

# **Fiscal Expenditure and Regulation as Means for Promoting Welfare Policy: Neonatal and Early Childhood Daycare Centers in Israel and the UK**

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The following research analyzes daycare policy in Britain and Israel between 1997 and 2013. The paper considers the differences in policy in the two countries, emphasizing the differential choice of policy tools – fiscal expenditure on the one hand and regulation on the other. The paper describes British policy, which combined regulatory-universal tools (standards setting, inspection, and legislation) designed to improve the quality of services, with fiscal-categorical tools (tax benefits for working parents) which were designed to increase participation in the labor market. In Israel, attempts to promote regulatory-based reforms generally failed (for example, the Daycare Inspection Act and the recommendations of the Standards Committee which were not implemented). Nevertheless, Israel did manage to promote fiscal-categorical policy which targeted increasing women's participation in the labor market.

The study examines three explanations for the differences in British and Israeli policy: (1) institutional – reflecting government stability in the two countries; (2) functional – disparate national needs with respect to promoting women's employment, improving children's scholastic achievements and encouraging fertility; and (3) multicultural – reflecting the emphasis policy makers place on inclusion or exclusion of minorities in UK and Israeli society.

The research concludes that in childcare policy, the use of regulatory-universal tools primarily improved the quality of services while the use of fiscal-categorical tools enabled better access to services among target groups. While the entire population benefits from the improvement in services, only target groups (usually low-salaried workers) benefit from the fiscal policy.

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