
Capitalism and the Family

BY STEVEN HORWITZ

It is hard to think of a human social institution that has undergone more change in less time than has the family in the last several decades. Although the magnitude and rapidity of those changes are exaggerated by the unusual stability in the family from just after World War II until the mid-1960s, the 40 years since have seen a continuing evolution in a variety of ways. The changes in the form and functions of the family have provoked an assortment of responses from the political left and right, with the former largely tolerant or sympathetic to those changes and the latter critical of them.

What has been lost in the standard left-right debate is the crucial role played by the market economy in many of those changes. The result is that many on the right who offer at least lip service to the market order continue to resist the cultural changes that it has made possible (and that cannot be undone). Meanwhile, those on the left who embrace the dynamism of culture refuse to see or credit the dynamism of the market for making those changes possible and sustaining them. Those of us who value the dynamism of the free market and its power to expand the range of human freedom could do well to apply those ideas to the recent changes in the family and begin to see the ways in which those changes have resulted from the creative powers of the market and have thus expanded human freedom.

In making the dual claim that the market is a key reason why the family has changed the way it has in recent years and that such changes are good, I need to respond to one objection off the top. It is certainly true that various forms of government regulation, including, importantly, the welfare state, have influenced the direction in which families have evolved in the last 40 years. Any comprehensive analysis of the changes in the fami-

ly would have to account thoroughly for those factors. My goal here, however, is to make the argument that the more fundamental and long-run changes have been the result of economic growth fueled by the market and that those changes have largely been good. The more recent changes of the last 40 years are simply accelerations of those longer-term trends.

Over history measured in centuries, the evolution of the family can be summarized as a movement of work from the household to the market, with the results being the liberation of human beings from unnecessary labor and a shift in the central functions of the family. Before capitalism, the family was both the central unit of economic production and the core political institution. In an economy based mostly on agriculture and secondarily on small crafts, economic production was largely for the family's own survival and performed with the limited capital possessed by the household. With limited physical capital, labor-intensive methods of production were required, especially in agriculture, making larger families preferable. In addition, with limited financial resources and opportunities to store material wealth over long periods, having a large family was a form of old-age insurance. The family of the Middle Ages was an all-encompassing social unit, bound together by the need to survive economically.

In such an environment both males and females had to contribute in multiple ways to the survival of the household. Both worked the fields when possible, and older children both worked the fields and took care of younger siblings. The gendered division of labor that

Steven Horwitz (sghorwitz@stlawu.edu) is a professor of economics at St. Lawrence University.

would characterize later families was not nearly as present. In addition, the bonds that brought together married couples and sustained families were not romantic love as we now understand it, but the more practical questions of “productive compatibility” and the politics of family status. The love-based marriage had to await the capitalist revolution.

The key event in that revolution was the advent of wage labor. As some accumulated sufficient capital to open early factories, they began to hire workers from outside their families to work the machines. This change in the conditions of production moved “work” from the household to the factory. It is wage labor that created the distinction between “market production” (earning income on the market) and “household production” (the products generated in the household such as cooked meals, cleaned rooms, child care, and the like). Wage labor separated “work” and “home” for the first time in human history, and the consequences for families were enormous.

Early in this process it was not uncommon for both parents and older children to be working in factories. As market-inspired growth continued, the wages firms could offer increased and families slowly withdrew child and then female labor from the market. The wages men were earning were sufficient to support their families, especially now that the shift from agriculture to industry meant that fewer children were economically necessary. As part of this process, children’s role in the family changed from being net economic producers to net consumers of resources. Thus the rising costs and declining (material) benefits of having children drove down the quantity demanded. A result, of course, was that parents could, with fewer kids and less need of their income, afford to invest in their education and training. It was growth fueled by the market that reduced the opportunity cost of educating children. And as children gained greater levels of education, their ability to earn income increased, creating even more such opportunities for the next generation.

Functions of Marriage Change

The market order also changed the fundamental functions of marriage and the family. As market production became increasingly separated from household production in the nineteenth century, the need to marry based on economic considerations declined. The progressive rise of democracy had also weakened the political basis of marriage. As a result, young people were more able to create marriages based on romantic love and other forms of emotional and psychological compatibility. The love-based marriage represented the progressive influence of individualism on the culture, having already conquered the economy through capitalism and the polity through constitutional democracies.

As many of the economic and political functions of the family moved out of the household and women and children moved back in, new functions arose to fill the vacuum. Increasingly families became concerned with psychological and emotional fulfillment, and childhood underwent perhaps the largest change. For centuries children had been seen as “mini-adults” who were expected to take on adult responsibilities as soon as they were able. The wealth that the market system brought changed that, ushering in what historians call the “sheltered childhood.”

