



Newsletter

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Blueberry Fields Forever

An analysis of child labour imported into the USA

Abstract: The below working paper presents evidence of child labour in USA. Three children were seen in Michigan blueberry fields carrying heavy baskets of fruits, ABC news reported in November, 2009.

Trying to find reasons, the history of child labour was looked through. Supply of child labour, or its Demand? Question is rhetorical. What is more important in long run schooling, or giving children jobs to help their poor families. Low wages will not help them to struggle poverty and moreover - child labour tend to be underground economy. Child labour provokes poverty, causes unemployment and further birth of unskilled workers.

Do we truly worry about child labour?

Yes we do, but our worries are too ignorant and hinted from socially based emotions. We are watching poor children from Bangladesh or Nepal in TV and wonder about cruelty of mankind and apathy of state. Thankfully there are organizations, which dedicate their agenda to this awfully not pleasant for ears phenomena - “Child labour”, but are these solutions? Or will these activities give child a chance to be a child?

The term “child labour” commonly refers to children who work to produce a good or a service which can be sold for money indifferent whether they are paid or not for their work. Are there any standards about wages? Of course no and when several children are paid for the piece of one adult, tell the truth there is too much temptation to withstand.

International Labour Organization, special establishment of United Nations Organization, fixes 15 as the minimum age for employment as general rule and 14 for countries whose economy and educational systems are insufficiently developed. The minimum age for permitting light work should not be less than 13 years, but developing countries may fix it at 12¹. No doubt in insufficiently developed countries there are dozens of problems apart from so-called “shame of XXI century”. But what is going on in developed countries? Did they change their values for “cheap welfare”?! One may say they exchanged them for palm of blueberries.

October 30, 2009 several children aged five, seven and eight were seen on fields of Adkin Blue Ribbon Packing Company, in South Haven, Michigan tugging heaviest baskets filled with blueberries². Michigan produces over a third of all of the blueberries eaten in United States. This is nearly 83 million pounds off fruit and \$140 million to the state’s economy. If one count among the goods, services and labour, that number could easily climb over \$220 million³.

So above mentioned state, to whom blueberries are subject of “national proud”, having several celebration days: Day of blubbery, Miss Blueberry and etc. was the hot spot in news block during several days. The company appeared to be one of the main suppliers of Walmart and Kruger supermarket chains, who from their side severed ties with Adkin Blue Ribbon Packing Company after ABC News. While one of the biggest companies claim that they were unaware about the type of their suppliers’ business and legal attorneys expression their disappointment that child labour Law is very lax, children continue to gather little fruits and vegetables with their little fingers (the very sufficient for this job).

What economists may say at this? Are unemployment and poverty the reasons of appearance of child labour, or

1 ILO Convention No.138 in Article 7; Trade Unions and child labour, convention No. 138

2 ABC News Investigation: The Blueberry Children; <http://abcnews.go.com/Blotter/young-children-working-blueberry-fields-walmart-severs-ties/story?id=8951044>

3 Michigan agricultural products; http://www.michigan.gov/mda/0,1607,7-125-1570_2468_2469-12741--,00.html

vice versa it causes economics to give a birth to unemployment? Let's start from the very beginning, from the most significant economical couple, in our case - supply and demand of child labour.

Supply and Demand

The most general explanation of child labour supply increase in past was – poverty. Lack of income - so parents sent their children to gain extra or sometimes only money. In other case they are emotionally and mentally not healthy and going-out from houses was only rescue for a child. Another reason - expansive or, non-affordable price of education. Nowadays situation in developing or worst developing countries is almost the same. But in developed countries, among numerous social activities from time after time spring out cases like blubbery fields. The necessity of child labour supply makes us to ruminate over society talking too much about wel-farism, that there might be some invisible obstacle acting against “invisible hand”.

They are other opposing evidence that it was not supply but demand that increased the use of child labour in past century. Children were cheap source of labour which let factory owners and industrialists to stay competi-tive. High demand was caused by obedience of children. They were submissive and dreadful towards punish-ments. They tended to be ideal labour as did not gathered themselves in trade unions. More simply operational works of machinery, and their form were especially situated for small stature of child with his plasticity, to say nothing about coal and metal mines. So Industrial epoch originated comparative advantages in favour of chil-dren and they were definitely productive there. Thus demand increased.

