Unintended Consequences of Child Labor Laws

August 6, 2014

Stories of children laboring in third world countries for little pay are troubling, says Benjamin Powell, director of the Free Market Institute, but they often result in labor policies that inadvertently hurt those children and their families.

Senator Tom Harkin (D-Iowa) introduced a bill in 1993 that would have banned the import of goods from countries that employed children. In response, 50,000 Bangladeshi children were fired from their jobs with garment companies. But for many of these children and their families, work was necessary. They did not go back to school or remain out of the labor force; instead, many took jobs in unregistered workshops with even worse conditions, while others were forced onto the streets, some into prostitution.

According to the World Bank:

- Twenty-seven percent of children ages 10 to 14 in Bangladesh are in the labor force. Other countries also have high child labor rates: Burma (22 percent), Haiti (21.4 percent), Brazil (13.4 percent), the Dominican Republic (11.5 percent) and India (10.7 percent).
- Looking at data from nine countries, most child laborers ages seven to 14 are employed in agriculture, with the exception of Costa Rica and the Dominican Republic, where most children were employed in the service industry.

According to Powell, ending sweatshop labor is no guarantee that children will see safer working conditions, citing a 1997 survey indicating that a larger share of children suffered injuries while working in agriculture than in manufacturing. Trade sanctions, he explains, limit the work options available to these poor children, often forcing them into more dangerous work.

Economic growth, not labor laws, is the answer to this problem, says Powell. As countries become wealthy, their child labor rates fall.

Source: Benjamin Powell, "A Case against Child Labor Prohibitions," Cato Institute, July 29, 2014.