

## THE FREE-MARKET FAMILY AND CHILDREN'S CARETAKING

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How can market societies like our own best ensure that children get the circumstances they need to flourish? It turns out that there are two different reigning visions of the role government should play when it comes to public policies that support families, each of which dominates the public policies in different countries. The first of these, which I'll call "free-market policy," expects that families do best when they arrange for what they need privately through the market. The second, which I'll call "pro-family policy," is premised on the view that government should work together with families to support the conditions that children need. This essay considers which of these two systems does best at getting children the circumstances they need to develop well.

The idea behind free-market policy is that families thrive when they provide what their members need on their own. In a free-market system, workers are supposed to bargain with employers privately about work hours. Parents are also supposed to fund the material provision their children need. They must negotiate individually for family leave and other time off they need for caretaking of children and others. Parents are also supposed to provide caretaking themselves for kids or, alternatively, to arrange and pay for this caretaking. All this means that, under free-market policy, policymakers don't focus on making sure children get what they need. Instead, they focus on creating strong markets and on increasing the size of the economic pie. This way, the rationale goes, every family will have a big enough slice of the pie to arrange privately for what their members need through market transactions.

Free-market policy stands in stark contrast with pro-family policy. Pro-family policy is built on the belief that families do better when government actively supports the conditions that they need to thrive. Like free-market policy, pro-family policy recognizes the importance of work and a strong economy. Yet, at the same time, this policy actively supports helping families get the circumstances children need to do best. This model sees the government's role as helping people to harmonize paid work and family, and assisting parents in providing the circumstances children need.

Let me say right off the bat that the distinctions I've made between free-market and pro-family policy are between ideal types. In the real world, there is no perfect model of either free-market or pro-family policy. With that said, the United States comes closer than any other wealthy country to free-market policy. That has long been the case, but in the last decades our nation has moved even further to the free-market end of the spectrum. Meanwhile, most wealthy European democracies cluster closer toward the other end of the spectrum, near pro-family policy. Finland is one of the countries that comes closest to the pro-family

ideal type.<sup>1</sup> Interestingly, policymakers who favor pro-market policy and those who support pro-family policy each claim that their own policies support families best. Which of them are right?

To consider how well both policy regimes do in getting kids what they need, we have to know what circumstances help them to develop best. Fortunately, in the last decades, a large group of interdisciplinary researchers have intensively studied this issue. Their conclusions amount to a revolution in the thinking about children's development. All of it points to the critical importance of children's caretaking during their first five years to their long-term wellbeing and development. To simplify a vast array of research, our new understanding shows us that following four caretaking circumstances maximize children's potential to develop best.

## I. WHAT CHILDREN NEED

### A. Parental Caretaking for up to the First Year

To begin with, babies do their best when they're cared for by a parent or parents at home for the better part of a year. For at least six months, and up to a year, having a parent at home improves children's health by making it more likely they'll be breastfed, and more likely they'll get doctors' visits and vaccinations.<sup>2</sup> Having a parent stay home is also better for kids developmentally. Those "serve and return" exchanges between parent and baby—in which a baby babbles, coos, and makes faces at a parent to interact with them, and the parent does the same thing back—are more than just entertaining for the child and parent: they're the first building blocks of the child's learning.<sup>3</sup>

The exact length of time that it is better for babies to be cared for by a parent at home is an issue that is both complicated and contested. The increasing weight of the evidence, though, shows that, holding other circumstances equal, kids do better on average when they stay home with a parent for their entire first year. A mother's (there's little research on

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1. The model I call free-market policy is based on Gøsta Esping-Andersen's model of the "liberal" welfare state. The pro-family policy model is based on his "social-democratic" welfare-state model. Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (1990); *The Incomplete Revolution* (2009).

2. Lawrence M. Berger et al., *Maternity Leave, Early Maternal Employment and Child Health and Development in the US*, 115 *ECON. J.* 501: F29, F45 (2005); Christopher J. Ruhm, *Parental Leave and Child Health*, 19 *J. HEALTH ECON.* 931, 955 (2000).

3. National Scientific Council on the Developing Child, *Young Children Develop in an Environment of Relationships 2* (Ctr. on the Developing Child at Harvard Univ., Working Paper No. 1, 2004), <http://developingchild.harvard.edu/wp-content/uploads/2004/04/Young-Children-Develop-in-an-Environment-of-Relationships.pdf>.

fathers yet) earlier return to work is associated with small but persistent negative cognitive and behavioral effects on children. The majority of research suggests these negative effects only apply when mothers work full-time, although some suggests that part-time work produces some, albeit smaller, negative outcomes as well.<sup>4</sup>

Two major caveats to this discussion: First, whether a child would do better at home with a parent that first year is a comparative inquiry. Most studies showing negative effects of early employment, though, have not been able to control for the quality of the daycare the child has received.<sup>5</sup> This leaves open the possibility that if children were placed in higher-quality daycare, this could change this calculus.<sup>6</sup>

Second, these studies generalize across groups of children. Whether a particular child will do better at home or in a specific caretaking arrangement depends on that child's own home situation, the parent's education and temperament, and that child's options for daycare, all of which can vary enormously.<sup>7</sup> Further, whether daycare generally, and a particular daycare setting in particular, will be good for any specific child, or whether home care will be better, will also vary with the child's own temperament.<sup>8</sup>

#### B. *After the First Year, Either Care at Home or in High-Quality Daycare*

In their second and third years, young children do well either cared for by a parent or in daycare, so long as the daycare is high-quality.<sup>9</sup> Excellent care, which in the United States generally means at a daycare center, is particularly helpful for kids for low-income families.<sup>10</sup> A recent study led by James H. Heckman, a Nobel laureate in Economics,

4. I discuss this research in detail in my forthcoming book. MAXINE EICHNER, *THE FREE-MARKET FAMILY: HOW THE AMERICAN MARKET CRUSHED THE AMERICAN DREAM (AND HOW IT CAN BE RESTORED)* (Oxford University Press) (forthcoming 2019). For an excellent existing review of the research on the effects of mothers' early return to work, see JANE WALDFOGEL, *WHAT CHILDREN NEED* 49–57 (2006).

