

**Levers for Change:
Identifying the Ideal Policy
for Ending Child Labor**

by

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I. INTRODUCTION TO CHILD LABOR

Child labor is a persistent problem that has not yet been eradicated despite many different policies and organizations. There are currently 168 million child laborers in the world, accounting for almost 11% of the world's child population¹. Although child labor provides the child with a wage—however much it may be—it can prevent the child from receiving a primary education. When children are working on a farm or in a factory, they are earning minimal wages at the expense of going to school. Policies banning child labor in certain industries just end up relocating children from one industry to another rather than moving children back into schools.

In this paper, I will use the International Labour Organization's (ILO) definition of child labor: work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.² Although some labor can actually benefit children's learning and help them develop a skillset, such as helping out the family business, child labor explicitly refers to labor that interferes with schooling by forcing the child to not attend or working excessively long hours after work. The chart below from the ILO sets the minimum age at which children can start working depending on the kind of work they are going to be performing. The most extreme forms of child labor, which include enslavement, prostitution, and drug trafficking, fall under the hazardous work category. This form of child labor is and should be the priority when it comes to eliminating child labor because of the extreme mental, physical, emotional, and moral hazards the actions impose on the children. While these areas of child labor need to be addressed, in this paper, I am going to be focusing on labor in material industries, such as agriculture and textiles.

¹ *Marking Progress against Child Labour: Global Estimates and Trends 2000-2012*. Geneva: ILO, 2013.

² "What Is Child Labour." *International Labour Organization*, Web. 03 May 2015.

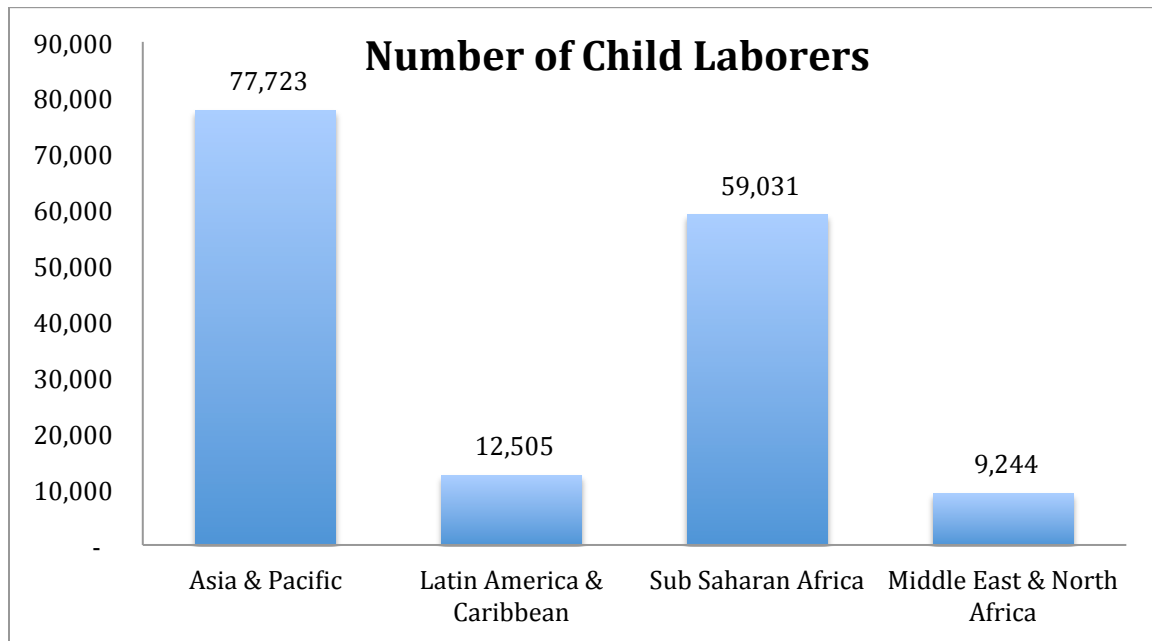
Figure 1

	Minimum age at which children can start work	Possible exceptions for developing countries
Hazardous work Any work likely to jeopardize children's health, safety or morals should not be done by anyone under the age of 18	18 (16 under strict conditions)	18 (16 under strict conditions)
Basic Minimum Age The minimum age for work should not be below the age for finishing compulsory schooling, which is generally 15	15	14
Light work Children between the ages of 13 and 15 years old may do light work, as long as it does not threaten their health and safety, or hinder their education or vocational orientation and training.	13-15	12-14

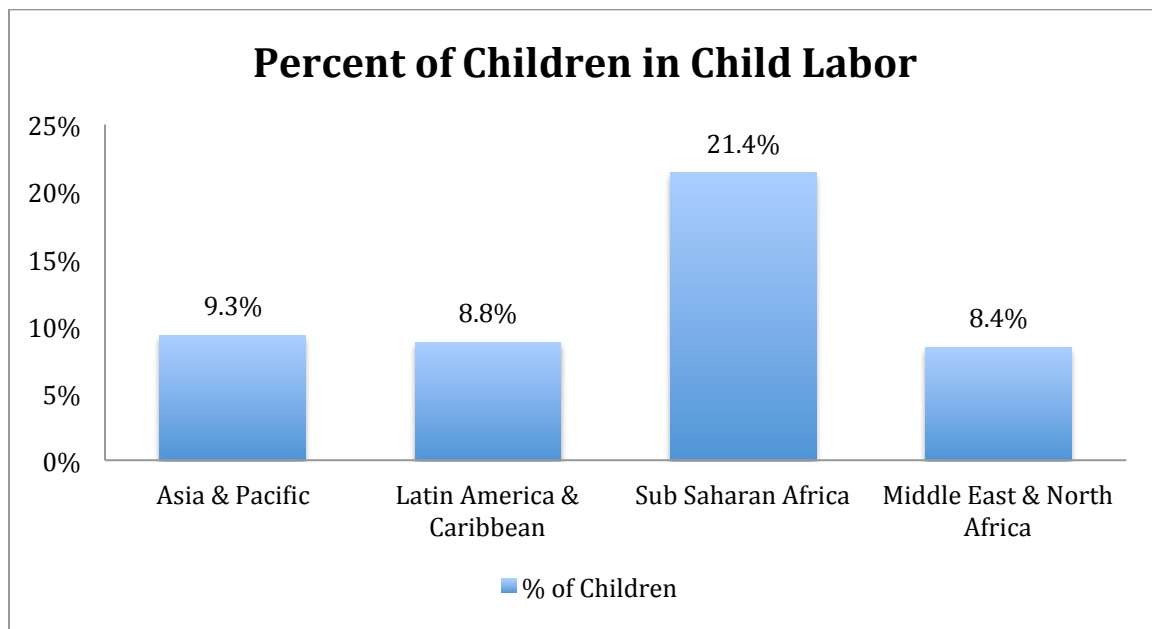
Source: International Labour Organization

