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CENTER FOR THE STUDY OF THE ECONOMY AND THE STATE  
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THE EFFECT OF THE STATE ON THE FAMILY

Gary S. Becker\*

Working Paper No. 005

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THE EFFECT OF THE STATE ON THE FAMILY\*

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## I. Introduction

The family has been an important unit of social organization, usually the single most important, for more than 2500 years in Asia, the Middle East, Europe, and apparently, also in recorded societies elsewhere. The family has had sole responsibility for the continuation of society itself through the production of children, and has had major responsibility for the care of children, especially at the critical and vulnerable younger ages. Moreover, it has also had primary responsibility for the care and welfare of adults during illness and old age as well as during healthy working years.

However, the State has not provided families with unlimited discretion in carrying out these functions, perhaps precisely because they have been so vital. Many dimensions of family life have been regulated for thousands of years in all parts of the world. For example, only men could divorce in the Roman Empire,<sup>1</sup> Christian societies have never permitted polygamy, the Koran expressly forbids Moslems to sell their children, the incest taboo has been universal, and primogeniture was enforced for hundreds of years in England. Indeed, the frequency of coition between spouses is probably the only major aspect of family life that has never been directly regulated even for slaves, although the use of contraceptives has been extensively regulated.

The influence of the State on private behavior has varied enormously over time and from country to country. For example, Britain went to free trade during the first part of the nineteenth century, and abolished many other regulations that were throwbacks to its mercantilist period. Britain continued, however, to regulate family life, including a prohibition of polygamy and the purchase and sale of children, and a virtual prohibition of divorce.<sup>2</sup> The rapid growth of



State regulations during the last 100 years in Britain and other Western countries has included the family: inheritances are now heavily taxed, schooling has become compulsory and children cannot be sent to work prior to specified ages, although legal obstacles to divorce and adultery have been greatly reduced.

Despite the ancient history of State regulation of the family, the impact on the family of even major regulations, like the prohibition of polygamy or divorce, has generally only been superficially analyzed, when it has been at all,<sup>3</sup> especially in comparison with the most painstaking analysis of even trivial regulations of market transactions. The analysis of the family that I have been developing for a number of years<sup>4</sup> implies that regulations affecting a particular family member or a particular dimension of the family cannot be understood without discussing other members and other dimensions because all members and dimensions are intimately bound together by altruistic transfers among members, and by a mutual interest in maximizing the well-being of the family as a whole.

This way of looking at the family gives various insights and surprising implications about the impact of State rules and regulations on the family. The next section considers the effect of apparent redistributions of wealth from one generation to another, such as in public debt, social security, or head start programs. Section III analyzes the effect of rules limiting contractual freedom, including the prohibition of polygamy, obstacles to divorce, and obstacles to the distribution of estates. The subsequent section considers poverty and employment programs, including aid to mothers with dependent children, the negative income tax, and minimum wage laws. I briefly speculate in the concluding section about the purposes of State regulation of the family in the light of these effects.

## II. Redistribution between Generations

Consider a State program that takes a dollar from each child and gives the proceeds to their parents. Parents who had been transferring resources to their children because they are concerned about their welfare would voluntarily return these dollars to their children since they could have given each fewer resources prior to this program if they had wanted to. Indeed, I have shown elsewhere that when contributions are motivated by altruism, a redistribution of resources away from beneficiaries and toward the benefactor simply raises contributions by the same amount (Becker 1974). Therefore, this redistribution program would not make parents better off nor their children worse off, but would simply change the form of well-being by inducing greater contributions from parents.

The outcome would be the same if the State gave parents a dollar for each child and promised to take away a dollar (plus interest) from each child next year because parents would then simply raise their contribution to each child by a dollar in present value. More generally, the outcome would be the same if parents were given  $b$  dollars for each child while the State promised to take away  $b(1+r)^n$  from each  $n$  years later, where  $r$  is the interest rate. Again, there would be no effect on the wellbeing of parents or children, but the program would simply induce parents to raise their contribution to each child by  $b$  dollars in present value.

Virtually all parents contribute to their children by providing them with food, clothing, and shelter, and the overwhelming majority contribute even in the more stringent and relevant sense of providing more than can be justified by any eventual monetary contribution from their children. For example, the present value at birth of the net cost of children during their first eighteen

years averaged almost \$60,000 in 1960-61 in the United States.<sup>5</sup> "Altruistic" families are so dominant at least partly because altruism better organizes family resources and better motivates family members than does selfishness (see Becker 1976, and 1980, chapter VI),

Redistribution from children to parents also tends to have no effect on the well-being of either parents or children when children contribute to parents rather than the other way around. If the State takes  $b$  dollars from each child to give to his parents, each child would reduce his contribution by  $b$  dollars (if he gave at least  $b$  initially) since he could have contributed more initially if he wanted to. Children would be made worse off and their parents better off only if the program dissolved the overt link between parents and children because children gave less than  $b$  initially and their parents did not begin to contribute when their children's contribution was reduced to zero.<sup>6</sup>

One immediate application of this analysis is to "social security" programs that pay the older generation with taxes imposed on the younger. If the tax on members of the younger generation were, in effect, the social security payment to their parents, and if the prior transfer between parents and children exceeded this payment, social security would not affect the welfare of parents or children. Either the contribution from parents to children would rise by the full amount of the tax on children (equal to the payment to parents), or the contribution from children would fall by this amount. The private accumulation of capital would not be affected because parents who had been accumulating capital to provide for their old age would now accumulate the same amount of capital to compensate their children for these social security taxes.



