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The "Production" of Child Care: How Labor Markets Shape Social Policy and Vice Versa

Abstract

This article examines child care policies in three countries-France, Sweden, and the United States-to explore the links between labor markets and social policy and to probe the applicability of the "varieties of capitalism" literature to the human services. Countries differ in the extent to which they subsidize early childhood care and education programs, reflecting, in part, the nature of the child care workforce. In liberal market economies such as the United States, a low-skill, low-wage workforce has enabled a private market of child care to develop, letting federal and state governments off the hook from having to subsidize these programs. In the more coordinated market economies of Western Europe, by contrast, higher labor market regulations, wages, and rates of unionization raise the cost of labor and impede the growth of a private child care market. As a result, governments aiming to promote women's employment or assure the education of young children will feel pressed to provide extensive public subsidies for these services. While these differences reflect long-standing variations in labor market skill regimes, strong public sector unions also shape diverging trajectories in the "production" of child care services.

The social services workforce is a crucial yet often neglected dimension of modern welfare regimes. The services of the welfare state would not exist without workers to provide them, and the nature of

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this workforce should affect the quality of the services delivered. These workers also stand at the interface between the state and the labor market, as the development of social services engages the state not only in the task of providing for various human needs but also in creating or reinforcing labor markets of service sector employees. Social policies in Sweden and France, for example, often build on and reinforce a high-skill, well-paid, and often highly unionized workforce. Given the heavy weight of labor costs in social service budgets, high public subsidies are essential to keep afloat the organizations that provide these services. By contrast, decisions in the United States to leave responsibility for many welfare needs to private markets has hinged on and reinforced the low-wage service economy—particularly in the area of human services. Lacking extensive public subsidies, low-skilled workers are the cheap labor that sustains these private operations.

Child care offers one example of these interrelationships between social policy and labor markets, in that the nature of the child care labor market creates incentives or poses dilemmas for policy makers. The moderately subsidized child care market in the United States could not exist if a low-wage labor force was not available. However, the existence of this market lets policy makers off the hook from increasing child care subsidies, which reinforces the "junk job" quality of the sector. By the same token, allowing private markets to provide child care has been less possible in much of western Europe, owing to higher relative wages, rates of unionization, and labor market regulations. If governments want to encourage mothers to work outside the home, they have to pay for it, but in so doing they can create a form of employment that enjoys professional dignity, good working conditions, and decent wages. Of course, not all European countries prioritize child care or favor mothers' employment, and families in these countries often find limited options in the private market. This reflects the fact that decisions in the *political* arena drive the supply and allocation of child care in much of western Europe, while markets make these determinations in the United States.

This article examines the child care labor market in three countries—Sweden, France, and the United States—to explore the interrelationships between labor markets and social policy in the provision of child care. Drawing loosely from the literature on the varieties of capitalism, the focus is on systems of vocational training, labor market regulation, and labor–employer relations that affect the "production" of human services, such as child care. By contrasting the high public subsidy system of Sweden and the low subsidy system in the United States, we can see how different labor market systems create dilemmas or incentives for policy makers. However, labor markets are not unchanging, as government policy actively contributes to the creation, reinforcement, or restructuring of these markets. This becomes evident in the case of France, where the initial commitment to a highly trained and expensive labor force has waned in recent years, giving rise to more flexible yet publicly subsidized forms of employment. Although the varieties of capitalism literature has emphasized employer motivations in different skill and employment systems, a comparison of diverging French and Swedish child care workforce policy underscores the role of labor unions in shaping the political economy of human services.

Varieties of Capitalism and the Production of Human Services

At first glance, it might seem like the varieties of capitalism (VOC) approach to political economy has little to offer gendered perspectives on the welfare state. The category of "worker" is generic in most VOC analyses, with little mention that workers are differentiated and often stratified by class, gender, and race or ethnicity.[1] In addition, the attention to production regimes looks only at production in the private sector, neglecting the public sector, which employs large percentages of women. This may reflect the countries that serve as empirical touchstones in this research; VOC tends to employ Germany, Japan, and the United States as key examples—all countries with a relatively small public sector. However, the lack of attention to the public economy makes VOC less helpful for understanding patterns of women's labor market participation. Moreover, production refers to the standard goods and services that are the focus of most economic analyses. The production of human services—such as health care, child care, and education—is entirely out of view.

