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# THE FORTRESS ECONOMY

## *The Economic Role of the U.S. Prison System*

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by Alexander C. Lichtenstein and Michael A. Kroll

Edited by Rachael Kamel



*A Project of the*  
American Friends Service Committee

**The Fortress Economy: The Economic Role of the  
U.S. Prison System**

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## Introduction

When I moved to Philadelphia in 1981, I was aware that among the city's historical claims to fame was its designation as the "cradle of the penitentiary." Although the building is no longer standing, what generally is regarded as the first "penitentiary house" was put into use 200 years ago, in 1790. Constructed on the grounds of the former Walnut Street Jail, it was a building devoted to the solitary confinement of convicted felons. The rhetoric of that era was that convicts should be kept away from evil influences in the environment, to reflect on their sins and become penitent.

The founding of the penitentiary was a key event in the long and troubled history of the U.S. prison system—a system that now is universally agreed to be in crisis. Not long after settling in Pennsylvania, I was asked to serve on a statewide task force to address the severe and worsening crowding that was occurring in prisons and jails throughout the Commonwealth. Despite the presence of a distinguished array of

criminal justice experts and state and local officials, the scope of the task force's deliberations was confined to a very narrow range. It was made quite clear that we were to accept as given the policies and practices that had helped push prison and jail populations to higher and higher levels. Questions about the long term, about what the prison system was accomplishing and where it was leading us, were not addressed.

Across the country today, similar committees are meeting to consider how to cope with the dramatically increasing prison and jail population. Most often such groups restrict their focus to the immediate crisis. As a result, they too fail to take a hard look at the social forces underlying current trends—or the likely results of continuing on the same course.

It is increasingly clear that these issues are far too important to be left in the hands of the small set of officials and administrators who now are deliberating about them. A far broader group of people needs to become involved, especially representatives of those who are most affected by prisons—poor communi-

ties and communities of color. As a society, we are in urgent need of vigorous and creative dialogue about the problems of crime and public safety and the uses and impact of the prison system.

This booklet on the economic role of the prison system is offered as a contribution to that dialogue. It is one of many resources and activities being launched in 1990 by the American Friends Service Committee, through its project, "200 Years of the Penitentiary: Breaking Chains, Forging Justice." This project has been undertaken in response to the rapidly spiraling increase in imprisonment and the deeply troubling problems of crime, violence, and drug abuse affecting communities of color throughout the United States. In a range of local and national forums, the project will bring together leaders and activists from these and other communities to share their experiences and perspectives and to strategize solutions to the crisis.

The development of this booklet reflects AFSC's firm conviction that any effort to examine the prison system must encompass the social, economic, and political context within which that system operates. It also

reflects the understanding that the stated purposes of prisons are not the only functions they serve.

For myself, I will never forget my reaction on first walking through the Baltimore City Jail on a hot summer's day. "This is a modern-day poorhouse," I thought, "and it is a poorhouse filled with young Black men." This and other encounters with prisons and prisoners have moved me to seek a better understanding of who goes to prison and why, as well as of the effects of imprisonment, both on those confined and on the broader society.

Throughout their 200-year history, prisons have fulfilled a variety of unstated and often unconscionable functions. Such institutions always have done at once much more and much less than they are said to do. This booklet helps bring into the light some of the unacknowledged functions of prisons, inviting debate on their acceptability and encouraging exploration of more constructive alternatives.

—*M. Kay Harris*  
*Department of Criminal Justice*  
*Temple University*

# The Fortress Economy

**I**n the contemporary United States, few topics are more volatile than crime and the problem of how society should respond to it. The fear of street crime leaves countless people trapped in their homes. Illegal drugs and the violence they engender are widely considered our society's most serious problem. For politicians, nothing spells ruin so quickly as being perceived as "soft on crime."

In this atmosphere, a chorus of voices is demanding that the criminal justice system "get tough" with offenders. More prisons, longer jail terms, fewer restraints on the actions of police and the courts: these are the measures that are proposed to make our streets safe and curb the violence in our daily lives.

It is unfashionable in the extreme to question whether such policies will actually work. Those who do are often dismissed as fools, "bleeding hearts" who care more for criminals than for their victims. Yet the questions demand to be asked. Taxpayers are called upon to spend billions of dollars every year to build bigger prisons and lock up more and more

of our fellow citizens. Is this money well spent? Whose pockets is it going into? Will it bring justice to offenders or security to the law-abiding?

These questions about money are far from trivial. As a way of protecting the public or stopping crime, the U.S. prison system can only be seen as a monumental mistake—an insane juggernaut whose only rule is to keep growing. But when prisons are analyzed as economic institutions—in terms of both their own structure and their function within the larger society—they begin to make a grim kind of sense.

This pamphlet explores some of the economic aspects of the prison system. It examines who goes to prison and why—and how this relates to larger trends within the U.S. economy. It also takes a look at the economics of the prison industry itself. This approach can teach us a lot about what is wrong with our prisons. Most important, it can suggest some directions for more just—and more effective—solutions to the problems of crime and violence.

## “A Convincing Case of Failure”

Imprisonment is usually justified by appeals to one of two philosophies: protecting the public or rehabilitating the prisoner. By either standard, however, the evidence is overwhelming that prisons do not work.

Those states that have the highest budget for law enforcement—including courts, prisons, probation, and parole—also have the highest levels of crime. If there is any empirically established relationship between crime and imprisonment, it is that prisons foster crime.

This is not to say that prisons function mainly as “schools for crime,” although it is partly true that people in prison do learn new criminal skills. Far more important is that prisons are violent institutions which breed violent individuals. In the words of psychiatrist Seymour Halleck, “If one had systematically and diabolically tried to create mental illness, [one] could probably have constructed no better system than the American prison system.”

