

THE FORGOTTEN LITTLE PEOPLE: A STUDY
OF URBAN CHILD LABOUR IN A DEVELOPING ECONOMY

PERSATUAN EKONOMI MALAYSIA
(Malaysian Economic Association)

1. Introduction

Although the existence of child labour in developing economies is a common socio-economic phenomenon governments have somehow just neglected it. It is also strange to note that it is a backwater area of research. There already exists, and more will be added to the list, numerous demographic and economic studies on fertility and related topics.

SIXTH MALAYSIAN ECONOMIC CONVENTION

AGENDA FOR THE NATION VI:
MALAYSIA IN THE 1980's

This study is a modest contribution with two objectives in mind: first, it is aimed to stimulate research in this direction; secondly, and more importantly, it is aimed at alerting the attention of the concerned public in general and government officials in particular on these forgotten little people in the process of socio-economic development. It is therefore not an academic intellectual exercise.

"The Forgotten Little People: A Study
of Urban Child Labour in a Developing Economy"

The source of the data used in this study is based on a survey

by

Dr. Paul Chan
Faculty of Economics & Administration
University of Malaya

COPYRIGHT by
Author and PEN

3-10 May 1980
Penang

THE FORGOTTEN LITTLE PEOPLE: A STUDY OF URBAN CHILD LABOUR IN A DEVELOPING ECONOMY

I. Introduction

Although the existence of child labour in developing economies is a common socio-economic phenomenon governments have somehow just neglected it. It is also strange to note that it is a backwater area of research. There already exists, and more will be added to the list, numerous demographic and economic studies on fertility and related topics. But child labour per se and as the unit of analysis has been somehow bypassed by both funding agencies and academic adult minds.

This study is a modest contribution with two objectives in mind: first, it is aimed to stimulate research in this direction; secondly, and more importantly, it is aimed at alerting the attention of the concerned public in general and government officials in particular to these forgotten little people in the process of socio-economic development. It is therefore not an academic intellectual exercise.

The source of the data used in the analysis is based on a survey conducted in the capital city of Kuala Lumpur and its ~~satellite~~ town of Petaling Jaya. There is no documentation of child labour and basic information regarding the magnitude and prevalence of child labour employment is completely lacking. As such it was difficult to implement a survey based on rigorous sampling criteria. An arbitrary 200 cases were obtained and studied during 1977-1978. The sample was confined to wage child labour in the service and consumption trade (viz, inter alia restaurants, coffee shops, "eating" stalls, grocery shops). Two

important categories of child labour were left out for investigation later: they are family child labour and wage child labour in the technical trade. Both were not surveyed because of the constraint of resources which did not expedite a larger study survey.

This should not in any way reflect that they are not important. Family child labour in rural and urban areas, for instance, indeed appears from general observation to be a more extensive practice than wage child labour. The additional reason, besides resource constraint, for leaving out family child labour was that since it did not involve a contractual employer-employee relationship, it was difficult to determine whether there was any violation of the Children and Young Persons Employment Act 1966. Since one of the principal objectives of the study was to investigate the legislative aspect of employment, the focus was therefore on wage child labour. Though family child labour is often regarded as part of the household activities, anyone familiar with the "new household economics" school of thinking would realize the significance of such services.

The other important prong left out is the employment of wage child labour in the engineering and technical trade, for instance, engineering and repair workshop. These involve a higher level of production and technical skills. From the viewpoint of skill dissemination and formation they need to be thoroughly examined.¹

¹ Both family child labour and wage child labour in other sectors are being planned for studies.

A questionnaire was constructed for the survey. It was structured to obtain information on the following:

- a) Social and Economic Background of Respondent and the family.
- b) Present Working Conditions.
- c) Wage and Other Incomes
- d) Expenditure and Savings Pattern
- d) Attitudes Towards Work and Future Plans.

