

Maurizio Ferrera

# FROM THE WELFARE STATE TO THE SOCIAL INVESTMENT STATE

*workingpaper*

 Centro Einaudi

N1 2010 ISSN 2036-1246



Laboratorio di Politica Comparata  
e Filosofia Pubblica

MAURIZIO FERRERA

**FROM THE WELFARE STATE  
TO THE SOCIAL INVESTMENT STATE**

Centro Einaudi • Laboratorio di Politica Comparata e Filosofia Pubblica  
*con il sostegno della Compagnia di San Paolo*

Working Paper-LPF n. 1 • 2010

© 2010 Maurizio Ferrera e LPF • Centro Einaudi

**Maurizio Ferrera** è professore di Scienza politica all'Università degli Studi di Milano, dove presiede la Graduate School in Social, Economic and Political Sciences. Inoltre dirige il Laboratorio di Politica Comparata e Filosofia Pubblica (LPF) del Centro Einaudi, è membro del consiglio di amministrazione del Collegio Carlo Alberto di Moncalieri (Torino) ed è editorialista del «Corriere della Sera».

maurizio.ferrera@unimi.it

Il **Laboratorio di Politica Comparata e Filosofia Pubblica** promuove attività di studio, documentazione e dibattito sulle principali trasformazioni della sfera politica nelle democrazie contemporanee, adottando sia una prospettiva descrittivo-esplicativa che una prospettiva normativa, e mirando in tal modo a creare collegamenti significativi fra le due.

L'attività del Laboratorio, sostenuta dalla Compagnia di San Paolo, si concentra in particolare sul rapporto fra le scelte di policy e le cornici valoriali all'interno delle quali tali decisioni sono, o dovrebbero essere, effettuate.

L'idea alla base di questo approccio è che sia non solo desiderabile ma istituzionalmente possibile muovere verso forme di politica «civile», informate a quel «pluralismo ragionevole» che Rawls ha indicato come tratto caratterizzante del liberalismo politico. Identificare i contorni di questa nuova «politica civile» è particolarmente urgente e importante per il sistema politico italiano, che appare ancora scarsamente preparato ad affrontare le sfide emergenti in molti settori di policy, dalla riforma del welfare al governo dell'immigrazione, dai criteri di selezione nella scuola e nella pubblica amministrazione alla definizione di regole per le questioni eticamente sensibili.

LPF • Centro Einaudi  
Via Ponza 4 • 10121 Torino  
telefono +39 011 5591611 • fax +39 011 5591691  
e-mail: segreteria@centroeinaudi.it  
www.centroeinaudi.it

TABLE OF CONTENTS

FROM THE WELFARE STATE TO THE SOCIAL INVESTMENT STATE	5
Introduction	5
1. “Ford” vs “Lego”: The new approach	6
2. Early childhood education and care: Why it matters	7
3. Investing against social disadvantage	10
4. A successful experience? The child-centered strategy of New Labour governments	13
5. The quality and accessibility of childcare	16
Conclusion	19
References	20

KEYWORDS

welfare, social policy, education, childcare

## ABSTRACT

**FROM THE WELFARE STATE  
TO THE SOCIAL INVESTMENT STATE**

This paper discusses the basic rationale which has inspired the intellectual and policy reorientation towards “social investment”, with particular attention to child policy. The first section outlines the main features of the social investment approach, contrasting it with the more traditional “Fordist” approach. The second and third sections explain why and how early childhood education and care can make a difference in terms of both efficiency and equity. The fourth section briefly summarizes the British experience under New Labour, while the fifth section discusses issues of quality and accessibility. The conclusion wraps up, underlining the need to step up the shift towards social investment, overcoming the political obstacles to reform.

## FROM THE WELFARE STATE TO THE SOCIAL INVESTMENT STATE

### INTRODUCTION

In 1997 an influential document of the OECD outlined a broad framework for welfare reform in the globalised economy, calling for a new “social investment” strategy. Its main building blocks were to be an emphasis on inclusion, labour market participation and a reorientation of public policy towards “social problems which are not properly addressed”, with a special attention to child poverty and more generally the skills and opportunities of young people (OECD 1997). The OECD recommendation immediately resonated within EU circles, after the launch of the Employment Strategy in 1998 and of the so-called Social Inclusion process in 2001. Under the Portuguese (2000) and Belgian (2001) Presidencies of the EU, important reports were released which forcefully called for an incisive functional and distributive recalibration of traditional social protection schemes (Ferrera, Hemerijck and Rhodes 2000) and for a shift to a “new welfare state”, based on a child-centered and women friendly approach (Esping-Andersen et al. 2002). The idea of social policy as both a “productive factor” and a “social investment” has been spreading throughout the OECD countries and supranational institutions (from the ILO to the World Bank) during the 2000s, attracting increasing attention on the side of academic thinking and research (Morel, Palier and Palme 2009).

This paper will discuss the basic rationale which has inspired this intellectual and policy reorientation, with particular attention to child policy. The first section will outline the main features of the social investment approach, contrasting it with the more traditional “Fordist” approach. The second and third sections will explain why and how early childhood education and care can make a difference in terms of both efficiency and equity. The fourth section will briefly summarize the British experience under New Labour, while the fifth section will discuss issues of quality and accessibility. The conclusion will wrap up, underlining the need to step up the shift towards social investment, overcoming the political obstacles to reform.

