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Children as Economic Subjects

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Build Children's Europe!

Children, Economics and the EU
– towards child-friendly policies



Save the Children works for:

- A world which respects and values each child.
- A world which listens to children and learns.
- A world where all children have hope and opportunity.

Save the Children works for children everywhere. We believe lasting benefits for children can only come about through changes in social values, public policy and practice.

To achieve such change we must:

- Lead through innovation and contribute knowledge and experience to a children's agenda for the new century.
- Promise a global commitment to children's rights through partnerships with national and international organisations and by drawing on public support.
- Demand recognition and action on behalf of the world's most vulnerable children, including victims of crisis.

Our work is all based on the rights of the child, first advocated by the founders of Save the Children and expressed today in the United Nations Convention on the Rights of the Child.

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The authors does not assume any responsibility for the summary.

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Foreword

Integrating child rights into economic policy formulations require tools for analysis. As a first step towards formulating such tools on EU level Save the Children organised the seminar Children and Economics in the EU – towards child-friendly policies. The seminar was held as a parallel event to the Ministry of Finance Informal Meeting in Malmö, Sweden.

The seminar emphasised the importance of including the rights of the child into economic policy formulations and also to provide some examples of how to visualise links between macroeconomics and the rights of the child, focusing on the EU. Policies that appear to have very little impact on children often have a bias for or against the best interests of the child.

Monetary policies, for example, do not affect different age groups in the same way, and their effects on children are rarely considered. 11 member states of the European Union recently embarked upon the development of a single currency without any study of the potential impact on the 90 million children of the EU. Many trade policies are child blind. EU-trade represents about 20 percent of the world trade. Many EU trade agreements have a human rights clause, but these clauses rarely, if ever, include children. To consider the situation for children and the way children's rights directly or indirectly will be influenced by an agreement is particularly important as many trade agreements are concluded with developing countries, and thus will affect a great number of children.

As this documentation will show can economic policies be helpful to children or hostile. They can make it easier or more difficult for parents to combine work and family life, create or destroy young people's chances of finding their first job. They can help create a secure home environment for children or take it away and can damage the lives of entire generations of children.

But what are child friendly economic policies? This documentation looks at some of the latest thinking on this important question, using experience from economists, academics and NGOs.

This seminar introduces links between economic policy such as EMU, trade policy, the enlargement process and the rights of the child.

It is Save the Children Sweden's believe that the seminar documentation will be of interest for children's rights NGOs, academics, decision makers, economists, and policy makers.

Introduction

Summary by Filippa Bratt

90 million and invisible – put the rights of the child on the European agenda!

Alfhild Petré, Head of the policy, research and development section at Save the Children Sweden, welcomes the participants to Malmö. The place for this conference has been carefully selected, bearing in mind that the EU's Ministers of Finance are holding their meeting at approximately the same time and in the same city. Save the Children Sweden's conference aims to put the rights of the child on the EU agenda. There are 90 million EU citizens under the age of 18 but nonetheless children and their rights are virtually invisible in EU policy decisions.

Yet there is no link made between children and economics in the agenda of the Finance Ministers. The Finance Ministers are not involved with children. In the best case we can see children within the social policy. The EU is an economic project. Save the Children Sweden wishes to draw the attention of the EU's Finance Ministers and other key people within economics to the issue of how the EU's economy influences children. One of the purposes of the conference today is actually to determine how children can be made visible within the EU finance policy. Save the Children Sweden wishes to ensure that all decisions that are made by the EU are based on a child perspective and comply with the UN Convention on the Rights of the Child (CRC).

The EU's expansion towards the East is currently one of the most topical issues within the EU. But in several countries in Eastern and Central Europe there are still many children who live under unacceptable conditions. Many children live on rubbish dumps and on the streets, also in Europe. Save the Children Sweden's demand for the EU is to put greater emphasis on the rights of the child and impose greater demands for improvements for children in the negotiations with those countries that wish to become members of the EU. Kent Härtstedt, a representative for UNICEF, is one of the speakers today who will elucidate on Eastern expansion from a human perspective.

There is a Convention on the Rights of the Child with which the EU countries must comply. A kind of framework for children's rights. But, when it comes to macro-economic decisions on e.g. trade, monetary and tax policy that influence children and their situation, children are invisible.

This does not help things to become better for children today, but is rather a discrimination of the child as children are not visible. Nor is there any budget in the EU that shows how much money is related to children. An analysis of the budget would provide an interesting perspective on where our money goes today. A better insight into these issues will contribute to the situation of children improving. The lectures today deal with how economics at the macro-economic level influence the life of the child. And what one can do to make the children visible within the EU and EU's finance policy.

