

A stylized world map composed of a grid of grey dots, with several dots highlighted in red to represent specific countries.

Cash for Childcare

Experiences from Finland, Norway and Sweden

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- Finland, Norway and Sweden have cash for childcare schemes for children under 3 years of age not enrolled in state-subsidised childcare services. They were introduced in Finland in 1985, in Norway in 1998 and in Sweden in 2008. However, the schemes differ in the three countries.
- The basic benefit is rather low, about 10 per cent of an average monthly wage; only Finland provides supplementary payments.
- The proportion of parents' taking up the benefit varies considerably. The proportion has the highest level in Finland, whereas only a few parents take up the benefit in Sweden.
- Characteristics of those receiving the benefit are fairly similar in the three countries. The large majority are mothers, and mothers with low income, low educational levels and immigrant background are overrepresented.
- Parental »choice« has been a major objective in all three schemes. However, costs have been an overarching concern in Finland. While the home care allowance has been more accepted in Finland, its future is uncertain in Norway and Sweden, where opposition is still strong.



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1. Introduction

While the main trend in the Nordic countries has been to develop family policies that support a dual earner/dual carer model, the introduction of cash for care benefits counteracts this trend. A dual earner/dual care model entails policies that encourage mothers' labour force participation and redistribution of care; from mother to father in the family, and from family to society (Korpi 2000). The two main policy elements are paid parental leave, including earmarked leave for fathers, and universal access to affordable high quality childcare services. Cash for childcare (CFC) schemes are commonly classified as male breadwinner family policy, assuming or being neutral in relation to the traditional gender division of labour in society as well as within the family (ibid.). Cash for care benefits involve low payments, assuming a main (usually male) breadwinner in the family. Such benefits may be used for various purposes. Benefits given instead of childcare services and intended to support maternal/parental childcare at home or private care arrangements, are the most controversial (Sipilä, Repo and Rissanen 2010), and the subject of analysis in this report.

Cash for care schemes are underpinned by such policy rationales as parental »choice«, valorisation of maternal/parental care, more equal distribution of state support between families and privatisation of childcare provision. They may also be motivated by efforts to retrench public expenditure as cash for care benefits are less costly than childcare services. CFC policies are frequently the object of power struggles between political parties/interest groups (Sipilä et al. 2010). Some schemes have developed from national demands for a mother's wage, and thus connote support for stay-at-home mothers (Leira 2002). It is only more recently that they have been advocated as increasing parental »choice«. »Neo-familist« and neoliberal values underpin the policy (see, for example, Mahon 2002). One common denominator of the European countries that have introduced CFC schemes is centre-right governments (Morgan and Zippel 2003). CFC schemes have met with considerable opposition, particularly from parties on the political left. CFC benefits are criticised for being detrimental to gender equality, undermining mothers' employment and the development of childcare services. A particular concern is that it will give incentives to immigrant mothers to stay out of employment and keep their children out of daycare.

2. Facts about Cash for Care Schemes in Finland, Norway and Sweden

Finland, Norway and Sweden all have cash for childcare schemes under which receiving the benefit is tied to non-use or partial non-use of state subsidised childcare services.¹ The CFC benefit can be used not only for home care, but also for purchasing private care services. Thus these benefits are in fact monetary compensation for not using a public service, which in itself is a fairly extraordinary justification for receiving a social benefit (Repo 2010: 48). The main features of the schemes are summarised in Table 1. The three countries have adopted national legislation on cash for care arrangements, but while the benefit is part of the national social security system in Finland and Norway, Sweden leaves it to the municipalities whether or not to offer such allowances (Eydal and Rostgaard 2011).

Timing and Rationales

The timing of the introduction of CFC schemes varies. Parental »choice« is one of the main aims of all the schemes.

The child home care allowance in Finland dates back to the early 1970s, when some municipalities started to pay CFC allowances in order to limit the growing demand for childcare services (Rantalaiho 2009). Parents »choice« with regard to childcare was rapidly absorbed into the national family policy discourse, however. When the Child Home Care Allowance (*kotihoidontuki*) was introduced in 1985, it was presented, first of all, as an alternative to childcare services (ibid.). The Centre Party (agrarian base) in particular considered the benefit to be compensation for the lack of services in rural areas. The reform was part of a political compromise between the left and the centre-right; parents' right to municipal daycare services was introduced together with the cash benefit, as part of the compromise.

In Norway, the cash for care benefit (*kontantstøtte*) reform was introduced in 1998 by a minority centre coalition government with the support of the right-wing parties. The Social Democrats and the left opposed the

1. Denmark and Iceland also have some form of cash for care scheme, different from those in the three countries analysed here (see Eydal and Rostgaard 2011).

