Millennium Development Goals and Child Labour

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As part of broader efforts toward durable solutions to child labor, the International Labour Organization (ILO), the United Nations Children’s Fund (UNICEF), and the World Bank initiated the interagency Understanding Children’s Work (UCW) project in December 2000. The project is guided by the Oslo Agenda for Action, which laid out the priorities for the international community in the fight against child labor. Through a variety of data collection, research, and assessment activities, the UCW project is broadly directed toward improving understanding of child labor, its causes and effects, how it can be measured, and effective policies for addressing it. For further information, see the project website at www.ucw-project.org.

This paper is part of the research carried out within UCW (Understanding Children’s Work), a joint ILO, World Bank and UNICEF project. The views expressed here are those of the authors and should not be attributed to the ILO, the World Bank, UNICEF or any of these agencies’ member countries.

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ABSTRACT

Child labour is maybe one of the most striking indicators identifying vulnerable children and as such pointing to shortcomings in several of the millennium goals as poverty eradication, education for all, gender equality, combating HIV/AIDS and creation of a global partnership for development. Most working children do so after a decision in their parental household. To understand the household labour supply decisions, relations to the labour market and to public interventions is critical in designing programmes in order to achieve the MDG. The research on child labour represent in this respect a largely untapped resource of knowledge for policymakers in the fields of education programme and poverty reduction programmes. This paper focus particularly on the links between child labour and the labour market and argue that thought the links in the household between child and adult labour supply the Basu-Van model on dual equilibriums are relevant beyond labour markets where children participate directly. In regards to child labour and education the lack of education opportunities effect on child labour is well documented, but existence of widespread child labour also reduces the effectiveness of investment in education. This interlinks between the MDG and child labour could be the basis for win-win strategies for development.
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1. **THE MILLENNIUM DEVELOPMENT GOALS**

   1. The origins of the Millennium Development Goals (MDGs) lie in the United Nations Millennium Declaration, which was adopted by all 189 UN Member States on 8 September 2000. The Declaration embodies many commitments for improving the lot of humanity in the new century. Subsequently the UN Secretariat drew up a list of eight Millennium Development Goals (MDG), each of them accompanied by specific targets and indicators. Children’s welfare is at the heart, as it reads in the opening statements of the Millennium Declaration from which the millennium goals derive: “We recognize that, in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level. As leaders we have a duty therefore to all the world’s people, especially the most vulnerable and, in particular, the children of the world, to whom the future belongs.” By the year 2015, all 191 United Nations Member States have pledged to meet the following goals:

   1. Eradicate extreme poverty and hunger
   2. Achieve universal primary education
   3. Promote gender equality and empower women
   4. Reduce child mortality
   5. Improve maternal health
   6. Combat HIV/AIDS, malaria and other diseases
   7. Ensure environmental sustainability
   8. Develop a global partnership for development

   2. Child labour is maybe one of the most striking indicators identifying vulnerable children and as such pointing to shortcomings in several of the millennium goals as poverty eradication (1), and education for all (2), but also gender equality (3), given the fact that discrimination of girls towards education and traditional burdens put on girls in their own households are reasons for child labour, combating HIV/AIDS (6) given that AIDS orphanages are another reason for child labour, and develop a global partnership for development (8), including developing descent and productive work for youth given that child labour in its worst forms often has cross border links and that decent and productive work for youth are undermined by the existence of child labour.

   3. Child labour can be found everywhere. The use of child labour in the early phases of industrialisation in many countries has attracted special attention. Some early research on child labour came to the conclusion that it is a special “need” for child labour in this phase of development. As we have learned more about child labour this is no longer the common understanding. First it is probably not so that child labour historically has been most widespread in the early phased of industrial development, but rather before this (Humphries 2002). Second, the notion of child labour being a necessary transitional phenomenon in order to develop leans critical on the skills that children obtain as workers and the additional wealth created through their work. More knowledge about the effects of child labour and increasing formal skills need in work life has proven such assumptions wrong in general (as described below).

   4. As we have learned more about child labour the question is rather that child labour hampers growth. It does so by not only reduce the individual’s education achievements but also through its existence reduce the effect and quality of the education system as such. Further it does so through redistribution effects of the
labour market. Child labour is also associated with households where poverty is inherited from one generation to the next.

5. Hence as the fight against child labour has gained international momentum during the last decade and as a lot of research work has been undertaken to better understand the causes and consequences of child labour, it is naturally to try to utilise this momentum and information to help underpin the work towards the millennium goals. In particular how can our understanding of child labour increase our understanding of poverty and education performance? Research has been conclusive on how increased education opportunities and increased welfare reduces child labour. However as described in this paper the casualty also goes the other way. Reduction of child labour may help both improving children’s education achievements including the efficiency and capacity of the education system and help reduce poverty. Tackling child labour will have positive effects beyond the individual child.
2. LINKS BETWEEN THE MDG AND CHILD LABOUR

6. The key to understanding the relations between child labour and the rest of the labour market is the household. Child labour most commonly a result of a decision within a household were resources and labour is divided according to both needs and norms. Based on this intra household labour division, child labour can be seen as both a result of adult labour market conditions and affecting these conditions. In addition the households access to non labour income as public transfer or own access to financial recourse or credit will influence the decisions on children’s time allocation. To understand this we need to revisit the definition and scope of child labour.

