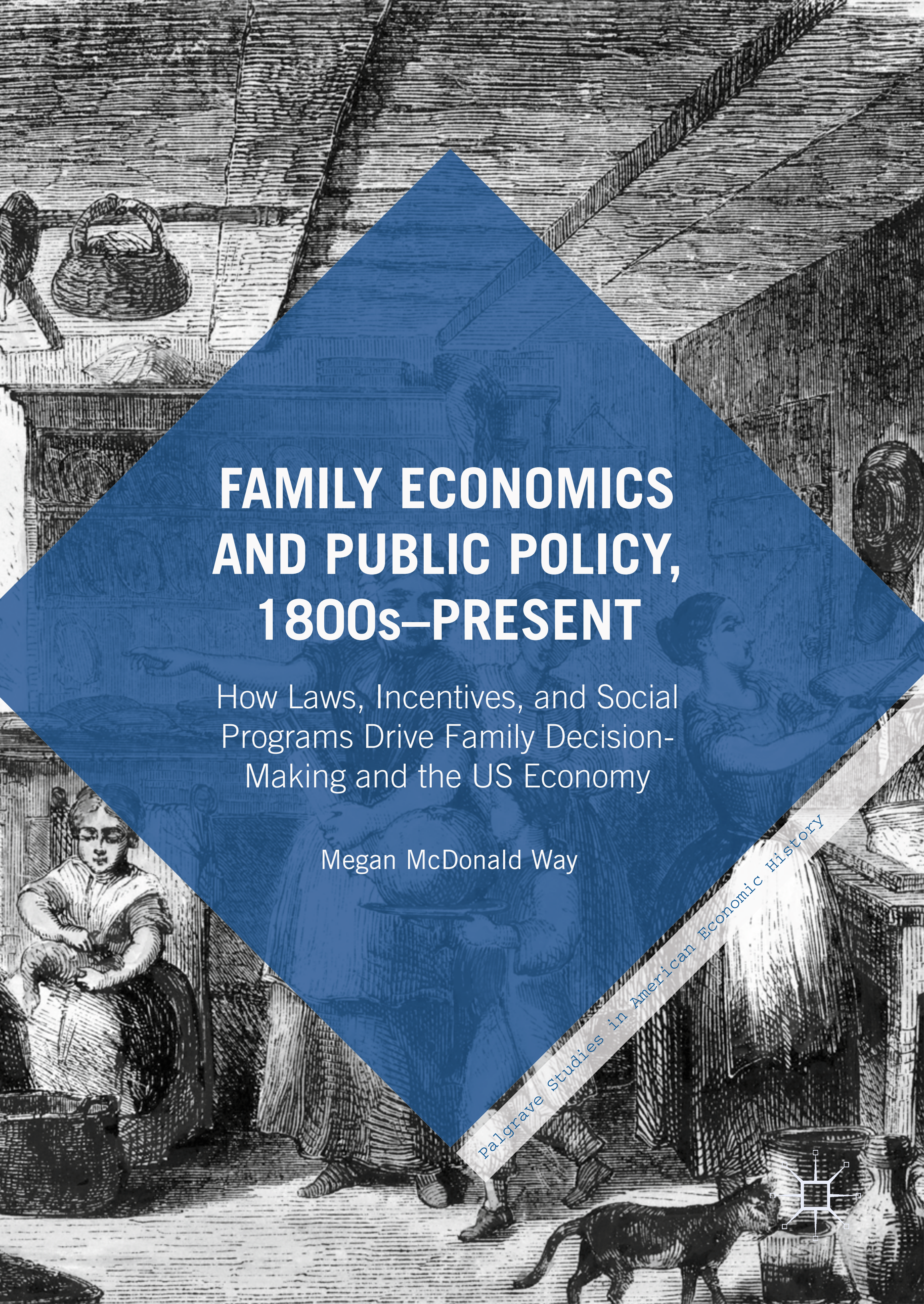

FAMILY ECONOMICS AND PUBLIC POLICY, 1800s–PRESENT

How Laws, Incentives, and Social Programs Drive Family Decision-Making and the US Economy

Megan McDonald Way

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To Rob, Meghan, Robbie, Helen and Joseph, for providing day-to-day data for my lifelong family economics experiment.
Matthew 14:28–32

Preface

I would never have become an economist if it were not for my father making a typical family economics calculation. Before I started my sophomore year in college, he threatened not to pay for another semester unless I took an economics class. He was a federal prosecutor, not an economist, but he had four kids to educate and he did not want to put scarce dollars into an expensive education when I was floundering over choosing a major. If he was not using the words *return on investment*, he was certainly thinking in those terms. With some economics on my resume, I would be more likely to get a job, and I think he suspected I would like the subject.

