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Ideas for Renewing American Prosperity: Focus on Developing Human Capital

Note: This article was part of a special section celebrating The Wall Street Journal's 125th anniversary. The editors asked frequent contributors to identify potential changes to American policy, society or culture that would revive prosperity.

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The late social scientist Gary Becker once showed that at least three-quarters of national wealth can be found in the knowledge, skills and experience of people—what he called human capital. There are three ways to increase human capital: Expand knowledge and skills through education; extend the length and quality of life by investing in health; and welcome skilled immigrants.

- The focus in education should be on the classroom. We give Oscars to actors, Grammys to singers and Nobel Prizes to scientists. Recognizing that effective teachers and principals are the most important school-based factors influencing student achievement, the Milken Family Foundation launched an awards program nearly 30 years ago to provide similar recognition for great educators. An affiliated public charity, the National Institute for Excellence in Teaching, has developed extensive programs to ensure skilled, motivated and competitively compensated teachers.
- At least half of economic growth since the Industrial Revolution can be traced to improvements in public health and the results of medical research that have more than doubled average lifespans world-wide. We can now prevent or cure many of the infectious diseases that plagued mankind for millennia. America's greatest health challenge, representing 75% of current health-care spending, is the burden of chronic diseases. Public-health programs emphasizing prevention and wellness will help reduce that burden. And to assure progress against all diseases, the National Institutes of Health budget should be restored at least to the 2003 level, when it was 25% higher in real dollars.
- Immigration restrictions that keep out highly skilled workers, investors and entrepreneurs are counterproductive. These ambitious people can stimulate economic growth and create more jobs for all Americans. We should greet them with open arms.

Policies that expand human capital in these three areas will increase America's productivity and help sustain our global leadership.

Mr. Milken is chairman of the Milken Institute.