

# On AI, Child Labor, and the Tech Industry [Investigations]

With names like Apple, Tesla, Google, and many more, how has this issue gone overlooked?



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Hey, it's Devansh 🙌🙌

*Some questions require a lot of nuance and research to answer (“Do LLMs understand Languages”, “How Do Batch Sizes Impact DL” etc.). In Investigations, I collate multiple research points to answer one over-arching question. The goal is to give you a great starting point for some of the most important questions in AI and Tech.*

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*Sous les pavés, la plage*

*French for “Under the cobblestones, the beach!”*

Every November 14th, my home country (India) celebrates Children's Day. Given how special this day is, I decided to do a special piece to celebrate it. In today's article, we will

be covering child labor and how some of the largest tech companies are exploiting children for their profits.

*At any given time, an estimated 40.3 million people are in modern slavery, including 24.9 million in forced labour 1 in 4 victims of modern slavery are children.*

*According to KTC (Know the Chain), “the majority of technology companies remain “negligent in their efforts to address forced labour.”*

-Source

Specifically, we will address the following questions-

1. **Why Child Labor-** Why children are more profitable than adult laborers.
2. **Why nothing happens-** Even though these companies have been engaged in *some* high-profile disputes, these companies are able to get away scot-free.
3. **What we can do about it-** Here’s how you can put some pressure to actually make a difference.

As far as existential/societal risks from AI/Tech go, this is an issue that needs to be addressed immediately. Without further delay, let’s get right into it.

## **Why Companies Love Child Labor**

Whether it’s chocolate producers like Hershey and Nestle, apparel stores like Nike, car manufacturer Hyundai, or Big Tech companies: companies find themselves using child labor in their supply chains at some point or another. Why is the usage of child labor so common? Simply put, there are a few reasons why using child labor is economically smart-

1. **Ease of Exploitation-** It’s much easier to intimidate, scare, and coerce children than it is to do so for adults. Since trafficked children also lack a support structure around them, they are also less likely to fight back against exploitation. You can make them work in terrible conditions, pay them lesser, and thus really improve your margins.

2. **Lower Maintenance-** Children need less food, water, and space- all reducing operational costs when compared to adults.
3. **Smaller Bodies are better for certain tasks-** Have tight spaces that you need to get into? Send a child. Need to thread through small needles? Or fine electronics? Use a child.

Keep in mind that many of these tasks (mining, harvesting, electronics, etc) are very physical and menial in nature- so the better-developed capabilities in an adult don't have the same ROI.

Keep in mind that child labor often occurs in underprivileged communities that don't have much of a voice and are in dire financial need. **These communities are already easy pickings for well-funded AI Companies that can easily swerve consequences-**

*In the Philippines, one of the world's biggest destinations for outsourced digital work, former employees say **that at least 10,000 of these workers do this labor on a platform called Remotasks, which is owned by the \$7 billion San Francisco start-up Scale AI.***

*...Scale AI is among a number of American AI companies that have not abided by basic labor standards for their workers abroad.*

*Of 36 current and former freelance workers interviewed, all but two said they've had payments from the platform delayed, reduced or canceled after completing tasks. The workers, known as "taskers," said they often earn far below the minimum wage ...*

*Scale AI, which does work for firms like Meta, Microsoft and generative AI companies like Open AI, the creator of ChatGPT, **says on its website** that it is "proud to pay rates at a living wage." In a statement, Anna Franko, a Scale AI spokesperson, said the pay system on Remotasks "is continually improving" based on worker feedback and that "delays or interruptions to payments are exceedingly rare."*

*But on an internal messaging platform for Remotasks, which The Washington Post accessed in July, notices of late or missing payments from supervisors were commonplace. On some projects, there were multiple notices in a single month.*

*Charisse, 23, said she spent four hours on a task that was meant to earn her \$2, and Remotasks paid her 30 cents.*

*Jackie, 26, said he worked three days on a project that he thought would earn him \$50, and he got \$12.*

*Benz, 36, said he'd racked up more than \$150 in payments when he was suddenly booted from the platform. He never got the money, he said.*

*-This is the same Scale AI that Silicon Valley and Venture Capitalists love to glaze. It's pathetic how hollow this entire ecosystem is.*

Children, by virtue of being children, have an even harder time with these issues. Especially in mines and electronic sweatshops, where you can beat the wages out of the children.