I complied with his demand, and for that reason on October 19, 1987 (Black Monday), I was sitting in a Macroeconomics 101 class at Wellesley College as stock markets were crashing worldwide. There was no internet or smartphones, so all that most of us had heard about the crash—if anything at all—was from the rare common-area TV or the radio. Our professor, a young guy named Len Nichols, came in a little late, literally bouncing in his running shoes from adrenaline. "Do you all know what is happening?" he yelled, and then proceeded to explain it, detailing what it meant to us, to our families, to Wellesley College and its endowment, to the US economy, and to the world economy to have the stock market lose almost a quarter of its value in one day.

That was the day I realized that economics could help me understand an extremely complex world.

The economics of the family is one lens through which to examine US economic history, which is relatively short in years but rich and complex in its development. We have sped through agrarian, industrial, technological and now "knowledge economy" phases with a fledgling, federalist system running to keep up. The United States in 240 years increased its physical territory many times over, giving it access to tremendous natural resources. The country created a legal and economic system that supported private property, entrepreneurship, and big business while making ambitious public investments in infrastructure. Most significantly, in my opinion, the US population shot up from a few million in 1776 to over 320 million in 2017, by natural reproduction, by the attraction of highly motivated immigrants, and by some terrible human trafficking. Almost all of these people have lived their lives in the context of family, and in the context of a public system that has educated, supported, and cared for many, and ruthlessly enslaved and withheld opportunities from others. All of these people and their families have had to decide (if they were allowed to) how to allocate their scarce time and resources in such a way that they would survive and hopefully thrive. And all of these people built the economy that we enjoyed in the 1800s and the 1900s, and that we enjoy today.

Not everyone appreciates applying market economy concepts to the family, and many family scholars have ingrained prejudices against the transactional way economists value people in their models. I understand that, as I discuss at the beginning of Chapter 2, which delves into the economic functions and economic models of family. I find it extremely useful, however, to think analytically about how families decide on what to spend their money and time, and what I think every scholar would agree with is that no family wants to waste its resources. Most parents, for example, look at the income they have coming in, and the children they have in front of them, and think about how to prioritize their money and time to achieve the best outcome possible for their family. Economic models help us understand these allocative decisions, from the most pedestrian (how much to spend on different goods) to the most life-changing (how many children to have).

My goal in this book is to present family economic decisions throughout US history in a way that makes sense of where the US economy and the families that drive it have been, and what role public policies played in that journey, as well as where we need to go, and how public policy could step up to help our families and our country get there. Most of this is just about people, and how policy helps people achieve their productive potential. Whether we value their productive potential in the labor market, in their homes, in producing works of art, or in giving their time to public service or charity—that is for all of us to decide.

A few caveats.

The definition of "family" can be very personal and, for some people, controversial. I explain what family means from an economist's perspective in Chapter 2. Each readers' personal definition will probably be compatible with this very general definition.

I focus on federal over state laws, policies, and programs in most of my examples, particularly the more recent ones, because federal policies tie the population together. Some states have been policy pioneers, and others have been laggards, and in a future volume it would be interesting to explore states' influence on each other and on the federal system in their treatment of families.

I have neglected much of the economic history of Mexican-American and other Hispanic families, as well as Asian-American families, in large part because strict measurements of these populations as distinct groups were not taken by the US Census Bureau until around 1970. It is easier to understand African American fertility in US history, for example, or even Native American, because those populations have been better tracked. The same is true for many other measures. I have leaned toward going broad over going deep, which means more attention has been paid to the dominant group. I hope to balance this out in future work.