But it is the view of Save the Children Sweden that it is now possible to discern a positive trend. During last year it was possible to see a tendency towards dealing with the subject seriously at seminars, UN meetings, in the World Bank and by governments around the world.

Children and Macroeconomics in the EU

Stefan de Vylder, Associate professor in Macroeconomics and independent consultant, Sweden
Summary by Filippa Bratt

Macroeconomics, that is to say issues relating to fiscal policy, monetary policy and currency exchange rate policy and similar issues, is directly linked to the life of children. Unfortunately there are very few who make this link today. The connection between the overall economic policy and the situation of children is still far from clear for the majority of people engaged in macroeconomics.

There is a need to also make the child visible in macroeconomic contexts, as children are absent in such economic discussions. But it is actually the case, in the view of Stefan de Vylder, that a poor central bank manager influences the situation of the child more than measures that have a direct relation to the child. When saying this he seeks to emphasise how important it is that persons possessing power and politicians who work with economic policy realise that their work is to a great degree related to the situation of the child. And conversely, that those who work with children also understand that overall economic policy influences children to a great degree.

In some respects, the EU is a old men's project, in the view of Stefan de Vylder. Many of the important economic/policy decisions are based on some kind of view that these decisions should benefit everybody. Stefan de Vylder is of the view that it is important to sometimes also present the question of how various age groups are influenced. For instance, does low inflation benefit families with children as much as the generation from the 1940s? Who is worst affected by high unemployment?

Another field that Stefan de Vylder has chosen to examine in more detail is the various budget items of the EU. If one compares the money that is devoted to children and young people with for example agricultural policy, one observes that the proportions are extremely unequal. While the Socrates Education Programme receives 5.5 million Euro, 365 million Euro are invested in agriculture. There is something wrong in this apportionment, in his view.

One of the reasons for interests of families with children not being protected sufficiently in the individual EU countries is that families with children being poorly organised. Stefan de Vylder considers that the low birth rate, not only in Sweden but also in other EU countries, suggests that there is some fundamental flaw in policy. Pensioners are much better organised and can thereby represent their interests well. Pensioners also have voting power (the grey vote), unlike children.

In order to illustrate how economic decisions have an impact on the situation of children, one can visualise a row of different circles radiating outwards.

The first circle: Matters that directly influence children such as, for example, day-care, schools, child healthcare and child culture. Within this circle we find the majority of people who work with children. The responsibility of the public sector primarily lies with the municipalities.

During the 1990s, the responsibility of the municipalities regarding, for example, education and day-care has increased while the State pulled out. Stefan de Vylder has also heard a former Minister of Education say: that education was not her re-

sponsibility but the municipalities'. The effects of this are both positive and negative. Negative consequences are, for example, that the differences in quality between various schools have become greater. Decentralisation always involves a risk for the widening of gaps.

The second circle: Policies and institutions that have a strong but less direct impact on children, but where the effects on the situation of children are communicated via parents. This circle embraces, for example, traditional social insurance, welfare and labour market policy. In discussions concerning these issues children are only included when one deals with family policy such as, for example, the amount of child allowances and maximum tariffs for day-care, but not otherwise.

The third circle: Within the third circle one can find monetary policy, fiscal policy, trade policy and currency exchange rate policy, etc. The influence on the child is here often indirect, but still great. Here children tend to completely disappear. For instance, no one presents the question of what impact the EMU will have for our children, says Stefan de Vylder.

In order to illustrate that the overall macroeconomic policy is rather child-neutral, one can take as an example the balance between inflation and unemployment, which actually represents the classic macroeconomic dilemma. Inflation influences countries, social classes and age groups in very different ways. In the well-developed industrialised countries with highly advanced capital markets, young families with children tend to finance purchases of homes with the assistance of loans. Generally over a life-cycle, what happens is that families put themselves into debt when the children are small and pay off loans when the children grow up. Some inflation can therefore have a less negative influence on young people and indebted families with children. Moderate inflation can even benefit their interests.

Stefan de Vylder is of the view that people of his own generation, the 40s generation and older, dislike inflation. Their housing loans are often repaid, the children have flown the nest and inflation is viewed as a threat to their savings and pension funds.

In Sweden, the EU and other industrialised countries, we have during the last ten to twenty years had an economic policy that has almost exclusively given priority to the fight against inflation. This is one of the reasons why Stefan de Vylder considers that the EU is an old man's project. If economic policy were to give priority to children and families with children, it would also be designed differently, in his view. Employment and welfare objectives would play a greater role.

