

BRIDWELL INSTITUTE WORKING PAPER SERIES

## Rich in Things, Poor in Spirit: Is Economic Freedom Bad for Women and Families?



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 property above a condition of the most oppressive and savagery scarcely distinguishable  
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## Introduction

There is nothing new in the debate about the efficacy of markets and capitalism in general especially concerning its effects on women and families in the extended scope of human history, it is a recent phenomenon that we obtain and attempt to further equal standing for women in social, economic, political, and cultural arenas. As mere two hundred years ago, I would not have been employed as an economist asking these questions. I likely would have been dead by age forty-five. The incredible escape from grinding material poverty and gendered servitude seems impossible and miraculous. In the past seventy years, economic freedom has extended to American women unlike previous centuries. The protection of private property rights and the rule of law necessitate equality before the law, something heretofore denied to women. Property rights are human rights, and as these protections have been extended to women over time, they have more agency and more freedom over allocating their time and talent, including vast opportunities for paid work outside the family home. These opportunities come with tradeoffs inside the household. No change is without costs, yet some argue, both on the political left and right, that economic freedom and market economies are to blame for the erosion of traditional



household production with little ability to outsource, giving them few alternatives for work outside the home. This, along with a lack of property rights and equality under the law, meant

2012), greater subjective well-being (Wolfers and Stevenson 2008; Fischer, 2008) and fosters social trust (Berggren et al 2006). Economic freedom correlates with better family opportunities, including less childhood labor, lower childhood mortality, greater income equality (Gwartney Lawson, 2004) and greater life satisfaction (Veenhoven, 2000; Ovaska and Takashima 2006; Gropper et al., 2010).

Davis and Williamson (2022) point to the vast literature that examines the social and economic effects of labor rights, which decreases female labor force participation and entrepreneurship and increases the gender wage gap (Htun et al., 2019; Islam et al., 2019; Malta et al., 2019; Amin & Islam, 2015; Gonzalez et al., 2015; Zveglic and Rodgers 2003; Oglloblin, 1999, 2005). Davis and Williamson (2019, 2022) find that individualism is closely associated with personal autonomy and respect for individual rights, values that support a cultural understanding of women as autonomous agents and the moral equals of men. This contrasts with collectivist mentalities, which prioritize social goals to what are deemed more significant social goals.

Moreover, increasing women's property rights increases the female labor supply (Hallward-Driemeier & Gajigo, 2015; Heath and Tan 2019), raises innovation rates (Kahn,

that marriage is the foundation of society and it promotes the interests of children (Work Opportunity Reconciliation Act 1996). Declining birth rates in industrialized economies therefore are a concern for the future as people are the source of human capital, and aging populations are associated with slower growth rates (Maestas, 2016). Julian Simon (1996), arguing against the Malthusians, demonstrated that human beings are the ultimate resource, but they require economic freedom to create more abundance. Moreover, aging populations accompanied by a century of growing government expenditures and debt along with declining birth rates present looming fiscal problems (Sheiner, 2017).

### There is No Substitute for Economic Freedom

Economists agree that growth is desirable. Economic Freedom provides the institutional nexus necessary for economic growth, which stems from rising worker productivity yielding income growth. Rising incomes extend our range of choices and further liberate us. Industrialized economies over the past two hundred years have broken from the shackles of the Malthusian equilibrium (Goldin 2016, Lucas 2004), which allows all people, but especially women, to have greater agency over their lives and to live longer lives. Economic freedom allows us to live longer and happier lives, yet income growth correlates with declining birth rates. US birth rates started to decline after the baby boom with fluctuations after the 1970s and then began to increase before the 2008 recession, and have since declined (Pew, 2020). This question will be addressed in future sections.