This is not a comprehensive study of social programs that affect the family, so some readers may be surprised that I neglect some important and well-known programs such as Head Start, for example. My policy suggestions are also somewhat cursory and give little consideration to how such policies would be funded. My focus is not on the details nor the public finance aspect of policy-making. My intent, instead, is to shine a light on how policies would affect family economic decision-making and the readiness of families to participate successfully in the twenty-first century US economy.

Babson Park, USA Megan McDonald Way

Acknowledgements

For a book about family economics it is appropriate to thank, first and foremost, my parents, Mary Ann and Brian McDonald, who have poured resources and love and support into me from the moment I was born through today. As I have watched them and their careers—federal civil rights prosecutor, Superior Court judge, homemaker, high-school Spanish teacher, retired-grandparent-uber-babysitters—I learned economic lessons that serve me every day.

Rob Way, my husband, has been infinitely supportive of the work for this book, as have my children. They all tolerated my absences and late nights at the office with love and good humor and for that I am very grateful.

My colleagues at Babson College are always encouraging and inspiring. Babson is a niche player in a big higher education market, and it is an exceptional one thanks to its faculty and staff. I especially owe an enormous debt of gratitude to my friend and mentor, Lidija Polutnik, Chair of the Economics Division for many years before recently handing this post on to me. I also must thank my colleague, Barbara Alexander, the editor of this Palgrave series, for giving me the opportunity to contribute this work, and for her invaluable editing.

I learned labor economics, and one of its subfields, family economics, from Don Cox at Boston College. During my Ph.D. program, I had the privilege to work with Don as a research assistant on an NIH grant, "Biological Basics and Intergenerational Transfers." I am very grateful to have had this exposure to an area of economics that is new and a little fringe and highly relevant to people's lives.

Most importantly, given this book's focus on public policy, I must thank the taxpayers of the United States, and the federal, state and local government systems that have invested so much in me and my family. There is no way to list all the systems that have benefited me, but here are a few. Specifically, I need to acknowledge:

- The Arlington Public Schools, Arlington, Virginia. I not only received an excellent primary education at Barrett Elementary School in the 1970s, but got to rub elbows with a resilient, recently arrived group of kids from Vietnam, Cambodia and Laos.
- The Miami-Dade County Public Schools, Miami, Florida. Palmetto Middle School was probably the most diverse school I could ever have attended, with racial busing, immigrants from everywhere, rich, poor, deep south and cosmopolitan, all jumbled together. I knew advanced algebra and how to diagram the most complex sentences by the time I left there.
- The favored tax status that made possible the existence of Cathedral High School in Springfield, Massachusetts, an enormous Catholic, diocesan high school run by the Sisters of St. Joseph. It was the least diverse school I could ever have attended, but I learned that my meager number of siblings—three—was nothing compared to my friends who had 5, 6, 7 and even 13 siblings. If I had known my later interest in the economics of fertility, I would have created case studies out of them all. I also witnessed four years of concentrated female brilliance in the form of my math teacher, Sister Marita Joseph.

The public systems of the United States have also given me student loans and subsidies to attend Wellesley College, as well as tax breaks to help me: buy a home; have great health insurance; pay for day care; and save for retirement. The Town of Norwood, Massachusetts has educated my children, and provided a fabulous environment for raising a family. For me, personally, US public policies have provided a ramp leading me and mine up to economic security and success. I am so grateful, at the same time that I fervently wish our system worked that way for every family.

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CHAPTER 1

Introduction: Public Policy and Family Economics in US History

Introduction

Twenty-first-century families in the United States are charged with tremendous economic responsibilities. They make up the current US labor force, which is undergoing rapid structural and technological change, and is responsible for 60–70% of the productive output of the economy. While they work, families are bearing, raising, and educating the children who must be prepared to fill their roles in the newly-termed *knowledge economy*. They are also looking after a growing population of elderly family members. Families are expected to juggle these roles while managing uncertainty across many aspects of their economic lives. The tradeoffs facing them as they attempt to allocate their scarce resources to educational investments, rising healthcare costs and retirement savings, for example, seem to have increasingly high stakes—make a wrong decision in one of these areas and someone in the family could end up in poverty, or at least facing a much diminished standard of living. As they make these decisions, families are aware of increasing inequality around them and the sharp distinctions between the haves and the have-nots. And as they face these responsibilities, the public policy environment that makes up one part of the context for their lives can seem indifferent, can seem demanding, or can seem oppressive depending upon the type of family they are living in, where they fall on the income distribution and the color of their skin.