Though a questionnaire was designed it was not "openly" used during the field work. The working environment and the immature personality of the respondents were such that a one-shot type of interview involving an immediate filling in of a questionnaire was not feasible. The questioning had to be done casually over repeated periods. It was a time-consuming, even frustrating, survey. However, in retrospect, it was morally worthwhile and personally enlightening.

II. Analysis of Survey Results

In this section a summary analysis of the sample data is provided according to the subtitles given.

A. Social and Economic Background

i) Ethnic Origin

<u>Ethnic Group</u>	<u>As Percentage of Sample Size (200)</u>
Chinese	65
Malays	20
Indians	15

iii) Sex Distribution

The above distribution of ethnic groups in the sample might contain a sample bias since it was not based on a proper population frame. On the other hand, it also reflected the existence of the large number of Chinese operated small scale service businesses both in the formal and informal sectors of Kuala Lumpur and Petaling Jaya.

ii) Age Distribution

Age Group	Percentage Distribution
12-14	75
10-11	15
7-9	10

The majority of wage child labour were in the 12-14 years category. It is most likely that the predominance of child labour in this age group is due to the high drop-out rate from formal schooling. This is in fact confirmed by the data on number of years of school given later. Secondly, parents are not reluctant to let their children of this age group work compared to the younger ones. It is around this age that children become "self-sufficient", and even productive agents, in terms of economic returns on earlier investments on them. Fragmentary evidence in other developing economies confirm this. Incidentally, such evidence has been used to explain the low cost of bringing up children and is a positive factor influencing the demand for children. Though education is free in Malaysia it is not compulsory. If children from poor socio-economic background are unsuccessful students it makes economic sense, from the parents' viewpoint, for them to join the labour force. They are also easier to control and discipline. This not only reduces the burden on the family but they could even contribute to the household income.

iii) Sex Distribution

<u>Sex</u>	<u>Percentage Distribution</u>
Male	90
Female	10

Wage child labour were predominantly males. Female child labour were mainly in the 12-14 age group. This could be explained by the reluctance to let young girls work at a tender age and be exposed to the hazards of life. Besides, they are also useful at home performing productive household chores like looking after siblings. Males are thought able to fend for themselves, and they also do not normally participate as actively as their female counterparts in household activities.

iv) Educational Background

<u>Number of Years of Schooling</u>	<u>Percentage Distribution</u>
6-7	15
5-6	56
5-4	24
3	5

The majority had 5 to 6 years of education. 15 percent had about 6 to 7 years of education and 5 percent had less than 3 years. This indicates that most of them had become drop-outs between Standard 6 and Form I. (Corresponding to the fifth and sixth year of education). Though education is free in Malaysia it is not compulsory. If children from poor socio-economic background are unsuccessful students it makes economic sense, from the parents' viewpoint, for them to join the labour force. This not only reduces the burden on the family but they could even contribute to the household income.

v) Urban or Rural Origin

<u>Urban/Rural Background</u>	<u>Percentage Distribution</u>
Urban	70
Rural	30

This is a broad classification since some of the so-called rural areas they claimed they came from are really semi-urban areas. The

principal source of supply of child labour in this study came from the two towns and other surrounding small satellite towns and new villages.

This is confirmed by information on their place of birth, 60 per cent were born in Kuala Lumpur and Petaling Jaya, and the rest outside the two towns. One can safely conclude that the child labour in the sample originally came from the urban or near urban areas.

However, their parents could have come from the rural areas.

The evidence on this is poor because the respondents could not provide definite answers to the question on the place of birth of their parents or the last place they lived before moving to Kuala Lumpur or Petaling Jaya.

Monthly Income (\$)Percentage Distributionvi) Parents' Employment

Below is a simple classification to categorise the employment activities of the principal household income earner, who was normally the father.