5. See, e.g., Chris M. Herbst, *Are Parental Welfare Work Requirements Good for Disadvantaged Children? Evidence from Age-of-Youngest Child Exemptions*, 36 *J. POL'Y ANALYSIS & MGMT.* 327, 330 (2017).

6. Jeanne Brooks-Gunn et al., *Maternal Employment and Child Cognitive Outcomes in the First Three Years of Life: The NICHD Study of Early Child Care*, 73 *CHILD DEV.* 1052, 1053 (2002); Herbst, *supra* note 5.

7. WALDFOGEL, *supra* note 4, at 59; Raquel Bernal & Michael P. Keane, *Child Care Choices and Children's Cognitive Achievement: The Case of Single Mothers*, 29 *J. LABOR ECON.* 459, 495 (2011).

8. WALDFOGEL, *supra* note 4, at 59; Robert Coplan et al., *Where Do Anxious Children 'Fit' Best? Childcare and the Emergence of Anxiety in Early Childhood*, 42 *CANADIAN J. BEHAV. SCI.* 185, 186 (2010).

9. WALDFOGEL, *supra* note 4, at 54.

10. *Id.* at 54–55.

concluded that every dollar spent on excellent early childhood programs gets a return of between \$7 and \$12 to the government through the child's increased earning and therefore tax revenues on adulthood, as well as reduced government spending on incarceration and safety-net benefits.<sup>11</sup>

*C. In the Year or Two Before Kindergarten, Attendance at a High-Quality Preschool*

In the year or two before kindergarten, kids' learning and development outcomes are improved by high-quality early childhood education programs (ECE), the kind of programs that are offered by high-quality center-based daycares, preschools, and prekindergarten programs in primary schools. Preschool improves school readiness for all groups of children.<sup>12</sup> But these programs are particularly important for kids from low-income families, since they significantly reduce the achievement gap with other children when they enter kindergarten.<sup>13</sup>

*D. Throughout Early Childhood, Quality Time with a Nurturing Parent*

Last but not least, it's clear that kids need significant time with a nurturing parent all through their childhood to grow well cognitively, psychologically, and socially. Quality time with a parent matters tremendously even when kids get top-notch daycare. In fact, the quality of parenting that kids receive is a far better predictor of their future outcomes than their daycare experience.<sup>14</sup> Kids' interactions with their parents are so important that it turns out that severe child neglect is every bit as big a threat to their development as physical abuse is.<sup>15</sup>

11. James J. Heckman, *There's More to Gain by Taking a Comprehensive Approach to Early Childhood Development* (Heckman Equation Project, 2016), <https://heckmanequation.org/resource/research-summary-lifecycle-benefits-influential-early-childhood-program/> [<https://perma.cc/L56N-TQVE>].

12. See Hirokazu Yoshikawa et al., *Investing in Our Future: The Evidence Base on Preschool Education*, SOC'Y FOR RESEARCH IN CHILD DEV. 4 (2013), <https://www.fcd-us.org/the-evidence-base-on-preschool/> [<https://perma.cc/4NR9-UCR2>]; Christina Weiland & Hirokazu Yoshikawa, *Impacts of a Prekindergarten Program on Children's Mathematics, Language, Literacy, Executive Function, and Emotional Skills*, 84 CHILD DEV. 2112 (2013).

13. See Christopher Ruhm & Jane Waldfogel, *Long-Term Effects of Early Childhood Care and Education* 19 (Inst. For the Study of Labor, Discussion Paper No. 6149, 2011), <http://ftp.iza.org/dp6149.pdf>; Frances A. Campbell & Craig T. Ramey, *Effects of Early Intervention on Intellectual and Academic Achievement: A Follow-Up Study of Children from Low-Income Families*, 65 CHILD DEV. 684, 694–95 (1994); Lawrence J. Schweinhart et al., *Consequences of Three Preschool Curriculum Models Through Age 15*, 1 EARLY CHILDHOOD RES. Q. 15, 16 (1986).

14. Jay Belsky et al., *Are There Long-Term Effects of Early Child Care?*, 78 CHILD DEV. 681, 693–95 (2007).

15. Kathryn L. Hildyard & David A. Wolfe, *Child Neglect: Developmental Issues and Outcomes*, 26 CHILD ABUSE & NEGLECT 679, 690 (2002); see also National Scientific Council on

## II. WHAT YOUNG CHILDREN GET UNDER FREE-MARKET POLICY VERSUS PRO-FAMILY POLICY

Now that we know what caretaking circumstances are best for kids, let's consider how likely kids are to get them under free-market versus pro-family policy. As I show below, few U.S. kids today get all four circumstances, no matter how hard their parents try to deliver them. In large part this is because of our expectation that parents will privately provide what their kids need. That means that parents not only have to orchestrate children's caretaking, but also need to generate the necessary income to support their children in their early years. These two expectations—providing both caretaking *and* income—work at cross purposes with one another in most families with young kids, because kids that age have such high caretaking needs. That makes it difficult for parents to earn sufficient cash at the same time that they provide or arrange for excellent caretaking. Ultimately, most parents deal with this dilemma by choosing to put food on the table and ensure a roof over kids' heads, and therefore sacrifice excellent caretaking.

In contrast, countries with pro-family policies, like Finland, by design make it easy for parents to give young kids the conditions that benefit them. Recognizing that the time after a child is born is a critical time for both the baby and the family, countries with pro-family policy relax parents' support obligations in the first years, when kids caretaking needs are high.<sup>16</sup> And when parents return to work, these countries make excellent-quality caretaking available that is either free or heavily subsidized.<sup>17</sup> These policies mean that parents don't have to trade off financially supporting their family with getting kids the care they need. The result is that almost all kids get the circumstances that will help them do best.

