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SUBSIDIZING CHILD CARE BY MOTHERS AT HOME

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ABSTRACT

Child care on a do-it-yourself basis by a parent would seem to be just as worthy of subsidization by government as nonparental care is. However, subsidies for care by a stay-at-home parent raise serious issues of equity between families with and without an adult at home full time. They also have the effect of reinforcing traditional gender roles, thus setting back the advances women have made in the workplace and society generally. Efficiency problems and administrative difficulties can also be cited. Long paid parental leaves have similar disadvantages associated with them.

KEYWORDS

Child care, government subsidies, housewives, gender roles

When a government subsidizes child care by providing places in child care facilities, or by reimbursing parents for their child care expenditures, the question arises as to whether mothers (and atypically, fathers) caring for their own children at home should also receive subsidies. Countries differ considerably among themselves in the subsidies they provide for nonparental care and for care by the child's own parent. The Swedes subsidize both heavily, subsidizing the latter by offering paid parental leaves of long duration available to mothers and fathers, financed by the government.¹ The French state spends heavily for public child care facilities, and for preschools, and subsidizes care by at-home parents to a far smaller extent.² Germany and the Netherlands have been giving generous government benefits for care by a parent (in the form of a benefit available on condition that the parent does not hold a job) and little or nothing for nonparental care.³ The United States modestly subsidizes paid-for nonparental care through tax credits for the middle class,⁴ and dispenses vouchers covering most of the costs of nonparental care to a small proportion of the poor and near-poor families eligible to receive them.⁵ When a child's own mother or father is the caregiver, no payment for the service is deemed to occur, and

no subsidy is offered under current U.S. rules. In the past, an exception has been made in the case of single parents. They were eligible to receive "welfare" payments – which provided funds for a below-the-poverty-line living standard – provided they refrained from earning substantial sums, and cared for their own children at home. Welfare thus had the effect of subsidizing the care of children at home by a parent. Legislation in 1996 sharply curtailed the right to receive such benefits.

At first blush, it seems inconsistent and unjust to give help to families which place their children in nonparental care, and deny equivalent help to families in which a parent provides care on a do-it-yourself basis. One might argue that parents who buy care and parents who give care themselves have the same very burdensome problem to deal with, and are just handling it in somewhat different ways. Whichever way it is handled, providing care for young children is financially stressful, and both sets of parents might be thought to deserve some government-provided relief from that financial stress.

Yet reflection shows that there are substantial reasons for treating them differently – for limiting child care subsidies (although not necessarily other kinds of subsidies) to families that use nonparental child care. First, a one-earner couple is in a better position than a two-earner couple or a working single parent with the same cash income from wages, even if the nonparental child care is totally paid for by government. That has to be taken into account in considering the equity of extending child care subsidies to cover at-home care by a parent. Second, in cases where one of the parents refrains from taking a paid job so as to care full-time at home for a child, it is almost always the mother who does so. Payments to at-home parents will overwhelmingly go to at-home mothers, and will encourage mothers to refrain from or leave paid jobs. This would reinforce traditional gender roles, and might well contribute to reversing the advances that have been made in women's status, independence, respect. There are also quality and efficiency considerations to be taken into account.

COMPARING FAMILIES' NEED FOR HELP

Let us start with an illustration of a subsidy scheme for child care that provides subsidies only for nonparental care, and then proceed to observe what the consequences of extending subsidies to mothers at home might be. The subsidy scheme we are using as an illustration would allow parents to place their child in a day care facility charging \$9,000 a year, and would require parents who do so to make a co-payment equal to 20 percent of the excess of their income over the poverty-line income for a family of their size and composition. Under such a scheme, families at or under the poverty line would pay nothing for child care. Above the poverty line, lower-income families would be subsidized to a greater extent than higher-income

SUBSIDIZING CHILD CARE

Table 1 Illustration of child care subsidy scheme for families with one preschool child whose purchased care would cost \$9,000