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Reports exist of children being kidnapped or enticed with false promises of high wages.<sup>24</sup> They are transported to manufacturing cities where middle men brokers deal with factory owners to supply child labourers, offering to attend the factories to beat the children if they are seen to be disobedient.<sup>25</sup> Children are then transported by trucks all over the region to work in factories, which may include electronics factories.<sup>26</sup> They are threatened to prevent them from running away<sup>27</sup> and work up to 12 hours in a day.<sup>28</sup> Many have no idea if and when they will be allowed to return home to their families.

### Bonded labour: “student interns”

Reports exist of children being forced out of school to work as “student interns” or “apprentices” in factories manufacturing devices for well known electronics companies.<sup>29</sup> Some children must work to pay off debts owed for tuition and school fees.<sup>30</sup> If they express a wish to quit and return to their family, school administrators may threaten to fail them. They are forced to work long hours in order to meet large quotas and are paid very little. If children refuse overtime, they may be prevented from working for a month as punishment.<sup>31</sup> Factory management may also threaten to withhold wages or confiscate identity papers if they attempt to leave.<sup>32</sup>

Image Source Regarding kidnapping and forced labor, I will be doing a piece on how AI can be used to tackle those issues.

Despite all this exploitation being an open secret, companies have been able to get away with it scot-free. Since many of you are business leaders, I’m sure you want to get in on this action. Get ready, because I’m about to teach you the Dark Arts of Operational Efficiency (if I ever live out my teenage dream of being a rapper, this will be one of my album names).

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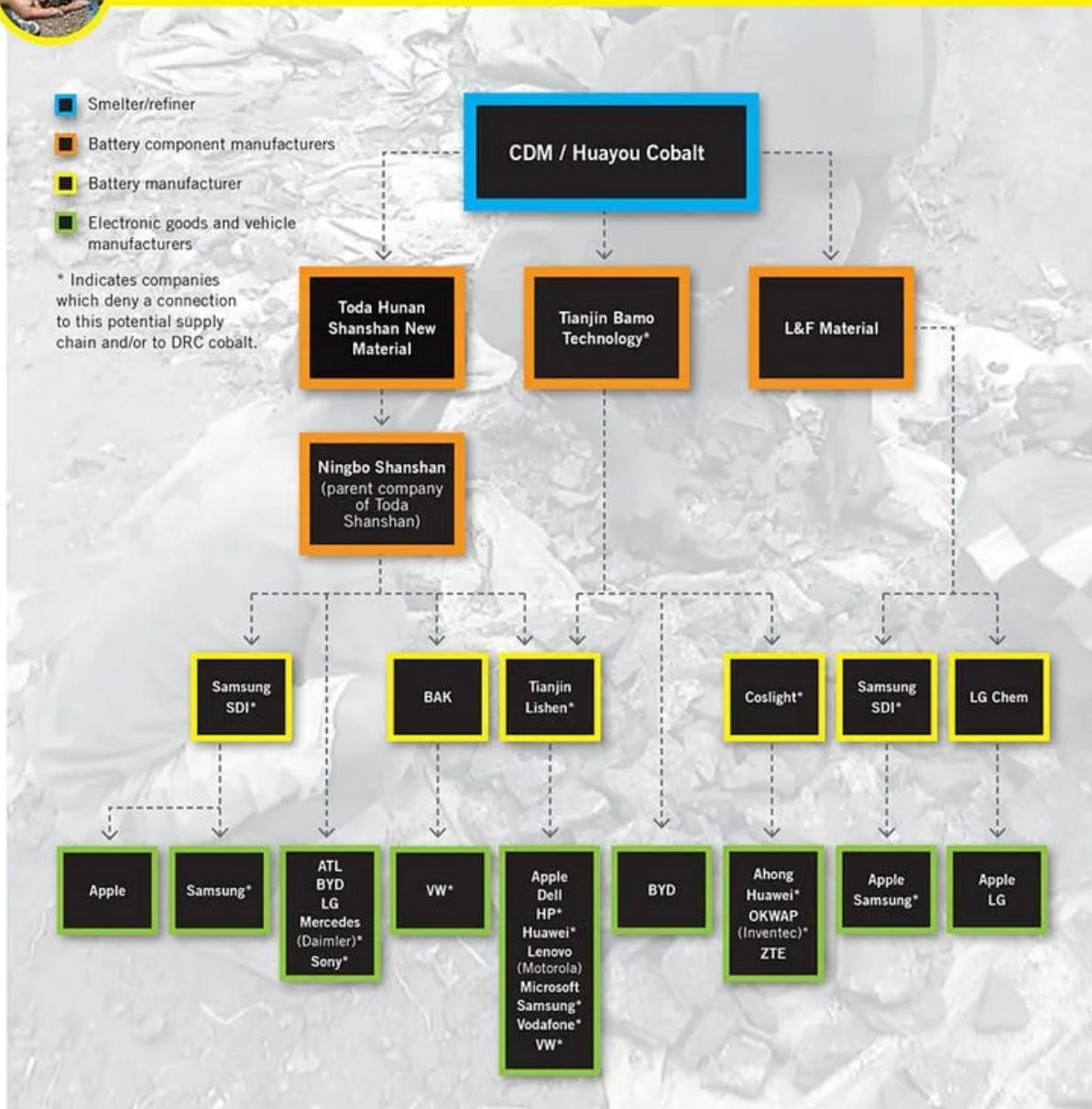
“We’re in the Trenches”, “The Economy is a BloodBath” and other military phrases being used by White Collar Managers got a new meaning

