Generation i

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The internship

Temporary, unregulated and often unpaid, the internship has become the route to professional work

"DON'T talk to the press. Have a good attitude. Always say yes. You are not here to change the world." And ladies, please, "Do not put us in a position to remind or suggest what qualifies as proper attire."

These are among the instructions given to interns in the office of John Boehner, the Speaker of the United States House of Representatives, in an 80-page manual accidentally left at a Capitol Hill house-party last summer and then posted online. Interns in "Boehnerland", as his offices are known, spend their time answering the phone, sorting through the post and giving tours of the Capitol ("Do not make something up."). They are instructed to point out a photograph of Mr Boehner with his high-school friends, "illustrating [his] humility".

Boehnerland's Washington offices are employing 24 unpaid interns this summer. The 534 other members of the House and Senate have many more—no one knows exactly how many, because Congress is exempt from freedom-of-information laws, but perhaps 6,000, with more in spring and autumn. Down the Mall, the White House has employed 429 unpaid interns in the past year. The Supreme Court has its own programme. In all, each summer between 20,000 and 40,000 interns work in Washington's government departments, lobbyists, non-profit groups and firms.

The internship—a spell of CV-burnishing work experience—is now ubiquitous across America and beyond. This year young Americans will complete perhaps 1m such placements; Google alone recruited 3,000 interns this summer, promising them the chance to "do cool things that matter". Brussels and Luxembourg are the summer homes of 1,400 *stagiaires*, or embryonic Eurocrats, doing five-month spells at the European Commission. The "Big Four" audit companies—Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers (PwC)—will employ more than 30,000 interns this year. Bank of China runs an eight-week programme ("full of contentment, yet indescribable", according to an intern quoted on its website); Alibaba, a Chinese online-retailing behemoth, has a global scheme. Infosys, an Indian tech giant, brings 150 interns from around the world to Bangalore each year.

From here to internity

The term has different meanings in different places. In Japan, for instance, an internship tends to be a three- or four-day assessment of potential recruits. DeNA, a Tokyo-based software company, runs a four-day internship of this sort, for which participants are paid ¥100,000 ($950). Sometimes the term is stretched. For Foxconn, which runs electronics-assembly lines in China, students toiling away alongside other workers have on occasion been labelled "interns"—at times they have numbered up to 150,000.

Yet in the West and increasingly in the rest of the world, internship is becoming the first step to a white-collar career. What does this mean for employers, and for the next generation of employees?

The first interns were doctors. According to "Intern Nation" by Ross Perlin, one of the earliest mentions is in a report to the trustees of a Boston hospital in 1865. From the 1930s the cities of Los Angeles, Detroit and New York, and the state of California, ran internships in public administration. By 1956 a survey found 42 public-administration internship programmes in America, from California's Department of Mental Hygiene to Minnesota's Highway Authority. In 1960, borrowing a term used by French restaurateurs, the European Commission recruited its first *stagiaires*.

As the apparatus of governments grew, so did the number of placements. By 1983 the *stagiaire* programme had swollen from three students a year to 500. Firms began to adopt the idea, too. Many had long employed apprentices, who were paid while working for a professional qualification. But these tended to be for blue-collar jobs, whereas internships were for the well-heeled or the fast-track. Jacqueline Kennedy, née Bouvier, won a year-long internship at

Vogue (though in the end she did not take it up). In 1976 more than half of American television newsrooms employed interns; by the 1990s nearly all did. Nowadays, according to America's National Association of Colleges and Employers (NACE), 63% of American students do at least one internship before graduating.

One reason is a far larger graduate labour pool. In 1970 one in ten Americans over 25 had a bachelor's degree; now a third do. That means jobseekers need an edge. "If you don't have an internship you won't get an offer," says Richard, a foreign-exchange trader who got his job at a London bank following a ten-week placement last summer. Globalisation has increased competition for plum jobs: more than half of his fellow interns were from overseas.

Whereas Richard's 30-something bosses joined straight from university, nearly all the bank's employees now start in its intern programme (or that of a rival). According to High Fliers, a market-research firm, more than one-third of graduate vacancies in Britain are now filled from firms' own internship programmes. "They are applying earlier and earlier," says Gaenor Bagley, head of human resources at PwC, which this year will advertise its 10,000 internships at universities' freshers' weeks.

There is much to like about the intern boom. Employees can experiment with different careers before choosing one. And for recruiters internships are a way to sift candidates, a harder process as work has become more complex. The rise of automation and outsourcing means graduate jobs now involve fewer routine tasks and more varied responsibilities, says John Van Reenen of the London School of Economics. That makes it difficult to judge candidates by their CVs.

Internships have thus become a "critical pipeline" for hiring, in the words of Amazon, which counts former interns among its vice-presidents. An analysis by LinkedIn of the CVs of more than 300m members found that though industries varied in the number of internships they offered, in many of them more than a quarter of interns progressed to full-time jobs in the firm where they did their placement (see chart). More than half of investment-banking recruits at Goldman Sachs and Morgan Stanley come via their intern programmes. Selection processes in banks are as gruelling as for new hires—and pay is as generous. Richard earned £45,000 ($75,000) pro rata, the same as a first-year employee.