Economic growth requires productive people and institutions that unleash human creativity through entrepreneurial discovery and service. Economic freedom is essential (Goldin (2016, 62) explains

institutions. One set of these enabling institutions is the legal and extralegal rules that define property rights in man. Another set includes a host of related institutions such as the franchise, form of government (due process, the rule of law) (D Q G U H P O P e r t y R i g h t s are human rights (Alchain, 1993) because they operationalize human agency and induce social cooperation, across genders, races, and tribes (K H \ D O O R Z X V W R V D \ ^ 3 \ H V S O H D V H ' R U cooperative way (Otteson, 2009). Property rights within the context of the market economy allow each person to decide how and when they will ration their time, treasure, and talent. with the rule of law, this erodes endemic patterns of political and legal privilege (Candela and Piano, 2018). Individualism, a hallmark value of unconstrained markets and economic freedom, is associated with greater gender equality (Davis & Williamson, 2022). The catalytic process of commerce brings women into the community, gives them the opportunity to serve others with their human capital, to be served by others, and yields growing economic productivity fostered by individual entrepreneurship.

Economic freedom leads to greater autonomy, personal choice, and the ability to take risks according to desires, preferences, and situations (Gwartney, 2004). Unconstrained markets break down traditions and customs that uphold primitive and punitive discriminatory practices as such, markets are moralizing spaces (Stor & Choi, 2022) in which reciprocal trust and service are encouraged and patterns of discrimination erode over time. Nobel laureate Gary Becker (1971) pointed out that markets make people pay for discrimination because a monetary consequence missed opportunities to transact with productive people.

Economic freedom is demonstrative of an opportunity society in which human capital freely flows to its most highly valued use. Economic freedom is measured across five key areas: the size of government, property rights, regulatory burden, freedom to trade internationally, and



sound money. As Smith (1776) first argued, private property rights were vital to unleashing personal contributions to the common good. They are also necessary to unleash greater gains from increasing productivity. Property rights could accomplish what no well

Over the same period, female college attendance rates surged. In 1970, 58 percent of enrolled college students were men, and 42 percent were women. By 2025, this will invert with an expected 57 percent female and 43 percent male; these numbers hold for both four and two year institutions (U.S. Department of Education, 2019). The labor force is affected particularly around 1979 when the percentage of women who were teachers, nurses, librarians and social workers began to decline. The percentage of women who are doctors, lawyers, professors and managers started to grow until the mid-1980s when the latter category was a more significant percentage of the female labor force than the former (Goldberg, 2006, 13).

Marriage and divorce rates changed dramatically over the same period. In 1950, 82 percent of women were married and spent 88 percent of their adult lives in marriage. In 2000, 62 percent of women were married and spent 60 percent of their adult lives in marriage. This happened while life expectancy increased (Greenwood and Guner, 2009, p. 201). Laureate Anguibeaton (2013) speculates that today, an average Caucasian female has a fifty percent chance of making it to her 100<sup>th</sup> birthday. 5 H Y R O X W L R Q V L Q S U L Y D W H S U R S H U W \ U L J K W V P and potential. It also allows all of us to live longer, more satisfying lives. Technological change, which allows households to make different outsourcing decisions in consumption and capital goods, changes marriage decisions and household time investments (Ogburn and Nimkoff, 1955; Becker, 1965; Cowan, 1983). From 2011 to 2021, female marriage and divorce rates declined (US Census Bureau, 2023). Women are increasingly (e)7( )-20(l)7(i)7(fe)6( )] T J E T Q q 0.00000912 0 6

function. This meant long work hours in the fields and the household entirely controlled by her husband. Husbands had so much control that V R P H Z R P H Q F H O H E U D W S t a p e <sup>3</sup> V S L Q V W maledominance and paternalism. We are now in a new stage for women, W, K H S R V W a n R G H U Q <sup>3</sup> (Y H U \ : R P D Q t o o K t w o H u n d r e d). It is still evolving. It is not only laws and norms that have changed, allowing women autonomy in both the home and the marketplace, which heretofore were unobtainable, but technology, spurred by the increasing worker productivity. Women can now choose careers and family, yet the biological role of the mother has yet to be replaced by men. Women value care and family, and determining what to outsource within household production functions a crucial yet complex set of decisions for women and families. Having more access to resources allows parents to make more investments in their children (Kearney 2023). This effectively changes both the income and substitution effects within household production by lowering opportunity costs. Single-parent families often are lower resourced in terms of time and income because there is only one parent, which means they cannot as effectively outsource and are particularly burdened by the high cost of childcare, for example.

