

# WHAT IS A FAMILY-CENTERED ECONOMY?

## RESPONSIBLE CITIZEN SUMMARY

### Background

- Economics as a scholarly discipline originated in the home: the Greek term *oikos*, from which Aristotle derived the term "economics," meant "domestic household."
- Further, the American Revolution had much more to do with a defense of "familial independence" than with quests for personal liberation.

### What's at stake?

- Utah families' freedom to provide for their needs, independent from poor economic conditions and intrusive government influence.
- The free market's ability to create the economic opportunity necessary to produce prosperity.

### What's next?

- Remove state and local barriers to the creation of businesses and professional offices operated in the home.
- Enact local zoning ordinances to allow any family to have a vegetable garden and practice modest forms of animal husbandry.
- Reform land-use policy to support the building of developments within a network of farms which serve the local community via farmers markets and community-supported agriculture.

Responsible *Citizenship*<sup>™</sup>

Sound economic policy will fit the needs and requirements of Utah families, rather than seeking to make Utah families fit the needs of economic policy.

There has been much loose talk, of late, about the nature of the contemporary economy. Dire warnings of a descent into socialism run parallel to grave cautions about an unregulated market. Little attention, though, has been given to the most important question: How should economic life be ordered to support and sustain the natural family?

This query rests on the assumption that the family is the natural and fundamental social unit, on which the health and success of all other human institutions rests. So understood, the natural family can be defined as the union of a man and a woman through marriage for the purposes of sharing love and joy, propagating children, providing their moral education, building a vital home economy, offering security, and binding the generations.<sup>1</sup>

How should economic life be organized to reinforce this foundational human social unit? Or put another way, what is a family-centered economy?

Such an economy operates on **eight principles**. They are:

**1. An economy exists to serve families, not the other way around.** As the Swiss economist Wilhelm Roepke once put it, the first "precept of ethical and humane behavior, no less than of political wisdom" is "to adapt economic policy to man, not man to economic policy." In place of *homo sovieticus*, or "collectivized man" of the so-

cialists, and *homo economicus*, or “economic man” of the 19<sup>th</sup>-century liberals, stands *homo religiosus*, or man created in the image of God. His happiness becomes the measure of success, not some “cult of productivity” nor worship of an abstract “standard of living.” Recalling the libertarian economist who, on observing a suburban family at work in their garden, had commented, “this is not a rational way of producing vegetables,” Roepke replied that “it may be an eminently rational way of producing happiness, which alone matters in the last resort.”<sup>2</sup> By happiness, he meant not some measure of sensuous pleasure. Rather, Roepke understood happiness to reflect the opportunity to live life as intended by the Creator: to marry; to bear children; to build a vital home; to perform meaningful work; to reside within a healthy community among neighbors who are known; and to worship God.

Successful economic exchanges themselves, Roepke also noted, rely on a set of virtues – “self discipline, a sense of justice, honesty, fairness, chivalry, moderation, public spirit, respect for human dignity, firm ethical norms” – that are born *outside* the market system. They are the products of “[f]amily, church, genuine communities, and tradition,” and create a special political imperative:

“It is surely the work of a sound society that the center of gravity of decision and responsibility lies midway between the two extremes of individual and state, within genuine and small communities, of which the most indispensable, primary, and natural is the family. And surely it is our *task to encourage the development of the great variety of small and medium communities...for voluntary action, a sense of responsibility, and human contact...<sup>3</sup>* (emphasis added)

**2. The health of the home economy is the real measure of economic success.** One of the earliest treatises on economics came from Aristotle. Indeed, this 4<sup>th</sup>-century B.C. philosopher crafted the very word *economics*, taking it from the Greek term *oikos*, meaning the domestic household. Aristotle drew a sharp distinction between moneymaking – which surely had its place – and the maintenance of a *home economy*, which he held to be crucial to both economic and political autonomy.

