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IN Focus

A New Economy Needs Child Care

By Tammy Findlay with Stella Lord

THE REPORT OF the Nova Scotia Commission on Building Our New Economy, otherwise known as the Ivany Report, makes "an urgent call to action" for the province's future. While we also see the need for fundamental change in Nova Scotia, we have many concerns about this report, ranging from its narrow definition of the problem, to its selective research, to its dubious and sometimes contradictory solutions. But here, we would like to focus on one glaring omission—the role that social policy and in particular, early learning and child care (ELCC) play in economic development.

For the Ivany Report, the major problems facing the province are "industry failures, slow business growth, faltering employment levels, the loss of young people and skilled workers to other provinces, and the shrinking viability of many rural communities" (Ivany et al. 2014 vi). To be sure, in the face of demographic and economic decline, we do agree with some of the sentiments expressed in the report, but we believe these should lead to

radically different solutions than those proposed by the Commission. For instance, we too are troubled by the "lack of solidarity as a province" (Ivany et al. 2014 vii), but we would like to see solidarity mobilized toward social investment rather than austerity. We too are tired of "tentative half steps and continued muddling through," and agree it can't be "'business as usual" (Ivany et al. 2014 viii), but there are few areas where half steps, muddling through, and stagnation are more acute than in limited support for working families. It is astounding, therefore, that child care is not mentioned even once in the report, including in an entire section on 'human capital'!

The oversight seems particularly strange since the 2012 findings of the provincial Early Years Advisory Council, which includes discussion of the numerous economic and social benefits of early childhood development, are still fresh. This certainly reveals Ivany's bias in what is and is not deemed relevant to 'the economy.'

The bias is further reinforced by the choices made regarding which community concerns are counted as 'real' economic issues, and which are dismissed as superfluous. According to the commission,

> [public] input addressed every aspect of our economic circumstances, but also raised wider issues of poverty, health and social well being, public education, community development, the arts, cultural expression, environmental stewardship and human rights ... The main focus must be the economy of the province ... It is not practical within the timeframe and resources of the Commission to develop sound analyses and well thought-out policy advice in all of the areas of concern raised by participants in the process (Ivany et al. 2014 3).

To assume that social, cultural and environmental issues are not also economic issues as these statements imply is absurd. In a democratic society, matters of economic development should align with social and environmental sustainability. That such "areas of concern" ARE about the economy is lost on the Commissioners. As McCain et al. (2011) maintain, "[e]arly childhood education is economic development" (63).

Even if we take Ivany's limited frame of reference as given, it is inexplicable that the Commission did not consider child care as a central piece of this puzzle considering "the importance of this sector to the support and renewal of the Canadian labour force in the face of an aging population and skill shortages" (CCAAC 2012 3). This is especially surprising since population growth is one of the primary preoccupations of the Commission. Ironically, the Commission calls for a "projet national" (Ivany et al. 2014 viii), without learning from the most significant plank in Quebec's development strategy — its progressive family policy. Research on Quebec, for example, demonstrates that

> Among the factors that are responsible for low fertility, the risks experienced by young people, and women in particular, are particularly relevant. These risks are partly responsible for the delay in family formation. In that context, it is noteworthy that fertility is rising

> most in Alberta and Quebec, that is in provinces where young families have had the security of either good job opportunities or supportive social policy (Beaujot and Wang 2010 433).

The fact that fertility rates can be boosted with smart social investment, even in the absence of a booming oil industry, is also borne out in the international evidence where

> [v]oluminous studies from Population Europe, a network of demographers, shows how cultures, attitudes and levels of state support affect birth rates. Women rebel against motherhood in countries that make it too difficult to combine with work. Where men help least at home with their first child, where women are expected to stay home with young children — the Mediterranean, Japan, Germany and eastern European countries especially — fewer women have second children. Countries with the least childcare have low birth rates … [Therefore] [a]ny strategy for growth must include the very best childcare for all, as an economic engine (Toynbee 2012).

Even Goldman Sachs has made the link between public child care, reducing the gender gap in the labour market, and economic growth (Bagnall 2007; Thorpe 2007).

Newfoundland and Labrador also understands the demographic importance of child care. In its recent discussion paper on the Provincial Population Growth Strategy for Newfoundland and Labrador, the challenges identified, such as the outmigration of young people, aging population and diminishing rural communities are the same as those in Ivany. Yet the solutions offered are much more comprehensive. In concert with several social policy strategies, the first area that Newfoundland and Labrador recognizes as a priority is "[s]upporting women and parents in having and raising children through family-friendly policies" (Newfoundland and Labrador n.d. 4–5). They conclude that

> Newfoundland and Labrador is facing multiple demographic challenges on different fronts, e.g. immigration, births, aging population. There will be no single solution to resolve them. Tackling these serious demographic challenges will require concerted, co-ordinated effort. The Provincial Population Growth Strategy aims to focus on seeking measures in the short and long-term. At the same time, the Provincial Population Growth Strategy will integrate the work of government initiatives that have focused on supporting specific demographic and social groups, such as youth (Youth Retention and Attraction Strategy), children and parents (Childcare Strategy), low income households (Poverty Reduction Strategy), seniors (Healthy Aging Strategy Framework), newcomers (Immigration Strategy), and persons with disabilities (Inclusion Strategy) (Newfoundland and Labrador n.d. 14–15).

PEI is also taking a multi-faceted approach. It "considers early learning a labour-force strategy as well as a child-development issue. To boost its population and its economy, PEI has increased immigration and launched public relations campaigns to lure native islanders home … The province is trying to expand in tech industries such as aerospace and bio-

science, and Mr. Ghiz says cutting-edge child care 'will help train the next generation of islanders for the work force' and help attract people back" (Anderssen 2013).

In contrast, the Ivany Report is very short-sighted and misleading. It facilely rejects input from the community that called for public policy interventions and rules out government 'expenditure,' as fiscally impossible (Ivany et al. 2014), even though much of this activity should be more accurately described as *investment*. An investment brings future returns. There are lessons to be learned from the Quebec model, where affordability and the increased number of childcare spaces have certainly contributed to the economy. Quebec's child care system, for example,

> has allowed 'an additional 70,000 women with young children to enter the labour force, a 3.8% increase in women's employment overall. The ripple effect of this increase in working mothers' employment contributed an additional $5.2 billion to the provincial economy and increased Quebec's GDP by 1.7%. Furthermore, the impact of working mothers' increased purchasing power and taxes paid, along with reduced social transfers, means that for every dollar Quebec invests in its child care system, the province currently recovers $1.05' (CCAAC 2012 3).

Child care "more than pays for itself even in the short term: there is no financial reason for governments not to establish universal child care programs" (CCAAC 2012 4). And its longer term benefits are manifested in better educational and social development outcomes for children and youth (McCain et al. 2011).

Many studies, therefore, have demonstrated the economic and social benefits of public investment in ELCC. Research conclusively shows that it creates jobs, fosters labour market participation and a skilled workforce, increases productivity, GDP and tax revenue, reduces poverty and income inequality, supports child early childhood development, advances women's equality, and addresses population decline (McCain et al. 2011; Fairholm 2011; Alexander and Ignjatovic 2012; Lefebvre, Merrigan, and Verstraete 2009). A 2011 report by Robert Fairholm, from the Centre for Spatial Economics, confirms that expansion in the early learning and care sector in Nova Scotia will provide more short-term economic stimulus than other major sectors of the economy. The GDP multiplier (the increase in GDP generated from a dollar increase in output in the early learning and care sector) is 2.23. This is larger than other sectors, including 67% higher than construction and 112% higher than manufacturing. Furthermore, the employment multiplier (the number of direct, indirect and jobs created per million dollars of initial increase in expenditure), is 46.8 jobs per million dollars. A recent study in Manitoba also found that the economic returns were even higher in rural communities, affirming the essential role that child care can play in regional economic development (Prentice 2008).

Given this reality, the Ivany Report's claim that "there is little evidence from past experience that, in and of itself, this [government 'expenditure'] would dramatically improve our economic performance" (Ivany et al. 2014 viii) is highly debatable. Setting aside that

we have no recent experience of significant social investment in Nova Scotia on which to base this assertion, we know that elsewhere, progressive social and family policy can play a key role in driving economic recovery.

Granted, increasing the fertility rate is a long term objective, but shorter term population strategies also depend on child care. The Commission's solution to Nova Scotia's population decline is to "stem out-migration and attract immigrants" lamenting that "[n]ew immigrants and our own young people will not stay and raise families in local communities when they have much more attractive career opportunities in other places" (Ivany et al. 2014 18, 23). To be sure, better career opportunities with decent wages are important, but as the labour force participation of mothers is increasingly necessary to family maintenance, access to affordable, quality childcare is also an important consideration for working families, including immigrant families. Moreover, living standards and low and moderate incomes can also be bolstered by "a social wage" — achieved through smart investment in programs and services that promote social purposes that individuals or families would otherwise not be able to find or pay for out of their earnings.

Again, Newfoundland and Labrador exhibit much more awareness of the broad-based action needed, stressing that "employment is but one factor determining where people choose to live," and that family supports will help to retain immigrants and international students (Newfoundland and Labrador n.d.). Indeed, quality, affordable, public ELCC is essential to "[a]ttracting and retaining a skilled workforce ... in a knowledge-based economy" (CCAAC 2012). It is therefore not surprising that affordable child care and other family supports in Quebec are cited as key factors in why the "most recent publicly available numbers from Statistics Canada show that more people moved from Ottawa to Gatineau than in the reverse direction every year from 2001 to 2007" ("Ottawa Families" 2010).