Within the EU countries, the goal of low inflation is prevails over all else. This is definitely not always in the best interests of the child.

Another macroeconomic problem is unemployment. Which economists look at how the children of unemployed people feel. Perhaps reduced unemployment, rather than absolute price stability, is preferable if one looks at the needs of children and families with children.

Children are severely adversely effected by the unemployment of parents. Not only because the economic situation of the parents deteriorates – studies from various countries have also demonstrated that many children are adversely effected by various mental problems when parents are unemployed. In poor countries, where margins are small, unemployment can involve terrible consequences for children, such as

starvation, discontinuance of education and child labour.

Stefan de Vylder also mentions the issue of the link between the currency union EMU and the child. What does the EMU have to do with children?

One problem with a currency union is the inadequacy of adaptation mechanisms where the economies of countries are developing at different rates. Vital control mechanisms, such as currency rates and interest, are absent. There are, for example, no currency rates if one has the same currency. This also means that it becomes more difficult to adjust imbalances between the various countries. Stefan de Vylder compares Ireland, which today is booming and Germany, which is virtually in economic decline. It is not possible to have different interest rates within the EMU, and currency rate adjustments are indeed also inconceivable in a currency union. Should the Germans move to Ireland in order to get jobs? A currency union imposes great demands on mobility in the labour market; people must be prepared to move about to track down jobs to a much greater extent than previously. The ideal employee in the future EMU is, as someone expressed it, a 25-year old graduate who speaks four languages fluently and lives in a caravan.

Are variable currency exchange rates better, from the perspective of the child, than mobile parents?

Stefan de Vylder concludes by repeating his plea to make the child and the needs of the child visible within the EU, and within the overall macroeconomic policy within both the Union and the individual Member States.

Challenging discrimination against children in the EU

Gerison Landsown, Researcher and writer in children's rights
Summary by Filippa Bratt

The adult world has a rather ambivalent relationship towards children. Of course we all want the best for our children; to protect them from harm, ensure access to education, to health care and family life etc. We want to create a safe world for our children. But we consistently fail to take the necessary actions at both national and European levels to ensure these protections for children. Too often we fail to recognise the significant impact that policies have on children's lives, defining them exclusively within the framework of an adult agenda. Defining issues from an adult agenda will not give sufficient insight into the lives and experiences of children. We assume that we know enough about children's needs and interests to act on their behalf.

Children's status

Children are socially and politically excluded from most national and European institutions. They cannot vote, they have no access to the media and they have only limited access to the courts, etc. Without access to these processes, which are integral to the exercise of democratic rights, children and their experience remain hidden from view and they are, in consequence, denied effective recognition as citizens.

This is compounded by failure to ensure that the views, experiences and concerns of children themselves influence the process of decision-making within national and European institutions. It is not only right that discrimination against children through their exclusion from the European agenda should end, it is also of immense benefit to the EU as a whole that this should happen.

Children's healthy development and active participation are crucial to the healthy future of any society. The costs of failing children are high.

Children are more affected by the actions – or inactions – of government than any other group. Children are vulnerable to the impact of economic, environmental, consumer, employment, immigration and transport policies.

The moral and legal case for change

All European Member States have ratified the UN Convention on the Rights of the Child, which imposes detailed obligations on governments to respect and promote the human rights of children. In particular, the EU institutions should have regard to:

- The right of all children to respect for all the rights in the Convention without discrimination on any grounds (Article 2)
- The obligation to promote the best interests of children (Article 3)
- The right to life and optimum survival and development (Article 6)
- The right to be listened to and taken seriously (Article 12)

And Article 4 places clear demands on governments to take all necessary measures to implement these and other rights. However, this is not yet happening.

Children are widely denied any effective access to the courts, they have no right to vote nor any form of representation within the political institutions at national or European level. The examples of lack of power are many; they are the only people whom it remains lawful to hit in many European countries, they receive a disproportionately low share of EU expenditure, are disproportionately affected by general policies to restrict asylum and opportunities for family reunion and are frequently denied respect for their culture and religion in schools, etc. Where children are invisible to politicians developing social and economic policy, they suffer significantly.

The EU's broad definition of poverty recognises that it is not and cannot be an absolute condition, that it is relative to the social expectations of their society. This approach is affirmed by Article 27 of the Convention on the Rights of the Child, which stresses the right to an standard of living adequate for the child's physical, mental, spiritual, moral and social development. Parents have primary responsibility for supporting their children, but clear obligations are also placed on states to assist parents in this task. However, data from nine EU countries indicate that there was a rise in the number of children living in poverty over the period from the mid 80s to the mid 90s.