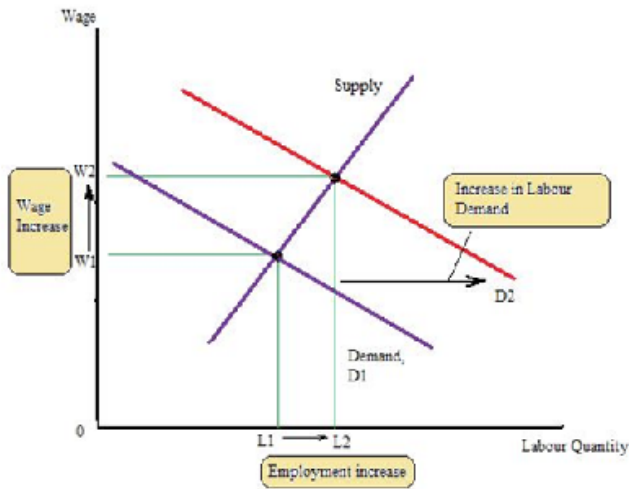
Income

The most significant household-level predictor of child labor is Income. Of course the children of poor families are more likely to work. This was actual in past and in our days. Income is an important determinant of child labor at the aggregate level as well.

With technological achievements factories raised like mushrooms after the rain and another circle in the chain had invigorated - standards of living. Uplifted standards of living increased with the help of industrialization gave a tip to parents to keep their children at home. For example “Vietnam’s GDP per head grew at an aver-age rate of 6.5% a year, thanks to a series of reforms introduced after the end of the cold war”⁴. The percentage of decrease of child labour was vivid – 28%. As it was mentioned above, families’ rising wealth was that very response not to send child out. Thus increased demand and raised supply determine the change of equilibrium wage “always equal to the value of marginal product of labour”⁵.

4 The Economist (US), Feb 7, 2004 v370 i8361 p73US Sickness or symptom? Economics focus; COPYRIGHT 2004 Econo-mist Newspaper Ltd.

5 Mankiw, N.Gregory(2004) “shifts of labour demand” Principles of Economics,3e; Thompson South-Western, USA



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But what happened to our Blueberry children? They are not crawling under machinery or in mines, but nimble fingers appeared to be momentous during harvest of small fruits. Low wage; let's suppose that it exists in our case.

Low wages

Long time ago Marx noted in his “Capital” that low wages force entire families to work in order to survive, while Marshall stretched the argument to incorporate the intergenerational effects that child labour might accumulate the human capital in the economy⁶. Today taking into consideration global financing crises, Adkin Blue Ribbon Packing Company might receive decision to decrease labour wages in the way that; either he will send more children to its fields paying them less and at the same time decrease price for blueberries for Walmart and Kruger, or subsidize supply of its product, leaving the market step by step. But according to the Law: All children aged 5-11, engaged in economic activities are considered to be in child labour that requires elimination. We can freely call this Underground Economy. Which is good example of sharp debates among economists whether labour taxes make impact on labour supply and its elasticity or not, while people respond to incentives?⁷ Is deadweight loss big? How big it was for Adkin Blue Ribbon and how many years he was leading underground economy towards the state of Michigan causing its GDP not paying enough taxes? Looking through the statistics of Gross Domestic Product (GDP) by States⁸, Michigan is not in better positions in comparison with the states where the same child Labour occurred: New Jersey, North Carolina and Arkansas⁹. Do we have enough evidence that other states are free from “economically active children”? Why this typical spot imperfection of

6 Marx, K. 1976a. Wages. Collected Works. Vol. 6. New York: International Publishers. Page: 315-43; 420-30

7 Mankiw, N. Gregory (2004) Principles of Economics, 3e; page 162. Thompson South-Western, USA

8 Table I.4. Gross Domestic Product (GDP) by State for Industries, 2008; November 2009 www.bea.gov

9 ABC News Investigation: The Blueberry Children; <http://abcnews.go.com/Blotter/young-children-working-blueberry-fields-walmart-severs-ties/story?id=8951044>

developing countries transpired in evolved western civilization? Let us look into developing countries who might be the direct importers of child labour in United States.

Import?

Child labour has clear geographical patterns. Children's activity rates nearly 30% in sub-Saharan Africa, while they are slightly below 7% in the developed world. Indeed, there is a striking negative correlation between the level of economic development of a country and the level of child labour participation¹⁰.

Among the above mentioned reasons we have to mentioned competition between child vs adult and poverty trap. Let's discuss the second one, as competition is deeply connected with education system, human capital and its results in long run. So I would like them to appear on the stage by the end of "performance".