The Commission looks forward to "Becoming a More Inclusive and Welcoming Province" (Ivany et al. 2014 59) without any specific plans for how to make this happen. Once again, they fail to consider how child care is crucial to creating the "welcoming" environment they seek for immigrants. Indeed, research indicates the important relationship between child care and social inclusion in diverse populations (Friendly and Prabhu 2010; Perlman, Kankesan and Zhang 2008; Whitty n.d.), and this is true in both urban and rural settings. In a rural community in Manitoba,

> [a] 2005 case study of immigrants to Parkland found that lack of childcare was one of the negative aspects of living in the community. Childcare services may help mitigate outmigration and rural depopulation. The lack of childcare is a major barrier to northern women who want to return to post-secondary education, and has a disproportionately negative impact on Aboriginal women and their children (Prentice 2008 3).

The Child Care Advocacy Association of Canada (CCAAC) and Rural Voices agree that "the availability of affordable child care would increase the probability of more young families

being able to raise their children in rural, remote and northern communities" (CCAAC/Rural Voices n.d. 1). This is in addition to other positive benefits, including greater safety for farm children and opportunities for culturally competent care and improved language skills for seasonal workers' families (Watson 2001).

The Commission is also rightly distressed about rural school closings (Ivany et al. 2014). McCain et al. (2011) point out that public ELCC offers productive new uses for existing local infrastructure. They indicate that with "declining student enrolment, locating early childhood programs in schools helps maintain the viability of the school and, especially in small rural areas, the school can preserve the community" (McCain et al. 2011 20). Early learning and child care can create hubs for community support.

Interestingly, the Ivany Report touts Manitoba as a success story in immigration, when actually, at least as much can be learned from the job creating and economic benefits of child care in the province. A major study by Susan Prentice at the University of Manitoba speaks to the remarkable economic impact of child care in several rural communities:

> Using the economist's technique of input-output analysis, we tracked how dollars raised in the childcare sector 'ripple' through the local economy. Every $1 spent on childcare in Manitoba generates $1.58 worth of economic activity — meaning Thompson's $2.1 million childcare sector has economic impacts worth $3.4 million. In Parkland, the ripple effect of childcare generates $2.74 million annually, and in St-Pierre-Jolys, the value of childcare grows to over $700,000. Childcare, with its $1.58 of activity for every $1 of immediate spending, is a competitive element in local economic development (Prentice 2008 1).

Prentice goes on to explain the employment-related effects:

> We found 0.49 jobs are created or supported by every full-time childcare position. Thompson's childcare system, for example, employs 64 full-time early childhood educators. The childcare sector, however, creates a total of 95 full-time equivalent jobs when its employment multiplier is taken into account. In rural areas, where jobs for women can be in short supply, the direct and indirect job creation effects of childcare are particularly impressive (Prentice 2008 2).

Indeed, child care increases the labour force participation rate for women in both rural and urban contexts. In Quebec, the "labour force participation among mothers of preschool-age children has increased significantly over the past 10 years and has surpassed the percentage of mothers' labour force participation observed in the rest of Canada" (Japel and Welp 2009 59).

Overall, however, the gender bias in the Ivany Report is quite striking, emphasizing entrepreneurialism, trade, and resource extraction over social services where women predominate. Moreover, the Labour Force Participation Rate in Nova Scotia (63.4%) is reported without regard to persistent gender differences and the selective evidence taken

from the public consultation and submission downplays the input from advocacy groups that likely prioritized social investment. The Report seriously suffers from the absence of a specialist in gender-based analysis on the Commission.

It must also be noted that as the Ivany report oscillates between promoting a "province-building project" (claiming "We can do it ourselves") (Ivany et al. 2014 vii) and stressing the need to coordinate with the federal government (Ivany et al. 2014 x), the contradictions within the report are significant in relation to the coordinated social investment required to support families and build an early learning and child care system. For the record, research shows that provinces should not "do it ourselves" in ELCC. Rather quality, universal, integrated child care requires that provinces and the federal government work together to create a seamless system (McCain et al. 2011). As the evidence from some of the other provinces shows, however, in the meantime, the province can and must take some leadership in moving forward on ELCC.

Conclusion

McCain et al. (2011) note, the folly that "[e]very Canadian region has an economic development department whose main purpose is to attract business, sports teams or cultural landmarks to spur economic activity and create jobs. Child care, if it appears at all, is at the bottom of economic development lists" (68). Unfortunately, in Ivany, this economic tunnel vision continues. If, as the Commission states, we want to "build the best workforce for Nova Scotia" (Ivany et al. 2014 67), this will not happen without more support for families, a crucial component of which is child care.

High quality early learning and childcare is social investment in the here and now. This investment can stem demographic decline and pay for itself by supporting the labour force participation of women and through job creation within the sector and by providing a basis for better learning outcomes as children continue within the education system. It also lays the ground for inclusive citizenship, and overall economic and social development in the future.

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