PalStudent Journal
A Palestinian Scientific Journal for the Youth

ABSTRACTS: VOLUME 8, SPECIAL ISSUE {8th Undergraduate Conference}

CHILD LABOR AS "INSURANCE" UNDER OCCUPATION-LINKED INCOME SHOCKS: ESTIMATING THE HUMAN-CAPITAL DEBT IN PALESTINE

Nabil Osama Nabil Bader[1], Sameh Hallaq[1]*
Supervisor: Sameh Hallaq, Ph.D.[1]

[1] Department of Economics and Finance, Al-Quds Bard College for Arts and Sciences, Al-Quds University, Abu Dis, Palestine.

Background: Child labor in the West Bank is frequently described by economists as being driven by poverty, culture, or family choice. However, this study approaches child labor as a household coping strategy in response to income shocks resulting from occupational instability. Children's time can serve as an adaptive margin for short-term stabilization of household consumption when there is limited insurance against unemployment, restricted access to borrowing, and high uncertainty regarding adult employment.

Objectives: This study examines whether child labor in the West Bank functions as an informal household insurance mechanism against occupation-linked income shocks. It also aims to estimate the resulting "human capital debt" incurred through this coping strategy. Specifically, the research seeks to establish a validated baseline for the prevalence of child labor and hazardous work, measure children's responses to stress using defined responsiveness parameters for Palestine, and construct a non-monetary ledger of debt to quantify these effects.

Methods: The analysis utilized data from the Palestine Multiple Indicator Cluster Survey (MICS) 2019–2020, focusing on children aged 5–17 years residing in the West Bank. The baseline prevalence of child labor was validated against official benchmarks (PR.3.3 and PR.3.4). A stress test was conducted using closure-day equivalent shocks alongside published responsiveness estimates for Palestine. The projected increase in hours-only child labor was translated into three downstream burden channels: learning debt (expressed in standard deviation units), schooling attachment debt (percentage points), and hazard exposure debt (percentage points). The methodology is explicitly non-causal.

Results: At the validated West Bank baseline, 7.8% of children were engaged in hours-only child labor, 5.8% were exposed to hazardous work, and 11.1% were involved in some form of harmful child labor. Under medium shock conditions, hours-only child labor increased from 7.76% at baseline to 8.12% (moderate stress), 8.84% (severe stress), and 9.91% (extreme stress). The burden was unevenly distributed, with higher prevalence among children aged 10–14 years, males, those living in rural areas or refugee

Correspondence concerning this article should be addressed to the mentioned authors at the mentioned institutes.

E-mail: research@admin.alquds.edu
Palestine, Abu Dis, Al-Quds University

camps, and children from lower socioeconomic backgrounds. As stress intensified, there were measurable increases in learning debt, declines in school attachment, and greater exposure to hazards.

Conclusion: The findings support a constrained interpretation of child labor as a coping mechanism under structured economic stress conditions, rather than as purely a moral or cultural phenomenon. While causality was not established, the results indicate that occupation-linked income shocks are consistently associated with measurable increases in child labor and long-term burdens in education and safety. A key contribution of this study is the development of a transparent human-capital debt framework that quantifies the long-term costs of short-term household adaptation strategies.

Keywords: Child labor; insurance trap; occupation-linked income shocks; human-capital debt; West Bank; closure-day equivalents; schooling attachment; hazard exposure; mobility friction; labor-market access.

Correspondence concerning this article should be addressed to the mentioned authors at the mentioned institutes.

E-mail: research@admin.alquds.edu
Palestine, Abu Dis, Al-Quds University