### A. Parental Caretaking for up to the First Year

Let's start with the first circumstance for optimal development, parental caretaking for up to the first year. Finland makes it easy for parents to stay home with children during that time. When all the paid parental leave is combined, most families receive eleven months to take on the birth of the new child, paid at a rate about 70% of the parents'

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the Developing Child, *The Science of Neglect: The Persistent Absence of Responsive Care Disrupts the Developing Brain 5–7* (Ctr. on the Developing Child, Working Paper No. 12, 2012) (describing the ways in which the persistent absence of responsive care affects child development).

16. *Home and Family: Benefits for Families with Children and Housing Benefits*, KELA 7 (2015), [http://www.kela.fi/documents/10180/1978560/2015\\_Home\\_family.pdf/86f57786-9efc-4341-9dc9-37cd95b2b2d3](http://www.kela.fi/documents/10180/1978560/2015_Home_family.pdf/86f57786-9efc-4341-9dc9-37cd95b2b2d3).

17. *Id.*

wages.<sup>18</sup> Almost all Finnish parents take most or all this leave (the exception is that only about half of fathers take the entire two months of paternity leave allotted exclusively to them; almost all fathers, though, take at least three weeks of leave).<sup>19</sup> Nine in ten families take slightly more than the allotted months of parental leave, and are compensated by the state for this extra time at a lower monthly rate.<sup>20</sup>

In contrast, how many kids in our free-market system have a parent stay at home with them for most or all of that first year? Far fewer. Fifty-five percent of U.S. mothers go back to work within their child's first year.<sup>21</sup> The median length of maternity leave that U.S. women who work report taking is less than eleven *weeks*, as opposed to the eleven *months* taken in Finland.<sup>22</sup> In fact, one in four U.S. working mothers takes just two weeks or less off after having a child.<sup>23</sup> Fathers, meanwhile, report taking an average of only a week of leave, despite the fact that fathers who take more parental leave are more involved with childcare as their children grow.<sup>24</sup>

Why is there such a stunning difference between the number of parents who take this time in Finland and the United States, on an issue so critical to kids' development? Finland's system simply makes it a lot easier than ours does to do the right thing by children. Not only does Finland pay parents for the time they take off to care for new children, it guarantees that they can still return to their same job for three years after the child is born.

Many U.S. parents, meanwhile, go back to work so soon because they risk losing their jobs, which they need to put food on the table. To begin with, four in ten U.S. workers aren't covered by the Family and Medical Leave Act (FMLA), the federal family leave law, at all.<sup>25</sup> That means that they aren't guaranteed any time away from their jobs after they have a child. And even the six in ten employees covered by the FMLA only have

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18. *Id.* at 5, 7.

19. Ann-Zofie Duvander et al., *Men's Childcare: A Comparative Study of Fathers' Parental Leave Use in Sweden and Finland* (2016), [https://cdn.uclouvain.be/public/Exports%20reddot/demo/documents/CQ16\\_Duvander.pdf](https://cdn.uclouvain.be/public/Exports%20reddot/demo/documents/CQ16_Duvander.pdf).

20. *Id.*; *Home and Family*, *supra* note 16, at 7.

21. U.S. BUREAU OF LABOR STATISTICS, EMPLOYMENT STATUS OF MOTHERS WITH OWN CHILDREN UNDER 3 YEARS OLD BY SINGLE YEAR OF AGE OF YOUNGEST CHILD AND MARITAL STATUS, 2016-2017 ANNUAL AVERAGES tbl.6 (2018), <https://www.bls.gov/news.release/famee.t06.htm>.

22. Sharon Lerner, *The Real War on Families: Why the U.S. Needs Paid Leave Now*, IN THESE TIMES (Aug. 18, 2015), <http://inthesetimes.com/article/18151/the-real-war-on-families>.

23. *Id.*

24. JULIANA HOROWITZ ET AL., AMERICANS WIDELY SUPPORT PAID FAMILY AND MEDICAL LEAVE, BUT DIFFER OVER SPECIFIC POLICIES 13 (2017).

25. 29 C.F.R. § 825.110 (2013); JACOB A. KLERMAN, ET AL., FAMILY AND MEDICAL LEAVE IN 2012: TECHNICAL REPORT 2 (2014).

their jobs protected for twelve weeks.<sup>26</sup>

What's more, the FMLA just guarantees workers *unpaid* leave, and most workers these days simply can't afford to take leave for long.<sup>27</sup> The median wealth of households headed by adults younger than 35 today—the age group most likely to have new kids—is \$3,700.<sup>28</sup> The average out of pocket health-care costs that a family *with* health insurance will pay for having a baby is \$3,400.<sup>29</sup> With the added expenses of a baby, even if the family's wealth were liquid rather than tied up in a house or a car, that would leave no savings whatsoever for the family to dip into to pay for time off.

Employers largely don't fill this gap. Only one in ten workers gets paid parental leave.<sup>30</sup> Most of the remaining workers cobble together a few weeks of paid time through repurposing vacation days or sick leave.<sup>31</sup> But most low-wage workers get no pay at all for the time they take off after a child's birth.<sup>32</sup> It's no wonder, then, that six in ten of parents who take parental leave say they needed or wanted more time off than they took.<sup>33</sup>

To summarize: Finland makes it easy and relatively low-cost for parents to stay home to care for their children during the first year. The result is that almost all kids have a parent stay home with them. The United States has done the opposite, making it virtually impossible for parents to stay home with their children if they want to keep their jobs and, in many cases, to put food on the table. U.S. parents have responded to these incentives. Because of this, the Finnish system wins hands down when it comes to delivering better care for babies.

