

Eradicating Child-Labour While Saving The Child – Who Will Pay the Costs?

Child labour has been a part of history all along. It is a complex socio-economic phenomenon, and a serious social malaise needing a cure.

It has been suggested that to wean away the children from work, it will be good to provide them free education. However, there is a feasibility aspect of such a measure in terms of the cost of displacing the child labour. In the Indian context, it would cost a whopping \$14.62 to 18.94bn every year to eradicate actual and potential child labourers. Furthermore, besides providing free primary education, a mechanism needs to be created to attract the child to come and stay in the school.

This Briefing Paper examines the issue of costs of displacing child labour as well as the effectiveness of trade restricting measures as a means to eradicate child labour. On the basis of examples and logical arguments, it concludes that trade restricting measures have every potential of eliminating the child itself. Thus, unless the root causes of poverty are addressed it will be difficult to eradicate child labour.

To Begin With...

Of all the benefits of economic development, providing a sound education and a healthy, secure future for the children of the world is perhaps the most important. Yet at the end of the 20th century, millions of children are being exploited in work places across the globe, and the numbers are growing. The existence of child labour is a complex socio-economic phenomenon. It displays a contentious spot on the global economy.

The International Labour Organisation (ILO) estimates that about 120mn children (aged between 5-14) world wide work everyday, full time, often at the expense of their education, health and natural development. Another 130mn children are said to work part-time, attempting to combine education and other commitments. Thus, there are about 250mn children working on a regular basis.

There is no internationally agreed definition of “child labour”. Countries have different minimum-age work restrictions and varying regulations based on the type of labour. In addition, who counts as a child and

what constitutes labour is perceived differently across cultures.

As a benchmark, we turn to one available definition, provided by the ILO’s Convention No. 138. It specifies 15 years as the age above which a person may participate in economic activity. Hence, most studies treat a person below 15 as a child. This Convention establishes a set of minimum acceptable ages for different types of employment (See Table 1).

Furthermore, the ILO defines exploitative child labour as work which: “deprives children of their childhood and their dignity, which hampers their access to education and the acquisition of skills and which is performed under conditions harmful to their health and their development.”

The Existence of Child Labour

Child labour is becoming a structural part of many economies in both the formal and informal sectors. The formal sector includes factories and other established workplaces—such as the garment factories of Bangladesh or the carpet factories of Nepal; the informal

Table 1: Minimum Acceptable Ages for Different Types of Employment

	General Minimum Age (Article 2)	Light Work (Article 7)	Hazardous Work (Article 3)
In normal circumstances	15 years or more (not less than compulsory school age)	13 years	18 years (16 years conditionally)
Where economy and educational facilities are insufficiently developed	14 years	12 years	18 years (16 years conditionally)

Source: ILO.

sector includes children working on the streets, as in India selling toffees and coconut for a living, or in the home such as in the United Kingdom where a piecework subcontractor brings around garments to peoples' homes where they are often worked on by young children.

A related phenomenon is the growing importance and expansion of the urban informal sector in recent times, which often supplies goods to larger firms for export. The great value of the informal sector to many businesses is that it is unregulated, making exploitation of the workforce easier.

Child labourers are found in a wide range of economic activities, including family-based agriculture, non-traded services (such as domestic servants, restaurant waiters and street vending), prostitution and small scale manufacturing (such as carpets, garments and furniture). Furthermore, millions of these children are working under exploitative and hazardous conditions as bonded labourers, welders or rag pickers.

There are two important factors that determine the concern for the existence of child labour. One is the abusive nature of the work. Child labour is usually characterised by low or no wages, long hours, dangerous and unhealthy conditions and lack of physical and social security. The other is that these children are deprived of freedom, childhood, education, fun and play, and natural development.

Taking school education as a benchmark, Box 1 provides a graphical presentation of the existence of child labour (both actual and potential).

Regional Dimensions of the Problem

Child labour is a worldwide phenomenon. Whether a country itself has child labour or it imports goods made by the hands of children, every nation is somehow implicated in the process.