Table 1. Cash for childcare schemes in Finland, Norway and Sweden

	Finland	Norway	Sweden
Year introduced	1985	1998	2008
National legislation	Yes	Yes	Yes
Funded by	State	State	State
Implemented by	State and municipalities	State	Municipalities
Child age	Under 3 year olds	1–2 year olds (as of 1 August 2012: 1 year olds)	1–2 year olds
Partial benefit/partial use of childcare services	No	Yes	Yes
Benefit can be used to buy private care	Yes	Yes	Yes
Universal, regardless of other income	Yes	Yes	No
Amount/month	327.46 euros	NOK 3,303, about 430 euros (as of 1 August 2012: NOK 5,000 for 13–18 month olds, NOK 3,303 for 19–23 month olds)	SEK 3,000, about 340 euros

Source: Adapted from Eydal and Rostgaard 2011, pp. 90–91.

reform. The three main aims of the reform were that parents should be provided with more time to care for their own children; to give families freedom of choice regarding care arrangements; and more equal distribution of public subsidies to families (Ellingsæter 2003). While the Christian Democratic Party, the reform's long-standing protagonist, was most concerned with making it economically possible for parents to choose to care for their own children, the right wing expressed a preference for cash rather than services, and private rather than public care arrangements (Ellingsæter 2007).

Sweden's current cash for care benefit scheme (*vårdnadsbidrag*) was introduced in 2008 by a centre-right majority coalition government. The law established the opportunity for municipalities to provide a cash for care benefit. The main rationale was to »increase families' freedom of choice [...] by reducing national political interference« (Prop. 2007/08:91, p. 17). The benefit is supposed to enable parents to spend more time with their children and to support flexibility in their combination of employment and care. The reform was the outcome of negotiations between the coalition parties, with the Christian Democratic Party as the main protagonist. By 2011, 37 per cent of all municipalities had introduced a cash for care benefit (Statistiska Centralbyrån 2012). Most of those municipalities have centre-right local governments (Nyberg 2010). It should be noted that a na-

tional cash for childcare scheme was introduced by a centre-conservative government in 1994, but abolished when the Social Democrats returned to power later the same year.

Eligibility Criteria and Entitlements

Eligibility criteria and entitlements vary between the three schemes. In terms of amounts, differences are small: the basic benefit amounts to about 10 per cent of average wages (Bakken and Myklebø 2010; Eydal and Rostgaard 2011). In Finland, however, various supplements are paid.

In Finland, child home care allowance is paid to families with a child under 3 years of age who is not in municipal daycare (www.kela.fi). The basic allowance is 327.46 euros per month (2011) for each eligible child under three, plus a supplement depending on family income/size (Repo 2010, www.kela.fi). The allowance also consists of a sibling supplement (63–98 euros) for any other child in the family under school age who is cared for in the same way. The benefit is taxable income. In addition, every sixth municipality pays special supplements to residents (Repo 2010). These are the heavily populated municipalities, covering more than half of Finnish pre-school children. The supplement for one child varies

between 70 and 250 euros and may be accompanied by a sibling supplement.

In Norway, parents of children one or two years of age who do not attend publicly subsidised childcare are entitled to a monthly flat rate benefit of NOK 3,303 (2011), approximately 400 euros. The benefit is tax-free. Those buying private childcare outside the state subsidised services thus are entitled to the benefit. Children in part-time daycare receive a reduced benefit proportionate to stipulated weekly attendance.² Over time, the benefit's real value has decreased somewhat, and from 2006 the total benefit period was reduced from 24 to 23 months. The majority centre-left government recently decided that, as of 1 August 2012, the benefit will be abolished for two year olds. The benefit for one year olds will then be age graded; NOK 5,000 for children aged 13–18 months and NOK 3,303 for children aged 19–23 months. Either a full or a 50 per cent benefit will be paid, the latter for children who attend childcare services less than 20 hours/week (Prop. 1 S (2011–2012)).

In Sweden, the municipal benefit is set at a maximum of SEK 3,000 (about 340 euros) per month for children between the ages of one and three who do not attend publicly subsidised daycare services.³ The benefit is tax-free. Partial benefit can be paid for children with partial take-up of childcare services. A total of 95 per cent of those who received the benefit at some point during 2011 received the maximum benefit (Statistiska Centralbyrån 2012). The allowance is not paid to parents who receive unemployment or sickness benefits, those on paid parental leave or receiving asylum-seeker allowances or state pensions (Prop. 2007/08:91; Eydal and Rostgaard 2011: 92).

