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Doing Better for Children
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Chapter 7

Doing Better for Children: The Way Forward

This chapter offers a range of policy recommendations for improving child well-being: invest early in children's lives; concentrate on improving the lot of vulnerable children; design interventions for children that reinforce positive development across their life cycle and across a range of well-being outcomes; create clear, achievable targets for child well-being outcomes and regularly collect high-quality information on children's well-being that is nationally and internationally comparable. Finally, governments should continuously experiment with policies and programmes for children, rigorously evaluate them to see whether they enhance child well-being, and reallocate money from programmes that don't work to those that do. This approach ensures resources allocated to children progressively enhance child well-being.

Introduction

Child well-being is on the policy agenda. This focus is partly due to a revival of interest in social indicators measuring well-being. While much of this work has concentrated on the adult population, attention naturally has also turned to measuring the well-being of children. The 1989 United Nations Convention on the Rights of the Child (UNCRC) has also given a particular impetus to child well-being as a policy issue.

A further important factor in the increasingly evidence-based policy profile of children is better quantitative research and evaluation. Evidence has come from maturing small-scale child interventions, especially those involving randomised trials and long-term follow-up. Longitudinal data sets, which allow detailed exploration of causal pathways behind social outcomes for children, and international cross-sectional data sets such as PISA (educational achievement at age 15) and the Luxembourg Income Study (child poverty), have also played an important role in informing policy debates.

The aim of this final chapter is to contribute to the policy debate on child well-being, synthesising the previous chapters and drawing on the existing research and policy literature. It examines the wide range of policy choices confronting governments as they seek to improve child well-being and offers a policy synthesis of broad recommendations to enhance child well-being across the OECD.

The results of the policy synthesis support a redistribution of spending to early childhood and towards children with, or at high risk of, poor outcomes. Furthermore, it is essential that countries review their child policies as a package and that they seek to understand the complementarity of policies in a life cycle perspective. The child well-being effects of other policies designed to meet labour market, fertility or gender equity goals also need to be well understood.

The range of policy choices influencing child well-being

There is a wide range of policy choices available to governments that may influence child well-being. Many of these do not directly involve expenditure. This section reviews this range of choices.

The structure of public policy advice and service delivery for children

Public policy advice and delivery for children can be organised along outcome dimensions (*e.g.* Ministries of Health, Education, and Welfare) or along population lines (Ministries of Child and Young People). Some countries have combinations of both.[1] Some countries also have a Commissioner for Children or Ombudsman for Children intended to improve child well-being by offering independent advocacy on behalf of children.[2] It is unclear which systems, in which environments, yield the best results.

In most OECD countries, outside the role of the family, the period from conception to around age 3 is primarily the responsibility of health agencies and a variety of health-related professionals. At some time between age 3 and 6, education agencies and

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educational professionals take over the process of handling public investment in children. Health agencies and professionals come out of a traditional physical health focus, rather than a focus on physical, intellectual and social development. Of course, the extent to which this is true differs across countries, and indeed across individual health professionals. Nevertheless, it is striking that many OECD countries rely on medical professionals to undertake what may often be social interventions early in the child life cycle.

Child strategies

Another high-level policy approach some countries have adopted to enhance child well-being has been to develop a child strategy that outlines over-arching policy goals and the broad means of achieving them. For example, Ireland has *The National Children's Strategy. Our Children – Their Lives* (Ireland, 2000), New Zealand has *New Zealand's Agenda for Children* (New Zealand Ministry of Social Development, 2002), and, most recently, the United Kingdom has developed the *Children's Plan. Building Brighter Futures* (Department for Children, Schools and Families, 2007). Whether such strategic approaches are effective in co-ordinating and motivating change to enhance child well-being is unclear. On the plus side, they are cheap interventions. However, setting national-level strategies is easier for OECD countries that are more centralised. For some highly federalised countries, such centralised approaches may not feature on the potential menu of choice.

Target-setting

Child well-being target-setting is a policy option adopted by a number of OECD countries. Targets may be the product of strategies or may simply be announced. Targets are often set out in terms of the types of indicators examined in Chapter 2. Some OECD country examples include targets for breastfeeding rates, vaccination rates and teen birth rates. A number of countries have set social targets in the child well-being area, related to child poverty, for example, Greece and the United Kingdom (Atkinson *et al.*, 2005, Chapter 6, pp. 152ff). Targets can serve to embed child well-being into the policy process, since politicians and public servants can be held to account for their success or failure in meeting them. To be useful, child well-being targets must be systematically linked to well-being indicators of a good quality. Indicators of the required quality are in short supply in many OECD countries. The framing of targets also needs to be carefully thought through. To work, targets need to be clearly stated and well-being outcomes regularly and transparently measured. Ill-thought out targets may arguably create less than appropriate policy responses. For example, in meeting a child poverty target, the cheapest and easiest policy is to shift the children who are marginally below to just above the poverty line.

Devolution to regional and local government

Policy choices also exist regarding the degree of devolution of child policy making and child service delivery from a national to regional or local level. For the numerous federal countries of the OECD, there can be considerable devolution of policies that potentially contribute to child well-being (for example, different unpaid parental leave schemes in different Canadian provinces or different baby bonuses in Swiss cantons). But even in the most centralised countries, there is a considerable amount of service delivery for children taking place at a regional or local government level. At a local level, public recreational facilities such as libraries, parks, playgrounds, museums, swimming pools and so on are

provided for children. Local governments can also have significant impacts on child safety. In some jurisdictions, child protection services are provided on a regional or even at a city level.

Legislation

There is a lot of age-related legislation pertinent to child well-being. Much of this legislation relates to the upper end of the child life cycle. It gives children or young adults the right to vote, have sex, marry, leave school, smoke and drink, access welfare benefits in their own right, drive a car, sign a contract, work, be criminally liable, be home alone without adult supervision and so on.[3] Less age-related legislation relates to the earlier part of the child life cycle. The most important is the age when compulsory schooling commences, or when universal, free pre-school can be accessed. Many of these decisions regarding rights are self-evidently important for well-being. There is also research supporting the developmental importance of such legal binaries. Legal policies towards drugs and alcohol matter. For example, Watson and Fertig (2008) show that moves to less restrictive minimum drinking ages in certain states of the United States are associated with higher rates of low birth weight and prematurity for newborns of young mothers. A recent study by Nilsson (2008) takes advantage of a policy experiment during the 1960s where an experimental law change allowed grocery stores in two Swedish regions to sell strong beer. There was a ten-fold increase in consumption in those regions. The experiment had the consequences of reducing education, lowering earnings, and increasing welfare dependency of the cohort *in utero* exposed to the policy change. Even motor vehicle regulations may affect infant mortality via changes in the amounts of exhaust emissions (Currie and Neidell, 2005).

There are also legal choices to delineate the relative rights of the parent and the child, in particular the right of parents to physically punish their child. There have been recent policy changes in a number of OECD countries removing the right of parents to physically punish.[4] Relatedly, there is also domestic violence legislation, which may influence the amount of family violence to which children are exposed.

Other legal dimensions potentially influencing child well-being are laws on divorce and separation, and the legal process surrounding child access and custody following separation.[5] These laws may be important not only for child poverty but also for parental functioning in any post-separation family environment. By influencing bargaining power within a relationship, family law may also be important for family functioning and hence child well-being in existing two-parent families as well. Many OECD countries also have a legal framework that gives rights of income support to the custodial parent and child from the non-custodial parent following parental separation (Skinner *et al.*, 2007). These frameworks may be important for mitigating child poverty in single-parent families.

There is other legislation relevant to child well-being. For example, there can be nutrition-related regulation designed to improve child well-being, or legal controls on the extent and form of television advertising aimed at children.[6, 7] There are often legal compulsions on various professional groups who deal with children, for example doctors and teachers, to report observed or suspected child abuse.

