

## Discussion Paper

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# **The Impact of Poverty and Educational Policy on Child Labor in Indonesia**

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This study examined the determinant and the impact of educational policy on child labor in Indonesia utilizes the data from Indonesian Family Life Survey (IFLS). The study estimated the likelihood that children will go to work using probit model. The results lead to conclude that poverty is one of the determinants of child labor in Indonesia besides other factors like age, farming sector, and parents education. In case of educational policy, the program that gives subsidy to school can reduce the incidence of child labor especially in rural areas.

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## **Abstract:**

This study examined the determinant and the impact of educational policy on child labor in Indonesia utilizes the data from Indonesian Family Life Survey (IFLS). The study estimated the likelihood that children will go to work using probit model. The results lead to conclude that poverty is one of the determinants of child labor in Indonesia besides other factors like age, farming sector, and parents education. In case of educational policy, the program that gives subsidy to school can reduce the incidence of child labor especially in rural areas.

*Key words:* child labor; poverty; educational policy; Indonesia

*JEL Classification:* I38, O15

## **1. Introduction**

The first goal of Millennium Development Goals (MDGs) is eradicating extreme poverty and hunger. The aim is to reduce by a half the proportion of people whose income is less than US\$1 a day (Purchasing Power Parity: PPP) between 1990 and 2015. The second goal of MDGs is to achieve universal primary education. The aim is to ensure that, by 2015, every child, both boy and girl, will be able to complete a full course of primary schooling.

To accomplish the goals above, we have to consider the economic development. According to Todaro (2009), human capital is one of the most influential factors in economic growth. Todaro stated that human capital is the term economists often use to refer to health, education and other human capacities that can raise productivity when increased. Developing countries face many problems in increasing their human capital. One of those is child labor. The incidence of child labor is always related to the decreasing of educational level. In the long run, this phenomenon will reduce the quality of human capital. The International Labor

Organization (ILO) defines child labor as work performed by children that deprives them of their childhood, potential and dignity because such work is harmful to their physical and mental development. The work interferes with children's schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely, or requiring them to attempt to combine school attendance with excessively long and heavy work.

It is generally agreed that child labor is undesirable, so we have to tackle this problem. Basu and Van (1998) argue that parental poverty is the primary cause of child labor. Consequently, one way to reduce child labor is by poverty alleviation programs. Beside poverty, many factors influence the incidence of child labor, such as unemployment, unfair distribution of land, indebtedness and other situations where families become depend on their children's work. Lack of social security and market failure shows that there is a relationship between the exploitation of children as a labor resource and economic development.

According to the estimation by the International Labor Organization (ILO) in its report of 2008, the number of child laborers aged five to 17 is 215 million globally, with 113 million in Asia and the Pacific, 14 million in Latin America and the Caribbean, 65 million in Sub Saharan Africa, and 22 million in other regions. Comparing the data from 2004 and 2008, the activity rate of working children decreased from 16.2% (2004) to 14.5% (2008). In this report, the ILO classifies child labor into three groups of economic activities: agriculture, industry, and services. The percentage of children engaged in agriculture activities is 60%, in services is 26% and in the industrial field is 7%.

On 17 June 1999, during the ILO's annual convention about the prohibition and immediate action for the elimination of child labor, the 174 member countries adopted ILO Convention No. 182 by unanimous vote. Indonesia, an ILO member, ratified this Convention by issuing Law No. 1 of 2000. Subsequently, the president issued Presidential Decree No. 59 of 2002 for the National Action Plan on the Elimination of the Worst form of Child Labor. The goal of this decree is to protect children from the negative effects of work. Another law regarding working children and child labor is Act No. 13 of 2003 about manpower. This act addresses child labor by starting with the basic premise that no entrepreneur shall hire a child under the age of 18 except for employing a child aged 13 to 15 to perform light work for up to three hours per day, as long as the parents give their approval. Act No. 20 of 2003, about the national education system, states that children age six to 15 have to go to school in order to achieve their nine year

compulsory education program. The latest regulation is No. 6 of 2009 by the Minister of Home Affairs, about the guidelines for the establishment of local action committees, the designation of regional action plans, and community empowerment in the elimination of the worst forms of child labor.