Even the staunchest advocates of repressive “law-and-order” policies have hardly a good word for prisons.

The former chief justice of the U.S. Supreme Court, Warren Burger, once asked rhetorically, “What business enterprise could conceivably continue with the rate of ‘recall’ of its ‘products’ that we see with respect to . . . our prisons?” The answer is obvious: none. Likewise, former U.S. President Richard Nixon, known in

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**We hold these truths to be self-evident: That all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness.**

—*U.S. Declaration of Independence*,  
July 4, 1776

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his day for his extremely conservative views, once termed prisons “a convincing case of failure.”

At present, the United States has the third highest rate of incarceration in the industrialized world, surpassed only by South Africa and the Soviet Union. Nonetheless, crime continues to plague our society to a degree unknown in other countries—

countries which do not come close to our rate of imprisonment.

In this context, the image of the “bleeding heart liberal”—that universal object of scorn—is one that deserves particular scrutiny. Implicit in this characterization is an assumption that public safety and social justice are somehow at odds—that policies which protect the civil rights of prisoners or challenge racism in

the prison system cannot really be effective in stopping crime.

A far more compelling case can be made that social justice is a requirement for public safety. Racism and economic bias are structural features of the U.S. prison system. Understanding this relationship can yield important insights into why that system functions so poorly to protect the public.

## Who Goes to Prison—And Who Does Not?

Studies have shown that more than 90 percent of the adult population has committed offenses that are punishable by imprisonment. Few, however, actually go to prison.

Contrary to popular belief, the seriousness of a crime is not the most crucial element in predicting who goes to prison and who does not. Society’s losses from “white-collar crime” far exceed the economic impact of all burglaries, robberies, larcenies, and auto thefts combined. Nonetheless the former class of criminals are far less likely

to go to jail than the latter. One study found, for example, that 53 percent of low-income defendants received

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### Equal Justice Under Law

— *Motto carved over the U.S. Supreme Court building*

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prison sentences, compared to only 26 percent of high-income defendants.

The violence of a crime is another way of measuring its seriousness. Are prisons mainly reserved for the dangerously violent? The answer is

again no. Well over half of all prisoners were convicted of crimes that did not include violence, such as burglary, larceny, drug possession, or disturbing the peace.

**Blackmen born in the U.S. and fortunate enough to live past the age of eighteen are conditioned to accept the inevitability of prison. For most of us, it simply looms as the next phase in a sequence of humiliations.**

—George Jackson, *Soledad Brother*, 1970

What does determine who goes to prison? A large part of the answer is certainly race. Today, for example, African-American males are 6 percent of the U.S. population, yet nearly 50 percent of prison inmates. The California Youth Authority imprisons more than 9000 youngsters, more than any other jurisdiction in the country. Some 75 percent are young people of color. (*San Jose Mercury News*, 19 February 1989.)

Detailed breakdowns for different communities of color are difficult to determine, in part because of the way government statistics are gathered. A listing of the total state and federal prison population for 1987 gave no separate figures for Latinos; that

same year, Latinos were listed as 14 percent of the inmates of county jails, a number roughly double their proportion in the population. (*Sourcebook of Criminal Justice Statistics*, 1988.) Native Americans are generally listed as 1 percent or less of the prison population, but they too are imprisoned at a vastly disproportionate rate, and prisons have a crippling impact on Native American communities.

Nationwide, the rate of imprisonment for African-Americans is nine times that for Euro-Americans. In ten states, all in the North, the incarceration rate for African-Americans is more than fifteen times that for whites.

Another striking indicator of institutional racism is the lengths of prison terms. When time served is compared for similar offenses—including first-time offenders—African-Americans serve far longer sentences than whites. In the federal prison system, sentences for African-Americans are 20 percent longer for similar crimes. If time served by African-Americans were reduced to parity with whites, the federal system would require 3000 fewer prison cells—enough to empty six of their newest 500-bed prisons.



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**Steal a pair of shoes and go to prison; steal a railroad and go to the U.S. Senate.**

—Mother Jones

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While 3 percent of adult white males are under some type of correctional control (incarceration, probation, or parole), for adult African-American males the figure rises to 10 percent. Black males have an 18 percent chance of serving time in a juvenile or adult prison at some time in their lives; white males have a 3 percent chance. (Bureau of Justice Statistics, "Report to the Nation on Crime and Justice," 1987.)

Women make up only 5 percent of the total U.S. prison and jail population. Their numbers, however, are even more heavily drawn from communities of color. More than 60 percent of incarcerated women are African-American or Latina. In the 1980s, the rate of imprisonment for women has grown even faster than for men—paralleling the disproportionate growth of the numbers of women living in poverty. Most women prisoners were convicted of shoplifting, prostitution, or other economic crimes. (*Federal Probation*, March 1986.)

Such institutionalized racism has been a feature of the U.S. prison system since its inception. In 1796, the New York legislature voted on the same day to free all slaves residing in the state and to authorize the state's first prison. In 1833, French writer Alexis de Tocqueville reported that African-Americans accounted for 25 percent of U.S. prison inmates, although their percentage of the total population was far smaller than it is today.

In this context it is significant that the Thirteenth Amendment to the U.S. Constitution, which abolished slavery, carved out one exception, permitting involuntary labor "as punishment for crime." In the South, after the Civil War, the chain gang and convict lease quickly became the dominant forms of punishment. Prisoners were sold to the highest bidder and worked in coal mines, brickyards, or turpentine camps. Others were used by the states to work on badly needed improvements to roads and other public works. Over 90 percent of these Southern convicts were African-American.

Nonetheless, while racism is clearly an important force in the construction of the U.S. prison population, it is obviously not the only one. Even though people of color are impris-

oned at a disproportionate rate, a majority of prison inmates are still whites. To fully appreciate the func-

tioning of the prison system, we must also understand the impact of economic class.

