

# Foreign Policy In Focus



Volume 2, Number 46  
October 1997

## Child Labor in the Global Economy

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Advocacy by human rights groups, repeated media exposure, and reaction to legislative proposals advanced to ban products made by child labor have led to wide-

### Key Points

- Child labor is a serious problem with over 250 million children working around the world.
- Poverty is an immediate reason why families send their child to work, but putting children to work in lieu of education condemns them to a life of poverty.
- Legislation introduced by Senator Harkin to ban products made with child labor from import to the U.S., while never enacted, provided the stimulus for model programs like RUGMARK.

spread acknowledgment that child labor is a serious problem in the world. It is a problem that has its roots in poverty and the lack of educational facilities for children of the poor. Around the world, but particularly in the South, these circumstances force children into the work force—pushing children into the streets to beg, into the fields to labor as farm hands, and into factories. The International Labor Organization (ILO), the tripartite body representing governments, labor and employers, estimates that more than 250 million children are at work in the global economy.

Many products, ranging from hand-knotted carpets sold in the most exclusive stores to soccer balls and T-shirts sold in malls, are made with child labor.

Concrete action, however, lagged behind debate over child labor. Only in 1992 when Senator Tom Harkin (D-Iowa) introduced the Child Labor Deterrence Act, which sought to ban products made with child labor from importation to the U.S., did the action begin.

Much of the initial response from export-oriented industries amounted to aggressive denial followed by accusations that the Harkin legislation was “protectionist” and aimed at destroying foreign competition. Such positions may have played well in the local press, but the business community soon realized that serious steps were necessary to avoid the law’s potential application.

Animated by the ideas and leadership of Kailash Satyarthi, Chair of the South Asian Coalition on Child Servitude (SACCS) based in India, the RUGMARK Foundation was one of the first and most successful efforts to create a program to deal effectively with child labor in the notorious South Asian hand-knotted carpet industry. The RUGMARK model confronting the problem of child labor includes two key components: Independent monitoring and education/rehabilitation programs for the former child workers. The ultimate

goal is to break the cycle of poverty by moving children out of factories and into schools. Efforts to implement RUGMARK were languishing, however, until a group of Indian carpet manufacturers and exporters, concerned about losing access to the U.S. market, teamed up with SACCS, UNICEF, and other nongovernmental organizations (NGOs) to launch the program. With offices around the world, RUGMARK provides on-site monitoring and certifies that manufacturers are making carpets without child labor. Certified carpets receive a RUGMARK label, assuring consumers that the carpets meet the child-labor-free requirements.

The most significant aspect of the program places any children identified in the inspection process into RUGMARK-supported schools. RUGMARK, whose schooling programs also reach out to street children and child workers in nonexport industries, finances the schools from a service fee charged to importers who are licensees of the RUGMARK label.

Garment manufacturers in Bangladesh, who depend on the U.S. for 60% of their export market, also reacted. After the U.S.-based Child Labor Coalition called for a boycott of garments from Bangladesh, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) reached an agreement with UNICEF and the ILO. The BGMEA agreed to contribute to a new schooling program (sponsored by the ILO and UNICEF) that would educate all the children transferred from the garment factories. Roughly 10,000 children have been placed in education programs and provided with a small stipend to offset their loss of income. These programs manifest hope that once the child labor problem is identified as a priority, solutions are possible.

Advocates for child workers are now hopeful that further progress will be facilitated by a law that was passed in early October 1997 that finally provides a tool for regulating child labor in the global economy. Congress passed an amendment to the Tariff Act of 1930 that will now prohibit the U.S. Customs Service from allowing the importation of any product that is made by “forced or indentured child labor.” The law will no doubt re-energize efforts to develop programs to shift working children into schools and develop mechanisms for certifying that products are made without child labor.

The U.S. government has yet to formulate an effective, coherent, and consistent policy with regard to child labor in the global economy. The administration has complied with congressional mandates to conduct comprehensive studies of the use of child labor in the global economy, and these have produced some extremely thorough and useful reports by the Department of Labor. Yet none of the reports have led to firm policy objectives. The administration has publicly encouraged companies to abide by "voluntary" codes of conduct. But asking companies that have benefited from the use of exploited child labor to suddenly become guardians of higher standards is either naive or cynical.