New policies were implemented in the beginning of 2005 by which the government of Indonesia reduced the fuel subsidy and reallocated it to four main programs: health, education, direct cash transfer, and infrastructure - especially infrastructure in rural areas. The Direct Cash Transfer is a program that gives cash to poor and near-poor households as compensation for increased fuel prices. Every household receives Rp100,000 per month, paid quarterly for a period of one year. Many debates have emerged regarding the efficiency and effectiveness of this program. The disbursement of the money itself caused many conflicts throughout that society. In 2010 the government decided to stop this program.

A program in the education sector is School Operational Assistance (Bantuan Operasional Sekolah: BOS). The aim of BOS program is to give subsidies to schools to fund their operational fees and thereby release students from tuition fees to achieve the target of the Nine Years of Compulsory Basic Education (Wajib Belajar 9 Tahun: Wajar) Program. Through this program, the government of Indonesia provides funding to schools at the primary and junior high school levels. The program commenced in July 2005 at the time of the new 2005/2006 academic year.

This study differs from the previous literature in three ways. First, the aim of this study is to find out the influence of BOS program and also direct cash transfer program on the elimination child labor. The study that examines the relationship of BOS program and child labor in Indonesia is still rare. Second, even though many studies stated that poverty is the main cause of child labor, the study in which analyzing government policies regarding education and poverty alleviation also still quite rare. Third, this study contrast urban and rural policy effect on child labor. This study found that the implementation of child labor in rural areas is more effective compare to the urban.

In the next section, we describe briefly about the condition of child labor in Indonesia. Previous studies regarding child labor will be discussed in section 2. Section 3 discuss about data and methodology. Regression results and interpretation will be explained in section 4. We draw the conclusion in the last section.

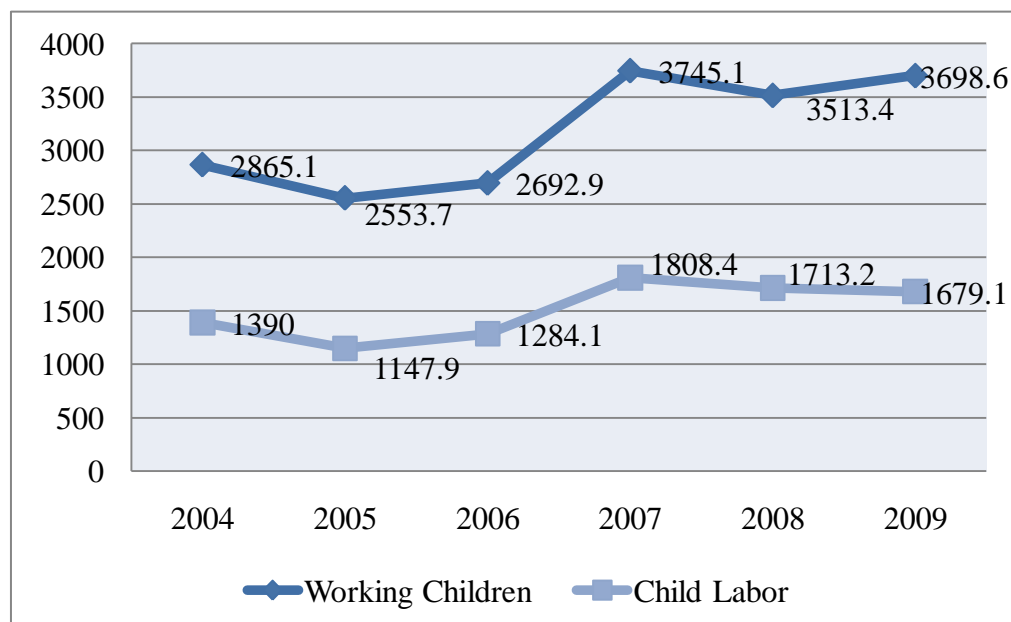
## 2. Overview Child Labor in Indonesia

According to the law no 13/2003 on Manpower and International Labor Organization (ILO), the definition of working children is children aged five to 14 who engage in any activity falling within the production boundary for at least one hour during the reference period, and adolescent aged 15 to 17 engage in the worst form or hazardous work. While child labor is working children aged 5 to 12 regardless their working hours, working children aged 13 to 14 who work more than 15 hours per week and working children aged 15 to 17 who work more than 40 hours per week.

