

How the US Private For-profit Prison System Works

The booming business of American slavery

Kyle Lovett

Even 150 years after the end of the American Civil War, slavery in the United States is far from being history. Today, in a twisted marriage between Congress, the American prison system, and large private corporations seeking to reduce costs and increase profits, slave labour has become a booming business in the USA. Generating more than \$2.4 billion dollars a year in revenue, and encompassing some 600,000 state, federal and local inmates, there seems to be no end in sight to this flourishing enterprise some have called the Prison Industrial Complex.

Men who are in prison for non-violent offences, who have been caught up in the never ending “War on Drugs”, mandatory minimum sentencing statutes, “three strikes” laws, and increasingly ending up in prison for unpaid debts, many times for child support payments they are unable to make, due to lack of employment, are by far and away the almost exclusive fodder for this new type of slavery.

The USA never did stop using prisoners for forced labour, many times seen in the form of the iconic chain gangs. And for the most part, excluding some parts of the South that sold prison labour to agricultural companies for work in the fields during the era of Jim Crow and the infamous Black Codes, prison labour was mostly used for public works and projects that were government run, and benefited the community at large. Indeed, even today, the US Department of Defense employs federal prison labour to manufacture a good

portion of its personnel equipment such as helmets and body armour. UNICOR is the trade name for Federal Prison Industries Inc. (FPI), which is the government owned corporation that “employs” inmates incarcerated in federal correctional facilities, for use in public projects.

That all began to change in 1979 after Congress passed the *Private Sector/Prison Industry Enhancement Certification (PIE)* program under the *Justice System Improvement Act*. The Congressional program essentially deregulated the use of inmates for labour, which not only enabled private companies to use prison labour, but also heavily encouraged it. PIE also lifted some restrictions on the sale of goods within the USA that were produced with prison labour. Even today, while much of what private corporations have manufactured inside prisons, still by law, must be sold overseas, companies and private “for-profit” prisons have increasingly found ways around these regulations, and hence flooded the domestic market with goods made with American slave labour.

Blood from a Stone

While federal regulations stipulate that prisons and companies must “pay wages at a rate not less than those paid for similar work in the same locality’s private sector,” the statute also allows for “allowable wage deductions” of up to 80% of the prisoner’s wages. These deductions are for room and board, child support, victim

programs, and taxes. Through other loopholes in the PIE act, public prisons and “for-profit” private prisons have found ways to deduct or withhold almost all of the remaining inmates’ wages.

Today, after these “allowable wage deductions”, inmate wages range from 0.17 cents an hour at the low end, to perhaps \$3 - \$4 a day at the high end.

Since room and board is usually the biggest chunk of deductions from the inmates’ paychecks, most of these cost savings are often passed back to the private corporations, as an incentive to bring in more projects. Private corporations

are standing in line to take advantage of cheap prison labour. The bottom line is that this slave labour can make a prison’s cash flow soar, and enable corporations to take advantage of Third World wages right here in the USA, without the hassle or political fallout of overseas sweat shops, or the expense of transporting goods from other countries.

By law, except in federal prisons and the State of California, the inmates are not forced to work, and can remain in their cells during the work day. The catch is, if prisoners refuse to work, the prison can take away their canteen and telephone privileges, move the inmates into solitary confinement or disciplinary housing, and most importantly halt the inmates’ “good time credit”, that can reduce their prison sentence length by up to 40%.

For the inmates, the choice to work is not a difficult one, given the tactics used by the different prisons, which are tantamount to profiteering through coercion and extortion; an illegal act outside prison walls, but completely legal inside.

Debtor Prisoners and Profiting from Misery

The laws governing PIE work programs state that only non-violent offenders can be used

for prison labour. In the mid 1980s, during the height of the US failed war on drugs, for the first time in American history, nonviolent inmates in

federal prisons surpassed those convicted of violent crimes. In state and local facilities, the same pattern emerged through the implementation of mandatory minimum sentencing, “three strikes” laws, and reductions in the availability of parole or early release. Another very troubling pattern began emerging over the past 15 years where judges are sending men to jail for arrears of child support. Today, an estimated 50,000 men sit

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These men are increasingly being tapped for prison work programs, especially by the “for-profit” prison corporations, some getting caught in a seemingly endless loop of child support arrears and jail time. It is already well documented that the criminal justice system punishes men far more harshly than women. The family court system is no better, also showing an ugly and institutionalized bias against fathers and men in divorce and custody cases. The bottom of our misandric court system is apparently slave labour, exploited for the profit of private corporations.