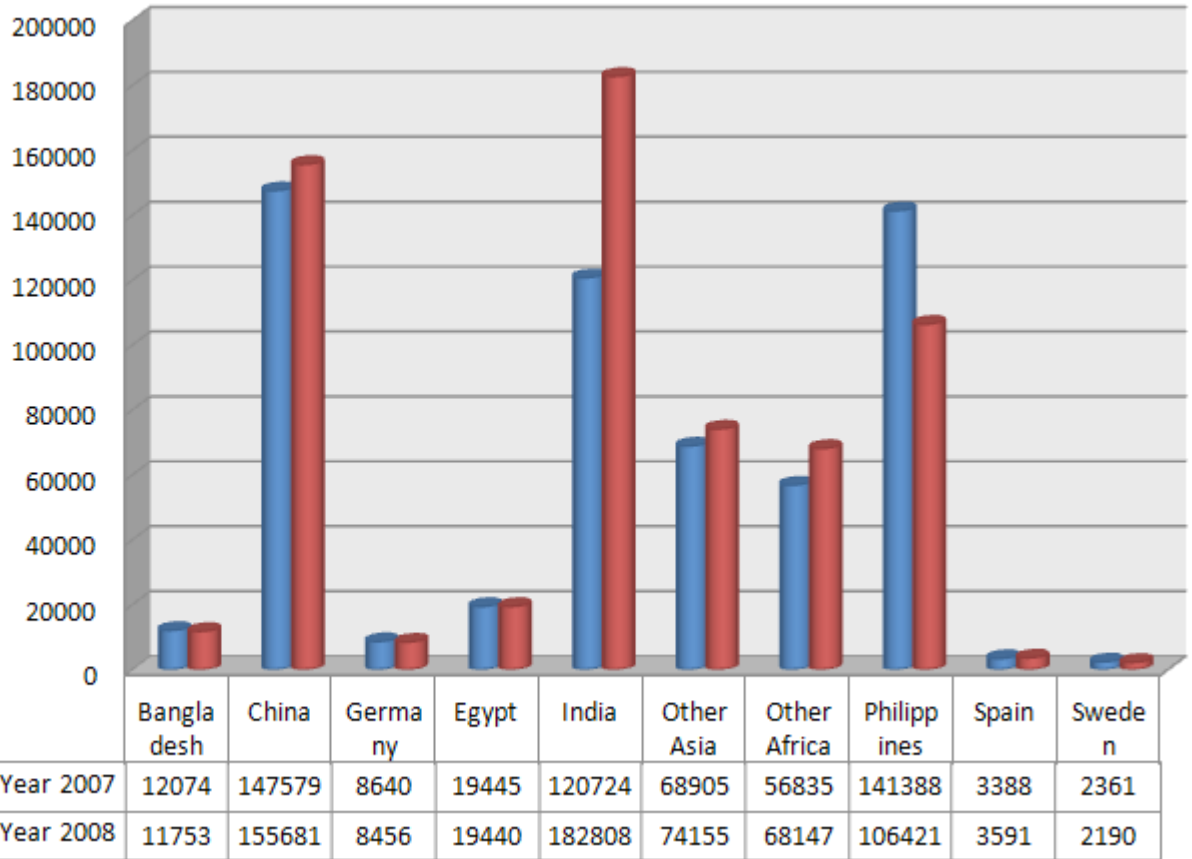
We say that parents would like to keep their children from working, but not having sufficiently high income (wage) they cannot effort this. But sending their children to work, they further repress the policy of wages. These are actual cause and even contribute to adult unemployment and low wages. The poverty and child labour become firm and continuous in this case. There won't be the way out of this witchery circle as even drowned in poverty parents will find a job they won't escape from it. As they won't gain more than any social program (social security or welfare state) gives them. We have to remember as well that poverty is correlated with age together with race and family composition. Average of the children tends to live in poverty with poor families than average of elder people. White people have three times less chance to live in poverty than Blacks and Hispanics and if we will take into consideration female headed families and their race then almost half of the Black and Hispanic children from that kind of families live in poverty too¹¹.

For a while let's look into random (countries with existing problems of child labour) statistics of immigration in USA during 2007-2008¹². In comparison with developed countries migration to USA is relatively high and that is natural. What can be imported together cultural differences? Poverty, profit-seekers and at last - child labour. Newspapers and magazines together with broadcasting channels were full of articles and stories about poor children forced or obliged to work in Egypt, India or Bangladesh.

