



PROJECT MUSE®

---

Corporations Go to Prisons: The Expansion of Corporate Power  
in the Correctional Industry

Tracy F. H. Chang, Douglas E. Thompkins

Labor Studies Journal, Volume 27, Number 1, Spring 2002, pp. 45-69  
(Article)

Published by West Virginia University Press

DOI: <https://doi.org/10.1353/lab.2002.0001>



➔ *For additional information about this article*

<https://muse.jhu.edu/article/18827>

# Corporations Go to Prisons: The Expansion of Corporate Power in the Correctional Industry

*Tracy F. H. Chang and Douglas E. Thompkins*

## Abstract

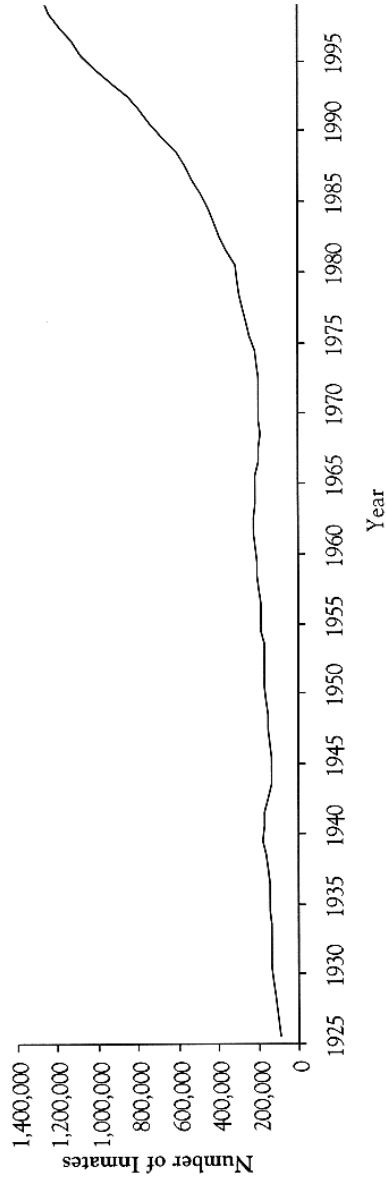
Over the last two decades, the U.S. prison population has quadrupled, with some 1.9 million people behind bars in federal and state prisons, and local jails by the year 2000. Corporations are seeking profit-making opportunities from this prison population. In this paper, we examine two major areas through which corporations are capitalizing on prison labor: prison privatization and prison industry. We briefly review key explanations of incarceration, report on the current state of prison privatization and prison industrialization, examine the impact they have on organized labor, and propose union strategies in fighting against the expansion of corporate power in the correctional industry.

In the last two decades, the U.S. prison population has quadrupled (see Figure 1). In 1980, the federal and state prisons and local jails together held a total of 500,000 people, but by 2000 the prison and jail population had surged to 1.9 million (Beck and Harrison, 2001). This explosion in prison population has become both a force for, and a product of, the “prison industrial complex,” a convergence of the economic and political interests of exalting corporate profits and elite power from incarceration (Davis, 2000; Parenti, 1999; Schlosser, 1998). The term is used to describe the magnitude of the involvement of private, for-profit enterprise in the corrections system. The prison industrial complex comprises two major segments: prison privatization and prison industrialization. The expansion of these two processes has generated many controversies in recent years. In the following sections, we will briefly review key theories of incarceration, present the recent development of, and issues concerning,

---

LABOR STUDIES JOURNAL, Vol. 27, No. 1 (Spring 2002). Published for the United Association for Labor Education by the West Virginia University Press, Press, P.O. Box 6295, West Virginia University, Morgantown, WV 26506. © 2002, West Virginia University Press.

Figure 1  
Number of Inmates in Federal and State Adult Correctional Facility, 1925-2000



Source: Bureau of Justice Statistics, U.S. Department of Justice.

private prisons and the prison industry. We also discuss their impact on organized labor and union strategies in fighting against the expansion of corporate power in the correction system.

### **The Political Economy of Incarceration**

Criminologists have found that increases in the unemployment rate, poverty, income inequality, racial conflict, and political conservatism contribute to an increase in the incarceration rate, independent of the crime rate (Barlow and Johnson, 1996; Hochstetler and Shover, 1997; Jacobs and Helms, 1996; Mauer, 1999). These findings support the theory that, to preserve their advantage in the class, racial, and social hierarchies, the dominant classes use imprisonment as a means of political, economic, and social control over the “dangerous classes”: the unemployed, the poor, the homeless, the mentally ill, the political dissidents, and the racial, ethnic, and social “others” (Jacobs and Helms, 1996; Parenti, 1999; Sheldon, 2001). In essence, class struggle manifests itself in the form of crime control and imprisonment (Parenti, 1999). When unemployment is low, the state relaxes imprisonment to allow sufficient labor to compete for wages in the free market; when unemployment is high, the state imprisons greater numbers to absorb surplus labor and suppress social unrest associated with economic deprivation. Barlow (1996) found that when the economy stagnates, Congress passes more federal laws that add additional activities as criminal offenses, mandates more severe penalties, and demands more strict law enforcement. Jacobs and Helms (1996) documented that, compared to Democrats, Republican presidents since 1935 have established a record of campaigning on a “tough on crime” platform to attract lower- and working-class voters. They also increase federal criminal justice expenditures and advocate anti-crime bills, both of which tend to increase the nation’s incarceration rate.

Conflict criminologists explain the racial disparity in incarceration rates, a major characteristic of the U.S. criminal justice system, in economic, political, and racial terms. African-Americans comprise 12 percent of the U.S. population but they represent 46 percent of the prison population (Beck and Harrison, 2001). Their disproportional share of the prison population is related to the fact that they disproportionately belong to the economic underclass that is plagued by poverty and unemployment. The racial gap in incarceration is further widened by racial bias in each area of the criminal justice system (judiciary, law enforcement, and corrections) (Mauer, 1999).

To understand the soaring incarceration of the last two decades,

criminologists point to declining economic conditions and increasing income inequality, racial tension, political conservatism, anti-crime legislation, and economic globalization during this period. Between 1979 and 1983, the national unemployment rate increased by 66 percent. The income gap between the rich and poor increased by 22 percent between 1968 and 1994, with drastic increases in the 1980s and 1990s (Weinberg, 1996). Although millions of new jobs were created in the 1990s, most were non-union and low wage jobs in the service sector. The unemployment rate was decreasing but, especially among black males, it was underestimated by the exclusion of the prison population (Western and Pettit, 2000). Other criminologists argue that in the 1990s the global capitalists can find alternative and less rebellious low-wage labor, immigrants, and Third World workers, so the state can use incarceration as a means of economic, social, and political exclusion of African-Americans (Hagedorn, 1998).