A. CHILD LABOR BY REGION

In absolute terms, Asia has the highest number of child laborers simply due to its large population. However, from the graphs below, it is clear that child labor is a uniform problem throughout the world. It is especially a problem in Sub Saharan Africa, where 21% of children are engaged in child labor, far exceeding any other region. From 2008 to 2012, there has been a significant drop in child labor in Asia and sub-Saharan Africa. For sub-Saharan Africa, the drop in child laborers coupled with a significant increase in the child population shows some signs that the practice of child labor is decreasing as opposed to a mere demographic change. To keep this thesis more focused and thorough, I am going to be focusing on child labor in and around South Asia—namely India, Pakistan and Bangladesh.

Figure 2

Source: International Labour Organization

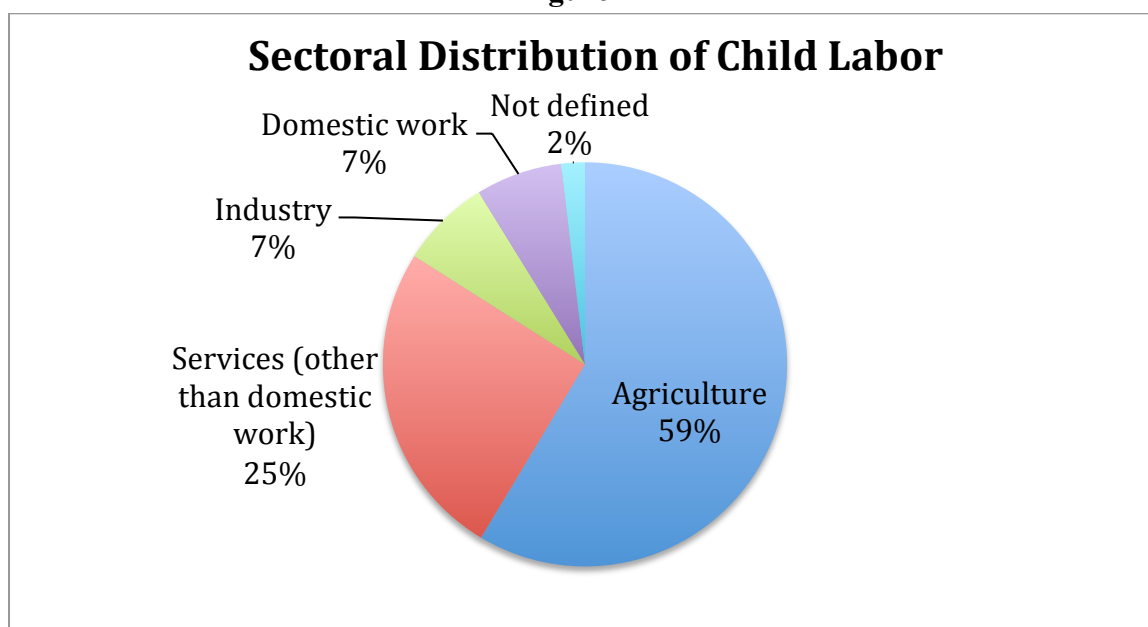
Figure 3

Source: International Labour Organization

B. CHILD LABOR BY SECTOR

From the chart below, we can see that the majority of child laborers engage in the agriculture, services and industry sectors. Agriculture is the largest sector that uses child labor, employing almost 60% of the total child labor force. Work in this sector ranges from working on family farms to fishing. It also happens to be one of the most dangerous sectors with the high number of fatalities and occupational diseases. The next sectors that use the most child labor are services and industry, making up a third of the total child labor population. The service sector employs around 42 million children in mostly informal roles such as street hustling and auto shops. Child labor in the industry sector, which employs about 12 million children, consists of working in informal positions in construction and manufacturing. Domestic work is also a huge source of employment, especially for females. The work is within private households, making it hard to monitor and leaving the child domestic workers at high risk for abuse and exploitation.

Figure 4



Source: International Labour Organization

Child labor is a persistent problem that has only been slightly ameliorated since the 2000s, despite the efforts of many different policies and organizations. For child labor to effectively be addressed, the question that needs to be asked is what actually causes change? In this thesis paper, I will look at cases based in South Asia that use different methods to remove children from child labor and put them back into schools. This thesis will first look at the economic factors explaining why child labor exists. Then it will look at three different ways child labor has been addressed in the past in South Asia and will assess the efficacy of each method in placing the children in schools. From the assessment, I will attempt to determine the characteristics of the best methods of moving children out of the workplace and into schools. The paper concludes with possible future policy implications and concluding thoughts.

II. ECONOMICS OF CHILD LABOR

If children engaging in employment had no benefits or incentives, then child labor would cease to exist. However, since child labor continues to be pervasive and remain extant suggests that there are rational and possible economic reasons sustaining the practice. This section of the thesis paper will look at some of the various supply and demand factors that effect child labor and allow it to continue existing.

A. SUPPLY-SIDE FACTORS

Poverty

Poverty is one of the most important supply-side causes of child labor. To understand why poverty is a driver, we have to look at it at the micro level, which operates at the household level. For poor households, children serve as an additional—and in some cases the only—source of income. The income they bring in from working goes towards the household's survival. This is a valuable source of money inflow as opposed to sending children to school, which would be money outflow as well as opportunity cost.

