
Early Child Development Is a Business Imperative

*Charlie Coffey**

Globalization presents challenges to all nations to produce a more educated work force across all socioeconomic groups in order to foster national growth and development. All countries must act urgently—to promote early education of children, train early childhood teachers, and improve the learning environment for all children. As duly noted, “A better start is likely to lead to a better finish” (*The Jamaica Observer* 2005).

Early child development is both a responsibility and an opportunity. Private and government support of early child development (ECD) services is an investment in a country’s—and the world’s—future. Now is the time for business leaders to “step up to the plate.”

A Responsibility and an Opportunity
Investing in ECD: A Canadian Perspective
Stepping Up to the Plate

A Responsibility and an Opportunity

The imperative to focus on the development of young children is pertinent to business, as well as government. Both private and public sectors must respond to the overwhelming need for ECD services worldwide for children ages 0–5 years.

This responsibility is also an opportunity, for the economic well-being and growth of countries around the globe rests in very small hands—children’s hands. It is children who will be the “keepers of the key” for Canada in 2020, Peru in 2020, France in 2020, and every country on the planet. For this reason, children deserve the very best start in life.

Investments in children strengthen the fabric of our workplaces, societies, and economies. These investments must be smart investments—in early child development—to ensure that work forces and economies are competitive throughout the world. By advocating sound policies and by establishing and supporting innovative ECD strategies, businesses can contribute significantly to the paths to prosperity in Canada, Chile, South Africa, and elsewhere.

The argument for engaging businesses in the financing of ECD programs is twofold: Early child development is a moral responsibility and, moreover, a cost-effective investment, as many studies show. By financing ECD programs, businesses can combine their economic interests with

* Charlie Coffey, O.C., is Executive Vice President, Government Affairs & Business Development, RBC Financial Group, Toronto, Ontario, Canada.

their social concerns, to give young children a better start and to avoid later economic losses—in remedial education and welfare for poorly educated work forces, crisis interventions for distressed individuals and families, and the operation of prisons for criminals marginalized from society.

For businesses, as for government, early child development is the *first* stage of education toward human development.

Business and community leaders must be “at the table” with strong, diverse members of the public sector when ECD policies and issues are discussed, and they have critical roles to play when new policies are implemented. History repeatedly shows that shifts or changes in public policy do not “take off” until business communities rally behind them. As the economist John Kenneth Galbraith said almost 25 years ago, “The views of one articulate and affluent banker, businessman, lawyer, or acolyte economist are the equal of several thousand welfare mothers” in the corridors of political power (*Toronto Star* 2005).

Clearly, business has a vested interest in supporting and influencing the development of sound public policy in early child development because business has a stake in the positive outcomes of ECD programs (education, employment, health, safety, productivity, community engagement). The link between economic development and reaching out to children may seem uncommon to some, but it is time for businesses to make this link—to “get comfortable with the uncomfortable.”

Now is the time for business to become more actively involved in early child development and to take a leadership role in supporting ECD programs for all children.

Investing in ECD: A Canadian Perspective

In Canada, early child development is an economic issue, and the support of ECD services is a responsibility of federal, provincial, and municipal governments as well as corporations, businesses, and communities. All of us must take more action in this arena, for “kids are everybody’s business.” The only way to make a difference is to get involved and to get others involved—as a business or government leader, a children’s advocate, or a parent. This opportunity revolves around leadership in action.

Canada has made many strides forward in early child development, from research to policy and action. In 2004, Dr. Fraser Mustard founded the Council for Early Child Development (CECD) based on the recommendations of Canada’s Early Years Study (McCain and Mustard 1999). The CECD is a not-for-profit, nongovernmental association of community and scientific networks focused on ECD science and community action.

The CECD is helping to fulfill Mustard’s vision—“From early child development to human development: the quality and capacity of our future population depends on what we do now to support early child development” (CECD 2004). This effort includes leaders from business, education, health, and academia, as well as ECD practitioners and private citizens—everyone is getting involved.

Governments play a critical role in supporting and advancing early child development. On September 20, 2005, former Prime Minister Paul Martin spoke to senior members of Canada's public service, in Gatineau, Quebec. His address emphasized that—

Canada's competitive edge in the looming economic showdown with China and India must be honed soon after its toddlers leave the crib. It's about development and learning during the crucial time in life when potential is most readily nurtured and developed.... Canadians must understand that the intellectual bar is being raised globally and only the best-educated countries will successfully compete.

The former Prime Minister went on to say in his Quebec remarks:

A successful head start is important for all Canadians, and it is crucial for many children of Aboriginal and new Canadians, who face particular challenges of adjustment and transition. What it comes down to is this: Canada will succeed only if Canadians succeed (if our "human capital" succeeds). Canada's greatest resource isn't found deep within the earth, it's found in the minds of those who walk upon it.