7. Child labour is defined according to the ILO Conventions 138 and 182 and the UN Convention on the Right of the Child. Child labour is not as labour defined by the activity but by the effect this activity have on the child. Very short one can say that the work or activities undertaken by children should not interfere with their education or pose any health threats. Guided by the conventions child labourer are identified as all children below 18 in harmful occupations or work activities in the labour market or their own household, all children undertaking work in the labour market or household interfering with their primary education, all children under 15 in full time employment and all children under 13 in part time work.

8. All three conventions make special reference to education in their definition of child labour. In countries whiteout universal education one will therefore always find child labour. This explains why Sub-Saharan Africa and South Asia has the highest proportion of working children. In 2002 ILO estimated there were about 186 million child labourers below the age of 15 in the world in 2000 (ILO 2002). About 110 million were below the age of 12. Among children in the larger age group 5-17 there were approximately 246 million children in child labour. An estimated 171 million children age 5-17 were believed to work in hazardous situations or conditions. In other words, children in hazardous work constituted more than two thirds of those in child labour. In addition to these figures come children labourer in their own households, so fare no global estimates exist for this group.

9. Besides children working in their own home perhaps the largest group of child labourer comprises children working at the family plot or land. These children should in theory be included in the figures above, but often they are not captured in labour market statistics. The next important group comprises children working in more direct contact with the labour market but still in the households, such as those participating in subcontracted schemes or arrangements where the work takes place at home. Children working in their own household, at the family plot, and in subcontracting at home make up the bulk of the world’s child labourers. Andvig (2001) estimates that this group comprises something like 90 percent of all child labour in Africa. The same is probably true on the Indian subcontinent, the second most common place for child labour after Africa (Burra 1995).

10. Even those working outside the household will in most cases work together with their parents or other family members. Such children help a parent employed in the fields of large farms or plantations to fulfil a production quota or assist in the family business. Another area will be family businesses employing children often in the informal service sector. Only a relatively small number of children are employed directly by an employer, probably less than 10 percent of the working children
worldwide. For example, in Côte d’Ivoire fewer than 2 percent of the children in the labour market work for wages (Grootaert and Patrinos 1998).\(^1\)

11. The most extreme forms of child labour, such as prostitution and children taken from or sold by their parents, occur relatively infrequently. It is estimated (ILO 2002) that there were about 8.4 million children involved in other worst forms of child labour as defined in ILO Convention No.182, Art 3 a-c.\(^3\). Genuine street children—children who not only work in the streets but live apart from their parents—are also relatively few, even if their numbers are reported to be on the rise. Andvig (2001) estimates that a reasonable number for street children for the whole of Africa is less than 1 million.

12. For intervention purposes three main forms of child labour can hence be identified:
   - Parent controlled work in own household, at family land or in family business (probably more than 85 per cent of global estimate of child labour).
   - Children employed by a third person but living in their parental household (probably less than 10 per cent of global estimate of child labour)
   - Children living outside the parental household or without parents (probably less than 5 per cent of global estimate of child labour)

13. Based on this we can conclude that it is not the direct labour market participation of children that is central when analysing the connections between child labour and poverty.\(^4\) It is the links via the intra household division of tasks and resources.

2.1 Why sending children to work?

14. Child labour is defined as an activity with negative impact on the child. This does not mean that it do not feature any gains for the household. The gains or return on child labour has several elements. It represents the child’s money income; the value of the child’s work in the family enterprise, at the family plot, or in the household; the increased income opportunities for adult members of the household; and the skills or increased labour market opportunities the child acquired while working.

15. Several studies have tried to estimate the value of the income of children as a percentage of the total family income. In Peru, Siddiqi and Patrinos (1991) found that working children aged 10 to 12 contribute 7.5 percent and children aged 13 to 15, 12 percent of the household income. Other studies (Anker and Melkas, 1995) indicate that children contribute up to 20 to 25 percent of the family income. Both these surveys have methodological weaknesses however given that their sample comprises only children receiving wages. As mentioned above, only a small fraction of the children are working for an employer and receiving wages. To generalize on the basis of these children is therefore not possible. It is more likely that the estimates from Rosenzweig, and Everson (1997) from rural India, where children’s income constituted only 6 percent of family income, give a more complete picture. This level is also confirmed by studies in Latin America by Himes et al. (1994).

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\(^1\) This does not, however, include children working as domestic workers, a group for which no reliable statistics exist.

\(^2\) For more data on child labour see www.ucw-project.org.

\(^3\) This includes trafficking (1.2 million); forced and bonded labour (5.7 million); armed conflict (0.3 million); prostitution and pornography (1.8 million); and illicit activities (0.6 million)

\(^4\) Much of the literature on child labour is of reduced value for policy making because the analysis are based on employed children only.
16. More important is the value of the work and the increased income opportunities for adult household members. Children working in their own household increase the adult labour supply. If the children had not performed these tasks, adults would have had to. The unpaid work children perform in the fields or in a small informal family business may be of substantial value for the household.

17. The rerun to your education and skill acquirements rest heavily on the opportunities of utilising these skills in the future (Rosenzweig 1995). One should therefore expect to observe that in countries having experienced slow growth over many years the individual return to education is not so high. Deriving from the same fact one often find that parents, and especially uneducated parents, underestimate the value of formal education and overestimate the value of passing on their skills and trade, judging its value based on historical or present days usefulness rather than potential future needs for education and skills. As regard to the return to skills acquired at the workplace through working from an early age, a few studies have examined the effect of child labour and earning opportunities for these children as adults. Research in the carpet industry in India, where child labour is widespread, indicates that good weavers did not have to begin weaving as a child (Levison et al. 1995). Individuals who began work as children do not appear to earn more due to their work experience than other workers in their trade.