Score: pro-family policy 1; free-market policy 0.

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26. Lerner, *supra* note 22.

27. *Id.*

28. Richard Fryet al., *The Rising Age Gap in Economic Well-Being: The Old Prosper Relative to the Young*, PEW RES. CTR. (Nov. 11, 2011), <http://www.pewsocialtrends.org/2011/11/07/the-rising-age-gap-in-economic-well-being/>.

29. Allison Benedikt, *Having a Baby in the U.S. Costs Way Too Much, Especially If You Actually Pay Your Bills*, SLATE XXFACTOR (July 1, 2013), [http://www.slate.com/blogs/xx\\_factor/2013/07/01/having\\_a\\_baby\\_in\\_the\\_u\\_s\\_costs\\_a\\_lot\\_of\\_money\\_especially\\_if\\_you\\_actually.html](http://www.slate.com/blogs/xx_factor/2013/07/01/having_a_baby_in_the_u_s_costs_a_lot_of_money_especially_if_you_actually.html).

30. U.S. DEPARTMENT OF LABOR, FACTSHEET: PAID FAMILY AND MEDICAL LEAVE (2015), [https://www.dol.gov/wb/resources/paid\\_leave\\_fact\\_sheet.pdf](https://www.dol.gov/wb/resources/paid_leave_fact_sheet.pdf).

31. Renee Stepler, *Key Takeaways On Americans' Views Of And Experiences With Family And Medical Leave*, PEW RES. CTR. (Mar. 23, 2017), <http://www.pewresearch.org/fact-tank/2017/03/23/key-takeaways-on-americans-views-of-and-experiences-with-family-and-medical-leave/>.

32. *Id.*

33. *Id.*

*B. After the First Year, Either Parental Care or High-Quality External Caretaking*

Turning to the second circumstance for children to develop best, either having a parent stay home or enrollment in high-quality daycare after the first year, how do our two different policy systems compare? Let's start with pro-family policy first. Once again, Finland makes providing this care easy for parents through supporting several different alternatives that parents may choose. A parent can stay at home with their child full or part-time and receive a state subsidy (albeit at a substantially reduced rate compared to the parental leave subsidy they get for most of the first year).<sup>34</sup> Their jobs are guaranteed if they do so.<sup>35</sup> Alternatively, Finnish kids are guaranteed a full-time place in either a municipally-run daycare center or a publicly-subsidized family daycare.<sup>36</sup> Both types of daycare are heavily regulated for quality. Regulations set a high bar for caregiver-student ratios; for caregiver qualifications and training; and for the content of curricula.<sup>37</sup>

All this costs money, and Finland spends it. Finland spends over \$19,000 a year for every child under three in daycare.<sup>38</sup> Ninety percent of it is paid from public funds.<sup>39</sup> Parents' contribution is based on a sliding scale. Low-income parents pay nothing; the highest earning parents pay about \$4,000 a year for the first child, less after that.<sup>40</sup> The upshot is that no child is shut out of good-quality daycare because their parents can't pay.<sup>41</sup> All this means that only a miniscule number of children overall—under 2%—wind up in the informal care arrangements with parents,

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34. *Home and Family*, *supra* note 1616, at 7–8.

35. *Id.*

36. *Id.*

37. OECD, EDUCATION AT A GLANCE 2016: OECD INDICATORS 383 (2016), [http://www.oecd-ilibrary.org/education/education-at-a-glance-2016\\_eag-2016-en](http://www.oecd-ilibrary.org/education/education-at-a-glance-2016_eag-2016-en); Eeva Hujala et al., *Evaluating the Quality of the Child Care in Finland*, 182 EARLY CHILD DEV. AND CARE 299, 308–09 (2012); Pirjo L. Pölkki & Riitta H. Vornanen, *Role and Success of Finnish Early Childhood Education and Care in Supporting Child Welfare Clients: Perspectives from Parents and Professionals*, 44 EARLY CHILDHOOD EDUC. J. 581, 583 (2015).

38. OECD, *supra* note 37, at 271 fig.C.2.3.

39. OECD, *supra* note 37, at 310 fig.C.2.3.

40. See Olga Khazan, *The Secret to Finland's Success with Schools, Moms, Kids—and Everything*, THE ATLANTIC (July 11, 2013), <https://www.theatlantic.com/international/archive/2013/07/the-secret-to-finlands-success-with-schools-moms-kids-and-everything/277699/> [https://perma.cc/Z42B-Q558].

41. OECD, PF3.2B ENROLLMENT IN CHILDCARE AND PRE-SCHOOL 4 (2016), [http://www.oecd.org/els/soc/PF3\\_2\\_Enrolment\\_childcare\\_preschool.pdf](http://www.oecd.org/els/soc/PF3_2_Enrolment_childcare_preschool.pdf) (showing little variation in formal daycare participation across incomes across income tertiles); OECD, STARTING STRONG IV: EARLY CHILDHOOD EDUCATION AND CARE DATA COUNTRY NOTE – FINLAND 4 (2016), <http://www.oecd.org/education/school/ECECD-CN-Finland.pdf> [hereinafter STARTING STRONG IV].

friends, or other untrained caregivers that generally serve kids least well.<sup>42</sup>

Under free-market policy, the U.S. system could hardly be more different. Here, arranging caretaking and paying for it are left almost exclusively to parents. Except for the minimal tax advantages for childcare that parents receive, most parents are on their own financially during these years.<sup>43</sup> Even subsidies for poor families are so underfunded that only one in ten poor kids actually makes it off the long waitlists to receive a subsidy.<sup>44</sup> And only 4% of eligible kids are able to participate in the needs-tested publicly-run daycare program Early Head Start.<sup>45</sup>

Furthermore, in contrast to Finland, most daycare providers in the United States are lightly regulated, if they are regulated at all.<sup>46</sup> There are no federal standards for staffing, safety, or curricula.<sup>47</sup> Twenty-seven states exempt a sizeable proportion of family daycare providers (meaning those who take in kids for pay to their homes during the day) from any licensing requirements.<sup>48</sup> For those daycare providers that require licenses, state standards are generally aimed at protecting children's basic safety rather than their sound development. For example, in North Carolina, the required ratio of caregivers to children is one adult to ten two-year-olds.<sup>49</sup> By contrast, Finland's caregiver to child ratio is set at one adult to three two-year-olds.<sup>50</sup> And in contrast to Finland, U.S. states

42. OECD, PF3.3A INFORMAL CHILDCARE ARRANGEMENTS 2 (2016), <http://www.oecd.org/els/family/PF3-3-Informal-childcare-arrangements.pdf>.