## How Companies Evade Responsibility

Thanks to Globalization, supply chains are incredibly complex. There are many layers of contractors and sub-contractors, which adds to the opacity of the process. This opacity is used as a smokescreen to avoid responsibility.



## POTENTIAL DRC COBALT SUPPLY CHAIN According to publicly available information



The complexities of a global supply chain allow companies to dodge responsibilities. [Image Source](#)

Let's take Apple. Apple doesn't directly mine the minerals it needs to overcharge you for its phones. Instead, it sources the manufactured batteries/components from other contractors, which have their own sources for raw materials. It's these multiple layers that Big Tech companies have used to avoid responsibility. The arguments are structured along these lines-

Yes, most raw material mining is tainted by child labor. But, since we don't know this particular batch comes from child labor. So we're good. No, we will not sign any paperwork/policies that put concrete and legally binding steps for us to ensure that this actually comes from ethically sourced materials.



The various types of businesses involved in electronics

In case you think I'm making this up, there was a class-action lawsuit against 6 tech companies- Apple, Tesla, Microsoft, Google, Dell, and Alphabet- for their engagement with sources that exploit children. The case was ultimately dismissed with the following argument (notice the reliance on the use of "requisite knowledge of specific mining sites" to dismiss the argument).

The implicated companies **contended** the following in their motion to dismiss on the 25th August 2020:

- Global supply chain is not considered a "venture" under TVPRA definitions.
- Child miners were not "forced" into labour as defined by TVPRA; only direct threats of force or harm from the employer are considered.
- Labour compelled by economic pressure is not covered under the TVPRA's definition of "forced" labour.
- Lack of "requisite knowledge" of the abuses at specific mining sites mentioned; general knowledge of problems in the industry is deemed insufficient to prove they knew about the violations that injured the plaintiffs.

Source

Unfortunately, even when companies know about specific instances of abuse, no action is taken. Let's go back to Apple. **They were raked across the coals for using child labor-enabled Cobalt in 2016. They made a grand-show about making a change, but very little was actually done-**

*After a **report** on unethical mining by Amnesty International in 2016 and a Sky News **dispatch** in 2017, Apple suspended use of hand-mined cobalt. But, according to **reporting** in the New Yorker in 2021, "once the media attention died down the practice continued," and the linked company, Zhejiang Huayou Cobalt, remained part of Apple's supply chain.*

Complex supply chains with multiple stakeholders are the perfect place to brush a few human rights violations under the carpet. Can't believe that people think that studying business is boring.

Tracking the supply chain becomes even harder in AI, where data labeling and moderation are done online. You will remember the controversy of Open AI underpaying Kenyan workers to train ChatGPT. I wanted to look into it in more detail, and what I learned is very important.

The **Minimum Kenyan Yearly Wage is 830 USD**. OpenAI paid their workers between 3 to 4.82 times that amount (depending on the given salary range of 1.32 to 2 USD per hour and a 40-hour work week, 50 weeks a year). Some of this would also need to be adjusted since the Kenyan workers were contractors who didn't get benefits (or long-term

stability). But overall, the pay itself seems reasonable. However, all the clickbait about underpaid Kenyan workers hid another problem. No prizes for guessing that it's related to children.

Turns out that many workers doing the AI Labelling, Moderation, and Ranking are children. This might not seem too bad until you remember that a lot of the content they had to look at was explicit and violent. Turns out that Deep Learning might have inadvertently exposed thousands of children to inappropriate content (keep in mind that a lot of content moderation services for social media also rely on child labor). Oopsie?

