

## **Quebec's child care program: How social innovation can create wealth**

**Program has encouraged huge growth in women's work force participation, thus accelerating household income**

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Over the past few years, a lot has been said about income inequality and the growing gap between the "one per cent" and the "99 per cent."

There are many ways to address the problem of inequality head on through social programs, such as universal health care, social security, unemployment benefits and so on. Canada has done a better job than the United States in this area, redistributing wealth much more equally among its population. Within Canada, Quebec has been particularly successful: Its ratio of net after-tax income between the top 20 per cent and the bottom 20 per cent has remained practically unchanged since 1980, at 4.7, while it has risen to 7.7 from 6.2 in the U.S. during the same period.

But social innovation can be about more than simple wealth redistribution; some programs can also lead to wealth creation. One program that has had such an impact, and has actually raised the median household income in Quebec, is the province's universal early childhood care and education (ECCE) program.

Starting Sept. 1, 1997, accredited and regulated child care facilities began offering publicly subsidized daycare for the very low fee of \$5 per child per full day (increased to \$7 a day in 2004). Not only did this initiative provide another tool for wealth redistribution, but it also induced a positive impact on women's labour participation. Consequently, it pushed median household income up – closing much of the gap in per capita income between Quebec and Ontario.

Since the implementation of the ECCE program, the employment rate of women in Quebec has risen dramatically. With households facing much lower child care costs, the option of having both parents on a payroll suddenly became much more financially attractive than having one parent at home raising the family. Between 1997 and 2013, Quebec's employment rate for women aged 25 to 44 years old went from 69.7 per cent to 80.4 per cent, a much steeper gain than in Ontario, where it went from 72.8 per cent to 77.6 per cent.

Not only did this initiative contribute to greater equality between men and women in the workplace, but it also set median real after-tax household income on a steep and sustained growth path from below \$60,000 a year (where it had been stuck since the mid-1970s) to nearly \$80,000.

Helping mothers remain in the work force even while choosing to start a family has thus been an important contributing factor in Quebec's rising standard of living over the past 20 years or so.

It may seem counterintuitive to talk about a social program as a means of wealth creation. Social programs are usually viewed as an expenditure, something that society affords itself in order to benefit from the virtues of greater social cohesion, crime reduction and, if we are to believe the Earth Institute's latest World Happiness Report, increased happiness over all (the top 10 happiest nations are left-leaning countries, with Canada ranking sixth). But social innovation can bring about more than equality and happiness – it can also be used to raise the standard of living.

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