## 1. “FORD” VS “LEGO”: THE NEW APPROACH

As is well known, the welfare state reached its full maturity during the *Trentes Glorieuses* that followed the end of World War II. This phase registered the spread and institutionalization of a wider socio-economic “model” which has been labelled as Keynesian or Fordist capitalism (Esping-Andersen 1990). As shown by table 1, the model was characterised by a number of inter-related features. The most salient unit of economic production was the large firm and thus the most widespread occupational figure was the firm employee (blue and with collar) with a standard “quasi tenured” contract. The typical worker was male (many women were housewives), the typical family was nuclear (two adults and two or three children) with one main breadwinner (one-earner/one-carer model of family). The state’s fundamental role in the social sphere was that of subsidising involuntary non-employment through various types of transfers. The prevailing logic was of a “compensatory” nature, in most countries the social risk that was prioritized was old age (primarily understood as the retirement of standard workers) and the lion’s share of social expenditure was absorbed by cash transfers as opposed to services, in particular pensions.

Table 1 – The “Ford” and “Lego” models

<i>Type of model</i>	“Ford”	“Lego”
<i>Basic unit of reference</i>	Large firm	Society as a whole
<i>Typical beneficiary</i>	Male employee and single-earner household	Individuals (“women and children first”) and two-earner, two-carer household
<i>Goals and logic</i>	Protection and subsidies for phases of non-employment: compensatory logic	Promotion of opportunities and support for needs and risks of the whole life-cycle: enablement logic
<i>Main targeted risk</i>	Old age (of the insiders)	Social exclusion (of children)
<i>Main policy tool</i>	Cash transfers (esp. pensions)	Services (esp. childcare, education and training)

Starting from the mid 1970s, the Fordist model entered in a new phase of acute crisis, due to a host of endogenous and exogenous reasons which challenged its very socio-economic foundations (Ferrera 2008). The social investment strategy which was elaborated in the second half of the 1990s must be seen as a response to this crisis, i.e. as a wide-ranging attempt at virtuously reconfiguring the relationship between changed labour markets, family structures, risks and need constellations through a modernised array of public policies. Table 1 lists the main features

of the social investment strategy. Drawing on the work of Jenson (2006), the table uses the label of “Lego model” to generate a contrast with the traditional “Ford model” of the *Trentes Glorieuses*. Why Lego? The Danish toy producer was chosen to embody the new post-Fordist social philosophy based on (1) an attention to the risks and needs of the whole life-cycle of individuals and not just the employment/retirement phase; (2) a special orientation towards children and thus the centrality of child policy (childcare, monetary allowances, education and so forth) within the social protection menu; (3) the fundamental role of learning as an instrument for self-development and security; (4) the nexus between the full maturation (and “flourishing”) of individual skills and capabilities, on the one hand, and collective well-being, on the other hand.

The point of reference of the Lego model is wider than the sphere of production and stretches to society as a whole. Instead of the standard worker, it targets all individuals (but adopting the maxim “women and children first”) and favours the formation of two-earner/two-carer families. Its logic is less compensatory than “promotional”, aimed at fostering opportunities for all and at enabling individuals to cope with their needs throughout the life cycle. The risk which is prioritized is social exclusion, and in particular the social exclusion of small children, which is recognised as the likely starting point of “poverty careers” which tend to trap individuals in deprivation during the later phases of their lives and thus to waste precious human resources for society as a whole. The emphasis placed on young children and on what the OECD has dubbed “early childhood education and care” (ECEC: cf. OECD 2001) is perhaps the most innovative feature of the “Lego” or social investment approach: it thus deserves a dedicated discussion.

## 2. EARLY CHILDHOOD EDUCATION AND CARE: WHY IT MATTERS

The importance of ECEC is not only linked to its role in facilitating work-life balance and thus in its women-friendliness, but also –and perhaps primarily– to the fact that it serves as a decisive instrument to stimulate skills, capabilities and talent. During the last fifteen years the neurosciences and cognitive psychology have been showing that the first three years of life are critical for a correct development of brain functions, self-perception and esteem, relational competences (for a recent review, cf. Leseman 2009). This phase has been increasingly considered as a “critical juncture”: if certain developmental processes do not take place or unfold in an unsatisfactory way (e.g. at the neuronal level), the subsequent phase of cognitive and emotional development are likely to suffer negative (and largely irreversible) consequences later on. The “myth of the first three years” has been somewhat soft-pedalled in the more recent literature (Waldfoegel 2006); but also this critical literature does confirm that the early childhood is a very delicate phase, during which it is desirable that children receive an adequate mix of learn-



ing spurs and emotional supports, in a framework of constant attention and care on the side of their relevant adults. Care must be appropriate with respect to the child needs (*sensitive childcare*) and must adapt itself to the rapid transformation of such needs (*responsive childcare*).

There is also a specific literature on “who should care for under-threes” (Kenworthy 2003). As far as the first year of life, a clear indication emerges from this literature: mothers are the first best. Even though fathers can also play an important role (and obviously replace mothers in case of *force majeure*), mothers do seem to be able to supply the most appropriate and adaptable care to their babies. Thus paid maternity leaves, part time work, flexible working schedules and arrangements for mothers (and to some extent also for fathers) are the most effective policy instruments during the initial twelve months or so. After the first birthday, however, even if the role of parents naturally remains of a paramount importance, it is no longer necessary that the mother be the exclusive supplier of care for the whole day. A great number of empirical studies indicate that if children are put into the hands of a childcare centre there are no negative consequences on their health, cognitive development and emotional well-being (for a recent review cf. Leseman 2009). At least as regards the cognitive dimension, there is evidence that professional non-parental childcare may spur more improvement than home care. Thus mothers (and fathers) can re-enter the labour market and be replaced by a professional carer without harming their child.