3. Impact of Cash for Care Schemes

Since the three schemes differ, and were introduced at different times, it is difficult to compare systems and assess their outcomes (Sipilä et al. 2010). The Finnish and Norwegian schemes have been around for quite a long time and have been studied in more detail than the Swedish scheme.

2. Weekly attendance in services/benefit: 1–8 hours/NOK 2,642, 9–16 hours/NOK 1,982, 17–24 hours/NOK 1,321, 25–32 hours/NOK 661.

3. The benefit cannot be paid before 250 days of the wage compensated parental leave period have been taken up.

Different entitlements and eligibility criteria are likely to yield different take-up rates (Eydal and Rostgaard 2010a; Rantalaiho 2010). The use of cash for care schemes needs to be seen in relation to other policy elements in national childcare regimes. The potential duration of the benefit for children under 3 is influenced by the paid parental leave scheme, as the cash for care benefit usually follows the expiry of parental leave. The Finnish paid parental leave is the shortest, at about 9 months/70 per cent wage replacement. The Norwegian leave is 47 weeks/100 per cent replacement or 57 weeks/80 per cent (2011), while parental leave in Sweden is 13 months/80 per cent wage replacement, plus three months at a flat rate. In all three countries, children have the right to a place in childcare services. Since 1996, Finnish parents have had the right to a place in municipal childcare services for children under 7 (for children under 3, since 1990). In Norway, since 2009, parents have had a right to a place in childcare services for children aged one year and upwards (born before 1 September the previous year). In Sweden, since 1995, local municipalities have been required to provide a place without reasonable delay, in other words, three to four months. The maximum fees that parents pay for childcare per month are 233 euros in Finland, NOK 2,330 (about 300 euros) in Norway and SEK 1,260 (about 140 euros) in Sweden (Eydal and Rostgaard 2011).

Our assessment of the schemes' impact starts with a review of how many parents receive the benefit and whether certain groups are overrepresented among recipients. Potential negative effects frequently addressed in the debate on CFC schemes will be assessed: the impact on gender equality, mothers' employment and demand/supply of childcare services. Impact on immigrants will receive particular attention. While research on the impact of the Finnish and Norwegian schemes is fairly comprehensive, little information exists about the impact of the Swedish scheme.

CFC Recipients

Currently, the proportion of eligible parents receiving the benefit in the three countries varies significantly. Moreover, the development over time has been very different in Finland and Norway.

In Finland, the use of the child home care allowance has been quite stable since its introduction (Repo 2010). Since

1990 the majority of small children have been cared for at home: In 1998, 57 per cent of children between 9 months and 3 years of age received the benefit, compared to 52 per cent in 2007 (ibid.). The mid-1990s saw a decline, although this was a response to a more than 20 per cent cut in the benefit. Nevertheless, more than 50 per cent of parents continued to take it up. Over 90 per cent of recipients are mothers. Among mothers taking up the benefit, low qualified people with low income levels and many children are overrepresented (ibid.). Immigrant mothers apply for the allowance slightly more often than mothers born in Finland (Eydal and Rostgaard 2011). A growing number of families take advantage of the benefit until the child turns three (Repo 2010). Long care leaves have strong legitimacy in Finland (Rantalaiho 2009). Many mothers regard the allowance positively, as an extension of parental leave and home care is considered to be in children's best interests (Repo 2010). There is regional variation in take-up rates, stemming from differences in cultural values and labour market structures. The means-tested supplement to the basic allowance is considered to promote inequality, as it creates incentives for low-income families to rely on the allowance as an alternative to daycare services (Repo 2010). The allowance structure also encourages families to care for their older children at home. In addition, the special municipal supplements create significant inequalities and unpredictability between families in different municipalities.

At the beginning, a high proportion of Norwegian parents received the benefit, but it has since declined dramatically: At the end of 1999, 75 per cent of all parents of 1 or 2 year olds received the benefit, compared to only 25 per cent of parents at the end of 2011 (Table 2). The share of parents taking up full benefit also declined over this period, from 84 to 75 per cent. In 2011, the proportion receiving the benefit was 30 per cent among parents of 1 year olds and 20 per cent among parents of 2 year olds; 84 per cent of those receiving the benefit in 2011 were women. The falling take-up rate is clearly associated with a considerable expansion of daycare services for children under 3, and reduced childcare fees (see below). When the benefit was introduced, most parents received it, for a shorter or longer period. Among parents of children born in 1998, 91 per cent received the benefit for one month or more; the corresponding figure for children born in 2007 is 62 per cent (Bakken and Myklebø 2010). Some parents receive the benefit only for a short period while waiting for a place in childcare services, oth-

ers receive the benefit as long as possible; the first group has increased, while the latter has decreased.⁴ Among parents of children born in 2006, fewer than one in four received the benefit for 23 months, while more than two out of five received it for ten months or less (ibid.). Average duration has declined from 20 to 13 months. In the Norwegian case it is particularly interesting to study how the decline in take up varies among families. The share of recipients has fallen in all groups, but those receiving the benefit have become more homogeneous. Parents with low income and education, immigrants from Asia and Africa and mothers with weak labour market attachment are overrepresented. Women with high incomes and high levels of education are less likely to receive the cash for care benefit, and the decline has been largest in this group. The smallest decline was found among mothers with no income. The relative value of the cash for care benefit is higher for mothers with low income.

To date, very few Swedish parents have taken up the benefit. In the municipalities that have introduced it, the proportion of parents that received it sometime during 2011 was 4.7 per cent (8,568 children) (Statistiska Centralbyrån 2012). This represents 2.5 per cent of all 1–2 year olds; 92 per cent of those applying for the benefit were women. Immigrants were overrepresented among applicants and 17 per cent of applicants had only primary education (9 years or less), compared to 11 per cent in the total population (ibid.). It is estimated that almost 50 per cent of the women who receive the benefit are economically dependent on their partners (Kessel and Vinge 2010). Evidence of the impact of the 1994 reform showed that women who took the cash for care benefit earned less than their partner and worked in the municipal sector. The likelihood of taking the benefit declined with increasing income and education, while educational background within the care sector increased the likelihood (Segendorf and Teljosuo 2011: 62).

Gender Equality

The schemes are in principle gender neutral – in other words, available for both mothers and fathers – but use is

4. Parents adapt to the fact that childcare services take children only once a year, in the autumn, and that the right to childcare from one year of age applies to children born before 1 September the previous year. Thus the likelihood of receiving the benefit for a short period is the highest among children born in the months January–May.

Table 2. Proportion of children 1–2 years old receiving the cash for care benefit (as of 31.12) in Norway, 1999–2011

	All 1–2 year olds	1 year olds	2 year olds	Proportion receiving full benefit
1999	75	79	71	84
2000	74	79	70	84
2001	73	78	69	83
2002	71	76	66	83
2003	68	73	63	82
2004	63	69	58	81
2005	58	64	52	79
2006	48	56	40	77
2007	41	47	35	75
2008	35	40	29	73
2009	31	36	26	73
2010	28	32	22	74
2011	25	30	20	75

Source: Rikstrygdeverket, NAV.

strongly gendered. The large majority of those receiving the cash for care benefit are mothers. In general, studies conclude that the schemes are likely to have a negative impact on gender equality, in relation to the gender division of labour in the family and gender equality in the labour market. The Finnish CFC scheme tends to reinforce gender patterns of care and their tendency to weaken women's position in society at large (Repo 2010). The Norwegian CFC benefit is considered to preserve traditional gender roles by stimulating a more unequal division of labour between parents; this has a negative effect on the stated political goal of greater gender equality (Rønsen and Kitterød 2010). The Swedish CFC scheme is considered to increase inequality in women's and men's incomes, as women are the ones reducing their employment and income (Kessel and Vinge 2010).

Women's Employment

In Norway and Sweden, the difference in employment rates among mothers and non-mother has more or less disappeared, but not so in Finland (Mandel and Seymonov 2006).

In Finland, a larger proportion of mothers with children under 3 have become homemakers. Studies suggest that

almost half of all mothers receiving the home care allowance have no real choice between paid and unpaid work, as they have no job to return to (Haataja and Nyberg 2006). The highest long-term unemployment rates have been found among mothers with children aged 3–6, in other words, after the expiry of home care leave (*ibid.*). Mothers who had a temporary job prior to their leave are more likely to take up the benefit for a long time (Eydal and Rostgaard 2011). Immigrant mothers have greater trouble finding jobs (Haataja 2010, in *ibid.*). Because most large municipalities make additional home care payments to discourage use of local government childcare facilities, it tilts the financial initiatives towards mothers choosing to stay at home (OECD 2005). A study of the municipal supplement to the childcare home allowance found that it reduced mothers' labour supply (Kosonen 2011).

