Policy Legacies and Child Care Politics in Australia and Canada

by

Kelly E. Pasolli

B.A. Political Science, University of Lethbridge
M.A. Political Science, University of Calgary

SUBMITTED TO THE DEPARTMENT OF POLITICAL SCIENCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF SCIENCE IN POLITICAL SCIENCE
AT THE
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

September 2015

© Kelly Pasolli. All rights reserved.

The author hereby grants to MIT permission to reproduce and to distribute publicly paper and electronic copies of this thesis document in whole or in part in any medium now known or hereafter created.

Signature of Author

Department of Political Science
August 31, 2015

Certified by

Professor Kathleen Thelen
Ford Professor of Political Science
Thesis Supervisor

Accepted by

Professor Ben Ross Schneider
Ford International Professor of Political Science
Chair, Graduate Program Committee
Policy Legacies and Child Care Politics in Australia and Canada

by

Kelly Pasolli

Submitted to the Department of Political Science on August 31, 2015 in Partial Fulfillment of the Requirements for the Degree of Master of Science in Political Science

ABSTRACT

This study explores the puzzle of why Australia and Canada have followed significantly different paths in national-level child care policy despite their otherwise similar welfare state structures. Australia has developed a relatively generous system of public subsidies to support the provision of care for young children, while at the same time relying increasingly on the market to deliver child care. In contrast, Canada has extremely low levels of public spending and service provision, resulting in a less expansive system of regulated child care. I trace these divergent outcomes to the impact of post-WWII child care policy legacies in these countries and the way that these legacies interact with the changing politics of the welfare state to produce variation. In Canada, child care policy was first established within a social assistance framework as a service intended to combat poverty, while in Australia, child care was introduced as an economic policy to facilitate women’s workforce participation. The differences in the intended goals of these policies affected the subsequent patterns of child care politics and policy development in these two countries, leading to the divergent outcomes observed today.

Thesis Supervisor: Kathleen Thelen
Title: Ford Professor of Political Science
Acknowledgements

I would like to thank my thesis supervisor Kathleen Thelen and my second reader Andrea Campbell for their invaluable guidance with this project.

My graduate student colleagues at MIT inspired me to think more carefully and rigorously about my research and have been a constant source of encouragement, friendship, and fun over the past two years. Thank you to Benjamin Armstrong, Parrish Bergquist, Tugba Bozcaga, Alex Copulsky, Loreto Cox, Elizabeth Dekeyser, Michael Freedman, Mayumi Fukushima, Megan Goldberg, Danilo Limoeiro, Philip Martin, Tim McDonnell, Nina McMurry, Andrew Miller, Brittany Montgomery, Cullen Nutt, Reid Pauly and Weihuang Wong.

Finally, I thank my family for their unconditional love and support.
Introduction

Since WWII, most advanced capitalist countries have experienced massive social and economic changes that created new pressures for policies that help to reconcile work and family. These pressures include wage stagnation, rising divorce rates and incidences of single parenthood, lower fertility rates, increases in women’s labor force participation and changing perceptions of gender roles. Despite the broad scope of these social and economic shifts, however, public policy responses to these new demands have diverged significantly across countries. Governments have chosen very different paths when it comes to creating or reforming policies that seek to facilitate the reconciliation of work and family, such as parental leave and child care.

To explore the potential causes of variation in governments’ approach to work-family policy, in this study I systematically compare child care policy development in two countries: Canada and Australia. These countries have taken very different approaches to national child care policy. Australia has invested relatively significant funds in child care services through nationally-led programs which originally provided subsidies to non-profit child care centers and now rely primarily on subsidies to promote system expansion through the provision of for-profit care. This contrasts sharply with the situation in Canada, which has no national-level child care program and among the lowest government spending levels on child care of all OECD countries. The comparison between these two countries is analytically useful given their many similarities, including comparable levels of economic development, parliamentary systems of government, and their shared classification as liberal welfare states in prominent welfare state typologies (Esping-Andersen, 1990). This study uses this comparison, as well as detailed within-case process tracing, to explore the causes of these divergent outcomes.

I trace these divergent child care outcomes to the continuing impact of post-war
policy legacies in these two countries. Despite similarities in some basic features of early child care policies in Australia and Canada, the differing goals of the policies created divergent patterns of policy framing and political party competition, which in turn caused significant differences in how subsequent governments chose to pursue future policy changes. In Canada, child care was initially introduced as a welfare policy, packaged as one of several services meant to address family poverty and dependency. The social safety-net orientation of this program mobilized parties on the Left\(^1\) to protect the form of the original policy, even as it became subject to the funding erosion that affected most poverty-oriented social assistance policies in the context of fiscal deficits and neoliberalism in the 1980s and 1990s. This contributed to the minimal federal government support for child care that is the case in Canada today. Australia, on the other hand, first introduced support for child care as a strategy to address the reality of women’s labor force participation by providing safe and reliable care for the children of working mothers. Because of the labor market orientation of the policy, subsequent governments of all partisan stripes embraced a pragmatic, economic-oriented strategy to continue to meet increasing workforce-related demands for child care.

Australia’s response to the child care issue is loosely characteristic of the “social investment” paradigm, in which governments increasingly turn to targeted social interventions in family, education, and labor market policies to both alleviate social risks and enhance the productivity of markets through human capital development and labor market activation. As these cases make explicit, social investment policies have the potential to transcend class-based, Left-Right political divides because of their relevance to both economic prosperity and social inclusion. This helps to explain why partisanship and ideology have been less important factors in the development of child care policy in Australia, where major parties have taken relatively similar approaches to child care policy. However, the ideas of social investment have

\(^1\)In this paper, for simplicity of terminology, I consider the Canadian Liberal party a left party even though it is probably more accurately classified as center-left.
never really caught on in Canadian child care, where more traditional Left-Right struggles over redistribution have characterized the political battles over child care. More generally, this suggests that the “social investment” paradigm is more likely to be fully embraced where existing policy frames align well with the ideas of social investment and therefore facilitate increased investments in these policy areas.

These cases demonstrate that while the politics of the welfare state are certainly changing, history matters. The social and economic changes that have impacted advanced welfare states are filtered and interpreted through the context laid out by previous policies, with important consequences for policy outcomes across countries. Therefore, while social policies certainly change over time in response to semi-exogenous shocks in society and the economy, they may nevertheless change in very different ways as a result of the way that existing policies have shaped the political and policy landscape. In the cases of child care in Australia and Canada, these divergent paths in child care policy have resulted in some significant differences in the availability and affordability of child care as well as the form of service delivery. While evaluating the consequences of these different policy approaches is beyond the scope of this paper, it is important to recognize the role that history plays in conditioning governments' ability and willingness to address the increasingly salient issues of work-family balance and child care.

In the following section, I use the relevant literature on policy legacies and social investment politics to situate and clarify my central argument. I then describe and discuss the differences in the Australian and Canadian child care systems, followed by a discussion of some alternative explanations for these differences. The next section describes my method and sources, followed by an analysis of the case study evidence used to support my argument. I then engage in a brief travelling exercise to further test my argument by examining the history of child care politics in the United Kingdom, a liberal welfare state that also bears similarities to Canada and Australia. In the final section I summarize the argument and discuss some
implications and conclusions that stem from my findings.

**Policy Legacies, Welfare State Politics, and the Social Investment Paradigm**

**Policy Legacies and Historical Institutionalism**

The argument that previous policy legacies matter for current child care politics and policy outcomes draws on insights from the historical institutionalist literature, which argues that previous institutional and policy arrangements exert powerful impacts on future political processes (Immergut, 1998; Hall and Taylor, 1996; Steinmo, 2008, Thelen, 1999). Historical institutionalists posit that valid explanations of real-world political outcomes require careful study of the historical events that led to these outcomes because existing institutions create particular opportunities and constraints for future reforms. These theories have been fruitfully applied to the study of welfare states and social policy in order to explain long-term trajectories of social policy development. For example, in his influential work on the contemporary politics of the welfare state, Pierson (1996) argues that existing welfare state programmes constrain politicians who wish to reform or cut benefits because beneficiaries of these programs are likely to punish these politicians at the polls if their benefits are reduced; this results in significant continuity in the structure of many social policies. In her study of work-family policy in Europe and the United States, Morgan (2006) draws on similar ideas to attribute contemporary policy outcomes to the impact of organized religion on political development in the early nineteenth century, arguing that religion impacted policy development through its influence on political competition and ideas about the legitimacy of state intervention in the family.

As the above examples demonstrate, many historical institutionalists emphasize continuity in welfare state programs, arguing that previously-enacted policies create powerful vested interests and "sticky" institutional structures that are inherently resistant to change; this is the concept known as path dependency (Pierson, 2000).
As a result, as Beland (2005) notes, many historical institutionalist theories struggle to adequately account for welfare state change. As is obvious from observing the trajectories of advanced welfare states over the past several decades, welfare states do change, and sometimes in significant and seemingly unpredictable ways. For the cases studied here, historical institutionalism is inadequate for explaining the important changes that occurred in child care policy in Canada and Australia, particularly in the 1980s and 1990s, when both countries made significant reforms to their national level child care policy (although in quite different ways).