Notably, Aristotle stated that “[home]steading takes precedence among our physical necessities, and the woman among our free associates. It is, therefore, one of the tasks of Homecraft to set in order the relation between man and woman; in other words, to see that it is what it ought to be.”<sup>4</sup> Beyond this, Aristotle understood economics to be a practical knowledge that aided a person in gaining and using those things necessary for living well. These properly and naturally come from *within* the household economy.

The common assumption today is that this emphasis on the household economy is truly antiquated, irrelevant to contemporary times. After all, many generations have passed in America since a normal family spun its own yarn, wove its own cloth, made its own candles, and butchered its own hogs. It is said that the home today has shed all these ancient and inefficient industries, to focus on the emotional intimacy of its residents.

Or has it? The healthy home still remains a place of productive activity. Child-care, food preservation and preparation, home repairs, yard maintenance: for most households, these remain aspects of home production. One analysis for 1973 showed that the value of home production in the United States exceeded 70 percent

of the typical family's money income after taxes; among those homes with small children, the figure was almost equal. A more recent study of home production in Australia found "The Gross Household Product" to be *approximately equal* to that of the "official" economy: \$340 billion (Australian) each! Among families engaged in home schooling, gardening, and simple animal husbandry, the gain would be substantially higher.<sup>5</sup>

Indeed, a nationwide movement to open up empty urban and suburban spaces to small-scale agriculture has reached Utah. In Salt Lake City, for instance, the organization Wasatch Community Gardens seeks to turn several thousand urban acres into family vegetable gardens. A four-by-forty-foot plot can provide vegetables for a family of four for a year, reports executive director Claire Uno. In Glendale, low home prices and relatively large lots have lured urban farmers and large-scale gardeners into space once known for its high crime rate. Residents trade surpluses among themselves. "[I]t's almost like having local money," says one person involved. "We're just shortcutting the system by trading that which we are really good at."

**3. Families that aspire to forms of self-sufficiency are the bulwark of liberty.** In his provocative book, *The Myth of American Individualism*, Barry Shain shows that the American Revolution had much more to do with a defense of "familial independence" than it did with quests for personal liberation. Familial independence, as understood by the Founders, was the ability of a family to provide for its own basic needs, independent of both market wages and state largesse. Such autonomy allowed families to survive the depressed economy, the bad government, or both. This was the form of liberty, Shain asserts, for which the American Patriots were prepared to sacrifice their lives.<sup>6</sup>

Modern writers might acknowledge the wisdom of this goal for the late 18<sup>th</sup> Century, while arguing that the Industrial Revolution changed everything. Wage-earning men and women, they assert, no longer have the time nor the need to aim at self-sufficiency: a free labor market supplemented by state social insurance gives them all the liberty that they need.

This is actually dangerous thinking, the surest path to what British author Hilaire Belloc called "the servile state." As Roepke has explained, the antithesis to socialist or collectivized man is not the wage earner, but rather the property owner. As he writes in *The Moral Foundation of Civil Society*, true liberty still requires expansion of "the sphere of marketless self-sufficiency." This mandates the broadest possible distribution of property. As Roepke puts it, "the industrial worker can and ought to become at least the proprietor of his own residence and garden...which would provide him with produce from the land." This alone would render each family "independent of the tricks of the market with its wage and price complexities and its business fluctuations."<sup>7</sup>

Another iteration of this quest for family autonomy may be the practice by members of The Church of Jesus Christ of Latter-day Saints of storing a year's worth of food within their homes. For reasons that the American Founders would have appreciated, such a practice gives them both liberty and protection, whether facing an economic downturn, an oppressive government, or a natural disaster.

**4. Employers need, as a minimum, to respect the structure and functions of the natural family.** Employees are rarely the free-standing, atomistic individuals assumed by conventional economic theory. Rather, most are (or will be) embedded in family relationships

with spouse, children, and aging parents. The complementarity of men and women, their distinctive gifts, also shape the distinctive tasks of being a husband, a wife, a father, and a mother. These, the employer must respect.