Nonetheless, VOC has other insights to offer analysts of the welfare state, particularly in its attention to the interrelationships between labor market structures and public policy (Estévez-Abe et al. 2001; Iversen and Soskice 2000; Mares 2001). The coordinated market economies (CMEs) of continental Europe are characterized by a nexus of extensive industry- or firm-specific training, long tenure in jobs, extensive labor-capital coordination and bargaining, and high job protection through unemployment compensation and other benefits. Labor market regulations and generous benefits thus protect the skill investment that employers make in their workers and that workers make in themselves through vocational training. In liberal market economies (LMEs) such as the United States, labor markets are considerably more deregulated, workers lack job protections and generous unemployment benefits, and they take large risks by investing extensively in a narrow set of skills. General education programs are instead the norm, as reflected in the weak provision of vocational education or firm-specific training programs. The end result, reinforced by both educational structures and the lack of corporatist bargaining arrangements, is high turnover in employment (Hall and Soskice 2001).

These different labor market structures should also affect the organization of human services. Unlike benefits programs, the provision of social services requires an extensive labor force. Qualifications, training, pay, and working conditions for these service providers should reflect the labor market conditions of different countries. In the CMEs, one would expect that vocational education programs, norms about training and high skill levels, and the unions that defend this model would produce high wages and lengthy job tenure in the social services, as in others sectors of the economy. In the LMEs, there should be more general systems of training, weaker job protections, lower pay, and high turnover rates.

This may not be equally true of all services—highly unionized teachers, for example, may do a far better job protecting their place in the labor market in all countries than weakly unionized home health workers. Similarly, politically powerful doctors in the United States have used their influence to assure high returns to their lengthy investment in medical training. Currently, we lack a comprehensive analysis of the political economy of social services that might build on the insights of the VOC literature but apply them to the public economy. This article takes one sector—child care—as a first step in studying the interrelationships between social policy and labor market structures. It also focuses on just three countries, two of which are examples of an LME (the United States) and a CME (Sweden), while the VOC literature sometimes treats France as a CME *manqué* (Hall and Soskice 2001, 19–21). As this article will show, France also lies between the United States and Sweden in its approach to the social service workforce. Although one could debate the extent to which these countries are the best representatives of the LME or CME model, future researchers should explore the applicability of this article's arguments to other cases.

Child Care in a Liberal Market Economy: The United States

The United States is one example of a liberal welfare state, in which private market arrangements take care of many social welfare needs (Adema 2001; Esping-Andersen 1999; Hacker 2003). Direct public subsidies are often limited to low-income families, although federal and state governments often use the tax code and other regulatory tools to subsidize private welfare provisions (Howard 1997; Stevens 1988). The organization of child care is no exception to this model. Gornick and Meyers (2003) estimate that only 6 percent of one- and two-year-old children are in public child care, and 53 percent of three- to five-year-olds, yet far more children are in private ser-

Table 1. Use of Child Care in France, Sweden, and the United States

	Under Age Three	Over Age Three
France	11% 0–3 in crèches; 20% in family day care; 11% in preschool	100% of children 3–6 years old in preschool
Sweden	0% of children under 1; 61% of children under 2	87% of children 3–5 years old in preschool
United States	≈41% 0–4 in child care centers or family day care	87% of 5-year-olds in kindergarten or nursery school

Sources: Leprince (2003); Nososco (2001); National Center for Education Statistics (2002); U.S. Census Bureau (1999).

vices (see table 1). While still lower than the proportion of Swedish or French children in child care, the private market is supplying care and early education to a large and growing percentage of children in the United States. The existence of this market plays a critical role in supporting mothers in paid employment, as the availability and cost of child care increases the likelihood of mothers' workforce participation (Blau and Robins 1998; Klerman and Leibowitz 1990).

Government and private spending sustain the American child care market, with parents paying the majority of costs. Estimates from the 1990s show that parents paid 60 percent of all child care costs, with federal and state governments making up the rest (Barnett and Masse 2002). By contrast, parents pay about one fourth of the costs of higher education (Whitebook and Sakai 2004, 3–4). Federal funding on child care rapidly expanded following the 1996 welfare reform legislation, but most low-income families do not receive help with child care costs.[2] Moreover, the Head Start program, the federally funded preschool program for low-income children, serves only around 10 percent of three- and four-year-old children (National Center for Education Statistics 2002). For the vast majority of parents, the only government subsidies are either the dependent care tax credit or employer-sponsored plans to set aside a portion of pretax income to pay for child care. Although helpful, these tax breaks are far below the cost of care.[3]

