

# Detain Long and Prosper

That Feisty Huck Finn, that plucky Ragged Dick...we 'mericans

are spirited, resourceful creatures, yes we are, always finding a way to turn a debit into a profit, an apparent disability into a towering, muscular advantage.

WE NOT ONLY MAKE DO, we do well. Clarence Thomas, for example, is a Supreme Court Justice—for life. Michael Milken just helped to broker the Time Warner Turner deal, the biggest media merger in history.

Or take crime (please). To a less adaptable nation, having the highest incarceration rate in the Western world would feel like a black eye—a deep disgrace and a costly public burden. But since the Reagan administration somehow dissolved our national sense of shame and taught us to size up every institution as a possible profit center, imprisonment has also become one of America's hottest growth industries.

If your portfolio is in play, heads up: private prisons may be your next hot investment opportunity. In just 10 years, the number of inmates held in privately

owned-and-operated correctional facilities has jumped from 1,335 to 65,000. With 20 companies competing vigorously for prison contracts in 17 states, the projected growth rate for the rest of the decade is 35 percent. Apparently, the free market does understand restraint.

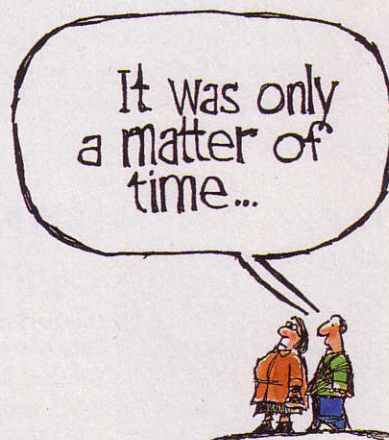
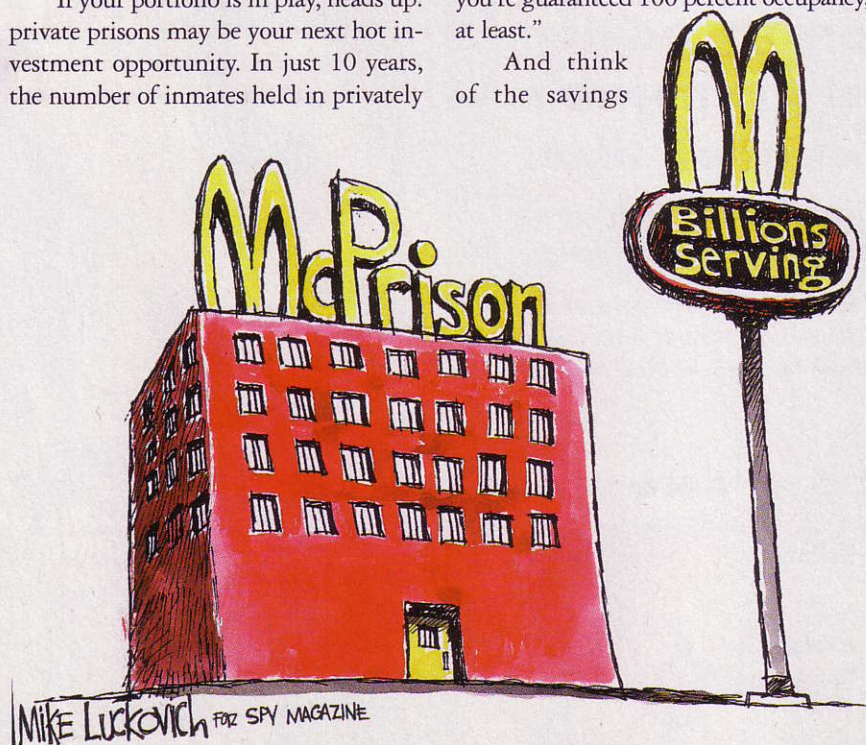
For the venture capitalists out there who still may feel a little eeksy, consider the reliability of this industry's customer base. At 1.5 million and counting, the prison population has tripled in the past two decades and is currently growing 13 times faster than the general population. As one frothing entrepreneur recently told the *New York Times*, private sector prisons are "the only real estate investment where you're guaranteed 100 percent occupancy, at least."

