

# The Underground Intern Economy

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Unpaid internships are often a recent graduate's first foray into the professional world. Internships—both paid and unpaid—provide a foot in the door and, in many industries, are de facto prerequisites for advancement to a salaried position. Many colleges and universities include experiential education in their degree programs, and allow students to receive academic credit for unpaid internships.

For millennials entering the job market, unpaid internships have become the equivalent of the entry-level job. But why are so many young people, even those with college degrees, eager to work for free? With more than half of recent graduates unemployed or underemployed, unpaid internships offer young people the alluring possibility of permanent employment in their chosen field.

The economy is still reeling from the financial crisis of 2008, and the number of college-educated Americans under the age of 25 has risen by 38 percent since the year 2000. Without enough entry-level professional jobs to go around, college grads are finding work wherever they can, as servers, baristas, nannies, dog walkers, and other professions that have not historically required four-year degrees. Internships offer young people—at least those who can afford to work unpaid—a chance to start a career of their choosing, rather than accepting any job that will pay the bills. However, the expectation that workers pad their resumes and portfolios with unpaid work feeds class divisions by excluding talented yet cash-strapped individuals from working in many industries.

Although there is no way of determining exact figures, it seems that a surprising number of unpaid internships breach minimum wage laws. Federal law dictates that unpaid internships must be: “similar to training which would be given in an educational environment,” “for the benefit of the intern,” must not “displace regular employees,” and that employers must “derive no immediate advantage from the activities of the intern and may in fact be impeded.” Whether these rules are followed perfectly or not, internships often provide a mutually beneficial experience for intern and employer alike—but not always.

Former New York state labor commissioner M. Patricia Smith began launching investigations into several companies' unpaid internship programs in 2009. Similar investigations by Oregon's Bureau of Labor and Industries found that profitable firms such as Centron Solar (now known as Grape Solar) used interns to work in place of paid staff persons. The intern who filed the complaint against Centron Solar, Paul Hughes-Rod, was eager to gain experience in the solar energy industry—but said that his internship duties at Centron, which included operating a forklift, entering data and installing computers, did not give him meaningful experience.

The practice of replacing paid workers with unpaid interns is illegal under Federal law and ignores commonly accepted ethical boundaries. Perhaps more unsettling is the potential long-term effects of the

normalization of illegal unpaid work. Northeastern University economist Barry Bluestone believes that employers may, “get used to using [illegal] unpaid interns, and think this is a way that they can reduce their costs, either to become more competitive or to make extra profit—this begins to create a new culture in which this is seen as a regular part of their H.R. activities.” Why hire someone to do what an intern can do for free?

Laws regarding unpaid internships allow for-profit companies to use unpaid labor only in extremely limited circumstances. But these laws, which are largely complaint-driven, are not effectively enforced. “In many cases we have inadequate regulation or inadequate capacity to enforce, or both,” said Dr. Bluestone, “I would say that [illegal] internships are part of a much larger problem. We are going through a phase now of a massive reaction of big business against regulation.”

Recent lawsuits brought by former unpaid interns against companies such as magazine giant Hearst Corporation and Fox Searchlight, have exposed the sometimes exploitive nature of internships at large, profitable companies. In February, Diana Wang, a 28-year-old former Harper’s Bazaar intern, filed a class-action lawsuit against the magazine for minimum wage violations. In court documents Ms. Wang’s attorneys allege that between August and December of last year, she worked up to 55 hours per week without pay at the magazine. Ms. Wang claims that the work she did for the magazine did not grant her a marketable skill set in lieu of wages—she alleges that she spent much of her time at Harper’s Bazaar hauling boxes and performing menial clerical work.

Most workers reap non-financial benefits from their labor in the form of job satisfaction, workplace camaraderie, and new skills or expertise. But for interns, these intangible benefits do not offer a legal or ethical substitution for wages. In Ms. Wang’s filing, her lawyers argue that, “unpaid interns are becoming the modern-day equivalent of entry-level employees, except that employers are not paying them for the many hours they work.” The idea that Americans are becoming accepting of unpaid internships as a common business practice, without the understanding of the pertinent legal obligations of employers, has struck a personal chord with me.

Like so many other recent graduates, I recently decided to work unpaid to gain experience. After graduating from college with a humanities degree, I had a difficult time finding a job in my field. I accepted an internship at a profitable, growing marketing agency—a position that I hoped would soon lead to a salaried job.

During the first few weeks of my internship, I discovered that some of the other unpaid interns had been working for up to five months without compensation. The line between employee and intern was blurry and sometimes nonexistent; we were often relied upon as if we were entry-level employees, but without the paycheck. For a few months I worked full-time and often stayed late. My supervisor and one of the managing partners praised my work and alluded to the possibility of an eventual job offer. But I began to feel disrespected: if I was so helpful, and my work was of such good quality, why was I denied a competitive salary? Of course, it was my own choice to work unpaid, and I learned some fundamental principles of online marketing during the three months I spent at this firm. But most of my

work-day consisted of menial, unsupervised tasks and mindless data-entry; for one project I wrote thousands of 160-character descriptions of web pages.

Unlike Ms. Wang, I have no plans to pursue legal action because I am afraid that it will be costly, ineffective and possibly detrimental to my reputation as I begin my career. Yet, part of the reason that employers are able to break labor laws with impunity is that interns rarely file complaints or lawsuits after being mistreated.

As unethical as unpaid internships often are, the young people harmed most by the abundance of unpaid internships are probably those who cannot afford to accept one. When potential employers sift through hundreds of recent graduates' resumes they are more likely to select candidates with professional experience in their field, even if that experience was unpaid—and therefore subsidized either by loans or parents' income. Those who can afford the luxury of unpaid work are able to ride out the recession and pursue a career path that is in line with their long-term goals. But, for the majority of recent graduates whose parents are unable or unwilling to pay for their living expenses, an unpaid internship is not a viable way to gain experience.