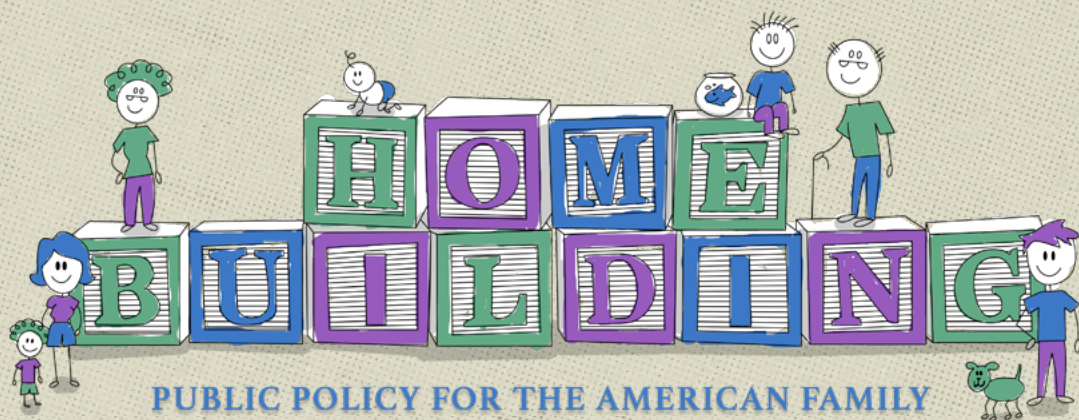




AMERICAN
COMPASS
READER



PUBLIC POLICY FOR THE AMERICAN FAMILY

FEBRUARY 2021

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2020

AMERICAN COMPASS

Our Mission

To restore an economic consensus that emphasizes the importance of family, community, and industry to the nation's liberty and prosperity—

REORIENTING POLITICAL FOCUS from growth for its own sake to widely shared economic development that sustains vital social institutions.

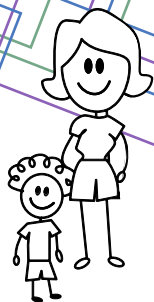
SETTING A COURSE for a country in which families can achieve self-sufficiency, contribute productively to their communities, and prepare the next generation for the same.

HELPING POLICYMAKERS NAVIGATE the limitations that markets and government each face in promoting the general welfare and the nation's security.

AMERICAN COMPASS is a 501(c)(3) nonprofit organization with headquarters at 300 Independence Avenue SE, Washington, DC 20003.

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Home Building

American family life has long been associated with the “white picket fence,” a symbol of twentieth-century, middle-class nostalgia. Such ideals are better reflected not by the fence but the home it surrounded, in which families found shelter and security, parents raised children, and wealth was built up and passed down. That home has fallen into disrepair. Fewer people are getting married; fewer children are being born; and they are more likely to be raised by single parents. Conservatives must embrace the task of rebuilding it.

Home Building offers a blueprint for buttressing the American family. A survey of parenting-age Americans assesses the family’s state, priorities, and preferences as well as its policy attitudes. Essays by Helen Andrews, Kay Hymowitz, Patrick T. Brown, and Lyman Stone explain why conservatives need a positive family policy suited to the needs and interests of the American people. American Compass’s Oren Cass and Wells King weigh the arguments for improving family benefits and offer a new proposal, with responses from experts across the political spectrum. Essays by Sean Speer and Neil Gilbert offer lessons learned about crafting and implementing family policy from abroad, while Michael Lind and Samuel Hammond widen the scope for family policy to transform existing programs and approaches to reform. A range of other experienced policy experts offer potential pathways for reform as well.

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In the *New York Times*, **Oren Cass** explained how universal child benefit programs violate the principle of reciprocity at the heart of a durable social compact, and made the case for the Fisc.

The New York Times

“To strengthen a nation’s commitment to shared expectations and obligations, and to sustain broad-based political support, a program should ask recipients to do their part in supporting themselves.”

“Another round of fascinating polling from American Compass.”

- **Robert Orr**, Niskanen Center

“Great to see continued thinking about this crucial area—evidently one that will figure strongly in conservative thinking in the years to come.”

- **Gladden Pappin**, *American Affairs*

The American Conservative

“Perhaps this is ultimately why family policy is such a debated issue in our politics: it strikes at some of the core assumptions of our American regime. The debate over the proper balance of liberty and virtue isn’t going away anytime soon.”

At *The American Conservative*, **Emile Doak** highlighted Helen Andrews’s essay, describing it as a “microcosmic primer” on the core debates of family policy.

“This is a really cool project from American Compass, doing a month of articles about family policy, springboarded by a new survey of family preferences.”

- **Lyman Stone**, American Enterprise Institute

THE DISPATCH

“What has been missing from American politics and policy making is a conservatism that takes seriously the ways that public policy could really take on and address failures in our markets and things that are not going well in the economy.”

Oren Cass joined The Dispatch podcast for an in-depth discussion of how conservatives should approach family policy and child benefit proposals.

Oren Cass joined the Solidarity Policy Collective podcast to debate child benefits with **Matt Bruenig** of the left-wing People's Policy Project.

SPC

“We recognize working and earning as a meaningful and important thing...that is distinct from a state of being in a household that doesn't do that. [These] are things worth recognizing the value of and trying to preserve as we make policy.”

“Encouraging to see so much fresh thinking about family policy from conservatives this year. Today: Important new proposal to strengthen financial foundations of working families from **Oren Cass** and **Wells King** at American Compass.”

Brad Wilcox, Institute for Family Studies



On *Tucker Carlson Tonight*, **Oren Cass** discussed the Home Building survey's finding that most families prefer to have one parent stay home with young children, and what that means for policymakers.

*Preserving our national inheritance
requires public policy to get the
family right.*





Foreword: One Generation Away

OREN CASS

At the outset of his first inaugural address as governor of California, Ronald Reagan made the vital observation that “freedom is a fragile thing and it’s never more than one generation away from extinction.” The beliefs, values, habits, and capacities necessary to sustain a prosperous democratic republic are not some innate feature of human nature, as both the historical record and conditions in much of the modern world affirm. We can never take for granted the need for successive generations to develop those traits anew. How does this happen?

Here, Reagan was mistaken. Freedom “is not ours by way of inheritance,” he continued. Rather, “it must be fought for and defended constantly by each generation.” Empirically, this is untrue. Notwithstanding Thomas Jefferson’s infamous exhortation that “the tree of liberty must be refreshed from time to time with the blood of patriots & tyrants” and his fear that “god forbid we should ever be 20 years without such a rebellion,” most American generations have indeed inherited their citizenship in a free and prosperous country. The American people do not expend their effort building from the same starting point as their predecessors; the charge is to preserve and improve upon what they have inherited.

Reagan’s emphasis on continuity and tradition in one sentence sits awkwardly beside his denial of it in the next. It is emblematic of the dissonance between conservatism and libertarianism underlying the American right-of-center’s thinking, coalition, and policy agenda. The libertarian conception of

individuals as free agents controlling their own fates is diametrically opposed to the conservative view that sees individuals entangled in a dense web of obligations to, and relationships with, those who came before, those with whom they must coexist, and those who will follow. Reagan's insight about freedom's fragility, and the importance of ensuring its persistence into the next generation, is perhaps the strongest argument for the conservative outlook.



Conservatives are well attuned to the ways that liberal antipoverty efforts can deepen poverty by eroding the imperatives of responsible family formation. We should carefully examine our own projects through the same lens.

To complete Reagan's thought, then, the point cannot be that freedom "is not ours by way of inheritance" but rather that we cannot bequeath it like one. The traits underpinning self-government, the market economy, and the free society do not pass biologically like a genetic sequence or legally like a last will and testament. Transmitting them onward is each generation's greatest responsibility and a process that demands much fighting and defending if young people are to be raised into responsible adults and woven into the nation's social, economic, and political fabric. Only one institution is capable of the task: the family.

For this reason, the family is antecedent to both the freedom of liberal democracy and the growth of market capitalism. An emphasis merely on advancing freedom will harm its own cause if it undermines the

family in the process, which is likely if only liberty and not obligation is celebrated; likewise, an emphasis on economic growth, if it is allowed to disrupt the family, which the market tends to do unless the community imposes constraints. Conservatives are well attuned to the ways that liberal antipoverty efforts can deepen poverty by eroding the imperatives of responsible family formation. We should carefully examine our own projects through the same lens.

Policymakers have failed this test in recent decades. The assumption seems to have been that so long as we generate sufficient growth and fund government benefits that meet everyone's needs, the family will flourish. That has proved wrong. From 1960 to 1996, GDP more than tripled. The safety net expanded twice as fast. Yet, as Kay Hymowitz observes in her essay, the number of births to married couples fell by half. That generation is now coming of age in an America beset by failed political institutions, declining trust and seemingly unbridgeable divides, slowing innovation and investment, and left-behind communities. Whether we have the capacity to fight for and defend our inheritance is, perhaps for the first time in American history, fairly in doubt.

* * *

"Family policy" has an odd and cramped definition in American politics. On the right-of-center, it tends to mean altering the tax code in various ways that might privilege child-rearing and reduce so-called marriage penalties. Miscellaneous public-relations attempts at "marriage promotion" emerge from time to time. On the left-of-center, its focus is on keeping parents in the workforce: a series of plans like "paid leave" (until you get back to work) and "free childcare" (so you can get back to work) that are most popular with people who don't actually have children and that aim to minimize

the incursion of family on the real tasks of economic growth and gender parity.

If family formation and stability, childbearing and -rearing, are foundational to the national interest and to the outcomes that our politicians promise like liberty, equality, and prosperity, then they should get the same treatment and attention that policymakers give the economy. Whether the policy in question concerns housing, infrastructure, education, immigration, trade, taxation, investment, health care, crime, poverty, or the environment, we are accustomed to asking what the effect will be on growth, income, and jobs. The government tracks and reports quarterly progress on such measures to the decimal point. We could, and should, ask the same questions about marriage and fertility, and await each month's release of data showing our progress.



If family formation and stability, childbearing and -rearing, are foundational to the national interest and to the outcomes that our politicians promise like liberty, equality, and prosperity, then they should get the same treatment and attention that policymakers give the economy.

At first, the family-policy mind-set will seem almost nonsensical. Which infrastructure investments boost fertility the most, which education policies boost marriage rates, what kind of questions are those, how would we answer them, and what could we possibly do with the information? Yet our confusion should

be what strikes us as strange. In what sort of society would we ask those questions about economic growth and design policy accordingly, while ignoring them with respect to the family? We have been taught that economics is a “science” whose formulas and models should guide public policy, but economists invariably disagree on what effects a policy will have, and the effects of most policies are measured in fractions of a percentage point.

Surely family policy could have at least as substantial an effect. Conservatives casually dismiss the prospect of government moving the needle on family outcomes—“that’s a culture problem,” goes the refrain. Yet the major legislative achievement of Republicans’ two years with control of the White House and Congress was to spend \$1.7 trillion for an indeterminate increase in long-run gross domestic product likely to be less than 1%. Perhaps we should dismiss growth as “a culture problem” and try making some progress elsewhere. How much would marriage rates rise if colleges admitted men and women in equal numbers? How many more children would be born if rush-hour commutes were 20 minutes shorter?

* * *

Developing these muscles will take time. Much research and analysis will be required to understand problems and craft solutions. Policymakers will have to grow accustomed to the idea that the family is more than a talking point; it is a legitimate focus of public concern on par with topics like liberty, equality, and prosperity, for which we have such extensive political vocabulary. And then they must contemplate trade-offs accordingly: a policy that increases economic growth at the expense of family stability is not necessarily a good one; a policy that invades some personal freedoms but enables child-rearing may advance the common good.

Home Building lays the groundwork for such discussions. Our authors argue for a proudly normative and assertive vision of the family as a vital social institution on which the public should render judgments and policymakers should act. *The American Conservative*'s Helen Andrews makes the case for supporting the family at all, and the Manhattan Institute's Kay Hymowitz describes what happened to marriage when we did not. Patrick T. Brown, former policy advisor to Senator Mike Lee and the Joint Economic Committee, explains the advantages of marriage and the two-parent household for child-rearing, and Lyman Stone, of the Institute for Family Studies and the American Enterprise Institute, shows that helping families have more children is not only in our national interest but in families' personal interests as well.

We turn to the question of economic support for families. Debate over the idea of a "child allowance" recently reached fever pitch. My essay, coauthored with American Compass research director Wells King, evaluates arguments for and against sending money to families and offers a concrete proposal of our own. Sean Speer, who served as senior economic advisor to Prime Minister Stephen Harper when Canada implemented its own child allowance, describes the lessons learned from our neighbor to the north. Other commentators offer reflections on the strongest and weakest cases for and against this approach.

We widen the lens and consider the full range of policies under discussion today. Neil Gilbert, Professor of Social Welfare and Social Services at the University of California–Berkeley, surveys policy programs from abroad, while the Niskanen Center's Samuel Hammond explores opportunities beyond traditional "family policy" that could make a difference. Michael Lind describes how the social contract and the welfare state

could be reframed to place family at their center. And scholars from institutions across the right-of-center outline proposals for pro-family approaches to a range of policy challenges.

Alongside these essays, we publish data from a survey conducted during January 2021 that illuminate the present picture of the American family as well as the priorities and preferences of the American people. Among its striking findings: just one in four Americans report that they or their families are living the American Dream. Among those still unmarried after age 35, that share falls to one in eight; they are twice as likely to say they are struggling to get by and worried for their future.

Nearly half of parenting-age Americans say they have fewer children than they would like, most often because they cannot afford to have more. The vast majority agree that government should do more to support families—almost always because “families are falling behind and need help” or “more assistance to families would improve the lives of children.” Our response to this challenge will determine what we leave the next generation to defend, and whether we will have equipped them to defend it. ■

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2020

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RESEARCH

2021 Home Building Survey

February 2021

PART I: STATE OF THE AMERICAN FAMILY

KEY FINDINGS

- **American families face extraordinary pressures. Among parenting-age adults (aged 18–50), only those who are married and have the highest levels of education and income are likely to report that they have achieved the American Dream.**
- Overall, 25% of Americans report that they or their families are “living the American Dream,” as compared with 55% who say they are “getting by, but do not have the life [they] want” and 20% who say they are “struggling and worried for the future.”
- 63% of married, upper-class Americans say they are living the American Dream, while working- and lower-class Americans are more likely to say they are struggling and worried for the future.

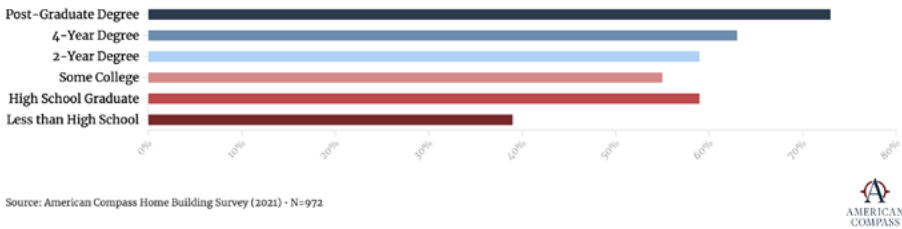
- **Patterns of family formation and work arrangement vary dramatically by class.**
 - Lower- and working-class Americans aged 35–50 are less likely than middle- and upper-class Americans to be married but more likely to have children.
 - One-quarter of two-adult households with young children have two adults working full-time; people with less than a bachelor's degree are three times more likely to have an adult in the household not working, while only people with postgraduate degrees are more likely to have two full-time workers.
- **Americans of all classes are failing to have as many children as they say they want.**
 - Among Americans in every class who do not report that their families are still growing, 45% to 50% say they have fewer children than they would ideally want, as compared with 0% to 10% who say they have had more children than ideal.
 - Lower-, working-, and middle-class households are at least twice as likely to cite affordability rather than lifestyle or career as the reason they have had fewer children than they want, while upper-class households are more likely to cite lifestyle or career.
- **Across all classes and regardless of parental status, 60% to 75% of Americans say that the government should do more to support families.**
 - In all cases, the primary rationales are that “families are falling behind and need help” or “more assistance to families would improve the lives of children.”
 - The rationales that “being a parent is hard work and should be rewarded” or “with more support couples could have more children” are less than one-fifth as popular.

FAMILY STRUCTURE AND CLASS

Higher levels of education correlate with higher rates of marriage, but rates for holders of two- and even four-year degrees differ little from high school graduates. Only at the postgraduate level does a significant gap emerge.

FIGURE 1. Marriage Rates

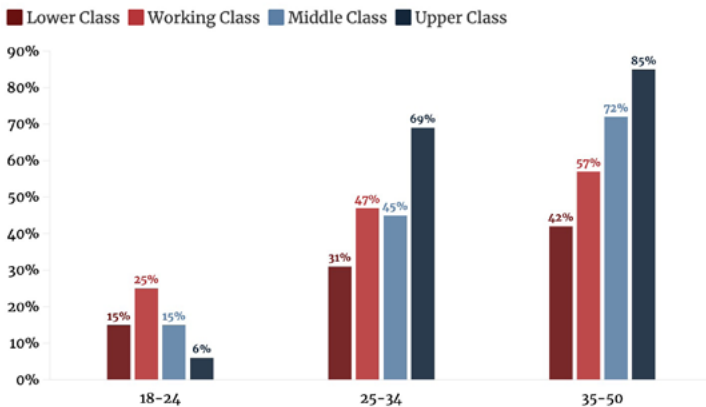
Ages 35–50, by education level



A definition of “class” that includes both education and income level offers a better lens for viewing differences in family structure. For instance, marriage rates differ significantly and by fairly steady increments across classes and also display different trends by age. While lower- and working-class adults aged 18–24 are more likely to be married than their middle- and upper-class peers, the latter have caught up in the 25–34 age cohort and leave them behind above the age of 35.

FIGURE 2. Marriage Rates

By age and class

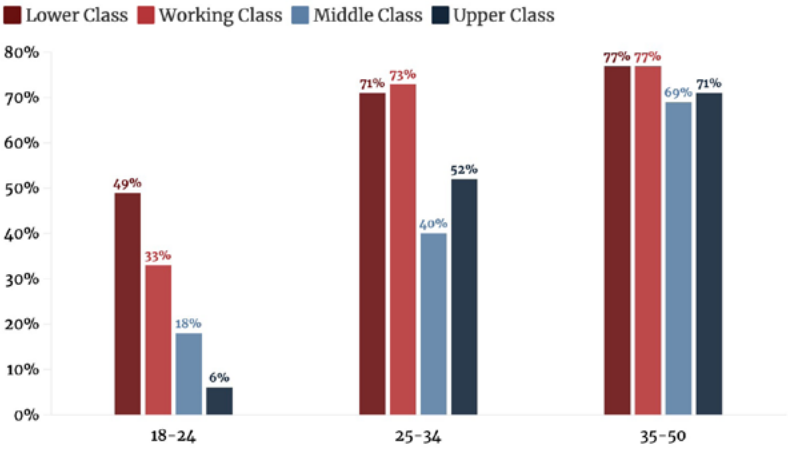


Source: American Compass Home Building Survey (2021) • N=1700

A pattern similar in one way, but notably different in another, appears with respect to having children. Lower- and working-class adults aged 18–24 are dramatically more likely to have children, but while middle- and upper-class adults in older cohorts close the gap, they never catch up. Thus, while middle- and upper-class adults aged 35–50 are more likely to be married, they are less likely to have children.

FIGURE 3. Parenthood Rates

By age and class



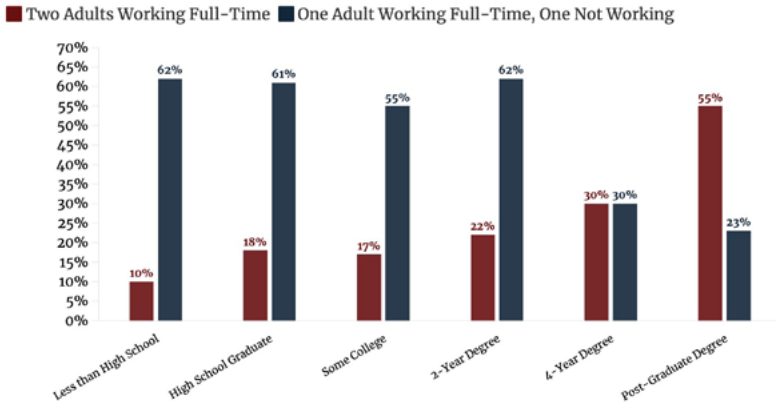
Source: American Compass Home Building Survey (2021) • N=1700



Analyzing work and childcare arrangements by class is difficult because the choice to have household members in or out of the workforce influences household income level. A return to the education lens exposes the degree to which the choices of college-educated, and especially the most educated, households differ from those of other Americans. Among two-parent households with a child under the age of five, a clear majority of the noncollege-educated have a parent not working; fewer than one-in-five have two full-time workers. For holders of postgraduate degrees, most households have two adults working full-time.

FIGURE 4. Work Arrangements

Couples with children under the age of 5, by education level



Source: American Compass Home Building Survey (2021) • N=348
 Note: Couples include responses of "Married" and "Domestic/civil partnership"

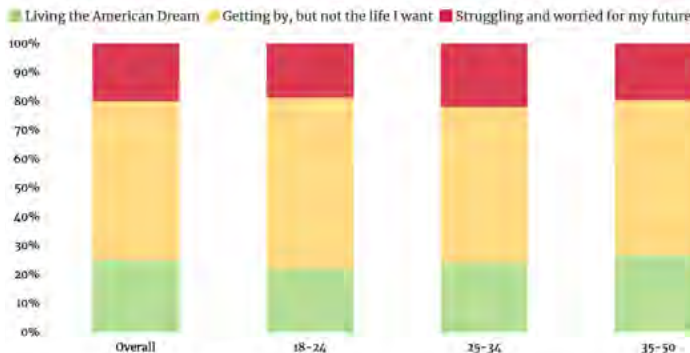


THE AMERICAN DREAM

A low share of American households is achieving the American Dream. The situation does not appear to be one where younger Americans have not yet achieved it but make substantial progress as they establish themselves. Those aged 35–50 are not much more likely than those aged 18–24 to say they are living the American Dream, and they are equally likely to say they are struggling to get by and worried for their future.

FIGURE 5. The American Dream

By age



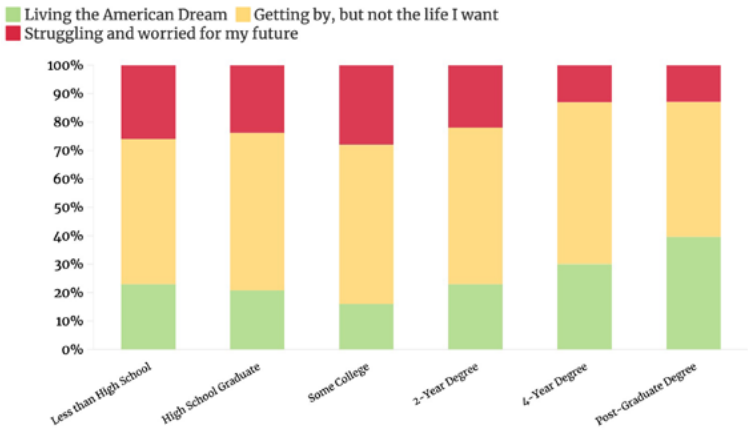
Source: American Compass Home Building Survey (2021) • N=2090
 Question wording: "Thinking about your own life, which of these statements is closest to your feelings?" Parents and guardians were asked about their families, others were asked about themselves.



One possible explanation for this apparent shortcoming could be that “living the American Dream” is an elusive or unreasonable standard, and few ever feel they achieve it. But this is not the case. For instance, for people with higher levels of education, the likelihood of living the American Dream is higher. Notably, though, that effect is not pronounced until one achieves a bachelor’s degree. Responses from Americans with some college or even a two-year degree differ little from those with a high school diploma or less. Americans who start but do not finish college are least likely of all to be living the American Dream.

FIGURE 6. The American Dream

By education level



Source: American Compass Home Building Survey (2021) • N=2000

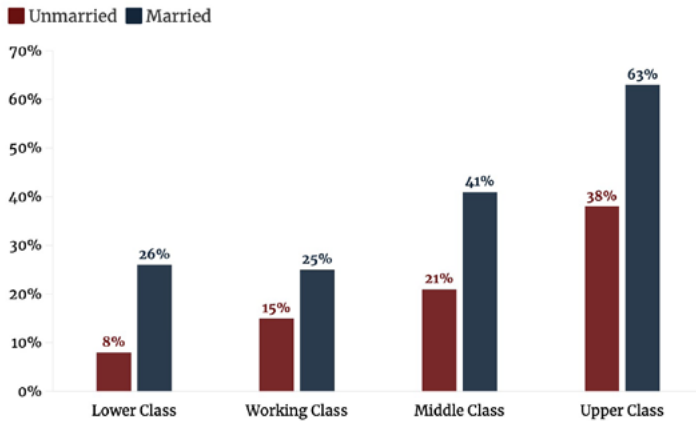
Question wording: "Thinking about your own life, which of these statements is closest to your feelings?"
Parents and guardians were asked about their families, others were asked about themselves.



As with marriage, combining education and income into a measure of class provides the clearest picture. Most upper-class Americans do report they are living the American Dream. Marriage is also an especially strong independent predictor within each class. Married people in the middle class are as likely to say they are living the American Dream as unmarried people in the upper class. Married people in the lower and working classes are at least as likely to say they are living the American Dream as unmarried people in the middle class.

FIGURE 7. Living the American Dream

By class and marital status



Source: American Compass Home Building Survey (2021) • N=1700

Question wording: "Thinking about your own life, which of these statements is closest to your feelings?"⁷¹ Parents and guardians were asked about their families, others were asked about themselves.



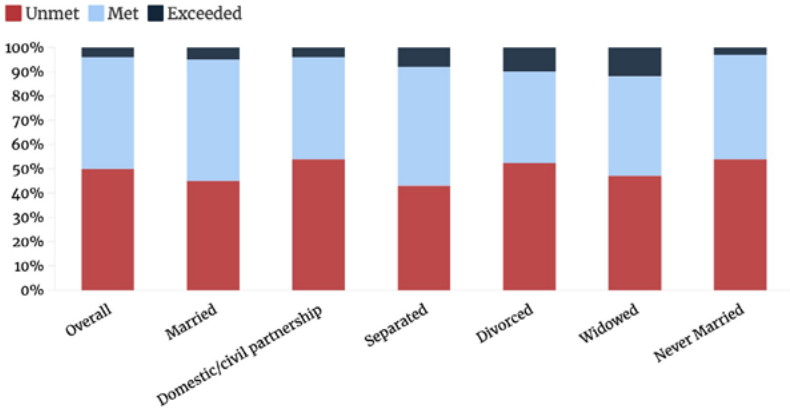
MISSING CHILDREN

Alongside failure to achieve the American Dream, many families face another major disappointment: having fewer children than they say they want. Nearly half of parenting-age Americans say they would ideally have more children than they do, and being married does little to improve the picture. (Note: these data exclude respondents who report that "my family is still growing.")

FIGURE 8. Achieving Desired Fertility

By marital status

By marital status



Source: American Compass Home Building Survey (2021) • N=1826
Note: Excludes respondents who say that "My family is still growing."



In contrast to most other pictures of American life, when it comes to achieving desired family size, the challenge looks very similar across classes.

FIGURE 9. Achieving Desired Fertility

By class



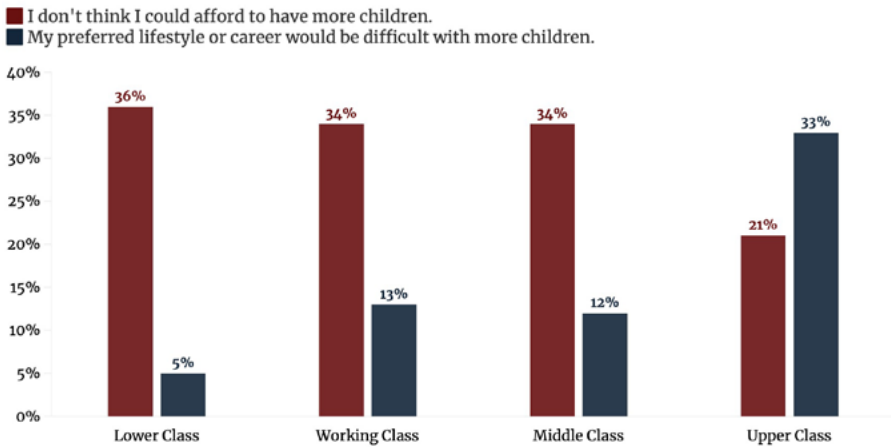
Source: American Compass Home Building Survey (2021) • N=1550
Note: Excludes respondents who say that "My family is still growing."



What is different across classes is the *reason* for failing to achieve desired fertility. While for most Americans, the leading reason for not having more children is “I don’t think I could afford to,” among the upper class the leading issue is that “my preferred lifestyle or career would be difficult.”

FIGURE 10. Reasons for Unmet Fertility

By class, married respondents only



Source: American Compass Home Building Survey (2021) • N=333
 Note: Excludes respondents who say that “My family is still growing.”

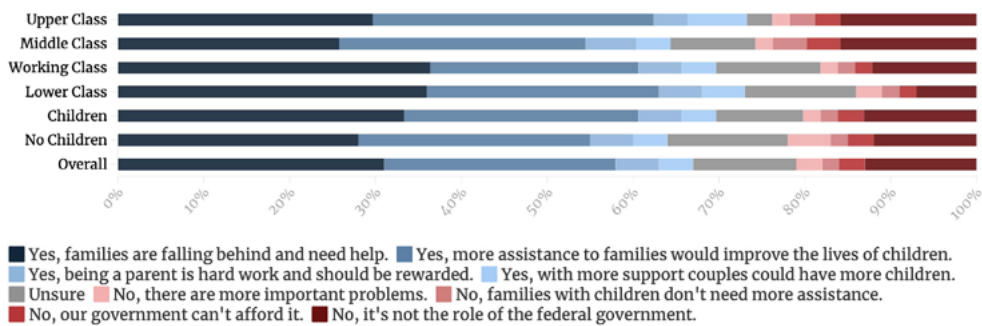


GOVERNMENT’S ROLE

In an era when Americans seem not to agree on much, the level of enthusiasm for government efforts to support families is strikingly high. Americans across classes, and regardless of whether they have children, agree by more than two-to-one with the statement that “the federal government should provide more support to families with children.” When asked *why* they agree, all heavily emphasize that families are falling behind and that assistance would improve the lives of children. Very few are especially convinced by the “parenting wage” argument that parenting is hard work and should be rewarded, or the “natalist” argument that with more support,

couples could have more children. Among those who disagree, the leading reason is that providing such support is not the federal government's role.

FIGURE 11. Should Government Provide More Support to Families?



Source: American Compass Home Building Survey (2021) • N=972
Question wording: "Should the federal government provide more support for families with children?"



PART II: SUPPORTING FAMILIES

KEY FINDINGS

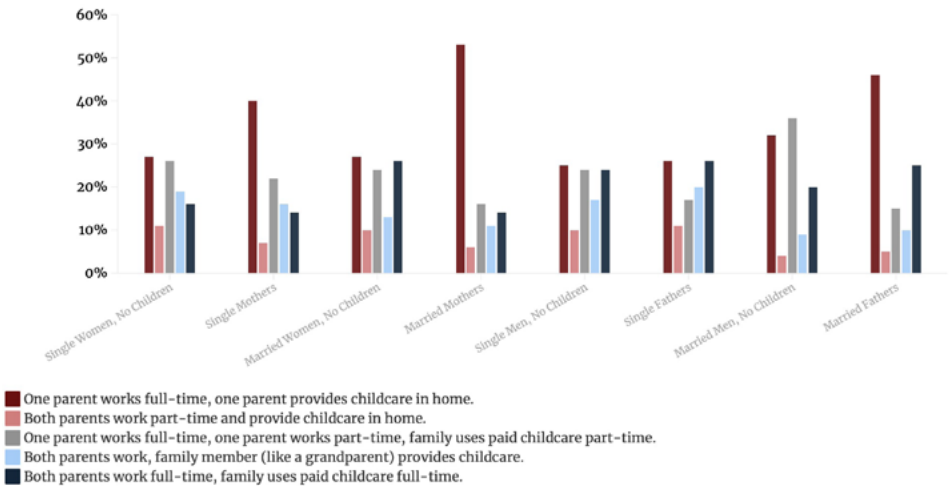
- **American attitudes about family structure vary widely, but most families see a full-time earner and a stay-at-home parent as the ideal arrangement for raising young children.**
 - 53% of married mothers prefer to have one full-time earner and one stay-at-home parent while raising children under the age of five.
 - A full-time, stay-at-home parent is the most popular arrangement across lower-, working-, and middle-class respondents.
- **Parenting-age Americans prefer direct cash assistance to other forms of family policy, but paid family leave and childcare remain popular among women without children and upper-class adults.**
 - Among people who support greater government assistance overall, 32% choose direct cash assistance as their preferred policy and 17% choose a wage subsidy, as compared with 19% and 20% for paid leave and subsidized childcare, respectively.
 - Support for cash assistance is likewise a much stronger first choice among lower- and working-class families (34% and 20%, respectively), whereas paid leave and subsidized childcare are preferred by their middle- and upper-class counterparts.
- **As a form of direct cash assistance, parenting-age Americans prefer monthly payments to an end-of-year tax credit.**
 - 60% of parenting-age Americans prefer monthly checks to an income tax credit.
 - Respondents favoring cash assistance, in particular, prefer monthly payments by a five-to-one margin.

FAMILY WORK PREFERENCES

American families adopt many approaches to balancing parents' work and home life, earning income, and raising children. But one arrangement stands out for households raising young children: one full-time worker and one stay-at-home parent. This is the most popular choice among single adults and parents and especially among married mothers, who choose it by an absolute majority.