## Jailing the Unemployed

**A**cross all racial groups, prisoners are drawn from the poorest sectors of society. A large percentage are unemployed at the time of their arrest or have only sporadic employment. Of those with jobs, many have incomes near or below the poverty level. Seventy-two percent of prison inmates and 60 percent of jail inmates have not completed high school; many are illiterate. (Bureau of Justice Statistics, "Report to the Nation on Crime and Justice," 1987.)

The social policies of the 1980s caused an unprecedented increase in the numbers of people living in poverty in the United States, as well as a widening gap between the incomes and living standards of the rich and poor. Throughout this entire period, prison populations grew rapidly. With budgets slashed for every type of social service, prisons now

stand out as the country's principal government program for the poor.

Most of the people behind bars have committed economic crimes. A sampling of prison admissions in 1983 revealed that close to 49 percent of all convictions were for property offenses like burglary, larceny, or auto theft. Another 14 percent were

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**If you go back in history and plot the population of all prisons. . . and compare it to all the other variables you can think of, you will find a positive correlation only with unemployment. The higher the rate of joblessness, the higher the rate of prison commitments. There is no question about it.**

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*—Norman Carlson, Director, U.S. Bureau of Prisons*

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for robbery—which, though classified as a violent crime because it involves taking property from a person, is nevertheless economically motivated.

The statistical link between unemployment or underemployment and imprisonment is borne out in the demographic characteristics of prison populations. In 1983, 47 percent of all those jailed (about 110,000 people) were unemployed at the time of their arrest. Seventy-one percent earned less than \$10,000 a year. State prison populations reveal a similar link. In Florida, for example, of nearly 30,000 people imprisoned in 1986, barely half (52 percent) were employed full-time at the time of their arrest. Nearly half earned less than \$500 a month. (*Annual Report*, Florida Department of Corrections, 1986.)

In 1976, the Joint Economic Committee of Congress heard testimony that there was “wide agreement that unemployment creates economic and psychological stress that frequently is manifested in criminal behavior.” The committee also heard figures showing that each 1 percent increase in unemployment sustained over a six-year period could be associated with an increase of more than 3000 new state prison admissions. (M.

Harvey Brenner, “Estimating the Social Costs of National Economic Policy,” Joint Economic Committee of Congress, 1976.) From this perspective, prisons may be seen as

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**The state is giving us two prisons. That's 2000 jobs! That's like apple pie.**

—Ed McGrew (*president, Chamber of Commerce, El Centro, California*)

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warehouses for people who have no place in the economic order.

Prison inmates are mostly part of what is known as the “secondary labor market.” Such people tend to work intermittently at low-paying jobs and see little hope for change in their future. The slightest misfortune may drive entire families into desperate poverty. The contemporary U.S. economy relies on the presence of a large pool of such temporary, underpaid workers to fill the dead-end service jobs that are increasingly coming to dominate the labor market. As fewer manufacturing jobs are available, the possibilities for stable, secure employment and economic advancement are shrinking for all working people.

In such an economy, high unemployment rates benefit employers who

offer minimum-wage jobs, by ensuring the presence of a flexible pool of less-skilled workers. Those who move in and out of such jobs are often the same people who fill the jails and prisons. As the poor become ever more marginalized in the economy, their numbers in prison grow accordingly.

Ironically, in some cases prisons have been touted as a solution to economic decline, especially in rural areas. Prisons, filled with unemployed people of color from the inner cities, are being sold to economically depressed rural communities as a source of jobs for their growing numbers of unemployed—who are usually whites. “A new corrections center can be a real economic boost to a rural community, especially if the community lacks a major local industry,” says William Choquette, a senior vice-president of Gilbane Building Company, an architectural firm specializing in prison construction.

The Federal Bureau of Prisons has recently published a brochure on the value of prisons to rural communities. “With local economies ailing in many parts of the country,” the bureau states, “local leaders often

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**For every person who goes to prison, two people don't go to college. For every day a person is in jail, twenty children eat starch instead of protein.**

—*American Prisons and Jails, 1978, Vol. 1*

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see a potential federal prison as a recession-proof economic base.” (*Acquiring New Prison Sites: The Federal Experience*.) In fact, prisons are more than “recession-proof”: they are the one industry that benefits from recession. In 1983, a year of deep economic recession, the Bureau of Labor Statistics ranked corrections as the twelfth fastest growing occupation in the United States.

The apparent economic boost offered by prisons is deceptive, however, because it is artificial and nonproductive. In this respect, prisons are similar to military bases. Prison jobs are hazardous and low-paying; according to the Corrections Yearbook, in 1987 the average entry-level salary for a prison guard was barely \$15,000. Rural communities quickly become dependent on the prison, which will never produce revenue or expand a community's economic base.

## Prisons and the Social Fabric

The discussion above is not intended to minimize the seriousness of crime, whether violent or not. The point is rather that swelling the prison population has failed to reduce crime. The racial and economic bias built into the prison system also works against crime victims. Poor people and people of color are also the most frequent victims of crime, and they stand to suffer the most from repressive policies that fail to stop, and in many ways fuel, criminal activities.

Prisons illustrate how racial and economic discrimination reinforce one another. As noted above, prison inmates are drawn from the ranks of the economically marginalized of all races. As an institution, however, prisons have a far greater impact on communities of color, because of their disproportionate representation in prison populations.

In New York State, for example, one out of every twenty-three African-American males aged twenty to thirty-four was in prison in 1985. A California study found that seven out of ten African-American men were arrested at least once in their early

adult years. ("Disproportionate Imprisonment of Blacks in the U.S.," National Association of Blacks in Criminal Justice.)