From the definitions of working children and child labor above, it can be concluded; firstly, those whose age are five to 12 are included in both working children and child labor. Secondly, working children aged 13 to 14 are categorized as child labors if their working times are more than 15 hours per week.

Figure 1 shows the estimated number of working children and child labor aged 10 to 17 (in thousands) for the year 2004-2009 based on National Socio-economic Survey (Survey Sosial Ekonomi: SUSENAS) by Statistics Indonesia.

Figure 1. The number of working children and child labor, 2004-2009 (10-17 age groups)



Source: Statistics Indonesia

The first Indonesia Child Labor Survey was conducted by Statistics Indonesia in 2009. Not like previous Socio-Economic Survey, the term children reported in this survey refers to those whose ages are within five to 17 years. This age boundary is based on the definition of working children and child labor by ILO and also Law No. 13/2003 by Ministry of Manpower. Based on the report by Statistics Indonesia and ILO (2010), the estimated number of children aged five to 17 in mid 2009 was about 58.8 million. Some of them engaged in various activities: employment, schooling or housekeeping activities. However, the major concern of the report is of those who are engaged in economic activities and are considered as in employment. Table 1 shows that 4.1 million children or 6.9% were considered as in working children.

Table 1 Proportion of children aged five to 17 by type of activity and sex (%) 2009

Type of Activity	Male	Female	Total
Working Children	7.9	5.8	6.9
- Working only	1.9	0.4	1.2
- Working and Schooling	3.8	3.4	3.6
- Working and housekeeping	4.8	5.0	4.9
- Working, schooling and housekeeping	2.6	3.0	2.8
Schooling only	53.6	36.5	45.3
Schooling and housekeeping	26.4	45.3	35.6
Housekeeping only	2.2	4.9	3.5
IDLE children (residual)	12.5	10.4	11.4

Source: ICLS 2009 reported by Statistics Indonesia and ILO

From Table 1, only 45.3% of children can fully attend the school, while the rest has some burden to help their parent by working or housekeeping. Many scholars argued that the main cause of working children (child labor) was parental poverty. In order to reduce the incidence of child labor, some programs are needed both alleviate the poverty of parent and also increase the school enrolment to reduce the probability of a child to go to work.

### 3. Literature Review

Many studies, such as Amin, et al. (2004) and Priyambada, et al. (2005), examined the relationship between child labor and household poverty. Most of them use household income or expenditure (consumption) as the proxy of poverty. A study done by Amin, Quayes and Rives examined poverty and other determinants of child labor in Bangladesh. By separating the income into quintiles and analyzing other variables, such as child and family characteristics and using a logistic regression model, they found that a family's poverty affects the probability that a child will work.

Priyambada, Suryahadi, and Sumarto (2005) conducted a study of child labor in Indonesia. They examined the relationship between child labor and poverty utilizing the data from Statistics Indonesia. They stated that "the profile of child labor largely mirrors the profile of poverty and poverty is found to be an important determinant of working of children" (page 26). Based on their finding they recommended that "the most effective policy for reducing the incidence of child labor is through poverty alleviation" (page 26) even though this program is not easy and needs much time. The phenomenon of child labor itself always relates to the decreasing of educational level. Giving more opportunities for a child to go to school can also be applied to reduce the probability of that child working. Such policies that reduce the cost of education and improve the quality of education can also effectively decrease the occurrence of child labor.

Still few researchers into child labor use educational policy variables in their research. Ravallion and Wodon (1999) investigated the influence of Bangladesh's Food for Education (FFE) Program on child labor in Bangladesh. Utilizing data from the National Household Expenditure Survey (HES) of Bangladesh, they tried to determine if children were sent to work in rural Bangladesh because of the poverty conditions. They used a targeted school scholarship to identify how much child labor substitutes for schooling. Their finding was that the incentive provided by the FFE program could increase the level of school attendance. They finally concluded that an educational policy such as an enrollment subsidy can reduce the incidence of child labor, even though it only provides a small proportion of the increase in school participation.

