

The business case for investing in young children

Robert Putnam's latest book *Our Kids the American dream in crisis*, was a real eye-opener for me. Putnam, the father of *social capital* talks in this inspiring book about a growing **opportunity gap** for children in the U.S. It has a number of “**scissor graphs**”, comparing children of parents with not more than a high school degree to children of parents who graduated from university. The graph that disturbed me most was the one, which looked at the situation of **children living in a single parent household**. In 2010 65% of children whose parents graduated from high schools were raised by a single parent compared to only 8% raised by parents with university education, in 1960 the proportions were 19% versus 5%.

Fortunately, in Europe inequality is not as extreme as in the U.S. However, similar trends are emerging in many EU countries. Single parenthood is also a major occurrence in Latvia, where 30% of all children are growing up without the presence of both parents, the highest rate in the EU.

A child growing up in a fragile family has less chance for upward social mobility, less opportunities for breaking the cycle of disadvantage. Not only is there less money around, there is also less

parent time and attention for the child. A recent OECD report describes that the **social elevator** of the 60 and 70 ties is now broken. The idea of meritocracy no longer works and one of the reason for this is **opportunity hoarding**, which happens when for instance middle class parents buy extra tutoring classes for their children. The best way to set this right is by investing more in high quality primary education and more in particular in pre-school education for young children under 3.

The arguments for this are overwhelming and it is not just about fairness, it is also about being economically efficient. Intervening during the early years, particularly when children come from a disadvantaged background, prevents a lot of social misery later on. During adolescence, problems can only be set right at very high cost. Our brains continue to develop until we are 5 years old. What you learn at the start you remember for the rest of your life. In particular **early childhood education and care (ECEC)** proofs to be very effective with a payback time of less than 10 years. I am not aware of any building or infrastructure project that can match the payback time of ECEC.

Childcare is also crucial for gender equality. This makes it a **win-win strategy**. Thanks to childcare, both parents can take on a job, and we know that paid work is the best cure against child poverty. Research shows that childcare pays largely for itself because the

additional working mothers bring in more taxes and social contributions.

We should also not forget that every child that does not grow up to become a **productive taxpaying citizen**, has to rely on our welfare state. This is something ageing Europe cannot afford. The European countries with the **best work life balance regimes** are also the ones that invest most in their young children and have the highest birth rates. Parents must be free to choose their own work life balance but when affordable childcare is missing, there is obviously no freedom of choice. We know that women who are **forced to choose between a child and a career** will ultimately remain childless or have only one child. This is what we see in South Korea and Japan.

The early years (0–3) are crucial in a child’s development. There is a broad consensus that the experiences of very young children lay the foundations for their later life. Attendance of **high-quality ECEC** positively affects all aspects of a child’s development. It enhances basic **cognitive skills** (literacy and numeracy) that facilitate further acquisition of specific skills related to language, general knowledge and mathematics.

As more and more children have no siblings and are raised in single parent families, access to ECEC gives them an opportunity to play with other children of their age and develop social skills. There is

much evidence showing a **positive relationship with a child's non-cognitive development**, such as social behaviour, self-control and learning disposition. These long-lasting effects on socio-emotional development are perhaps more important than the cognitive effect. In this context, **quality means** that there should be enough time for individual interaction with the child. Because as any psychologist can tell you, it is the **personal interaction** between carer and child that ultimately drives a child development.

PISA, the survey of the OECD, shows that a two year participation of 4 mornings per week in quality ECEC corresponds to one year of extra schooling at the age of 14. Quality ECEC is arguably the cheapest policy measure to **reduce early school leaving**. It can compensate for the handicap of growing up in a disadvantaged family. PISA also shows that children of well-off parents in the EU are on average one year ahead in mathematics compared to children of poor parents.