FIGURE 12. Family Work Preferences

By gender and marital/parental status

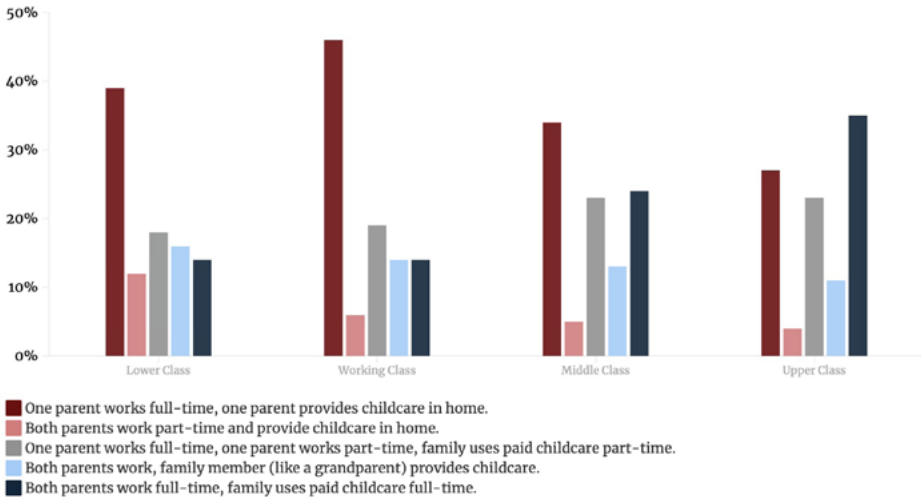


Source: American Compass Home Building Survey (2021) • N=1,837

Question wording: "Which arrangement for paid work and childcare do you think is best for your own family while you have children under the age of 5?" OR "If you were to have children in the near future, which arrangement for paid work and childcare do you think would be best for your family while your children were under the age of 5?"



While these attitudes are widely shared across family structures, they differ by socioeconomic status. Whereas lower-, working-, and middle-class adults are most likely to choose a full-time worker and a stay-at-home parent as their ideal, upper-class adults prefer both parents to work full-time and to rely on paid childcare.

FIGURE 13. Family Work Preferences*By class*

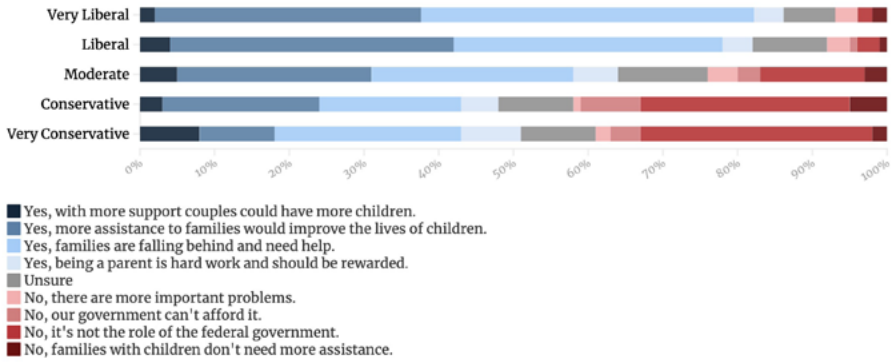
Source: American Compass Home Building Survey (2021) • N=1,746

Question wording: "Which arrangement for paid work and childcare do you think is best for your own family while you have children under the age of 5?" OR "If you were to have children in the near future, which arrangement for paid work and childcare do you think would be best for your family while your children were under the age of 5?"

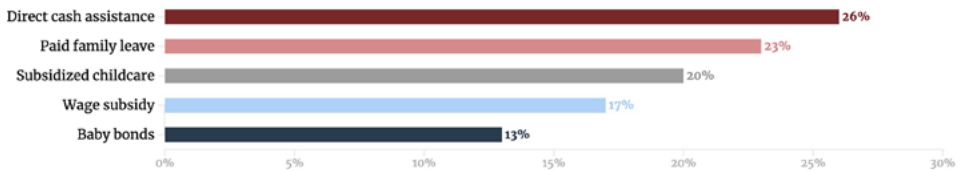
**GOVERNMENT SUPPORT**

As noted in Part I of this report, Americans across classes and among both parents and childless adults are generally enthusiastic about government increasing its support for families.

That consensus is less clear when viewed through an ideological lens. Self-identified conservatives are less likely than liberals and moderates to favor greater government support for families, mainly because they do not see such support as the federal government's role. Still, a plurality do say that government should do more, in particular expressing concern that families are falling behind. Liberals, by contrast, are relatively more likely to emphasize that support would improve the lives of children.

FIGURE 14. Political Ideology and Government Support

The preferences of parenting-age Americans vary widely when it comes to the best kind of government support. While a narrow plurality—a little over a quarter of respondents—prefer a regular direct payment, respondents were split between cash and in-kind benefits: 43% selected direct cash assistance or a wage subsidy, and 43% selected paid family leave or subsidized childcare. The idea of a “baby bond” is least popular overall and within most segments of the population.

FIGURE 15. Family Policy Preferences

Source: American Compass Home Building Survey (2021) • N=1,572
Question wording: "Thinking about support that the federal government could provide to families, which do you think would be best?"



Preferences vary between men and women, parents and childless adults. Fathers and mothers have a clear preference for direct cash assistance—as do childless men. But childless women favor in-kind benefits: a plurality rank paid family leave as their preferred policy, followed by subsidized childcare.

FIGURE 16. Family Policy Preferences

By gender and parental status



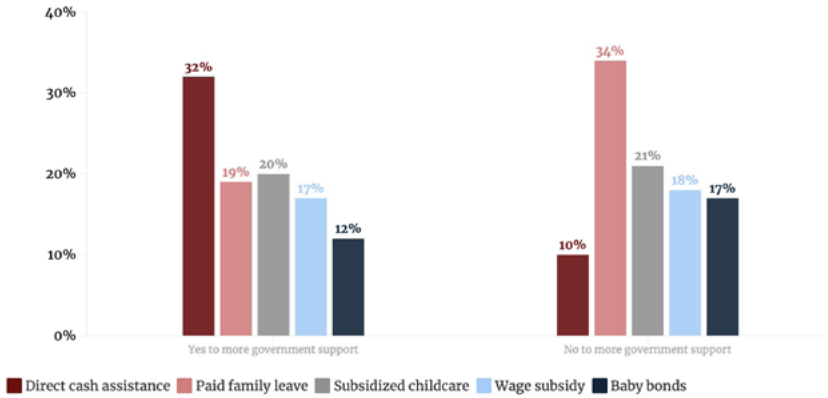
Source: American Compass Home Building Survey (2021) • N=1,996

Question wording: "Thinking about support that the federal government could provide to families, which do you think would be best?"

Preferences among policies also appear influenced by attitudes about the role of government overall. Those who agree that government should increase support for families prefer direct cash assistance, whereas those who do not favor greater assistance prefer paid family leave to other potential policies if asked to make a choice. Direct cash assistance is the least popular policy among opponents of increasing government support.

FIGURE 17. Family Policy Preferences

By support for government action



Source: American Compass Home Building Survey (2021) • N=1,759

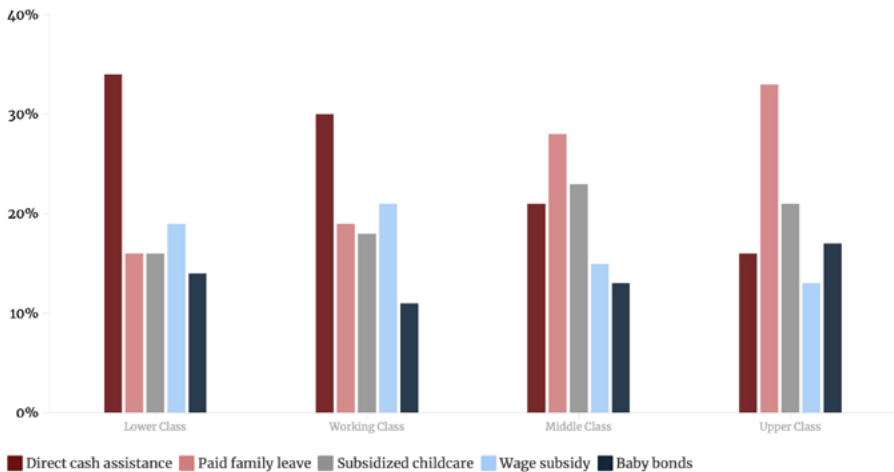
Question wording: "Thinking about support that the federal government could provide to families, which do you think would be best?"



A similar difference in attitudes appears across classes. The lower- and working-class preference for cash payments and the middle- and upper-class preference for paid family leave are almost mirror images of each other.

FIGURE 18. Family Policy Preferences

By class



Source: American Compass Home Building Survey (2021) • N=1,696

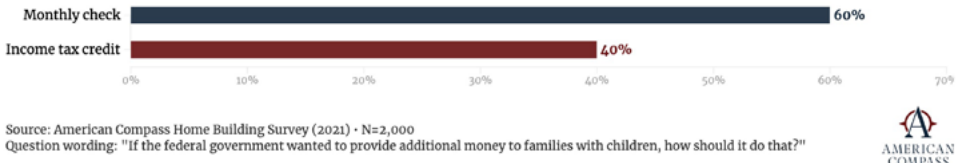
Question wording: "Thinking about support that the federal government could provide to families, which do you think would be best?"



PREFERRED MECHANISM

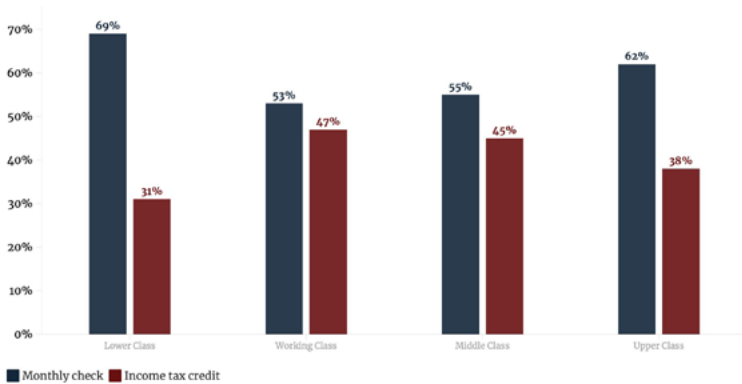
One issue brought into focus by recent proposals for a more generous Child Tax Credit or “child allowance” is the disbursement of payments monthly versus at year’s end. Here, parenting-age Americans largely agree: monthly payments are better.

FIGURE 19. Preferred Mechanism for Cash Assistance



The preference for monthly checks persists across class, though regular payments are most popular among lower-class Americans most likely to rely on the support.

FIGURE 20. Preferred Mechanism for Cash Assistance
By class



Source: American Compass Home Building Survey (2021) • N=1,700
Question wording: "Thinking about support that the federal government could provide to families, which do you think would be best?"

Perhaps most strikingly, while the views of people preferring other policies are mixed on how best to deliver a cash payment if one exists, those most enthusiastic about cash assistance prefer monthly payments by a five-to-one margin.

FIGURE 21. Preferred Mechanism for Cash Assistance

Among those who prefer direct cash assistance



Source: American Compass Home Building Survey (2021) • N=527
Question wording: "Thinking about support that the federal government could provide to families, which do you think would be best?"



ABOUT THE DATA

The American Compass Home Building Survey was conducted by YouGov between January 21 and January 28, 2021, with a representative sample of 2,000 adults aged 18–50 living in the United States, including 1,174 respondents who reported being a parent or guardian. YouGov interviewed 2,214 respondents who were then matched down to a sample of 2,000 to produce the final data set. The respondents were matched to a sampling frame on gender, age, race, and education. The frame was constructed by stratified sampling from the 2018 American Community Survey (ACS) 1-year sample subset on those aged 18–50, with selection within strata by weighted sampling with replacements (using the person weights on the public use file).

Respondents were instructed: *The ongoing COVID-19 pandemic has placed extraordinary financial, logistical, and emotional constraints on families and forced many to rearrange their lives. In answering these questions, please think how your life would be with no pandemic—for instance, how it was before the pandemic struck or how you expect it to be once the pandemic has ended.*

“Class” is defined by education and income:

- “Lower” (N=553): less than a 4-yr degree and household income below \$30K
- “Working” (N=385): less than a 4-yr degree and household income \$30K–\$70K
- “Middle” (N=652): 4-yr degree or more and household income \$30K–\$70K; or household income \$70K–\$150K
- “Upper” (N=110): household income above \$150K

Respondents who did not report household income and those with a 4-yr degree or more but household income below \$30K are excluded from analyses using the “Class” variable.

The policies listed in the “Family Policy Preferences” charts and accompanying commentary are shorthand for the options given to respondents:

- Direct cash assistance = “Direct cash assistance: The government could send money to families for each child living in the household.”

- Wage subsidy = “Wage boost: The government could add to the earnings of low-wage workers with children under 18; like the taxes it usually takes out but in reverse.”
- Subsidized childcare = “Free or discounted childcare: The government could operate daycare centers or help pay the cost of childcare.”
- Baby bonds = “‘Baby bonds’ for children: The government could create savings accounts for children and put money in each year, with the child receiving the total amount upon reaching adulthood.”
- Paid family leave = “Paid family leave: The government could require that employers provide at least three months of paid leave to new mothers and fathers.”

*The American system of innovation,
combining strategic investment
and private enterprise, made our
nation's industry the envy of the
world. It can pave the way for
widespread prosperity and security
again today.*





Let Them Eat Daycare

WELLS KING

Our policy debates center on helping working families, but they routinely fail to capture those families' preferences for their own lives or for policies that would help them most. Proposals most useful to households with all adults in the workforce, like subsidized childcare or paid leave, often receive far more attention from policymakers and pundits than policies that would benefit households with a stay-at-home parent.

In his essay for our Home Building collection, Michael Lind argues that this dynamic is a feature of the new class war, in which the ideals and material interests of working-class families are at odds with those of higher classes and lead to different policy preferences. The interests of the professional managerial class are then catered to at the expense of the working class.

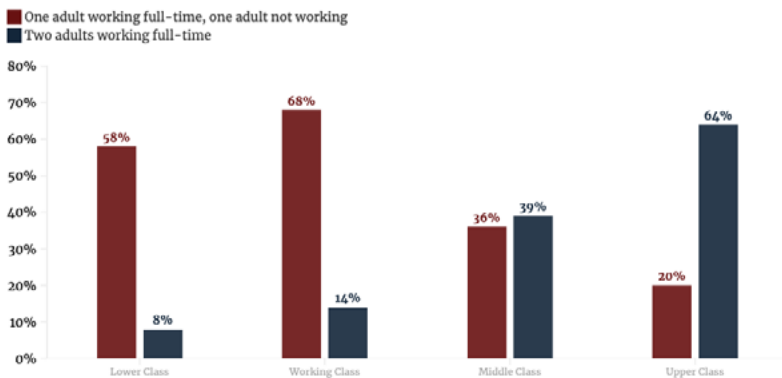
The American Compass Home Building Survey (see Part I, on family structure, and Part II, on policy preferences) paints this picture starkly. Not only do attitudes and preferences about family structure, paid work, fertility, and policy vary markedly by class; they reveal a striking mirror-image effect as one travels up or down the class ladder.

Our survey asked respondents both how they balanced paid work and childcare prior to the COVID pandemic and how they would ideally balance work and childcare when raising children under the age of five. For the purposes of public policy, this period of raising young children is especially important: the demands of parenting are most time-intensive, and children are not yet ready to enter school.

Looking at the current arrangements of two-parent families by class, two models stand out from the rest: the “breadwinner” model of a full-time earner and a stay-at-home parent, versus the “dual-earner” model of two full-time workers. Majorities of lower- and working-class couples adopt the breadwinner model and have a full-time stay-at-home parent, whereas most upper-class families (households with income above \$150K) have both parents working full-time.

FIGURE 1. Current Work Arrangement of Couples with Children Under 5

By class



Source: American Compass Home Building Survey (2021) • N=320

Note: Other options were "One adult working full-time, one adult working part-time," "Two adults working part-time," and "Other."

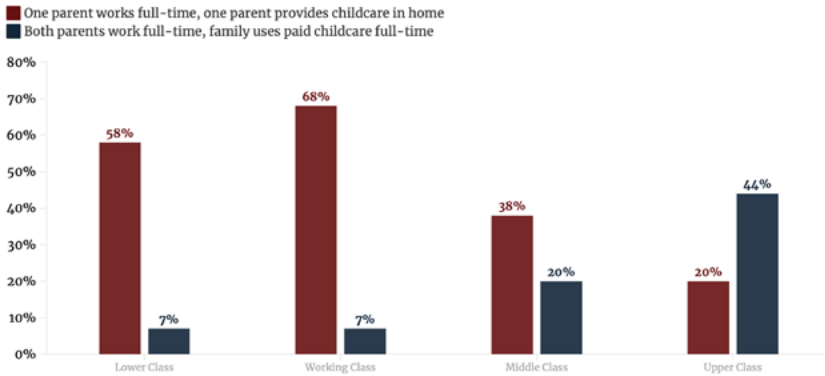


These arrangements align with people’s stated preferences. When asked which arrangement for paid work and childcare they would consider ideal while raising young children, majorities of lower- and working-class couples prefer the breadwinner model, whereas a plurality of upper-class families prefer the dual-earner model.

Class-correlated preferences for paid work and childcare exist, regardless of gender.

FIGURE 2. Preferred Arrangement of Couples with Children Under 5

By class



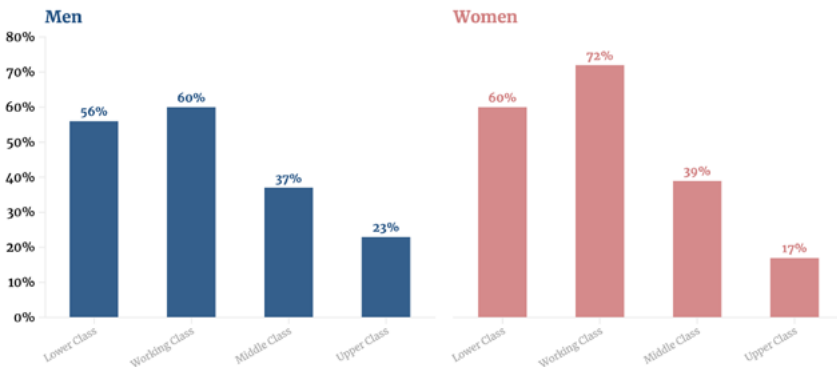
Source: American Compass Home Building Survey (2021) • N=320

Note: Other options were "Both parents work, family member (like a grandparent) provides childcare," "Both parents work part-time and provide childcare in home," "One parent works full-time, one parent works part-time, family uses paid childcare part-time," and "Other."



FIGURE 3. Couples with Children Under 5 Who Prefer a Stay-at-Home Parent

By class



Source: American Compass Home Building Survey (2021) • N=359

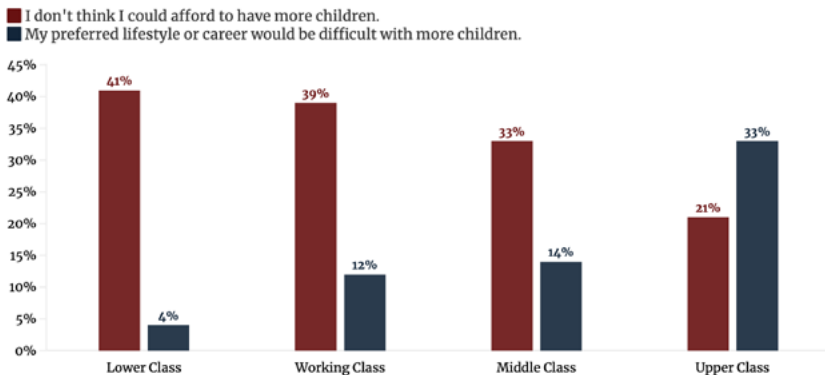
Question wording: "Which arrangement for paid work and childcare do you think is best for your own family while you have children under the age of 5?" OR "If you were to have children in the near future, which arrangement for paid work and childcare do you think would be best for your family while your children were under the age of 5?"



While most couples seem largely able to achieve their preferred balance of paid work and childcare, across classes roughly half say they have fewer children than they would consider ideal. But ask the reason for unmet fertility, and the same pattern emerges: for most couples, the most common barrier to unmet fertility goals is affordability. For upper-class couples, it's more likely that career and lifestyle preferences come into conflict with fertility goals.

FIGURE 4. Couples' Main Reason for Unmet Fertility

By class



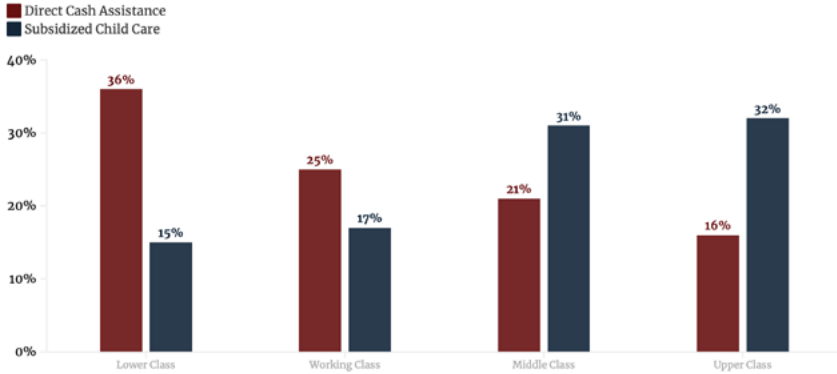
Source: American Compass Home Building Survey (2021) • N=389
 Note: Excludes respondents who say that "My family is still growing."



Policy preferences appear to emerge directly from preferences in child-rearing and reasons for unmet fertility. For lower- and working-class couples with young children, who largely prefer a stay-at-home-parent and report financial obstacles to having more children, direct cash assistance is the most popular form of family support. For middle- and upper-class couples, where concerns about career are more prevalent, subsidized childcare is most popular.

FIGURE 5. Preferred Policy of Couples with Children Under 5

By class



Source: American Compass Home Building Survey (2021) • N=318
 Note: Other options were wage subsidy, paid family leave, and baby bonds.



It's not enough to appreciate the degree to which family structures, ideals, and policy preferences are correlated with class. Instead, we should reckon with the extent to which public debates centered on policies that most directly support dual-earner couples—such as subsidized childcare and paid family leave—ignore the realities and ideals of American families most in need of support. ■

*A proposal to expand the social
compact for working families*





The Family Income Supplemental Credit

OREN CASS & WELLS KING

Introduction

American Compass's recent Home Building Survey had both good and bad news for American families. The good news: 63% of people aged 18–50 say they are “living the American Dream.” The bad news: it's true only for those who are married and have household income above \$150,000. Among everyone else, just 23% feel that way, as compared with 21% who say they are “struggling and worried for the future.” Most are “getting by, but don't have the life [they] want.”

A similar pattern emerges when it comes to raising children. Putting aside people who say their families are still growing, fully half of Americans have fewer children than they consider ideal. Ask those who are married why they have not had more children, and a large plurality cite affordability. This shortfall represents a tragedy not only for the individual families failing to achieve their aspirations but for the nation as a whole. As Helen Andrews notes, only 5% of women say they do not want children, but the millennial generation is on pace for roughly 25% of women to end up childless. Even if we turn the corner now, the fallout from America's plunging fertility rate, which has meant 5.8 million fewer babies born in the last decade alone, will be with us for decades to come.

A central aim of American Compass's Home Building collection is to foster debate about the myriad ways that public policy affects family formation and stability, both directly and through its influence on the broader

economy and culture. Among the most ambitious ideas under discussion today is a generous per-child family benefit. Crosscurrents from many different points on the political spectrum are channeling policymakers in this direction. Progressives eager to send more resources to struggling families find common cause with social conservatives looking for ways to buttress the institution of marriage and the raising of children. Populists focused on the left-behind working class are intrigued by a standard cash benefit, as are libertarians who consider it far simpler and more market-friendly than the mess of programs on offer today.

But framing matters and is much more than a “messaging” exercise. How policymakers define the problem and justify their action guides not only development of the policy’s specifics but also the public understanding of its function, which together determine how it operates in practice. A program will succeed only if it can launch with and sustain broad-based support, which requires that it draw upon both liberal and conservative principles and reinforce American values and traditions.

Here, we argue that a successful family benefit must be understood as a form of reciprocal social insurance. Families struggling to make ends meet as the pressures of raising young children simultaneously curtail their income and raise their expenses deserve the nation’s unqualified support. If and when they attain economic comfort themselves, they should repay the investment, contributing to the support of those facing the squeeze. An aggressive expansion of the nation’s social compact, backed by a major financial commitment, holds the potential to shore up the economic and cultural foundations on which people build their lives.

This framework has important design implications: The benefit should be available only to working families,

while the safety net should remain intact for families unable to take the leading role in contributing to their own support. The cost should be covered in part by higher tax rates on high-income households—if and when they have children themselves, they will benefit to the extent they need support; even if they do not have children, they retain the obligation to contribute on behalf of those who are doing the work of raising the next generation.

Beginning from these premises leaves room for analysis, negotiation, and innovation on many points and offers the prospect of a program that people coming from many different perspectives could proudly support. In our own proposal, we attempt to highlight the design decisions necessary and then, in each case, to explain why we have chosen a particular starting point, while acknowledging the many open questions and alternatives that deserve consideration as well.



An aggressive expansion of the nation's social compact, backed by a major financial commitment, holds the potential to shore up the economic and cultural foundations on which people build their lives.

I. Why We Support a New Social Compact

It is an unfortunate and unavoidable reality of the modern human condition that the years during which parents are most likely to be raising children are also

among those when parents can least afford it. Shortly after setting out on their own, having had little time to accumulate savings, they must embark on a course that can constrain their earnings and raise their expenses all at once. The greatest income losses and cost increases come earliest, sometimes before the first child is even born. These are not the consequences of doing something wrong or making unwise decisions. To the contrary: they are the consequences precisely of doing everything right.

The challenge was less pressing historically, when a single breadwinner's wages were sufficient to support a growing household and when larger and more close-knit extended families played a more active role in supporting the nuclear family. Those are both desirable features of a healthy society, and we should strive to achieve them once more. Other contributors to this collection offer thoughtful reforms that might help. But America is far from those circumstances today.

The economic data support our survey findings about the challenges facing American families. Wages growth has stalled over the past 40 years: Average earnings for production and nonsupervisory workers were no higher in 2019 than in 1979, after adjusting for inflation, at roughly \$40,000 per year. Average household income in the middle fifth of the national distribution grew only from \$54,000 to \$69,000, while the middle fifth's share of national income fell more than 15%. Had that share merely held constant, those households would have more than \$13,000 in additional income each year. Essential costs like housing, health care, and education, meanwhile, have skyrocketed. While a male worker with median income could have covered those costs plus a car for a family of four with 30 weeks of wages in 1985, by 2018 he would have needed to work 53 weeks of the 52-week year.



If ever there were a case for a program of social insurance, mobilizing the national capacity to act collectively through public policy on behalf of shared priorities and the common good, this is it.

Despite all this, most Americans could afford the cost of raising the families they want if they had a lifetime to save for the effort. But no lender will extend them hundreds of thousands of dollars in credit, unsecured by any asset, against the hope, but not guarantee, that they can repay in subsequent decades. None, that is, except the nation.

If ever there were a case for a program of social insurance, mobilizing the national capacity to act collectively through public policy on behalf of shared priorities and the common good, this is it. Indeed, the case is stronger than for Social Security's promise of retirement income, which working Americans at least have decades to prepare for themselves. Here, supporting families as they raise children allows them to spend now and save later, eventually repaying their "debt" through higher tax rates as they climb the economic ladder, assuming that they are blessed with economic success themselves. Parents hold up their end of the bargain by fulfilling obligations of their own, contributing productively to the society and investing in their and their children's futures.

Many efforts in recent years have focused on creating programs to address specific pressures that households might face, like expanding paid leave and subsidizing paid childcare. These initiatives are surely well-meaning, but it's important to recognize the degree to which

they reflect the priorities and preferences of a narrow, well-educated segment of the population and not of those most in need of support.

In our survey's second part, focused on policy preferences, parenting-age Americans agreed that "the federal government should provide more support to families with children" by a three-to-one margin. Large majorities were in favor, regardless of class and family status. Ask people in favor of more support what kind of benefit government should provide, though, and a striking divergence appears. Among women with at least a four-year college degree, the most popular choice is free or discounted childcare and second most popular is paid family leave. Among all other groups, direct cash support is most popular. This comports with the family structures and work arrangements that most Americans seem to prefer. Among married women with children, more than half say they would prefer to have one parent work full-time while the other provides childcare at home when children are young, compared with just 14% who would prefer that both parents work full-time while relying upon paid childcare. This is also what families do: among respondents with less than a four-year degree, 60% of two-parent households with a child under five had a stay-at-home parent. Only among holders of postgraduate degrees is two full-time workers the norm.

Providing support in cash most directly helps households to fill the family-created holes in their budgets and insulates their child-rearing decisions from market pressures. It should arrive not at year's end as a tax refund but as a monthly payment, which is the preference by a five-to-one margin of parenting-age Americans who favor a cash benefit. A mother taking a short leave and returning quickly to work will have the added income to cover the former as well as

help in paying for childcare to facilitate the latter. A family that might prefer to have a parent stay home with young children can more likely afford to do so. And if the result is to allow more families to have the children they want, the nation as a whole will also benefit from higher fertility rates and a generation raised in households under less financial stress.

II. Why We Do Not Support a Universal Child Allowance

Family benefits are a standard feature of most Western democracies, though their structures and sizes vary widely. The United States has the Child Tax Credit (CTC), which makes families eligible for up to \$2,000 per child, but delivery through the tax code hinders efforts to reach the right people at the right time. Payments are available only in a lump sum at tax-filing time, not in monthly increments throughout the year. Moreover, in its current form, the credit can be received only as a refund against taxes paid (including payroll taxes). A low-income household with little tax liability can receive little benefit.

While the CTC has worked fairly well at its current scale, its challenge for American policymakers becomes much more pronounced with efforts to expand it further. A family with two children could receive the full \$2,000-per-child credit with as little as \$25,000 of earned income. But what happens if the credit doubles? Canada's family benefit, for instance, starts at a value of roughly \$5,000 per child. An American family with two or three children would not have sufficient tax liability to benefit fully from a credit of that size until their income reached well above \$50,000. Thus, American proposals that contemplate substantially larger benefits have to reconsider the delivery mechanism as well.

Recent proposals from Senators Sherrod Brown and Michael Bennet, Senator Mitt Romney, and President Joe Biden all envision per-child benefits on the order of \$4,000. While they vary in their specifics, all abandon the idea that the benefit is a refund of taxes owed, shifting instead to a universal model in which all families with children can receive the full benefit (at least until they reach very high levels of income).

This goes too far. Working families with low incomes should be able to enjoy the benefit's full value, and reforms to advance that objective are needed. But while allowing the pendulum to swing all the way to a universal benefit may appeal in its simplicity, severing all connection to productive economic contribution violates the basic principle of reciprocity at the heart of a durable social compact. Even Social Security, after all, goes only to those who have paid in.

Whether cash payments to nonworking households are a feature or bug of universal proposals depends upon the purpose ascribed to the family benefit. Payments to nonworking households are incompatible with the vision for a new social compact described above, which states its purpose as supporting families already striving to support themselves but under pressure from the demands of child-rearing. To be clear, the nonworking poor require support as well, and the safety net should be further strengthened to assist them. But these are different tasks, and we should not presume that the same policy approach is best suited to both.

Three other objectives—"ending poverty," a "parenting wage," and a "natalist subsidy"—are frequently advanced, which might justify universality. Insofar as these might be the proper objectives, proponents are correct that a universal benefit might be the proper structure. In our view, however, they do not provide

the basis for a new program of cash payments, and so they do not justify extending eligibility to the nonworking poor.

“Ending Poverty”

Perhaps the most popular argument for a generous program of family support is that it will reduce child poverty. Certainly, this goal is a vital one. And in one sense, cash payments achieve it: sending families more money than the poverty thresholds for families of their size would, by a mathematical identity, reduce the poverty rate. The argument is a corollary of the one made by Universal Basic Income (UBI) proponents that sending everyone enough money to exceed all poverty thresholds would “end poverty,” full stop.

This idea that government can and should address poverty by giving money to those in poverty is well-meaning but misguided. Sufficiently generous checks might reduce the federal government’s official calculation of the poverty rate to zero, but that measure is an abstract data point, which uses household income as a proxy for identifying the population living in conditions of poverty. Giving money eliminates only some of those conditions, and the ones it addresses most effectively—immediate material needs like food and shelter—tend to be the ones that safety-net programs already target. By contrast, money per se does little to address many of the root causes of poverty and those that produce some of its most distressing consequences: addiction and abuse; unmanaged chronic and mental-health conditions; family instability; poor planning and resource allocation; and inability to find, hold, or succeed in a job.

Meanwhile, a cash-based strategy disconnected from work poses both economic and cultural risks. Conservatives have long, and rightly, emphasized the importance

of work to people's lives as a source of purpose and the sine qua non of upward mobility and for the structure and social interaction it provides and its connection to family formation and stability. Communities in which labor-force dropout is widespread and widely accepted are not happy ones; a policy that sustains people in joblessness is not ultimately antipoverty.

Much debate over family-benefit proposals has focused on whether providing cash support would discourage members of low-income households from working—not because they would fear losing the benefit (here, they could keep it, even as they earn more) but simply because having the money would reduce the imperative to earn more. The issue is not low-income workers who might, in theory, reduce their hours but still retain their vital connection to the workforce and all the advantages that come with it. Rather, the salient concern is that a guaranteed cash benefit increases the viability of not working at all. A child allowance of \$650 for a parent and two children may seem plainly insufficient to support a household, but combine it with \$400 in food stamps and a \$1,000 housing voucher, and the case is less clear-cut. Include roughly \$750 per month in Medicaid coverage, and total annual support to the household would exceed \$33,000—including almost \$8,000 in cash.

Beyond the direct economic implications lie equally, if not more important, cultural ones. America has established a firm commitment to providing a safety net that meets the basic needs of those who cannot provide for themselves, but it tries to attach that support to programs that might help people make progress in their lives. And it demarcates such in-kind assistance from the income associated with making productive economic contributions to the society. The rewards of work arrive not only monetarily in the paycheck but also in the dignity and respect that accompany the

indispensable role of providing. If we allow the package of benefits afforded the nonworker to approach what workers labor to provide, we deprive those workers of their intangible rewards—no one, it would turn out, is relying on them—and instead confer upon the state the ultimate responsibility for the family’s welfare.