18. Seen from a development perspective it is hence not the money earned or the learning effects from child labour that are the main benefits for the child or the household. It is the direct usefulness of the work done and the increased income opportunities for adult members of the household that is of prime importance. This may however be perceived different by the child and/or parents and there will, of course, be differences among households. It is the effect child labour has on adult labour supply that creates one of the important links between the fight against child labour and poverty.

2.2 Labour market and poverty

19. On the macroeconomic level links between child labour and poverty is well documented. Economically active children represent a decreasing proportion of the total labour force as GDP per capita increases. The World Bank (1998) reports that the labour force participation rate of children aged ten to fourteen years is highest, 30–60 percent, in countries with per capita income of $500 or less (at 1987 prices). But it declines quite rapidly, to 10–30 percent, in countries with incomes between $500 and $1,000. This negative relationship between income and child work becomes less marked in the more affluent developing countries (in the $1,000 to $4,000 income ranges). The same correlation between welfare in terms of household income and child labour can be found at the household level. Sasaki (1999) found that household income is generally negatively associated with participation of children in labour activity in most countries where data are available. It exist however large variations between households at the same income level in regards to supplying child

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5 The report notes that these findings also seem to be related to the structure of production: the higher the share of agriculture in GDP, the higher the incidence of child labour.
labour, for reasons debated below. 6

20. As mentioned, working children normally belong to a household where some sort of pooling of resources and division of tasks takes place. Typically the adult (male) head of household works in the labour market, while children (and adult females) work within the household. 7 Changes in the adults’ labour market participation will have implications for the children in the household. Analysts have long understood that an increase in unemployment can cause an increase in labour supply, thereby exacerbating the unemployment problem. Basu and Van (1999) showed how this ‘added worker effect’ was stronger than the ‘discouragement effect’ for low-income households. If the primary breadwinner had little possibility of finding work (income), a low-income household will send other members of the household to seek work also. These secondary members may be children or adults for whom the children must assume some of the domestic duties. Bringing the children along with themselves to the labour market may also increase the adults’ opportunities for work. This is particularly true in agricultural work and in other types of piece-rate employment, such as brick kilns or garment subcontracting

21. Several studies seem to confirm this connection between adult and child work. Sasaki (1999) found in the Philippines, Vietnam, and Colombia that as mothers participated in the labour force, children were more likely to be economically active. In Ghana (Canagarajah and Coulombe 1998) children were more likely to be economically active if parents were self-employed in the agricultural sector. Chandrasekhar (1994) found the same complementarity in analysing data from the 1981 Indian census. Participation in the labour market by children and adults moves in tandem across India. Some studies, however, find a difference in the correlation between the mother-and-child participation rate and the father-and-child participation rate. Diamond and Fayed (1998) found that child labour was complementary to adult male labour and substitutes for adult female labour. Generally it is found that adult wage changes change the children’s labour market participation rates. 8 These wage studies also show that children’s participation in labour markets may affect the adult wage level.

6 A related analytical problem deriving from the use of statistics on economically active children as a proxy for child labourers is that access to the labour market is an important determinant for poverty. Since children in the labour market are mainly taken there by their families, economically active children tend to be from households with economically active parents. Analyses thus tend to exclude those households where both the adults and the children are permanently or temporarily out of the labour market and the households with the weakest connection to the labour market. Further to this both children and adults working in the illegal informal sector might be systematically less represented in the statistics. The poorest households may thus for both these reasons be systematically excluded from the analyses. The connection between child labour and poverty may therefore be even stronger than the present studies suggest.

7 The relationship between the number of sisters and child labour also seems to be significant in several places. The oldest girl in a family has a greater likelihood than other children in the household of doing domestic work and not going to school, while boys, in particular those with older sisters, have a greater likelihood of going to school (Andvig 2001). Research from Africa indicates that in several societies household composition is deliberately changed through child fostering or adopting children in order to create an optimal division of labour within the household (Pedersen 1987, Ainsworth 1996). Adopted children and foster children are vulnerable groups who easily may end up as child labourer, although not all of them do so.

8 Rosenzweig and Everson (1977) found that in India a 1 percent increase in adult male wages reduced female children’s hours of labour market work by 1.2 percent, while a 1 percent increase in adult female wages caused a decline of 1.4 percent. Levy (1995) found that in Egypt a 1 percent increase in adult female wages reduces children’s working hours in the labour market by 2.7 percent for children aged 6–11 years and by 1.5 percent for those aged 12–14 years. Ray (1988) found the same connection between adult wages and children’s participation in the labour market in Peru. Here a 1 percent increase in adult male wages leads to a 1 percent decrease in the probability of children’s engaging in labour activity. Even if all these analyses are based on studies of economically active children rather than child labourers, the findings underpin the connection between family income and child labour.
22. Child labour might also occur because poor households cannot insure themselves adequately against income fluctuations (Guarcello, Mealli and Rosati 2002, Grootaert and Patrinos 1999). Poor families pull their children out of school to provide labour in the face of an income shortfall. Parents put children to work as part of a survival strategy to minimize the risk of an interruption of the income stream (which may be caused by failed harvests or loss of employment of an adult household member). Interruption in the income stream is naturally more severe for poor households, as it can be life threatening. Thus for extremely poor households, child labour seems quite rational, broadening the base of income sources (Anker and Melkas 1995). Children can be engaging in child labour for these reasons both ex ante and ex post. In Cote d’Ivoire (Grootaert 1998) the 5 percent decline of per capita GDP in 1987 and 1988, caused by the collapse in world prices of coffee and cocoa, resulted in households of all income levels to respond to the recession by increasing the labour supply of male adults. Very poor households also increased the participants of secondary earners, children and adolescents. The share of total household labour supply represented by children and adolescents rose from 15 percent in 1985 to 18 percent in 1989. In Guatemala (Guarcello, Mealli and Rosati 2002) households affected by such collective shocks reduced their children’s school attendance and increased their labour market participation with 6,5 percent. Thus poor households increased both adult and child labour supply as a response to the crises.