<u>Employment Activities</u>	<u>Percentage Distribution</u>
1. Self-employed in petty trading and other services	40
2. Employees in small scale business (non-agricultural)	45

viii) Household Size

3. Self-employed in agricultural related activities	5
4. Employees in agricultural related activities	6
5. Others (including casual labour)	4

The above shows that, first, none of the principal earners came from the professional group of occupations; secondly, most of them were wage employees in small scale business; thirdly, an important percentage of them were in the informal sector.

vii) Household Income

It is often difficult to obtain accurate data on household income in any field survey. It was much more difficult to do so when the respondents were children who had no inkling of what their parents earned and definitely no clue as to the size of the household income. The income data probably referred to the income of the principal earner, mainly the father.

Monthly Income (\$)Percentage Distribution

200 and below

10

201 - 250

25

251 - 300

30

301 - 350

20

351 - 400

15

The income distribution clustered around \$201 to \$350 per month. The modal income was in the \$251-\$300 group. The average income was about \$260 per month.

viii) Household Size

<u>Number of Household Members</u>	<u>Percentage Distribution</u>
9 - 10	2
7 - 8	15
5 - 6	60
3 - 4	12
2	1

The income data becomes more meaningful when it is related to

the household size of the respondents. Most of the child labour came from large families. 60 per cent came from households with 5 to 6 members. It is significant to note the small percentage of families with four children and below. Considering the low income and the large family size, it appears inevitable that these households must "expel" children into the labour force market when they become burdensome.

B) Activities and Working Conditionsi) Job Activities

During the survey it was found that child labour were employed in activities and jobs which were mainly manual and unskilled. Such works could be categorised into the following groups:

- those involving personal attendance - viz.,
requesting and passing orders, and making deliveries to customers.
- those involving collecting and returning payments for services.
- those involving miscellaneous jobs like washing utensils, tidying and cleaning up shops or stalls.

d) Other odd tasks

The above tasks did not involve any major responsibilities or duties. Decision-making regarding purchase, finance, management, or supervision was absent. The degree of skill-acquisition was minimal.

ii) Monthly Wage

<u>Wage Per Month</u>	<u>Percentage Distribution</u>
60 - 79	10
80 - 89	45
90 - 99	40
100 - 110	5

In the types of unskilled jobs they performed they were paid

low wages. The wage clustered around the \$80-\$99 category. This worked out to about \$2.50 to \$3.30 per day. The money wage rates were unilaterally fixed by the employers and no negotiations were involved. The "real income" of the child labour might be higher for some. This was because "free lodging" was provided. However, other benefits normally provided to adult and organized workers like Employees Provident Fund, free medical care, and such like perks were absent. It may be pointed out here in passing that most child labour were introduced by neighbours or friends of parents to such jobs. These were the information and recruitment network.

iii) Working Conditions

The working conditions which are defined by the Children and Young Persons Employment Act 1966 were not adhered to by any of the employers of the 200 sample cases studied. Indeed none if any had heard of the Act, let alone abide by it!

- a) The Act specifies that only light work should be allowed. However, child labour was used for all sorts of jobs depending on the orders of the employers - for instance, heavy tasks like carrying tables, materials and other objects.
- b) Section 4 of the Act says that young children are not allowed to work in places which are hazardous to their health, limbs and life. In the survey, it was quite common to find them working near boilers and ovens; sleeping in unhygienic places like store rooms which had poor ventilation and unsanitary environments.
- c) The Act says no child labour is allowed to work for more than 6 successive days. In the survey, it was found that all the child labour was only given one day off in a month.
- d) The Act says no child labour is allowed to work between 8 pm. and 7 in the morning. Our survey found that those child labour who had to work at night worked beyond 1 am. Some shops, especially coffee shops and eating stalls closed late in the day (about 2 am.) and the child labour was still found to be around working, and later preparing to close shop.
- e) The Act says there should be a period of rest after working for more than . consecutive hours. This would be for at least 30 minutes. The survey found that no child labour was specifically told to rest. Neither were

were they permitted, even if they wanted to.

f) The Act says child labour should not work more than

a) Entertainment (mainly film shows)
6 hours a day. The survey found that more than 6 hours

b) Food and drinks
c) Clo working period was the rule.