Children are especially vulnerable to the corrosive effect of poverty and social exclusion – their relative physical and emotional immaturity significantly weakens their capacity to resist its impact. It impedes educational opportunity, damages health, increases risk of accidents, precludes access to safe play, restricts aspirations and increases exposure to drugs, violence, unprotected sex and crime. A childhood spent in poverty can have a significant long-term impact on children's future capacities to move beyond a lifetime of social exclusion.

The extent of child poverty is not directly linked to the overall wealth of the state but rather to the policies and investment made by governments to addressing the issue. There is also evidence of a growing proportion of children at risk of poverty. There is evidence that public expenditure on adults has risen more rapidly than expenditure on children over the past decades. (UNICEF)

Children's vulnerability to the impact of economic policies and trends is clear. So is their worsening situation. There are more children in the EU living in poverty, more children living in workless households, and a lower proportion of public expenditure being directed towards their welfare. The negative impact of the social and economic policies which have produced these outcomes are not the result of deliberate intent. Rather they are the consequence of a failure to give children fair political priority and to give specific consideration to the impact of economic and social policies on their lives. The inability of children to lobby on their own behalf aggravates this situation.

EU responses to poverty and social exclusion

The EU has begun to take the issue of social exclusion and poverty seriously. But if this programme is to be effective, it cannot presume that just focus on parents or families will provide sufficient answers. A commitment must recognise that:

Children's experience may be determined by their parents' social or economic situation but will have different implications.

- It is for example necessary to know how many children live in homeless families. What impact does it have on their health, etc?

Children have lives which are separate from their parents.

- For example what are the causes of homelessness? What facilities exist for them, etc?

Children's and parents interests do not always coincide

- How do children feel about the child-care provided when their parents are working? What impact does it have on their well-being?

Different groups of children are affected differently by poverty and social exclusion.

- For example children living in immigrant families are disproportionately likely to be living in poverty and experience homelessness.

Children's own perspective

A consultation with children and young people in a number of EU countries shows that they have remarkable similarity concerns, despite of the children's widely varying ages, life experiences and cultural backgrounds.

They documented discrimination as a serious and widespread phenomena. They perceived themselves as a group who are discriminated against – having lower status than adults. They feel they are invisible to adults. In particular, they want greater account to be taken of the lives of children in the areas of education, environmental degradation, racism, family policy and poverty.

Children and young people are not satisfied with being invisible. They want to play a greater part in making policies and legislation which impact on their lives, not least because they feel that they have an important contribution to make.

One of the messages that came through was that children and young people feel that they are growing up in a very insecure and difficult world.

Some of the messages they gave to the EU were 'to work in such a way that young people can benefit from it' to take everyone seriously, to recognise that children as well as adult have views and sometimes children see things that adults don't.

So how should we move forward?

EU needs to plug six gaps in its current ways of working:

- Failure to give a high priority to children
- Lack of consistent promotion and protection of children's rights
- Lack of independent advocates for children at national and EU level
- Lack of effective co-ordination between different departments
- Failure to listen to children themselves

There needs to be a greater commitment to acknowledging children as citizens of

Europe. There must be a commitment to the development of democratic structures through which the concerns, views, experiences and aspirations of children and young people inform the decision-making forums of the EU. Listening to children is the most effective means for empowering them to exercise their right, for example in connection with child abuse inquiries.

We want a just, humane Europe in which everybody's rights for all are equally respected. We all want a Europe which promotes participative as well as representative democracy. Children must be part of the process of achieving those goals.

The children and the transfer economies in Eastern and Central Europe

Kent Härstedt, Chairman of the National Committee of UNICEF
Summary by Filippa Bratt

Kent Härstedt provides information on UNICEF's view regarding developments in Eastern Europe. It is very different to that held by the EU. It is also UNICEF's desire that the Swedish Government, during its presidency of the EU, discusses foreign assistance and humanitarian issues in discussions relating to Eastern expansion.

The UNICEF report *Generations in Jeopardy* illustrates a frightening and gloomy development in the countries of Eastern Europe, with the exception of the Baltic States and Central Europe. This report forms part of the basis for Kent Härstedt's presentation. For those who wish to conduct a more in-depth study of the subject, Kent Härstedt recommends reading *Generations in Jeopardy*.

First, it is relevant to split up the concept of 'Eastern Europe' into various countries with different needs, in the view of Kent Härstedt. Developments and pre-conditions in these countries are very different. The risk is that we mostly look at the closest countries such as the Baltic States (Estonia, Latvia and Lithuania) and Central Europe and assume that the other countries in Eastern Europe are at the same level. Turkmenistan is just one example that demonstrates that people in some cases are living under extremely difficult circumstances.