M. M. Way, *Family Economics and Public Policy, 1800s–Present*, Palgrave Studies in American Economic History,
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Substitute the term *industrial economy* for *knowledge economy* and the paragraph above could have been written about nineteenth-century families.

This book describes the evolution of the American family over the last two centuries using the lens of family economic decision-making, focusing particularly on the interplay between families and the government. The economic roles played by families have been remarkably consistent across time, but families themselves have changed and the public policies they face have changed from the 1800s to the 2000s. Acknowledging that families' decisions regarding how they spend their money and care for their members are influenced by the government provokes a reaction of discomfort in many people. The government seems impersonal, with hard, bureaucratic edges that do not fit nicely with our image of family. Families are intensely personal, and family decisions are, in theory, based on a family's values and the best interests of each of its members. Yet, every family exists in the context of a political and economic system which in some cases nudges them (for example, providing subsidized student loans for college), and in other cases commands them (for example, mandating schooling for children ages 5 to 16 or older) to allocate their scarce resources of money and time in ways that affect the overall US economy.

Of course, family members vote for the politicians who ultimately direct the public policies they are subject to and, perhaps, derive advantage from. The creation of policies starts with the voters in a democracy, although it frequently ends with the appointed judges of a state or federal Supreme Court, as exemplified by landmark Supreme Court rulings regarding segregation and same-sex marriage. As this book explores the relationship between family economic decision-making and government policy in US history, it will reveal how families have responded to the incentives and the constraints established by diverse federal and state laws, ranging from the regulation of marriage, to labor regulations, to education policies, to retirement programs, and many others. It will examine how families allocate their resources and how decisions are made that determine each household's participation in the labor market and in other aspects of the market economy. Most importantly, it will highlight how the interplay of public policy and family economic decision-making drives the US economy to be innovative and prosperous while at the same time shockingly unequal. Throughout, there will be suggestions for how policies could be developed that help families succeed economically, and better fulfill their crucial roles in a US economy that must be prepared for twenty-first-century challenges including demographic change, climate change, challenges from rising economies in Asia and Latin America and the rapid development of new technologies.

First, let's start with a few historical examples.

Child Labor Laws and Compulsory Schooling—Imposing Constraints on Families

In the early nineteenth century, the mills of New England were filled with workers who until recently had participated little in the formally-employed industrial workforce: children. The industrial revolution, which had started almost three-quarters of a century earlier in England, had changed methods of manufacturing in textile and other industries from small-scale reliance on skilled workers, to large-scale reliance on machinery tended by less-skilled workers. The fast-moving rivers of New England were ideal locations for the waterwheels that powered the mills of Lowell, Fall River, Springfield and Providence. But even though this region of the United States was the most densely populated, adult male labor was unable to meet the growing demands of industrialization. The mills initially employed women and girls, and then increasingly recruited young children through the 1820s and 1830s. The relatively low physical demands of industrialized manufacturing made children adequate, if less than ideal, workforce members. Some mill machinery was even adapted to the proportions of child-sized operators. Children were not well paid, but the *opportunity cost* of their work—the value of the next best use of their time—was not economically rewarding either. They could participate with relatively low productivity in farm work, assist with housework, or possibly be hired out to another family.

Schooling was an option, but barely so for lower- to middle-class families. The common public school system provided literacy and numeracy, but it was not a path to significant increases in earnings potential for those whose families were not already established in commercial enterprises. Very few secondary schools existed outside of large urban areas, so schooling beyond age 13 was uncommon, and in most cases did not result in higher earnings as adults.[1] Many New England farming and urban families appreciated the extra income resulting from sending their children to a factory or mill town to work, and in many cases, the children themselves appreciated the increased independence that came with earnings.[2] Compared to the dangers of farming, for example, the mills seemed relatively safe, and many children worked side-by-side with their mothers and older sisters. Stories of exploitation and drudgery had not yet appeared, immigrants who would compete with child labor had not yet arrived in large numbers, and advances in technology had not yet driven industrial machinery to speeds that made factories much more dangerous places for children. A child laborer's work in the mills was not easy, but neither was farm work, and at least mill work paid.

