



Role of child labor

Dr. Anjana Verma

Lecturer in Sociology, BSR Govt. Arts College, Alwar, Rajasthan, India

Abstract

Child labor is a widespread phenomenon in the world, occurring predominantly in developing countries. Recently, there has been renewed concern about the presence and impact of child labor from politicians, activists and academics alike. Most of the popular discussion has centered on misleading statistics, harmful effects of child labor and ways to curtail its incidence. Much of the recent theoretical literature has focused attention on the fact that the decision to send children to work is most likely made not by the children themselves, but by households who do so out of dire need. Poverty is considered to be the root cause of child labor. In fact, this is not true and literacy and household effect are even bigger variables in the determination, and measurement of child labor in a society. This raises the issue of the impact of literacy and schooling on child labor and vice versa. Notwithstanding, a large and rapidly expanding literature on child labor, there is not much empirical evidence on this issue since much of this literature has concentrated on socially, anthropologically, or somewhat psychologically, analyzing the causes of child labor rather than studying its consequences, especially for the impact of learning and household. The present study seeks to fill this significant gap in the literature on child labor. Broadly, the study can be divided into three parts; developing a reliable estimate to calculate number of children doing work, identifying important factors for child labour, and thirdly, developing a profile of today's child labourer. The exercise is conducted on a primary data set involving 5-14 years old children from Lahore & Bahawalpur divisions, Pakistan, using a multi-stage probability, proportional stratified systematic sampling scheme. Close ended questionnaire was specially developed keeping in view the field and data processing requirements of the project. To avoid possible biases, proper interviewer's training and practice sessions were conducted. Information was collected on family demographics, place of origin and current living status, personal information, current work history and conditions, personal behaviour, health, perceptions and knowledge and literacy level on a household basis from the house hold head. The estimator is developed using Sampford (1967) extension to Brewer (1963) approach for calculating internal selection probabilities. The numerical strength of child labour in these two divisions turns out to be 3,440,411 children which happens to be 32% of total children living in these two divisions. Monte-Carlo simulation is carried out to develop its probability distribution which turns out a bi-modal distribution. This bi-modalness is probably because of different boys and girls labourers or due to different sizes of districts and tehsils included in the sample. This distribution is then used to develop confidence intervals associated with the total number of child labourers in these two divisions. Effect of household, literacy and poverty are quantitatively investigated and these turns out to be the biggest instrumental variables in the dynamics of child labourers. Specific generalized Poisson regression models are developed for various situations to ascertain and gauge the veracity of associations and relationships between child labour dynamics and its causes like household demography, household poverty and household literacy. It turns out that household demography, including its physical and familial structure, plays a statistically significant role in the dynamics of child labour. Household poverty, on the second hand, turns out to be promotive for child labour. While, increasing household literacy turns out to be negatively associated with the dissemination of child labour. Multivariate cluster analysis is also conducted to develop a household characteristics based segmentation in the child labour community which results in three clearly separated clusters of labouring kids; mechanics, chotta, and girls. A multiple discriminant analysis is also conducted to develop a household characteristics based yard stick to index households for their propensity towards child labour. It also helps in identifying the potential entrants in this labour. In the end, a profile is developed for a typical child labourer on the basis of accumulated data envisaging different facets of his life. Such a profile is useful in understanding the life and miseries of a child labourer and his household.

Keywords: child labor, develop, literature, household

Introduction

Child labor is an insidious evil. Leaving aside pathological cases of child abuse and abandonment, it exists because it is the best response people can come up with to intolerable circumstances. It is particularly dangerous because it involves the sacrifice of a child's future welfare in exchange for immediate benefit, and difficult to combat because it involves questions of agency and power within households.

The primary cost of child labor is the associated reduction in investment in the child's human capital, which occurs chiefly because child labor interferes with schooling. Not all work by children has this effect; I exclude such work from consideration in this essay and define child labor as the sacrifice of the future welfare of the child in exchange for additional current income. Although there are important challenges associated with empirically distinguishing child

labor from the unproblematic light work that is an important component of rearing a child, we will see below that it is possible to design programs that specifically target child labor. Many economists argue that child labor is a symptom of poverty and that its reduction can most effectively be accomplished through the alleviation of poverty. It is surely correct that child labor is a symptom of poverty: rarely do well-off parents sacrifice their children's education by sending them to work. However, child labor is also a cause of future poverty, so direct measures to move children from work into school can make an important contribution to poverty alleviation and to development in general.

Patterns of child labor

The ILO (2002) estimates that about 210 million children between the ages of 5 and 14 were working in 2000, about half of them working full-time. That implies that approximately ten percent of the world's children were working full-time. At the same time, UNESCO estimates that about one of every five primary school-aged children were not enrolled in school. The absolute numbers of children working are largest in Asia, but the incidence of child labor seems to be highest in Africa: the ILO estimates that about one-third of children are economically active in Africa, about one-sixth working full-time.