The rise in internships has been encouraged by universities which, anxious to justify sharply rising tuition fees, are seeking to get their students on the path to jobs. Oxford University's careers service has set up an "internship office", which tries to find students placements for their summer holidays and after they graduate. Stanford has a small campus in Washington, DC, where students can live while they do internships in the capital, which the university helps them organise.

Another motive for American colleges and universities is that 90% offer academic credit for work placements, sometimes during term time. A growing number make an internship a condition of graduating for at least some courses. And students usually continue to pay fees while doing them. "For universities it's really cheap money," says Gina Neff, a professor of communication at the University of Washington. "They are getting tuition dollars and not having to spend instructional dollars." Some internships are valuable, she says, citing one she oversees in which students work on local newspapers with support from teachers. But some are not: she vetoed a Hollywood PR-internship after it turned out to be little more than an unpaid job promoting films on campus. Some universities might have pocketed the fees and looked the other way.

All work and no pay

The most enthusiastic employers of unpaid interns are those that generate a lot of menial work, and are glamorous enough to get people to do it for nothing. "The whole fashion industry would crumble without interns," says one who spent four unpaid months working for a tyrannical photographer, who demanded that his drinks be served no warmer than 4°C. Watching million-dollar shoots and making contacts while ironing, cleaning toilets and lugging equipment around is worthwhile, he says. But he has witnessed appalling abuse of the unpaid graduates who (he estimates) make up one-third of the people he has worked with in fashion. "If you report it, your career's finished."

Unpaid internships are becoming the norm. According to NACE, they make up nearly half the internships undertaken in America. "We presumed we were going to get paid," says Lee Becker, a professor of journalism at the University of Georgia who earned money during stints on the *Kentucky Post* and the *Wichita Eagle-Beacon* in the 1960s. By 1997 only 57% of American journalism students said they could find a paid internship. By 2010 the figure had fallen to 34%, where it has remained since. "These days, no one is going to pay if they don't have to," Mr Becker says. In Britain the National Council for the Training of Journalists found that entrants to the profession had done seven weeks of internships or work-shadowing on average, 92% of it unpaid. (One exception is an annual scheme at *The Economist's* London offices, which pays £6,000 for three months.)

Perhaps not coincidentally, the number of unpaid internships has grown just as hiring has become riskier, pricier and more complex. In recent years anti-discrimination and unfair-dismissal rules have been tightened, and minimum wages raised, in many rich countries. The growing cost of benefits such as pensions, health care and maternity leave makes employees more expensive. Interns have therefore become an appealing alternative.

Ireland's "national internship scheme", a government-sponsored effort to help unemployed people gain work experience in return for €50 ($65) per week on top of their social-security allowance, was criticised for listing "internships" stacking supermarket shelves. Some industries recruit vast numbers of interns compared with the number of entry-level vacancies. Of a sample of German university-leavers studied by Annette Harms of the University of Lausanne, the media accounted for 9.5% of their internships, but only 2.1% of the full-time jobs they eventually landed. The ratios of internships-to-jobs were similarly steep in publishing, the arts and politics.

Employers do not need to worry too much about how they give out internships, either. Government jobs usually have to be advertised openly. Not so for Capitol Hill's internships, which are frequently used as thank-yous for donors.

The White House internship programme—whose stated mission is "to make the 'People's House' accessible to future leaders from around the nation"—found room last summer for the children of a former treasury secretary, a former chief of staff to the vice-president and assorted Democratic donors, the *Washington Post* noted. An analysis by the *New York Times* of 1,500 unpaid interns in the office of Michael Bloomberg, then New York's mayor, in 2002-13 established that one in five had been recommended by someone in the administration. This year's City Hall interns include Chiara and Dante de Blasio, the new mayor's children.

Internships can even be bought. Washington has several organisations which promise to get students an internship for a fee. The largest is the Washington Centre, which has placed nearly 50,000 interns since 1975. It charges $6,200 for procuring a ten-week summer position (and offers housing for an extra $4,350). It says it has placed clients at the Treasury, the State Department and the White House. Dream Careers says it has sold more than 13,000 internships in firms from Standard & Poor's to Moschino. Fees for its eight-week internships, including housing, start at $8,000.

In America unpaid internships in profit-making firms were given the green light by a 1947 Supreme Court judgment on trainee railway-brakemen. The court ruled in favour of the Portland Terminal Company, which did not pay them during the seven- or eight-day training course they had to start with. The federal minimum wage "was obviously not intended to stamp all persons as employees who…might work for their own advantage on the premises of another", the court said.

This established an exemption from federal labour law for trainees—which is, firms argue, what interns are. A checklist devised by the Department of Labour stipulates that in order to be unpaid, an internship must be "similar to training which would be given in an educational environment", must not displace employees and must not give the employer any immediate advantage from the intern's labours.