In Norway, the reform at first had a fairly modest negative effect on mothers' employment (Baklien, Ellingsæter and Gulbrandsen 2001; Schøne 2004). Employment rates among mothers with children 1–2 years of age did not decline, but statistical estimates indicated that the rate would have grown if the cash benefit had not been introduced, and that the negative effect of declining employment rates became larger over the next few years (Rønsen 2009). However, by the mid-2000s, employment

rates among mothers with children aged 1–2 started to grow again. The cash for care benefit has been particularly negative for the employment of immigrant mothers. A study of how mothers responded when the benefit was introduced estimates that it reduced labour market participation by 12 per cent among non-Western mothers compared to 4 per cent among ethnic Norwegian mothers (Hardoy and Schøne 2010). Two out of three non-immigrant mothers combine the cash for care benefit with employment, compared to one in three among mothers with an immigrant background from Africa and Asia (NOU 2011). Many immigrants come from countries where the dominant norm is that mothers stay at home with children under 3 (*ibid.*). Cultural values concerning what is considered best for children are likely to be important for decisions about mothers' employment. However, immigrants' preferences vary.

In Sweden, immigrant mothers have a much lower employment rate and the CFC benefit is considered a »trap« for immigrant women without employment (Segendorf and Teljosuo 2011).

Women's Working Life

Cash for care benefits lead to long absences from the workforce among women, which affects their position in the labour market negatively: women risk not getting a job, not being put up for advancement, not developing their qualifications and losing their permanent labour market attachment (Nelander 2007). The impact of CFC benefits on women's future pensions is another concern. No or little income in the benefit period and a negative impact on earnings from long periods out of the labour market, result in lower pensions. However, in Norway, the pension system ameliorates such negative effects. Parents who remain at home taking care of children under school age earn annual pension points. All who receive the universal child allowance and have preschool children automatically get these points, which represent an annual income of NOK 356,000 (about 46,000 euros) (www.nav.no).

Gender Division of Labour in the Family

Since women constitute the large majority of CFC benefit recipients, the benefit tends to reinforce traditional

gender roles in the family. The introduction of the home care allowance in Finland is considered to have such an effect. Time-use data show that home care of children supports gendered attitudes and practices, and the division of tasks during the homemaker period is comparatively more gender-unequal (Österbacka 2012). The division of labour is particularly gendered in families with young children, and this initial division of labour may be difficult to alter later.

Demand/supply of Childcare Services

In Finland, the CFC allowance has influenced the supply and demand of childcare services significantly. Only 30 per cent of Finnish 1 year olds are enrolled in childcare services, compared to 49 per cent in Sweden and 71 per cent in Norway.⁵ The high proportion of parents taking the home care allowance is also reflected in the coverage rate among 2 year olds: 51 per cent of Finnish 2 year olds have a place in municipal childcare services, compared to 89 and 91 per cent in Norway and Sweden, respectively (Table 3). The benefit structure influences the use of childcare services among older children. While 68–78 per cent of Finnish children aged 3–5 are in daycare, 97–99 per cent of Norwegian and Swedish children in this age group are enrolled in childcare services.

Table 3. Children in daycare by age in Finland, Norway and Sweden, 2010 (%)^{*}

Age of child	Finland	Norway	Sweden
Total 0–5	50	76	72
0	1	4	–
1	30	71	49
2	51	89	91
3	68	95	96
4	74	99	98
5	78	97	98

^{*} Total or partly publicly funded daycare.
Source: Nordic Council of Ministers 2011.

Contrary to expectations, in Norway demand for childcare services for 1–2 year olds has increased considerably

5. The main explanation of the difference between Norway and Sweden is the longer parental leave in Sweden.

since the cash for care benefit was introduced (Ellingsæter and Gulbrandsen 2007). Daycare services in Norway lagged behind Denmark and Sweden for a number of years. At the time of the introduction of the CFC benefit, coverage rates for children under 3 were particularly low. Although, Norwegian childcare services have been fairly expensive in a Scandinavian context, demand has exceeded supply; there have been long waiting lists. A total of 77 per cent of mothers with children aged 1–2 were employed (Rønsen and Kitterød 2010); only one in three had a place in childcare services and thus many had to use private childminders. Hence, lack of daycare places is the main reason for the proportion of parents taking up the benefit at the beginning. Since 2005, the majority centre-left government has instigated a massive expansion in places, particularly for children under 3, including more full-time places. Introduction of a maximum childcare fee paid by parents also has increased demand (Ellingsæter and Gulbrandsen 2007). Among parents receiving the cash for care benefit in 2010, 41 per cent said that they would apply for daycare if the benefit was to be abolished (Moafi and Bjørkli 2011). Use of childcare services is correlated with parents' education and income.

Sweden has been a forerunner in developing public childcare services, thus services were very well developed when the CFC benefit was introduced. Enrolment rates among 2 year olds have been very high, but lower among 1 year olds as most children start attending childcare at the age of 18 months, when parental leave ends. All 4 and 5 year-olds are entitled to free part-time daycare (Bergqvist and Nyberg 2002). Social democratic governments have been the driving force behind service expansion. Right of centre parties do not believe in too much state involvement and favour cash-for-care benefits, but have accepted the expansion of childcare services.