	A: Two-earner couple	B: One-earner couple	C: One-earner couple	D: Single mother	E: Two-earner couple
Father's wage	\$18,000	\$36,000	\$18,000	–	\$9,000
Mother's wage	18,000	–	–	\$18,000	9,000
Required copayment (20% of income above poverty line)	4,616	–	–	1,387	1,016
Child care subsidy	4,384	–	–	7,613	7,984
Income remaining for expenditures other than child care	31,384	36,000	18,000	16,613	16,984

families. Such a scheme could be administered by providing places in public or private facilities entirely financed by public funds, and requiring the parents to pay fees depending on their incomes. Or vouchers might be given to parents which they could take to whatever child care providers they wished, provided they met a quality standard. The value of the voucher would vary depending on the family's income, and parents would pay that part of the cost of the care not covered by the voucher. (The exact nature of the subsidy scheme and the details of its administration do not affect the general outline of the argument.)

Table 1 shows how this scheme of subsidies would affect five different families, each with one preschool child. They are (A) a two-earner couple, (B) a one-earner couple with the same income as couple A, and three families with half that income: (C) a one-earner couple, (D) a single-parent family, and (E) a two-earner couple. Families A, D, and E, which have no adult full-time in the home, and whose children are not in parental care, receive child care subsidies. Their required co-payment under this scheme, and the amount of the subsidy they get (equal to \$9,000 less the copayment) are shown in the table.⁶ In Families B and C, the mother takes care of the child, and so under this scheme they get no subsidies.

Let us now consider the consequences of extending subsidies to Families B and C, in effect giving cash payments to "pay" in part or in total for the parent's care of the child, just as the subsidies to working couple A would pay for the nonparental care they used. (Unlike paid parental leave, which is discussed below, these subsidies to caretaking parents would presumably be available whether or not the parent was on leave from a job.) Comparing the situations of Families A and B, one might argue that the subsidy given

to A, which amounts to \$4,384 per year, should also be given to B. The inequity in doing so, however, is revealed by the last line of Table 1, which gives the amount of family income remaining to buy food, clothing, shelter, transportation, etc., after any expenses for child care are taken care of. Family B, with the mother at home, is already better off than Family A in terms of cash resources, even though Family A gets a large subsidy and Family B gets nothing. (If the subsidy scheme provided child care that was free to the parents regardless of income, the cash resources of A and B would be equal.) There are other ways, besides cash resources, in which Family B is better off than Family A, without the infusion of child care subsidies to B. The at-home mother usually performs more household services (other than child care) than the members of the two-earner couple do, and those services enhance the standard of living of the one-earner couple. In some cases they take the place of services the family would otherwise purchase, allowing cash to be diverted to other expenditures. There is also a difference in the use of time to take account of. Members of a two-earner couple will as a rule have less leisure time – the amount of time in the day spent from time spent on the job and time devoted to household tasks – than members of the one-earner couple. The amount of leisure is surely to be counted as a major component of the living standard. So, taking all this into consideration, we can conclude that sending subsidies to Family B would enhance still further its advantage over Family A, and would be inequitable.

The advantage of Family B over Family A derives from the value of the work that the mother at home does. That work is not reimbursed in cash. However, it is reimbursed in kind. Her child care work, for example, can be thought of as producing an "income", which is immediately "spent" for child care. That income is not taxed, either. If we were to value her work in dollars, and add it on to her husband's wage, the value of their joint income would be above \$36,000 by a considerable amount.

Family C would seem to present a more sympathetic case for being given the kinds of child care subsidies our scheme gives to Family A. Family C is in the position that Family A would be if it had decided to keep the mother in the home. It clearly has a considerably smaller amount to spend for food, clothing, etc., than Family A does. However, giving child care subsidies to Family C on account of parentally-supplied care would create an inequity with Family D, the working single-parent family. Again, comparing the situation of C and D, the family with the at-home mother is better provided for in dollars, in services, in leisure time, than the family with no adult at home full time, despite the large subsidy the latter receives.⁷ In addition to whatever payments for child care she is required to make, the single parent will be disadvantaged by having nobody with whom to share the household tasks. Her leisure time is even more severely constrained than that of the adults in the two-earner families. Thus her cash income considerably overstates her standard of living.