According to the ILO, largest concentrations of child workers are between 5 and 14 years old and are located in Asia (61%), Africa (31%), Latin America (7%) and the Pacific (0.2%), with growing numbers in Europe, including EU countries such as United Kingdom, Italy, Spain and Portugal (See Table 2).

The ILO estimates that at least half of the world's child labourers are found in South Asia and Southeast Asia. India is believed to have one of the largest child labour force in the world. The various estimates are — 17.2mn according to the National Sample Survey Organisation (NSSO), and between 44 and 110mn

according to various unofficial sources. However, this problem is not confined to the developing countries alone as is generally understood. Child labour also exist in the developed countries.

Kruse and Mahony (Illegal Child Labour in the United States: Prevalence and Characteristics; NBER Working Paper No. 6479) found that "about 148,000 minors are employed illegally in an average week, working too many hours or in hazardous occupation." They also found that 290,000 are employed illegally at some point during the year. The total number of hours worked illegally is about 113mn per year, for which minors are paid around \$560mn.

The Causes

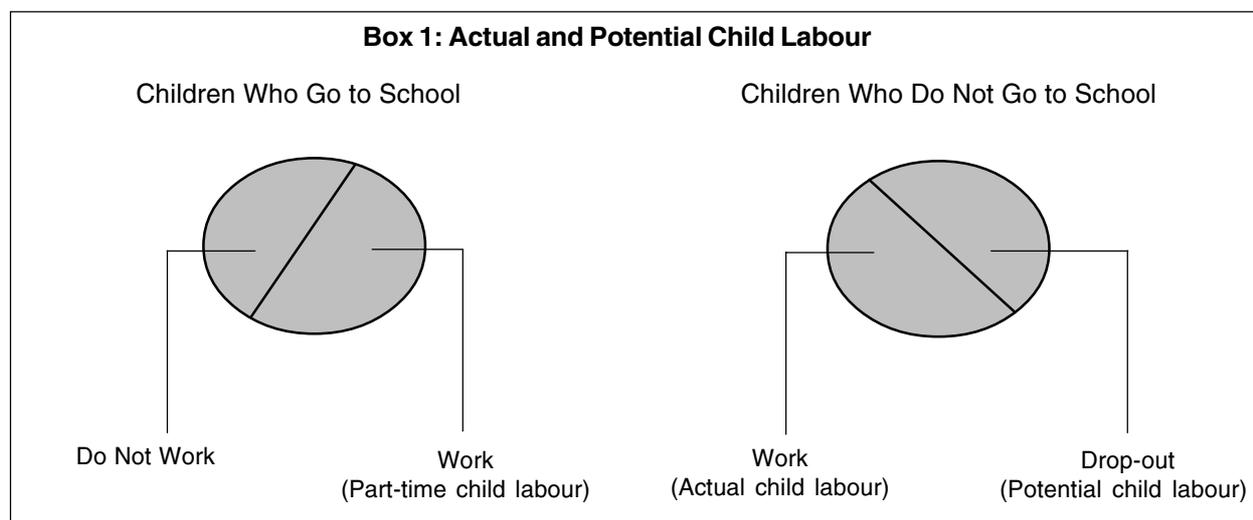
Lack of appropriate education facilities is one of the causes for the persistence of child labour. In South Asia, the phenomenon is encouraged by the fact that schools do not exist, also the state expenditure on education is very low. In India, it is less than 1.8 percent of the GNP. In many places even if there are schools, they are ill equipped.

A study, Public Report on Basic Education (PROBE), 1998, showed that of the 188 randomly selected schools in Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh, 23 percent had any maps or charts to decorate the wall. 12 percent of these schools had one single teacher, who is so overwhelmed that s/he just assigns written homework rather than lecture in the classrooms.

A report by Oxfam on Sub-Saharan Africa (SSA) showed a much more dismal scene that illiteracy is on the rise. The Oxfam report, Education Now, warned that SSA faces a "social breakdown", unless measures are taken to tackle the region's education crisis. The report further showed that there are 125mn children out of schools throughout the world. "If the world's governments do not act now, 75mn children will be deprived of basic education in 2015", warned the report. This deprivation will worsen the problem of child labour.

Poverty and uncontrolled population growth (which in turn is driven by poverty) are the other two main causes of child labour. This is shown by several studies.

In a study done by Basudeb Guha-Khasnobis for the CUTS Centre for International Trade, Economics & Environment (CUTS-CITEE) in the hand-made carpet producing areas around Jaipur, India, in August/September 1998, the main cause for child labour was identified as poverty (and the cause and its effect:



population explosion). Poverty increases the supply of child labour in the market. Subsequently, producers take advantage of this cheap supply. Naturally, if the supply could be curtailed by reducing poverty, there will be fewer children employed in any sector.

The study found that most of the child workers came from farmer households with sizes more than five, and with practically no land holdings of their own. The reported incomes of the heads of families range from Rs.1000 to Rs.2000 per month, or approximately between three to four hundred US dollars per year. These families are clearly a long way below the poverty line by any standard. Hence, the decision to send their children to work is driven by hunger, which is a physical need.

In all cases it was revealed that a child in a large family (8-9 children) is sent to work to earn only that amount of extra money which is sufficient to feed and clothe him. This means that if the child does not work for wages, then her/his survival would be at stake.

A similar study done in rural Pakistan by Sonia Bhalotra of the University of Bristol showed that poverty and the need for families to earn a minimum income drive child labour. "If their hourly wage drops, they almost exactly make up the implied loss in income by working longer hours", she was quoted.

This implies that it is poverty rather than choice that drive children to work. This contrasts with commonly observed behaviour in richer populations where, having met survival needs, people tend to work at lower wage rates.

The survey in rural Pakistan found that a third of the child population work for their family. In addition, 12 percent of girls and six percent of boys in the age group 10-14 are in paid employment. The percentage rose to 14 percent for girls and 18 percent for boys in the age group 15-17. Only seven percent of the children in paid work were also attending school.

A study done on child labour in two market towns of Punjab in India by Harpreet Kaur and B. R. Bansal of the Punjab Agricultural University found that most of the children were migrants from Bihar. Of these, nearly 78 percent were those whose parents were without any jobs. Hence, the researchers conclude this to be the cause for reason for children work so as to to feed themselves and their parents as well.

Another study conducted in the eastern part of India, by CINI-ASHA, an NGO working for children's welfare, argued that child labour cannot end until the poverty that drives it ends. Albeit the study also reasoned, rightly, that child labour depresses human capital formation, and its continuance perpetuates poverty, and thus, a vicious cycle is formed. It also argued that parents who are illiterate might not be able to value education, which could be another cause for continuation of child labour. CINI-ASHA did this study as a part of its work programme under the ILO's International Programme on the Elimination of Child Labour (IPEC) during 1992-96.

This study also showed that families adjust in many ways to the drop in income resulting from the withdrawal of their children from work. For example, by reducing intake of more expensive food items, such as fish and meat.

Above mentioned studies showed that poverty is by far the most important cause of child labour. When the very survival of family is at stake every member is expected to contribute to the family income.

While, on the one hand, the supply of child workers is rising as a result of poverty, on the other hand, changes in the production process are leading to an increased demand for child labour. The growth in subcontracting, the emergence of free trade zones and the informalisation of labour appear to have made child labour more attractive and easier for employers.

Can Trade Sanctions Resolve the Problem?

There is no denying the fact that child labour exists, and is a serious social malaise. It needs a cure. However, many developed countries have decided to stop importing any product from the developing countries that may have

used child labour as an input.

Having identified the root causes, the question arises whether banning goods made up of child labour is the remedy. In this context it is to be noted that the similar timings of the rise of international interest in child labour and the rise of free trade is not incidental.

There are important linkages between the two, which are of crucial significance to the child workers.

The emotional reaction towards this problem shown in the west, by adopting boycotts of goods made by them, has in fact exacerbated the problem rather than helping in finding solutions.