In their research, Basu and Van modeled child labor under the assumptions of the “luxury” and “substitution” axioms.³ The luxury axiom says that households send children to work when driven to do so by poverty. The substitution axiom says that adult and child labor are substitutes—children can do what adults can. Based on these assumptions, the authors prove the existence of multiple equilibriums in the labor market: equilibrium where the adult wage rate is low and children work, and the other in which the adult wage rate is high and children do not work. This supports that in poor households, where the adults are not

³ Basu, Kaushik, and Pham H. Van. "The Economics of Child Labor." *The American Economic Review* 88.3 (1998): 412-27. *JSTOR*. Web. 25 Apr. 2015.

bringing in sufficient income due to low wages or unavailability of employment, children are also sent to work to support the household.

Cultural

In some cases, especially in South Asia, there are more cultural reasons that purport child labor. Some believe that children working is good for character development. In some more rural and less developed areas, especially in Bangladesh, it is tradition for children to follow in their parents' footsteps and learn the family trade. Oftentimes, children are conceived in poor families for the purpose of helping bring income to the family. In this case, it is culture that dictates that children should start working early.

Another more serious cultural problem in South Asia is society's view that women are the weaker sex. The traditional role of a female within the household is threatened by her receiving an education.⁴ Rather than being sent to schools, girls are either kept in the house or sent to work in more "appropriate" industries. Changing the culture to show the value of a woman is a more deep-rooted problem that needs to be addressed in conjunction with child labor.

Educational opportunities

A third important factor that affects the supply of child labor is the quality and availability of alternatives, namely schooling. In Doepke and Zilibotti's model, sending children to school and work are considered trade-offs.⁵ Children who work part-time sacrifice learning time to work while children who work full-time are likely to be out of school completely. They find in their model that for a household to send its children to

⁴ Bequele, Assefa, and Jo Boyden. *Combating Child Labour*. Geneva: International Labour Office, 1988. Print.

⁵ Doepke, Matthias, and Fabrizio Zilibotti. "The Macroeconomics of Child Labor Regulation." *The American Economic Review* 95.5 (2005): 1492-524. *JSTOR*. Web. 25 Apr. 2015.

school rather than to work, the relative returns from schooling must be high or the cost of schooling has to be low.

In other communities, especially rural ones, schooling is not even an option since school facilities do not exist. In the case that schools do exist, they can be located too far away, too expensive, or not provide a high enough quality education to justify sending the children to the school. The opportunity costs of the time it takes to get to school, to complete schoolwork at home, and the time spent in class itself add to the monetary costs of school enrollment, books, uniforms, etc. The quality of education is very important in the decision to send children to school because parents will not waste their resources if they feel that their children are not receiving an education that will provide an adequate return in the future.⁶ These factors are used to determine whether children should be sent to school or to work.

B. DEMAND-SIDE FACTORS

Cheap labor

In the past, many have pointed to the nimble fingers hypothesis to explain the demand for child labor. The nimble fingers hypothesis suggests that children are more suitable than adults for some jobs—such as weaving rugs and clothes. However many studies have disproven this theory and pointed to other explanations. Studies have found the economics of replacing adult labor with child labor takes precedence over the nimble fingers hypothesis: employed children are paid less than adults for the same job.⁷ This could either be because children are more willing to accept lower wages or that their quality of work is lower than that of an adult's. Additionally, children are usually more docile, willing to do monotonous

⁶ Anker, Richard. "Economics of Child Labour: A Framework for Measurement." *International Labour Review* 139.3 (2000): n. pag. *Wiley.com*. John Wiley & Sons, Inc., 28 June 2008. Web. 25 Apr. 2015.

⁷ Grimsrud, Bjorne. "What can be done about child labor?" *Social Protection Discussion Paper Series*. No. 0124. World Bank. Washington DC. Web. 25 Apr. 2015.

work, and less aware than their adult counterparts. These characteristics, as opposed to the nimble fingers hypothesis, explain some of the demand for child laborers.

Technological progress

Technological progress has actually decreased the demand for child labor. The mechanization of manufacturing goods and agricultural production are just two examples of where machines have taken over traditional child laborer roles. Humphries finds in her research that the declining prevalence of child labor in developing countries today could be because of the spreading of technologies that require more skilled labor.⁸ The need for skill-based workers actually lowers the demand for unskilled, child laborers. Hopefully, with the rise in demand for skilled workers, the returns to education will increase as well, resulting in more children being sent to schools rather than to the workforce. Hazan and Berdugo also found in their study that technological progress increases the wage differential between parent and child laborers, making sending children to school a more feasible and rational option.⁹

C. MACROECONOMIC VIEW

From a macroeconomic point of view, child labor harms economic development in the long run. It actually creates a downward pressure on wages for adults. Especially for unskilled labor, child labor serves as a substitute for adult labor. Owners are more willing to hire child laborers since they can get away with paying child laborers lower wages than their adult counterparts. This pushes down wage rates for adult unskilled laborers, which then ends up incentivizing adults to send children into the workforce rather than school since they are

⁸ Humphries, Jane. "Child Labor: Lessons from the Historical Experience of Today's Industrial Economies." *The World Bank Economic Review* 17.2, Child Labor and Development (2003): 175-96. *JSTOR*. Web. 25 Apr. 2015.

⁹ Hazan, Moshe, and Byniamin Berdugo. "Child Labour, Fertility, and Economic Growth." *The Economic Journal* 112.482 (2002): 810-28. *JSTOR*. Web. 25 Apr. 2015.

making just as much as the parents in the household. Overall, as child labor decreases the wage rate, there is less adult participation in the workforce and less children attending school. In the long term, this hinders a country's long-term economic growth and development.¹⁰ While on the micro level, child labor can be beneficial and sometimes even necessary for a household, at a macro level, child labor can hold back a country's economic growth and development.

¹⁰ Basu, Kaushik, and Pham H. Van. "The Economics of Child Labor."

III. LEVERS FOR CHANGE

As outlined in the previous sections, child labor is a problem that has not been effectively addressed, especially in South Asia. In this part of the paper, I will be analyzing three different cases of how child labor was addressed in countries in South Asia. These cases use three different methods—international organizations, government and consumer demand—and I will try to determine the efficacy of each method in removing children from the labor force and placing them back into schools.

A. INTERNATIONAL ORGANIZATIONS

The first lever for fighting child labor that I will be looking at is international organizations working together. International organizations like UNICEF and the International Labor Rights Forum (ILRF) have the advantages of greater experience in dealing with these issues and the backing of governments and other international agencies. The following case will assess how effective international organizations were at eliminating child labor from the soccer ball production industry in Sialkot, Pakistan.