If we were to send subsidies to Family C to make up part of its loss of wage income, and so move it closer to the situation of Family A, it would be grossly unfair not to send cash payments to Family D, in addition to the near-total subsidy that family already receives for child care. It would also be inequitable to omit additional cash payments to two-earner Family E, with total income \$18,000. If we were to make cash payments to Families C, D, and E (while maintaining the subsidies to paid care already received by A, D, and E) they would best be characterized as income supplements to families with children rather than child care subsidies. We would be saying in effect that one-earner and two-earner families with children who have low incomes should get their income supplemented, not because they have a mother at home taking care of a child, and not because they are lacking two earners, but because their income is low.

On the basis of this kind of consideration, we can see that a program of subsidies restricted to at-home mothers caring for children, and leaving out other kinds of families in similar or worse circumstances with no mother at home, would be inequitable. If the inequity is eliminated by including families that do not have mothers at home, like D and E, the benefit-for-mothers-at-home mutates into an income supplementation program. An income supplementation program for families with children has much to recommend it as an addition to, but not as a substitute for, a nonparental child care subsidy program as exemplified in Table 1. (See below for a discussion of income supplementation as a substitute for rather than an addition to child care subsidies.) But such a program needs to be considered separately, and in its own right. If we run such a program, taking into account considerations of equity outlined above, and in addition to a child care subsidy program of the type shown in Table 1, it becomes a far more expensive proposition.

CHILD CARE SUBSIDIES AND GENDER ROLES

The battles over child care policy obviously involve disagreements about the proper way to care for children. But they are also to a great extent battles over the proper role and behavior of women. The changes in women's status since the end of the baby boom are largely based on women's increased and more continuous participation in paid work. Women's greater job-holding has brought with it increased respect for women's capabilities, increased ability to leave bad personal relationships, increased ability to enjoy the independence previously reserved for men alone. The ability and willingness of mothers of very young children to work at jobs has been central to the changes in women's status. In many careers, a long absence is highly destructive of advancement. But more fundamentally, employers shy away from hiring for nonroutine jobs workers they view as more likely than other workers to quit or take long leaves. All women

workers have better job opportunities when the custom is for most mothers to return to work very soon after the birth of a child. Employers no longer assume that all women workers under 40 are in essence temporary workers.

A child care policy that sends large stipends to parents caring for their own children at home, or that provides years of paid parental leave, may engender social disapproval toward the woman who keeps working through her child's early years. If she can receive substantial monetary benefits in staying home, the excuse that she "has to work" will no longer be accepted as valid. It becomes obvious that if she does stay at work she is doing it for her own gratification, something the more socially conservative part of the population still considers off-limits for women. The provision of significantly large benefits to mothers caring for their own children thus put social pressure on all mothers to stay home. It threatens the advance women have made in achieving parity with men in status through their willingness to work continuously, whether or not they have young children.

In the current state of the culture, if children are cared for at home, in almost all cases it will be the mother who stays home and does it. The social pressure resulting from even gender-neutral parental leave will put social pressure on mothers, but not fathers, to do so. Anything that increases the social pressure for having children cared for full time by their own mothers is a step back toward rigid gender roles, with each gender limited to so appropriate activities.⁸ The Swedes, who provide long parental leaves, have attempted to encourage fathers to share them, but with limited success.⁹ The long leave, taken almost exclusively by Swedish mothers, appears to have reinforced a highly gender-segregated occupational structure, with a relatively high proportion of women workers in paid jobs in caregiving roles, and a very limited penetration of women workers into the more prestigious professions.

