

## THE BOTTOM LINE: THE ECONOMY AND THE CRIMINAL JUSTICE SYSTEM

A booming prison population requires vast expansions of the prison industrial complex. Increased surveillance, policing, and prison construction constrains state and federal budgets and draws resources away from certain redistributive social welfare programs. The market trend toward increased outsourcing and privatization results in growing businesses for numerous industries at the expense of our communities. Moreover, the recent trend of prison labor violates and exploits incarcerated people.

### MANY STAND TO PROFIT FROM THE GROWTH OF PRISONS AND PRISONERS.

- In 2004, approximately 98,000 people were held in private prisons—up 3.4% since the end of 2003.<sup>1</sup>
- In 1997, there were 140 private prison facilities in the United States, and the industry's revenues reached approximately \$1 billion.<sup>2</sup>

### LOCKING MORE PEOPLE UP (CONVENIENTLY) HIDES THE NATION'S TRUE UNEMPLOYMENT RATE AND IN THE LONG RUN ACTUALLY INCREASES UNEMPLOYMENT AND WAGE INEQUITY.

- ***Despite the fact that many prisoners are unemployed or were unemployed before incarceration, they are not included in calculations of the unemployment rate.*** This is significant because the exclusion of prisoners from unemployment calculations makes the unemployment rate appear lower than it might be and it makes the economy appear to be healthier than it really is. Depending upon the method of calculation used, the U.S. unemployment rate could be 0.6%-1.9% higher if prisoners were taken into account.<sup>3</sup>
- ***In the long run, high incarceration rates actually increase unemployment and wage inequality.*** A criminal record, in addition to lost years of experience, training, and education, decreases a person's ability to get a job, much less earn a living wage. This contributes to the persistent employment gap between people of color and Whites, especially since people of color are incarcerated at higher rates than Whites.<sup>4</sup> Also, the existence of prisoners and ex-prisoners ensures a work force that will work for lower wages because of the lack of available employment opportunities.
- ***Incarceration may be a political solution to counteract rising unemployment rates.*** Because imprisonment increases unemployment in the long run by reducing the job prospects of state convicts, it is possible that the United States will increasingly incarcerate people in an effort to counteract the calculations of increasing unemployment.<sup>5</sup>

### BUILDING NEW PRISONS DOES NOT CREATE JOBS OR BOOST THE ECONOMIES OF THE TOWNS HOSTING THEM.

- ***Local labor and businesses are rarely employed when a new prison is built.***
  - Prisons do not increase job opportunities for local residents, because construction labor often requires both union membership and skill requirements. Local residents are unlikely to have either.<sup>6</sup>
  - Local businesses compete against large corporations for contracts on prison services like original construction supplies, food, linens and medicine. Because those contracts go to the lowest bidder large corporations typically beat out local business.<sup>7</sup>

- Positions within the facility are highly competitive and often go to more skilled workers from outside the community.<sup>8</sup>
- ***Prisons do not increase local economic growth.*** Contrary to popular belief, there is no ‘multiplier effect’, because prisons do not create economic ties to the community like the agriculture or manufacturing industries do. Any ‘spin-off’ business that develops usually does not go to local merchants, which means that the money spent on prison jobs and goods does not stay within the community.<sup>9</sup>
- ***In fact, prisons may harm local economies, as prison labor may compete with local residents for low income positions.***<sup>10</sup>

**CURRENT CENSUS METHODS OF COUNTING PRISONERS TRANSFER ECONOMIC AND LEGISLATIVE POWER FROM THE COMMUNITIES PRISONERS COME FROM TO THE COMMUNITIES WHERE PRISONS ARE BUILT.**

- ***Many prisoners and ex-prisoners are not allowed to vote, thereby decreasing their political and legislative power.*** Currently, only prisoners in Maine and Vermont have the right to vote. It is estimated that more than 4.5 million people are disenfranchised because of imprisonment or past felony convictions. Most are people of color and/or from poor communities, therefore diminishing the power of their communities.<sup>11</sup>
- ***Because many prisoners cannot vote, a county that hosts a prison has an population advantage in political redistricting over counties that don’t have prisons because the Census credits these counties with the population of the prisons.*** A county with a prison thus can send a state representative or senator to represent them in the state capital with less real residents than other counties, giving them a legislative advantage.<sup>12</sup> Because most prisons are built in predominantly White, rural areas and most prisoners come from predominantly Black, urban areas, more votes are given to rural areas with prisons but little crime and taken from urban areas without prisons but high levels of crime. This effectively creates a shift of legislative power to the White, rural areas.<sup>13</sup>
- ***The census currently counts prisoners as residents of the county in which they are imprisoned, not the county in which they live.*** Thus, prisons increase the population of the region where the prison is located and change how legislative district lines are drawn. The end result is an increase in the number of rural districts even though the number of free rural residents remains the same.<sup>14</sup>

**THERE IS NO EVIDENCE TO SUGGEST PRIVATE PRISONS SAVE MONEY OR ARE BETTER-RUN THAN STATE PRISONS.**

- ***Private prisons are built and run with substantial amounts of public funds.*** At least \$628 million in tax-free bonds and other public subsidies have been given to private prisons and close to three quarters of private prisons have received public subsidies.<sup>15</sup>
- ***Because of the profit motive, private prisons tend to be less safe than State-run prisons.*** Lower wages for starting correctional officers have resulted in a 41% turnover rate in private prisons compared to the 15% turnover rate in State-run prisons. This, combined with sub-par security, is responsible for the 49% more assaults on staff by prisoners and the 65% more assaults on prisoners by each other in medium to minimum security prisons run by private facilities than in similar prisons run by the government.<sup>16</sup>
- ***Private prisons compared to public prisons have a record of falling behind in quality.*** Cost-cutting measures in private prisons have led to decreased spending on health care and staff training.<sup>17</sup>