Advocates attempt to sidestep these issues for the nonworking poor by framing their policy around children. The real target, they say, is child poverty. “It’s a recognition that it’s not your child’s fault if you’re not working,” as the Urban Institute’s Elaine Maag says, “and your child is most definitely the one who suffers if you don’t have income.” Conservatives should reject this definition. The policy may be a “child” benefit insofar as it is calculated based on the number of children a family has. But it is paid to a parent and spent as the parent sees fit. The poverty threshold at issue is the household’s—one might just as accurately describe the goal as ending parent poverty, which tugs less effectively at the heartstrings. Children’s dependence on their families is a fundamental feature of the human condition and one that argues for strengthening families and helping them to succeed, not deconstructing them and relieving parents of their role and obligation.

Some advocates of cash benefits to the nonworking poor also justify their proposals on grounds that parents deserve payment because raising children is hard work (the “parenting wage”) or because it has social value (the “natalist subsidy”). We still find these cases lacking.

The “Parenting Wage”

The *New York Times* celebrated Mother’s Day last year with an essay by Kim Brooks titled “Forget Pancakes, Pay Mothers.” “If garbage collectors and grocery store workers and hedge fund managers expect to be paid for

their labor,” she asked, “why not those who create and sustain the human race? Why can’t we imagine some form of universal basic caretakers income to support the work mothers (or fathers or other extended kin) do at home?” This idea that parents work hard and thus deserve income is almost as pervasive in cases for the child allowance as the idea that it would end child poverty, and is equally misguided.

Labor performed within the home on behalf of the family is unpaid because the family is both its producer and consumer. Granting the premise that child-rearing is work and that, by definition, work should be paid, the question would remain: Paid by whom? Presumably by whoever bears the primary and original obligation of care—that is, the parents. If parents wish to charge themselves for their work, they can do so, but they will be none the richer for the exercise. A less politically fraught topic makes the situation clear. Instead of childcare, consider crops. A hardworking farmer who feeds his family with his harvest cannot complain that his work has gone “unpaid.” If he wishes to be paid by others, he needs to do work for them.

Conceptually, if the question, “why must I care for this child?” is answered not from mutual obligation within the family (“because he is your child”) but rather from transaction with the state (“you needn’t; this is a negotiation with the government”), then by implication it is the state that has the default responsibility and, with it, the default control. Lest one think that “negotiation” is a crass overstatement, Brooks suggested that, “women have to say, collectively, ‘From now on, they have to pay us, because as women we do not guarantee anything any longer.’” This model of the family, free of “guarantees,” echoed the contemporaneous controversy over Harvard Law School professor Elizabeth Bartholet’s assault on home-schooling and the comment made by William & Mary professor James

Dwyer, co-organizer of a planned Harvard conference on the issue, that “the reason parent-child relationships exist is that the state confers legal parenthood.”

Taken to its logical conclusion, the idea that parents providing for their children deserve compensation yields its strangest result in the labor market. Consider the father who makes a good living and provides comfortably for his family. He consumes relatively little of the paycheck himself, sharing most of it with his spouse, buying food for his children, and paying the rent or mortgage on a house sufficient to shelter them all. No one would consider his hours at work spent generating income used by other members of the family to be “unpaid,” entitling him to recompense from the state. But the middle ground in which wage earners, of course, labor on behalf of their families while homemakers go unfairly unpaid is sustainable only as a political fiction; there is no economic or moral logic to it. Trying to analyze the home as a dormitory for independent economic actors, each of whom may or may not do socially valuable work meriting compensation by the state, is a dead end, both practically and philosophically.

The “Natalist Subsidy”

Beyond being hard work, raising children also has enormous social value. In the present, with birthrates falling below replacement rate and parents consistently emphasizing unaffordability as the obstacle to having more kids, subsidizing fertility would appear to make some sense, and, if all life is of equal value, then all children should warrant equal subsidy.

The economic analysis that supports the idea of subsidies in the presence of “positive externalities” is inapposite in the context of fertility—and many other activities of great social value. The decision is not one that families make with an eye toward maximizing economic utility,

nor should policymakers want to encourage thinking in those terms. The aspiration to have children is not like the aspiration to drive an electric car, and the idea that the state should use its financial power to induce families to have children they would not otherwise have is, for lack of a better word, creepy.

Fortunately, the interests of parents and the interests of the nation align in this instance. The role for public policy is in smoothing income and expenses over a family's lifetime in a way that helps them fulfill their own fertility goals and in creating a society into which people are eager to bring more children. This is the rationale upon which conservatives should build their approach to family support.

III. The Family Income Supplemental Credit

We propose here a family benefit that we believe has the potential to advance conservative priorities, garner wide bipartisan support, and significantly improve the lives of American families. We eschew the term “child allowance,” which smacks of condescension and conjures the image of a benevolent government-as-father-figure deigning to sponsor its troublesome dependents. The proper subject is the family, not the child, and the benefit is expressly an addition to income earned. Thus, we refer to the program as the Family Income Supplemental Credit, or Fisc, and to the payments as supplements.

Within our general framework, we suggest specific design elements and also highlight areas where further debate and research might yield improvements.

Supplement Value

The Fisc is a monthly payment made to the parent or guardian of a child under the age of 18. It includes:

- **\$800 per month for pregnant women, beginning in the fifth month of pregnancy;**
- **\$400 per month from birth until the child’s sixth birthday; and then**
- **\$250 per month until the child’s 18th birthday.**

These payments are made per child, regardless of how many children the family has.

Many variations on these payment levels have been proposed and are worthy of consideration—indeed, the question of how to set a level is itself an important one. We worked from two useful reference points in particular:

- The Earned Income Tax Credit (whose maximum benefit with two children is \$5,980 in 2021) provides a lower bound for the scale of support that we would aim to deliver to middle-income households.
- The \$13,200 in “missing earnings” for middle-income households, as compared with a world where the middle quintile’s share of national income had remained constant in recent decades, provides a scale for the shortfall that public policy might look to address.

Areas for further discussion:

- What are the appropriate absolute levels and, if any, age-based break points?

- Should there be a limit on total annual payments?
- Are payments prior to birth administratively feasible, and how should they handle difficult situations, including miscarriage and premature birth?

Work Requirement

The Fisc's payments to a household are capped each year at the level of total income reported by the household in the prior year. Total monthly payments to a household cannot exceed one-twelfth of the prior year's total earnings.

The requirement ensures that families are connected to the workforce and requires essentially that, consistent with the program's operation as social insurance, a household pay into the society before the society returns a benefit. It differs from the more complex work requirements traditionally used in safety-net programs, which are intended to connect people to work and therefore focus on the work-related activities that the



It retains a clear distinction between a supplement for working families and the safety net for those who cannot contribute to their own support.

recipient is engaged in at any moment in time, which impose time limits on periods of nonwork, and so on. Working families will meet the requirement even at very low income levels and in precarious conditions—a single earner working less than 30 hours per week at minimum wage would retain full eligibility for two children.

This approach has several important benefits:

- First, it retains a clear distinction between a supplement for working families and the safety net for those who cannot contribute to their own support. Opponents of work requirements will note, rightly, that this framework excludes many of the neediest households. That is entirely true and follows directly from its purpose. Likewise, opponents will surely identify various edge cases in which someone in need would find himself poorly served. Again, it is not a program designed to catch anyone who might fall through the cracks. America already operates an enormous safety net designed for such circumstances, and we are eager for discussion about how to improve its operation. But we believe that that discussion is best had apart from one about support for working families and that it should not include programs of cash payment.
- Second, it strikes a balance between simplicity and integrity. While the imposition of conditions necessarily interferes with the elegance of universality, policymakers must not let an appealing form override the need for effective function. Programs should be “understandable” in the sense that the public can make sense of their details. They should also be understandable in the sense that they comport with and reinforce cultural norms and expectations to which the nation is committed. The Fisc’s design is as complicated as it needs to be—participation should be connected to work—and then implements its framework as simply as possible.
- Third, it offers a valuable income-smoothing function. Programs designed to incentivize work directly—for instance, the Earned Income Tax Credit or a direct wage subsidy—phase in and out with each dollar earned. Someone losing a job would see that loss compounded

by a reduced benefit. The Fisc is intentionally different, changing only once per year and in a foreseeable way. Someone who loses a job midyear retains the full supplement for the year's remainder and, if enough earnings were already booked in the year, may retain it for the following year as well. Exiting the workforce in the months leading up to or after the birth of a child does not affect eligibility. Only after at least a full year of no work for anyone in the household would the supplement end entirely.

- Fourth, it creates an implicit marriage bonus. A worker's earnings contribute toward qualifying for the Fisc only if that worker is part of the same tax unit as the parent or guardian receiving payment. Where parents are married and filing jointly, then, the earnings of both can provide the supplement's basis. Where parents are unmarried, this is not possible. For instance, a single mother with no earnings is ineligible for the Fisc and will instead receive support via traditional safety-net programs, even if the child's father had \$10,000 in earnings the prior year. If the parents are married, the household can receive a supplement of up to \$10,000.

We also propose strengthening the safety net for expectant mothers who are ineligible for the supplement. The stage in pregnancy at which women might first become eligible offers an ideal point of contact for the safety net to engage with those disconnected from work. We recommend expanding funding for Medicaid enrollment, standard inclusion of home visits in TANF, and creation of a "baby box" program.

Area for further discussion:

- Whose earnings and what kind of earnings would qualify, and do existing administrative processes provide adequate reporting?

Phase-Out

The Fisc's supplement begins to decline for single filers and joint filers at incomes from the prior year of \$100,000 and \$200,000, respectively. The supplement's annual value declines by \$100 for every \$1,000 of income above the threshold. For example, a family with children aged two and seven would see the supplement's annual value decline from \$7,800 at an income of \$200,000 to \$0 at \$278,000.

Good arguments exist both for and against reducing or eliminating the supplement for high-income households. On the one hand, the basic case in favor of a phase-out is straightforward: sending the supplement to households that do not need it is ill-advised, as a matter of politics, equity, and fiscal prudence. Especially in a context where means-testing of existing entitlement programs may hold an important key to their long-term sustainability, introducing a new and non-means-tested program goes in precisely the wrong direction.

On the other hand, a supplement phase-out has several conceptual and administrative disadvantages:

- First, if the Fisc's premise is that of a social compact, people should not be excluded from it because they have earned too much. Treating the supplement as taxable would already lead to higher-income households returning much of the benefit. Further, as discussed below, the Fisc should be funded in part through higher tax rates for high-income households. Generally speaking, then, higher-income households with children would see both a gain in supplement and loss in higher tax liability. These will not offset perfectly in every (or any) case, but, directionally, the reforms would leave high-income families with children relatively less affected while transferring

resources from higher-income households without children to lower-income households with them. With a phase-out, high-income families with children will see only the tax increase and not the benefit.

- Second, a phase-out reverses some of the supplement's desirable income-smoothing effects. Assuming calculation based on the prior year's earnings, as with the work requirement, a household experiencing a significant drop in its earnings (say, one of two earners leaving the workforce) could find itself ineligible the next year for a supplement designed precisely with such choices in mind. Attempting a phase-out on the basis of current-year earnings avoids this problem in theory but, in practice, creates an additional layer of administrative complexity for monthly payments and requires families to forecast their earnings in advance.
- Third, because the supplement is quite large by the typical standard of government benefits, a phase-out substantially increases the implicit marginal tax rate for households in the relevant income window—a window in which they may already face higher marginal tax rates to fund the Fisc.

While we propose a phase-out here, this area is one where we consider assessment of administrative feasibility and budgetary implications especially important and the prospect for political compromise especially promising.

Area for further discussion:

- Should there be a phase-out at all, and, if so, at what threshold and what rate?

Marriage Bonus

The Fisc's supplement value increases by 20% for married parents.

The overwhelming weight of research indicates that married, two-parent households provide the best environment for children. While the idea of tying safety-net payments to marriage has long been controversial, especially because unmarried parents are often in greatest need of the safety net's support, the Fisc's case is different. As a program designed to reinforce the social compact and support families that make responsible decisions, we believe that the case is especially strong for directing greater support to married parents.

Areas for further discussion:

- Should the Fisc include a marriage bonus, and, if so, how large should it be?
- Does a marriage bonus introduce unintended consequences or administrative complexity?

Administration

The Fisc is a spending program administrated by the Social Security Administration (SSA), not a tax credit issued by the Internal Revenue Service.

As one of us has argued previously, conservatives must abandon their unhealthy tendency to frame all legislation as tax policy and then shoehorn it into the tax code. The SSA already addresses most of the administrative challenges that the Fisc would raise, including an expansive measurement of earnings (for purposes of Social Security eligibility), calculation of

benefits on the basis of prior earnings and with respect to relationships among spouses and dependents, and processing of monthly payments, including situations where dependents are reassigned midyear. The basic operation of the program would be as follows:

- At any point after the start of pregnancy, a woman can register to receive payments beginning in the fifth month of pregnancy.
- At birth, each child would be assigned by Social Security Number (SSN) to the mother's SSN, designating the mother as supplement recipient.
- By an administrative process, the child could be reassigned to a different recipient by SSN. While this seems cumbersome and one can imagine many fraught scenarios, it is an inevitable element of per-child payments, regardless of structure.
- Supplement eligibility would be calculated on the basis of prior-year earnings as recorded for the recipient's SSN along with earnings attached to a second SSN if the recipient's tax-filing status is married-filing-jointly.

One effect of the work requirement and this administrative model is that recipients will need to have SSNs and be legally authorized to work in the United States. Another effect is the more timely and accurate gathering of nationwide data on family structure. We recommend the creation of a Bureau of Family Statistics that would support the SSA in gathering these data, using it in program administration, and combining it with other data sources to report regularly on the state of the American family.

Programs that disburse large benefits raise reasonable concerns about improper payments and fraud. The SSA's infrastructure has proved remarkably robust for tracking earnings and disbursing payments larger than

the Fisc's across longer periods of time using more complex formulas, beginning even before computerized recordkeeping. We are confident that it can succeed here. We would, however, favor a robust audit mechanism and disqualification from future payments as penalty for intentional fraud.

Areas for further discussion:

- What differences exist between existing Social Security and Disability programs and the Fisc that would require novel administrative processes or standards?
- How should intentional fraud be penalized? Is disqualification permanent, and would it apply to all household members and to eligibility for all current and future children?

Funding

The Fisc would cost on the order of \$200 billion annually. Roughly \$120 billion would be funded by repurposing spending that already flows to families through the existing Child Tax Credit (CTC). An additional \$20 billion could be saved by eliminating head-of-household filing status and the Child & Dependent Care Tax Credit (CDCTC). Consistent with the Fisc's role as a form of social insurance, for which households receive support earlier in life and provide support later, we propose funding the remaining \$60 billion through the necessary increases in the top four individual income tax rates (affecting joint filers with household income above \$165,000).

These figures are subject to more detailed scoring and would vary based on the particular program parameters chosen. Estimates from the Congressional Budget Office imply that the required tax increase would be approximately two percentage points across

each of the top four brackets. This would increase total personal income taxes receipts from 8.2% of GDP in 2020 to approximately 8.5%.

This proposal does not cut or eliminate programs like TANF. Again, this is consistent with the idea of the Fisc as a support for working families intended to operate independent of the safety net. It also leaves intact the full funding for EITC but envisions that credit converted to a wage subsidy without reference to household status.

Areas for further discussion:

- Should the supplement be taxable, and should it count against eligibility for safety-net benefits?
- How should the EITC operate alongside the supplement, and what are the distributional effects of converting it to a wage subsidy?
- Are there other programs that would be redundant with the Fisc and thus should be cut or eliminated?

IV. Addressing Conservative Concerns

The Fisc offers a useful litmus test for how right-of-center policymakers define conservatism. Those interested primarily in cutting taxes, raising efficiency, and drowning government in a bathtub will find little to like. But for those eager to apply conservative principles to contemporary problems, an expanded social compact supported by a pillar like the Fisc deserves careful consideration. Indeed, Canada's program—perhaps the world's most generous—began as an initiative of Prime Minister Stephen Harper's Conservative government, seeking to support families in a way that respected their own preferences rather than pushing all toward paid childcare.

As compared with expansive childcare and paid-leave programs that presume that everyone will soon return to work, cash-based support allows parents to choose whether they would rather pay to outsource care of their children or forgo some market wages but provide that care themselves. As compared with the safety net of in-kind benefits that come attached to requirements and decline quickly for working households, a broad and simple program meets immediate needs and goes nowhere when earnings rise. If fertility has fallen below replacement level, easing the path to child-rearing is perhaps the nation's most vital task.

Analysts have raised a number of objections to other, typically universal, "child allowance" proposals, and here we conclude by showing why we believe that the Fisc addresses each one.

1. Discouraging Work and Encouraging Dependence.

A core concern animating opposition to many family-benefit proposals is the potential for cash payments to nonworking families to undermine work incentives and cultural norms. One worry is that households finding themselves with more money would then choose to work less—in some cases, preventing prospective workers from taking initial steps onto or up the economic ladder. Another worry is that people will become dependent on the payments and see the state as having the responsibility to provide for their families, devaluing the breadwinner's role in supporting the household and crowding out other sources of support such as the extended family, the neighborhood, and the church.

The Fisc's work requirement addresses these concerns directly, drawing a clear distinction between working and nonworking families and using the existing safety net to address the needs of the latter. The proposed structure does have the potential to reduce work effort

for families that might choose to spend fewer hours in the labor force—whether the middle-income household that decides it can now make do without a second earner, or the single mother who finds it possible to go part-time and spend more afternoons with her kids. We see this as a benefit—the importance of work is in the role it assigns people as productive contributors, the habits and social interaction it promotes, and the opportunity for upward mobility it provides. This does not mean that more work is always better or that the two full-time earners or the single mother working double shifts is the desirable outcome for public policy to promote.



The importance of work is in the role it assigns people as productive contributors, the habits and social interaction it promotes, and the opportunity for upward mobility it provides. This does not mean that more work is always better or that the two full-time earners or the single mother working double shifts is the desirable outcome for public policy to promote.

2. Undermining Effective Antipoverty Programs. The American safety net is not just a provider of last resort. It also operates programs to address root causes of dysfunction like addiction, develop real-world employment and parenting skills, and provide wraparound support to people trying to get back on their feet. These are not things people can easily

buy with cash, and in many cases the conditioning of support on participation is a vital tool to move people away from dependence.

The Fisc does not reduce or eliminate existing antipoverty programs; to the contrary, by creating an important contact point midway through pregnancy, it provides a new opportunity for engagement. Further, by increasing the rewards to workforce participation—get and keep any job and become eligible for a large supplement—it reinforces the efforts of antipoverty programs to move people toward self-sufficiency.

3. Commodifying Family. People rightly worry that society may come to see a family benefit as a “parenting wage,” which some indeed argue it should be, converting family relationships of obligation into economically tinged transactions under public oversight.

Whether a family benefit will be understood as a “parenting wage” is a matter of perception as well as design and implementation. Insisting upon work as a prerequisite for receipt makes clear that the work of being a parent is not what entitles one to the benefit. Framing the program as a social compact and emphasizing its role as a supplement to family income rather than a “child allowance” can help as well.

4. Federalizing Policy. Policymakers often default to federal solutions, which, in many cases, are the wrong ones. Varied local conditions, the importance of robust sub-federal institutions, and principles of federalism and subsidiarity all argue for deferring to state and local governments where feasible.

The safety net is a quintessential area for local policy, and we would support reforms that further localize its operation. By contrast, the federal government’s unique fiscal capacity and the conceptual benefits of defining

the social compact broadly (particularly given people's mobility within the country) argue for defining the Fisc as a national program. This is yet another reason for keeping separate the safety net and family benefit.

5. Slowing Growth. According to supply-side economics, the deficit-spending or tax increases required to fund an expensive new program may slow economic growth, depriving families of income rather than boosting it and ultimately leaving everyone worse off.

The Fisc's design does not differ from other family benefit proposals with respect to cost, and its social compact recommends raising top marginal tax rates. Still, the generic complaint that any new program will slow growth is overbroad and fits poorly in this context. Whether government spending will have that effect depends on how revenue is raised and what the program does. Here, transferring spending power from older, higher-income households to younger, kid-filled ones is hardly a recipe for stagnation, even in the short run—the Canadian experience, for instance, suggests that the effect was highly stimulative. Further, few things would be better for long-run growth and dynamism than families having more children. “Growth” as a goal also requires modification—growth in recent decades has not been broadly shared by American families, which helps explain the need for the Fisc. A policy that leads to lower aggregate growth, at least in the short run, will still benefit the nation if it better positions working families to raise children.

6. Expanding Government. Beyond all these practical worries, and sometimes motivating them, is the principled concern that government has no business favoring some life choices—say, having children—over others and that redistributing money in this fashion is beyond its proper purview.

The Fisc expansion of the social compact does broaden government's role and asserts a very clear substantive preference for families and child-rearing. Libertarians uncomfortable with such things may not be convinced on the point. It is worth noting, however, that insofar as the government already commits enormous resources across countless programs to these same ends, providing a straightforward cash benefit that empowers families to make their own choices might be the best that Milton Friedman could hope for.

Conservatives, meanwhile, face a very real test: Will we support a major government program if it is pro-marriage, pro-family, pro-life, pro-work, reinforces solidarity and a sense of mutual obligation within the nation, and meets head-on what the American people identify as one of their most pressing needs? Our hope is that the answer is yes.

* * *

We are grateful to the many policy analysts who have influenced our own thinking on these questions in private conversations and public proposals. Obviously, the Family Income Supplemental Credit will not be the last word—to the contrary, we look forward to further discussion on the many questions raised and to seeing yet more proposals and improvements on this one. Our sense is that a broad coalition across the political spectrum agrees on the basic premises that families need and deserve greater support and that those who have been successful should help those striving to make their way down the same path. We are optimistic that from such a starting point, a strong new pillar for America's social compact can be built. ■

*Commentators and policy analysts
react to our proposal for a Family
Income Supplemental Credit.*





Reactions to a New Social Compact

AMERICAN COMPASS

After publishing our proposal for a Family Income Supplemental Credit, or Fisc, we invited a range of conservative commentators and policy analysts to offer their own critiques, insights, and modifications.

Government Spending Is Already Too Burdensome

Veronique de Rugy, Mercatus Center

Dan Mitchell, Center for Freedom and Prosperity

At the risk of being caricatured as drown-government-in-the-bathtub libertarians, we think that the proposal for a Family Income Supplemental Credit (Fisc) from Oren Cass and Wells King is misguided, mostly because it would raise tax rates and expand the burden of government spending.

Supporters estimate that the Fisc would cost \$200 billion annually. A majority of that cost—\$120 billion per year—would be financed by eliminating the existing Child Tax Credit. This change presumably would not have a significant economic effect, positive or negative. And it arguably would not represent an increase in the size and scope of government.

But the rest of the Fisc, \$80 billion per year, would be financed with tax increases. Since the federal government presently is far too large—and since it is expected to

become an even bigger burden in the future—this fact alone should make the Fisc a nonstarter as a matter of fiscal policy.

It is particularly worrisome that proponents want to use higher income tax rates as the main source of new revenue. More specifically, the plan calls for \$60 billion of new revenue from increasing income tax rates for households making more than about \$85,000 (for single taxpayers) or \$171,000 (for married taxpayers). Cass and King speculate that tax rates would increase by two percentage points, but the Congressional Budget Office's most recent estimates suggest that the increase in rates would be much closer to 3%.

Income tax rates already are too high, and President Biden wants to raise them further. Self-styled conservatives should not be aiding and abetting the push for class-warfare taxation by adding to the collection of proposed tax-rate increases on workers, investors, entrepreneurs, and business owners.

It is also worth noting that the Fisc's phase-out (for individuals making more than \$100,000 and couples making more than \$200,000) means that the handout from the government is reduced by \$10 for every \$100 of additional income. The combination of that implicit tax rate with the high explicit tax rates in the internal revenue code will discourage productive economic behavior (and Cass and King agree, writing that "a phase-out substantially increases the implicit marginal tax rate for households in the relevant income window").

The Cass-King proposal does have one advantage over Senator Romney's proposal for child allowances, in that households must earn income the prior year to be eligible for the Fisc. This reduces the risk that recipients will be encouraged to drop out of the labor force. But being better than Romney's plan is hardly an endorsement.

We will conclude by observing that it would be desirable for families to have more economic opportunity and financial security. However, it doesn't follow that conservatives should support subsidizing childbearing and -rearing. We do not think that copying Europe and imposing more redistribution is the right approach. Americans enjoy far higher living standards than people on the other side of the Atlantic Ocean, thanks in part to our smaller fiscal burden.

It would be far better to focus on the policies of "market fundamentalism" that have a proven track record of delivering faster growth, improved productivity, and rising wages.

Don't Federalize Family Policy

Andy Smarick, *Manhattan Institute*

Although this is a response to the interesting and compelling Family Income Supplemental Credit (Fisc) proposal by Oren Cass and Wells King, it is meant to engage more broadly with those on the political right who argue for more forcefully using public policy, especially federal policy, to support the family. My overarching contention is that policy should help the family, but a policy isn't justified merely by its promise to help families. There are principles of governing that should inform our thinking about which programs are desirable and which are not. Said another way, I want to find new ways for conservative governing principles to help the family, but I want to avoid labeling a policy as "conservative" simply because it purports to aid families.

I want to cheer a number of things in the Cass/King plan as well as some of the thinking behind it. The authors are right to raise concerns about the weakening of the family, adults' reporting that they are having fewer children

than they'd like, the health of the American Dream, and how changing economic conditions have influenced all of this. The authors are right that policy should have a role in addressing these matters.

I agree with their reasons for rejecting rationales related to anti-poverty cash payments, "parenting wages," and "natalist subsidies." I agree that the once-a-year payment of the child tax credit inhibits its effectiveness. I agree with their opposition to universal per-child benefits.

The Fisc plan itself laudably prioritizes work and marriage, and it smartly avoids the problem of child-care programs that subsidize two-working-adult families over those with one parent staying home. I also find appealing the idea of basing public support on work instead of income; that is, a working lower-income family would benefit more from this proposal than the current tax credit.

But I do have reservations. I'm concerned that the Fisc would create a larger federal footprint requiring new federal taxation. I'm concerned about its expense given our enormous deficit and debt. I'm concerned about understanding and delivering this benefit along the lines of a Social Security-style entitlement, given that our existing entitlement programs are bankrupting the nation (making discretionary domestic spending more and more difficult).

My more basic objection relates to authority and duty. While I agree that the economic position of the family has changed over the decades due to a host of factors, that doesn't mean, in my view, that a more muscular Uncle Sam is the answer. When families are in need, they should receive assistance from those close by. That assistance should last as long as necessary but as short as possible; it should be designed to help those served reach the point of no longer needing assistance.

A high-dollar, nearly universal, perpetual federal family program like the Fisc risks creating an unhealthy relationship between families and Washington. It casts the federal government in a significant, ongoing role in this most intimate of associations. It allows Uncle Sam to leapfrog the universe of mediating bodies standing between Washington and the home, which confuses the allocation of societal powers and duties and attenuates our bonds with one another. A regular check from Washington not only positions the federal government as each family's personal benefactor—it also saps the purpose of family, community, and state support systems, which is how such mediating institutions wither away.

My view is that we should aspire to have families in a social compact with neighbors, community-based associations, and local governments, not federal mandarins thousands of miles away. Those providing assistance should know us by our names, faces, and stories, not by our Social Security numbers.

The proposal ends with an invaluable question to conservatives that forces us to be explicit about our goals and how we believe state power should be used to achieve them. Cass and King ask:

Will we support a major government program if it is pro-marriage, pro-family, pro-life, pro-work, reinforces solidarity and a sense of mutual obligation within the nation, and meets head on what the American people identify as one of their most pressing needs?

My answer is: A large-scale federal program is not warranted simply by virtue of helping families and incentivizing work and marriage. I would not support, for instance, an initiative that gave everyone a government job and a \$100,000 marriage bonus. The collection of governing principles developed by American conservatives over generations can help us assess which proposals

properly use state authority and respect the duties and powers of the various components of society. That is, we must consider the clumsiness of Uncle Sam, the inability of central administrators to collect, analyze, and act on the totality of necessary information; the dangers of federal action crowding out mediating bodies; the difference between local solidarity and national solidarity; and the risks associated with delegating individual, family, and community duties to distant authorities.

So, yes, absolutely, our agenda should help families. But “help” often means preserving the family’s powers and responsibilities, encouraging close-to-home entities to provide support, avoiding dependence by keeping assistance temporary and targeted, and stopping Uncle Sam from doing too much.

Toward a Family Wage (Subsidy)

Erika Bachiochi, Ethics and Public Policy Center

I could not be happier with the substantive debate over family policy that is now taking shape among conservatives, inspired by Senator Romney’s proposed “Family Security Act.” It carries me back to the bipartisan Communitarian movement of the 1990s, whose Position Paper on the Family, published in 1993, sought to articulate a “coherent pro-family agenda.”

In addition to calling for a “culture of familialism” to disrupt the “profound cultural shift toward excessive individualism ... careerism ... [and] acquisitiveness,” the paper recommended at least six months of publicly funded paid leave (as fiscal circumstances allow), flex-time and home work arrangements, and most important perhaps, a generous child allowance. “Parents should be able to choose between working at home and outside the home, but government tax policies should not

be used to favor families who earn more because both parents work outside the home when there are young children in the family.” It seemed clear to me then that the Communitarians were right: only a higher viewpoint, one that saw the economy in the service of families and their members, not the other way around, would provide the rationale for a humane family policy. Twenty-five years later, you could say that I’ve been waiting for this moment for a long time.

Oren Cass and Wells King’s proposed Family Income Supplemental Credit (Fisc) has much to recommend it. The Fisc combines the merits of both the Earned Income Tax Credit and the Child Tax Credit while removing the EITC’s ill-conceived marriage penalty to offer parents a per-child monthly benefit and married parents a nice bonus. What results is a kind of family wage subsidy or provider’s benefit, which would increase the earnings of the working poor and middle class significantly and, better still, encourage stable marital coupling so that parents can raise their children and work to build up their assets together.

An important insight deep within the structure of the Fisc is that much of the trouble that is ailing families now is not strictly poverty; it’s fatherlessness. Whether it’s the fault of the Great Society programs themselves, deindustrialization, the sexual revolution, inordinate incarceration, or all of it together, fathers are far too often disconnected from their children and their children’s mothers. This is not good for men or women, and it certainly isn’t good for their children. So a family subsidy that encourages marital stability and bolsters provision is a means for fathers, especially, to have greater impact on the well-being of their families.

I would take some issue, however, with the Cass-King suggestion that families who have received the Fisc would need, as part of the social compact, to “repay the

investment” or “debt” (by paying their share of increased taxes as their incomes rise). The truth, of course, is that such parents would not be left indebted to anyone. The families they build and the children they raise—and the goods that both bring to the community—are their contribution. Indeed, parenting is itself, contra Cass-King’s depiction otherwise, a “productive economic contribution.” A direct cash benefit just spreads the overwhelming costs of raising the next generation to the community, allowing parents, as Cass and King write, more freedom from market work to give their children the time and attention they need to grow into happy and productive adults.

As a direct consequence of designing the benefit as a supplement for providers rather than a wage or allowance for caregivers, the Fisc seems far less beneficial to single mothers, whose dual role as sole provider and sole caregiver clash in life, and so in the Cass-King proposal, too. Those who are unable to work a sufficient amount to fund the following year’s supplemental credit are left in the traditional safety net. Though existing programs work to address root causes of poverty in a way cash cannot, I worry about how work requirements (in both TANF and the Fisc) for mothers of very young children work to push those children into institutional daycare from their infancy. The work requirement may well move poor single mothers out of economic poverty (I’ll leave that to the judgment of those far more expert than I), but poverties of the heart may be worse still.

For Pregnant Mothers, Make Payments Lump-Sum

Daniel E. Burns, University of Dallas

Oren Cass and Wells King’s Fisc proposal is an outstanding model of the type of innovative policy

thinking that the conservative movement needs more of. Contrary to some moralistic takes from both Left and Right, crafting good policy to support families always involves the difficult balancing of many competing considerations. Cass and King have put impressive thought and effort into getting that balancing act right.

The decisions made by Cass and King in managing any family policy's unavoidable trade-offs are all eminently defensible. It is much harder to say whether their proposal represents, on balance, the best option available to us. Rather than try to tackle that enormous question, I will just point out a tweak that should be made to one small but important feature of their proposal: its plan to begin family support payments before a child's birth.

The Fisc expands on Senator Romney's idea of beginning a child benefit in the latter part of pregnancy. This is a good and welcome plan to target money to parents when they actually need it, since babies begin to be expensive a few months before they are born.

The cost of a baby does not, however, accumulate over the latter part of a pregnancy. The Fisc benefit does. I therefore suspect that, although the authors do not say so, they are hoping that the Fisc would allow some mothers to reduce their work hours earlier in the pregnancy than they otherwise would (since mothers will be confident of receiving monthly cash support for as long as they remain pregnant). If so, this is a real advantage to the plan that should be celebrated more openly. A great many parents would reasonably be delighted at the chance to limit potentially unhealthy work for a mother at the later stages of her pregnancy.

But there are problems with starting a monthly cash benefit in the fifth month of pregnancy. If an obstetrician's guesswork (or the patient's report) about the date

of conception will trigger an impoverished mother's monthly federal benefits, this could put undue pressure on what should be a protected medical judgment. And if OBs or mothers did succumb to the understandable temptation to misrepresent the date of conception in order to trigger benefits earlier, they could find themselves in the perverse situation of being legally obligated to induce labor early, with all the attendant medical risks, when the baby goes "overdue" relative to a fudged due date.

Moreover, at least under the Fisc's proposal of higher benefits during pregnancy relative to postpartum, there is something inequitable about shortchanging the parents of preemies (who will need the extra cash much more) while rewarding women who carry their babies past term.

The proposal could be improved by offering the payments for pregnancy expenses in two lump sums. Half the pregnancy benefit (\$2K under the Fisc proposal) would arrive after the expectant mother fills out an affidavit in her third trimester of pregnancy. The other half (another \$2K) would arrive in the mail with the new baby's Social Security card.

Lump-sum payments will decrease the incentive for fraud while eliminating the inequity regarding length of pregnancy. They will allow mothers to make reasonably accurate plans about the costs and benefits of taking extra time off work during pregnancy. And they would not depend on any sensitive medical judgment. In case of a fraudulent affidavit, the mother would simply have to pay back the benefit with a penalty five months later. ("Fraudulent" would, of course, exclude a documentable miscarriage or stillbirth.)

