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Reducing Prison Violence

The illicit economy, debt and prison violence: Is prisoner debt inevitable?

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Prisons are familiar with the challenges posed by prisoner debt, bullying and violence and these, together with the illicit economy in prisons, are not new issues. So has anything changed? This article describes research findings that prisoners now view participating in the illicit economy as low risk, fuelling activity and contributing to rising prisoner debt. The authors argue that while the illicit economy is inevitable at some level, this does not preclude keeping those who are in debt safe by helping them to change the behaviour that compels them to buy what they cannot afford.

Introduction

This article draws on a research study undertaken with support from NOMS to gain a better understanding of the illicit economy (IE) and its impact on prison safety and on violence in prisons. The study began in October 2014 and involved process mapping, financial modelling and extensive interviews with prisoners, staff and managers.¹

The IE is taken to mean trade between prisoners that is forbidden by law or by prison rules. Illicit trade includes goods (ranging from canteen items to classified drugs, New Psychoactive Substances (NPS), prescribed medications, alcohol or mobile phones) and services (such as money lending and gambling). The impact of the IE on prisoners may be both positive, by filling idle hours or keeping prisoners calm, or it may be negative, by giving rise to debt which may well lead to threats, assaults, bullying, self-harm, isolation and transfer to another wing or to another prison. This article does not seek to pass judgement on the balance of positive and negative impacts of the IE. It takes the

perspective that the IE in some form is inevitable and that the challenge is to maximise any benefits and to minimise any harm.

The scale of the problem

It is helpful to have some concept of the scale of the 'legitimate' economy in prisons. As a crude indicator of this, we sampled total wages and money sent in through the post in four adult male prisons in the last week of January this year. This revealed that each prisoner would have 'income' of some £18 per week on average.² Averages per prisoner are misleading in the context of the IE because prisoners have told us that they believe over seventy percent of them participate in the IE,³ but there will be far fewer sellers than buyers and many buyers will not have the 'average' £18 per week to spend. For those who are smokers and have no money sent in, buying an ounce of tobacco through the canteen could account for their entire weekly income.

There is money to be made in the IE for those willing and able to trade, not least because margins available are extremely attractive for sellers. This is best illustrated by reference to drugs. Ten years ago, it was thought that drugs in prison would fetch between three and four times their street value.⁴ Now, using NPS is thought to be lower risk because they are not illegal and they evade drug testing detection.⁵ Demand for these drugs is therefore higher and this is reflected in the price. Prisoners estimate that between half and three-quarters of them use or have used NPS (although social norms research more generally would suggest that this is the kind of situation where the scale of use might be overestimated). Even if the precise level of use cannot be determined, it was reported to us that NPS fetches

1. The material included almost 40 hours of recorded interviews conducted by the authors on the illicit economy with 71 prisoners in one Category B and three Category C adult male prisons in England during the first quarter of 2015.
2. See Footnote 1: For the four prisons in the interview sample, Prisoners' Monies, Finance Audit Log, Week commencing 26 January 2015.
3. See Footnote 1: Average participation estimated in our interview sample to be 72% (range 30-95%).
4. Crewe, B. (2005). Prisoner society in the era of hard drugs. *Punishment & Society*, Vol. 7(4), pps. 457-481.
5. Faure Walker, D. (2015). The informal economy in prisons. *Criminal Justice Matters*, Vol. 99, pps. 18-19.

between eight and ten times its street value.⁶ Using modest assumptions about activity levels and prices, the weekly IE would generate margins equivalent to one third of the legitimate prisoner economy.⁷ So the IE is not insignificant and those with an appetite but limited means for buying illicit goods will need to find a way of paying other than their weekly earned prison income. They may access their own external funds, get help from their families with payment, sign over their canteen sheets, 'do favours', steal from fellow prisoners or get into debt. Prisoners confirmed these options for payment in a recent study of prisoner debt at HMP and YOI Moorland.⁸ The study reported prisoners' perceptions that debt was a problem, but stopped short of attempting to estimate the possible scale of the issue. Of the prisoners we interviewed as part of our research, more than one in three acknowledged that they had then or in the past had an issue with debt.⁹

The inevitability of the problem

Before looking in more detail at the issue of prisoner debt, we might usefully explore what insights are offered in recent research on consumer debt. The literature distinguishes borrowing or credit (planned and intended) from debt (unplanned and unintended).¹⁰ Ottaviani pointed out that the variables that drive household debt have typically been taken to be socio-demographic (age, gender, location, education level etc.) and economic (income, work status, net wealth etc.),¹¹ but acknowledged that behaviour deviates from rational choice – 'buy now, pay later' decisions bring instant gratification at a future cost. Building on this, Martin and Potts found that impulsive individuals are biased towards immediate rewards and pay less attention to the future negative consequences of their

choices.¹² Gathergood concluded that lack of self-control and poor financial literacy in individuals are associated with high debt burdens.¹³ This would seem to be consistent with expectations of prisoners' circumstances and behaviour.