10 Juan Manuel Puerta, 2008; The eradication of child labour in the United States in the early twentieth century: Lessons for developing economies.

11 Mankiw, N.Gregory(2004) Principles of Economics,3e; page 434. Thompson South-Western, USA

12 The Department of Homeland Security; 2008 Yearbook of Immigration Statistics;



Thousands of people and among them children and women are floating to USA to find better life and at the same time give a birth to huge competition even towards their members of families.

As we have compared chances to fall in poverty, let's compare child's and adult's chances to get wage and climb out of poverty.

Competition or Substitution?

The question fundamentally asks how substitutable child and adult workers are. Labour has been broken down into adult male and adult female labour. Some researchers claimed that children and white women were substitutes while children and white men were complements in production in the US. "Youth and adult women are closely substitutes on production, so that an influx of the latter shifts the demand curve for youth sharply to the left" also they state that wage rate of children were downward rigid which caused increase of unemployment rather than reduce wage rates¹³.

Karl Marx had claimed that competition constrained capitalists to decrease production costs with the help of mechanization¹⁴. They had made in parallel splitting, "de-skilling" of labour and replacement of craftsmen

13 Grant, James and Daniel S. Hamermesh, 1981, 'Labour Market Competition Among Youths, White Women and Others', The Review of Economics and Statistics, Vol.63, pp.354-60

14 Marx, K. 1976a. Wages. Collected Works. Vol. 6. New York: International Publishers. Page: 420-30

with less expansive free labour force: women, children and immigrants who in their part were unskilled in most cases. By adding fuel to the fire of economic crisis, capitalists quicken the process of substitution. Current economical and financial crisis is far from that years, but some may find answers to the questions which were placed by ABC's journalist to Randy Adkin, the owner of the accused company. The answers, but not sympathy, as giving the helpful hand today to children of poverty, you have to confess that you are leaving them low-skilled in mire. The craftsmen who were left without job having interest together with immigrants and unskilled labour had organized numerous unions opposing low wages.

What reactions have trade unions on child labour cases in developed countries and are there any regulations for child labour in trade unions? May be. They make cartels and push government to increase minimum wage or develop new jobs.

Conclusion

More than a century ago, British Prime Minister Arthur Balfour, while speaking in House of Commons about trade unions referred to them as corporations. He was interrupted from the opposite bench with remark "trade unions are not corporations". "I know" he answered "I am talking English, not law"¹⁵.

Such a catchy phrase is a good excuse for laymen but in some circumstances the legal definition and pedantic analyze of the most trivial and well-known objects can be crucial for law and consequently for people and organizations. Thus, sometimes we are obliged to talk strictly – law. What law says about child labour? In English and not in the language of law – is that up to the age 12, child labour has to be eradicated and before age 14/15 has to be characterized as light work.

At last, so much confusion about all above mentioned is not hinted only on human interests. The momentous location of economical point of view is in long run of child labour. Schooling and education systems' problems are huge black hole in poor countries. It predicts poverty not only for native society, but shows us that it can be exported easily in developed civilization.

At the same time costs of education play an essential role in parents' decision to send their children to school, or opposite - to work. Tell the truth wages need to reach a certain level in certain countries before parents can afford themselves sending their children to school.

Actually in long run today's cheap child labour might be one of the reasons of huge economical crisis. Avoid-

15 The Standard, April 23, 1904.

ing schooling today which should be the main source of mankind's future welfare is fatal mistake of both parties: parents and employers.

As we see nature of child labour is economical, social, political and cultural.

And finally, one in six children in the world aged 5-14 is engaged in Child Labour, which is approximately 158 million¹⁶.

Children on blueberry fields are a drop in the ocean, as Child Labour is “the drop” as well in global crisis, but there are reasons of anxiety. Today Even in crisis, It easy to pretend asleep living in welfare state, eating strawberries or blueberries and reading morning papers. “Living is easy with eyes closed, misunderstanding what you see”¹⁷. But if one finds out in economical columns of papers that country is in deep depression because of unemployment, and bubbles are bursting in different lines – don't be surprised. Life is not a bed of roses especially after long artificial hibernation.

16 Child protection from violence, exploitation and abuse; http://www.unicef.org/protection/index_exploitation.html

17 “Strawberry Fields Forever”, The Beatles; 1967; Album “ Magical Mystery Tour “