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Executive Summary

A. Overview

This is the sixth in a series of reports on child labor prepared by the Department of Labor's Bureau of International Labor Affairs (ILAB). The subject matter for the report was defined by the United States Senate Committee on Appropriations:

[T]he Committee requests that the Bureau undertake a study on the economic benefits that could be realized from the elimination of abusive and exploitative child labor and the increased enrollment of these children in school. The study should look at the economic benefits to individual countries and to possible global benefits, in particular U.S. trade, that would result from the elimination of abusive and exploitative child labor.¹

The report satisfies this mandate by examining: (1) the economic costs of child labor related to insufficient schooling; (2) the reasons why child labor exists; and (3) policy strategies and programs aimed at removing the barriers that prevent children from moving from work to school.

The report considers child labor to be any work that prevents a child from going to school, or that restricts a child from accessing quality schooling. The evidence cited in this report suggests that schooling almost always leads to better outcomes, both socially and economically, than working for children. These results should hold even more strongly in the case of children working under abusive and exploitative conditions. While the benefits of going to school for such children are expected to be similar to those that would be enjoyed by other working children, the costs that the worst forms of child labor impose on children are expected to be far greater. It is important to note, however, that the lack of detailed, specific, and consistent multi-country data on the incidence of abusive and exploitative child labor remains a constraint on research in this field.

B. The Economic Cost of Child Labor

For many working children, child labor means giving up the opportunity to go to school. For others, it means going to school less or having less time to focus on schooling. To the extent that working leaves little or no time for formal education, the economic cost of child labor can, in part, be measured in terms of the forgone economic benefits of education. Chapter II looks at the individual and social benefits and costs associated with children going to work instead of school, and discusses how children are generally better off over the course of their lifetimes if they pursue education while young. It presents evidence drawn from 162 studies showing that in countries at all levels of economic development, most children can expect to benefit more over the course of their lifetime from going to school instead of working. It also discusses the benefits of education not only to the individual child but also to society, including such extra benefits as: increased adult wages, increased participation in the political process, greater charity donations, reduced dependency on social support

¹ This report has been prepared in accordance with the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Bill of 1999, Senate Report No. 105-300, 105th Congress, September 8 (legislative day, August 31), 1998. Full text of S.R. 105-300 can be found at: <ftp://ftp.loc.gov/pub/thomas/cp105/sr300.txt>

programs, reduced criminal activity, increased savings rates, better health, lower mortality rates, and increased life expectancy.

The chapter also explores the macroeconomic benefits of education to a country's economy. It notes that since research has found that education makes workers more productive and leads to higher levels of income for individuals, it should also be related to better macroeconomic performance at the country level. While it is still too early to declare that a consensus has been reached on the precise effect of education on macroeconomic growth, most studies that have been done to date have found some positive relationship between education and economic growth.

As countries end child labor and improve education and long-term productivity—in short, when countries increase their levels of development—they also create economies that can make stronger contributions to the world economy. The chapter suggests that these countries are more likely to become active and productive trading partners, which could both expand opportunities for workers and firms involved in the export of goods and services from the United States, and make available a wider variety of goods and services to be consumed at low cost by U.S. consumers.

C. Why Children Work

Given the benefits of education to individuals and to society, it is natural to ask why so many children continue to work instead of going to school. Chapter III discusses real world factors that lead families and their children to opt for child labor even though schooling may be in the long term interest of the child. The chapter groups these factors under three main categories: (1) a poverty of resources; (2) a poverty of opportunities; and (3) the availability of work for children. Each class of factors defines barriers to the removal of children from work.

1. Barriers Related to a Poverty of Resources

Financial poverty, defined as a lack of financial means to support a family without resorting to child labor, can create a number of barriers to the elimination of child labor and the increased enrollment of children in school.

- Poor countries have the highest incidence of child labor. Pervasive poverty in an economy is a barrier to lowering child labor.
- In wealthier economies with child labor, there is also an issue of equality of resources. The poorest families send their children to work, while wealthier families do not. In these settings, inequality in the distribution of income, or more generally, the distribution of resources, is a barrier to lowering child labor.
- The inability of parents to support their families from their own earnings or wealth is a source of pressure leading to child labor, and is also a barrier to lowering child labor and increasing school enrollment.
- The loss of income from children not working, and the out-of-pocket costs of schooling, or both, can be significant barriers that keep children in work and out of school.