Consideration of 'crisis debt' (where there is no prospect of paying off or even reducing debt) may offer even more insight. Lea identified particular characteristics of a 'severe debtor group' that ring true for prisoners in debt. In brief, these severe debtors are chronically short of money, have troubled life histories and particular behavioural and psychological features (such as feeling the stigma of debt so keenly that they spend to cover up the issue).¹⁴ The combination of impulsivity, poor self-control and an imperative to 'chase the high' or to 'kill time' combine to minimise attention to the inevitable consequence of spending money they have little or no prospect of repaying. These personality features are also very common among people who have committed crime and indeed are seen as a key aspect of the explanation of criminal behaviour.¹⁵ As a result, these features will be over-represented

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among the prisoner population, making the incidence of debt in prison even less surprising.

There may in addition be something to be learned from consideration of so-called 'payday lending'. This might typically involve borrowing £100 and repaying £120-125 in a weeks' time — interest charged at an annual percentage rate (APR) in excess of 1,000 per cent per annum! Each lender has their own policy on fees, interest and how to collect any money owing to them.¹⁶

6. See Footnote 1: NPS bought for £8 per gramme on the high street or on the internet could be worth £65-80 in prison.
7. See Footnote 1: Weekly trade estimated at half the prison buying 2 NPS roll-ups, one in five buying half-an-ounce of tobacco at 'double bubble' and a small handful of mobile devices changing hands.
8. Picksley, M. & Midgley, V. (2014). An exploration of prisoners' perceptions of debt acquired between prisoners at HMP & YOI Moorland. *Report by Yorkshire & Humberside Psychological Services*, pps. 1-30. Ministry of Justice, London.
9. See Footnote 1: 26 of 71 interviewees self-reported existing or past debt in prison.
10. Webley & Nyhus (2001). Lifestyle and dispositional routes into problem debt. *British Journal of Psychology*, Vol. 92(3), pps. 423-446.
11. Ottaviani, C. & Vandone, D. (2011). Impulsivity and household indebtedness: Evidence from real life. *Journal of Economic Psychology*, Vol 32, pps. 754-761.
12. Martin, L. & Potts, G. (2009). Impulsivity in decision-making: An event-related potential investigation. *Personality and Individual Differences*, Vol. 46, pps. 303-308.
13. Gathergood, J. (2011). Self-control, financial literacy and consumer over-indebtedness. *Journal of Economic Psychology*, Vol. 33, pps. 590-602.
14. Lea, S., Mewse, A. & Wrapson, W. (2012). The psychology of debt in poor households in Britain. In *A Debtor World: Inter-disciplinary Perspectives on Debt*, (Eds. Brubaker, R., Lawless, R & Tabb, C.), pps. 151-8.
15. Andrews, D. & Bonta, J. (2010). The Major Risk/Need Factors of Criminal Conduct. *The psychology of criminal conduct*, 5th Edition, pps. 157-294. LexisNexis, New Jersey, USA.
16. See <http://paydayloans.money.co.uk>

Using payday lenders is extremely expensive and the financial penalties are severe for not paying off a loan on due date. In response to complaints about lender practices and profitability, earlier this year the Financial Conduct Authority ruled that borrowers will never pay back more than double what they borrowed (in prison jargon, 'double bubble')¹⁷ and the Competition and Markets Authority required payday lenders to give borrowers more information on costs and greater ability to compare offers.¹⁸ These moves were in part designed to curb lender profitability and to reduce the scope for preying on the vulnerable. Are the experiences of prisoners in debt any different to those under severe financial pressure, whether having 'crisis debt' or resorting to payday lenders?