Ronald Reagan not only conducted the most anti-labor administration since the 1920s, his administration also launched an era of unprecedented "criminal justice militarization"—the war on crime and on drugs (Parenti, 1999). The Comprehensive Crime Control Act of 1984 and the Anti-Drug Abuse Act of 1986 and 1988, escalated the anti-crime and drug war by increasing the federal criminal justice budget and promoting anti-offender mandatory sentencing policies, law enforcement practices, and judicial processes (Parenti, 1999). Inheriting the anti-crime political legacy of three Republican administrations, the "New Democrat" Bill Clinton advocated and signed the Violent Crime Control and Law Enforcement Act of 1994. The bill created new federal crimes, mandated more severe minimum sentences, enforced border control, and budgeted \$30 billion to hire 100,000 new police officers and to construct new prisons. The anti-drug war has resulted in broader definitions of illegal drugs, more arrests, more prosecutions, and longer mandatory minimum sentences of drug users and sellers, which increased the number of Latino and African-Americans in prison (Mauer, 1999). The number of drug offenders in federal and state prisons increased by 1,000 percent between 1980 and 1997. Forty-five percent of drug offenders are Latinos, 28 percent are African-Americans, and 25 percent are whites (Scalia, 2001).

The soaring prison population inspired entrepreneurs seeking business opportunities. Corporations began to seek multi-million dollar contracts with state governments in constructing, managing, and operating prisons. Federal and state governments, and private sectors began to expand the employment of inmates for profitable production and services.

During the 1990s, the “prison industrial complex” became one of the most profitable growth industries (Schlosser, 1998). We now examine the recent development of prison privatization and prison industrialization and the issues raised by this development.

## **Prison Privatization**

### ***Political Context and Recent Development***

The idea and practice of “privatization,” delegating public duties to private organizations, gained popularity when Reagan gained electoral support by advocating the idea of small government and free market economy. Concurrently, the rising prison population was overcrowding correctional facilities and consuming government budgets nationwide. By 1984, the federal prisons were overcrowded by 10 to 37 percent and the state prisons nationwide were operating at five to 16 percent over capacity. The congested prisons and jails engendered hazardous health and safety conditions, inmate idleness and violence, and the increasing government spending on corrections generated public discontent. The total spending on state prisons surged by 74 percent in only four years, from \$4.5 billion in 1980 to \$7.7 billion in 1984 (Donahue, 1989). In 1996 state governments spent \$29 billion in corrections (Bureau of Justice Statistics, 2000). Free citizens demanded tough crime control and harsh punishment, but resented spending their tax dollars on incarceration. These prison and budget crises energized entrepreneurs to start correctional corporations to manage and operate the nation’s prisons.

Prison privatization requires collaboration among business leaders, elected state officials, political party elites, and correctional experts. Elected officials were attracted to what corporations promised: to absorb the soaring incarceration rate while saving taxpayers money. They began to pass laws allowing privatization during the early 1980s. A firm may build a facility, and usually own it, with a governmental agency contract to house inmates on a per diem or monthly fee basis. Or, a firm may build a facility without a contract in the hope of obtaining emergency contracts at a higher rate. A firm may also manage, operate, or purchase a new or existing federal, state, or local facility (AFSCME, 2001). Presently, 28 states have statutory authority for private prisons and only two states, Illinois and New York, have a statutory prohibition on prison privatization. Ten other states have interpreted prison privatization as “permissive” rather than “prohibitive” (see Appendix I) (Thomas, 2000). Unless a state passes a prohibition statute, a firm can build a prison in the state and contract

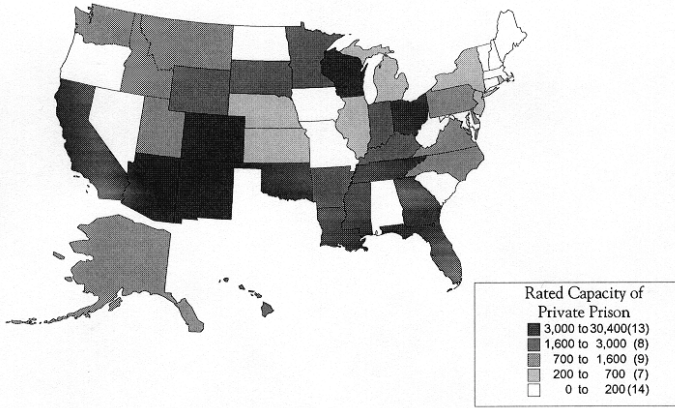
with the federal government or with other states to take their prisoners (Schneider, 2000).

The Corrections Corporation of America (CCA) was the first, and is currently the largest, correctional corporation, holding over 50 percent of the U.S. market, as well as international operations. Founded in 1983 and based in Nashville, Tennessee, CCA was well connected politically, financially, and technically to lobby aggressively for lucrative contracts. Its co-founder, Thomas W. Beasley, was the former chairman of the Tennessee State Republican Party. T. Don Hutto, who provides technical expertise for the company, is the former head of the American Correctional Association and commissioner of corrections departments in Virginia and Arkansas. Several high-ranking state officials also owned CCA stock (Schneider, 2000). In 1989, CCA contracted 3,448 beds. Now, with 15,000 employees, the company manages 75 facilities with 77,500 beds in 21 states, and owns 50 facilities in the U.S., Puerto Rico, England, France, and Australia. CCA became a publicly traded company in 1986. It showed an annual growth rate of 70 percent from 1992 through 1997, ranking as one of the five top performers on the New York Stock Exchange (Mobley and Geis, 2001; Parenti, 1999).

In the last 13 years, the capacity of private prisons has grown from 3,122 to 142,000 beds, an average annual increase of 300 percent. At present, 31 states have active contracts with private correctional firms (Thomas, 2000). In 2000, privately operated prisons held more than 101,000 federal and state prisoners and local jail inmates, representing 11 percent of all federal prisoners, six percent of all state prisoners, and two percent of jail inmates (Beck and Harrison, 2001). The majority of private operations (63 percent) were concentrated in the southern states, where conservative politics prevail, followed by the western states (22 percent) (see Figure 2). Texas has the highest private prison capacity with 30,000 beds and the largest number of inmates (14,000) housed in private facilities.