How public policy would treat this new population of industrial workers was a crucial question facing first the states, and eventually the federal government as well. The well-being of children, family income, labor availability, company profits, and the transformation of the US economy from agrarian to industrial—all these issues were at stake. The decision to allow, or not allow, the use of child labor affected families at the microeconomic level—determining the well-being of their children as well as their household income. It also affected the United States at a macroeconomic level—impacting the ability of the country to compete in world markets with nations like Britain.

On the labor-demand side of manufacturing were the new industrialists, such as the textile manufacturers of New England. They needed workers. Access to cheap southern cotton gave New England mills a source of competitive advantage in the textiles trade over England in the early 1800s, but without cheap mill labor, this advantage was wiped out by the high wages required to lure male workers. To restore this competitive advantage, manufacturers turned to women—mostly unmarried—and children, at wages less than half those of men.[3] In 1820, children under the age of 15 made up about 50% of the textile mill labor force, and about a quarter of all manufacturing labor in the Northeast.[4] While this percentage decreased through the nineteenth century for a variety of reasons—such as increased competition from immigrant labor—putting children to work in fields, wealthy people's homes, shops, or factories was the norm for many families and contributed a large percentage of family income through the early parts of the twentieth century.[5]

Regulating commerce and, at times, family life, was the government in a variety of forms, but mostly state and local at this time in US history. Prior to the 1850s, the legislatures and the regulatory agencies of New England states did little to restrain the employment of children in manufacturing. Children were under the economic and legal control of their parents, and it was usually a father's choice whether his child was to be educated, employed, or apprenticed to a tradesperson. The state had relatively little interest in the welfare of children, other than a concern that children not be delinquent. Factory work served to prevent delinquency quite well. The economic growth of New England states, fueled by paper mills, textile mills, machine tool shops, and other manufacturing, was on course, and depended quite heavily on child labor. Even when the first minimal compulsory education laws were passed, starting in Massachusetts in 1852, there was little enforcement.[6]

But after the Civil War, the economy changed. Continuing industrialization combined with technology improvements in machinery made labor more productive. This justified paying higher wages to men and decreased demand for child labor in manufacturing, resulting in less business opposition to child labor laws. The increasing need for a managerial and clerical class of workers, and thus an educated workforce, became clearer to business leaders and policy-makers, increasing support for education.[7] The labor movement supported child labor laws for several reasons, not least of which was to eliminate the competition of women and children for jobs with men, in order to drive up male wages.[8] There were also decreases in fertility, making children and their labor services scarcer and reducing pressure on family incomes.[9] At the same time, a trans-Atlantic movement to protect children from the perceived danger, drudgery, and exploitation of factory work was growing stronger.

State legislatures began slowly enacting child labor laws around the time of the end of the Civil War. In 1880, only seven states had minimum age statutes for employment in manufacturing, with most of the ages as low as 10, but by 1910 only nine states did not have such minimums.[10] The Fair Labor Standards Act of 1938 (FLSA) introduced federal legislation into the equation, prohibiting most employment of children under the age of 14, and regulating the labor of 14- and 15-year-olds. Of course, passage of laws did not ensure compliance. Enforcing a minimum age for formal employment was costly and could easily be evaded by moving children into hidden work environments. Compulsory schooling laws provided an effective complement to child labor laws by limiting children's availability for employment. The rate of school attendance in 1920, when all states had compulsory schooling laws of some type in effect, was over 90% for children who were also below the minimum legal work age in their states, indicating that at the least, these children spent many hours a year outside the paid or unpaid workforce.[11]

Between 1880 and 1920, the number of native-born white boys and girls ages 10 to 13 reported in the US Census as gainfully employed had dropped from 24 and 3%, respectively, to 6 and 2%. For an immigrant population, such as Italians, the numbers went from 30 and 5% to 1 and 0%, with similar changes for Irish children.[12] This is probably because immigrant children were more concentrated in cities and were less involved in agricultural labor at that time. African American children's participation in the labor force was much higher, due to poverty, their concentration in the agricultural south, and the poor quality of public education for them under the Jim Crow regime.[13] Between 1880 and 1920, the number of black boys and girls ages 10 to 13 in the paid work force dropped from 51 and 33% to 19 and 14%.[14] It is likely that many more working black children were uncounted as part of the paid labor force because they worked with their families in sharecropping.