Of course, how one reacts to these considerations depends on one's attitude toward the changes in gender roles that have occurred. Those who wish to preserve male supremacy, those who believe that the changes in gender roles have been the cause of uncontrolled and neglected children, family instability, loss of community activities, and other social pathologies, and those who think these changes go against God's will, or against nature, will lean against subsidies for nonparental care, and lean in favor of subsidies for maternal care exclusively. Substantial numbers, including many self-styled feminists, favor subsidies for both kinds of care, on the grounds that women (and presumably men also) should have the choice of lifestyle. But the changes in opportunities and independence for women have been the direct result of most women's departure from the role of full-time housewife. Those of us who believe that such changes should be cherished and carried further, and who place a high value on women's equality, have strong reasons to favor subsidies for nonparental care exclusively.

QUALITY AND EFFICIENCY ISSUES

Even those advocating government subsidies for the direct provision of services to children by their own parents have not generally suggested that such subsidies are appropriate when the children reach school age, or even kindergarten age. In the United States, a growing number of parents are home-schooling their children,¹⁰ but no one seriously suggests that parents should be given cash payments on condition that they keep their children home from school. Cash subsidies for keeping children out of school would motivate some hard-pressed or irresponsible parents to sacrifice their children's education in a school and replace it by an inferior or nonexistent education at home for the sake of an addition to their cash income.

Thus, where the nonparental child care service is deemed to be in most cases of better quality than the service provided by a parent, anything that encourages the latter is to be avoided. Those countries, such as Sweden, which subsidize parental care through paid parental leave do not do so for the entire pre-school period. Certainly, once the children are 3 years old, they are thought to be better off in nonmaternal care, particularly center care.

It is frequently assumed that, for the youngest children, mother-care is best. A recent study based on a large sample of newborns failed to detect any difference in the behavior of young babies cared for at home and those in nonmaternal care, after accounting for the characteristics of the parents.¹¹ This finding does not negate the possibility that some babies would do better in nonmaternal care. Babies from deprived families in nonmaternal care may do as well, *given the quality of care they are currently receiving* as babies from deprived families who are cared for entirely by their mothers. However, the type of care the babies who come from deprived families receive, either from their mothers or from other caregivers, is on average inferior in quality to that received by the middle-class children.¹² So for the children of deprived parents, high quality care from caregivers trained to act in ways that help the baby to develop might well provide results superior to maternal care.

Another reason for a policy of denying subsidies to mother-care is its relative inefficiency. By the time children are 3, it is possible to give high quality care with ratios of seven to ten children to one adult. For infants and toddlers, high quality care can be attained with a ratio of three or four children per adult.¹³ Paying a mother to spend full time caring for one or two children (particularly a single mother, who would have to be entirely supported by government be able to give the care) is inefficient. In the United States, it has been cheaper for the government to support single mothers on welfare than to pay for child care, but this is true only because the single mothers were being supported at a level far below the poverty line. If children and their parents are to live at a decent standard, it is inefficient to support parental care, at least in the case of families which have two children or fewer.

Giving child care subsidies in the form of services or vouchers for non-parental care, but giving unrestricted cash for parental care, may present some administrative difficulties. It seems reasonable that paid care that is subsidized should be held to certain quality standards, and certainly that the care be licensed. The cash payments going to parents providing the service themselves would presumably be made on condition that the parents refrain from job holding. The verification that they are doing so (rather than collecting a subsidy that would finance good quality care, and placing the child in cheap, low quality care) might be difficult.

PAID PARENTAL LEAVE

In many countries, people who are employed and who have or adopt a baby are allowed paid parental leave for periods ranging from a month to several years, so as to care for their baby at home. It is usually financed by government, rather than by employers. Like the pay during sick leave and vacations, the idea is to maintain income while some beneficial activity temporarily takes the worker away from the job, and to give the worker the right to return to the same job. The payment during the leave is figured as a fraction of the salary of the caregiving parent. The extent of any income from other workers in the family is ignored when setting the benefit, and those with a higher wage, and therefore a higher customary standard of living, get heavier subsidies.