Why does the United States rely so heavily on the private market? One reason is that efforts to promote broadly available public child care for any but very poor families have been highly controversial. In the early 1970s, attempts to create a subsidized system of day care for poor and nonpoor alike faced opposition from a small but well-organized faction of conservatives in the Republican Party. They successfully tagged public child care for nonpoor families as akin to socialism, rendering policy makers leery of further reform efforts (Michel 1999; Morgan 2001). Throughout the 1980s and 1990s, social conservatives led the opposition to public child care for the nonpoor, arguing that using public funds for these services discriminated against stay-at-home mothers (Cohen 2001). In the 1990s, the issue of child care has only been addressed in the context of welfare reform, which substantially increased the resources available for child care. Even so, the proportion of poor families getting help with child care costs has hardly increased in recent years (Giannarelli et al. 2003).

Another reason why the United States relies on private markets is that it can—policy makers have been able to avoid confronting the controversial issue of mothers' employment because there is a private child care market that takes care of many parents' needs.[4] Since the 1970s, the child care market has boomed. One study from the mid-1990s found that employment in private day care centers grew by more than 250 percent between 1972 and 1992, outstripping the growth of most other industries (Goodman 1995, 3). This expansion continued through the 1990s, as the numbers of both private centers and family day care operations rapidly increased (Committee on Ways and Means 2004, 9–17). Growing demand propelled the initial boom; employment rates of mothers with children under age six doubled between 1970 and 2002, going from 32.2 to 64.1 percent (Committee on Ways and Means 2004, 9-3). Demand also was fueled by increased government subsidies in the form of highly targeted spending on child care for the poor families and tax breaks for everyone else. Between 1973 and 1999, total federal government spending on child care increased from $2.8 billion to over $12 billion (Barnett and Masse 2002, 100). Particularly in the 1980s, child care tax credits such as the Dependent Care Tax Credit (DCTC) were an important boost to the private child care market (Goodman 1995). However, because the value of the DCTC did not increase to keep up with inflation and was scaled back in the late 1980s, the value of this subsidy for private child care declined (Cornell University 2003).

Nonetheless, the private child care market has thrived and expanded owing to the availability of a low-wage workforce to staff these programs. The economics of child care is such that there are no gains through technology or productivity increases; personnel costs make up nearly the entire budget of most centers. Given the dependence of most centers on parental fees, this sets up a direct relationship between the price parents pay and the wages received by child care workers (Whitebook 1999). To maintain profitability, centers must find ways to keep these costs down, or they will quickly find parents shopping around for cheaper forms of care (baby-sitters, relatives, family day care, etc.). Keeping child care wages low also is a relatively "invisible" way to reduce costs, because most parents pay little attention to the situation of the workers employed by these centers (Helburn and Howes 1996).

Herein lies the connection between the U.S. child care system and the liberal market economy, which supplies a low-wage, flexible workforce that can cycle in and out of child care employment as needed. Of particular importance is the lack of a vocational education system or other training requirements that would create barriers to entry into the child care profession. Only fifteen states have any kind of preservice requirement in their child care licensing systems (National Child Care Information Center 2004). Most child care workers have a general education: some 60 percent have had some form of college education, although this is not necessarily in the child care field. An estimated 40 percent have a high school degree or less, and given the lack of vocational training at the high school level, they often have had little formal training in child care (Helburn and Bergmann 2002, 190). This means virtually anyone can get a job in a child care center, and many do so temporarily before moving into another field. One study in the 1990s found that annual turnover of staff in all day care centers is around 30 percent, with as many as 45 percent of staff leaving for-profit chains each year and 35 percent leaving independent for-profits (Center for the Child Care Workforce 1998, 18).[5] Thus, not only does the child care workforce lack skills on entering into the profession, these workers do not acquire on-the-job knowledge or have time to take advantage of programs to upgrade their skills.

Given the low barriers to entry into the child care profession, day care is one of the worst paying jobs in the United States. A recent study found that only 18 out of 770 professions had lower average wages than child care (Center for the Child Care Workforce 2004, 6). Gornick and Meyers (2003) have calculated that the wages of child care workers and preschool teachers are worth between 53 and 66 percent of the wages of all employed women (table 2), considerably

Table 2. Wages of Child Care Workers Relative to All Employed Women's Annual Wages

	Preschool Teacher	Child Care Worker
France	1.87	NA
Sweden	1.02	1.02
United States	0.53	0.66

Source: Gornick and Meyers (2003, table 7.8).

lower than the comparable figures for European countries. In addition, in the 1990s, less than a third of child care centers offered fully paid health insurance, with even fewer providing pension benefits (Whitebook 1996, 150). This again removes labor costs from U.S. centers, whereas European employers often pay high payroll taxes to cover employee health insurance, pensions, and other social benefits.