Although these simple implications of an interdependent altruistic family have been recognized in some studies of social security,<sup>7</sup> they contradict most of the literature mainly because altruism between parents and children has usually been ignored.<sup>8</sup> Since contributions within families cannot be ignored because they are a fundamental manifestation of the interdependencies among family members that analytically distinguishes families from other organizations (see the evidence in Becker 1980), their neglect in most of the literature on social security has been a fatal obstacle to a correct assessment of these programs.

Of course, a more complete analysis of social security would also include "second-order" considerations. For example, wealth could be redistributed among families because the taxes paid by younger persons could exceed or fall short of the payments received by other members of their families, partly because some recipients have no children or other heirs, or contributions would be reduced to zero in families with taxes that exceed the contribution from children to parents and with parents who are not sufficiently altruistic, or these taxes might affect the allocation of resources between work and household activities,<sup>9</sup> or an induced increase in contributions from parents would reduce their demand for quantity of children and raise their demand for quality.<sup>10</sup> Although the combined effect of these additional considerations may not be negligible, even its direction is not clear. For example, whereas persons without heirs would reduce their accumulation of capital, families induced to substitute toward quality and away from quantity would increase theirs. Although the available empirical evidence is recent, limited, and controversial,<sup>11</sup> it does not clearly contradict the implication of the simple analysis that the private accumulation of capital is unaffected even by a generous social security program.

An expansion of public debt (even with government expenditures held constant) is often said to increase aggregate demand because the wealth of the current generation appears greater since they receive the proceeds while the taxes required to cover interest and repayment of principal are levied on future generations (see, e.g., Blinder-Solow 1973). However, the argument that cast doubt on the alleged consequences of a social security program is fully applicable to the alleged consequences of public debt. An altruistic family linked together by transfers from parents to children (or vice versa) would not be made better off when parents are given proceeds that come out of the pockets of their children (or later descendants). Parents would simply increase their contributions to children or children would reduce their contributions to parents by the amount of the proceeds (or taxes).<sup>12</sup>

Although this argument can be traced back to David Ricardo (see Buchanan 1976), it has been ignored or deemphasized in most of the literature on public debt (including Ricardo's own discussion; see O'Driscoll 1977). To be sure, the "second order" effects of a social security program also apply here, and additional ones could result from imperfect substitution between private and public debt (Barro 1974), uncertainty about the incidence of future taxes,<sup>13</sup> or the discrepancy between rates of return on investments in human capital and on non-human capital, including public debt (see Drazen 1978).

However, the net effect on perceived wealth of these additional considerations is far from clear. For example, uncertainty about the incidence of future taxes reduces the perceived wealth of risk averse parents, whereas greater rates of return on human capital increases it. Moreover, empirical studies have not found the significant relation between public debt and consumption or savings implied by changes in perceived wealth.<sup>14</sup>

The same analysis is relevant in assessing the effects of public redistributions from parents to children, as with public schools financed by taxes on the parents' generation. Parents are induced by such programs to reduce their contributions to parents, or children increase their contributions to parents, to offset the public redistribution. In particular, parents would not be made worse off by a public school program, nor would children be made better off, and the combined public and private investment in the human and non-human capital of children should not be affected.

Again many additional considerations could be discussed, but, again even the direction of their net effect on the well-being of parents and children is ambiguous. Furthermore, the empirical evidence is not inconsistent with the most immediate implication of family altruism and interdependency. For example, the extensive State college and university system in the United States appears to have had only a small effect on total investment in higher education because private expenditures were induced to decline (see Peltzman 1973, McPherson 1974, and Abowd 1977), and the public school system in nineteenth century England probably did not greatly increase total expenditures on elementary schooling (West 1965, chapters 9 and 10). The net effect of such public school programs on the total capital invested in children is probably even smaller because parental expenditures on other kinds of human and non-human capital are induced to decline.

"Compensatory education has been tried and it apparently has failed . . . . The chief goal of compensatory education -- to remedy the educational lag of disadvantaged children and thereby narrow the achievement gap between 'minority' and 'majority' pupils -- has been utterly unrealized in any of the large compensatory education programs that have been evaluated so far" (Jensen 1969). So



begins Arthur Jensen's famous and controversial essay on compensatory education and intelligence. His assertion about the apparent failure of compensatory education has generally been supported by later studies.<sup>15</sup> Much more controversial has been his linking the apparent failure of these program to inferior intelligence of the children, primarily black children, being compensated. My analysis has nothing directly to add to the controversy about the relative intelligence of different groups of children, but it is indirectly relevant because it can explain the "failure" of compensatory education even when the children involved are as able as other children.