These high incarceration rates parallel the harsher impact of economic dislocation on communities of color. The official unemployment rate for African-Americans, somewhere between 15 and 20 percent, is twice that of Euro-Americans. Median income for African-American families is 56 percent that of white families. Thirty percent of Black households have no assets, surviving on what they earn week by week. Further, official unemployment rates significantly underestimate the real rate of unemployment. One study, for example, demonstrates that at any given time 43 percent of African-American men are without jobs. (Tom Joe, "Economic Inequality: The Picture in Black and White," *Crime and Delinquency* 33, April 1987.)

All of these forces have a profoundly negative effect on a community's ability to sustain family life. Women are increasingly left alone to face the responsibilities of economic survival and child-rearing.

They, too, have little access to stable employment, while at the same time social services of all types have been cut almost to nothing.

Of those women who fall under the control of the prison system, a large proportion are single mothers. Thus another effect of prisons is the placing of countless children into foster homes or juvenile detention centers. The economic costs of maintaining so many children and youth under state control are very high. The human costs, stretching on into future generations, are incalculable.

More than with any other group in society, the cycle of impoverishment and imprisonment has a devastating impact on young people of color. In 1984, more than 46 percent of African-American children lived below the poverty level. While the overall incarceration rate for juveniles was 185 per 100,000, that for Latino youth was seven times higher, at 481 per 100,000; for Black youth, a staggering 810 per 100,000. (*Sourcebook of Criminal Justice Statistics*, 1985.)

The economics of the ghetto mean that for survival, parallel illegal economies have sprung up, further reinforcing the patterns of crime and imprisonment. "Kids sell drugs to get money," asserts San Francisco

Sheriff Mike Hennessey. "It's that simple." He recommends an economic recovery plan along the lines of the New Deal's Civilian Conservation Corps and other government jobs programs as the only way to redevelop the inner cities. "We need to take the millions of dollars slated for construction and operation of prisons and at least match it with job training and placement programs," says the sheriff. "If we, as a nation, tried as hard to create job opportunities for unemployed youth as the drug sellers try to sell drugs, the battle would be more than half won."

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**It is unrealistic to expect [ex-prisoners] to function as autonomous and independent individuals in society after their release.**

— "What Prisons Do to People," *New York State Defenders Association*, May 1985

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Instead, many young people give up early on a fruitless search for meaningful employment and economic advancement, drop out of an alienating school environment, and look to crime as their only path to economic gain. Under these circumstances, jails, juvenile homes, and prisons often play a more powerful

socializing role for thousands of young people than school, family, or work.

In contemporary U.S. society, alienation and drugs are a critical problem for all youth, not just young people of color. A major new study of 350,000 young people found that drug and alcohol use by white students actually exceeded that by African-American youth, in some cases by a very wide margin. "In no school studied so far, whether fed by low-income housing projects or affluent suburbs, [was] alcohol and drug use as high among Black students as among white," says Marsha Keith Schuchard, research director for the Parents' Resource Institute for Drug Education (PRIDE), which conducted the study. (*Philadelphia Inquirer*, 19 December 1989.)

This finding exposes the racism of media images that depict drugs as mainly an inner city problem. One effect of such false images is that they build support among whites for expansion of the prison system. As a result, the social fabric is damaged for white communities as well—because public resources are directed toward incarcerating the most marginalized members of society, rather than developing real solutions to the myriad problems posed by alcohol and drug abuse.

While substance abuse may be a universal problem, it is still true that the violence engendered by the illegal drug trade falls most heavily on communities of color. Prisons, meanwhile, are simply an added force for violence, despair, and community destruction.

## Dilemmas of Ex-Offenders

**A**t San Quentin state prison in California, when certain prisoners complete their sentences, they are taken, handcuffed, to the gate, given \$200, uncuffed, and sent alone into the world, presumably to begin a new life as law-abiding citizens. In reality, however, ex-prisoners face tremendous obstacles when they try to become productive members of society.

The prison experience does little to provide a prisoner with skills or resources to find a job outside. Prison inmates must adapt to a world whose survival skills are often diametrically opposed to those that promote survival in the outside world. Prison punishes independent thinking and action. It promotes the violent resolution of personal conflicts and breaks apart the bonds of friends and family. Prisons foster dependency, idleness, violence, and the deterioration of human relationships—all of which make reintegration into freedom much more difficult.

"A person coming out of prison has four choices," notes a 1982 study by the New York-based Vera Institute of Justice. "He (sic) can get a job, which will be difficult; he can

go on welfare, which is demeaning and difficult; . . . he can commit crimes; or he can die. . . . If jobs are not accessible, more will opt for crime."

Tragically, the statistics bear out this conclusion. An estimated 62.5 percent of prisoners released in 1983 in eleven states were rearrested for a felony or serious misdemeanor within three years of discharge. Of released prisoners twenty-five years old or less with more than ten previous arrests, 94 percent were rearrested within three years. ("Recidivism of Prisoners Released in 1983," Bureau of Justice Statistics.)

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**Just think what a catastrophe it would cause if all cons across the country decided never to commit another crime. Think of how many different hands I go through from the time I'm arrested. Lots of dollars and lots of jobs. We are your bread and butter.**

— *Henry Abernathy (serving life in Texas for bank robbery)*

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Most people who end up in prison come from environments where unemployment and underemployment are endemic, and adding the stigma of "ex-con" does not enhance their job-finding potential. A criminal record may serve as a legal bar from many occupations and sectors of the economy. When work is available, it is often low-paying and sporadic.

For those ex-prisoners who do find work, their median income is 50 percent lower than for the rest of the labor force. (*Money, Work, and Crime: Experimental Evidence*, Academic Press, 1980.) Looking for work without any economic cushion promotes panic and a sense of degradation that can trap ex-offenders in a downward spiral. Often they return to economically depressed neighborhoods and must rely on impoverished family members for support. Ex-prisoners are inevitably suspects in the eyes of the local police and are therefore detained, questioned, jailed, and held at high bail whenever suspects are needed for unsolved crimes—all further disrupting potential employment.

Some programs, many of them founded during the heyday of rehabilitation in the 1960s, attempt to break the cycle by providing ex-prisoners

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**Prisoners are commodities, and a profit must be realized from commodities. A lot of "good guys" make an easy living off the misery of us "bad guys."**

—Norman Nusser (serving twenty to forty years in Pennsylvania for burglaries)

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with wage subsidies, steering them into training programs, helping them find and keep jobs, and otherwise trying to ease their transition back into the free world.

But during the 1980s, services to ex-prisoners, like so many other social programs, were gutted by federal and state budget cuts. When the Comprehensive Employment and Training Act (CETA) was restructured by Congress in 1982, ex-inmates were dropped altogether as a target group. ("Can Ex-Offender Job Programs Survive Reaganomics?," *Corrections Magazine*, June 1982.) The cutbacks took place during an era of severe economic recession. As a result, increased numbers of destitute and unskilled prisoners were dumped into the already glutted secondary labor market. Scarce low-paying jobs were their only alternative to the temptations of drug dealing and other crimes.

## An Expensive Way to Fight Crime

**W**ith the nation's inmate population increasing at a rate of 800 prisoners per week, prison construction is booming. The Federal Bureau of Prisons is now engaged in what it terms "the largest prison expansion program in history." Well over 100 prisons are currently authorized or under construction—with a price tag of more than \$70 billion in construction costs alone. Worse, according to the Clark Foundation, construction costs, which alone can strain a state's budget, make up only 6 percent of the total cost of planning, building, financing, operating, and maintaining a new prison over thirty years.

Prisons have an economic downside that is seldom addressed. Corrections budgets deplete state coffers. For example, individual towns may gain some jobs from the \$400 million Connecticut intends to spend on 4600 new prison cells. At the same time, however, almost every city in the state is having to slash its school expenditures due to statewide cut-backs.

"Prisons are taking everything there is," a Michigan state senator

recently complained. "It's the biggest growth industry in the entire state." In California, where the prison population has soared 250 percent since 1980, "the choice is almost upon us," writes corrections consultant Paul de Muro, "between education and health care on the one side and prisons on the other."

By 1991, it is projected that 10 percent of the state's general fund will go to imprison an estimated 93,000 Californians. "We're putting all of our resources at the wrong end of the system," says a high-ranking former official of the California Youth Authority.

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**We are all chickens for the colonel. Wake up before you find yourself and your kind on someone's menu.**

—Larry Smith (former prisoner, California Department of Corrections)

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In the 1980s, the U.S. imprisonment rate nearly doubled—even though the overall crime rate in-

creased by only about 7 percent. Meanwhile, the costs of imprisonment are also rising quickly. Ten years ago, per capita expenditures for state and local criminal justice systems (the amount each woman, man, and child in the country pays each year to fund these systems) stood at

\$95. Today, the comparable figure is \$211 per year, for a total of \$51.4 billion nationwide. It is hard to argue that these burdensome costs have bought public protection. (*Focus*, National Council on Crime and Delinquency, July 1989.)

## Who Profits from Prisons?

While the benefits of prisons may be questionable for the public, they are undeniable for a variety of private corporate interests. To the \$51 billion spent for state and local criminal justice systems, we can add the amount spent for federal criminal justice agencies (\$5.7 billion in 1985) and private security systems (\$21.7 billion in 1980). The annual total thus lies in the neighborhood of \$80 billion. (*Focus*, July 1989.)

By contrast, the amount of direct losses to individuals, households, banks, and other businesses due to crime is approximately \$10 billion per year. In other words, for every dollar directly lost by victims of

crime, we spend about \$8 to apprehend and punish the perpetrators.

Prisons take on another face if one views them as generators of profit. Some of those who profit from the business of imprisonment are easy to identify, like architects. According to the chair of the American Institute of Architecture's criminal justice committee, there are now over 100 firms specializing in prison architecture. Of the 200 companies that exhibit their products at the annual Congress of the American Correctional Association, more than 10 percent are architectural firms. One Michigan entrepreneur, who is marketing what he describes as "do-it-

yourself, easy-to-assemble portable jails," comments that "once this thing goes, we're talking about scads and scads of money."

Architects are far from the only people with a vested interest in the proliferation of prisons. After successfully lobbying the state legislature for new prison construction, the former Alabama state prison commissioner, Robert Britton, moved into the private sector to head a for-profit medical firm that services Alabama's prison system. "I've always wondered what the corporate world is like," he said at the time.

The corporate world is extensively involved with prisons. San Quentin offers more than 250 products for prisoners to purchase, from cupcakes and fried pies to perm-cream relaxers and pinup calendars. The wares annually exhibited for sale to corrections professionals at their convention include institutional hardware like Aerko International's Mister Clear-Out ("The state of the art in Tear Gas Hand Grenades, especially designed for indoor use") and the wares of the Peerless Handcuff Company ("A Major Breakthrough in Cuff Design!") More prosaic products include the Muffin Monster from Disposable Waste Systems, Inc. ("It will grind up into small pieces

all the things inmates put down toilets"); the food distribution company Servomation ("Justice Is Served"); and the Coca-Cola Company ("Time Goes Better with Coke!").

Rich Sikes, a former inmate at Leavenworth Federal Penitentiary, comments that "prisons are the number one industry in America, after war." Actually, in many cases the two industries overlap. The American Security Fence Corporation of Phoenix, Arizona, manufactures the double-edged coiled razor blade that graces most prison fences (Razor Ribbon, "The Mean Stuff!"). According to the company's promotional literature, their top-of-the-line product, Bayonet Barb, which "combines awesome strength . . . and vicious effectiveness," is "manufactured in strict accordance with Military Specifications."

Likewise, GTE Security Systems of Mountain View, California, sells an electrified fence called Hot Wire. Tested on the field of battle, the product is advertised as being "so hot that NATO chose it for high-risk installations; so hot that thousands have found their place in military installations ranging from sub-zero Alaskan winters to sizzling Southeast Asian summers."

From architects to academics (who study prisoners and the prison system), from food service vendors to health care firms, from corrections

bureaucrats to psychologists and social workers, there is a lot of money to be made from the proliferation of prisons.

## Prisoners as Cheap Labor

The terrible idleness of prison life can in itself become a coercive mechanism. Many prisoners are anxious to work, whatever the job or pay, because it is better than doing nothing, and small amounts of cash or savings are better than none at all.

In 1984, Unicor, the federal prison industries, earned a net profit of \$18 million on \$210 million in sales. This profit rate was made possible by the low level of prisoner wages, between \$0.44 and \$1.10 an hour. Moreover, the inexpensively produced road signs, missile components, military blankets and supplies, mailbags, and executive furniture for government officials subsidized other divisions of the federal government. ("Washington Business," *Washington Post*, 21 January 1985.)

Prisoners in Delaware, meanwhile, helped save the state \$25 million by

working for fifteen cents an hour constructing a new prison. Many states run prison industries along similar lines, usually deducting about 80 percent of prisoners' earnings—already minimal—for taxes, room and board, family support, and victim compensation. Some prisoners are paid for their work with "good-time" credits, enabling them to buy back their freedom over time—as in the pre-Civil War system of indentured servitude. Four states do not

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**I've got to think like Colonel Sanders. I'll try anything. If it works and I make a profit, I'll stick with it.**

— *Ted Nissen (former prison guard and president of Behavioral Systems Southwest, a for-profit prison management firm)*

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pay prisoners anything for production work.

Increasingly, private industry is also taking advantage of this captive labor force. Private firms are attracted to the prison labor pool because prisoners are legally denied rights that free workers enjoy. They cannot unionize. They do not have to be covered by Workers' Compensation, and their health care is subsidized by the state. They are not covered by the Fair Labor Standards Act. They do not voice grievances, except at the risk of incurring the arbitrary discipline of prison authorities. They can be hired and fired at will, and they do not have to be paid minimum wage.

Prison labor is perfect for employers with seasonal labor needs and late-night or weekend shifts. The same is true for industries with short-term manufacturing cycles who want to keep labor costs and benefits low and hire and fire quickly and easily. For example, TWA and Best Western use prisoners to take overflow reservation calls. According to the *Wall Street Journal* (12 November 1985), Best Western started a prison labor program "after having trouble hiring people to work only when needed for the overflow."

Prison labor is now emerging as a complement to the international movement of jobs. For decades, U.S.-based corporations have been moving abroad to avoid high domestic wage rates as well as labor and environmental regulations. Now, "such factors as the increasing costs of overseas labor, the expense of relocation, and the shipping expenses involved have caused some manufacturers to recognize that American prisons, with their abundant supply of labor, are an attractive alternative to foreign-based production." (Gordon Hawkins, "Prison Labor and Prison Industries," *Crime and Justice: An Annual Review*, 1983.)

Private prison industries are ostensibly nonprofit, but philanthropy is hardly their motive. Businesses can receive tax breaks for running prison industries, which also permit them to increase inventories at a low cost. Rehabilitation through prison labor is also problematic. Expanded prison labor can decrease private-sector work release or ex-offender programs, since companies have more to gain from keeping a trained prisoner in the prison labor force, where he or she has no rights.

Private prison industry can actually contradict the goals of rehabilitation. To make prison work profitable,

prison officials are asked to "minimize programming interruptions" by suspending treatment, educational,

and vocational activities to accommodate industry's desire for an eight-hour workday.

## The Private Prison

In recent years, some corporate promoters have begun looking beyond the secondary economic benefits of the prison industry. They are now maneuvering to have the system itself turned over to the private sector.

Private industry is being touted as the solution to the prison problem, the salvation of a system that is clearly failing. "It is time to get government out of the prison business," says Peter Greenwood, director of the Criminal Justice Program for the Rand Corporation, a private think-tank in California. "When you're looking for innovation, you don't look to government, you look to business."

The president of the National Corrections Corporation of Santa Fe, New Mexico, makes the case for private prisons in his company's promotional literature. "Let's say it's

a 150-bed jail. At 100 inmates, charged at a rate per inmate per day, you break even. At over 100 beds, you make a [modest] profit. . . . If you can get up to 95 percent capacity, it is possible to make a [good] profit, like a motel, which is usually only about 68 percent full."

Introduced with great fanfare in the mid-1980s, the privatization drive was far less visible by the decade's end—in part because of the host of legal problems posed by the concept.

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**Alternatives [to prison] will inevitably fail to become true alternatives without explicit policies for reduction in the use of incarceration, becoming instead merely supplementary programs to continue prison and jail expansion.**

— William Nagel (former prison warden and author of *The New Red Barn*)

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The National Sheriff's Association, the National Coalition for Jail Reform, the American Bar Association, and various state legislatures have all gone on record either opposing the idea or raising serious questions about its propriety.

Nonetheless, a scattering of local jails in Florida, Maine, and Pennsylvania are now privately run. The Immigration and Naturalization Service (INS) has also quietly contracted with private firms to run at least five detention centers for undocumented immigrants.

A leading advocate of private prisons is Jack Massey, founder of the Corrections Corporation of America (CCA). Massey was previously a founder of the Hospital Corporation of America, a for-profit hospital chain. His CCA, based in Nashville, Tennessee, is the nation's largest private prison firm.

In 1986, the Prison Officers Association (POA), a professional guards union from Britain, toured the CCA's showcase facility, a 360-bed state prison in Chattanooga, Tennessee. The POA was appalled to find that inmates were "cruelly treated" and disruptive prisoners "gagged with sticky tape." In the female unit, the visitors said they were "not amused or impressed" by the warden's "li-

centious remarks" or by his descriptions of stripshows performed by female inmates for male guards. Ultimately, CCA's attempts to take over the Tennessee state prison system were ruled unconstitutional in federal court. (Russ Immarigeon, "Prison Bailout," *Dollars and Sense*, July/August 1987.)

A widely publicized 1984 case illustrates some of the problems posed by private prisons. In this case, sixteen inmates of a privately run INS detention camp sued both the INS and the private operator. The sixteen, Colombians who had sought to enter the country as stowaways, had been confined in a windowless twelve- by twenty-foot cell designed to hold six people. A private security guard, who had no training in the use of firearms, killed one of the Colombians and seriously injured another because his shotgun went off accidentally while he was using it as a cattle prod.

The INS sought to evade the suit by arguing that the abuses in question were the sole responsibility of the private firm operating the camp. This argument was rejected, however, by a federal district court, which affirmed that government bodies cannot contract out their legal accountability for what happens to people



they imprison. (589 F. Supp. 1028 [S.D. Tex. 1984], cited in Ira Robbins, "Privatization of Corrections: Defining the Issues," *Federal Probation*, 1986.)

In addition to these human rights issues, critics have pointed out a host of economic pitfalls associated with private prisons. For example, when prisons are public property, taxpayers must approve the issuance of bonds to finance their construction. Private financing, however, requires no public approval—even though the public will ultimately pay, nonetheless. In Jefferson County, Colorado, voters twice rejected a bond issue for a county jail. Construction of the facility was then turned over to private interests and the \$30 million construction bond was underwritten by E. F. Hutton.

Privatization not only sidesteps government fiscal accountability, it actually raises costs in at least three distinct ways. First, borrowing money is more expensive for private concerns than for government bodies, because the government presumably cannot go bankrupt. Thus privatization means prison fees will reflect higher interest rates on construction bonds. Second, building prisons would qualify private firms for a variety of

tax breaks, thus adding the hidden cost of depleted state revenues. Third, critics warn, if the privatization idea ever caught on, there would be little to prevent private corporations from gaining a monopoly over a state's prison facilities and then substantially raising its rates.

In 1985, a private firm sought to build a 750-bed prison on a toxic waste dump in Pennsylvania—land it had purchased for \$1. According to a spokesperson for the state Department of Corrections, "If it were a state facility, we would certainly be concerned about the grounds where the facility is located. [As for a private prison, there] is

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**The real roots of crime are associated with a constellation of suffering so hideous that, as a society, we cannot bear to look it in the face. So we hand our casualties over to a system that will keep them from our sight.**

—David Bazelon (*U.S. federal judge*)

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nothing in our legislation which gives anyone authority on what to do." The plan was abandoned when it prompted the Pennsylvania legislature to call for a moratorium on construction of private prisons.

Privatization poses the threat of profound conflicts of interest, because private prison operators would profit from keeping people in prison, not from finding ways to return them to their communities. Overcrowding and reduced services would spell higher profits. And private employ-

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**Crime, in most instances, is the product of desperation—despair born of poverty, community decay, and the sense that the future is merely a continuation of the past, and certainly no ground for hope.**

— *U.S. Rep. John Conyers*

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ees would inevitably be influenced in the information they provided to parole and disciplinary authorities—assuming these functions were left in the hands of the state.

Labor rights are another area of concern. Public employee unions have opposed privatization because they see it as a move to undercut or

even eliminate union representation for prison employees. Again, with privatization the economic incentives would all work to reduce training and pay levels for prison guards and other staff, with the potential to seriously worsen abuses of every description.

The most chilling possibility would be a combination of privately operated prisons with private prison industries. With reduced public accountability and state oversight, the potential for abuses of an imprisoned labor force is almost beyond imagination.

For the present, the move to turn the prison system over to private hands appears to be stalled, although not entirely stopped. Yet in the current atmosphere of cost-cutting, deficits, and government fiscal crisis, such proposals seem likely to re-emerge with renewed vigor. Private prisons may very well become the most serious threat to human rights, public accountability, and responsible economic policies in the entire history of the U.S. prison system.

## Alternatives to Expansion of the Prison System

There is no denying that the U.S. prison system is in crisis. The debate is rather about the proper direction for a solution: expanding the failed system or moving in another direction entirely. As the final section of this pamphlet argues, the fundamental answers to the problems of crime lie entirely outside the criminal justice system, in an end to social and economic inequality. In the short run, however, far greater reliance should be placed on alternatives to incarceration.

Some longstanding alternatives have problems of their own, yet are still far cheaper and at least as effective as imprisonment. While imprisonment costs the public more than \$40 per day per prisoner, the average cost of probation in 1986 was only \$1.76 a day per probationer, with an 84 percent success rate. Parole cost only \$2.10 a day per parolee, with a 62 percent success rate. (*Corrections Yearbook*.)

Other forms of custody that do not involve imprisonment are halfway houses, third-party custody, and house

arrest. According to the Congressional Budget Office, it costs less than half as much to confine a person in a halfway house as in a prison. Yet, when the Federal Bureau of Prisons had to cut its budget during the early 1980s (a budget that has since begun to soar once again), it responded by closing the halfway houses—and asking for more prisons.

Monetary fines can be effective where amounts are based both on the seriousness of the crime and on ability to pay. These proportional fines, or day-fines as they are called in the countries that rely on them (mainly in Scandinavia and West Germany), entail no expense to the public, no burden on the prison system, and no social dislocation. They have proven successful for a wide range of offenses, including some violent crimes. The sliding scale ensures that the impact of the fine will be felt equally by rich, middle class, and poor.

In a growing number of states and localities, restitution and community

service are becoming more routine. Restitution works best when the offender has the financial resources to pay for it, but it can also be part of a community service sentence. In such arrangements the offender may work directly for the victim or for a community agency that deducts restitution payments from the offender's wages.

Every proposed alternative to incarceration, of course, should be examined on its own merits. Some so-called alternatives merely have the effect of widening the net of the criminal justice system, bringing people under correctional control who formerly would have been left alone. In other cases, community-based alternatives have mainly benefited white, middle-class offenders, leaving prisons to be filled by an ever-increasing percentage of poor people and people of color.

Human rights activists and civil libertarians are particularly concerned with the growing popularity among corrections professionals of electronic monitoring "bracelets" and "boot camps," also known as "shock incarceration." Electronic bracelets, which contain small transmitters, allow an offender to remain at home or at work while his or her movements are tracked electronically by

local authorities. Critics have noted that this technology has the potential for extension beyond its current uses into government surveillance of political activists and others.

Shock incarceration programs operate on the assumption that offenders need training in discipline in order to lead lawful lives. These programs rely on harsh physical conditions, severe treatment, public humiliation, and militaristic group organization to coerce participants to change their behavior. Both the "boot camps" and electronic monitoring programs virtually ignore the needs of most offenders for literacy training, substance abuse treatment, job skills development, housing, and job placement. Both are coercive, offering offenders a shorter sentence in exchange for participation.

A thorough examination of all of these possibilities is beyond the scope of this pamphlet. The main point here is that in order for alternatives to work, prison expansion must cease. History has shown us repeatedly that as long as prisons are built, they will be filled. Sanctions for criminal behavior that do not depend on warehousing hundreds of thousands of people will prevail only when warehousing is no longer available as an option.

## Turning from Justice

**I**t is a bitter irony that the high cost of prisons cuts into the health, education, and welfare services needed by the very people who, lacking such supports, often end up in prison. The ultimate victims of these punitive policies are the same poor communities that have the most to fear from crime.

Critics of the prison system argue that prisons breed more violence, not less, when prisoners are returned to the outside world. Dr. Terry Kupers, a psychiatrist who has studied the effects of confinement, testified on this theme at a recent hearing challenging conditions at San Quentin. People who are "denied human needs," he said, "such as adequate contact with loved ones, a decent private space to live in, some control over their own environment, some productive outlet, and a chance to learn and grow become increasingly resentful. Fear, hostility, and confusion well up inside them."

Kupers's views are echoed in the words of Larry Smith, a longtime prisoner in California, who has said, "Prison teaches you that violence not only works, but works quickly.

People are manufactured into explosive machines and released without decompression. The explosion will come, but not necessarily here. [Prisoners] will explode—but individually, when they're out in the community." ("Inside America's Prisons," Pacific News Service, March 1984.)

If one views the U.S. prison system as a reasonable response to lawbreaking, then crime, violence, and drugs seem like problems that can never be solved. To gain a deeper understanding of the purpose of prisons, it is far more helpful to analyze them as a response to major recent transformations of the U.S. economy: capital flight, the shift to a service sector economy, the depopulation of the inner cities, an increasingly segmented labor force, the economic marginalization of communities of color, the rise in youth unemployment, and the defunding of social services of every description.

Crime could be fought by increasing the participation of poor communities in education, social, and economic institutions. The money poured into maintaining the prison system

could be used to create jobs, improve education and training, and stimulate economic opportunities. This was the conclusion of the National Urban League in its 1978 study, "Strategies for Controlling Crime," which stated that "the top priority of the federal government's agenda to deal with the crime problem should be a national policy of full employment."

Instead, the social policies of the past decade have reflected a consistent choice to abandon poor communities, especially communities of color, to increasing economic dislocation and the inevitable growth of criminal activity. As a result, our society is polarized further and further—not only into the haves and the have-nots, but also into the incarcerators and the incarcerated.

Meanwhile, African-Americans and other people of color are stigmatized

as criminals and drug addicts, through media images that subtly (and not-so-subtly) mask the equal participation of whites in the culture of addiction, crime, and violence. The deepening polarization of society thus becomes a self-perpetuating cycle—in which the image of the criminal "under-class" is used to garner support for the very policies that contribute to the destruction of poor urban communities.

Prisons do not protect society from crime. Instead, they avoid the far more challenging solution of economic justice by reinforcing patterns of economic and social inequality. It is only by discouraging reliance on incarceration that we can seek humane and democratic ways to make our communities healthy, productive, and, most of all, safe places to live.

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The American Friends Service Committee (AFSC), founded in 1917, is a Quaker organization devoted to building a just and peaceful world. The AFSC's work reflects the beliefs of the Religious Society of Friends (Quakers). Women and men of many races, nationalities, and religious backgrounds participate in AFSC as staff and committee members. All are united in their belief in the infinite worth and equality of each human being. This belief leads the AFSC to search for creative ways to challenge injustice and war. In communities throughout the country, AFSC works with people to bring about an end to poverty, exclusion, and denial of recognition and rights.

The AFSC, with more than forty years of experience in the area of criminal justice reform, has initiated a special project in the 200th year of the penitentiary system in the United States to serve as a catalyst for reassessment and change of criminal justice policy. *The Fortress Economy* is a contribution of the 200 Years of the Penitentiary Project to this debate.





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