Child care workers are therefore part of the low-wage service sector in the United States, working in jobs that often lack health insurance or other benefits. The low relative wages paid to U.S. child care workers is indicative not only of the their actual wages but also of the substantial wage gap that enables the private market to exist (Esping-Andersen 1999, 110). Figure 1 offers one measure of inequality, showing the percent of median income earned by those in the tenth income percentile, and that of people in the ninetieth percentile. As is apparent, income inequality is much greater in the United States than in most European countries, although a fellow LME, the United Kingdom, also shows a very high income gap. Other measures of income inequality, such as Gini coefficients, similarly show high levels of inequality in the United States, the United Kingdom, and other LMEs such as Australia and Canada (Smeeding 2004, figure 1).

Other aspects of the deregulated American labor market shape the wages received by child care workers. In general, child care workers

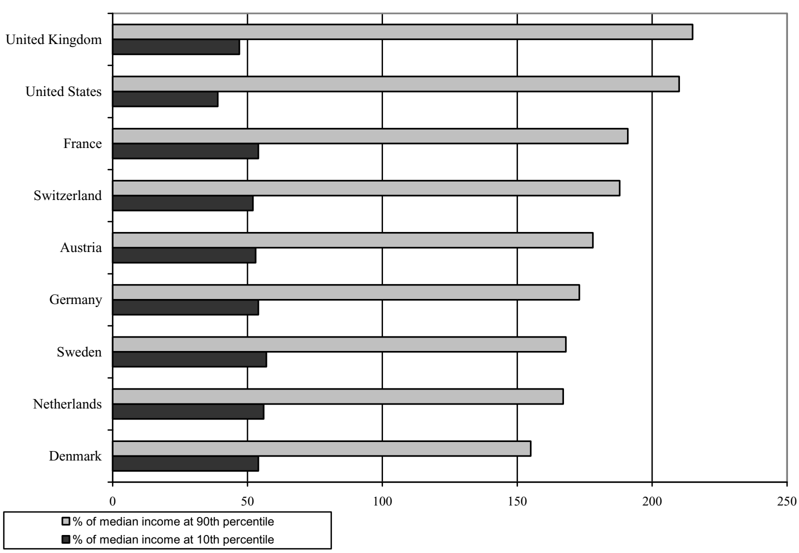

Figure 1. The Gap between Rich and Poor.
Source: Smeeding (2004).

in unionized settings are paid more, yet unionization rates in this sector are about 5 percent (Helburn and Bergmann 2002, 203). The contrast with kindergarten teachers is telling: They are unionized, they are paid through public funds, and there are requirements for entry into the profession that prevent anyone from deciding they want to work in this field. As a result, they often earn twice as much as preschool teachers or child care workers (Morgan 2002). In addition, there are no barriers to entry for cheaper family day care centers—day care that is provided in private homes. State standards for these centers are lower, and many are entirely unregulated. These centers also are less expensive to run, because they make use of one's own home and are often run by women who are married and have health and other benefits through their spouse (Helburn and Bergmann 2002, 171). Family day care can and does charge less to parents, which puts constant cost pressures on day care centers and thus depresses the wages of their workers.

Race and ethnicity also shape the U.S. labor market in ways beneficial to the private child care sector. Studies have shown that minorities make up a disproportionate percentage of child care workers, with particularly high representation in the "informal" sector of home-based care and work as nannies (Tuominen 1994). In part, this may reflect the effects of immigration, which brings in minority workers that work in the informal sector for lower wages and without the regulations and protections of workers in formal employment. It may also be due to explicit government policy that for decades has encouraged mothers on welfare to work in sectors such as home health and child care (Boris and Klein 2003). Usually, such efforts have not entailed much training in the child care field (Whitebook 1999, 152). One result is a steady supply of workers performing care and other personal services for working parents. Another consequence is depressed wages in the rest of the industry, given the availability of workers in the informal sector who command lower pay.