The new legislation prohibiting the importation of products made by forced or indentured child labor must be implemented by the U.S. Customs Service, under the Department of the Treasury. What remains to be seen is whether the administration will enforce the law and devote the necessary resources to developing a more comprehensive and effective overall policy on child labor in the global economy.

The lack of a clear U.S. policy is more problematic than mere indecisiveness or deliberation. Trade agreements negotiated and signed by the Clinton administration effectively preclude the U.S. from dealing effectively with extreme worker rights violations, including the pervasive use of child labor. For example, the General Agreement on Tariffs and Trade (GATT), now enforced by the World Trade Organization (WTO), would presumably prohibit the U.S. from imposing regulations on the importation of products made by child labor.

The WTO does not allow for social sanctions, which could be classified as impermissible "technical barriers to trade." Likewise, even labeling schemes like RUGMARK might run afoul of GATT provisions and could be considered technical barriers to trade. The separate WTO Agreement on Government Procurement (AGP) would limit options for any comprehensive selective purchasing requirement that prohibits the U.S. government from purchasing goods made with child labor.

Membership in the WTO technically precludes the U.S. government from combating child labor by developing options that might be inconsistent with specific obligations in existing trade agreements. In the short run, the administration has been circumspect in commenting on whether selective purchasing or voluntary labeling programs like RUGMARK would violate WTO constraints. Clearly, the administration is loathe to make a public issue out of the broad reach of the WTO, particularly when the president is involved in the sensitive process of seeking "fast track" authority to negotiate new trade agreements.

Proponents of RUGMARK and selective purchasing on the local level would welcome a WTO challenge to their efforts. Now that legislation is in place banning the importation of products made with child labor, such a challenge will hopefully provoke an appropriate discus-

sion of the reach of the WTO in preventing sovereign nations from regulating social issues as they relate to trade. Although there may indeed be room to debate the extent to which trade rules should be the exclusive means to deal with social issues in the global economy, few would deny that all reasonable efforts should be made to eradicate the use of exploitative child labor.

The child labor issue should drive the larger struggle to regulate fundamental rights in the global economy. As nations lose their sovereign rights to prohibit child labor (through stealth provisions in complex trade agreements), there must be a plan to ensure that the global economy does not force countries with reasonable child labor prohibitions to scrap those protections and offer up their children as a source of extra cheap labor in order to compete in the global marketplace. Should Washington find itself in the position of seeking to dismantle child labor prohibitions in order to comply with WTO rules, the U.S. will forever forfeit any credibility to its claim that free trade is in the interests of people at the lower end of the global economic spectrum.

Another basic problem with U.S. policy is the lack of clear priorities in its development thrust. As the RUGMARK program illustrates, a key aspect of any child labor policy is to ensure that child workers are taken out of factories and placed in education programs that will provide them with skills for the future.

The U.S. Agency for International Development (AID), the primary U.S. government agency charged with development issues, is still struggling to find its place in the post-cold war world. Much of its past was spent funding programs in developing countries to preempt the spread of communist movements. Now, after a major reorganization, it is funding a range of programs—from helping women achieve a voice in governance to promoting democracy in general—but precious little is devoted to basic education and other support for children who are at risk of being put to work.

The basic education of children does not seem to fit into any of the programs that AID has devised. Unfortunately, desperate, poor, illiterate children do not have a strong lobby in Washington. If the U.S. wishes to have a credible voice in efforts to stop child labor, it is essential that it support its rhetoric with significant resources. Such a commitment would demonstrate that the U.S. is motivated by a genuine concern for working children and their future development prospects rather than by an economic desire to eliminate the cheap-labor competitive advantage they provide.

### Key Problems

- The U.S. lacks any clear policy direction on a comprehensive program to combat the use of child labor in the global economy. President Clinton's call for "voluntary" codes of conduct to get companies to stop exploitative practices is either naive or cynical.
- The Clinton administration espouses trade agreements that regard boycotts and labeling programs as unduly restricting international trade.
- A fundamental aspect of any forward-looking policy is that child workers need quality education programs that provide them with skills for the future.