Now that women were not needed in the workforce and children could stay home and be educated, childhood became a time for kids to be “sheltered” from the adult world so they could play and learn, innocent of adult concerns.

At the same time women acquired new roles within the family. While in pre-industrial times women and men shared many of the tasks in the familial production unit, industrialization brought a (short-lived as it turned out) gendered division of labor where men occupied the public sphere of work and politics and women the private sphere of the home. A great deal of energy was spent during the Victorian era arguing that this division of labor was really a form of equality as men and women were assigned to their “separate spheres” in

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which they each excelled. The genders were not unequal, just “different.” By the turn of the twentieth century the male-breadwinner family was becoming the dominant form in the middle class and slowly spreading down the economic ladder.

Whatever the merits of this family form, two things were true: first, the wealth created by the market order had liberated women and children from the necessity of largely unpleasant work in industry; second, the form and functions of the family continued to evolve. This latter point is crucial because many today speak of the “traditional” family as if there had been one particular family form that had existed for centuries until the changes of the last 40 years. But even a cursory study of economic and social history indicates that the family’s form and functions have been undergoing significant changes at least since the earliest days of industrialization if not before.

Two things began to happen in the twentieth century that would eventually undo what looked to be a fairly stable family form. First, technological innovation slowly began to produce labor-saving devices for household production. Second, continued market-driven economic growth increased the demand for labor (including female labor) and continued to raise the real purchasing power of wages across the economy. The declining necessity of human labor in household production opened up the possibility that women might find employment in the market. The upward trend in female labor-participation rates does not begin in the late 1960s as many critics of the modern family seem to assume. It was a fairly steady growth that began in the 1920s and ’30s as modern home appliances and fewer children freed up women’s time and the increasing demand and higher wages for service-oriented labor enticed them into the labor force. The “Rosie the Riveter” experience of many women during World War II accelerated this trend slightly, but the growth in the number of working women was already well underway.

Traditional 1950s Family

The 1950s are often revered as the height of the so-called “traditional family.” There is some truth to this claim. Media portrayals of the male breadwinner/female homemaker family turned a common, though by

no means exclusive, family form into an aspiration for millions by portraying it not only as common but as highly functional. The reality of the 1950s, as we now know, was that the women, and to a lesser extent the men, in such families were hardly as happy as their fictional counterparts made it seem. Plus, many more non-fictional wives were in the workforce than *Ozzie and Harriet* and *Leave It to Beaver* seemed to suggest—including, one might note, the actresses who played those stay-at-home moms! The data on female labor-force participation show the steady increase in working women throughout the decade.

The women’s movement of the 1960s, then, was hardly the cause of the “decline” of the family, though it did accelerate the longer-term trends. For one thing, there has been no significant change in the growth in female labor-force participation. For another, the continuing changes in the family were much more the result of economic dynamism than anything else. As family historian Stephanie Coontz argues in *The Way We Never Were*, the women’s movement was much more likely the *result* of more women having *already* entered the workforce than the *cause* of more doing so. With women entering the previously male public sphere of the market, the inequities between men and women became more apparent, thus leading to the bubbling up of a movement for change. Despite the way in which conservatives often portray the women’s movement as



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rising in opposition to capitalism, it would be just as accurate to say that it arose *because* of the wealth and opportunities capitalism made possible. In this sense, the dynamism of the market order goes hand in hand with the dynamism of culture, and the women's movement is yet another example of the ways in which capitalism has both freed individuals from the coercive power of the state and promoted social equality.

In the decades since, these trends have simply continued apace, though several aspects are worth noting. Continued economic growth has had two important consequences. One is that the real costs of substitutes for household labor have fallen. The other is that real wages for men and women continue to rise.

The combined result is that families need to engage in progressively fewer of the traditional forms of household production. Many of the historic products and services of household production can now either be made in the household much more easily (via microwaves, washers/dryers, and so on, all of which are notably cheaper than in years past) or can be purchased more cheaply on the market. Think of how even families of modest incomes eat out more frequently, pay for child care, have clothing dry cleaned, or even hire a housecleaner. Who, 30 years ago, would have imagined the growth in nail salons when such places were patronized by only the wealthiest women? The one notably distinct trend of the last 40 years is the large increase in women in the labor force who have pre-school-aged kids. The smaller size of families and increased real incomes of women, whether married or single, have made paying for child-care economically feasible in ways it was not previously, and the extension of formal education to ages 3 and 4 in some cases has accelerated this trend.

These developments in the economic realm have continued the shift in the major functions of the family from being largely economic to largely psychological. Marriage increasingly has become about being happy; having a family has become increasingly about the personal satisfaction from raising children; and the "shel-

tered childhood" of the Victorian era has become the "extended adolescence" of the 21st century.