Integration of Children with Migrant Background

Finland has a smaller immigrant population than Norway and Sweden. The impact of the CFC allowance on the take-up of childcare among immigrant children seems to be a less prominent issue in the Finnish context, maybe because the overall proportion of benefit recipients is rather high.

In tandem with the general decline in Norway, the proportion taking up the benefit has been dropping also among parents with an Asian or African background: down from 76 to 53 per cent in the period 1999–2009. However, the reduction was much larger among non-immigrant parents (45 percentage points) (NOU 2011: 235). The coverage of childcare among immigrant children also has increased in parallel with the general growth in childcare services. Thus the difference between minority and majority children has diminished, but there is still a significant gap: in 2009, 54 per cent of immigrant children under 6 (school age) were enrolled in childcare, compared to 73 per cent of all children in this age group (NOU 2011). The CFC benefit is thought to reduce immigrants' demand for childcare services.

Even though the take-up of the Swedish cash for care benefit in general is very low, it tends to increase segregation (Segendorf and Teljosuo 2011). Immigrants are over-represented among those receiving the benefit.

Children's Social Skills

As family background is found to influence children's development and their life chances significantly, the role of early childhood education in equalising the conditions under which children grow up is receiving increasing attention. Research suggests that stimulation in early childhood is very important, for cognitive (maths, reading, language) and non-cognitive abilities (social, motoric, emotional) (Mogstad and Rege 2009). Hence, the under-representation of children of parents with low education and/or immigrant background in childcare services is considered a problem. Cash for care benefits give parents an incentive not to use childcare services, and this increases socio-economic differences in participation in early childhood education.

Other Impacts

The cash for care benefit may have a positive redistributive effect in the short term, because it increases the income of families with very low incomes. However, because CFS benefits have a negative impact on the use of childcare services and mothers' employment, they have negative distributional consequences in the longer term (NOU 2009: 289–90).

4. Debates on Child Homecare Support

In all three countries, CFC schemes have been a matter of political controversy over a considerable period of time, following a left–right cleavage. The Finnish and Swedish reforms were introduced as part of political compromises, between the left and the right in the first case, and between centre/rightwing government parties in the latter. The Norwegian reform was initiated by parties in the political centre and supported by rightwing parties. Small Christian Democratic parties have been the main protagonists in Norway and Sweden. While political struggle still characterises Norwegian and Swedish public debate, the home care allowance seems to have become more accepted in Finland.

The Agrarian, later the Centre Party, dominated Finnish politics until the 1960s, after which the Social Democratic Party became a partner in coalition cabinets. Centre-right advocates managed to load the home care allowance with positive connotations, especially the value of work at home and parents' opportunities to choose the form of care they need (Hiilamo and Kangas 2009). Moreover, costs have been an overarching concern in Finland: cash for care is much cheaper than daycare (*ibid.*). The compromise between the left and the centre/right underpinning the reform of 1985 is considered to have calmed down the long-continuing struggles between daycare advocates and CFC advocates (Rantalaiho 2010). Criticism has trailed off; the home care allowance has become institutionalised as a major element of the Finnish childcare policy model, there are no strong initiatives to abolish the benefit. However, some argue that the consensus is »relative« and the issue of whether to develop the allowance or daycare services has been a point of contention between Social Democrats and the Centre Party/Conservatives (Salmi 2006: 163).

The cash for care benefit in Norway was introduced after a fierce and polarised debate (Ellingsæter 2003). The polarisation has persisted. The gender equality concern was prominent in the left's opposition to the reform; it was expected to lead to a decrease in mothers' employment and lower demand and supply of childcare services. After the introduction of the reform, there was more political space for a stronger focus on childcare services, however (Ellingsæter and Gulbrandsen 2007). In parliamentary opposition in the early 2000s, parties on the left initiated a maximum childcare fee to be paid

by parents, while the majority centre-left government in office since 2005 has headed the large-scale expansion of childcare places, more or less achieving the aim of »full coverage«. The cash for care scheme still divides the Norwegian population into equal parts; attitudes have not been influenced by the significant drop in benefit recipients (Gulbrandsen 2009). The emphasis of criticism of the reform has shifted somewhat, from a main focus on gender equality concerns to the integration of immigrant mothers and their children. This must be seen in light of the dramatic reduction in the proportion of benefit recipients among ethnic Norwegian parents, while it remains quite high in certain immigrant groups. In the current coalition government, both the Social Democratic Party and the Socialist Left Party have abolition of the cash for care benefit in their party programme, but the third coalition partner, the Centre Party – initially a supporter of the reform – has been more hesitant. A recent compromise is to abolish the benefit for 2 year olds from 2012. The motivation is the CFC benefit's negative impact on mothers' employment and use of childcare, which is particularly unfortunate with regard to the integration of women and children with immigrant backgrounds; development of children's language skills is mentioned especially (Prop. 1S (2011–2012)). However, some municipalities have already decided to continue to provide the benefit for 2 year olds, most of them centre-right local governments in the more conservative and religious parts of Norway.⁶ As a sanction, the government is considering taxing these benefits.

