

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Václav Vislous
Advisor:	Vladimír Benáček
Title of the thesis:	Three lessons about child labor

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Summary

The thesis is a serious survey of literatures that are related to the issue of child labor. It covers a vast amount material, mostly published in top econ journals: causes of child labor, the role international trade, the link between child labor and education, efficiency of conditional cash transfers, and historical perspective on child labor in developed countries and several others. The author should be applauded for his ability to read and get a handle on such a wide scope of literature and identifying the main controversies. He is also a skilled writer and his English is on a pretty high level, making the text easy to read and follow. My impression from the thesis is like from a quick seightseeing flight across fascinating landscape – the passanger, especially one who is unfamiliar with the topic, gets a pretty good idea about the the topics and major arguments. But the journey makes one also a bit uneasy, especially because one does not get very deep in any of those topics and also the speed makes the passanger somehow too vulnerable to guidance of the pilot.

The following are my main critical remarks:

- At several instances one feels that the author is often strongly guided by a prior that child labor may not be that bad after all, sometimes may even have positive effects and that no policy can directly address it. I discuss in detail one example. On p. 39 Václav discusses the link between child labor and education. Intuitively, these should be subsititutes, thus child labor is expected to lower education attainment, which is one of its negative apects of child labor. Václav points to an interesting mechanism why there could be an opposite relationship – more resources may help to pay for education. Nevertheless, basically all the emprical evidence that he mentiones contradicts the alternative mechanism. Vaclav speculates that this could be to differential effects of child labor on childrent that are below and above poverty line – for those who are below child labor can increase education and decrease education for those who are above. Why is this is hard to test with existing data, as noted by Vaclav? One could look at how the correlation between child labor and education varies for households at different income/wealth levels. This survey is a nice first step, but I would strongly recommend, if Václav has a continued interest in this topic, to sharpen ideas, find a specific research question that can be tested with existing data like this one and let data speak and discipline hypotheses. Having an interesting speculation in mind (with virtually no supporting evidence) should not be enough for repeatedly emhasizing that there are likely cases when child labor increases education (p.41, 46).
- I have similar concerns about the interpretations of the literature on conditional cash transfers (CCT). Vaclav concludes that the existing evidence demonstrates positive effects of CCT on education attandance but not on reducing child labor, suggesting that this policy is not a good tool to adress child labor. However, there are several studies showing both increase in schooling as well reduction in child work activities – see Skoufias and Parker 2001 as well as the seminal paper on evaluation of PROGRESA (Schultz 2000). Again, my feeling is that also in this case the author is temted too strongly by his preferred interpepretation, ie existing policies cannot reduce child labor.
- This is a nice survey, but I would be much more cautious and modest when describing contributions of this study. In the concluding Václav argues that one of his main contributions is that he has established that Conditional Cash Transfer Programs significantly decrease the

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inherent motivations among children in the developing world. The underlying hypothesis here is that financial motivations may crowd out intrinsic incentives. My understanding is that this is a provocative idea (which I have a personal sympathy to), which, as far as I can judge, has not been raised in the context of CCT. But it still needs to be tested and also the link for CCT programs is less straightforward than in cases the theory speaks about. This is because cash is given to parents (it aims to motivate parents), whereas we need to assume that such cash transfers affects motivations of children. Second, observing that CCT beneficiaries have lower test scores than non-beneficiaries from the same class (Ahmed and Del Ninno 2005) is not a good evidence because beneficiaries are very different from non-beneficiaries (come from poorer, less educated backgrounds etc) which is likely to lower their test-scores independently on CCT. To sum up, this does not mean this is not a very interesting question, but it still remains a question not a fact that the thesis would establish.

- Václav also argues that one of his main contributions is the observed similarity between causes of child labor during the industrial revolution and currently in developing countries. I don't find it surprising. Is there some literature that claims the opposite? In general, economists find a lot of parallels in historical development of currently developed countries and current patterns in less developed countries. It would be more surprising to find qualitative differences behind child labor.

Overall, this is a serious survey in which the author takes into account recent advances of the literature and in which he is not shy of proposing his own solutions. Given my comments about interpretation of some of the literatures and own contribution, I recommend grade B, but it's grade B close to the upper bound and the commission may consider this upon a very strong performance during defence.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	18
<i>Contribution</i> (max. 30 points)	17
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	75
GRADE (1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: *Michal Bauer*

DATE OF EVALUATION: 2.9.2011

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong Average Weak
20 10 0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong Average Weak
30 15 0

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong Average Weak
30 15 0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong Average Weak
20 10 0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě