

TD Economics says child care should be a top spending priority for governments after deficits eliminated ^[1]

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EXCERPTS:

Public investment in child care should be a top priority when Canada's fiscal books are balanced, says one of the country's top bank economists.

The "widespread and long-lasting" economic, social and health benefits for children, families and society far outweigh the costs, says TD Bank Chief Economist Craig Alexander in the first-ever analysis of the issue by a Canadian bank.

"It is very much an economic topic," Alexander said in an interview. "If you are concerned with skills development, productivity and innovation, you should really care about this subject."

Alexander prefaces his TD Economics Special Report, released Tuesday, by noting that early childhood education is a "very complex sector" that requires more in-depth analysis before making more detailed recommendations.

However, an initial review of international literature on the benefits of child care - including increased women's workforce participation, lower child poverty and better economic and social outcomes for children - provides compelling evidence that Canada can and should do more, the report says.

For every dollar invested, the return ranges from roughly \$1.50 to almost \$3. For disadvantaged children, the return runs into the double digits, it says. While such cost-benefit analyses are not "exact science" and should be viewed with caution, on balance, Alexander says he is convinced.

"Given the unquestionable number of benefits that early childhood education can provide, it follows that more focus should be put on investing in, and improving, the system," the report says.

TD Bank has written extensively on the economic importance of education and literacy. In light of the scientific evidence on the importance of early experiences to cognitive development, it makes sense for the bank to weigh in on child care, Alexander said.

He was troubled by the gap between parental leave and the beginning of formal education at age 4 or 5 in most parts of Canada that leaves most parents scrambling to find affordable child care.

He was also surprised to learn that an international comparison of child-care spending in developed nations shows Canada - which spends more than \$11 billion on early learning - is a laggard.

"At 0.25 per cent of GDP, Canada ranks last among comparable European and Anglo-speaking countries," the reports says. "Hence, one could argue that Canada has been under-investing in early childhood education."

An additional \$3 billion to \$4 billion would be needed to bring Canadian spending up to the average of peer countries, the report says. However, federal and provincial deficits mean new funding is "not in the cards."

Canadian child care expert Martha Friendly welcomed the report's "well-rounded" analysis and call for more investment by both Ottawa and the provinces.

"From a major bank, it's a breath of fresh air," she said.

But she questioned Alexander's hesitation to recommend immediate action.

"The reasons we should be doing it now are right there in the report," said Friendly of the Childcare Resource and Research Unit. "Child care helps parents work, it creates jobs, it stimulates the economy and it's good for children."

As the report suggests, Canada already spends a considerable amount of public money on child care that could be spent more wisely, Friendly said.

"We need more money and much better policy," she said. "It's really about transforming the whole approach. I think it is great that a bank is sending a message to both the provincial and federal governments that this is a national issue."

-reprinted from the Toronto Star

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