d) Transport

e) The Act has not mentioned anything regarding the provision of

f) Medical
basic protection in the form of medical and health services, and social

g) Cigarettes
welfare securities. In the survey, none of these were of course provided

h) Others
for by the employer. Physical abuses were found in a few cases. This

It can be observed that more than 50 per cent of the child

entertainment. This was principally made up of movies

labour, viz, breaking plates and cups. Reprimanding child labour by

other adult workers and the employers was commonly reported by the

respondents. Reprimanding child labour was also a sport enjoyed by the

customers. The next biggest item was on food and drinks. This should be

interpreted to mean the satisfaction of basic needs. They were actually

customers. The rest of the items were given very low weightage. There

was little "hustling out". Since they are unorganized labour they are thus easily

exploited with low wage and poor working conditions. In addition,

insecurity of work is a principal characteristic of child labour.

Capital assets and consumer durables did not feature in the

C) Expenditure and Savings at all. This is not at all surprising

i) Expenditure Pattern the beginning stage of their life cycle.

It is interesting to note the composition and distribution of

The expenditure discussed above refers to the spending after

the monthly expenditure of child labour. This is given below for the

remittances from the monthly gross income. Remittances to parents

major expenditure items. The amount varied from

reported by 85 per cent of the child labour. The amount varied from

per month to as much as 65 per cent of the monthly income for some.

This must be an important source of supplementary income for poor households.

If one considers the difference between gross income on the one

<u>Expenditure Items</u>	<u>Percentage Distribution</u>
a) Entertainment (mainly film shows)	54
b) Food and Drinks	15
c) Clothing	10
d) Transport	5
e) Education	2
f) Medical	2
g) Cigarettes	2
h) Others	10

D) Perception of Work and Future

It can be observed that more than 50 per cent of the spending was on entertainment. This was principally made up of movies, this being the cheapest (and most attractive to them) form of entertainment accessible to them. The next biggest item was on food and drinks. This should not be interpreted to mean the satisfaction of basic needs. They were actually "eating outs". The rest of the items were given very low weightage. There was little "human investment" expenditure on education and an insignificant amount for health needs.

Capital assets and consumer durables did not feature in the distribution of expenditure items at all. This is not at all surprising considering that they were at the beginning stage of their life cycle.

The expenditure discussed above refers to the spending after deducting remittances from the monthly gross income. Remittances to parents were reported by 85 per cent of the child labour. The amount varied from \$10 per month to as much as 65 per cent of the monthly income for some. This must be an important source of supplementary income for poor households.

If one considers the difference between gross income on the one hand and expenditures and remittances on the other as savings then the child labour in the sample saved very little. In fact none reported saving more than \$40 cash with them during the survey. If any saving was done it was probably done out of the remittances by the parents. Considering the low incomes of their parents the rate and amount of savings could not be at all significant.

D) Perception of Work and Future

Their perception of their work and working conditions is to be expected. Their jobs were perceived to be tedious, unpleasant, unrewarding, and without prospects. Though all regarded their present jobs as temporary they could not conceive alternative plans or prepare for the future. They were generally fatalistic and directionless. Few could report even mere intentions, let alone coherent plans, of what they want to become in the immediate future. There is no planning of the future for the future.

III. Factors Encouraging Child Labour

The existence of child labour can be explained from supply and demand dimensions on the one hand and government neglect on the other.

Factors which operate on the supply side to generate urban child labour would include the following:

- a) the existence of urban poverty

- b) the existence of large family size and inability of parents to care for all children
- c) the lack of productive employment opportunities with minimum income for the adult guardians and the rest of the household members thus necessitating children to work for wages.
- d) the inadequacy or absence of social welfare facilities for the unemployed and poor.
- e) the high drop-out rate among the school children of the poor households.
- f) the absence of compulsory education
- g) the inadequacy or absence of useful reeducational and retraining programmes for drop-outs.