Now back to childcare. Already in 2002, the EU agreed on common so-called **Barcelona targets for childcare capacity**. The target for children under 3 is that there should be a place in a formal child care facility for at least 33% of all children. The target for all children between 3 and the mandatory school age was set at 90%. The biggest deficiencies are still found for the youngest age group, only 10 member states comply with the 33% and Latvia is not one of them.

In 2016, **more than a quarter (26.4%) of all children** in the EU were considered to be **at risk of poverty and social inclusion**. These children are either growing up in a household that is living on an income 60% below the median income, in a household that is materially deprived of at least 4 out of a list 9 items (like not having a warm meal with meat or fish every second day or being behind in paying rent and utility bills) or growing up in a household where hardly anybody works.

Child poverty defined in this way is highest in Romania, Bulgaria, Hungary, Latvia, Lithuania, Greece, Italy and Spain. But in all countries, particularly children growing up in single parent households, in large families (+3 children) and with a migrant or Roma background are most at risk.

The European Commission adopted in 2013, as part of a larger Social Investment Package, a **recommendation on “Investing in children: breaking the cycle of disadvantage”**. It was unanimously approved by the Council, which means that every member state has voluntarily taken on a moral obligation to implement its contents.

The recommendation is **rights-based**, starting from the United Nations Convention on the Rights of the Child, ratified by all EU countries. It pleads for an **integrated approach**. Time and time again

some of the worst cases of child abuse happen because there was not enough coordination between the various child protection services responsible for a child at risk in a known troubled family.

The recommendation has a **three pillar structure**. Member states are urged to step up their investment in young children by making sure that:

- Parents have **access to resources** - ideally in the form of paid work or if necessary family income support
- Parents have **access to quality services** such as early childhood education and care, health and parent counselling;
- Children should **participate** in legal decisions which concern them (divorce) and in afterschool activities such as culture and sports

In 2017 the new **European Pillar of Social Rights** was acclaimed by Council, Parliament and Commission. It contains 20 principles in the area of equal opportunities and access to the labour market, fair working conditions, skills, social protection and inclusion. These principles are designed as minimum standards that will hopefully trigger a process of social reform and upward convergence across the EU. This is how the EU proposes to protect its citizens against the harmful effects of technological change and globalisation.

Principle 11 is dedicated to children. It says that all children under 3 have a right to childcare and that MS have a duty to protect all disadvantaged children against the negative impact of poverty.

The **implementation** of both the IiC recommendation and the Pillar of Social Rights is monitored through the **European Semester**. This is the annual policy cycle when the European Commission discusses the socio-economic reform efforts with the MS. The semester culminates in the adoption of a number of **Country Specific Recommendations** (CSR) by the Council. Latvia received in 2018 CSRs for income support, inclusive education and access to health.

The Commission has also at the request of the European Parliament contracted a study on the **feasibility of a child guarantee for 4 well-known groups of vulnerable children**. This an idea of the EP saying that all children should have adequate access to food, health, education, housing and childcare. The study has started in September and will last for 18 months. More information is on our Europa website.

My colleagues from DG Education have launched a proposal for a Council resolution on quality standards for ECEC. There is also a MS working to support this process.

The EU also helps with money. For the 2014–2020 programming period, **26 % of the European Social Fund**, more than €20 billion, was ring-fenced for projects in the area of social exclusion, it can be used for projects that invest in children. This amount will grow in the next 2021-17 programming period.

However to ensure that this money is absorbed **enough good project applications** are needed. Here NGO's can play an important role by getting in touch with local authorities helping them to draft **good project proposals** that are ready to be approved by the Managing Authority. Examples of good projects can be found on the **EPIC website** of the Commission. EPIC stands for European Platform for Investing in Children¹.

It is time for me to conclude. When Putnam called his book **Our Kids** he obviously did so because his argument is that one should not just care about one's **own biological** children but about **all other people's children** as well. This is ultimately in everybody's interest and the rationale for stepping up our investment in young children.

¹ See <http://ec.europa.eu/social/main.jsp?catId=1246&langId=en>

