Research Summary

Dissertation: “Essays on Child Labor, Productivity, and Trade”

Nutritional Efficiency Wages and Child Labor

This paper analyzes the demand and supply of child labor in a dynamic, overlapping generations general-equilibrium model of a small open economy. An individual’s ability determines their income if they become a skilled worker. The production sector is composed of two goods: a modern good produced by skilled labor and capital, and an agrarian good produced by unskilled adult labor, child labor, and land. The model predicts that an increase in foreign direct investment and improvements in education will decrease the incidence of child labor. Emigration of skilled (unskilled) workers will reduce (increase) the supply of child labor, while trade sanctions will reduce the demand for child labor. Child wage subsidies have an ambiguous effect on the incidence of child labor while education subsidies are effective in reducing child labor. Simulations are conducted to analyze how the effects of these policies affect the welfare of all households.

Does Intra-Industry Trade Increase the Incidence of Child Labor?

This paper examines the role of firm heterogeneity in the demand for child labor. Firms are assumed to differ in their productivity levels similar to Melitz (2003). The effect of child labor enforcement and trade liberalization will depend on how a firm’s productivity parameter affects the relative productivity between adult and child workers. In what I label the benchmark case, it is assumed that the productivity elasticity of adult and child labor are equal. This leads to all firms choosing the same proportion of child workers and only an increase in enforcement will be effective in reducing the incidence of child labor. When the productivity elasticity of child labor is higher (lower) than that of adult labor, trade liberalization will decrease (increase) the demand for child labor.

Demand for Child Labor in a North-South Model of Trade

This paper examines how international trade affects the incidence of child labor in a North-South model of trade. Innovating firms in the North are heterogeneous and differ in their marginal costs, while imitating firms in the South are homogeneous and may use child labor in production. The incidence of child labor is dependent not only on domestic factors such as the wages of adult and child labor in the South, but also on the endogenous rate of innovation in the North and the exogenous rate of imitation in the South. Reductions in trade cost decrease the relative production in the South and will decrease the demand for child labor. An increase in the exogenous rate of imitation by Southern firms will reduce the total number of varieties of the differentiated good and decrease the demand for child labor, while an increase in the population in the South will increase the demand for child labor. Simulations which endogenize the rate of imitation by the South reinforce the results of the model.