

Call for Papers: Session 177 of the XVIth World Economic History Congress, Stellenbosch, 9-13 July, 2012: INEQUALITY, HOUSEHOLD RISK MANAGEMENT AND ECONOMIC DEVELOPMENT

The relationships between inequality, household risk management and economic development form an emerging topic in economic history and development economics. Over the recent decade, empirical analysis has highlighted the harmful effect of vulnerability caused by inequality, poverty and inadequate risk management on human capital formation and long-run development. While research on historical micro data from currently rich countries has gradually deconstructed the “necessary evil” of the Kuznets curve (E.g., Piketty, Postel-Vinay et al. 2006), cross-country analysis has associated higher inequality with lower growth in currently developing economies (E.g., Shorrocks & van der Hoeven (Ed.) 2004). Household survival strategies that involve sacrifice of future human capital for current needs, such as child labour or intrahousehold gender discrimination, have been posited as a source of intergenerational poverty traps and bad equilibria hurting economic development (E.g., Humphries 2010; Humphries, Horrell & Voth 2001; Basu & Van 1998). Cumulative findings based on longitudinal micro data suggest even short-term early-life stress can have significant negative effects on later life health, socioeconomic and demographic outcomes. Such outcomes, then again, carry major implications for labour supply and growth.

The literature points towards a “trickle-up economics”, resonating with the Lucasian/Beckerian propositions on the importance of investment into human capital within households for development (cf. “Unified Growth Theory”), but seeking empirical verification through the negative: shocks and deprivation stemming from inability to manage risks – theoretically attributable to market or policy failures – damage future human capacities and overall economic development. This would imply high long-run payoffs from interventions preventing transient as well as permanent deprivation in vulnerable households, past and present. While historical research has highlighted the positive role of past institutions like apprenticeship, in development economics, increasing attention has been given cost-effective instruments to reduce deprivation and safeguard human capital formation in and by households in currently low-income countries, such as non-contributory old-age pensions or conditional cash transfers targeting women.

The burgeoning work on household and demographic micro data suggests widening scope for empirical historical analysis linking household level dynamics with macroeconomic outcomes and effects. This session explores the historical dynamics between inequality, household risk management, and economic development across periods and regions. In particular, papers based on household level and demographic micro data and working towards a micro-macro link are welcome.

Relevant themes include:

- Shocks, interventions and long-run effects
- Intrahousehold resource allocation, risk management and long-run welfare
- Household risk management, policies and human capital formation
- Income risk, consumption, finance and growth
- Income inequality and risk management inequality
- Estimating the long-run cost of shocks and inequality
- Estimating the growth contribution of social policy interventions

Currently, there are still approximately 4-6 slots available for papers in the session. Those interested should submit a one-page proposal to sakari.saaritsa@helsinki.fi by January 31st, 2012.