The additional prison variables

Trading 'morality' in the prison IE would seem to be consistent with 'we made a deal and we should both live up to our obligations, or consequences flow'. Follow-up action in the event of default tends to be swift and may be violent. Because terms of trade in prison generally follow a weekly cycle, escalation timescales are inevitably compressed. In business, the financial settlement cycle is typically monthly but many, including some government organisations, defer payment to 120 days and more (generally without any financial or other penalty). Business practice is markedly less aggressive than what is found in prisons. The 'captive' trade in prisons makes terms of trade much easier to enforce because those in debt cannot hide behind telephone calls and administrative hold-ups. The escalation through threats into violence may be swift (perhaps as a message to others, or to teach the individual a lesson) or more measured (a repeat customer to be kept hold of) and trust between buyer and seller plays a significant role. Sellers want their trade to run smoothly, but they are likely to be sensitive to their reputation and they do not want to be thought of as a soft touch. This suggests there will be a place for some leeway on payment terms and this already happens informally to some extent when prisoners 'look out for each other'. So quite how some or all of extended terms, threats, assaults, self-imposed isolation, self-harm and wing or prison transfer play out does vary.

Where it has been attempted, the challenge with a more formal mediation arrangement is that an

intermediary or mediator, such as a prisoner Violence Reduction representative, would need to be trusted by both parties. This trust would have to be earned because mediators need to be both skilled and impartial. Neither fellow prisoners nor prison staff will necessarily be trusted in the role of mediator. Those who are owed money will in any event typically not want to be identified or involved in a mediation process.

Because the financial settlement cycle for the IE is weekly (usually on canteen day), the pressure is intense to settle any debt quickly. For those who are not able to pay at the end of the weekly cycle, some may be given extended credit. This may be a rational customer retention ploy on the part of the seller, or it may be a manipulation to make the buyer even more obligated to the seller, who is likely to be aware that the buyer is spending beyond his means. The three main tactics used by a prisoner in debt are: (1) start trading to generate the margin needed to pay off the

debt; (2) 'buy time' by agreeing extended terms and by stopping buying; or (3) try to avoid the obligation (for example, by getting transferred to another prison). It may be that those who are prone to getting into debt lack the motivation or skills to become traders and they may find it difficult to exercise the

self-control to stop buying what they cannot afford. These factors would suggest that being transferred to another wing or prison to avoid or 'run away' from their debt problem may be a popular strategy, although the phenomenon of 'debt transfer' means that this does not necessarily remove the debt or the violence from the local illicit economy.

During our research, some prisoners reported instances of 'debt transfer' from prisoner to prisoner. This can take a number of forms. It may be that an attempt is made to 'attach' the debt of a prisoner transferred away from the prison to an incoming prisoner who happens to be allocated to the leaver's cell. It may be that a prisoner is held accountable for the financial loss by confiscation of, say, a mobile phone that he was holding (whether willingly or not). It may be that a prisoner from a particular locality who is isolated on a wing has the debt of another prisoner from his area 'allocated' to him by a rival locality-based group or gang. In one instance, it was alleged that no rationale was offered for the debt to be taken on (in other words it was an attempt to extort money from the victim). When the debtor moves on, the debt

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17. See <http://www.fca.org.uk/news/fca-confirms-price-cap-rules-for-payday-lenders>

18. See <https://www.gov.uk/government/news/cma-finalises-proposals-to-lower-payday-loan-costs>

may not, so the local cycle of trading, debt and possibly violence carry on.

Debt related violence

Crewe suggested that there is little sympathy for those in debt (many of whom are drug users) because prisoners subscribe to a code of individual responsibility for meeting their obligations.¹⁹ Our interviews confirm a strongly held view (at least among sellers) that, if a deal is done for goods at a price and the goods are delivered, the buyer must pay or face the consequences. The escalation path for non-payment may include intimidation and threats of violence or may move straight to a violent incident (fight or assault) involving one or many assailants. Those in debt may seek 'help' from staff at any stage in this process, usually a wing transfer or a transfer away from the prison (to escape the debt), citing the prison's obligation to keep them safe. If the plea is acted on, the prisoner may be moved to a segregation unit or vulnerable prisoners' wing (if there is one). The 'quid pro quo' for this action may or may not involve disclosing the name of the person(s) issuing the threats, with the negative implication of being dubbed a 'grass' if they comply. If the plea is not acted on, the prisoner may opt for self-isolation in their cell, or try more extreme ways of prompting a transfer, for example by assaulting a member of staff, or by self-harming or setting a fire in their cell. Whatever the particular strategy selected, the action is instrumental: to be moved away to 'escape' the debt.

