

"Child Labor" in the *Princeton Encyclopedia of the World Economy*

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There are an estimated 191 million working children ages 5 to 14 in the world today (ILO 2006). This corresponds to 16 percent of this age group. The images that pervade the popular press of children chained in factories, forced into prostitution, or coerced into a country's military fortunately do not represent the conditions of most working children around the world. In fact, most working children are at their parents' sides, helping in the family farm or business. A 2000 UNICEF (United Nations Children's Fund) project surveyed working children in 36 developing countries. The data represent more than 120 million children ages 5 to 14. While nearly 70 percent of children in these countries were engaged in some form of work, less than 3 percent worked in the formal wage labor market. Most of this wage employment, like most employment overall in the world's poorest economies, was in agriculture.

What is Child Labor?

There is no universally accepted definition of child labor. Some researchers view the phrase as referencing all non-school, non-leisure activities of children. Others define "child labor" as referring to activities that harm the child in some sense.

There are two major International Labor Organization (ILO) conventions that are typically referenced in definitions of child labor. ILO C182 on the Worst Forms of Child Labor was passed in 1999. In C182, some types of work are referenced as *unconditional worst forms of child labor*. These are activities that the convention defines as inappropriate for children under 18 such as forced and bonded labor, prostitution, pornography, illicit activities, soldiering, and child trafficking. Each signatory country also defines a set of industries and occupations that are classified as *hazardous work* and therefore a worst form of child labor. There are an estimated 126 million children in hazardous work worldwide (ILO 2006), and 8.4 million children are involved in unconditional worst forms of child labor, 68 percent of whom are in forced or bonded labor (ILO 2002). A common bonded labor arrangement is when parents are paid an advance on the child's future labor earnings, and the child is then committed to the employer until the advance is repaid.

Most definitions of child labor include participants in worst forms of child labor plus some children involved in more typical activities. When does a working child become a child laborer? ILO Convention C138 on the Minimum Age for Admission to Employment states that minimum ages of employment should be set at "a level consistent with the fullest physical and mental development of young people" (article 1). This standard has led many to define child labor as work that is harmful to children.

Whether an activity is harmful to children depends on what children would be doing absent that activity. Given the limited hours in a day, it seems clear that some intensities of work (whether at or away from home) must be inconsistent with schooling, but otherwise there is little consensus about when more common forms of work, including work inside the child's own household, should be classified as child labor.

In practice, statistical agencies, international organizations, and researchers need to make some subjective decisions about what types of work should be codified as child labor. At the time of writing, for example, the International Labor Organization's Statistical Information and Monitoring Program on Child Labor defines a *child laborer* as:

- An economically active child under 12 that works 1 or more hours per week
- An economically active child 14 and under that works at least 14 hours per week or 1 or more hours per week in activities that are classified as a worst form of child labor
- An economically active child 17 and under that works more than 43 hours per week or 1 or more hours per week in a worst form of child labor

Light work describes market work performed by children ages 12 to 17 for less than 14 hours per week, and *regular work* references market work by children ages 15 to 17 for between 14 and 43 hours per week. The ILO estimates that there are 218 million child laborers in 2004 (ILO 2006). 166 million of the child laborers are ages 5 to 14 and 51.9 million are 15 to 17 engaged in hazardous work.

The Child labor Decision

Poor families balance the child's potential economic contribution against alternative uses of child time. What is the child's potential economic contribution? Direct wage income paid to working children may be important in some contexts, but wage work is rare. In most contexts, the working child's primary economic contribution comes through the help they offer their family. Most often, this help is by providing domestic services that free up adult time for income generating pursuits. When there is a family business or farm, the child and other family members often help, and working in the family business or farm is the most prevalent economic activity of children. The value of the child's economic contribution to family farms and businesses can be large. One recent study from Nepal estimates that children are responsible for nearly 9 percent

of GDP. Even when the net economic contribution of the working child is small, it may be important to the welfare of a poor family

Schooling is typically viewed as the most important alternative use of child time outside of work. The net return to school will depend on how the family values future returns to schooling against the direct costs of schooling. Schooling is not the only alternative use of child time outside of work. Leisure and play are important components of how children spend their time and may be critically important for child development. In fact, the early, Progressive era arguments about child labor all focused on the value of leisure and play as reasons why children should not work.

Overall, children are most likely to work when the family's valuation of their net economic contribution is high or the perceived returns on alternative uses of the child's time are low. Empirically, poverty has stood out as a key factor influencing the allocation of child time. Across countries, roughly three-fourths of differences in the economic activity rates of children can be explained by differences in GDP per capita. Within country, some of the most compelling evidence is from Vietnam, which cut child labor nearly in half over a five-year period during its economic boom in the 1990s. A majority of this decline in child labor can be explained by improvements in living standards alone .

It is not clear whether the strong poverty – child labor connection that is generally observed reflects something about parental or child preferences, changes in the structure of household production, the weakening of credit constraints, a decline in insurance failures, or increases in the returns to activities outside of work such as schooling. All might play some role, and the importance of these factors should vary depending on country context.

Child labor and International Trade

One frequently hears anecdotes about children working in export industries. It is possible that if high income countries increase labor demand for unskilled labor in low income countries through international trade, then trade might increase the net economic contribution available to working children and thereby increase child labor. Also, trade can affect returns to education, prices of consumption goods, opportunities for household specialization, and the availability of substitutes for goods or activities involving children.

The cross country data suggest that the most important connection between trade and child labor stems from the positive association between trade and family incomes. Child labor is lower in countries that trade more, because incomes are higher in countries that trade more. This income driven, positive association between trade and child labor holds when one considers all countries, only low income countries, only trade between high and low income countries, and exports of unskilled-labor intensive products from

low income countries (Eric Edmonds and Nina Pavcnik 2006). The cross-country data provide no support for the claim that trade perpetuates high levels of child labor in poor countries.

The microeconomic evidence also emphasizes the importance of the effect of trade on family incomes. When income effects are negligible or transitory, children may work more as appears to have occurred in response to coffee price booms in Nicaragua and Brazil (Diane Kruger 2007). When the income effects are positive and long-lived, children work less even when labor demand has increased as appears to have happened with Vietnam's liberalization of its rice trade (Edmonds and Pavcnik 2005). Thus, the microeconomic evidence illustrates both that child labor is primarily a facet of poverty, but that ultimately decisions about child labor depend on the family's assessment of the relative value of child time in its alternative uses.

The end of child labor?

There is no universally accepted definition of child labor. There is no consensus about how many of the world's 191 million working children are worse off because of their work. Evaluating whether work hams a child requires understanding what children would do in the absence of work. Quality schooling is too rarely available as an alternative. Hence, it is not surprising that so many of the world's poor families choose to have their children help their families meet their basic needs. Most child work is not in the formal wage sector. In practice, international trade seems to have little influence on the propensity of children to work aside from trade's impact on living standards in low income countries. Children will no longer work in today's poor countries when families can say that the returns to the child's time in other activities such as school or play are greater than the family's valuation of the child's potential economic contribution.

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