Research conducted by Skoufias and Parker in 2001 analyzed the impact of a conditional cash transfer program on child labor. They examined the impact of the PROGRESA program on children working and schooling in Mexico. Using a double

difference and cross section estimator, they found that the implementation of PROGRESA program increased the school attendance of children while decreasing their work activities.

The relationship of child labor and economic growth was also analyzed by some researchers such as Edmonds (2005), Swaminathan (1998), Tesfay (2003), and Kambhampati and Rajan (2005). Using data recorded between 1993 and 1997 in Vietnam, Edmonds (2005) investigated the relationship between child labor and improvements in per capita expenditure using panel data set in Vietnam. He finally concluded that “improvements in per capita expenditure can explain 80% of the decline in child labor that occurs in households whose expenditure improves enough to move out of poverty”.

Kambhampati and Rajan (2005) examined whether economic growth decreases child labor by using data from the National Sample Survey of India. They utilized a bivariate probit model of schooling and labor. The results led to the conclusion that growth increases child labor because it increases the demand for child labor. This finding is contrary to popular wisdom. The level of state NDP (Net Domestic Product), village wages, and household incomes are seen as the variables through which growth influences the supply side of the child labor market.

Child labor is mainly found in rural areas, especially in farm work. Bhalotra and Heady (2003) researched child farm labor using data from rural Pakistan and Ghana. The research was inspired by previous studies that stated children in land-rich households are often more likely to be in work than children of land-poor households. In developing countries, children are mostly working on their family farm. The possession of the land itself is always used as an indicator of family welfare. The reality also shows that the distribution of land is highly unequal. These facts, about a family's farm and land possession, raised the presumption - whether true or not - that child labor comes from poor families. Bhalotra and Heady suggested that this seeming paradox can be explained by failures in the market for land and labor.



#### 4. Data and Methodology

This study uses data from the Indonesia Family Live Survey (IFLS) and Statistics Indonesia. The Indonesia Family Live Survey is a longitudinal survey providing information about socioeconomics and health. The survey collected economic data, such as consumption, income, and assets, individual and household levels. Compared to other data resources in Indonesia, the IFLS can expand on and act as a complement them. Using this data, the relationship between recent and previous condition in households can be analyzed. These data are useful for social economic researchers and policy makers.

The sample of the IFLS is representative of about 83% of the Indonesian population and contains more than 30,000 individuals (14,000 households in IFLS4) living in 13 of the 33 provinces in Indonesia. Those provinces are: North Sumatra, West Sumatra, South Sumatra, Lampung, West Java, DKI Jakarta, Central Java, DI Yogyakarta, East Java, Bali, South Kalimantan, South Sulawesi and West Nusa Tenggara.

In IFLS4, children were asked about their activities and whether they had worked in the previous month. The children were also asked about types of work (for wages, family farm business, family non-farm business and household work) and working hours in the last week they worked. According to the definition of working children by the ILO, this study will exclude children who engage in household work because those children are not working in the boundary of economics activities. This study also excludes the children who gave incomplete information about their parents or household. The data observation is on 6057 children. 436 of those are categorized as working children in which 13% work for a wage, 38% work for family farm businesses, and 49% work for family non-farm businesses.

To analyze the probability of working children and child labor, this study uses both probit regression with the model as below:

$$P(dwork) = G(\beta_0 + \beta_1 Age + \beta_2 dBoy + \beta_3 dRural + \beta_4 dFarming + \beta_5 dFarmland + \beta_6 FarmLandSize + \beta_7 HHSIZE + \beta_8 FatherEduc + \beta_9 MotherEduc + \beta_{10} dPovertyLine + \beta_{11} BOSFund + \beta_{12} GrowthGRDP + \beta_{13} PcGRDP + \beta_{14} CashTransfer + \varepsilon)$$

The dependent variable, *dWork*, is coded 1 if a child is working or else is coded 0. The independent variables are categorized into five groups, i.e., child characteristics, parents (household) characteristics, farming variable, policies variables and

economic growth variables. The description of variables can be seen in Table 2.

