Childcare, the 'Business Case' and Economic Development: Canadian Evidence, Opportunities and Challenges

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Abstract

This paper reviews the evidence, opportunities, and challenges associated with the business case for childcare in Canada. In Canada, as in the US, childcare is increasingly framed by the state, business spokespeople, and social actors through economic idioms. In Canada, the business case for childcare authorizes more policy attention and service development, as well as a higher public profile. Concurrently, the approach raises empirical questions, alongside policy and political concerns, about the capacity of the approach to promote a national childcare system.

Introduction

David Dodge, Governor of the Bank of Canada, has observed that "more should be done to convince politicians of the value of investment in early childhood development" (Dodge, 2003, p. 8). Despite his apparent heterodoxy, Dodge is expressing an increasingly common view: enhanced public spending on childcare is a solid investment, and should be a higher social and political priority. This marks a near-reversal in the realm of policy debate, if not yet policy-making. The human capital approach has become "one of the main Canadian drivers" for early learning and childcare, and the business case is equally prominent in the US (Friendly, 2006, p. 8).[2]

Historically, spending on childcare has been conceived as consumption, an immediate cost to the

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economy. This perspective is surprising, given the well-known capacity of childcare to support women's employment and its intimate relationship to labour policy (Pierson, 1986; Waldfogel, 2002). Nevertheless, thinking about childcare in North America has been brought to a paradigm shift. The first significant challenge to the traditional approach was child development and 'brain science' research, which convinced observers from economics, politics and health to "embrace the idea that high quality early learning and child care is the foundation for lifelong learning and fundamental for a prosperous twenty-first century society" (Friendly, 2006, p. 7; McCain & Mustard, 1999; Shonkoff & Phillips, 2000).

The tipping point came from analyses of the economic effects generated by childcare. A well-known figure associated with this view is James Heckman, who has vigorously argued for the strong contribution childcare makes to human capital and productivity (James Heckman, 2000; J. Heckman & Masterov, 2004). The discovery of childcare's positive effects on human capital (both child and adult) means positive returns can be realized from social spending on childcare services. As arguments drawing on human capital and brain science ('the years before six last the rest of their lives') aligned, the combination proved potent. Promoters of early childhood care and education now include business leaders, bankers, economists and middle-of-the-road politicians, significantly expanding an advocacy community which had been made up primarily of feminists, the labour movement, and early childhood educators (Prentice, 2001; Timpson, 2001).

Economic arguments are now more widespread than earlier justificatory frames -- such as gender equality or work-family balance. When social policy spending is characterized as investment, it has the effect of reorienting decision-makers away from a narrow focus on immediate costs and towards a longer-range perspective on social return. In an era of restructuring and new approaches to social risk, investments in the future seem like the "optimal anchor" for the modernizing redesign of welfare states (Jenson & Saint-Martin, 2006).

Under the business case, significant service expansion is occurring, and the policy status of childcare has risen. Childcare is increasingly seen as a prime site of investment and opportunity, and public spending on childcare is increasing in both the US and Canada. This is one of the chief benefits of the 'business case' for childcare, and one of the main reasons social movement advocates have promoted the perspective.

In this paper, I review and contextualize Canadian evidence about the business case and childcare, and then explore the opportunities and challenges associated with the investment frame. Alongside identifying promising outcomes and strengths, I raise concerns about the empirical, strategic and political implications of the business case.

Economic Evidence – Canada

Economic research increasingly finds economic benefits from spending on childcare and early childhood education services. Much of this literature, in both Canada and the US, makes bold conclusions. With titles such as "Exceptional Returns" (Lynch, 2004), "Early Childhood Development: Economic Development with a High Public Return" (Gruenwald & Rolnick, 2006) and "Investing in our Children is Good Public Policy" (Vancouver Board of Trade, 1999), the message is purposive. The bulk of childcare economic studies are American, but there are a small number of Canadian contributions to the burgeoning literature.

The Canadian landmark study is the 1998 *Benefits and Costs of Good Child Care*, written by University of Toronto economists Gordon Cleveland and Michael Krashinsky. The widely-cited report was initiated by the Child Care Advocacy Association of Canada, and has more than lived up to the promise of its subtitle: “The economic rationale for public investment in young children.” Cleveland and Krashinsky’s bottom-line conclusion was that the benefits of childcare services had the capacity to “far outweigh the costs” (Cleveland & Krashinsky, 1998a).