Of course, there are arguments as to whether it was child labor laws that led to the dramatic decreases in children working, or if social trends in work and family life were more responsible. Either way, the social trend toward less child labor and the laws directly prohibiting it led to a general improvement in the lives of most children, unless their families were in poverty, or they were unsuited to school and unhappy or abused there.[15] Most people would agree that children needed, and continue to need, protection from needy or greedy parents, exploitative employers, and the temptation of trading their future gains from education for a paycheck. Given the many spillover benefits of education, government intervention was required to ensure the economic and civic health of communities and increase the economic potential of the population, in addition to protecting children. In 1906, Charlotte Perkins Gilman, sociologist, feminist and author of *Women and Economics*, argued in support of strict child labor laws in the meetings of the American Economic Association, positing that "(1) Every child has a personal right to his full growth. (2) The family has no property rights in the child. (3) The state should enlarge its services to the child until it has fulfilled its whole duty." With this last point, Gilman was recommending that the state provide not just education, but also a minimum standard of living, because "every child should be considered as a social asset" and trained to be "put to the higher levels of work."[16]

Getting children out of the workforce and into school was transformational for the US economy, driving the economic development of the United States as it has all industrializing and industrialized countries.[17] The expansion of primary and secondary schooling from the late nineteenth through the mid-twentieth century led to gains in labor productivity which complemented technological advances and investments in physical capital, as well as exploitation of the nation's natural resources.[18] The states with child labor and mandatory education laws provided themselves an educated workforce which benefited industry in countless ways, from creating the clerical and managerial workforces required for running increasingly complex organizations, to making factory floor workers trainable on advanced machinery, to spurring the increase in college attendance that provided scientific and engineering talent.[19] Compulsory education laws also satisfied political needs: preparing children to be responsible citizens, reducing delinquency, and integrating immigrant children into the American culture.

But how did these laws change the economics of families? Eliminating a source of income may not have had an impact on all families, but it certainly must have been a hardship for some. The imposition of child labor and education laws changed a trend to a mandate that added a binding economic constraint on many families, meaning that it changed their decision-making regarding childrearing; without the laws, they would have put their children to work. One estimate based on comparisons of the legal working age between states showed that as late as 1920, being age eligible to work made a child 6% more likely to be in the work force than in school. This may seem like a small effect, but it indicates that the preference in many families or of many children themselves was to work over going to school.[20] Without the law, a significant number of children would have been bringing an income to their families. Many of these were recent immigrant families, with lower-skilled adult labor, whose choice to have their children work was part of an overall strategy to establish themselves economically in the United States.[21]

Compulsory schooling laws also took children away from unpaid labor that the family might have benefited from at home. The family that formerly relied on older children to do housework, or care for the younger children, or complete home-based work intended for the market no longer could operate that way. Adult women had to spend more time in childcare and housework, and less time on other tasks, including market work. White women of the late 1800s were already being pushed away from market work by a developing Victorian ideal of female domesticity. Schooling laws had the effect, if not the intention, of increasing women's unpaid work in the home.

With compulsory education laws and child labor prohibitions, the economic benefit of children in the family declined, but their human capital and future economic capacity (which they could take with them when they left the family) increased. Having children became more expensive and required more sacrifices on the part of parents. It is logical, then, that for many families these policies led to having fewer children.[22] The constraints labor and education laws imposed accelerated the changing economic role of children from being economic resources to their families to being economic costs. In the short term, many families had to adjust and certainly some found themselves in difficult circumstances when they lost the income or the productive value of their children's labor. In the long term, these laws added to a redefinition of childhood, motherhood, fatherhood, and the different economic roles played by each family member.