23. In general, parents of child labourers are not people who let their children work instead of themselves, but people who find it necessary to draw on more of the household’s resources to secure the necessary income. Child labour thus does not replace adult labour, but complements it, either directly in the labour market or in the household, enabling adult family members to enter the labour market. The result of this is the ‘added worker effect’, which, paradoxically, may lead to both higher adult unemployment and lower wages. This leads to a U- or Z-shaped labour supply curve (as shown in figure 1). At and around the subsistence minimum remuneration households will increase their labour supply if wages or other types of remuneration drop (and decrease the supply if wages increase). Above this subsistence minimum the supply of labour will decrease if remuneration drops.

Figure 1. - Remuneration against working hours.

Remuneration

[Figure showing demand and supply curves for remuneration against working hours]

Demand curve        Supply curve

Working hours
24. While economic planners may assume that the economy is operating in the middle field of this supply curve the fact might be that many households in developing countries are operating at the lower end. This could be the case for the more than one billion people globally presently living on less than a dollar a day. The effect of such a decision pattern is the multiple equilibrium labour markets, where the lowest wage/work equilibrium may be said to represent a “poverty trap”.

25. Manage to move from the low wage equilibrium to the higher wage equilibrium would indicate that many more households could reduce their children’s work impute either in the labour market or at home. Talking only about the wage child labour Anker (2000) concludes that its elimination should contribute to improving the distribution of income and reducing poverty and social exclusion.

26. The idea behind this analysis is not new. The escape from the poverty traps has been described historically as the “male breadwinner family system”. According to Humphries (2002) developments in the labour market were important to the decline in child labour. The effects of an exogenous and beneficent technology were secondary to an emerging social compact involving male dominated labour organizations, employers and members of the elite. The “adulting” of the labour force was a key aspect of this social compact and historically much more important than the pressures to exclude women (notionally married women) from well-paid occupations and industries. The male-breadwinner family system enabled and encouraged the development and introduction of technologies that required strength and skill. By the early twenty century Europe the emphasise on the importance of schooling and the campaign to raise the school leaving age, and to provide compulsory post-school training, derives from this requirements of adult society. If a well-trained work force were to become a reality, children would have to be kept out of early economic activity that lead to bad work habits and undercutting competition for adults. (Cunningham 1992)

27. Andvig (2001) argues that in practical policy one should be careful not to assume that an economy with high child labour participation rates is necessarily stuck in a “poverty trap”. If the productive possibilities in the economy are too poor, the Basu-Van model will predict a single high child labour participation rate equilibrium. To force on it a ban on child labour will only ensure a deeper level of poverty. Therefore, while interesting and important for economics with a high rate of child labour supplied to private firms in the market, the low incidence of such child labour makes the possibility of the trap not so likely. Andvig is right in noting that the Basu-Van model is important for describing some aspects of the labour markets in economies where much child labour is supplied to private firms (as in garment and gem industries) and also for explaining child labour in terms of children’s helping their wage-employed parents (as in piece-rate plantation work and subcontracting). The model does seem to be relevant beyond this, however. It can be argued that the work that children have to take on in the household, family plot, or business enabling adult household members to enter the wage labour market or reduce the price of their labour or the product thereof, also helps create the “added worker effect.” Hence even in economies with a low rate of child labour supplied to private firms, the existence of child labour in the household may lead to a low wage–high child labour equilibrium.

28. Few studies have been undertaken to analyse the added worker effects on the income level in the labour market but one study by Parson and Goldin (1989) found that in parts of the U.S. labour market in the late nineteenth century, as a result of the increased labour supply, approximately 90 percent of all child earnings were negated by the corresponding drop in adult wages.
2.3 Education

29. The second millennium goal is to achieve universal primary education before 2015. This is an objective based on the UNESCO declaration on education for all and are defined as ensuring that all boys and girls complete a full course of primary schooling. The duration of primary education will vary from country to country with an absolute minimum of 5 years from the age of 7 to the age of 12. The definition of child labour foresees however that the education or vocational training is continuing to at least the age of 14 or 15. In countries where primary education only include 5 years one will see a high number of economically active children in the age group of 12 to 14 of which many will be child labourer.9

30. As mention previously education is seen a right for all children and as a way for individual and societies to develop. Given economic development the return to education is proven to be very high for individuals.10 Through positive external effects education is found to be even more beneficial for the society at large.11 Hence education is a public issue in all modern industrialised countries, with the authorities requiring that all children, regardless of their parents’ income and background, receive a minimum basic education. All industrial countries without exception have introduced compulsory education, and this was often done at a very early stage of development before industrialisation (Weiner 1991).

