Child Labor and Globalization

Labor Market and Social Policy

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In America, the people have struggled with immoral economic practices in the past like slavery and child labor, but these days’ most people believe that slavery and child labor is wrong. I know that most people will say, “Yeah, I’m against child labor,” but when it comes down to paying the extra price for a product that is not produced with child labor, they would rather purchase the cheaper, child labor intensive product. I think that most people contradict themselves because they have not been properly marketed to and educated about the realities of child labor that range from under-skilled populations to mentally and physically ill populations. Documentaries, movies, books, and articles are all effective ways of educating the people about the ills of child labor. When people realize just how bad child labor is, they might stop purchasing products produced from child labor; therefore, they probably will pay that little extra that it would cost them for a product that is not produced with child labor, and the problem could be solved.

The problem would be solved because if the consumers decrease their demand for child-labor-intensive products and they increase their demand for non-child-labor-intensive products, the companies would have to decrease their demand for child-labor as a result of the increased demand, on behalf of the consumer, for non-child-labor-intensive products. Nevertheless, how else do we stop companies from using child labor in developing countries? The United Nations could pass policies that penalize companies for using child labor, and the United States could use its influence to help apply those policies to the global economy by passing American policies that penalize American companies for
using child labor; these penalties could range from large fines to economic sanctions.

Moreover, child labor is a negative externality created from globalization; nevertheless, the benefits of globalization outweigh the cost, so how can we decrease the costs of globalization? More specifically, what are even more ways to reduce child labor in developing countries? In an article titled, *A defense of compulsive measures against child labor*, Sylvain E. Dessy wrote, “Using a one-parent-family overlapping generations model, I argue that compulsive measures against child labor are justifiable as an integral part of an intervention that combines incentives and regulations in order to eliminate child labor.” In Dessy’s article, she concluded, in part, by writing, “In this paper, I have assessed the case for imposing compulsory education as a means to reduce the incidence of child labor. I assume that the main motive for reducing the incidence of child labor is the promotion of human capital development, which is the main constraint on poor countries’ economic development.” What I think Dessy is trying to say is, if developing countries increase the human capital development of their children through education, the long run benefits, which would be a skilled labor force in the future when the children become working age, will out weigh the long run costs to the society as a whole. Nevertheless, if these developing countries fail to develop their human capital by educating their children, and if these developing countries chose to have the children work in the factories instead of going to school, the benefits will out weigh the costs in the
short run but not the long run. In the long run, the country will suffer from an unskilled labor force; thus, stagnating any chance for future economic growth.

Furthermore, Dessy went on to write, “I specialized the analysis to an environment where pecuniary benefits from having children exist but are outweighed by the child-rearing cost. I then showed that under a free education regime with no compulsory education laws, an under-development trap with high incidence of child labor and high fertility rates is always at work.” What I took from this statement was the understanding that, in developing countries that have compulsory education laws, there are benefits from having children, which would be the income that the child could possibly bring into the household when they become working age if they were developed properly with education in their primary years; nevertheless, the child rearing costs would outweigh those benefits. Furthermore, I received the understanding that, in a free education regime with no compulsory education laws, the only way for people to receive an immediate positive net benefit from their children would be to have them work in factories. Furthermore, since they probably realize that the long run costs of having their children work at a young age will outweigh the long run benefits because of the lack of human capital development, the people will have several children in an attempt to even out this inequality which creates large numbers of physically and mentally disturbed children that become low productive, unskilled adults.

In the article titled, The prevalence of mental health problems in Ethiopian child laborers, Daniel Fekadu, Atalay Alem, and Bruno Hagglof wrote, “Child
labor refers to a state when a child is involved in exploitative economical activities that are mentally, physically, and socially hazardous;” this is why I described child labor as a negative externality. They went on to write, “In this study, childhood emotional and behavioral disorders are found to be more common among child laborers than among non-laborers. We recommend a larger study to look into childhood psychiatric disorder and risk factors in child labor and replication across different economic and social contexts in Ethiopia and other countries.” Even though the authors could not find prevalence of psychiatric disorders in their study, they were able to prove that child laborers are negatively affected emotionally and socially. Nevertheless, according to the authors, “There are no prevalent studies on the magnitude of psychiatric disorders among child laborers.” Just because no one has done a study that has shown prevalence of psychiatric disorders among child laborers doesn’t mean that prevalence of psychiatric disorders does not exist. Therefore, I think that there needs to be more research on this topic. Nevertheless, mental and social effects are not the only problem with child labor.

