

Revealing the Hidden Mechanism: the Effects of Early Childhood Education and Care After Half a Century

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Abstract

Many papers discuss the effects of Early Childhood Education and Care, but the focus is on relatively short-term and not on important variables. I analyze very long-term effects of childcare enrollment by exploiting differences in expansion speed of childcare institutions across regions due to policy changes. Instrumental variable analysis shows that childcare systems increases children's future income at the age of around 50 and college completion tendency. Most of the effects on future income can be explained by an increase in the likelihood of college completion. The result implies that childcare system may prevent intragenerational and intergenerational inequality from expanding.

JEL classification: I24, I26, I38

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