

**PRIVATIZATION
OF CORRECTIONS**

**JOHN HOWARD SOCIETY OF ALBERTA
1998**

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EXECUTIVE SUMMARY

Privatization, defined as the “systematic transfer of government functions and programs into the private sector” (Schichor, 1995, p. 1), has been a growing trend in Canada in the last 10 to 15 years. In Canada most private corrections contracts operate on a fee-for-service basis. Fee-for-service is a reciprocal model whereby one side is obligated to recompense the other side for the benefits received in the transaction. Contracting for service involves contracting out specific services such as food services, medical and health services, diversion programs, halfway houses, restitution programs and alcohol and drug treatment programs.

There are many advantages of contracting with external agencies for the provision of services. Examples include community participation, better communication, community education, greater diversity and greater knowledge and expertise in service delivery.

There are a number of issues and concerns that arise when discussing the privatization of corrections. First, voluntary sector organizations must be on guard against the possibility that external economic and political issues will determine their course of activity. Second, agencies often put their assets at risk in signing contracts that can be cancelled by the government with as little as 60 days notice. Third, can an organization count on the government to carry its share of accountability should a sensational incident occur in a program that an agency is contracted to provide? Finally, where does the voluntary agency’s authority begin or end? That is, what is the extent to which the government can determine how a contracted agency is governed and managed?

Currently, in correctional centres across Alberta, contracted services include: dental care, physicians, some mental health services, food services, laundry services chaplaincy, Aboriginal Elders, several camp operations and one minimum security Aboriginal correctional centre. In the community, Alberta Justice out-sources some psychological services, various types of community supervision programs, life-skills programs, treatment beds, offender visitation programs and various other services for offenders. In total, Alberta Justice contracts out \$18 million in services and programs, of which about \$7.7 million is for Aboriginal programs.

The privatization of services to for-profit companies is a recent development in the privatization of corrections. These factors have enabled the privatization of correctional facilities to emerge as an acceptable operational concept: “the growing cost of incarceration; the failure of costly, extensive, and well-intentioned rehabilitative experiments; and the willingness of government and the public to consider privatization of incarcerations” (McCrie, 1993, p. 27).

There are many issues involved in the prisons for profit debate. Proponents argue that private prisons save money, reduce prison overcrowding and decrease bureaucracy by being more flexible and able to adapt to change quickly. Opponents, however, argue that private prisons reduce the quality of services, do not actually result in cost savings and, above all, are legally wrong and wrong as a matter of principle.

The prisons for profit issue continues to be debated in provinces across the country. In the United States, however, the number of private prisons are increasing due to overcrowded prisons, a pro-privatization political climate, a fragmented correctional system and a decentralized authority.

The prison industry has been an ongoing focus for corrections officials in both Canada and the United States. The growing trend is toward developing industries which operate as viable businesses that compete fairly in the open marketplace.

The advantages of prison industry programs include, providing productive services to the community, providing a source of income to inmates, increasing an inmate's self-esteem, providing a real-world work environment for inmates and increasing offender rehabilitation and chances of obtaining employment upon release. One disadvantage, critics suggest, is that prison industries may actually take away jobs from non-incarcerated labourers. Second, the question of how the industry will provide incentives to inmate workers has been raised. Should these incentives be mandatory or credited for good behaviour?

In Canada, the most common public example of prison industry is CORCAN, a federal corrections initiative. Currently, CORCAN programs operate in 32 institutions across Canada employing 4,000 offenders and 317 staff throughout the year. CORCAN operates five main business lines: Agribusiness, Construction, Manufacturing, Services and Textiles. By running CORCAN like a business, it is hoped that it will generate revenue to defray the costs of materials, training, marketing, sales and distribution.

INTRODUCTION

Privatization of government services has been a growing trend in Canada in the last 10 to 15 years. Privatization is defined as the “systematic transfer of government functions and programs into the private sector” (Schichor, 1995, p.1). Clearly, the main reason for the privatization movement is to reduce costs while maintaining the quality of service (Bowman, Hakim, & Seidenstat, 1993). Supporters of privatization contend that services provided by the private sector generally will be more efficient and less costly than under government operation. Government operation is considered to be unmotivated, ineffective and unresponsive to the public’s needs and demands (Joel, 1993). Until recently, private provision of laundry, food, medical, educational and vocational services for prisons was quite widespread. The new wave of correctional privatization involves such things as prison industries, financing, facility construction, private operation of entire institutions and community-based programs.