In an article titled, Does work during childhood affect the health of Guatemalan adults? , Furio Rosati and Roland Straub wrote, “In this paper we have used a constructed sample of Guatemalan siblings to investigate the long term health effects of child work. The results, that take into consideration the role of unobserved household characteristics and preferences, show that such effect is present and it is also relatively large.” The problem that I see with the last few articles that I have reviewed is they do not differentiate between child laborers
that work in factories and child laborers that work on family farms. This is why I think that there hasn’t been any solid evidence that child labor has an extremely negative effect on people’s mental and physical health. In my opinion, even though I am against all forms of child labor, I do think that some types of child labor are worse than others. For instance, I think that factory labor for children will have a much larger negative effect on children’s mental and physical health than farm labor because of the dangerous equipment, hazardous chemicals, and alienating, repetitive assembly line style labor. That’s why the research in this field will have to differentiate between child labor on family farms and child labor in factory’s because child labor in factories is obviously much worse.

Nevertheless, not all research in this field links child labor to globalization. If this is the case, then it would be reasonable to assume that some of the costs of globalization could be over exaggerated, but that doesn’t underscore the importance of the need to eradicate child labor. Nevertheless, in an article that I read called, *International trade and child labor; Cross-country evidence*, the authors suggest that globalization could actually help decrease the amount of child labor that a developing country supplies. In the article, Eric V. Edmonds and Nina Pavenik writes, “We explore the relationship between exposure to trade (as measured by openness) and child labor in a cross-country setting. Our methodology accounts for the fact that trade flows are endogenous to child labor (and labor standards more generally) by examining the relationship between child labor and variation in trade based on geography. We find that countries that trade more have less child labor.” The authors go on to write, “After
correcting for endogeneity, a 10% increase in openness is associated with a 7% decline in child labor at the data means.” I think this hypothesis is encouraging considering the fact that globalization is increasing as far as I can see for the next several years.

In conclusion, when it comes to child labor, globalization seems to increase the amount that is being had in developing countries, but evidence doesn’t always support that assumption. Globalization has been and is continuing to be the wave of the future. Nevertheless, how are we do deal with social issues like child labor without restricting or creating inefficiencies in the global economic system. The best way to deal with issues like child labor in our global economic system without heavy regulation is to create incentives for companies not to participate in immoral business practices. The strategy that I think will be the most effective as well as the most efficient way of creating such incentives would be to market products that are not produced with child labor as being the ethically conscious decision.

Even though products that are produced with child labor are cheaper than products that are not, I believe that the majority of people wouldn’t mind paying the extra price. The reason why I think this is because in America, we have struggled with immoral economic practices in the past like slavery and child labor, and most people today believe that slavery and child labor is wrong. I know that most people will say, “Yea, I’m against child labor,” but when it comes down to paying the extra price, they would rather purchase the cheaper, child
labor intensive product. I think that most people contradict themselves because they have not been properly marketed to.

If child labor is wrong, but globalization is good, how do we stop companies from participating in immoral business practices? We create incentives by using documentaries, and films, and maybe even subliminal message to help people create the image in their minds of how horrible child labor is in developing countries, and it is a horrible site. If the country can catch on to Al Gores message of conservation and global warming when he had that world wide concert for global warming, then I think that we can get the world to catch on to my message of how child labor is bad for humanity. When people realize this, they will simply stop purchasing products produced from child labor; therefore, they will pay that little extra for a product that isn’t made with child labor, and the problem will be solved.
References:


