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Investment In Human Capital: Review Of "The State And The Family: A Comparative Analysis Of Family Policies In Industrialized Countries" By A.H. Gauthier

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Investment in Human Capital

BY ELLEN MAGENHEIM

For most people, taking their children to the pediatrician, signing them up for piano lessons, or making sure they do their homework are simply what good parents do—ways to manifest their love and desire for their children to have successful and meaningful lives. For an economist, such actions are investments in human capital, whether undertaken privately by the family or supported by the government. In other words, they are actions intended to increase the odds of producing children who will grow up to be responsible and productive members of society.

From either perspective, that of loving parent or analytical economist, we do know that the way children are treated today helps to determine the adults they become tomorrow; specifically, childhood experiences may affect the level of education they attain, their productivity in the labor force, and their contributions to society.

In few countries are these decisions made without any government involvement. For example, laws governing access to abortion, mandating parental leave benefits, and providing cash benefits to parents may influence private decision making about childbearing, family formation, and investments in children. The appropriate division of responsibility between the family and the

government for providing financial security, human capital development, time, and caring of children, has varied over time and across countries. In *The State and the Family*, Anne H el ene Gauthier does an admirable job of documenting the range of governmental approaches in 22 industrialized countries over the last century.

The author uses a fairly broad definition of family policy—public initiatives targeted at families with dependent children. Components of family policy can include cash transfers, such as tax relief for dependent children, and services to families such as after-school care. While these and many other disparate policy initiatives are all included under the rubric of family policy, the author notes that the term “family policy” connotes a comprehensiveness and integration that, in fact, do not characterize most countries’ family policy packages.

The author offers an interesting comparative analysis of how different countries that share similar demographic patterns and transformations in family life have responded to these phenomena in different ways. For example, France and Britain have implemented divergent programs to respond to similar patterns of overall decline in fertility and increased incidence of births to single mothers. Gauthier argues that a country’s history, political

structure, and social values all influence whether or how governments respond to demographic and social change.

The extremely ambitious scope of this book is both its strength and its weakness. Gauthier acknowledges the trade-off she faced by taking on a project with such a broad scope. In fact, the book is short on details about particular policies and largely ignores broad areas of policy, including health and education.

While readers may find this a frustrating book in this regard, it whets the reader’s appetite for further detail and analysis. Gauthier’s overview of child and family policy in this century may serve as a starting point for those who want to pursue research on specific policies and analysis in a particular country and to explore the relationship between investments in human capital during childhood and the results of those investments in the future.■

Anne H el ene Gauthier, *The State and the Family: A Comparative Analysis of Family Policies in Industrialized Countries* (Oxford, UK: Clarendon Paperbacks, Oxford University Press, 1998); 248 pp; paper, \$19.95.

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