



Preventative Policy in Action – North Rhine-Westphalia

Hannelore Kraft
Premier of the State of North Rhine-Westphalia
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“An ounce of prevention is worth a pound of cure.” Almost 300 years later, this proverbial insight by Benjamin Franklin has lost none of its pertinence. On the contrary: In the state of North Rhine-Westphalia we want to show not only that preventative policy pays off in Benjamin Franklin’s sense, but that prevention can help us to avoid social follow-up costs.

Germany is one of the European countries marked by a very low birth rate and a rapidly ageing population. As the ratio of children and young people in the total population declines, the need for government support grows in proportion. In North Rhine-Westphalia (NRW – see box), for example, the number of parents who are overwhelmed by the task of child-raising and whose children thus must be taken into state custody rose by over 30 per cent between 2006 and 2010. That is to say: although we have fewer young people, they are nonetheless increasingly dependent on state-sponsored child-raising assistance.

This trend entails enormous costs for the welfare state. When I became premier of North Rhine-Westphalia in 2010, one of our first measures was to commission a study to find answers to the question: How much money do we spend here in our state to “repair” things that have gone wrong in the social realm. Money that is needed, for example, to assist young people who do not finish school in finding some sort of gainful employment.

The study found that the social follow-up costs run to 23.6 billion euros per year! 23.6 billion euros that are either incurred as direct costs by the municipal, state and federal governments and the social insurance agencies, or which they are then missing in taxes and duties.

“Leave No Child Behind!” – “Every Child Matters”

If we want to reduce social follow-up costs, it is time to shift our perspective and to rethink our social democracy. We want to transform the welfare state which usually focuses on repairing damage into a state that invests early on in children and education so that consequential social costs are avoided in the first place.

The state government of North Rhine-Westphalia has embraced precisely this change in perspective. Under the motto “Leave No Child Behind!” it has formulated a policy approach that sees prevention as a mission cutting across all functional departments and administration levels, with the aim of enabling every child to grow up to become a successful adult.

The earlier we foster children’s development, the more likely they are to grow up healthy, and to succeed in their education. They will presumably become well-integrated members of society and be less dependent on social assistance. But investments in prevention avoid more than just social costs. A growing number of scientific studies demonstrate that they also bring a substantial return.

Prevention pays off

Arguably the most famous among these studies is the Perry Preschool Project, named after a preschool in a small town in the US state of Michigan. In the early 1960s a group of around 120 children there were admitted to a special pre-primary programme. A long-term study was set up to follow and analyse how these children’s lives developed.

The study found that children who received this extra support with learning early on developed better in practically *every* way than a control group. They earned higher degrees, got better jobs, were healthier, and came into conflict with the law less frequently.

One person who took a great interest in the Perry Preschool Project was James Heckman, an American economist and Nobel laureate in economics in 2000. Heckman undertook an attempt to calculate the economic dimension of the preschool programme. His conclusion: society benefitted greatly.

Converted to the value of the dollar in the year 2000, the *costs* for the preschool programme came to around 15,000 dollars per participant. But because the sponsored children cost society less in the following four decades, society “earned” so to speak an average of nearly 260,000 dollars for each child.

It’s hard to imagine a better investment. Or, in the words of James Heckman: “It pays off 7 to 10 percent per annum for each dollar invested. The stock market between 1945 and 2008 was a 6 or 7 percent return.”

Local prevention chains: cradle to career

North Rhine-Westphalia is implementing preventative policy with a strategy that pursues two main objectives: first, developing so-called “prevention chains”, and secondly, strengthening the state-wide prevention infrastructure.

Preventative policy must begin where children live and grow up. A key role is therefore played by the municipalities, because in the German federal system they have the main authority for shaping the living environments of children and families.

Together with the Bertelsmann Foundation, we launched the pilot project “Leave No Child Behind! Municipalities in NRW take preventative action” in early 2012. The project involves supporting 18 towns and districts with a total of almost 5 million inhabitants in developing “local prevention chains”. Like the links in a chain, all the relevant local stakeholders and programmes are to be linked

up in order to guide and support children and families. They set out to initiate collaborations between child, youth and family welfare agencies, health services, schools and education services, culture, sport and other leisure organisations, training agencies and employment services, the police and courts. Our prevention chain focuses on each child's life journey. It already begins with the mother's pregnancy and extends to successful entry into the career world – hence “from cradle to career”.

Strengthening state-wide prevention infrastructure

Similar to the local prevention chains, we are also building a comprehensive prevention infrastructure at the state level. We are thus investing – among other things – in children and education.

Special priority is given to expanding early childhood support. Ten years ago, day-care was practically unavailable for children under 3 years of age. Today, half of all children aged 1 to 2 years can be looked after at a day-care centre or by a childminder.

Schooling is another example. Ten years ago, half-day schools were still the rule in Germany. Today, 4 out of 10 pupils in North Rhine-Westphalia attend all-day schooling, which is offered in a flexible mix of obligatory and voluntary forms.

Interim results

What have we achieved thus far? We did a first interim stocktaking of our pilot project “Leave No Child Behind!” in the summer of 2014. The results show that prevention works.

One example is a pilot project in the town of Arnsberg (population 73,000). Here we have succeeded in a socially problematic neighbourhood in reducing the proportion of preschool children with language problems by 20 per cent since 2010. At the same time, almost twice as many children now attend a secondary school leading to the *Abitur* qualification for university studies. And in the past 5 years, no child under 14 years of age had to be taken into state custody.

Another example is the town of Hamm (population 175,000), which is implementing a programme of individual support for schoolchildren within the scope of “Leave No Child Behind!”. After only one and a half years, truancy has been cut by 50 per cent. And just under 95 per cent of the pupils receiving support have attained a higher school-leaving certificate as a result.

A third example, which also illustrates the fiscal effects of our preventative policy, comes from Bielefeld (population 325,000). Through various preventative measures, the number of those receiving child-raising assistance in Bielefeld was reduced between 2010 and 2013 by nearly 5 per cent (4.6%) – saving the town budget 2.2 million euros.

The positive effects of the improved prevention infrastructure can also be felt at the state level. The additional places in day-care centres and all-day schools, for example, are not only good for the children's development. They also help parents to achieve a better work-life balance. The number of mothers of underage children able to pursue gainful employment thus increased from 2007 to 2012 by an estimated 60,000. Each working mother represents added value of some 63,500 euros per

year. That is to say: these additional working mothers have led to an increase in the gross domestic product of North Rhine-Westphalia by 3.7 billion euros.

Our first experiences in North Rhine-Westphalia with a policy of prevention are quite promising. It seems possible through preventative measures to already realise measurable savings in social follow-up costs in the short to medium term. However, there is still much to do. Prevention is after all an ambitious, long-term policy project, the full benefits of which will not be seen during a short term in office but only in the course of a generation.

Hannelore Kraft is Premier of the State of North Rhine-Westphalia.