It might be argued that paid parental leaves are different from subsidies for which all at-home parents would be eligible, because they are temporary, and go to parents who maintain a commitment to continuous participation in the labor market. Short paid leaves, such as one or two months, obviously do not entail the disadvantages cited above for subsidies to parental caretakers, or do so only in a minor way. It is long leaves that are problematic. The longer the leave that is taken, the less firm the ostensible commitment, the less continuous the participation, and the less cognate the distinction between paid parental leave and subsidies for all at-home parents.¹⁴

If the stipend is high (close to 100 percent of pay) almost all mothers will choose to take a long leave, if it is available. Such a system is much more expensive than extending the subsidy scheme of Table 1 to families with an at-home parent. Families A and B, instead of getting a subsidy of \$4,384 a year would be getting \$18,000, and higher-paid employees might get even more. Lengthy paid parental leave is subject to the objection that it is inefficient, and that it is regressive, helping the well-off more. In the likely event that fathers (where they are present in the family) are not required to take half of the total leave, it is also subject to the objection that it is a step backwards toward adherence to stereotypical gender roles. If the stipend is low, only some mothers will take it, especially if subsidies

are given for nonmaternal care. In this case, the equity issues raised above are pertinent. Paid parental leaves going on for years would also provide support for non-job-holding single mothers, very like the welfare program the United States has recently begun dismantling.

Some, perhaps most, feminists currently favor generous paid parental leave on the grounds that it would help some women, and that most women would welcome it. Many advocates of preschool education for children aged 3 and older favor paid parental leave as a solution to the problem of care for the first three years of a child's life. If the disadvantages cited above are taken into consideration, however, the huge expense and the damage that long paid parental leaves would pose to equity and equality become obvious. Particularly inequitable would be long paid parental leaves as a fringe benefit, like health insurance, voluntarily given by some employers to some of their employees, but not others.

UNEARMARKED CASH BENEFITS

Conservatives who wish to encourage maternal care and discourage non-maternal care tend to resist providing subsidies to paid care, and to advocate instead cash benefits "for child care" that are not conditional on or earmarked for child care expenses.¹⁵ The standard argument for them is that they give parents freedom to choose how they wish to care for their children. These unearmarked benefits are helpful to family budgets, and therefore useful in providing a better living standard for children. However, if they are set up as a total replacement for subsidies earmarked for non-maternal child care, they are harmful, because they lack a major characteristic of earmarked subsidies: the latter encourage parents to upgrade the quality of the care their children get. A family getting an extra cash payment worth several thousand dollars, labeled "for child care" but which they can spend any way they want, may spend some of it to improve their child's care. But they are unlikely to spend all of it, or even most of it, in this way. This is particularly true if the family has a low income, and is lacking many of the goods and services commonly thought necessary to a decent lifestyle. By contrast, a voucher worth several thousand dollars that can only be used to purchase licensed care may succeed in shifting a child from unlicensed care to licensed care.¹⁶

To drive the point home, we can draw the analogy to methods of giving health care benefits. If we wish certain children to be covered by health insurance, the only sure way to bring that about is to have their families signed up for health insurance, with the government payment going to the providers. Nobody would imagine that a \$3,000 unearmarked payment "to help families buy their children health insurance" would have as much impact on the number of children covered, or on the quality of the coverage, as would the presentation of a noncashable voucher for the health

insurance itself. Similarly, a \$3,000 cash benefit that was sent in an envelope marked "To help the family pay its child care bills" would have much less impact on the quality or type of care that was bought by the family for the child than a voucher worth \$3,000 which could only be used to pay part of child care bills.

CONCLUSION

Child care benefits for mothers at home create serious inequities, since they go to families that are considerably better provided for than families with similar income but no adult at home, such as working single parents. Further, they are likely to seriously set back gender equality in employment, on which the improvement in women's status has rested. Quality and efficiency considerations may further argue against benefits for mothers at home, particularly after the age of 3. Finally, benefits for at-home mothers, if they are given at all, should be given in the form of income supplementation payments which are available to families both with and without mothers at home, taking account of the availability of family funds after child care expenses are met. Lengthy paid parental leave is both expensive and subject to all of the objections against other kinds of payments going solely to mothers at home. Abolition of subsidies for nonparental care, and their replacement by unconditional cash benefits for families with children, would be likely to cause a degradation of the quality of care that parents buy, as well as being subject to all of the other objections raised.

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NOTES

- ¹ For Swedish practices see Rianne Mahon (1997).
- ² See Barbara Bergmann (1996).
- ³ For Germany, see Lynn Duggan (1995); for the Netherlands, where policy has recently swung somewhat more in favor of state-subsidized nonmaternal care, see Trudie Knijn and Monique Kremer (1997) and Jet Bussmaker (1998).
- ⁴ Jobholding parents are able to subtract a fraction of their child care expenditures from the amount they must pay as income tax. The benefit is in almost all

cases less than \$1,000 per year, and is not "refundable" – it cannot be greater than the amount of income taxes owed. So low-wage parents owing no income tax get nothing from this benefit.

⁵ Appropriation of funds for these subsidies run far below the amount that would be necessary if all eligibles were to receive benefits. The allocation of benefits is done by state bureaucracies who take care to restrict knowledge of the program, so that long waiting lists do not develop. For a description of a more-or-less typical state's program, see Bergmann (1999).

⁶ The 1997 official U.S. poverty line is \$12,919 for all of these families, with the exception of the single-mother family (SD), which has one less family member, and consequently a poverty line of \$11,063.

⁷ If Family D has to make child care co-payments, it is about on a par with Family C, cashwise, without counting the other services performed by the wife in Family C. It might be argued that although paid parental leave tends to reduce the number of women who work without significant interruption, it also encourages at least some women who might otherwise never take jobs to take them intermittently, and that this latter effect reduces women's segregation in the home. Both of these effects would increase the proportion of women labor-force participants who work noncontinuously, and therefore strengthen the image of women as intermittent workers.

⁹ According to Mahon (1997: 390) Swedish fathers take less than 10 percent of the parental leave.

¹⁰ Those families who home-school their children appear motivated principally by a desire to shield them from the nonreligious and sexually permissive culture that predominates today. It is possible that they are also motivated by the desire to keep mothers occupied in the home, and out of paying jobs.

¹¹ NICHD Child Care Research Network (1997a).

¹² Susan Kontos, Carollee Howes, Marybeth Shinn, and Ellen Galinsky (1996), who studied family care and relative care, found that poor children in such care receive worse care than better-off children. They are more likely to be in that form of care than the better-off, and that care is on average of lower quality than center care. The NICHD Child Care Research Network (1997b) study also found poor children receiving worse care in in-home settings, but the few who had subsidies and were in centers received care on a par with more advantaged children.

¹³ This is the standard set for purposes of accreditation by the National Association for the Education of Young Children (1998: 47).

¹⁴ These days it is not common for women to dedicate themselves to lifelong abstention from the job market. There are very few women who do not work at a job prior to the birth of their first child, and who are not back in a job by the time their youngest child enters first grade. If the paid parental leave is long enough there are very few "stay-at-home moms" who would be ineligible. The validity of the distinction between those temporarily refraining from working at jobs and all the rest of the women staying home and taking care of children loses meaning in that case.

¹⁵ This kind of counterproposal was made, for example, by President George Bush, when the Democratically controlled Congress made child care subsidy proposals during his administration.

¹⁶ Undoubtedly, some unlicensed care is of high quality. If some forms of care, such as relative care, cannot be licensed, or are unlikely to be licensed, then there will be cases where giving a subsidy causes a child to be shifted from higher to lower quality care. However, licensed care has been found on average to be superior to unlicensed care, relative care included.

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