FEDERAL BUDGET PROPOSAL

Marc Tatanasci Lalonde

Executive Summary

Canada, unlike other developed countries, has displayed little federal leadership in investing in the early years. Canada also has the lowest spending, per GDP of any other developed country when it comes to the early years (University of Toronto, 2006). Although the evidence is indisputable about the indirect and direct costs benefits to spending in the early years, the present federal government chooses to ignore this economic benefit. If the government is concerned about:

- the long-term productivity of the workforce;
- decreasing the costs of remedial support in schools;
- decreasing overall health care costs; and
- decreasing crime related costs, then it is time for Canada to enter the new millennium and start dedicating efforts to the early years.

A sustainable, universally accessible child care system that ensures quality care is an essential element to this end. Such a system will not only support working families, but also allow stay-at-home parents to provide their children with peer group experiences.

Canada has one of the lowest corporate tax rates of the developed nations and plans to decrease this rate are on the way. By adding one percentage point to the corporate rate, and eliminating any further decreases, the direct costs for a child care initiative will be ameliorated significantly. This will still provide a competitive corporate tax rate, along with the significant other resources this nation has in attracting investments.

By making a commitment to the welfare of the Canadian children, there will be immediate economic gains as well as significant long-term savings.

A Sustainable Economy

A sustainable economy can only be achieved with a long-term perspective. The role of government is to initiate and support long-term economic planning that benefits the country as a whole. Taking a lead from the recent 2011 report from the International Bank for Reconstruction and Development / World Bank, the best long-term investment a country can make is in early childhood development (ECD). As documented in their research, investing in the early years:

- Enhances school readiness and related educational outcomes.
- Improves physical and mental health, reducing costs to the health care system.
- Reduces the engagement in high-risk behaviour such as; smoking, risky sexual behaviour, substance use and criminal involvement.

A Sustainable Economy (Continued …)

There is a long documented history of research which demonstrates a high cost-benefit ratio for every dollar invested in ECD, and the World Bank's recent analysis is a 7 to 16 percent annual rate of return.

Investing in ECD is also a key element in reducing and preventing poverty and poverty costs. In a recent report, the overall cost of poverty in BC alone amounts to $8 to $9 billion annually, whereas a comprehensive poverty reduction program would costs $3 to $4 billion dollars annually (Ivanova, 2011). This translates to a savings of $4 to $5 billion in annual costs benefits.

Another economic advantage to investing in ECD is how cost-efficient it is in producing a well-trained and capable workforce. This benefit is universal to all Canadian families, including stay-at-home parents. Children today do not have the peer experiences previous generations had. Today's children need "playdates" and organised sports/activities in order to be with other children their own ages. Children need to learn how to cooperate, share, take turns, develop inhibitory control, and express their feelings appropriately and communicate effectively - BEFORE they enter the elementary school system. Preschool experiences, guided by qualified teachers, ensure environments where children can gain these valuable skills at a critical period of development. The most productive workforce is not only educated, but also has skill sets to effectively work in dynamic, synergistic working groups.

Sustainable Jobs

A sustainable workforce will be achieved by investing in the early years in the following ways:

- Direct employment and output in the child care sector.
- Supporting the social infrastructure parents need to be active in the workforce.
- Increasing the ability for women to remain in stable employment, as demonstrated in Quebec's child care reformation (Marvin Shaffer & Associates, 2005).
- A key strategy to addressing future labour shortages due to an aging population and lower birth rates.
- Allowing for more opportunities while freeing up discretionary spending for the working poor, which has a multiplier effect on the economy because lower economic groups tend to spend more, proportionally, in local economies (Reynolds, 2011).

Relatively Low Rates of Taxation
Taxation is the price citizens pay for a just society. Government's role is to ensure the safety of its citizens, as well as facilitating their optimum health and well-being. The federal government has a responsibility to protect the common good for all Canadians, and taxation is an effective means to equalise the opportunities so everyone can achieve optimal development and productivity (Wilkinson, R. & Pickett, K., 2009).

As Canadian's we need leadership in the federal government to take a long-term view, beyond the present 3 to 4 year terms of office. Just as capitalism has taught us that long-term profits are generated through thoughtful and well executed investments, the government must also invest in future financial gains. By increasing spending in ECD, which may impact a short- term tax burden, the long -term savings will decrease the need for further tax increases and potentially decrease the taxation rate itself.

The real costs of not investing in the early years are: poor scholastic outcomes; higher rates of criminal behaviour; increases in health care costs; and a less productive workforce in the future.

Balanced Budget

A balanced budget may meet short-term needs, but at what costs? If short -term gains are made at the risk of long-term investments, costs will simply accelerate as time moves forward. The recent financial crisis is a clear indication of the net loss in the long run, when costs are cut back to generate short-term profits. By investing in the early years future budgets may be balanced while still providing the essential social, education and health services for a thriving country.

Canada will have one of the lowest rates of corporate taxation in the developed world. Raising the corporate tax rate slightly will still allow Canada to be competitive in attracting international investments especially if we have a plan in place to increase our productive output, as investing in ECD does. Canada has the natural resources and the physical infrastructure to attract new investments; we just need to ensure our overall, long-term productivity stays competitive.

A Sustainable Economy

1. The children of Canada deserve strong federal leadership when it comes to vision, direction and cohesiveness of policy. The disjointed delivery of services, even within a province, is testament to the need for comprehensive, unified political leadership. The government of Canada needs to accept responsibility for all Canadian children and direct its efforts to the early years. It is therefore, recommended the Canadian government place early childhood development under one Ministry and develop sound policies and financial support to ensure all

Canadian families have access to quality child care, which is regulated under one standard of legislation.

A Sustainable Economy (Continued …)

2. In order to ensure high quality care, there needs to be a process which will facilitate present Early Childhood Educators to achieve higher levels of education. It is therefore, recommended the Federal government legislate a plan, similar to the one proposed by the Early Childhood Educators of British Columbia as: *Community Plan for a Public System of Integrated Early Care and Learning* (ECEBC, 2011).

3. Considering Canada invests the least amount per GDP in the early years, than any other developed country, there will be a period of transition to catch up with other developed nations. Therefore, it is recommended the federal government stop the steep decline in the corporate tax rate and raise it by 1%, which will still be a relatively low taxation rate compared to other developed nations and commit 1 billion dollars annually to be directed to investments in the early years. Canada has abundant natural resources, a healthy financial sector, a thriving infrastructure, and we still have a productive workforce to attract new investments.

Expected Costs

It is estimated the costs of a national child care program, available to all working families, will be $1billion dollars annually. This represents less than 2% of Canada's GDP, well within the parameters proposed by the World Bank.

Expected Returns

The "Gold Standard" of child care (High Scope, the Abecedarian Project, and the Chicago Child Parent Center) has provided costs benefit analysis as high as $7 dollars returned for every dollar spent in high quality services to young children and their families. Canadian estimates, which identified preschool experiences as an essential component to the child care matrix in Canada, identified a direct cost-benefit of at least $2 for every dollar spent in the early years (Cleveland & Krashinsky, 1998; Canadian Council on Social Development, 2004). The World Bank estimates an annual rate of return of 7 to 16 percent, annually, for every dollar spent in the early years. No matter what costs analysis is used, investing in child care produces a profitable return, even conservative numbers demonstrate a clear rate of return on each and every dollar spent in the early years. It is time for Canada to catch up to other developed countries that have better social, health and economic outcomes, before we fall too far behind.

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