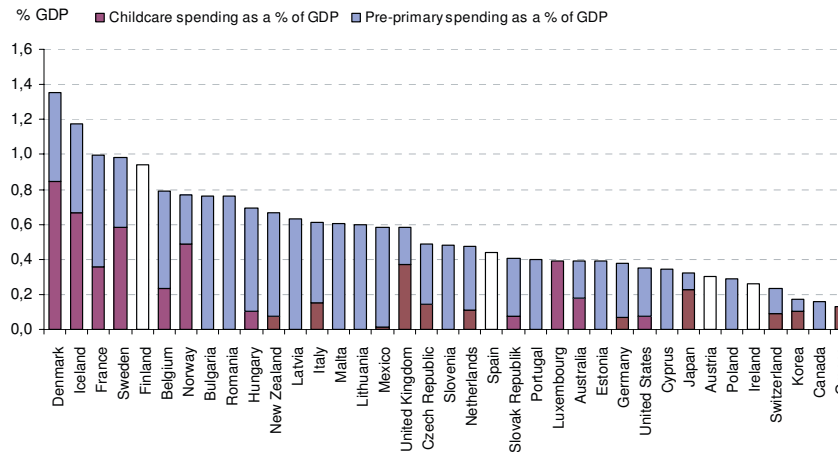
One of the most thorough empirical research projects on these topics was carried out by the OECD (2004). Its aim was, precisely, that of evaluating the impact of ECEC on child well-being and development. According to the conclusion of this important study, children that participate to good quality ECEC programs tend to develop better reasoning and problem-solving competences, more cooperative and other-regarding orientations, a higher self-esteem and thus enter compulsory education with a wider array of skills and capabilities. The key to this achievement is of course “good quality”. This point is central for the whole social investment approach: investing in small children not only implies building nursery schools and kindergartens and hiring professional minders and educators. It also (and critically) implies investing in personnel training, keeping low ratios of children to carers, defining educational goals and standards of care, monitoring and evaluating the quality of actual care, ensuring close and effective links between carers and parents and so on (see below). It has been shown that good quality childcare can also motivate parents to invest in educating their children at home and occasionally even in bettering their own education (cf. the literature cited in [www.oecd.org/els/social/familyfriendly](http://www.oecd.org/els/social/familyfriendly)).

To conclude: in line with the “productivist arguments” outlined by economists (especially Heckman and Masterov 2007), ECEC contributes, on the one hand, to human capital formation and thus tends to generate high inter-temporal returns in terms of employment, growth, a wider tax-basis and lower social expenditure,

to name the most important. In line with egalitarian arguments (Hendrick 2005), on the other hand, ECEC plays a critical role in upholding children's well-being, ironing out opportunities, neutralizing differences in family background due to the social lottery and promoting social mobility in the context of knowledge based societies.

The call for more social investments in small children raises at least two challenges to the existing welfare status quo. In the first place, it defies the allocative equilibriums and (re)distributive flows prevailing in the social budgets of advanced countries. Despite the epochal transformations occurred in the last couple of decades, the Fordist approach is still alive and well, especially in Continental and Southern Europe: most social programs and the lion's share of social expenditures are still directed towards the risks and needs of the elderly (or to the elderly *tout court*, even regardless of risk and need) while child and family policy occupy a rather marginal position. "Social justice" continues to be seen as a matter of compensations between classes and occupational groups and the labour market is considered to be the decisive arena for redistribution. The idea that the battle for more equity and a fairer distribution of opportunities must start earlier than during the working age is still poorly understood, as are the redistributive implications of existing household arrangements, childcare and educational services. The second challenge is more subtle and has to do with the mentality, perceptions and judgements of families and women themselves. The Lego approach defies the idea that childcares (and crèches in particular) are a "necessary evil", a second best solution in order to allow mothers to re-enter the labour market after childbirth: after all –so the traditional reasoning goes– small children would be better off at home, with their mothers. If in the Scandinavian countries only a minority of women (around 20%) agrees with this traditional view, the latter is still deeply entrenched in Southern Europe: in Italy, for example, it is held by 60% of women. As can be seen from chart 1, there is also a great variation across countries as regards public spending on ECEC.

Chart 1 – Public expenditure on childcare and early education services, percent of GDP, 2005



Source: Social Expenditure database 1980-2005; OECD Education database; Eurostat for EU-countries outside the OECD; and, US Department of Health and Human Services

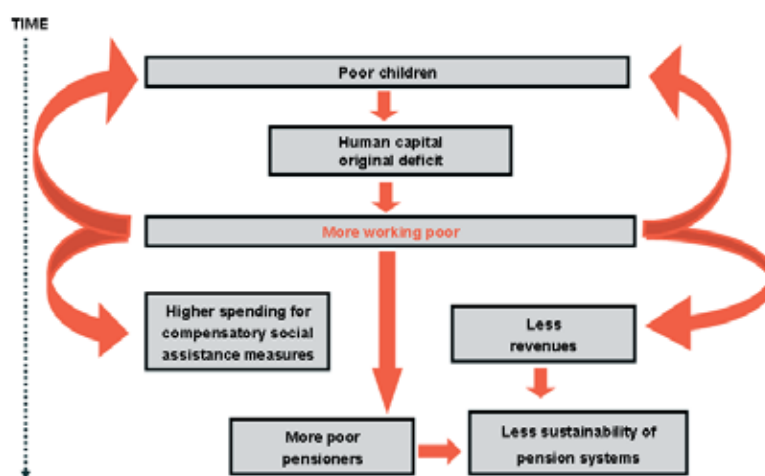
### 3. INVESTING AGAINST SOCIAL DISADVANTAGE