Public compensatory education programs redistribute resources to some children in poor families. The increase in the resources spent on these children induces their parents to redistribute time and expenditures away from these children toward their other children and themselves. That is, an induced "parental compensatory program" helps defeat the intent of public programs. If taxes to finance these programs were levied entirely on other families, the resources of families with children participating in the programs would rise by the full amount of the expenditures on their children. Yet the total expenditure on these children would rise only by a fraction of these expenditures because of the induced decline in parental expenditures. The increase in the total expenditure on these children depends on the increase in family resources and the income elasticity of demand for children's welfare.

Once again, there are many additional considerations, including any effect on rates of return to parental expenditures on participating children. Still the main effect of these programs is probably a redistribution of income to families of compensated children, with a much smaller net effect on the total amount spent

on these children. Since redistribution of income is not supposed to be the main purpose of these programs, for this reason they could be classified as "failures".

Therefore, the "failure" of compensatory programs can be explained without assuming that compensated children are inferior in ability or motivation; they could even be above average. Nor does it imply that these programs have been badly planned or administered; they could have been better run than more "successful" programs. What Jensen and others failed to recognize is that compensatory programs reduce the time and other resources invested by parents in their compensated children because they are induced to reallocate some resources away from the children to themselves and to other children as a result of the interdependence among family members.

### III. Contractual Restrictions

Even during the heyday of laissez faire, the State greatly restricted the freedom to form and dissolve families, to acquire children, and to transmit property to heirs. This section discusses several of the more pervasive restrictions.

#### a. Polygamy

More than 2000 years ago the Romans were monogamous (Goudy 1911), and Christian societies have outlawed polygamy for almost 2000 years;<sup>16</sup> polygyny in Islamic societies is sanctioned by the Koran, but they too have increasingly restricted the practice of polygyny during the last 50 years.<sup>17</sup> Outlawing polygamy would significantly affect real as opposed to apparent behavior only if legal alternatives -- such as a mistress or "serial" polygamy through dissolution of one marriage and formation of another -- were not close substitutes for "simultaneous"



polygamy. If, as I argued elsewhere (Becker 1973 and 1980, chapter III) men have become polygynous primarily to acquire a large number of children,<sup>18</sup> serial polygyny is a poor substitute because additional children from a new wife partly only compensate for those foregone with the former wife, and a mistress might be a poor substitute because her children are not legally bound to their father.

The demand for polygyny, either realized or latent where suppressed, has varied from time to time and place to place along with the demand for children by wealthier men. Almost certainly, however, the demand for polygyny has declined during the last hundred years because the demand for children has declined. The rapid decline in farming and the growth of cities during this period has reduced the demand for children because unskilled children are more valuable on farms, especially the larger farms of wealthier men (see Makhija 1977). Moreover, the increased mechanization of farming has reduced the value of unskilled child labor on farms. More generally, economic progress and industrialization has increased the demand for "quality" of children relative to quantity,<sup>19</sup> and polygyny is not needed to produce high quality children. Indeed, the decreasing demand for polygyny during the last hundred years may have been the major cause of the growth of restrictive legislation during this period rather than growing moral outrage or other "ethical" considerations. In particular, the observed decline in polygyny in Islamic countries was probably not the result but was the cause of more restrictive legislation there.<sup>20</sup>

I have demonstrated elsewhere (Becker 1973 and 1980, chapter III) that women tend to lose and men tend to gain from laws restricting polygyny.<sup>21</sup> This conclusion will sound dubious and paradoxical to many readers,<sup>22</sup> but is it any different analytically from the readily accepted conclusion that laws restricting the ratio of black to white employees, or female to male employees, hurt black and female employees, not whites and males? Laws outlawing polygyny lower the ratio

of married women to married men, and thereby reduce the demand for married women just as surely as these employment laws reduce the demand for black and women employees.<sup>23</sup>

Note that even if women benefit from polygyny, a first (or later) wife could object to additional wives. Her own welfare could be higher if her husband decided not to take additional wives because he might then be more devoted to her and her children. This conflict between the interests of all women and those of a particular woman helps explain why some women have objected to polygyny, and why marriage contracts sometimes have stipulated that the husband must remain monogamous (see Goode 1963, p. 102).

b. Divorce

The rules governing legal termination of marriage, commonly called divorce, have differed greatly. Divorce has been prohibited in many Catholic countries, still including Ireland and much of South America, and was almost impossible in England prior to the latter part of the nineteenth century, well after the peak of laissez faire. At the other extreme, divorce has been available on demand ("no-fault divorce") to either men or women in California since 1970, and more recently in several other states. Divorce was available at will to men and almost unavailable to women in Islamic countries for more than a thousand years (Anderson 1976), whereas divorce is freely available in Japan where there is mutual consent (see Rheinstein 1972, chapter 5). This section briefly analyzes the effect of these differences on the frequency of divorce, on the settlements that are a part of a divorce agreement, and on the settlements that are a part of a marriage "contract".

