

CESifo DICE Report: Economics Nobel laureate calls for early assistance for children

30 July 2008

The family environment of a child plays an important role in success in later life. James J. Heckman, winner of the Nobel Prize in Economics in 2000, describes in the current issue of CESifo DICE Report why the accident of social origin is one of the main sources of inequality.

He shows that in the US, about half of the inequality in life-time earnings is the result of factors that are determined in the first 18 years of life. He also points out that more and more children in the US are being born to disadvantaged families. In these families less is invested in the children and in their future. This inequality can be reduced, however, by targeted support of disadvantaged families. This can increase the later productivity of the children as well as their contribution to economic growth. Heckman stresses that the improvement of the family environment can have a positive influence on both cognitive and non-cognitive abilities, such as the personality or motivation of the children. Early assistance for children is also considerably more effective than a promotion of adults in labour market programmes, for example. The longer society waits to provide this assistance, the more expensive it becomes. However, the assistance programmes must respect the family as a social unit, in particular its cultural background and social values. The implementation of such support programmes can, in Heckman's opinion, draw on the private sector for help. The parents, however, are left to decide what assistance is suitable for their children.

The complete CESifo DICE Report article can be downloaded at <http://www.cesifo-group.de/DocCIDL/dicereport208-forum1.pdf>.

CESifo DICE Report 2/2008: [Link](#)