The Benefits and Costs of Good Child Care assessed the economic impact of a major investment of public funds to create a universal system of early education and care services. The study calculated the costs and benefits of providing publicly funded early childhood care and education for all children 2 - 5 years of age—those whose mothers are in the paid workforce, as well as those whose mothers are not. The newly-created system would retain a parental contribution of 20 percent of the total cost, scaled to income. Total incremental costs of developing such a system would be $5.2 billion/year net (all figures in 1998 CDN dollars). The authors assess the additional benefits to children and parents at $10.6 billion/year.

On job creation, Cleveland and Krashinsky project the new universal childcare system would create 170,000 new jobs, but would replace 250,000 unregulated child minders, for a net employment loss. These new jobs are assessed at an average wage and benefit level of $36,000/year, a significant increase over then-current low wages and minimal benefits. Cleveland and Krashinsky focus on productivity benefits, and so do not include employment multipliers in their analysis. Instead, they focus on the gains to be made by young children from high quality early childhood education and care (estimated at $4.3 billion/year) and the much greater benefits from changed maternal labour force participation (calculated at $6.24 billion.) As they point out, parental gains come variously from mothers newly entering or re-entering the labour force; moving from part-time to full-time work; and women's increased lifetime incomes, decreased chances of poverty at the time of divorce or widowhood, and increased financial independence. The political message of the cost-benefit study is clear:

> In order to maintain and improve its competitive position internationally, Canada must invest in today's children. Dollars spent on education for young children are far more effective than dollars spent at any other time in a person's life. As the study shows, there's a payback of 2 to 1 (Cleveland & Krashinsky, 1998b , p. 3).

The reach of the Cleveland and Krashinsky report is impressive. It has been cited in sources as diverse as an analysis of poverty commissioned by the Calgary United Way (Shiell & Zhang, 2004), a review of child development undertaken by the government of Prince Edward Island, and the OECD's report on Irish childcare (OECD Directorate for Education, 2004).

Drawing on the Cleveland and Krashinsky findings and buttressed by borrowed US reports, the business case has been adopted by a range of Canadian organizations, including population health experts. This approach forms the foundation for the authoritative *Improving the Health of Canadians*, produced by the Canadian Population Health Initiative (Canadian Population Health Initiative, 2004).

That report points out that returns may be as high as $8 for every $1 invested, and stresses that investment in quality child care can increase the productivity of parents as well as improve the outcomes of children who have received early educational experiences (Canadian Population Health Initiative, 2004, p. 54). The Canadian Institute for Health Information summarized that “intensive child care programs, while costly, can be effective and can provide long-term benefits that exceed initial program costs, especially for high-risk children” (Canadian Population Health Initiative, 2004, p. 69).

Population health studies are particularly influential in Canada, with its universal healthcare system. The links between the social determinants of health approach and early childhood care and education are now firmly made. The connections show up in often unconventional contexts. For example, in a recent study of high school graduation rates, the Institute for Research on Public Policy (IRPP) observes that

> Much research has demonstrated the remarkable power of quality early childhood care and educational programs to improve a vast range of social outcomes, particularly for socio-economically disadvantaged children: reduced grade retention, higher reading and mathematics scores, increased IQ, higher levels of social competence, higher graduation rates, lower teen pregnancy rates, less smoking and drug use, higher employment and income levels, and lower crime rates (Brownell *et al.*, 2006, p. 21).

The IRPP report recommends in favour of childcare, in large part to prevent potential social losses: "These children will or will not become the inventors, managers and entrepreneurs of tomorrow, depending on how well we help them reach their potential" (2006, p. 23).

From the 1998 cost-benefit study to population health reports, there is a growing consensus in Canadian social policy analysis that economic returns from investing in young children can be high, with benefits outweighing the costs for the programs reviewed.