Even where divorce is prohibited, marriages can be effectively terminated by separation, and illegal ("bigamous") and common-law (consensual) remarriages are possible. If these were sufficiently close substitutes for divorce and legal remarriage, the dissolution rate would not be greatly affected by a prohibition of divorce (this appears to be Rheinstein's belief, 1972). My own view is that prohibition does reduce the dissolution rate because these are imperfect substitutes for legal remarriage. The evidence for the different states of the United States appears to contradict this view because the fraction of persons married, standardized for many other variables, is not positively related to the fraction Catholic and to the difficulty of obtaining a divorce, and may even be negatively related (see Freiden 1974, and Santos 1975). My interpretation of this evidence, however, is that marriage is delayed when divorce is prohibited or difficult to obtain in order to reduce the probability of marriage failure by accumulating additional information in the "marriage market" (see Becker 1973). This interpretation is supported by the evidence in these studies that more stringent divorce laws mainly reduce the fraction married at younger ages.

A necessary condition for mutual consent to a divorce is that the combined expected gain from divorce must be positive since both spouses would agree to a divorce only when they expect to be better off. The necessary condition appears to be different when divorce is available only at the request of men since they only consider the effects on themselves. In particular, men would appear to have an incentive to divorce even when the loss to their wives exceeds their own gain, and the combined gain is negative. Yet a wife anticipating a loss that exceeds her husband's gain not only has an incentive, but also has the means, to compensate or "bribe" him not to divorce. She would compensate him with an



amount between his gain and her loss, and both would be better off by staying married (see Becker-Landes-Michael 1977).

If bargaining between spouses were costless, and bargaining would tend to be cheap because persons living together for several years know each other's resources, prospects, and temperments relatively well, a positive combined gain is a sufficient as well as necessary condition for divorce when it is freely available to men only. For example, if a wife's gain from a divorce exceeds his loss, she would "bribe" him to divorce with an appropriate divorce "settlement" that would be between her gain and his loss. Indeed, if bargaining between spouses were costless, a positive combined gain is a necessary and sufficient condition for divorce not only when men alone can divorce, but also when mutual consent is required, or when both men and women can freely divorce. For example, if a husband's gain from divorce exceeds his wife's loss, he could bribe her with a divorce "settlement" to provide her consent. Since the necessary and sufficient condition is the same, the incidence of divorce should be similar even when divorce laws are very different.<sup>24</sup> Presumably, this explains why over 90 percent of all divorces in Japan are by mutual consent (Rheinstein 1972, Table 5), although either could petition for divorce when their spouse is opposed.

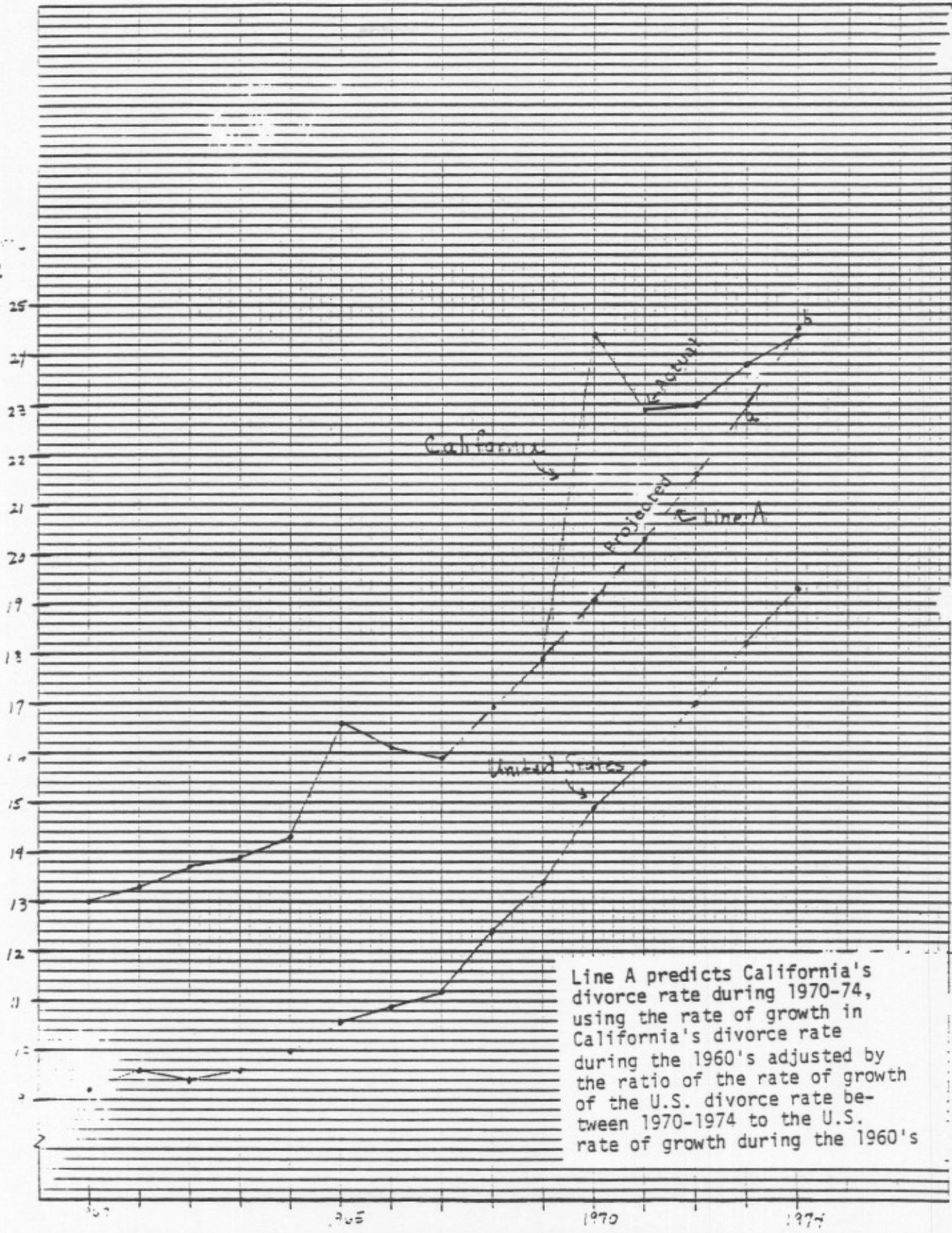
A more powerful test of this analysis is the effect on the divorce rate in California of becoming the first state to grant divorce at the request of either spouse. Prior to 1970, a California divorce required either mutual consent or proof of "fault" in an adversary proceeding. The figure plots the divorce rate in California and in the whole country from 1960 to 1974: divorce grew rapidly during the sixties, and its rate of growth in the country accelerated during the