- Poor families may use child labor as a risk management strategy to insure against interruptions in the earnings of other members of the household. The perception that child labor is a necessary means of minimizing risks to family welfare presents a barrier to moving children out of work.
- Poorly educated parents are more likely to send their children to work and less likely to send them to school. Poor parental education is associated with low family incomes, and low family incomes can be one barrier to moving children from work to school; the perception among less educated parents that education is not beneficial may represent another.

2. *Barriers Related to a Poverty of Opportunities*

Another set of barriers to the removal of children from work and their enrollment in school can be attributed to a lack of alternatives to work for children. Often, children's opportunities are restricted because they lack access to quality schooling. In some cases this may apply to all children in a geographical location. In other cases, it may apply only to children from certain groups.

- Lack of access to schools creates a barrier keeping children in work and out of school because schooling is not a viable alternative. Families may be unable to pay for school related expenses; schools may be too few or too far from where children live; or they may be unavailable altogether.
- Schools that are of low quality or of little relevance also present a barrier to the movement of children from work to school because if schooling does not raise the income prospects of children over the course of their lifetimes (or is perceived not to do so), there is little incentive for families to forgo the income that could be generated from their children's labor.
- Gender roles can create barriers to the removal of girls from work and to their enrollment in school. In many cultures, girls are still expected to perform domestic activities, for which formal schooling is perceived to be unnecessary.
- Ethnicity and/or social class can create barriers to the movement of children from work to school in situations where there is a privileged ethnic or social class, and in particular where there are attitudes suggesting that some groups are meant to work with their hands while others are more suited to working with their minds.
- Educational instruction carried out in unfamiliar languages makes it difficult or impossible for some children to benefit from schooling. In such instances, schooling loses its relevance and language becomes a barrier keeping children out of school.
- Lack of access to credit can be a barrier to removing children from work and transitioning them to school because it leaves families with no alternative but to finance education or other income producing investments using their current income.

3. *Barriers Related to the Availability of Work*

These barriers are related to the fact that work for children is available and that this work would have to be done in some other way if children no longer did it.

- The fact that children are generally “cheaper” to employ may create a demand for their labor that acts as a barrier to the reduction of child labor. If the return to the employer on a unit of child labor is higher than on a unit of adult labor, the employer will prefer to employ children. If however, children are a less expensive source of labor than adults because they are commensurately less productive, employers will not have a particular preference for child labor. Whether the “cheapness” of child labor is a barrier *per se* to the removal of children from work is a major unsettled empirical question.
- Production processes that require the use of an abundant pool of unskilled labor, that do not use labor saving devices, or both, can create a demand for child labor. This factor—the production technology used—can pull children into work and create a barrier to their attendance at school.

D. Knocking Down the Barriers

Chapter IV considers policy strategies and programs that seek to lower barriers so that children will be more likely to leave work and attend school. The chapter describes how national policies and international standards can promote positive change for working children and their families by improving the economic and social environments in which they live.

In addition, the chapter considers targeted initiatives that focus on the specific needs of working children and their families and aim to encourage broader action on child labor. The chapter draws primarily on the experience of the International Labor Organization’s International Program on the Elimination of Child Labor (ILO/IPEC) to provide examples of the kinds of efforts that can be taken to address child labor. The demonstration projects supported by IPEC are meant to benefit specific groups of working children. But on a larger level, they are intended to support and encourage broader action by national governments and other actors within countries where child labor persists and the political will exists to address the problem.

1. *Overcoming a Poverty of Resources*

Policies geared towards macroeconomic growth lay the foundation for the elimination of the most obvious obstacle to eliminating child labor—namely, financial poverty. But growth is not enough if it fails to ensure that the income of all families, particularly the poorest families, rises sufficiently and fast enough. National policies stimulating macroeconomic growth often need to be complemented by policies aimed at improving the financial prospects of the poorest families.

Targeted projects can also play a role in helping working children and their families overcome barriers created by financial poverty. In Chapter IV, two general approaches are highlighted using examples of IPEC supported projects:

- Giving families *the tools* to generate additional income and end their reliance on child labor; and

- Providing families with *direct subsidy payments* to help replace income previously earned through the labor of children.

The chapter suggests that, for subsidies to be effective, a long-term and large financial commitment may be necessary.

2. *Overcoming A Poverty of Opportunities*

Some children may work, at least in part, because they lack alternative opportunities. Effectively addressing child labor means not only withdrawing children from work, but ensuring that alternatives to work exist. National education policies that seek to make primary education universal and free complement efforts to end child labor by offering working children accessible alternatives. Similarly, by increasing expenditures on primary education, building schools in rural areas, improving teacher training and enhancing school quality and relevance, governments help working children and their families choose school over work.

Targeted projects often seek to promote schooling by focusing on the special problems of working children. For many working children, *lack of access to school* is the most immediate problem needing to be addressed. Schools may be too expensive, too few, lack adequate resources, be located too far from where children live, or be unavailable altogether. In such cases, the first step for targeted projects generally involves helping children attend school, in some cases through the provision of nonformal or transitional educational opportunities.

Attracting children to school and retaining them there, however, requires that children and their parents perceive schooling to be a worthwhile investment of children's time and a family's limited financial resources. Targeted projects often seek to *raise the quality* and *enhance the relevance* of education as one way to encourage children to attend school.

In some cases, particular groups of children may face special barriers to their participation in school. Discrimination based on gender, ethnicity, and/or social class can be a major factor restricting the ability of certain groups of children to access educational opportunities. At the local level, projects may seek to raise awareness about how discrimination contributes to child labor and discourages schooling. Targeted projects also may play a role in opening up educational opportunities for such marginalized groups of children.

More generally, cultural attitudes about the roles and responsibilities of children can affect decisions about whether children work or attend school. Targeted projects frequently attempt to address such attitudes through awareness raising campaigns that focus on the extent and nature of child labor in a country or region, the costs child labor imposes on children, and the benefits children often forgo in terms of schooling.

Another way targeted projects seek to expand opportunities available to working children is by providing families with access to credit. This strategy aims to empower parents to pursue profitable investments that help them support themselves without relying on the labor of their children.

3. *Availability of Work*

Of course, in order for child labor to exist, not only must children be willing to work, but employers must be willing to hire them. The decision to hire a child is affected by many factors, including local child labor laws; cultural attitudes; the perceived savings from hiring children as opposed to adults; the availability of adult workers; and the availability of children for work.

International efforts that set standards for the employment of children can provide an important framework for reducing and ultimately eliminating the *demand* for child labor. For example, the recently adopted ILO Convention 182 on the Worst Forms of Child Labor calls on countries "to take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labor as a matter of urgency." Such international efforts seek to encourage and help speed the pace of progress within countries.

Nationally, labor laws that make illegal the employment of children under a specified age and under certain circumstances—in particular, circumstances that are hazardous to children's health and development—provide a crucial tool for curbing demand for the work of children.

At the industry or sector level, targeted projects seek to reduce demand for child labor by encouraging employers to be less willing to employ children, either because of legal penalties or by convincing them that employing children is either unnecessary, undesirable, or unprofitable. Such projects generally include a monitoring and enforcement component to ensure that children leave work and that industries do not hire child workers in the future.

In some cases, projects may provide employers or families with technological innovations that eliminate reliance on child labor. For example, in a gold mining community in Peru, an IPEC-supported project introduced an electric winch that carried minerals to the surface, eliminating the need to use children to haul heavy loads from deep within mines.

4. *Multi-Faceted Approaches to Addressing Child Labor*

In many cases, children and their families face a combination of barriers when seeking to transition children from work to school. A multi-faceted approach involves combining strategies to increase the impact of child labor efforts. At the national and international level, efforts that aim to reduce poverty, promote schooling, and curb demand for child labor can be complementary and mutually reinforcing. At the project level, efforts often include a variety of strategies used together to meet the specific needs of working children and their families.

E. Conclusions

The conclusions of the report can be summarized in three points.

- **Education pays.** For most children, most societies, and the world, education is an economically sound investment, and child labor should not be allowed to interfere with the pursuit of this investment.
- **Work can get in the way of education.** Child labor often results in insufficient schooling for children. Even though education is a profitable investment, there are many factors that can lead a child into the world of work. These factors can also simultaneously act as barriers to moving children from work to school. Child labor is a complex phenomenon precisely because different combinations of these barriers occur in different contexts. For example, financial poverty may be the primary factor in one family's decision to send a boy to work, but in another family, a predetermined gender role may be the main factor, or at least an important part of the equation, determining why a girl works and is denied the opportunity to pursue an education.
- **Something can be done.** Appropriate macroeconomic and national education strategies are a critical part of the fight against child labor. Such strategies can also benefit from targeted efforts that seek to address the many barriers faced by working children and their families. Complementary policies and strategies for addressing child labor are the most effective means for promoting the transition of working children from work to school and for preventing children from entering abusive and exploitative work situations in the first place. In addition, efforts to address child labor would benefit greatly from better data on child labor and improved evaluation of initiatives aimed at confronting this global problem.