

Economics of Child Labour

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Preface

Economics of Child Labour is an outcome of joint research by the authors over the years on incidence of child labour in developing countries, with particular focus on effectiveness of trade and non-trade policies to combat this menace, which has narrowed down on the world scale in recent years, yet remained fairly high particularly in developing countries in Africa and Asia. The study develops a general equilibrium framework to view the effects of various trade and non-trade policies on the incidence of child labour. Placed in the background of profile of child labour estimates in different regions of the globe in recent years, and also in India, the study makes a detailed critical review of both theoretical and empirical literature on child labour estimates and policies to mitigate the incidence of child labour. It then moves to a detailed analysis of multisectoral general equilibrium models to reflect on the possible effects of growth-promoting non-trade policies on child labour employment vis-à-vis direct trade policies aimed at reduction of the incidence of child labour. Since the ultimate instrument for elimination of child labour is alleviation of poverty, we have also investigated how education subsidy policy is effective in enhancing school enrolment rate. However, the impact on child labour supply is not always favorable. The most effective way to draw children out of damaging work is to encourage school attendance. Introduction of compulsory education will be an effective instrument for curtailing child labour problem when targeted subsidies are given to families for sending their children to school. Though education by itself will not eradicate child labour, it will reduce and discourage it, provided appropriate targeted education subsidy could be implemented. Social protection measures, which are non-trade policies, when appropriately designed and targeted, may have a diminutive impact on the incidence of child labour.

Various policy alternatives have been suggested to combat the incidence of child labour in developing countries. One policy is of course administrative or legislative, i.e., ban on the use of child labour. Such a prescription of total ban on child labour use may not be effective, as there is imperfect monitoring, and loss of income from working children may actually compel parents to send their children to work, rather than to school; and since child labour is cheaper compared to adult labour, the producers would also be interested in increasing the demand for child labour. The

other alternative suggested by the WTO in imposing labour standards, is to put up tariff wall against exports of developing countries, as these products are often child labour intensive in nature. Trade policy alternatives, if implemented, have the possible consequences of generating various forms of domestic distortions, depending upon the structures of the economies, which often adversely affect national welfare, and may not always result in the diminution of the incidence of child labour in such developing economies. The other alternative is non-trade policy package, which includes reorientation of growth strategies towards non-child labour, using production sectors, policy on education subsidy to encourage sending children to school, and not towards work etc. Our studies in the present monograph analyse the implications of non-trade policies vis-à-vis trade policies towards child labour in developing economies in terms of alternative structures of production and labour use in general equilibrium framework.

It is expected that this monograph will encourage future direction of research on child labour and its mitigation strategies in developing countries.

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