Quebec's 'Natural Experiment'

The national enthusiasm for the 'investing case' for childcare has also been bolstered by the experience of Quebec. In 1997, the francophone province began an ambitious program to massively expand childcare (Jenson, 2001b; Tougas, 2002). In 1997, the province extended full-time kindergarten to all 5 year olds and began promising low-cost childcare to all 4 year olds. The following year, service was announced for all 3 year olds; the roll-out for 2 year olds began in 1999; and all children aged less than 2 were eligible for service in 2000, although program expansion was not fast enough to meet all demand. Concurrently much growth occurred in multi-age family home care and in services for school-aged children over age 6 years. Today, almost one in three Quebec children aged 0 – 12 years has access to a licensed childcare space: despite this high level of service, there is unmet demand and waiting lists persist. Childcare fees were set at a maximum of $5/day per child (less for low-income parents) and included provisions for children whose parents were on social assistance to have 23.5 hours/week of free care.[3] A generous provincial family leave program was also established. The Quebec model is social-democratic in its scope, being designed as a universal program for all Quebecois/Quebecoise children and families.

Economists have found that the introduction of universal childcare in Quebec “led to a very large increase in the use of care” and was associated with a “sizeable increase in the labor force participation of married women” (Baker *et al.*, 2005, p. 4). It seems evident that the changing childcare system directly generated this result. Lefebvre and Merrigan conclude that “the substantial decrease in the price of day care in the province of Québec caused by a policy of generous subsidisation of day care providers had a substantial positive effect on labor supply and earnings” (Lefebvre & Merrigan, 2005p. 25). Another Quebec study, which was restricted to two parent families with children, determined that 40 percent of the costs of the childcare subsidy are covered by the income and payroll taxes on the extra [maternal] labor the subsidy encourages (Baker et al., 2005, p. 31). This is an annual return, and excludes any longer-term benefits to parents or children, or any effects from the growing sector, its increased labour force, or sector spending. While Baker *et al* judge the Quebec program as having a “significant net cost,” their view is remarkably restricted.

Another, unanticipated economic advantage linked to childcare expansion has been experienced in the construction sector. Quebec planners failed to foresee the degree of public demand for the childcare service, including demand from previously ‘at-home’ parents. Planners had assumed only employed parents or those in training/education would seek to use the service, failing to consider the regional linkages associated with a growing childcare sector (Warner, 2006, p. 14). As a result, they were unprepared for supply shortages in both the construction sector as well as a limited pool of trained educators (Canadian Council on Social Development, 2004). This failure was consequential. One effect was that in the context of high public demand and a too-small supply of service, the provincial government was forced to turn to commercial operators. For-profit facilities argued they were unable to work within the provincial regulations under the flat parent fee, and succeeded in their lobby for more lax training requirements for early educators. As a result, commercial and non-profit childcare facilities worked under asymmetric regulations until uniform policies were introduced in 2007; costs were lower in the commercial sector which enjoyed less stringent training requirement and hence provided demonstrably worse care for children (Japel *et al.*, 2005; Prentice, 2005).

Local Studies

In 2004, the Child Care Coalition of Manitoba undertook an economic and social impact analysis of childcare in Winnipeg, the capital city of the prairie province of Manitoba. (Prentice & McCracken, 2004, p. 2). In 2007, the Coalition extended this analysis to three other sites in the province (Prentice, 2007a, 2007b, 2007c). It explicitly set out to use the 'business case' to study childcare, pointing out that "childcare is both an economic industry in its own right, as well as providing a service that enables the rest of the economy to thrive." To date, the four reports are the only published Canadian analyses of the economic impact of childcare at the municipal or local level.

Unlike in the US, where Mildred Warner reports that local studies "are typically spearheaded by state child care administrators and child care resource and referral networks" (Warner, 2006, p. 9), the Manitoba studies were initiated by a social movement advocacy organization – an echo of the 1998 cost-benefit study sponsored by the national advocacy organization. The four Manitoba projects were funded by Status of Women Canada, Women's Program, as the sponsoring organization situated childcare in the context of women's equality.

The 2004 Winnipeg study found that the childcare sector has a significant economic and social impact. Winnipeg's childcare sector is comprised of 620 facilities providing childcare spaces to about 17 percent of the City's children, slightly higher than the provincial average. The gross revenues of the childcare sector are over $101 million/year (CDN). The field employs over 3,200 people who earn an average $80 million/year.

The report underscored employment effects: there are more jobs in childcare than in the entire Manitoba film industry, and about as many as in the better-known bio-technology and health research sector or the energy and environment sector, both of which are City of Winnipeg priority areas according to City official documents (2004, p. 10). Childcare also is a job creator: for every 1 childcare job, 2.15 other jobs are created or sustained.

