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**ANNUAL REVIEW OF ECONOMICS (/CONTENT/JOURNALS/ECONOMICS)** **Volume 6, 2014 (/content/journals/economics/6/1)**

# The Economics of Human Development and Social Mobility

[James J. Heckman \(/search?value1=James+J.+Heckman&option1=author&noRedirect=true&sortField=prism\\_publicationDate&sortDescending=true\)](#)<sup>1</sup> and [Stefano Mosso \(/search?value1=Stefano+Mosso&option1=author&noRedirect=true&sortField=prism\\_publicationDate&sortDescending=true\)](#)<sup>1</sup>

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This article distills and extends recent research on the economics of human development and social mobility. It summarizes the evidence from diverse literatures on the importance of early life conditions in shaping multiple life skills and the evidence on critical and sensitive investment periods for shaping different skills. It presents economic models that rationalize the evidence and unify the treatment effect and family influence literatures. The evidence on the empirical and policy importance of credit constraints in forming skills is examined. There is little support for the claim that untargeted income transfer policies to poor families significantly boost child outcomes. Mentoring, parenting, and attachment are essential features of successful families and interventions that shape skills at all stages of childhood. The next wave of family studies will better capture the active role of the emerging autonomous child in learning and responding to the actions of parents, mentors, and teachers.

**Keyword(s):** [attachment \(/search?value1=%22attachment%22&option1=pub\\_keyword\)](#), [capacities \(/search?value1=%22capacities%22&option1=pub\\_keyword\)](#), [credit constraints \(/search?value1=%22credit+constraints%22&option1=pub\\_keyword\)](#), [dynamic complementarity \(/search?value1=%22dynamic+complementarity%22&option1=pub\\_keyword\)](#), [parenting \(/search?value1=%22parenting%22&option1=pub\\_keyword\)](#), [scaffolding \(/search?value1=%22scaffolding%22&option1=pub\\_keyword\)](#).

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