The Art of Living for Women

Let Us Now Praise Homemakers

FROM *NATIONAL REVIEW*

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February 6, 2017
www.nationalreview.com/article/444665/homemakers-labor-force-dont-force-them

Attempts to make them get jobs are wrongheaded. President Trump is likely to pursue broad changes in economic policy, as well he should. Since the start of the economic recovery in mid 2009, the U.S. economy has been growing at a tepid average annual rate of 2.1 percent. By contrast, at a similar point in the expansions following the recessions of 1981–82 and 1990–91, the economy had grown at average annual rates of 4.5 and 3.6 percent.

The primary focus of President Trump's efforts — at least the ones likely to generate the most added growth — are a steep cut in the corporate tax rate, the replacement of Obamacare, and the permission of faster building of energy infrastructure.

In addition, some policy proposals are designed to boost the labor force by encouraging "non-working" homemakers raising children to get paid positions. These include subsidizing commercial day care and cutting tax rates on the secondary (lower) earner in married couples.

In particular, increasing subsidies for commercial child care appears to have growing bipartisan support. Although some support it as a way to increase labor-force participation (and, therefore, economic growth), one gets the sense that raising economic growth is only the reason du jour and that the backers would favor subsidies for commercial child care even if real GDP had been sailing away at 4 percent for years.

There are plenty of reasons to improve government policy toward parents. Although fertility decisions are largely a matter of personal choice, they have major implications for society as a whole. For example, every government has a "call option" — whether it's explicit or not — on a country's youth in case of national emergency. If there's an emergency, we can quibble all we want about whether the government should draft soldiers or simply pay enough that we can organize an effective army of volunteers. Either way, the parents of these fighters are meeting a social obligation that others are not.

Moreover, it's up to every generation to raise enough kids to finance government-run pension systems such as Social Security and Medicare. Our kids' future incomes will pay for most of these benefits. And raising kids often takes time away from money-earning activities. Once again, parents are subsidizing those who live child-free.

Many libertarian economists assert that government should be "neutral" on the issue of raising children. But they're essentially arguing that the government should be neutral about whether the nation exists in the future. That ought to be a step too far for any libertarian who accepts that liberty itself derives from certain social and institutional structures that would fade away as the people who created our way of life did so.

However, subsidies for commercial day care and special, lower tax rates for secondary earners are deeply flawed policies for parents. Much of the benefit would not flow to parents themselves, and in many cases they'd simply shift unmeasured home production into measured GDP, with no net change in the standard of living either of parents or of non-parents. (The supporters of these proposals also ignore the social benefits provided by homemakers.)

More generally, the obsession with raising labor-force participation by reducing homemaking is misplaced. Let's take the classic example: Instead of two homemakers' taking care of their own kids, they decide to enter the paid labor force as child-care workers and swap kids each morning, paying each other for day-care service. According to government statisticians, the labor force goes up, and GDP goes up. But our standard of living is essentially unchanged.

Take the idea of letting working parents deduct the costs of commercial child care but not giving homemaking parents the same deduction. It's hard to see the effects of this subsidy being different from the effects of aid to college students. A recent report from the New York Federal Reserve suggests that most of an increase in federally subsidized student-loan limits is just passed on to schools in the form of higher tuition, with schools with high admission rates being the worst offenders. In a similar way, most of the benefits of subsidies for commercial child care would go to the producers of that child care, not to parents.

If the government pays people to buy a product — any product, whether a good or a service — those who make that product are going to capture a large share of the benefit. By contrast, a policy to cut taxes for parents, regardless of whether a couple includes a homemaker, will go to the parents themselves. Tax relief associated with raising kids, whether it comes through deductions or credits, should therefore not hinge on the parents' use of commercial child care.

Delivering tax relief for parents through a special, lower tax rate for secondary earners is a particularly perverse idea. Think of a married couple in which one parent earns $60,000 a year while the other stays at home to take care of the kids. If that couple wants to earn $10,000 extra, a special tax rate would have the government put a thumb on the scale in favor of the homemaker's getting a job rather than the already-working parent's asking for more hours, getting a second job, or looking for a job that pays more. That kind of bias is neither conservative nor efficient.

A lower tax rate for secondary earners would encourage labor-force participation but raise the opportunity cost of having children. This would be unwise, given that the fertility rate among native-born Americans is 1.9 children per woman, lower than the roughly 2.1 needed to maintain a population.

For tax purposes, it would be better to treat married couples in part as economic partnerships, with couples owning an equal share of their total combined income regardless of who brings home a paycheck.

Doing that would be simple: Make each tax bracket twice as wide for joint filers as for singles. This doubling for couples is already the norm in the tax code in many ways. The current standard deduction for joint filers is $12,700, twice the amount available for singles; joint filers get their first $18,650 in taxable income charged at 10 percent, versus $9,325 for singles; joint filers get the next $57,250 in income taxed at 15 percent, versus $28,625 for singles. It's only for married couples making more than $165,800 that the current tax code deviates from this pattern — and the deviation is in favor of singles.

I'm not arguing that all parent couples should include a homemaker, much less that public policy should aggressively promote homemaking. There are plenty of parent couples who are better off when both get a paycheck in the paid labor force, and whose kids are better off as well. (If I were my family's homemaker, my kids would beg for day care.)

Yes, if we can get some highly skilled homemakers back into the paid labor force — homemakers who earn much more than the typical day-care worker — then maybe we can achieve some overall economic gains. But the full economic effects and social costs of having more homemakers in the paid labor force would be complex, and the complexity must not be gainsaid.

Take the dilemma faced by many couples working in or around major high-paying metropolitan areas. As they reach their child-raising years, they have a choice. Both can stay in the work force, and they get to live in a closer suburb with shorter commutes and more local amenities — or one spouse can stay at home, and they're bound for an outer suburb. Many couples have a secondary earner stay in the work force for "defensive" reasons, in case they have to compete in the housing market.

These couples face a version of a "prisoner's dilemma." If everyone else has a secondary earner staying home with the kids, one couple might decide it was worth it to have both in the work force, just to live closer to the city. The secondary earner's extra income, minus the costs of day care, could give them enough extra cash flow to buy a home closer in. But if every couple opts for both spouses' working, local home prices will adjust upward, leaving that couple with no edge in the housing market. Even worse, if the original couple now decides to have only one worker, they have to live even farther outside the city as other couples with dual incomes outbid them for homes.

As a result, the benefits of having more potential homemakers work are, in large part, captured by incumbent owners of inner-suburb real estate, who get a windfall gain and an enriched retirement. This may be one reason so many working mothers — 54 percent — say they would ideally like to stay at home.

Finally, homemakers are often the backbones of the civic organizations on which ongoing communities depend. Homemakers in this sense are the ultimate leaders of the "little platoons" — volunteering in schools and running car pools, the PTA, swim teams, Scouts, and religious education. Sure, there are also plenty of working parents (including the author) who do such things, but many of these activities would be almost impossible without homemakers.

The next two years will likely bring major changes to many areas of economic policy. Conservatives need to keep in mind that the goal of faster economic growth doesn't require policies that adversely affect family life.

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