Of course, some types of child labor have persisted, legally, since the 1700s. The FLSA of 1938 did not prohibit farm labor for children, for example, permitting children to work on their own families' farms, with their parents on other farms, and alone on farms with some restrictions in hours. The number of child farmworkers has decreased, and their demographic makeup has evolved, but their contributions to the agricultural labor force remain significant enough that political battles over proposed reforms to the agricultural child labor provisions in the FLSA are still being fought in the twenty-first century. The federal government's refusal to this day to grant all children coverage under labor laws reflects powerful political and economic forces that trump the rights of children and affect their current and future economic well-being. Hundreds of thousands of mostly Hispanic children in the United States continue to be employed in harsh conditions due to the agricultural exemption to child labor laws, aggressively supported by powerful lobbying groups.[23] The number of children age 15 and under working on farms—usually not owned or run by their families—was estimated at over 990,000 in 2001 by the National Institute of Occupational Safety and Health.[24] Farm work is the most dangerous occupation for children with rates of mortality and injury far higher than the next most dangerous occupation, construction, where more restrictive regulation of child labor exists.[25] Efforts as recent as 2012 to limit the most hazardous types of work for hired (non-family) children under age 16, such as working in grain silos or operating heavy equipment, were abandoned due to large and public opposition by the American Farm Bureau Federation. Commercial farm members of the federation would have faced significant cost increases due to more stringent regulation, because children are not required to be paid minimum wage and they often work for piece wages, meaning they are paid only for what they produce, and not an hourly wage.[26] They also suffer very high rates of poverty, often live separated from family, and they are at high risk for not completing high school.[27]

The policy decision *not* to protect children who work in agriculture—many of whom are immigrants or migrants—and *not* to place the same constraints on their families as on other US families not only profits private sector interests, but also helps achieve political objectives. For example, being able to pay low wages to children depresses demand for adult labor, lowering adult wages as well. Low labor costs result in cheap food on US families' tables and push down prices for US agricultural products on the world market, making them more competitive and improving the trade balance. Cheap food comes at a very high cost to working children and their families, however. The sacrifice of children's educations almost guarantees they will keep working in low-paying agricultural work through adulthood, and perhaps have to bring their own children to the fields to make ends meet, continuing a vicious cycle. The ethnicity of these children (over 80% of all farm workers are Hispanic[28]), their poverty, their invisibility to the public due to remote work locations and an often transient life situation and the political influence of the agricultural lobby are all factors that result in a lower perceived value of farm worker children's safety and education, both to the public and to elected politicians. The government's exemption of agriculture from many child labor laws contributes to maintaining an undereducated group of workers, which in the twenty-first century economy guarantees a low spot on the economic hierarchy and contributes to growing inequality.

Despite the glaring agricultural exception, child labor and education laws placed *constraints* on most families' economic decisions which helped develop the human capital that propelled twentieth-century productivity increases in both labor—through an educated workforce—and capital—through scientific and technological advances. Let's look at another policy from the 1800s that incentivized families to make economic decisions that they otherwise might not have by affecting *prices*.

The Homestead Act—Lowering the Price of Land

The Homestead Act of 1862 incentivized hundreds of thousands of US citizens and future citizens, mostly families, to settle frontier land not yet well communicated with the established territories of the United States, and not yet well-secured militarily from the Native Americans who were being displaced. By residing on, and typically farming, a one-quarter section of land (about 160 acres) for five years, any head of family, veteran, or adult over the age of 21 was granted that land by the federal government. In effect, the purchase price of the land was lowered to zero.[29] The 1862 act and later homesteading acts in the west were combined with a mix of other federal land sales and grants to railroads, businesses, speculators, and new states to create a complex land management policy for the territory stretching west of the Mississippi to California. In the popular imagination, and in reality, homesteading policies were "how the west was won," and Americans were taught to revere the pioneer men, women, and families who settled in hostile Indian Territory and made the Midwestern and western states the breadbasket of the country. In the process, they were also taught to overlook homesteading's effects on hundreds of thousands of Native Americans, whose families were violently displaced by the US military, sometimes with the help of homesteaders, in violation of hundreds of treaties.