A strong start is important for all children, but especially for those who are born in disadvantaged families. Empirical research shows that from year two onwards the socio-economic context significantly shapes the range and type of opportunities available to children. Children who live in poor families and do not participate to ECEC programs stand out as the most vulnerable to the risk of lagging behind on all relevant developmental dimensions, even if their mother is not employed (Esping-Andersen 2009; Kamerman, Neuman, Waldfogel and Brooks-Gunn 2004). Some deficits can be remedied, but catching up is usually difficult and cannot be taken for granted. Saying that by first grade in elementary school half of the cards which matter for a good performance in life have already been played may sound exaggerated, but it is not too far from the empirical truth.

A well known study by Feinstein (2003) has demonstrated the effect of this “social disadvantage trap” by measuring the effect of family background on cognitive capabilities. The study developed an index of development for British children in the 1970 cohort, assessed at 22 months, 42 months, 5 years and 10 years; a sample of children was tested and measured through the age of 26. Children in the top quartile at 22 months are twice more likely to finish secondary school than children in the bottom quartile. At 42 months, they are three times more likely; at less than four years of age, our destiny seems already partly decided, in line with what

was said above. The specific effect of family background was measured by comparing the index of development of four sets of children: one set coming from wealthy families and one set coming from poor families, both scoring high at 22 months (couple A) ; and two similar sets, scoring low at the same age (couple B). By year six, the score of poor children in couple A was already below the score of wealthy children of couple B. Family resources allowed wealthy children to catch up, while the lack of resources slowed the development of talented but poor children. As this type of studies witnesses, our societies are still characterised by high levels of intergenerational transmission of social disadvantage (Esping-Andersen et al. 2002). Disadvantaged children suffer not only at the cognitive level, but also at the behavioural and social level: poor children are more likely to become working poor, who in turn become poor pensioners, generating a vicious circle at the aggregate level (chart 2). The Ford model is ill equipped to contrast this syndrome: it steps in too late, with compensatory measures. The Lego model aims at combating the vicious circle at its roots, i.e. by preventing the formation of initial deficits of human and social capital.

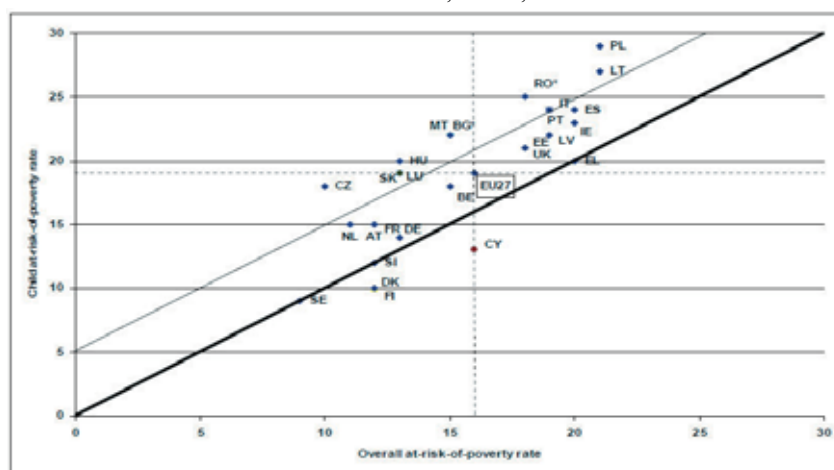
Chart 2 – The vicious circle of child poverty



Fighting the vicious circle should become a top priority if we consider that the share of children growing in conditions of social disadvantage is high today in the EU and has been increasing through time in a number of countries. As shown by table 2, about 19% of EU children under 18 lives in a “at-risk-of-poverty” household (i.e. with an income which is lower than 60% of the median income of the country of residence). The risk of poverty is higher for large families, in one-earner families (single mothers or non employed married mothers), families whose incomes come from precarious jobs or state transfers. The incidence of poverty is

also higher among immigrant households: we know that for the children of these families childcare plays a very important role not only on the front of cognitive and emotional development, but also on the front of language learning and social integration. In the Scandinavian countries a heated debate has recently developed on whether to make attendance of pre-school compulsory for small children of “vulnerable families” (mostly immigrant families), or at least making access to some social benefits conditional upon attendance (*The Economist* 2010).

Table 2 – At-risk-of-poverty rate in the EU (%),  
total and children, EU-27, 2005



Reading note: The dotted lines allow locating countries with poverty rates below/above the EU (weighted) average: for instance, countries in the top right corner have poverty rates above the EU average both for children and the overall population. The full lines indicate how child poverty relates to the overall poverty rate in each country. Child poverty is below the overall poverty rate if the country is situated below the **thick line**, child poverty is more than 5 percentage points higher than the overall poverty rate if a country is located above the thin line.

Source: European Commission (2008), based on SILC (2005) – income year 2004 (income year 2005 for IE and the UK); except for BG and RO – estimates based on the 2005 national Household Budget Survey. UK data provisional.