*Hassan recalls moderating content while under 18 on UHRS that, he says, continues to weigh on his mental health. He says the content was explicit: **accounts of rape incidents, lifted from articles quoting court records; hate speech from social media posts; descriptions of murders from articles; sexualized images of minors; naked images of adult women; adult videos of women and girls from YouTube and TikTok.***

*Many of the remote workers in Pakistan are underage, Hassan says. He conducted a survey of 96 respondents on a Telegram group chat with almost 10,000 UHRS workers, on behalf of WIRED. **About a fifth said they were under 18.***

*-Companies that provide Big Tech with AI data-labeling services are inadvertently hiring young teens to work on their platforms, often exposing them to traumatic content.*

Very strange that people are busy constructing elaborate Terminator fanfiction, while this very real and very present danger is around.

Any of the companies mentioned have the resources to look into their supply chains and make concrete differences. Many of them have very pretty policies to address child labor. The only problem is that these policies have gaping loopholes, unclear language, and are not implemented with any real vigor.

	Has the company a policy on the eradication of child labour?	Has the company a policy on the responsible mining of minerals?	Is the company involved in specific initiatives in a multi-stakeholder setting or as an individual company on artisanal mining?	Is the company involved in specific initiatives in a multi-stakeholder setting or as an individual company on gold mining?	Is the company involved in specific initiatives in a multi-stakeholder setting or as an individual company on child labour?	Can the company trace back the origin of gold in its products?	Is the company willing to engage in new initiatives to improve labour conditions, including child labour, in gold mining?
<b>FAIRPHONE</b>	Green	Green	Green	Green	Green	Green	Green
<b>Apple</b>	Green	Green	Green	Green	Orange	Yellow	Green
<b>Microsoft</b>	Yellow	Green	Green	Green	Green	Yellow	Green
<b>acer</b>	Green	Green	Green	Orange	Orange	Yellow	Green
<b>PHILIPS</b>	Yellow	Green	Green	Green	Orange	Yellow	Green
<b>LG</b>	Yellow	Yellow	Green	Orange	Orange	Yellow	Green
<b>SAMSUNG</b>	Yellow	Green	Green	Orange	Orange	Yellow	Green
<b>SONY</b>	Yellow	Yellow	Green	Orange	Orange	Yellow	Green
<b>ERICSSON</b>	Yellow	Yellow	Orange	Orange	Orange	Yellow	Green
<b>FOXCONN</b>	Yellow	Yellow	Orange	Orange	Orange	Yellow	Green

[Image Source](#)

So why does happen? Companies behave this way because of the Fiduciary Responsibility to their shareholders- *They are expected to put the welfare and best interests of the corporation above their own personal or other business interests.* Simply put- these companies are not paid to care but they are paid to look away. **Implementing supervision to ensure ethical sourcing will eat away at the margins. Turning a blind away allows the company to keep using cheap, child-labor-enabled materials and services.**

Keep in mind that the quarterly reviews for big companies is brutal. If Apple makes 8%, while Samsung makes 10% returns, then Apple will be looked at negatively, even if Apple was ethical. And if they made 8% when their target was 9%, God save their souls. I'm not asking you to feel bad for the companies, but understanding the system and its incentives will allow for effective action. Let's close with a discussion of what we can do to force some change.

## How to Make a Difference

As I mentioned, the reason that nothing changes is that there is a clear economic incentive for things to stay the same. Change the incentives, and you will change the system. If we as consumers and investors put collective pressure to implement concrete changes, then companies will have to follow suit. To get the ball rolling, here are a few things you can do-

1. Share this to raise awareness about these issues.
2. Organize groups to strike in front of your local lawmakers to have them take action.
3. Boycott the products and the stock.
4. Don't let any of the mentioned groups ride out the controversy without making any changes. Fight till something happens.

Some of you work for these companies/their partners and can't do too much because you might get fired. You have bills, family obligations, and other facets to consider. I'm in an unreasonably privileged position that allows me to charge at whatever windmills seem most giant-like. You might not be. This might not be the hill for you to die on. That's completely valid. Just make sure you're the one making that decision, and not letting the world make it for you.

If you liked this article and wish to share it, please refer to the following guidelines.

That is it for this piece. I appreciate your time. As always, if you're interested in working with me or checking out my other work, my links will be at the end of this email/post. And if you found value in this write-up, I would appreciate you sharing it with more people. **It is word-of-mouth referrals like yours that help me grow.**

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I have been keeping up with Devansh's recent work, and I'm truly impressed by his extensive knowledge of AI and the fresh insights he provides through his articles. It's captivating to see how well he understands the subject. It's always a unique perspective, which isn't always the most popular opinion in the room. That's bold and draws great well deserved attention.

## Reach out to me

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**Andrew Smith** Writes Goatfury Writes Nov 16 Liked by Devansh

Devansh, I was not expecting this today, but I got it, and it was good. Well done!

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