

Summary

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# Health and Skill Formation in Early Childhood

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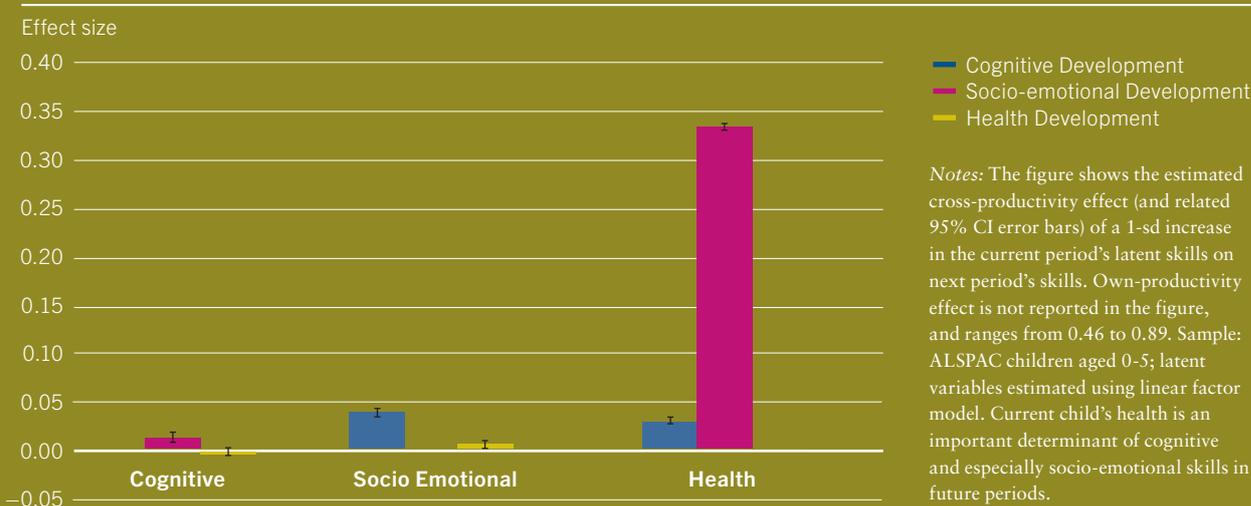
Harry Truman once said “A nation is only as healthy as its children.” Indeed, various disciplines have accumulated evidence on the fundamental role played by early childhood health in shaping wellbeing later in life. At the same time, an emerging developmental literature has demonstrated the importance of early cognitive and socio-emotional skills: intelligence and cognition are a main ingredient in economic success and personal wellbeing; the parallel importance of socio-emotional abilities and personality in influencing later life outcomes has been extensively studied by psychologist and, more recently, economists. Overall, the fundamental role that skills and capabilities play in achieving a long and successful life has long been recognized, and the subsequent importance of investing and developing such abilities is widely acknowledged.

However, most studies focus on a narrowly defined set of capabilities and usually fail to recognize or to properly estimate the rich set of complementarities and interconnections among different skills. The main contribution of this paper is to undertake a comprehensive approach that integrates health in a unifying framework of human capital formation, considered as a multidimensional asset that dynam-

ically evolves in the family environment. The author achieves this goal by considering a simple economic model where future skills are generated by combining the past stock of the child’s human capital, various parental abilities, and different types of investment. This structure enables the author to estimate the degree of self- and cross-productivity of skills, and he is able to evaluate the degree of intergenerational transmission of human capital and compare it to the effectiveness of investments in the realm of parenting, curative health care, and preventive health care.

Using data from the Avon Longitudinal Study of Parents and Children (ALSPAC), Biroli finds that children’s capabilities strongly interact and build on each other: health is an important determinant of early socio-emotional development; in turn socio-emotional skills have a positive impact on the evolution of both health and cognitive functions; on the other side, the effect of cognitive abilities on health is negligible. Furthermore, all facets of human capital display a high degree of persistence. Finally, mother’s investments are an important determinant of the child’s health, cognitive, and socio-emotional development early in life.

Fig. 1 **Cross-Productivity of Skills**



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