Parents work the same or fewer hours in the market compared to years past but seem busier because they invest their "household labor" time in opportunities for their children, from the much-discussed "soccer moms" to dads taking kids to music lessons or academic-enrichment activities, and all other sorts of similar things. Purchasing and laboring for the combined investment-and-consumption good that is modern childhood has replaced many of the former activities of household production. Put differently, as the market has progressively taken up the tasks that were associated with the

family-based household (from income-earning to substitutes for household production), the range of things the household produces has shrunk, leaving mostly the psychological. Modern families thus obsess about how they are doing psychologically, and they frequently exaggerate the psychological fragility of their children and overprotect them from failure, which often leads to problems when those children become more independent, for example, at college, and have to cope with disappointment and failure on their own.

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Easier to Leave a Marriage

Of course as families have become more about love and emotional fulfillment, the demand for easier ways to leave marriage should be unsurprising. When marriage was a necessity for survival, especially for women, the expense and the rarity of divorce were perhaps understandable, even if it worked against women's best interests in some cases. As marriage came to be based on love, so grew the desire to leave marriages that were not emotionally fulfilling. The no-fault divorce revolution of the 1970s, while certainly problematic in some ways, was again more effect than cause of changes in the family. Marriage had increasingly become about emotional fulfillment in the 100 years preceding the advent of no-fault, and the divorce rate had begun to trend upward long before the 1970s. No-fault divorce

was the law's way of recognizing what had been a cultural shift in the nature of marriage and an economic shift that provided women with enough financial independence and sufficient market opportunities to go it alone. The same factors explain the increasingly later age of first marriage and still-declining birth rate. For conservatives who celebrate romantic love and pay lip service to the importance of the market, but also complain about the divorce rate and working women, this poses some problems: it is capitalism that is responsible for romantic love being at the center of marriage, for higher incomes for women, and thus for the greater demand for and lower cost of divorce.

One final result of capitalism's effects on economic growth and the rise of the love-based marriage is perhaps the most controversial cultural issue of the early 21st century: the demand for the legalization of same-sex marriage. The slow acceptance of the idea of same-sex marriage is the culmination of two of the capitalism-driven trends we have already identified. First, economic growth made it possible for men and women to survive outside the institution of the family. As the historian of sexuality John D'Emilio argues, it was the wage labor created by capitalism that made the notion of "gay identity" possible. Separating the ability to earn income from the heterosexual family meant it was possible to live one's life as a homosexual in a way that had never been possible before. The gradual increase in social visibility of first gays then lesbians over the twentieth century reflects the shift in marriage and the family from an economic to a psychological institution, again made possible by capitalism.

Second, as emotional fulfillment became a central function of marriage, it should come as no surprise that gays and lesbians would want to participate. When romantic and sexual attraction become the reasons to get married and stay together, what, argue gays and lesbians, differentiates their relationships from heterosexual ones? When the number of childless couples continues to grow and when more heterosexual couples have children through adoption or artificial reproduction, what differentiates them from same-sex couples?

Although leftist historians like D'Emilio at least recognize the ways in which capitalism has made gay identity and thus the demand for same-sex marriage

possible, they still go out of their way to note that this does not mean that capitalism is actually good. Conservatives, however, seem unaware of the connection. They continue to pay lip service to the great things capitalism provides and often understand correctly the ways in which its economic effects cannot be controlled, yet they complain about the cultural dynamism that is the direct result of the dynamism of the market. In fact, the only way to stop the cultural changes that conservatives object to would be to shut down the individual liberty, entrepreneurial market processes, and economic growth that are part and parcel of a market economy.

The economy and the culture are deeply interconnected. The historical evolution of the family is in many ways an offshoot of the enormous economic growth that capitalism has produced. Those changes in the family first liberated men, then women and children from the drudgery and physical exhaustion of pre-industrial labor. They have moved the functions of the family up Abraham Maslow's hierarchy of needs to where we now see our familial relationships as being about the self-actualization that occupies the top of that list. That is one of the most central goals of progressives across the world, yet they remain reluctant to give capitalism the proper credit for the very changes they applaud. Meanwhile, conservatives wring their hands about the expansion of freedom in the cultural realm while they continue to praise, for the most part, the freedom in the economic realm that made it possible and drives its continuing evolution.

Those of us who believe in the power of freedom in all realms of human interaction can see through the tensions and contradictions of both left and right because we understand the interconnectedness of those freedoms. We also understand that with freedom comes a future we can neither predict nor control. Sometimes those changes seem scary or daunting, and sometimes, in F. A. Hayek's terms, they run counter to our most deeply held moral instincts. However, we also know that freedom works. That knowledge should make us more open to seeing more positive elements in the changes that capitalism has brought to the family. We have an opportunity to be the voice of historically informed optimism if only we will seize it.