In contrast to public prisons, private prisons operate at 90 percent of their capacity (The Criminal Justice Institute, 2000). The under-capacity of private, for-profit correctional facilities seems counterintuitive. Corporations build prisons faster than do public agencies (Schneider, 2000). It is plausible that private firms build prisons faster than they can secure contracts with public agencies, especially when they face strong grassroots movements against prison privatization (Donahue, 1989; Hallett and Lee, 2001). On the other hand, the under-capacity may be by design to obtain more lucrative emergency contracts.

Figure 2  
Rated Capacity of Private Correctional Facilities



Source: Charles W. Thomas (2000). Private Adult Correctional Facility Census, <http://web.crim.ufl.edu/pcp>  
The Criminal Justice Institute (2000). The 2000 Corrections Yearbook.

**Issues of Prison Privatization**

Social and political activists oppose prison privatization for various reasons. Organized labor’s prime objection is the formidable threat posed by privatization on its members and on union strength in the public sector. The AFL-CIO and its affiliate American Federation of State, County, and Municipal Employees (AFSCME) have persistently made public statements that “oppose the privatization of prisons at the local, state, and federal level” (AFL-CIO, 2001; AFSCME, 2001). AFSCME, representing 80,000 correctional officers and employees (AFSCME Correction United), is a leader in the fight against prison privatization across the country.

Proponents of prison privatization claim that it lowers the cost of incarceration, which offers a solution to government fiscal crisis. However, studies show that the cost reduction is miniscule and often is achieved



by sacrificing service and staff qualities (Donahue, 1989; Schneider, 2000). Furthermore, the cost comparison often overlooks the "hidden" cost associated with accountability and public safety (AFSCME, 2001). The cost of employee salary and benefits is the largest expenditure item in the corrections budget, consuming over 60 percent of costs (Bureau of Justice Statistics, 2000). To be profitable, the companies must first reduce labor costs by paying employees lower wages and benefits, and eliminating unionization. Recent statistics indicate that the entry-level annual salary for correctional officers averages \$23,000 in the public sector and \$18,000 in the private sector. The maximum-level averages \$36,000 in the public sector and \$22,000 in the private sector (The Criminal Justice Institute, 2000). While cutting employee wages and benefits, private prisons boost executive pay and benefits. In 2000, the maximum salary of directors of public correctional agencies was \$129,000 while the CEO pay of CCA is \$213,000, with five million shares of stock options.

Researchers also warn that lower labor costs often lead to lower quality and stability of the workforce. Public guards are far more likely to be high school graduates, to work full-time and year-round at their jobs, and to be of prime working age (Donahue, 1989). The turnover rate of correctional officers in the public sector is 16 percent versus 52 percent in the private sector. And, the public sector provides 250 hours of pre-service training, while the private sector provides 153 hours (The Criminal Justice Institute, 2000). The conditions of lower-pay, less training, and higher turnover rate invite corruption, inmate abuse, less prison security, and threats to public safety, creating a "hidden" cost of lawsuits and inmate escapes (AFSCME, 2001).

Privatization also depresses correctional officers and employees' wages, benefits, and working conditions, and threatens union power by displacing unionized correctional employees in the public sector (Donahue, 1989). Chandler (1994) found that privatization of public services reduces the union wage advantage because unions tend to temper their wage demand. Unions lose bargaining leverage when alternative lower-cost labor becomes available. When the union wage premium decreases, organizing new members becomes more difficult (Hirsch and Schumacher, 2001).

The growth of government jobs associated with rising incarceration offered the labor movement an advantageous opportunity for unionizing, but substantial privatization could endanger the prospect of successful organizing by transferring jobs to the private sector where organizing is more difficult. The "tough on crime" political platform has generated employment in the criminal justice system at the federal, state, and local

levels. Between 1982 and 1997, the police employment of all government levels increased by 31 percent (from 700,000 to 950,000) and the corrections employment increased by 138 percent (from 270,000 to 700,000). The protective occupation (correctional officers, fire fighters, guards, police and detectives, and private detectives and investigators) is the most highly unionized occupational group, with a union density of 39 percent (Bureau of Labor Statistics, 2000). As demand for correctional workers rises, public correctional employee's unions gain strength and are able to bargain higher wages and benefits for their members. In 1996, average annual earnings for unionized correction officers was \$33,000, compared to \$24,000 for non-union correction officers (Wright, 1997).

The problems of prison privatization go well beyond economic issues. Political and social progressives focus on the accountability and democratic control of the corrections system. The American Bar Association addresses the unconstitutionality of delegating coercive power and authority of punishment for crime—an essential government function—to private hands. The courts have not yet resolved the issue of whether private administrators have the legal authority to make quasi-judicial decisions concerning the length or the conditions of confinement, and to take disciplinary actions against prisoners (e.g., deprivation of privileges or solitary confinement) (Parenti, 1999). Human and civil rights groups emphasize the moral and ethical issues. For-profit firms may put profit motives ahead of the interests of the public and inmates, and the purpose of imprisonment. To expand their markets, it is in the interest of private correctional companies to deny inmates due process, lengthen their prison time, and lobby for laws and policies that create more imprisonment. Schneider (2000) found that states with more private contracts in 1996 had higher rates of incarceration in 1997, when the factor of state budget was controlled.

Organized labor and its allies' strenuous lobbying against prison privatization has deterred the expansion of prison privatization. In 1985, despite CCA's powerful political connections and the public's favorable opinion about prison privatization, intense lobbying from the Tennessee State Employees Association (TSEA), Tennessee Bar Association, Tennessee Trial Lawyers, and ACLU halted CCA's bid to operate its home state's prisons (Schneider, 2000). The California Correctional Peace Officers Association (CCPOA) pioneered the battle against prison privatization in California. With its rich financial resources, strong organization, vigorous lobbying, and involvement with the victims' rights movement, CCPOA has achieved impressive results in stalling privatization (Parenti,

1999). Although California has the largest prison population, the portion of inmates held in private facilities lags behind 24 other states (see Appendix I).