The early 1980s were characterized by heated debates targeting the notion of expanding private sector involvement in the correctional system (Durham, 1993). The 1980s and early 1990s witnessed a general sociopolitical climate favouring the reduction of both taxes and the size of government. As well, there was the implementation of “get-tough” social control policies, particularly the “war on drugs” and increasing mandatory prison sentences. In the United States, these policies resulted in an increase in federal and state prison populations. The end result has been an intense debate, with scholars and practitioners arguing both for and against the concept of privatization.

In researching private prisons and prison industries, many theoretical and practical issues have been identified. Unfortunately, there is much less material published in the 1990s that deals with the notion of contracting of services in the field of corrections. The following section will, therefore, largely reflect the John Howard Society’s beliefs and practices concerning this issue.

CONTRACTING FOR SERVICE

It is important throughout this paper to distinguish between Canada and the United States in terms of privatization issues. In Canada, private service agencies involved in corrections are generally non-profit and voluntary. When considering the United States, voluntary non-profit services are present, but the for-profit sector holds a stronger position.

In Canada, most private corrections contracts operate on a fee-for-service basis. Fee-for-service is a reciprocal model whereby one side is obligated to recompense the other side for the benefits received in the transaction. The method of payment in a fee-for-service contract can vary depending on the service. It can be on a per client, per month basis, or a per diem basis.

Contracting for service is a type of privatization that involves contracting out for specific services such as food services, medical and mental health services, pre-trial release and diversion programs, halfway houses, restitution programs and alcohol and drug treatment programs. Non-profit groups such as the

John Howard Society provide a variety of programs for offenders both in the community and in prisons. It is important to note, however, that contract workers in Canada are not paid according to client success or failure.

The Perceived Advantages of Contracting

The John Howard Society of Canada (1997) has outlined the advantages of contracting with non-profit agencies for the provision of services. Please note, however, that many of these advantages presume that contracting is a good thing and argue why it is better to contract with the voluntary sector over the for-profit sector.

In contributing to the partnership between government and non-profit, the major values of the voluntary sector are the following:

- *community participation.* Most local organizations involve volunteers in their governance and direct service. The volunteers learn about the overall integration of the justice and correctional system in all of its levels.
- *knowledge and expertise.* High professional standards in all its activities and services are promoted.
- *common identification.* The constituent parts are filled by people who value the opportunity to work in conjunction with people in other parts of the voluntary sector.
- *internal communications.* The voluntary sector has a good communications structure and a capacity to work well together on issues. In spite of its diversity, there is a high level of coherence in its positions and advice.
- *community education.* Publications, public seminars and meetings, both large and small, demonstrate the voluntary sector's activity.
- *diversity.* The voluntary sector is made up of individuals who come from many parts of society and who bring with them very different experiences and expertise.
- *service delivery expertise.* The voluntary sector has developed expertise in the planning and delivery of a broad range of services and programs in the community.

The Issues Involved in Contracting for Service

There are a number of issues and concerns that arise when discussing the privatization of corrections. Contracting issues in particular draw much attention.

One issue concerns the traditional role of the non-profit organization versus the inclination of some governments to silence critics and diminish advocacy. Voluntary sector organizations must be continually on guard against the possibility that external economic and political issues will determine their course of activity. There is a possibility of the muzzling of criticism often voiced by private agencies against the impact of government policy and practices on their clients' lives. Critics question how the organization is to be involved in both contracting and client advocacy.

Agencies often put their assets at risk in signing contracts that can be cancelled by the government with as little as 60 days' notice. There is no protection for the organization that uses its funds to set up programs and, for example, purchase property to house contracted programs. This puts the agency in a very vulnerable position. How can the agency's assets be protected from "market" instability and funding cutbacks that may threaten their existence?

Accountability for failure is also an important issue for the voluntary sector. Taking into account the notion of shared responsibility, can the organization count on government to carry its share of accountability should a sensational incident occur in the program that the agency is contracted to provide? There is a risk that, in an effort to meet and demonstrate compliance with professional standards in contracts, the agency becomes overly focussed on record keeping and less focussed on its main purpose, meeting the needs of clients.

