Approaches to Social Theory

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Comment

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Once you grant Gary Becker his assumptions, you generally have to agree with his conclusions. So I will quibble with one of his assumptions: that the number of children in each generation is the same as the number of parents. I will take it on in a way that I think is fully consistent with what Becker wants to do. I will assume that the decision as to how many children to have is a matter of parental choice of investments in the next generation and therefore of course in further generations.

The major element in Becker's account is the role of wealth in deciding *how much to invest* in one's children. I will assume that wealth is also an important part of the decision of parents when they go about deciding *how many* children to have. This decision is subject to the same rational analysis that Becker uses. The only charge I have against what he has done is that he has not gone far enough. In particular, that part of the parental decision on investment in children that he assumed away, namely, how many children to have, plays a major role in explaining the circulation of elites and the circulation of the impoverished or the poor. I think it explains what one might call the disappearance of great families and by implication their replacement by others who previously were not great.

Wealth plays a very important role in addition to those that Becker has it playing. It provides a cushion for risk-taking. The well-off can risk having fewer children because they do not need to depend on their children's survival for their own. The poor need their children for their later lives.

As the sociologist James Scott has argued, a peasant who lives on the margin of subsistence will invest in seed varieties whose yield is low but stable and will plant in several small plots scattered all over rather than in one big, efficient plot for the purpose of ensuring against the worst outcome, which is failure of the crop and starvation. In order to ensure survival, the peasant avoids the opportunity to become well off. That's not because peasants are more risk-averse than the rest of us but because the costs that they might incur if the risk goes wrong are much worse than what middle-class and well-off people may suffer from their risks.

Peasants probably view their children the way they do seed varieties. They prefer low variability and security to high variability and significant risk. Security means support in their old age. They want to maximize prospects for such support. They have many children, and the only investment they can make in them, other than keeping them fed, is the investment in the apprenticelike working conditions that the children grow up in to become essentially identical to their parents in the next generation.

The well-to-do are in a different position. They can set about deliberately producing essentially high-quality children. They can invest in one only. The only problem with that is the statistics of small numbers. If your family line has only one scion in each succeeding generation, the half-life of your family will be short. With a single accident, illness, or genetic failure, the well-to-do parents will not be grandparents and the family will come to an end. Focusing all investment on one or two children, though, suppresses regression toward the mean for those children who do come along. The well-to-do children do well with that kind of investment behind them.

One would have to have more than the knowledge that great families disappeared from the rolls to justify Becker's claim that what we see in the data is regression toward the mean. The appearance of new great families would still remain to be explained if my account of why the old ones disappear, rather than regress, is correct. One would conclude that circulation among the underprivileged exceeds circulation among the elite, as Becker notes, for the simple reason (not Becker's) that the elite do not circulate but exit. They don't go down, they just go out, leaving vacancies to be filled by children of those who had many children in a generation.

The supposition that the well-off have few children and therefore exterminate themselves is not original. It's an old worry among nineteenth-century French demographers who saw the upstart Germans surpassing the demographically stable French because the French had family sizes of two to three children rather than the typical German family size of half a dozen and more.

There have been past efforts to explain extinction of well-off families as a function of their wealth, but to my knowledge no one has done the Becker-type explanation that I have just presented. The other efforts usually suppose that wealth is somehow hazardous, that the wealthy die because they are wealthy. But the rational explanation which is entirely within Becker's own framework of explanation is a cogent way of understanding such trends. While all I have done is to recommend how one might go about adding to Becker's kind of analysis, I think that the result of including this additional element of choice, how many children to have, makes an enormous difference in one's account of what actually happens. If the initial choice of investment in children should include this other factor, we might get a more complete account of the historical issues that have interested the sociologists Becker cites as motivating his own analysis.

General Discussion

Gary Becker: I agree that fertility is important; indeed, our complete paper analyzes the effects of fertility on the relation between the earnings and assets of parents and children. We show that a negative relation between fertility and parents' income tends to reduce the degree of regression to the mean in both earnings and assets and that a decline in the average level of fertility raises the regression to the mean in earnings and lowers it in assets.

My reading of the historical evidence [see Becker 1981, chap. 5] is that until the nineteenth century, income and number of children were positively related, particularly after correcting for the negative relation between income and child mortality. The relation between income and fertility changed during the nineteenth century in Western countries to a negative relation, a change that should have reduced the degree of intergenerational mobility.

Howard Aldrich: I have a question that has to do with the distribution of wealth. I am curious whether the question of transmitting wealth would be relevant for most of the population in the period you are dealing with. For nineteenth-century urban areas, about 20 percent of the population have 80 percent of the wealth. This meant that for most of the population the question of how wealth affected their ability to transmit would be irrelevant. The best current study we have is the Projector and Wise 1962 Federal Reserve Board study which showed that about half of the population had zero wealth if their assets were sold off to take care of their liabilities. Only about 6 percent of the population had 40 percent of the wealth. This means that you would have a large section of the population which is zero on your independent variables. There isn't any wealth to transmit. That leads me to the second question. You said for some people there is no wealth, but they are saving human capital. I have been trying to think what the poor can save, what human capital the poor can save and I can't imagine what that is.

Gary Becker: Note that our model *implies* rather than assumes that the distribution of tangible wealth is highly skewed, with a small fraction of the population owning much of the tangible wealth. So the facts cited by Aldrich are fully consistent with our analysis.