Factors (a) to (d) create poverty conditions in households which necessitate the use of child labour as a source of additional income and to reduce the burden on the household. Factors (e) to (g) create conditions for the existence of child labour as there are no opportunities nor reabsorptive capacity in the economy to stop the entry of young children into the labour market before they have useful skills.

From the demand angle the existence of job opportunities in the formal and informal sectors, and the willingness on the part of employers to hire children are factors which create conditions for a child labour market. Employers are willing to use child labour for the following reasons.

- a) there are many of them around
- b) they are cheap since the wages paid are low
- c) they are unorganized, easy to control and they can be replaced easily.

In addition to the above, the existence and prevalence of child labour are also caused by the nonchalant manner in which the government deals with the problem. Consequently the Children & Young Persons Employment Act has never been effectually and conscientiously implemented. This reflects either a very low priority attached to this problem or that there is reluctance to do something about it since the solution is not easily available.

Children labour employment has certain consequences which are adverse not only to the individual but also to the economy.

First, the social opportunity cost to the nation is high. This is because potentially productive labour is wasted in unproductive work. Instead of being nurtured by a proper educational - manpower programme into useful assets child labour becomes a future burden on the economy. Whilst it is true that child labour earns a present stream of income this is really a mortgage of their future since the future income stream will be affected by the loss of present opportunities.

Secondly, since they come from poor households they are really a case of poverty within poverty. Given restricted economic opportunities and limited access to socio-economic advancement in life few can break the poverty trap. They become part of the pool of poor and unskilled labour

with low productivity and doing low value added tasks. In time they contribute to the reservoir of frustrated urban proletariat,

The presence and existence of child labour is a moral indictment on our society. Even if one does not wish to use the economic abacus to assess the problem one should hardly ignore it on moral grounds. Unfortunately we have become so inured to this plight on our socio-economic landscape that nobody cares about it and everybody accepts its inevitability.

IV. Policy Suggestions

It is recognized that an immediate and a complete solution to the entire child labour problem is beyond the capacity and resources of the government. Certain measures, however, could be undertaken in the short run to redress the problem. First, the more important sections of the Children & Young Persons Employment Act must be implemented effectually to protect the interests and welfare of child labour. Ultimately the whole Act must be enforced. Secondly, provide subsidies to poor households and families who wish their children to continue their education and not join the labour force. Thirdly, improve on the social welfare amenities and ensure their access to the poor. Fourthly, provide direct assistance to child labour, particularly those suffering from undernourishment and malnutrition.

The long run goal should aim at reducing, and if possible eliminating, the prevalence of child labour. However, this is a tremendous task requiring resources which are currently earmarked by the government

for other priorities. It is also recognised that not all forms of child labour can be eradicated. In particular the use of family child labour in household-cum-family business activities is impossible to eliminate in practice. However, wage child labour is more amenable to legislation and regulation. In this context, different strategies may be required for family and wage child labour.

V. Conclusions Some of these measures would include:

1. The restructuring of the educational and manpower

programme in such a way that there are opportunities for drop-outs to be retained in certain useful trades or skills. Education should also be made compulsory up to a certain age, say 12 or 14.

2. the development of a national family policy which, besides other objectives, should aim at strengthening in various ways the multi-functions of the family unit. The family unit will then be able to coexist with governmental, educational and economic institutions in supporting, training, and assisting individual household members, especially children. In addition, small family size and quality of life should be components of such a family policy.

3. the establishment of an income policy which should aim for a certain minimum standard and quality of life; and the abrogation of the use of child labour should be one of its main objectives.

model 4. making available, and accessible, social welfare facilities and other forms of public assistance to needy families which are the most likely sources of child labour.

V. Conclusion

There will be difficulties in implementing the above. Constraints due to resource availability, policy priorities, administrative capacity and such like impediments will always obstruct a programme to solve the "problem child". But we must try. And we must care. For they are our children.