There are further policy choices about what resources to devote to enforcement for legal violations that impinge on children. Resourcing for enforcement is particularly

important in terms of both child protection systems and the payment of child support by non-custodial parents.

Cash transfers to improve child well-being

In many countries policy has historically focused on child poverty as a means of improving child well-being. Partly the child poverty focus has been a default focus, as child poverty is one of the few outcomes that can be easily measured and compared across OECD countries for all children. Cash transfers are important for the alleviation of poverty, and come in a wide variety of different forms, including birth grants, child benefits and tax credits, and so on. Cash transfers can be means-tested against income, or universal. Issues arise regarding take-up, and whether benefits are paid at the end of the tax year or paid at regular periods during the year.

A further issue is the impact of cash transfers via family income on other child well-being outcomes. From a policy perspective, there are several interesting questions. First, what percentage of a marginal cash transfer to families is spent on children (and which children within the family) and on enhancing which outcomes? Second, what proportion of the marginal cash transfers spent on children is effective in achieving its intended goals? Equally important is whether the answer to either of these questions varies according to the socio-economic position of the family. A paternalist argument often encountered in policy discussions is that marginal cash transfers to poor, dysfunctional families end up being spent on consumption goods that may not benefit children. Another dimension worthy of consideration is which adult in the family receives cash transfers on behalf of children. There is evidence that payment into a mother's bank account means a greater amount will be invested in the children (Lundberg *et al.,* 1997).

Are there causal links between a child's family income and other child well-being outcomes? The impact of net family income on child well-being is a crucial policy issue. Governments can fairly readily and very directly change net family income via the broad existing framework of benefit and tax policy. For tax and transfer policy to be effective in raising child well-being, the relationship between after-tax, after-transfer family income and child well-being outcomes must be a causal one, and the direction of causality must run from family income to child well-being.

Furthermore, the stronger the relationship between family income and child well-being outcomes, the more effective is tax/transfer policy in promoting child well-being. A third issue for policy is whether the relationship is non-linear. If the response of child well-being to family income is stronger for poorer families, average child well-being may even be raised by transferring money from rich to poor families with children. Higher efficiency could be combined with greater equality. However, if the relationship is linear, income transfers from rich to poor families have a stronger impact on reducing inequality between children, with a constant average level of child well-being. Lastly, also of policy relevance is whether family income has a greater influence in some parts of the child's life cycle than in others.

The standard family investment model of Becker and Tomes (1986) indicates that, where parents face borrowing constraints against the future earnings of their children, there will be a relationship between their income and their child's adult income and other long-term well-being outcomes. Poor parents have more limited means than rich parents to finance the human capital accumulation of their children. The other theoretical story

linking family income and child well-being is the so-called parental stress model, where low family income raises parental stress, which then in turn reduces child well-being (Mayer, 1997, 2002; Duncan, 2006).

There is a relationship between family income and just about all current and future child well-being outcomes. But is the relationship causal? And, if so, how strong is the causal effect? The mainly United States literature suggests the following broad consensus conclusions (Haveman and Wolfe, 1995; Duncan and Brooks-Gunn, 1997; Mayer, 1997, 2002; Jenkins and Schluter, 2002; Blow *et al.,* 2005; Duncan, 2006):

- Family income measured over several years bears a stronger raw relationship to child well-being outcomes than income measured over one year. This finding may be a consequence of reductions in measurement error in true yearly income by averaging, or because income measured over several years more closely approximates permanent income, and permanent income matters more for child outcomes.
- Controlling for essentially pre-determined covariates like parental age and education reduces the size of raw income effects on child well-being.
- After controlling for covariates, the effect of income on child well-being is small compared to other child-outcome-related factors like parents' education.
- Effects in early childhood are typically larger than in late childhood.
- Effects of income on child well-being are stronger for some outcomes than for others – for example they appear larger for cognitive ability and education outcomes than for behaviour and for health outcomes (both physical and mental).
- Income effects on child well-being are stronger for children in poorer families.

The consensus is also that some of the remaining relationship of income to child well-being is causal. But in terms of effect sizes, the causal effects are modest. What is clear from the research is that income transfer programmes to children in poor families, while certainly of value, are not a magic bullet for solving issues of poor current or future child well-being.

More recent United States work than that summarised in Mayer (1997, 2002) has used a variety of sophisticated methods to control for selection on unobserved characteristics, including sibling models, fixed effects, instrumental variables (IV), and data from welfare and anti-poverty randomised experiments (see Levy and Duncan, 2000; Morris *et al.,* 2004; Dahl and Lochner, 2005, pp. 4-5; Duncan, 2006). Overall, this work has found effects which, while typically still modest in size, are sometimes larger than those found using the older methodologies (Dahl and Lochner, 2005).

Of particular interest are a series of studies that use adoptive children, thus reducing any unobservable genetic confound. In a series of regressions that omit to control for most parental socio-economic characteristics, Sacerdote (2000) finds a significant but small effect of family income on the educational outcomes of adoptive children in a United States sample. In a larger United States sample, Plug and Vijverberg (2005) show a significant effect of family income on genetically unrelated adopted children, even after controlling for parental education and parental cognitive ability. Again, effect sizes are small. Another recent United States study has used a large exogenous rise (of about 1/4) in family income to 9-year-old Native American children to examine income effects on children (Akee *et al.,* 2008). The consequence is a decline in criminal activity in the late

teens and an improvement in educational attainment at age 21. The positive impacts are larger for poorer children, with their years of schooling improving by one year.

What about research findings for other OECD countries? Do they reinforce or contradict results for the United States?

In common with the United States work of Blau (1999) and Mayer (1997), Canadian research provides little support for the notion of a strong effect of family income on child outcomes (Lefebvre and Merrigan, 1998; Phipps and Lethbridge, 2006; Dooley and Stewart, 2007). In Poland during the 1990s transition period and using standard multi-variate methods, Bebelo and Lauer (2004) find a statistically significant but again small impact of family income on children's educational attainment. While some United Kingdom econometric work finds a causal role for income in child educational and health outcomes, the impact is small (Blanden and Gregg, 2004; Burgess *et al.,* 2004). However, more recent United Kingdom work on the relation between parental income and child well-being outcomes using instrumental variables to allow for the endogeneity of parental education and income has found a stronger impact of income on both child education outcomes at age 16 (Chevalier *et al.*, 2005), and child health (both subjective and chronic conditions) (Doyle *et al.*, 2007). There is also some evidence of non-linearity – larger effects for poorer families. French research on educational attainment using semi-parametric methods also concludes that family income may have sizeable, non-linear effects on children's educational attainment (Maurin, 2002). On the other hand a study using the Norwegian oil boom as an instrument for income in order to determine the causal impact of income changes finds no evidence for any impact of parental income on child educational attainment (Løken, 2007). A large Swedish study finds a highly significant effect of father's income (controlling for other covariates, including parental education) on educational outcomes for biological children and a much smaller and not significant coefficient for foreign adoptees' educations, suggesting the possibility of a genetic confound, although no formal test is made for differences between income coefficients (Bjorklund and Richardson, 2001).

A further question of considerable interest, already touched on above, is whether income has a different effect on child outcomes depending on the stage of the child's life cycle. There are two hypotheses, predicting different patterns. One is that, as early childhood is a critical development period where vital foundations are more easily established, income is more critical here (see Heckman 1999, 2007). The other is that the teen years are a period where what is needed to succeed is more likely to cost money and where economic standing is more important (Mayer, 2002, p. 50). Thus family income may be more important for teens.

