

Chocolate and child labour

According to a recent International Labour Organization (ILO) report, some 74 million children below the age of 14 are engaged in the so-called ‘worst forms’ of child labour. Although this number has been declining over time, it is still too high and is a shameful reminder of our inability to achieve global justice. The ‘worst forms’ of child labour lead to suffering and a loss of schooling opportunities for the children involved. Limited ‘accumulation of human capital’, to speak in economic jargon, perpetuates poverty and thus creates conditions that increase instances of child labour – it is a depressing cycle.

In his interesting article ‘All work and no play’ (*The Broker* 10) Kristoffel Lieten summarizes some of the issues in the ongoing policy debate on child labour. I was struck by one sentence. On the subject of declining child labour and raising awareness, Lieten writes, ‘globalization may also be helping, not due to improving economic conditions, but because of the dissemination of a new childhood standard across the globe’. Really? A new body of evidence suggests otherwise. Child labour is a symptom of poverty. The improvement of economic conditions, fostered by international trade, is central to battling the problem.

Support for this conclusion comes from various sources. A recent article by Kaushik Basu of Cornell University and Homa Zarghamee of Santa Clara University, US, demonstrates how consumer boycotts of ‘offensive’ products can lead to a reduction in the wages working children receive. Lower earnings could mean children will work longer hours, or that families will decide to send more of their children to work in order to meet subsistence requirements (first-born children are more likely to be child labourers than later-born). But of course theorists can explain just about anything with clever models, so as always the evidence should rest on careful empirical analysis.

A study by Eric Edmonds and Nina Pavcnik of Dartmouth College, US, links the extent of child labour in a sample of developing countries to the ‘openness to trade’ of each country. It documents a strong correlation between trade and child labour: when countries trade more, children work less. Edmonds and Pavcnik attribute this result to the positive effect trade has had on family incomes. Most parents prefer not to send their children to work if they don’t have to, so the inevitable result of higher incomes is a decline in the



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incidence of child labour. An ingenious micro study based on Vietnamese data, also by Edmonds and Pavcnik, further supports this perspective. The liberalization of rice markets in Vietnam has raised the income of producers and simultaneously increased the value of children working on the farm. The first effect has reduced the incidence of child labour; the second has increased it. The net effect, however, is that child labour declined. Economic conditions appear to be the linchpin in the fight against child labour. Trade liberalization increases family incomes and therefore enables more families to send their children to school.

So what does this mean for chocoholics like me who fret about child labourers who work the cocoa plantations in West Africa? A naïve view is that we should eat less chocolate, because reducing demand for it could reduce the need for child labour. The opposite perspective is that we should eat more chocolate, because doing so could raise incomes in the cocoa sector which, according to the Vietnamese study, could enable parents to send their kids to school. I am leaning toward the second view, but a nagging concern remains: rice is grown on family farms, and higher rice prices translate into extra family income. In contrast, much of African cocoa is grown on plantations, and the road from plantation to chocolate bar is firmly dominated by a handful of multinational firms. In the absence of a competitive local labour market (or the sufficient countervailing power of a union), such firms determine to what extent income gains from extra demand for chocolate are passed down to labourers.

More research into the organization of global value chains and their distributional implications is needed. In the meantime, I have decided to follow my dentist’s advice and enjoy chocolate in moderation. ■

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