Whatever one may think of this and any number of other possible critiques of the Fisc proposal, we should all be

able to agree that these are just the types of arguments that conservatives ought to be having. Cass and King deserve high praise for a well-thought-out proposal that pushes our policy conversation in very much the right direction.

The Social Meaning of Family Benefits

Joshua McCabe, Niskanen Center

In their thought-provoking essay on policies to better support American families, Oren Cass and Wells King note that child allowances have been justified on a number of grounds—antipoverty, pro-natal, parenting wage—all of which they find unconvincing. History indicates that these political justifications are as old as child allowances themselves. Although interesting from a political perspective, they tell us little about how families themselves perceive various cash-benefit schemes.

We know that families support cash benefits, but Cass and King worry that unconditional income supplements will commodify parenthood or erase the concept of reciprocity inherent to the social compact. They structure their proposed Family Income Supplemental Credit (Fisc) to avoid these perceived pitfalls. The sociology literature on the social meaning of money suggests that this is not the case. No-strings-attached cash through a child allowance does not sever social ties or lead to the commodification of parenthood. It maintains expectations that parents will earmark funds for their child's needs.

The Wisdom of Viviana Zelizer

In contrast to dominant approaches within economics that tend to treat money as fungible and transactional in a broader system of amoral markets, the pioneering

work of Viviana Zelizer found that people and families treat money as having special meaning, depending on its source and expected uses. This goes much deeper than the economic concept of mental accounting, which treats it in very individualistic terms.

The sociological concept of money sees it as embedded in a larger network of social relations. Zelizer, for example, finds that poor families earmark sources of income for different ends, depending on whether they come in the form of cash relief or charitable gifts. More recent research finds similar results for how parents spend their EITC refund checks and how they view the expectations involved. In each case, families are well aware of social expectations and treat cash benefits accordingly.

What Does This Mean for Child Benefit Proposals?

This brings us back to Cass and King's objections to child allowances on the ground, that they might commodify parenthood and violate the principle of social reciprocity. Zelizer's answer to the first objection is straightforward: there is little evidence that the introduction of cash benefits for families will lead to marketization of the family. Parents will continue to treat these benefits as a type of special money earmarked for their children's needs.

This bring us to their second objection, about the principle of reciprocity. Cass and King predicate their proposed benefit on work so that it "retains a clear distinction between a supplement for working families and the safety net for those who cannot contribute to their own support." There is nothing wrong with this per se. We already do this with the EITC, and it is common around the world for countries to have in-work supplements for low-income workers to "make work pay." But this does not mean that it is necessary to predicate every income supplement on work.

The key distinction is not work versus nonwork but whether benefits amount to a small income supplement or more generous income support for families. My research finds that societies and family make this important distinction by separating unemployment benefits from child allowances.

Reciprocity is a vital principle built in to existing income support programs. David Schmitz's typology of compensatory models of deservingness, in which we deserve something based on past actions versus promissory models of deservingness, in which we deserve something based on what we will do after we receive it, helps illustrate this idea.

As Cass and King point out, contributory programs like unemployment insurance are premised on the idea that unemployed workers who have fallen on tough times are being helped based on their past contributions in the form of UI taxes. But the principle of reciprocity is also present in programs like TANF, which are premised on the idea that unemployed workers who have fallen on tough times are being helped based on how they will get back on their feet if given the chance. All societies institutionalize the principle of reciprocity in these two programs—unemployment insurance and unemployment assistance. This is acceptable because beneficiaries are asking society to fully support them for a short time.

This is not the case with child allowances that are modest income supplements. Evidence indicates that families treat them in the same way they treat in-work benefits—earmarking them for their child's development—without any work requirements. As Sean Speer points out in another essay in this collection, accusations that families might waste these monies on beer and popcorn are even seen as an affront to the dignity of families. Each stipulation added to child-benefit proposals risks falling prey to the “technocratic,

government-knows-best underpinnings” that Speer discusses in the Liberal Party’s attempt to influence family choices.

In other words, Cass and King’s claim that “a universal benefit ... severing all connection to productive economic contribution violates the basic principle of reciprocity at the heart of a durable social compact” is misplaced. We can and should premise income support programs on reciprocity, and we can even do it, to a limited degree, with in-work benefits to supplement the incomes of low-wage workers, but the history of child allowances in other countries suggests that its simplicity is well worth it and that the social compact will continue to be as durable as ever.

Fitting the Fisc to Social Security

Robert Stein, former Treasury official

Oren Cass and Wells King have added their proposal, a parenting supplement they call the Fisc, to a list of ideas designed to reduce the fiscal burden on parents relative to nonparents.

One of the most hotly debated features of the Fisc is a “work requirement,” in that the annual allowance cannot exceed prior-year earnings. I’ll let others quibble over the details on the formula. And I’m also sympathetic to the idea that parents need extra resources whether they’re working or not, particularly in the case of a single mother.

However, by tying the payment to earnings, the Cass-King proposal may encourage marriage because it would entice single workers to marry single parents. Let’s say an unmarried couple has a child and the

mother intends to be a full-time homemaker while the father works. Unmarried, they don't receive the Fisc; married, they do. In this case, the "work requirement" is a marriage incentive in disguise.

Now a quibble that I do care about: the income thresholds for phasing out the Fisc start at \$100,000 for singles and \$200,000 for married couples. I'd suggest lifting the threshold to \$142,800 for singles, which is the amount of the taxable Social Security wage base in 2021, with a threshold of \$285,600 for married couples. In addition, I think that those thresholds should rise each year at the same pace as the taxable wage base, which is generally faster than inflation.

Why lift the thresholds to the maximum wage base potentially faced by each kind of household? Because one of the points of helping parents is to offset the disincentive for parenting built in to the Social Security system. The Social Security system taxes earned income (wages and salaries), forcing workers to use a portion of earnings up to those thresholds to purchase government retirement obligations. Future Social Security benefits then relate to those tax payments, crowding out the natural incentive to raise children to provide for old-age security.

Why not make the Fisc available to all parents, even those with very high incomes? Because workers who expect to consistently earn more than the taxable wage base face different incentives. For them, the Social Security tax is essentially a lump-sum payment to the government, which doesn't affect them at the margin and shouldn't generate the same distortions in their parenting behavior.

One other change I'd make is to specify that the only earnings that matter for purposes of deciding eligibility for the Fisc should be those taxed as part of the Social

Security wage base. That means no capital gains, no dividends, no interest. All irrelevant! Keep the Fisc a benefit tied to labor earnings; parents who only clip coupons need not apply.

Is a New Entitlement Program the Solution for Working Families?

Angela Rachidi, American Enterprise Institute

Oren Cass and Wells King's proposal for a Family Income Supplement Credit (Fisc) is the latest in a line of ideas aimed at family policy goals important to conservatives. Traditionally, scholars and policymakers have justified policies like Fisc by suggesting that they would reduce child poverty, increase marriage, and support childbearing. Cass and King instead frame their proposal as a new social compact in which the federal government supports working families at a time when income strain is high and they might otherwise struggle to make ends meet.

One advantage of the Fisc is that it addresses some of the downsides of a universal (or near-universal) child allowance by directing benefits toward working families. The Fisc would match a family's income from the past year up to \$4,800 per child under six and \$3,000 per older child paid monthly, with an extra payment for mothers in the final months of a pregnancy and a bonus for married parents.

My main concerns with a universal child allowance have always been that it resembles our failed welfare policies of the past, which discouraged work among single parents, while removing important touch points embedded in the existing social safety net, such as job training and child support. How does the Fisc stack up?

Better than a universal child allowance, though I still have concerns.

Theoretically, a work disincentive still exists because parents do not have to be working to receive the payments (the prior year's income determines the payment amount). This might be fine for two-parent families who have the potential for two incomes, but I worry about single-parent families with little employment in the household. And without knowing how the Fisc would interact with the EITC, it is hard to tell the overall employment effects for single parents. Even so, negative employment effects are likely to be small and narrowly focused, since the Fisc targets working or recently working families.

My larger concern is the premise that we need another major federal entitlement to address the needs of working families. It is true that families with children face economic constraints at precisely the time they need money the most. But there are ways to address these constraints without creating a new entitlement program (e.g., parental leave savings accounts). Instead, the Fisc replaces the Child Tax Credit (CTC), which Congress originally designed to be tax relief for working families, and the Child and Dependent Care Tax Credit, which rightfully credits childcare as a work expense. These two policies essentially lower the amount that families pay in taxes and offset child-related expenses. Instead of creating a new entitlement such as the Fisc, I would maintain tax relief for working families, consolidate the EITC in a way that reduces marriage penalties, and explore other ways to provide relief.

Only in recent years have policymakers expanded (or considered expanding) the CTC beyond federal income tax and payroll tax liability. The Fisc would take that one step further by removing the child benefit from the tax system entirely and creating a new government

entitlement program ripe for future expansions. There are plenty of conservative policy alternatives to the government sending cash to nearly all families through a new program. Let's start with coordinating safety-net programs better, expanding school choice, reforming our health-care system, and rethinking the way we license occupations and regulate new businesses.

Support Families Because They Are Families

Chris Buskirk, *American Greatness*

Conservatives have a persistent problem: they often don't know what it is they want to conserve. This bears on the burgeoning discussion of family policy. The good news is that the broad center-right appears ready to engage the subject seriously and offer some major policy solutions instead of mere exhortation. "We're pro-family!" is a disposition, not a solution.

It's in this context that the proposal put forward by Oren Cass and Wells Kings (the Fisc) is a welcome addition. However, with all due respect to my host, I must disagree with the Fisc in favor of a broad child allowance like that proposed in the Family Security Act. As usual, their report is smart, well-researched, and full of helpful insights. But reading the report, I come to a different conclusion. And it's because we're trying to solve for different problems. The predicate to determining the best policy is defining the goal. We all agree, I think, that the challenges facing most Americans who want a family are big enough that we need something better than the existing policy approach. But what, exactly, are we trying to achieve, and how do we measure success?

I agree with Cass and King's premise that we need to revitalize the American social compact. But the way

to do that isn't by creating a needless link between wage labor, having children, and receiving this broadly necessary allowance. I realize that some people on the right are concerned about the possibility that a child allowance will subsidize or even encourage people to game the system and that some people might even leave the workforce as a result of a child allowance. To the former, I say, who cares? The small group of people who spend their lives gaming America's welfare system are already doing it, and no one is going to go out and have a brood of children just to get the child allowance. And as for the allowance permitting more parents to leave wage labor to raise their children, well, that sounds like a feature, not a bug.

For conservatives, I'd ask, what is this country's top priority? Is it keeping as many parents and potential parents engaged in wage labor, or is it more children being raised by their parents?

Let me offer this answer: we want more families, more family stability, and more children. The success of family policy should be judged by those criteria. Discussion of the impact on consumption, GDP, wage labor, and so forth miss the point. Let me go a step further and suggest that if fewer parents were forced to lean into cubicle culture and were able to have more children and spend more time raising them, the country would be much better off.

Over the past four decades, fewer and fewer families have been able to afford a stay-at-home parent. As Cass's own Cost of Thriving Index demonstrates so well, a single median American income hasn't been enough to provide a family of four with a home that they own, a car, health insurance, and college tuition for a long time. As a result, we've redefined what it means to be middle-class. The material distinctives are essentially the same, but now it requires two incomes,

so both Dad and Mom work. That leaves a parenting gap that means that people have no children, fewer children than they want, or, in an unfortunate homage to the McKinseyized, globalized economy that wrought havoc on American wages, they outsource childcare to poorly paid third-party services and then to the public schools. Why is there is so much pressure for universal pre-K? It's not because those three-, four-, and five-year-olds need more schooling; it's because their parents need free daycare. And that's what coming if a child allowance isn't passed. The real political choice isn't between a child allowance or nothing. It's between a child allowance and even more money being spent on expanding the amount of time that kids spend in government schools and away from their parents.

The fact that the average American family can't afford to have a stay-at-home parent isn't Middle America's fault. It's the fault of American elites who spent decades pursuing policies of globalization and financialization that proletarianized the middle class, beggared the working class, and ravaged interior America. In a better world, a single median wage would be enough to buy a house, raise a family, and provide a traditional middle-class life. But until we rebuild a more robust economy that can do that, the more urgent issue is supporting American families and helping them have more kids and raise them themselves. There is nothing more conservative than parents raising their own children. That's why I think that the Fisc, while much better than what we have now, is ultimately insufficient. A broad child allowance like the Family Security Act is closer to what is needed, but even that could be improved upon with an increased allowance to cover birth expenses and perhaps some sort of downpayment assistance to help families with children buy a home.

Over the past few years, there has been a lot of discussion about the integrity of America's borders. A country that

can't enforce its own borders isn't much of a country, they say. That's true enough. But a country that can't reproduce itself isn't much of a country, either. ■

*Canadian Conservatives successfully
championed universal child benefits
and have lessons for their neighbors
to the south.*





Canucks in the Cradle

SEAN SPEER

Senator Mitt Romney's proposal for an unconditional and monthly per-child cash transfer has galvanized debate among American conservatives about the proper role of government in supporting families with children. Supporters describe the plan as a major pro-family breakthrough in conservative policymaking while opponents cite potential work disincentives.

Oren Cass has called the forthcoming debate “the right way for conservatism to move forward.” He is right. It represents an exercise in what Yuval Levin has referred to as “applied conservatism,” whereby conservatives must apply fixed principles such as individual choice, pluralism, and subsidiarity to a dynamic set of issues including, but hardly limited to, the costs of raising children.

As conservatives in the GOP work through this process, they can draw on the experiences of their conservative neighbors to the north. Canadian conservatives and the Conservative Party have supported different forms of federal child benefits for decades—most recently, the Universal Child Care Benefit (UCCB). It was a signature policy accomplishment of the Conservative government led by Prime Minister Stephen Harper from 2006 to 2015, and it may provide salutary lessons for the current U.S. policy debate.

Canada's federal child benefits began in the postwar era and have since undergone several iterations, oscillating between universal and more targeted programs. This dynamic has been most pronounced over the past 30

years, in which Canadian conservatives themselves have rethought the proper purpose and role of public policy to support families with children.

Canada had a universal family allowance to recognize the private costs of raising children from 1945 to the early 1990s. Although the so-called baby bonus was marginally adjusted over time, the principle of universality endured for nearly half a century.

That changed in 1992 when a center-right, Progressive Conservative government replaced the universal family allowance with a new means-tested, refundable tax credit. The new Child Tax Benefit was primarily designed to better target public spending and reduce the federal budgetary deficit. But in hindsight, it represented a watershed moment: federal policy would no longer recognize all families but focus instead on a subset of low-income families with children.

A subsequent Liberal government moved further away from universality in 1998 when it enhanced the tax credit and established a supplement for low-income families (for household incomes up to roughly \$26,000 at the time), as well as a child disability benefit. These reforms, which culminated in the creation of the Canada Child Tax Benefit, reflected a new political consensus that viewed child benefits as an income-support program rather than a public policy affirmation of the social value of parenting.

This point is worth emphasizing: due to a combination of fiscal consolidation and growing concerns about poverty and inequality, the 1990s saw a shift in how Canadian policymakers (including conservatives) thought about the role of government in supporting families with children. Federal child benefits became a form of progressive income support policy rather than a universal recognition of the positive externalities of producing and raising children.



The bipartisan trend toward means-tested benefits may have achieved better targeting than the old universal allowance, but it had sacrificed the notion that society had a collective interest in children irrespective of family circumstances, family structure, or the number of children in the household.

Around this time, however, there emerged a nascent conservative intellectual interest in rebuilding the principled case for universality, led primarily by conservative policy scholar Ken Boessenkool. He published a series of articles in the late 1990s and early 2000s that advanced the argument that “social policy concerns ha[d] squeezed out tax policy concerns.” According to Boessenkool, Canadians had lost sight of the case for universality, including horizontal equity, the nondiscretionary costs of child-rearing, and society’s collective interest in families having children.

Indeed, the bipartisan trend toward means-tested benefits may have achieved better targeting than the old universal allowance, but it had sacrificed the notion that society had a collective interest in children, irrespective of family circumstances, family structure, or the number of children in the household.

Boessenkool’s main insight could therefore be summed up as “kids are not boats.” The tax-and-transfer system should not be neutral with regard to children—in particular, it should not treat the children of middle- or upper-income families as if they were the same as disposable or depreciating assets. Boessenkool proposed reintroducing a universal tax deduction for

children in order to shift federal policy from a position of neutrality for these families to a clear preference for children.

It is fair to say that this work remained mostly in the realm of policy analysis and intellectual debate for several years. Calls for restoring universality in federal child benefits went unheeded—in fact, federal policy continued to move more in the direction of low-income targeting and away from universality.

As for conservative reactions to these renewed calls for universality, the initial response was also mixed. There was some opposition from deficit hawks who were opposed to increasing federal outlays at a time of large-scale deficits and libertarians who objected in principle to conservative arguments that there was a collective interest in children and, in turn, a role for policy to support families with children on a universal basis. But the case for universality was generally supported by social conservatives who saw it as a means of mitigating marriage penalties in the tax-and-transfer system and improving fairness between single- and dual-earner families.

However insular and detached the debate may have been, it began to cross over into popular politics in the early 2000s for two reasons. The first is that the then-Liberal government began to pursue a national system of publicly funded and delivered childcare with national standards. The idea had a long pedigree among Canadian progressives, dating back to a Royal Commission on the Status of Women in the early 1970s and had gained momentum in the new century as progressives renewed their policy ambitions after several years of fiscal retrenchment.

Conservatives rightly criticized such a statist, anti-federalist, and anti-subsidiarity policy approach.

Opposition included both libertarians and social conservatives who may have disagreed on the merits of child benefits but agreed that childcare should not primarily come in the form of state-run daycare. The growing salience of the Liberal government's plan required the conservative coalition to find common ground on an alternative policy that was decentralized, non-statist, and rooted in subsidiarity and parental choice.



Conservatives, according to Harper, needed to bring their ideas to bear on these new and emerging questions—including the childcare question—if they were to win elections and, ultimately, the contemporary battle of ideas.

The second reason that came to popularize this thinking was the creation of the new Conservative Party of Canada. There is insufficient room to explain the origins of the party: it is a complicated story of the old Progressive Conservative Party splintering along regional as well as populist/conservative lines in the early 1990s and leading to vote-splitting on the Canadian Right for more than a decade.

The Conservative Party, established in 2003, was a new, center-right political vehicle that united a mix of business conservatives, Central Canadian communarians, Western populists, and Quebec decentralists, according to a shared set of values and policy positions. The party's founding leader, Stephen Harper, was an ideological conservative who personified a unique amalgam of these different intellectual and political persuasions.

In a 2003 speech to a group of conservative intellectuals, Harper outlined the need for conservatives to shift their priorities and policies from conventional macroeconomics to a wider set of matters that he broadly defined as “values issues.” The rise of neoliberalism in the 1980s and 1990s, he argued, had shifted the terrain of political debate, which now included the relationship between families and the state—as reflected in the Liberal government’s pursuit of a national childcare scheme.

Conservatives, according to Harper, needed to bring their ideas to bear on these new and emerging questions—including the childcare question—if they were to win elections and, ultimately, the contemporary battle of ideas. This was, in effect, a call for the Canadian version of applied conservatism, by which the conservative policy agenda needed to expand beyond the conventional mix of low taxes, free trade, deregulation, and so on.

The combination of these two forces caused the Conservative Party to put a universal child benefit at the center of its party platform in the 2005–06 federal election campaign. Boessenkool’s proposal for a universal tax deduction evolved into a universal, monthly, per-child cash transfer for families with children under the age of six. The transfer payment would be treated as taxable income for the lower-earning parent. These policy design changes were mostly driven by the goals of administrative and communications simplicity. The latter is especially important: the unofficial campaign slogan was 100 CAD (\$78.35 US) per month for each child under age six.

The issue became a major differentiator in the election campaign. The Liberal Party advanced its plan to effectively nationalize childcare in Canada, whereas the Conservative Party instead argued for the flexibility

and choice inherent in unconditional cash transfers to families.

The Conservative position was aided by two factors. The first is that nearly six in ten families with children under the age of four at the time used a mix of home-based daycare and other private arrangements for their childcare needs and would, as a result, benefit far more from the Conservative Party's choice-based plan than the Liberal Party's one-size-fits-all model.

The second factor was an infamous, mid-campaign gaffe when a Liberal spokesman complained on a television panel that parents would abuse the unconditional dollars under the Conservative plan to buy "beer and popcorn." The political misspeak proved deadly. It accentuated the technocratic, government-knows-best underpinnings of the Liberal Party's childcare proposal, and it reframed the public debate around Harper's key insight: that family policy issues were fundamentally about values.

The net effect was to position the Conservative Party as trusting and supporting parents, in contrast with the Liberal Party, who did not seem to trust parents to make the best choices for themselves and their families. It is hard to discern how fundamental this political contrast was to the Conservative Party's ultimately winning the election, but trusting parents nevertheless became a major theme for the party, including during its near decade in power.

The new Conservative government, led by Prime Minister Stephen Harper, canceled the previous government's national childcare framework and implemented the UCCB in its first year in office. The UCCB was enacted alongside the preexisting means-tested Canada Child Tax Benefit. This is an important point: the adoption of a universal benefit was therefore not a substitute

for an income-support approach to child benefits but rather filled a policy gap that had been created when the universal family allowance was eliminated in the early 1990s. The Harper government's policy approach left Canada with a good mix of targeted and universal benefits that addressed poverty and inequality, on the one hand, and recognized the social value of parenting, on the other.



The key takeaway is that there is a role for public policy to recognize our collective interests in families and children, and well-designed child benefits can help to close the gap between the private costs and public benefits of raising the next generation.

The UCCB was subsequently augmented under the Conservative government to increase its generosity and provide a partial cash transfer for children between the ages of six and 17. Research showed that it increased labor-force participation for single parents while married women with lower education reduced theirs. Fundamentally, though, it reestablished the basic idea that government policy should universally recognize the positive externalities of raising children—even if the per-child amounts were modest. This was as much a matter of principle (and the accompanying signaling effects) as it was about any specific outcome.

The animating principle of the UCCB was that the nation has a collective interest in producing and raising children but that the costs—including the opportunity costs of forgone income and consumption—are typically

fully borne by parents. There is scope, therefore, for public policy to tilt in favor of families with children to recognize the difference between private costs and social returns. The UCCB became one of the signature achievements of the Harper government's nearly ten-year agenda.

What is interesting is that in its successful 2015 election campaign, the Liberal Party basically sought to relitigate the universal-versus-targeted debate of the 1990s and proposed consolidating federal child benefits, including the UCCB, to establish a new, much more generous, Canada Child Benefit for families under the household income of 190,000 CAD (\$148,869 US). By targeting the distribution of federal child benefits, the Liberals argued, the government could significantly reduce child poverty.

This represented, on the one hand, a significant departure for the Liberal Party relative to its national childcare policy in previous years. The Liberals de-emphasized national child care in the 2015 campaign and instead essentially adopted Conservatives' arguments for unconditional cash transfers to parents. Notwithstanding the renewed political tensions between universality versus means-testing, the Liberal Party was, in effect, drawing from the Conservative playbook on unconditional child benefits.

But the Liberals' Canada Child Benefit rejected, on the other hand, the conservative view that public policy ought to recognize parents and children, irrespective of their circumstances and preferences. Some Liberal policy experts have since argued that the newly configured means-tested benefit was somehow revolutionary, but this is an ahistorical claim. Instead, it marked a partial return to the 1990s repeal of the universal family allowance and a reaffirmation of child benefits as a form of welfare policy.

The case for a more progressive distribution of federal child benefits was nevertheless a good fit for the political milieu. Conservatives were too self-conscious about the politics of inequality to fundamentally challenge the progressive critique of universality. The Liberals therefore not only won the 2015 election but have since implemented the Canada Child Benefit with no sustained intellectual or political alternative from the Right.

The child benefits debate in Canada has now shifted to the supply of affordable and high-quality childcare—namely, how to boost the supply of childcare spaces available to meet demand and to lower costs in major cities. The past experience of advocating for and implementing the UCCB should guide Canadian conservatives and the Conservative Party as they look to challenge and shape this newest manifestation of the childcare debate.

But it can also guide the ongoing child allowance debate for American conservatives—particularly social conservatives, who can understandably feel neglected in the realm of conservative policymaking. The key takeaway is that there is a role for public policy to recognize our collective interests in families and children, and well-designed child benefits can help to close the gap between the private costs and public benefits of raising the next generation. The positive signal that such a policy sends to society can be powerful and may be necessary in an era of declining marriage and birthrates.

Canadian conservatives and the Conservative Party came to accept these insights in response to a unique combination of policy and political conditions. Perhaps now is the time for our conservative neighbors to the south to accept them, too. ■

*The Niskanen Center's Samuel
Hammond and the American
Enterprise Institute's Scott Winship
debate the case for a
"child allowance."*





Family Feud: Child Allowance Edition

AMERICAN COMPASS

The following is a transcript (edited for clarity) of an event hosted by American Compass for its members on February 10, 2021. Samuel Hammond of the Niskanen Center presented the case for a “child allowance” similar to the Family Security Act that was recently proposed by Senator Mitt Romney and Scott Winship of the American Enterprise Institute presented the case against. American Compass’s executive director, Oren Cass, moderated.

Samuel Hammond: I want to preface our discussion with a little bit of politics. As a lot of people know, I’m Canadian, and when I first started at Niskanen, our first publication was “Toward a Universal Child Benefit.” In that paper, we talked about the lessons of conservative politics in Canada for conservatives in the United States.

I lived through the Harper administration, and he was the first person I ever voted for. And in Canada, we had a populist movement that was very similar to the Tea Party. It was called the Reform Movement. It was a libertarian, antiestablishment thing, as much as it was a regional thing. The Western provinces felt as though they weren’t being represented, and it really tore the party apart. It led to the Liberal Party having hegemony for over a decade. And it really only was put back together by Stephen Harper, when he founded the Conservative Party of Canada.

One of the ways they put that party back together was by trying to innovate on what counts as conservative

economic policy. And one of the major things they enacted was a universal child allowance in 2006. The rationale for that was to respond to a more populist movement but also to try to reunite the party around an economic agenda rather than a purely grievance-based agenda. People say, “Why does Canada not have a populist movement that seems to be everywhere else in the world?” Because we already had it, and we resolved it through economic policy rather than pure culture warfare.

The lessons I take from what Canada did also apply here. The Republican Party is going through a lot right now. There’s a big question about where it goes after this. And Trump was by no means a populist in the economic sense. He took a lot of advice from the old-stock conservative guard. But what he did do was open up the window for new thinking and new ideas that have been exemplified by American Compass and elsewhere. And what I most value about what Romney put forward is that, on the policy merits, I think it’s a great idea to enact universal child allowance, but I also think it points a way forward for a more productive, conservative thinking and a 21st-century policy agenda.

One last note on politics: there’s a lot of discussion about trying to build a multiethnic, working-class coalition. And we dig into the literature about why the African-American vote swung Democratic: people point to the Civil Rights Act, which is fairly obvious, but the realignment actually began decades earlier, with the New Deal. Basically what happened was that a bunch of low-information voters looked up one day and said, “Hey, this FDR guy is really making my life better. He’s given my family retirement security. He’s given us unemployment insurance.”

That concept that we want to make the material well-being of people better and use that as a part of our

democratic competition, is really healthy for democracy; if Republicans are serious about making big inroads with the Hispanic vote or the African-American vote, they can't just be bailing out A\$AP Rocky from Swedish jail. They have to start responding to the economic and material interests of the people whose votes they want.

So when we turned to a child allowance, it checks a lot of the right boxes. A child allowance will be pro-work relative to the status quo. I'll save the specifics on that because that might be Scott's biggest point of contention. I also think it's going to be pro-family. You often hear in DC policy circles, "We know the Earned Income Tax Credit has a big marriage penalty, but we'll never be able to fix it because it's just too expensive." If you want to fix it, you have to basically double the values for married families. We hear the same thing about old programs that are clearly long past their due—we can't really abolish it because... *think of the children*. Well, we have thought of the children. And one of the big opportunities for a universal child allowance, especially one that adds to the value of the existing child credit, is to clean up the existing mess. I think of the consolidations that Romney proposed as not just a vague fiscal conservatism. I think it is a part of good governance to look backward every now and then and ask, what are the programs we have, and how can we in a more comprehensive way clean up the system?

On the fertility front, I just submitted the essay that will be running later this month for American Compass's family policy symposium. A point that I made in that essay is that we have a whole apparatus of cost-benefit analysis, and we use that to assess the value of a statistical life. That data will tell you what the value of a life is, but all those statistics are derived from existing sentient human beings. We actually do not in our cost-benefit analysis value the life that can be created. Why? Because neoclassical economics is a subjectivist

paradigm. You have to be a sentient human being to matter. And for that reason, unborn humans only matter insofar as they enter into someone's existing utility function. And I think that's based on a mistake. If the FDA says the human life is worth \$10 million, then creating a new life should also produce about \$10 million in value. These kinds of utilitarian arguments are unavoidable in a modern administrative state, as much as you might recoil at the utilitarianism of it, but the child allowance can plausibly increase the U.S. birthrate and get us back closer to replacement, which is an enormous plus of the program.

Looking forward to the next 20–50 years, it will be important to be acting on this now. Japan is in its 11th year straight of population decline, but its fertility peaked in 1970. So there is an enormous gap between when your fertility peaks and starts disinflating, and when you actually start kicking into true population collapse. So now is the time to act if we're serious about avoiding that kind of future. We should also see the Romney concept—setting aside the specific policy, but the concept of doing something that big and bold on family—as inspiration for developing new ideas in the same vein.

Oren Cass: Thank you, Sam. Scott, go ahead if there's anything you want to follow up with Sam on, or press him on, before you jump into your own comments.

Scott Winship: Thanks, Oren, for having me. I'm very excited to be here.

Sam, I'm definitely interested in hearing more about what you think the biggest pro-work aspects of the proposal are. I feel as though there's been a lot of emphasis on your side, in terms of talking about marginal tax rates and people who are currently getting benefits, that this policy would be pro-work because now they can work

and continue to get the full child allowance. To me, the only thing that changes before and after the Romney proposal is that you get rid of TANF, which had high marginal tax rates, but those marginal tax rates didn't really matter because TANF had work requirements and time limits. Plus, it's a fairly small program these days, versus the rest of the safety net.

You get rid of TANF, and you implement a child allowance, and you still have the panoply of other safety-net benefits, each with its own marginal tax rates. That doesn't change at all with a child allowance. On the income tax side, the credit side, there's been some confusion, at least in the discussion on Twitter, around whether a lot of single-parent families who were working now are actually facing less of an incentive to work because of the consolidation that you do within the Earned Income Tax Credit. So I would be interested to hear what you think are the most pro-work aspects of the proposal, particularly for single mothers.

Samuel Hammond: So as you might have seen on Twitter, there's a whole literature on income effects that is being hotly debated. If you take that literature, it suggests that what we're talking about is in the realm of an hour lost of work per week, which is really the aggregation of some people staying away from the labor force a bit longer after childbirth, some people moving a bit more part-time; overall, that adds up to about an hour.

I am influenced by an event study done in Canada that looked at the before and after of the enactment of its child allowance in 2006. And it was a very analogous situation where they were consolidating a series of nonrefundable tax benefits and rolling them into a flat universal child benefit. And what was observed there was a differential labor supply effect. This is important, above and beyond what happens in aggregate. The differential effects are

particularly important for your core concern, Scott, which is the labor-force participation of unmarried single mothers in particular. And that was what was observed in Canadian single mothers in particular. And what was observed in Canada was that, differentially, never-married mothers and also married mothers increased their work effort, and the main group that reduced their work effort were married women of low education or women without a college degree with a young child at home. So that means that on the margin, the child allowance was effective at triaging resources to different kinds of families in a way that let them use those resources in a way that suited their particular circumstances.

The final piece of evidence in this vein comes from a more sophisticated way of modeling this, which is to build a lifecycle model of maternal labor supply across the entire life-cycle, because often it's the same problem with poverty statistics. We talk about this stuff in point-in-time estimates, and it's important to look across the entire life cycle. What this paper did was to calibrate a model of the U.S. labor market to try to explain why the U.S. has such an unusually large maternal labor-force participation gap. Our maternal labor-force participation gap is 13%, so mothers have a 13-percentage-point lower labor-force participation than non-mothers. Many of the countries in Europe do not have that gap, so the question was, why does the U.S. have this gap? The study calibrated the model, looked at it very carefully, modeled the entire, or most of the, benefit system that we have and determined that relative to Denmark, which was a kind of benchmark case (Denmark has not just no maternal labor-force gap, it actually had a positive maternal labor-force gap), was mostly explained by the U.S.'s dearth of child benefits. So my provocative claim is that income effects are not the same for everybody. An income effect for you and me might be to work a bit less, but at very low income, income effects can potentially even be positive because

of these liquidity and supply constraints where you would go out and hand out résumés, but you need to first have the money to hire a babysitter.

Scott Winship: How applicable do you think the Canadian study is to something like the Romney Child Allowance? It was \$100—much less generous at the time; it's more generous these days, but at the time of the study, it was \$100 a month only for kids, zero to six, I think. The study was done less than three years out, so of course, you could worry that some of the longer-term effects that folks like me are worried about don't kick in after three years. How much do you worry that the Canadian population's a little different? There are fewer younger mothers in Canada versus the United States. There's a whole layer of benefits in Canada that's not here in the United States, beginning with a very generous paid-leave package. It sounds as though you think that it can be applied to the U.S. without too much problem.

Samuel Hammond: I think a lot about questions of external validity. And that's why I prefer looking to Canada or Australia, with similar sorts of Anglo-style economies, rather than drawing lots of lessons from the Nordics or even Japan or the East Asian economies. On a social-policy institutional level, especially in the labor-market level—because the labor market institutions are the things that would have the biggest influence. For example, Canada doesn't have sectoral bargaining. Canada doesn't have 90% unionization penetration. And those things would definitely throw off comparisons with northern European countries. But otherwise, is Canada an exact match with the United States? No, absolutely not. But you'd be surprised. We share a lot of cultural and ethnic heritage. And the big question is not whether to apply 100% credence to the Canadian results, but rather, what is the amount of credence that we should give those results? Is it zero?