In most states, AFSCME leads the fight. The national union disseminates research results, data and statistics, articles, and news on prison privatization through the Internet, printed publications, and videotapes. The union also involves thousands of its rank-and-file members in marches, protests, and lobbying across the country from Pennsylvania, Wisconsin, Nebraska, Iowa, Ohio, to Tennessee (Parenti, 1999). CCA's multiple attempts to take over Tennessee's entire prison system in 1997 and 1998 were defeated by a coalition of religious organizations, students groups, and 2,000 prison guards mobilized in front of the TSEA at the governor's office and the CCA world headquarters (Hallett and Lee, 2001). At its 107<sup>th</sup> Congress, AFSCME secured the support of the National Black Caucus of State Legislators, the Fraternal Order of Police, and other organizations in lobbying for the Public Safety Act, prohibiting privatization of federal prisons.

## **Prison Industrialization**

### ***Historical Background***

The modern era of American prison labor began in 1790 when the Walnut Street Jail in Philadelphia contracted its prisoners out to private business for profitable production. By 1885, there were six systems of prison labor: (1) the contract, (2) the piece-price, (3) the lease, (4) the state-account, (5) the state-use system, and (6) public works and ways (Barnes and Teeters, 1943). Under the contract system, private contractors furnished the machinery and the raw material and supervised the prisoners' work inside the prison under the surveillance of the state prison guards. The piece-price system is a variation of the contract system—contractors provided the raw materials and paid the state for each piece produced by its prisoners. In 1825, the "lease system" became widely adopted in the South as a substitute for African slavery in agricultural production. Under the lease system, inmate labor was sold to the highest bidder for a fixed period; the private entrepreneur assumed entire control of prisoners, including their labor, food, clothing, shelter, and discipline. Under the state-account and state-use systems, the state assumed the role of the entrepreneur, operating and managing the production and labor processes, and assuming all financial risks and gains. The only difference is that the state-account system sold products on the open market, but the state-use

system sold products only to their own institutions or other state agencies. Public works and ways projects use inmates in the construction of roads, railways, public buildings, and even other prisons.

Organized labor, along with manufacturers' associations, saw prison labor as unfair competition and had been protesting against it since its inception. During the 1880s, the National Labor Union denounced convict labor at its first conventions; and the Federation of Organized Trades and Labor Unions petitioned state legislatures, lobbied state and federal politicians, and condemned manufacturers and purchasers of prison-made products at rallies (Adamson, 1984). Organized labor had some success in pressuring northern politicians who attempted to attract the labor vote, but the political strength of the labor movement was not enough to rescind the use of prison labor (Barnes and Teeters, 1943). With the advent of the Great Depression, organized labor was gaining power in the national politics and was able to influence federal legislation. The combination of economic slump and fierce political protest from organized labor, small businesses, and humanist organizations forced Congress to pass a series of laws which restricted prison labor (Barnes and Teeters, 1943). The 1940 Sumners-Ashurst Act outlawed private sector use of prison labor and interstate sales of prison-made products. For the next four decades, only the state-use system was in operation.

In 1979, Congress created the Prison Industry Enhancement Certification Program (PIECP), which again allowed certified businesses to employ inmates and sell prisoner-made goods in interstate commerce. The revival of private-sector prison labor served as a means to regulate the economy and undermine union power (Adamson, 1984; Weiss, 2001). During the late 1960s and early 1970s, unemployment was low and wages continued to rise, and workers were engaging in strike activities at an historically high rate (Parenti, 1999). The declining productivity and rising wage squeezed corporate profits, and the government began to seek ways of using the growing pool of captive labor as an economic resource (Adamson, 1984). Government officials and prison administrators began to advocate private sector prison industry under the rhetoric of rehabilitation. Former Chief Justice Warren Burger forcefully advocated converting the U.S. prisons into "factories with fences," which was welcomed by the Reagan and Bush administrations (Buck, 1994).

### ***Recent Developments***

Eighty percent of federal and state prisoners work during their time in prison. There are two general categories of work: non-industrial and

industrial work. The non-industrial work involves institutional maintenance and agriculture; the industrial work involves profitable production. The majority of federal, state, and local inmates (40 to 66 percent) work to maintain the operation of their institutions: janitorial duties, food preparation, medical service, laundry, library, office help, recreation, barber, or beauty shop. The prison would not be able to function without prisoner labor used for institutional maintenance (Burton-Rose, Pens, and Wright, 1998). Very few (two percent of state prisoners) work on prison farms: gardening, farming, forestry, ranching, and other agricultural activities. Federal and state inmates work an average of six hours daily and receive \$1.03 to \$4.38 for non-industrial work (The Criminal Justice Institute, 2000).

The most controversial form of prison labor is the prison industry, employing inmates for profitable production and services. Currently, there are three systems of prison industries: (1) the federal and state government-operated prison industry, (2) the PIECP, and (3) the prison industry operated by private prisons. The federal government and every state government own and operate prison industries. The prison-made products, however, can be sold only to governmental agencies, public organizations, tax-supported entities, or markets in other countries. The PIECP allows private corporations to enter "joint ventures" with state prisons for profitable production; their products are sold in the free market.

### ***The Federal Prison Industry***

The largest government prison industry is the Federal Prison Industries (FPI), Inc., operating under the trade name UNICOR. It was established by Congress in 1934 and is a wholly owned government corporation within the U.S. Department of Justice. In 2000, the FPI operated 103 factories at 68 facilities within the Federal Prison System, offering 150 diverse products and services, and generated \$546 million in net sales and \$17 million in profit (Federal Prison Industries, 2000). It employed 22,000 inmates (18 percent of federal inmates). Thirty percent of the inmates work in textile, 22 percent in furniture, 18 percent in electronics, 16 percent in metals, and 14 percent in graphics and services. In 1999, the FPI paid \$38 million, seven percent of its budget, on inmate wages. The FPI workers work an average of 7.5 hours and receive a daily wage ranging from \$1.73 to \$8.63 (see Table 1). Fifty percent of the inmate wages are garnished for court fines, child support, and victim restitution. After the deduction, the actual wage is miniscule.

With a growing federal prison population and expanding

Table 1  
 Number of Inmates, Daily Wage, and Work Hours in Federal, State, and Private Prisons

	Non-Industry Work			Prison Industry			
	Federal	State	Private	Federal	State	PIECP	Private
Number of Inmates	78,000 (66%)	400,000 (40%)	17,000 (57%)	21,000 (18%)	56,000 (7%)	3,700 (.3)	840 (17)
Daily Wage	\$0.12- \$0.40	\$1.03- \$4.38	\$0.08- \$3.20	\$1.73- \$8.63	\$2.26- \$6.52	\$27.04- \$43.23	\$0.96- \$3.20
Average Work Hours/Day	N/A	6.4	8	7.5	6.9	6.9	8
Percent of Wage Garnished				50	70	64	N/A

\* Non-industry wages are per hour.

