Reduce Deficits and Strengthen the Economy: Invest in Early Childhood Development

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University of Chicago

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Do we have the courage to meet the challenges of our times?
Bowles-Simpson: Make the wisest investments for growth.
Our Guiding Principles and Values

We have a patriotic duty to come together on a plan that will make America better off tomorrow than it is today

• America cannot be great if we go broke. Our economy will not grow and our country will not be able to compete without a plan to get this crushing debt burden off our back.

• Throughout our history, Americans have always been willing to sacrifice to make our nation stronger over the long haul. That’s the promise of America: to give our children and grandchildren a better life.
Our Guiding Principles and Values

- American families have spent the past 2 years making tough choices in their own lives. They expect us to do the same. The American people are counting on us to put politics aside, pull together not pull apart, and agree on a plan to live within our means and make America strong for the long haul.
Bowles-Simpson Commission

Our Guiding Principles and Values

Protect the Truly Disadvantaged

• Focus benefits on those who need them.
• Ensure an affordable and sustainable safety net.
Bowles-Simpson Commission

Our Guiding Principles and Values

Cut and Invest to Promote Economic Growth and Keep America Competitive

• Cut red tape and inefficient spending that puts a drag on the economy and job creation.
• Invest in education, infrastructure, and high-value R&D.
Face economic and political realities—embrace innovation and creativity in policy.
Move forward: tackle fault lines in the American economy.
A major fault line: growing disparities in skills and abilities in our people.
The Decline of the American Blue-Collar Middle Class
The Decline of the American Blue-Collar Middle Class

![Graph showing the decline of the American Blue-Collar Middle Class. The graph displays the percentage of individuals who graduated high school and college over different birth years. The data shows a significant increase in high school graduates from 1900 to 1942, followed by a slight decline, while the percentage of college graduates remains relatively low.](image-url)
The Decline of the American Blue-Collar Middle Class
The Decline of the American Blue-Collar Middle Class
Don’t paper over the facts.
We must make effective investments to improve skills.
Healthy families promote successful schools.
Mean Achievement Test Scores by Age by Maternal Education

Each score standardized within observed sample. Using all observations and assuming data missing at random. Source: Brook-Gunn et al. (2006).
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Family income at the age a child applies to college isn’t as important as the skills of a child at the age the child applies to college.
Can ability differences explain racial-ethnic schooling gaps?

<table>
<thead>
<tr>
<th></th>
<th>White–Black Gap</th>
<th>White–Hispanic Gap</th>
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*Source: Cameron and Heckman (2001)*
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Source: Cameron and Heckman (2001)
The accident of birth is the greatest source of inequality.
Mothers’ Speech and Child Vocabulary

Source: Huttenlocher et al. (1991)
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Mothers’ Speech and Child Vocabulary

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Percent of Children Under 18 Living with One parent, By Marital Status of Single Parent
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- Never Married
- Married, Spouse Absent
- Widowed
- Divorced
Percent of Children Under 18 Living with One parent, By Marital Status of Single Parent
To foster the skills of American children we must help troubled American families.
Mean Achievement Test Scores by Age by Maternal Education

Each score standardized within observed sample. Using all observations and assuming data missing at random. Source: Brook-Gunn et al. (2006).
Character matters.
Disparities by Education (Post-compulsory Education)

Note: Authors’ calculations using BCS70
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Disparities due to Early Life Factors versus the Education Itself

Source: Conti and Heckman (2010)
Disparities due to Early Life Factors versus the Education Itself

Source: Conti and Heckman (2010)
Don’t blame families: supplement them and help them achieve better outcomes.
Start at the beginning: from birth to five.
## Skills Enhance Each Other

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<tr>
<th>Social-emotional Skills</th>
<th>Cognitive Skills</th>
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<tr>
<td>(sit still; pay attention; engage in learning; open to experience)</td>
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<th>Health</th>
<th>Cognitive Skills</th>
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<td>(fewer lost school days; ability to concentrate)</td>
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<th>Cognitive Skills</th>
<th>Produce better health practices; produce more motivation; greater perception of rewards.</th>
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<td>(child better understands and controls its environment)</td>
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**Outcomes**
- increased productivity, higher income
- better health, more family investment
- upward mobility, reduced social costs
Prevention, not remediation.
Returns to a Unit Dollar Invested

Programs targeted towards the earliest years

Source: Heckman (2008)
Returns to a Unit Dollar Invested

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Returns to a Unit Dollar Invested

Source: Heckman (2008)
Returns to a Unit Dollar Invested

Source: Heckman (2008)
Early childhood programs pay dividends for life.
A win-win solution for America for now and for the future.
Thank you.