Figure. Divorce Rate (per 1000 married women) for California and the United States, 1960-1974.

Divorce  
Rate

46 1610

11-Σ 5 X 5 TO THE CENTIMETER 16 X 24 CM.  
NEUFEL & ESSER CO. MADE IN U.S.A.



Line A predicts California's divorce rate during 1970-74, using the rate of growth in California's divorce rate during the 1960's adjusted by the ratio of the rate of growth of the U.S. divorce rate between 1970-1974 to the U.S. rate of growth during the 1960's

Source: Data supplied by Robert Michael

Year

Source: R. Michael



early seventies. If the rate in California would have accelerated, had its law not changed, as rapidly during the seventies as the U. S. rate did, the rates in 1973 and 1974 would have been 23.0 and 24.5, respectively (shown by points a and b on line A), instead of the actual rates of 23.8 and 24.4. In 1975 the rate in California was about 2 1/2 percent below its "predicted" rate (25.4 versus 26.1), but at least part of the explanation of this discrepancy is that the growth in divorce rates slowed down in the middle 1970's. Note that the United States rate in 1975 was also about 1 1/2 percent below the rate "predicted" from the growth between 1970 and 1974 (20.3 versus 20.6). These calculations strongly suggest that the change to no fault divorce had little lasting<sup>25</sup> effect on the divorce rate in California.

Although the change from mutual consent and "fault" to "no-fault" apparently had little lasting effect on California's rate presumably because the necessary and sufficient condition for divorce was unaffected, the distribution between spouses of the total gain from divorce may have been significantly altered. In particular, if men have been more willing than women to divorce partly because they can more readily remarry (see Becker-Landes-Michael, 1977), and partly because they have had better opportunities to find new mates while married, the average divorce settlement to wives should have deteriorated after "no fault" replaced mutual consent. A study of alimony and child support payments does indicate that the average settlement to wives deteriorated in California after 1970 (communication from Lenore Weitzman).

Persons contemplating marriage when divorce is readily available want to protect themselves against an adverse divorce settlement. They could delay marriage in order to accumulate additional information about potential mates,

and thereby reduce the probability of an unsuccessful marriage; they could sign a marriage contract (see Weitzman 1974) that stipulates the divorce settlement; or they could require a dowry or bride price that automatically compensates them when they are divorced.<sup>26</sup> Therefore, a shift to no-fault divorce probably only has a temporary effect on the distribution of the gains from divorce, such as the adverse effects on women, because new marriages will provide contractual or other forms of protection against an adverse divorce settlement.

c. Inheritance

The state has regulated bequests and inheritances for hundreds and even thousands of years. The State required primogeniture (eldest son inherits all land) in England for five or six centuries beginning in the eleventh century.<sup>27</sup> Moslem law has specified for more than a thousand years the exact inheritance to all relatives (heirs) from two-thirds of each estate; the remaining one-third is subject to the discretion of the testator, with the significant restriction that no bequests can be given to heirs (see Anderson 1976). The Romans, on the other hand, imposed few restrictions on the division of property among heirs equally closely related to the deceased (Goudy 1911). This section considers a few effects of the regulation of inheritance on the distribution and allocation of resources.