I don't think it's zero. The fact that Canada has universal health care: Is that a big influence? I struggle to see how the differences that do exist explain a lot of the socioeconomic differences that we care about, except for a few other margins. So one of the big margins where the U.S. is exceptional relative to Canada is the incarceration rate. And Nick Eberstadt's work on this has been great, discussing the fact that since 1980, we've incarcerated 20 million men in this country, predominantly Black, high school-educated, and that leads to big gender imbalances in the communities that they're drawn from. Those gender imbalances we know lead to lower marriage rates, higher rates of out-of-wedlock birth, and a variety of other pathologies. And I would definitely be worried about applying a big means-tested welfare program and saying to that population, "You don't have to work any more."

And I understand why that unique fact of American history and demographics colors the way we think about social policy. I know that a mentor of yours, Scott, Christopher Jenks's work on the urban underclass was very influential in these debates. And the question I have is, to what extent are we still trapped in the '90s? The number of teen mothers hit a record low in 2019. The AIDS epidemic is a thing of the past. There's a variety of things that influenced the how and why and what that were debated in the '90s that simply don't exist today, or, at least, not to the same degree, and certainly not in my mind as a priority relative to other more contemporary issues, such as the decline in working-class marriage or the fertility collapse.

Oren Cass: Let's use that as a jumping-off point into Scott's remarks. Scott, you can say totally unrelated things or smoothly segue from an answer to Sam's question into other points you want to make. And if you haven't addressed Sam's question by the end of it, then we'll pick it up from there.

Scott Winship: The report has revealed that a lot of people in the conservative world are becoming convinced that declining fertility and declining marriage are such important problems that we need to subsidize parenthood. I reject that premise, but that's not what gets me worked up about the Romney proposal. I'm most concerned that this is a proposal that potentially could have long-term negative consequences on poverty and opportunity for people who have less resources. I'm not concerned about whether middle-class couples with \$70,000 decide to become one-breadwinner, one-worker families. I'm focused on the bottom. And there, we have to acknowledge that subsidizing parenthood also means subsidizing single parenthood, including families with no workers. And that has the potential to worsen entrenched poverty. That is one of the real lessons from the 1990s, when we had policy successes there that have been forgotten.

Single parenthood has soared over the years while poverty has actually declined quite a bit. Maybe we can talk about that later on. Arguably, that emerges as a much more pressing problem. In 1970, 5% of kids were living with a single parent. Today, that's true of 25% of kids. In 1970, if you look at the bottom fifth of the education distribution among women, the share of births for single mothers in that group went from 20% in 1970 to about two-thirds today. Those trends have gotten a bit better in the last ten or 15 years, but they're still super-elevated even as we've reduced poverty quite a bit.

I've gotten a lot of questions on Twitter about what sort of evidence I base my fears on. So before I get to that, the one thing I'm not going to do is to say, "The evidence is so clear-cut in my favor that we all ought to know that this proposal is a bad one." If I could, I would, but the evidence isn't that clear. And there's a lot of ambiguity about the behavioral effects that are involved here. There are good

studies on both sides of these questions. And I think only one side is really getting an airing.

I tend to draw my conclusions, first, from evidence from the state and federal welfare reforms of the '90s. If welfare reform increased work among some single mothers, that means that had welfare reform been repealed, there is a group of single mothers who would have gone back to AFDC, the old welfare program—they would have preferred doing that. The return to AFDC in that sort of hypothetical situation is sort of like the introduction of a child allowance. It's not as attractive as a child allowance, but even though it's not as attractive, there still was a group that would have been induced to move back.

There've been a handful of studies on this that have tried to tease out the effects of welfare reform versus the Earned Income Tax Credit expansion and work requirements. The best one I've seen is a study by Hanming Fang and Michael Keane in 2004. They found that between 1993 and 2002, work participation increased by 11 points among single mothers and that for welfare reform work requirements, time limits were specifically responsible for three points of that increase. That may not seem like a lot, but for reference, from 1977 to 1993, labor-force participation among single mothers rose 3%. You have to go back to 1977 from 1993 to get there. And it never rose that much again from 2002 onward. It also didn't fall back to its 1996 levels.

Another set of important studies that are relevant are the negative income tax experiments that were done mostly in the 1970s. And negative income tax essentially is a guaranteed benefit. It gets reduced steadily as people work more, and it's taxed away and it has a high tax rate, but it was still lower than the tax rates if you went to work on AFDC, so it was a work incentive. And people hoped that more people would work as a result of that. What happened instead: single mothers reduced hours

by roughly 15%. It would probably be larger had it been a permanent program because all the participants in the experiment knew this thing was going away after three or five years. So you can imagine that if it had been a long-term program, the effect might've been even bigger. There was some debate about whether those numbers were overstated, but they were compared with unemployment records after and single mothers were reporting their hours pretty accurately.

The third paper I would cite is Hilary Hoynes and Diane Schanzenbach, who in 2012 wrote a paper looking at the impact on work among single mothers when the food-stamp program was rolled out across the country in the 1960s and early 1970s. They found that among single mothers, the rollout of food stamps reduced hours of work by 500 hours a year. So that's like 20 weeks of full-time work. They also found that the employment rate fell by 25 percentage points.

So these are three examples. They're not the final word, by any stretch, but to cite the evidence from National Academy of Sciences report that found that it was going to affect work by a week or whatever it was, or a few hours: that's one study among many. We need to embrace the ambiguity of the evidence here. So what do we do when we've got ambiguous evidence? A lot depends on how we think the current policy regime is doing in reducing poverty. I think it's doing really well. And it depends on what the alternatives are to doing something like a child allowance that could have big negative consequences. There, we've got a bunch of other ideas that wouldn't risk some of those unintended consequences. So I'll just stop there.

Oren Cass: Perfect. Thanks, Scott. Sam, I'll give you a chance to lob one more question Scott's way, and then we will open it up to the crowd.

Samuel Hammond: A quick rebuttal: So, the negative income tax studies, if I have my history right—the ugly results that came from those were in part responsible for killing Nixon’s family assistance plan. And I hope that they don’t kill this 40 years later because they’re not that germane. We can debate whether a universal child allowance enacted in Canada has external validity to the U.S., but the past is also a foreign country. And urban poverty in the 1970s is not the same as looking at the entire United States, nor is a negative income tax that pulls you up to 100% of the poverty line and then phases out at a rate of 50% to 80% comparable with a universal flat allowance that is much, much less than even half the poverty line. The poverty line today for a family of three is about \$20,000. So in that NIT program, in real terms, there would have been families being given \$20,000 a year, and losing 80% of it with every dollar of earnings. I am fully prepared to accept that that will definitely discourage work, both through income and substitution effects.

The NAS didn’t do any novel modeling for its report. It instead did a comprehensive literature review on income effects and then just took the consensus estimate and applied it mechanically to the U.S. population. So when you say that it just had one number, in fact, its number was basically a meta-analysis of what the consensus estimate would be.

You say that promoting childbirth, or parenthood per se, is not a goal of yours. This does bring in one tension that exists for social conservatives, and pro-life conservatives in particular, which is: I cite a survey in my paper from Guttmacher that shows that 28% of women who have an abortion say that financial insecurity is a key reason. And for those women who are on the fence, is the trade-off for keeping that child but having that woman have an unplanned birth and probably not have a father in the household: will that produce worse outcomes for that

child? I personally think not existing is an even worse outcome. So I just would like you to address that tension.

Scott Winship: The tension about affordability and its impact on the abortion rates? Is that the question?

Samuel Hammond: Yes. Setting aside “what are the aggregate impacts of this?” We do know, in a narrow set of cases, for this to have pro-life effects, that there will be women on the fence who decide to have a child as a never-married mother. How do you deal with that tension?

Scott Winship: I may be mushier than a lot of folks here on abortion. But the other thing I guess I would say is if we’re trying to figure out how to rank social problems these days, abortion rates today are actually lower than they were when the *Roe v. Wade* decision was handed down, which is pretty remarkable. So by historical standards, the abortion story is a great success, I think, for the pro-life movement. Going back to having to value statistical lives and make hard trade-offs, there is no getting around some of these trade offs. And I personally am more focused on poverty and opportunity for the kids who are born. Certainly a policy that produced fewer abortions is to be preferred, but the story on abortion trends is just way more positive than the story on single parenthood trends, for instance.

Oren Cass: I could just let you guys go back and forth for the whole time, but then everyone else who joined would get mad at me. So we’ll open it up now. The floor is now open for comments, questions, angry asides. Really, we will take it all. Scott, you remembered the other thing you wanted to say?

Scott Winship: About how applicable the NIT experiments are: so the point isn’t really what the NIT’s phase-out is

versus the fact that the child allowance doesn't have a phase-out. What you need is to compare—in the one case, the NIT experiments, you had the phase out for the NIT versus the alternative, which was the phase-out for AFDC and anything else they were getting. That really is comparable with today's situation, where if you have the Romney proposal, you would still have the phase-out of the existing social safety net, the panoply of programs that have those phase-outs. Those don't go away unless Senator Romney is going to abolish SNAP, versus what all the phase-out was before the child allowance was introduced. So I think that Matt Bruenig [of the People's Policy Project] has done nobody any favors by making silly charts that have obscured that these really are worth comparing.

Question: I've got a question for both Scott and Sam. Should we include, in a child allowance payment, the work and other social requirements that are required by TANF, SNAP, and other federal welfare programs? Why or why not?

Scott Winship: I am a big fan of work requirements. I certainly wouldn't want to abolish TANF and replace it with a child allowance that had work requirements. But what I would do is not have a child allowance. I would boost benefits within the existing safety net and make them more generous, but I would pair them with more work requirements in existing programs like SNAP and housing subsidies. And then, you've reduced poverty by lifting some people who don't work and who stay on these programs, who have profound challenges themselves, who are new mothers, whom we don't want to necessarily push into the workforce. At the same time, we can promote work through work requirements, through an expanded EITC. I think that's a great example where there aren't nearly as many downsides there as you have with the potential of folks moving with a child allowance from work. It made sense to do before, but

under whatever calculation they have now, it no longer makes sense.

It's surprising that more people aren't thinking about that as a serious effect of some of what Lyman Stone published this morning, for instance, on marriage or fertility. Some people are going to choose to be in a married family under the current policy. But with a child allowance, there is a group who are going to choose to become single parents instead. And that's a fundamental issue with a child allowance, with the magnitude of the effects being, obviously, very much up in the air.

Samuel Hammond: In the abstract, I do not think you need work requirements with a child allowance for the very reason that they're flattened and not exorbitant. It's difficult to live off \$250 a month. But on the normative side, because that's how you framed the question, I do absolutely agree that reciprocation is an important concept for benefits of all kinds. This notion of contribution and having some level of putting in what you're getting out: on the technical side, I don't think they're necessary, although I understand why there is an intuition to have some level of reciprocation and some kind of work-activation requirement.

If you want to do that in a way that modifies the Romney proposal, that's quite feasible, particularly because it would be done through Social Security. Many Social Security benefits are tied to work history and having sufficient work history, a given number of hours out of the previous year. If you attached receipts of the child allowance to having some minimum number of hours worked in the last 24 months, and you could divide those hours across either spouse, that could work. I don't personally think it's necessary, but that would be a reasonable compromise and also something that would instill the sense that these benefits are, on some level, contributory.

Why don't I think we need work requirements? Partly because there are really two ways you can go about removing work disincentives from a program. One is to take a highly means-tested program and attach time lines and work requirements. The other canonical way is to extend benefits up the income scale. And we're kind of taking that latter approach. One reason that I think AFDC led to so much dependency is not just the cash assistance and not just the phase-out but also the extent to which welfare programs can often be a lobster trap, in the sense that it's something that you can enter quite easily but is much more difficult to get out of. And Scott might have a familiarity with this in the context of SSDI, to the extent that SSDI serves as an unemployment insurance program of last resort. That's not good, because these people might be able-bodied, but because of the dearth of other sources of income security, they turn to disability insurance instead.

I think there's good evidence that states with more generous unemployment insurance programs also divert people from turning to those alternatives. One hope would be to have the universal child allowance be a way of diverting parents who have a cash-flow problem from being funneled into a system that treats them as if they are poor, in the richer sense of the term. Doing so, again, puts them through that lobster trap: once you enter, it's more difficult to leave. When you get into TANF, you're not only getting cash benefits, but you might also get expedited access to SNAP, to housing assistance, to CCDF, and to a variety of other programs that have even steeper benefit cliffs. At that point, you've become ensconced in an entire bureaucracy that's difficult to escape.

Question: I have a question for both of you on the point you just raised about what you see as the value of a proposal like this, of building a sense of commonality among the public. So the commonality is that you are a parent and therefore merit societal support and encouragement,

versus you fall above or below some bureaucratically determined level of loser-dom. I don't have a sense of what the literature says about the benefits of that aspect of this discussion. I'd be curious to hear your thoughts.

Scott Winship: It's a good question. I think it probably is more inclusive, as a policy, than paternalism, for sure. I don't think anybody loves paternalism, even the paternalists. But this is another one of those '90s differences, where the less paternalistic you get, it unfortunately opens up more possibilities, that a lot of people are going to make less than optimal decisions. I know that's heresy, probably, for the more economics-minded folks who have been debating this, who are talking in terms of models. But there's no value judgment there, right? I'll plug a fantastic program called Ready4K that basically sends text messages to the parents of incoming kindergartners in San Francisco. And it says things like, when you give your kid a bath, try to point to all the things in the tub that start with H. Those parents are not doing anything other than signing up for the program because they want to be better parents and this gives them more useful information to do that. So I don't think it's any sort of value judgment to say that sometimes we do need to help folks make better decisions. But it is inherently less solidarity-nurturing than something like a child allowance.

Samuel Hammond: The way I think of this might be too simplistic, but just as a mental model, I think there are two broad paradigms. There's the FDR New Deal: we're going to construct a set of broad-based social insurance programs that will form the foundation for a robust middle class. And then there's the Great Society Johnson War on Poverty paradigm, which is about addressing poverty per se and very focused on the distributional tables and therefore very focused on means-testing and done so in a way that's resigned to the existence of a very bifurcated society. One of the ulterior motivations

for doing something like the Romney plan is to begin to unwind some of the mistakes we made in the Great Society Era and that entire paradigm.

That paradigm is one that sets up parallel sets of institutions for different folks to become acculturated into, and also one that leads to professionalized bureaucracies. So we have a lot of discussion these days on the right about the professional managerial class. Michael Lind will tell you that the Yale law professor and the social worker are in the same social class. In some sense, they are, and if you really want to go to war with that paradigm, you have to find substitutes because we've been trying to clean up these programs for decades, as Scott noted, and the welfare state hasn't shrunk very tangibly. What is it about the welfare state that we don't like? Is it Social Security or Medicare? Because I hear that we want to get our government's hands off those things. It's really the very paternalistic, technocratic, holier-than-thou regime that we dislike, not government as a percent of GDP.

Oren Cass: Something I'm struck by, in contrasting the focus on all the econometric studies here with a lot of the more fundamental and normative arguments that you make, is how much the income effect and work effort actually determine your point of view on the policy. So at the risk of you saying, "I refuse to answer hypotheticals," I will pose a hypothetical to Scott: Stipulating that it was clear there were no negative income effects here, that there's actually a great economic literature that you thought addressed the situation to your satisfaction, would that change your view of the child allowance, or are there other things that would lead you to say, you're still opposed? And conversely, Sam: If there were compelling evidence that you found persuasive that there is a strong income effect here, would that change your view, or would your perspective still be, that's a bullet I'm willing to take because I still think the benefits

outweigh the costs?

Scott Winship: Without an income effect, there still could potentially be bad substitution effects, and I'm still a little bit confused about how the change to the EITC would actually affect work. Essentially, if you've increased the cost of work because of what you've done to the EITC, that can also cause an employment effect. If we stipulate there aren't any employment effects, I think I would be more supportive, although I don't love the idea of people who make six figures getting \$12,000 from the government for their two kids. I think we live in a world of limited resources, and our deficits are out of control. Everybody thinks it's not a problem now because interest rates are still low, but it'll become a problem at some point.

Samuel Hammond: It is a genuine market failure that capitalist economies don't pay a parenting wage, and on some level poverty, at first blush, is an arithmetic of having dependents with a fixed income. That said, regardless of what negative employment effects there are—and I think this about employment policy more broadly—if we really care about maximizing labor-force participation, and I'm not sure that should even be a goal, but if that is the goal, the way to do that is through active labor market policies that subsidize people into work, that provide things like free or reduced-price childcare. That's one reason that you look abroad to other countries that far and away have more generous programs than the U.S. for the low end, and they often have significantly higher labor-force participation.

It's not because they didn't have \$600 UI; it's because they had other programs that push people into work. So on a counterfactual level, I already accept your challenge, Oren, because I'm very much opposed to this massive industrial policy for childcare that's coming down the pipeline partly because it empowers a profession-

al managerial infrastructure. But if all you care about is single mothers working, we're in for a treat because there's going to be an awful lot of subsidies to get those parents into work.

Scott Winship: I think there's been a weird quality to the debate since the proposal was released, which was: either you support Senator Romney's idea, or you don't think it's important to reduce poverty among kids or care about kids at all. We need to be cognizant of all the ambiguity around what could happen. We need to not mess up an antipoverty policy that's worked pretty well for the last 25 years. We also need to acknowledge that we are not doing so badly. The National Academy of Sciences report said that in 2013, 12.5% of kids were poor in the United States. That was lower than the 13.5% in the UK, and a bit higher than the 10.3% in Canada.

Poverty was lower in Australia and Ireland, although the share of kids living under 150% of the poverty line is lower in the United States than it is in Ireland. Poverty among kids of single mothers has declined steadily since the early 1980s. What's more, it's been a triumph of work. There was a Congressional Research Service study that found that if you calculate the poverty rate for single mothers in 2013, and you include unemployment insurance as the only transfer that you count as income, poverty was lower for single mothers in 2013 than it was in 1996 if you count every cash transfer program then as income. So you don't even need to get into the SNAP expansions or the EITC or any of that. It's been a real success that I think is unacknowledged. And the Gen X-ers need to remember and start talking about it more.

Samuel Hammond: For my concluding thoughts, anyone who is interested in this Romney proposal, please reach out. It's not the final iteration by any means. There will be future chances to change the specifics. I also think that over the next year, this Biden credit is going to pass

one way or the other. And as Scott mentioned, it's only for one year, and it's going to be setting up a very ugly annual battle that's going to put Republicans on the side of voting against money for families. So we have a year to figure out the alternative and to think it through, once we've crossed this Rubicon and are giving fully refundable credits to low-income families. If we see in a year's time that the sky didn't fall, and we didn't have a new crisis of illegitimacy and just dis-employment, we have to start to reflect on our prior assumptions. Maybe something has changed or maybe things that we thought were true, were true for different reasons than we realized. We should update our beliefs accordingly. ■

*Writers and analysts from
across the right-of-center apply a
family-focused lens to contemporary
policy challenges.*





7 Proposals to Make America More Family-Friendly

AMERICAN COMPASS

Conservatives remain united in their support of the American family yet divided about how best to turn that support into effective policy. While the public debate is critical, it centers on a few policy ideas, such as child allowances, paid leave, and subsidized childcare. However worthwhile such ideas may be, it is incumbent on policymakers to think more holistically about the challenges families face and the reforms needed to address them.

This forum attempts to broaden the scope of the debate with a discussion of what constitutes family policy and which levers best support working families. It gathers writers and policy analysts from across the right-of-center to apply a family-focused lens to policy challenges from health care to housing, taxes to education. The proposals offered here reflect the wide range of conservative opinions and priorities and aim to move the public debate on family policy forward.

Building Better Foster Homes

Naomi Schaefer Riley, American Enterprise Institute

Regularly lost in the debate over family policy are those children separated from their families or without a permanent home—namely, the hundreds of thousands of American children in the nation's child welfare system.

Last year, the federal government reimbursed states \$5.2 billion for children staying in foster care. Critics of the system frequently point out that “you get what you pay for”—that is, paying states for nights that kids spend in foster care will only lead to more kids spending more nights in foster care. Instead, they argue, we should focus on preventive services to keep families together or to ensure that they can be reunified as quickly as possible.

But taking money away from foster care in order to spend it on programs—only a few of which are proven to work—would lead to a decline in the number and quality of foster homes and risk placing children into worse settings. In California, for instance, taking money away from group homes has led to more children being placed unnecessarily in juvenile detention or psychiatric facilities. Putting the squeeze on foster-care dollars will only create worse outcomes for children.

Over the last three decades, the population of children in the U.S. has grown by almost 10 million, and the amount of federal dollars spent on foster-care maintenance payments has more than tripled. Yet the number of kids in foster care has actually remained fairly steady—between 400,000 and 570,000 at any point in time over the past 30 years. The number of kids in foster care and the number of nights they spend there are therefore not necessarily a factor of money spent. Rather, there seems to be an artificial ceiling on foster care: there are only so many available homes. Once states reach that threshold, caseworkers must place kids in group homes or hotels or office floors until something else becomes available. Or caseworkers should simply put a limit on children being removed from their families, even if they are at risk.

What these children and their caseworkers need are more options. Not every foster home is right for every child. Some families can take babies. Some can

take children with medical needs. Some have room in their homes and their hearts for sibling groups. But because there is almost always a shortage of homes, caseworkers must constantly push square pegs into round holes. Children thus often get moved into several different placements, a traumatic experience that can not only affect children's well-being but can make it harder for them to reunite with family or be adopted out of foster care.

To improve foster care, we should start paying states to create more options for more kids. Instead of removing seats in a high-stakes game of musical chairs, we would be adding them.

Though it may seem wasteful to outside observers, we should be paying states to have a certain number of empty foster beds, in homes that will take every kind of child and even multiple children when necessary. As a national faith-based campaign has put it, there should be "more than enough foster and kinship families for every child to have an ideal placement."

We should also invest in the resources to monitor and improve the foster-care system as a whole. Recruiting, training, and retaining stable foster parents has proved to be a fundamental challenge of the system. Currently, about half of foster parents quit within the first year. The challenges are compounded by a lack of basic information. The federal government currently doesn't keep track of how many foster homes are licensed in each state, and many states are in the dark themselves.

We should be collecting these data and tracking which local private and public agencies do a better job of recruiting and training quality foster parents and how they do so. Publicizing this information and sharing best practices with other agencies might improve recruitment messaging and support

for stable foster parents who are more likely to be engaged for the long term.

If we want to support all American families raising children, we must spend our federal child welfare dollars wisely by rewarding states that recruit, train, and support stable, middle-class families who are willing to provide a long-term home for children without one.

Creating Flexible, Family-Friendly Schools

Catherine Ruth Pakaluk, The Catholic University of America

School choice policy has come a long way since Milton Friedman's plea for universal vouchers in 1955. Today, 28 states plus DC and Puerto Rico employ a range of vehicles to provide public funds for education, ranging from tax credit scholarships to cash vouchers. Yet the vast majority of such programs are minuscule, and policymakers still see education policy as separate from family policy. This is a huge mistake. K–12 education is the single greatest family policy lever at our disposal.

Why?

First is logistics. Ask any working parent, especially a mother, what it is like to juggle work and school schedules that never align over all the seasons of the year. Nothing in recent memory has illustrated the inflexibility of public schools like the COVID-19 pandemic. School choice has the potential to explode the rigid, Borg-like public options on the table, in favor of “small batch” schools that meet families’ needs better.

Second is affordability. Many young couples, because of the poor quality and culture of public schools, want to give their children an alternative education. But private schools range from \$5,000 per child per annum to well over \$20,000. Public schooling is just as costly, but the costs are implicit in the form of capitalized property values. Families may feel compelled to handle the costs by having fewer children than they want—a tragedy of poorly designed policy. Instead of relieving families of a sizable cost-deterrent, wasted education dollars foist new ones upon them.

Third is meaning. Parents toil at their work to provide a better life for their kids. Education is crucial to that goal. Schools connect the work of parents to rising opportunity for their kids. Unfortunately, with the exception of wealthy Americans, working parents have no agency over the direction of their kids' futures and have been robbed of an organic part of the meaning of their work.

We can and should reform our education system to better support working families. Every education dollar we allocate on behalf of every working parent should be at her own disposal to make a better life for her children, drawing on the social trust she has accrued through her hard work.

Education Savings Accounts (ESAs) are the best vehicle for such flexibility and choice. ESAs are accounts funded by states, owned by parents, and administered by third parties for the purposes of education-related spending. The idea is to expand education options for families by providing additional funding for children's education expenses over and on top of what they are currently entitled to receive in local public schools.

Policymakers should establish a ten-year federal, universal ESA program that transitions to universal

state funding at the end of the ten years. Contributions should be in the range of 80%–120% of current average per-pupil spending in states. With a national average around \$13,000, the low end of this range suggests a \$10,000 per-child per-year contribution. Dollars should be broadly applicable not only for schooling but for any expense reasonably related to schooling, including supplemental programs, private or parochial schools, home education, enrichment classes, extracurricular programs, therapy, and so forth. Families who economize can roll over unused portions and accumulate the balance for college tuition. For a family with three or more children, these payments might be large enough to enable a parent to leave the workforce and educate her children at home.

Beyond immediate flexibility for parents, the decade-long program would give state government and school systems time to transition from their current funding structures to one organized around universal, state-funded ESAs. Families and communities would likewise have a decade to build new schools and programs with federal ESA dollars, injecting funds into the education economy and seeding new innovations.

The program would cost an estimated \$750 billion per year over ten years (if ESA contributions average \$10,000 per child per year) or about ten times the current budget of the Department of Education. But it would expire after a decade, with the promise of a substantially reduced department thereafter.

At the end of the decade, the landscape of schools would likely be very different from what we have today, and the landscape of American family life will be vastly better and more optimistic.

Making Room for Families to Live

Salim Furth, Mercatus Center

Where do families want to live? Urbanists will point out that the high price of housing in walkable city neighborhoods indicates that demand is especially high. Suburbanists will note that very few families live in those places and that most new houses—even during the urban renaissance of the 21st century—are built at the suburban fringe.

What neither group is happy to admit is that families can thrive in all sorts of environments—but only if they can afford to live there. High housing costs can reshape young adults' lives. In the costliest cities, the price of housing is discouraging marriage, delaying fertility and homeownership, and driving families away.

The main obstacle standing in the way of affordability is regulation that creates artificial scarcity in desirable locations. Study after study confirms that the Econ 101 model of supply and demand basically works for the housing market: more supply lowers prices. I use the rule of thumb that a 3% increase in the housing supply lowers rent by 2%. It doesn't especially matter how the new supply arrives—luxury or affordable, single-family or multifamily, in quaint town centers or on sprawling cul-de-sacs.

Housing supply is mostly dictated by local land-use regulations. These regulations not only prevent paper mills and big-box stores on neighborhood streets; they also dictate a narrow range of approved activities on each lot: offices here, retail there, one-family houses here, two-family houses there. The result is that disfavored land uses, especially cheaper types of housing, get squeezed.

In many places, zoning is openly hostile to families with children, since they are perceived as a fiscal cost. Getting apartments built is easier if the units are small enough to preclude families. My hometown of Milton, Massachusetts, for example, has zones where it allows multiunit buildings—but only if those are restricted to “the elderly” and thus kid-free. And my current Maryland suburb was recently under a construction moratorium because the schools are desirable and crowded. (The moratorium was ineffective: 70% of new schoolkids are in families like mine, who buy homes in empty-nester neighborhoods.)

In addition, each “zone” in a community typically has a minimum lot size, which requires that every house lot is above a certain size. This has two effects: it boosts prices and, more importantly, puts an implicit cap on the number of households that can live in each neighborhood.

High housing costs cut through the city vs. suburb arguments: when most neighborhoods are out of reach, a family chooses where to live based mostly on its budget, not its preferences. Regulatory reform can break through and allow far more families in the nation’s priciest cities to really exercise choice over where they live, even if that’s as simple as cutting down a commute so that everyone’s home for dinner at six.

The best regulatory reforms vary by context. In growing suburbs, the highest priority for achieving broad affordability is decreasing the minimum lot size. In cities and established suburbs, the highest priority is allowing apartment buildings in the four- to eight-story range.

Suburban policymakers can further support a growing population of young families by ensuring that their towns work with developers to reserve land for schools, paths, and playgrounds in the midst of growing

neighborhoods. In cities, well-maintained sidewalks and safe crossings are equally welcoming to wheelchair users and stroller pushers.

Family-friendly housing policy means meeting basic needs first: allowing builders to satisfy the need for affordable, stable homes with reasonable commutes. If an area's average rent or home price is above the national average, it's likely that many middle-class families are living where they can afford, not necessarily where they want.

The first step to creating and preserving family-friendly neighborhoods—urban or suburban—is to get home prices within reach for working families.

Insuring Health Care for Working Families

Robert Orr, Niskanen Center

The American health-care system is far from family-friendly. One feature stands out: employer-sponsored health insurance (ESHI).

More than half of Americans (56%) are covered by ESHI plans, which they can receive tax-free. But attaching health insurance to employers creates unnecessary headaches for working families.

Loss of a job can mean losing coverage. An employment-based system is especially hard on low-wage and blue-collar workers, whose employers are less likely to provide health coverage.

Moreover, workers cannot take their insurance with them, making job changes difficult for families with high health-care costs. A lack of alternative health insurance

options may reduce job-switching by 15%–25%. Families are denied the opportunity to shape coverage according to their needs, effectively undercutting what would be a key benefit of our private-dominant model. Instead, these decisions are overwhelmingly made by employers and government.

Even when families manage to maintain coverage, they're shuffled between sometimes a dozen or more different health insurance plans over a lifetime. This creates obvious headaches—additional household paperwork, unexpectedly large bills due to coverage unfamiliarity—and needless administrative waste. Almost 9% of U.S. health-care spending goes toward insurance administration, roughly three times the average among rich OECD countries.

ESHI's fickleness makes childbearing more difficult, too. Prospective parents are highly sensitive to child-related health-care expenses, timing fertility in line with expectations of health coverage generosity. During the five-year RAND health insurance experiment, women assigned free medical care experienced 29% more births than those assigned to a high-deductible plan. That eye-popping headline needs a bit of unpacking, though. The majority of this impact is attributable to families speeding up their fertility timetable to take advantage of childbearing effectively being "on sale." Such sensitivity suggests that ESHI remains a frequent source of discouragement. For many parents, what was originally intended as a temporary pause in childbearing plans can often become permanent. Indeed, disruptions to ESHI coverage likely help explain why fertility declined more sharply in the wake of mass job loss in the United States than in Europe during the Great Recession.

It doesn't have to be this way. ESHI was not a conscious policy decision but an attempt to work around war-era

wage controls by providing workers with benefits instead.

Yet rather than address the problem, American policymakers have created a complicated patchwork of government programs—including Medicare, Medicaid, CHIP, COBRA, the Veterans Health Administration, and the ACA exchanges. Still, about 8% of Americans remain uninsured.

Replacing our broken employer-centered system with one that puts families first should be the goal. One straightforward solution should appeal to conservative policymakers: require all insurers to provide a basic insurance plan that would provide families with protection against serious financial risk as well as basic preventive care against sickness.

Government would pay a substantial share of the premium for this basic plan, and copays and deductibles would be kept exceedingly modest, reflecting that even the poorest would be expected to purchase and use this basic medical coverage.

The bulk of financing would be contributed through folding in the various federal health insurance programs, subsidies, and tax advantages, apart from the VA and Medicare. Children would be included in their parents' plan at no direct cost, achieving cross-subsidization from the childless to families. Employers would be free to finance supplementary coverage for their employees but would no longer receive any tax breaks for doing so.

The Netherlands provides an illustrative example of how this might work in practice. In 2006, a conservative coalition led by the Christian Democratic Appeal Party implemented a reform along these lines. The Health Insurance Act provided every citizen with a family-centered private insurance plan, abolishing their country's Medicaid equivalent in the process.

Dutch insurers are now required to offer the “basic package,” a bundle of essential health services covering primary, specialty, emergency, and pharmaceutical care. Beyond this “basic package,” plans are highly customizable, offering the option to obtain coverage in areas such as contraception, physical therapy, dental care, and countless other areas. And 84% of Dutch people purchase complementary coverage, illustrating the extent to which the “basic package” is genuinely basic.

As a result, the Netherlands’ high-performing health-care system is aggressively pro-family and exemplifies a number of conservative ideals. Children are included in their parents’ plans at no additional cost. Families with religious objections to insurance may opt out and instead receive periodic contributions to a health savings account. It is entirely privately managed. Consumers have substantial choice, both in terms of plan details and providers.

The Dutch example provides just one workable model for family-centered health reform but certainly not the only one. Placing family concerns front and center, conservatives and other family advocates should advance a health-care agenda that overcomes the dysfunctional status quo. And they can do so without adding to the existing web of patchwork programs or succumbing to unworkable solutions.

Setting a Goal for Family Support

Gladden Pappin, University of Dallas

The current debate on child benefits, galvanized by Senator Mitt Romney’s Family Security Act, has given conservatives the opportunity to change their approach to pro-family policy—away from old-style reformist tax credits and toward direct payments, away from

remedial welfarist approaches and toward affirming the American family.

While much energy has been expended on Senator Romney's proposal, it is time for conservatives to look beyond discrete proposals and to approach family policy as an orienting goal that can enable other political goals and as an investment in the nation's long-term prosperity. Long-run economic growth is wholly determined by growth in the labor force as well as technologically induced productivity growth.

As a first step, conservatives should set a clearly defined goal for national spending on family support: one dollar in 20, or 5% of GDP. Since federal programs tend to expand over time, providing a goal for spending will be essential for prioritizing and consolidating established programs. But it may also prove essential for policymaking, setting both a target benchmark and purpose around which to reorient and expand existing spending and to craft new programs.

In my 2019 proposal with Maria Molla under the name FamilyPay, we proposed a generous direct family benefit of approximately \$500 per child per month across the board. We suggested that, as family size increases, more of the benefit be provided as "CarePoints"—a card tied to family- and home-related expenses.

Once a form of direct family payments is in place, the One Dollar in Twenty Plan could add the following programs:

- **The Baby Loan.** Married couples expecting their first child should be entitled to a \$20,000 interest-free loan from the U.S. Treasury on goods and services tied to child-rearing and homemaking. A couple expecting second and third children should be eligible for additional \$10,000 loans. After the birth of the third child, the entirety of the loans should be written off.