Source: The Criminal Justice Institute. The 2000 Correction Year Book. Middletown, CT: The Criminal Justice Institute

opportunities in the service economy, the FPI attempted to expand its operation and enter the commercial market. This has reignited the debate over unfair labor and business competition, and brought two competing bills under consideration in the 106<sup>th</sup> Congress. The Federal Prison Industries Competition in Contracting Act of 1999 would restrict FPI by requiring it to compete for government contracts and prohibiting it from subcontracting products or services to the private sector. The bill was co-sponsored by 30 unions, small businesses, and trade associations. The Prison Industries Reform Act of 1999, however, would allow the FPI to compete in the free market (Weiss, 2001).

### ***The State Prison Industry***

Every state prison operates its own prison industry. The most common products are wood/furniture, metal, paper/printing, vehicle-related, and garment/textile. In 1999, state prison industries employed 56,000 inmates (seven percent of the state prison population) and generated \$3 billion in sales and \$67 million in profit. Inmates worked seven hours a day and the daily wage ranged from \$2.26 to \$6.52. The gross wages paid to inmates totaled \$80 million and the net wages totaled \$24 million. The states garnished 70 percent of inmate wages for victim restitution, child support, and cost of incarceration (The Criminal Justice Institute, 2000).

The largest state prison industry belongs to the Texas Correction Industry (TCI). Established in 1963, TCI now has 43 facilities at 35 different Texas Department of Criminal Justice units, with the heaviest concentration in East Texas. These factories produce signage (metal and plastic), mattresses, shoes, garments, brooms, license plates, printed matter, detergents, furniture, textile and steel products. In 2000, it used 7,000 inmates and generated \$83 million in sales and \$350,000 in profit. TCI, however, does not pay its inmate workers wages (The Criminal Justice Institute, 2000).

### ***The PIECP***

“If you are a labor-intensive business and need unskilled or semi-skilled workers, you may want to operate in a Connecticut prison. We supply the workers, the space and security. You supply the equipment, supervise the eager and carefully screened workers, and control hiring and termination,” advertises the Connecticut Department of Correction ([www.state.ct.us/doc/](http://www.state.ct.us/doc/)) as a participant of the PIECP. In 2001, 33 state

departments of corrections, four county facilities, and two privately operated facilities with a total of 159 private sector companies have been certified by the program.

The PIECP operates under three models of partnership: employer (62 percent of workers), customer (16 percent), and manpower (21 percent). The majority of workers work under the employer model—the state prisons provide the space and a qualified pool of inmates, and private corporations employ, supervise, and train its employees. Under the customer model, the company contracts with a prison or jail to provide a finished product at an agreed upon price, and the prison owns and operates the business that employs, supervises, and trains the inmates. The manpower model resembles temporary labor agencies. The companies lease rather than employ their prison workforces (Sexton, 1995). The PIECP requires participating businesses to pay workers the prevailing wage, provide benefits similar to government employees, meet the national Environmental Protection Act, consult with local organized labor and businesses, and not replace free workers. Worker participation is voluntary but workers must contribute five percent to 20 percent of their gross wages toward victim restitution programs. The total deduction, however, cannot exceed 80 percent of inmates' wages. The PIECP restrictions do not apply to the service jobs and private correctional facilities.

According to Correctional Industries Association, more than 20,000 inmates have participated in PIECP since its inception in 1979. The PIECP employed 900 inmates in 1991 and 3,700 in 2000, an average annual growth of two percent. In 2000, 80 percent of the workers were employed for manufacturing apparel, metal, electronic and electrical equipment, furniture, and wood products; 10 percent were employed for providing business and automobile services; and very few worked in agriculture and construction. The PIECP workers work an average of seven hours a day and receive a daily wage range from \$27.04 to \$43.23 (The Criminal Justice Institute, 2000). In 1999, the gross wage totaled \$25 million and the net wage totaled \$9 million. Sixty-four percent of inmate wages are garnished for taxes, room and board, and family support.

Escod Industries, a Fortune 500 conglomerate based in Columbus, Ohio, is the largest PIECP employer with over 200 inmate workers. In the early 1990s, South Carolina's Division of Correctional Industries invited electronics company Escod to operate a plant inside a 1,100 bed maximum/medium security prison at a time when the company was considering a satellite plant in Mexico. The company was immediately attracted to the "cost-competitive" workforce that would better fit its "just-in-time"



production system than a plant located a thousand miles away. In 1994, Escod's prison employees assembled \$16 million worth of electronic cables, which were purchased by corporations such as IBM and the Canadian Northern Telecom Corporation, which then uses Escod's products in the telephone cables it sells to several Eastern European countries (Sexton, 1995).

### ***The Prison Industry Operated by Private Prisons***

Similar to the public prisons, private prisons use the majority (65 percent) of the inmates' labor for institutional maintenance, six percent for prison industry, and 12 percent for prison farm work. Inmates work longer hours, an average of eight hours, and receive lower daily wages, from \$0.96 to \$3.20, than inmates in public prison industry. Private prisons also pay inmates at a lower rate for institutional maintenance than the public prisons do (The Criminal Justice Institute, 2000).