Corporations and Advocates

Proponents of these prison work programs have argued that these “jobs” give inmates life work-skills for after their release, a lower case of recidivism, less instances of violence inside the facilities, and a method by which convicts can help pay for the cost of their own imprisonment. The Department of Justice has shown in most studies that recidivism is not affected by whether or not the prisoner was forced to work, and also showed an increase in the number of

violent incidents and escapes, especially in “for-profit” prison corporation facilities. As for life work-skills, the jobs that these inmates do, which they call “vocational training” are usually nothing more than repetitious activities needed for mass production, call centre operations, or farming work such as planting or harvesting crops. In fact, one of the fastest growing segments of prison slave labour is call centres for companies that need reservation operators for hotels, airlines, and rental car companies.

Corporations which “partner” with any facet of the prison system have, over the past 15 years, been given unprecedented access to inmates for an endless supply of cheap labour, and have received

additional tax breaks from both the federal and state governments for “employing” them. They also have gained the ability to legally slap the all important “Made in USA” label on their products. And since the inmates are nonviolent convicts, who reside in medium to minimum security facilities, the ability for these companies to move heavy machinery and training personnel in and out of these prisons is very simple.

But the programs don’t always go smoothly for the corporations. Here is one story concerning the BP oil spill in the Gulf of Mexico, and its clean-up efforts.

“Following the explosion of the Deepwater Horizon rig that killed 11 workers and irreparably damaged the Gulf of Mexico for generations to come, BP elected to hire Louisiana prison inmates to clean up its mess. Louisiana has the highest incarceration rate of any state in the nation, 70% of which are African-American men. Coastal residents desperate for work, whose livelihoods had been destroyed by BP’s negligence, were outraged at BP’s use of free prison labour.

In *The Nation* article that exposed BP’s hiring of inmates, Abe Louise Young details how BP tried to cover up its use of prisoners by changing the inmates’ clothing to give the illusion of civilian workers. But nine out of 10

residents of Grand Isle, Louisiana are white, while the cleanup workers were almost exclusively black, so BP’s ruse fooled very few people.”

‘For-Profit’ Prison Corporations

One other major development, which coincidentally coincided with the boom of prison slave labour, has been the outsourcing of public prisons to private “for-profit” corporations. Today, there are several

licensed private prison management corporations doing business inside the USA. These “for-profit” prison corporations work closely with other outside corporations which seek to exploit inmate slave labour. The two largest of these companies being GEO Group (formally Wackenhut Industries), and the Correctional Corporation of America (CCA), which houses 75,000 inmates in 60 different facilities around the United States. In 2008, CCA, a publicly traded company on the NYSE, reported revenue of \$1.6 billion dollars, and has seen astronomical growth over the past 15 years.

Companies like CCA have often denied lobbying for longer prison terms or for increasing the number of prisoners they manage. In 2008, CCA Executive Vice President and Chief Corrections Officer Richard P. Seiter, gave a speech where he discussed this issue:

“Another often heard argument is that private prisons lobby for longer sentences and do what they can to try to increase the number of prisoners to increase their business oppor-

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tunities. Let me point out a few things. First, CCA has a company policy against this and as far as I know, we have never done it.”

However, in CCA’s *Company Code of Conduct* paper it states:

“At CCA, we believe that participation in the political process is an important and appropriate part of our partnership relations efforts. We must educate federal, state and local officials about the benefits of partnership corrections, CCA’s ability to assist them in meeting their corrections needs, and our track record of success. Corporate funds are used to make political contributions where allowed by applicable law, and where management has determined that such contributions will be an effective use of the funds.”

Indeed, in 2009, CCA disclosed it spent more than \$812,000 in political donations, including their PAC fund. Inside CCA’s investor kit, meant to entice people to investing in CCA, they point out several factors they see as advantageous to their profit margin:

- Large and under-penetrated market – less than 10% of prison populations – are in partnership beds.
- Limited competition with barriers to entry.
- Increasing interest in privatizing existing facilities to obtain cost savings.
- Public prisons are overcrowded and demographic projections point to growing prison populations.
- Potential of accelerated growth in inmate populations following the recession.
- Recession resistant.
- High recidivism.

- One in every 100 US adults is in prison or jail.
- Prison populations should grow as US population grows.

Men are disadvantaged at every step of the criminal justice system, from unfair treatment in family court, to longer prison sentences, and finally to being a selling point at the bottom line of private corporations looking to expand profit margins.

While I am not anti-capitalism, I do believe that the lives of men, and their labour, should not be bought and sold on the open market like corn or cattle. Men are human beings – even men who have made mistakes, and who are paying the price for those mistakes by the loss of their freedom. Men are not market potential nor are they a pool of untapped slave labour.

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And while rightly criticizing China for using slave labour, not only does the USA hypocritically legalize its use here, it encourages it – all in the name of justice.

Since when has prison slave labour that is used to enrich private corporations ever been considered fair and equal justice?

[*This article by Kyle Lovett appeared in A Voice For Men, Tuesday 24 January 2012.*]

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