

Investing in the very young pays dividends to all [CA]^[1]

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EXCERPTS

David Dodge, as governor of the Bank of Canada, has a big job guiding monetary policy- and hence the performance of our economy. But Dodge, in his private capacity as citizen and as a well-educated and experienced economist, has another interest, early childhood development.

And it is in his private capacity that he recently gave a strong argument for the economic benefits of investing in early childhood development. Early childhood development includes the critical period of pre-natal care and parenting education and support in the first two years of life, which is a critical period in the development of the brain, and on the next period until entry into the school system, where cognitive and social development is important.

It is in the early years that the pathways for lifelong learning, coping and health are set, but also where the most effective supports and interventions can be made.

Dodge is not the first to recognize the importance of investing in early childhood development. James Heckman, the University of Chicago economist who shared in the Nobel Prize in economics, is another. And Federal Reserve Bank of Minneapolis economists have shown early childhood development investments yield a higher return than the usual economic development initiatives.

Likewise, both the World Bank and the Inter-American Development Bank also recognize the critical role of early childhood development. But Dodge's support for such initiatives is important, given his economic expertise and experience and the high regard in which he is held by Canadians.

Interestingly, Dodge credits the work of the Canadian Institute for Advanced Research and reports by Fraser Mustard and Margaret McCain with advancing our knowledge and understanding in this field.

In a presentation earlier this month to the Sparrow Lake alliance of groups concerned with children and families, Dodge spelled out the long-standing conclusion by economists that investment in people - what we call human capital - delivers significant returns to individuals and society. This is why we invest in education and training. It is this belief that has, for example, led to major boosts to investment in colleges and universities.

But in a world of limited resources, the economic challenge is to identify, in Dodge's words, "at the margin, where are we likely to get the most productive use of new resources for human capital development: early childhood development, schooling, post-secondary education, or workforce training and retraining."

The biggest bang for the buck, he concludes, is early childhood development. "It seems clear," he says, "that, at the margin, public investment in human capital should be directed toward the very young."

Through effective early childhood development, youngsters would enter the school system at age 6 ready to learn and succeed. This would make the school system itself more effective and efficient, and allow young people to obtain higher levels of achievement in fewer years of schooling- thus also enabling them to enter the world of work "at a reasonably young age." In an aging society this will be increasingly important, as it will be, with a proportionately smaller labour force, to raise the productivity potential of future generations.

The real challenge is to devise the most effective policies for early childhood development, since much of the benefit depends on the quality of parenting and home life. Governments, as Dodge says, have already taken some useful steps.

"Improved Employment Insurance for parental leave, increased levels of the national child benefit, tax deductibility of child-care expenses, and changes in labour laws to protect the employment rights of parents taking time off work are helpful," Dodge says, adding that employers can help with flexible work arrangements.

But institutional arrangements are lacking. Provinces do not have a human capital development focus for early years- they should shift early years responsibilities from social welfare to education ministries, with increased resources. And municipalities lack the financial resources to play a big role.

"Despite the many difficulties involved," Dodge argues, "it is important that a government institution (or municipal institution) be given the mandate and authority to organize early childhood development with a clear performance criterion - and that is to raise readiness-to-learn scores for 6-year-olds."

I would add that if we want to promote equality of opportunity in a knowledge-based society, this is the most important challenge we face. Dodge clearly gets it. Unfortunately, most of our provincial governments don't. Fortunately, in Ontario, the Liberals have an ambitious plan and now the Tories are talking of creating a new ministry of human development, which would include early childhood development and education.

-Reprinted from The Toronto Star.

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