The complex problem of child labour cannot be resolved easily by both domestic and international sanctions. For instance, in India, there is a ban (restated by the Supreme Court of India in 1997) on child labour in hazardous occupations, but some children continue to work and cannot be weaned away for several reasons. Therefore sanctions can backfire.

The backfire was seen in Bangladesh about three years ago when US NGOs boycotted garments made by child labour. Over 50,000 children were thrown out of work, with some going into crime and prostitution, to survive. The fallacy in such kind of sanctions is that they touch only the export sector and not other sectors, which employ a greater number of children.

Furthermore, trade bans on goods produced by child labour could have the unintended effect of forcing the children into other paid work at a lower wage and a more demeaning work condition.

These measures do not necessarily lead to the eradication of child labour, as they do not address the problem directly. These emotional outcries are based on the presumption that existence of child labour implies abuse of the child. This is not always the case.

Country	Official Estimates	Unofficial Estimates
Bangladesh	5.7mn	15mn
India	17.2mn	44-110mn
Pakistan	10mn	19mn
Philippines	5-5.7mn	—
Brazil	2mn	—
Spain	100,000	—
Portugal	30,000	150,000-200,000

Source: Netherlands Trade Union Confederation and International Confederation of Free Trade Unions.

The CUTS-CITEE study revealed that majority of the children said they liked their work. Furthermore, the data indicates that there was no overwhelming evidence of the work conditions being hazardous, the work hours being long or the employer actually abusing the children. There were also no reports of any accidents on site. If we admit that forces of globalisation and free trade have increased the demand for child labour and the unchanged poverty levels have kept the supply of child labour growing as well, the lack of evidence on any deterioration of working conditions is a redeeming feature. Hence, equating child labour with child abuse, with no logical and economic support will not serve the purpose.

Furthermore, before dismissing child labour as an abuse of children, it is important to consider a) the alternatives and b) the possible benefits to the child. In view of the abject poverty that drives children to the workplace, the alternatives are non-existent, except starvation. In this context, it is important to note that an unqualified ban of child labour, without ensuring children's rights, can easily result in the eradication of the child itself! It can only be beneficial, as it gives them some training to earn an honest penny when they grow up.

Trade sanctions can only aggravate poverty and exacerbate the problem by diverting the child workers to other, possibly more demeaning occupations. They also distort the efforts of many developing countries that are genuinely trying to understand and deal with the problem of unfair child labour. Thus, it would be unfortunate if the issue of child labour and child welfare is tangled with the issue of free or fair trade.

Most developing countries have replaced the old regime of import substitution with that of export-led growth. As a result, exporters from developing countries feel compelled to make their products more competitive; both in terms of price as well as quality. As child labour is relatively cheaper than adult labour, exporters have a strong incentive to use it to the extent possible, in order to outprice the foreign competitor.

Thus even if a ban is to be imposed due to proven abuse of children in exporting industries, there has to be a scheme for providing compensation to the individual children who lose their jobs. This implies that there is a need for a social safeguard clause as a prerequisite for trade for the subsequent survival of these exposed children.

The Staggering Costs

It has been suggested that to wean away the children from work, it will be good to provide them free education and to that purpose provide the necessary infrastructure.

To this end, the Indian government approved 100 new national child labour projects (NCLP) in April 1999 under the ILO's International Programme on the Elimination of Child Labour (IPEC). At present 1,800 special schools benefiting 0.1mn children are functioning under 76 NCLPs. However, at least 200 more such projects are needed to benefit about two million child workers in hazardous industries.

While launching these projects the Government of India's labour secretary, L. Mishra, said that to provide all the villages with schools having more than one teacher it would cost US\$12bn per annum. Their estimate is based on the fact that of the 600,000 villages in India, 50,000 do not have schools and the remaining had only functional schools with only one male teacher. If schools

are provided with the necessary facilities including teachers the annual expenditure is estimated to be in the range of \$12.81 – 18.94bn (see Table 3).