Evidence on the importance of the point in the child's life cycle for tax/transfer policy can be found in United States studies that use traditional longitudinal data, fixed effects methods and experimental data. A majority of studies using such methods show that income early in the life cycle is what matters, especially for higher-risk children (Duncan and Brooks-Gunn, 1997; Levy and Duncan, 2000; Morris *et al.,* 2004; see also citations in Dahl and Lochner, 2005, p. 5). An interesting recent study using fixed effects methods found that family income during early childhood had a significant impact on early educational outcomes, but also behavioral effects during middle childhood as well (Votruba-Drzal, 2006). Other studies show that poverty between 4-9 years is more important than poverty in the first three years (NICHD, 2005), or argue that the evidence on

income timing during the child's life cycle is not strong, and depend on the specification (Mayer, 2002, pp. 49-52). The evidence for the importance of early family income is most compelling for a child's education and cognitive development.

While most of the results come from the United States, there is evidence from New Zealand to support the "early income is better" hypothesis for educational outcomes (Maloney, 2004). However, there is also German evidence on educational outcomes that contradicts this, suggesting that "later is better" (Jenkins and Schluter, 2002). Using IV estimation on United Kingdom data, Doyle *et al.* (2007) find that there is some evidence of larger effects of family income on chronic health conditions during early childhood, but the relationship does not exist for self- or parent-assessed health. Canadian research provides little in the way of support for this "early income is best" hypothesis, although the authors point out that their data allows them limited ability to answer this question (Phipps and Lethbridge, 2006). However, Phipps and Lethbridge also find that non-linearities are more often found for outcomes for younger compared to older children.

In terms of the pathways to child well-being outcomes, the evidence provides some support for the home environment investment pathway, rather than income impacting on child outcomes via reductions in parental stress (see for example Taylor *et al.,* 2004; Berger *et al.,* 2005).

There are fewer discussions of the policy issues arising out of the literature. Mayer (1997, 2002) uses the small effects on child well-being relative to the impact of maternal education to downplay increasing the income of poor families as a policy instrument. However, money and maternal education are not measured in the same units, rendering such a comparison problematic (Berger *et al.,* 2005). Additionally, the policy instruments for changing family income (taxes and benefits) are much more directly amenable to government control than are the policy instruments to change maternal educational levels. Moreover, family income can be changed much more rapidly than maternal education, and hence the benefits to children arrive more rapidly. The existence of a positive discount rate also makes immediate family tax-benefit policies more attractive than long-term policies to improve maternal education.

In an interesting comparison, both Taylor *et al.* (2004) and Berger *et al.* (2005) consider the policy impact of 1) raising family income, or 2) increasing provision of Early Head Start (a United States early childhood home visiting and education programme) on child education outcomes. In both cases, income transfers to disadvantaged families of the size of Head Start programmes compare favourably as policies – approximately equally – to providing families with Head Start. However, neither study considers any second-round effects of parental withdrawal from employment consequent on income transfers. These second-round effects may be negative, due to less family income from market activities as parental employment falls, or positive for children due to more parental time at home with the children. Nor do they consider a possible impact of further positive family income effects from Head Start, via promotion of parental employment while the children are in a Head Start programme, on child well-being. Furthermore, they do not point out that it is far faster to increase family income directly than it is to expand an Early Head Start-style programme on a similarly nation-wide basis, where there are important infrastructure and staffing issues that need to be addressed.

Similarly, Duncan (2006, p. 13) argues that United States evidence suggests that a USD 3 000 net income increment for several years during pre-school for a child of a poor family raises cognitive performance by about 1.5 percentage points (where the mean score

is typically 100 and 15 is a standard deviation). This compares to a gain of 11-15 percentage points for an Abecedarian-style programme (home visiting plus intensive early childhood education) at a total cost of USD 40 000, and 9 percentage points for a Perry-style intervention (intensive early childhood education) at a cost of USD 15 000. A randomised experiment of class size reduction costing USD 7 500 in Tennessee raised outcomes by 3 percentage points. Using Duncan's analysis, assuming "several years" means two years, and assuming linear responses, what impact would handing out USD 40 000 (Abecedarian), USD 15 000 (Perry) and USD 7 500 (Tennessee) in cash to families have on cognitive performance? Directly providing USD 40 000 cash to the family raises cognitive performance by 10 points. The Abecedarian comparison gives 11-15 points. USD 15 000 cash raises cognitive performance by about 4 points. The Perry comparison gives 9 points. USD 7 500 cash would raise cognitive performance by roughly 2 points. The Tennessee class size comparison gives 3 points.

Such an analysis shows that direct income enhancement should not be rejected outright as a tool for enhancing the well-being of disadvantaged children. However it is crude, based on very strong assumptions and is limited in applicability. It ignores valuing other possible outcomes arising from all the differing interventions and the second-round parental labour supply changes on family income and parental time (see above).

An important issue for informing policy, yet to be addressed in the academic literature, is whether the larger coefficients for child well-being on family income averaged over several years are due to the lower measurement error on current income or whether they occur because permanent income is more important than current income for child well-being. It is certainly easier for policy to change current income rather than permanent income.

It would be naïve to promote increasing the family income of children through the tax-transfer system as a cure-all to problems of child well-being. Nevertheless, the balance of evidence suggests that there is a causal relationship especially for educational and cognitive outcomes and that the causal relationship is likely to be stronger early in the life cycle. The limited comparisons that have been made suggest cash transfers roughly hold their own in comparison to providing early childhood education services. Consequently, raising the income of families of young disadvantaged children in particular is likely to be part of a portfolio of policy solutions.

Parental pro-employment policies

There is evidence that gainful parental employment is an important route out of poverty for families, and thus for children. There are a range of policies which governments can use to promote parental employment, many of which can positively influence family income. These include tax-benefit policies to encourage labour supply, active employment policies involving education and training, labour-market matching programmes or job subsidies, and the provision or subsidisation of child-care or out-of-school care for working parents.

Child poverty is high on the policy agenda in many OECD countries. One major issue is the appropriate balance between a "benefits strategy", involving an increase in income via tax cuts or benefit increases for families, *versus* a "work strategy", which involves policies to increase employment amongst poor families with children (Whiteford and Adema, 2006).

If a work-based anti-poverty strategy is part of the package for reducing child poverty, a further question arises: what are the implications of getting parents into work for other, broader dimensions of child well-being? There have been a number of North American welfare-to-work randomised experiments that have considered the implications for child well-being. These programmes include Florida's Family Transition Program, the Minnesota Family Investment Program, the National Evaluation of Welfare-to-Work Strategies, New Hope and the Canadian Self-Sufficiency Project. These programmes primarily involved single-parent families.

The programmes typically offer in-work payments for job-seekers working full-time plus assistance with child-care and out-of-school care, with the aim of moving families out of poverty by promoting full-time employment. In addition, a number of programmes offer mandatory employment services like education and training or job search, on which benefits are conditioned.

The evidence on the impact of these programmes on child well-being is limited, but is summarised below (drawing principally on the summaries of Morris *et al.,* 2004; and Grogger and Karoly, 2007). It is worth emphasising that the main policy aim was not promoting child well-being but shifting people out of poverty by moving them from welfare into work.

The impact on children's schooling, behaviour and health was examined, typically two to four years following parental programme entry. It is thus short-term outcomes for children that were measured. The results of a comparative analysis of the programmes showed that all of the three earnings supplement programmes, provided without mandatory employment services, had positive, generally significant but small effects on children's educational attainment. The impacts on child problem behaviours were less encouraging. One programme showed a modest, statistically significant reduction in negative behaviour. The picture for positive child behaviours was better. Two out of three programmes showed small, modest and statistically significant gains. One of the two earnings supplement programmes which measured parent-assessed child health showed a statistically significant improvement. There was also some evidence that programmes with earnings supplements had bigger effects on children in families who had been on long-term welfare. The one study in the review that combined an earnings supplement with a mandatory employment service had small but desired and statistically significant effects on school achievement and behaviour (though not on health). While programmes providing mandatory employment services but no earnings supplement increased employment, they also left family income roughly unchanged. They had little impact on school attainment, mixed effects on behaviour, and neutral or negative impacts on child health. One programme examined time limits on welfare receipt. These policies had the expected impacts on parental employment, with little income gain. Effects on children were few and mixed.