Overview of Sialkot

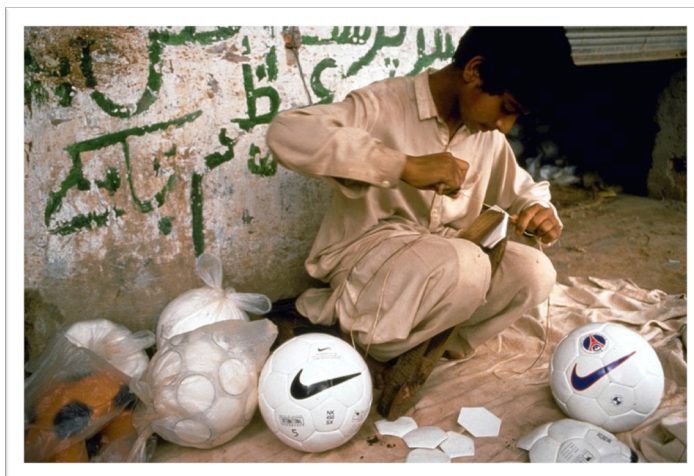
Sialkot, Pakistan was one of the biggest soccer ball manufacturing cities in the world in the 1990s. Over 3 million people live in and around the city and the city boasted better streets and newer cars than the rest of the country. In 1994, exports from Sialkot brought income of almost \$385 million into the Pakistani economy. 75% of the world's soccer balls were produced in Pakistan. Of that, 40 million soccer balls were manufactured in Sialkot every year—the best soccer balls being hand-stitched, typically by children.¹¹ An ILO study found that more than 7,000 children between the ages of 5 and 14 stitched these soccer balls

¹¹ "Missed the Goal for Workers: The Reality of Soccer Ball Stitchers in Pakistan, India, China and Thailand." *International Labor Rights Forum*. International Labor Rights Forum, 7 June 2010. Web. 4 May 2015.

as full-time workers, sometimes working as long as 10 to 11 hours a day. The children were being paid about \$0.50 per soccer ball and could only average to sew 2 or 3 soccer balls a day.¹² Even more, a lot of these children were working in bondage to pay off the debts their parents owed to the employers. Unbeknownst to consumers, child labor was rampant in the 1990s in Sialkot, with major brands like Adidas and Nike using the hand-made soccer balls produced with the use of child labor in the World Cup.

However, the practice of child labor came to the forefront of consumer's attention around the time of the 1994 World Cup and 1996 European Football Championships. The ILRF launched its "Foul Ball Campaign" in 1996, which mobilized soccer players and consumers worldwide by calling attention to the child labor taking place in Sialkot. In June 1996, Life magazine featured a story about a 12-year-old Pakistani boy named Tariq producing hand stitching soccer balls in Sialkot.¹¹ The iconic image of Tariq became the face of the consumer awareness movement that influenced international organizations to get together to address the rampant child labor in Sialkot.

Figure 5



Source: Life Magazine (June 1996)

¹² "Child Labor in the Soccer Ball Industry." *International Labor Rights Forum*. International Labor Rights Fund, Feb. 1999. Web. 26 Apr. 2015.

The Atlanta Agreement

In February 1997, the ILO, the Sialkot Chamber of Commerce and Industry, and UNICEF signed the Partners' Agreement to Eliminate Child Labour in the Soccer Industry in Pakistan in Atlanta, GA, better known as the Atlanta Agreement. The goals of the agreement were to (1) eliminate child labor in the soccer ball production industry in Sialkot and (2) social protection with a focus on education and training.¹³ The international organizations understood that attempting to address child labor in one industry would not mitigate the practice as a whole, since children could just shift into another industry rather than being moved from the workforce completely. They hoped to combat child labor by improving the working conditions and pay of families living in Sialkot. Ideally, the agreement was supposed to help adults earn a decent enough wage to support the household so that children could be sent to school instead of to the workplace.

The Atlanta Agreement consisted of two different programs: the Prevention and Monitoring Program and the Social Protection Program. The Prevention and Monitoring Program specifically targeted the soccer ball manufacturers through four initiatives: (1) Registration of all contractors, stitchers, and stitching facilities with proper documentation; (2) establishment of internal monitoring systems; (3) agreement to independent monitoring by the ILO's International Programme for the Elimination of Child Labour (IPEC); and (4) coordination with the Social Protection Program to integrate efforts to remove children from child labor with the effort to provide such children from educational and other opportunities.¹⁴

¹³ "Atlanta Agreement." *Independent Monitoring Association for Child Labor*. IMAC, 14 Feb. 1997. Web. 22 Apr. 2015.

¹⁴ Ibid.

The Social Protection Program aims to minimize the negative consequences of eliminating child labor to make sure that the real sources of child labor are being addressed. The Social Protection Program has two elements: (1) protect children removed from child labor by providing educational and other opportunities and (2) changing overall community attitudes toward child labor. A combination of rehabilitation, improving education, and in-kind assistance initiatives are to be used to help protect children at risk of child labor in the soccer ball industry.¹⁵ Changing overall community attitudes is more difficult and is addressed with increasing awareness and income generation initiatives. Specifically, the increasing awareness initiative will target and educate influential community leaders on the importance and benefits of education. The income generation initiative offered to compensate households the income lost when their children were removed from the workplace. This was an important issue for families because without that income from their children, some parents would have moved their children to work in another more dangerous industry. The Social Protection Program tried to change society's view of child labor to keep children out of the workplace altogether.

In order to make sure child labor was not being used anymore, initially the ILO-IPEC administered surprise site visits to at the stitching centers to make sure they were receiving the right information. In 2003, the Independent Monitoring Association for Child Labour (IMAC) took over the monitoring responsibilities.¹⁶ If the manufacturer was found to have violated the terms of the Atlanta Agreement, they had to undergo corrective action. Failure to undertake the corrective action would result in revoking membership from the program and the brands and retailers of the sporting goods would be notified.

¹⁵ Ibid.

¹⁶ "Missed the Goal for Workers." ILRF.

Impact

A year after the Atlanta Agreement was signed, the Association for Network on Community Empowerment (ANCE) visited Sialkot to independently assess the progress of the initiatives. The researchers visited 23 different villages in Sialkot and interviewed the factory owners, adult and child workers, ILO monitors, and villagers. Of the 23 stitching centers ANCE visited, 8 were still using child labor.¹⁷ Additionally, ILO monitors tended to “tip off” factory owners when they were going to be making their inspections, giving employers time to hide their child workers. A lot of children switched to stitching soccer balls in their own homes where ILO representatives cannot monitor them. Manufacturers also started setting up centers outside of Sialkot in order to get around the terms of the agreement.

More troubling than the persistence of child labor in the soccer ball industry is that researchers found some children shifting to work in the surgical instruments and brickworks industries. These are much more dangerous industries to work in, especially for children, since there is less monitoring and many more health risks. The schools that were created through the initiative ended up providing education to other children while those child laborers in the soccer ball industry continued to work—either in their homes, illegally in stitching centers, or in other dangerous industries.¹⁷

Overall Efficacy

Due to the Atlanta Agreement, over 6,000 children were removed from the workplace and provided access to education. 5,400 children were also provided with healthcare.¹⁷ However, child labor has not yet been eradicated completely. In 2006, child labor in the soccer ball industry was brought to people’s attention again because of one of Nike’s

¹⁷ “Child Labor in the Soccer Ball Industry.” ILRF.

suppliers, Saga Sport, was accused of using child labor in their factories. Nike stopped sourcing its sporting goods from Saga Sport and started sourcing from the Silver Star Group instead.¹⁸ Clearly child labor still persists, especially in places where it is hard to monitor, such as the household. In Sialkot, a lot of the laborers are temporary, meaning factories outsource stitching soccer balls to households who bring their work to the factories when they are done. It is hard to regulate these temporary workers' rights and make sure children are not the ones doing the work. Child labor shifted from stitching centers to the household, still leaving children at risk. The issue of child labor still needs to be addressed at the micro level, the family and household, before it can be eliminated completely.

While not eradicated completely, child labor has decreased significantly in Sialkot. The reason why the Atlanta Agreement worked was because it involved a lot of different stakeholders: consumers, international organizations, businesses, and national governments. Consumers put the pressure on businesses like Nike and Adidas to stop child labor. International organizations like the ILO, UNICEF, and even FIFA worked together to come up with a policy. The national government set up an independent monitor to make surprise checks on factories.

Even more effective was that almost all of the production companies of soccer balls volunteered to take part in the program. Major brands really supported the movement, as was proved by Nike when it cut its ties with Saga Sport when it was found to breach the terms of the agreement. Another factor in the success of the initiative was the division of labor between key funders, with brands contributing towards monitoring, organizations like UNICEF working to improve education, and IPEC provided monitoring.

¹⁸ "Orders Ended With Soccer Ball Manufacturer." *Nike, Inc.* Nike, Inc., 20 Nov. 2006. Web. 28 Apr. 2015.

The Atlanta Agreement made sure to offer a holistic program to address the causes of child labor. It pulled children out of the soccer ball factories—for the most part—and also provided education and health care facilities for the children and the option of compensation for families to prevent the children from re-entering the workplace. It also tried to address the way child labor was viewed by the household and society as a whole to show the benefits of staying in school over the developmental concerns of joining the workforce at a young age. With the centralization of the workplace at the stitching centers, monitors were better able to oversee factories' practices, leading to improvements in working conditions as well. The only ways the Agreement could have been stronger is if it effectively increased the wages of adult workers so that they were able to support their households without the need of their children's supplementary wages and created more educational opportunities.

B. GOVERNMENT

The most well known method of addressing child labor is through governments passing laws and policy initiatives. The advantages that national governments have over private businesses and international organizations are more access to resources and a larger reach. The following case will assess how successful government was in addressing child labor in Bangladesh.

Overview of Bangladesh

Child labor in Bangladesh continues to be an imminent problem today due to poverty, cultural view, and lack of education. Over 3.2 million children are engaged in child labor, with the highest percentage of instances coming from the informal sector.¹⁹ Historically,

¹⁹ "Report on National Child Labour Survey 2002-2003." (n.d.): n. pag. *UNICEF*. Bangladesh Bureau of Statistics, Oct. 2003. Web. 1 May 2015.

Bangladesh has been an agriculturally focused country, but is shifting more towards industry and services with the rise of urbanization.

Bangladesh's formal labor sector is typically located in urban areas and comprises just 11% of the total working population. The garment industry is one of the largest industries in the formal sector that employs child labor. The industry began to grow rapidly in the 1990s, when Bangladesh became one of the top exporters of readymade garments. In 2009, the industry accounted for 12% of the country's GDP.²⁰ The increasing employment opportunities in this sector contributed to the urbanization of the country and eventually the rise in child labor in the industry. These factories mostly employed young girls and many made them work up to 11 hours a day in hazardous conditions. There are several instances of employers locking the doors of factories to keep workers trapped inside, resulting in many deaths when accidents happen. Due to a lot of tragedies in this industry, the garment sector has received a lot of media coverage and attention from policymakers and social activists.

However, it is the informal sector that makes up almost 90% of the employment opportunities in Bangladesh.²⁰ The informal sector comprises mostly of agricultural work in rural areas and domestic services in urban areas. While many of the jobs in the informal sector can also be found in the formal sector, what sets informal jobs apart is that the workers are not protected by the same regulations or legal requirements. The jobs in the informal sector are usually less technologically developed, simpler, and more labor intensive. It is in the informal sector that child laborers find the majority of their employment opportunities—the sector that is the most difficult to monitor.

²⁰ "Child Labor in the Informal Garment Production in Bangladesh." *United States Department of Labor*. ICF International, Aug. 2012. Web. 23 Apr. 2015.

Child Labor Deterrence Act

To address the problem of rising child labor in the formal garment industry in Bangladesh, Senator Tom Harkin proposed the Child Labor Deterrence Act to the United States Congress in 1992, also known as the Harkin Bill. The original bill prohibited the importation of any manufactured or mined good that used child labor into the US and included civil and criminal penalties for violators.²¹ Congress did not approve the bill in its original form, but Harkin kept modifying the bill and proposed it again in 1993, 1995, 1997 and 1999.

