

in brief...

Child labour in 1920 urban America

When poor children are working rather than going to school, do their parents work less? And what happens to their siblings?

Marco Manacorda looks for answers in the experience of child labour in urban America at the dawn of the jazz age.

Most of us will be enraged by seeing children in poorer countries at work in the fields, selling goods on the street or simply helping out their parents in the family shop. One imagines, perhaps rightly, that these children are condemned to a lifetime of poverty because of their lack of access to education and the permanent scars from working at an early age. Because of this, many people would advocate policies banning child labour and establishing compulsory school attendance.

Economists are rather more cautious about such conclusions. Yes, child labour is obviously bad but what is the alternative for these children? If they were forced to attend school rather than going to work, would they or their families be unequivocally better off?

Some amount of child labour might allow a child or his siblings to afford an education or satisfy basic feeding needs, in which case a ban on child labour would not necessarily be desirable. Perhaps instead, it is parents who might work more to sustain their children in school, which would provide some justification for public policy intervention.

My research explores these issues, in particular analysing the impact of working children on their parents' work and their siblings' work and education.

Assessing empirically how parents and siblings respond to a child working is easier said than done. Both parents and siblings from poorer families will presumably be more likely to work. Hence, one will find a positive correlation between parents' and children's labour, which would be hard to interpret as the 'causal effect' of child labour on household labour supply.

The solution devised in this paper is to look at the impact

of child labour laws in 1920 urban America. What makes this worth studying is that the minimum working age varied across US states: some states imposed an age as low as 12 while others prevented children younger than 16 from working. This provides the opportunity for a 'natural experiment'.

My research shows that the laws had an impact. Analysis of data from the 1920 US census shows that a child sufficiently old to work in his state of residence tended to work more than a child of the same age living in a different state where he was not allowed to work.

To check that this difference does not reflect unobserved differences across states in children's work opportunities or their need to work – both of which might in turn explain a lower legal working age – I compare this difference to the difference in participation between a pair of younger children living in the two states who are both not allowed to work.

I then compare the difference in employment of the parents of the first pair of children relative to the difference in the second pair. I attribute this 'difference in difference' in participation to the effect of the differential eligibility for work of these adults' children. Using this strategy, I find no statistically significant evidence of parents working less in response to their children entering the labour market.

To infer the effect of child labour on siblings' work and school participation, I use a slightly different strategy. The idea here is to compare the effect of a child being eligible for work on both his own probability of work and the probability of work of a child chosen at random from his household (the child himself or one of his siblings). If the second effect is smaller, it implies that when a child works

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more, his siblings respond by working less. Indeed, this is what happened: the response to a child becoming eligible for work was for his siblings to work less and be more likely to attend school.

What do we learn from this analysis? Parents do not appear to adjust their work effort in response to their children's change in labour market participation. This is consistent with the notion that parents of working children cannot possibly work more than they actually do. If one accepts this interpretation, it seems to be extreme poverty rather than parental exploitation that lies behind child labour.

A second and potentially more novel result is that the siblings of working children appear to benefit from one child in the household working in terms of increased school attendance and reduced labour. This raises

concerns about the distribution of work and school across children within the same households: it appears that the costs of sending some children to school in poor families are borne in part by their working siblings.

This article summarises 'Child Labour and the Labour Supply of Other Household Members: Evidence from 1920 America' by Marco Manacorda, CEP Discussion Paper No. 590 (<http://cep.lse.ac.uk/pubs/download/dp0590.pdf>) and forthcoming in the *American Economic Review*.

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