While exact data are missing, the best estimates are that the City's childcare spaces support over 12,700 households. Assuming childcare-using households are representative, childcare allows mothers and fathers to earn an estimated $715 million/year (Prentice & McCracken, 2004, p. 12-13).

Each of the four reports undertook an input-output analysis of the local childcare sector. The 2004 report found that every $1 invested in childcare returned $1.38 to the Winnipeg economy, and $1.45 to Canada. The three subsequent reports, on rural, northern and francophone regions, identified higher returns, with every $1 of spending producing $1.58 of economic effects. In contrast to the Winnipeg report, they found a lower employment multiplier: every 2 childcare positions created 0.49 other jobs.

Such input-output findings set aside longer-term productivity benefits found in cost-benefit studies, such as savings to the education system through improved grade retention or reduced special education (such as remedial reading programs). They also exclude life course effects, such as reduced poverty among older women as a result of less-interrupted labour force attachment. Productivity and multiplier focused approaches are distinct, drawing on separate logics. They blend, however, as advocates attempt use research findings to influence public policy.

Other Canadian municipal studies have used the business case in recommending expanded childcare services, but have not relied directly on either input-output or cost-benefit findings. A well-known example is Toronto's Commission on Early Learning and Child Care, where co-chair Charles Coffey (Vice-President of the Royal Bank of Canada) and Margaret McCain (former Lieutenant-Governor of New Brunswick) argued "Childcare is a must for a modern city" (Coffey & McCain, 2002, p. 14). A 2006 study provided overview of childcare in eleven Canadian municipalities (Mahon & Jenson, 2006). It, too, makes use of the investing argument, noting that "a positive environment for early child development builds a solid base for subsequent learning and human development" (Mahon & Jenson, 2006, p. 6), without specifying its economic logic. The Vancouver Board of Trade found that "investment in our children's early development, before they go to school, can prevent many social problems, enhance capabilities and provide a remarkable economic payback" (Vancouver Board of

Trade, 1999). Since 2000, the Federation of Canadian Municipalities has held a positive position on childcare policy, part of the general tendency of Canadian cities to support business development (Federation of Canadian Municipalities, 2002; Reese, 2006).

Strategy and the 'Business Case' Frame

Despite the fact that few Canadian studies have estimated economic returns and Canadian data is incomplete, the rhetoric of 'investing in children' is prominent. Policy discourse around childcare in Canada today stresses 'investment.' Numerous leading champions use the business case to promote enhanced services. The most prominent 'business case' champions have been Prime Minister Paul Martin and David Dodge, Governor of the Bank of Canada. Prime Minister Martin issued a ringing manifesto for a "21st century system of early learning and care" in the 2004 Speech from the Throne, where he declared that "we believe that a strong, Canada-wide program of early learning and care for our children is the single best investment we can make in their future and in ours" (Martin, 2004). David Dodge, Canada's most senior banker, argues that the biggest payoff from investments in human capital will come from early childhood development: "It seems very clear," Dodge says, "that at the margin, public investment in human capital should be directed toward the very young" (cited in Crane, 2003).

These senior champions are in good company as they deploy business case arguments. Royal Bank of Canada Vice-President Charlie Coffey has been even more bold, advocating that "it is never too early" to invest in children, since early childhood education and care matters to business (Coffey, 2003). Coffey further points out that "more business leaders [need] to view early learning and child care as an economic issue, not just an education or social issue." Coffey has played a national role in encouraging greater business community interest in childcare.

The reach of 'business case' argument extends further than political and corporate leaders. Social movement organizations, including feminist groups, are also taking up the frame. In 2005, the New Brunswick Advisory Council on the Status of Women held a conference on the "economics of childcare," and their publicity asserted that "investment in early childhood education leads to major payoffs down the road" (New Brunswick Advisory Council on the Status of Women, 2005). RBC Vice-President Charlie Coffey was an invited speaker at that conference, lending his authority to the equity-seeking organization. Other grassroots groups have likewise taken up the framework. The Child Care Advocacy Forum of British Columbia, which represents six provincial child care organizations, argued in its submission to the federal government's Standing Committee on Finance that

> Childcare offers a significant regional and local economic stimulus. By now the results of a range of cost/benefit analyses of public investments in childcare are indisputable. .. Investment in child care is clearly part of the solution to regional and local economic development (Child Care Advocacy Forum of BC, 2006).

