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## child labour

According to the International Labour Organization (ILO, 2002) there were 186 million child labourers in the world in 2000, that is, children between the ages of 5 and 14 years doing regular economic work. This implies a 'participation rate' (the number of labouring children as percentage of all children of that age group) of 15.5 per cent. Of these, 111 million were engaged in 'hazardous work'. But by 2004 the number was down to 166 million – a participation rate of 13.7 per cent – and the number of children in hazardous work was down to 74 million. Some details and regional distribution estimates are available in Hagemann et al. (2006), but (at the time of writing) these new numbers are yet to be absorbed and analysed.

It is a truism that the incidence of child labour is hard to estimate, both because it is often illegal and so respondents would not proffer information too readily and because the work is usually in the informal sector

where record keeping is weak. Not surprisingly, there are other estimates of child labour, higher and lower. According to the UNICEF (2006), which collates data from different sources from 1998 to 2004, the participation rate is 18 per cent.

These data sources have both upward and downward biases along different dimensions. Domestic work that is done in one's own household is usually recorded very poorly or not at all. But we have micro evidence that in poor regions children, especially girls, do huge amounts of work in their homes, ranging from fetching wood to hazardous work like cooking over open fires. Indirect evidence for this comes from the gender breakdown of child labour. According to ILO data, boys do more labour than girls; their participation rates are respectively 15.9 per cent and 15.2 per cent. But detailed micro studies that try to include heavy domestic work, such as that by Cigno and Rosati (2005, ch. 5), show that girls tend to do 30 per cent more work than boys. Hence, there is a downward bias in the macro numbers mentioned above.

On the other hand, one source of upward bias comes from 'work' being equated with doing more than one hour of work in the 'reference period', and from the fact that for most studies the reference period is one week. It is arguable that children who answer 'yes' because they barely satisfy that cut-off ought not to be classified as child labourers.

The reason for not becoming too weighed down by these statistical debates is that, no matter how one measures it and, as a consequence, whether the participation rate turns out to be 14 per cent or 18 per cent, it is easy to agree that the incidence of child labour is unacceptably high. In a world with as much opulence as ours there should not be so many children working and that too in grinding poverty and in intolerable working conditions.

This raises the question of the causes of child labour and the appropriate policy response. The primary cause is poverty. Well-off parents living in the same nation and under the same laws as poor ones almost never send their children to work. Hence, a child's non-work (whether this be leisure or schooling) is a luxury good. Sufficiently poor parents cannot afford this. This was called the 'luxury axiom' in Basu and Van (1998), and there is ample empirical evidence for it (see discussion in Ray, 2000; Basu and Tzannatos, 2003; Edmonds and Pavnick, 2005). But there are other causes as well. There are parents on the borderline of poverty, who, if they knew that there were decent schools in the area and/or that their children would get a square meal in school, would take the children out of labour and send them to school. Hence, the provision of schooling and, ideally, having some added incentives for sending children to school can make a large difference to the incidence of child labour (Ravallion and Wodon, 2000; Bourguignon, Ferreira and Leite, 2003).

The presence of other determinants is also evident from the fact that the location of a child in the rural–urban

spectrum affects the probability of the kind and amount of work the child is likely to do. This was always believed to be true. There were commentators at the time of the Industrial Revolution in Britain who argued that the alleged increase in child labour was really not an increase but a shift of child labour from agriculture to industry and a dramatic change in the *nature* of work (see Horrell and Humphries, 1995, for discussion). Contemporary, casual evidence seems to support this. And a recent empirical study of child labour in Nepal (Fafchamps and Wahba, 2006) formally confirms for the first time that urban proximity matters in a significant way. Children who live in or close to cities participate significantly less in labour and have a higher incidence of schooling than their rural counterparts. The health effects of these two kinds of child labour – agrarian and industrial – remain to be investigated systematically. Work in factories can be in dark and dank settings; on the other hand, agricultural work can mean exposure to not just the elements but also to pesticides and fertilizers. The net effects of these deserve investigation.

Given the multiplicity of causes, one has to be careful about the policy response to child labour. It is no surprise that, despite attempts by the British government from 1802 till the mid-19th century to deter child labour through a series of Factory Acts, the participation rate remained consistently and intolerably high. Indeed, the participation rates in Britain in the first half of the 19th century were higher than those found in today's China or India. Likewise in the USA, despite a variety of legislative measures starting in 1837 in Massachusetts, the incidence of child labour remained high and in fact continued to rise till the end of the 19th century.

While there is no final word on policy, we know that some measures are likely to be more effective than others. Ameliorating poverty, improving adult labour market conditions and providing better schooling, as already discussed, can have a significant effect. The law – bans and fines – can also play a role but should be used with caution and after empirical tests of whether the context deserves such measures. It has been argued (see Basu and Van, 1998; Dessy and Pallage, 2001; Emerson and Souza, 2003) that the labour market can in different ways (such as the general equilibrium impact on market wages, coordination with technology and intergenerational dynamics) give rise to multiple equilibria. That is, the market, left to itself, can settle into different grooves; for instance, one with no child labour and another with a high participation rate. In such a case, if the economy settles into the latter equilibrium, a ban can be an effective tool. Otherwise a ban can lead children labouring in factories to worse outcomes, such as starvation or prostitution. Minimally, in such situations the law has to be combined with complementary interventions to ward off the extreme poverty and deprivation that can arise as a side effect of its implementation.

KAUSHIK BASU

See also **childcare; education in developing countries; labour economics; poverty.**

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### Child, Josiah (1630–1699)

The second son of Richard Child, a London merchant, Sir Josiah Child was born in 1630 and enjoyed a highly successful merchant career during which he amassed a considerable fortune. His business ventures, which included the provisioning of Navy ships, led to his appointment as Deputy to the Navy's Treasurer at Portsmouth in 1655 and he became Mayor of that city in 1658. He was appointed a director of the East India Company in 1674, and with the exception of 1676 he was re-elected to a directorship in every subsequent year until his death. In 1681 he was elected governor of the company and established a close relationship with the Crown. Following the Revolution of 1688, and