The Organization for Economic Cooperation and Development (OECD) has examined Canadian expertise in early child development—its research, data collection, and information. In 2004, the OECD's *Report on Early Childhood Education and Care in Canada* noted that Canada's research data were of high quality, relevant, and increasingly cited internationally. The report highlighted the Early Years Study (McCain and Mustard 1999) and the economics research of Cleveland and Krashinsky (1998, 2003). The report also heralded the analyses and data of the Childcare Resource and Research Unit at the University of Toronto in Ontario.

The conclusion of the OECD report is that investments in ECD programs will make a difference in Canada's economic competitiveness—as it will for other countries. Investments in early child development are investments in knowledge and innovation and, as such, are investments in the future.

Stepping Up to the Plate

The business imperative to invest in ECD is clear from researchers and economists. More business leaders must now "step up to the plate" and invest in children and ECD programs (Coffey 2003). From different settings, reports, and comments, the message is strong and forthright—

- ECD produces positive outcomes and cost-savings.
- Children and parents are integral forces in economies, and investments in children are necessarily long term.
- Investments in the young have higher returns than investments in the old.
- ECD can spawn economic growth.
- ECD is an ethical, economic, and social imperative.

- ECD is broader than the family.
- ECD strengthens capacity and equality of opportunity.

Business leaders must hear, discuss, and *act on* the substantive research findings underpinning the economic reasons for investing in early child development.

ECD Produces Positive Outcomes and Cost-Savings

The Business Roundtable and Corporate Voices for Working Families (2003) emphasizes that “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...” In a joint statement of principles, the Roundtable goes on to say that “employers increasingly find that the availability of good early childhood programs is critical to the recruitment and retention of parent employees.”

Children and Parents Are Integral Forces in Economies, and Investments in Children Are Necessarily Long Term

As noted by Dana E. Friedman (2005), the three-petal trillium flower that is used by Cornell University’s Linking Economic Development and Child Care Project reflects—

The three ways the research community has demonstrated the economic importance of early care and education. Together the three petals capture the short and long-term economic contributions made by early childhood services. One petal represents Children and the investments in human development and education. Another represents the Regional Economy, investments in child care as an industry that produces jobs and stimulates the economy. The third petal represents Parents and the economic contributions they make to the economy, as employees and consumers (Ribero and Warner 2004). The economic contributions of children are considered long-term, because the pay-off largely occurs after the child matures.

Investments in the Young Have Higher Returns than Investments in the Old

As Friedman (2005) also notes, James J. Heckman, the 2000 Nobel laureate in economics, who is at the University of Chicago, Illinois, makes “a strong case for a higher return on human capital when dollars are spent on the young rather than the old.” Heckman has said that “the returns to human capital investments are greatest for the young for two reasons: (a) skill begets skills, and (b) younger persons have a longer horizon over which to recoup the fruits of their investments” (Heckman 2000).

ECD Can Spawn Economic Growth

Gradually, early child development is being recognized “as an industry worthy of investment and important to economic growth. It has fostered new relationships with business and government

policy makers and economic development experts. It has the potential to spawn new approaches to data collection, planning, professional development, management, finance, government policy, and advocacy” (Friedman 2005). The Governor of the Bank of Canada agrees, saying that “the total returns to investment in human capital appear...to be highest for the very young” (Dodge 2003).

ECD Is an Ethical, Economic, and Social Imperative

Jack P. Shonkoff, Dean, Heller School for Social Policy and Management, Brandeis University, and Chair, National Scientific Council on the Developing Child, Waltham, Massachusetts, notes that—

Promoting the healthy development of children is both an ethical imperative and a critical economic and social investment. A decent and wise society protects and nurtures all its children, particularly those disadvantaged early in life, so that they grow up to be productive adults, and because it’s the right thing to do.

Shonkoff further says that—

The new convergence of research in neuroscience, human behavior, and economics provides three clear and irrefutable findings. First, young children develop in an environment of relationships. Second, early experiences sculpt the evolving architecture of the brain. Third, wise investments in young children are among the most cost-effective outlays a society can provide (Shonkoff 2005).

- See “*Experienced-based Brain Development: Scientific Underpinnings of the Importance of Early Child Development in a Global World,*” by J. Fraser Mustard in this publication.

ECD Is Broader than the Family

The responsibility for raising children rests mainly with parents and families, but it also requires community and government support. We live in a world where many parents work and, as noted by Bruner, Floyd, and Copeman (2005), where “school readiness is more than what children know” and where “school unreadiness is expensive.”

