

Universal child care would generate up to \$29 billion a year in tax revenues, new report says ^[1]

Author: Kennedy, Brendan

Source: The Star

Format: Article

Publication Date: 25 Nov 2020

AVAILABILITY

Access online ^[2]

EXCERPTS

A cross-Canada, universal child-care system would generate \$17 billion to \$29 billion in annual government revenues and easily pay for itself in the long run, according to a new report.

Published Wednesday by the Centre for Future Work, the report finds that the combination of jobs created by an expanded child-care system and increased participation in the labour force by women could add more than \$100 billion to Canada's GDP. The report suggests that building an affordable, national child-care program is Canada's best path toward a post-pandemic economic recovery.

"It's an expensive program, and people are going to look at the cost of it and say, 'Wow, that's too much money,'" said economist Jim Stanford, who wrote the report. "This is where we have to compare that against the benefits that are going to be generated."

In September's speech from the throne, the federal government committed to making a "significant, long-term, sustained investment to create a Canada-wide early-learning and child-care system."

Child-care advocates welcomed the commitment, but details of the program have yet to be revealed.

Using Norway's universal child-care system as a template, Stanford assumes Canada's system will provide enough spaces for 92 per cent of all Canadian children from the ages of one to five. Other than that, the report doesn't make any assumptions about the system's design, nor does it put a precise price tag on the costs to build it. But Stanford said that even if Canada were to adopt the most ambitious proposals that have been put forth — with estimated costs as high as \$70-\$80 billion over 10 years — the report finds that the long-term economic benefits would still exceed them.

Stanford estimates that a national child-care system would create more than 200,000 new jobs in early learning and child-care provision, and another 80,000 new jobs in "upstream and downstream" industries, including 8,000 construction jobs needed to build or retrofit child-care facilities. He estimates that the increase in labour supplied by women in the prime parenting age cohorts — from 25 to 50 — will be equal to as many as 725,000 additional workers, in terms of both women joining the labour force and increasing the number of hours they work.

Stanford, who writes an occasional column for the Star, said that while the benefits of child care are well established, the fact that the system will "literally pay for itself" hasn't been fully appreciated.

"I guess I wanted to try to put some broad numbers on this to make it more concrete for people, including for our political leaders."

In Quebec, which already has universal low-cost child care and the highest participation by women in the labour force of any province, research shows that their child-care system is "profitable" for the government. Every \$100 spent by the province yields \$104 in provincial tax revenues and \$43 for federal coffers.

Stanford said building a national child-care system would contribute to both the urgent need for immediate economic recovery in the wake of the COVID-19 pandemic and also strengthen the Canadian economy in the long term. That combination of short- and long-term benefits makes it an "absolute no-brainer," he said.

The pandemic, which has disproportionately hurt women's employment, has underscored how crucial child care is to economic stability, said Kate Bezanson, a sociology professor at Brock University who was consulted by Stanford.

"We understand that without a substantial investment in child care we face the prospect of a gender-regressive recovery," Bezanson said in an interview. "This is a recession that has been marked by significant losses for women's employment, especially those with young children. We can't make that up any other way."

Bezanson referenced a recent study by the Women's Budget Group in the U.K. that found that investing in a "care-led recovery" — for both children and those in long-term care — would create 2.7 times as many jobs as the same investment in a more conventional construction-

led recovery.

“There’s an emerging dialogue about the necessity of using a social infrastructure approach to meet this particular moment,” she said.

Not included in Stanford’s main calculations are the long-term benefits that come from the “enhanced capabilities and capacities” of children who otherwise wouldn’t have received professional early learning and child care. This leads to increased high school graduation rates, improved employability, higher career earnings and also reduced health-care expenses and criminality, he said.

“International experience and historical experience confirms that when you invest in the development and wellbeing of young kids, society is much stronger as a result,” he said. “It takes time for those effects to be felt, but they’re really important.”

Carmina Ravanera, a research associate at the Institute for Gender and the Economy at the Rotman School of Management, said it took the pandemic to highlight the need for universal child care because care work is mostly performed by women and is historically undervalued.

“That’s something that can be changed with a national child-care program,” she said.

Ravanera, who co-authored a separate report for YWCA Canada on a feminist economic recovery plan, said we should look at universal child care as a long-term investment, rather than simply an expense.

Not only are there clear economic returns, she said, it also creates a “healthier and educated young population and a stronger workforce for the future.”

Related link: The role of early learning and child care in rebuilding Canada’s economy after COVID-19 [3]

National child-care system would boost women’s job numbers and economy, report says [4]

Region: Canada [5]

Tags: universal [6]

national child care [7]

economics [8]

Source URL (modified on 25 Nov 2020): <https://childcarecanada.org/documents/child-care-news/20/11/universal-child-care-would-generate-29-billion-year-tax-revenues-new>

Links

[1] <https://childcarecanada.org/documents/child-care-news/20/11/universal-child-care-would-generate-29-billion-year-tax-revenues-new> [2]

<https://www.thestar.com/news/gta/2020/11/25/universal-child-care-would-generate-up-to-29-billion-in-tax-revenues-new-report-says.html> [3]

<https://childcarecanada.org/documents/research-policy-practice/20/11/role-early-learning-and-child-care-rebuilding-canada's> [4]

<https://childcarecanada.org/documents/child-care-news/20/11/national-child-care-system-would-boost-women's-job-numbers-and> [5]

<https://childcarecanada.org/taxonomy/term/7864> [6] <https://childcarecanada.org/category/tags/universal> [7]

<https://childcarecanada.org/category/tags/national-child-care> [8] <https://childcarecanada.org/category/tags/economics>