

Child Labor in the Global Economy

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How many children work?

	Millions of Children	Participation Rate
Total:	211	18
Region:		
Developed Economies	2.5	2
Transition Economies	2.4	4
Asia and the Pacific	127.3	19
Latin America & Caribbean	17.4	16
Sub-Saharan Africa	48	29
Middle East & North Africa	13.4	15

Estimates of Economically Active Children 5-14 in 2000 from *Every Child Counts*, ILO (2002).

Participation rates by type of work

	Children	Gender		Location	
	5-14	Male	Female	Urban	Rural
Market Work	25.0	26.6	23.3	18.9	30.5
Paid	2.4	2.8	2.0	2.2	2.5
Unpaid	5.8	5.6	5.9	4.0	7.3
Family	20.8	22.4	19.1	14.8	26.2
Domestic Work	64.6	59.3	69.9	60.7	67.4
Any Work	68.4	64.8	72.1	64.1	71.7
>=20 hours/wk	20.7	19.4	22.1	14.1	26.4
>=40 hours/wk	6.4	6.1	6.7	3.6	8.8

UNICEF End of Decade Assessment microdata, (2000). See Edmonds and Pavcnik (2005, JEP).

The case for attention to child labor

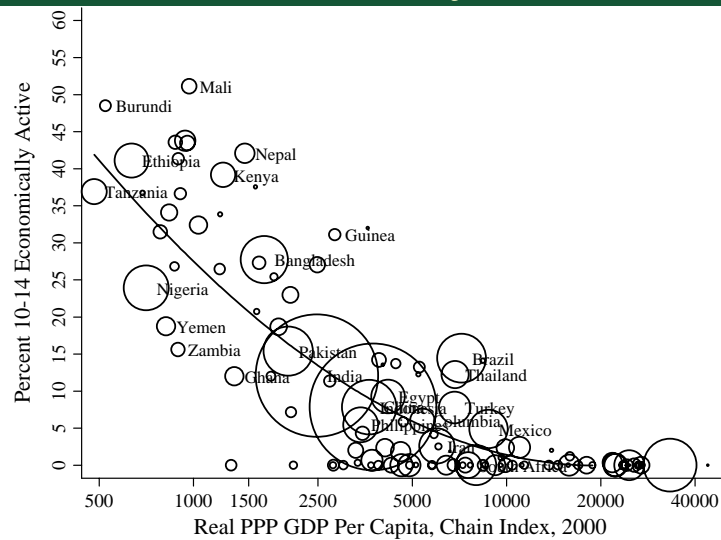
- On-going debate in literature on how to quantify costs / benefits of working
 - Average hours working can be long (31 hrs / wk in paid work. 27 in family)
 - Most activities have good and bad aspects
- For some types of activities, human rights issues may be relevant
- Ultimately, depends on the answer to:

What would children do in the absence of work?

Why do children work?

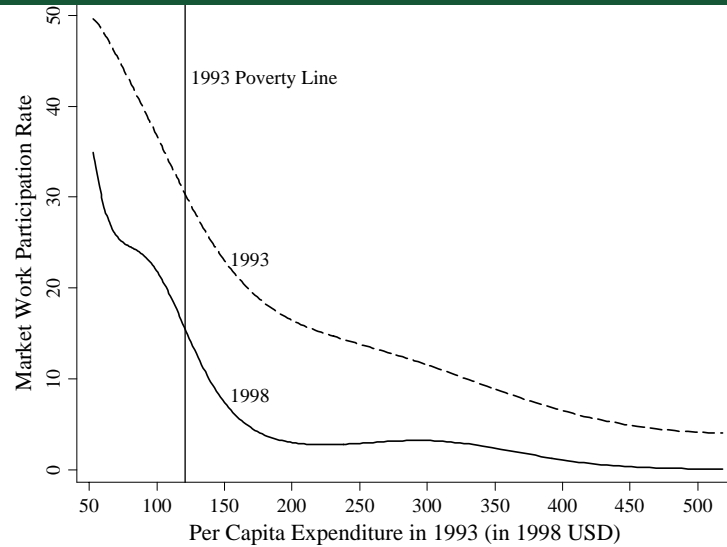
- Weighing the return to time spent working against other uses of child time
- Cultural norms play a role
- Income appears pivotal

The cross-country evidence



Source: ILO's Laborsta database and Penn World Tables

The within country evidence



Source: Vietnam Living Standards Surveys 1993 & 1998

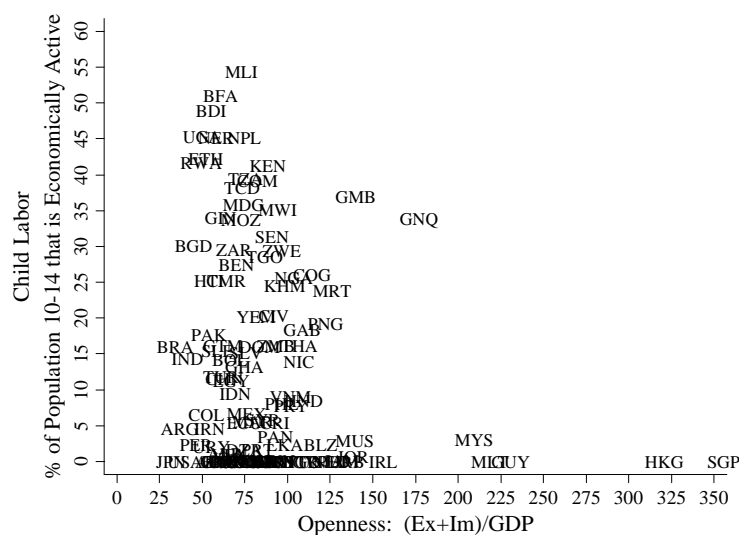
Why do children work? (Cont.)

- Weighing the return to time spent working against other uses of child time
- Cultural norms play a role
- Income appears pivotal
- Why does income matter so much?
 - Parental preferences
 - Credit constraints
 - Extent of the market
 - Poor schools and other institutions

Trade and Child Labor

- The nature of their interconnection
 - Income
 - Labor Demand
- The cross-country evidence suggests (if anything) a negative relationship

The cross-country openness evidence



Source: World Development Indicators (2003) and ILO (2000)

The Vietnam rice trade case

- During the 1990s, Vietnam liberalized restrictions on internal and external trade in rice
- Pre-liberalization 26 percent of children 6-15 work directly in rice cultivation and 70 percent of households produce rice themselves
- Over the 1990s, child labor declines by about 2.2 million children in Vietnam. Just under half of the decline can be attributed to rice price changes.
 - Mechanism appears to be that income gains are widely distributed because of a relatively egalitarian distribution of land
 - Child labor declines even though earnings opportunities grow for children, because the effect of income dominates the growth in labor demand.

Trade Policy and Child Labor

- Policy instruments:
 - General sanctions, trade preferences, harmonized labor standards
 - Restrictions on specific products, consumer boycotts
- Effective in drawing attention to child labor
- If implemented, family incomes may be hurt
 - Loss of child employment income
 - Loss of adult income
- Genuine concern for well-being vs. disguised protectionism
- What types of policies are the trade tools designed to effect?

Policy options for child labor

- Prohibitions on employment
 - Unlikely to be effective
 - Children can easily substitute towards more informal or family activities
 - Child labor is too small a share of total employment for effective restrictions to increase adult wages substantively
 - What would children do in the absence of work?
- More positive steps:
 - Development and poverty relief is the best large term cure for the most pervasive forms of child labor
 - Encourage what we want to encourage (schooling)
 - Focus scarce resources to the most hideous situations

Bibliography

Primary reference:

- Edmonds, E. and Pavcnik, N. 2005. Child Labor in the Global Economy, *Journal of Economic Perspectives*, Winter. See various reference therein.

For additional detail:

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- Edmonds, E. and Pavcnik, N. 2004. International Trade and Child Labor: Cross-Country Evidence, *NBER Working Paper #10317*, February.
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- International Labour Organization. 2002. *Every Child Counts: New Global Estimates on Child Labour*. ILO: Geneva.