In Sweden, cash for care benefits are the product of a long history of political struggle. The question of whether the government should support women's care work with cash allowances or women's employment by expanding public childcare services, was discussed in Sweden after the Second World War (Nyberg 2010). The first CFC scheme was introduced by a centre-conservative government in 1994, after heated debates over several years. It was part of a political compromise which also included a new gender equality measure, namely an earmarked

6. For example, the fourth largest city in Norway introduces a cash for care benefit of NOK 4000 for 2 year olds from autumn 2012, provided that the child is not enrolled in childcare services at all (www.kristiansand.kommune.no). The argument is that it will enhance families' »choice«, but it is also underscored that it will strengthen the municipality's economy, as a place in childcare services is more expensive than the cash benefit. The number of places for 2 year olds in childcare services will be reduced. Because »full coverage« has been achieved, from 2012 state funding of municipal childcare services will shift from separate earmarked funds to inclusion in the general purpose grant schemes that municipalities can use at their own discretion.

»daddy month« in the parental leave arrangement. The current CFC scheme was introduced by a majority centre-right coalition that came to power ten years after the first scheme had been abolished. The 2008 scheme is more limited, being optional for municipalities. Views on the reform differed among the coalition parties, however (Nyberg 2010). The CFC is primarily the »baby« of the small Christian Democratic Party, who wanted the scheme to be obligatory for all municipalities. The Centre Party and the Moderate Party (Conservative) have been in favour of CFC schemes, while the Liberal Party reluctantly accepted it. Also, this CFC reform was combined with a new gender equality measure: a gender equality bonus in the parental leave system.⁷ The Social Democrats, the Left Party and the Green Party are against the cash for care benefit because women are considered the major losers: they say it is old-fashioned, does not support equal parenthood, risks worsening women's situation in the labour market, and also women would receive smaller pensions and have less economic security when unemployed or sick (Nyberg 2010). The Christian Democrats want to double the benefit, but this is not supported by the other government partners; it contradicts the Moderate Party's work line, and counteracts the integration of immigrant women in the labour market.⁸

5. Summary and Conclusion: Experiences from Finland, Norway and Sweden

Finland, Norway and Sweden all have cash for childcare schemes for children under 3, with receiving the benefit conditional on not or only partially taking up state subsidised childcare services. The timing of the schemes' introduction varies. It was introduced in Finland in 1985, Norway in 1998 and Sweden in 2008. While the benefit is part of the national social security system in Finland and Norway, Sweden leaves it to the municipalities whether or not to offer such allowances. In Norway and Sweden, partial benefit can be combined with partial use of childcare services. In terms of amounts, differences between the schemes are small; the benefit amounts to about 10 per cent of the monthly income of an average wage earner. However, in Finland, means-tested and sibling supplements are paid and one out of six municipalities

pay additional benefits. The Finnish allowance structure encourages families to care also for their older children at home. Parental »choice« has been a key objective in all the schemes. But costs have also been an overarching concern in Finland; the allowance has been directed at lowering demand for more expensive childcare services. CFC schemes have met with considerable opposition, particularly from parties on the political left. CFC benefits are considered detrimental to gender equality, undermining mothers' employment and the development of childcare services. A particular concern is that it will give immigrant mothers an incentive to stay out of employment and keep their children out of daycare.

Since the schemes differ and were introduced at different times, they are difficult to compare. Moreover, while there is comprehensive research on the Finnish and Norwegian schemes, less information is available about the Swedish one. Measured by the proportion of parents' taking up the benefit, the impact of the schemes varies considerably. In Finland, 52 per cent of parents of children under 3 receive the benefit and the proportion has been fairly stable for more than a decade. In Norway, 25 per cent of parents of 1 and 2 year olds presently receive the benefit, which represents a dramatic decline from 75 per cent at the benefit's introduction. In Sweden, the proportion of parents receiving the benefit for 1 and 2 year olds is very low. About one out of three municipalities have introduced the benefit, and only 5 per cent of parents in these municipalities receive it. While the take-up varies considerably among the three countries, the characteristics of the groups receiving the benefit are fairly similar: the large majority of benefit recipients are mothers. Mothers with low income, low education levels and immigrant background are overrepresented among recipients.