**Social Investment Politics**

In order to make sense of the significant changes in social policy that have occurred in many countries, many of which have resulted in the creation of new programs and increased levels of government investment, some scholars have turned to the concept of the “social investment” welfare state. Proponents of this idea argue that governments are increasingly investing in new social policies that make targeted investments in family, education, and labor market policy to integrate excluded citizens as productive participants in the market (Morel et al., 2012; Bonoli and Natali, 2012). In this new environment, the expansion of child care is often considered an exemplar of the new social investment strategy, as it serves the multiple functions of facilitating women’s workforce participation, providing developmental and educational benefits to children (if the services are of high quality), and promoting social equality and inclusion (Morgan, 2012). However, while the ideas of social investment certainly play an important role in contemporary welfare state politics (Jenson and Saint-Martin, 2003; 2006), many scholars have also pointed out that government effort in social investment policies such as child care has been quite uneven across countries. Theories related to social investment cannot explain why the adoption of reforms has varied so much across countries, as the divergent child care outcomes in Canada and Australia clearly demonstrate. While Australia has
increased investment in child care in recent decades, in line with some predictions of the social investment welfare state concept, Canada has clearly not.

The differences in the child care systems of Canada and Australia also point to the possibility that there is an additional category or type of child care system that has not been acknowledged in much of the existing literature on welfare states and social investment. As Adamson and Brennan (2013)\(^2\) point out, in many cases, increased investments in child care have emerged side-by-side with increased trends towards privatization and reliance on the market to deliver services. They argue that:

“At more or less the same time that social investment has become a new paradigm for social expenditure, governments (especially, though not exclusively, in liberal English-speaking countries) began to turn to the market, enlisting private, for-profit firms to deliver services such as ECEC [early childhood education and care] that were previously offered either by non-profit providers or the public sector...indeed, we argue, private investment has the potential to overshadow social investment.” (Adamson and Brennan, 2013, p. 47)

This “private investment” approach seems to be an accurate characterization of child care in Australia, where increased spending has been accompanied by the increased marketization of service delivery. The question still remains, however, as to what explains the differences in policy outcomes across cases that have emerged over time, with some countries moving towards a social investment strategy, others to a private investment approach, and still others failing to increase investments in child care at all. While the Australian case today closely resembles the private investment scenario described by Adamson and Brennan, Canada might be more accurately be described as a case of no or little investment. Existing theories do not seem fully equipped to address this divergence. In the following explanation, I outline my argument for why these differences have come to occur.

\(^2\)A similar argument is advanced by White, 2012.
The Argument

My argument emphasizes both the lasting impact of post-war child care policy legacies, particularly the way that early policies were framed in terms of their goals and motivations, and the way that these legacies have interacted with the changing politics of the welfare state in more contemporary decades. In general terms, I argue that the particular political dynamics that are set in place by early policies become intertwined with the different political, social and economic contexts of later time periods (such as the fiscal constraints and pressures for liberalization of the 1980s and 1990s), which in turn generates different opportunities and constraints for policy reform. Therefore, while early policies continue to matter, they do not automatically generate continuity in a path dependent sense; rather, they act as a “filter” through which the changing politics of the welfare state operate. These insights are in line with recent moves in the literature to use the concepts of policy legacies and historical institutionalism to explain both continuity and change in social policy by examining the interaction of policy legacies with other factors that impact the direction of welfare state policy (Beland, 2010, p. 582-583). They are also consistent with more recent studies that seek to study, in more detail, the politics of social investment policies and the resulting variation in their implementation. Some studies have already argued that social investment politics play out very differently in different countries, based on other factors such as the existing welfare regime, the salience of different social divisions in the party system, and broader economic and labor market trends (Bonoli, 2007; Hieda, 2013; Taylor-Gooby, 2004).

If, in the cases of Australia and Canada, the framing of these earlier child care policies impacts contemporary outcomes, what are the mechanisms through which this effect operates? There are several different causal paths through which earlier policies can exert influence on future outcomes. As Pierson (1993) argues, policies have both material and interpretive effects on elites, organized groups, and the public. On the material side, social policies often allocate resources to particular
lar groups or organizations, which in turn shapes the incentives of these groups to mobilize in support of (or in opposition to) existing policies. On the interpretive side, policies also shape the “cognitive processes of social actors” (Pierson, 1993, p. 610) by implementing particular orientations and ideas about particular policy interventions. While different feedback mechanisms (with potentially complementary or contradictory effects) may be operating simultaneously in any one policy area, in this analysis I identify the interpretive effects of policy legacies on political elites as a key driver of contemporary outcomes, and hone in this particular effect in order to demonstrate its impact in detail. Using the cases of child care policy in Australia and Canada, I show “how ideas and symbolic categories grounded in existing policy legacies” (Beland, 2010, p. 580) shape future outcomes through their impact on the policy positions of political actors. I argue that the particular framing of the goals and purpose of early child care policies interacted with political party ideology to shape partisan elites’ perceptions of child care policy in future political battles.

The concepts of framing and interpretive effects are closely linked to the literature on policy ideas. As Beland (2005) notes, ideas about policies, in addition to the actual structures of policies, are important because they act as road maps for policy-makers and other actors by shaping the menu of alternatives and legitimating particular policy choices. Similarly, White (2009a) emphasizes the important role that ideational legacies play in the development of social policy in her study of child care policy in France and the United States. She argues that “[s]pecific programmatic ideas, presented within specific frames...influenced actors’ policy choices and account for both the policy differences and policy changes observed over time” (p. 389). Similarly, my argument rests on the notion that the ideas that structure particular policy interventions are important variables that impact how the politics of that policy area will evolve over time.

More concretely, I argue that in Canada, the framing of child care in the post-
war era as a redistributive, poverty-relief issue locked in place a pattern of competition whereby party elites on the Left mobilized to keep child care within the social assistance framework, and the leaders of Right parties (with some notable exceptions, as discussed later) have preferred to be uninvolved in the provision of regulated child care. Because redistributive social assistance policies are generally a point of ideological disagreement between parties on the Left and Right, framing child care as this type of issue locked in place this oppositional pattern of political competition. This pattern in turn interacted with subsequent changes in the social and economic environment to generate particular opportunities and constraints for policy reform. The mobilization of politicians on the Left to protect the redistributive nature of the existing child policy rather ironically subjected child care to the divisive political battles and funding cuts to social assistance that characterized the neoliberal era of the 1980s and 1990s. The opportunities to reform child policy in Canada have thus been limited because of its institutionalization as a policy meant to combat poverty, an issue that has become increasingly marginalized within the contemporary politics of the welfare state.

In Australia, the labor market orientation of early child care policies generated support from parties across the ideological spectrum, as parties on both the Left and Right have sought to expand the child care system due to their common goals of facilitating positive labor market and economic outcomes. This legacy facilitated a relatively pragmatic approach to child care from different governments who continually sought to “update” policy in response to new needs. Faced with pressures towards privatization and liberalization in later decades, this support has increasingly taken the form of subsidization to private for-profit providers, even as spending levels have rapidly expanded. Australia is therefore a case of policy change and system expansion that occurred as a result of the interaction between child care’s legacy as an economic and labor market-oriented goal, which holds resonance in contemporary welfare state politics among parties of both the Right and
Left as an area worthy of increased investment, and changes in the context of the welfare state which created pressures for more market-based solutions.

Together, these cases demonstrate that the development of child care policies is driven by complex interactions between the early goals and motivations of child care policies and the changing social and economic conditions that cause policies to shift and adapt. This adaptation, I argue, can take very different forms depending on existing ideas about what child care policy is intended to do. In the following section, I concretely define and provide evidence of the divergent paths of child care policy in Australia and Canada to clarify the central puzzle before moving on to provide the evidence for my argument.

**Child Care Policy in Australia and Canada: Divergent Outcomes**

This section outlines the divergent outcomes in child care policy observed in Australia and Canada, emphasizing the puzzle of why Australia, since the 1980s, has increased investment in child care much more dramatically than Canada, and why Australia has turned increasingly to the market for service provision while Canada’s system remains mostly delivered by the non-profit sector. Despite the significant divergence in the Australia and Canadian child care systems, it is worth emphasizing that Australia is currently rather “average” in measures of child care spending and enrollment rates when considered within the broader OECD context. As a result, the differences in the two child care systems should be understood within the context of their status as relatively liberal systems; Australia, despite higher levels of investment and more expansive service provision, still has a less developed system than many European welfare states (and, unlike many other countries, relies heavily on private provision). Yet the differences between Canada and Australia are nevertheless substantial, and serve to highlight the puzzle of why, within the category of what we might consider “liberal” approaches, there is still significant divergence in child care policy.
Much of the available data shows that the late 1980s/early 1990s are a crucial period for understanding the differences in the contemporary Australian and Canadian child care systems. This was a period in which the Australian government extended both supply- and demand-side subsidies to commercial child care centers, significantly raising spending levels and generating huge numbers of new child care spaces. In addition to the increased investment in the child care system, Australia also at this time turned increasingly to the market for service delivery. Sumison (2006) notes that prior to the 1990s, “childcare in Australia was almost exclusively not-for-profit... From 1991 to 2001, the number of places in privately owned for-profit childcare services increased by almost 400 per cent, compared to only 55 per cent in not-for-profit services.” In contrast, both spending levels, and the balance of non-profit and for-profit child care services in Canada has remained relatively steady over time. In 1992, 70 percent of all child care spaces in Canada were non profit; in 2012 the number was 71 percent (Friendly et al., 2013). While there is a lack of definitive data prior to 1992 in Canada, there is little reason to believe that there were higher levels of for-profit child care in previous decades, as federal dollars were allocated only to non-profit centers throughout this period.