- **The American Dream Bank.** Married couples with two minor children who are buying new or existing homes and meet credit requirements should be eligible for an interest-free loan up to a maximum amount of 40% of the conforming loan limit. The loans should be administered by a national family investment bank backed by the Federal Reserve. Such a program would help iron out the intergenerational inequalities in the housing market that currently prevent young people from forming families.
- **A Fuller “FamilyPay.”** In order to make robust family life a reality for more families, parents should receive double the amount of the Family Security Act’s benefit, but half the benefit should be an unconditional cash payment while the other half should be restricted to eligible home, family, and educational expenses via a “CarePoints” system. By tying CarePoints expenditures to domestically manufactured products, the program will help reorient American manufacturing around the family home. Products for which no domestic manufacturing exists could be imported or subsidized.

A version of the One Dollar in Twenty Plan is already being implemented in Hungary, which aims to spend one dollar in 20 on family support—and includes forgivable loans for expectant parents, home purchase assistance, and direct family payments. If the one-in-20 amount seems out of reach in the United States, it shouldn’t be. Per-capita GDP in the United States is four times that of Hungary.

If any government can support the family in a robust manner, it is ours.

Taxing Families Like Companies

Jon Schweppe, American Principles Project

If families are people and corporations are people, it stands to reason that families should be allowed to incorporate and file their taxes accordingly.

The benefits to incorporating are fairly obvious: corporations are taxed on their net income, and they enjoy a lower tax rate. Families, on the other hand, pay taxes on their revenue. And while families enjoy a few miscellaneous deductions and credits, they largely miss out on the good stuff. Corporations get to deduct nearly all capital expenditures; families receive no direct tax benefit for feeding their kids, purchasing clothes, buying a minivan, filling that minivan with unleaded gas, homeschooling or other education expenses, fixing a furnace, upgrading technology, or even moving to a safer neighborhood. If a corporation can demonstrate a net loss on the year, even due to its own aggressive spending habits, it doesn't pay taxes. If a family loses money, the tax code doesn't care.

As a result, families pay a disproportionate share of federal tax receipts. In 2019, individuals paid just under 70% of all federal taxes, while corporations paid just 25%. Take payroll taxes out of the equation, and those numbers become even more lopsided: individuals paid nearly \$1.6 trillion to the federal government while corporations paid about \$226 billion.

This is not to suggest that corporations should be taxed on their revenue, or that we should dramatically increase corporate taxes. Lower taxes and reduced regulatory burdens can, at least in theory, encourage capital formation. So if Republicans are so eager to pass a \$1.7 trillion, unfunded corporate tax cut on the belief that it would spur business investment, as they did in 2017, shouldn't they be willing to consider a

similar approach to other forms of capital formation—namely, human capital formation?

We are in the midst of a fertility crisis, which only worsened during the COVID-19 pandemic. The U.S. has already reached an all-time low fertility rate of 1.71 births per woman, and the Brookings Institution estimates that there will be a “baby bust” in 2021 of at least 300,000 fewer American births. The long-term effects of such a decline in human capital would be far-reaching. Shrinking populations don’t often lend themselves to growing economies.

Financial pressures are one of the main addressable sources of the crisis. As American Compass’s recent Home Building Survey showed, half of parenting-age adults want more children than they currently have. And for all but the most well-off, these parents cite the inability to afford more children as the primary reason for this deficit.

If we were to find a similar impediment to the formation or growth of American businesses, wouldn’t we do something about it? Wouldn’t we have done something already?

We could create new deductions or expand existing credits to attempt to level the playing field between corporations and families. Options include boosting the Child Tax Credit, reworking the Earned Income Tax Credit, extending the Child and Dependent Care Tax Credit beyond two dependents or above the current \$6,000 cap, or even expanding the scope of 529 savings accounts to include all K–12 schooling options.

Or, we could go big and allow families access to the same tax treatment that Amazon and General Electric enjoy. Instead of a Child Tax Credit, let families write off their grocery bills. Instead of deductions for mortgage interest that kick in only if tax filers earn enough

income to itemize, let families deduct all housing costs. Instead of an inadequate childcare deduction, let families deduct the entire expense. Why not? Families are corporations, my friend.

For decades, supply-side ideology has led Republicans to cut taxes and regulation on behalf of corporations. Now, as financial pressures constrain the supply of future Americans, we should embrace supply-side *oikonomics* and let families incorporate.

Making Young Men Marriageable

W. Bradford Wilcox & Peyton Roth,

American Enterprise Institute

When it comes to the relations between the sexes in America, a lot has changed since the 1960s. But at least one thing has not: the vast majority of women still prefer to marry a man who is a decent breadwinner.

Unfortunately, a growing share of men without college degrees no longer meet this bar. With few “marriageable” men employed in the kinds of decent-paying occupations that make them attractive as potential husbands, marriage has slipped out of reach for far too many poor and working-class Americans.

This problem lies, at least in part, with the “college-for-all” framework that dominates all too many schools. Most young adults—especially young men—do not graduate from college. Only about one-third of millennial men have a bachelor’s degree. Yet our attention and dollars are overwhelmingly devoted to the college track. Current federal and state funding for higher education totals about \$150 billion. But only \$1.9 billion in funding is devoted to vocational education in high schools and community colleges.

This relative dearth of public funding or support for Americans who aren't college-bound reflects the basic failure of our educational institutions. Too many of our schools discount the potential of less academically minded children and fail to offer them the education they need to build a flourishing personal and professional life.

As a result, far too many high school students—especially young men—spend critical years of their development struggling in classes that bore or overwhelm them and fail to offer them a path to a stable career—much less a clear sense of vocation and direction. After high school, many of these young adults move in and out of dead-end jobs without accumulating the self-confidence and salary that would make them good candidates for marriage. Others drift out of the workforce entirely. Even before the COVID-19 pandemic, nearly 7 million prime-age men were not looking for work.

But there is a solution. Schools across the country have begun to develop strong vocational alternatives to the four-year college pathway. These career and technical education (CTE) programs ground education in real-world skills and encompass everything from culinary education to advanced manufacturing. Research suggests that CTE programs boost high school graduation rates and test scores. But most importantly, they put young adults on a pathway toward a stable and decent-paying career and confer dignity upon young adults who might otherwise feel they have nothing to contribute.

Take, for example, career academies. Career academies are specialized learning communities in high schools that offer students—especially young men who are struggling academically—rigorous, career-oriented courses in a close cohort of peers and teachers. They also offer on-the-job internships and work-based

learning opportunities. Young men participating in these programs earn more than similar peers who are not in the programs.

But career academies and other CTE programs do more than offer young men a pathway into decent-paying, stable jobs and instill confidence that their interests and talents are worthy of cultivation. They make them marriageable: young men who attend a career academy are not only more likely to flourish in the workforce, but more likely to marry.

To better address the nation's marriage divide, policymakers should devote at least one-third of federal and state education spending to CTE, internships, and apprenticeships. Meanwhile, superintendents, principals, and headmasters working in public and private schools should dramatically expand the number of high-quality vocational classes and programs available to high school students.

If we are dedicated to renewing the fortunes of marriage and family life in this nation for those without a college degree, we must do more to boost the fortunes of vocational education in America. ■

Addressing our fertility and family-formation crises will require us to push the boundaries of family policy and embrace a whole-of-society approach.





Seeing Like a Pro-Family State

SAMUEL HAMMOND

Thomas Malthus published his famous “Essay on the Principle of Population” in 1798—just in time for it to become obsolete. The principle he offered was based on a simple enough observation: population growth is exponential, while growth in agricultural output is linear. Increases in agricultural output per worker can therefore only ever produce temporary improvements in standards of living. With populations destined to swell in response, any surplus is quickly devoured, pulling society back into a state of subsistence.

One can be forgiven for failing to foresee the Industrial Revolution, much less the rapid demographic transition that followed our technological advancement. But Malthusian attitudes and policies persisted at great cost. In the aftermath of World War II, leaders in politics, business, and philanthropy undertook a campaign to curb what they saw as a coming overpopulation crisis, culminating in neo-Malthusian treatises like Paul Ehrlich’s 1968 *The Population Bomb*. With the advent of new and longer-acting forms of contraception, governments and major foundations pushed for the adoption of population controls, both domestically and abroad.

To this day, governments and NGOs spend billions of dollars every year promoting what are euphemistically referred to as “family-planning” programs. These may make some sense in the developing country context—though even there, their value is worth questioning. Indeed, the risk from these programs is not that they fail but that they prove too successful. As we know from

China's experiment with the one-child policy, crushing fertility rates is far easier than building them back up. In the demographic tug-of-war, anti-natalists thus have the inertia of policy choices made generations ago on their side.

If we are to learn anything from Malthus's mistake, then, it is simply the importance of looking forward. And as we look ahead to our increasingly postindustrial future, there is no excuse for ignoring the population crisis that's coming. The next century, however, looks to turn Malthus on his head, with linear, or even negative, population growth coinciding with unprecedented economic abundance.



Family policy advocates must therefore embrace a whole-of-society approach, both to activate the cultural antecedents of family formation and in recognition of our fundamental uncertainty about what, if anything, works.

Today's leaders in politics, business, and philanthropy ought to confront the mistakes of their predecessors, and embark on a whole-of-society campaign to bootstrap postindustrial nations out of their fertility malaise. The United States is the ideal country to lead the natalist charge, not least due to the propensity for our policy innovations to diffuse internationally. While the U.S. fertility rate has hit a record low, it remains markedly higher than in Europe and much of Asia. Combined with our large and growing fertility gap (the difference between desired and actual fertility), this makes the U.S. the single best hope for demonstrating that fertility decline can be arrested, if not outright

reversed, restoring our birthrate to replacement levels and beyond.

To combat climate change, we can put a price on carbon. To promote productive investment, we can allow businesses to expense machinery and equipment. But how can public policy successfully encourage family formation and childbirth? There is no obvious button to press or lever to pull to affect behaviors as personal and culturally mediated as the decision to start a family. Family policy advocates must therefore embrace a whole-of-society approach, both to activate the cultural antecedents of family formation and in recognition of our fundamental uncertainty about what, if anything, works.

Consider the remarkable finding that U.S. laws that raised the age that children are required to ride in car seats have resulted in some 145,000 fewer births since 1980, with 90 percent of the decline occurring since 2000. The effect is driven by fewer third-borns among car-owning families, consistent with car seat laws—and the scarce space that car seats occupy—as a binding constraint on family size aspirations. The paper “Car Seats as Contraception” made a splash when it first appeared last summer. And while 145,000 fewer births across several decades is a minuscule fertility loss in the grand scheme of things, one is left wondering what other laws and regulations are out there creating similar unintended consequences with potentially large cumulative effects.

The dearth of research on the determinants of fertility stands in stark contrast to the voluminous literature on strategies for minimizing reproduction. Take the Guttmacher Institute, which was founded in 1968 as Planned Parenthood’s Center for Family Planning Program Development, before going independent in 2007. Guttmacher is a primary source for research and

policy analysis on abortion and reproductive health, producing data that are often more comprehensive than government sources. Indeed, with a \$19 million annual budget, including millions of dollars in federal grants spanning decades, there is no question that Guttmacher's research is of a very high caliber—"Evidence You Can Use," as its website puts it. Yet with teen birthrates at record lows and the AIDS crisis a thing of the past, is it so unreasonable to question the use-value of evidence oriented to outdated concerns?

Defunding Guttmacher is not the point. That may play well for pro-life activists and culture warriors, but it doesn't move the ball forward toward the development of serious, ideologically distinct, 21st-century alternatives. The first step for a whole-of-society approach to family policy is thus the creation of new research institutions and funding streams dedicated to generating evidence and policy analysis on the causes of fertility decline with the same rigor and intensity—and access to federal dollars—as the anti-natal incumbents.

Greater knowledge production can help establish which policies are consistent with a growing population and which are not, but that evidence will be moot so long as our conventional methods for assessing policies fail to treat the creation of human life as an intrinsic benefit. Recoil at its cold utilitarianism all you like, but cost-benefit analysis is an indispensable tool of modern governance. A forest-eye view requires a forest-level analysis, even if one recognizes that every forest is, in fact, an ensemble of individually sacrosanct trees.

For its part, the U.S. government puts the monetary value of a human life at around \$10 million. This is then used as *the* key parameter for evaluating the cost-effectiveness of everything from railroad safety regulations to new drug approvals. Yet names can be misleading. While often called the "value of a statistical life" or VSL,

the less common nomenclature, “value of preventing a fatality,” or VPF, is far more accurate. In fact, VSL does not even attempt to capture the value of creating an additional life, per se.



If we're to treat the fertility crisis with equal urgency, policymakers must not be afraid to apply the tools and processes of the administrative state to pro-family ends.

Conventional cost-benefit analysis, as a creature of neoclassical economics, is inherently subjectivist. To avoid metaphysical pronouncements on the intrinsic value of anything in particular, economists are forced to derive the value of a statistical life by studying the revealed preferences of their fellow man. If, for example, you're willing to pay X more dollars for a car whose safety features reduce your risk of dying in an accident by Y percent relative to the next best alternative, the National Highway Traffic Safety Administration will use that fact to impute the implied value you put on your own life, and write safety regulations accordingly. In the neoclassical paradigm, the unborn only have value insofar as they enter into the utility function of an already-sentient human being. Thus, the fact that car-seat laws prevented an estimated 8,000 births in 2017 is given essentially zero weight relative to the 57 premature deaths they averted nationwide, despite the fact that 8,000 is obviously a much bigger number than 57.

In 2009, the Obama administration convened 12 federal agencies to construct an estimate of the social cost of carbon. While carbon does have a social cost, the decision to institutionalize an official estimate was nonetheless inseparable from President Obama's preexisting belief

in the urgency of addressing climate change. If we're to treat the fertility crisis with equal urgency, policymakers must not be afraid to apply the tools and processes of the administrative state to pro-family ends.

Treating the value of a life created symmetrically with the forgone value of a life lost is just the most obvious place to start. Indeed, this seemingly simple change would have immediate, cascading effects on the policy orientation of every executive-branch agency, spurring demand for new research methods and helping quantify the antifertility biases of existing policies and programs.

Speaking as a 29-year-old, I have no greater incentive to start a family than seeing my friends from high school and college adorn my social media with adorable baby photos. I once had the opportunity to talk about this truism with one of Facebook's in-house demographers at a conference that we were both attending. In the past, Facebook conducted experiments to demonstrate how tweaking its news feed to show happier content produced a happiness social contagion across its users. Why not, I suggested, tweak the algorithm to test whether family-friendly content influenced fertility decisions? The demographer was nonplussed, but is that really such a crazy idea? If social contagion effects are an inevitable by-product of how the Internet works more generally, better for Facebook's users to storm the fertility clinic than the U.S. Capitol.

Jokes aside, the power of peer effects on family formation is already extremely well established. The social dimension of fertility may also help explain why pecuniary incentives for childbirth tend to be so underwhelming—at least when enacted on their own. The reverse is likely true, as well, to the extent that declining average family sizes and the absence of infant children in the lives of many adults exert a subtle downward pressure on fertility norms. San Francisco,

for example, is now home to more pet dogs than children under age 18, as families flee to locations with lower costs-of-thriving and less deranged school boards. As the head of any large family will attest, raising a gaggle of children in the context of widespread childlessness is often an invitation for outright social hostility, from accusations of being a religious nut job to the microaggression of dinner parties without a kids' table.



But if paired with a strong pro-family cultural message, a monthly child allowance would also serve as a powerful signal about what we value as a society, helping to shift the zeitgeist.

Peer effects are yet another reason for family policy to take a whole-of-society approach, starting at the top. A universal child allowance, for example, would put a massive dent in child poverty, make family life more affordable, and enable the elimination of marriage tax penalties. But if paired with a strong pro-family cultural message, a monthly child allowance would also serve as a powerful signal about what we value as a society, helping to shift the zeitgeist. Studies suggest that an additional baby is born for every \$100,000 spent on direct child benefits. That may sound like a small marginal effect, but remember that the U.S. government considers a human life to be worth 100 times that amount!

In Israel, the national government provides families with a monthly child allowance, paid leave to care for sick children, and labor laws that promote part-time, flexible positions. Following a four-month maternity leave, mothers are even entitled to take an hour out of every workday to care for their child, what's known

as “parenting hour.” Any one of these policies may be worth doing on its own, but in combination they have helped orient every stratum of Israeli society toward a healthy work-family balance.



*A whole-of-society effort to crush fertility
got us into this population hole, so we shouldn't
be surprised if it takes a whole-of-
society effort to dig us out.*

Moving below the federal level, state policymakers can do a lot to reinforce a cultural recognition of the family. Consider that between 1980 and 2010, the number of Americans with a criminal record roughly quadrupled, from 5 million to 20 million. As economist Nicholas Eberstadt notes, the explosive rise in criminal sentencing over the past half-century was “on a scale unlike anything witnessed in other Western societies in modern times,” creating a “vast and largely invisible army of felons and ex-prisoners” who are “disproportionately high school dropouts, disproportionately native-born, and disproportionately black.” To call this a contributing factor to the breakdown of African-American families is an understatement. Men are incarcerated at a much higher rate than women, creating imbalanced sex ratios in minority communities that have persistent negative effects on marriage and fertility. Besides incarcerating fewer Black men in the first place, state policymakers can take steps to improve child-parent visitation policies in prisons within their jurisdiction. Some 2.7 million children in the United States have a parent who’s incarcerated. What kind of message does it send about the importance of the family if they’re forced to grow up without a father in their lives?

State policymakers are also in the best position to influence education policy. Higher education is correlated with reduced fertility, in particular, not just because college-educated women are more likely to prioritize their careers but also because education is itself time-consuming. It is remarkably easy for women to fall short of their fertility aspirations by simply delaying their first pregnancy, not fully appreciating the risks of infertility and medical complications that arise from attempting childbirth at an advanced maternal age. Beyond shortening the time it takes to earn a diploma, states could do more to coax their colleges and universities to invest in family and childcare services for students and tenure-track faculty alike.

At the local level, mayors and city councils can take proactive steps to ensure that their cities are hospitable to families, rather than let them become playgrounds for the young and the restless while families are forced into interminable commutes. Land-use restrictions that limit the supply of housing are known to lower fertility, and cities already use “inclusive zoning” policies to mandate a certain number of affordable units in otherwise expensive apartments. Why not adopt analogous “family zoning” policies that require apartment developers to reserve a certain number of units for tenants with children? Financial incentives could even be provided for developers that install childcare facilities on-site.

The net effect that these and similar policies would have on U.S. rates of marriage and fertility is presently unknown. Yet with the world’s biological clock ticking, we don’t have time to run dozens of controlled experiments to find out. Instead, it’s incumbent on the anti-Malthusians among us to get creative and start pushing for new approaches to family policy in every domain of life and at every level of government. A whole-of-society effort to crush fertility got us into this population hole, so we shouldn’t be surprised if it takes a whole-of-society effort to dig us out. ■

*The experience of “family-friendly”
policy abroad makes one lesson
clear: no policy is friendly
for all families.*





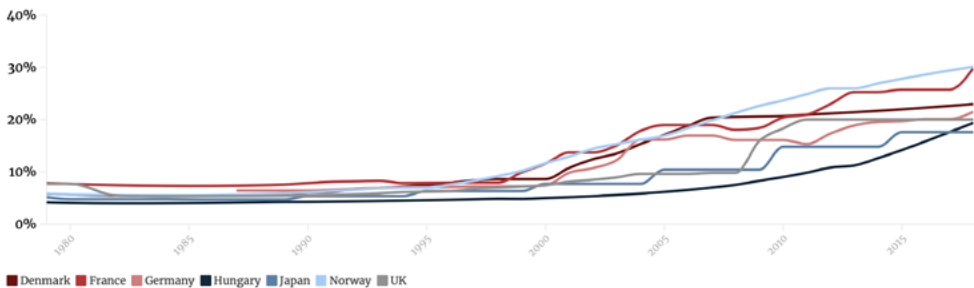
Friendly for Which Families?

NEIL GILBERT

Since the mid-twentieth century, social and economic developments have disrupted the traditional patterns and weakened the bonds of family life in advanced industrialized countries. Marriage rates have fallen precipitously—so much so that it is not uncommon to find 25% of 44-year-old women in European countries having never married. If the current U.S. trend continues, it's anticipated that by 2030, 25% of middle-aged Americans are unlikely to have ever married.

Share of Women Never Married

By age 40–44, 10-year rolling average



Source: United Nations Department of Economic and Social Affairs World Marriage Data 2019 - Note: Data not available for all countries for all years.



Falling marriage rates have been accompanied by a rising tide of cohabitation. Between 1995 and 2018, the share of U.S. adults in cohabiting relationships more than doubled, from 3%–7% of households. Among the younger generation of adults ages 25 to 34, the rate swelled to 15%. The average rate of cohabitation for the

28 countries in the European Union is also 7%, though almost 30% among the young adults in France and Sweden.

While cohabitation fills a void in interpersonal relations, it is a weak substitute for marriage when it comes to reinforcing stable attachments of family life. Married couples score higher on subjective measures of trust, commitment, satisfaction, and well-being than cohabiting partners. In almost every country, children born to cohabiting couples are more likely to have their parents split up by age 12 than those born into married families, regardless of the mother's educational level.

Meanwhile, fertility rates have fallen to a historical low. Since 1960, the average fertility rate in Europe fell from 2.6 to 1.5, a level that is well below the replacement rate of 2.1 births per woman. At 1.3 births per woman, Spain now has among the lowest fertility rates in Europe. In 2019, for the first time in history, the South Korean fertility rate dropped below 1.0. Demographers describe fertility rates this low as entering a death spiral, which makes it very difficult for a shrinking population to regain its size.

These demographic trends pose a critical challenge to the health and well-being of the coming generation. Increasing rates of divorce and single parenthood leave family units with fewer adults to care for children and heightened loneliness in old age. As fewer people experience being fathers and mothers, having brothers and sisters, and being grandparents, the web of intergenerational family relationships withers, generating social isolation and loneliness.

In efforts to strengthen the bonds of family life and reverse declining fertility rates, many of the wealthy countries represented in the Organisation for Economic

Co-operation and Development (OECD) are actively promoting so-called family-friendly policies to provide financial supports and services to parents. The overall size of these packages varies, as do the eligibility and amounts of specific benefits. Ireland's child allowance, for example, pays \$1,848 per child up to the age of 18 for all families, whereas Canada's benefit is income-tested for children under 17 and pays \$4,803 per child under age six and \$4,053 for those aged 6–17.

Compared with most OECD countries, the United States is a laggard in dispensing publicly subsidized benefits to families—spending just 0.06% of GDP on the conventional package of family-friendly benefits versus the OECD average of 2.1% in 2017.

Do marriage and fertility rates respond to the growth of public spending on family-friendly benefits? The experience to date in many countries raises serious doubts. South Korea's public expenditure on family benefits as a percent of GDP soared tenfold between 2000 and 2018, during which time the fertility rate plummeted to a historical low. In Spain, between 1990 and 2017, public spending on family policy as a percentage of GDP rose fourfold as the fertility rate fell to a record low. The fertility rate in Norway has been on the decline since 2009, falling to 1.6 in 2018, its lowest level in history, despite maintaining the third-highest level of spending as a percentage of GDP among OECD countries. Overall, both fertility and marriage rates have declined across the OECD countries, as the average expenditure on family benefits increased by one-third since 1990. In East Asia, both the modest tax break for newborns in Hong Kong and the more comprehensive package of family policies in Singapore have been in place for many years. Despite the major differences in the levels of support for marriage and childbearing, these countries have almost equally low fertility rates of below 1.4. Meanwhile, the U.S., despite its much lower

public funding of family benefits, maintains one of the OECD's highest fertility levels.



The question is not so much how friendly policy should be to families but rather to which families and for what purposes.

Such rudimentary comparisons exclude many social, economic, and cultural variables that might influence marriage and birthrates. There is, however, a substantial body of multivariate empirical research on the issue. Documenting numerous inconclusive and contradictory results, these studies mainly prove that measuring the impact of family-friendly benefits is fraught with methodological issues. The best that can be said is summed up in two judicious independent reviews of the evidence:

While a small positive effect of policies on fertility is found in numerous studies, no statistically significant effect is found in others. Moreover, some studies suggest that the effect of policies tends to be on the timing of births rather than on completed fertility.

And:

[G]enerous arrangements for parental leave, child benefits, and childcare may be considered desirable in their own right, but such policies alone are unlikely to succeed in raising the fertility level on a grand scale; they must be embedded in a family-friendly culture deliberately nurtured by the state.

Of course, in the absence of compelling empirical evidence that family-friendly policies promote marriage and childbearing, an appeal to the counterfactual prophecy is always at hand to support the case for continued funding. If these policies have not fueled the formation of family life, perhaps they served as a brake to slow down its dissolution. It could well be that, absent family-friendly policies, marriage and fertility rates would have fallen more steeply.

American policymakers and analysts advocate for an expansion of family-friendly benefits. Should they? Whether this makes sense depends in large part on the actual objectives advanced, which, in turn, have major implications for the design of specific policies. It is crucial, therefore, to understand the various rationales and evaluate them on their own terms. The question is not so much *how* friendly policy should be to families, but rather to *which* families and for *what* purposes.

Two-Earner Households

From the perspective of some experts, family policy's core purpose should be to advance gender equality and harmonize work and family life in two-earner households. With one of the highest female employment rates (71%) and most highly regarded family policy schemes in Europe, Sweden is often held up as an exemplar. In addition to universal daycare, Swedes receive 16 months of paid parental leave, which replaces 77.6% of earnings, up to an annual income of up to \$68,000 for 13 months and a flat rate of \$27 per day for the last three months. As in many European countries, the Swedish benefit has a "use it or lose it" clause requiring each parent to take the paid leave for at least 90 days. This "daddy quota" is designed mainly as an egalitarian incentive for fathers to share the child-rearing responsibility. Although Sweden's fertility rate of 1.7 is among the highest in Europe, it

has been falling over the last decade and remains well below the 2.1 replacement rate.

This approach has several shortcomings. First, it does not comport with the stated preferences of families. Surveys continually reveal that European and American mothers of children under age 18 would prefer part-time employment or not working at all outside the home over a full-time job. Second, it does not appear to work on its own terms. Although the Nordic countries are well-known for achieving high levels of female labor-force participation, most of their women work in the public sector, fewer own businesses or have attained managerial positions in the private sector, compared with other European countries, and fathers still take a relatively small percentage of the parental leave to which they are entitled. The most critical shortcoming, however, is highlighted by those who argue that family policies designed to keep parents of young children in the labor force, whether for purposes of gender equity or economic growth, are not family-friendly at all; “market-friendly” would be the more fitting designation.

The incentive for early attachment to the labor force begins with parental leave, the benefits of which require being employed before having a child, and is reinforced by publicly subsidized childcare. The shift of a parent’s unpaid labor to paid employment leaves little time for providing care, domestic production, and household maintenance. Publicly employed daycare staff take charge of the socialization and nurturing of children during their most crucial years of development, work performed for pay rather than the intimate emotional commitments of parenthood. At the same time, domestic production and household maintenance are outsourced to the market. As a result, the state and the market assume responsibility for many core functions of family life, creating greater

freedom for parents while inadvertently undermining the interdependence of marital bonds—a process awkwardly labeled “defamilialization.”

From this perspective, even with parental leave and subsidized childcare, for many families there is no way to harmonize the demands of both parents employed full-time, raising two children, and managing a household. “Harmony” is a euphemism for surviving the pandemonium of the parents’ workday in which kids are washed, fed, dressed, transported to the daycare center and taken home, bathed, and put to bed; then there’s dinner for the adults, shopping for groceries and children’s clothes, housecleaning, laundry, doctor appointments, and haircuts—in addition to coping with illness and infection endemic to the preschool years. There is little left for playful “quality time” with the children.



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Caring for young children is a relentless 24/7 labor-intensive job, which few two-earner households are able to balance comfortably with full-time employment. Those that can are often found among the experts who publicize the idea that family policies advance gender equality and harmonize work and family life. The kind of work they perform allows a degree of autonomy to manage the when, where, and what of their labor, which is unknown in the typical middle-class workweek of

nine-to-five employment. Although this occupational elite continually testifies to the value of family policies in promoting full-time careers for working parents, they seem to be the only ones who believe it.

Family Choice

A competing strain of thought holds that public policy should seek to insulate families, particularly those with young children, from the market rather than amplify its pull. Thus, public support should offer the same benefits to families with stay-at-home parents as to those in which the parents are all working.

In Europe, several countries, including Norway, Finland, and Germany, offer both state-subsidized daycare services and cash-for-care benefits that allow parents to choose between labor-force participation and in-home childcare during the preschool years. However, the cash-for-care alternative has sparked heated public debate. Those supporting the policy maintain that it fosters freedom of choice around childcare arrangements and introduces greater equality in the cash transfers that parents receive from the state—regardless of childcare arrangements. Those opposed argue that it retards gender equality in parenthood, impedes women’s career prospects, and hinders the integration of migrants, who are more likely to care for their children at home. In Finland, home-care allowances were substantially cut back in 1995, and Germany’s national cash-for-care policy established in 2013 was overturned two years later, leaving the implementation of benefits to the political dispositions of regional bodies.

The idea that family policies should compensate parents for in-home childcare has been debated in the United States since the 1920s, when feminists in the Mother’s Pensions movement sought financial



If the goal is not only to support families but actively encourage their formation and growth, then even a generous package of conventional family benefits may be inadequate.

aid for a child-rearing salary. In 1980, the White House Conference on Families recommended that homemaking be classified as a career, with tax credits established to pay full-time homemakers. And in the 1990s, various groups again proposed policy reforms to compensate stay-at-home parents for childcare. This approach has not gained purchase in the U.S., where family policy advocates have typically pushed for universal daycare and parental leave. Recently, however, several proposals for substantial cash benefits to reduce market pressures on families with children have stirred public interest. These benefits are framed as supports for family life rather than a parental wage. While promoting family choice, a central issue in the design of alternative proposals concerns the extent to which benefits are dependent on the employment of at least one parent.

Fertility

From another perspective, if the goal is not only to support families but actively encourage their formation and growth, even a generous package of conventional family benefits may be inadequate. The concern here is less about promoting gender equality and labor-force participation than about whether a benefit such as Finland's child allowance of \$1,900 a year creates a sufficient incentive to have a third child or even a second child. In the cost-benefit accounting of family life, the deep-seated emotional pleasures and transcendental

awe of child-rearing are more difficult to envisage than the material gratifications and freedom of a child-free postmodern lifestyle. Decisions about marriage and family size do not yield readily to moderate economic incentives. Incentives of family-friendly benefits are not strong enough—more needs to be given.

Following this line of thought, in 2019 Hungarian prime minister Viktor Orbán introduced a sweeping array of family benefits designed to increase the country's fertility rate, which had dropped from 2.0 in 1990 to 1.5 in 2018. To appreciate the magnitude of these benefits, it is important to keep in mind that the average annual gross earnings of Hungarian workers in 2019 was \$14,900 (4,413,996 forints), roughly one-third of the American level. The benefits included:

- An all-purpose interest-free loan of \$34,500 (10 million forints) to women under 40 who were in their first marriage and had been employed for at least three years, 30% of which would be forgiven on the birth of a second child and the whole debt canceled on the birth of a third child.
- Homeownership subsidies of \$34,500 (10 million forints) and \$51,750 (15 million forints) to families with two and three children, respectively.
- The deduction of \$3,450 (1 million forints) from the mortgages of married couples after the birth of a second child, \$13,800 (4 million forints) after the third child, plus \$3,450 (1 million forints) for each additional child thereafter.
- A lifetime waiver of personal income tax for women who have had at least four children.
- A grant of \$8,625 to families with three children or more for the purchase of a new seven-seater car.

In addition to these payments, Hungary's standard package of family policies contains subsidized childcare services and universal allowances that provide \$2,230 (661,200 forints) and \$4,250 (1,260,000 forints) to families with two and three children, respectively. While it is too soon to gauge the impact of these measures, initial indications reveal a significant increase in the number of marriages between 2019 and 2020. However, at the cost of 4.8% of the GDP, Hungary's family policy expenditures are more than twice the OECD average.

* * *

The conventional package of benefits speaks to the interests of two-earner couples who prefer equal participation in the home and labor market. The “cash or care” reform advances the opportunity for parents to choose how to divide their labor between the home and the market and share the responsibilities of family life. Hungary's extravagant package of benefits lends impetus to the intentions of those inclined to marry and have children. Policymakers can learn much from their counterparts abroad, and one unavoidable lesson is that no one has yet figured it out. Based on the experience to date, it's not clear whether any of these approaches will reinforce the crumbling foundations of marriage and parenthood that narrow the coming generation's chances to partake in the humanistic journey of family life. Time is running short to find one that will. ■

*A pro-worker agenda must treat
families, not individuals, as the
basic units of public policy.*





Family Policy for the Working-Class Majority

MICHAEL LIND

Politicians of both parties claim to support “working families.” But the existing American social contract—the synthesis of labor-market laws and norms and welfare programs and social-insurance systems—treats the individual, not the married couple or the extended family, as the unit of public policy. The ideal of elite progressives and business-class conservatives is the dual-earner family, which requires children to spend most of their waking hours with paid strangers as caregivers and turns the family home into a dormitory used on nights and weekends by parents and children leading essentially separate lives.

Defenders of the American working class against the economic and social imperialism of the overclass must make it clear that to be pro-worker is not to help workers as isolated individuals but to help workers as members of families that are treated as the basic units of public policy.

America’s working-class majority did not seek to replace the dominant single-earner, breadwinner family of the mid-twentieth century with today’s dual-earner family. Instead, it has been imposed on Americans over the last half-century by the college-educated managerial overclass, whose interests it serves and whose values it embodies. To begin with, the jobs of professional-class women are much more personally fulfilling and better paid than those of working-class women; it is one thing to be a groundbreaking female pioneer in technology or business or law, and another to be a fry cook or store clerk or warehouse worker. Upper-income families

with two well-paid professionals can afford to delegate child-rearing to au pairs, nannies, or preschool and afterschool programs.

But the dual-earner system fails the working-class majority of Americans—parents and children, native and foreign-born alike. Instead of receiving intense care and attention in their early years from one or both parents, all too many American children are dumped in toddler warehouses, often staffed by low-paid, poorly educated child-minders—perhaps with one supervising one or two dozen children—while both parents work in low-wage, dead-end jobs. Sacrificed to the profits of the rich and the careerism of the professional class, the residual family life of the working-class majority is squeezed into nights and weekends.