### ***Issues of Prison Industrialization***

Both public and private sector prison industries face strong opposition, not only from labor, social, and political activists, but also from business groups and trade organizations. Historically, organized labor emphasizes the adverse impact of prison labor on free workers' job security, wages, and working conditions, as well as the deprivation of prisoners' work rights, benefits, and working conditions. Gallagher and Edwards (1997) found that states with Democratic governors and strong labor unions were more resistant to private prison industries. Testifying against the Free-Market Prison Industries Reform Act of 1998, the AFL-CIO stated:

The AFL-CIO and its affiliated unions, nationally and in the states, have consistently supported efforts to provide training opportunities for prisoners to help in their rehabilitation, and to reduce recidivism, but always with caution that prisoners should never be used in competition with free labor or to replace free labor... Twenty-one states have statutes that compel prisoners to work, and others enforce policies that penalize inmates who refuse to work...the use of inmate labor in this manner appears to violate Convention No. 105 adopted by the International Labor Organization in 1957 and ratified by the United States in 1991, which prohibits the use of forced prison labor for economic development... The AFL-CIO calls on the federal government and the states to

end any promotional programs to encourage employers to set up shop in federal or state prisons as an alternative to creating jobs and hiring workers in the general population and in direct, intentional competition with private sector employers. (Smith, 1998)

So far, the economic impact of prison labor is small, but not trivial. Economists calculate that even if all inmates worked, prison labor would add only 0.2 to 0.4 percent of the total U.S. Gross Domestic Product (Kling and Krueger, 1999). The current prison workforce (77,000 in public sector and 3,700 in private sector) is relatively small compared to the civilian labor force of 135 million. Nevertheless, economists warn that a significant increase in prison labor may displace the lowest unskilled strata of the work force and depress their wages. If these displaced workers turn to illegitimate means for economic survival, the social cost of the displacement is greater than the initial economic cost (Freeman, 1999). On the other hand, jobs particularly suited to prison industry, usually labor-intensive, low pay, and low-skill, are the types of jobs that are generally relocated to Third World countries. Consequently, prison workers may be competing with Third World free workers rather than domestic workers (Misrahi, 1996; Parenti, 1999; Weiss, 2001).

Prisoner workers are deprived of rights to collective bargaining, minimum wage, unemployment compensation, worker's compensation, and workplace safety, except for the PIECP protection on prevailing wage and worker's compensation. In the 1977 *Jones v. North Carolina Prisoner's Labor Union* case, the Supreme Court, reversing the District Court decision, denied prisoners' rights to organize and union activities. The Supreme Court upheld the right of the state to prohibit members of the Prisoner's Labor Union from soliciting other inmates to join the union, to bar all union meetings, and to refuse to deliver union materials in the mail. Prisoners who refuse to work, fail to meet production quotas, or complain about working conditions are often denied privileges or benefits (e.g., better housing assignments or extended visitation), or find themselves in solitary confinement. For example, in 1996 inmates of the Minnesota state prison industry were on a strike to demand minimum wage and improvement in living conditions. Hours after the strike began, prisoner's cells were ransacked and alleged ringleaders were sent to disciplinary segregation. As more prisoners refused to work, the prison administration created more segregation units to house the strikers. No concessions were made (Burton-Rose, Pens and Wright, 1998). In support of prison labor, neo-liberal economists and policy makers advocate the ex-

tension of employment legal rights, collective bargaining, minimum wage, and workplace protections, to prison workers to “level the playing field” (Marshall, 1999).

Nevertheless, some prisoners do “voluntarily” work for the prison industries. Why would they take jobs that they would probably reject in the free world even if paid a higher rate? In a coercive, isolated, and idle penal environment, a monotonous and low wage job might appear to be less alienating than a higher pay job in the free world. The wage offered by government prison industries is so meager that the wages offered by the private sector become attractive by comparison (Weiss, 2001). Although a large percentage of their wages are garnished, prisoners may use the remaining amount to purchase amenities that the state does not provide and to accumulate savings to start a life upon release (Kalinich, 1980; Misrahi, 1996).

Proponents of prison industries contend that the work programs provide inmates with marketable skills and training, and consequently reduce the recidivism rate. Wilson et al. (2000) found that participants of work programs return to crime at a lower rate than non-participants. However, the lower recidivism rate may result from background differences—those who participate in work programs are those who had legitimate jobs before they entered prisons. Moreover, most prison industries offer only low-skill and labor-intensive jobs, which are unlikely to provide inmates marketable skills, training, or experience.

We have little knowledge of what criteria prison administrators use to assign work. For rehabilitation purposes prison industries should employ inmates who have shorter sentences. But, to be profitable, prison industries will likely hire inmates serving longer terms to reduce retraining and turnover costs. How is this conflict of interests reconciled in assigning work? Moreover, the racial inequality in economic opportunities inside prison seems to mirror that of the free society. Jackson (1997) showed racial disparity in job assignment—whites are more likely to be assigned skilled jobs and earn higher hourly wages than are blacks. Consequently, blacks are more likely to engage in illegitimate economic activities, such as drug selling, prostitution, and theft, in prison to supplement their income, which increases their misconduct reports, the loss of good time and privileges, and their remaining time in prison (Kalinich, 1980).

Other critics condemn making profit from punishment as unethical or immoral. However, Parenti (1999) demonstrates that prison industry is not as efficient and profitable as the opponents argue, due to lack of space, stigma of prison-made products, security restrictions, loca-

tion problems, and poor quality of labor. This explains the slow growth of the private sector prison industry. Parenti argues that the real function of prison labor is ideological and political. Prison labor legitimizes the function of prison and fulfills the ideology of retribution and rehabilitation; it makes the prison appear meaningful and it cures the illness of the “slacking” proletariat and the unfitness of character-flawed deviants. The prison-industrial complex is a device for class and social control absent the drawback of empowerment associated with the welfare model. The PIECP is a political instrument designed to promote the prison industrial complex and yet satisfy every possible constituency: the state, the prison administrators, the prison guards, the victims, organized labor, and business.

### **Union Strategies and Dilemmas**

Through effective coalition building, the labor movement has played a key role in deterring the expansion of prison privatization and prison industry (Gallagher and Edwards, 1997; Parenti, 1999). Organized labor's strategies, however, have been concentrated on political lobbying or grassroots protests directly against prison privatization or prison industry. These strategies are interest group-based, focusing on protecting the economic interests of union members or free labor. They accept the legitimacy of the skyrocketing incarceration rate. Such interest-based strategies will not likely thwart the mounting of corporate power in the criminal justice system in the long run.

The key to dismantling the prison industrial complex is “decarceration” (Parenti, 1999). We propose a holistic approach to “decarceration,” consisting of both criminal justice and non-criminal justice measures. The criminal justice approach involves decriminalizing certain non-violent behaviors, restricting availability of lethal weapons, and seeking alternative institutions to incarceration. Parenti (1999) recommends fewer laws governing individual behaviors, less policing, and shorter sentences. The majority of federal and state prisoners are non-violent offenders (Beck and Harrison, 2001). This means that thousands of people in prisons pose no threats to public safety. They are imprisoned because of their socially “deviant” behaviors: lack of immigration documents, casual drug use, mental illness, shoplifting, or homeless streetwalking. For example, in the past ten years, the growth rate of illegal immigration offenders is higher than that of violent offenders (Beck and Harrison, 2001). Alternative institutions or programs, such as mental hospitals, drug-abuse rehabilitation centers, homeless shelters, and vocational schools, can be more effective in rehabilitation than is incarceration. While supporting

decriminalizing non-violent behaviors, we advocate more government regulations on assault weapons to reduce violent crimes. The U.S. has the highest death rate by firearms among industrialized countries and studies show that regulation of gun ownership reduces violent crimes (Lott and Mustard, 1997).