Employers in a family-centered economy will also recognize the value of home-reared children. The negative psychological effects of day-care on young children are well-established.<sup>8</sup> Viewed positively, children reared primarily in their homes represent an investment in the future “human capital” of a community, one for which employers bear some responsibility (and will reap some gain).

Accordingly, employers should be free – and endeavor – to provide a “family living wage” to heads-of-households supporting a full-time spouse and children in the home. Most often, this will mean a bread-winning husband and father and a homemaking wife and mother. A wise community will favor such differential compensation, for the good of all.<sup>9</sup>

Governments should also recognize, and even favor, natural family bonds in crafting tax policy. At a minimum, progressive income tax systems should treat the married couple as a single economic unit and apply taxes using “income splitting.” This approach recognizes both the true economic partnership of marriage and the indirect economic contribution of the full-time homemaker. In addition, generous tax deductions and credits for dependent children should be granted, whenever possible, against income and payroll taxes, thereby lessening the tax burden of those investing in the community’s future.

**5. Markets should be truly free, with low barriers to entry by new entrepreneurs and with protections against the excessive concentration of eco-**

**nomie power.** The interests of families are best protected when financial institutions are locally owned and controlled. Law should favor institutions such as credit unions, local “savings and loans,” and state-chartered banks. In such cases, lenders and borrowers enjoy a much more personal, face-to-face connection, which works to the public good.

In other areas of economic activity, the general rule is that regulation tends to favor large, heavily-capitalized firms, which can more readily absorb the often heavy costs involved. Accordingly, except where public safety is truly at risk, the guiding assumption should be deregulation or non-regulation.

In all areas of economic activity, though, law would seek to prevent all forms of special government aid to private firms, including bans on special “incentive” packages to relocating companies. These tend to favor the politically well-connected. As an alternative, governments should seek to improve “the business climate” in ways that are fair to all, such as a lower – or repealed – corporate income tax.

**6. Home-based micro-enterprises that reintegrate workplace and residence are encouraged.**

Relative to the family, the major effect of the industrial revolution was to sever the bond between place of work and home. For most of human history, in all parts of the globe, the rule had been that one lived and worked in the same place: on the family- or peasant-farm; or in the artisan’s shop (with living quarters above). Industrialism meant the scattering of family members during the day: the father to one factory; the mother to another; the children to an industrially-organized school. The great material gains of an industrial economy came at the price of family integrity.

And yet, technological advances of recent decades have created a kind of counter-revolution. This began in the 20<sup>th</sup> Century with the great expansion of the electrical grid, which reduced the efficiency-edge held by centralized, steam-based factories. In recent decades, developments such as the personal computer and high-speed internet have vastly decentralized access to information, computing power, and markets. There has been a veritable explosion in the number of micro-enterprises based in homes, restoring the household as a place for productive market work. In world-historic terms, this development transcends the industrial revolution, to the great benefit of family life.

And yet, artificial barriers get in the way of this welcome change. Federal government underwriting rules for FHA loans still restrict the kinds of work that can be done in these homes. Zoning laws in many areas make it nearly impossible to operate a business (with visiting customers) or a preschool or a professional office out of one's home. Even worse are the neighborhood or homeowner associations found in many recent subdivisions, which use restrictive covenants to prohibit everything from home offices to swing sets and gardens.<sup>10</sup>

The needed response is simple: Liberty. This web of regulations that keep families from being full, rich, and productive should be torn back. "Nuisance laws," of longstanding utility, can be relied on to prevent abuses. This rebirth of economic freedom would give new life even to lonely contemporary American suburbs, with small shops where ghostly living rooms once stood; with lawyers, doctors, and dentists again working out of home offices; with productive gardens and modest animal life; and with the mid-day laughter of home-schooled children where only silence had prevailed.