Defenders of the American working class against the economic and social imperialism of the overclass must make it clear that to be pro-worker is not to help workers as isolated individuals but to help workers as members of families that are treated as the basic units of public policy.

Despite relentless promotion by the bipartisan American ruling class, most Americans stubbornly persist in rejecting the two-earner household as a norm. As the American Compass Home Building Survey finds, they prefer a system that allows one parent to work part-time or not at all, in order to devote personal care to the children. A 2015 Gallup poll

confirms this basic finding. It showed that more than half of American women with children under the age of 18 preferred to stay home over working, if given the opportunity. According to the same poll, 39% of women without children under 18 said they would prefer to be homemakers rather than workers.

In addition to being unpopular with most Americans, the dual-earner system may tend to suppress the U.S. birthrate among all races, with the exception of highly fecund religious sectarians. According to Gallup, the ideal number of children cited by Americans was 3.5 from the 1930s to the 1960s and has fluctuated around 2.5 or 2.6 since then. In 2017, however, the total fertility rate (TFR) in the U.S. was only 1.7 and has been falling, despite the contribution of immigrants with slightly higher fertility rates than natives (immigrants tend to assimilate to low native fertility rates over time).

Why do Americans say they want more children than they actually have? The demographer Lyman Stone has argued that a chief cause is falling marriage rates. This decline cannot be attributed solely to changes in cultural norms. The role of economics in enabling marriage and stable family life is evident from class differences in marriage. Working-class and poor Americans are much less likely to marry and remain married than affluent Americans.

Nevertheless, the unspoken goal of neoliberal labor-market and welfare policy, shared by many libertarians and left-wing feminist opponents of the traditional family, has been to ensure that all mothers will be encouraged by economic necessity, government work requirements, and cultural shaming to working full-time. Does the American economy benefit from pushing the mothers of young children into dead-end, low-wage service jobs? Certainly national gross domestic product (GDP) grows when activities like childcare are

performed by paid labor in the marketplace—unlike the unpaid labor of family members in the home.

But from the point of view of national economic development, overall GDP is less important than labor productivity per worker, which, for the most part, results from combining workers with advanced technology or using machines or software to replace them. In the long run, technology-enabled productivity growth is the only sure way to increase national incomes—assuming that the gains from growth are widely distributed, in the form of wages, falling prices, or after-tax redistribution.

The two goals of maximizing adult participation in the workforce to boost overall GDP and boosting greater labor productivity per worker thus come into conflict when a flooded labor market allows employers to pay lower wages and deprives them of an incentive to adopt labor-saving technological innovations or labor-sparing organizational innovations.



Nevertheless, the unspoken goal of neoliberal labor-market and welfare policy has been to ensure that all mothers will be encouraged by economic necessity, government work requirements, and cultural shaming to working full-time.

So instead of maximizing GDP by maximizing the lifetime hours of all Americans in the labor market, the goal of both labor-market policy and welfare policy should be minimizing the dependency of American families—not

merely their dependence on the labor market but also their dependence on government welfare, on lenders, and on charity.

To be sure, a family that is largely economically self-sufficient, like premodern farm families, is not possible in an industrial society—nor is it desirable. Most necessary goods and many necessary services will continue to be produced or provided outside the home. Most adults will have to obtain income for themselves and their dependents by selling their work for wages in the labor market. And most workers will depend, to some degree, on employer benefits, tax-favored savings, and government social-insurance programs like Social Security and Medicare and Medicaid.

Even so, by pooling economic resources, stronger families can secure a higher degree of bargaining power and dignity when dealing with the bureaucracies of government, corporations, lenders, and charities. Workers able to fall back on support from spouses and family can hold out longer in negotiations for better wages, benefits, and working hours with employers. Families with adequate savings can avoid being trapped in escalating credit card debt. Adult children who inherit homes from their parents can spend more money on their own children instead of on rent or mortgage payments. Far from being the oppressive structures of progressive mythology, families empower individuals; they do not entrap them.

Pro-family policies are often vilified by feminist radicals, Malthusian environmentalists, and radical libertarians as sexist and sinister—if not crypto-fascist. Indeed, there is a long history of racist or classist policies that have sought to promote the fertility of some classes or races while reducing that of others in the same society. But a class-neutral, race-neutral national policy that reflects the preferences of most American women of all

racism, ethnicities, and origins is the exact opposite of malign racist or classist eugenics programs.

As long as family-friendly policies do not discriminate among natives and legal immigrants and members of different classes and races and ethnic groups, it is hard to understand why a democratic government should not help its own citizens to have as many children as they want. In fact, a country with a stable or growing native population is less likely to experience a backlash against immigration than one in which high levels of immigration combine with collapsing native fertility and give rise to fear of displacement.



Instead of maximizing GDP by maximizing the lifetime hours of all Americans in the labor market, the goal of both labor-market policy and welfare policy should be minimizing the dependency of American families.

A return to the “breadwinner wage” system that existed in a few industries in mid-twentieth-century America would be unjust and unpopular even if it were not impossible. It was based on discrimination against women in the workforce and higher private wages for men with dependent wives and children. But it is possible to reform welfare state and labor market policies so that they are neutral with respect to family structure, instead of privileging the dual-earner family of America’s elite professionals. While work outside the home should be required for one or more family members, families themselves should be empowered to decide whether to organize themselves as dual-earner, single-earner, or dual part-time-earner families. By treating families—

not individuals—as the unit of public policy, government can empower family autonomy and family choice.

How would a pro-family social contract differ from today's American social contract?

A pro-family social contract would not try to dictate the division of labor within the family according to either liberal or conservative social preferences. Labor-market and welfare-state policy should be value-neutral and allow families to make their own decisions whether to be one-earner families, dual-earner families, or dual part-time-earner families, as they see fit.

A pro-family social contract would necessarily follow the existing legal treatment of couples and children, so that the small number of families made up of gay and lesbian couples and those with adopted children would have the same rights as others. For purposes of public policy, the definition of family should be elastic enough to include multigenerational households with grandparents, children, and grandchildren in the direct line of descent as well as perhaps extended family members who live under the same roof and play a role in caregiving. Such multigenerational and extended families have been the norm in most places and times. But the definition must also be limited to people related by kinship or others recognized as couples or children under law, to prevent unrelated groups from enjoying benefits intended for families. Otherwise, however, decisions about whom to include in a family unit should be left to families themselves, not to distant legislators. Such flexibility has always existed in the case of family trusts, for example.

Unfortunately, today's individual-based welfare system is inherently biased in favor of dual-earner and single-parent families because it attaches most benefits to individuals, not households, and does not

permit benefits to be transferred and shared among family members. To avoid this bias against one-earner and dual part-time-earner families—to say nothing of multigenerational and extended families—a number of government benefits and work requirements should be reformed to allow them to be shared by married couples while remaining individual requirements and benefits, in the case of single adults.

Various examples of benefits that could be transferred or pooled among spouses—and perhaps other family members—can be imagined, such as:

Unemployment insurance. Under a family-based social contract, unemployment insurance could be made transferable among spouses or other family members. In most states, unemployment insurance runs out after 26 weeks. An employed spouse should be able to transfer up to 26 weeks of unused personal unemployment insurance to an unemployed spouse. Members of different generations in multigenerational and extended family households should also be allowed to transfer unemployment benefits to family members.

Work requirements for government benefits. Standard means-tested welfare benefits like the earned income tax credit (EITC) impose individual work requirements on the adult recipient. In the case of married couples, the work requirement for eligibility for benefits should be attached to the couple as a whole, not the individual spouses. This would allow the family, not the government, to decide the family structure: dual-earner, single-earner, or dual part-time earner? There should be similar flexibility for multigenerational and extended families.

Medicare. In contrast to many private group insurance plans, Medicare does not cover spouses. This means that if you turn 65, you are eligible for Medicare, but your spouse will not be if he or she is younger than 65. This is another example of our individual-based social contract pressuring both spouses to work and discriminating against single-earner families. Medicare should be reformed so that both spouses become eligible when one does.

Medicaid asset tests. Nursing home care in old age is provided by Medicaid, not by Medicare. Only those with no assets beyond a few thousand dollars are eligible for Medicaid-funded nursing home care. Those who own their own homes are forced to sell them and pay the proceeds to Medicaid until they are destitute, at which point Medicaid begins to pay for their care.

Some states allow spouses or other relatives to live in the home while the elderly homeowner is in nursing home care. But clawback laws require government to be paid back from the estate after the individual is deceased.

This defeats the purpose of other government housing policies, which encourage people to build up assets in homes that can be passed on to children and grandchildren. Because the major form of wealth of most working-class and middle-class Americans is the family home, there should be a homestead exemption from the Medicaid asset test, allowing the family home to be passed down to the next generation, instead of being sold to repay the government for late-life nursing home expenses. The homestead exemption should

be capped at a reasonable amount to prevent the rich from exploiting it.

Tax-exempt perpetual family savings accounts. Many American families have less than a month in emergency savings, while affluent professionals and the rich own most tax-deferred savings accounts like 401(k)s. The lack of adequate savings means that an income shock like the loss of a job or a surprise medical bill can set off a spiral of disaster, rendering working-class families unable to make rent, home mortgage, auto loan, or credit card payments.

The answer might be family emergency savings accounts (FESAs). These would not be specialized accounts accessible only for particular purposes, like retirement, education, or down payments on homes. Instead, family emergency savings accounts would be unrestricted rainy-day accounts, which could be used as families see fit—without the government telling them how to use their money. Most would use the money to tide themselves over during financial crises. Some might pay down debt. Others might use the funds for family vacations. Why not? The rich get to enjoy vacations, without the government dictating the purposes for which they can use their money. Why not the working class and the poor?

Any member of the family—parents, children, grandparents, aunts, uncles, cousins, and nieces—should be eligible to contribute to the FESA, up to a modest fixed annual amount. To help each family's FESA grow over time, it should be permanently exempt from taxation,

both at the time money is deposited and at the time it is withdrawn. In most cases the accounts would be so modest and the capital gains taxes so small that the government should simply waive them.

Working-class families could thus enjoy the benefits of multigenerational wealth accumulation from long-term economic growth and compound interest payments. Like certain trusts, the FESA could be potentially immortal, with each generation withdrawing from it and adding to it, in turn.

These family-friendly policies are illustrative. Many thinkers on the right and the left have innovative ideas for particular family programs. Pro-family reform of social insurance and the welfare state can be part of a pro-worker economic agenda focused chiefly on overall economic growth and increasing the power of workers to bargain for higher wages.

The goal of public policy should be to empower families, not just individuals. It should accommodate families rather than dictate their structures or micromanage their behavior through the benefit system or the tax code. By strengthening the family as a base of economic support, a social contract for working families would allow family members to pool their incomes and benefits and help individual workers reduce their dependence on exploitative employers, punitive welfare bureaucrats, predatory lenders, and self-serving nonprofits. Public policy, which today frustrates and undermines working-class families of all races and origins, would benefit America's working-class majority instead. ■

*If conservatives do not speak for the
family, who will?*





Why Bother with Family?

HELEN ANDREWS

Millennials are on track to be the least married generation in American history. They are running out of time to make up for their record childlessness. That's a lot of alienation and misery, some of it unnecessary. Aren't such crises what politics is for?

Many on the right say no. The state has no business judging its citizens' household arrangements, they say. We don't want politicians declaring that the number of babies being born is too low or that the number of single women is too high.

If there are things that are distorting people's decision-making, maybe we can tweak those, some libertarians admit. If young people are putting off marriage because of crushing college debt, maybe we need some form of relief. If families can't afford housing big enough for their desired number of children, maybe we need better housing policy.

But family policy? No. As long as no one is preventing people from marrying and having kids, government should stay out of it. Let everyone make his or her own choices, and things will work themselves out.

Sydney Smith was a big believer in letting things work themselves out. In an article for the *Edinburgh Review* in 1810 on women's education, the liberal clergyman mocked the idea that anyone should worry that giving ladies too much schooling might make them unfit for motherhood. "Can anything," he wrote, "be more perfectly absurd than to suppose that the care

and perpetual solicitude which a mother feels for her children depends upon her ignorance of Greek and mathematics, and that she would desert an infant for a quadratic equation?”

An admirable sentiment, but is it completely true? Can we just assume that the impulse to form families is so strong that society can always trust that people will find a way to satisfy it?

Nearly 25% of millennial women are now projected to have zero children in their lifetimes. Less than 5% of women say when asked that they want no children. That leaves the other 20%—millions of women who will die childless, not because they wanted to but because they couldn’t put the pieces together in time.



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One factor might be the very subject that Smith was discussing: education. Women have outnumbered men on college campuses for decades, resulting in an imbalance between the number of college-educated single women and the number of college-educated men available to them as partners. Yet women’s standards for marriageability have remained as high as they were when the imbalance was in men’s favor, wanting a partner who earns more and is at least as educated. This mismatch is one reason the share of American adults who have never married has reached a record high of 35%, up from 21% 20 years ago and 9% in 1970.

It’s not exactly “deserting an infant for a quadratic equation.” But it’s not something we should ignore,

either. Women's preference for having a partner who has at least as much education as they do may not be rational, but it isn't going anywhere anytime soon. If constantly expanding college enrollment is cutting off large segments of the female population from a supply of marriageable men, that is something to weigh against any attempt to boost college enrollment even further. We can't just shrug and assume that whatever people end up doing must reflect their preferences.

Our forebears didn't. After the Revolutionary War, the young republic saw what historian Gordon Wood described as a "sudden flood of didactic novels and pedagogical writings warning of the dangers of seduction." Every novel on the American market, it seemed, warned of the horrible consequences of choosing the wrong marriage partner or dallying sexually without securing a marriage commitment first. Wood chalked it up to the worries of "fathers, husbands, masters, and magistrates" that "patriarchy was in disarray." That is one interpretation. It could also be that sexual mistakes were not the kind of mistake that made male authority figures most anxious but simply the kind that they figured people were most likely to make.

There's a reason so much art throughout human history has been about choosing a sexual partner. It's the topic on which young people are most in need of instruction. Left to their own devices, their decision-making in this sphere is exceptionally bad.

Young people are impulsive, romantic, and not very good at predicting what will matter to them decades down the line. That is as true today as it was in 1776. Young people still tend to prioritize the short term over the long term, whether they are teenage girls attracted to bad boys over stable providers or thirtysomething women who put off childbearing on the assumption

that they will have plenty of time to figure out family stuff after they put their careers in order.

Such myopia is not just typical of reckless teenagers, or of the less educated women whom elites might lecture about “life choices.” It’s often elites themselves. Nicole Shanahan, wife of Google cofounder Sergey Brin, is a brilliant and accomplished woman. Yet Shanahan admits that her early life decisions about work and family were made in ignorance of basic facts about female fertility. She dreamed of having it all, she told the *MIT Technology Review*. “It was eye-opening to me that there are biological factors that would limit that dream.”

“Like many women who are not quite ready to start a family in their early thirties, I decided ... to take matters into my own hands and freeze embryos,” Shanahan said in 2019. “However, after three failed attempts at embryo-making and three dozen visits to in-vitro fertilization clinics around the Bay Area, I learned that I was not nearly as unshakable as I thought I was.”

Shanahan has since donated tens of millions of dollars through her personal charity to establish the Center for Female Reproductive Longevity and Equality at the Buck Institute for Research on Aging, in order to research ways to help women become pregnant later in life. (Happily, she and Brin welcomed a daughter in 2018.)

If even a woman as well educated as Shanahan didn’t have an accurate sense of the facts of biological fertility, the average women must be at least as misinformed—and, according to surveys, they are. Women overestimate their chance of becoming pregnant naturally after 40, guessing a 60% chance in a given month, when the real likelihood is 5%. They also consistently overestimate the odds that a round of in-vitro fertilization (IVF) will successfully result in a live birth.

We could try telling them the truth, but lots of people don't want women better informed on this subject. For some, it is a matter of self-interest. Employers prefer women to focus on their careers without worrying that their window for having children is closing—so much so that firms now pay employees to put their eggs on ice. Companies that sell consumer goods to single women like it when they have plenty of disposable income to spend on themselves.

For others, it is a matter of ideology. Feminists don't like to hear anyone talk about biological clocks. In 2002, the American Society for Reproductive Medicine wanted to place ads on buses and in movie theaters informing women of various fertility-related facts, in order to correct the sort of false assumptions that Shanahan and educated women like her often have. One ad simply stated, "Advancing Age Decreases Your Ability to Have Children." The National Organization for Women (NOW) organized a successful campaign to get the ads pulled, not because anything in them was false but on the grounds that they "sent a negative message to women who might want to delay or skip childbearing in favor of career pursuits."



Employers prefer women to focus on their careers without worrying that their window for having children is closing—so much so that firms now pay employees to put their eggs on ice.

Letting people make their own informed decisions should be the default choice of any conservative political philosophy. But in the matter of family and childbearing, if we simply trust people to make their own individual choices, we may find that people don't

make choices in their own long-term best interests, as they themselves would understand if they were better informed about the facts and better able to predict their own desires later in life.

The tragedy of these choices is that, by their nature, by the time someone realizes that she has made the wrong decision, it's often too late—yet another reason not to simply assume that if fewer people today are getting married and having kids, it's because they prefer things to work out that way.

Such misguided assumptions permeate our policy debates. Like many documents that are more talked about than read, Daniel Patrick Moynihan's famous Labor Department memo "The Negro Family: The Case for National Action" is frequently misunderstood—not just its subtleties but its basic argument, and not just by laymen but by experts who should know better.

A book of retrospective essays published to mark the report's 40th anniversary, *The Moynihan Report Revisited*, states in its editors' introduction: "Moynihan's core argument was really rather simple: whenever males in any population subgroup lack widespread access to reliable jobs, decent earnings, and key forms of socially rewarded status, single parenthood will increase, with negative side effects on women and children."

That was not Moynihan's argument. His point was almost the opposite. He wrote the report after seeing a graph that has come to be known as "Moynihan's scissors," which showed welfare cases going up at the same time that Black male unemployment was going down. Previously, the two lines had run in parallel. Single motherhood used to increase when economic times were bad and jobs were scarce; after 1962, it kept increasing even when economic times were good and jobs were plentiful.

People had assumed that there was nothing wrong with inner-city family formation that prosperity wouldn't fix. The editors of that essay collection apparently still think so. But something deeper was wrong. Prosperity may be necessary, but it was not sufficient. Maybe it was cultural. Maybe it was government programs and their perverse incentives. Either way, family formation had to be treated as a target of policy and not just a by-product.



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Alas, such an observation is inadmissible in our day. Last November, J. D. Vance tweeted, "As a parent of young children and a nationalist who worries about America's low fertility I can say with confidence that daylight savings time reduces fertility by at least 10 percent."

Critics pounced on him, not for making a lame dad joke but for supposedly endorsing white nationalism. "*Hillbilly Elegy* Author Faces Backlash over Remarks Connecting Nationalism to Fertility Rate," read the headline in Salon.com. Blue checks on Twitter murmured darkly about Lothrop Stoddard and the "great replacement" conspiracy theory."

This was, without exaggeration, insane. But it was a good indication of where the pundit class is on family policy. The very idea that a country's government might worry about declining fertility rates is dismissed as a racist dog whistle.

Conservatives should reject that blinkered view. Declines in fertility and marriage rates can be taken not just as indications that something may be wrong with the economy or housing policy or college debt but as problems in themselves.

Not everyone wants a white picket fence, 2.5 children, a male breadwinner, and a stay-at-home mom. There's plenty of room for pluralism. But stable families are good. Marriage is good. Babies are good. Public policy should acknowledge that. If conservatives won't, who will? ■

*Marriage has evolved to meet
the ideals of the well-educated
and left too many Americans
unwed and insecure.*





Our Conjugal Class Divide

KAY HYMOWITZ

“Is marriage obsolete?” may have become a hackneyed headline in recent years, but it’s an understandable question. Marriage rates have plunged to an all-time low. Americans are more likely to rate an enjoyable career as essential to a fulfilling life than marriage. Still, the query also signals a widespread misunderstanding about the reality of family life in the United States. Marriage remains a defining landmark in the lives of more well-to-do, college-educated Americans. But it is well on the path to obsolescence only among the less educated poor and working class. Marriage is, in other words, another dimension of the nation’s inequality, one that both explains and perpetuates America’s divisions.

The most well-trod explanation for the marriage gap, and an indisputably correct one, is that trade shocks and automation have devoured the stable breadwinner jobs that sustained marriages in the past. Joe Lunchbox and his mates clocked in every morning at a local auto-parts factory, played on their weekend baseball team, and retired with a comfortable pension. Now their sons spend their working hours at an Amazon warehouse where low pay, an empty savings account, and rumors of imminent automation darken their mood. Whereas their fathers found meaning in supporting their wives and children, their younger sisters and girlfriends now work alongside them earning paychecks that are nearing parity to their own. That would be unambiguously exciting news if it weren’t for the fact that working women who can manage on their own continue to want men who can be financial providers and preferably ones who earn more than they do.

Nevertheless, the precarity of the postindustrial working-class labor market is far from the whole story of the country's toxic marriage gap. Just as important are the radical changes in our understanding of the age-old institution of marriage, changes that have played to the strengths and aspirations of the well educated while leaving most Americans stumbling along dead-end paths.

To understand how we got to this point of polarization, it's best to appreciate why marriage became a universal institution. Early in human history, it became apparent that children were more likely to survive when a mother and father had some kind of quasi-stable union. It was also clear that male competition for mates was a predictable source of conflict within groups. It was in the general interest to have norms that encourage predictable unions. Since the hunter-gatherers, that's what human groups have done. Marriage customs have varied enormously, of course: polygamy or monogamy, child marriage or adult, arranged or chosen, dowries or bridewealth, and so on. The rules could be harsh. Most societies treated children born outside socially recognized unions as "illegitimate," fatherless outsiders with no claim on their paternal name or property. The point was not to "control women's sexuality," as we sometimes hear, but to insist on the bond between marriage and childbearing by heavily stigmatizing those who strayed from it.

The decoupling of marriage and childbearing that began in the 1960s in the United States and Western Europe, what scholars refer to as the "deinstitutionalization of marriage," represented a radical break with the human past. In 1960, a negligible 5% of American children were born to unmarried mothers, a disproportionate number of them to African-Americans. The number for the general population doubled within a

decade and continued to climb until plateauing at the beginning of the new century at around 40%. Divorce rates skyrocketed in the mid-1960s and '70s. "Shotgun" marriages started gathering dust in Western culture's curio cabinet, along with bundling boards. Educated feminists and campus radicals were the first to openly rebel against the old matrimonial order. Middle-class boomers were not far behind. By the 1980s, the working class was on board. Inevitably, the number of children living with only one parent mushroomed.



Marriage is, in other words, another dimension of the nation's inequality, one that both explains and perpetuates America's divisions.

Still, marriage didn't become obsolete. It was reengineered as a vehicle for the self-expression and lifestyle of individuals rather than the perpetuation and order of societies. More married couples stayed child-free; those that didn't were more likely to limit their number of offspring. The "only child" family became commonplace. All in all, the number of births to married couples fell by half between 1960 and 1996. As children became less central to the meaning of marriage, couples developed higher expectations for their own relationships. Now a spouse was supposed to be a soulmate, a Platonic missing half, equal and simpatico in every way. Most cultures have rules about the circumstances in which a union may be dissolved; soulmates decide entirely for themselves. When Ronald Reagan signed the nation's first no-fault divorce into law as governor of California in 1969, he didn't simply make it easier for couples to split up. He made ending a marriage the purely personal decision of two individuals—or, at least, one of them—whose emotional connection had frayed.

Now, the soulmate revolution had obvious advantages. The relaxing of traditional rules made it easier for a woman to leave a violent husband or for a husband to leave an adulterous wife, and for both to relax rigid gender roles. Empowered by the pill and legal abortion, unmarried couples could enjoy sexual relations fearing neither shame, judgment, or an unwanted child. If a child was born to unmarried parents, he was no longer branded *filius nullius* (son of nobody) and had the same social and legal privileges as the son or daughter of a married father. Same-sex couples eventually entered officially recognized unions. It's a reasonable guess that the revolution furthered individual agency and, for many people, a sense of control over their lives; some social scientists believe that these correlate with human happiness. True or not, it's hard to imagine Americans ever going back.



As children became less central to the meaning of marriage, couples developed higher expectations for their own relationships.

But these gains didn't prevent the law of unintended consequences that haunts every revolution from leaving its mark. No one anticipated that either freedom from seemingly outdated mating norms or the soulmate ideal would deepen economic and social inequality, but perhaps they should have. Humans being the communal meaning-makers that they are, it was inevitable that Americans would create norms to replace what they had jettisoned and equally inevitable that those norms would be designed by the more advantaged members of society. Just as elites had been the trendsetters for the deinstitutionalization of marriage, they were the ones to coalesce around the new order.

That new order did not entirely throw out tradition, but it tweaked it in ways ill-suited to less educated Americans. It asked both men and women to put off marriage and children until they had completed their education and headed down career paths; these days, that means staying single until one's late twenties or thirties. During the single years, people date and party—though the ultimate goal is to find a “serious” relationship. They cohabit for a year or two, followed by an engagement, a lavish wedding, and then, only then, they start a family (assuming they want to). Instead of marriage being a transition into adulthood, defined in large measure by childbearing, it is now a personal “capstone,” to repeat sociologist Andrew Cherlin’s useful term. Extravagant weddings complete with catered dinners, flowers, photographers, videographers, champagne, and limousines are the objective correlative of the couple’s capstone economic and soulmate success. The wedding planning website “The Knot” reports that between the engagement ring (a compulsory purchase by the soon-to-be groom) and the event itself, the average wedding costs just shy of \$34,000.

Clearly, the capstone model of marriage, with its posh wedding and late childbearing, is a poor fit for lower-income couples. For one thing, they don’t spend their twenties going to graduate school or trudging their way up the first steps of the career ladder. Nor do they see why marriage has anything to do with the timing of motherhood. The capstone ideal has taught them that getting married is about making it, being financially set, and they’re far from that goal. A number of the unmarried mothers interviewed by Kathryn Edin and Maria Kefalas in *Promises I Can Keep: Why Poor Women Put Motherhood Before Marriage* announced that they expected to own a home and a car and to have saved enough money for a “big” wedding with all “the works” before considering marriage.

Because marriage is not in the picture and they are not searching for “the one,” the romantic lives of these couples are more aimless. *Cohabitation Nation*, the most extensive study of the class divide in cohabitation, finds that, unlike more advantaged women who date a year or longer before living together, less educated women move in with their partners only a few months after meeting them. Sometimes moving in together is a solution to one of them facing reduced hours or a rent hike. Other times, it’s just that they are having a good time together and ... why not? Pregnancy often follows; lower-income women tend to use birth control more erratically than their more educated sisters. They tend to describe pregnancy as “something that just happened,” unplanned in public health terms, though not necessarily unwanted. “Wait till you’re thirty or forty to have children?” one woman asks Edin and Kefalas. “I don’t think so!”

The educated middle class has emerged from the 1960s family revolution with a cultural script that keeps marriage and childbearing linked, thereby giving their children a better shot at a stable two-parent home. Working-class men and women, on the other hand, have ended up fully embracing unmarried motherhood. Of course, many mothers and fathers are living together when their babies are born, but cohabiting unions break up at far higher rates. Working-class women don’t appear to have deep concerns about their sons and daughters growing up without fathers in the house. In fact, they look down on women who marry because they’re expecting a baby as taking a sure path to divorce. “The harshest condemnation is reserved for those who marry because of pregnancy,” Edin and Kefalas write. Divorce rates remain higher among lower-income than higher-income couples, but overall rates have declined markedly since 1980. Strikingly, while nonmarital childbearing has become far more

acceptable to younger generations, divorce has become less so.

Less educated couples face additional headwinds because of the deinstitutionalization of marriage. Older marriage customs and traditions may have been patriarchal and confining, but their requirements were easily grasped by everyone from a chemistry professor to a janitor. Rather than following a gendered script written sometime in an oppressive benighted past, soulmate couples draft their own roles: who should work outside the home and how much, whether to have a joint bank account or keep their earnings separate, whether to take his name, hers, or hyphenate, as well as how to distribute the never-ending tasks of domestic life.



Humans being the communal meaning-makers that they are, it was inevitable that Americans would create norms to replace what they had jettisoned, and equally inevitable that those norms would be designed by the more advantaged members of society.

Most highly educated young men and women have had the advantage of growing up in homes that prepare them for these negotiations. As Annette Lareau showed in her landmark *Unequal Childhoods*, a comparative study of middle-class and low-income parents, middle-class kids spend their childhood years in highly organized environments. Weeks are plotted ahead on large calendars or kitchen blackboards so that everyone in the family can keep track of the soccer games, dance lessons,

doctors' appointments, and family vacations. Lower-income parents don't see much point in these activities, according to Lareau. They subscribe to a philosophy of "natural growth," where children need little teaching and molding. Moreover, while affluent parents view their children as "conversation partners" who can discuss and opine, lower-income parents are more pragmatic and direct, often giving one-word answers. Middle-class kids argue and explain themselves. If told they can't play video games for two days after getting into trouble with a teacher, they bargain for one day, and promise to never ever do it again. By contrast, when lower-income children are scolded, "the adult talks; the child listens." Working-class parents are not as strict as they once were, but it's still possible that if you question authority, you'll feel a hard slap across the bottom.

The habits of planning ahead and of "using your words" learned in a middle-class home are power tools in a world where gender relations are largely unscripted. Educated couples are more likely to discuss the timetable for getting serious, living together, getting engaged, and getting married. They "plan, deliberate, mull over and organize their resources, their children and their daily lives," writes Jessi Streib in *The Power of the Past*, a study of mixed-class marriages. As we saw, while working-class men and women tend to cohabit early, with little consideration for what happens next or where their relationship is going, middle-class couples wait a year or longer before living together and have a clearer understanding of what their partner expects.

It would be a mistake to ignore the ways economics reinforces these cultural differences. One reason lower-income couples are more laissez-faire may be that their work lives and those of the people around them are more unpredictable. Schedules change, layoffs disrupt planned budgets, overtime possibilities wax and wane, older cars break down, etc. Money anxieties add to

stress and conflict. Bradford Wilcox and Wendy Wang of the Institute for Family Studies speculate that because working-class and poor Americans are less likely to own a home or share other assets, there are fewer reasons to avoid a breakup.

But it's worth remembering that cash-strapped couples once married despite the unpredictable hardships to come. No one thought of a diamond wedding ring as an entrance fee to the institution. Most people assumed that two people together could better withstand the hard knocks that life would bring—whether closed factories, injuries, or droughts. That kind of thinking seems to have melted into the thin air of the soulmate revolution.

So here we are in unforeseen territory. The women who can least afford to raise a child are the most likely to be single mothers, and the children who stand to benefit the most from stable homes and reliable fathers are the least likely to have them. ■

*Effective family policy begins
from the institution's ultimate
roles and purposes.*





Family Form Follows Function

PATRICK T. BROWN

It seems fitting that the best summation of contemporary policymakers' approach to families was delivered by a dancing purple dinosaur:

A family is people and a family is love, that's a family. They come in all different sizes and all different kinds, but mine's just right for me.

As children's programming goes, so goes the nation. Our policymakers prefer that no one feel left out, promoted, or discriminated against, and so "family policy" is too often just a gloss on the conventional progressive agenda with an ever-expanding definition of family—parents, kids, relatives, would-be parents, "chosen families," roommates, the "socially infertile," pets, and so on.

Indeed, without a definition of what actually constitutes a family, or an understanding of why it deserves special treatment, "family policy" turns out to be essentially an expensive commitment to nothing in particular. As longtime policy scholar Allan Carlson observed, "If there can be no definition [of family] that excludes any form of human cohabitation, then what is a family policy trying to save, or restore, or strengthen, or help?"

It thus falls to conservatives to stress that family is more than a contract between two consenting adults and that the definition of the family must necessarily leave some on the outside. Certainly, few conservatives have the stomach for yet another beating in the culture war over "family values." But that should not preclude

pressing for a definition that is empirically grounded and conceptually clear, buttressed by economic and sociological research confirming conservatives' intuition: that families matter for children, adults, and society.



Family requires a sense of mutual obligation and procreation. Without these, it becomes an institution of convenience.

A long tradition within the center-right—from Burke and Tocqueville to Nisbet and Moynihan to Quayle and Santorum—has stressed the importance of the family and the significance of its decline. It has understood the family in a sociological context: as an essential institution for instilling habits of self-giving and for the bearing and rearing of children, as the vehicle by which, to paraphrase Hannah Arendt, the barbarians of each generation are brought into being and then civilized. But appreciating this economic and social role—as the locus of society's literal regeneration—also means drawing clear lines. Family requires a sense of mutual obligation and procreation. Without these, it becomes an institution of convenience.

Just as our dominant cultural paradigm of autonomy has subsumed vows and responsibilities to desire and self-actualization, so, too, has marriage itself evolved. The “companionate marriage” of the twentieth century has given way to the “individualized marriage” of today. As tying the knot become a mark of prestige instead of a rite of passage, Andrew Cherlin notes, marriage has become less a cornerstone than a capstone. This evolution has benefited those with means to pursue such self-expression. But as Kay Hymowitz observes, it has been disaster for those without. Indeed, marriage

rates among the college-educated have remained relatively steady, while those of the working class are falling ever further.

Meanwhile, the evidence for the social and economic bases for the two-parent family remain. Marriage continues to instill norms of maturity and self-control, especially for men, who appear to work harder and more effectively after marriage, earning a significant marriage premium. Family structure continues to have tremendous importance for children's well-being.

Children who grow up in single-parent households are more likely to grow up in environments with more stress and fewer financial assets, and to have lower incomes, lower educational attainment, and less economic mobility, and are less likely to be married as adults. An academic journal (for which, in the interest of full disclosure, I once interned as a research assistant), published by the not-especially-conservative Brookings Institution and Princeton University encapsulated the growing conventional wisdom in 2015:

Reams of social science and medical research convincingly show that children who are raised by their married, biological parents enjoy better physical, cognitive, and emotional outcomes, on average, than children who are raised in other circumstances.

