

CORE DISCUSSION PAPER  
2005/49

## MORTALITY RISKS AND CHILD LABOR

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July 2005

### Abstract

In this paper, we investigate the role of young adult mortality on child labor and educational decisions. We show that, in the absence of appropriate insurance mechanisms, the level of child labor is inefficient. It may be too high if parents are not very altruistic and anticipate positive transfers from their children in the future, but it can also be too low, in particular when parents expect to make positive transfers to their children in the future. Imperfect capital markets unambiguously increase the equilibrium level of child labor. We also show that a cash transfer conditional on child's schooling can always restore efficiency regarding child labor.

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This paper is part of Fernanda's PhD thesis. For useful discussions and comments, we would like to thank Guido Friebel, Jean Hindriks and Pierre Pestieau, as well as participants to seminars given in Public Economics Meeting at CORE, CORE-IDEI Conference in Public Economics (Toulouse), CRED Workshop, and Journées de l'AFSE 2005. We would like to thank the MacArthur network on Inequality and Economic Performance and the CRED for financial support.

This paper presents research results of the Belgian Program on Interuniversity Poles of Attraction initiated by the Belgian State, Prime Minister's Office, Science Policy Programming and of the Action de Recherches Concertées (Namur). The scientific responsibility is assumed by the authors.