Early childhood education spurs strong economies [CA] [1]

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EXCERPTS

All across Canada and the United States, provinces and states, cities and towns, are searching for the best ways to build successful economies.

Often this results in competing subsidies for businesses, as we can currently see in the automotive industry.

Yet possibly the most effective economic development tool is to invest in early childhood development, when the trajectories for learning and health are being set.

A couple of weeks ago, I wrote of the initiatives being launched in two jurisdictions, one in Michigan and the other in Alberta, and contrasted their approaches with the dismal approach being displayed by the Eves government here in Ontario.

Now, by e-mail, the Federal Reserve Bank of Minneapolis has sent me an article in the latest edition of its publication, fedgazette, which is headlined "Early Childhood Development = Economic Development with a High Public Return."

The article, by Art Roinick, senior vice-president and director of research at the Minneapolis Fed, and Rob Grunewald, a regional economic analyst at the Minneapolis Fed, argues that many of the devices that governments use to promote economic growth, such as subsidies to attract new plants or support for sports stadiums and similar projects, in fact yield very low returns.

Yet early childhood development programs, they argue, have much higher rates of return, for society and the individual, than most economic development initiatives.

The problem is that early childhood development programs "are rarely viewed within the context of economic development, but we think that is a mistake," they say.

Considerable research supports the conclusion that early childhood development is "grossly underfunded. However, if properly funded and managed, investment in early childhood development yields an extraordinary return, far exceeding most investments, private or public."

They calculate the public real or after-inflation rate of return at 12 per cent and the combined public-private real rate of return at 16 per cent. That's because "investment in human capital breeds economic success not only for those being educated, but also for the over-all economy."

Drawing on a significant array of respected research, Roinick and Grunewald stress that "the quality of life for a child and the contributions the child makes to society as an adult can be traced back to the first few years of life. From birth to about 5 years old a child undergoes tremendous growth and change. If this period of life includes support for growth in cognition, language, motor skills, adaptive skills and social-emotional functioning, the child is more likely to succeed in school and later contribute to society."

But without such early nurturing, support and confidence building, "a child is more likely to drop out of school, receive welfare benefits and commit crime."

One could also argue, which the Minneapolis Fed economists don't, that our demographic future makes it even more imperative to make investments in early childhood development.

While the most important argument is a moral one, not an economic one — we have a moral obligation to provide each child with the best possible start in life to improve his or her own life chances — the economic one is even more compelling when we consider that we live in ageing societies where productivity to generate the needed wealth for pensions and health care will become even more important. It will depend crucially on the innovation and creativity that comes from a well-educated population.

The principal caveat I would have with the Minneapolis Fed report is that it focuses exclusively on youngsters in the lowest socio-economic part of society.

While attention here will have the highest returns, we know that the need for early childhood development exists in all quintiles of the population, as a gradient will show. And since the middle class represents the largest share of the population, the greatest over-all benefit may exist there.

But most importantly, it is significant that a member of the U.S. Federal Reserve, the U.S. equivalent to the Bank of Canada, has identified the critical importance of early childhood development.

The test for any society is to see whether it can make long-term investments where the real benefit is many years down the road.

We have seen this in the debate on climate change. And in Ontario, we can see it in early childhood development, where our provincial government still doesn't get it.

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Tags: economics [2]
