The amount of public support provided for early childhood education and care systems varies considerably. Everywhere early childhood policies and systems appear in a state of flux, but in the present global economic climate childcare markets are a distinctive and rapidly growing phenomenon. Compared to commodity markets, European childcare markets tend to form part of a mixed economy, in parallel with developments in other social welfare markets. In this mixed economy, the state, private-for-profit and private-not-for-profit providers all play a role in its provision, funding and regulation. There is growing evidence that marketisation and privatisation, including corporatisation, especially in the UK, risk deepening, consolidating or widening inequalities of access to early childhood provision; they may also drive up costs and promote qualitative differences between provider types. This trend is becoming more prominent as economic austerity makes its mark on Europe. This paper uses a policy ethnography approach to the selection and analysis of evidence. In particular, the situation in England and the Netherlands challenges the expectation from classical economic theory that under such conditions the market will create incentives for providers to offer consumers more choice and competitive pricing, leading to a better balance between service supply and demand. On the contrary, it becomes less likely that children from disadvantaged backgrounds are offered places in good quality provision. By contrast other European countries, such as France and Norway, illustrate the role public funding and regulation can play in similar childcare markets in attempts to counter their negative impacts. Such alternative approaches may point the way towards greater viability for European early childhood service systems in the 21st century.