In the second half of the 1990s child poverty grew in a number of countries, especially in Southern Europe (table 3). These are countries in which the Ford model is still fairly entrenched: the welfare state is still predominantly designed to subsidise ex post non-employment rather than promoting ex ante the opportunities of young people. The Nordic countries stand out for their low levels of child poverty and for the stability of this level over time. The Nordic situation is the result of a social policy mix which already during the *Trentes Glorieuses* consolidated an effective and universal security net (including childcare services) for the whole popu-

lation and promoted female employment, thus diminishing the vulnerability of families with dependent children. Another notable case is the UK. This country witnessed a high level of child poverty in 2005, but with a decreasing trend over time. The British situation is the result of a deliberate strategy of the Blair governments after 1997, which gave significant impulse (financially and institutionally) to early childhood education and care services, tackling also the delicate question of quality and professionalization.

Table 3 – Trends in child at-risk-of-poverty (CP) rates in EU-15 countries, 1996-2001

		1996	1997	1998	1999	2000	2001
	<b>EU-15</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>20</b>
CP rate <10%	FI	5	5	5	7	6	9
	DK	:	6	:	7	:	7
	SE	:	7	:	7	:	7
10% < CP rate <20%	BE	15	14	13	12	11	12
	DE	15	15	13	13	13	14
	NL	14	13	14	14	17	17
	AT	18	15	15	14	12	13
	FR	16	16	16	17	18	16
	EL	19	18	17	17	19	18
CP rate >20%	LU	14	16	20	19	18	18
	IT	24	23	21	22	25	25
	IE	27	25	23	21	22	26
	ES	23	26	24	25	25	26
	PT	23	25	26	26	26	27
	UK	25	27	29	29	27	23

Source: ECHP

#### 4. A SUCCESSFUL EXPERIENCE? THE CHILD-CENTERED STRATEGY OF NEW LABOUR GOVERNMENTS

During the eighteen years of conservative government the UK had registered a marked growth of child poverty. In 1979, when Margaret Thatcher gained office, both the overall poverty rate and the child poverty rate were at 12%. In 1997, when New Labour conquered Downing Street, the overall poverty rate had risen to 18% and child poverty to an impressive 25%, one of the highest in the OECD. The fight against poverty became a top priority of the Blair government: a few months after the elections the new Prime Minister established a Social Exclusion

Unit, an office entrusted with the mission of monitoring the social situation of the country and formulating policy proposals. The Exchequer launched at the same time a wide ranging enquiry on the state of British childcare services. Both Tony Blair and Gordon Brown were convinced that the fight against poverty had to focus on (or at least start from) the promotion and enhancement of such services. Both leaders were well acquainted not only with the Nordic experiences, but also the American debates of the 1990s on the importance of early childhood education and care. Quoting US studies and the estimates of James Heckman, in his first speeches Blair repeated more than once that a pound invested in good childcare services could result in seven pounds of savings in subsequent decades, thanks to a reduction of crime rates, an increase in school attendance and performance rates, less spending on social assistance and so on. The findings of the first comprehensive empirical studies on the British situation confirmed the arguments (and results) of US debates and research: the opportunities and life destiny of the young are closely linked to their experiences in early childhood. A prompt state intervention aimed at re-balancing class inequalities during this crucial phase of the life cycle ought to be a priority in any serious progressive (and “Third Way”) agenda (Giddens 1998 and 2001). In his 1999 Beveridge lecture Tony Blair expressed in very clear terms his worry about the condition of UK children and made very ambitious promises:

We have made children our top priority because as the Chancellor memorably said in his Budget “they are 20% of the population but they are 100% of the future”. The levels of child deprivation are frightening. Almost one in three children in our country lives in poverty. Poor children are 2½ times more likely to have no qualifications. Girls from deprived backgrounds are 10 times more likely to have a teenage pregnancy than girls from well off families. Poor children are more likely to play truant, more likely to get excluded from school, more likely to get in trouble with the police, more likely to live in a deprived area, more likely to be from an ethnic minority family, more likely to be brought up by one parent. ... Our plans will start by lifting 700,000 children out of poverty by the end of the Parliament. Poverty should not be a birthright. Being poor should not be a life sentence. We need to sow the seeds of ambition in the young. Our historic aim will be for ours to be the first generation to end child poverty, and it will take a generation. It is a 20 year mission but I believe it can be done.<sup>1</sup>

A few days later, Gordon Brown pledged to reduce by 2004 the child poverty rate by 25%. This objective was almost achieved. Between 1997 and 2004 the rate declined from 25.5% to 21%, and it must be noted that we are talking about relative poverty: during the same period the UK economy grew faster than the EU average. This means that all poor children saw an improvement of their material conditions in real terms and that a significant share of them (about a fifth) was lifted out of relative poverty (above 60% of the average income). These data are not very well known in international debates, which tend to lump the British experience with the experience of other neo-liberal regimes, such as the US (Wincott

<sup>1</sup> The full text can be viewed at [http://www.bris.ac.uk/poverty/Publication\\_files/Tony%20Blair%20Child%20Poverty%20Speech.doc](http://www.bris.ac.uk/poverty/Publication_files/Tony%20Blair%20Child%20Poverty%20Speech.doc).

2006). It may be too early to speak about the existence of an “Anglo-Social model” which has wholly superseded Thatcher’s legacy (Dixon and Pearce 2005); on the other hand, it must honestly be recognized that New Labour has not been mere “Blairism”, i.e. the continuation by Tony Blair of John Major’s approach based on a general subordination of welfare programs to economic imperatives, as punningly predicted by some early commentators (Hay 1997).