### Do Love and Marriage Still Go Together Like a Horse and Carriage?

As the de jure property rights franchise has extended to women over the past seventy years, the de facto norms have also changed. This changes marriage and family, yields different incomes in upper income versus lower-income families. The V R Q J <sup>3</sup> / R Y H D Q G O D U U L popularized by Frank Sinatra, raises a now antiquated analogy of the horse and carriage, which once were complementary goods. The automobile changed all of that. Nevertheless, do love and marriage still go together? Men and women are better off materially than they were in 1965. Labor productivity across genders has grown with the availability of resources increasing. Thus



percent more calories today than in 1970 (Silver, 2016). We have more access to food energy and require less of it. We can now outsource housecleaning to maid service, dry cleaning what was previously done at home with iron can be taken care of for two dollars per shirt. Women across all income quintiles are emancipated from the laborious work of doing laundry by hand.

Expanding private property rights to women has unleashed their human capital outside the home and yielded higher returns to their labor and growing family incomes. Women now have more bargaining power within the home, which changes their marriage decisions. In 1965, almost 90 percent of women aged 25 were married, which is down to 32 percent in 2021 (Brown, 2021). According to the US Census Bureau (2021), the median age of first marriage for women is increasing, from about 21 to 28 years old over the same period. When surveyed about why they are delaying marriage,





families, or multigenerational families are often unstable (Melanahan et al. 2011; McLanahan 2011; Tach et al. 2011; Tach 2012). The rise in single mother households is both an economic and a cultural problem. It is a product of changing norms around cohabitation and early marriage. Kearney (2023) suggests that it is also an economic problem due to a reduction in male wages (ZKLFK FUHDWHV D<sup>3</sup> PDUULDJHDELOLW\ SUREOHP´ DW OR many government interventions suggested by Cass and others on the new (Wright, while male wages stagnated from the 1970s to the 1990s) and annual earnings are at the KLJKV WRGD\ 7RGD\ ¶V PHQ DASH 1979 (WINDP) 2022 DV<sup>3</sup> PDUULDJHD & DQ ¶W %X\ 0H /RYH

The family is where we raise children, love each other, and develop the Smithian notion of sympathy that extends beyond the immediate family. The erosion of the family is to ensure social and economic malaise. The family is essential, and mothers are indispensable in the family and the household production functions. As we grow in wealth individually and corporately, we can outsource more through trade. This is indisputably a good thing, most importantly for low-income families who suffer greater time and income constraints. Breaking out of autarky happens first in the household and then happens regionally and nationally. Outsourcing through trade allows us to experience a galaxya<sup>2</sup> the process of commercial exchange, by which we bring people into the community. We grow those whom we are served by and serve.

However, the most important things that happen within the household cannot be outsourced. We cannot pay people to love our children for us; we cannot substitute quality time with our children. Alexa may be able to set an alarm for bedtime, but it is not lovingly tuck a child into bed making them feel secure and loved. We can outsource much, but the role of parents has not been displaced by technology or lower-skilled labor. While nannies make it possible for mothers



to leave the home for work, true parental love cannot be outsourced, and if it is, it comes with a great consequence. The New York Post (2006) lists <sup>3</sup> 7 K H 2 X W V R X 1 W H C S 3 W L a n Q W hire people to carry our child via surrogate (\$80,000) night nurses duties including changing diapers, burping and feeding (\$166,075 per year), potty train (\$3700) even teach your child about the birds and the bees (\$396), and later take them on college visits



stimulate more children? Conservative think tanks have been addressing these questions for decades.