American courts are starting to find that many internships fail these tests. Last year a judge ruled that Fox Searchlight Pictures had broken federal and New York minimum-wage laws by not paying two interns working on "Black Swan", an Oscar-winning film, who spent their time answering the phone, booking travel and taking out the rubbish. "They worked as paid employees work, providing an immediate advantage to their employer…They received nothing approximating the education they would receive in an academic setting or vocational school," the judge wrote.

More than 30 similar lawsuits have been brought in America against firms including Sony, NBC, the Donna Karan fashion label and the Pittsburgh Power football team. Some have been settled: last October the Elite Model Management Corporation agreed to pay $450,000 to a group of more than 100 former interns who argued that they had done the work of ordinary employees in its New York office. A few months earlier the production company of Charlie Rose, a talk-show host, agreed to pay about $60,000 to interns who had worked on his show.

Laws are also being changed to illuminate the legal twilight in which interns operate. In 1995 Bridget O'Connor, an unpaid intern at a psychiatric clinic in New York, brought a case for sexual harassment against the clinic and one of its doctors. Her case was thrown out, and her appeal turned down, on the ground that as she was not an employee, she was not protected by the relevant employment laws. After a series of similar cases, the states of New York and Oregon, as well as Washington, DC, have passed laws specifically protecting unpaid interns from sexual harassment. California looks likely to follow.

Some European countries are changing their laws to accommodate internships. In Italy a labour-market reform passed in 2012 mandated pay for interns of at least €300 per month, rising to €600 in some regions. Spain has introduced "training and apprenticeship contracts" of up to three years, under which workers are paid a lower wage while they learn the ropes.

Some firms are now rethinking their unpaid schemes. Last month Bell Mobility, a big Canadian mobile-phone firm, scrapped its unpaid internship programme, a year after a former intern had sued it (unsuccessfully) for back-pay. Some media companies, including the *New York Times* and the *Atlantic*, have started paying their previously unpaid interns. Others are simply wording advertisements more carefully, rather than changing working conditions. Earlier this year Britain's Conservative Party produced a memo to MPs on how to "reduce the risk of potential hostile questioning" about unpaid interns. Job ads should avoid phrases such as "You will be expected to…" and instead say, "The kind of activities it would be great to get some help with include…", it advised.

Change is slow. In the meantime internships, instead of being a foot in the door for youngsters of all backgrounds, can be a barrier to those who lack the connections to get them or the finances to forgo pay. According to a 2009 government report in Britain on widening access to professional jobs, many placement schemes are run in a way that means "employers are missing out on talented people—and talented people are missing opportunities to progress", with negative consequences for social mobility. If internships are unpaid, "it's likely that you're going to limit the opportunity to young people from well-off families," says Bernie Sanders, a left-wing senator from Vermont who is one of the very few American congressmen to pay interns. The $10.10 per hour they receive is "not a lot, but enough that we open it up and give more people the chance to participate in the experience," he says.

When the first rung is broken

Those consequences of the shift away from paying interns are hard to measure, but there is some evidence that access to jobs has been restricted. Lindsey Macmillan of the Institute of Education at London University has used a data set covering a dozen professions, from engineering to law, to compare those born in 1958 with those born in 1970. The older cohort grew up in families with incomes 17% higher than average; the younger in ones that were 27% better off. The intake of some professions has been transformed: journalists used to come from families 6% better off than average, whereas now they come from homes that are 42% richer (meaning they are from wealthier homes than bankers of the same age).

Some of this could reflect the fact that those professions have become more desirable, and therefore attract brighter, richer candidates. But Ms Macmillan and her colleagues compared IQs and found that the younger cohort of professionals was, on average, slightly dimmer than the previous, poorer generation.

It would be a stretch to pin all this on internships. But there does appear to be a barrier to social mobility facing those leaving university. Looking at a cohort born in 1986—today's 28-year-olds—Ms Macmillan found that the privately educated were more likely to enter prestigious professions, even when taking degree-class, subject and university into account. She wonders if they are calling on family finances to delay their job search: six months after graduating, the privately schooled are less likely to have a permanent job.

That seems to tally with the picture on Capitol Hill, where mainly well-off young graduates spend their days furtively job-hunting while working unpaid in Boehnerland, or somewhere like it. Employers of unpaid interns argue that, with hard work, bright people will find a way to make it. “The Pursuit of Happyness”, a film starring Will Smith, tells the true story of a homeless man who worked through an unpaid internship as a stockbroker, finally getting hired. Congressmen like to tell their own stories of overcoming poverty and adversity: Paul Ryan, for instance, worked in a gym and poured margaritas at a Mexican restaurant in order to fund his own start as an intern, before going on to become a congressman and run for vice-president. It is a heartwarming story—particularly, one imagines, for Mr Ryan’s own interns, whom he does not pay a cent.

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