Figures 1-4 use OECD data to track public spending on in-kind benefits related to family policy, and to early childhood education and care (ECEC) specifically, in both countries over time, reported in terms of percent of GDP and in terms of percent of total government expenditure, respectively. These figures show that Australia significantly increased spending on in-kind family benefits and child care services beginning in the early 1990s, and is currently much more comparable to average trends among OECD countries, while Canada’s spending has remained consistently low. Figure 5 also demonstrates how child care spending trends in the two countries diverge from more general social policy spending patterns, by comparing public spending on ECEC to public spending on social security transfers (including social assistance grants and welfare benefits paid by government). Spending
on these general social assistance programs is generally lower in Australia than in Canada, while in child care spending, Australia has moved towards consistently higher levels of spending.

While it is difficult to find comparable over-time data on enrollment in regulated child care, there is evidence that through the early 1980s, levels of enrollment were relatively similar (and low) between the two countries (although this accounts only for number of places in regulated child care for pre-school aged children; see OECD, 1990). More recent data emphasizes the contemporary differences in the two systems. The most recent data for Australia reports enrollment rates of 33 percent for children ages zero to two and 80 percent for children ages three to five (data from 2010; OECD, 2014, PF3.2). In Canada, the last available data for enrollment for children ages zero to two is from 2006 and reports a rate of 24 percent (OECD, 2010, PF11). As of 2010, the enrollment rate for children ages three to five was 47 percent (OECD, 2014, PF3.2). Australia’s overall enrollment rates are very close
Figure 2: Government spending on ECEC in-kind benefits, % of GDP

Source: OECD, 2014a

Figure 3: Government spending on family policy in-kind benefits, % of total expenditure

Source: OECD, 2014a
Figure 4: Government spending on ECEC in-kind benefits, % of total expenditure

Source: OECD, 2014a

Figure 5: Government spending on ECEC and social security

Source: OECD, 2014a
to the OECD average, while Canada is among the bottom few countries (OECD, 2014, PF3.2). The differences in child care policy in the two countries also affect affordability. Canadian parents (outside of Quebec) pay about 50 percent of overall costs in child care (including all child care programs), compared to 31 percent in Australia (White, 2012). Table 1 summarizes some of these features of the two child care systems.

Table 1: Summary of Child Care Outcomes in Australia and Canada

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pre-1990</td>
<td>Post-1990</td>
</tr>
<tr>
<td>Enrollment</td>
<td>&lt;10% (0-5 year olds)</td>
<td>33% (2010; 0-2 year olds)</td>
</tr>
<tr>
<td></td>
<td>80% (2010; 3-5 year olds)</td>
<td></td>
</tr>
<tr>
<td>Affordability</td>
<td>Parents pay 31% costs</td>
<td></td>
</tr>
<tr>
<td>Auspice</td>
<td>Majority non-profit</td>
<td>Majority for-profit</td>
</tr>
</tbody>
</table>

Note: Post-1990 enrollment rates include preschool enrollment rates, while pre-1990 rates do not.

The puzzle of these divergent outcomes is elaborated upon further in the following section, in which I examine the usefulness of alternative explanations for explaining the different policy trajectories of Canada and Australia, and show how the similarities between these two liberal welfare states make it difficult for existing accounts to explain this divergence.

**Alternative Explanations**

There are many social, political and institutional variables that have been posited to explain variation in social policy outcomes across countries that, despite their applicability in other contexts, fail to explain the divergent child care outcomes ob-
served in Australia and Canada. The argument I advance regarding the impact of policy legacies is not meant to rule out the importance of other variables and does not seek to account definitively for all the variation in child care policy in these two countries. However, by examining some alternative explanations from the existing literature, I show that these factors do not fully account for the divergent outcomes in these two countries, and demonstrate that other explanations are needed to fill in some of this gap in our understanding. This section also serves to demonstrate the utility of this “most-similar systems” comparison by emphasizing the many commonalities between Australia and Canada that allow us to rule out these shared features as potential explanations for differences in child care policy.

**Demand**

Family policies such as child care are sometimes linked to demographic trends, most notably rates of women’s workforce participation and of fertility (Gauthier, 2002). Scholars have hypothesized that if women are having more children, and/or entering the labour market in greater numbers, this should theoretically create a greater demand for child care services to which policy makers will respond accordingly; where demand is less, policy makers should be less willing to introduce policies to increase the availability or affordability of child care. For example, Gauthier (1996) argues that declines in fertility and rising women’s labor force participation change the political agenda concerning family policies, forcing governments to adapt to these new trends by reforming and expanding parental leave benefits and child care services. While virtually all industrialized democracies have witnessed falling fertility rates and increases in women’s workforce participation, the timing and extent of these shifts varies across countries, potentially affecting the levels of demand for child care services (Bonoli, 2007). Therefore, the higher levels of child care service provision in Australia relative to Canada might plausibly be driven by more dramatic and/or earlier increases in fertility rates or women’s (particularly
mothers) labor force participation.

Do the data support such an explanation? In Australia and Canada, over-time trends in fertility and women’s labour force participation look broadly similar, but with some important differences, as demonstrated in Figures 6 and 7. Australia has consistently had higher fertility rates than Canada since the mid-1960s, but lower levels of women’s labor force participation. Australia also has a lower proportion of working mothers of very young children. In 2008 the female employment rate for women aged 25-49 who had a child younger than 3 years of age in Australia was 48.3 percent and in Canada 58.7 percent (White, 2012). These data suggest that simple demand does not provide a fully adequate explanation for the divergent child care outcomes in these two countries. Canada has actually witnessed sharper increases in women’s labor force participation than Australia (although see a caveat in the graph regarding disjunctures in the time series data), and while Australia has consistently had higher birth rates than Canada, the rate is still falling steadily over time in both countries. Furthermore, the timing of these shifts fail to account for the marked divergence in the two child care systems that occurred in the late 1980s/early 1990s.4

Fully assessing the impact of economic and demographic trends is difficult given the potential endogeneity between child care (and other work-family services), and fertility rates/women’s labor force participation (Powell, 1997; Sundstrom and Stafford, 1992). This issue of reverse causation makes the question of what effect fertility or women’s labor force participation has on child care policy difficult to answer. At the same time, instances where the correlation between women’s fertility and labour force participation, and child care availability, are not particularly strong suggest that there are other explanations for child care policy outcomes beyond these demographic factors. The over-time data for this study suggests that the link is not strongly correlational and that we can have some confidence that the

4Interestingly, Australia also has higher rates of female part-time employment than Canada (White, 2012, p. 671)
divergent trajectories in child care in Australia and Canada are not driven solely by demand. In addition, it is worth emphasizing that in both countries, the demand for child care (considered in terms of families in which all parents are employed outside by the home) exceeds the supply of regulated spaces (Australian Bureau of Statistics, 2015; Ferns and Friendly, 2014); therefore, differences in demand between the two countries is unlikely to be the sole factor driving the marked variation in the two systems. This is in line with other findings from the family policy literature that suggest demand is not a highly significant explanatory variable in child care policy (Henderson and White, 2004); as Jenson and Sineau (2001) note, “while demand for child care services may be rising, policy responses are not automatic, in terms of either level of provision or policy design” (p. 14).
Figure 7: Women’s Labor Force Participation Rates in Australia and Canada

Note: The Canadian data relies on two different data sources, which accounts for a discontinuity at 1975.
Welfare Regime Theory

Another potential explanation for variation in child care policy is welfare regime theory. Esping-Andersen’s (1990) influential categorization of welfare states describes three ideal regime types: liberal welfare states, characterized by minimal intervention in social policy and a preference for market-based services; social democratic welfare states, defined by the universal provision of social services and decommodifying effects; and conservative or Christian Democratic welfare states, characterized by social programs that are more generous than those in liberal welfare states but that perpetuate stratification by distributing services largely based on occupational status. In contrast to the more expansive and generous social democratic and conservative welfare state regimes, liberal welfare states like Canada and Australia are often assumed to have only modest and/or means-tested social policies, preferring to leave responsibility for social services like child care to the market and/or the family (Esping-Andersen, 1990; Gustafsson and Stafford, 1994).

While liberal welfare states are certainly, on average, less generous than social democratic and conservative welfare states, Wincott (2006) notes that, “‘liberal’ regimes have not consistently avoided involvement in ECEC [early childhood education and care]” (p. 288). Instead, liberal governments have intervened in child care by drawing on a complex and varying set of policy instruments and incentives, with a wide range of different consequences for parents and families, as the cases of Australia and Canada make clear. Relying on the assumptions embedded within traditional welfare state regime typologies clearly masks important variation within liberal welfare states when it comes to areas like child care policy. The weaknesses of welfare regime theory on this front have been confirmed by other studies, such as Morgan’s (2013) study with finds that many recent and significant developments in work-family policy transcend welfare regime categories, with liberal and conservative welfare states sometimes as likely to expand the scope and generosity of work-family policies as social democratic states.
Some scholars have challenged the categorization of Australia as a liberal welfare state and have instead characterized it as a “wage-earners” welfare state, characterized by high levels of wage protection for male breadwinners combined with residual social programs (Castles, 1994). While it is important to be aware of this unique characterization of the Australian welfare state, it is not clear that the “wage-earners” welfare state should contribute to the different patterns of child care policy development in Australia and Canada, given that public involvement in child care in Australia is much more expansive. It might explain Australia’s relatively late introduction of paid parental leave (in 2010), the other major social policy meant to support women’s labor force participation. But why would a system designed to support the male breadwinner family build and expand a more extensive child care system than a country like Canada, which has generally had a much more liberal approach to women’s labor force participation? The answer to this question does not seem to lie in the broader patterns of social policy in these two countries, with suggests the need to carefully study within policy dynamics to explain divergent outcomes in child care.