In 2000, the Heritage Foundation released a policy brief wherein they argued that federal and state governments should take an active role in protecting the traditional family, including setting

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divorce education, eliminating fault divorce, and lengthen the mandated process of obtaining

a divorce by two years (Fagan & Rector, 2000, p. 2). Jarney (2023) suggests that help

working-class marriage rates best we should expand the Earned Income Tax Credit, reduce

incarceration and boost prisoner reentry programs. Indeed reducing incarceration rates for

victimless drug crimes would help low-income families stabilize while also providing the social

benefit of reducing incarceration costs across the country

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attempts to salvage it. His arguments, in part, stem from his desire to return to the economy of

the 1970s (Cass, 2018), where breadwinners could provide for their families and women could

remain at home thus protecting not only the traditional family unit but the mobility of men in

the labor force. His arguments suggest that economic freedom has given us lots of cheap stuff

but has taken our virtues and eroded our institutions.

Cass and King (<https://americancompass.org/family-income-supplemental-credit/>) argue for

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but rather a stipend paid only to working families and further suggests a necessary step in

the aggressive expansion of the social compact. He rightly critiques the welfare state as a

destructive social and economic force (Cass, 2018), yet this proposal would only increase the welfare state and obfuscate family tradeoffs. Economics teaches us that we need value creation, not welfare creation, through technocratic planning. Cass et al would bring even more state intervention into the complicated and highly personal family unit. These proposed solutions are ZKDW 0LVHV ZRXOG GHVFULEH DVCASH KIPENDS V WAMILPES RAYLQWHUYI sound good on paper, yet the state really gives cash without strings and the strings are the problem.

Olasky (1994) effectively showed how US welfare programs destroyed black families by creating incentives for out-birth wedlock. These types of interventions fail both theoretically and empirically. Welfare must observe the truths of economics, the realities of incentives, and the knowledge problem. Here the Catholic social teaching of subsidiarity is aligned with the Hayekian knowledge problem. Even the most well-meaning public bureaucrats or nonprofit philanthropists cannot overcome the knowledge problem, and as such, local knowledge must precede action. We can know what the problem is without knowing how to solve it.

Cass takes the technocratic approach to fix what he views as the primary problems: the erosion of trust, the breakdown of the family, and declining middle class living standards by inviting government into the family. On this last point, he could not be further from the truth; it is far better to be a middle class family today than in 1950. The cost of resources in terms of worker productivity has dropped meteorically. The Simon Abundance, which measures the price commodities, shows that resources became 396 percent more abundant between 1980 and 2017 (Pooley & Tupey, 2018). However, when the franchise of economic freedom includes women, everyone is better off. This is because we have access to cheaper and better goods and services and more choices. This gives new opportunities for families to carve out a life and production

function that works best for them. Moreover, the higher incomes for women give them the



FIGURE 1

The regulatory

like childcare and more stringent requirements for work eligibility in those same fields (Deyo, 2022).

Examples include private-home childcare services, which often are a way for mothers to both provide childcare for others and their children and simultaneously grow their incomes, as well as preschool teachers, which afford women more flexible schedules and often allow them to bring their children to work for a reduced cost. Preschool teachers rank number one in average and number of regulations required to perform the work (Knepper, 2022). Public preschool



(pet assistance) are some of the highest. The gig economy also includes high-income workers making over six figures. It allows women and working mothers to have flexibility. Despite arguments that gender gaps persist for women in the gig economy (Liang et al., 2018; Barzilay, Ben-David, 2017), it is an avenue for empowerment. The gig economy has low barriers to entry and offers flexibility and choices for women to increase their income or opt out of full-time work (Slaughter, 2015a, 2015b).

As economic freedom expanded for women in the US over the twentieth and into the twenty-first centuries, household production has drastically changed. Expanding property rights created new incentives to invest in female human capital (Gardner, 2012). Economic growth allows all people to outsource more than previously without costs.

Family structure changes with income growth and more opportunities for women to work outside the home. Studies show families eat dinner together less often, but they continue to value it (Kitanovska, 2022) and if both parents work full-time, some childcare will be outsourced. High-income households have less divorce and more cohesive family units (Murray, 2012) so they can choose to outsource what is less valuable produced at home.



family. What working- and middle-class families need is more agency empowered by economic freedom.

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