

China's Workers and the Emerging Intern Class

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Every day, the ranks of China's young workforce bubble with bright minds, a cosmopolitan vanguard, striving for a piece of the coveted "Chinese dream"—that level of technical and professional jobs and economic security never known to their parents' generation. But every day the race for Asia's globalization miracle masks a shadow labor market that uses the education system to exploit a hyper-competitive youth labor market, under crushing pressure to achieve middle-class status.

In September 2017, youth activists in Hong Kong launched a campaign to expose one facet of this growing phenomenon of youth in precarious manufacturing work: the labor advocacy group Students and Scholars against Corporate Misbehaviour (SACOM) called out one cutting-edge tech brand (<http://sacom.hk/apple-watch-3-exploit-student-workers-further-an-investigative-report-on-apple-watches-exclusive-manufacturer/>) for perpetuating exploitative labor practices in its supply chains in China. The group's investigation into the Quanta Chongqing factory—a mega-industrial facility in one of China's rapidly developing inland cities, which Beijing has been promoting as rising global export hubs—revealed a small army of young laborers. Although these student workers were, on paper, described as temporary interns, presumably apprenticing for skilled positions in electronics—they hardly matched the international profile of China's best and brightest marching toward technological progress: rather, they were, according to a recent research investigation, often engaged in the grudge work of neoliberal capital, toiling as many as 12 hours a day, sometimes overnight,

without the standard labor protections afforded to regular workers and in gross violation of China's regulations for protecting student interns.

SACOM accused Quanta, a Taiwanese-owned subcontractor for some of the world's leading tech brands, of forcing student interns to work under harsh conditions under the guise of educational programming. The work performed, according to the group's investigation, had little to do with training, nor was it compensated according to the skills or time they had invested in vocational school programs. And on an institutional level, their role as cogs in Apple's supply chain fueled a wider phenomenon of student workers being drafted as inexpensive "surplus" labor for China's export economy.

Ironically, these youth also fit the demographic profile of China's emerging consumer class, who relish their Apple, Samsung and Microsoft products as icons of a new material culture. The two sides of China's millennial caste—the surging "youthquake" of mass consumption, alongside an increasingly precarious and alienated wave of young low-wage workers, many of them among China's three hundred million rural migrants—represent two faces of China's rising young masses. Trapped between soaring ambitions and increasingly constricted prospects for social advancement, they are tethered to a labor market and a product market built on Digital Age sweatshops.

A "Social Responsibility" Crisis

Following SACOM's report, Quanta, a leading producer of laptops, and other electronic products denied the allegations in the press

(<https://www.theguardian.com/global-development/2017/oct/06/laptop-firms-accused-of-labour-abuses-against-chinese-students-sony-hp-acer>), though it did not directly refute the group's claims. But SACOM's campaign primarily targeted the top of the supply chain, calling on Apple (<https://www.theguardian.com/technology/2017/nov/21/apple-students-illegal-overtime-reports-iphone-x-foxconn-interns>) to adhere to its Corporate Social Responsibility code by reining in exploitation of student workers and pushing to improve wages and working conditions at its suppliers. Though Apple has publicly denied SACOM's claims on their specific charge that its longtime supplier Quanta (<http://www.chinalaborwatch.org/newscast/434>) was directly producing the Apple Watch Series 3 model in question at the Chongqing plant. However, activists dispute Apple's refutation, saying their investigations show that the company is still profiting from its intern workforce on an ongoing basis, though it appears to have since severed a specific recent contract under pressure. Recently, in fact, Apple issued its own report conceding that an internal audit had uncovered labor exploitation of interns (<https://www.theguardian.com/technology/2017/nov/21/apple-students-illegal-overtime-reports-iphone-x-foxconn-interns>) at a different facility run by another major multinational electronics supplier, Foxconn, its leading supplier and China's largest industrial employer with more than one million workers..

Following a similar pattern of plausible deniability, HP did not respond specifically to the charges following SACOM's reports, but later told The Guardian (<https://www.theguardian.com/global-development/2017/oct/06/laptop-firms-accused-of-labour-abuses-against-chinese-students-sony-hp-acer>) that it closely regulates its supply chain to ensure compliance with local labor standards. Multinational brands often distance themselves from smaller under-regulated subcontractors at

the base of its supply chain. Following a labor scandal, tech giants routinely promise to investigate such incidents under their voluntary social responsibility codes. But while companies perfunctorily reassure the public they will self-regulate their sourcing, the usual methods of internal supply-chain monitoring and factory audits have been criticized as ineffective whitewashing (<https://www.thenation.com/article/can-consumer-campaigns-actually-improve-tech-sector-labor-practices/>) by independent advocacy groups.