31. Allowing new groups into the education system may however have redistribution consequences especially for those having the privilege of access to education already. It will also have intergenerational distributional consequences given that the whole household may be affected in the short run by children shifting from work to school activities, while the child may be the prime benefited.

2.4 Making education available

32. The point for departure for analysing the connection between child labour and education is the availability of education. Looking at child labour research from countries where universal primary education do not prevail one find that child labour is widespread and have severe impact on the labour market (see figure 2). Given that the education options is not available, there it is rational for a child to choose to do some work instead of doing nothing.

33. In the case of India, UNICEF has claimed that most parents would send their children to school if only schooling were offered, Neera Burra (1995), assumes that the introduction of compulsory schooling in India would result in a 70 per cent reduction in the current number of child labourers. In neighbouring Pakistan lack of educational facilities and the quality and socio-economic relevance of education is an essential factor in explaining child labour.12

9 In such countries to distinguish between economical active children and child labourer becomes even more important in order to analyse and act against child labour.

10 The empirical literature on returns to schooling is a broad and complex one, but summaries of the existing literature suggest that the returns to education may indeed be quite high. For the typical employed, educated person, the private returns to primary education are commonly over 20% (Pascharopoulos, 1999, US Department of Labour 2000).

11 One of the first to recognise this was Adam Smith in his Wealth of Nations (cited in Weiner, 1991), were he states that a public benefit exists beyond the individual and private ones of education, and hence the state should take an interest in providing education.

12 The low enrolment rate (apx 70 per cent) can explain that the negative relation between household income and children’s participation in the labour market is not always strong in Pakistan. Ray (1998) found that improved household welfare did not determine children’s participation in the labour market.
34. Lack of universal education is something that is only found in poor countries but not in all poor courtiers. This could indicate additional reasons like lack of teaching resources or the difficulties associated with semi nomadic pastoral households (see for example Andvik 2001). Especially in the case of the Middle East and South Asia traditions, attitudes towards female education and resistance from ruling elites has been highlighted in addition to poverty (see for example Weiner 1991).

35. Typically in the areas were school enrolment is low (South Asia and Sub Sahara Africa) has wide spread labour market arrangements were children work are included implicit in contracts as plantation work, tender arrangements (included bounded labour) and subcontracted piece work. Associated with such arrangements are often individual wages below the level making it possible for one breadwinner to sustains a proper family income leading to the household providing more labour. The same areas (in particular West Africa) are also the ground for child fostering and child trafficking, often based on reallocation of labour recourses between households but also sometimes perceived to be a substitute for education for the children involved.

36. The world wide campaigns against child labour has helped to put universal education on the agenda. This links can especially be seen in the work of ILO, UNICEF and the World Bank. For the ILO the link is not new in regards to conventions, but the focus in programmes and policy documents are much more evident than ten years back. For NGOs and some trade unions engagement in school programmes has been a way to help raise the awareness of the need for governments to provide universal primary education. It is important however that NGO initiatives in this field, often linked to child labour programmes, do not create fragmented education systems and second tier education opportunities for working children.

37. In many countries that have rapidly expanded their primary school coverage like Egypt and Zimbabwe one has seen that child labour has been reduced in parallel with a considerable increase in primary school enrolment (Grimsrud and Stokke 1997).
But as expected it is not a linear connection between increased educational opportunities and a decreasing amount of child labour. The general drive for wider education did for example both in Egypt and Zimbabwe have most effect in the early stages. As education opportunities increased more those reaming child labourer becomes a more complex group as we will debate below.

38. It is important to note that many of the figures cited above only tell us that the children are not in school. More qualitative based studies describe a complex picture of not only non availability but also push out mechanises from schools and schools of such poor quality and relevance that parents keep their children away. Analytically we can however treat this as non delivery of school services from the state. It is beyond the scope of this paper to go deeper into this beyond noting that regardless of the reasons the responsibility and actions lays with the state in providing primary education (as stated in the Convention of the Rights of the Child).

2.5 The valuation of education

39. It is no clear-cut line between lack of education opportunities and education being too costly for the household. Some economic models treat school attendance as a cost question only, this is useful theoretical exercises of which the below analysis is partly built on. It is however important to remember that in the real world we operate within a normative framework and in this case a framework were parents should feel obliged to send their children to school and were primary education should be offered children free of charge, everywhere (based on the Convection on the Rights of the Child). But even if the education is offered children free of charge sending a child to school is associated with costs for the household. The household will be faced with the chose of sending the children to school. This decision will be based on several elements:

- Some linked to the education offered, like there perceived relevance and quality, the benefit in forms of increasing future income opportunities, the direct cost (including transport, textbooks etc), the indirect cost from long hours at school and getting their, school during peak agricultural seasons etc
- The forgone income opportunities for the household by sending a child to school, the potential direct income, the contribution to adult work opportunities and income through piece work, tender work etc and the replacement of adults in doing household work.13
- The opportunities to mitigate present income losses against future income gains through the credit market etc.

40. As described earlier the different households will based on different income, wealth and composition of the household make different choices in wetter to send children to school. However similar household (in economic and demographic terms) do also make different chooses in regard to children’s education. Deb and Rossati (2002) found based on data from Ghana and India that the non-economic variables

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13 Counting both the direct and opportunity costs of schooling is crucial especially in regard to poor households. Estimates of return to education are very sensitive to whether one adopts the standard assumption that the opportunity costs of children’s work are equivalent to forgone earnings or a broader definition that includes the value of work in the household and other non-market work (see Mason and Khandker, 1996).
were responsible for greater variance in school attendance than income and wealth heterogeneity.