Another potential explanation related to the broader characteristics of welfare states in these two countries is that Canada is simply slower at “updating” its social policies. Given the increasingly fraught nature of Canadian federal-provincial relations when it comes to negotiating new social policies (Friendly and White, 2008), perhaps Canada’s lagged status in child care can be attributed to a general resistance to welfare state change and a lack of adaptiveness to new social risks in a decentralized political system. One preliminary way to assess this explanation is to consider whether Canada has been slower to adopt other “new” social policies than Australia. One prominent example of such a policy is active labor market policy (ALMP). If Canada is lagging behind Australia when it comes to adopting new social policies such as active labor market policy, we should expect to see the Australian government increasing spending on this policy area over time while
Canada's spending is stagnant or decreasing. In fact, OECD data on spending on active labor market policies shows that Canada spent a higher percentage of GDP on ALMP than Australia in the late 1980s, after which, followed by a sharp jump in Australia’s spending, both countries have actually decreased their levels of public expenditure on active labor market policy (as percent of GDP; see Figure 8). This provides some indicative evidence that the puzzle of the divergent child care outcomes in Australia and Canada cannot be fully accounted for in terms of Canada’s higher levels of resistance to social policy updating.

**Institutions and Political Parties**

Political institutions are often posited to have an important impact on social policy outcomes (Steinmo and Watts, 1995). However, Australia and Canada have very similar institutional structures. Both have Westminster-style bicameral parliamentary systems of government, with majoritarian electoral systems, meaning the institutional context in which politics plays out is relatively similar.
Subnational governmental relations play an important role in the development of social policy in both countries. Australia and Canada are both constitutional federations in which states/provinces have significant constitutional authority over social policy, and in both countries federalism has been extremely important in shaping child care policy (Mahon and Brennan, 2013). However, there are important differences in their federal systems as well. Canada is generally considered to be a more decentralized federation, with subnational (provincial) governments taking on a prominent role in social policy. Federalism has almost certainly played a constraining role in the ability of the Canadian federal government to introduce national-level child care policies as provincial governments can often act as effective veto points in the implementation of new national-level social policies (Friendly and White, 2008). This has contributed to the situation in which provincial governments (most notably Quebec) have recently been active in implementing new child care policies with no direct involvement from the federal government. However, as Mahon and Brennan (2013, p. 96) point out, federalism is not a definitive barrier to social policy reform; federal institutional structures interact with other political and social factors to shape policy outcomes. This is underscored by the fact that the federal government in Canada has taken on a very prominent leadership role in other social policy areas beyond child care, including health care and parental leave. While federalism is an important factor in the process of policy development, the evidence suggests that it is not adequate as a sole explanation for why Australia and Canada have taken divergent approaches in child care.

The party systems of the two countries are also quite similar. Despite some minor differences, the structures of the party systems in Canada and Australia are quite similar, as both are characterized by two-party competition between a right-leaning and left-leaning party. Another potential explanation might be the ideology of the major political parties in each country. Paradoxically, in the context of the argument I advance here, political parties in Australia are generally more
ideologically distinct on the Left-Right spectrum than Canadian political parties, which have been described as "ideologically indistinct and weakly rooted in the country's social structure, with chronic, directionless, volatility" (Johnston 2013, p. 245). Similarly, Schmidt (1996) shows that on several different metrics of ideological differentiation between political parties, parties in Canada are less ideologically differentiated than those in Australia. This finding is generally supported in Figure 9, which uses data from the Manifesto Project Database (based on quantitative content analysis of parties' election programs) to map out general trends in party ideology in these two countries since the 1960s. Lower (negative) scores are considered to be more left on the political spectrum and higher (positive scores) are considered to be more right. The figures suggest that the major Australian political parties are generally more ideologically distinct, and overall lean further right on the ideological spectrum than parties in Canada. These party system patterns are also reflected in variation in class voting. Nieuwbeerta and Ultee (1999) point out that that class voting is higher in Australia than in Canada, which is tied to the higher ideological distinction between the parties.

The ideological structure of the party systems in these countries might lead one to predict the opposite pattern to what is actually observed in child care policy; should not Canada, with its ideologically overlapping, brokerage-style parties, be more likely to witness Left and Right parties embracing a compromise social investment strategy of profitable, targeted investment in child care, than Australia? Why, then, does Canada have a greater partisan divide over the issue of child care, and one that is largely framed in terms of the traditional Left-Right redistributive struggle? The patterns of party competition over the specific issue of child care that I observe in these two countries therefore do not correspond well to trends on child care; in Canada, parties on the Left and Right have quite different positions on child care based on its redistributive structure, while in Australia, all major political parties embrace a similar pragmatic strategy of subsidizing private and
non-profit child care.

Although these very general patterns of party competition do not play a crucial role in explaining child care policy, political parties play an important part in my argument. Child care policy is of course influenced by the preferences of political parties that are in government. However, I argue that the preferences and strategies of these parties are shaped by pre-existing policy legacies, meaning that looking only at the partisan makeup of government or the general ideology of these parties does not explain divergent child care outcomes across countries. Existing policies affect how future political battles are played out, as they shape the goals and positions of parties on particular issues.

These potential explanations for the variation in child care policy - demand, welfare state regime, institutions and party ideology - do not fully account for the different child care outcomes in Canada and Australia. Trends in demand-side factors, including women's labor force participation and fertility, do not correspond to the timing and extent of changes to child care policy in the two countries, suggesting that these variables are not adequate for explaining variation. Political institutions and broad welfare state orientations are quite similar in Canada and Australia, and the differences that do exist nevertheless fail to map onto the nature and extent
of the divergent child care policies in the two countries. The ideology of political parties is also not a sufficient explanation, but party ideology does play a role in my argument insofar as it interacts with the policy legacies of child care in these two cases. The following section outlines the methods and sources that I use to provide the main evidence for my argument.

Methods and Sources

Tracing the impact of previous policy legacies on future politics is a challenging task, given the difficulties of observing political elites’ decision-making processes over time, as well as the need to be aware of changes in other contextual variables that affect policy decisions (Jacobs, 2013). I draw on a variety of sources to unpack these mechanisms, including digitized archival documents, parliamentary debates, and secondary research accounts. Archival documents include records of cabinet meetings and other consultations relevant to child care. Both the Canadian and Australian governments have made transcripts of all parliamentary debates available online, so I also conducted a thorough search and scan of any debates related to child care over the relevant time periods to explore how this issue has been framed by politicians over time. In addition, I draw on secondary sources, including relevant political science work as well as published histories of child care policy and politics in these two countries, such as Annis May Timpson’s (2001) study Driven Apart? Women’s Employment Equality and Child Care in Canadian Public Policy and Deborah Brennan’s (1998) study The Politics of Australian Child Care. Wherever possible, I rely on multiple sources to substantiate a point to ensure that any biases inherent in any one source do not unfairly skew the analysis.

The methodological approach of this study is a combination of cross-case analysis and within-case analysis. This is a strategy recommended and discussed in depth by George and Bennett (2005), who suggest that static comparisons of cases at a single point in time are problematic because of the challenges in finding cases that are truly
comparable. This study does leverage a cross-case comparison of two countries that are, as argued above, similar in many ways, but supplements this approach with what George and Bennet call within-case analysis, also known as process-tracing. Process-tracing is defined as "the analysis of evidence on processes, sequences and conjunctures of events within a case for the purposes of either developing or testing hypotheses about causal mechanisms that might causally explain the case" (Bennet and Checkel, 2015, p.7). In the context of this study, this approach involves tracing the mechanisms through which policy legacies in Canada and Australia influenced subsequent patterns of political competition and policy development by observing how the child care issue is framed and discussed by politicians and other actors over a long period of time, using available and relevant sources of evidence. This type of analysis complements the cross-case comparison by examining how ideational policy legacies have affected the interpretation and discussion of policy by political elites over time, rather than just observing correlations between policy legacies and contemporary outcomes in the two countries.