To the extent that violence is implicated in the financial settlement cycle, the literature proposes many possible causes of prison violence; for example, social context,²⁰ mental health problems,²¹ personality disorders²² and bullying.²³ It is entirely possible that some or all of the above factors apply (for example, to 'send a message' to a rival that a particular individual or group are not to be 'messed with' — in effect

bullying). Debt-related violence is nonetheless purposive and instrumental (to get the debt paid) and, on the face of it, is the root cause of many reportable incidents in prison. For example, at one prison, we found that almost 40 per cent of violent incidents against other prisoners reported over a seven-month period in 2014 were recorded as debt-related.²⁴ In another prison, the most common factors attributed to violence between prisoners were debt, stealing of property and drug issues, all of which are highly likely to be inter-related.²⁵ We looked more closely at what happens with prisoners following a reportable incident (involving threats or violence between prisoners) that gave rise to adjudication. So, for example, at one prison, by the day after a twelve week period ending October 2014, one-third of prisoners implicated as victims in debt-related reportable incidents had been transferred away from the prison; one third remained in the segregation unit or on the vulnerable prisoners' wing and one-third were back on a normal wing.²⁶ This lends support to the notion that avoidance by way of transfer is a crucial coping mechanism for debt in the IE. While it is appropriate that prisons are fulfilling their mandate to keep prisoners safe, the concern is that in some cases, because of exactly this pressure, the underlying prisoner behaviour giving rise to the debt issue — prisoners buying what they cannot afford — is not being confronted.

Understanding the dilemmas

Outside of prison life, there is constant questioning of the extent to which the 'grey market' for goods and services and the 'grey economy' or 'cash economy' should be tolerated and of the resources that should be applied to tackling them, as exemplified by the election comment by then Shadow Chancellor Ed Balls that people should insist on getting a receipt for the smallest cash-in-hand jobs as opposed to tackling tax-evading

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19. See Footnote 4: Crewe, p.468.

20. Edgar, K. O'Donnell, I. & Martin, C. (2003). *Prison Violence: The dynamics of conflict, fear and power*. Willan Publishing, UK.

21. Codd, H. (2010). Mental health problems in prisons. At <http://site.elibrary.com/id/10441966>

22. Coid, J. (2002). Personality disorders in prisoners and their motivation for dangerous and disruptive behaviour. *Criminal Behaviour and Mental Health*, Vol. 12, pps. 209-226.

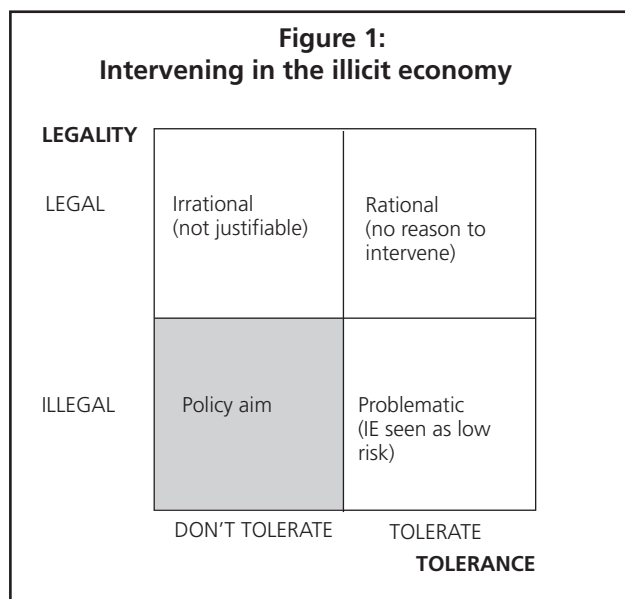
23. Ireland, J. (2002). Bullying in Prisons. *The Psychologist*, Vol. 15(3), pps. 130-133.

24. See Footnote 1: Violence Management Report, January 2015.

25. Kemp, S. (2014). Anti-social attitudes survey. *Report by Psychology Department, HMP Erlestoke*, pps. 1-16. Ministry of Justice, London.

26. See Footnote 1: NOMIS extract, Incident Reporting System, 1 August to 23 October 2014.

hedge funds.²⁷ One way of thinking about whether and how to intervene in the IE is to distinguish legal from illegal activity and what should be tolerated from what should not be tolerated (see Figure 1 below).