43. The OECD database calculates that these tax benefits would save the average U.S. couple with two kids in daycare and average incomes just 2% of the cost of daycare. A low-income single mother would save even less – under 1% of the cost of daycare as a result of tax advantages. OECD, PF3.4 CHILDCARE SUPPORT 3–4 (2017), [http://www.oecd.org/els/soc/PF3\\_4\\_Childcare\\_support.pdf](http://www.oecd.org/els/soc/PF3_4_Childcare_support.pdf).

44. Twelve percent of families living in poverty with a preschooler reported receiving help from the government (this includes 29% of parents receiving TANF), compared with 3% of those living above the poverty line. LYNDIA LAUGHLIN, U.S. CENSUS BUREAU, WHO'S MINDING THE KIDS? CHILDCARE ARRANGEMENTS: SPRING 2011 17, 19 (2013), <https://www.census.gov/prod/2013pubs/p70-135.pdf>.

45. STEPHANIE SCHMIT ET AL., INVESTING IN YOUNG CHILDREN: A FACT SHEET ON EARLY CARE AND EDUCATION PARTICIPATION, ACCESS, AND QUALITY 6 (2013), [http://www.nccp.org/publications/pdf/text\\_1085.pdf](http://www.nccp.org/publications/pdf/text_1085.pdf).

46. Carol W. Runyan et al., *Analysis of US Child Care Safety Regulations*, 81 AM. J. PUB. HEALTH 981, 984 (1991).

47. *Id.*; see also Erica B. Grubb, *Day-Care Regulation: Legal and Policy Issues*, 25 SANTA CLARA L. REV. 303, 305 (1985) (finding regulation of daycares to be a function of the states).

48. CHILD CARE AWARE OF AMERICA, PARENTS AND THE HIGH COST OF CHILD CARE: 2016 REPORT 29 (2016), [http://usa.childcareaware.org/wp-content/uploads/2017/01/CCA\\_High\\_Cost\\_Report\\_01-17-17\\_final.pdf](http://usa.childcareaware.org/wp-content/uploads/2017/01/CCA_High_Cost_Report_01-17-17_final.pdf).

49. JANET GORNICK & MARCIA MEYERS, FAMILIES THAT WORK: POLICIES FOR RECONCILING PARENTHOOD AND EMPLOYMENT 190–91 (2003); DIVISION OF CHILD DEV. & EARLY EDUC., SUMMARY OF NORTH CAROLINA CHILD CARE LAW AND RULES 2 (2016).

50. STARTING STRONG IV, *supra* note 41, at 6.

don't generally regulate curricula for quality at all.<sup>51</sup>

What does this mean for American kids? In the absence of caretaking subsidies like those Finland pays parents who stay home, most U.S. parents can't afford to stay home with young children.<sup>52</sup> Some families in which both parents work manage to tag team the care between the parents. But roughly 40% of kids under five wind up in regular caretaking with an adult besides their parent.<sup>53</sup> Because of the long hours U.S. employees work, kids in care arrangements spend an average of 36 hours a week there.<sup>54</sup>

Here's the thing about this: In Finland, the two caretaking options that are state supported—municipally-run daycare and family daycare—are heavily regulated and subsidized to ensure they are high quality. In the United States, neither of these is the case. The result is that much of the care provided in the American system is of startlingly low quality. *The New Republic* aptly summed up the situation when it titled its expose on American daycare, *The Hell of American Daycare*.<sup>55</sup> As its author, Jonathan Cohn put it: “[W]e lack anything resembling an actual child care system. Excellent day cares are available, of course, if you have the money to pay for them and the luck to secure a spot. But the overall quality is wildly uneven and barely monitored, and at the lower end, it's Dickensian.”<sup>56</sup>

A significant part of our problem with quality relates to the type of daycare arrangements that kids wind up in. Of the one- to two-year olds whose mothers work, only about three in ten put their kids in “formal” daycare, meaning in a daycare center, a nursery school, or an Early Head Start program.<sup>57</sup> The remainder turn to an untrained caregiver, like grandparents or siblings, friends, or someone who cares for kids in their own home.<sup>58</sup> But it turns out that most of the kids who wind up in “informal” caretaking like these get mediocre to lousy care.<sup>59</sup> One study that reviewed 226 of these care situations found 35% to be “inadequate,”

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51. CHILD CARE AWARE OF AMERICA, 2018 STATE FACT SHEETS: WHAT DOES CHILD CARE LOOK LIKE IN YOUR STATE? 2–3 (2018), <http://usa.childcareaware.org/wp-content/uploads/2018/08/2018-state-fact-sheets.pdf>.

52. U.S. BUREAU OF LABOR STATISTICS, *supra* note 21, at 1.

53. LAUGHLIN, *supra* note 44, at 3.

54. *Id.* at 6 fig.2.

55. Jonathan Cohn, *The Hell of American Day Care*, THE NEW REPUBLIC (Apr. 15, 2013), <https://newrepublic.com/article/112892/hell-american-day-care>.