Kent Härstedt cites an article in the periodical *Newsweek* from 1989. That was the year in which the Berlin Wall fell. The article reflects the joy and the enormous expectations that existed then. Never before has such a tumultuous process occurred in Eastern Europe; eight countries became twenty-seven, top-controlled authoritarian systems developed into democracies, and plan economies became market economies and so on. But what really happened then?

These transformations were encouraged by the West. But there were no major efforts involving practical help provided. Certain assistance projects and various forms of twin-city projects were initiated, business was encouraged to invest, churches, trade unions and non-profit making and other organisations started various support and collaboration projects. But the surrounding world responded poorly to the challenges that people in Eastern Europe now had to meet. There was a kind of naive optimism that "it will sort itself out, when the Berlin Wall is torn down and the Soviet rule broken", according to Kent Härstedt.

For a long time one called it a 'transformation economy'. Perhaps the radical changes and reforms that were initiated will result in economic success in time. But the fact remains that those generations who grow up in many of the Eastern countries today are now growing up under very difficult circumstances. Many young people are socially and economically destitute. Furthermore, the economic gains that the market economy was to yield have been conspicuous by their absence. The consequences

of the failure to provide these resources are today a fact. The support that has been given is disproportionate to what the people in the East actually need. Institutions that functioned previously, such as pre-schools, hospitals and child-care, have ceased to function completely.

What UNICEF is critical about is the fact that the encouragement that was reflected, for example in the article and which was promised when the Wall fell, have not been followed-up with the support that these countries needed. The price and the human suffering that these countries have had to pay are extremely high. Someone must give these people a face, in the view of Kent Härstedt.

Kent Härstedt paints a picture of a depressing development in many of these countries. There are great social problems among the 150 million young people who today have lives that are even worse than their parents had. Living conditions have deteriorated. 75 million people have become poor. Class differences are substantial and pay has halved over the last eleven years. The average life expectancy in Russia has reduced by 6 years. Illnesses that were once eradicated have returned. Diphtheria is one example, and has affected at least 200 000 people and killed 5 000. Child mortality has increased, tuberculosis is again increasing after being in decline over 40 years, hiv/aids is extensive in many of the countries.

With an overview of these problems the picture becomes very unpleasant. Not only do the young generation want to leave their country – there has been an enormous increase in prostitution, misuse, violence and sex trafficking. This contributes to the younger generation longing to leave their own home-country, according to Kent Härstedt.

The social perspective never gets onto the agenda of the EU Ministers. This is an area that ought to weigh much more heavily in the discussions about the Eastern expansion than it does today, says Kent Härstedt. Nevertheless, we can see that problems are on our own doorsteps. Brothels, child pornography and criminality from these countries exist and can be seen also here in Sweden. We have a moral responsibility towards these countries, in his view.

If economic developments are positive, as they are at present, then it is a primary task to deal with these issues seriously. Otherwise what will happen if young people grow up in an environment with poor education, more illness, no social insurance, poorer food and more abuse. If their only wish is to leave their country? It is easy to understand that this has consequences that neither benefits them nor anyone else.

One of the most touching experiences Kent Härstedt has had is from a children's home in the city of Gomel in the Tjernobyl zone, in Belarus. The children's home is located in the district where the fallout from Tjernobyl was greatest. At the children's home Kent Härstedt saw in room after room children with deformities, children with hiv/aids and with other very despairing outlooks. The majority of these children had been abandoned by their parents, without protection and without hope for the future. Some of them were already dependant upon drugs, after having sought consolation in abuse. Divorce in the region has doubled in recent years and abuse and hiv/aids is extensive. The outlook for infants was deeply griping, but also symbolic of the consequences of the upheavals that many former Soviet States are now going through.

A paediatric hospital not far from the hospital, was also overcrowded with sick children. At the same time as the hospital had never previously had so many sick children, a consequence of Tjernobyl, the assistance had never been less. One of the leading paediatric hospitals in Belarus had been forced to purchase medicine for 4 000 US Dollars on credit. The economic crises were clear.

This experience has also contributed to Kent Härstedt wanting to provide these children and young people with a human face. UNICEF's task is to explain to people in the EU and the West how things really are. The issue of the fate of these people must in some way be afforded attention, in his opinion. Those who work with these issues today can be symbolised by a boy whose voice is breaking. More key people are required and more countries need to be involved in these issues in order to make any progress.

One way for UNICEF to enhance awareness concerning this issue is through conferences. In order to really reach out with the message, a conference is being arranged for the summer, to which we have invited many interesting people from various countries. Businessmen, journalists, Nobel prize winners and doctors – people who normally do not discuss these issues – have been invited to attend.