An altruist can use bequests to get the "last word", to provide selfish members of his family with an incentive to consider the interests of the family as a whole, including when the altruist is old and close to death (see Hirshleifer 1977; Becker 1977). Therefore, an altruist would not be indifferent between bequests to children or other relatives and gifts while he is alive, even when the same tax rate applies to gifts and bequests, and even when an annuity pro-

fects him against the uncertainty of age at death. If the State rigidly specifies how an estate must be distributed, without consulting the wishes and interests of the testator, an altruist could not use his estate to provide proper incentives to his family. Consequently, rigid regulation of inheritance reduces the efficiency of families by weakening the incentive selfish members have to be concerned about the welfare of the family as a whole, especially when the altruistic "head" is older.

The effect of the State on the efficiency of families has received less attention<sup>28</sup> in the voluminous literature on inheritance than has the effect on the distribution of income among heirs or on the efficient use of estates. If the State did not regulate how inheritances could be used by heirs, and if transaction and negotiation costs in the market for inherited property were negligible,<sup>29</sup> even the detailed regulation of inheritance by Moslems would not be an obstacle to the efficient use of inherited property. For example, if land passed to the eldest son because of primogeniture even though a younger son could manage it more efficiently, the eldest would either hire the younger to manage the land or would sell the land to him since that would make both of them better off; similarly, if heirs and other family members were less efficient at managing than outsiders, they would gain by hiring or selling the land to the outsiders.

Since negotiation costs among heirs probably have been modest because they know each other's temperaments and resources relatively well, restrictions on the use of inherited property rather than restrictions on inheritances themselves would be the primary obstacle to an efficient allocation of inherited property. A major example of restricted use is the system of entails in England and Scotland that hindered the subdivision of large estates by alienation or bequest.



The effect of the State on the distribution of income among heirs depends on how well regulations can be avoided (or evaded) by testators through redistribution of their assets away from heirs believed to be excessively favored by the State and toward others believed to be neglected.<sup>30</sup> For example, if all land must be passed to the eldest son while other assets are unregulated, a testator could mortgage his land (thereby reducing its value to the eldest son), and give the proceeds to younger children; or daughters that are not permitted to inherit could be given dowries<sup>31</sup> and other gifts, perhaps with funds raised by claims on the inheritances of sons. I have no doubt that many State regulations of inheritances have been avoided in these and other ways.<sup>32</sup>

#### IV. Poverty and Employment Programs

In recent years more than nine billion dollars has been spent on Aid to Families with Dependent Children (AFDC) (Chiswick and O'Neill 1977). Since the amount of aid is positively related to the number of children and negatively related to the resources available from labor force participation or from the earnings of husbands, births to poor women have been encouraged and their labor force participation discouraged (see Honig 1974). Indeed, illegitimate births rose relative to legitimate births during the last fifteen years (see Berkov and Sklar 1976) even though the "pill" was developed and abortion legalized, partly because illegitimate births are encouraged by the AFDC program.

Not only illegitimacy, but also separations and divorces have been encouraged by the AFDC program because parents often can improve their well-being by dissolving their marriage and qualifying for aid (see the evidence in Becker-Landes-Michael 1977). This aid is, in effect, a poor woman's "alimony", and a far more generous "alimony" than available in a divorce court.

More generally, any income maintenance program would encourage illegitimacy and marital dissolution and discourage entry into the labor force if the aid were positively related to the number of children and negatively related to earnings from work from husbands. Marital dissolutions apparently were encouraged by the experimental negative income tax programs in the United States, and illegitimacy may also have been (see Tuma, Gorenwald and Hannan, 1976, and Keeley 1978).

The factory acts in Britain that began in 1835 to regulate the employment of children and women (see Nardinelli 1978), the labor legislation in the United States after the Civil War that regulated the working hours of women (see Landes 1978), the minimum wage laws in practically all countries, and much additional legislation are alleged to protect children, women, and poor persons from "exploitation" in the marketplace. However, many economists have recognized that these groups have often been harmed rather than helped, a conclusion that is strengthened by considering the family background of workers.

Minimum wage laws reduce the employment and raise the unemployment of teenagers and others with low wages. The reduction in employment exceeds the increase in unemployment because some workers shift into non-market and other activities not covered by these laws and not considered "employment" (Mincer 1976). In particular, apprentices and other workers in on-the-job training programs whose net wages are below the minimum would look for training in schools, an "uncovered" sector. However, since workers from poorer families try to finance their training with earnings from employment (Olson 1976), they may not be able to enroll in school because schools are more expensive and more difficult to finance.



Workers from richer families, on the other hand, can often obtain these funds from their parents, who need only substitute additional investments in schooling for gifts and bequests of assets to their children.