The logical policy aim would be not to tolerate any illegal activity (the shaded area). It would be rational for prisons to tolerate any activity that is legal (and irrational not to). It would be problematic if activities that are illegal or against prison rules were to be tolerated or perceived to be tolerated, because prisoners would view any such activity as being low risk. A particular dilemma for prisons is that the boundaries have become somewhat blurred, meaning that there is pressure to be lenient on what is 'against prison rules' (for example, prisoners getting into debt) and to be tolerant (for example, prisoners borrowing tobacco on reception to fill a void in process). This pressure may be having the effect of creating uncertainty in the minds of staff on when to intervene in the IE and when not to intervene and skewing prisoner perception of risk of being involved in the IE.

Among the dilemmas in dealing with prisoner debt is the challenge of how to distinguish between vulnerable and manipulative prisoners. Is the request for help to be kept safe from threatened assault because the debt issue is genuine, or is it a manipulative ploy to achieve the aim of getting 'shipped out' to leave the debt behind, or for reasons that are nothing to do with debt at all? In an ideal world, there would be the time and the resources available to investigate what is going on. The reality would seem to be that the imperative to keep prisoners safe is the overriding concern, so that moving the problem around by transferring it from A to B to C to D is the understandable but costly pragmatic

solution. This strategy, unfortunately, plays into the hands of the manipulators. Sadly, knowledge that getting transferred is very much on the cards, possibly after having had to take a beating or to stage manage a beating to authenticate being unsafe, is unlikely to discourage the genuinely vulnerable from continuing with the buying behaviour that is causing the problem. And there will always be hard-nosed or cynical sellers who exploit weakness by preying on the vulnerable, arguing that there is demand for what they have to offer and that available product needs to be moved.

So what is to be done?

In business, tackling grey markets can involve restricting supply to unauthorised sellers, using whatever legal remedies may be available, or it can involve making goods freely or at least more readily available at lower prices to reduce the attractiveness of the unauthorised trade. Regrettably in the prison context, enabling rather than restricting supply to the IE would place prisoners at risk, certainly in relation to NPS and drugs. Reducing the price and increasing the accessibility of goods in high demand (such as tobacco) and services in demand (like telephone calls) would in effect boost disposable income for many prisoners. The difficulty would be that any increase in disposable income might be directed to undesirable spend. Another approach might be to bear down aggressively on the IE by introducing more stringent controls and penalties for participants in the IE, both sellers and buyers, in effect increasing the perceived risk to individuals. Bearing down aggressively on the IE would call for significant investment (for example in body scanners, mobile signal blocking equipment, drug testing procedures and better equipped staff intervening positively to discourage harmful buying behaviour). A tougher stance would need to be counter-balanced by providing support for those genuinely vulnerable prisoners who struggle with making the ill-advised purchases that put them in debt. There is no 'silver bullet' that will make the IE or at least its most problematic elements disappear overnight.

The IE is a complex challenge. Our contention is that prisoners' perception of the risk of being involved in less desirable aspects of the IE may be pivotal in keeping prisoners safe. At present, it seems that many prisoners view participation in the IE as a risk that is worth taking. That perception needs to be changed. So the sort of questions that might usefully be asked (including at a prison level) include: What illicit trade is tolerated and what not? Are prisoners and staff clear on what is and is not tolerated? Is effective use being made of screening tools available to help identify

27. See <http://www.scotsman.com/news/uk/ed-balls-keep-all-odd-job-receipts-1-3691697>

vulnerable prisoners on arrival? Where vulnerable prisoners are isolated for a time in a Vulnerable Prisoner wing, is re-integration of a vulnerable prisoner possible without resolving his debt problem? Are we over-using transfers as a means of dealing with prisoner debt? Is information on involvement in IE passed on effectively (particularly between prisons when prisoners are transferred due to their involvement)? Is intelligence on illicit activity used to good effect? Could more be done to support those who do fall into debt, such as providing schemes to mediate repayment? Are staff engaged in a way that both challenges and supports prisoners involved in the IE?

The existence of the prison IE is not a sign of a failing service but is universal and to a certain extent inevitable. People habitually trade and ways of trading

develop in all forms of society and micro-society. We believe there are two important messages from our research so far. The first is that not all aspects of the IE are harmful, but those aspects that are harmful are important to define and understand, not least the links between the IE, debt and violence. The second is that the propensity to get into debt is imported into prison because the personality characteristics and lifestyle associated with debt are similar to those associated with crime more generally. So, if debtors can be helped to resolve their debt problems in ways other than avoidance, (for example, by changing the behaviour that gets them into debt and puts them at risk of violence on non-payment), there should be a long-term beneficial impact on their broader ability to cope with life's challenges.



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