Child labor is overwhelmingly a rural and agricultural phenomenon. For example, in Pakistan, 70% of working children are employed in agriculture (Pakistan FBS, 1996). Boys are more likely to work than girls, and older children are much more likely to be employed than their younger siblings (Grootaert and Patrinos, 1999).

Imperfect financial markets, child labor and investment in human capital-

I begin by abstracting from any problems associated with agency and assume that parents fully internalize the costs of sending their children to work. From the point of view of society, what is the appropriate level of child labor? Suppose, to start, that the costs of working and benefits of schooling are entirely private, that is, they are limited to the increased productivity and therefore income of better-educated adults. This implies that we are ignoring the externalities for the rest of society of well-educated individuals. The costs of additional child labor are the lower wages that the child receives when she grows up less well-educated because she worked as a child. These costs are realized in the far future, so for cost-benefit analysis we calculate the present discounted value of these costs. For a given absolute cost, a higher interest rate implies a lower present discounted value of the cost. The benefit of child labor is the current wage earned by the child (and the reduced cost of schooling). These benefits are realized immediately, so no discounting is required.

From a social point of view, it is efficient to increase child labor and reduce schooling up to the point at which the present discounted value of future costs of additional child labor are just balanced by the current benefit to the household of that additional child labor. It need not be the case that the socially efficient level of child labor is zero; this will depend upon the productivity of child labor, the degree to which schooling improves future productivity, and the interest rate at which

future earnings are discounted.

Agency

Decisions regarding child labor and schooling are generally made by parents. This raises issues of agency, because decisions are being made by individuals who do not necessarily themselves experience the full implications of these decisions. Even if parents are altruistic towards their children – and surely this is the case for the vast majority of families – issues of bargaining and negotiation within households, and the difficulty of making commitments that bind over generations may make it difficult to achieve optimally low levels of child labor.

First, consider a case in which agency causes no deviation from the socially efficient levels of child labor and schooling, in the spirit of the classic 'rotten kid' theorem of Becker (1974). Suppose that the parent feels altruistic towards the child, in the sense that the parent's welfare increases when the child's welfare increases, and that the parent has access to perfect financial markets. In addition, suppose that the parent expects to leave a positive bequest to the child. In this case, the parent will choose to set the level of child labor to the socially optimum level, as described in section 3. The argument is quite simple: the parent would like to help the child achieve a particular level of welfare, and the parent has two instruments available to do so: the parent chooses the amount of child labor (and thus determines the level of schooling for the child), and the parent can give the child a bequest. The parent will choose the minimal cost means of achieving any given level of child welfare; to do otherwise would waste resources that could be used to achieve higher welfare for the child, the parent, or both. If the parent chose a level of child labor greater than is socially optimal, he would be wasting resources. He could reduce child labor a bit, reduce the future bequest left to the child to compensate, and have money left over to increase everyone's welfare. Therefore, a parent who cares about the welfare of his child *and* who plans to leave a positive bequest to that child would ensure that the child's labor force participation matches the socially efficient level.

Lessons for policies that can move children from work to school

Child labor should be understood as the consequence of people coping with extreme circumstances. It is a result of current poverty, and a cause of continued poverty for the children who sacrifice their education in order to work. It is a particularly insidious problem because its primary costs are long-delayed and realized by the child, while the benefits are immediate and directly affect decision-makers within the household.

We know that the ultimate instrument for the elimination of excess child labor is the alleviation of poverty. The evidence is indisputable: child labor as a mass phenomenon disappears when the population moves out of poverty. While this is a sure solution, we're not willing to wait.

The obvious response is an outright ban of the practice of child labor. The first difficulty is that it is by no means clear that developing country governments have tools available to enforce such a ban. The task would be extremely difficult,

because most child labor is in agriculture, much of it on family farms. Where bans have been imposed, it is not clear that they have been effective. Moehling (1999)

References

1. Baland, Jean-Marie and James Robinson. Is Child Labor Inefficient? *Journal of Political Economy*. 108(4):663-679.
2. Basu, Kaushik. Child Labor: Cause, Consequence and Cure, with Remarks on International Labor Standards. *Journal of Economic Literature*. 1999; 37:1083-1119.
3. Beegle, Kathleen, Rajeev Dehejia, Roberta Gatti. Do Households Resort to Child Labor to Cope with Income Shocks? Manuscript: World Bank, 2002.
4. Boozer, Michael, Tavneet Suri. Child Labor and Schooling Decisions in Ghana. Manuscript: Yale University, 2001.
5. Brown, Drusilla. International Trade and Core Labor Standards: A Survey of the Recent Literature. Manuscript: Tufts, 2000.
6. Chiappori, Pierre-Andre. Rational Household Labor Supply. *Econometrica*. 1988; 56(1):63-90.
7. Duflo, Esther. Grandmothers and Granddaughters: Old Age Pension and Intra-Household Allocation in South Africa. Manuscript: MIT, 2000.