Case Study Evidence

A detailed overview of child care in these two cases demonstrates the role that post-war policy legacies have played in the subsequent politics of child care. Given the relatively long time period of my analysis, I focus on key moments in the trajectory of child care policy during which reforms were debated and/or implemented by elites. The analysis I conduct using this approach supports my theory regarding the impact of policy legacies, demonstrating the continuing impact of the early political problematization of child care policy on the way that politicians come to understand and address the issue of child care. By comparing and contrasting the evidence from Australia and Canada, I demonstrate how the different policy legacies in these two countries can be logically connected to their divergent contemporary outcomes.
Australia

Prior to the 1970s, responsibility for child care services in Australia was left mostly to state and local authorities, with the exception of the Second World War when the Commonwealth government provided limited funding for children’s centres to facilitate mothers’ workforce participation. While this program did facilitate growth in child care services, the funding was discontinued following the end of the war. The first, more significant change in the national government’s approach to child care came in 1972 when the Coalition (a permanent alliance of two Right parties) government passed the Child Care Act (CCA), which established cost-sharing arrangements between the Commonwealth government and state and local governments to help fund non-profit childcare centers. The legislation had four main components: capital grants to child care centers, recurrent grants to fund qualified staff, recurrent grants for children with special needs, and grants for research related to child care (Lynch, House of Representatives, 1972). The CCA was a seminal moment in the development of child care policy, marking the first significant national government intervention in this policy area through these various forms of funding, which defined the future role of the national government in important ways.

As Brennan (1998) notes, the debates that took place during the creation and passage of the legislation “made it plain that the government had introduced the CCA reluctantly” (p. 68). The Act was seen as a necessary response to the rise in women’s workforce participation, something that was reinforced by the fact that the new program was to be housed within the Department of Labor and National Service. Evidence suggests that the Commonwealth government was not motivated by ideological demands from feminist or Left groups to provide child care; rather, they saw their new initiative as a functional response to a new demand created by women’s workforce participation, about which they were officially ambivalent. In his first reading of the Bill before the House of Representatives, the Minister for Labor and National Service stated in the House of Representatives that the
legislation expressed the government's:

"...recognition of the rapidly increasing proportion of married women in the labour force and of the consequences of this phenomenon for the care of their children...the Government's initiative springs from its concern for the welfare of children of working mothers. The increase of working mothers in the labour force is a phenomenon of modern industrial society. I do not make a value judgment upon it...The purpose of the scheme is to meet this existing problem—to help the children of working and other parents insofar as they are deprived of proper child care..." (Lynch, House of Representatives, 1972)

The Minister also avoided making "value judgements" about the issue of child care when he stated that "the intention of the programme is neither to encourage nor to discourage a person from entering the work force." (Lynch, House of Representatives, 1972) These statements reflect the government's hesitance about the CCA and its focus on the pragmatic needs that dictated its introduction; by framing the policy as a technocratic response to a specific problem, the Coalition government sought to distance itself from the ideological and partisan politics that characterize social policy issues such as child care. Consistent with this approach, they invoked objective evidence of the unmet need for child care and the danger of alternate care arrangements for society:

"...there are over 150,000 preschool aged children whose mothers, or single fathers, work outside their homes. Consistent with these developments the Government some time ago established a special section within my Department—the Women's Bureau—to examine problems relating to the employment of women...they revealed that child care facilities had not kept pace with the rapid growth in the female labour force during the 1960s, and that, as a consequence, existing child care facilities were inadequate, qualitatively and quantitatively, for the growing numbers of children needing them... it is the view of authorities concerned with child care—for example the Child Psychiatry Section of the Australian and New Zealand College of Psychiatrists—that alternate care, provided for young children while their mothers are working, which is inadequate and unsatisfactory, can contribute to emotional disturbance in the child's later years...The Government's initiative is to remedy this situation." (Lynch, House of Representatives, 1972)

The opposition Labor party had a similar interpretation of the new child care
legislation. During the second reading of the bill in the House, a Labor party member stated “the fact is that mothers who go to work have been most anxious and demanding that they should be allowed the cost of accommodating their children in child care centers,” and later reiterated that “this Bill is focussed on the employment of women in the work force” (Reynolds, House of Representatives, 1972). While the Labor party ultimately supported the new legislation, they did argue that more attention should be given within the new legislation to the proper care and education of children. As one member noted, “a child care center is not an industrial convenience; it is part of a national education system” (Beazeley, House of Representatives, 1972). To counter this claim, Liberal politicians argued that the new program would be housed within the Department of Labour because this was where the need for child care had been identified and where the necessary research and work to create the program had been undertaken (Bury, House of Representatives, 1972).

In addition to the unmet demand for child care, part of the impetus for the government to break with their previous pattern of involvement and introduce the CCA was that Australia was in a time of “political instability and social change” (Logan et al., 2013, p. 84). The Coalition government faced the prospect of electoral defeat in the near future and was struggling to appeal to voters who sought new solutions to the political and social challenges facing Australian society. This factor, combined with changing perceptions about women’s role in society and in the economy, combined to pressure the government into adopting a new child care policy. This policy did bear marks of the ideological orientation of the governing party. The government chose to problematize child care as a pragmatic labor force issue since this resonated with their more pro-economy, anti-government intervention ideology, while also allowing them to address the unmet need for child care and try to appeal to dissatisfied voters.

The Coalition had passed, but hardly had time to implement the new legislation
before the 1972 election in which they were defeated by the Labor party. The new government introduced some important changes to child care policy while drawing on the basic framework of the CCA. Led by Prime Minister E.G. Whitlam, the new government announced a number of new measures in the child care systems, including increased funding for local community-based child care centers and new standards to govern these centers. New committees were established to oversee these standards in child care centers as well as pre-schools. Funding levels were increased and the conditions for receiving funding were relaxed, making it easier for local organizations to access the generous government subsidies and creating “services [that] were open to all children from all income groups” (Brennan, 2001). Despite these changes, Labour politicians sought to emphasize continuity with the previous government’s approach. As Kim Bezeley, Minister of Education, stated, “[t]he Government has endeavoured to continue the program of the previous Government at an accelerating rate” (Beazeley, House of Representatives, 1974). In response to criticism from the opposition parties regarding the changes, he argued that “if there are any weaknesses in the Act the responsibility rests upon [Coalition members] opposite who voted for it. As I remember it, we did not oppose the legislation...” (Beazely, House of Representatives, 1974).

It is also worth noting that child care services at this time became more focused on education. Funding for pre-schools was increased and child care was moved out of the Department of Labour and placed under the jurisdiction of the Department of Education (Brennan, 1998). This reflected the claims of Labour politicians, prior to forming government in 1972, that the CCA did not do enough to provide for the proper care and education of children in child care centers. While these expansions altered the system in important ways, they also maintained the fundamental orientation of the Australian child care system towards supporting working parents through grants to local agencies providing child care. The educational focus of the programs was seen as highly interlinked and complementary to the support of
working parents, as parent's workforce participation was to be encouraged through the provision of safe and enriching care for their children. The focus on education was consonant with the investment-oriented approach of the government towards child care and the continuing attempt to frame child care as a valence issue that would bring about positive benefits to society and the economy.

The basic framework for national child care policy established by the Labor government in the early 1970s remained more or less unchanged in its fundamental structure for several years. Brennan (2007) notes that through the 1970s and 1980s, both Labor and Coalition governments continued to expand funding for non-profit, community-based child care provision. She notes that “these subsidies reflected the view of successive governments that decent child care would be unaffordable to most parents and, since the whole community has an interest in children being in good quality care, the community should subsidize these services through tax-funded grants” (p.46) Even during the period of the right-leaning Coalition government from 1975-1983, during which funding for preschool and many other social services was cut, this system of grants to local bodies was maintained in its essential features, despite rhetoric about needing to make child care a more targeted service for the needy. The definition of “need” was quite vague and extended well beyond poor parents; the definition also included children from single-parent families, children from dual-parent working families, children with sick parents, Aboriginal children, and other categories, and there was little in the way of concrete policy shifts to make services more targeted according to these categories. A memo to cabinet in 1980 regarding the need to provide more relief for child care expenses emphasized that child care was an economic imperative for many parents, not just those in “need.” Child care was described as “akin to a business expense,” justifying the need for government involvement to relieve the costs of child care (National Archives of Australia, A12909, 1980).

When the Labor party returned to government in 1983, leaders committed to
further increasing spending on child care, partly as a component of a strategy to increase the "social wage" of Australian workers as a tradeoff for more wage restraint in centralized bargaining. The expansion of child care spending was also spurred on by new economic policy research showing that the economic benefits of supporting working mothers justified the cost of public support for child care (Wincott, 2006). These contextual factors laid the groundwork for the significant growth of child care spaces provided in local communities, supported by a broad range of stakeholders. The 1970s and 1980s also witnessed a growing interest in employer-provided child care within the government, beginning in the late 1970s under the Coalition government (National Archives of Australia, A12909, 1979). Several key initiatives were advanced to encourage the provision of child care for both corporate and public sector employees, involving employers, employees and unions in the management of new child care services. Universities were also a major focus, as many students and staff organized to demand child care provision on campuses (Brennan 1998). Records of Cabinet meetings from 1985 demonstrate the employment and economic-based focus of child care policies. In regards to new proposals to expand the number of child care spaces, the government emphasized the increased economic activity generated by child care through workforce participation and taxation, and included working parents as the top group for priority of access to regulated child care spaces (National Archives of Australia, A14039, 1985). Thus, child care continued to be and was even increasingly linked to employment and economic imperatives.