Where does the voluntary agency's authority begin or end? What is the extent to which the government can determine how a contracted agency is governed and managed? There may be an inclination on the part of the government to impose more specific standards or requirements on agency boards. For example, can a government minister decide to intervene and dictate the manner in which the contracted agency board of directors performs certain processes such as hiring?

Finally, some people in the non-profit sector argue that there are some programs that should be seen as alternatives to the justice system and therefore should be delivered by community agencies rather than the government. However, in some cases, union pressure has restricted government from contracting out these specific kinds of programs as unions fear job losses for their members.

The Situation in Canada

In the early 1980s there were several government documents in circulation that contained statements addressing the federal government's belief in and support of contracting to the voluntary sector. Unfortunately, we were unable to locate a similar statement in more recent government literature.

The 1990s have seen a decentralization of authority in the decisions about awarding contracts and services. While decisions about contracting used to be made in Ottawa or regional headquarters, they are now made at local institutions or local corrections offices. With more people involved in deciding whether programs will be carried out by government staff or contracted out to various community based organizations, our research has suggested that there is likely no one statement summarizing overall federal government support for services delivered by the voluntary sector. However, the

voluntary sector together constitutes a very large component of the federal correctional scene, accounting for expenditures that likely exceed the entire community corrections activities of Correctional Service of Canada (John Howard Society of Canada, 1997). Correctional Service of Canada (CSC) has over 150 halfway houses that are operated under contract to CSC by voluntary and non-profit organizations.

Recent initiatives of the Alberta government show support for privatized human service delivery. In 1993, the government of Alberta appointed a Commissioner of Services for Children and Families. The Commissioner's mandate was to design a newly integrated, more effective, community-based system of support to children and families. The government will gradually move out of the direct delivery of children's services and communities are expected to assume this role. Private agencies are to be the main deliverers of services to children and families in the new structure.

In the 1997 Alberta provincial budget, the Department of Family and Social Services stated that it was continuing to work with communities, individuals and families to implement a new system that will be more community-based, more preventive in nature and characterized by the integration of selected services that have been traditionally provided by different government departments such as Family and Social Services, Health, Justice and Education (Government of Alberta, 1997). Supporters of privatization argue that this will lead to better services for children. Also in the 1997 Alberta provincial budget, the Minister of Family and Social Services' Business Plan 1997-1998 to 1999-2000 indicated a transfer of the management of services for adults with developmental disabilities to community management boards. These two new privatization initiatives demonstrate the Alberta government's intent to move to community-based service delivery.

The following discussion deals with the privatization of correctional services in Alberta. Sandra H. Harrison, Director of Division Support Services at Alberta Justice, explained how Alberta Justice out-sources many services for offenders both in the community and in correctional centres. For example, in correctional centres, contracted services include: dental care, physicians, some mental health services, food services, laundry services, chaplaincy, Aboriginal Elders, several camp operations and one minimum security Aboriginal correctional centre. In the community, Alberta Justice continues to out-source some psychological services, various types of community supervision programs, life-skill programs, treatment beds, offender visitation programs, beds in community residential centres and various other services for offenders. In total, Alberta Justice contracts out approximately \$18 million in services and programs, of which about \$7.7 million is for Aboriginal programs (S. Harrison, personal communication, May 22, 1998). Danylchuk (1994) stated that over the past decade, private suppliers have built up \$26 million in contracts with Alberta jails for food, medical, dental, counselling services, chaplaincy, laundry and maintenance.

The John Howard Society of Alberta supports the privatization of corrections programs based on the following:

- Contracting for provision of services with local community groups can provide government with a valuable vehicle for communication with its citizens.
- Government can take advantage of specialized skills not always readily available within the civil services.
- A quicker response to new needs is possible and experimentation in new programs is facilitated.
- Clients of voluntary community-based agencies correctly perceive them as separate from the government and as offering a choice of services that are effective and accessible
- The boards of community organizations are responsible to their clients and must be sensitive to public opinion. They provide protection to the most vulnerable members of society and are at the same time accountable to government for the funds received.
- Flexibility is possible in adjusting the size of programs, depending on demand and the availability of funds.
- Yardsticks for comparison are available. Cost of services are usually highly visible in contract prices, unlike most government services. (John Howard Society of Alberta, 1986)

Although this policy statement is dated, it still represents the position of the John Howard Society of Alberta. It must be noted that the John Howard Society's position on privatization concerns contracting for services such as probation and parole and does not reflect its position on profit oriented involvement in corrections.

The Situation in the United States

The situation in the United States is different from Canada because the states each have their own criminal codes and a more extensive penal system. Each state must decide its position on the matter of privatization. Because of this, there are no available figures on the extent of privatization in terms of contracts for services. Joel (as cited by John Howard Society, 1994) noted that all but nine American states have contracted out for miscellaneous services to varying degrees. Services such as medical and psychiatric care, food, drug treatment, staff training, inmate counselling, rehabilitation programs, classification of inmates, data systems management and payroll and accounting are the most common (Joel, 1993).

PRISONS FOR PROFIT

The privatization of prisons to for-profit companies is a recent development in the privatization of corrections. Prison overcrowding and deteriorating prison conditions have encouraged governments to expand their prison capacity. In fact, since the birth of the privatization movement in the 1970s, there has been an increasing interest in the privatization of prisons. Since this time, Australia, England and even South Africa have sought private prison bids. However, the privately run prison industry remains small.

Privatization can take several different forms: the company can take over a previously public facility, the company can build a facility and lease it to the government, or the company can both build and operate an institution. In the United States, privatization typically refers to a process whereby the state continues to fund the full costs of incarceration but the private sector's job consists of providing the management of both custody and programming (Harding, 1997).

McCrie (1993) states three factors that have enabled the privatization of correctional facilities to emerge as an acceptable operational concept: "the growing cost of incarceration; the failure of costly, extensive, and well-intentioned rehabilitative experiments; and the willingness of government and the public to consider privatization of incarcerations" (p.27).

The proponents of for-profit prisons cite many advantages of private prisons. Greenwood (as cited by Shichor, 1995) suggested that privatization is an advantage in that there are no incentives for governments that operate a facility to control costs or do things better. There are also reduced liability costs to government to cover insurance and legal fees for lawsuits filed against private prison staff. It has been suggested that because private companies have centralized headquarters they can provide better, cheaper services. There also tends to be more freedom in the purchase of goods and services (Tyler, 1996).

Private companies can provide administrative services for a lower cost without the duplication of personnel and equipment (Shichor, 1995). Logan and Rausch (as cited in Shichor, 1995) suggested that the private sector is competitively motivated and dedicated to providing a maximum amount of satisfaction to its customers and clients at a minimum cost. It is estimated that private institutions are 10 percent less costly per prisoner than public prisons (Hart, Shleifer, & Vishny, 1997).

Overcrowding can be reduced by increasing the incarceration capacity through building more facilities at a faster pace (Tyler, 1996; Shichor, 1995). As well, there tends to be greater flexibility and less bureaucracy, which means the private sector can adapt to change faster and respond to correctional needs (Shichor, 1995).

The Issues Surrounding Private Prisons

There are a large number of issues involved in the prisons for profit debate. Ramsay (1996) suggested that when we consider privatization of the criminal justice system, we begin to challenge the fundamental authority vested in the government. The predominant fear is that government power may be used to further private interest rather than public interest. Some critics state that "the debate is wrongly focussed on economics when the issues are ethical and moral: when the state exercises its greatest power, depriving a citizen of liberty, should somebody profit?" (Tyler, 1996, p. A19). Ramsay asked "should a private, for-profit company be responsible for the two most precious possessions of every citizen - their liberty and their life?" (P. A17). Opponents have suggested that it is legally wrong and wrong as a matter of principle to run prisons for profit (Bai, 1997).

The American private companies claim they can run prisons at a lower cost than government. These savings, however, are believed to be the result of fewer staff receiving lower wages (Payne, 1996). As well, in order for a corporation to make a profit, there may be a sacrifice in prison conditions. Ramsay (1996) suggested that staff-inmate ratio and staff training have an important role in determining the cost of institutionalization and the quality of life in prison.

Corrections Corporation of America (CCA) and the Wackenhut Corrections Corporation are two American private companies that aimed at international expansion. The Corrections Corporation of America, based in Nashville, Tennessee, is considered to be the world market leader in private sector corrections management. The Wackenhut Corrections Corporation, based in Florida, routinely claim they can build and run prisons for 10 to 15 percent less than the public sector. However, in 1996, a government accounting office study found “no credible evidence” of such savings (Shapiro, 1997, p.5). Private prison management is still at an experimental stage and there is no evidence as yet to support assumptions about superior management and cost effectiveness.

According to private prison advocates, when the issue of rehabilitation is in focus, the public prison system is said to perform this job poorly. A private institution, on the other hand, has “a direct financial conflict in doing so” (Payne, 1996a, p. 86). Notable critics of privatization such as Ira Robbins (as cited in Thomas, 1992), a law professor at American University, argued that the private sector is more interested in doing well financially than doing good correctional work. Interestingly, the private companies target minimum-security inmates and inmates who have good behaviour, thereby increasing their likelihood of looking like they are successful at rehabilitation.

The most controversial and interesting issues raised by private prisons concern the quality of service. Quality covers such things as: order in prisons, security of prisoners, escapes, staff conduct toward prisoners and violence by guards and between prisoners, just to name a few. It also includes amenities that prisoners receive such as rehabilitation opportunities (Hart, Shleifier, & Vishny, 1997). Shapiro (1997) suggested that many critics are still shaking their heads concerning the prison wing in Brazoria County, Texas, where a 1996 video showed the Brazorian inmates being forced to crawl like hogs with their pants around the ankles. “There are also electric cattle prods, beatings and other efficiency measures” (p. 5). With such incidences in mind, opponents are quick to point out that government must remain liable for any civil rights violations against inmates. This leaves a big question of how a private system should be monitored and whether government can, in fact, reduce their liability insurance costs, which was claimed as an advantage of private prisons.

Many critics question the strength of prison programming in private institutions, such as educational, job training and anger-management classes designed to help inmates (Tyler, 1996). Shichor (1997) has suggested that where quality issues are concerned, there is little evidence that privatization enhances the quality of everyday life in prisons. Keeping in mind that eventually most prisoners are released, Payne (1996a) stated that if public policy becomes weighted toward punishment and away from rehabilitation, private industry may win, but society will lose. It would be unhealthy for society at large to be reintegrating angry offenders back into our communities. The critics have argued that

the privatization debate impedes the development of alternatives to the prevailing correctional policies when the major challenge should be focussed on reinventing corrections as a public service and not a private business (Ramsay, 1996).

If prison privatization is undertaken, the John Howard Society of Alberta strongly recommends that the following be ensured:

- 1) A significant cost savings from privatization be demonstrated.
- 2) The Charter of Rights and Freedoms applies to private prisons in order to protect the rights of offenders.
- 3) The government remains ultimately responsible for custody, care, control, conditional release and classification of standards.
- 4) Incarcerated individuals have access to programs which will reduce the levels of recidivism.
- 5) Access to private prisons by community groups is contractually guaranteed.
- 6) Ongoing monitoring of the specific terms of the contract is conducted.
- 7) Comprehensive, independent evaluations of private prisons are conducted and recommendations implemented.
- 8) The inmates' ability to grieve to an outside source is protected. (John Howard Society of Alberta, 1994)

The Situation in Canada

Canada has traditionally been antagonistic to the notion of private prisons (Harding, 1997). In 1995, the federal Solicitor General stated that he was not considering privatizing federal prisons. Although Canadians continue to regard imprisonment-for-profit as odd and inhumane, distinct signs have emerged that privatization could become an important issue in Canadian corrections. Some people wonder if private jails, on a small scale, may have a place in Canada. Canadian officials have continued to embrace ideologies and practices of privatization. Meanwhile, the American correctional companies have also been busy staking out new Canadian turf while continuing to intensely lobby Canadian officials for contracts (McMahon, 1997).

In 1994, New Brunswick committed to the construction and operation of a new secure facility for young offenders. The favoured bidder was the American-based Wackenhut Corporation. In the original deal ("lease back program"), Wackenhut was to build the facility and finally contract it back

to the province. However, in June of 1995, the contract was placed on “hold” and later certain details of the contract were changed. Wackenhut completed the facility in November, 1997, but they were denied official contracting for programming. “This experience seems to demonstrate that only intensive promotion will convince the citizenry that such an approach is appropriate” (Grimard, 1996, p. 3).

In 1996, the Nova Scotia government announced it would be going into partnership with a private company to reform its prison system. Major reforms of Nova Scotia’s prison system have been recommended for decades. To date, no construction has commenced; however, the site for the facility has been narrowed down to one or two possibilities.

Ontario’s pro-privatization Harris government is keeping the door open for privatization. The Auditor General found that Ontario’s prison system is, on average, overstaffed and inefficiently managed (Payne, 1996b). In the fall of 1997, the Ministry of the Solicitor General and Correctional Services presented its concept for the Alternative Service Delivery of correctional facility operations as a means of reducing the cost while maintaining the same level of security and programming of correctional services in Ontario. There was no formal tender for bids at that time. Although the Ontario government’s plan to build the so-called “superjails” has met with protest, there are plans for five of the new megaprisons. A paper submitted by the John Howard Society of Ontario to the Solicitor General showed that principled and consistent use of parole and temporary absence along with halfway houses and other community programs could save the government the same \$80 million annually that it hopes to save through superjail construction.

Alberta also actively considered private jails, but the Klein government did not proceed with the pilot project. Alberta’s then Justice Minister Brian Evans appointed a 13-member committee of corrections staff, telling them he would reconsider privatization if they could find \$11 million in savings, or 10 percent of the corrections budget. The committee members estimated their suggestions would save \$9.8 million. Justice Minister Brian Evans was quoted saying “We’ll continue to look at better, more efficient, more effective ways that we can deliver service but...we are not considering privatization at this time” (Gold, 1996).

The Situation in the United States

In the 1980s, growing incarceration rates and increasing debt caused governments in the United States to look for new strategies to deal with offenders. The administration’s fiscal year 1996 budget proposal reflected a commitment to increase the use of privatized correctional facilities in the Federal Bureau of Prisons (BOP). Under the BOP privatization initiative presented in the budget request, the bureau proposed to contract with private firms, where most appropriate, to operate the majority of all future federal pretrial detention facilities as well as the majority of all future federal minimum and low security correctional facilities (United States General Accounting Office, 1996). Because the United States has corrections branches and contracts at the federal, state and local level, it is difficult to obtain exact numbers on the extent of private prison management.

Wall Street and the government are extremely positive about privatized corrections (Sharpiro, 1997). The nine top performing private prison stocks soared in value an average of 36.89 percent from January to October, 1997. Capital Corrections Resources Incorporated saw its stock value jump almost tenfold in the last three years (Bai, 1997). Thomas (as cited by Hart, Shleifer, & Vishny, 1997) stated that private prisons have grown rapidly in the United States in the last decade from a capacity of about 1200 prisoners in 1985 to almost 50,000 prisoners at the end of 1994. Sharpiro suggested that private American companies are confident that in the next five years they will be guarding upward of 250,000 inmates.

Corrections Corporation of America (CCA) now holds contracts with 18 states, plus Puerto Rico and the federal government (Bai, 1997). Only Wackenhut, the Florida based corporation, comes close as a comparison. CCA operates 22 correctional facilities in the U.S., Australia and Britain (Danylchuk, 1994). CCA's chairman, Doctor Crants, took over the business in 1987. The company has since doubled its profits in each of the last two years and now runs 59 prisons (Bai, 1997). Frank Roberts, president of Durrant Industries, which builds public and private jails, stated that the market is growing so quickly, prisons are being run by corporate managers rather than experienced wardens (Sharpiro, 1997).

Despite the great interest in this topic, the fact remains that less than 1 percent of the nation's one million prison and jail inmates were housed in facilities owned or managed by private companies in the United States in the early nineties (Lilly & Knepper, 1993).

“As of March 1996, a total of 47 private correctional facilities (secure facilities for adults) were being operated or being planned for operations by private companies in various states. These 47 private correctional facilities are located in 12 states. However, the most use (actual or planned) of privatized correctional facilities is in 3 states - Texas, with 21 facilities, Florida, with 7 facilities; and California, with 5 facilities“ (United States General Accounting office, 1996, p. 1).

In 1997, private prisons housed only about 3 percent of the total prison population (Hart, et al., 1997) Danylchuk (1994) suggested that private operators have about 2 percent of the market and would unlikely ever have more than 10 percent.

PRISON INDUSTRIES

Industry in prisons has been an ongoing focus of corrections officials in both Canada and the U.S. The growing trend is toward developing inmate industries which operate as viable businesses that compete fairly in the open marketplace. The perception of inmate industries in correctional institutions is changing with the increased attention to industries, combined with the goal of increased financial returns. The demands of economic restraint and rehabilitation-oriented corrections practices are also a driving force behind the changes in the organization and operation

of inmate industries. In the 1990s, inmate industries appear to be in a state of transition; attempting to make the shift from being solely corrections operated, make-work warehouses to professionally managed, economically viable businesses capable of competing fairly in the open market.

There are many ways in which the private sector can be involved in corrections industries. Gandy and Hurl (1987) included private sector advisory boards, private vendors, inmate enterprise, private management of government owned industries, franchising and state management of privately owned industries. There can also be privately owned and operated industries.

The Advantages of Prison Industries

The advantages of prison industry programs include the fact that such programs provide productive services to the state or community (Cox & Osterhoff, 1993). These programs also provide a source of income to the inmates and the institution (Cox & Osterhoff, 1993; Shichor, 1994). Therefore, it is an attractive venture for private entrepreneurs as the supply of workers is steady (Shichor, 1994).

It is assumed that privately run prison industries more closely resemble the free world environment and that private industries maintain closer ties with non-corrections industries. Therefore, it is argued that prison industries provide inmates with better opportunities for rehabilitation and improved chances of obtaining employment upon release. It familiarizes inmates with work habits and discipline (Shichor, 1994) and exposes inmates to job skills (Cox & Osterhoff, 1993).

Inmates are eager to work in prison industries. It not only reduces idleness (Cox & Osterhoff, 1993), but there is a belief that prison industries normalize the lives of prisoner workers and the institutions in which they live (Auerbach, 1993). It is assumed that private sector involvement has the potential to change inmate industries from non-productive to custodial institutions filled with productive, industrious workers. Therefore, it is reasonable to expect that industry participation may steer inmates away from misconduct to avoid jeopardizing their jobs (Correctional Service Canada, 1996). Involvement in meaningful activity and positive interaction with civilian supervisors should also tend to increase an inmate's self-esteem (Correctional Service Canada, 1996).

Grieser (1996) has examined the benefits of private sector involvement in prison industries. There are several potential benefits of such partnerships for correctional industries:

- increased sales potential and, therefore, the potential for more inmate jobs
- a real-world work environment for inmates;
- reduced financial risk;
- improved access to specialized skills (such as engineering and marketing skills);
- any public relations benefits generated by the effort to work with the private sector;
- the ability to establish innovative facility operations; and
- product name recognition (p. 43).

The Issues and Problems Associated with Industries

The issues and problems concerning private industries are as numerous as the advantages raised earlier. A Canadian survey of a wide range of community groups, including business and labour, found widespread support for paying inmates and allowing inmate produced goods to be sold on the open market. However, support was shown only as long as these products were not subsidized or given any other unfair advantage. There is a worry that prison industries are taking jobs away from non-incarcerated labourers and, if so, how this will be reconciled or justified (Sigler & Stough, 1991). Also, will the government employees currently managing industries be made redundant?

Critics question how the institution will find a compromise among the goals of security, profit and rehabilitation. Which goal will become primary, or must any one of them be primary? Auerbach (1993) questioned whether the development of inmate skills by the corrections departments would be sacrificed in an attempt to avoid the violence feared from widespread idleness. Auerbach (1993) suggested many factors that contribute to private sector reluctance to become involved with the prison:

- high inmate turnover;
- high inmate training costs;
- prison procedures and policies inhibit the movement of workers, staff and materials;
- fear over potential accusations of exploitation; and
- fear of the prison setting.

How are the partnerships regulated to avoid exploitation of prison workers (Shichor, 1995)? Many wonder whether room and board, restitution, or funds for support of family members should be deducted from the inmates' wages. If so, would it be at such a rate that the incentive to earn would still be present? As well, the question of how the industry will provide incentives to inmate workers has been raised. Should these incentives be mandatory or credited for good behaviour? Is it fair to link incentives to production? Many factors of prison life (lock downs and counts) are beyond the control of the inmate, yet will affect the productivity.

Grieser (1996) stated that partnerships create many challenges that should not be underestimated. The risks for correctional agencies would most likely include:

- the significant investment of time, energy and resources involved in planning;
- at least some loss of control over correctional industries;
- potential failure;

- recruitment of an unworthy partner; and
- complaints from firms not selected for partnership (p. 44).

The Situation in Canada

In Canada, the most common public example of prison industry is CORCAN, a federal corrections initiative. The CORCAN Corporation was created in 1980 to serve as the production and marketing arm of the Correctional Service of Canada (CSC) (Correctional Service of Canada, 1997, p. 28). Currently, CORCAN programs operate in 32 institutions across Canada employing 4,000 offenders and 317 staff throughout the year (p. 28). Offenders can earn anywhere from \$5.25 to \$6.90 per day (p. 29).

CORCAN products are marketed to the public sector: governments, non-profit organizations and educational and health care institutions. "Offenders receive training in the manufacture and provision of products and services such as: office furniture, clothing, shelving, agricultural products, metal fabrication, data entry, digital imaging and telemarketing" (Correctional Service of Canada, 1997, p. 28).

CORCAN operates five main business lines. Correctional Service of Canada (1996) described each of the business lines as follows. The first business line, Agribusiness, operates in ten institutions across Canada. The Agribusiness is involved in the production of agricultural commodities, processing of meat and baked goods, forestry services and environmental services which include composting and reforestation. The second business line, Construction, is involved in over 30 correctional institutions. This program was designed to expand inmate rehabilitation programs to include on-the-job construction training and certification. The third business line, Manufacturing, operates in 17 institutions across Canada. The manufacturing program produces office furniture, storage products, shelving and dormitory furniture, as well as a variety of other wood and metal products. The fourth business line, Services, operates in six institutions and offers printing and graphic services, data entry and data base creation services. The final CORCAN business line is called Textiles. Textiles operates in 14 institutions and is responsible for producing clothing and upholstery and providing laundry services.

Correctional Service of Canada is more interested in cost reduction than profit making. CORCAN does not want to be seen as being in competition with the private sector (Malley, 1992). Ron Loomis, Chief of Occupational and Development Programs, suggested (as cited by Malley, 1992) that by running CORCAN like a business, it would generate revenue to defray the costs of materials, training, marketing, sales and distribution. The volume of business handled by CORCAN is less than one per cent of the overall market (Malley, 1992). While the re-involvement of the private sector in Canada is still progressing cautiously and on a relatively limited scale, the recent significant reorganization of CORCAN indicates that there is a serious government commitment to pursue the joint venture option.

The Situation in the United States

In the 1980s the U.S. saw significant developments in the operation of prison industries (Schloegel, 1993). The U.S. government has continued to strongly encourage private sector involvement in prison industries for almost two decades (Auerbach, 1993). The U.S. not only encourages and assists states and countries to join with the private sector in creating prison industry partnerships, it is also responsible for regulating partnerships to avoid exploitation of prison workers or unfair competitive practices. Prisoners of the past have been victims of extreme exploitation, with prisoners being essentially "sold" to private entrepreneurs (Auerbach, 1993).

All 50 states have some type of prison or jail industry programs (Cox & Osterhoff, 1993). These programs are operated by the state corrections departments. Usually the state correction system provides the working facility for the private firm (Joel, 1993). The state and federal governments have lifted some restrictions to private sector use of prison labour, which has resulted in more than a dozen states contracting out the work of an estimated 1,000 convicts (Joel, 1993).

DISCUSSION

The private sector is becoming involved in increasing numbers in the field of corrections. This involvement can be through contracts for service delivery, owning and operating institutional facilities for profit, or industrial ventures. This paper has examined the research in these three areas and has presented both sides of the issue.

Contracting for service has become quite common in Canada, but it is still primarily undertaken by non-profit organizations such as the John Howard Society or the Elizabeth Fry Society that provide services for offenders both in the community and in prisons. Recent initiatives of the Alberta government show support for privatized human service delivery.

The prisons for profit issue continues to be debated in provinces across the country. In the United States, however, private prisons have been stimulated by a decentralized authority, overcrowded prisons, a pro-privatization political climate, a great number of different institutions, and an extremely fragmented correctional system. The numbers of private prisons are expanding. It appears that the United States is the testing ground for this new phenomenon in the privatization of corrections.

Finally, various forms of prison industries do exist in Canada and are operated under the name CORCAN. It is clear that Canada is open to the further development of prison industries and there has been renewed interest in this area.

The literature in these areas deals mainly with the advantages, issues and problems. It would appear that very little statistical research had been employed in these areas. There are statistics available in some cases that indicate the extent of privatization but few evaluation studies exist that target the

successes or failures. It is hoped, however, that the literature described here will help the reader understand the various sides of the privatization debate.

The John Howard Society supports privatization of corrections in the areas of contracting for services and prison industries. We are active partners in contracted, community-based correctional services. On the issue of private prisons, however, we have fundamental concerns about the operation and impact of private prisons run for profit.

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