

Increasing Canada's Productivity Through Early Childhood Development

The productivity of Canada's labour force is suffering. Canada is losing its global competitive advantage. Investing in early childhood development (ECD) will augment Canada's ability to compete globally.

The Honourable Diane Finley, Minister of Human Resources and Skills Development agrees: "Our government understands that being competitive and productive means ensuring that Canadians have the skills and training to adapt to a changing global market."¹

- Nearly nine million adult Canadians lack the literacy skills necessary to cope with everyday life. ²
- Among developed countries, Canada comes dead last in spending on early childhood programs.³
- Currently, Canada spends only about half of what the United States and the United Kingdom do on early learning and care, as a percentage of the GDP. The Scandinavian countries all spend five times as much, or more, and are reaping the benefits in greater employability for all parents, more taxes paid, enhanced child development and lower costs of welfare and social services.
- While it seems that the federal government has both the motivation and the prudence to support early skills development, "it is clear that national and provincial policy for the early education and care of young children in Canada is still in its initial stages."⁴ Even though the federal government has increased the national Child Benefit Supplement and Canada Child Tax benefit as part of Canada's Economic Action Plan, there is no specific mention of support for early childhood development, specifically between the ages of 3 and 6.

Investing in a universal ECD program is the most cost-effective strategy in the effort to improve the productivity of Canada's current and future labour force.

- Nobel Laureate and University of Chicago Economics Professor, James Heckman maintains that "investments in children bring a higher rate of return than other investments."⁵
- Focusing on policy-related investments on children results in a higher level of skill development and yields a greater rate of return.⁶

¹ Human Resources and Skills Development Canada (April, 2009). <http://news.gc.ca/web/article-eng.do?&nid=445209> Visited June 1, 2009.

² McCain, Hon. Margaret Norrie, J. Fraser Mustard, Dr. Stuart Shanker (March 2007). *Early Years Study 2: Putting Science into Action*. Toronto, ON: Council for Early Childhood Development. qtd. in *The Case for Early Childhood Learning and Care: Five Reasons Why*. p. 6.

³ McCain, Ibid. p.6.

⁴ Qtd. in *Early Learning and Child Care: How Does Canada Measure Up? (2006)*. Childcare

⁵ Heckman, J. James. *Fostering Human Capital*. 2000. qtd. in *Why Business Leaders Think Child Care Matters*. YWCA of Vancouver. 2006.

⁶ YWCA (Vancouver). *Why Business Leaders Think Child Care Matters*. 2006. www.ywcavan.org

- Targeted investment in early childhood development will ultimately enhance school readiness, increase the efficiency of primary school investments and human capital formation, reduce social welfare costs, stimulate community development⁷ and produce higher economic productivity.⁸
- A universal early childhood development program is financially viable. A recent economic analysis commissioned by YWCA Vancouver confirms a two-to-one return on every dollar invested in quality child care.

A universal early childhood development program is a prudent investment and is financially justified. Federal support for such a program promises a very high rate of return that will benefit Canada's global economic standing.

Recommendation

That the federal government, in cooperation with the provinces and territories and other stakeholders, fund and assist in the development of a provincially-delivered effective early childhood development program to improve the long term productivity of Canada through a better educated, more highly skilled workforce, resulting in superior economic performance.

⁷ Young, Mary. E. *Early Child Development: Investing in Our Children's Future*. qtd. in *Understanding the Early Years*: Burnaby, British Columbia. 2008. p. 14.

⁸ McCain, Ibid. p. 2.