56. *Id.*

57. LAUGHLIN, *supra* note 44, at 3 tbl.2.

58. *Id.*

59. CAROLLEE HOWES, ET AL., THE STUDY OF CHILDREN IN FAMILY CHILD CARE AND RELATIVE CARE: HIGHLIGHTS OF FINDINGS 81 (1994); *see also* NICHD Early Child Care Research Network, *Poverty and Patterns of Care*, in CONSEQUENCES OF GROWING UP POOR 127–28 (Greg J. Duncan & Jeanne Brooks-Gunn eds., 1997).

56% to be adequate, and just 9% to be “good.”<sup>60</sup>

To make the U.S. picture still worse, even the third of kids put in formal daycare don't usually get high-quality care. One study that followed more than a thousand children for over a decade found that the great majority of daycare centers violated expert recommendations that are important for children's development.<sup>61</sup> For example, only one in five center classes met the expert-recommended caregiver-child ratio of one to three for one-year-olds.<sup>62</sup> Even more troubling, the study found that only about one in sixteen three-year-olds received a lot of positive caregiving.<sup>63</sup> Yet, the study warned, one of the strongest predictors of children's development is positive caregiving by the staff.<sup>64</sup>

Across all daycare situations, experts rate the majority of daycare provided to U.S. children as “fair” or “poor.”<sup>65</sup> Less than 10% of care is rated very high-quality.<sup>66</sup> In the words of Marcy Whitebook, the director of the Center for the Study of Child Care Employment at the University of California, Berkeley, “We've got decades of research, and it suggests most child care and early childhood education in this country is mediocre at best.”<sup>67</sup>

Why do most American children wind up in mediocre daycare? Mostly it's because young families can't afford the high price of good daycare. The low caregiver-child ratios and well-educated and well-trained caregivers that excellent care requires cost a significant amount.<sup>68</sup> Young parents cannot afford to spend anything close to that here. According to the government, for child care to be affordable it should cost 7% or less of the parents' income.<sup>69</sup> But center-based daycare for toddlers in the United States costs on average \$8,900.<sup>70</sup> In every state, the

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60. SUSAN KONTOS, ET AL., *QUALITY IN FAMILY CHILD CARE AND RELATIVE CARE* 206 (1995).

61. “[T]he more standards a child care setting meets, the more positive the caregiving. The more positive the caregiving, the higher the quality of care and the better the children's outcomes.” NAT'L INST. OF CHILD HEALTH AND HUMAN DEV., *THE NICHD STUDY OF EARLY CHILD CARE AND YOUTH DEVELOPMENT: FINDINGS FOR CHILDREN UP TO AGE 4 ½ YEARS* 12 (2006), [https://www.nichd.nih.gov/publications/pubs/documents/seccyd\\_06.pdf](https://www.nichd.nih.gov/publications/pubs/documents/seccyd_06.pdf).

62. *Id.* at 9 tbl.3.

63. *Id.* at 11 fig. 1.

64. *Id.* at 10.

65. *Id.* at 11.

66. *Id.*

67. Cohn, *supra* note 55.

68. Deborah Philips & Gina Adams, *Child Care and Our Youngest Children*, 11 *THE FUTURE OF OUR CHILD*. 35, 46 (2001).

69. Child Care and Development Fund (CCDF) Program; Proposed Rule, 80 Fed. Reg. 80,466, 80,515 (Dec. 24, 2015) (to be codified at 45 C.F.R. pt. 98).

70. CHILD CARE AWARE OF AMERICA, *PARENTS AND THE HIGH COST OF CHILD CARE: 2017 REPORT* 11 (2017), [https://usa.childcareaware.org/wp-content/uploads/2017/12/2017\\_CCA\\_High\\_Cost\\_Report\\_FINAL.pdf](https://usa.childcareaware.org/wp-content/uploads/2017/12/2017_CCA_High_Cost_Report_FINAL.pdf).

cost of care exceeds 21% of the median income for single mothers—three times the federal benchmark of affordability.<sup>71</sup> It's better, but still not affordable for two-parent families. Only Louisiana makes it under the 7% benchmark for affordability for these families.<sup>72</sup> And that's for one child: Once parents have two children, the costs of child-care fees for an infant and preschooler exceed housing costs for homeowners with a mortgage in 35 states, as well as annual median rent payments in every state.<sup>73</sup>

Besides the high costs, the absence of government standards for quality is also a problem.<sup>74</sup> Decades of research have helped to determine what caregiver-child ratios, education, and experience serve children best. Finland uses that research to set quality standards. The United States does not. And it turns out that parents are not always great judges of their child's daycare quality. We know, for example, that parents tend to judge their child's provider to give much better care than they actually provide.<sup>75</sup>

In sum, Finland makes it easy for parents to give kids the circumstances they need by ensuring young children have excellent options for caretaking. For those parents who want to stay home, the country makes their choice financially and practically possible. For those who want to go back to work, the country makes it almost costless for families to put their kids in excellent-quality childcare. The result is that almost all Finnish kids get excellent care in either daycare or at home.

In contrast, U.S. public policy does next to nothing to make it easy for parents to do the right thing. In fact, it makes it next to impossible for most parents to get kids the care that would serve them best. Most parents simply cannot afford to stay home with their child. Those who work cannot afford the high prices for quality daycare. And, for the few who can afford quality daycare, that is still no guarantee their kids will receive it given the lack of state oversight and unpredictable caliber of U.S. daycare. All this is despite the fact that excellent caretaking at home or in daycare provides outsized and lifelong benefits to kids.

The score, if you are keeping count, is pro-family policy 2; free-market policy 0.

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71. BRIGID SCHULTE & ALIEZA DURANA, THE NEW AMERICA CARE REPORT 47 (2016).

