

Professor Heckman Challenges America to Invest in its Greatest Resource: Its People

Address to Policy and Business Leaders

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The economy's stagnant, unemployment is high and the prospects for growth in the near future appear to be dim. And we all know that there are massive deficits at all levels of government as revenues fail to keep pace with established commitments and slack economies. As persons of all political persuasions acknowledge, these forces are producing a situation in American society where we're unable to finance socially and economically productive infrastructure; roads, schools, airports and investments to improve our schools and workforce.

The skills in any modern society are the major determinates of social advantage and disadvantage.

Even though the price of skills, the wages of the skill and the demand for skill labor has gone up, America's rate of producing skilled workers has actually slowed down. We have to re-prioritize and understand that a lot of the sacred cows of politics, the job training programs and so forth, the rates of return on those as they're traditionally structured are very low. And if you did the crude cost/benefit analysis, what we see is that early childhood programs pay dividends for life. We see savings as early as kindergarten, reduced burdens on the schools. We see savings in the teenage years. We see a direct link to higher adult productivity and self-sufficiency.

This policy tackles inequality. That's its goal. At the same time, it promotes productivity. It has a very high rate of return and I would defy other competitor policies in the public arena to show rates of return as high. We need to bring efficiency to government, and we need to bring in cost effective returns that will pay off, and will be justified. And I would argue, and I have argued here, that investing in early childhood development from birth to age five is something we can and should do.