In this sampling, 'business case' arguments prevail as the main driver for early learning and childcare, even in the absence of direct economic calculations.

Evidence from the ‘business case’ is seen by the advocacy community – such as the New Brunswick Advisory Council on the Status of Women, the Advocacy Forum of BC, and the Child Care Coalition of Manitoba – as a way to strengthen advocacy efforts, improve provincial policy and services, and promote a national childcare system.

It is worth recalling that rationales for ECE have “swung back and forth from life-long learning, school readiness and child development to employability, to women’s equality, balancing work and family, reducing poverty, alleviating at-risk status and social integration.” (Friendly *et al.*, 2006, p. 4) Cross-national studies have also recognized a range of approaches, some of which are higher order. The Organisation for Economic Co-operation and Development observes that governments spend on early childhood care and education

> to increase women’s labour force participation; to reconcile work and family responsibilities on a basis more equitable for women; to confront the demographic changes faced by OECD countries, in particular falling fertility rates and the general ageing of populations; and the need to address issues of child poverty and educational disadvantage (OECD, 2006, p. 12).

Public Policy and Political Opportunity Structures in Canada

Like other residual or liberal welfare states, childcare is a user-pay, market-based service in Canada, with some subsidization of low-income children. As a mixed public/private good, childcare has a contested political location. While there is no federal role in welfare or education, one does exist for income support and labour policy. In consequence, childcare has been on the federal policy agenda in Canada for many years, although with different inflections and at varying levels of intensity. Between 1984 and 1995, there were three significant but ultimately failed attempts to develop a national child care strategy, each initiated and led by the federal government (Friendly, 2001). By the late 1990s, the pace of federal policy surrounding children and early childhood development accelerated.

In 1998, Ottawa introduced a new income support measure, the National Child Benefit. The National Child Benefit (NCB) had the twin goals of tackling child poverty and promoting parental labour force attachment. In 1999, the federal government signed a new National Children's Agenda (NCA), the first federal commitment to new social spending in over a decade (McKeen, 2006, p. 873). In September 2000, federal and provincial/territorial governments signed an Early Childhood Development Agreement, to improve and expand services in the four areas of healthy pregnancy; birth and infancy; parenting and family supports; and early childhood development, learning and care. In 2001, the federal Employment Insurance program was amended to allow up to 52 weeks of remuneration for family leave (17 weeks of maternity leave, and up to 35 weeks of parental leave.) In 2003, a Multilateral Framework on Early Learning and Child Care committed $900 million over five years specifically for early learning and childcare.

In 2004, the Throne Speech acknowledged there was an "urgent need to accelerate development of quality early learning and child care across the country." The federal government committed to a national childcare program and in 2005, the first beginnings were laid down through bilateral agreements with provinces and territories. Childcare was the surprise sleeper issue of the 2006 federal election. The then-governing Liberal Party promised to maintain and enhance the bilateral agreements and create a national early learning and childcare system based on the QUAD principles (namely, quality, universality, accessibility and developmental programming) at a cost of \$5 billion over five years. By contrast, the winning Conservative Party summarily cancelled the bilateral agreements, proposing in their place a direct payment of \$1,200/year to parents of young children, at an estimated cost of \$10.9 billion over 5 years – to resounding criticism (Battle, 2006; Simpson, 2006).

Under Canadian federalism, childcare (like education and welfare) is a provincial responsibility, and services therefore vary widely across the country. Quality is highly uneven, as regulations, standards and training requirements differ dramatically. Some provinces restrict fee subsidies while others are more generous; some provinces discourage for-profit services, while others provide incentives to the commercial sector. Despite the recent thrust of public policy initiatives, services are under-developed and inadequate in Canada. The result, as the OECD observed, is fragmentation and a patchwork of wildly varying quality, availability and affordability (OECD, 2004).

Cross-national studies reveal that less than 20 percent of Canadian children aged 0 - 6 years find a place in a regulated service whereas in many equally industrialized countries rates regularly average 50 to 90 percent (Data for this comparison drawn from OECD, 2006). Surprisingly, despite Canada's more favourable social policy environment overall (and its lower child poverty rate), the US has a higher percentage of children 0 - 3 in a broad range of regulated early learning and care programs and a significantly better rate of access to programs for 3 - 6 year olds.[4]

The 'Business Case:' Opportunities and Challenges

What is the meaning of the 'business case' frame in the Canadian context? If we accept, following Snow and Benford (1992 p. 137), that frames are "interpretive schema that simplify and condense the 'world out there' by selectively punctuating and encoding objects, situations, experiences and sequences of actions," then the frame itself becomes available for analysis.