Therefore, minimum wage laws tend only to change the form of what is probably a relatively small fraction of the training received by workers from richer families, whereas they tend to reduce significantly the total training of poorer workers. As a result, minimum wage laws reduce intergenerational mobility (Becker-Tomes 1979) because they reduce the opportunities to use training to escape from poverty.

Unskilled poor workers are sometimes "forced" to enter the uncovered sector of criminal activity because of their bleak prospects in legal employment due to legislation. Since teenage legal employment has been especially curtailed<sup>33</sup> by minimum wage, compulsory schooling, and welfare legislation, it is no surprise that almost half of the persons arrested for theft in the United States are under eighteen (Uniform Crime Reports 1975). The stability and upward mobility of poor families is thereby further weakened because criminals are forcibly separated from their families by imprisonment and in other ways.

#### V. Concluding Remarks

I argue in this paper that a correct analysis of various regulations and legislation requires an analysis of family responses. A family is an interdependent organization that transfers resources among members, and thereby provides each with an incentive to maximize the well-being of the family as a whole. As a consequence, the immediate effect of the State on some members of a family may be largely nullified by the reactions of other members. For example, social security programs do not significantly redistribute wealth from younger to older

generations because the latter compensate their children and other younger family members for the social security taxes imposed on them. Likewise, public support of higher education has not significantly raised the total amount invested in children because parents respond by reducing their investment. Income maintenance programs encourage separations and divorces, especially among low income persons, because they increase the combined gain of husbands and wives from terminating their marriages. Or minimum wage laws reduce the upward mobility of poor families because they reduce the number of jobs providing on-the-job training, the form of training preferred by poor persons because it can be financed out of earnings.

If minimum wages hurt rather than help poor families, if social security does not appreciably transfer wealth to the aged, and if free lunch and head start programs do not appreciably help the children participating, why have these and related programs grown in scope? Well-intentioned legislators and other advocates may be misled by erroneous perceptions of the effects of laws<sup>34</sup> that come and go quickly, like the prohibition on the sale of alcoholic beverages in the United States, but presumably advocates have become aware of the effects of social security and other laws that have persisted and even grown over time.

A more attractive approach goes to the other extreme, and assumes that legislators and other advocates act as if they fully perceive the true effects,<sup>35</sup> and that laws are maintained only when they benefit families with sufficient political power. For example, minimum wage laws have thrived because of the political power of skilled families who benefit from reducing competition from unskilled families. Similarly, perhaps social security has thrived because of the political power of more educated families who benefit because educated persons live longer, spend fewer years working, and have fewer children to bear the social security taxes.

Although these examples are relatively straightforward, other implications of the assumption that laws benefit families with greater political power are more dubious. For example, has polygamy been outlawed for 2000 years by Christianity because less able men gain (perhaps with more able women) from monogamy?<sup>36</sup> Who gained from the long prohibition on divorce in Christian countries: children? women? Is the recent growth in programs providing aid to mothers with dependent children traceable to the political power of poor families or to the power of social workers and government bureaucrats? A full assessment of the effect of the State on the family, the purpose of this paper, would benefit greatly from a more satisfactory analysis of why legislation that apparently harms many families, sometimes poor and sometimes rich, including legislation outlawing polygamy and divorce, has often survived for centuries.

## FOOTNOTES

<sup>1</sup>Even earlier, Plato proposed that "anyone over twenty-five years of age . . . let him marry if he be still under the age of five and thirty years (Plato's Laws).

<sup>2</sup>Prior to 1850, there were fewer than two (!) divorces per year in England and Wales (see Rowntree and Carrier 1958).

<sup>3</sup>For example, until recently, discussions of the consequences of the prohibition on polygamy and divorce or on the sale of children have contained more preaching than analysis (see the discussion of polygamy and divorce by the great David Hume). Good discussions in recent years can be found in Posner (1977), Landes (1978) and Landes-Posner (1977); also see Becker (1973).

<sup>4</sup>A systematic presentation will appear in Becker (1980).

<sup>5</sup>See Reed and McIntosh (1972). Two-thirds of this cost, or about \$40,000, is due to the foregone value of the time spent on childcare. Although this estimate ignores expenditures on and returns from children after age 18, they would not have a large influence on the present value of net costs because they are greatly discounted (at the 8 percent rate used).

<sup>6</sup>See the discussion of "reciprocal altruism" in Becker (1974).

<sup>7</sup>See especially Barro (1974, 1977), and other studies cited by him.

<sup>8</sup>For example, see Samuleson (1948).

<sup>9</sup>See Feldstein (1974)

<sup>10</sup>See Becker and Tomes (1976, fn. 15).



<sup>11</sup>See the differences between Barro (1977) and Feldstein (1974).

<sup>12</sup>See the excellent analysis and references to other literature in Barro (1974).

<sup>13</sup>See the discussion of the "random" component in taxes and public expenditures in Becker-Tomes (1978).

<sup>14</sup>See, for example, Tanner (1970), Kolchin (1974), David and Scadding (1974), and Kormendi (1978).

