

CONTENTS

ACKNOWLEDGMENTS	v
LIST OF TABLES	xi
LIST OF FIGURES	xv
1. Introduction	1
1.1 Background of the Thesis	1
1.2 Objectives of the Thesis	10
1.3 Importance of the Thesis	10
1.3.1 Narrow View	11
1.3.2 Broad View	11
1.4 Structure of the Thesis	12
I Theory	13
2. Conceptual Framework	15
2.1 Definition and Forms of Child Labor	15
2.2 The Economics of Child Labor Market	17
2.2.1 The Determinants of Child Labor Demand	18
2.2.1.1 Structure of the Labor Market	18
2.2.1.2 Technology and Adult Labor Substitution	19
2.2.1.3 Employers' Expectation or Attitude about Child Labor	20
2.2.1.4 Law Enforcement and Child Labor	21
2.2.1.5 Summary of Child Labor Demand	21
2.2.2 The Determinants of Child Labor Supply	22
2.2.2.1 Poverty, Child Labor and Child Schooling	22
2.2.2.2 Credit Market Imperfection and Child Labor	26
2.2.2.3 Parental Education, Employment and Child Labor	27
2.3 Trade Policy and Child Labor	28
2.4 Demand vs. Supply Side Intervention	31
2.5 Chapter Summary	33

3.	Review of Theoretical Literature and Hypotheses	35
3.1	A Typology of Child Labor	36
3.2	Basic Models of Child Labor Supply	37
3.3	Theory of Social Labeling and Child Labor	48
3.4	Theory of Nutritional Efficiency Wage	51
3.4.1	Consumption and Efficiency	51
3.4.2	Nutrition-Based Efficiency Wage Model	52
3.5	Derived Hypotheses from the Theory	54
3.6	Chapter Summary	56

II Empirical Framework 59

4.	The Carpet Industry and Child Labor in Nepal	61
4.1	The Overall Economic Situation in Nepal	61
4.2	Nepal’s Carpet Industry	69
4.2.1	History of the Carpet Industry in Nepal	70
4.2.2	Carpet Trade Cycle in Nepal	71
4.2.2.1	Growth Stage (1972 – 1994)	71
4.2.2.2	Recession Stage (1995 – 2002)	72
4.2.2.3	Recovery Stage (2003 – 2005)	73
4.3	Child Labor in Nepal	74
4.4	Chapter Summary	77
5.	Social Labeling NGOs in Nepal	81
5.1	Rugmark	82
5.1.1	Program Structure of Rugmark in Nepal	82
5.1.2	Inspection and Monitoring Mechanism	83
5.1.3	Rehabilitation and Welfare Activities	84
5.1.4	Financial Structure	86
5.2	Care & Fair	89
5.2.1	Program Structure of Care & Fair in Nepal	91
5.2.2	Inspection and Monitoring Mechanism	91
5.2.3	Rehabilitation and Welfare Activities	91
5.3	STEP	92

CONTENTS

5.4	Comparison of Social Labeling NGOs	93
5.5	The Link Between Social Labeling and Supply of Child Labor	93
5.6	Removal of Child Laborers from Carpet Industry and Their Welfare	95
5.7	Chapter Summary	99
 III Empirical Investigation		101
6.	Data Collection in Nepal	103
6.1	Structure of the Survey	104
6.1.1	Target Population	104
6.1.2	Survey Frame	105
6.1.3	Qualitative Survey	106
6.2	Pre-Test Quantitative Survey	107
6.3	Pilot Quantitative Survey	109
6.4	Final Quantitative Survey	110
6.4.1	Stratification Technique	111
6.4.2	Sample Surveys: Probability vs. Non-Probability Sampling	115
6.4.3	Difficulties of the Field Research	118
6.4.4	Quality Control	119
6.4.5	Non-Sampling Errors	120
6.5	Chapter Summary	122
7.	Descriptive and Analytical Statistics of the Survey	125
7.1	Descriptive Statistics	125
7.1.1	Characteristics of the Households	125
7.1.2	Vulnerability of Children	133
7.1.3	Monitoring and Welfare Activities by Labeling NGOs	136
7.2	Analytical Statistics	139
7.2.1	Substitutability of Child Labor and Child Schooling	139
7.2.2	Monitoring Program of Social Labeling NGOs and Child Labor	144
7.2.3	Monitoring and Tracking by Labeling NGOs	147
7.3	Chapter Summary	148

8. The Econometric Results and Interpretations	151
8.1 Econometric Methodology	151
8.2 Econometric Estimates of Child Labor Supply	158
8.3 Influence of Social Labeling NGOs on Previous and Present Status of Children	162
8.4 Modified Luxury Axiom with Other Determinants	163
8.5 Nutritional Efficiency Wage Argument	167
8.6 Chapter Summary	170
9. Overall Summary and Policy Implications	173
9.1 Summary	173
9.2 Conclusion and Policy Implications	175
9.2.1 Impact of Stabilization Policy	177
9.2.2 Impact of Structural Adjustment Policy	179
9.2.3 Target Oriented Policies for Alleviation of Child Labor	181
BIBLIOGRAPHY	191
APPENDIX	
A. Box and Tables	207