In the late 1980s, the Labor government made the significant decision to expand funding for child care to cover for-profit services. In 1988 tax deductions were extended to private child care services, and in 1991 parental subsidies were deemed applicable for the use of for-profit child care. This marked a very important move towards the institutionalization of privately delivered, for-profit care in Australia and emphasizes that even on the Left, the orientation towards child care in Australia
was relatively pragmatic, economic and market-oriented. These changes received eventual political support from the Australian Council of Trade Unions (ACTU), the peak union organization in Australia, as well as other groups on the Left, despite their emphasis on the role of private business. The new policies laid the groundwork for the rapid expansion of commercialized child care in Australia, while also shifting the direction of funding away from supply-side grants to focus more on demand-side subsidies and benefits for parents (Brennan, 2007; Wincott, 2006). Labor government members sought to publicly emphasize the degree to which this expansion of child care would benefit middle-income families, providing subsidized spaces not just for the poor but for all working families trying to access child care. Subsequent Coalition governments continued to expand funding to support for-profit child care provision. These expansions resulted in a significant expansion of public spending and the creation of regulated child care spaces in the early 1990s, causing some insiders to term this period a “budget blowout” in child care spending (Wincott, 2006).

The Minister responsible for child care at the time emphasized the economic benefits of these new policies, stating in the House of Representatives that “I believe these measures acknowledge the crucial role of child care not only in our social policies but also in our economic policies and will extend the affordability of child care to families in this country.” Discussing the increase in the number of government subsidized child care spaces, he argued that each new space would not only improve the well-being of Australian families but would also ensure the “continuing prosperity of Australian industry” (Blewett, House of Representatives, 1989).

Brennan notes that by the early 1990s in Australia:

“child care was entrenched as part of the mainstream political agenda. The level of funding and service provision had increased significantly over the previous two decades. Both Labor and Coalition made major commitments in the area during the 1993 election and portrayed child care as central to their overall social and economic goals.” (Brennan, 1998)
She further argues that child care, while rapidly expanding, had clearly become an “instrument of economic and labor force policies...the children’s services program is firmly focused on the needs of adults (parents and employers)” (1998, p. 204-205). This commitment to an investment-based approach to child care has continued to shape the contemporary landscape in Australian, facilitating both budget growth and new forms of funding, as well as an increasing commitment to a market-oriented system and the subsequent exposure of the system to the consequences of this increasingly market-driven growth. In 2000, the Coalition government introduced the Child Care Benefit, a means-tested benefit to assist families with the costs of child care, and in 2004 it introduced a new child care tax rebate. The same government also eliminated operational subsidies that had previously been earmarked specifically to non-profit services, underscoring the market as its preferred mechanism of service delivery (Adamson and Brennan, 2014).

This greater turn towards the market in the Australian child care system facilitated the meteoric growth of a corporate child care company, ABC Learning, which in the early and mid-2000s gained ownership of a significant percentage of child care centers in Australia. The company made significant profits through its child care investments, largely because of the generous tax rebates provided by the government. In 2007 the company began to show signs of serious financial trouble and it fell into receivership in 2008. In order to keep ABC Learning’s child care centers open, as they served a large proportion of working families in Australia, the government injected over $20 million dollars into the company to ensure the centers would remain operational (Adamson and Brennan, 2014). More recently, efforts have been made to establish higher standards of quality and facilitate coordination of government efforts in child care and early education at the state and federal level as part of a more general social investment strategy (Mahon and Brennan, 2013) and in order to mitigate against the negative consequences of a system that is influenced heavily by private corporate interests, as was the case with ABC
Learning.

The entrenchment of child care as an economic and labor force issue in Australia can be traced back to the post-war origins of child care policy and the way that the labor market orientation of this policy shaped future political dynamics. Importantly, the legacy of child care as a pragmatic response to mother's workforce participation meant that child care policy, even in times of economic restraint, escaped retrenchment and was even continually expanded, as investment in child care was viewed as a positive economic strategy. This policy legacy also impacted the positions of both major political parties, as both parties have advocated for government support of child care as a useful tool to promote positive economic outcomes. This investment-driven orientation interacted with the broader liberalizing trends of the 1980s to 1990s to produce a situation of rising government spending alongside the increasing involvement of private, for-profit providers in the delivery of child care and the rise of marketized care, with a rather mixed bag of consequences for the Australian child care system. I next turn to the case of Canada, where I emphasize the differences in child care policy legacies and the subsequent development of child care politics in this alternate case.

Canada

Canadian governments became involved in child care provision in the early part of the 20th century and took on an especially prominent role in the provision of temporary child care services during World War II (Mahon, 2000). Despite commitment to these services by the federal and some provincial governments, in the immediate post-war era, little formal support was given to child care. The first durable national policy related to child care came about through the Canada Assistance Plan (CAP), initiated in 1966 by a minority Liberal government. This program provided subsidies to low-income families for regulated child care services on a cost-shared basis between the federal and provincial governments. The broader purpose of the
various programs included under CAP, of which child care funding was one, was to provide services for people in need in order to alleviate the causes and effects of poverty (Timpson, 2001, p. 64). The primary intention of CAP was not to provide child care, but the funding structure it established gradually facilitated increased access to child care for children and families (Scherer, 2001, p. 189). Like the CCA in Australia, CAP was therefore a seminal moment in the development of child care policy in Canada as it represented the first significant and continuous investment in the provision of child care services by the federal government.

Child care, for the Liberals, was treated as one of many policy instruments that could be used to address poverty. MacEachen, a Liberal Member of Parliament, stated that “through the use of improved day-care services it is our hope that many mothers will be able to contribute to their own support when it is their wish to do so” (MacEachen, House of Commons, 1966). Another member referred to the importance of services for children, including daycare, for breaking the cycle of poverty, stating that:

“we have heard of the dependency cycle and the need to break it at some point. Well, what better point than that of the child. Later may be too late, despite our best efforts. But our success at the point of the child is dependent upon the skill and knowledge to be found in our child welfare agencies and the resources available to them. The Canada Assistance Plan will encourage the development of better services to children and the expansion of resources available to child welfare agencies, such as day-care, homemakers, adoption, casework and other services.” (Rideout, House of Commons, 1966)

This focus on poverty also reflected the fact that the initial need for child care in Canada was largely articulated by the Canadian Welfare council, an organized network of social workers, who saw child care as one of many rehabilitative services which would aim to help disadvantaged families to support themselves (Mahon and Phillips, 2002, 1996). These ideas became firmly entrenched in the government and brought child care into the sphere of policies that were focused on poverty and redis-
tribution. As Timpson (2001) notes, CAP was a “welfare measure, par excellence,” designed to address the consequences and causes of poverty by subsidizing the child care costs of low-income families (p. 64).

The impetus for child care policy in Canada, then, differed greatly from the original justification for the Australia Child Care Act, which sought to fill in the gap in child care that already existed simply because of the reality of working mothers. As Mahon and Phillips (2001) argue, the connection between funding for child care services under CAP and the rise in women's workforce employment was tenuous at best. In their words, “...neither policymakers nor the general public were conscious that mothers were working in ever larger numbers when the terms of CAP were being worked out” (p. 195). Any mention of the need for greater child care services to facilitate women’s employment, as was the case in Australia, was rather marginal in the debates around CAP, as there were only a few mentions of this from one member of the NDP, a relatively minor party in Parliament. The Liberals, through CAP, sought to build a comprehensive safety net that would cover all Canadians equally and contribute to a broader project of welfare state and nation building, and child care played a small part in this project. Despite the different context that surrounded the introduction of CAP as compared to the Australian Child Care Act, and the specific targeting of low-income Canadians under CAP as opposed to the more universalist approach in Australia, there were similarities in the systems as well, most notably decentralized service delivery and a preference for non-profit over for-profit care. This emphasizes that it is not just the actual structures of policies that continue to have a lasting impact, but the way in which these policies are framed and the lasting impacts of these different frames.

Child care rose in political salience in Canada in the early 1970s as feminists in civil society and within the bureaucracy (Mahon, 2000) began to voice demands for publicly-provided, universal child care (alongside other measures) to ensure greater gender equality in both the public and private spheres. The Royal Commission
on the Status of Women that was tasked with examining the status of women in Canada released a final report in 1970 that called for a national, publicly-run child care system in order to facilitate women's entry into the workforce. In response to these demands, the Liberal government chose a “path dependent response” (Mahon and Brennan, 2013) by adding a new “welfare services” option to CAP stipulating that funds could be allocated directly to non-profit child care providers to help meet operating costs, with the new funding to be administered within the existing federal-provincial cost-sharing framework. While this new option did facilitate the growth of child care spaces, as a national child care policy, it fell short; it failed to establish national-level regulations or funding commitments and ensured that the future of child care funding would be tied to the future of the welfare-oriented CAP program (Timpson, 2001; Mahon and Brennan, 2013). It also reflected the continuing belief of the Liberal government that child care was primarily a welfare issue. The government believed that targeted funding through services such as child care could be used to address issues of poverty and economic inequality for Canadian families. The emphasis continued to be on poor mothers (particularly single mothers), rather than on the broader issue of women’s employment.

The next noteworthy gesture towards the possibility of a national child care program in Canada emerged in 1984 with the creation of the Katie Cooke Task Force, commissioned by Liberal Prime Minister Pierre Trudeau to examine the issue of child care at the national level. Trudeau’s decision to create the Task Force was driven by political pressure from women’s and child care advocacy groups as well as the NDP (Timpson, 2001). The report of the task force strongly recommended the creation of a national child care act, but that same year the Liberal government was replaced by a Progressive Conservative government led by Prime Minister Brian Mulroney. Mulroney appointed a parliamentary committee to carry out his own review of national child care policy, and in 1988 the government introduced Bill C-144, the Canada Child Care Act. This plan proposed a new cost-sharing scheme
in which the federal government would contribute 50 percent of operating costs and 75 percent of capital costs for new and existing child care facilities, with additional funds for less wealthy provinces. The funding would be extended to for-profit as well as non-profit child care centers.

The Liberal and NDP parties, in addition to other criticisms of Bill C-144, attacked it for ignoring the specific needs of low-income families. A Liberal member of government stated in the debates on the proposed bill that “[o]ur basic position in principle is that we want to focus on the needy first. We would want to take into account the requirements of the low income and middle-income Canadians first as a major priority, to ensure that there is fairness built into the system” (Caccia, House of Commons, 1988). Other Liberal and NDP party members argued that “poor families won’t be able to say this program is doing them any good” (Lapierre, House of Commons, 1988) and that “we are here indeed to help improve society for people in need... we must therefore devise policies and laws which help them find quality day care centres for their children” (Gagliano, House of Commons, 1988).

Both the Liberal and NDP parties argued that while new investment in child care was needed, CAP was a superior alternative to the newly proposed Child Care Act because it guaranteed access to child care for low-income Canadians; in the words of one NDP party member, “the Government first became involved in day care through the operations of the Canada Assistance Plan, and I believe that it is inappropriate at this time for that involvement to be discontinued” (Parry, House of Commons, 1988). In addition to the concerted opposition from the Liberal and NDP parties, virtually every advocacy group that came in front of the parliamentary committee, including many feminist, union, and anti-poverty organizations, voiced their opposition to the Bill.

The NDP also viciously attacked Bill C-144 because it proposed to provide funding to for-profit child care centers as well as non-profit organizations. Interestingly, the Liberal party was less concerned with this aspect of the bill, and chose
to focus less on auspice more on the problems with moving child care out of the auspice of CAP and the attendant focus on needy Canadians. While the openness of the Liberals towards supporting a more market-based system may have been a sign that a more fundamental shift in the partisan politics of child care was taking place in Canada, the concerns regarding the maintenance of CAP and the need to focus on child care low-income Canadians ultimately proved to be of paramount concern for the Liberals, as they chose to oppose and advocate against the Bill and to call for the continuation of child care funding through CAP. This characterizes the continuity in the disagreement between the Left (Liberals and NDP) and the Right (Progressive Conservatives) in Canada regarding the broader purposes of government intervention in child care.

The Progressive Conservative child care plan can be (arguably) interpreted as an attempt to update child care policy in response to new demands for work-family reconciliation (and, relatedly, to win electoral support among working families), as well as a move to redefine the role of government in the child care system by moving child care out of CAP and establishing a standalone program. As one government member argued, “[w]e are making a very significant change in the whole definition, in the whole concept of subsidized child care” (Redway, House of Commons, 1988). However, the evidence suggests that the intensity of political opposition to the proposed plan made continuity an easier political choice. Bill C-144 was allowed to die on the order paper before the 1988 election, and although the Conservatives won another majority government in that election they opted not to introduce new child care legislation.

In a perceptive analysis of the political struggles over child care in the 1980s, White (2001) suggests that the opposition to the Bill from political interests on the Left was “counter-productive to achieving their ultimate goal of federal funding for a national daycare program” (p. 97). She further argues that “the existence of a specific child care program would have offered an institutional bulwark against
later program erosion" (2001, p.98). Instead, federal child care funding continued to be provided primarily through CAP, further solidifying its status as one among many targeted social assistance programs meant to help low-income Canadians. In other words, Bill C-144 was an attempt to move child care out of the “welfare ghetto,” but political interests had mobilized around the protection of child care as a redistributive, poverty-oriented issue and resisted any changes that would have challenged this conception of child care policy.

During this time period, the Conservative government was already implementing planned cost cutting to social assistance. In 1990, the government placed a ceiling on contributions under CAP to richer provinces. In 1995, CAP was eliminated entirely, replaced by a block-funded program for health and social services called the Canada Health and Social Transfer (CHST). This had an important impact on the future of child care in Canada. As a result of the elimination of CAP, no federal transfer money remained that was specifically earmarked for child care, and given the tight fiscal constraints imposed by the block-funding formula of the CHST, child care has often been overlooked as provinces turn their attention to costlier and higher-salience social service areas like health and education. In the general context of fiscal constraints and pressures for liberalization that characterized this period, then, child care became politically and fiscally marginalized because of its association with the broader set of welfare and social assistance policies that were increasingly subject to restructuring and retrenchment.

Child care was peripherally on the political agenda during a period of successive Liberal governments in the late 1990s and 2000s, as governments negotiated the Early Childhood Development initiative (2000) and the Multilateral Framework Agreement on Early Learning and Childcare (2003), initiatives to encourage investment in services related to early education and development, although not necessarily in the form of regulated child care. Child care became a prominent issue once again in 2005, when the minority Liberal government attempted to follow
through on an election promise to establish a national child care system by negotiating a series of bilateral agreements with all of the provinces (excluding Quebec) to develop a national system of early learning and child care. The agreements involved the transfer of significant funds earmarked for regulated child care from the federal government to the provinces, and were built around the “QUAD” principles of child care: quality, universal, accessible and developmental (Friendly and White, 2008).

However, the nature of the proposed program was fragile and vulnerable to political happenstance; the national child care plan was really no more than a series of “gentlemen’s agreements” (Cameron, 2004, p. 3) negotiated by officials from the provinces and federal government. When the Conservative Party was elected with a minority government in 2006, Prime Minister Stephen Harper promptly withdrew from the agreements, replacing them with the Universal Child Care Benefit (UCCB), a taxable benefit of $100 per month per child paid directly to families. As Mahon (2009) notes, the UCCB can hardly be considered a child care program given that the benefit has no relationship to the use of regulated child care. With the exception of a (relatively small) transfer payment to provinces to support the expansion of child care spaces established in 2007, the current Conservative government has since shown little interest in a comprehensive national child care policy. These failures to establish a national policy reflect the continuing ideological opposition of the major political parties when it comes to child care, and the subsequent difficulties of establishing a durable child care policy that would rescue child care from its marginalized past as a welfare issue and establish it as a legitimate, standalone component of the contemporary welfare state.

The legacy of CAP contributed to the current situation of child care in Canada by entrenching child care as a welfare policy and mobilizing political actors on the Left to protect the poverty-alleviating structure of the program. This in turn created resistance to the market-driven, expansionist approach taken in Australia, where the legacy of child care as a labor market strategy opened up a wider range
of opportunities for political actors to expand the existing child care system. Since child care remained embedded in the social assistance framework in Canada, it was subject to the funding erosion that affected welfare policies more broadly in the 1990s when the government faced fiscal pressures and budget deficits. In short, the pre-existing orientation of child care policy in Canada acted as an important constraint on the future politics and policy development of child care.

A Brief Travelling Exercise: Testing the Argument in the United Kingdom

Does my argument about the way that the framing of early child care policies interacts with the changing politics of the welfare state hold in other cases? In this section, I briefly consider the case of child care policy in the United Kingdom to explore how these dynamics have unfolded in this country. I find that policy legacies in the United Kingdom have been important, and like in the other two countries, have impacted future policy developments, while still policy has still changed dynamically in response to changing contextual conditions. The path of child care policy in the United Kingdom has been somewhat different content-wise, however, in that its policy legacy was largely framed around the issue of early childhood education. As noted above, education was also a minor theme at times in child care policy in Australia, though women’s employment has generally been the dominant frame. The focus on education in the United Kingdom has resulted in a similar path to Australia, characterized by a lack of partisan and ideological competition, continuity in policy through the 1970s and 1980s, and a significant expansion of the system in the 1990s driven by a move towards a social investment strategy, as an educational frame again tends to move the issue of child care away from the redistributive Left-Right struggle that characterizes the politics of many social policy issues.

Before diving into the evidence from this travelling exercise, I briefly outline
some the similarities between the United Kingdom other two cases that also make it a useful comparator case. Like Australia and Canada, the United Kingdom is generally considered to be a liberal welfare state, with less generous and universal social programs than most other western European countries. It also has similar political institutions, including a bicameral Westminster-style parliamentary system and a single-member plurality electoral system. While the United Kingdom does not have a formal federal system, it has devolved significant authority to sub-national bodies including the Scottish Parliament and Northern Ireland Assembly. Similar to Australia and Canada, the United Kingdom has also traditionally had a dominant two-party system, with Conservative party competing against its main rival, the Labour party, to form government. In addition, the United Kingdom has experienced very similar recent trends in fertility (see Figure 10) and women’s labor force participation (see Figure 11).

Given these similarities, what can the evolution of child care policy in the United
Kingdom reveal about the broader applicability of my argument? The postwar social policy regime in the United Kingdom, like in many other industrialized countries like Australia and Canada, was built on strong male breadwinner assumptions. As a result, child care remained largely on the margins of the national policy agenda until the 1970s, when the Conservative government committed to expanding nursery education services for three- and four-year old children with the goal of improving educational outcomes for children from non-privileged backgrounds. The plan to establish a framework for early education was introduced by none other than the Secretary of State for Education, Margaret Thatcher, who would later become much better known for her drastic cuts to social benefits and entitlements as Prime Minister in the 1980s. As Wincott (2006) notes, throughout the 1970s the United Kingdom witnessed “strange low grade but bi-partisan support” on the issue of nursery education (p.18). Both the Labour and Conservative parties expressed
interest in the potential of nursery education to benefit young children.