72. ELISE GOULD & TANYELL COOKE, HIGH QUALITY CHILD CARE IS OUT OF REACH FOR WORKING FAMILIES 6 (2015).

73. SCHULTE & DURANA, *supra* note 71, at 34.

74. Runyan et al., *supra* note 46, at 984.

75. Naci Mocan, *Can Consumers Detect Lemons? An Empirical Analysis of Information Asymmetry in the Market for Child Care*, 20 J. POPULATION ECON. 743, 766 (2007) (concluding that parents, particularly those with lower education, systematically overstate the quality of care provided to child); Helen Raikes et al., *Parent Experiences With State Child Care Subsidy Systems and Their Perceptions of Choice and Quality in Care Selected*, 23 EARLY EDUC. & DEV. 558, 577 (2012) (finding 74% of parents give child's provider a rating of either "perfect" or "excellent").

### C. *Preschool in the Year or Two Before Kindergarten*

Does the U.S. system do any better in ensuring that children attend high-quality preschools in the year or two before they begin kindergarten? At this point, you may not be surprised that the answer is no. The large gains that kids can make in preschool have caused most countries to make free, universal preschool available during the year or two before kindergarten.<sup>76</sup> Thirteen countries enroll 95% and upward of four-year-olds.<sup>77</sup> Finnish children start kindergarten later than in most countries, at age 6 rather than 5. The year before, at age five, 79% of Finnish children attend preschool—a relatively low number among wealthy countries.<sup>78</sup> We still come in well below Finland, though, enrolling just 66% of four-year-olds in 2015, putting us thirty-first among wealthy countries in enrollment numbers.<sup>79</sup> The gap between preschool enrollment in Europe and the United States is even larger for three-year-olds. Seven countries enroll at least 90% of all three-year-olds in preschool.<sup>80</sup> Finland, which enrolls just 68% of three-year olds, and 74% of four-year olds, trails these other countries.<sup>81</sup> But the United States lags still further behind: Only 43% of our three-year-olds are enrolled.<sup>82</sup>

As with quality daycare, a lot of the U.S. low enrollment in preschool comes down to cost. Here, unless parents live in one of the four states or the District of Columbia that offer universal pre-kindergarten (the quality of which varies wildly among these states), they need to pay for preschool.<sup>83</sup> It isn't cheap: The average cost of U.S. preschool for four-year-olds is \$8,700 a year.<sup>84</sup> Few young families can afford that cost. And only four in ten eligible low-income parents make it off the wait list for Head Start because the program is so underfunded.<sup>85</sup>

When you compare the quality of preschools, the United States also loses out. Finland's teachers must have three or four years of college or its equivalent, and its teacher-child ratio is set at a maximum of one

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76. OECD, EDUCATION TODAY 2010: THE OECD PERSPECTIVE 13 (2010), <http://www.oecd.org/education/educationtoday2010theoecdperspective.htm>.

77. OECD, EDUCATION AT A GLANCE 2017: OECD INDICATORS 269 tbl.C2.1 (2017), [https://www.hm.ee/sites/default/files/eag2017\\_eng.pdf](https://www.hm.ee/sites/default/files/eag2017_eng.pdf).

78. *Id.*

79. *Id.*

80. *Id.*

81. *Id.*

82. *Id.*

83. Four U.S. states—Oklahoma, West Virginia, Vermont, and Florida, along with Washington, D.C.—have recently bucked the free-market system when it comes to preschool for four-year-olds. Florida, which put its program in place after voters passed a constitutional amendment, unfortunately hasn't come close to developing high-quality standards. But the other programs look more promising.

84. CHILD CARE AWARE, *supra* note 70, at 11.

85. SCHMIT ET AL., *supra* note 45, at 6.

teacher for every ten children.<sup>86</sup> The government spends \$10,500 on every child annually—and, remember, low-income kids get in for free.<sup>87</sup> The result is that experts generally rate the quality of care as excellent.<sup>88</sup>

In contrast, preschool in the United States is only lightly regulated.<sup>89</sup> Many states do not require that teachers have more than a single college class in early childhood education.<sup>90</sup> Only three states require that even preschool directors have a bachelor's degree, which Finland requires of all teachers.<sup>91</sup> And the average teacher to student ratio (remember that there is no ratio required by law) is one to twelve compared to one to ten in Finland.<sup>92</sup> All this contributes to the reasons that experts judge the general quality of U.S. preschool programs to be exceedingly mediocre.<sup>93</sup>

The updated score: pro-family policy 3; free-market policy 0.

#### D. *Quality Time with a Nurturing Parent*

Last but not least, we turn to the fourth condition for children's optimal development: significant time with a nurturing parent. The good news here is that U.S. parents generally are making more time for their kids—in fact, more time than Finnish parents. On average, U.S. mothers spend just shy of two hours each day focusing primarily on childcare (this time excludes, for example, cooking or doing laundry while the kids play),<sup>94</sup> compared with about one and one-half hours for Finnish mothers.<sup>95</sup> Meanwhile, U.S. fathers spend a little more than an hour a day,

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86. OECD, *supra* note 77, at 270 tbl.C.2.2.

87. OECD, PF2: PUBLIC EXPENDITURE ON EDUCATION 3 (2016), [https://www.oecd.org/els/soc/PF1\\_2\\_Public\\_expenditure\\_education.pdf](https://www.oecd.org/els/soc/PF1_2_Public_expenditure_education.pdf).

88. *See, e.g.*, MIHO TAGUMA ET AL., QUALITY MATTERS IN EARLY CHILDHOOD EDUCATION AND CARE: FINLAND 2012 43 (2012); JULIANA HERMAN ET AL., CTR. FOR AM. PROGRESS, THE UNITED STATES IS FAR BEHIND OTHER COUNTRIES ON PRE-K 2 (2013).

89. Uwe E. Reinhardt, *Does Occupational Licensing Deserve Our Approval? A Review of Work by Morris Kleiner*, 11 ECON J. WATCH 318, 321–22 (2014).

