Pochet (2005) and Saint-Martin (2004).

²⁰ This list is from Jenson and Stroick (1999: 15).

equal opportunities for women and men, but also an economic necessity in the light of demographic change.” In 2005, the Director for Equal Opportunities in the Directorate General for Employment, Social Affairs and Equal Opportunities reiterated a similar message:²¹

... being able to reconcile work and private life is central to solving the challenges we are now facing today: achieving full employment, providing for an ageing population, reversing the decline in the birth rate, ensuring the financial sustainability of our social welfare systems. ... The European Commission is following this situation closely, knowing that a policy that supports childcare systems is a policy that supports growth and employment.

We see in both these statements the multipurpose nature of childcare for the EU. The future does not depend on activation alone. It also depends on demography. EU discussions of family issues have long had a demographic component. It was a sub-theme in discussions, for example, when Jacques Delors was President of the European Commission, but it took a definite second-place to facilitating employment and the reconciliation of family and work life.²²

By 2005 and the Green Paper on intergenerational solidarity, better organisation of childcare (parental as well as non-parental) was a key mechanism for avoiding major risk.²³

Never in history has there been economic growth without population growth. ... if appropriate mechanisms existed to allow couples to have the number of children they want, the fertility rate could rise overall, ... The low fertility rate is the result of obstacles to private choices: late access to employment, job instability, expensive housing and lack of incentives (family benefits, parental leave, child care, equal pay).

There is, of course, a normative tension in this demographic focus.²⁴ The worry is that falling or low fertility rates may cause economic growth to falter, government budgets may be stretched to pay for pensions and health services, and there may be too few adults of working age to provide care and support for the elderly. The right and ability of individual women and couples to control their fertility, however, is both widely supported and considered a private matter. It is also accepted as a prerequisite of women’s emancipation, and as a basic feature of modern European civilisation. In order to move beyond the macro-micro dilemma, policy experts have advanced the notion of the *fertility gap*. Public opinion polling reveals a numerical *gap* between women’s stated fertility aspirations (the ideal number of children reported) and the reality of

²¹ Pavan-Wolfe (2005).

²² On demography and childcare in the Delors years Ross (2001: 188-89).

²³ Green Paper from the European Commission, *Confronting demographic change: a new solidarity between the generations*, COM (2005) 94 final, p. 5.

²⁴ For a longer discussion of demography and gender equality see Jenson (2005).

slumping fertility rates.²⁵ Therefore, the policy solution is to provide services, including childcare, and care leaves that will encourage families to close the gap.

But the multipurpose nature of childcare in EU discourse does not often include attention to early childhood education and care. The 1992 Recommendation cited above did state that childcare services should “combine safe and secure care with a broad education or pedagogical approach.” The influence of the Childcare Network and its concerns about quality were evident. By 2002 – despite the overwhelming emphasis on “quality” throughout the Conclusions of the Presidency – for jobs, education, and so on, the quality of childcare was not mentioned in the Barcelona Conclusions.²⁶

Concluding comments

Childcare, both parental (via leaves) and non-parental (via services), is an instrument that can address a number of objectives in any policy mix. For the EU, childcare is a significant part of its strategy for ensuring individual and collective economic and social well-being. Available and affordable services as well as leaves from work will provide parents with the supports they need to manage their working lives and insure their economic future. They will also help ensure the demographic conditions for continuing productivity gains. It is, therefore, part of any modernised social model.

The normative foundations of this commitment to childcare are also multiple. A first is the principle of equal opportunities. The goal is both to enable women to take their place in the labour force and to encourage fathers to take up their fair share of household and childcare responsibilities. Parental leaves are key to realising this goal, but so too are services. An additional normative foundation is the idea of activation which underpins the EU’s current labour market strategy. Its intents is not only to increase employment rates; it also promises Europeans access to quality jobs in the new economy, and in order to take them up parents need to ensure that their children are well cared for. A third normative foundation is commitment to allowing Europeans to have the number of children they wish. With access to childcare and time to care (and many other things...) young adults will be able to realise their hopes for founding a family.

The EU has arrived at this position despite facing many of the same constraints on policy action as the Government of Canada faces. Despite limited constitutional purchase, it has been able to set common standards for childcare service coverage as well as legislating parental leaves. A part of this has been the development and deployment of a shared analysis of the importance for Europe’s future of childcare services as well as improved leaves. It has been able to do so while respecting the diversity values across Member States as well as among individual Europeans.

²⁵ Women and men agree almost completely on these matters. “Among men ... the decline in fertility ideals is found in all countries. Generally speaking, patterns of decline differ little by gender. Men have slightly lower ideal family sizes than women, but the difference is slight” (Fahey and Spéder, 2004: 26).

²⁶ A critique of the EU’s discourse on childcare as being too instrumental and narrow is provided in Moss (2005). For the tensions in the Childcare Network’s approach to childcare, see Ross (2001: 185-88).

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