There has also been work that has considered the educational impact of welfare-to-work programmes, which included an earnings supplement, on children at four ages (2-3 years, 4-5 years, 6-7 years and 8-9 years). The small positive effect sizes are generally higher and more likely to be statistically significant for those under age 5. There is also evidence of longer-term fade-out in effects when the programmes finish (Morris *et al.,* 2004). However, the same policies may have had mild detrimental schooling impacts on adolescents, with small, sometimes statistically significant effect sizes, especially

adolescents with younger siblings. There were fewer sustained long-term effects (Gennetian *et al.*, 2002).

Overall, employment promotion pilots linked to making work pay have positive but modest short-term effects on some important dimensions of child well-being, in addition to reducing child poverty. Whether these effects can be sustained into better longer-term outcomes for children from permanent policies remains unclear.

A number of OECD countries pay single-parent benefits with a work test. This work test is typically enacted when the youngest child reaches a certain age trigger. The child age trigger varies considerably across the OECD, with the age extremely low in the United States (typically a year or less) and highest amongst other Anglophone countries – the United Kingdom (16 years), Ireland and New Zealand (both 18 years). A major rationale for single-parent benefits – which discourage the parent from seeking employment – is to promote child well-being. The indirect evidence from United States welfare-to-work experiments suggests that eligibility for such benefits until late in the child life cycle does not have strong positive effects on child well-being. Certainly evidence from New Zealand, the United States and the United Kingdom shows that work-testing has positive effects on single-parent employment rates (Moffitt, 2008; Pronzato and Mogstad, 2008; Wilson, 2000). A 1998 Norwegian reform, enacted in an environment with extensive public provision of child care, imposed a work or education test on single parents when the youngest child was aged 3. At the same time benefits were raised by over a fifth. The reform was found to increase employment and earnings and reduce child poverty – an important child outcome (Pronzato and Mogstad, 2008).

In-kind services

There are a range of in-kind services provided by government to families with children. In terms of money spent, health-related interventions are the primary government service provided to very young children (under age 3) in most OECD countries. In many countries, these health-related interventions include universal pre- and post-natal care. Considering patterns of government health expenditure by age, there is high average spending around the time of birth, reflecting in part the normal hospitalisation of the majority of mothers giving birth, which has a comparatively high cost. Additionally, average public health spending around birth will be raised by high-cost medical interventions at birth for a comparatively small number of babies with birth complications, often arising from prematurity. Most OECD countries also provide free or highly subsidised primary health care for children.

In later years, the predominant in-kind service provided to children is free pre-compulsory, compulsory and post-compulsory education. These universal services absorb an enormous amount of public funding in most OECD countries. Governments make choices along multiple dimensions in education, including in the curriculum (in terms of both educational and physical activity components) and the provision of school food, to take two examples. In addition, in some countries governments invest in a range of targeted programmatic interventions to improve child well-being, especially the well-being of young children at high social risk of inter-generational disadvantage, via parenting programmes, home visiting, and early childhood education and care.

In-kind services are often promoted because policy makers suspect that parents, especially disadvantaged parents, lack the appropriate incentives, expertise or information

to make socially beneficial decisions – a paternalist rationale.[8] However, simply because a service is offered, be it targeted or universal, does not mean that eligible families whose children would obtain benefits from it will take it up. The onus is on the parent to take up a service for their child.

There is an important "cash-versus-kind" policy choice here. The relative efficacy of cash-versus-kind may vary with the age of the child, with cash transfers superior for younger children and in-kind provision (*e.g.* via universal education) for older children. Certainly this is the revealed preference of many OECD countries. The relative efficacy of cash-versus-kind can also vary across the risk or outcome distribution of children of a certain age. Children at greater risk may benefit more from in-kind services, because their parents may not be capable of functioning as agents acting in the best interests of their children with income transfers.[9]

Public health campaigns and information provision

Public health (advertising) campaigns that may influence child well-being include anti-smoking campaigns targeted at parents (in terms of both pre-natal and post-natal smoking), promotion of breastfeeding and child safety, campaigns against domestic violence, and so forth.

Targeting

There has been considerable policy debate within and between OECD countries, including over philosophical differences, about targeted *versus* universal provision of both in-kind services and cash benefits for children. Targeting may be based on the individual or family characteristics of the child (child-based targeting) or on the average characteristics of the area where the child lives (place-based targeting).

Targeting allows scarce resources to be used more intensively to remedy a problem. This can be more equitable than universalism. Targeting may reduce the false positives of universalism (a service provided when not required). At the same time, targeting inevitably misses children who might have benefited, but do not meet the imperfect targeting criteria (false negatives). Targeting also creates work disincentives if entitlement is abated against parental income. Targeting can stigmatise parents or children. Stigma is arguably less important in early childhood, as these children are much less amenable to peer or societal pressures outside the home, compared to during later childhood. Stigma is much more likely when a service is targeted than if money is provided, since the provision of money is anonymous compared with a more visible service.

Targeting may also mean that the middle-class voice for improving the general quality of the service is lost. A further problem with targeted regimes is that they may generate high transaction costs, which often fall on the families in need that the policy is aimed at helping, which can seriously reduce take-up rates (Currie, 2006).

A universal delivery of child services can avoid many targeting problems mentioned above. Take-up of a universal service may be higher because information about the existence of a universal service or benefit and entitlement to it is widespread across the population. However, universality is costly. Additionally, universality wastes resources by providing something to children who don't need it. It may simply provide a service that the middle classes may otherwise have paid for privately, thus delivering them a windfall cash gain. Universal services are also prone to middle-class capture. The middle classes have

the skills to capture universal resources and direct them towards their children. A universal system may have a smaller effect on inequality, since scarce resources to combat inequality are spread more thinly. A universal service such as education is often designed in ways which mean that teacher pay cannot be readily used to reward higher-quality teachers. Under such circumstances, high-performing teachers are rewarded by getting the better job of teaching the school-ready, well-adjusted children. In this way ostensibly egalitarian universal services can reinforce inequality for children.

Conditional cash transfers (CCT)

A conditional cash transfer is a cash transfer, to a family or person, paid under a behavioural condition (De Janvry and Sadoulet, 2004, p. 9; De Janvry, 2006, p. 49). The aim of a conditional cash transfer is often to increase demand for a free service that is not fully taken up by all. A conditional cash transfer programmes pays recipients in exchange for an action that brings private behaviour closer to the social optimum. If the payment is sufficiently high, conditional cash transfers accessed by poor families may also contribute significantly to poverty alleviation and other child well-being outcomes, as family income rises.

The most well-known CCT within the OECD is *Oportunidades* in Mexico.[10] *Oportunidades* began in 1997 as a rural-based programme called *Progresa* designed to alleviate extreme poverty and break inter-generational poverty transmission. In 2001, the programme was extended to all but the largest urban areas. Currently, about one in five Mexican families participate. *Oportunidades* offers cash transfers to poor families conditional on their participation in pre-natal care, well-baby care, immunisation, nutrition monitoring and supplementation, preventive checkups, parent education, and school participation. It directly reduces income poverty while at the same time increasing services take-up, possibly generating positive long-term benefits for children. Programme eligibility is determined by a two-step process. First, geographical communities with high proportions of poor families are identified. Then low-income families are identified using a series of easily observed family proxies that correlate highly with poverty. Cash benefits are paid to mothers, reflecting evidence that this is more likely to be spent on children.

Conditions for cash receipt depend on child age. To get the cash, pregnant women must visit public health clinics to obtain pre-natal care, nutritional supplements, and health education. Five pre-natal visits, starting in the first trimester, are required. Children from birth to 2 years must be immunised, attend nutrition clinics every two months, obtain nutritional supplements, and be measured. Their parents must receive health education. Lactating women must attend clinics to obtain post-natal care, nutritional supplements, and health education. Children from 2 to 5 years must attend clinics to be measured every four months and obtain nutritional supplements if their growth is assessed as poor. Certification by medical professionals is required to obtain the cash entitlements.