New Labour’s anti-poverty policy rested on a number of different instruments, among which an increase of universal child allowances, the establishment of a Child Trust Fund (whose aim is that of paying a sum of 250 pounds to each newborn child, to be kept in a savings account up to the age of majority), the introduction of tax credits for low income workers (including specific Child Tax Credits for the cost of children). In 1998 Blair launched a National Childcare Strategy, i.e. a five years extraordinary plan to enhance the quality, accessibility and availability of services. Between 1998 and 2004 real public expenditure in this area almost tripled (approximately 3 billion euros of additional expenditure) and more than half a million places were created (including, it must be specified, subsidised places in private centres). A great number of these places were created in deprived areas, in order to reach, precisely, disadvantaged children. One of the most important initiative of the Strategy was called “Sure Start” and it consisted in the creation of counselling units (now more than 3,000) at the municipal level to help vulnerable families with children. In 2004 a new ten years strategy was launched, aimed at securing “the best start for children”: in addition to extra funds (350 million euros per year starting from 2006), this second strategy introduced an important novelty: the obligation for each municipality to secure to all parents with small children a “solution” for their care needs, considering the local situation in terms of service supply. The “Childcare Duty” introduced in 2005 for all local governments is not yet a Nordic-style subjective entitlement of each citizen/parent, but is a significant step forward in this direction (France is now considering to follow the UK example: cf. CAS 2009).

It is fair to say that not all the promises of Blair on the front of ECEC were maintained –and some were badly implemented (Penn 2007). Many commentators have lamented the rhetorical and almost triumphalistic style of the Prime Minister’s speeches. Others were seduced by precisely these traits, by the communicative effectiveness of Blair and his capacity to redefine the public discourse on child and women issues. Even if he probably never used the expression in formal occasions, Tony Blair was a convinced supporter of the “Lego” approach and of the social investment state.

As summarized by a systematic investigation on the achievements of Blair’s social policy between 1997 and 2004 (Kitty Stewart in Hills and Stewart 2005, 164):

Real progress has been made on childcare provision. ... A role for central government in supplying childcare provision has been acknowledged for the first time in the UK and places have been steadily increasing from a low base. Government also extended



state responsibility. Early indications suggest that Sure Start programmes have had mixed success in meeting their objectives, but have done well at providing parental support and play and learning opportunities for disadvantaged children and have proved widely popular with parents.

If Kitty Stewart is right, then New Labour's policy in the UK was more than mere cheap talk. Blair played a significant role in promoting the "women and children first" also at the EU level, especially during the British Presidency in the second semester of 2005. At the Hampton Court Summit of October 2005 the "new" social policy was discussed "by the fireplace" by EU leaders. Six months later, during the Spring Council, a European Pact for Gender Equality was signed, aimed at promoting equal opportunities, work-life balance and child well-being.

## 5. THE QUALITY AND ACCESSIBILITY OF CHILDCARE

As was said above, one of the key for ECEC's actual success is "quality". But what are, precisely, the elements that determine quality? Spaces, logistics, organization, education projects, personnel? Each of these factors does play a role, of course, but empirical research indicates that the most important element is personnel, i.e. the preparation, attitude, commitment of educators to supply that sensitive and responsive care which is the key instrument for children well-being (EACEA 2009). The Nordic countries were the first to focus on quality and to make significant investments on childcare staff: training, pay, working conditions, incentives to recruit male (and not only female) educators, more generally initiatives aimed at a "social revaluation" of this profession. These countries also made many efforts to define standards of care, to monitor and evaluate results. While in most EU countries there is a sort of institutional gap between crèches and kindergartens, the Nordic countries have filled this gap, from both a pedagogical and an administrative-organizational perspective. Pre-school childcare is part of a unified layer (labelled as "edu-care") under the responsibility of the Ministry of Education.

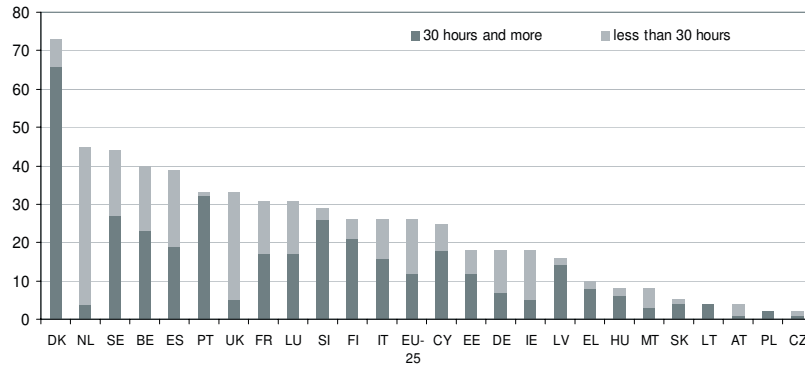
In recent years the challenge of quality has gained momentum also in the UK and France. Here the challenge is more daunting as services are not entirely public, but rather a mix of public and private, so that it is more difficult to monitor standards. The Nordic systems are also very costly: Denmark has a per capita expenditure per staff unit which is two and a half higher than that of the UK. This notwithstanding, both the UK and France have made several efforts to introduce certification procedures also for private providers. The enhancement of service quality was an important ingredient of the National Childcare Strategy that was mentioned above. Traditionally the training and competences of British educators were rather low, especially within the low-end private and non profit sectors: low qualifications, low pay, high turnover rates, recruitment problems, few opportunities for professional upgrading. In 2001 New Labour transferred competences in the field of staff regulation and supervision (including the staff of non public centres) from

local authorities to the Office for Standards in Education (OFSTED), an agency of the central government responsible for the monitoring and evaluation of the whole education sector. Since 2005 all childcare centres can be visited by OFSTED officers without notice. Evaluation reports (which may also refer to private “licensed childminders”) are posted on the OFSTED website and are freely available to parents: the “responsible choice” of parents is a very important element of the overall system of quality enhancement. An incisive redefinition of the formative curriculum and career paths of educators is under way through the introduction, among other things, of a new professional figure, the “early years qualified teacher”.