And think of the savings

potential: no customer satisfaction department, no free sample promotions, no Presidents' Day sales bonanzas. If the food sucks—good! That's how the public wants it. Lower the thermostat a few degrees; if anyone complains, just imagine the "Confinement, Inc." motto: *The customer can always be issued leg irons.* Dissatisfaction guaranteed.

TRUTH IS, ANY OLD bloke can lock a guy up and throw away the key; it's the fellow who can do it for a song who is going to stand out as the real pioneer of this nascent enterprise. Contracts are awarded largely based on cost-cutting guarantees, and the leaders in the field are all pushing the savings envelope in creative and unusual ways.

Let's say, for example, that an allegedly "necessary" item of clothing can be reclassified as "optional." Do women really need sanitary napkins? In an im-



migration detention facility they were running in Elizabeth, New Jersey, Esmor, one leading firm in the field, thought not.

Esmor virtually did away with standard medical notes on detainees and—in a bold standardization move that could have many repercussions on prison budgets and fashion—issued to female prisoners, each week, one clean pair of oversized men's underpants with a large question mark drawn on the crotch area. (There's nothing in the contract about humor, of course. That extra Esmor touch comes for free.)

THE TRULY CONFIDENT companies in this frontier business are rugged explorers, scouting uncharted territory for how far they may go. In that adventurous spirit, Esmor inventively applied the winner-take-all approach to dining in their Le Marquis halfway house in Manhattan, according to one former manager. Thirty meals would be served to 100 residents, and "whoever got there first got the food."

In the Elizabeth facility, money was also apparently saved on construction, as Immigration and Naturalization Service investigators noticed the absence of promised skylights and a curiously low—36 inches—privacy wall in the women's detention area. Thirty-six inches. That comes up almost to...*ob.*

The INS also noted that women's showers were visible from the corridor, and that, in a novel architectural plan, toilets were visible from the dining tables as well.

What's more, if you stay with Esmor, as the INS found, you are completely relieved of the burden of ownership: "Esmor personnel attempted to deport aliens without returning their funds, valuables, and property."

The real savings, though, come in shrewd labor decisions, since that's what accounts for 75 percent of federal Department of Corrections costs in the stodgy, old-fashioned, not-for-profit jails. At the recently opened Gadsden Correctional Institution in Tallahassee, Florida, which is run by U.S. Correction Corporation, independent monitors found that the promised staffing plan

had been quietly undercut by more than 10 percent when it came to actual hires.

"Security staff is extremely short-handed," the inspectors noted. "The monitor has had difficulty reconciling the original...with the current staffing plan."

U.S.C.C. would not open its salary records to the monitors (probably just bashful), but "salaries that the monitors became aware of are low and result in recruitment and retention problems." Not to mention competence—at inspection time, Gadsden had 89 uncertified officers working the grounds, and many of the guards were completely without identification.

THE LOW WAGE/POOR benefits package is apparently an industry-wide phenomenon. Wackenhut Corrections Corp., another leading firm, was offering to hire guards for another Florida prison at \$19,400, or about \$10 an hour, an advanced babysitting wage.

Qualified guards could be found for a salary bump of \$12,000—but that would wipe out much of the potential profits right there. And for that higher dollar figure, you tend to get the kind of people who take this guarding thing too seriously.

Esmor's New Jersey center, before it was finally shut down by the INS, had the relaxed feel of a neighborhood café. One day, as INS assessors set off the metal detector at an entrance, "the guard assigned to monitor the device was at the coffee wagon outside the door." Another time, they noticed that nine of 17 guards at the facility had gone on break at the same time.

Coffee breaks are important, for sure. Let's just hope those low-energy guards aren't also snacking on the corporate prison chow. "The chili served had so much seasoning," reported the Gadsden monitors, "it could not be eaten."

Subedible grub: part of the relaxed, low-key atmosphere, or another shrewd cost-cutting measure? Either way, it's a smart move in this private prison business: *The customer can always starve.*

—David Shenk

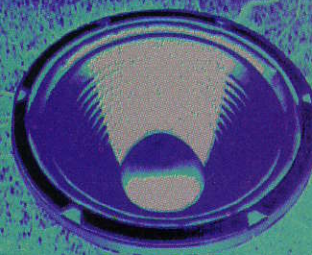
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## The Rebirth of COOL Volume 3

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