Since the US has the largest economy and accounts for the majority of developing countries' exports, passage of this bill would have restricted the majority of the imports from Bangladesh's garment industry. Out of fear that the bill was going to be passed, employers in the garment industry actually let go 50,000 of the child laborers in 1993.²² The employers had an economic incentive to hire adult laborers: they needed to keep their access to the US consumer market. In this case, the demand side concerns led to less usage of child labor on the supply side. This piece of legislation on the demand led to the reduction of child labor in the supply side of the formal garment sector.

Labour Act

In 2006, Bangladesh finally signed the Labour Act, which included a chapter addressing child labor. The law bans the employment of children under the age of 14 in addition to any engagement in hazardous work for anyone under the age of 18. Children over the age of 12 are allowed to participate in "light work" as long as it does not interfere with

²¹ Child Labor Deterrence Act of 1992, S. 3133, 102nd Cong. (1992). Print.

²² "Thank You, Mr Harkin, Sir!" Editorial. *New Internationalist* 5 July 1997: n. pag. *New Internationalist*. New Internationalist. Web. 28 Apr. 2015.

their education.²³ With the passage of the Act, the Bangladeshi government wanted to bring together all of the fragmented acts that already exist in the country and establish a fixed minimum age for employment so as to deter child labor in more hazardous occupations. Unfortunately, the Labour Act did not provide any sort of enforcement or monitoring mechanism.

Impact

The threat of the passage of the Child Deterrence Act led to the immediate reduction of 50,000 children in the formal garment industry. A Bangladesh Bureau of Statistics survey found that the removal of children from garment factories has contributed to the decline of child labor in Bangladesh by as much as 22% since 1995-1996. Today, the formal garment sector claims to be child labor-free.²⁰

However, this does not mean that the industry is child labor-free. It indicates that child laborers were displaced from the formal sector to the informal sector, which is less monitored. Between 1995 and 2001, only 30% of the children working in the garment industry attended the schools that were built specifically for them.²⁰ Rather than attending school, as policymakers intended, children resorted to working in more even more dangerous industries, such as stone-crushing. Girls had an even harder time finding employment since the garment industry was one of the largest employers of girls. The threat of the bill might have removed children from garment factories, but did not ensure that they were removed from the workforce entirely.

Similarly, the Labour Act of 2006 by itself did not have much an impact on the status of child labor. While the passage of the Labour Act did show that Bangladesh cares about the

²³ Bangladesh. *Bangladesh Labour Act, 2006*. Vivhaan. 11 Oct. 2006. Web. 30 Apr. 2015.

issue of child labor and is working towards addressing it, it provided no means of enforcement or consequences. The Act got a lot of worldwide criticism in April 2013 when a commercial building named Rana Plaza in Dhaka collapsed and killed over 1000 workers. This tragedy is considered the deadliest garment-factory accident in history and just highlighted how weak Bangladesh's workers' rights are. Following the collapse, Bangladesh passed an amendment to its Labour Act to provide more protection to workers.²⁴

Overall Efficacy

Despite the efforts of the Bangladeshi and the US governments, child labor continues to persist in Bangladesh because its true causes are not being effectively addressed by the policies. Policies such as trade bans that the Child Labor Deterrence Act proposed end up removing children from the labor force, but do not provide a place for these children to go. Government policies need to not only prohibit the exploitation of children, but also provide more monitoring in the informal sector, create more educational opportunities, and increase wages for adult workers so children can afford to not work. The Bangladeshi government also has to change the mentality of people to see the detriments of child labor in order to break people out of the cycle they are trapped in. Without addressing the main sources of child labor—poverty, cultural views, and lack of educational opportunities—laws and policies are nominal and ineffective. The government may have the reach that it needs, but it is not using its resources in order to make sure that the children end up in schools.

C. CONSUMER DEMAND

The final lever for ending child labor that I am going to be looking at is shifting consumer demand preferences to put pressure on private businesses to bring about change.

²⁴ "The Bangladesh Labor Law (Amendment) Bill 2013 Passed in the Parliament." *Research Initiative for Social Equity Society*. Research Initiative for Social Equity Society, 16 July 2013. Web. 23 Apr. 2015.

One of the most successful cases of a private business trying to eliminate child labor is GoodWeave in the carpet industry in India.

Overview of the Carpet Industry

India's carpet weaving industry dates back to the 16th century under the rule of the Mughal Empire. Today, centuries later, India remains the largest exporter of handmade carpets. The United States is the world's largest importer of these hand-made carpets, with Indian carpets worth \$306 million making up almost half of the imports in 2012.²⁵ Since the US is such a large importer of the carpets, the labor exploitation prevalent in the industry is a source of concern for US consumers.

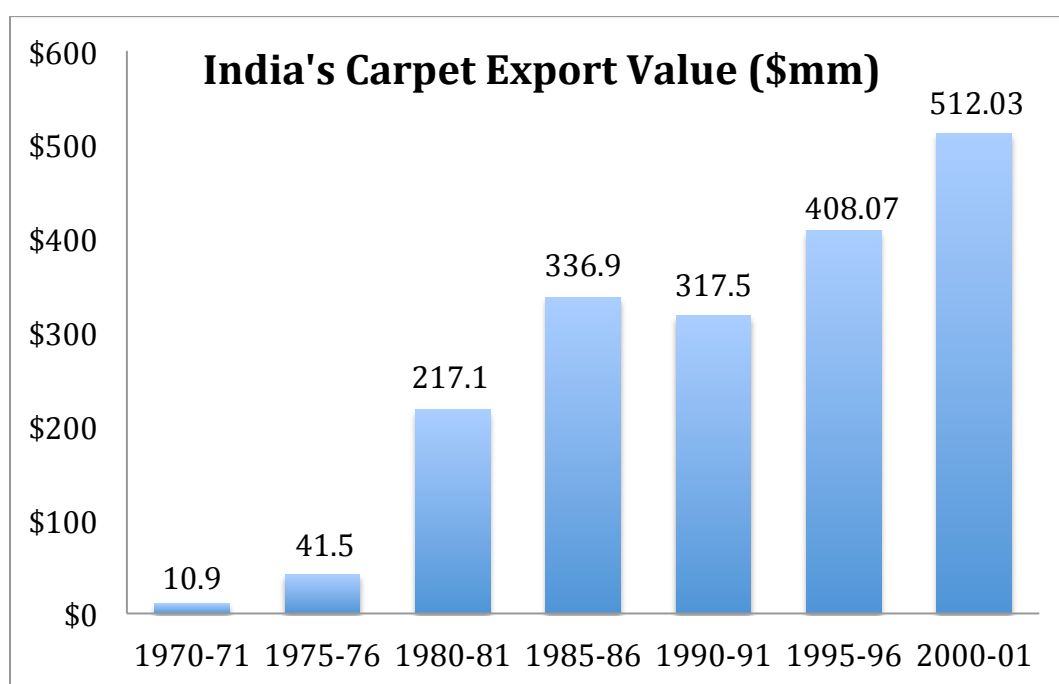
The "carpet belt" in India is a major industry centered around the three cities of Bhadohi, Mirzapur, and Varanasi in the northern state of Uttar Pradesh.²⁵ The carpet weaving industry is set up as a large production chain connecting village huts, shacks, and factories. Loom owners and contractors sell the carpets to purchasing agents and exporters who then ship them off to foreign retailers. Hand weaving carpets is extremely labor intensive, taking up to two months for four people working 12 hours a day to finish a rug.²⁵ The work is not only physically intensive, but also hazardous to workers' health. Some common disorders of carpet weavers is loss of vision due to low light, spinal deformation from being hunched over all day, and pulmonary diseases from breathing in thread dust all day. Even legal laborers can be working in factories with conditions considered inhumane.