According to an NCAER (National Council of Applied Economic Research, New Delhi) study, each urban household is spending Rs.464 (US\$10.90) per annum on the education of a child, while in rural areas it is Rs.378 (US\$8.90), when it is supposed to be provided free by the state. On an average the government is putting in Rs.840 (US\$19.70) per child per annum. This means that if the government were to provide free elementary education to all the 55mn children who are left out, it would cost Rs.4,620 crores or US\$1083.50mn annually. This will be the cost of education alone i.e. schools, teachers, and books/stationery.

If such an infrastructure for providing free education is available, it is not the end of the woes. Simultaneously, in order to attract the child to come and stay in the school, the system will have to provide a mid-day meal alongwith some allowances. This can be given to the family not only as an incentive but also as a subsidy to compensate for the loss of income. Assuming that a family, when the child is stopped from working, loses Rs.3600 per annum as income. If atleast half of this foregone income needs to be provided as school incentive i.e. Rs.9, 900 crores (US\$2.6bn) for the 55mn children, it would then take the whole expense beyond imagination.

Furthermore, the poor quality of available educational infrastructure is another issue, which needs to be addressed. This is substantiated by the CUTS-CITEE study. The field survey revealed that there were no meaningful responses when the child was queried about the type of school s/he went to. Indeed, the PROBE survey found that parents are ready to send their children to schools, if quality schools exist in the vicinity. It has shown that even poor parents in urban slum areas spend a huge part of their income to send their wards to private schools.

Conclusions

Instead of addressing the root causes for the prevalence of child labour in developing and least developed countries, the developed world appears to think that trade measures will solve them. The international efforts is directed towards defining "who is a child", "what is labour", "what are the abusive forms of child labour" and so on. However, it is sad that virtually no effort is made towards understanding the causes behind this social malaise.

While the initiative to cure the problem of child labour may be well intended, especially in its emphasis on education for children, it is bound to fail at the implementation stage for lack of funds. On the contrary, by covering almost every conceivable activity as prohibited, the reinforced initiatives are meant essentially for developed countries. It is much easier for them to prevent child labour with these added standards as they can be implemented at the least cost.

Secondly, providing primary education by itself may not be enough. Unless there is all round development, the educated will not be able to find suitable jobs. That could lead to another problem. To absorb that many educated persons in the system will be a gargantuan problem, having its own socio-economic impacts, which could create havoc in the society, i.e. social unrest given large number of educated unemployed.

However, to the extent that there is a doubt regarding the availability of employment for the children who are provided free education at present, one can think of alternative methods of skill building which are not restricted to conventional education. Thus, to restrict the supply of child labour in the market, it may be appropriate to build a centre for vocational training where the children would be paid to attend. In the final analysis, everything boils down to the availability of funds for any of these rehabilitation programmes.

The creation of export-enhancing facilities creates a natural demand for more labour in a labour-surplus economy. This in turn intensifies the odd entrepreneurs' incentive to take the easy way out by using child labour to meet the growing manpower needs. Thus, while funding trade development projects, the governments ought to be aware of this possible linkage, and as a corrective measure, earmark some of the fund explicitly to restrict the supply of child labour in the market. This

may be done either by building a school in the region of impact, or, giving direct support to the poor families who would otherwise send their children to work. Multilateral development agencies also have an important role to play in this respect. The simplest two steps that developed countries can take to help rid the world of child labour is firstly to open up their markets to more exports from developing countries and secondly, to find the removal of child labourers from the work force.

Thus, until the society progresses and enough opportunities arise that allow all children to go to school and live happily the problem of child labour cannot be wished away. If one looks at the western world, then we see clear evidence of exploitative child labour in the 17th and the 18th centuries until the industrial revolution took shape. The classic literary work, *Oliver Twist* by Charles Dickens, is a window of the unfair world, which existed in Britain before the industrial revolution.

Estimate of the Cost of Displacing Child Labour in India

1. Estimate of the total number of children in the age group 6-11 years, who have to be provided primary education = 146mn.
2. Estimate of the number of children left out i.e. do not go to school = 55mn. These are the potential child labour.
3. Estimate of the number of child labour, according to the 1987-88 National Sample Survey Organisation (NSSO) = 17.2mn
4. According to the unofficial sources, the number of child labour ranges from 44-110mn.