ECD Strengthens Capacity and Equality of Opportunity

Shonkoff (2005) emphasizes that “this is not about government raising children. This is about government strengthening the capacity of families and communities to do the job well. This is not about seeking equality in outcomes. This is about striving for equality of opportunity. This is not about liberals versus conservatives. This is about wise investors who defy ideological labels.”

Conclusion

Early child development is a business imperative *and* a wise investment. Investing in children is critical to the development of human capital. Scientific evidence increasingly demonstrates the impact of early experiences on brain development, and economic data compellingly show a high return on investments in children.

Yes, the challenges and opportunities for early child development are many. Yet, no country can afford to minimize the economic and social priorities that are at stake in early education. Government has a responsibility to continue investing in children and in young people, as do educators, parents, and community and business leaders.

RBC Financial Group continues to invest in, and to support, education and children. Much work is being done to improve early child development across Canada, and there is much more that corporate Canada can do. This is a business imperative.

As former Prime Minister Paul Martin commented in the same Quebec address:

Today, we don't just want our children to succeed in school. We need them to. We don't just want them to get the right training and develop the right skills to land a good job. We need them to. We're investing in lifelong (quality) learning, so that Canadians can keep up, keep ahead of the curve, as technology progresses and as the demand for specialized skills evolves. We're working to ensure that a university education is accessible to all and that income does not stand as a barrier. And we're working to ensure that Canadians start learning and developing at an early age and that income does not stand as a barrier.

The World Bank and the International Monetary Fund are providing support for education in developing nations and are world leaders in promoting ECD policies and programs. Diversity will bring strength in finding common ground and interests in ECD policies and in sharing information and promising practices from ECD programs.

Ultimately, advances in early child development will come from quality efforts, the belief in the principle that “a better start is likely to lead to a better finish,” and leadership in action—by business and government together.

Web Resources [as of November 2006]

Royal Bank of Canada: <<http://www.royalbank.com>> <<http://www.rbc.com>>
Speeches on ECD by Charlie Coffey: <<http://www.rbc.com/newsroom>> Speeches

References

Bruner, C., S. Floyd, and A. Copeman. 2005. *Seven Things Policy Makers Need to Know about School Readiness*. Des Moines, Ia.: State Early Childhood Policy Technical Assistance Network.
<www.finebynine.org>

- Business Roundtable and Corporate Voices for Working Families. 2003. Statement of Principles. *Early Childhood Education: A Call to Action from the Business Community*. May 7. <www.cvworkingfamilies.org>
- CECD (Council for Early Child Development). 2004. <www.councilecd.ca>
- Cleveland, G., and M. Krashinsky. 1998. *The Benefits and Costs of Good Child Care: The Economic Rationale for Public Investment in Young Children — A Policy Study*. Toronto: University of Toronto. <www.childcarecanada.org/pubs>
- Cleveland, G., and M. Krashinsky. 2003. *Fact and Fantasy: Eight Myths about Early Childhood Education and Care*. Toronto: University of Toronto. <www.childcarecanada.org/pubs>
- Coffey, C. 2003. *Never Too Early to Invest in Children: Early Child Education and Care Matters to Business!* Toronto: Voices for Children. <<http://www.voicesforchildren.ca/report-Sept2003-1.htm>>
- Dodge, D. 2003. *Human Capital, Early Childhood Development and Economic Growth: An Economist's Perspective*. Keynote Address, Sparrow Lake Alliance, 14th Annual Meeting, Port Stanton, Ontario, May 6. <www.sparrowlake.org/events>
- Friedman, D. E. 2005. *New Economic Research on the Impact of Preschool*. Issue brief prepared on behalf of Smart Start's National Technical Assistance Center for the 2005 Learning Community on Early Childhood Finance Reform, January 23–24. <www.earlychildhoodfinance.org/handouts>
- Heckman, J. J. 2000. *Invest in the Very Young*. Chicago: Ounce of Prevention. <www.ounceofprevention.org>
- The Jamaica Observer* (editorial). 2005. An Assignment for Dr. Davies. February 18. <www.jamaicaobserver.com/editorial>
- McCain, M. N., and J. F. Mustard. 1999. *The Early Years Study: Reversing the Real Brain Drain*. Toronto: The Founders' Network. <www.founders.net>
- Ribero, R., and M. Warner. 2004. *Measuring the Regional Economic Impact of Early Care and Education: The Cornell Methodology Guide*. Ithaca, N.Y.: Cornell University. <<http://economicdevelopment.ccc.cornell.edu>>
- Shonkoff, J. P. 2005. The Non-Nuclear Option. *The American Prospect*, April 19. <www.developingchild.net> <www.prospect.org>
- Toronto Star* (editorial). 2005. A Promise for Change. February 21, p. A.18. <www.thestar.com>