

# The dollars and sense of solving poverty <sup>[1]</sup>

**Author:** National Council on Welfare

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## AVAILABILITY

Full report PDF <sup>[2]</sup>

## EXCERPTS

This report is about the high dollar cost we are currently paying for the consequences of poverty, and why investments to end poverty make better economic sense. There are different approaches to poverty. An approach based on short-term spending to help people in poverty get by can often carry indirect costs. It does not do a good job of reducing poverty itself.

Many Canadians are concerned that reducing poverty means more spending on people living in poverty, leaving others worse off. The growing body of research and experience tells a very different story. It shows that reducing poverty benefits everyone.

In an investment model, the more resources devoted to preventing poverty and directly lifting people out of poverty, the greater the pay-off would be for all Canadians in reduced health care and other indirect costs. The wellbeing of people at the lower end of the income ladder would improve, and with less time needed just for survival, their opportunities to contribute to society and the economy would expand. These kinds of benefits need to be counted and made visible to a much greater extent so that Canadians can see the positive return we can get for our investment.

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### Early Learning and Care

The importance, and cost-effectiveness, of quality early learning is one of the most well-documented fields of study. Examples of prominent American child care programs focused on at-risk children were included in the Council's 2002 Cost of Poverty report, showing savings in the range of 7 dollars for every dollar spent when children reached adulthood. Another study estimated that a universal system in Canada for 2 to 5 year olds would return about 2 dollars for every dollar spent.

More recently, we are able to see the impact that Quebec's child care program, established in 1997, is having on poverty. Figures from Quebec's statistical institute show that between 1997 and 2007, the poverty rate for female lone parents declined 15 percentage points, using after-tax LICOs as the poverty measure. Using the Market Basket Measure, the drop was 20 percentage points between 2000 and 2007, compared to a drop of 12 percentage points for Canada as a whole.

An analysis of the child care situation in Quebec, by the Association québécoise des centres de la petite enfance (2007), noted many other benefits. For example, between 1995 and 2005, the increase in the labour force participation of child-bearing women in Quebec was twice that for Canada overall. The provincial government benefits through a reduction in welfare rolls and an increase in taxes paid, as well as a reduction in the need for social services and the healthcare system. The private sector gains access to a larger workforce and creates jobs in the early childhood sector. Women benefit by becoming more independent and better able to leave abusive relationships, with positive effects on their health and decision-making as well as their children's health and development. This analysis also identified the long-term benefits of higher education and a greater ability to break the poverty cycle.

**Region:** Canada <sup>[3]</sup>

**Tags:** economics <sup>[4]</sup>  
poverty <sup>[5]</sup>

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