France has also been making steps towards quality enhancement, in the context of a wider policy strategy aimed at creating a mixed public/private system of childcare. A new scheme has been introduced supporting the free choice of childcare forms (*complément de libre choix du mode de garde d'enfant*): parents can opt for domiciliary care provided by certified childminders or put them in the hands of *assistantes maternelles*, who provide care in their own domicile. Public certification and licensing guarantee adequate standards of security, reliability and quality of care environments and personnel. Non public, but certified forms of childcare have rapidly developed in the last years and are now covering about 18% of children under three. The number of families using the *assistantes maternelles* has tripled between 2004 and 2007.

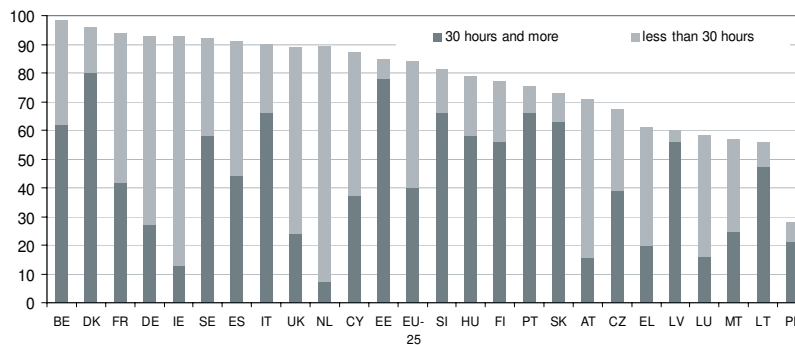
The European Union is playing an increasingly important role in promoting both the availability and quality of childcare services (and, more generally, the whole social investment approach: cf. European Commission 2007). In 2002 the European Council held in Spain set the “Barcelona targets”, i.e. 33% of childcare coverage for under three and 90% for pre-school children from three to the national mandatory school age. The first target was estimated to be a pre-condition for reaching another target of the Lisbon Strategy, i.e. a female employment rate of 60%. As shown by graph 1 and graph 2, the situation is not far from the Barcelona targets as regards children after three, but is still far from it as regards children under three. Only five Member States (DK, NL, SE, BE, ES) have surpassed the 33% coverage rate, while five others (PT, UK, FR, LU, SI) are approaching this target. In most of the other countries, much still needs to be done to meet the demand for childcare facilities. While seven Member States (FI, IT, CY, EE, DE, IE, LV) have reached an intermediate level of coverage (between 16 and 26%), eight Member States (EL, HU, MT, SK, LT, AT, PL, CZ) show a coverage rate of 10% or less. It must be noted that these coverage rates relate to *all* children, irrespective of how many hours per week they attend a childcare facility. Attendance hours vary widely from one country to another, and in numerous countries a particularly high proportion of childcare facilities operate on a part-time basis only. As far as quality is concerned, the European Commission has launched initiatives in order to define standardized indicators to be applied in all countries.

Graph 1 – Proportion (%) of children up to 3 years cared for by formal arrangements, up to 30 hours / 30 hours or more per usual week



Source: Eurostat, EU-SILC 2006. Provisional data

Graph 2 – Proportion (%) of children (3 years to mandatory schooling age) cared for by formal arrangements, up to 30 hours / 30 hours or more per usual week



Source: Eurostat, EU-SILC 2006. Provisional data

Two other important dimensions of accessibility are the cost of childcare and its opening hours. Again, the Nordic countries are by far the most advanced on both fronts. Fees are linked to family income, but normally with a ceiling set at around 3% to 5% (in Sweden this is known as the *mactaxa*). Childcare centres have very long opening times, in some cases even 24 hours a day. Financial and temporal accessibility is still a big problem in most of the other EU countries, especially in Southern Europe –with significant implications not only for small children but also for their parents and especially for the employment of their mothers.

## CONCLUSION

Early childhood education and care is the key foundation of the new “social investment” paradigm, but the latter emphasises other policy goals and areas as well: family support, the promotion of female employment, active labour market measure, training, life-long learning and in particular education. The success of a service and knowledge based economy depends crucially on the educational credentials of the average citizen, and not –as in the past– on those of its elite alone (Allmendinger and Leibfried 2003). It is not only a question of human capital, but also social and political capital: a good education of the average citizen promotes both social cohesion and “civiness”.

To what extent can we say that the OECD countries have already begun a transition from the Fordist to the social investment state? Recent empirical analyses, based on spending data, indicate that, in general, the transition is slow, but that certain countries are well ahead of others (e.g. Nikolai 2009). Sweden, Denmark and Finland are the countries which spend more for investment-related social policies, but certain Anglo-Saxon countries such as the UK and New Zealand have also been noticeably rebalancing their public spending pattern towards social investments, particularly towards education. Continental and especially Southern European countries are lagging behind. In these countries spending on traditional compensatory measures is still hugely predominant while social investment policies are still largely neglected. Compared to their aggregate levels of public and social expenditure, Germany, Italy, Spain and Japan stand out for their under-performance on the education front (included early childhood education and care).

