

Child Labor, Fertility, and Economic Growth*

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Abstract

This paper explores the dynamic evolution of child labor, fertility, and human capital in the process of development. In early stages of development the economy is in a development trap where child labor is abundant, fertility is high and output per capita is low. Technological progress, however, increases gradually the wage differential between parental and child labor, decreasing the benefit from child labor and permitting ultimately a take-off from the development trap. Parents substitute child education for child labor and reduce fertility. The economy converges to a sustained growth steady-state equilibrium where child labor is abolished and fertility is low. Prohibition of child labor expedites the transition process and generates Pareto dominating outcome.

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