Table 2. Description of Variables

<b>Variables</b>	<b>Description</b>	<b>Data source</b>
dWork	Identify the activity of the child; coded 1 if work else 0	IFLS4 (2007)
Age	age of child (years)	IFLS4 (2007)
dBoy	Gender of child is girl or boy (0=girl, 1=boy)	IFLS4 (2007)
dRural	location of household (0=urban, 1=rural)	IFLS4 (2007)
dFarming	Whether householder has worked in farm business during the past 12 months (1=yes, 0=no)	IFLS4 (2007)
dFarmLand	Land ownership for farming(1 if they posses any land, else 0)	IFLS4 (2007)
FarmLandSize	The size of cultivated land (hectare)	IFLS4 (2007)
HHSize	The number of household member	IFLS4 (2007)
FatherEduc	Father education (years)	IFLS4 (2007)
MotherEduc	Mother education (years)	IFLS4 (2007)
dPovertyLine	Whether the household income below the poverty line (1=yes, 0=no)	IFLS4 (2007)
BOSFund	BOS fund (currency/US\$)	IFLS4 (2007)
PcGRDP	Per capita Gross Regional Domestic Product (currency/US\$)	Statistics Ina
GrowthGRDP	Growth rate per province (%)	Statistics Ina
Cash Transfer	Cash Transfer Program (currency/US\$)	IFLS4 (2007)

## **5. Regression Analysis**

This section discusses the regression results of the data. The regression will be divided into two groups: regression for over all working children and child labor, and the regression for working children and child labor in urban and rural areas.

### **a. Overall Working Children and Child Labor**

The regression results of working children and child labor are shown in table 3. Both of them are similar except for dummy variable land ownership (dFarmLand). These results imply that the age variable is significant and has a positive relationship with working children. It indicates that older children are more likely to work than younger ones. This finding is supported by the fact that older children will get higher wages compared to younger ones.

Land ownership is not significant for working children but significant for child labor. This finding implies that children in land-rich household are more likely to be child labor than the children in land-poor household. This wealth paradox is also supported by the previous study by Nkamleu (2006). The dummy variable farming that indicates whether the household had farming activities in the previous week, and also the farm land size variable, are significant and have a positive relationship with working children. This implies that mostly children are working in the farming field. This could be attributable to the fact that Indonesia is still an agricultural country. People of the country mostly work as farmers, and they need additional labor. They consider children as the cheapest labors. It is also reported by the Food and Agriculture Organization (FAO) that 70% of child labor is working in agriculture sector.

Parental education, both of mother and father, is significant and has a negative relationship with working children. It means parents education play important role in deciding to send the children to work or school. This finding is similar with the previous studies conducted by Amin et.al, 2004 and Ray, 2000. The higher level of parents education is the higher level of income will be. Comparing the education of the father and the mother, mothers' education is more significant, which means mothers have more bargaining power in deciding whether or not children will be sent to work. This finding is also supported by Chang (2005).

Households below the poverty line are most likely to send their children to work because they need more income to support their family. It indicates that poverty is one cause of child labor. This finding is in line with previous studies that

had been mentioned in section 2.

Per capita Gross Regional Domestic Product (GRDP) and growth GRDP per province variables, as an indicator of economic growth in each province, are not significant but have a positive relationship with child labor. This result might imply that the economic development of province (region) will reduce the incidence of child labor because the economic development is generally in line with the increasing of income level.

In the case of educational policy, the BOS fund is not significant but has a negative relationship with child labor. Previous study by Ravallion and Wodon (1999) stated that even though the school subsidy program in Bangladesh only provide a small proportion of the increasing school participation but the school subsidy can decrease children work activities. The sign of BOS variable also indicates that the subsidy given by government to school and children can increase the school attendance and decrease the opportunity of the student to be child labor.

Unfortunately, the Direct Cash Transfer Program is not significant though it has a positive relationship with child labor; this means the program is not effective in the reduction of child labor. This result implies that the unconditional cash transfer program like the Direct Cash Transfer Program cannot reduce the poverty. Even though give additional income to households, this program is just temporary program due to the increasing price of fuel.

