

CRIME PAYS

Prison privatisation in the United States.

Stephen Nathan

In 1986, members of the Home Affairs Committee travelled to the United States to witness the then recently revived phenomenon of private prisons in operation. The Tory majority of that committee were so impressed with what they saw, albeit very little, that they recommended Britain should follow suit. Today, private prisons are cemented into Britain's criminal justice system and two of the leading American prison companies, Corrections Corporation of America (CCA) and Wackenhut Corrections Corporation have a significant yet controversial presence. CCA is involved in running one prison while Wackenhut runs one and has a contract to rebuild and run a second. It also runs an immigration detention centre and two regional prisoner escort services.

In July 1996 another Home Affairs Committee delegation visited Texas and California as part of its current inquiry into the management of the Prison Service. The MPs visited public and private facilities and met with representatives from private prison companies as well as their public sector counterparts and academics.

When it reports in 1997, the committee's conclusions about private provision in the US will again most likely be divided along ideological lines.

Privatisation ten years on

In ten years, the private sector has expanded in the US, having been swept along on a tide of rhetoric about the need for more prisons and longer sentences. But, as in Britain, the conceptual, moral and ethical issues surrounding private prisons have still not been resolved. Nor has the performance of private prisons been anything more than underwhelming.

The prison population in the US is now approximately 1.6 million people, including half a million in local jails and juvenile facilities. Yet comparatively few adult prisoners are in private jails.

According to the Private Corrections Project at the University of Florida, by early July 1996 some 17 corrections management companies had either received or were negotiating contracts for 106 secure adult facilities in the US. But this represents only 70,130 places for prisoners.

There is both corporate and geographical concentration of the contracts. CCA has 49 per cent and Wackenhut Corrections Corp. 27 per cent of contracts while US Corrections Corp, the third largest operator, has only seven per cent. Both CCA and Wackenhut are committed to growth by

winning contracts and by acquiring other companies. In 1995 CCA acquired the then third largest prison operator, Concept Inc and Transcor Inc the country's largest prisoner transportation company. This year Wackenhut bought a prison food services company.

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Diversity is key to the industry's growth since, as one analyst recently pointed out, measurement is not simply about the number of prison beds but also the provision of services such as health, education, food and transportation. Expansion is also expected into the \$3bn a year young offenders 'market', where the for-profit sector is now dominated by 'mom and pop' operations.

Apart from a few immigration detention centres, no federal prisons have been privatised. Although the recent Crime Act promised \$7.9bn for the construction of new prisons, and the Bureau of Prisons is committed to privatising the majority of all new federal medium, low security and pre-trial detention facilities, in June 1996 the Justice Department decided against privatising the first two facilities earmarked under the privatisation programme.

Enabling legislation for privatisation exists in a number of states. Only one, Illinois, has passed legislation actually prohibiting privatisation of its state and local prisons. Private prisons for adults are concentrated in those states where it made political sense for the companies to promote themselves initially; where state control was Republican; in strong law and order states regardless of political control; and where trade unions were weakest or non-existent. Consequently, there are now 39 facilities in Texas, 11 in Florida and 4 each in Tennessee and Kentucky. Of the remainder, California has 7 while 12 other states and Puerto Rico have 29 private prisons between them.

Claims not proven

Despite the universal claims made by the corrections industry, assessments of the cost benefits and quality enhancements of private versus public





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provision have been inconclusive and 'like with like' studies have proved impossible. A recent Privatisation Feasibility Study of correctional facilities for the State of Washington Legislative Budget Committee compared private and public prisons in other states. It found:

- **Cost savings** - there are surprisingly few studies, and they are of limited value.
- **Rehabilitation** - in order to make a complete comparison, further data would need to be gathered including the ratio of programme completions to enrolments, length of programmes and outcome indicators.
- **Recidivism** - there have been no studies to address this question directly or that measure recidivism from prison to prison.
- **Personnel and costs** - the number of staff in private jails ranged from 88 to 97 per cent of state facilities while private employees' wages ranged from 69 to 93 per cent of state wages. Some of the savings are passed on to the state but personnel can be a major source of profit for private companies.

Then on 16 August 1996, the federal government's General Accounting Office (GAO) published its review of five studies carried out for various states since 1991. Not only did the GAO have reservations about the methodology used in the studies, it also reported:

- "We could not conclude... that privatisation of correctional facilities will not save money. However these studies do not offer substantial evidence that savings have occurred."
- The studies offered "...little generalisable guidance for other jurisdictions about what to expect regarding comparative operational costs and quality of service... the comparisons of quality are unclear..."

A commercial success

It has also been argued that the success of the private companies can be measured by the number of contract renewals. But this does not take into account cases like that of Clifford Todd, the former chairman of US Corrections Corp. who was sentenced in March 1996 to 15 months in Federal prison and ordered to pay a \$40,000 fine plus the

cost of his incarceration after pleading guilty to paying \$198,000 to a county corrections official in Kentucky to keep a contract to house county prisoners. The company also reimbursed the Federal government with the \$128,607 cost of the investigation.

There have been cases of corrupt public officials in league with private operators, loss leader bids, contract failures, disturbances, escapes and other incidents, including what has been described as the corrections industry's darkest hour. In July 1995 a riot at a New Jersey immigration detention run by Esmor Corrections Corporation Inc (which has since changed its name) led to the facility being closed and the company having to sell its contract.

Despite all this, there have been some dramatic developments recently, including Washington DC announcing its intention to privatise three quarters of its corrections system and the state of New Mexico awarding contracts for the finance, design, construction and management of the largest private prison in the world to date, a 2,200 bed facility.

Nor has adversity affected prison company stocks with shareholders convinced that crime pays. Both CCA and Wackenhut's shares have been out-

performing average stock exchange growth while the profits and shares in the publicly traded companies involved in what one analyst calls the 'schoolhouse to jailhouse' spectrum, from architects services to weapons systems, are at record levels. As the influential *Barron's* newspaper commented recently, "investors have rendered their verdict that slammers are a slamdunk business".

The growth of private prisons in the US has been relatively slow. But what has transpired has been based on intense and expensive political lobbying on the part of the corrections industry rather than the merits of privatisation itself. And by overstating its achievements in the US in the early 1980s, the American corrections industry gained a foothold in Britain and Australia. CCA and Wackenhut both have global aspirations and continue to promote themselves abroad. Wackenhut now has its first Canadian contract. But wherever the prison companies go, the ensuing focus on privatisation hi-jacks the debate about whether prison actually works.

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HOLDING GUNS

The Bureau of Justice Statistics of the US Department of Justice produces an annual **Source Book of Criminal Justice Statistics**. In the 1994 Source book, information was provided about the demographic characteristics of those reporting ownership of firearms in the US in 1995.

Nationally, 35% of those questioned said that they owned guns, (50% of males, 22% of females)