In short, features of the deregulated U.S. labor market—a liberal market economy that offers little specific training in the field, minimal labor market regulations that would create barriers to entry into the profession, and the lack of unionization that could push wages higher—have been essential to the growth of a private market of child care. The low wages and poor conditions of the workers who staff these services provide an essential subsidy to the child care industry, enabling this private market to exist (Whitebook 1996, 159). This booming private child care market has allowed policy makers to sidestep the controversial question of child care and mothers' employment. With the supply of child care determined not by government officials but by markets, child care is shifted outside of the realm of formal, political debate.[6]

The result has been fairly widespread access to child care for working parents; yet without government officials directing the supply or setting the price, access to services varies tremendously. One study shows that nonpoor parents pay, on average, 6.6 percent of household income on child care; that figure is above 28 percent of household income for those below the poverty line (Committee on Ways and Means 2004, 9–16). While paying nearly five times as much on care, poor families actually spend less in dollar amounts, often on lower-quality services. Middle- and upper-class children tend to gain access to better-quality services, whereas lower-income children are found predominantly in the lowest-quality, least-regulated programs—typically family day care (Helburn and Bergmann 2002, 120–22). Leaving the production and distribution of human services to private markets has thus generated a dynamic and diverse child care sector; yet as with all consumer goods supplied by the private market, income determines both access and the quality of services received.

Child Care Services in Coordinated Market Economies: Sweden and France

In the CMEs, by contrast, choices made in the political arena shape the organization of human services. Moreover, the lack of private alternatives plays a critical role in making child care a matter for public intervention. With skill requirements linked to vocational and professional education systems, higher rates of unionization, and resulting better wages and working conditions, the cost of labor impedes the development of an extensive, unsubsidized market of formal child care centers. This leaves policy makers with stark choices about whether to promote and support mothers' employment.

One can observe this dynamic playing out in both Sweden and France, both of which provide publicly subsidized child care for large numbers of children (see table 1). Sweden has a unified system of early care and education programs for children between the ages of one and the mandatory school age of seven. Almost no children are in child care before the age of one, owing to a generous parental leave benefit for the first thirteen months of a child's life.[7] Once reaching the age of one or one and a half, most children attend a municipal child care center, although there are some privately run centers that receive public funds. There also is a small sector of family day care, which consists of women paid by municipalities to care for children in their own homes.

The French child care system is considerably more complex. Preschools are free of charge and universally available from the age of three, with 75 percent of two-and-a-half-year-olds also attending these programs (National Ministry of Education). Preschools are open eight hours a day but closed one afternoon a week, although some municipalities provide wraparound services for working parents.[8] Before the age of three, there is a system of municipally run child care centers, or *crèches*, which provide services to parents on a sliding scale according to income. However, the largest and most rapidly increasing sector of child care outside of the preschool system is subsidized and regulated family day care. Public subsidies cover virtually the entire cost of two or three days of family day care, leaving parents to cover the rest (Legendre et al. 2004). Parents also can receive subsidies to hire a nanny in their own homes.

The French and Swedish child care and early education systems are almost entirely public, with many or most services delivered by public providers, and privately run services heavily subsidized by public funds. Currently, parents pay at most 3 percent of their income to child care in Sweden, whereas estimates for France in the 1990s showed parents paying an average of 4.5 percent of income for child care, after all subsidies and tax breaks are included (Leprince 2003, 50).[9] For many years, social democratic governments in Sweden tried to block the development of private child care centers, which consist mostly of parent-run cooperatives. Today, these privately run centers also operate with public funds, without which they probably could not exist (Dahlström 1993, 111). In both countries, unregulated family day care long existed on the black market, but with expanding public subsidies, these workers have increasingly become part of the formal economy.

The large public subsidies that sustain the public child care sector reflect a number of political and economic factors in these two countries that have shaped child care policies for decades (see, for example, Bergqvist and Nyberg 2002; Jenson and Sineau 2002; Mahon 1997; Morgan 2003). One cannot explain the development of public child care in these two countries simply by the variety of capitalism they represent; CMEs like Austria and Germany have long provided minimal child care services for working mothers, whereas France and the Nordic states have done considerably more to help parents combine work and family life. What the differing labor market structures do tell us is that it is difficult (if not impossible) for governments in CMEs to simply wait for a private market to solve the needs of parents for child care. This is evident in the lack of private child care in Germany, owing to high regulations and wage costs, even though public funds for child care in the western *Länder* have been quite low for decades (Hank and Kreyenfeld 2000, 2). Similarly, in the Netherlands, where government subsidies to child care increased in the 1990s but remained low by European standards, child care has proven too expensive for many (Adema 2002, 100–103). As a result, the development of the market has slowed, and parents use child care for at most two and a half or three days per week.[10] If CMEs would like to promote and support mothers' employment, they cannot follow the American example and avoid making substantial investments in public services.

This is due in part to the higher wage and related costs of child care workers in these more regulated economies. In both France and Sweden, the wages paid to child care workers are close to if not beyond the average wages paid to all Swedish and French women (see table 2). As a result, both Swedish and French child care is characterized by significantly higher hourly labor costs, making it harder to sustain a market of private services (Sauviat 1996, table 2). In addition to the relatively decent wages received by child care workers, a lesser degree of income inequality in these two countries (see figure 1) also constrains the growth of a private market. France and Sweden have a smaller class of people who could pay another, substantially poorer class of people to care for their children, although the income gap is wider in France than in Sweden.

The higher relative wages paid to child care workers reflect the barriers to entry into the child care profession set by both education systems and formal government regulations. In both France and Sweden, many of those employed in the child care profession are teachers who receive education and pay that is comparable to their counterparts in the primary school system. Since 1991, French preschool teachers complete the same five-year tertiary education as primary school teachers and can work interchangeably in the two professions. Swedish preschool and primary school teachers both attend university for three and a half years, although the content of their training differs. Swedish preschool teachers generally also earn less than primary school teachers, although the earnings gap is considerably lower than that found in the United States.[11] In France, specialized staff also runs day care centers for children below the preschool age: *puéricultrices*, who have a nursing or midwife degree, plus an extra year of specialized education; or *éducateurs de jeunes enfants*, who have a high school degree plus twenty-seven months of specialized training.

In both countries, a lower-skilled staff often works alongside these more educated workers. French crèches also employ *auxiliaries* (auxiliary staff), who have one year of specialized training following a high school degree (Petit et al. 2003, 30–32). In Sweden, preschools are staffed by both preschool teachers and childminders, the latter having completed a three-year secondary school program that enables them to work in child care or after-school programs. In both countries, the lower-skilled workers benefit from specific vocational education programs in the secondary school system that train them to work with young children. This is very much in line with the CME model of specialized vocational education, and contrasts with the United States, where such programs do not exist.

These educational requirements for child care workers create barriers to entry into the child care labor market. In the late 1990s, 60 percent of Swedish child care workers had completed the university-level education, 35 percent had secondary school training, and only 2 percent had no child care training at all (OECD 1999, 19). Union pressure has ensured that even though the two categories of workers in child care centers have different levels of training, child care centers hire near equal numbers of both kinds of staff, while both receive similar pay and do many of the same tasks within the centers. This prevents a cheaper, lower-skilled workforce from undercutting those child care workers who have invested in more training. In France, the preschools are staffed by preschool teachers, with some help from lesser-trained assistants (Moss 2001). For services outside of the preschool system, however, such as the public crèches, the proportion of unqualified staff is considerably higher. One recent government report found that 43 percent of crèche employees have no diploma, even though government regulations require that 75 percent of staff be qualified (Petit et al. 2003, 54). Moreover, the number of diplomas awarded in the early childhood field is falling behind the growth in the number of crèches (Petit et al. 2003, 58).

The French situation is revealing of the fact that although the Swedish and French labor markets create barriers to the development of private social services, governments have some room to maneuver. In Sweden, the proportion of well-qualified staff has fluctuated over time and by region, with up to 25 percent of Stockholm child care staff counted as "unqualified" in the late 1980s (Dahlström 1993, 99). A more significant way to keep costs down is to encourage the growth of family day care centers, which are cheaper and rely on lower-skilled labor. In Sweden, family day care workers have been paid as city employees since the late 1960s, yet they receive lower wages than workers in formal child care centers. These workers are not required to have either university of secondary school training in child care, although they often complete 50–100-hour training courses offered by the municipalities (Ministry of Education and Science

1999). The same is true in France, where family day care workers are not required to have any particular education or training, and 50 percent lack any kind of diploma (Leprince 2003). Municipalities are required to provide an estimated sixty hours of training to these workers spread out over five years. With their low-level of training and relatively easy entry into the profession, family day care workers could undermine the higher-paid child care workforce, precisely as they have in the United States.

This has occurred in France, where the family day care sector has rapidly expanded in the past two decades while growth in the number of public crèches has stagnated. Government subsidies for family day care were established in 1980 and made more generous ten years later. Government policy also has encouraged the development of local networks for family day care, which oversee and support these centers while helping match parents to services. The result has been a substantial increase in the use of family day care, although some of the increase represents formerly black market services becoming part of the formal economy. Even so, family day care is a booming sector of the economy, with good employment forecasts for the future (*Horizon 2015* 2002, 3). The contrast with Sweden could not be greater; while family day care grew in significance during the 1980s, when there were shortages in the availability of center-based care, use of these services has declined ever since.