Table 3. Results for overall working children and child labor

Independent variable	Working Children			Child Labor		
	Coef.	Std. Err.	z	Coef.	Std. Err.	z
Age	<b>0.189387***</b>	0.0113	16.75	<b>0.103614***</b>	0.0096	10.74
dBoy	0.029082	0.0544	0.53	0.055322	0.0617	0.9
Dfarming	<b>0.253558***</b>	0.0809	3.13	<b>0.189107**</b>	0.0887	2.13
FarmlandSize	<b>0.002082***</b>	0.0003	7.46	<b>0.00282***</b>	0.0003	9.81
dFarmLand	0.087509	0.0809	1.08	<b>0.161668*</b>	0.0867	1.86
dRural	0.021409	0.0702	0.31	0.001506	0.0769	0.02
HHSize	0.012241	0.0104	1.18	0.007969	0.0110	0.72
MotherEduc	<b>-0.01675**</b>	0.0076	-2.19	<b>-0.01701**</b>	0.0082	-2.08
FatherEduc	<b>-0.01332*</b>	0.0075	-1.78	<b>-0.01719**</b>	0.0081	-2.12
dPovertyline	<b>0.19133**</b>	0.0768	2.49	<b>0.177672**</b>	0.0861	2.06
BOSFund	-0.00515	0.0032	-1.6	-0.00514	0.0039	-1.33
PCGRDP	-0.03953	0.0474	-0.83	-0.01272	0.0457	-0.28
GrowthGRDP	-0.00876	0.0544	-0.16	0.048422	0.0629	0.77
cashTransfer	0.000487	0.0006	0.88	0.000492	0.0006	0.82
_cons	-3.602	0.3593	-10.02	-3.16742	0.4166	-7.6
Pseudo R2	0.1563			0.08		
Log pseudolikelihood	-1322.15			-1005.51		
No. of obs.	6057			5890		

Note: Robust standard errors have been adjusted for clustering at household level.

\*: 10% significance level, \*\*: 5% significance level, \*\*\*: 1% significance level

## **b. Working Children and Child Labor in Urban and Rural Areas**

Table 4 shows the regression results of working children and child labor in urban and rural areas. Both in urban and rural areas, age variable is significant because older children are more likely to go to work to get a higher wage. It implies that older children can give more additional income to the household.

In rural areas gender variable, which is boy, and farming variables are significant. The significance of the dfarming and farmland size variables implies that most working children are working in farm business. Based on the report by ILO, 60% of child labor is working in agriculture sector. Related gender (boys) to farming variables, it implies that boys are more likely help their parent in their farm land compare to girls.

In urban areas, education levels play an important role among fathers in deciding whether children have to work or not. This result might be supported by the facts that father as the head of household plays the most important role in the family and the more educated father represents the more likely the children will attend school rather than work (Ray, 2000). Contrary, in rural areas, the education level of mothers is more significant. It raises gender issue in educational policy. Child labor phenomenon is a long term phenomenon. It means that to reduce child labor in the future, we have to prepare the youth generation (future parents) and government should distinguish the different educational policy for urban (especially for boys) and rural (especially for girls). Besides that, these findings might be supported by the fact that in rural area mother is more likely stay at home and not to go to work. This condition makes the relationship of mother and children closer than father and children. It indicates that mother has more bargaining power in deciding the children to go to work or not (supported by Chang, 2005). In urban areas, both father and mother are usually working for household income. It means mother does not have much time for the children. Besides the fact that father is a household head; this phenomenon is probably one reason why father has more bargaining power in deciding the children to go to work or not.

Households below the poverty line and recipients of the BOS fund are more significant in rural areas than in urban areas. This could be attributable to the facts that the numbers of poor families are mostly in rural areas (according to the data from statistics Indonesia) and schools in rural areas need more assistance than those in urban areas. This finding raises some inequality issue regarding school facilities in urban and rural areas.

Like for overall child labor, the Direct Cash Transfer Program is not effective in the reduction of child labor. Even though gives some additional income to parents, this program was just a temporary subsidy program due to the increasing price of fuel. The Direct Cash Transfer Program cannot act as a stimulator to increase the productivity of parents in the long term.