To be fair, none of the research on marriage and family life is unassailable. Until ethics review boards approve experiments that randomly assign children to single parents or adults to placebo marriages, it will be difficult to say that research is capturing the causal impact of being married or having two married parents. Even so, no one gets married because of a regression analysis.

Indeed, the real benefits of family life are immeasurable: the ways it shapes those within it, nudging them to subsume selfishness, lust, greed, and the other vices in pursuit of the good of the other. In his classic 1976 *Harper's* essay, "The Family Out of Favor," Michael Novak outlined this essential function of the family:

The family is the seedbed of economic skills, money habits, attitudes toward work, and the arts of financial independence. The family is a stronger agency of educational success than the school. The family is a stronger teacher of the religious imagination than the church ... If infants are injured here, not all the institutions of society can put them back together.

Some benefits of family life are economic and social, yes—we provide daily bread and companionship for our loved ones—but the lessons that family teaches us are also valuable for their own sake. We do not teach our children respect, kindness, and self-control for their instrumental but rather for their intrinsic value. Indeed, family life is one of the few remaining institutions that operate outside the logic of the marketplace.

No one charges rent to a four-year-old or bills a parent for services rendered. Opportunities to inculcate the habits of self-sacrifice and devotion, of giving without expectation of reward, are few and far between in the modern meritocracy. (This is why the nomenclature of a "parenting wage" is a misguided attempt to sell broader child benefits—parenting is certainly hard work, but it's not a job.) We need children to be formed by more, not fewer, institutions that run to rhythms not set by the pace of postindustrial capitalism.

But cultural and economic trends have transformed the ideal and logic of childbearing from being part of the



Cultural and economic trends have transformed the ideal and logic of childbearing from being part of the base package of family life into an expensive add-on.

base package of family life into an expensive add-on. The shift can be seen in public polling. In 1962, the share of American mothers who felt that “all married couples who can, ought to have children” stood at 84 percent. The next year, as Philip Larkin informs us, sexual intercourse began, and not even two decades later, that same fraction was down to 43%. In polite company today, of course, the fraction would be far below that.

As children have become less common, a cultural feedback loop has kicked in. Kids are no longer expected parts of society; they are stricken from wedding invitations, forgotten about in street design, treated as unprofitable liabilities in the cities of the “creative class.” Such subtle anti-natalism has spread from the elite, who treat parenthood as one more lifestyle to try on between career changes, to the working class, for whom, according to sociologists Kathryn Edin and Maria Kefalas, marriage “is no longer primarily about child-bearing and -rearing. Now marriage is primarily about adult fulfillment.”

We see the result in today’s low fertility rates. A society that treats childbearing as simply one consumer option among many cedes too much to the hedonists. Stressing families’ procreative dimension provides a rationale for a family policy distinct from any other worthy economic policy goals. Conservatives are used to reminding society that children need families; they must now emphasize that families need children.

At the same time, progressive activists on the bleeding edge of the zeitgeist want to diversify the family, not to bury it. Part of their critiques draw blood. There is nothing preordained about the white picket fence and 2.5 kids, and a post-industrial economy chews up extended families for lunch—upwardly aspirational careers lead to moves, large families are penalized, and the (often messy) relationships between parents, relatives, and children are attenuated. The nuclear family of the 1950s, as David Brooks pointed out in *The Atlantic*, is, in some ways, the aberration from the more clan-like environment that was the norm for much of human history. Conservatives owe the former first lady an apology—it really does take a village.



Conservatives are used to reminding society that children need families; they must now emphasize that families need children.

But the deconstructivists have no intention of reifying the support of extended families or building multigenerational housing. They instead seek to “disrupt the Western-prescribed nuclear family structure” and to replace it with a new paradigm, pioneered by the LGBT community facing the scourge of AIDS in the 1980s: so-called chosen families. Of course, extrapolating from those extreme circumstances makes for a conceptual muddle. Such relationships were hardly chosen but rather forged out of tragedy and suffering until they re-created elements of domestic life that provide support and solace. That the progressives now seek to ratify “chosen families” into law stresses, contra Barney, that family is more than just “people” and “love.” Even our language around marriage—mother-in-law,

son-in-law—suggests the importance of legal structures to supplement the voluntary formation of a new family with bonds that mimic kinship as closely as possible.

If new arrangements can re-create some of the till-death-do-us-part ideals embodied in the traditional family, so much the better. That does not obviate the need for a social institution, codified in law and supported in public policy, intended to be the locus of childbirth and child-rearing, nor does it erase the fact that for most people, the tried-and-true institution of family life is the best chance to experience that level of commitment. The parent-child bond stretches and shapes us into varying roles across the life cycle—provider, caretaker, nurturer, teacher, dependent—that are categorically different from choosing a committed roommate or joining a collective of like-minded individuals.

Progressives prefer to address policy at the level of the ethnic or social group; libertarians stress the unencumbered individual. Conservatives' emphasis on family has often been heavy with cultural rhetoric but light on economic prescription. Such a strategy will no longer suffice. The biggest threat to families in the twenty-first century is neither the oppressive hand of the state nor the elusive reins of the culture but the seductive capacity of the market to attenuate bonds of unchosen obligation. The family cannot be left exposed and expect to emerge unscathed.

Families used to have a near-monopoly on certain goods—long-term affection and companionship, procreation, efficiencies of scale. These all now face increasingly stiff competition. Individual fulfillment is now the name of the game, and the family's core competencies can increasingly be outsourced—an app to find your next sex partner, a surrogate to bear your next child, an educational system happy to relieve you

of the duties of moral formation, and, in old age, a robot to change your bedpans. Without counterbalancing intervention, letting the market do what markets do best—isolating components, optimizing for efficiency, and sanding away the stickiness of non-monetizable goods like family and community—will continue to undermine the family.

So long as our shared understanding of family is essentially formless and detached from its social functions, we will struggle to justify anything but a laissez-faire attitude toward family policy. Family is the institution in which the next generation is born and bred by two parents, where young and old alike acquire habits of self-sacrifice, where we civilize our barbarians. Building a policy and legal framework that acknowledge and support that institution is the work that lies ahead. ■

*Addressing America's fertility crisis
happens to be what parents want.*





Escaping the Parent Trap

LYMAN STONE

Falling fertility will have numerous consequences for societies all around the world. Slower population growth will lead to rising inequality, growing prominence of inherited wealth, increasing monopoly power by existing firms, and a decline in entrepreneurship and innovation. Demand for new housing will stagnate. Intergenerational transfer programs like Social Security (or private life insurance, or even the stock market) will face financial troubles. Interest rates and inflation will stay preternaturally low, limiting options for recession-fighting and making every recovery slower than the one before it. Debates about immigration will become ever more rancorous.

These consequences all sound dire to policymakers, as they should, and they have motivated a global turn toward pro-natalism. The number of countries that are officially committed to pro-natalism has risen steadily over time, according to data from the United Nations. And indeed, academic evidence lends credence to the idea that government support for childbearing, especially in the form of direct cash grants, boosts fertility rates somewhat. But the price tag is very large: increasing the total number of babies born in a society can cost anywhere from \$100,000 to \$1 million in public spending per extra baby born.

A major political problem also exists. A society may have many good reasons to want its families to have more children, but most don't like the idea of asking people, or being asked, to have kids "for the nation." And policymakers can also encounter what I call the

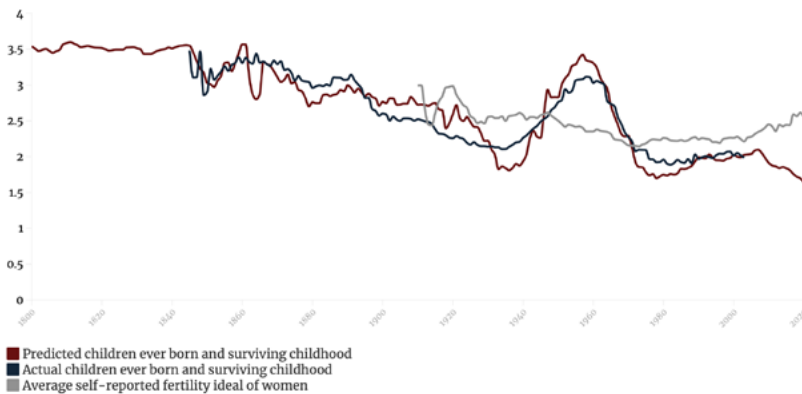
paradox of pro-natalism: painting a grim picture of the future is not much of a sales pitch and, if anything, may discourage prospective parents.



“Unwanted childbearing” is receding as a global problem, while “missing children” are becoming more prevalent.

Fortunately, a better approach is available. Pro-natal policy should be justified simply in terms of what people want—that is, desired childbearing. As fertility rates have declined around the world, they have reached a critical threshold: not the much-heralded “replacement rate” at which point the average woman’s childbearing will balance mortality in the long run, but the even more important “preferred fertility rate” at which the average woman is having the number of children she wants to have.

Fertility Rates and Preferences in America *Per woman*



Source: Centers for Disease Control (CDC), Current Population Survey (CPS), U.S. Census, General Social Survey (GSS)



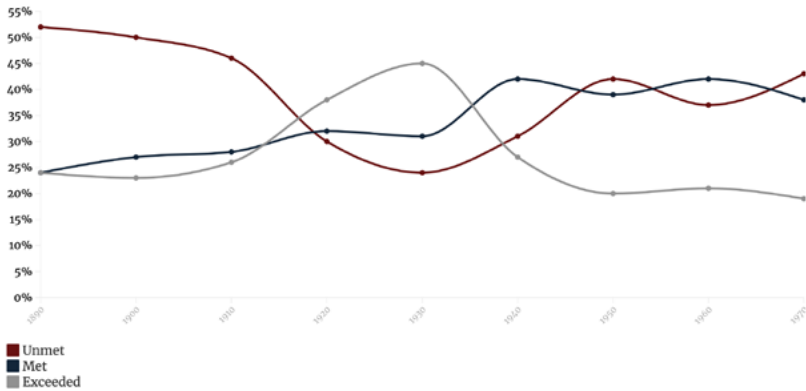
Today, the share of women saying they have fewer children than they want exceeds the share saying they have more children than they want. “Unwanted childbearing” is receding as a global problem, while “missing children” are becoming more prevalent.

In the United States, this picture has changed considerably over time. In the 1930s, after decades of decline, birthrates were far below what women reported wanting. They began rebounding in 1939 and then, when the GIs returned home after World War II, the baby boom sent them rocketing to levels considerably above what most reproductive-age women reported as being ideal. This was an age of big families and early marriages—marriages that, statistically, ended in unprecedentedly high divorce rates. The subsequent rise of the modern feminist movement and modern youth culture was arguably a by-product of the period’s historically unusual overshooting of desired fertility. But birthrates fell just as dramatically in subsequent decades so that, by the 1980s, birthrates were again undershooting women’s stated preferences. Beginning in the 2000s, the gap began widening, and it now stands at its highest level on record.

Data from the General Social Survey look within aggregate preferences at the share of Americans having more or fewer children than they consider ideal. Women who finished their childbearing years in the 1950s and 1960s (generally born in the 1920s and 1930s) were especially likely to have unwanted children, whereas women finishing their childbearing in the 21st century (generally born in the 1960s and 1970s) were nearly twice as likely to undershoot their fertility goals as to overshoot them. Today, over one-third of women who have finished their childbearing report an ideal family size higher than their actual fertility. If current rates of childbearing continue for the next few decades, that figure could rise to half of all women.

Fertility Rates and Preferences in America

Per woman



Source: General Social Survey (GSS)



The uncomfortable reality is that we are not making progress in helping women achieve their fertility goals. The share of women precisely achieving their goals has not changed in 40 years. We've swapped out unwanted childbearing for missing babies. That's not liberation but just a trade-off. Given the pent-up demand for childbearing, governments should target policy to address the preferred fertility rate. Rather than sketch doomsday scenarios, policymakers can make a simple and compelling pro-natal argument. They can say: most people want to have kids.

This argument often rubs my fellow pro-natalists and conservatives the wrong way. For those of us who believe that transcendent communities stretching beyond our own life spans are essential to the good life, and who desire to see higher birthrates partly to perpetuate such communities, articulating a pro-natalism specifically about individual self-actualization, eschewing ideas of shared responsibility, can seem backward. Doesn't this shift toward individualism itself contribute to declining fertility? Shouldn't it be confronted head-on? Isn't the solution to low fertility to urge people toward

a renewed commitment to marriage and family? Can adopting the basically liberal perspective that “this is what the people want, so we’ll give it to them” really be the answer, rather than an appeal to a higher principle?

In liberal societies, it is perfectly reasonable for policymakers to say: “Over 90% of people want to have children, and a rising share end up having fewer than they wanted. This is likely to have adverse outcomes for those people. We’d like to help them.” Such uniformity of interest is rare on any issue, and where it exists, policymakers serve the public by advancing it. We should communicate that we provide benefits not as welfare, and not as a defense against bad future outcomes but because getting married and having kids is what most people want and what we are proud to want for them, and that their frequent failure to achieve it impoverishes not only them but all of us.

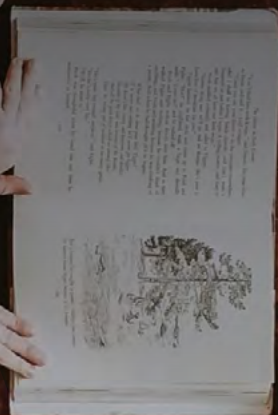
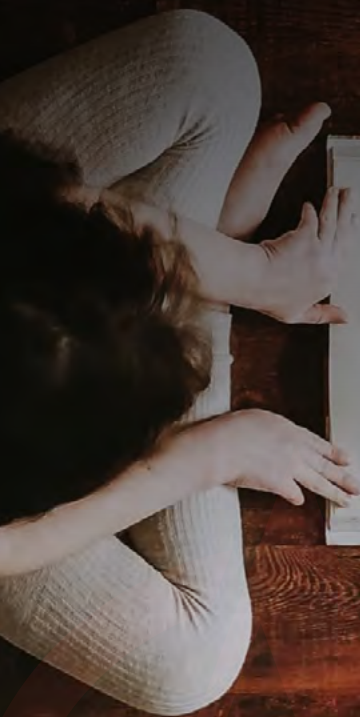


By providing people with the tools to achieve the family desires they already espouse, we can create a society with higher fertility.

This is how American public policy often proceeds. The federal government subsidizes first-time homebuyers and offers the mortgage-interest deduction to most homeowners because the public thinks that people should own houses. It provides food stamps because the public thinks that people shouldn’t go hungry. In a democratic republic like ours, the necessary and sufficient conditions for policy are, and ought to be, that the electorate desires it and the Constitution allows it. For it to be reasonably good policy, one additional criterion exists: that it is rationally oriented toward advancing the common good.

On this score, the answer is clear. By providing people with the tools to achieve the family desires they already espouse, we can create a society with higher fertility. We can, in turn, strengthen and perpetuate the transcendent communities that conservatives value and secure for parents the happiness, kinship, legacy, and fulfillment bolstered by having kids whom they can watch grow up in peace and prosperity. ■

Required Reading





A Family Tree: The Past and Present of Public Policy and the American Family

Raising and caring for a family is the most important undertaking of our lives but one that has become more difficult and less valued in recent decades. The result has been a breakdown of the two-parent family: not only fewer marriages but also fewer children. The underlying causes of these disturbing trends are many. Some are cultural, others economic. Political decisions about public policy often play a role.

The readings here offer some of the clearest thinking on these questions:

- What role does the family play in society?
- How and why has the traditional family broken down?
- How can public policy strengthen American families?

— Part I: Foundations —

Conservatism's emphasis on formative institutions gives it a unique appreciation for the role and importance of the family in raising children and shaping the habits and character of all its members. Families also serve a crucial social and political function, transmitting the community's traditions, norms, and expectations to the next generation. The work done across centuries by preeminent thinkers in describing the family's enduring roles is essential to the task of preserving those roles for an uncertain future.

Edmund Burke, *Reflections on the Revolution in France*. Burke located the roots of patriotism and citizenship in the family unit, noting that “we begin our public affections in our families,” whose model of care shapes our approach to broader obligations, which “we pass on to our neighborhoods” as well as to the nation.

Liberty Fund, 1999. 476 pages.
Selection: Page 181. *Liberty Fund*, 1999.

Alexis de Tocqueville, *Democracy in America*. Tocqueville famously observed that America's local institutions were essential to maintaining its democratic spirit. Chief among these was the family, which resisted atomization and cultivated habits of self-government. “As long as the spirit of the family lasted,” Tocqueville wrote, a “man who struggled against tyranny was never alone.”

University of Chicago Press, 2000. 722 pages.
Selection: “Chapter 9: Of the Principal Causes That Tend to Maintain the Democratic Republic in the United States,”
***Liberty Fund*, 2010. 64 pages.**

Carle Zimmerman, *Family & Civilization*. Zimmerman, an acclaimed Harvard sociologist, analyzed the relationship between the state of the family and the health of a civilization. Drawing upon nations ancient and modern, he outlined the implications of family structure and family breakdown for society.

Intercollegiate Studies Institute, 1947. 352 pages.

Michael Novak, *"The Family Out of Favor."* Novak argues that fewer Americans instinctively recognize the importance of family because the leading institutions of public life are oriented toward individuals seeking "liberation" rather than families seeking continuity. The "antifamily sentiments" in contemporary culture, especially those pioneered by large corporations and universities, thus "diminish the moral and economic importance of the family."

Harper's Magazine, April 1976. 3,500 words.

— Part II: What Happened —

FAMILY BREAKDOWN

The prevailing structures of family life that evolved over the centuries have splintered in recent decades. With the emergence of the nuclear family, extended family members have been excluded from the task of child-rearing and homemaking. In the ensuing decades, the nuclear family faced pressure from the push for women to prioritize careers, the sexual revolution, and legal reforms that gave rise to amorphous social norms. While such changes have justly celebrated benefits, they have come with substantial costs, too. The two-parent family, once the norm in American society, has weakened as divorce and one-parent households have been normalized across much of American society. Mutually reinforcing social norms and public policies have spurred this decline, with social and economic consequences that have affected children and reverberated into subsequent generations.

Daniel Patrick Moynihan, *The Negro Family: The Case for National Action*. Daniel Patrick Moynihan's report on Black poverty identified the breakdown of the family and the rise of single motherhood, not economic forces, as the root cause of intergenerational poverty. Urban ghettos, he argued, perpetuated negative cultural and family norms within the community. His conclusion was that government policy should prioritize stable family formation to make possible sustained economic growth within urban communities.

**U.S. Department of Labor Office of Policy
Planning, 1965. 50 pages.**

Andrew J. Cherlin, *“The Deinstitutionalization of American Marriage.”* Cherlin, a sociology professor, argues that the “weakening of the social norms that define partners’ behavior” has transformed marriage into a primarily symbolic institution for personal achievement, rather than a social institution for having and raising children. Shifting norms around cohabitation, in particular, contributed to this process of “deinstitutionalization.”

Journal of Marriage and Family, 2004.
8,300 words.

W. Bradford Wilcox, *“The Evolution of Divorce.”* Wilcox delves into the consequences of no-fault divorce over the past half-century, linking it to a perception of marriage as an extension of the personal self. Such legal and cultural changes have led, he argues, to rising rates of divorce, falling rates of marriage, and worsening outcomes for children.

National Affairs, 2009. 5,400 words.

Charles Murray, *Coming Apart: The State of White America, 1960–2010.* Murray charts the evolving social structures of the white working class, showing that the same trends that had alarmed Moynihan in predominantly Black urban communities two generations earlier now appeared as a function of class, rather than race. Social pathologies like declining marriage rates and increasing out-of-wedlock births had become so deeply embedded in the white working class by the 2000s that Murray questions “the viability of white working-class communities as a place for socializing the next generation.”

Crown Forum, 2012. 432 pages.
Selection: “Chapter 8. Marriage.” 19 pages.

Robert Putnam, *Our Kids: The American Dream in Crisis*. Putnam describes the yawning opportunity gap between lower- and upper-class children and details the ways in which different family norms and parenting practices—what parents do “to and for their kids”—affect children’s long-term outcomes.

Simon & Schuster, 2015. 400 pages.
Selection: “Chapter 2. Families.” 35 pages.

David Brooks, “*The Nuclear Family Was a Mistake.*” Brooks illustrates the demise of the extended family in America over the 19th and 20th centuries and notes how it was displaced by an ill-equipped, isolated, nuclear family. Nuclear families are less resilient than extended families, he argues, which have the capacity to support members in the event of crisis. Brooks attributes these changes to the Industrial Revolution and the postwar economic boom that made the nuclear family more economically feasible.

***The Atlantic*, March 2020. 9,000 words.**

DECLINING FERTILITY

Fertility throughout the developed world has steadily declined for several decades; nearly all developed countries now have fertility rates below replacement. Though the consequences of falling fertility have not yet been fully realized, they will inevitably shape American life for generations to come.

Ross Douthat, *“More Babies, Please.”* High religiosity and a low cost-of-living once led the United States to have a higher birthrate than other developed nations. No longer: America’s birthrate is now lower than that of some European nations. Most troubling, Douthat observes, is that our falling birthrate may be a product of an exhausted culture that has chosen modern comforts over “the basic sacrifices that built our civilization.”

***The New York Times*, December 2012. 800 words.**

Jonathan V. Last, *What to Expect When No One’s Expecting: America’s Coming Demographic Disaster.* Last notes that greater access to contraception and abortion have made it easier for Americans to avoid having children while the rising costs and difficulties of child-rearing have penalized parents more so than in past generations. The economic and social consequences of America’s rapidly falling birthrate, such as low economic growth and unaffordable entitlement spending, have been undermining, and will continue to undermine, the nation.

Encounter Books, 2013. 240 pages.

— Part III: Explanations —

CULTURE

Over the last half-century, the culture surrounding family life has changed dramatically—arguably more so than in any other sphere of American life. Norms of marriage and childbearing have weakened, both have become less common, and the connection between the two has frayed.

Myron Magnet, *The Dream and the Nightmare: The Sixties' Legacy to the Underclass*. Magnet argues that the liberal social values promoted by the upper classes during the 1960s eroded traditional family and social structures. While leaving the upper class largely unscathed, these changes inflicted harm on lower-class Americans who depended upon such structures and instead found themselves relying on ones that led toward a vicious cycle of poverty and social malaise.

Encounter Books, 1993. 238 pages.

George A. Akerlof and Janet Yellen, *New Mothers, Not Married: Technology Shock, the Demise of Shotgun Marriage, and the Increase in Out-of-Wedlock Births.* Akerlof and Yellen analyzed the rise of out-of-wedlock births in the U.S. and identified the widespread acceptance of contraception and the decline of “shotgun” marriages as the leading factors refashioning relationships between the sexes. According to their analysis, women “who reliably used contraception no longer found it necessary to condition sexual relations on a promise of marriage in the event of pregnancy.” Without this condition, women placed themselves at greater risk of becoming pregnant with an uncommitted partner.

Brookings Institution, 1996. 2,300 words. See also:
“An Analysis of Out-of-Wedlock Childbearing in the United States,”
***Quarterly Journal of Economics*, May 1996. 41 pages.**

Kathryn Edin and Maria Kefalas, *Promises I Can Keep: Why Poor Women Put Motherhood Before Marriage.* Edin and Kefalas investigate the reasons poor women have children before marriage. They find that, for these women, marriage “is no longer primarily about childbearing and childrearing. Now marriage is primarily about adult fulfillment.” Many see that milestone as unachievable or else further in their future and disconnected from their decisions about motherhood.

University of California Press, 2005. 300 pages.

Eli Finkel, *"The All-or-Nothing Marriage."* Finkel identifies two consensus views on marriage: that marriage has become stronger since people choose to marry only when they want to; and that marriage has weakened as an institution because more people are getting divorced, or not married at all. Finkel says that reality is a mix of these views. Marriage has become stronger for the wealthier and better educated, whose divorce rates have stabilized over the last half-century. But for most Americans, marriage has declined in importance.

***New York Times*, February 2014. 1,600 words.**

POLICY

The origins of family breakdown are not a result of culture alone. Public policy has changed the incentives and institutions governing family life, and, of course, policy influences culture as well. However unintentionally, government programs relating to marriage and the welfare state have abetted America's falling rates of marriage and rising rates of out-of-wedlock birth.

Charles Murray, *Losing Ground: American Social Policy, 1950–1980*. Murray's examination of Great Society programs showed how the welfare state perpetuated and even exacerbated family breakdown and poverty by altering the incentives surrounding childbearing, marriage, and work. Murray's analyses and conclusions inspired Republican-led efforts to reform federal welfare in the 1990s.

Basic Books, 1984. 352 pages.

Scott Yenor, “*The Form and Function of the American Family*.” Writing about the central role that families play in American democracy, Yenor critiques American public policy for having run “a series of social experiments on the importance of marital form.” Since the 1960s, most U.S. public policy has been ambivalent about traditional family structure, and the results have been devastating for families. Yenor argues that public policy can be used for good, however, and that government should take a greater interest in “promoting marriage, procreation, and responsible parenthood.”

National Affairs, 2018. 5,700 words.

ECONOMY

The family exists, in part, as an economic institution that provides material security amid turbulent economic forces but also finds itself shaped by those forces. America's transition to a postindustrial economy and the changes that this wrought for both labor markets and consumption habits have undermined the economic foundations of family formation and made the middle-class lifestyle increasingly unaffordable on a single income.

William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*. Unlike the neoconservative who argued that family breakdown was the root cause of urban poverty, Wilson focused on the shortage of jobs for less educated men. Without work, he argued, men are deemed less marriageable by women and are less likely to settle down and raise a family. Public policy, he concludes, should focus on improving a community's economic prospects rather than providing an income to individuals.

University of Chicago Press, 1987. 261 pages.

Elizabeth Warren and Amelia Warren Tyagi, *The Two-Income Trap: Why Middle-Class Parents Are (Still) Going Broke*. Warren and Tyagi examined the economic consequences of women entering the workforce en masse. The rise of the two-earner household, they argued, left households with less financial flexibility and fueled a bidding war that drove up the costs of housing and childcare. Even as households double their incomes, affording a middle-class lifestyle remained challenging. Families preferring to have only one parent in the workforce faced prohibitive budgetary strain.

Basic Books, 2004. 288 pages.

Oren Cass, “*The Cost-of-Thriving Index: Reevaluating the Prosperity of the American Family*.” Cass highlights an “irreconcilable” divergence in economic data, which suggests that wages have risen faster than prices. Many American families find it harder than ever to make ends meet. He argues that standard measures of inflation fail to account for many of the ways that household costs rise and proposes a new formula for measuring the cost of living: the Cost of Thriving Index (COTI). COTI tracks the prices of a typical family’s major expenditures—housing, health care, education, and transportation—and finds that a median male wage can no longer cover them.

Manhattan Institute, 2020. 9,500 words.

— Part IV: Modern Debates —

NATALISM

American families are not just having fewer children; they're having fewer children than they would like. Thus, falling birthrates not only threaten the future prosperity of the nation but also frustrate people's own ambitions. In principle, pro-natalist public policy could make it easier for couples to have children. In practice, the challenge is a vexing one.

Lyman Stone, Laurie DeRose, and W. Bradford Wilcox, *"How to Fix the Baby Bust."* Stone et al. argue that the low fertility rates around the world are "a product of too little feminism." Pro-natalist policies like public financial support and flexible work schedules have been found to increase birthrates, even in countries with strong gender equality.

Foreign Policy, July 2019. 2,000 words.

Ross Douthat, *"The Case for One More Child."* American society has long made it difficult, economically and socially, for larger families to exist, despite parents' desires for more children. Douthat argues that social factors, such as secularization, are the most obstinate barriers to be overcome.

Plough, November 2020. 4,500 words.

RAISING CHILDREN

One of the clearest, yet most controversial, findings in the social sciences literature is that children benefit from a two-parent household and have suffered from its decline. Rising rates of divorce and single parenthood have placed children under enormous stress, with emotional effects that reverberate into adulthood. Evidence also indicates that rising reliance on daycare weakens parent-child bonds, with consequences that are only now being understood.

David Popenoe, *“American Family Decline, 1960–1990: A Review and Appraisal.”* Popenoe, a Rutgers sociology professor, provides a definitive survey of the importance of the stable, two-parent family. Charting its decline over the latter half of the 20th century, Popenoe enumerates the harms for children, with a particular focus on emotional issues.

Journal of Marriage and Family, August 1993.
10,000 words.

Michael Baker, Jonathan Gruber, and Kevin Milligan, *“Universal Childcare, Maternal Labor Supply and Family Well-Being.”* Baker et al. find powerful evidence that Quebec’s program of free childcare harmed child behavioral and physical health. Children formed weaker relationships with their parents, resulting in greater long-term emotional issues.

NBER, April 2008. 52 pages.

“Marriage and Child Wellbeing Revisited.” This issue of *The Future of Children*, a collaboration between the Brookings Institution and Princeton University, reviews the importance of the two-parent household. Several of the essays demonstrate the negative effects that the decline of marriage has had on children.

***The Future of Children*, 2015. 180 pages.**

Steven Rhoads and Carrie Lukas, *“The Uncomfortable Truth About Daycare.”* Rhoads and Lukas note that despite the relative popularity of public daycare, there is little knowledge of the negative consequences that daycare poses to children. They highlight a number of studies that demonstrate the negative effects of mothers returning to work soon after a child’s birth and propose several policy solutions to help parents stay home to care for their children.

***National Affairs*, 2016. 4,000 words.**

FAMILIES IN THE LABOR MARKET

The American family's relationship to paid work has changed. Stay-at-home parents have become less common, and the two-earner family is treated as not merely the norm but the ideal. Policymakers are left to untangle questions of what families want, what options are available, and what, if any, role they have to play.

Reihan Salam, *"A New Agenda for Social Conservatives."* Salam proposes that conservatives should turn their attention to the plight of stay-at-home parents and craft policies that allow parents to more easily raise their kids themselves. Women in particular, he writes, "are highly responsive to policy choices and prevailing public attitudes towards women and motherhood."

Slate, February 2017. 1,000 words.

Helen Andrews, *"Where Are the Socially Conservative Women in This Fight?"* The conservative movement today includes many more women than a half-century ago, writes Andrews, but the right-of-center nonetheless continues to lose policy debates over gender. Its own policies often seem to conflict with its own values. In response to stagnating wages, for instance, "the response of the conservative establishment" was "to double down on shoveling women into the work force."

New York Times, April 2019. 2,800 words.

Michael Strain, *“Stop Poor-Mouthing the Two-Earner Family.”* Responding to Helen Andrews, Strain rejects the “two-income trap” and argues that households can live on a single income if they want to. Women have demonstrated that they prefer to be in the workforce, he argues, by virtue of working. Government should focus on policies that reduce costs for families, not worry about the choices that families make about their own labor force participation.

Bloomberg, May 2019. 1,100 words.

Ross Douthat, *“The One-Income Trap.”* Douthat mediates the debate between Strain and Andrews. Conservatism in the 21st century cannot reject female workforce participation, he argues; rather, conservatives should seek to confront the social and economic barriers to women having as many children as they want.

New York Times, May 2019. 1,300 words.

ECONOMIC POLICY

Looking beyond family policy per se, conservatives have debated how to make more aspects of economic policy family-friendly and whether policies should reflect normative commitments to particular family structures.

Yuval Levin, *“Putting Parents First.”* Levin observes that while families and the market economy are “mutually reinforcing to an extent,” they are also “in tension” in a way that creates “unease for American families, and [are] ... a source of friction in the conservative movement.” Addressing this tension, he argues, is perhaps the only way to attract parents to the conservative movement for the long term.

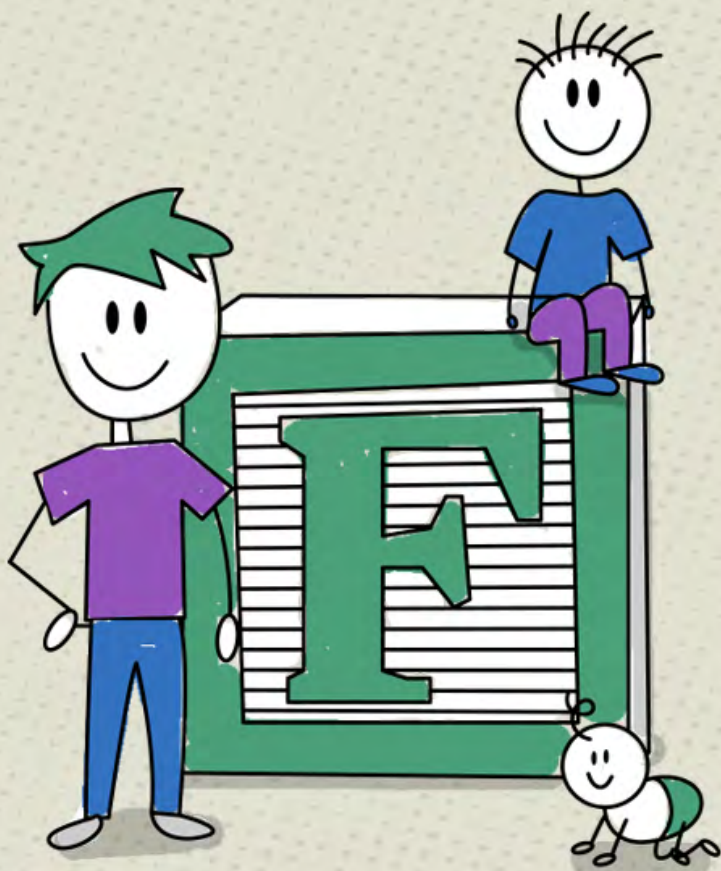
The Weekly Standard, December 2006. 3,400 words.

Robert Stein, *“Taxes and the Family.”* Stein argues that conservatives must rethink America’s tax code in response to declining fertility and recognize that “economic man is also a family man.” He suggests that policymakers find ways to reduce disincentives to family formation and fertility.

National Affairs, 2010. 5,400 words.

Michael Lind, *“Home Economics.”* Lind locates the principal division in modern society not between political parties or ideologies but between “familism and individualism.” Modern economics’ focus on goods produced in the marketplace, and the decline of labor activists who push for family wages are examples of the triumph of individualism over the family. From this, Lind proposes several solutions to reintroduce the family into economics, such as making the family the primary unit for the welfare state and lowering property taxes for families with children.

***American Affairs*, 2020. 2,300 words.**



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