What the carpet weaving industry is even more notorious for is the use of bonded and child labor. In 2012, it was found that almost 5% of the workers in the carpet industry were

²⁵ Kara, Siddharth. "Tainted Carpets: Slavery and Child Labor in India's Hand-Made Carpet Sector." *Harvard.edu*. Harvard University, 28 Jan. 2014. Web. 20 Apr. 2015.

children.²⁶ Children have always worked in the carpet industry, but really started being more exploited during the 1980s and 1990s, during the boom in India's carpet industry that can be seen in the table below. The hand-woven rugs were in high demand internationally, as can be seen by the rise in the value of India's carpet exports in the table below.²⁶ To keep up with the increased demand, manufacturers started hiring more child laborers, especially from poor nearby villages in the carpet belt, leading to a cycle of poverty.

Figure 6



Source: Carpet Export Promotion Council of India

It was this rise of the use of child labor in the carpet industry that caught consumer's attention in the early 1990s. Social activists in India focused on educating consumers in the US and Germany—the two highest importers of hand-woven carpets.²⁶ These campaigns along with a documentary exposing the child labor problem in 1985 led to consumer backlash. Many Indian carpet exporters were concerned about German threats of boycotting

²⁶ Venkateswarlu, Davuluri, RVSS Ramakrishna, and Mohammed A. Moid. *Child Labour in Carpet Industry in India: Recent Developments*. Rep.: International Labour Rights Fund. Web. 21 Apr. 2015.

their products. From 1983 to 1993, India's hand-made carpet exports fell from \$226 million to \$152 million.²⁷ There were also an estimated 300,000 children working in the core carpet belt in India in that year.

GoodWeave International

In 1994, after years of trying to address the problem in the carpet weaving industry, Kailash Satyarthi, founded Rugmark, now called GoodWeave International. Satyarthi was the leader of the South Asian Coalition on Child Services (SACCS) and a well-known children's rights activist who used to conduct raids on carpet factories that were employing children in the 1980s.²⁸ GoodWeave is a non-profit organization that provides certification to carpets made without child labor. The business aims to end child labor in the carpet industry by changing the demand for carpets made without child labor, which in turn addresses the problems on the supply side. The labeling system creates an industry-wide incentive for manufacturers to stop using child labor.

GoodWeave is a certification system that recruits carpet manufacturers and importers to produce and sell carpet without using any child labor. In order to get the GoodWeave label on a rug, manufacturers have to agree to GoodWeave's comprehensive production guidelines, allow unannounced inspections of carpet factories by its independent monitors, and pay licensing fees that are used to fund monitoring, inspections, and education programs. GoodWeave's inspections reach every level of the supply chain since they even surprise inspect households. The label tells the consumer that no child labor was used in the making of the product, that adult laborers received at least the minimum wage, and that 60% of the

²⁷ Charlé, Suzanne. *Children of the Looms: Rescuing the 'Carpet Kids' of Nepal, India and Pakistan*. Rep. Ford Foundation, Spring 2001. Web. 23 Apr. 2015.

²⁸ "GoodWeave." *About the Organization*. GoodWeave. Web. 05 May 2015.
<<http://www.goodweave.org/index.php?cid=107>>.

retail price will be used to educate a rescued child laborer.²⁹ GoodWeave also tries to educate rug importers and consumers about child labor in the industry to increase the demand for carpets made without child labor.

GoodWeave takes it a step further than other carpet labeling initiatives by also providing educational opportunities for children saved from the carpet factories. Any child found working during a surprise inspection gets reunited with his or her family and rescued children are offered a fully sponsored education through 10th grade or the age of 18. It matches each child with the educational program that best suits their preferences and provides a thorough education in math, science, language arts, and social studies. At the age of 14, students can also choose to join a vocational program to learn a trade that will be practical for after graduation, such as auto repair and electrical wiring.³⁰ This breaks the cycle of poverty that child labor perpetuates by giving the children the education and tools necessary to get a job that will hopefully pay enough to cover costs of living. These rescued children's future children will hopefully not need to enter the workforce as children and will more likely end up in schools. Other initiatives include providing daycare services, school sponsorship for children of adult workers, and adult literacy programs.³⁰

Impact

Since its founding in 1994, GoodWeave has rescued over 3,600 children from the carpet industry, provided education and rehabilitation services to over 11,000 children, and 11 million carpets with the GoodWeave label have been sold. In 2013, it conducted over 2,500 supply chain inspections and partnered with 128 companies. Its certified carpets make up 5% of the total worldwide market share. Its monitoring and labeling operations have

²⁹ GoodWeave. *2013 Annual Report*, 2014. Web. 1 May 2015.

