

# Child care policies face free trade minefields [CA] <sup>[1]</sup>

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## AVAILABILITY

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EXCERPTS Child care is poised to take a giant step forward to become Canada's next social program. Federal Social Development Minister Ken Dryden compares the challenge of creating a national child care program today with that of establishing medicare 40 years ago. But there's one major difference that the federal, provincial and territorial ministers must keep in mind when they meet in Vancouver this week to complete a deal: The rules of the game have changed dramatically. Unlike those who built the nation's public health system, the ministers will have to stickhandle their way through a maze of free trade rules that disparage non-market policies such as those at the heart of universal social programs. Moreover, unlike past trade regimes, North American Free Trade Agreement and World Trade Organization rules apply to services and foreign investment in all sectors, including child care. Canada concedes the inherent contradictions between free trade and social policy goals, which explains why it has taken steps to protect social programs from the full impact of these trade rules by negotiating exceptions, known as "reservations" under NAFTA and the WTO. However these exceptions are limited and vulnerable to challenge, so it is crucial that Canada do nothing to undermine these safeguards in establishing new child care programs. But that is precisely what will occur if Dryden allows public funding to subsidize for-profit child care companies, since NAFTA and WTO exceptions only apply to services that are delivered on a non-commercial basis. In fact, the U.S. has made it quite clear that as far as it is concerned Canada's NAFTA reservation for social services applies only where services are provided on a non-commercial basis. If child care gets stripped of its protection under current reservations, international investment and services rules will severely limit the capacity of federal, provincial and even municipal government's to regulate child care in the public interest. For example, if these trade rules were to fully apply, governments would have no ability to prevent foreign child care companies from acquiring a dominant position in the child care sector. And it is very likely that big-box child care companies operating in the U.S. and elsewhere will be attracted to Canada if increased and stable public funding is made available to support commercial child care. In addition, governments could not, as Quebec has done, require the boards of child care centres to include parents or community representatives. These international rules would also prohibit regulations concerning the qualification of child care workers, or the licensing requirements for child care centres, where these are "more burdensome than necessary." The way things stand now, the federal, provincial and territorial child care ministers have every opportunity to get it right on this crucial point. While Canada has for-profit delivery, corporations don't play a substantial role in Canadian child care and there is little if any foreign investment in the sector. This means that a new public child care program that stipulates public, not-for-profit delivery will not be at risk of provoking a NAFTA investment claim. If a new child care program allows for an increase in the "Mom and Pop" -- small commercial -- child care operators, there is a stronger likelihood that larger, foreign child care corporations will demand access to the "market." Moreover, it is unclear where the tipping point would be in determining, under trade rules, that child care in Canada is commercial in character. A prudent approach would be to draw the line where it now stands, grandparent existing operators, and ensure that expansion of the child care system occurs in the not-for-profit sector. A cross-Canada child care system won't be arrived at overnight. Federal and provincial governments will need the policy flexibility to adjust and fine-tune the program as it develops. In this context it is vital for Canada to maintain policy flexibility for governments charged with ensuring that programs are efficient and responsive to community needs. This requires preserving NAFTA and WTO exceptions intact, which in turns means dedicating public funding for new child care services to non-commercial providers. - reprinted from the Vancouver Sun

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