One reason for the difference is the greater unionization of the child care workforce in Sweden, and the power of these unions in national politics, compared to the weak unionization of French child care workers. Despite the decline of corporatist bargaining, Swedish unions continue to play a major role in public policy, with the teachers' and municipal employees' unions often cited as some of the most influential (Blom-Hansen 2000). These two unions organize the Swedish child care workforce: *Kommunal*, the municipal workers unions organizes the lower-skilled childminders, whereas *Lärarförbundet* is the teachers' union that covers preschool teachers. As with the rest of the Swedish workforce, teachers are highly unionized. In 2000, the average unionization rate of female employees was 85 percent, whereas that of men was 79 percent. The public sector is the most highly unionized, and 50 percent of Kommunal's members are care workers of some kind (Johansson 2001, 31). Though previously divided, teachers and preschool teachers came together in *Lärarförbundet* in the early 1990s precisely because they sought to be a unified and strong force that could bargain with local governments over salaries, working conditions, education, and training (Cohen et al. 2004, 152).

Unions and social democratic governments have preferred the development of public preschool programs that hire well-trained personnel.

Skepticism toward the lower-skilled family day care sector is evident in national policy. Since Swedish governments embraced the goal of expanding women's labor force participation in the early 1970s, they have sought to do so through high-quality services that will be viewed not simply as custodial care but as an enriching, developmental experience for children. According to Maria Jansson, the pedagogical emphasis was essential to convince parents that child care, and mothers' employment, could be positive for children and families (Jansson forthcoming). From the start, family day care was viewed as a temporary expedient. Throughout the 1980s, grants to municipalities for formal child care centers covered a higher percentage of costs than those for family day care, thus encouraging the growth of one form of care over another (Dahlström 1993). In the 1990s, earmarked grants were replaced with block grants to cities, which offered greater flexibility to municipalities in child care policy and could have led to a more diverse mix of services. However, this came at the time when child care was transferred from the Health and Welfare department to the Education Ministry, and a new, national curriculum for child care was developed to emphasize their pedagogic aims (Cohen et al. 2004; Taguchi and Munkammar 2003). Family day care was not included in the new curriculum and has suffered in the public eye as a result. Public demand for these centers has thus continually dropped.

The emphasis in the Swedish child care system on skilled staff does not mean the Swedish government has not tried to cut costs. The economic downturn of the 1990s and resulting fiscal crises led to cuts in child care spending that were manifested in higher child–staff ratios and larger group sizes. These ratios and group sizes have only recently begun to come down again, although by some quality indicators, Swedish child care is still inferior to what it was in the early 1990s (Nyberg 2004). The 1990s also brought increased interest by both political parties in publicly subsidized yet privately run services (Daune-Richard and Mahon 2001, 167). Moreover, some municipalities have cut corners on child care staff by employing higher percentages of unskilled or temporary labor. Nonetheless, the trend in recent years has been toward increasing the skill level of the child care workforce, with the extension of preschool education training to three and a half years and a lengthening of the vocational education program in secondary schools.

In France, by contrast, successive governments have subsidized the family day care sector over the objections of unions. In general, unions have criticized the move toward this more flexible and less-trained workforce, although views within the union movement vary. The Christian trade union (CFTC) generally holds up family day care as a preferable form of care, whereas the union linked to the communist party (CGT) has long advocated a universal system of public services, staffed by skilled workers (Büttner et al. 2001, 46–47). With the fragmentation of the French union movement, and the fact that only 5 percent of the French workforce is unionized, unions have been unable to block the move toward cheaper, less skilled family day care workers. In the past fifteen years, subsidies to family day care have rapidly expanded, whereas the pace of spending on public crèches has lagged (Jenson and Sineau 2001, 101–3). Currently, government spending on family day care is nearly four times that of spending on the crèches, and 66 percent of children under age three in child care are in family day care programs (Leprince 2003, 114). Family day care is now a mainstay of the French child care system.

