

## Endogenous Fertility and Child Labor

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### Abstract

*We use a partial equilibrium two good trade model with endogenous fertility to analyze the impact of various policies on fertility and child labor. We find that an increase in educational subsidy increases child labor and may increase fertility. We also find that increase in the quality of schooling may increase or decrease child labor and is likely to increase fertility. We also show that there may be two types of equilibrium, characterized by high and low fertility. Increases in wage rate reduce fertility if the economy is in low fertility equilibrium otherwise the opposite result obtains. The effect of wages on child labor depends on the nature of the equilibrium. If the economy is characterized by high fertility then wage increase would increase fertility and child labor. We also try to look at the efficacy of government-financed endowments given to unskilled households. Fertility and child labor are negatively related to endowments if and only if endowments schemes reward families with smaller size.*

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