## A BOOMING PRISON POPULATION PUTS CONSTRAINTS ON STATE BUDGETS.

- In 2003, State prisons were estimated to be operating up to 16% above capacity while Federal prisons were operating at 39% above capacity, meaning that both of these prison systems are housing more people than they were designed to hold.<sup>18</sup>
- In California in 2003, spending on education, healthcare, and workforce development, as well as vocational, literacy, and drug rehabilitation programs for prisoners, was cut in favor of pay raises for prison guards.<sup>19</sup>
- At least 10 states, in light of budget constraints, are modifying mandatory sentencing laws, rethinking policy on drug convictions, and releasing some nonviolent offenders in an attempt to cut down on the prison population.<sup>20</sup>

## PRISON LABOR VIOLATES HUMAN RIGHTS AND HURTS LOW-WAGE WORKERS AND POOR COMMUNITIES.

- ***Prisoners are often forced to work in prison in environments with no safety standards and where they receive no benefits, vacation time, or health care.*** The lack of oversight of prison conditions and no prisoner unions means there is little to little accountability of prison officials. Accordingly, these officials have no incentive to provide decent working conditions. Consequently, conditions for prisoners working within American prisons are among the worst in the industrialized world.<sup>21</sup>
- ***Prisoners earn far less than minimum wage.*** While prisoners are paid at least minimum wage, 80% of a state prisoner's wage are taken by California and used for victim's rights organizations, anti-drug campaigns, and state restitution. This system leaves many prisoners in other states making as little as \$0.20 an hour, while some keep none of what they make.<sup>22</sup>
- The skills prisoners learn while incarcerated are not always useful upon their release, as many industries they work for have all but completely moved overseas.<sup>23</sup>

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<sup>1</sup>U.S. Department of Justice, BJS "Prison and Jail Inmates at Midyear 2004 " See <<http://www.ojp.usdoj.gov/bjs/pub/ascii/pjim03.txt>> (June 22, 2004).

<sup>2</sup>Crawford, Stephen, Elizabeth Fournier, Douglas McDonald and Malcolm Russell-Einhorn. Abt. Associations Inc July, 1998. "Private Prisons in the United States: An Assessment of Current Practice." Retrieved on June 27, 2003 (<http://www.nicic.org/pubs/1998/014789.pdf>) p.iii.

<sup>3</sup>Western, Bruce and Catherine Beckett, January 1999. "How Unregulated is the U.S. Labor Market? The Penal System as a Labor Market Institution." American Journal of Sociology 104:1030-1060. Retrieved on June 24, 2004 (<http://www.nyu.edu/gsas/dept/politics/seminars/western.pdf>). P.8.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid P.1

<sup>6</sup> Huling, Tracy; Ryan King; and Marc Mauer. February 2003. "Big Prisons, Small Towns: Prison Economics in Rural America." The Sentencing Project. Retrieved June 22, 2004 (<http://www.sentencingproject.org/pdfs/9037.pdf>)

<sup>7</sup> Ibid

<sup>8</sup> Ibid

<sup>9</sup> Ibid

<sup>10</sup> Ibid

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- <sup>11</sup> Demos – A Network for Ideas & Action, “About Felon Re-enfranchisement” Retrieved June 23 2004 (<http://www.demos-usa.org/page26.cfm>).
- <sup>12</sup> Wagner, Peter, April 2002. “Importing Constituents: Prisoners and Political Clout in New York.” Retrieved June 23 2004 (<http://www.prisonpolicy.org/importing/importing.shtml>). P.2Ibid P.5
- <sup>13</sup> Wagner, Peter, April 2002. “Importing Constituents: Prisoners and Political Clout in New York.” Retrieved June 23 2004 (<http://www.prisonpolicy.org/importing/importing.shtml>). P.2Ibid P.5
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- <sup>15</sup> Mattera, Phili and Mafruz Khan. Good Jobs First, October, 2001. “Jailbreaks: Economic Development Subsidies Given to Private Prisons.” Retrieved June 26, 2003) (<http://www.ctj.org/gjf/jbstudy.htm>). P.V
- <sup>16</sup> Greene, Judy. Sept. 2001. “Bailing Out Private Jails.” American Prospect. Retrieved on June 25 2003 (<http://www.prospect.org/print/V12/16/greene-ju.html>) p.3.
- <sup>17</sup> Greene, Judy. Sept. 2001. “Bailing Out Private Jails.” American Prospect. Retrieved on June 25 2003 (<http://www.prospect.org/print/V12/16/greene-ju.html>) p.3.Ibid p.3
- <sup>18</sup> U.S. Department of Justice, BJS. November 2004. “Prisoners in 2003.” Retrieved on May 27, 2005. (<http://www.ojp.usdoj.gov/bjs/pub/ascii/p02.txt>)
- <sup>20</sup> Jones, Van. September 3, 2003. “Davis’ Downfall: Prison Spending Bloats California’s Budget.” Retrieved May 27, 2005. (<http://www.inthesetimes.com/site/main/article/346>).
- <sup>20</sup> Justice Policy Institute. 2003. “States Reduce Incarceration, Change Sentencing Laws to Address Fiscal Crisis.” Retrieved July 1, 2003 (<http://justicepolicy.org/cutting2/ntlstatespending.pdf> accessed on July 1, 2003).
- <sup>21</sup> Prison Activist Resource Center, “Slavery with a New Name.” Retrieved on July 1, 2003 (<http://prisonactivist.org/factsheets/pic.pdf>). P.1
- <sup>22</sup> Ibid p.1
- <sup>23</sup> Ibid p.1