The non-criminal justice approach of “decarceration” involves developing other mechanisms for intervening the political economy: eliminating poverty, creating social and welfare programs, education, and job opportunity for the unemployed, and raising the living wages and standards for the employed. Most of the prisoners were either the unemployed or the working poor before they entered prisons. Jackson (1997) found that over half of whites and Latinos and one-third of blacks had legitimate full-time employment before being incarcerated, but they were earning below poverty wage rates. Blacks’ median annual income was \$6,750, whites’ was \$13,500, and Latinos’ was \$8,750. Drug offenders attribute drug selling to an unattractive labor market. They turned to the illegal source of income as a means of “moonlighting” (Mauer, 2000). More attractive employment opportunities could prevent the underclass from turning to the underground economy.

The “decarceration” idea, however, may not draw consensus within the labor movement because of internal racial, political, economic, cultural, and ideological divisions. For example, only recently has the AFL-CIO recognized its “common bonds” with undocumented workers and lobbied for amnesty legislation. Amnesty would decriminalize undocumented immigrants. “Decarceration” may conflict with the economic interests of segments of the labor movement—the loss of employment in the highly unionized protective occupations, such as police and correctional officers. While strongly opposing prison privatization and prison industries, organized labor often concurs with the “tough on crime” ideology. For example, CCPOA orchestrated Crime Victims United, a right-wing political action committee, pushing the passage of California’s “three strikes” legislation. And, AFSCME has played a key role in passing the 1994 Crime Bill. Moreover, the public prison guards favor prison industry because inmates who are preoccupied by work are easier to manage than idle inmates (Parenti, 1999).

The prison-industrial complex is an artifact of complex ideological, social, political, and economic forces. Dismantling it requires fundamental changes in the class and racial relations. With dwindling union membership, the labor movement faces challenges and dilemmas in maximizing immediate economic interests of its members without sacrificing its

principles and its mission of building a social movement for social and economic equality in a capitalistic society.

### Acknowledgement

We would like to thank John Hagedorn, associate professor in the Department of Criminal Justice at the University of Illinois at Chicago, for his comments on earlier draft of this paper.

### References

- Adamson, Christopher. 1984. "Toward a Marxian Penology: Captive Criminal Populations as Economic Threats and Resources." *Social Problems* 31: 435-58.
- AFL-CIO. 2001. *Prison Privatization*. Online at [www.afl-cio.org](http://www.afl-cio.org).
- AFSCME. 2001. *The Evidence is Clear: Crime Shouldn't Pay*. Online at [www.afscme.org](http://www.afscme.org).
- Barlow, David E. and W. Wesley Johnson. 1996. "The Political Economy of Criminal Justice Policy: A Time-Series Analysis of Economic Conditions, Crime, and Federal Criminal Justice Legislation, 1948-1987." *Justice Quarterly* 13: 223-41.
- Barnes, Harry Elmer and Negley K. Teeters. 1943. *New Horizons in Criminology: The American Crime Problem*. New York: Prentice-Hall, Inc.
- Beck, Allen and Paige M. Harrison. 2001. "Prison and Jail Inmates in 2000." Washington, D.C.: U.S. Department of Justice.
- Buck, Pem Davidson. 1994. "'Arbeit Macht Frei': Racism and Bound, Concentrated Labor in U.S. Prisons." *Urban Anthropology* 23: 331-73.
- Bureau of Justice Statistics. 2000. *Sourcebook of Criminal Justice Statistics*. Washington, D.C.: U.S. Department of Justice.
- Bureau of Labor Statistics. 2000. "Union Members." Online at [www.bls.gov/news.release/union2.toc.htm](http://www.bls.gov/news.release/union2.toc.htm).
- Burton-Rose, Daniel, Dan Pens, and Paul Wright. 1998. *The Ceiling of America*. Monroe, ME: Common Courage Press.
- Chandler, Timothy D. 1994. "Sanitation Privatization and Sanitation Employees' Wages." *Journal of Labor Research* 15: 137-54.
- Donahue, John D. 1989. *The Privatization Decision*. New York: Basic Books, Inc.
- Federal Prison Industries, Inc. 2000. 2000 Annual Report. Washington, D. C.: U.S. Department of Justice.

- Freeman, Richard B. 1999. "Making The Most From Prison Labor." *The National Symposium on the Economics of Inmate Labor Force Participation*. Washington, D.C.
- Gallagher, Daniel J. and Mary E. Edwards. 1997. "Prison Industries and the Private Sector." *Atlantic Economic Journal* 25: 91-8.
- Hagedorn, John M. 1998. "Gang Violence in the Postindustrial Era." *Crime and Justice: A Review of Research* 24: 365-419.
- Hallett, Michael A. and J. Frank Lee. 2001. "Public Money, Private Interests: The Grassroots Battle Against CCA in Tennessee." *Privatization in Criminal Justice*. D. Shichor and M. J. Gilbert, eds. Cincinnati, OH: Anderson Publishing Co.
- Hirsch, Barry T. and Edward J. Schumacher. 2001. "Private Sector Union Density and the Wage Premium: Past, Present, and Future." *Journal of Labor Research* 22: 487-512.
- Hochstetler, Andrew L. and Neal Shover. 1997. "Street Crime, Labor Surplus, and Criminal Punishment, 1980-1990." *Social Problems* 44: 358-68.
- Jackson, Kevin L. 1997. "Differences in the Background and Criminal Justice Characteristics of Young Black, White, and Hispanic Male Federal Prison Inmates." *Journal of Black Studies* 27: 494-508.
- Jacobs, David and Ronald E. Helms. 1996. "Toward a Political Model of Incarceration: A Time-Series Examination of Multiple Explanations for Prison Admission Rates." *American Journal of Sociology* 102: 323-57.
- Kalinich, David B. 1980. *The Inmate Economy*. Boston, MA: Lexington Books.
- Kling, Jeffrey R. and Alan B. Krueger. 1999. "Cost, Benefits, and Distributional Consequences of Inmate Labor." *The National Symposium on the Economics of Inmate Labor Force Participation*. Washington, D.C.: The George Washington University.
- Lott, J. R. and D. B. Mustard. 1997. "Crime, Deterrence, and Right-to-Carry Concealed Handguns." *Journal of Legal Studies* 26: 1-68.
- Marshall, Ray. 1999. "Preliminary Opinion on the Economics of Inmate Labor Participation." *The National Symposium on the Economics of Inmate Labor Force Participation*. Washington, D. C.
- Mauer, Marc. 1999. *The Race to Incarcerate*. New York: The New Press.
- \_\_\_\_\_. 2000. "Young Black Americans and the Criminal Justice System." in *States of Confinement*, edited by J. James. New York, NY: St. Martin's.
- Misrahi, James J. 1996. "Factories With Fences: An Analysis of The Prison Industry Enhancement Certification Program in Historical Perspective." *American Criminal Law Review* 33.