Frames do much more than describe: they are part of what constructs a social condition while simultaneously authorizing remedial action. They both enable and foreclose political choices. In Canada, with its history of social liberalism and more generous welfare state provisions, the 'business case' frame is used to *complement* older rationales and idioms, rather than to *replace* them.

Evidence from the 'business case' is seen by the advocacy community – such as the New Brunswick Advisory Council on the Status of Women, the Advocacy Forum of BC, and the Child Care Coalition of Manitoba -- as a way to strengthen their advocacy efforts, to improve provincial policy and services, and to promote a national childcare system. Arguments drawing on the 'business case' do not signal either a desire for a corporatized policy architecture nor a shift from public to private financing.

I have argued that it is economic evidence that has brought childcare discourse to a 'tipping point.'

Anticipating concrete returns from social investment in childcare, new champions have joined the social policy debate about early childhood in North America. These authoritative new advocates, with strong corporate network ties and influential political networks, have helped create a climate in which increased public expenditures seem both prudent and necessary. The accelerated movement and enhanced profile of the childcare file at the national level in Canada since 2000 is in large part attributable to this confluence of forces. Thus, the 'business case' is having some of the effect intended by social movement organizations: it is positively reshaping the case for public spending. Yet, it is worth pausing over the empirical, policy, and political challenges also associated with the business case frame.

Most obviously, a policy rationalized by economic returns is vulnerable if results fail to live up to the expected benefits. This should raise cautions, because expectations on returns on childcare spending can be giddily unrealistic. The latest Perry/High Scope evidence calculates returns of over 17:1 (Schweinhart, 2005). The US-based Fight Crime: Invest in Kids Coalition likewise enthuses about "estimated rates of return that would make a venture capitalist envious" (Fight Crime: Invest in Kids, 2003, p. 2). Modest returns, therefore, may be judged as inadequate against hyperbolic forecasts.

Moreover, the cost-benefit evidence base to date relies heavily on small-scale studies with disadvantaged populations. The oft-cited Perry High/Scope project, for example, provided part-time care for a small group of disadvantaged and primarily African-American children, over three decades ago. Returns of over $17 for every $1 of initial outlay may well be unrealized at the scale of universal programs.

Further, with very few exceptions, Canadian declarations about economic returns from childcare rely on American findings, despite many significant differences between the two countries. In cost-benefit studies, major savings come from both the health and criminal justice systems – each of which is quite different in Canada than in the US. In Canada, incarceration rates are lower and there is national healthcare. Thus, the assumption of high economic returns on investment must be adjusted by considerations of national variations in other expenditures, including those on social risk.

A second challenge with the 'business case' is that it directly raises the auspice policy issue. Under business case logic, for-profit providers are likely to be seen as the sector best-positioned to meet childcare need, and the commercial childcare field is likely to want to maximize this market opening. The question of for-profit childcare is a policy challenge. In Canada, unlike the US, commercial providers represent a shrinking sector, down now to just 20 percent of the nations' centre-based spaces. Yet, deficit-minded governments may use the 'investing' case to assign childcare provision to the private market. The fit between 'good for business' evidence and arguments and business solutions is nearly perfect, and risk turns on this association. There is a wide body of both Canadian and American literature on the troubles with for-profit childcare. The evidence is clear that, as a sector, for-profit childcare provides poorer quality of care to children and is much worse for early childhood educators on the axes of training, wages and benefits, and working conditions among others (Cleveland *et al.*, 2007; Prentice, 2005; Tuominen, 1991).

The risk is growing. Legal opinion now holds that if new funding is made available for expanded childcare services and such funds are also open to for-profit operators, then trade laws will be triggered (Shrybman, 2004). Trade rules superimpose new obligations, are binding and enforceable, and they accord foreign investors a "virtually unqualified and unilateral right to claim damages." The only exemption under NAFTA are services established or maintained for a "public purpose" – and childcare is specifically mentioned under this list. Under US interpretations, childcare provided by private companies would not be considered a social service established for a 'public purpose.' If new for-profit investment is allowed in the childcare sector, it will be virtually impossible to later reduce or eliminate it. Legal experts have further warned that the General Agreement on Trade in Services (GATS) Agreement of the World Trade Organization "would seriously limit if not prevent Canada from establishing an ECEC program as a public service" (Shrybman, 2004).