**7. The family-held company is the glory of a market economy.** Being family-friendly does not necessarily mean that firms must be small. All the same, large firms that understand and respect family life are almost always owned and operated by a family itself. The research on family-held businesses is clear. They tend to be far more loyal to their host communities than do publicly-held companies, primarily because family members grew up and still live in the community. Family businesses are also more loyal to their employees and less likely to dismiss them during a recession. Again, because of personal connections, family-held companies tend to be more generous in terms of charitable gifts to their town or city. And such businesses tend to be better stewards of economic life, with a planning timeline that runs over generations, rather than just to the next quarterly report.

All the same, existing tax and finance law tends to encourage "going public," for the quick gain, or to avoid "death" or "estate" duties. Wise public policy would seek to maximize the number of family-held firms.

**8. A healthy balance between urban, town, and rural life strengthens family life.** As anthropologist Hugh Brody has summarized, "The family on its farm is the family where it belongs." While everyone cannot be a farmer, the family-centered economy does aim at ensuring that everyone has direct contact with healthy rural life. Agricultural policy should favor small, general-purpose, family farms. Land policy should support the building of new "developments" within a network of farms, which serve the town in turn through local farmers markets and Community Supported Agriculture (CSAs). And zoning ordinances in cities should be loosened to allow families to have a vegetable garden and to practice modest forms of animal husbandry.

Such issues are alive in Utah today. In Clinton, for example, residents are pressing their City Council to allow the placement of chicken coops in their backyards, provided that they meet reasonable requirements. More broadly, there has been a remarkable increase during the last 15 years in the number of farms on the Wasatch Front. Smaller in size than those which disappeared three or four decades ago, these tend to be family-scale farms serving local and regional food markets.

Given such principles, how then would we measure the success of a family-centered economy? Clearly, the use of “cash” or “cash equivalents” is inadequate. At the same time, “happiness” is hard to quantify. A better candidate comes if we look to the central focus of family life: children. Perhaps our measure of economic health for a given locale ought to be the Marital Fertility Rate, a single number that nicely unites the propensity of adults to marry with their readiness to commit to bearing and rearing children and to craft, in turn, a viable home economy.

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## ENDNOTES

1. From Allan C. Carlson and Paul T. Mero, *The Natural Family: A Manifesto*, Dallas, TX: Spence Publishing Company, 2007, 13.
2. Wilhelm Roepke, *A Humane Economy: The Social Economy of the Free Market*, Wilmington, DE: ISI Books, 1998 (1957; 1960), 6, 8, 10, 92, 107.
3. *Ibid.*, 93, 125, 164.
4. Aristotle, *Aristotle in 23 Volumes, Volume 18*, translated by G.C. Armstrong, Cambridge, MA: Harvard University Press, 1935.
5. Reuben Gronau, “Home Production – A Forgotten Industry,” *The Review of Economics and Statistics* 62 (1980): 408-16; and Duncan Ironmonger, in “The Domestic Economy: \$340 Billion of G.H.P.,” *The Family: There is No Other Way*, Melbourne, AU: Australian Family Association, 1996, 132-46.
6. Barry Alan Shain, *The Myth of American Individualism*, Princeton, NJ: Princeton University Press, 1994.
7. Wilhelm Roepke, *The Moral Foundations of Civil Society*, New Brunswick, NJ: Transaction Publishers, 1996, 159.
8. Brian Robertson, *Day Care Deception*, San Francisco, CA: Encounter Books, 2004.
9. Regarding past efforts at building Family Wage systems, see Allan Carlson, “The Wages of Kin: Building a Secular Family-Wage Regime,” in *Third Ways*, Wilmington, DE: ISI Books, 2007, 35-60.
10. See Spencer Heath MacCallum, “The Case for Land Lease Versus Subdivision: Homeowner’s Associations Reconsidered,” in *The Voluntary City* (David T. Beito, Peter Gordon, and Alexander Tabarrok, eds.), Ann Arbor, MI: University of Michigan Press, 2002, 371-79.



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