Evaluations have been largely positive in terms of *Oportunidades's* impact on poverty alleviation, morbidity, infant height, anemia, child motor skills, and school attendance. Children in the programme under age 5 experienced a 12% reduction in the incidence of illness, higher visits to public clinics, and an increase in the number of pre-natal visits in the first trimester (Behrman and Skoufias, 2006, pp. 261-263). In addition, there was a 16% increase in mean height growth between the ages of 1 and 3 (Behrman and Skoufias, 2006, p. 263). There was also a significant improvement in motor skills and socio-emotional

development. However, there was little evidence of cognitive improvements. No advantages were found to commencing benefits in the pre-natal period, as opposed to the first two years of life (Gertler and Fernald, 2004). Simulations suggest that the head-count poverty rate was reduced by 10% by the programme. The depth of poverty was reduced by 20% and the severity by 45%, much larger amounts that reflect the focus on extreme poverty (Behrman and Skoufias, 2006, p. 253).

The Turkish Social Solidarity Fund CCT was introduced in 2001. The aim was to break the inter-generational chain of poverty by keeping poor children in school and in good health. The CCT was piloted initially in six of Turkey's 850 districts. It was then rolled out nationally. It is targeted to the poorest 6% of children. Families are identified through a proxy means test. The programme has about 2.6 million beneficiaries.[11] In 2005, the programme was extended to poor pregnant women, who must undertake regular pre-natal check-ups. A birth grant of about USD 40 is made conditional on the baby being delivered in a health facility. For young children 0 to 6-years-old, regular attendance is required at a health clinic according to age-based medical protocols as is full immunisation coverage. For children aged 6 to 18, school enrolment and at least 80% attendance during the school year in age-appropriate schools is the required condition. The programme also requires women to have their marriages registered, which confers legal benefits. Children must have their births officially registered, which confers citizenship rights. Benefits are paid every two months to the mothers. USD 8 per month is paid for pregnant women and children under age 6. Amounts rise with age. For primary school boys, USD 9 per month is paid. Girls are paid more, USD 12 per month, to offset gender bias in school participation. At secondary school boys get USD 18 per month and girls USD 26 per month. Initial evaluations were favourable regarding poverty reduction and consumption by poor families. There were small but measurable impacts on child immunisation, primary school enrolment/attendance, and secondary school enrolment/attendance – with a slightly more pronounced effect for girls (Ahmed *et al.*, 2006).

The evaluation consensus is that CCTs have been successful in ensuring services are used. There is much less evidence of whether longer-term outcomes have improved as a consequence. This, it is argued, means that additional attention should also be placed on the quality of the service. In addition, it is unclear what the relative impact of the cash transfer or the conditioning is on service take-up (World Bank, 2006).

Conditional cash transfers with implications for children are also common in other OECD countries. New York is currently trialling a conditional cash transfer programme, Opportunity NYC, with the condition being participation in compulsory education. Unlike the Turkish and Mexican schemes, it does not have an early childhood or health component. As Grogger and Karoly (2007, p. 1) point out, a number of OECD countries condition welfare payments on work via family working tax credits (for example, Canada, the United Kingdom, and the United States). Work-conditioned cash transfers have become increasingly important in many OECD countries since the mid-1990s (see the discussion above).

Additionally, baby bonuses designed as fertility payments to adults who have children qualify as CCTs. The overall effectiveness of such policies on fertility is unclear in the OECD, but there is a good evaluation from Israel showing positive effects (Cohen *et al.*, 2007).

Other OECD countries also have programmes that have a conditional cash transfer element for pregnant women or children early in the life cycle. Australia, Austria, Finland, France, Hungary, Luxembourg and the United Kingdom have welfare programmes where some monetary payments are conditional on accessing certain universal, freely provided pre- or post-natal services. For Austria, payment of the universal child benefit requires meeting ten pre-natal and post-natal health and development schedule checks, whilst in Hungary the payment of the universal birth grant, valued at EUR 230 in 2006, requires completion of four pre-natal maternal examinations. The small Finnish universal birth (EUR 140) or larger in-kind grant is also conditional on a pre-natal medical examination. In Luxembourg, a grant of EUR 1 740, divided into three equal pre-natal, birth and post-natal tranches, is conditional on the mother and child having the required medical examinations (five pre-natal examinations, the first before three months of pregnancy, one examination around birth, and a further six up to age 2). The United Kingdom Sure Start Maternity Grant, a means-tested birth payment of about EUR 728, is conditional on submitting a certificate signed by an approved health professional confirming that advice has been given on pre-natal health and the health and welfare needs of the new baby.[12] In France, three post-natal child examinations – the first week following birth and again at 9 months and 2 years – contribute to a "certificate of good health" for the base allocation of the *Allocation pour jeune enfant* (PAJE), a means-tested child benefit paid up until age 3.[13] Australia pays a universal Maternity Immunisation Allowance as two equal payments of AUD 122 for children aged 18 months and about 4 years who meet immunisation requirements (as of 1 January 2009). In addition, receiving the Child Care Benefit requires compliance with the schedule.[14] A methodologically unsophisticated but favourable evaluation of the Australian measures is available (see Lawrence *et al.,* 2004).

A further conditional cash transfer programme is the continuation of payment of child benefits conditional on the "child" (who sometimes is well over age 18) pursuing higher education. Countries following such a conditional child benefit policy include Austria, Australia and Germany. Finally, the biggest conditional cash transfer programme across the OECD is arguably paid parental leave schemes.Parents are paid significant amounts of money conditional on taking time out of the paid workforce to care for their children.

The "cascading service" model

One policy model, which is a sort of hybrid of a universal and a targeted system, is the "cascading service" model. The cascade model offers a universal entry point and a universal treatment. However, it also adjusts the intensity of the treatment in response to the social risks observed during the universal treatment. Overall, if resources are to be targeted towards those at high risk, on several counts it makes sense to develop systems across the child life cycle that offer a universal service that encompasses the entire population, and which then collects relevant information to allow more intensive treatment where this is warranted. By encompassing the entire population, the service itself is less likely to stigmatise. The entire population is also screened for risks. Resources are not inefficiently targeted at those who have much less need of the cascading service. However, issues of false positives and false negatives still arise regarding choices of intensification. A further issue with cascading systems is the degree of delegated provider discretion regarding who receives which treatments. There is little hard empirical evidence about the efficacy of cascading systems for child well-being outcomes.

A good example of a cascading system for children is the South Australian *Every Chance for Every Child* home visiting system for young children (Government of South Australia, 2005). It has a universal contact point just after birth – each child gets one home visit – and then a much more intensive service follow-up for children deemed to be at-risk, using information largely gathered during the universal visit.

OECD child well-being measures and child policy

Consideration now shifts to examining the relationship between child well-being indicators and child policy choices. The aim is to draw a first connection between child well-being outcomes and child policy choices and to consider the broad associations that may be found. It needs to be clear from the outset that this is not a causal analysis of the relationship of child policy and child well-being. Simple bi-variate associations applied to one cross-section of a maximum of 30 countries are far too weak a reed on which to balance a serious causal analysis of policy. However, they illustrate some interesting stylised facts about the relationship of spending to child well-being outcomes.

Table 7.1 brings together social expenditure data on children, discussed in Chapter 3, and child well-being outcomes at the six-dimension level, discussed in Chapter 2, in a simple correlation table. The table correlates well-being outcomes by country against spending on children as a whole, and by spending on children during the three stages of early, middle and late childhood. Considering first all spending on all children in the first row, there is a significant positive correlation found with the Health and safety dimension, but not with other measures. When spending by child age is considered, the Health and safety correlation retains its significance for early childhood. Indeed, the correlation between total spending during early childhood and Health and Safety becomes somewhat larger. No well-being dimension has a significant relationship with spending during middle childhood. Only the Material well-being dimension is significant for late childhood spending. Other correlations are small in size.