The cash for care benefit has reduced the labour supply of mothers, but given the huge differences in the proportion of parents/mothers receiving the benefit, magnitudes differ. In Finland, mothers often do not have a real choice between paid and unpaid work, as they have no job to return to. Also, the choice would be between full-time work and full-time homemaking, as part-time work is less prevalent in Finland than in Norway and Sweden. In Norway, the cash for care benefit at first led to a fairly moderate reduction in mothers' employment, while the effect is estimated to have increased over the following years. Norwegian women have had a real choice

7. The bonus is a tax break; the more equitable the division of leave among parents, the larger the bonus (Eydal and Rostgaard 2011: 45–46).

8. KD vill dubbla vårdnadsbidrag, *Dagens Nyheter* 1.2.2012.

between employment and caring, as the labour market since 1998 – most of the time – has been strong and unemployment low. From the mid-2000s, comprehensive expansion of daycare places for children under 3 and reduced fees have given parents more choice regarding childcare, and employment among mothers has increased. The negative impact on employment is found to be stronger among mothers with Asian or African backgrounds. Also in these groups there has been a decline in cash for care recipients, but the decline is far less than among majority parents. Also in Sweden, the cash for care benefit is considered to have a particularly negative effect on the employment of immigrant mothers.

Cash for care benefits give parents incentives not to use childcare services, and this may increase socio-economic differences in participation in early childhood education. In all three countries parents have a right to a place in childcare services for children under 3, and there are maximum childcare fees. The cash for care benefit has had a strong and negative impact on childcare enrolment in Finland; the take-up of childcare among 1–2 year olds in Norway and Sweden is far higher. Contrary to expectations, demand for childcare services for 1 and 2 year olds in Norway increased after the cash for care benefit was introduced. Coverage of childcare services for children under 3 was very low at the time of the CFC reform, which is the main explanation of the high proportion of parents receiving the benefit at the beginning. Although differences are becoming smaller, immigrant children are underrepresented in daycare services. In Finland, the home care allowance has affected the use of childcare also for older children. In Norway and Sweden, nearly all 3–5 year old children are enrolled in childcare services; the rate for Finnish children is significantly lower. The combination of a universal right to childcare combined with the fairly long home care of children in Finland is seen as »paradoxical« (Repo 2010).

Cash for care benefits are still contested in the Nordic countries, more so in Norway and Sweden than in Finland. In Norway and Sweden, the future of the benefit is uncertain, while the allowance seems to have become more accepted in Finland. The debate on parental choice is particularly very vigorous in Finland when it comes to childcare. The Finnish and Swedish reforms were introduced as part of political compromises, between the left and the right in the first case, and between centre/right government parties in the second. The Norwegian re-

form was initiated by parties in the political centre, and supported by right-wing parties, with parties on the left in strong opposition. Small Christian Democratic parties have been the main protagonists in Norway and Sweden. In Norway, the current centre-left government will abolish the benefit for 2 year olds from 1 August 2012. In Sweden, the Christian Democrats' proposal to double the benefit amount and to make it obligatory for all municipalities is unlikely to succeed.

The cash for care benefit may have a positive redistributive effect in the short term, because it may increase the income of families with very low incomes. But distributive consequences in the longer term will be negative. Several expert commissions and experts assessing the impact of the cash for care benefits in the three countries have proposed that it should be abolished or significantly reformed (NOU 2009, 2011; OECD 2005, 2009; Segendorf and Teljosuo 2011). For example, the Norwegian cash for care benefit is found to counteract integration because it pulls non-Western immigrant women away from the labour market (OECD 2009). The interaction of fees for childcare services and the cash for care benefit creates clear economic incentives for not enrolling children in childcare, especially for parents who can expect low wages in the labour market (NOU 2011: 7).

Finally, the experiences of Finland, Norway and Sweden pose interesting questions concerning the notion of parental »choice«. One can question the extent to which Finnish women's choices reflect »familistic« preferences, or whether they reflect a lack of jobs and a lack of support for a work–family balance (Salmi 2006). It has been argued that »choice« should not mean that the users of the Finnish allowance are almost solely women and often women with low incomes and poor education, who are also those most at risk of exclusion from the labour market (Anttonen and Sointu 2006, in Repo 2010). Obviously, »choice« cannot be treated as an abstract value, detached from the real situation. Parents' »choice« depends very much on the available alternatives. Families make their choices in the context of broader institutional, economic and cultural frameworks, including labour market opportunities, the amount of the allowance, quality and cost of services, and cultural norms.

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