41. Most households were child labour can be found have made their decisions based on both the best knowledge of how to optimising welfare and on traditions, norms and attitudes. Especially educationalists and historians have focused on how in reality it is a question of mobilising both the households and the societies resources against education. Most households have been and are quite capable of shifting resources towards education of children when encourage or forced to do so. Often to an extent were parts of or the entire household is left worst of in the short run.

42. Looking at the parallel development of compulsory education and child labour legislation in industrialised countries one see how the mutual positive effects of the two types of legislation is underlined. The school authorities are very keen on regulating child labour in order to improve children school attendance and performance and the labour inspectors etc are very keen on strong enforcement of compulsory schooling. This focused materialise in the Constitution of the ILO from 1919 it reads: “The abolition of child labour and the imposition of such limitations on the labour of young persons as shall permit the continuation of their education and assure their prosper physical development”.

43. An additional element in the cost benefit analyses of child labour and education might be lack of credit markets and different types of risk-mitigating strategies. Imperfections in credit markets are well known to be a characteristic of many developing economies (Ghosh et al 2001). The role of borrowing constraints in child labour has been disused in the literature (see for example Guarcello, Meali and Rossti 2002, Ranjan 1999, 2000 and Baland and Robinson 2000). However as shown by Guarcello, Meali and Rossti (2002) the major borrowing constraint for poor households are not institutional but the fact that they are poor (lack of income to handle the loan or lack of collateral). Give the high return to education investments one could in theory think that parent should borrow against their children’s future income in order to send them to school instead of working. Since the return to education will be and should be controlled by the child and not the adult asked to invest in it, a non altruistic parent will not use the credit market to overcome lack of preset household income to afford education. Hence, borrowing constrains can explain child labour but actions in the credit market offers no comprehensive solutions.

44. Many, as described above, but not all household are in a position to alter resources towards more education for the household’s children. The advantage of the combination of free compulsory education and child labour legislation is however that when enforced the households in need for additional support is identified. For this group on need to go beyond cutting school fees and other direct costs linked to going to school and offer some sort of transfer. This could be direct cash transfer to poor households or households with children (as found in many industrialised countries) or thinks like free school meals and stipends. The latter type of transfer depending of course on documented attendance has been gaining popularity in many developing countries (see for example Schultz 2001).

2.6 Combining school and work

45. Combining school and work in a way not affecting your school performance is, as mention in the introduction, not necessarily regarded as child labour and is relatively common in many countries. In Cote d’Ivoire the number of children combining school and work was found to be 30 % in 1988. The survey indicates that the large
majority of these children past their primary school examine\textsuperscript{14} (Grootaert 1998). But very often child labour is one of the factors that affect the education of children and adolescents. In Latin America children and adolescents who work fall behind by approximately two years of study (Mendez and Duro, 2002)

46. How to combined school and work and how to regulate the beside school activities in way that child labour are eradicated remains a large research question which also have to be addressed in regards to the MDG. As early as in the education clause in the Factory Act of 1833, Britain introduced the half-time system, combining work with half-time education for children. In the mid nineteen century this system had support across the political spectrum. But from 1880 an onwards the system was to be increasingly criticised. While seen in the beginning as an opportunity for children from poor families, it was in the end found to reproduce poverty more than help children out of it (Cunningham, 1992). The experience and debate around it show how difficult it might be to measure child labour. It took more than a generation to measure the effects of the part-time system. Also contemporary research has pointed to the fact that the amount of hours worked is an important determinant of school achievements beyond the fact that the child participates in economic activities. Rosati and Rossi (2001) find that these effects are fare from negligible, as a few hours of work per day increases the probability of falling back in the course of study of about 10 per cent based on data from Pakistan and Nicaragua. Noteworthy, the first hours of work have a larger impact on school achievements than the successive ones. Rosati and Rossi concludes that this indicates that the assumption often made that a few hours of work only have negligible effects on human capital accumulation is not supported by the evidence, at least in the case of Pakistan and Nicaragua,

47. For all the groups it is a question of creating mechanisms that reinforce the type of decisions by parents and children that lead to reduction of child labour. Unfortunately among the many schooling programmes for working children we can find examples of the opposite. This is where a school is set up especially for working children and often side by side with the workplace. If as often the case the condition for entering into such a school is that you are a working child this will increase the number of working children rather than decreasing it.

2.7 Cost of child labour for the education system

Having established that child labour affects the school performance it becomes a burden not only for the individual child but also for the entire education system. For example in Yemen working children who have to repeat classes probably leads to more than 300,000 additional pupils in the primary school alone (Grimsrud 1998). Similar figure (se table 1) is reported from Latin America. A study analysing learning factors among 7th graders in Argentina (Duro 2001) shows the performance levels of working children. Working children obtained the lowest performance levels. Moreover, the poorest performers were those with the highest intensity of labour activity.

