

## **“Bribe” Third World Parents to Keep Their Kids in School**

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Many well-meaning Americans, including college students and religious organizations, have attacked Nike Inc. and other companies accused of using child labor in their overseas plants in poor nations. I agree that something should be done to save the children from dismal long-term economic prospects. However, effective policies must recognize that the fundamental cause of child labor is poverty, not greedy foreign and domestic employers. To combat the effects of poverty, poor mothers should be “bribed” to keep their children in school longer.

Really poor families in Brazil, Mexico, Zaire, India, and many other nations put their children to work because their meager earnings help provide basic food and medicine for themselves and younger siblings. Although parents may recognize that schooling would improve their children's marketable labor skills later in life, they cannot afford the “luxury” of taking them out of the labor market. In essence, child labor is the result of a conflict between short-term parental economic interests and the long-term interests of the children.

Adequate economic growth always eliminates child labor even without laws against it. But poor nations needn't wait until they grow richer. There are short-term solutions. Many nations have compulsory schooling laws up to age 15 or so, but they are often hard to enforce, especially in rural areas and poor sections of large cities. Families who want their children to work simply do not send them to school, or the children have very high absenteeism rates. Officials are reluctant to punish parents of working children, perhaps because they recognize that the problem is not selfishness but poverty.

SHARE THE BURDEN. I propose a better way: Give parents a financial incentive to keep their children in school longer. Poor mothers should be paid if schools certify that their children attend classes regularly. Parents would be strongly motivated to send their children to school--even when the children do not want to go--if these payments were not much below what the children could earn. Most poor parents would happily contribute something to improve their children's long-run chances, but they are reluctant to bear the entire burden.

I have been proposing this for some time, and the Mexican government has begun such a program, called Progresá, that covers over 2 million very poor families in Chiapas and other rural areas. Mothers whose children attend classes regularly, succeed in getting promoted, and get regular medical checkups that are paid every month by the central government. These payments average about \$25 per family. Most poor Mexican families earn only about \$100 a month. That large a percentage increase should have a noticeable effect on their behavior.

Poor families in less developed nations whose children do go to school are likely to withdraw their daughters when they become teenagers. This tends to perpetuate economic inequalities, since the children of women who receive little schooling also tend to be badly educated. Progresa tries to combat this tendency to favor education of older sons by paying a little more to families that keep teenage daughters enrolled.

**NARROW THE GAP.** This pioneering Mexican approach appears to be highly successful. An evaluation prepared for an October economics conference in Chile shows that after only a couple of years, Progresa significantly raised the schooling of children in very poor Mexican families. It has also narrowed the education gap between girls and boys and reduced the labor force participation of boys.

Of course, governments need to find the tax revenue to finance programs like Progresa. A good start would be to recognize that Mexico and many other less developed nations typically spend disproportionately on universities and other education of their elites. Redistributing some of this spending to the poor would both reduce inequality and stimulate faster economic growth. Widespread basic education is more effective in promoting economic development than generous subsidies to the richer students who attend universities.

Child-labor critics could spend their time more fruitfully by attacking not the overseas employment policies of multinationals but the social policies of governments in poor nations that are really responsible for the prevalence of child labor there. These governments, and perhaps international organizations such as the World Bank, should follow Mexico's example and introduce programs that pay poor mothers to keep their teenage and younger sons and daughters in school and out of the labor force.