<sup>15</sup>However, some recent studies suggest that compensatory education may have had lasting effects; see

<sup>16</sup>The federal government of the United States even forced the Mormons, who practiced polygyny in the isolated state of Utah, to abandon polygyny as a church doctrine in 1882.

<sup>17</sup>For example, Turkey outlawed polygyny in 1924, Tunisia did so in 1956, and Morocco, Syria, Iran and other Islamic countries have greatly curtailed its practice (see Anderson 1976, pp. 110-14).

<sup>18</sup>Mormon men with three wives averaged more than 21 live births (Smith and Kunz ).

<sup>19</sup>The interaction between quality and quantity of children is discussed in Becker and Lewis (1973) and Becker and Tomes (1976).

<sup>20</sup>According to Momeni ( ), only about one percent of Iranian men were polygynous in 1966, whereas seriously restrictive legislation did not appear until 1967 (see Anderson 1976); Goode presents evidence indicating that

less than eight percent of married Arab males were polygynous in the 1940's and 1950's (Goode 1963), whereas restrictive legislation came later (see Anderson 1976). Of course, the decline in the demand for children during the last hundred years does not explain why the Christians outlawed polygamy two thousand years ago or why the Jews did in Europe about nine hundred years ago (Baron 1958).

<sup>21</sup>More precisely, less productive men gain and more productive men can lose; similarly, less productive women lose and more productive women can gain.

<sup>22</sup>The attacks against Mormons in the United States stressed the "degradation of women" (see Young 1954, chapter 1). In a witty essay, David Hume also opposed polygyny, partly because it "destroys that nearness of rank, not to say equality, which nature has established between the sexes." (1854, p. 234). George Bernard Shaw, on the other hand, clearly saw the advantages of polygyny to women, "for the maternal instinct [note that he recognizes the importance of children in understanding polygyny: GSB] leads a woman to prefer a tenth share in a first rate man to the exclusive possession of a third rate." (1930, p. 220)

<sup>23</sup>The conclusion that women are hurt by laws restricting polygyny must be distinguished from the erroneous conclusion that women necessarily are better off in polygynous than monogynous societies. They would be worse off when polygyny is induced by a relatively large supply of women, as after a war that destroys many men, although they would be better off under polygyny than they would have been if polygyny were forbidden.

<sup>24</sup>This conclusion is simply a special case of the Coase theorem.

<sup>25</sup>The figure clearly shows a sizeable temporary effect: California divorce rates were much higher in 1970 and 1971 than they would have been had the law not changed. Since the 1970 law reduced both the minimum residency requirement

and the minimum waiting time between a petition for divorce and the final divorce decree, some divorces granted in 1970 and 1971 would have been granted in 1972 and 1973 under the old law. Indeed, certain calculations suggested that the entire jump in divorce rates in 1970 and 1971 were mainly explained by these changes in timing, and to a much lesser extent, by the divorces California residents formerly would have been obtaining in Nevada (see Schoen, Greenblatt and Mielke 1975). However divorce rates in 1972-74 would have been below the "predicted rates if changes in timing are the main explanation, whereas they are above in 1972 and 1973, and only slightly below in 1974.

<sup>26</sup>It is no accident that bride prices have been paid in Moslem countries where divorce has been freely available only to men (see the more extensive discussion in Becker 1980, chapter III). Typically, part or all of a bride price would be forfeited in the event of divorce unless the husband could prove "fault", such as a barren or unfaithful wife.

<sup>27</sup>(Sayles 1952). Adam Smith predicted that Primogeniture is "still likely to endure for many centuries" (1937, p. ).

<sup>28</sup>Although the "insolent heir" is discussed in Blackstone ( ) and other legal literature. I owe this reference to Richard Posner.

<sup>29</sup>This discussion has been influenced by Tomes (1977).

<sup>30</sup>For a similar problem, see the discussion of the "head start" program in section II.

<sup>31</sup>Moslem thinkers reversed this argument and maintained that sons should inherit larger shares because daughters received dowries.

<sup>32</sup>For example, the trust developed in England in the fourteenth century partly to evade primogeniture (oral communication from John Langbein).

<sup>33</sup>The teen-age unemployment rate in the United States was 20 percent in 1975 (see U.S. Bureau of Labor Statistics 1976).

<sup>34</sup>The explanation by Adam Smith and many others that "Laws frequently continue in force long after the circumstances, which first gave occasion to them, and which alone could render them reasonable, are no more" (1937, p. 362) is a subtle variation on the assumption of erroneous perceptions.

<sup>35</sup>This approach has been developed by Stigler (1975); also see Peltzman (1976, 1978), Becker (1976, 1978), and Stigler's presidential address at this meeting.

<sup>36</sup>George Bernard Shaw did not hesitate to claim that "Polygamy when tried under modern democratic conditions as by the Mormons, is wrecked by the revolt of the mass of inferior men who are condemned to celibacy by it", and "any marriage system that condemns a majority of the population to celibacy will be violently wrecked on the pretext that it outrages morality" (1930, p. 220).



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