



***Economics of Early Childhood Development and Care:
The cost of not doing enough***

Remarks by

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to the

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Bonjour tout le monde! Good morning everyone. Special greetings to Senator Landon Pearson, Parliamentary Secretary to the Prime Minister, John Godfrey and Minister Jim Rondeau.

Ray, thanks very much for the marvelous introduction. I've learned a great deal from the community-based early childhood development project - *Better Beginnings, Better Futures* in Ontario, and especially enjoyed reading the *highlights of lessons learned*. This is a research model with widespread application across the country and one that has your indelible mark on it.

It's a pleasure to visit the capital city of la "Belle Province" today – a city, province and people that places tremendous focus on children and family. I remember hearing the announcement about where the Centre of Excellence for Early Childhood Development (CEECD) would be located...and I also remember not being surprised with the choice of Quebec and Montreal.

As you may be aware, one of Canada's communications pioneers, the late Marshall McLuhan, often shared his thoughts about children. You may recall his remark about changing infant diapers that goes like this: "Diaper backwards spells repaid. Think about it." Many interpretations have followed over the years – I prefer the one that suggests there are short/long-term "benefits" for taking care of children early on.

After hearing Fraser Mustard speak, the man who originally got me and RBC involved in supporting early childhood development, not to mention Dan Keating, who among many credits, can claim the distinction, Royal Bank Fellow of the Canadian Institute for Advanced Research (CIAR), they are hard acts to follow. However, a comprehensive conference about early childhood development is more than the biological and psychological dimensions – it's also about integrating an economics dimension. And it's my job this morning to shed more light on the economics. In doing so, I'm convinced you'll see the interconnection with Fraser's and Dan's themes – I'm also convinced you'll see there's a cost to not doing enough.

As I glance around this room, I can't help but appreciate the power of the collective voice plus the value of raising the volume and the bar when it comes to investing in early childhood development and care. From policy/service planners, child development researchers and provincial/federal representatives from coast to coast, to children's advocates from the United States and Italy, each and every one of you is part of the collective voice. And it's the same collective voice that will help ensure more business people are in the room at the next early years conference or the next event in your community and communities across the country.

There's no doubt the time is now to convince corporate Canada to take a more active interest and leadership role in supporting early childhood development and care. The key to convincing business revolves around building and selling a compelling case – demonstrating that investing in our children is good economics – good business.

The obvious place to start is with my involvement. I'm involved in supporting early childhood development and care because it's an economic investment that requires more federal, provincial and municipal government action. RBC can help influence public policy and public opinion. After all, the development of human capital at an early age is key to a successful economy.

I'm involved because it's an economic investment that needs corporate/business action. As a business leader, I have a responsibility to push the envelope on high priority issues – and what's more important than children?

I'm also involved because it's an economic investment that requires more community action – kids are everybody's business. Integrated early years programming is one of the best investments communities can make. As a children's advocate (and parent), the only way to make a difference is to get involved and get others involved!

That's why I accepted the role as Chair of the newly founded Council on Early Child Development and Parenting in Ontario. The Council is a community-based network organization committed to the advancement of human development through enhancement of early child development. It's designed to help communities establish, in association with primary schools, early child development and parenting centres. This initiative will involve school boards, public health, municipal government and community groups. Fraser Mustard is spearheading this initiative – and how does anyone say anything but “yes” to Fraser. Just ask Robin Williams, Jane Bertrand and Jean Clinton, who are members of the Council...and here today.

The bottom line is that business leaders need to step up to the plate. They need to hear and talk about research findings to get the message about what's at stake: current and future customers, employees and stakeholders, a healthier workplace (work/life initiatives), increased productivity, more attractive returns and corporate responsibility. The contribution of early childhood development and care to the creation and nurturing of human capital cannot be ignored. Here's some research at work that shows investing in children is good economics and good business:

- “For every \$1 spent on child care there is a \$2 economic benefit. The benefit comes back through increased tax revenues, and decreased social, education and health costs.”
- “A child's brain development in the first six years of life sets the foundation for lifelong learning, behaviour and health.”
- “If the first few years of life include 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.”
- High-quality early childhood education produces “long-term positive outcomes and cost-savings that include improved school performance, reduced special education placement, lower school dropout rates, and increased lifelong earning potential. Not only does high-quality early childhood education make a difference for children, it matters to their employed parents. Employers increasingly find that the availability of good early childhood programs is critical to the recruitment and retention of parent employees.”
- “It's estimated that work-life conflicts cost Canadian organizations roughly \$2.7 billion in lost time due to work absences (this figure does not include indirect costs such as replacement of the employee during the absence, overtime costs or reduced service or productivity.)”

Last fall, a US-based conference “*The Economics of Early Childhood Development: Lessons for Economic Policy*”, provided a unique opportunity for economists, public policy analysts, professionals and educators to share research on early childhood development. James Lyon, first vice president at the Minneapolis Federal Reserve, conveyed a very clear message in his opening remarks: “One of the charges of the district Fed banks is to provide analysis and insight into regional economic development. State/local governments have been debating how to best use public funds to encourage economic growth, and research has shown that early childhood development programs should be viewed as economic development.” This matters to business.

Jacques van der Gaag, Dean of the Faculty of Economics and Econometrics, University of Amsterdam also makes a strong case for the economic connection in his paper, “From Child Development to Human Development.” He speaks to the intrinsic link between early child development (ECD) and human development (HD) and suggests that four critical “pathways” link ECD to HD. “The first pathway runs through *education*. Interventions during the early years of a child have multiple benefits for subsequent investments in a child's education. The second pathway is through *health*. Like education, investments in health are an investment in human capital and have long-term benefits. The third pathway links the notion of improved social behavior (as a result of being enrolled in an ECD program) with the formation of *social capital*. And in the fourth pathway, ECD is linked to HD by the potential of ECD programs to address *inequality* in society. Ultimately, education, health, social capital, and equality are linked to economic growth and...human development.” van der Gaag argues that because human development is so closely associated with early childhood development, ECD is the natural starting point for investment. This matters to business...(and to the Council I mentioned earlier).

In this month's edition of the magazine Today's Parent, there's a child care report card by John Hoffman, that begins with the question: How good is daycare in your province? Not surprisingly, Quebec won big time, mainly because of its higher spending on child care and higher number of child care spaces. I'm sure most of this audience knows that Quebec launched an early childhood education policy in 1997/98 that resulted in “a 56% increase in child care spaces by 2001, higher training standards for staff and the \$5-a-day fee” (recently increased to \$7-a-day).”

And how does Hoffman's article say Canada stacks up with other countries? “The Organization for Economic Cooperation and Development (OECD) sent a team of international researchers here to assess Canadian child-care programs in the fall of 2003...part of an ongoing effort to review early childhood education and child care policies/services in industrialized nations. While the report is still under wraps, based on the OECD's research on what makes good child care, Canada is not likely to stack up well. Canada is considered well behind many European countries in national investment in child care as well as quality.” This also matters to business.

More research and references, including the piece, “Never too early to invest in children: Early childhood education and care matters to business!” can be found on the *Voices for Children* web site that some of you may be acquainted with - www.voicesforchildren.ca. You may also want to check out the March 2004 edition of Policy Options magazine, as it presents four articles that explore child care and early childhood development. And speaking of child care, on May 20th the Child Care Coalition of Manitoba launched its report, *Time for Action: An Economic and Social Analysis of Child Care in Winnipeg*, that's an excellent read. It gets the economics!

Facts, figures, and return on investment are the kind of language that business understands. And the message is clear: we all bear a burden for failing to provide the “right start” to our children. We bear it as parents, taxpayers and businesspeople. We need more business leaders to view early childhood programs and child care as an economic issue, not just an education or social issue. It’s an important economic issue because early childhood development and care enables parents to work, learn and train while helping to prepare children for a brighter future. We must make this wise investment today to ensure a competitive workforce and economy tomorrow...and beyond.

We know that early childhood development and care has earned its place on the political landscape – as part of current leadership/campaign platforms and government agendas. The time is now to push the envelope on an agenda that must move forward to the next level, which means making ECD and child care a national/universal priority, while targeting the children most in need...and which means putting more money directly into high quality child care. This investment should be a coordinated effort to ensure program quality and to serve more children and families, including aboriginal children.

Business has a key role to play in helping to *nudge* government action on early childhood development and care issues – in helping to influence public policy. Business also needs to support governments in developing national/regional early childhood development and care programs to replace the “patchwork” of projects and initiatives that are in place today. Since the underlying goal of corporate responsibility is prosperity for Canada, the private sector should increase its support of children, learning and education. Prosperity depends on well-developed minds – intelligence, imagination, ingenuity and innovation. Advocating sound policy and establishing innovative strategies for early childhood development and care contributes to Canada's path to prosperity.

Let’s talk about bold, innovative strategies and action plans, as business should strive to be family/child-friendly employers...when it comes to children, there are unlimited possibilities:

- ✓ workplaces that employ on-site/near-site child care centers;
- ✓ child care subsidies;
- ✓ after-school programs;
- ✓ parental networks, information and referral services;
- ✓ investing in/sponsoring targeted children’s initiatives;
- ✓ workplaces that broaden their scope re job sharing, flexible hours, extended parental leave, and family care leaves;
- ✓ workplaces that encourage representation on children’s advocacy boards.

These are all elements of a sound business strategy, and they will aid in developing human capital, promoting a healthier workplace and creating a competitive advantage.

Let’s talk about business, government and community partnerships...there’s a whole host of unlimited opportunities for business investment in early childhood development and care – in employees and families. We must continue to listen to the voice of our employee partners (primarily through work/life initiatives) in order to help meet objectives and expectations.

Partnerships are an essential piece of the early childhood development and care investment. Corporations are part of the community. Best practices are community-based. And best practices are about collaborative community leadership and almost always about partnerships. What a great way to build a civil/civic society and promote shared responsibility.

Perhaps we'll see business well represented at the Child Care and Early Learning Conference in Winnipeg - November 2004. Entitled "*Child Care - For a Change: Early Learning and Child Care for the 21st Century*", this conference may likely interest many of you. As the promo says: "Today we know that early learning and child care is a social and economic driver for many interconnected issues: it's integral to lifelong learning and healthy child development, and to a sound and prosperous economy; it has significant implications for women's equality, effective labour strategies, and ameliorating poverty; and it contributes to flourishing cities and strengthens social equity. High-quality child care and early learning strengthens our social foundations – it benefits children, women, parents, families, and communities – ultimately, it benefits all Canadians. It's expected that the (international) conference will play a key role in influencing public policy and public perceptions about early learning and child care and help set the agenda for the next decade."

Whether we're talking about the biological, psychological or economic dimensions of early childhood development and care, there are common threads. To paraphrase Dan Keating: research is needed to identify links in development, implementation of programs needs to be evidence-based in a continuous improvement model and rigorous procedures for monitoring progress need to be established for understanding to become part of ongoing public dialogue.

Early childhood development and care thrives on interdependence and collaboration in order to work and work well - it requires leadership at all levels and business leadership at a high level. That's why people like Laurie Miller Brotman, Sandra Griffin, Mary Gordon, Gwen Healey, Kathleen Kiely Gouley, Amanda Mayer, Marinella Paciello, Loreen O'Byrne, Carol Slater, Brian Boles, Deborah Bryck, Andrea Kelland, Marcel Lauzière, Rosella Melanson, Carol Crill Russell, Tony Diniz, Marianne Drew-Pennington, Ann Robertson, Jan Sanderson, Rob Santos, Marc Thibault, Lori Walker, Paul Pelletier, Judy Watson, Ailene Wittstein, Robin Wright, Katia Bureau, Deb Paterson and Carol Rowan are here – that's why all of you are here – that's why I'm here.

In closing, it's time for the business leadership voice to be heard in greater numbers. "In today's world, where education and skill levels determine future earnings, the economic and social costs to individuals, communities, and the nation of not taking action on early childhood education are far too great to ignore, especially when the benefits far outweigh the costs." RBC Financial Group must also continue to do its part!

As Margaret McCain and Fraser Mustard state in *The Early Years Study: Reversing the Real Brain*, "A child's brain development in the first six years of life sets the foundation for lifelong learning, behaviour and health." There's no question that early childhood development and care is good economics and good business. After all, there's a cost to not doing enough!

Merci beaucoup...thank you very much. Now let's hear from you!