

The Economics of Crime & Capitalism

By C. Stone Brown

The United States of America has quietly become one of the world's leaders in the rate of incarcerating its citizens. At a figure of 519 prisoners for every 100,000 people, America is second only to former cold war enemy Russia, at 558 per 100,000 people. America's prison population has swelled enormously since 1790, when the first prison—the Walnut Street Jail in Philadelphia—was established. Federal and state prisons have recently reached the dubious milestone of having a million or more inmates in prison. That number does not even count America's jail population which, according to the U.S. Justice Department, is a record 490,442, double the jail population of a decade ago.

The custodians of America's penal systems have abandoned the idea of rehabilitating convicts. No doubt, the custodians are acting upon orders from an impatient mainstream America, who regard criminals (with the exception to white collar criminals) to be innately corrupt, natural born predators of society.

What is America's collective sociological need that drives its approach to dealing with crime? Statistically, violent crime disproportionately affects the underprivileged of our society. However, solutions are not often the ideas of the underprivileged; frequently they are paternally administered by the privileged class. If the solution to America's crime problem is left to the actions of the privileged class, we should expect the solution to augment their status, while further alienating the underprivileged. This explains the presence of America's "Prison Industry." America has found its anecdote to crime, it is Wall Street's biggest merger to date—Crime & Capitalism.

Crime & Capitalism is a very suggestive expression; it immediately discloses an American trend—that crime does pay, and if justice does not prevail, profits surely will. The increasing numbers of private prison firms are the latest societal indicator that "street" crime is permissible, under the tacit prescription that it is contained, managed and operated like a business enterprise.

Private prison firms are very attractive to many states whose budgets have been depleted by mandatory sentencing guidelines. These private firms offer their services on a per diem charge to house the states convicts. This relieves state governments of the burdensome cost of constructing new prisons, paying guard wages, insurance, pensions and other associated maintenance and security costs.

There are approximately 50,000 private prison beds in the United States; experts expect this number to rise considerably in the next decade. According to an article in the *Toronto Star*, Sept. 25, 1994, the largest private prison company is Corrections Corporation of America (CCA), which was founded in 1983 by Doctor Crants, a graduate of West Point and Harvard Business School.

CCA is listed on the prestigious New York Stock Exchange; in answers to shareholders and has board meetings like all publicly traded companies. What distinguishes CCA from other listed companies is how crime affects stock holder profits. Indeed, the annual FBI and Justice Department national crime data are excellent leading indicators of future dividends. For companies like CCA, the local "METRO" sections of American newspapers are no less important than the business section.

CCA has grown considerably since its debut in 1983. It is now a \$100 million company with 21 prisons spread over America, Australia and the United Kingdom. Ironically, this is not the first time the soil of America and Australia was considered fertile ground for convicted criminals. After losing the 13 colonies in the American Revolutionary War, the British Parliament designated Australia as an alternate penal colony.

Surprisingly, some of America's icon companies are investing in private prison construction. For instance American Express, the company that tells us to "never leave home without it," has invested millions in private prison construction in Oklahoma. And General Electric, the company that "brings good things to life," has invested in "life" sentences by financing private prison construction in Tennessee.

As America's system of justice sanctions the profits and privatizations of prisons, convicted criminals are no longer viewed as pariahs of society. Comparable to slaves during America's colonial period, convicts have become a very desirable commodity across the nation. Some prisons even reach across state lines to attract "residents."

For example, the state of North Carolina sends its convicts to a private prison in Oklahoma, and the state of Virginia charters a jet to fly 150 inmates to a county-owned, for-profit detention center in east Texas. In 31 days those 150 Virginia prisoners earned the Texas county more than \$200,000. The owner of the east Texas detention center, Bobby Ross,

remarked: "It's kind of like a factory in a since."

For many involved in the industry of crime, it's no surprise that a county in Texas would be one of the first to recognize the profitable merging of crime and capitalism. It is projected that in just a few months, Texas will have the largest penal system in the country, larger than the federal government. At a projected figure of 155,000 inmates, Texas knows convicts like Idaho knows Potatoes.

In California, "crime" is a synonym for "job security." Just ask the state correctional officers whose average salary is \$45,000 annually. It was a small investment for the prison guard union to contribute nearly a half million dollars (\$425,000) to Gov. Pete Wilson's gubernatorial campaign. This was the largest single contribution ever reported by a candidate for governor. If the old adage "money talks" has any legitimacy, one can only deduce that Gov. Pete Wilson was being advised in unequivocal terms that "crime" is the commerce of California's future. Such "money talks" does not forebode well for the citizens of California.

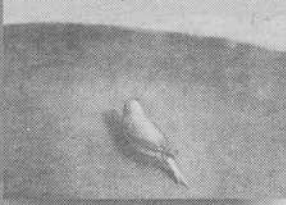
In the East, New York City crime is a "cash cow" for one particular Republican county in New York state. According to the states corrections committee chairman, the 110th district received \$124 million in salaries, local purchases of food and supplies, maintenance contracts and other operating expenses. Suburban counties like the 110th district in New York state have a financial interest in watching urban crime flourish in New York City and many other urban areas. For instance, in New York, 71 percent of prison inmates are transported from New York City. However, nearly 99 percent of those prisoners are transported up-state to New York's affluent white middle class suburbs, where urban crime is converted to good paying jobs.

Along with warehousing criminals, state penal systems have located another method of exploiting its prison population. State governments are instituting a slave-like work force within its prison walls. With cooperative agreements with small manufacturing companies, state's are merging, if you will, in creating a semi-factory prison work force. The prison work force is paid minimum wage, at least where labor unions have forced their hand. Inmates net approximately \$1 an hour after deductions. Thirty states have legalized privately run operations. Here are just a few of the states, companies and products involved:

(See CRIME, Page 18)

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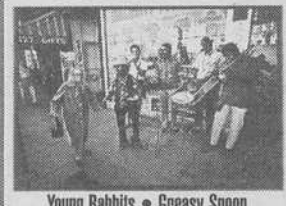
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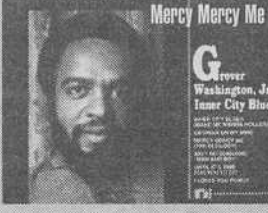
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