³⁰ "GoodWeave." *Schools and Opportunities*. GoodWeave. Web. 01 May 2015.
<http://www.goodweave.org/about/schools_education_opportunities>.

expanded from just India to Nepal, and Afghanistan and its awareness initiatives have spread from Germany to the US, Canada, and the UK.²⁹

GoodWeave estimates that child labor in the industry has dropped 75% since its inception, leaving 250,000 children in carpet factories.²⁸ It is important to note that the majority of the decrease in the number of child laborers can be attributed to the overall decrease in demand for the hand-woven India carpet design. Further studies have found that the core carpet belt was better being targeted than the periphery areas, unequally addressing the issue.³¹

Overall Efficacy

Though GoodWeave has definitely made some headway in the fight to eliminate child labor in the carpet industry in India, it continues to persist: there are still 250,000 child laborers in the industry. GoodWeave faces a lot of challenges in order to increase its effectiveness. Primarily, the number of exporters and factories that sign up for certification limits its efficacy since it can only inspect those that choose to register. By increasing the number of factories signed up, GoodWeave can extend its reach and conduct more inspections, lowering the possibility of even hiring a child laborer. One of the major challenges is that a lot of manufacturers, especially those in small villages, do not even know about GoodWeave and therefore have no incentive to not use child labor.

What GoodWeave did right was trying to end child labor by targeting the market place: the consumers on the demand side. Western consumers are more likely to view themselves to be human rights activists and more socially aware and responsible. Drawing attention to the child labor endemic in carpet production was a way of making the consumers

³¹ *Children Working in the Carpet Industry in India, Nepal and Pakistan: Summary Report of the Carpet Research Project*. Rep. United States Department of Labor, May 2012. Web. 24 Apr. 2015.

feel somewhat guilty and responsible for its existence. Creating a label for child labor-free carpets is a way to make consumers feel like they are doing what is morally right and are a part of the solution. The business also spreads awareness about child labor through its many campaigns in an effort to increase knowledge about its certification label and what it represents. Increasing the consumer demand for child labor-free products results in increasing the supply of these products and participation in GoodWeave's labeling system.

Finally, GoodWeave is effective in ensuring that children are removed from the workplace and placed into schools. It sponsors a rescued child worker's entire education up until 10th grade to keep the child out of the workplace altogether. By providing educational opportunities and rehabilitation, children are more likely able to break out of the vicious cycle of poverty that child labor can place them into. It also educates villages on the importance of education and the harms of child labor, tackling another source of child labor. While GoodWeave is a private non-profit with a limited reach, it does have the support of many international organizations, such as UNICEF and the Indo-German Export Promotion Council.²⁸ For GoodWeave to reach its goal of eliminating child labor from the carpet industry, it needs to increase the number of registered manufacturers and exporters.

IV. POLICY IMPLICATIONS

From analyzing the three previous cases of how child labor is being addressed in South Asia, it seems that the most successful methods engage and leverage multiple different stakeholders to address the sources of child labor. No entity alone can bring about change: the government can lack the follow-through and enforcement, consumers can be too removed or lack the means, businesses can lack scope or economic incentive, and national organizations can lack resources. The more stakeholders that are engaged, the more likely it is that child labor will be effectively addressed and eliminated.

Additionally, from the cases, there seem to be three components in order to make sure children are removed from the workforce and placed into schools effectively:

1. **Engage consumers:** In all three of the cases, the first step in bringing about change in the labor industry was to raise consumer awareness about the use of child labor in each industry. Extensive media coverage and public support in the fight against child labor were present in all of the cases. Consumers putting pressure on brands was one of the reasons that child labor had stopped being used in soccer ball manufacturing in Sialkot.

Additionally, even more effective in addressing labor is trying to address the market as a source of child labor by altering consumers' demand for child labor-free products. GoodWeave relies on this approach by actively trying to change the demand for its products. Once the consumer base is engaged and shifts its demand preferences, businesses have an economic incentive to alter their supply to meet the new demand.

2. **Strong enforcement:** To ensure the elimination of child labor, policies need to include a method of enforcing stringent requirements. Both GoodWeave and the Atlanta Agreement use independent monitors to check in on registered factories at unannounced

times. Those who do not meet the agreed standards have to pay the consequence of losing credibility and membership.

Specifically, the informal sector and households are two large areas that enforcement needs to administer a newfound focus. Both are harder to monitor but are becoming the major centers where child labor continues to operate. For example, the creation of stitching centers in Sialkot led to the rise of child labor within households.³² Therefore, policies need to include a method of conducting inspections in the household as well, a level on the supply-chain that GoodWeave tries to target in its inspections.

3. **Provide educational opportunities:** For children to actually end up in schools after they have been removed from child labor, schools and educational opportunities need to be created. Schools need to minimize the tuition and opportunity costs for children to ensure that households can afford to send their children to school. At the same time, adult compensation needs to be raised to meet the costs of living and to be able to cover the costs of education. GoodWeave was the most successful in sending children to school partly because it includes funding education in its business model. However, its monetary resources and scale as a private company limit its absolute impact. There is room for governments and international organizations to come into the picture and provide the resources for more quality educational programs.

The application of these three parts individually does not effectively eliminate child labor. These methods need to be implemented as a holistic policy in order to bring about the necessary change. Together, these policies serve as a way to break children out of child labor and

³² Kara, Siddharth. "Tainted Carpets."

then keep them from reentering by offering feasible alternatives and changing the market's supply-and-demand that currently incentivizes child labor to exist.

V. CONCLUDING THOUGHTS

Eliminating child labor that prevents children from receiving an education is the eventual goal for numerous governments, international organizations, businesses, and social activists. Providing a child with an education offers a more feasible way of breaking them out of the vicious cycle of poverty. This in turn has a multiplier effect on future generations, increasing a country's economic growth and development in the long run. From the cases it is apparent that removing children from the child labor force is only half the battle, getting them into schools and keeping them there is the other half.

The cases used in this thesis are just some examples of the methods being used to eliminate child labor. Most try to indirectly deal with the real sources of child labor: poverty, lack of educational opportunities, cultural norms, etc. Bringing child labor to an end requires all stakeholders'—consumers, laborers, governments, businesses, and international organizations—advocacy. By working together, the current economic model can shift to disincentivize the use of child labor and increase the value of obtaining an education.

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