- Mobley, Alan and Gilbert Geis. 2001. "The Corrections Corporation of America aka The Prison Realty Trust, Inc." *Privatization in Criminal Justice*. D. Shichor and M. J. Gilbert, eds. Cincinnati, Oh: Anderson Publishing Co.
- Parenti, Christian. 1999. *Lockdown America*. New York, NY: Verso.
- Scalia, John. 2001. "Federal Drug Offenders, 1999 with Trends 1984-1999." Washington, D.C.: Bureau of Justice Statistics.
- Schlosser, Eric. 1998. "The Prison-Industrial Complex." *The Atlantic Monthly* 282.
- Schneider, Anne Larason. 2000. "Public-Private Partnership in the U.S. Prison System." *Public-Private Policy Partnerships*. P. V. Rosenau, ed. Cambridge, MA: The MIT Press.
- Sexton, George. 1995. "Work in American Prisons: Joint Ventures with the Private Sector." Washington, D.C.: U.S. Department of Justice.
- Sheldon, Randall G. 2001. *Controlling the Dangerous Classes*. Boston: Allyn and Bacon.
- Smith, Davi A. 1998. "Prison Industry Programs: Effects on Inmates, Law-Abiding Workers, and Business." Hearing before the Subcommittee on Oversight and Investigations of the Committee on Education and the Workforce, House of Representatives, 105th Congress. Washington, D. C.: U.S. Government Printing Office.
- The Criminal Justice Institute. 2000. *The Corrections Yearbook*. Middletown, CT: The Criminal Justice Institute, Inc.
- Thomas, C. W. 2000. **Private Adult Correctional Facility Census**. Online at [www.web.crim.ufl.edu/pcp](http://www.web.crim.ufl.edu/pcp).
- Weinberg, Daniel H. 1996. "Current Population Reports." Washington, D.C.: U.S. Census Bureau.
- Weiss, Robert P. 2001. "Political Economy of Prison Labor Reprivatization in the Postindustrial United States." *Criminology* 39: 253-91.
- Western, Bruce and Becky Pettit. 2000. "Incarceration and Racial Inequality in Men's Employment." *Industrial and Labor Relations Review* 54: 3-14.
- Wilson, David B., Catherine A. Gallagher, and Doris L. MacKenzie. 2000. "A Meta-Analysis of Corrections-Based Education, Vocation, And Work Programs for Adult Offenders." *Journal of Research in Crime and Delinquency* 37: 347-68.
- Wright, Paul 1997. "Profiting from Punishment." *Prison Labor News* (March).



**Appendix 1**  
**Characteristics of Prison Privatization and Prison Industry by State**

Region	State	Prison Privatization (Statutory Authority)	Percent of Inmates Held in Private Prison	Year of PIE Certification	Percent of Inmates Work in State Prison Industry
Northeast	Connecticut	Yes	0	1989	2.1
	Maine	No	0.7	1988	1.6
	Massachusetts	No	0	—	4.2
	New Hampshire	Yes	0	1987	6.9
	New Jersey	No	8.4	—	3.5
	New York	Prohibition	0	—	3.5
	Pennsylvania	No	0	—	5.1
	Rhode Island	No	0	—	10.1
	Vermont	No	0	1993	8.0
Midwest	Illinois	Prohibition	0	—	3.0
	Indiana	Yes	4.9	1992	9.0
	Iowa	Permissive	0	1992	12.4
	Kansas	Permissive	0	1986	5.3
	Michigan	Yes	0.9	—	3.1
	Minnesota	Permissive	0	1985	14.9
	Missouri	Permissive	0	1989	5.7
	Nebraska	Yes	0	1987	15.1
	North Dakota	Permissive	8.9	—	11.8
	Ohio	Yes	4.2	1987	6.3
	South Dakota	No	1.7	1991	7.3
	Wisconsin	Yes	21.0	1993	
	South	Alabama	No	0	—
Arkansas		Yes	12.3	—	8.7
Delaware		No	0	1992	2.4
District of Columbia			31.4	—	7.1
Florida		Yes	5.5	1995	3.8
Georgia		Permissive	8.5	—	3.5
Kentucky		Yes	8.5	—	6.3
Louisiana		Yes	8.8	—	4.0
Maryland		Permissive	0.5	1992	5.3
Mississippi		Yes	16.0	—	3.6
North Carolina		Yes	1.1	1993	5.9
Oklahoma		Yes	29.9	1987	8.6
South Carolina		Permissive	0	1987	8.4
Tennessee		Yes	15.8	1991	5.9
Texas		Yes	8.9	1993	5.3

CORRECTIONAL INDUSTRY

	Virginia	Yes	5.2	1995	4.2
	West Virginia	Yes	0	—	7.7
West	Alaska	Yes	33.1	1989	5.9
	Utah	Yes	5.4	1995	15.5
	Arizona	Yes	2.8	1991	5.6
	California	Yes	...	1985	3.9
	Colorado	Yes	23.5	1990	6.5
	Hawaii	Permissive	21.0	1992	8.5
	Idaho	Yes	31.8	1986	12.5
	Montana	Yes	5.1	1994	7.6
	Nevada	Yes	40.3	1985	3.7
	New Mexico	Yes	0	1986	9.3
	Oregon	Permissive	3.7	1989	5.2
	Washington	No	0	1987	13.0
	Wyoming	Yes	16.4	—	7.9

---