90. *See, e.g.*, N.C. DEP'T OF HEALTH AND HUMAN SERVS., NORTH CAROLINA EARLY CHILDHOOD AND ADMINISTRATION CREDENTIALS 1 (n.d.), <https://ncchildcare.ncdhhs.gov/Provider/Training-and-Professional-Development/Credential-Requirements> [<https://perma.cc/5PM2-R346>].

91. *Id.*

92. OECD, *supra* note 77, at 270 tbl.C.2.2.

93. NAT'L INST. FOR EARLY EDUC. RESEARCH (NIEER), ECE CONSENSUS LETTER 2 (2014), <http://nieer.org/publications/ece-consensus-letter-for-researchers> [<https://perma.cc/39CW-QR22>].

94. Anne H. Gauthier et al., *Are Parents Investing Less Time in Children? Trends in Selected Industrialized Countries*, 30 POPULATION & DEV. REV. 647, 647 (2004).

95. OECD, THE PURSUIT OF GENDER EQUALITY: AN UPHILL BATTLE 192 (2017), [https://read.oecd-ilibrary.org/social-issues-migration-health/the-pursuit-of-gender-equality\\_9789264281318-en](https://read.oecd-ilibrary.org/social-issues-migration-health/the-pursuit-of-gender-equality_9789264281318-en).

compared to Finnish fathers who spend about three-quarters of an hour.<sup>96</sup>

Is the fact that U.S. parents spend more time than parents in Finland better for our kids? The short answer is that we don't yet know for sure. Although regular parental interaction is crucial for kids, and regular time playing with and reading to kids is also important, research doesn't make clear whether, at least above a particular baseline level, more is better. At least one recent study suggests it isn't, at least until kids reach adolescence.<sup>97</sup>

Far more important than the quantity of the parenting to sound children is the quality. And here, our free-market system raises cause for alarm. Work overload and time stress, research shows, decrease the nurturing quality of parents' interactions with their kids.<sup>98</sup> But our free-market system imposes considerable amounts of stress on parents. Parents toward the top of the income ladder are among the most time-stressed because of the long hours that professional families work. Seven in ten working mothers with college degrees say that balancing work and family is difficult.<sup>99</sup> Six in ten working fathers with college degrees say the same.<sup>100</sup> Single mothers, too, are particularly time-stressed in our free-market system because they have to work significantly more hours than married mothers to support their children.<sup>101</sup> Over all, one in five working mothers generally says balancing work and family is *very* difficult.<sup>102</sup> And four in ten full-time working mothers say they always feel rushed, even to do the things they have to do.<sup>103</sup>

On top of that, many American parents at the bottom and middle of the income spectrum, including most of the single mothers just discussed, deal with the virtually-constant stress of economic insecurity and poverty. These economic stressors decrease parents' mental health in ways that significantly decrease good parenting. The downturn in parenting quality caused by this stress then negatively affects their children's

96. Maria del Carmen Huerta et al., *Fathers' Leave, Fathers' Involvement and Child Development: Are they Related? Evidence from Four OECD Countries* 13 fig.3 (OECD Soc., Emp't & Migration Working Papers, Working Paper No. 140, 2013), [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DELSA/ELSA/WD/SEM\(2012\)11&docLanguage=En](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DELSA/ELSA/WD/SEM(2012)11&docLanguage=En) [<https://perma.cc/8M9X-SATW>].

97. See Melissa Milkie et al., *Does the Amount of Time Mothers Spend With Children or Adolescents Matter?*, 77 J. FAMILY & MARRIAGE 355, 359 (2015).

98. Rena Repetti & Jenifer Wood, *Effects of Daily Stress at Work on Mothers' Interactions with Preschoolers*, 11 J. FAMILY PSYCHOL. 90, 90 (1997).

99. PEW RESEARCH CTR., *RAISING KIDS AND RUNNING A HOUSEHOLD: HOW WORKING PARENTS SHARE THE LOAD* 5 (2015), [http://assets.pewresearch.org/wp-content/uploads/sites/3/2015/11/2015-11-04\\_working-parents\\_FINAL.pdf](http://assets.pewresearch.org/wp-content/uploads/sites/3/2015/11/2015-11-04_working-parents_FINAL.pdf).

100. *Id.*

101. Sarah Kendig & Suzanne Bianchi, *Single, Cohabiting, and Married Mothers' Time With Children*, 70 J. FAMILY & MARRIAGE 1228, 1230 (2008).

102. PEW RESEARCH CTR., *supra* note 99, at 5.

103. *Id.* at 7.

development.<sup>104</sup>

Which policy system wins the competition on this last circumstance is at least a more open question than were any of our other caregiving circumstances. Let's call this one a tie. That ends the competition at pro-family policy: 4; pro-market policy: 1.

#### CONCLUSION

How free-market and pro-family countries approach the caretaking needs of young children could hardly be more different. Under pro-family policy, of which Finland is a fine example, the government partners with parents to support the conditions that children need. This includes relaxing the demand for breadwinning when children require the most care, as well as providing and subsidizing high-quality daycare and preschool. In contrast, in the United States' free-market system, parents are expected to get their kids what they need privately. If the choice between these systems is dictated by which delivers to young children the conditions they need to flourish, this is an easy choice: Pro-family policy wins hands down.

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104. See, e.g., Rand Conger et al., *Family Economic Stress and Adjustment of Early Adolescent Girls*, 29 DEV. PSYCHOL. 206, 206 (1993); Aurora Jackson et al., *Single Mothers in Low-Wage Jobs: Financial Strain, Parenting, and Preschoolers' Outcomes*, 71 CHILD DEV. 1409, 1409 (2000); Vonnie McLoyd et al., *Unemployment and Work Interruption among African American Single Mothers: Effects on Parenting and Adolescent Socioemotional Functioning*, 65 CHILD DEV. 562, 562 (1994); Repetti & Wood, *supra* note 98, at 90.