

The Essential Growth Strategy

Address to Business and Policy Leaders

Chicago, Illinois

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JB Pritzker:

Right now, and right here in the aftermath of the great recession, more than ever, all Americans are asking ourselves how we can make the most of the limited resources that we have. You know that our most valuable resource is people. And it's smart people with character. Smart people with character build lasting enterprises. And that brings up a crucial question. If bright, ethical, hard-working people are the ones who make the biggest difference, then how can we produce more smart people with character? I actually found someone with a compelling answer to that question. Almost exactly ten years ago, Professor Heckman won the Nobel Prize in economic sciences. He's a University of Chicago economist who is a strong advocate for investment in Early Childhood development.

Prof Heckman will share insights regarding two key sets of personal skills.

The first is cognition, which encompasses our skills of gaining information and synthesizing it. Cognitive skills are important, but relatively ineffective without the second set of skills: attentiveness and persistence, impulse control and sociability. Some people call this social/emotional skills. I call them character because those supposedly soft skills are what I look for in an employee, what West Point demands in a cadet and what all of us try to teach our children. What Prof Heckman will demonstrate is that it's the dynamic interplay of cognition and character that drives personal and economic prosperity and that crucially, these skills are fostered in the first five years of life.

That's why investing in those earliest years is one of the greatest investments that parents can make in their children and that our community can make in families who struggle to do so. Put it all together, and investing in early education emerges, not only as a viable social goal but as a very effective fiscal and economic strategy. And that's what makes Jim Heckman a vital messenger today. It is my honor to welcome a man of brilliance and commitment. My very good friend, Jim Heckman.

Professor James Heckman
Nobel Laureate in Economics
The University of Chicago:

We do have effective programs that have been proven to work. And we can ask 'what is the rate of return on the investment?' So if we compute the rate of return, which is exactly what any good entrepreneur will look at, what any good society should look at, the rate of return has been estimated to be between 7 to 10 percent per annum, which is much higher than the rate of return on stocks in the American economy between 1945-2008. Typically, you'll see the discussion. On one hand, you get this policy. On the other hand, you get this benefit. Where sometimes you can improve productivity, but you do so by reducing equality in the society. 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.

Bridget Gainer
Director of Government Affairs
Aon Corporation:

We always say to ourselves, 'well we must fund the prisons and we must fund police and we must fund standard K-12 education' because those have somehow crossed the line into the things that a society cannot function without. The question is 'can we function without a fully-developed socially and emotionally talented workforce?' It's no different from if we don't invest in roads and bridges. Eventually they'll collapse.

Diana Sands
Vice President of Financial Planning and Investor Relations
The Boeing Company:

Investing in early childhood, giving the proper and the best experiences in that time frame, the benefits you reap for many, many years to come. And as a business leader, that investment is critical to develop the talent and the skills that we need as a company to succeed as well.

David Pope
President
Village of Oak Park:

Too much of our political discourse these days devolves into one group bashing another group. One group is derided as hard-hearted and the other group is derided as soft-headed. And what we need is more hard-headed, but soft-hearted political discussion and also action. Action in this case means making smart strategic investments in our future competitiveness as a country and Early Childhood is perhaps the strongest investment that we could make on just a raw return on investment bases.

Professor James Heckman
Nobel Laureate in Economics
The University of Chicago:

What we're doing now is not all that effective. At the present time, our social policy has largely focused on fixing the schools. But families on their own and in interaction with school have to be recognized as the major producers of skills. And if we face a true

measure of poverty and inequality, we need to understand that these gaps open long before children enter school. So how do we aid struggling families? That's what we need to think about. And how to produce an effective child policy, which is an effective skill policy. Well, you have to educate, more generally, the politicians, scholars and public policy to understand that the basic skills needed for success in life are formed before children enter school. We have to recognize the dynamics of skill formation, the importance of engaging and involving the family. We do have effective programs that have been proven to work. They work because they start early, they supplement the family life, they work with the family. They don't replace the family. We should expand and improve on them. 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.