Table 7.1. **Patterns of spending by age and type have varied associations with different measures of child well-being**

Correlations of child well-being dimensions and social expenditure by childhood stage and type as a proportion of median income, 2003

Spending by childhood stage	Child well-being dimensions					
	Material well-being	Housing environment	Educational well-being	Health and safety	Risk behaviours	Quality of school life
On all children (0-17) years	0.29	0.13	–0.13	0.32	–0.04	0.02
On early childhood (0-5 years)	0.28	0.13	–0.06	0.41	–0.16	0.02
On middle childhood (6-11 years)	0.09	0.02	–0.26	0.22	–0.07	0.16
On late childhood (12-17) years	0.38	0.17	–0.07	0.22	0.13	–0.10

Association significant at the $p < 0.05$ level Association significant at the $p < 0.10$ level

Source: OECD calculations.

StatLink http://dx.doi.org/10.1787/712057615701

Policy recommendations to improve child well-being

Some broad policy recommendations for enhancing child well-being in OECD countries can be drawn from the analysis in the previous chapters. It is worth considering developing a comprehensive child well-being and development system, based on the

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child's life cycle. This system needs to support the present and future well-being of children across a range of dimensions of well-being. Since children have the longest life expectancy of any group in society, child policy needs a stronger future focus than for any other population group. The system requires a clear, simple, and comprehensive strategy (which might include targets for child well-being outcomes), a robust structure of policy advice and service delivery to implement the strategy, a strong understanding of the existing situation of interventions in the context of pertinent research and evaluation, and good knowledge of existing child well-being outcomes. The approach could start by mapping the existing national system in a child life cycle and risk context. It could then consider, in an evidence-based manner, discrete and specific policy changes, which aim to develop the system as a coherent set of complementary and mutually reinforcing policies. These policies would be multi-level in their approach to risk across the life cycle, involving a mix of universal, targeted, and clinical interventions. They would aim to reduce risk and promote protective factors. The system would measure and monitor expenditures, as well as the intermediate and final well-being outcomes of children.

What should be done across the child's life cycle

Governments should concentrate spending early in the child's life cycle (Center on the Developing Child at Harvard University, 2007). Most OECD countries spend more late than early in the child's life cycle. Countries should invest more resources during the period from conception until entry into compulsory schooling when outcomes are more malleable and foundations for future success are laid. If interventions are well designed, concentrating them into early childhood can enhance both social efficiency and social equity.

Concentrating more investment early also addresses widely-held concerns in many countries about inter-generational inequality. In addition, governments concerned about mitigating inter-generational inequality should also risk-load spending disproportionately on at-risk young children. Governments should spend relatively more on children at high-risk of poor well-being at all parts of the child life cycle. In addition, they need to ensure that later investments in high-risk children complement investments in the same children earlier in their life cycle. Early successes for such children should not be allowed to wither on the vine. There are, of course, complex questions about how to identify such children and how to define at-risk (some simple practical risk-profiling approaches are discussed in Chapter 4).

The conclusion that more early intervention and more intervention for higher-risk children are desirable is not novel. Much recent research supports early intervention in at-risk children. The argument is that spending during early childhood may be better because of 1) a longer pay-off period, 2) the greater early malleability of cognitive outcomes, and 3) the complementarity of earlier spending with spending already committed later in the child life cycle, especially in compulsory schooling (Heckman, 1999; Heckman and Masterov, 2007). Additionally there are considerable policy advantages in investing in the well-being of disadvantaged children during early childhood. Rates of return to skill formation for disadvantaged young children are higher because of the high long-term social costs, including crime, which can result from the negative developmental trajectories to which they are more vulnerable. As Heckman and Masterov (2007, p. 2) point out, "[i]nvesting in disadvantaged children is a rare public policy with no equity-efficiency tradeoff. It reduces the inequality associated with the accident of birth and at the same

time raises the productivity of society at large." A good indication of this focus towards early investment can be found in Waldfogel's recent consideration of desirable child policies in the United States, where 62% of the substantive content is devoted to consideration of policy change in early childhood, whereas middle childhood and late childhood receive only 24% and 14% of the discussion (Waldfogel, 2006b). Additionally, the analysis of country spending profiles by age in Chapter 3 supports the view that policy weaknesses may be situated during the early years, rather than later in the life cycle.

At the same time, early is not all (Rutter, 2007). Rates of return can be high on targeted interventions during adolescence (Aos *et al.,* 2004). A logical starting point might be for governments to begin by investing as much in under-5s as in school-age children (Waldfogel, 2006b, p. 184).

If governments across the OECD are serious about reducing inter-generational transmission of disadvantage and high social costs, greater resources committed during early childhood will need to be heavily weighted towards the high-risk spectrum of early childhood. High-risk can be defined in terms of permutations of family circumstances such as parental education levels, low income, parental absence, young mother, large family, parental mental illness and drug and alcohol dependence, social isolation, older siblings with problems, or parental benefit dependence. High-risk can also be defined in terms of early outcomes of the child. It may be considered in terms of early onset problems, especially early onset externalising behavioural problems or cognitive and learning difficulties. However, inevitably the weighting will be much more strongly on the family risk factors, since the possibility of diagnosing cognitive or behavioural problems really only exists from age 3 onwards.

Interventions in early childhood need to be both in cash and in kind. Policies targeting a broader spectrum of risk are best delivered in cash, allowing parents to use the decentralised information available to themselves about their children to build their current and future well-being most effectively. In terms of payments of income supplements, from the point of view of child development these are probably best directed at the mother (or otherwise the principal caregiver). Such payments, best delivered early in the child's life cycle, can mitigate the inability of families to raise money to invest in their children (credit market imperfections) (Dahl and Lochner, 2005; Duncan and Brooks-Gunn, 1997; Morris *et al.,* 2004). However, for some families, money may not be used wisely on young children, or money may not be enough. The higher the risk in the family situation, the more effective delivery of services in kind will be.

Even if a free service is provided for the young children of very high-risk families, some parents may not take advantage of it. In such cases, some experimentation with conditional cash transfers may be appropriate. High-risk parents could be paid additional benefits for accessing the free, universal service for their child.

Programmes to support the in-utero environment

The in-utero environment matters for child well-being following birth. Policy to improve the quality of this environment, especially reduce parental smoking and improve maternal diet, should be considered (*e.g.* Melvin *et al.*, 2000). The number of universal pre-natal care visits could be reduced in many countries and efforts made to develop a system where intensification of pre-natal care is provided according to need. Additionally, the

pre-natal period may be a good time to intervene with high-risk families to provide them with the parenting skills that will come in handy for the first years of their child's life (see Chapter 4).

A particular issue may be take-up of free pre-natal services by high-risk pregnant women. Rather than simply making benefit access conditional on take-up, as some countries do, policy could consider the incentive of an additional conditional cash transfer or a conditional transfer (*e.g.* a food voucher) for mothers who meet certain criteria in terms of risk (single parent, young, poor and so on). The positive of a conditional cash transfer may appeal more than not paying benefits if free services are not utilised. In addition, children are not penalised by parental loss of benefits if parents fail to take up free services.

Policy change to support breastfeeding choices

Given the good evidence of significant cognitive benefits to children, policy changes to support the choice to breastfeed may be appropriate. Policies to allow this choice in accordance with World Health Organisation recommendations for six months exclusive breastfeeding may include legislation to support breastfeeding in the workplace, changes in the way maternity services in hospitals are provided, and adjustments to parental leave durations (see Chapter 4).

Programmes to improve post-natal care

Like pre-natal care, post-natal care requires greater targeting within the overall framework of a universal system. The number of post-natal care visits could be reduced in many countries and the resources freed up could be used for greater service intensification when poor early outcomes or adverse risk factors are present (see Chapter 4).