This does not mean that the government has allowed an unregulated private market to take hold. In fact, government policy has sought to do the opposite by bringing family day care out of the black market and into the formal economy. As a result, family day care workers are guaranteed the menu of social benefits (pension rights, unemployment compensation, maternity leave, paid vacations) as well as a minimum level of pay. A recent reform has tried to further improve the status of these workers, allowing them some continued pay when the children they care for are sick, for example, and monthly rather than daily payments. Clearly, these workers are better off than many of their American counterparts. Nonetheless, the French policy represents an effort to circumvent the expensive crèche system and encourage a cheaper form of care—one that policy makers also hope will generate employment for low-wage female workers. As a mix of fiscal and antiunemployment goals has gained ground in French child care policy, unions have been unable to block the move toward a cheaper, less-skilled workforce (Jenson and Sineau 2001).

Conclusion

This article has investigated the interrelationships between labor market structures and social policy in the realm of child care. Although the varieties of capitalism research agenda has devoted little attention to the public sector, it can potentially be applied to study the ways in which skill regimes and other labor market structures shape human services policy. In the case of child care, the availability of a low-wage, low-skill workforce in the liberal market economy of the United States enables a private market of child care to exist. This takes the pressure off policy makers to address the controversial question of mothers' employment as families self-service in private markets. The more regulated labor markets of the coordinated market economies of western Europe make such private services more difficult to sustain and thus force the issue onto the political stage. The supply of child care becomes a matter for political debate, rather than one for market forces to determine.

The outcome of those debates reflects forces beyond those identified by the varieties of capitalism. Political ideology, the pressures of interest organizations, and fiscal motivations all have come into play in shaping the diverse responses of the CMEs to the issue of mothers' employment. Nonetheless, growing rates of female labor force participation across western Europe are putting pressure on all states to address the changing needs of families. In the current context of fiscal constraints on the welfare state, these countries will face a dilemma of how to develop a sector of social care services that is affordable for the state yet does not sacrifice their long-standing labor market traditions. It remains to be seen how many of them go down the Swedish path toward a high-skilled workforce in the care sector or the French mixed model. The continuing strength of unions is likely to play an essential role in determining the path taken.

NOTES

1. An important exception is the work of Margarita Estévez-Abe in this volume.

2. A study by Giannarelli et al. (2003) showed that, for parents of children under age 13, only 12 percent of all families and 21 percent of those with incomes below 200 percent of the poverty line received help from government or other organizations with child care costs.

3. The Dependent Care Tax Credit is a nonrefundable credit for employment-related, dependent care expenses of up to $3,000 in expenses for one child, $6,000 in expenses for two. The amount of the credit varies by income: the maximum credit, 35 percent, declines by 1 percentage point of income above adjusted gross income of $15,000. In 2001, the average credit claimed was $440. A second provision allows employees to shelter some income for taxes through employer-sponsored Dependent Care Assistance Plans that include child care assistance.

4. Michel argues that the private market helped fragment the constituency for child care by creating a range of private options and private actors with a stake in the market-based system.

5. In the late 1980s, the for-profit chain Kinder-Care had an annual turnover rate of 100 percent. See Englade (1988, 46).

6. Debate over the tax credits also receives little public attention, although important developments occur behind the scenes. Since the early 1980s, these tax subsidies have come under attack by conservatives who argue that they are an unfair subsidy to working mothers, at the expense of

full-time homemakers. Although efforts to repeal these tax subsidies have failed, the value of the DCTC stagnated for two decades after 1981. In 2001, Congress increased the value of the credit as part of a larger tax-cutting bill.

7. Parents are entitled to 80 percent of income, up to a ceiling, for the first thirteen months of parental leave. After that, they may receive a flat-rate benefit of 60 SEK/day (about $8 a day) for three months, and can take another two months of unpaid but job protected leave. Sixty days are reserved for fathers.

8. Preschools follow the school schedule and thus are closed during part of the summer. Generally, they are open from 8:30 a.m. to 4:30 p.m.

9. Parents used to pay more in Sweden; since 2002, however, a limit of 3 percent of income, up to a ceiling, has been placed on child care fees. Since 2003, parents are also entitled to 525 hours per year (about 3 hours per day) of free care for four- and five-year-olds.

10. The high cost is not the only reason parents use child care only part-time. All employees have the right to request part-time work, and nearly three-quarters of Dutch women work less than thirty-five hours a week. Thus, they only need child care for part of the week. However, the two processes are endogenous: lower government subsidies make child care too expensive for a full week, thus reinforcing the tendency to work part-time, which reinforces a system based on only part-time care.

11. In the United States, child care workers earn between 30 and 60 percent less than primary school teachers. In Sweden, it is between 16 and 24 percent less.

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