UNICEF wishes to have child rights issues and issues concerning Eastern Europe that are not addressed today put onto the EU agenda. And Kent Härstedt concludes by saying that, although he has chosen to illustrate the many problems in these countries, there is much that is positive too. In his view, there is hope and young people believe innermost that it will be better in the future.

Children as economic subjects

Herve Corvellec, Lecturer in Business Administration, Attac Sweden
Text by Herve Corvellec

As a title, *Children as Economic Subjects*, aims to emphasize that the economic condition of children in Europe today relies on a paradoxical inconsistency: *Whereas, on the one hand, children are basically absent from economic theory, they are, on the other hand, omnipresent actors of everyday economic matters.* In my view, whereas children are a rather neglected subject of economic theory (in the sense of a subject of discussion or a field of knowledge), they are essential subjects of corporate and public sector activities (now in the sense of actors or participants). Let me detail this paradoxical stance so as to cast some views on the European Union's commercial policy.

A. Children in economic theory

Modern economic theory has claimed for quite some time now that it has abandoned the postulate of 19th century's economic theory that *all* economic actors can be homogeneously considered to be *homo oeconomicus*, i.e. highly passive, mechanical, egoistic, a-temporal individuals, that thanks to a perfect information and a boundless rationality are able to permanently balance their pain and pleasure so as to maximise their utility. And indeed economic theory claims to have introduced into its models different levels of rationality, different types of goals, different time perspectives and even different power attributions (Barre 1955/1975).

It nevertheless remains that the paradigmatic subject of neo-classic and neo-liberal economic theories is an *adult*. Economic theory is reluctant to approach children on their own terms. For most mainstream economists, children – if at all taken into account – are approached in reference to the model of the economic model who is an adult. (For that matter, a male one that I suspect is middle-aged, white, Christian, and city dweller. Economic theory blindness to age is for that matter only a sub-case of the more general blindness of neo-classic and neo-liberal economics for the individual, social, cultural and historical determinants of economic behaviour.)

This is even the case when economists do deal with children. Nobel-prize awarded Gary Becker, for example, settled in his influential *A Treatise on the Family* (1991) to present no less than “a comprehensive analysis that is applicable, at least in parts, to families in the past as well as the present, in primitive as well as modern societies, and in Eastern as well as Western Cultures” (p.3). Three quotes taken from his book will be enough, though, to show the sorts of views he has on children:

When parents have underinvested, both children and parents would be made better off if the children could borrow from them to finance the wealth-maximizing investment in human capital and then repay the debt when they are adults and their parent are elderly (p. 6, emphasis is mine)

The net cost of children is reduced if they contribute to family income by performing household chores, working in the family business, or working in the marketplace. (p.138, emphasis is mine)

Commodities like children, which are presumed to have modest price elasticities because they do not have close substitutes, generally do not change by large amounts except during severe business cycles. (p.148, emphasis is mine)

These quotes from a highly renowned economist do deal with children. But what they express is a total *contempt* for what children and childhood represent.

- How could he otherwise speak of *the price of children* (p.135);
- How could he imagine something as barbarian as a *demand for surviving children*; (p.170), a formulation that alludes there could as well be a demand for non-surviving children;
- Or how could he elaborate on the *interaction between quantity and quality of children* (p. 145 ff.) and measure the latter *by the income of children when they become adults* (p.230 and passim)?

As other mainstream economists, Becker seems more keen on exploring the technical possibilities of his mathematical model than checking what it postulates and leaves out against what other disciplines say about what he studies (see Pålsson-Syll, 2001). He approaches children not in themselves but in relationships to *the adults they will one day become*. He portrays them as hybrids between investment objects and rational economic actors, in other words *as miniaturised homo oeconomicus that serve their parents' patrimonial strategies*.

Does Becker realise that speaking of children he is talking about humanity in large? What is his consciousness made of? He simply deals with children like other economists explain why there exist different types of chickens, insurance policies or cars. No special place is made to *the specifically human*. And on that account, there seems to be a long distance between the moral values requested to be awarded a prize in Alfred Nobel's memory in economics and one for peace or in literature.

I cannot for reasons of time and space develop this reasoning with other examples. My claim is that mainstream neo-classic and neo-liberal economists tend to ignore the specificity of childhood. They fail thereby to treat children in their own right, even when they explicitly claim to do so as the example of Gary Becker dramatically shows. Such a failure has major practical consequences, as I will now illustrate.

B. Children in economic activities

Let us now leave the realm of economic theory abstractions and go over to the realm of economic activities of corporations and the public sector.

B1. Public services

Concerning the latter, one has first to observe that children are heavy consumers of public services (allow my view here to be strongly dependent on the Swedish context).

At birth, children have already consumed quite a lot of health care and they are likely on their way to the age of adulthood to pay quite a few visits to nurses, doctors, dentists and hospitals. They will attend day-care centres and spend numerous hours at school. Children stand for an impressive share of public library loans, musical

practice and sport activities and they are an enthusiastic performing arts audience. Playgrounds, parks and beaches are key public recreation areas for their well being. Cleanliness of the streets are essential when you live at ground level, whereas the existence of public transportation or safe bicycle tracks are essential when you start to experience an independence of movement, and have to learn how to connect choices and responsibilities.

It cannot be stated strongly enough that most aspects of the management of cities and of the public services (health, education, safety, transportation, environment) have a *direct* impact on the conditions of living of children. In this regard, any policy, and in particular *any economic policy, that in one way or another will reduce the quality and the accessibility (both essential keywords) to these services will end in damaging the quality of children's life, i.e. will be discriminatory and therefore anti-democratic.*

This is why it is important to reflect upon the impetuous demands for reforms of the public sector that one can hear throughout Europe nowadays in terms of the eventual impact of such reforms on children.

Some political groups of a liberal sensibility or organisations like the OECD (e.g. its PUMA program on public management and governance) or the WTO (e.g. GATS – General Agreements on Trade of Services) demand a reform of the public sector according to the canon of neo-classic and neo-liberal economics meaning:

- an intensified exposure to *national and international competition* through the creation of real or quasi-markets for public services,
- an increased *economic discipline* defined as a higher level of self financing and lower level of tax financing as well as a detailed economic accountability (e.g., performance evaluation procedures),
- and, although not always as openly, an increased *privatisation* of these services.

Children are conspicuous by their absence from this debate. The discussion about the reform of the public sector is about the need to cut *taxes*, to enhance *efficacy* (narrowly defined as cost per produced unit), and to enlarge the realm of *privately owned businesses* to the detriment of the public sector. The reform debate is in no way about the need to secure and even to better the position of children in society. This is no wonder, though, so long the debate is framed within the terms of neo-classic and neo-liberal economics: *how could an economic theory that does not actually acknowledge the existing of children provide guidelines for an economic policy that would respect children's standpoint and promote their interests?*

There exist today within the European Union a broad debate as to what extent the public services (health, education, culture, and public transportation) should be regarded as commercial goods. Intensive discussion took place, for example, at the Nice European Summit in December 2000 about which majority rules should apply to decisions concerning the establishment of rules governing the production of such services. However the debate is largely framed within the terms of a political agenda set by reference to the neo-classic and neo-liberal economic model. But such a model is, as mentioned earlier, at best blind to and at worst full of contempt for children: how could it serve their interests?

The public services are obviously in need of changes as the world within which

they operate mutates, our views about issues evolve and their political missions are re-defined. I strongly doubt, though, that the neo-liberal economic agenda, contemptuous as it is of children, can be beneficial to them and that turning as many public services as possible into commercial goods can be an answer to the broad variety of needs of children. What is needed, instead, is a change that takes into account the specific relationships that children have with public services out of their specific needs of protection and development and their specific positions in terms of vote and income. To me this calls for an acknowledgement by the European Union authorities that, not the least for the well being of children, health, education, culture, and public transportation are not goods like any commercial goods, whatever economists à la Gary Becker may claim.

BII. Commercial Goods

Dealing with the production of commercial goods, the picture of how private corporations acknowledge childhood is completely different.

Managers are much aware of the importance of children when it comes to:

- consuming,
- telling their (grand-) parents what to buy,
- serving as fashion leaders and trend setters,
- learning how to become consumers of the future.

Corporations spend correspondingly considerable efforts to attract the interest of all younger consumers (down to a very young age). Any parent will be able to tell you how broad, varied, rapidly evolving are the consumption patterns of kids and how endless their demands can be for, e.g., hygiene products (from diapers to hair spray), medicine, clothing, food, furniture, hardware, entertainment and educational products, insurance, telephone and the Internet, travel, and so on: *Youth is (obviously) a market!* (see Sonesson, 1999, for a review of Swedish research on the topic)

US corporations, perhaps because they have regarded young people as customers in their own rights for a longer time are doing particularly well on the youth market. *Disney*, *AOL-Time Warner*, *Procter & Gamble*, *Nike* excel at staging up endless rows of trends, norms and habits devoted to support their sales of TV shows, apparels, and body care products. Japanese *Sega* or *Nintendo* (Play station or *Pokemon*, which Gotta catch 'em all! must be the most systematic commercial use ever of children's long-standing interest for collecting) are not to bad either at flooding the market with kids-simply-must-have products. And not so few European companies, e.g. in the food industry (*Nestle*, *Danone*) or cloth retailing (*H&M*) too manage to play their game well.