Targeted early childhood education and home visiting

For those children who are in need of stronger early environmental enhancements, targeted, quality and intensive early childhood education and home visiting programmes should be considered. The educational programmes may need to place a strong focus on cognitive outcomes, partly because these outcomes are likely to be more malleable early in the life cycle, partly because successfully evaluated programmes have been cognitively focused.

A further recommendation for countries with home visiting is to create and strengthen a service cascade based on observed risk. It may be useful for the cascade, be it pre- or post-natal, to have a strong home visiting component in countries where this fits the culture. Home visiting can play an important role in take-up of the service, since it reduces the cost to the family of an out-of-home contact, and allows a trained visitor to assess firsthand the family environment for need of more intensive services.

For highly disadvantaged children from birth to below the age of compulsory schooling, countries might consider even more intensive interventions than those provided by cascading post-natal child health and development systems, which could then function as a key point of referral. These sorts of interventions could offer disadvantaged children a mixture of parenting programmes, early childhood education, and home visiting. The aim would be to provide disadvantaged children with an enriched out-of-family environment, while at the same time working on raising the quality of the family environment.

Raising the quality of early childhood education

For some countries where the bulk of children attend early childhood education, there is a need to improve the quality of the services provided (OECD, 2006 and 2007a).

Reallocating resources in compulsory schooling to disadvantaged children

School provides an important primary environment for both middle and late childhood. All OECD countries already spend heavily on compulsory schooling. Advantaged children with strong early foundations are in the best position to take advantage of this spending. Given recommendations to increase the relative weight of the investment portfolio in early childhood, policy during middle and late childhood needs to focus on improving the quality of baseline spending in the child investment portfolio.

Once children enter compulsory schooling, policies need to complement early interventions for at-risk children. To a large extent, this means re-directing existing school resources away from advantaged children and towards disadvantaged children.

One way the promotion of complementary investments may be achieved is through the reallocation of existing teacher resources in the education system, again through a universal but cascading service in compulsory education. There is a considerable amount of evidence that teacher quality is important for educational outcomes during middle and late childhood (Haskins and Loeb, 2007). The cascade could be considered in terms of a universal school service with intensification delivered by allocating the best teachers to the schools where students are at highest risk, and within the school allocating the best teachers to the least advantaged pupils (Haskins and Loeb, 2007). Pay premiums, for example, for teachers working in disadvantaged schools are offered in some parts of the United States, and this is an option worthy of further consideration (Murname, 2007; Murname and Steele, 2007).

Policies to raise the school leaving age are sometimes mooted for those OECD countries with compulsory schooling ending before age 18, as a means of increasing equality. Alternative policies, such as increasing and cheapening access to high-quality out-of-school programmes, as well as extending the school day and school year and mentoring programmes may be alternative options for better achieving the same goal (Waldfogel, 2006b). Equally, better early investment may be both more efficient and more equitable as a means of encouraging disadvantaged children to effectively take up the complementary investment currently available to them in the post-compulsory schooling system of most OECD countries.

Things to avoid doing

Governments should also do less of some things. Some governments could spend relatively less on highly medicalised, universal policies surrounding childbirth. A good example would be long maternal stays in hospital for a normal birth. Hospital is costly. Evidence suggests that extra days in hospital add nothing to child well-being (see Chapter 4). The money could be better spent elsewhere.

Current universal pre-natal schedules in many OECD countries have too strong a focus on medical risk. They lack a strong social risk orientation. They often involve too many scheduled contacts for low-risk pregnant women. In addition, actual post-natal contacts are often in excess of the schedule in many OECD countries (see Chapter 4). Reducing the number of universal pre-natal contacts would allow funding of more targeted intensive

services for high-risk mothers. De-medicalisation and an increase in use of nurses and midwives rather than obstetricians and pediatricians may also lower costs in many countries without a commensurate decline in the quality of pre-natal care, thus freeing resources up for pre-natal care where more intensive treatment may be warranted.

Additionally, governments need to consider ways to avoid committing resources to programmes captured by advantaged children, especially programmes directed at those past the age of compulsory education. These are likely to reinforce inter-generational inequality. By the time children are in post-compulsory education, they have benefited from years of heavy public investment. Post-compulsory public education spending is highly inequitable, since it goes disproportionately to children from advantaged families. The equity argument for paying child benefits, as many OECD countries do, to families with children in post-compulsory education is very weak. There is also little evidence that money at this point in the life cycle encourages participation in higher education for children from disadvantaged backgrounds. The public subsidy to post-compulsory education is already large in most OECD countries, and social and economic externalities from post-compulsory education are likely to be less than from pre-compulsory or early compulsory education. Arguably, it would be more efficient and more equitable to consider ceasing child benefits from the end of compulsory education, and using the resources freed up to raise the mean payment rate or even make higher payments just during early childhood.

Higher child benefits for older children are paid by a number of OECD countries. Benefits that rise with age are typically justified on the basis that costs are higher for older children. These costs are measured as the costs of marketed goods and services, not full opportunity costs including foregone leisure. If benefits for children are based on the costs of the children, these should reflect the opportunity costs. Higher opportunity costs for parents for young children are a further argument for a tilt in government spending on children toward younger, and away from older children.

Some countries spend considerable amounts on long-duration single-parent benefits. There is little or no evidence that these benefits positively influence child well-being. Durations could be reduced and resources concentrated on improving family income during the early part of the life cycle for those children.

Things to keep an eye on

There is considerable interest in the impact on child well-being of single-parent family structure, partly because these have been growing in importance across the OECD. The evidence that single-parent family structure causes reductions in child well-being compared to when the parents stay together is not overwhelming, but nor can it be neglected. If there is a causal effect on child well-being of being brought up in a single-parent family, it is likely to be small. Attention needs to be given to the evaluation of policies to keep families together, especially in terms of the outcomes for children, which are currently being trialed in the United States.

How to invest in children

Governments in most OECD countries spend considerable amounts on children. It is common to liken spending on children to an investment, reflecting the strong future focus in child policy (see for example Gabel and Kamerman, 2006). The investment metaphor is a useful one, reflecting the fact that much of the child's well-being is experienced in the

future. This metaphor can be usefully extended into thinking about investment in children in terms of a portfolio of investments of different types (Aos *et al.,* 2004). As child well-being has a variety of causes, there are multiple developmental pathways to the same well-being outcome. Consequently, there is certainly no single magic bullet intervention, or investment, which addresses all child well-being problems (Waldfogel, 2004). A range of environmental interventions – a child well-being investment portfolio – is consequently desirable.

A systemic approach would subject the child investment portfolio to a continuous iterative process of evaluation, reallocation and further evaluation to ensure that it actually generates returns and improves child well-being. Strong, cross-OECD monitoring, research, and especially policy evaluation of child well-being outcomes is necessary to ensure that country's child investment portfolios iterate to become more effective over time and that child well-being is progressively enhanced. Quality evaluations of childhood interventions are important to improve the quality of the initial child investment portfolio through an iterative process over time (Berlin, 2007). Duds should be culled and successes reinforced based on information yielded by good evaluation. Information derived from marginal additional spending on children can be used in this phase to allow the better allocation of baseline spending into the future, as well as to make better-quality evidence-based claims on future incremental spending.

There are two major dimensions when considering the reallocation of the child investment portfolio. First, there is existing baseline spending on children. Second, there are marginal increments to the government budget on children that occur around a yearly budget cycle. Additions to spending involve fewer vested interests and are easier to influence. On the other hand, the reallocation of existing spending is a larger fulcrum off which to lever change. Systematic, regular and well-informed baseline reviews of child spending may have great potential to improve child well-being. The aim of such reviews, however, would need to be improving outcomes for children (rather than the usual motivation for such reviews, which is to seek informed spending reductions).

Child well-being targets are of considerable value in focusing attention on a problem. Targets create strong incentives for politicians and policy makers to meet their stated goals. Targets need to be clear and achievable through policy change. To ensure a strong focus on outcomes and achievements, countries should set child well-being targets, unless these can be shown to create strong perverse incentives, such as moving children from just under to just over a poverty threshold.

