

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Václav VISLOUS</b>
<b>Advisor:</b>	<b>Doc. ing. Vladimír Benáček, CSc.</b>
<b>Title of the thesis:</b>	<b>Three lessons about child labor. Rationality of child labour and its effects on the labour market</b>

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

Containing 72 pages, this thesis is quite extensive, covering both theoretical and empirical analysis of the labour market which is related to child labour. This topic is highly non-conventional in the Czech literature – a sort of a wide introduction to very important problems of many underdeveloped countries. The study is dominantly descriptive, even though the topic itself has been burdened with many normative prejudices, the economic interpretation of which the author discusses and tests. It is worth saying that the thesis is highly readable for its interesting views and the clarity of arguments.

The author concentrates on three areas of analysis. The first goes back to the times of Industrial Revolution and tries to find economic linkages between child labour in the past and in the developing world today. The second area deals with the question if the child labour regulation is economically rational from both family and national points of view, and what the alternatives could be. The third area addresses possible negative consequences of Conditional Cash Transfer Programs on intrinsic motivation of pupils. The analysis of this policy problem is a unique research of the author.

The survey and research is done in nine chapters, which are unfortunately not numbered, thus making this report less transparent. The first chapter is a rich documentation of the economic history of child labour, with the economics of Napoleonic Wars considered an extreme of the demand for child labour. Then the author explains why later the demand for child labour in Europe and North America declined. Chapter 2 presents a simple Keynesian model explaining the intensity of child labour in open economies, which is author's first own contribution to analysis. A detour is made to other models (e.g. Rybczynski and H/O) and to impacts of restrictions on the market with child labour. This issue overlaps with chapter 3. There is shown a paradox that applying short-sighted "humanistic" norms of developed countries on developing countries may worsen the situation (Pareto optimality) of the latter.

Chapter 4 discusses the effects of globalisation on child labour in developing countries and the paradoxes it produces, using a wide review of empirical studies in world literature. Chapter 5 concentrates more on the models dealing with relationship between income changes and the demand for child labour, since many policies are related to constraints on or liberalisation of access to family incomes. This is also related to the complementarity versus substitution between primary education and child labour, which are covered widely in chapter 6.

Chapter 7 provides a discription of various economic factors (including policies) that influence the intensity of child labour and incomes derived from it. This chapter could be more detailed and with richer references to past research. Chapter 8 introduces an own model analysing the effects of a "loose quota" (i.e. a system of import incentives based on restrictions on child labour practiced by developed countries) and a proposal of his own alternative solution to such policies.

The last working chapter (#9) deals with another policy, the so-called Conditional Cash Transfer, and the mixed blessing it has on the child education, family welfare and child labour. After the review of world literature it offers a series of logical steps (without formalising them into a model) leading to an alternative policy, which aims at a more efficient social solution. This is a highly interesting third author's own contribution to the economics of child labour and education.

Conclusion: The bachelor thesis of V. Vislous is an intensive survey into wide aspects of the economics of labour market and economics of education applied on child labour. It is based on the examination of approximately 80 papers dealing with this topic, many of them from the top economic journals. In three cases the author extends their logic by proposing his own solution. Unambiguously I

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value this research highly, proposing the author to publish his results e.g. in the Central European Journal of Public Policy.

*Remark of the reviewer for the discussion of this thesis: Although the analysed problems seem to apply to developing countries only, surprisingly they offer a new view on the sharply growing obsession in the cult of children shying away from work since their early childhood until their age of mid 20s, presuming that "pure education" and the TV culture will endow them with the best working skills. The very opposite could be the result, as some of the child labour models would propose. Maybe this could shed more light on an explanation why developing countries grow so fast while advanced countries got bemired in a hopeless secular stagnation full of debt and demands for subsidies.*

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

<b>CATEGORY</b>	<b>POINTS</b>
Literature (max. 20 points)	20
Methods (max. 30 points)	24
Contribution (max. 30 points)	29
Manuscript Form (max. 20 points)	20
<b>TOTAL POINTS</b> (max. 100 points)	<b>93</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** Vladimír Benáček

**DATE OF EVALUATION:** 10.8.2011

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**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	<b>1</b>	= excellent	= výborně
61 – 80	<b>2</b>	= good	= velmi dobře
41 – 60	<b>3</b>	= satisfactory	= dobře
0 – 40	<b>4</b>	= fail	= nedoporučuji k obhajobě