

## Childcare choices and child development

### Generous parental leave and affordable, high-quality childcare can foster children's abilities

Keywords: child outcomes, childcare, early education, household choices

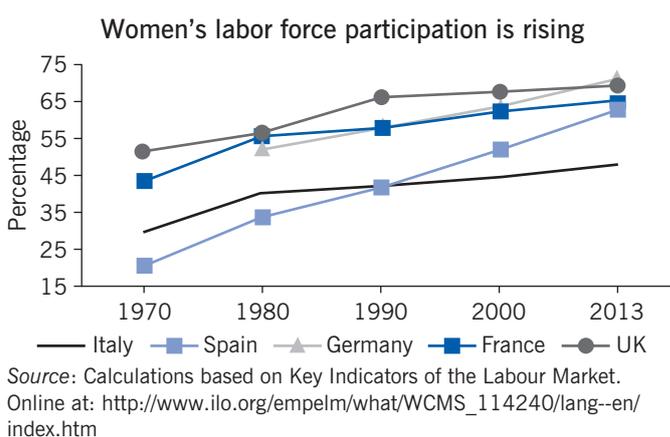
#### ELEVATOR PITCH

The economic and psychological literatures have demonstrated that early investments (private and public) in children can significantly increase cognitive outcomes in the short and long term and contribute to success later in life. One of the most important of these inputs is maternal time. Women's participation in the labor market has risen rapidly in most countries, implying that mothers spend less time with their children and that families rely more on external sources of childcare. This trend has raised concerns, and an intense debate in several countries has focused on the effectiveness of childcare policies.

#### KEY FINDINGS

##### Pros

- + Mothers' (and fathers') time is a crucial input in child development, especially when parents are highly educated.
- + Making high-quality early childcare more available to low-income households can promote efficiency and reduce inequality.
- + Parental leave and other policies that enable parents to spend more time with their children can improve children's abilities.
- + Compared with informal childcare, formal childcare may improve child outcomes, such as school readiness and problem-solving, especially for low-income children.
- + Childcare programs directed to children in low-income families can affect child outcomes in the short and long term.



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##### Cons

- Expansion of parental leave may not significantly affect some child outcomes in the long term (average years of schooling and wages).
- Compared with care by parents, some evidence suggests that formal childcare may negatively affect children's vocabulary and behavioral and social skills, increasing anxiety and aggressive behavior.
- Few studies have used direct measures of parents' time with their children to examine the relationship between parental investments and children's cognitive development.
- Children receiving informal care from grandparents were less prepared for school than children in formal childcare.

#### AUTHOR'S MAIN MESSAGE

Child development is the outcome of inputs from parents, formal and informal childcare providers, and schools. Especially when children are young, mothers' and fathers' care is the most valuable input. When both parents work, formal childcare is the best substitute, especially for children in low-income families. Informal childcare seems to contribute less to child development. Consequently, generous parental leave policies as well as policies that promote affordable and high-quality formal childcare are likely to have a positive impact on children's abilities and outcomes in the near and long term.