The policy objectives of the Homestead Acts were to assert sovereignty over and extract resources from new territories purchased from the Spanish and French, and appropriated from the Native Americans, through the use of settlers.[30] The mechanism to accomplish these objectives was to lower the costs and promote the benefits of farming on the frontier, so that families and individuals would be willing to move and to endure the hardships of settling. These hardships were so great, and the benefits so meager, however, that many economists and historians have judged homesteading a dismal and inefficient way to allocate land resources, prompting articles with titles like "Buying Misery with Federal Land."[31] Around two-thirds of the 1.5 million homesteads allocated under the 1862 act were abandoned.[32]

The misery of the homesteader probably seemed cheap to the federal government when compared to the cost of military troops to deter Native American claims to the land and overcome their resistance to US sovereignty. Homesteading was an economically and militarily efficient policy, according to some historians, when the government was trying to exert control over many thousands of Indians with a few thousand troops. The sheer numbers of homesteaders decreased the likelihood of trouble from the Native Americans by making resistance seem futile.[33] The desired population density was realized both by dropping the price of the land, and by limiting homesteads to 160 acres, which in light of the types of farming that would take place, was considered small.[34] The inefficient size of homesteads is just one reason why the policy has been criticized, but the result of encouraging more dense settlement was that the sovereignty of the United States over the land was enforced in a less costly way—to the government—than it would have been by the exclusive use of the military. Quick settling of the territories also quickened the expansion of commercial activity across the frontier and created new economic opportunities for business entities in the east.

For families who ventured into homestead agreements with the federal government, moving to the frontier meant the sacrifice of education, social networks, earnings, and in some cases, lives, in return for a highly risky and laborious investment. Instead of incentivizing families to educate their children and protect them from danger, the Homestead Act incentivized parents to relocate to where their children would be far from educational opportunities, almost guaranteeing that children would be providing the type of farm and household labor made more difficult and dangerous by the remoteness of their location.

Prior to the Homestead Act, many families considering a move to the frontier might have decided that the direct and indirect costs of the move outweighed its potential benefits. The direct costs included transportation, purchasing or laying claim to land in often hostile territory, building a home and a barn, and purchasing farm tools and seeds. Indirect costs included risks to the family such as hostilities, disease, accidents, isolation, loss of support networks, lack of access to education, and the loss of nonfarm employment opportunities. By reducing one of the direct costs—the cost of purchasing land—to zero, the homesteading policy changed the economics of the decision, resulting in many families opting for frontier life even when other direct and indirect costs remained high. Risks to their financial well-being were as serious as risks to their physical well-being, given the less-than-desirable nature of much of the land that the government allocated to homesteaders. Railroads and speculators would pay for better land parcels so homestead land was usually more remote and less productive.[35] As a result, over a million homesteaders abandoned their claims, losing their investments of time and money, and surely landing their families in worse economic circumstances than if they had never left settled territory.[36]

Although it ended in failure for many settler families, and success—however modest—for others, the Homestead Act achieved its objectives from the point of view of the federal government. The territories were settled and Native Americans were pacified at a lower cost than would have been incurred through exclusively military action, although hundreds of military battles took place. Food production expanded both for domestic use and trade. Vast natural resources were put under the control of the federal government or the entities to which they leased or granted land and resource rights. Thus, while not considered a family policy per se, the Homestead Act is a great example of a public policy that incentivized many US families to help advance a national objective by changing one of the parameters of their economic decisions—in this case, the price of land.

Married Women's Property Acts —Changing Property Rights of Family Members

Property rights, an essential element of the market system, were historically withheld from married women, preventing them from operating as anything but agents of their husbands. Coverture laws asserted that married women were subsumed into the legal person of their husbands, and they existed in the United States, as part of the jurisdiction of individual states, through the nineteenth century, and in some forms into the twentieth. They were a legacy of the common law of England, brought to North America by the original colonists. According to *Blackstone's Commentaries on the Laws of England*, "By marriage, the husband and wife are one person in law: that is, the very being or legal existence of the woman is suspended during the marriage, or at least is incorporated and consolidated into that of the husband: under whose wing, protection, and cover, she performs every thing.[sic]"[37] This legal construct, often called the *fiction of marital unity*, meant that a husband had property rights over his wife, including all her pre- and post-marital savings, land, personal property, inheritances, and earnings.

Due to these laws, in the 1800s married women could not sign contracts, own property, devise a will, or keep income from their own labor and businesses. It was difficult for them to even have a business given