\textsuperscript{14} Children 7-14 by occupation: School only 25 %, School and work 30%, Work 23 % and home care 22 %. Educational achievements at age of 17: Non 48%, Primary 47%, Lover secondary 5 %
Table 1. Estimation of public cost of education wastage in Latin America

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimation of the cost of repetition</th>
<th>Ordinary public expenditures in education</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total number of repeat students</td>
<td>Cost per student</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
<td>(in dollars)</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>10,221</td>
<td>312</td>
</tr>
</tbody>
</table>


48. A second effect of child labour on the investments in education is the empirical findings (Rosenzweig and Foster 1994) that schooling return is high when the return to learning is also high. If the availability and use of cheap unskilled child labour reduces the technical innovations in the labour market, it reduces the return to basic education at the same time. Unfortunately this would also work the other way were the labour market conditions would affect the attractiveness of schooling and therefore the supply of child labour (Anker 2000).
3. THE CASE FOR INTEGRATION OF CHILD LABOUR AND MDG PROGRAMMES

49. In the previous chapter we have seen how child labour is defined as the type of labour activities having a negative impact on the child. Further we have seen how child labour is linked to lack of education opportunities and poverty. At the same time we have established how child labour depreciate human capital development, the efficiency of the education system and through the added worker effects not only is caused by poverty but also causes poverty. It should therefore be ample reasons for combining the efforts to fulfil the MDG and eradicating child labour.

3.1 Mobilising own recourses

50. The merits of many of the actors involved in fighting child labour are in one way or another linked to how many children they can reach. The solution to the challenges of achieving education for all children, reducing poverty and eliminating child labour lies however in how many children you don’t have to address. This research on child labour presented in this paper shows how one should systematically try to mobilise the household’s own recourses and systematically try to reduce the numbers in need for assistance. Getting the right framework and incentives in place are the basic action needed in both regards to the MDG and child labour. It is very much the same framework and incentives in both cases and it is measures that have mutual positive effects on each other.

51. As we can lean from the history, the reduction of child labour in preset days industrial countries historically was a result of the combined effect of child labour legislation, compulsory education and higher adult wages (Cunningham and Viazzo1996, Humphries, 2002). Further countries introducing compulsory primary education before industrialisation has a lower rate of child labour that those not having compulsory education (Wiener 1991). As described in the previous chapter the documentation of the interplay of interests that over time led to the “adulting” of the labour force has resonance with Basu and Van’s theoretical conjecture (1999) that labour markets with child labour have multiple equilibria (Humphries 2002). Improving the performance of the labour market such that main breadwinners in the household can take home a living wage in hence one of the important measures both for reaching the MDG and for reducing child labour. It is about getting the labour market to function more like a normal market and not being stuck in a stage were the added workers effects determine the labour supply.

52. Norms and attitudes are formed by legislation and both historical and contemporary research show how many households are able to shift resources towards education, although this means that some may be worse off in the short run. Historically legislation against child labour and introduction of compulsory full time primary education did come about as a result of both pressures from large groups in society and reform oriented elites. It did so with the opposition of both not so reform oriented elites and some poor children and parents themselves. Eradicating child labour and introducing more and more education requirements was a part of a
development agenda transformation of the society to modern industrial state\textsuperscript{15}

53. The key challenge in order to reach the MDG and eradicating child labour are to enable this type of change in resource allocation in households that can afford to do so, and not undermine such processes by other measures originally intended for households without such resources. As an example of such contra productive measures are schools especially set up for working children. Here one have experienced that households send their children to work to qualify for such an education opportunity. Examples of regulations pulling the right way are measure like a better adjustment of the school calendar to the agricultural season, reducing the numbers of dropouts. Introduction of compulsory education and child labour legislation help changing social norms to school attendance and child labour.

3.2 Redistribution

54. After introducing a regulatory framework maximising the mobilisation of households own recourses one will be left with a group of households that are to poor to follow up on their own. For this group poverty, supply of child labour and non attendance to school is three attributes of the same question. This group need to be targeted with redistribution masseurs. The potential for a redistribution of income to affect child labour favourably has been described by Swinnerton and Rogers (1999). They extended the theory developed by Basu and Van (1999) and pointed out that redistribution could, in principle, eliminate child labour in economies that were sufficiently productive. A country qualifies for this kind of success if it is sufficiently productive: it has to be the case that the economy could support its inhabitants at the minimum level if the adults alone worked. One obstacle to redistribution is that it is very likely to be opposed by rich households. These households may hold enough political power to render the plan impossible (Rogers 2001).

55. However if a country lacks the economic resources to eliminate child labour, then there should be no presumption that redistribution within the country can solve the problem (redistribution could drive more families to send their children to work), and the further question arises of how international aid best be targeted to support such countries.

56. Redistributive policies could consist of in-kind expenditures such as an educational subsidy (see Schultz 2001). These types of programmes have the potential to have a greater impact on child labour than a cash transfer. Educational subsidies strike directly at the inefficiency involved in children’s work. Remembering that child labour is defined as activities interfering with education and that it reduces the effects of the entire education system. Another type of redistribution that could be carried out to good effect would be a government-funded social security programme (Cigno et al 2001).

3.3 Policy interventions and programme links

57. As mention in the introduction as the fight against child labour has gained international momentum during the last decade and this momentum and information

\textsuperscript{15} As one example of this can be mention the process in Norway. In the surveys and analytical work undertaken in the up front of the first Norwegian Labour act it was argued that although working children could bring home a welcomed income for poor children, child labour in general was contributing to poverty and should hence be banned (SSB 2001) A band was passed in 1892 with protests from both employers of children and some of the working children’s families.
should be utilised to help underpin the work towards the fulfilment of the MDG. The one instrumental for archiving this will be the leading international actors in the fight against child labour, the ILO, UNICEF and the World Bank.