Turning Western Europe into a single market has been a constant concern of European politicians ever since the Treaty of Rome. The so-called 'free circulation of goods' has been raised into one of dogma of European construction. By so doing, European authorities have created favourable conditions for the emergence of a European market, in particular for youth products.

Some aspects of this integration, such as

- the setting of high safety standards for toys,

- the legislation on child proof locks and warning signs on dangerous products,
- or the strict restrictions imposed recently on the marketing and selling of tobacco products are clearly beneficial to children.

Others such the European difficulties to in practice

- fight what remains of child labour,
- regulate the flow of advertisements targeted at young people (I recommend for that matter to the Swedish audience to spend a morning watching, e.g., a French TV channel the week before Christmas in order to see what intensive advertisement towards children may be like),
- or defend the existing regulations aimed at protecting the mental and moral development of children in the face of the pressures of rapidly evolving trans-border technology based services (Mitchell 1998) are more worrying.

Likewise, one can ponder over the cultural consequences of seeing this integration largely tuned to cultural products produced by trans-national corporations, many of them originating outside Europe itself. Disney's recent (ill) treatment of e.g., Victor Hugo's *The Hunchback of Notre-Dame* from Notre-Dame de Paris or of the ancient Greek myth of *Hercules* raises the issue of on which terms young Europeans are actually to relate to the European cultural heritage. An issue that, for that matter, takes us back to the importance to preserve the *quality* of and *accessibility* to the public services, in the case at hands particular the cultural ones.

The point is that the European Union is by far less interested in regulating trade than it is eager in enlarging its possibilities. Free circulation of goods is the European Union's commercial policy default value, i.e. what prevails unless something else is agreed upon, with all the difficulties European agreements involve. This means that, by a strange twist of mind, measures aimed at *protecting* consumers (in particular children) that should be viewed as positive, end being framed as *negative* as they imply a deviance from the norm that is the so- called free circulation of goods and its corollary that is the corporate freedom of action. By all means, European commercial policy has been more eager to liberalise the exchange of goods than to set up a European legal framework for the protection of customers, even if it has not totally neglected the latter.

As a result of this, European children today end being intensively exposed to the commercial strategies of extremely large and powerful corporations that are able to dictate their cultural and commercial norms throughout Europe and the rest of the world. An advocacy of the needs and interest for protection and development of children would in this regard require a radical re-definition of what is desirable in terms of commercial policy from giving a priority to the defence of the corporations' interests to giving a priority to the defence of consumers' interests, among them children.

Conclusions

It is, to summarise, quite a sorrowful picture one can draw of the current position of children in the European economy:

- *Children as investments to be managed:* Neo-classic and neo-liberal economists hardly 'see' children, and when they do they can be quite pathetic.
- *Children as costs to be cut:* Those who demand a reform of the public sector are obviously more concerned by the ideological and political aspects of such reforms (deregulation, privatisation, tax reductions) than by how they may effect children, although they are much dependant on such services.
- *Children as revenues to be cashed in:* Corporations view children as consumer rather as human and efficiently work on enrolling the solvent ones (those who can pay) into their commercial campaigns.

A situation that can be summarised in the paradox of children being an absent subject (in the sense of topic) from neo-classic and neo-liberal economic theory and the related policies whereas being increasingly present subjects (in the sense of actors) of everyday economy.

This is not a satisfactory situation:

- 1) *It is time for economists to learn from other disciplines, stop regarding children as adults in preparation, and acknowledge that they are humans in their own rights, with specific needs of protection and development.*
- 2) *It is time to acknowledge that as heavy users of the public services, children are effected in profound and diversified ways by the reforms that the public sector is currently undergoing throughout Europe.*
- 3) *It is time to grant the defence of children's interests as consumers a higher dignity than the preservation of the interests of the trans-national corporation that target them as consumers.*

The least one can demand the European Union is that it starts to actively work at making children visible in their own rights and develop child-friendly policies (Save the Children Sweden 2000). There is, therefore, a need to complement the resolution on the protection of children and the family adopted by the European Parliament in January 1999 which remains bound to classic family policy issues (protection of the family, specific support to mono-parental families, programs against child mortality, fight against domestic violence...) with a corresponding document outlining a protection of the child against the economic forces currently at work within the European Union.

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