The policy question of for-profit childcare grows in importance with the rise of transnational childcare corporations and emerging monopolies. In Australia, for example, a single childcare chain now owns and operates over one-quarter of the nation's childcare service, and is actively planning global expansion (Sumsion, 2006). ABC Learning Centre is the world's largest childcare operator, with franchises in the UK, New Zealand, the USA, Hong Kong, Indonesia and the Philippines (Brennan, 2006). ABC has recently incorporated in Canada, a country which CEO Eddy Groves has declared is a "great opportunity" (Monsebraaten, 2005).

Third, the very paradigm of social investment and the 'business case' for childcare expresses an acceptance of the logic of neo-liberalism. The rise of the ‘investing-in-children’ paradigm is close to the belief that Cohen et al call the ‘child as redemptive agent,’ the idea that powerful human technologies applied to children will cure a wide range of social and economic ills (Cohen et al., 2004, p. 37). Such a focus on the-child-to-invest-in may well signal a moment of movement away from the concept of the child as subject of needs -- not necessarily to becoming a subject of rights, but still a laudable conceptual shift.

It is equally sustainable, however, to conceive of the framework of the ‘investable’ child as a form of capitulation to pessimism about the redistributive capacity of welfare states. Worse, perhaps social movement activism will be indicted. Advocacy groups have sought to promote one side the ‘business case’ – namely, increased public expenditures – while refuting its flip sides – that is, increased provision of commercial childcare and the erasure of justice-based demands. If the business case is adopted wholesale, then such finessing may be untenable. Under such circumstances, social movement actors may discover they have promoted an ultimately damaging strategy in linking childcare to economic development, even though it seemed to hold initial promise.

Conclusion

By the late 1990s, Canada had entered what some observers called the “social investment era” (Jenson & Saint-Martin, 2003). The focus of social policy-making now increasingly relies on investing in human capital development, and children are thought to be the optimal site of investment. Associated with this new era, as both cause and consequence, the ‘business case’ for childcare has emerged, finding a broader cohort of champions and more receptive audience. Over 2000 – 2005, a flurry of federal initiatives raised the profile of early childhood development and public spending significantly increased. Surveys reveal that the “most popular and politically legitimate social spending in Canada is that most associated with the children's agenda” and so investing in children (the new model citizen) was increasingly legitimated (Jenson, 2001a, p. 120)

Unquestionably, positive effects are being generated by this activity. Under transfers from the federal government and new initiatives, many provinces have been able to make much-needed improvements to childcare services. Yet, there are an associated set of empirical, policy and political risks associated with the business case. To date, the business case has mainly been deployed to spur greater public investment; the frame has bolstered public policy and spending rather than privatization. But the risk remains. Further, astute critics are inevitably going to point out that the business case idiom has a too-small evidence base and that Canadian rhetoric is not matched with nation-specific economic findings.

A report on a survey of public perceptions of quality child care was released in 2003 by the Canadian Child Care Federation and the Child Care Advocacy Association of Canada (CCCF and CCAAC, 2003). A full 90 percent of the Canadian public, according to the survey, expects governments to ensure that quality childcare is available, accessible and affordable to everyone, through a nationally coordinated system. Despite fervent hopes, it remains an open question whether the ‘business case’ and its new champions will help transform such public opinion into reality.

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[2] The 'business case' predominates in those nation-states variously characterized as Anglo-American, residual, or 'liberal' in welfare regime theory. It is virtually absent, for

example, in the 2006 OECD *Starting Strong II: Early Childhood Education and Care* report and other European documents.

[3] Fees later rose to $7/day per child, despite widespread public protest.

[4] Note that these rates are calculated by the OECD, and may variously include pre-school, Head Start, 'pre-primary public education' and other early learning, care and education programs, and are not restricted to services that simultaneously support parent labour force participation and/or training and education ("daycare"). Cross-national comparisons are challenging, as significantly different services (eg, full and part-day childcare and early childhood education) may or may not be considered equivalent. For purpose of this article, I have used full-time childcare and ECE as synonymous.