58. ILO is historically the agency strongest embedded in a normative and regulatory tradition. This may actually be an additional asset of bringing the fight against child labour into the achievements of reaching the MDG. World Bank has no tradition or mandate as a norm setting organisation and are embedded in the positive economical school, while UNICEF operates on the basis of the UN conventions of the Rights of the Child and the MDG but have no regulatory mandate.

59. The main ILO initiative the International Programme on the Elimination of Child Labour is linked to ILOs work for promoting the ILO Conventions on child labour (ILO convention 138 and ILO convention 182) and core labour standards in general. This covers three basic labour market regulations analysed as positive contributors to the MDG in this paper. However it do not include a legally binding commitment to introduce compulsory education although references are made to the need of such legislation. The ILO sees proper legislation against child labour as a condition for a wider involvement and have been instrumental in improving several national labour codes in this filed. In the recent report “Working out of Poverty” the links between child labour, poverty and general labour market structures and conditions are outlined (ILO 2003).

60. The UN Convention of the Rights of the Child (CRC) on the basis of which UNICEF operates call for compulsory education, but states may (different to the ILO conventions) ratify the CRC whiteout implementing such elements. Over the last decade UNICEF has moved towards larger programme rather than projects. One such programme is the global campaign for girls’ education. In general UNICEF argues for universal compulsory education on a human rights rationale. Child labour programmes follow the drive on universal education as natural priority for UNICEF. However few links are made to wider labour market questions and UNICEF often seems to come short in being able to coordinates its interventions with promoting the right national framework and incentives.16

61. The World Bank are traditionally very much occupied with the macrceconomic framework and incentive structures and see it selves has having a very central mission in the fulfilment of the MDG. It hence becomes important that the World Bank is able to tap into the knowledge deriving from child labour research. In 1996 the World Bank states that it does not have an operational policy on child labour.17 In a paper on the legal aspects of the World Banks involvement in child labour from 1997 it is concluded that the Banks possible role in the enforcement of child labour standards would be limited by its specialised mandate and the need to address the issue, when justified, in the context of specific lending operations. With the special mandate the Bank understand its object of promoting economic development. In 1997 the Bank saw it self as prohibited from require its member countries as a general position to enforce child labour standards.18 In 1998 however the pamphlet “Child Labour, Issues and Discussions for the World Bank” (World Bank 1998) signal a greater involvement from the World Bank. The basis is still economic development but the pamphlet argues that the World Bank should take a more proactive role in combating

16 Through the work of UCW however UNICEF have been able to better coordinate its work with ILO and the World Bank and their national partners as for example the finance or labour ministry.
17 Background note by Sabine Schlemmer-Schulte, Counsel, Office of the Senior Vice President and General Council, 23 September 1996
18 Statement by Sabine Schlemmer-Schulte, Counsel, Office of the Senior Vice President and General Council, 27 March 1997
child labour. It clearly states the negative relations between child labour and economical development and hence makes an argument for that the issue fall within the World Bank mandate. Today this position is not argued within the World Bank. Similarly the World Bank seems to move in the direction of supporting free compulsory primary education, but is fare from making this any condition in their lending or other types of involvement.

62. Probably the best example of child labour intervention programmes with strong links to the MDG is ILOs so called time bound programmes. The first Time Bound Programme was set up in Nepal in 1995. To date, more than 100 action programmes and mini-programmes have been implemented in Nepal. These programmes have been carried out in four principal areas formulation of appropriate policies and programmes by governmental and non-governmental organisations:

- Programmes of direct intervention with child workers;
- Awareness raising and community mobilisation; and
- Legislation and enforcement.

63. Included in the programmes are exactly educational support to children and their families been provided with alternative economic opportunities Child bonded labour, child trafficking and child domestic labour have been identified as priority areas of work for the Time Bound Programme in Nepal. The Time-Bound Programme approach is more comprehensive than earlier approaches as it considers macroeconomic factors and social trends that were not adequately considered earlier. It combines sectoral, thematic and geographical approaches and links action against child labour to the national development effort as a whole, including economic and social policies. It is also characterised by a strong emphasis on social mobilisation and on engaging the leadership of the country. Despite this strong emphasis on social mobilization and comprehensive approaches considering macroeconomic factors etc. it is in the general transformation of the labour market and redistribution of resource that the programme face its greatest challenges. It is the same areas were changes are needed in order to reach the MDG. Neither will ever succeeds in Nepal if not getting the framework and incentives right for mobilising national resources.

3.4 Conclusions

64. To understand the household reactions to public interventions is critical in designing programmes in order to achieve the MDG. The research on child labour represent in this respect a largely untapped resource of knowledge for policymakers in the fields of education programme and poverty reduction programmes. In particular the research on child labour brings about vital information on the role of the labour market in fighting poverty, but these links are not in the same way made in the intervention programmes. This paper has shown how child labour not only derives from poverty but ads to it through its effects on the labour market and education system. This interlinks between the MDG and child labour could be the basis for win-win strategies for development.

65. As mention above the merits of many of the actors involved in fighting child labour and for the fulfilment of the MDG are in one way or another linked to how many children they can reach. The solution to the challenges of achieving education for all children, reducing poverty and eliminating child labour lies however in how many children you don’t have to address. The first challenge is how to make
legislation, interventions and education efforts to work together to mobilise household resources and national resources.
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