Cost-benefit analyses of the evaluated programmes provide further information to select the best programmes. Cost-benefit analyses monetise, as far as possible, costs and benefits, determine their temporal pattern, and apply an appropriate discount rate to allow overall costs and benefits to be compared. Cost-benefit analysis is thus a tool for helping select desirable child investments. It is not the only tool. Investments that do not yield positive benefits may still be desirable if they change the trajectories of children whose poor outcomes are considered inequitable. Cost-benefit analyses for child investments have their strengths and limitations (Karoly *et al.,* 2005, Chapter 5). In practice, there are only a small number of cost-benefit analyses of child interventions, which of themselves have a limited degree of comparability due to the different methods employed (Karoly *et al.,* 2005; Aos *et al.,* 2004).

Improve data on child well-being outcomes

There has been much discussion of the statistical invisibility of children (Casas, 1997). The state of comparative information on child well-being across the OECD is very poor in comparison to the copious available survey information on adults. Of crucial importance in making better policy to support child well-being is the co-ordination and collection of internationally comparable data on child well-being. This data needs to be collected at all stages of the child's life cycle and across all dimensions of well-being. Currently available internationally comparable data has a strong focus on education outcomes at the older end of childhood. Regularly available and internationally comparable well-being data for early childhood and the early parts of middle childhood is either thin or non-existent. Yet the evidence suggests that this is when the longer-term well-being outcome trajectories for many children as both children and future adults are being formed.

Regular independent monitoring and reporting on child well-being

To know what is happening to the well-being of children, and to make better policy, regular reporting on child well-being is essential. The collection of high-quality, internationally comparable information on child well-being must be buttressed by regular reporting on child outcomes.

Understanding the dynamic causal process of child well-being and development

In order to understand the causal processes of child well-being and development, it is imperative that OECD countries develop longitudinal surveys of children's well-being outcomes and detailed information on their micro, meso, and macro environmental experiences, as well as supporting research on such data sets. Such surveys are expensive, and there are a variety of designs that are utilised in different OECD countries, including sample surveys and linked administrative data sets. A number of countries have implemented such surveys.[15] Longitudinal data sets that include siblings are especially valuable, since they permit consideration of in-family as well as between-family well-being variation, thus allowing analysis of the importance of shared family environments for children's outcomes.

Quality evaluation

As discussed, a portfolio approach to investing in children requires quality evaluations of policy change. Randomised control trials should be used to test many policy changes, but other methods may yield considerable information of value to policy makers. For example, policy changes have been used in conjunction with longitudinal surveys of children to examine the impact of policy change on outcomes. Good recent examples are several studies by Baker and Milligan (2007, 2008), who have used the Canadian National Longitudinal Survey of Children and Youth to examine various impacts on child well-being of large and fiscally expensive maternal leave expansions. The fact that such surveys, if well-designed, can be used for policy evaluations adds a further argument for their value, in addition to their usefulness in considering the broader causal processes of child well-being and development. Finally, there is a role for the OECD in documenting, and where possible coding, the detail of policy changes that may impact on child-well-being outcomes. This would encourage the use of country panel data to examine the influence of policy changes on child outcomes.

Notes

1. The only comparative information readily available on the governmental structures of policy advice, funding, and delivery of family and child issues comes from the various country profiles in the Columbia Clearinghouse on International Developments in Child, Youth, and Family Policies (*www.childpolicyintl.org/*). where 22 OECD countries are profiled. These country profiles often do not clearly separate out responsibilities for policy advice (both primary and secondary responsibilities), and, as is almost unavoidable, some profiles contain a certain amount of error. The descriptions indicate that in most cases a complex multiplicity of agencies are responsible for child and family policy, and funding and service provision, at a variety of different levels of government.
2. For example, Austria, Belgium, Denmark, Finland, France, Greece, Hungary, Iceland, Ireland, Luxembourg, Poland, Portugal, Spain, Sweden, and the United Kingdom have an Ombudsman for Children or a similar institution. Such offices also exist or are being proposed in more than half of the states of the United States. Many Australian states, several Canadian provinces, as well as Mexico and New Zealand have similar institutions (see *www.ombudsnet.org/enoc/network/index.asp*).
3. See Council of Europe (1998) for European countries. This publication is incomplete in terms of the breadth of age limits considered. For example, the age for legality of consensual sex is omitted (the age where a person has the right to marry is included), as is the age when a person has the right to acquire a driving license.
4. The following OECD countries have removed the right allowing parental physical disciplining of children (dates): Austria (1989), Denmark (1997), Finland (1983), Germany (2000), Greece (2006), Hungary (2004), Iceland (2003), Netherlands (2007), New Zealand (2007), Norway (1987, but in 2005 the Supreme Court interpreted this as allowing "lighter smacks"), Portugal (2007), Spain (2007), and Sweden (1979). Italy (1996) has prohibition by a Supreme Court ruling. The Czech Republic, Ireland, Luxembourg and Slovak Republic have stated commitments to prohibition, but have yet to be recorded as reforming. See *www.endcorporalpunishment.org/pages/pdfs/charts/Chart-Global.pdf* for a compilation of world-wide information drawn on above (accessed 17 March 2008).
5. For a discussion of a range of potential effects of divorce law changes on child well-being, see Cáceres-Delpiano and Giolito (2008, pp. 7-10).
6. For an example regarding nutrition, the United Kingdom Royal College of Obstetricians and Gynecologists has recently recommended adding folic acid to flour with the aim of reducing the rate of premature births (*www.guardian.co.uk/society/2008/jan/31/health.medicalresearch*). The United States has had such a compulsory policy since 1998.
7. On advertising aimed at children in Europe, see European Audiovisual Observatory (2000). While many OECD countries rely to a considerable extent on voluntary industry self-regulation, Sweden has a total ban on advertising to children under age 12.
8. Internalising an externality is sometimes argued to justify in-kind provision. However, if there is a positive externality, theoretically the best policy is usually a subsidy on the good.
9. Currie and Gahvari (2007) provide a discussion of the rationales for in-kind benefits, some of which (pp. 48-51) explicitly deals with programmes for children, and the evidence for the rationales. The rationales explored include paternalism, offsetting tax distortions by providing services complementary to labour supply (especially with provision of child care), in-kind provision being an effective form of self-targeting, social externalities from the in-kind benefit known to social planners, inappropriate parental discount rates, the lack of parental information, political economy considerations, and agency problems with parents requiring redistribution within the family. Of course, government purchase of services also suffers from many information and agency problems.
10. See the World Bank (*http://info.worldbank.org/etools/icct06/welcome.asp*) on this and other CCT programmes outside the OECD, including Bolsa Familia in Brazil.
11. To put this number (it is unclear whether it refers to numbers of families or children) into broad context, the *OECD in Figures 2007* records roughly 20 million Turks under age 15 in 2005.
12. For Austria, Finland, Hungary, Luxembourg, see relevant tables in MISSOC *http://ec.europa.eu/employment_social/missoc/2006* respectively on p. 91, p. 96, p. 40; p. 92 and for more detail on conditionality, *www.cnpf.lu/Pages/APO.HTM*; for the United Kingdom, see MISSOC, p. 96. Additional information for Luxembourg came from *www.cnpf.lu/Pages/APO.HTM*, accessed March 2008.
13. See *www.caf.fr/cataloguepaje/BasePaje.htm#visites* (downloaded February 2008).

14. See *www.familyassist.gov.au/Internet/FAO/fao1.nsf/content/payments-mia* on the immunisation payment and *www.centrelink.gov.au/internet/internet.nsf/payments/qual_how_ccb.htm* on the Child Care Benefit.

15. See Kogevinas *et al.* (2004) and Centre for Longitudinal Studies (2006) for lists of such studies.

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