

# **Child Labor: The Role of Socioeconomic Development and Poverty Reduction in Viet Nam**

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## **Abstract**

The objective of this paper is to explore children's schooling and child labor issues, causes, and possible policy implications for the condition of Vietnam. The main source of data for this analysis is two rounds of the Viet Nam Living Standards Survey (VLSS) 1992-1993 and 1997-1998.

We address the issues at household and community settings, and children's academic ability. Using logistic regression and multinomial logistic regression, we expect to draw conclusions that schooling status and economic condition of household are the most important determinants of child labor status. In addition, ethnicity and geographic spatiality also contribute to the incidences of child labor. Children with low academic performance are likely to work regardless of their family background and household wealth. Working in agriculture does not affect the likelihood of school enrollment, but it may affect to school outcomes due to high rate of child labor in rural areas.

We shall conclude that the socioeconomic development and poverty reduction programs implemented by the Vietnamese government have yielded a positive impact on eradicating child labor.

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### **Abstract**

In 1990, Viet Nam signed the International Convention on the Rights of the Child. As the second country in the world and the first country in Asia to sign such an agreement, during the 1990s Viet Nam determined to significantly reduce the number of children in the workforce by 28%. Viet Nam's GDP per capita growth is the most important factor that leads to the decline in child labor according to a recent study by Eric Edmonds (2003). Viet Nam achieved the annual GDP growth of 7% during the 1990s. Such rapid growth has had major impacts on Viet Nam's socioeconomic development and poverty reduction. Income per capita has almost doubled between 1990 and 2000. Poverty reduction and human development have improved considerably. Poverty fell from over 70% in the mid-1980s to 58% in 1993 and further to 37% in 1998. Adult literacy rate has risen from 88% in 1989 to 93.4% in 2000. The completion rate of primary school has increased from 54% in 1993-1994 to 66% in 1997-1998. All of these factors are thought to associate with the decline in child labor.

The objective of this paper is to explore children's schooling and child labor issues, causes, and possible policy implications for the condition of Vietnam. The main source of data for this analysis is two rounds of the Viet Nam Living Standards Survey (VLSS) 1992-1993 and 1997-1998. The VNLSS data sets contain rich information for this type of research, such as household and individual characteristics, community factors, rice price at commune level, and children education and schooling, etc.

In the field of child labor studies in developing countries, we have observed decline in child labor rate in the 1990s where household wealth has been improved (Basu 1999). Due to nature of work in developing countries, it is very common that father is not the only person who generates household income (Ersado, 2002, and Pradhan and van

Soest, 1997). Thus, the use of child labor is a common practice, especially in agriculture and household business. Edmonds and Turk (2002) reported that child labor rate has reduced significantly in Vietnam along with a rapid decline in proportion of population who are under poverty using household. The authors, however, did not discuss the importance of labor market and community factors in reducing child labor incidence.

Studies in Latin America point out that child labor rates are high at the areas where children have better work opportunities measured by local labor market conditions (Levison, Moe, and Knaul, 2001). Better work opportunities may affect schooling and work decisions for boys and girls based on family calculation on cost and benefit of education. In addition, poverty may not have high inverse effects on child labor incidence in the condition of complete credit market (Ersado, 2002). In the other words, child labor is a part of household management strategy on impacts of economic shock, e.g. job loss or failed harvest (Mendelievich, 1979, Jacoby and Skoufias, 1997). Thus, lack of credit accessibility to compensate for the losses would decrease school enrollment and increase rates of child labor (Jacoby and Skoufias, 1994).

To understand causes and effects of child labor in Vietnam, we address the issues at household and community settings. At household level, we will investigate the roles of children in the family, interaction between child labor and schooling status and decision to enroll in school, and how family factors contribute to schooling and child work net of children's ability. Household level factors that the determinants of child labor reduction that are pertinent to Viet Nam such as educational attainment, family income, family structure, gender, regional spatiality, and demographic factors. Using logistic regression and multinomial regression of the determinants of child labor, we expect to draw conclusions that economic condition of household which is measured by household expenditures is the most important factor contributing to child labor status. In addition to this economic condition, ethnicity and geographic spatiality also contribute to the incidences of child labor.

Besides of above household factors, we also control for children's characteristics and their educational outcomes (scores in the previous grade and ever repetition in any grade) and household size (number of male and female siblings). Our hypothesis is that children with low academic performance are likely to work regardless of their family background and household wealth since they are not likely to enter higher education after finishing secondary education. Working in agriculture does not affect the likelihood of school enrollment and learning, but non-agricultural jobs would have negative consequence on schooling and school outcomes.

We also integrate some macro factors, such as village living standard, access to credits and savings facilities, access to school, and school quality, to investigate determinants of child labor. Using logit regression, this research discusses about effects of family resources and local labor market and school condition on children's schooling and work. Family is considered as the primary unit that allocates the time and activities of its members, including children. We expect that the greater family need for resources, the more likely children work. We hypothesize that reduction in percentage of households below the poverty line in Vietnam would reduce proportion of child labor. For children who are working, family resources are determinants of children's employment, but local labor market condition is the most important factor of types of employment.

We shall conclude that the socioeconomic development and poverty reduction programs implemented by the Vietnamese government have yielded a positive impact on eradicating child labor.