The policy void on social issues in the global economy is at least partly due to a failure to prioritize. There are many new problems attributable to the rapid spread of global capital, ranging from inhumane conditions for workers in developing countries desperate for employment to the destruction of natural resources and environmental degradation. All these problems arise from the same basic condition: Global trading rules have created a safe atmosphere for the expansion of capital and the protection of property, but the resulting social problems have been dumped on national governments, which are themselves restricted by trade agreements like GATT.

The only provision for social issues is the discredited assumption that more trade will lead to employment and prosperity for all. The gaunt faces of Pakistani children making soccer balls for Nike and Adidas, the thousands of Burmese villagers working at gunpoint to build a gas pipeline for Unocal, and the brave political prisoners in China making soft fuzzy animals for sale in leading U.S. department stores should constitute conclusive evidence that the promised development nirvana will not evolve on its own. Fully developed and highly profitable multinational firms are benefiting from extreme cases of exploitation and will continue to do so until some form of global regulation is in place to make them stop.

It is a significant step to begin a process of meaningful global regulation of social issues, and it will take a combination of leadership and political will. Eradication of child labor would be an appealing place to start the global regulation of social issues. Even hardened free trade boosters balk at the use of child labor in the global economy. Successful programs like RUG-

MARK and the agreement with the Bangladesh garment industry provide strong evidence that progress can be made in partnership with business. Putting exploited child workers in schools and giving them a future is a

laudable development objective that will, in the long run, alleviate the need for direct development support as the educated children form a new cadre of skilled workers ready for the competitive global economy.

The Clinton administration could assume a leadership role in eradicating child labor by pursuing three distinct goals. First, the U.S. must ratify ILO Convention 138 and then initiate a process to enforce this standard on a multilateral basis. Whether the solution is to give the ILO enforcement powers, to use the WTO process to enforce the ILO Convention, or to develop an alternative solution is a decision that should be made following a consensus-building process. The key step is to avoid becoming paralyzed by the overwhelming array of problems and take a visible role in making the specific issue of child labor a high priority. This would necessarily require the U.S. to upgrade its own child labor laws and plug the gaping holes that, for example, exempt agricultural workers from coverage.

As a second step, the U.S. should rigorously enforce the new legislation banning products made by forced or indentured child labor and begin the process of linking trade to a policy of eradicating child labor. Washington should insist that new trade agreements include enforceable provisions that prohibit the production and export of goods made with child labor. Washington should also take other unilateral steps to reinforce its policy commitment, including adopting a child-labor-free procurement policy.

Finally, to assure that working children do not simply become victims of high-minded policy, the U.S. should adopt a clear development priority to fund programs that target working children for rehabilitation and education. AID, simply by declaring child labor a priority, could achieve a significant impact. Through coordination of AID, World Bank, and UNICEF programs, real progress could be made toward providing children with an option better than starving or working: going to school and being fed a nutritious meal. Now that a ban on some forms of child labor is in place, it is imperative for the U.S. to immediately make it a priority to provide education assistance to ensure that the beneficiaries of this law, the exploited children, truly do benefit from the law.

## Key Recommendations

- To assume a global leadership role on child labor issues, the U.S. must ratify ILO Convention 138 and initiate a process to create an enforcement mechanism for that universal standard.
- Any new trade agreements with the U.S. should include a provision to prohibit both the use of child labor in manufacturing and the trafficking of products made with child labor.
- Through its AID programs and its membership in UNICEF and the World Bank, the U.S. must make education and rehabilitation programs for child workers a development priority.

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*Foreign Policy in Focus* is a joint project of the Interhemispheric Resource Center (IRC) and the Institute for Policy Studies (IPS). The project depends on sales and subscription income, individual donors, and grants from The John D. and Catherine T. MacArthur Foundation, General Service Foundation, and various church organizations. *In Focus* internships are available.

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# Sources for More Information

## Organizations

### Child Labor Coalition

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Fax: (202) 219-4923  
Website: <http://www.dol.gov/dol/ilab/public/aboutilab/org/child.htm>

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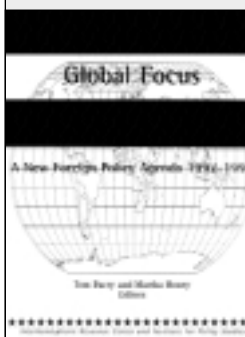
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