Recalibration of the welfare state towards social investment is certainly no easy undertaking from the political point of view. It calls for swimming against the tide of deep-seated beliefs, expectation and interests for the conservation of the distributive status quo. No reform can go through without the backing of social coalitions that support it and political alignments able to decide about policy change. The raw material of any reform remains however some ideal project of change. The social investment paradigm offers just this: a coherent and normatively justified blueprint for a new welfare future. A serious commitment to promote the social investment discourse in various domestic and supranational arenas can remove, in due course, many obstacles and redefine preference and interests, thus smoothing the path toward change.

## REFERENCES

- Allmendinger J and Leibfried S. (2003), “Education and the Welfare State. The Four Worlds of Competence Production”, *Journal of European Social Policy*, 13, n. 1, pp. 63-81
- CAS – Centre d’Analyse Stratégique (2009), “Accueil de la petite enfance: comment continuer à assurer son développement dans le contexte actuel des finances sociales», *La note de veille*, n. 157
- Dixon M. and Pearce N. (2005), “Social Justice in a Changing World: The Emerging Anglo-Social Model”, in M. Dixon and N. Pearce (eds), *Social Justice: Building a Fairer Britain*, London: Politicos
- EACEA – Education, Audiovisual and Culture Executive Agency (2009), *Early Childhood Education and Care: Tackling Social and Cultural Inequalities*, Brussels [http://www.eurydice.org]
- Esping-Andersen G. (1990), *The Three Worlds of Welfare Capitalism*, Cambridge: Polity Press
- et al. (2002), *Why We Need a New Welfare State*, Oxford: Oxford University Press
- (2009), *The Incomplete Revolution. Adapting the Welfare State to Women’s New Role*, London: Polity Press
- European Commission (2007), *Investing in Youth: An empowerment strategy*, Report by the Bureau of European Policy Advisers [http://ec.europa.eu/dgs/policy\_advisers/publications/docs/Investing\_in\_Youth\_25\_April\_fin.pdf]
- Feinstein L. (2003), “Inequality in the Early Cognitive Development of British Children in the 1970 Cohort”, *Economica*, 70, pp. 73-97
- Ferrera M., Hemerijck A. and Rhodes M. (2000), *The Future of Social Europe*, Lisbon: Celta
- Ferrera M. (2008), “The European Welfare State: Golden Achievements, Silver Prospects”, *West European Politics*, 31, n. 1-2, pp. 81-106
- Giddens A. (1998), *The Third Way: The Renewal of Social Democracy*, Cambridge, Polity Press
- (2001, ed.), *The Global Third Way Debate*, London: Wiley and Sons
- Hay C. (1997), “Blajjorism: Towards a One-Vision Polity”, *Political Quarterly*, 68, n. 4, pp. 372-379
- Heckman J.J. and Masterov D.V. (2007), *The Productivity Argument for Investing in Young Children*, NBER Working Papers 13016, National Bureau of Economic Research
- Hendrick H. (2005, ed.), *Child Welfare and Social Policy: An Essential Reader*, London: Policy Press
- Hills J. and Stewart K. (2005, eds), *A More Equal Society? New Labour, Poverty, Inequality and Exclusion*, London: Policy Press
- Jenson J. (2006), “Social Investment for New Social Risks: Consequences of the Lego Paradigm for Children”, in J. Lewis (ed.), *Children in Context: Changing Families and Welfare States*, London: Edward Elgar Publishing
- Kammerman S., Neuman M., Waldfogel J. and Brooks-Gunn J. (2004), *Social Policies, Family Types and Child Outcomes in Selected OECD Countries*, Paris: OECD

- Kenworthy L. (2003), "Who Should Care for Under-Threes?", in J. Gornick, M. Meyers et al., *Gender Equality: Transforming Family Divisions of Labor*, London: Verso, pp. 193-207
- Leseman P. (2009), "The Impact of High Quality Education and Care on the Development of Young Children: A Review of the Literature", in EACEA, *Early Childhood Education and Care: Tackling Social and Cultural Inequalities*, Brussels [http://eurydice.org]
- Morel N., Palier B. and Pale J. (2009), *What Future for Social Investment?*, Stockholm: The Institute for Future Studies
- Nikolai R. (2009), "Towards Social Investment? Patterns of Public Policy in the OECD World", in Morel, Palier and Pale 2009, pp. 99-117
- OECD (1997), *Societal Cohesion and the Globalising Economy. What does the Future Hold?*, Paris: OECD
- (2001), *Starting Strong: Early Childhood Education and Care*, Paris: OECD
  - (2004), *Babies and Bosses*, Paris: OECD
- Penn H. (2007), "Childcare market management: How the United Kingdom has reshaped its role in developing early childhood education and care", *Contemporary Issues in Early Childhood*, 8, n. 2, pp. 192-207
- The Economist*, "Starting them young", 31 January 2010
- Waldfogel J. (2006), *What Children Need*, Cambridge: Harvard University Press
- Wincott D. (2006), "Paradoxes of New Labour Social Policy: Towards Universal Child Care in Europe's Most Liberal 'Welfare Regime'", *Social Politics*, 13, n. 2, pp. 286-312