The full nursery education plan introduced in 1972 was not immediately realized. The planned expansion of services over the following ten years fell subject to budget pressures in the 1970s and 1980s under both Labor and Conservative governments. However, as Randall (2002) notes, even during the years of the Thatcher government in the 1980s, there were no significant cuts to nursery education; while the original intent of ensuring universal access was abandoned, the actual number of spaces available to low- and middle-income families in day nurseries continued to grow, albeit modestly.

Interest in nursery education rebounded in the early-to-mid 1990s under the Conservative Prime Minister John Major, who implemented a voucher system for nursery education, increasing access to nursery school spaces for parents. Following the Labour victory in the 1997 election, the Labour government built on the Conservative commitment to expand nursery education alongside new commitments to child care. The newly elected “Third Way” government, led by Prime Minister Tony Blair, launched a new National Childcare Strategy, which replaced the existing voucher system with a grant system for all early childhood education and care services. All early childhood service programs were eligible for the grant, subject to adherence to a new registration and curriculum guidelines. The strategy also established a new parental subsidy through the Childcare Tax Credit to partially cover child care costs for middle-and low-income families. The credit applies to the use of both for-profit and non-profit services (Randall, 2002; White, 2009b). The Labour child care plan “encouraged the development of a largely private market of child care services” (White, 2009b, p. 214).

Similar to the situation in Australia, current political debates around child care in the United Kingdom highlight the concerns of some actors with the implications of the market-based child care model. Despite government regulations that apply equally to all private early childhood services, several observers have raised con-
cerns about the quality of private childcare services as well as rising parental fees (White and Friendly, 2012, p. 300-301). Yet the major political parties have largely chosen to continue on the existing path of child care policy, with increased investment focused on facilitating the expansion of early education and care services. As Lewis and Campbell (2007) note “the content of many of the particular strands of [work-family] policy has been path dependent and incrementalist”(p.6). Both major political parties, the Labour party and Conservative party, have contributed to this incrementalist path. Morgan (2013) notes that in the United Kingdom (like in Germany and the Netherlands) the Conservative party has accepted stances on early childhood services that run counter to their presumed neoliberal ideology. For example, in the 2005 election campaign the Conservative party campaigned on a platform of increased entitlements to nursery school and the expansion of tax credits designed to offset child care costs. The Labour and Conservative parties as well as the recently ascendant Liberal Democrats have all focused on work-family policy in a bid to show that they are in tune with the needs and desires of working parents (Morgan, 2013).

Thus, the politics of child care in the United Kingdom, despite the fact that they have focused more on education than on women’s employment equality, resemble the Australian case in the more technocratic, market-oriented and investment-based orientation of child care policy, with new policies and programs often emerging from a political process that seeks to use child care services to address economic problems or educational gaps. Increasingly, child care policy is packaged as part of a broader social and economic strategy to encourage the health of the economy and the strength of human capital (Randall, 2002). This supports my argument about the importance of the content of early policy legacies; entrenching child care as an education-based service had consequences for the future development of child care in the United Kingdom in that it facilitated partisan compromise, relative stability through periods of neoliberalism and cuts to social programs, and increased
investment as governments of different ideologies seek to expand child care as part of a social investment strategy.

The outcomes of the path taken by the United Kingdom can be compared concretely to Australia and Canada to show further the importance of early policy legacies for current trends in child care policy. Figures 12 and 13 show that spending on in-kind family benefits and services in the United Kingdom, as well as spending specifically on early childhood education and care, has risen considerably since the 1990s, outstripping both Australia and Canada as well as the OECD average. This increased spending is matched by higher enrollment rates in child care services in the United Kingdom: over 40 percent of children under three are enrolled in formal child care services in the United Kingdom as of 2010, compared to 33 percent for Australia, and 93 percent of three to five year olds are enrolled in formal child care services in the UK (including preschool), compared to 80.1 percent in Australia and 47.3 percent in Canada (OECD, 2014b, PF3.2).

These findings from the UK case suggest that even outside of the two main cases studied here, child care policy legacies and the original ideas attached to these
policies are important influences on future changes in child care policy. Future work could test these propositions across more cases, and perhaps work towards building a systematic understanding of how different policy legacies in child care (whether related to education, women's employment, or poverty alleviation) might be associated with different child care policy reforms in later decades.

**Discussion and Conclusions**

The findings from this study of child care in Australia and Canada, with a brief overview of the case of the United Kingdom, demonstrate that policies have histories that matter, and sometimes in unintended or unexpected ways. The goals and intentions of policy-makers have impacts that extend far beyond immediate policy outcomes to influence the long-term trajectories of politics and policy development. The politics of child care in Canada and Australia in recent decades have been strongly influenced by policies introduced much earlier. Despite major changes in the context of welfare state politics in these two countries, these changes have been filtered through these divergent policy landscapes, resulting in significant variation
in their child care systems. In Canada, the initial framing of child care policy as an ideological issue concerned with aiding low-income Canadians continued to define the issue, even as efforts were made at reform and child care faced cuts because of its inclusion in this poverty alleviation framework. In Australia, the pragmatic framing of child care as a solution to the “modern phenomenon” of women’s workforce participation led to stability, followed by increased spending and market-driven liberalization, facilitated by parties from both sides of the political spectrum. This demonstrates that even when particular social policies and programs face external pressures and are forced to adapt, existing policy ideas shape what form that adaptation will take.

This argument is relevant for general theories of welfare state continuity and change, emphasizing that even within a single policy area there can be differences in the degree to which policies are “sticky” or are significantly reformed. This analysis demonstrates that while policy legacies do exert strong impacts on future outcomes, this does not necessarily imply continuity; instead, these legacies interact and intersect with the changing contexts of welfare state politics to structure future outcomes in complex ways. This process is illuminated through an exploration of how early child care policy legacies impacted the way that partisan elites approached child care policy in future decades, and by exploring how these elite positions intersected with new challenges confronting the welfare state to generate divergent outcomes in the two case studies. Future work should explore in more detail how the framing of early child care policies affected the positions of other political actors, including organized interests and the mass public.

This study also points to the importance of understanding the complexities of political competition around different aspects of the welfare state. As Häusermann et al. (2012) point out, the “old” Left-Right politics of the welfare state may still be helpful for understanding current welfare state politics, but only within certain scope conditions. I suggest that the politics of specific policy issue areas, and specif-
ically the early legacies and motivations of program implementation within these areas, have an important impact on the political landscape of social policies. This nuanced perspective helps to explain why Canada, despite having ideologically similar parties and low levels of class voting, has actually witnessed more ideologically intense struggles over the issue of child care than in Australia and Britain. More broadly, this points to the necessity of remembering that welfare states are not always cohesive. Social program design and implementation vary across issue areas as well as across countries. Governing parties on the Left and Right may no longer embrace a cohesive set of social policy positions that can easily be associated with a particular ideology or paradigm (White, 2012; Wincott, 2006).

This study also has relevance for understanding and classifying differences between welfare states. In some studies of welfare state politics, it is assumed that liberal welfare states, including Australia and Canada, are a more or less homogeneous group that have similar approaches to social policy as a result of their shared regime type (Taylor-Gooby 2004; Bonoli 2007). This is part of a broader trend in the comparative welfare state literature that focuses on identifying national-level differences in welfare states, underpinned by the assumption that national welfare states consist of unified sets of internally consistent policies. Dominated by the “three worlds of welfare capitalism” (Esping-Andersen, 1990) approach, comparative welfare state literature has been drawn to simplified descriptions of cross-national trends in social policy. As Wincott (2006) notes, “we seem to lack the tools to analyze the heterogeneity of particular welfare states” (p. 302).

In response to these criticisms, the traditionally quite simplified focus on overall welfare state models seems to be changing, as many scholars have begun recognizing and even embracing the incoherent sets of policies that sometimes co-exist within welfare states (Wincott, 2006; Hopkin and Blyth, 2004). This paper contributes to the move towards a more nuanced view of the welfare state by exploring important policy variation within the “liberal” category of welfare states. Certainly there are
strong elements of the liberal approach in the child care policies of both of the primary cases studied here; Canada is characterized by limited federal government involvement in child care, and even the more generous child care funding in Australia relies heavily on the private sector for actual service provision, suggesting that it may be more accurately characterized as a private investment strategy than a social investment strategy (Adamson and Brennan, 2014). Yet the differences between the two systems are pronounced and have important social and economic consequences. By offering new insight into the policy variation that occurs even within the category of liberalism and exploring the sources of this variation, this analysis contributes to the task of building a more complete understanding of the social policy landscape in liberal welfare states. This is an issue of both theoretical and practical importance, as it highlights the need to develop more accurate and nuanced theories of the welfare state and to recognize and acknowledge the profoundly different consequences for citizens of variations in social policy that are sometimes overlooked.
References


[54] OECD. OECD Family Database, PF3.2. 2014.


[60] National Archives of Australia. A14039.Cabinet Submission 3044 - Children’s Services Program (CSP) implementation of government election commitment of 20,000 new child care places in three years. 1985.
[61] Australian Bureau of Statistics. 4402.0, Childhood Education and Care, Australia. 2015.


