

Nutritional efficiency wage of child labour: theory and policy implication

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very preliminary version

Abstract

This paper presents a theoretical model of nutritional efficiency wage of child labour that the productivity of child labour is determined by consumption in childhood. Firms employing the child labour decide the nutritional efficiency wage depending on the nutritional level of children. In this model, the family income depending on the adult human capital is a key component because the family income affects the productivity of child labour over the allocation for the consumption in childhood by family. It implies that the nutritional efficiency wage of child labour is low when the family income is low level. In addition, we present the dynamic analysis of the human capital. The investment in child education for human capital is low level at the low family income because the nutritional efficiency wage of child labour is low. As a result, the human capital of children is low level. Thus, we show that the possibility of a poverty trap equilibrium with a low human capital level.

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