The cost of displacing child labour includes the following:

- schools and teachers;
- books and stationery; and
- providing mid-day meal and allowances as compensation for the loss of income.

Assumptions

1. A child labour earns Rs.3600 per annum by working and at least half of this foregone income i.e. Rs.1800 per annum needs to be provided to attract the child to come and stay in the school.
2. The cost of providing books and stationery is Rs.100 per annum per child.
3. The assumed exchange rate is US\$1 = Rs.40. Currently it is about Rs. 43.50.

Table 3: Estimate of the Cost of Displacing Child Labour in India

S. No.	Particulars	Rs.cr.	\$bn	\$bn
1.	The cost of providing, the nearly 600,000 villages in the country, with schools and more than one teacher*	40,000	12	
2.	NSSO estimate of 17.2mn child labour			
(a)	Cost of books & stationery (Rs.100x17.2mn)	172	0.04	
(b)	Cost of providing incentives (Rs.1800x17.2mn)	3,096	0.77	
	Total cost [1]+[2(a)]+[2(b)]	43,268		12.81
3.	55mn children estimated as potential child labour			
(a)	Cost of books & stationery (Rs.100x55mn)	550	0.14	
(b)	Cost of providing incentives (Rs.1800x55mn)	9,900	2.48	
	Total cost [1]+[3(a)]+[3(b)]	50,450		14.62
4.	110mn child labour estimated by unofficial sources			
(a)	Cost of books & stationery (Rs.100x110mn)	1,100	0.28	
(b)	Cost of providing incentives (Rs.1800x110mn)	19,800	4.95	
	Total cost [1]+[4(a)]+[4(b)]	60,900		17.23
5.	146mn children in the age group 6-11 years			
(a)	Cost of books & stationery (Rs.100x146mn)	1,460	0.37	
(b)	Cost of providing incentives (Rs.1800x146mn)	26,280	6.57	
	Total cost [1]+[5(a)]+[5(b)]	67,740		18.94

* See Table 4 for break up.

Recommendations

- To augment the database for improving the estimates of child labour and study its effects.
- To address not only the issue of child labour but also other forms of child abuse that are intricately related to poverty.
- To provide free and attractive schooling to more and more children and even adults, in particular women, in rural India, to reduce the incidence of child labour.
- To restrict the supply of child labour in the market, it may be appropriate to build centre for vocational training, where the children would be paid to attend.
- To earmark part of the funds of trade development projects explicitly for restricting the supply of child labour in the market. Multilateral funding agencies have an important role to play in this respect.
- To include education, training and awareness raising campaigns in the rehabilitation package. Furthermore, provision must be made to compensate the children for the earnings foregone.
- To make developed countries open their domestic markets for exports from developing countries.

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Table 4: The cost of providing, the nearly 600,000 villages in the country, with schools and more than one teacher

Rs 40,000 crores per annum is needed for providing schools to 600,000 villages.
 Cost per school is estimated to be Rs. 40,000 crores ÷ 600,000 = Rs. 670,000 per annum.
 Cost per month for each school = Rs. 55,000

Assumptions

1. Each school will have a principal, at least two teachers, one accountant and one assistant.
2. Their salary is based on the current U.G.C. (University Grants Commission) scales.

<i>Particulars</i>	<i>Cost per month</i>	
	<i>Rs</i>	<i>Rs</i>
Salaries		
Principal	10,000	
Teachers (2) @ Rs. 7,000 per teacher	14,000	
Accountant	5,000	
Assistant	2,000	
Sub-total	31,000	
<i>Add: 50% overheads (allowances etc)</i>	15,500	
Total salary bill		46,500
Other Revenue Expenditure		
Repairs and maintenance (school building, furniture, black-boards, charts, office stationery, etc)	3,000	
Electricity charges	1,500	
Library upkeep	2,000	
Miscellaneous costs	2,000	
Sub-total under this head		8,500
Grand Total		55,000