More broadly, the reports of widespread intern abuse represent the standard, not the exception, in China's low-wage manufacturing system. With more development moving (<http://fortune.com/2015/08/27/tech-manufacturing-relocation/>) into regional interior cities (<http://fortune.com/2015/08/27/tech-manufacturing-relocation/>) and manufacturing investment shifting to cheaper parts of Asia, the workforce is being dispersed across more remote areas, and labor watchdogs warn of downward pressure on wages and a decline in government regulation of working conditions.

An analysis from Hong Kong Polytechnic University

(<https://goodelectronics.org/news-en/interns-in-china-used-as-cheap-and-disposable-labor-supply>) researcher Jenny Chan (who is also a contributing editor of The Asia Pacific Journal) describes an intern labor pipeline in which significant numbers of the 18 million youth in vocational schools find themselves programmed as labor bots, powering assembly lines through the systematic cheapening of student labor presented as internships. These interns are often subjected to worse conditions and lower wages than the standard employees they work alongside in violation of China's internship laws prohibiting 16- to 18-year old students from working overtime and night

shifts. According to Chan, across China's manufacturing sector, scarcely regulated networks of low-wage casual student labor enable both government and commercial profiteers to profiteer from a "two-tier" labor system, under a legal rubric of vocational education.

China's electronics-export sector banks on young people's career aspirations to fill spots in its supply chain. As the exclusionary university exam system shunts millions of "leftover" Chinese students into vocational schools. The system is driven by and perpetuates collusion with multinationals with interns channeled into high-tech low-skill factories: as Chinese wages have risen with global manufacturing investments over the last decade, the internship infrastructure has simultaneously emerged as a way for huge corporations, including Honda and another massive Apple contractor, Foxconn (<https://www.thenation.com/article/wages-have-been-stolen-them-apple-workers-could-buy-1460-iphone-6s-month/>), to circumvent regulations and strip student-workers of their labor rights. Foreign-contracted Chinese firms exploit young workers as disposable seasonal labor required to work long illegal overtime hours to meet peak-season production demands (as when a new iPhone rolls out (<https://www.thenation.com/article/did-child-lab-or-build-your-smart-phone/>)), at the expense of their families, the school system, and low-wage workers of all skill levels.



Student interns working at Foxconn

Yet some of the hyperexploited interns in the investigation have sometimes displayed a savvy awareness of their degraded status. A 16-year-old interviewee told researchers (<https://www.thenation.com/article/did-child-lab-or-build-your-smart-phone/>): "Come on, what do you think we've learned standing for more than ten hours a day manning machines on the line?...There's no relation to what we study in school. Every day is just a repetition of one or two simple motions, like a robot."

Since the student workforce churns seasonally with the academic calendar, these feeder programs offer no professional development opportunities or promotional prospects. Interns are excluded from core social-welfare obligations that accompany standard employment, saving companies from matching payments, while they work the comparable, backbreaking hours, often as many as 60 hours a week including overtime. The paternalistic social structure, typically constructed around a dorm-like living arrangement, is designed to present a youthful atmosphere. But the insularity of the intern's work-lives, coupled with the constant surveillance of their activities, risks eroding student-workers' sense of personal autonomy as lines between their jobs and private lives blur.

The main feeders for this workforce are vocational institutions that, like for-profit trade schools in the United States, reflect the corporatization and commercialization of the “middle tier” education system. Since internships are incorporated into the training—while heavily promoted by local governments and teachers as a career springboard—young interns enter jobs hoping to prepare for careers as technicians, healthcare workers, or business managers. But by the time they discover they’ve been pipedinto seasonal season electronics-assembly lines with no training in their specializations, their time is already firmly controlled by their quasi-employers, who, through shady contract arrangements with schools and labor agencies, are able to expand work terms “to meet production needs, ranging from three months to a full year, with scant regard for student training needs.”

At Foxconn, China’s largest industrial employer, for example, students who are legally exempt from “medical insurance, work injury insurance, unemployment benefits, maternity insurance, and old age pensions” are also, because of their trainee status, excluded from the standard on-the-job “skills subsidy” for long-term workers, despite being typically underpaid.



Student interns en route to their assignments

At Quanta Chongqing, similarly, recruiting firms had reportedly drawn students from local vocational schools (<http://sacom.hk/apple-watch-3-exploit-student-workers-further-an-investigative-report-on-apple-watches-exclusive-manufacturer/>), helping to stock the assembly lines with more than 60 percent of the total workforce, according to one mid-level manager. In language reflecting the on-demand global tech economy, he explained to researchers that students served as a more “flexible” spigot of labor than the older worker pool who might be hired for longer-term jobs: “It takes only a few weeks,” he said, “to order those students from the schools....The factory doesn’t want to keep too many regular workers as it gets far fewer orders during low seasons. You can’t easily fire workers if they are regular employees, but you can tell the interns to leave at almost any time.

SACOM has accused Quanta of violating both domestic labor law and Apple’s corporate code

of conduct. Existing policies require generally that student internships in the manufacturing sector involve work relevant to their major. But overall, the intern experience today reflects the structural incentives in the neoliberal global economy to rely on a fluid, liminal workforce of expendable workers, as interchangeable as the widgets they produce.

The charges brought against Quanta fit a grimly familiar pattern of young students being pressed to work in manufacturing facilities as part of a school-mandated internship. But the persistence of the pattern over years, despite existing laws limiting internships to education-related activities, show that current oversight mechanisms are failing. Whether this is a product of suppliers managing to continue finding ways to circumvent the law, often in collusion with local governments, or of regulators being under-resourced or corrupted, a sense of malign neglect surrounds the supply network. This is most clearly borne out in the public denials among multinational firms operating in China. While companies like Apple may be technically able to downplay links to certain subcontractors with unsavory track records, watchdog reports regularly turn up contravening evidence, tracing at least some parts of various devices back to unregulated subcontracted facilities with brutal labor practices. The links are often indirect, and perhaps increasingly institutionalized, as complicity throughout the industry keeps global importers, China-based vendors, and multinational subcontractors intertwined under a status quo of mutually reinforcing profits.

According to Chan, because of the scarcity of decent job opportunities for students excluded from university, employers readily capitalize on the rising vocational-worker surplus, knowing that, by law, interns “don’t have the right to join trade unions,” and, in turn, “are wanted also because they can be used to break the strikes or to divide the labor force. This is integral to control of the work force.”

Chan also argues that recent reforms purporting to standardize internships might have further entrenched the two-tier system, since the measures “institutionalized the reality that interns would be paid at 80 percent of employees of the same positions.” So in effect, “the state is actively shaping and sustaining labor precarization.”

There are signs that the government is getting more serious about cracking down on intern abuses and pressuring corporations to police their own supply chains. For example, the central government promulgated (<https://www.chinalawblog.com/2016/05/china-institutes-new-student-intern-rules.html>) a new internship law (<https://www.chinalawblog.com/2016/05/china-institutes-new-student-intern-rules.html>) for vocational students in April 2016, setting age limits on hiring students and adding parent consent mandates as well as standards for three-party contracts for schools, businesses and students. SACOM’s report on Quanta notes that another Apple supplier, Foxconn Zhengzhou, under pressure from critics, issued a memorandum (http://sacom.hk/wp-content/uploads/2017/09/Apple-Watch-3-Exploit-Student-Workers-Further_SACOM-20170922.pdf) in the summer 2017 barring the hiring of all students under 22 years of age and clarifying vetting requirements for hiring older students.

Though this appears to indicate that the company, and Apple, as the chief contractor, are focused on compliance, the crisis at Quanta suggests that massive exploitation continues, even within a framework of voluntary corporate “compliance.”

Moreover, Chan noted in follow-up correspondence that while the government moved to tighten regulations in 2016, recent labor investigations suggest the practice of pressing interns into excessive shifts has persisted at Foxconn

(<https://www.theguardian.com/technology/2017/nov/21/apple-students-illegal-overtime-reports-iphone-x-foxconn-interns>), and the cases that have attracted media attention represent “probably the tip of a huge iceberg.” Noting the role of global electronics brands in creating an “on demand” manufacturing system that relies on precarious intern labor, she adds that although there might be “pro-labor legislators at the center...the new rules on internship governance are weakly implemented thus far.” Amid market forces buttressing corporate impunity, the integrity of the regulatory system may hinge on civil society and independent labor activism through grassroots initiatives like SACOM.

The Global Incorporation of Education in the Neoliberal Era

Once a vaunted institution of social advancement in Chinese society, vocational schools have turned into clearinghouses for working-class youth, as bosses and local officials pressure program managers to dispatch short-term laborers to meet companies’ production goals. Yes, students nominally volunteer for these programs, but as Chan explains, interns are socialized and taught by teachers to “unthink exploitation” in a way that, in the eyes of the state, rationalizes the expropriation of their undervalued labor.

Parallel examples can be seen in the United States

(<https://www.thenation.com/article/new-york-city-now-protects-interns-against-sexual-harassment-one-major-loophole/>) with a similar internship model (<https://www.thenation.com/article/student-internships-haves-and-have-nots/>) that treats the pre-professional internship program (often available to college students or recent graduates) as a form of apprenticeship that is generally exempt from the federal regulatory standards that apply to regular workers.

Instead, a parallel legal framework has emerged, one established about 70 years ago, long before they became a white-collar training ground in professions ranging from entertainment to law offices. Journalist and activist Ross Perlin has explored the structural implications of this for the wider US workforce, positing that equity at every level of labor is undermined when the law grants corporations unlimited authority to employ an underregulated contingent workforce with the intention of meeting spot labor demands with as few legal obligations as possible. Any two-tier system of labor, Perlin argues, promotes displacement and substandard work. This is even the case in white-collar professions when a surplus labor force is available, particularly when young trainees are desperate to “break into” a field. The system often operates with impunity in collusion between the intern's educational institution and the firm.

The pattern currently unfolding in China’s student labor system illustrates one extreme example of the consequences of this convergence of educational, political, regulatory and business institutions in a cycle of exploitation and structural corruption, affecting the entire spectrum of the economic hierarchy, from the classroom to the corporate boardroom.

Intern Ethics

The fundamental ethical dilemma (<https://harvardlawreview.org/2016/02/glatt-v-fox-searchlight-pictures-inc/>) underlying the internship system is that interns eviscerate the wage system by allowing academic credit or ill-defined “learning experience” to lower or eliminate their compensation to the benefit of the firm. The legal definition of an internship requires that the work offer “primary benefit” in the form of vocational or educational reward, to the intern. But often, the employer capitalizes on degrading the real-life value of

the work as a vocational program and by setting intern wages far below standard wages for workers they essentially replace. To an even greater extent, perhaps, than professional industries in the US, China's intern economy has been captured by a liminal labor infrastructure in which the state, corporations, and the educational bureaucracy cooperate to maximize production and profit at the student's expense.

Nonetheless, Perlin also reflects on the potential ramifications of reform—noting a backlash that has emerged recently in some industries as interns have taken legal action and campaigned to end the abuse of unpaid and underpaid internships. Though there has been some legal backslide, he argues that the momentum is on the side of the many workers at all tiers of the workforce who see the corrosive effects of internships on workplace standards. This will require, he points out in a recent commentary, stronger regulations that align internship conditions with those of federal labor law. As the two-tier structure is leveled out, he argues in a New York Times commentary (https://www.nytimes.com/2015/07/03/opinion/interns-victimized-yet-again.html?_r=0), “those workers who have been displaced or in many cases replaced by unpaid labor, by unpaid interns, will benefit.

In China, a regulatory overhaul could yield similar benefits for students and the workers they often replace, if it provides a streamlined way of investing in their education in a career-track job. When the law incentivizes a more balanced distribution of jobs across different social segments, the resulting restructuring of the labor force will allow a more orderly economic procession that encourages more sustainable development, which the government is already trying to promote in order to harness the country's overheated expansion.

The tech sector might be especially primed for change, given the relative mobility and international exposure of the workforce: Part of China's recent efforts to reform intern labor has called for reducing the number of internships—for example, by aiming to cap intern employment at 10 percent of a facility's total workforce and no more than 20 percent of workers in a specific position—and importantly, ensuring some educational programming is incorporated into existing internships. International industry associations such as the Electronics Industry Citizenship Coalition have called for revamping vocational education systems (<http://www.eiccoalition.org/news-and-events/news/credentialed-schools-china/>) in order to improve program quality. Still, applying these regulations remains dependent on the industry's willingness to pioneer a new model of public accountability and social sustainability, which is spurred from below by public pressure from the next generation of worker-consumers.

The trend of “proletarianization” of students should also inform American and global debates on the future of work. In the current national push to train and uplift the semi-skilled workforce and revive manufacturing after decades of offshoring (<https://www.nytimes.com/2017/01/30/education/edlife/factory-workers-college-degree-apprenticeships.html>), US communities should be wary of what kind of work President Trump is promising to “bring back” from abroad. The potential for shared exploitation—not the shared prosperity neoliberalism professes to give us—makes the rights and welfare of China's intern class deeply relevant as young workers worldwide grapple with the question of what kind of future they can build.

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