Table 4. Results for working children and child labor in urban and rural areas

Independent Variables	Urban				Rural			
	Working Children		Child Labor		Working Children		Child Labor	
	Coef.	Std Err	Coef.	Std Err	Coef.	Std Err	Coef.	Std Err
Age	<b>0.1741***</b>	0.0166	<b>0.0960***</b>	0.0142	<b>0.2053***</b>	0.0154	<b>0.1138***</b>	0.0132
dBoy	-0.0592	0.084	-0.0816	0.0968	0.0991	0.0727	<b>0.1647**</b>	0.0815
Dfarming	0.1521	0.1718	0.133	0.1785	<b>0.3964***</b>	0.1072	<b>0.2859**</b>	0.1175
FarmlandSize	-0.5751	0.4728	-0.4925	0.5406	<b>0.002***</b>	0.0003	<b>0.0026***</b>	0.0004
dFarmLand	0.1011	0.1478	0.2123	0.1452	0.0595	0.0975	0.1241	0.1066
HHSize	0.0055	0.015	-0.0007	0.0161	0.0223	0.0146	0.0181	0.0154
MotherEduc	-0.0129	0.01	-0.0178	0.0113	<b>-0.02263*</b>	0.0119	-0.0193	0.0122
FatherEduc	<b>-0.02553***</b>	0.0091	<b>-0.03275***</b>	0.0103	0.0011	0.012	-0.00002	0.0127
dPovertyline	0.1665	0.1126	0.1872	0.1283	<b>0.214*</b>	0.1108	0.1590	0.1220
BOSFund	-0.0012	0.0036	-0.0006	0.004	<b>-0.01499**</b>	0.0067	<b>-0.01953**</b>	0.0083
PCGRDP	-0.05	0.052	-0.0022	0.0498	0.0375	0.1294	-0.0839	0.1498
GrowthGRDP	-0.0761	0.0641	-0.0458	0.0727	0.0186	0.0839	0.1141	0.0990
cashTransfer	-0.0001	0.0008	-0.0002	0.0009	0.0008	0.0007	0.0010	0.0008
_cons	-2.7919	0.4115	-2.2597	0.4469	-4.2412	0.5642	-3.8722	0.6639
Pseudo R2	0.1327		0.075		0.169		0.0858	
Log pseudo likelihood	-546.056		-409.684		-762.915		-584.191	
No. of obs.	3092		3033		2965		2857	

Note: Robust standard errors have been adjusted for clustering at household level.

\*: 10% significance level, \*\*: 5% significance level, \*\*\*: 1% significance level.

## 6. Summary and Conclusions

The study has analyzed the impact of poverty, measured by income per capita and poverty line, educational policy (BOS Program), measured by the amount of the fund (in US\$) and also the Direct Cash Transfer Program, measured by the amount of the subsidy (in US\$), on the likelihood of children becoming child labor or not. The results imply that because of the poor conditions of households, parents send their children to work to get additional income. Older children are more likely to work than younger ones because older children will get higher wages.

The results also show that children are most likely to work in the farming field. This strengthens the wealth paradox between child labor and farm land ownership. Some studies support the finding that children, especially boys, from rich farm land will more likely to be child labor than children from poor farm land (Bhalotra and Heady, 2003). The positive relationship between child labor and land ownership and also land size clearly depicts this phenomenon.

The education level plays a crucial role among parents in deciding whether to send their children to the labor market or not. Usually education also has a positive relationship with income. The higher the level of parents' education is, the higher the level of income will be. The finding is in line with this theory and implies that parents' education and the poverty level of households are also highly significant in reducing child labor.

In the case of educational policy (the BOS Program), the BOS fund has a negative relationship with child labor. This implies that one way to reduce child labor is by giving some subsidy (fund) for education, and thereby children will be more likely to go to school. In other words, it will increase the school enrolment of children. Education is also a long-term investment. Giving a good education to children means preparing a better future for them.

Unfortunately, even though the direct cash transfer program gives additional income to parents, this program is insignificant and ineffective in reducing the incidence of child labor. A poverty reduction program that increases the productivity of the poor might be more effective than just giving money as is done for the Direct Cash Transfer Program.



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