Prison Labour: Should the UK follow the US’s example?

Jake Lush McCrum

This paper seeks to assess the impact of the growth of prison labour in the US on its three main stakeholders: the prisoners; the firms employing the prisoners; and society as a whole. It will then explore whether the UK should follow a similar expansion, using in-depth interviews with eight important figures both in- and outside the UK prison industry as well as existing research into current practice. No previous study has compared prison labour in the UK with that in the US. Following analysis of the literature on prison literature in the US and interviews with relevant UK individuals, the paper concludes that prison labour has the potential to have a positive net effect on society.
1. Introduction

The aim of this paper is to analyse the effects of the growth of prison labour in the US and to evaluate the advantages and disadvantages of the UK following a similar expansion. In 2012, the then Secretary of State for Justice, Kenneth Clarke, declared that he and the government were aiming to double the quantity of prison labour in the UK by 2021 (Scherbel-Ball, 2012). Clarke believed that this would increase the annual revenue generated to £130m, therefore reducing the escalating costs of prisons (Wright, 2012). Furthermore, in 2012, the Department of Justice rebranded the old Prison Industries Unit as One3One solutions. The focus of this enterprise was to enable more prisoners to be in realistic work environments within the prison walls, while also reducing costs for prisons and taxpayers as a result.

Despite Clarke leaving his post in the 2012 Cabinet reshuffle, the aim of expanding prison labour still appears to be prevalent in the government’s thoughts. Training and work experience while in prison are beneficial for offenders seeking jobs once they are released, and as the current Secretary of State for Justice, Chris Grayling said (quoted in Blue Sky, 2014): “Clearly what is crucial to stopping re-offending is getting people into work.” This dissertation will analyse the productive potential of this aim, using research from the US and interviews with people both inside and outside the UK prison industry.

This paper will explore the impact of the growth of prison labour on three stakeholders in the US: the prisoners; the firms employing the prisoners; and society as a whole. The effectiveness of prison labour will be examined in terms of increasing employability, enabling easier reintroduction to the workforce. Similarly, the benefits prison labour affords to participating firms will also be analysed, including overall cost reduction, resulting from lower wages, leading to increased efficiency. Moreover, the societal impact of prison labour will be evaluated, looking at positives such as the substantial amount from prisoners’ wages which pays for restitution as well as room and board, and the potential negatives, including increased local unemployment as a result of unfair competition from the prison industry.

The methodology evaluates the advantages of in-depth interviews as well their limitations, and discusses why comparison between the US and UK is appropriate. The interview section outlines the views of those inside and outside the prison industry in the UK, with overall feedback being positive in terms of the potential of prison labour. This dissertation is part of the early stage of research in the
UK; however, the information gained through the interviews in particular supports many of the views expressed in the literature review on prison labour in the US.

2. Background

A number of sentencing and policy changes occurred in the US penal system in the 1970s. Phelps (2011) believes that these changes were the main cause of the significant increase in the correctional population, shown below in Figure 2.1. In 2013, there were an estimated 1,516,879 sentenced persons in state and federal prisons compared to just 314,000 in 1979 (Carson, 2014; BJS, 1980).

**Figure 1: Level of Incarceration in the U.S. from 1925-2013**

![Level of Incarceration in the US from 1925-2013](source(s): Carson (2014), Pastore and Maguire (2015))

Mandatory minimum sentencing was one of the new laws and Judge Paul G. Cassell (2007) has described how it led to unduly harsh sentences, which caused the US taxpayer to suffer due to the increasing rate of incarceration and its high cost.

The Justice Improvement Act was created in 1979 and holds significant importance for this dissertation as it included the introduction of the Prison Industry Enhancement Certification Program (PIECP). This enabled private corporations to gain access to the prison labour market.

There are now specified statutory requirements to be met for a state to become eligible. These were finalised in 1999 and included the important clause that prisoners must be paid a prevailing wage which is ‘not less than that paid for work of a similar nature in the locality in which the work was
performed’ (BJA, 1999 p.17002). However, the local or state prison industry can take up to 80 percent in deductions from gross wages for specified purposes including taxes, room and board payments and victims’ compensation. The number of businesses involved with this programme has increased steadily over the last 35 years (Auerbach, 2010). In the third quarter of 2014 PIECP employed 4,821 inmates within 200 operations (NCIA, 2014a).

The main employer of prison labour in the US is the Federal Prison Industries, better known under its trade name UNICOR. UNICOR’s production can only be sold to state agencies in order to ensure that private businesses do not face unfair competition in the open market. UNICOR employed 12,468 inmates as of September 30th 2014, 7% of the eligible prison population (FPI 2014). PIECP’s 200 operations employ 0.31% of the total prison population. Although these figures are small, the benefits of prison labour can still be evaluated and used to compare with the potential for prison labour in the UK. Both UNICOR and PIECP participants look to put prisoners in realistic work environments, enabling them to increase their employability to reduce recidivism (BJA, 2005; UNICOR, 2009).

3. Literature Review

The literature available on prison labour is not extensive. However, over the last 20 years there has been an increasing level of debate on the topic. As prison labour is a highly political issue, it can be difficult to find unbiased views on the subject. Bair (2004) believes he is one of the few impartial researchers, while Thompson’s (2012) paper is an example of research taking a biased view. It appears to show only the negatives of prison labour and as a result, only sources which support the negative view are included. In contrast, Reynolds’ (1997) analysis of prison labour for the National Centre for Policy Analysis focuses on its positives, emphasising the benefits it brings to firms, society and prisoners themselves. While researching this topic, the Urban Institute, an organisation which looks to ‘conduct sophisticated research to understand and solve real-world challenges in a rapidly urbanizing environment’, provided this dissertation with a number of unbiased and informative papers, from authors such as Atkinson and Rostad, exploring both the positives and negatives of prison labour and potential improvements (Urban Institute, 2014). These potential improvements can be an important indicator as to how the UK should implement and improve its prison labour programmes.

3.1 Prisoners: Positives

There are numerous potential benefits to prisoners who take part in prison labour. Therefore demand for these roles is high, making this workforce an attractive proposition for private enterprises. (Schwartzapfel, 2009). Kling (2002) describes how prison labour can benefit inmates, as they can help
to support their families while incarcerated and gain skills which will make them more employable on release, thus reducing the rate of recidivism. The importance of prisoners being able to contribute financially to their families is also stated by Solomon et al. (2004), as they benefit both emotionally and psychologically.

Improving prisoners’ skillsets is the main focus of most prison work schemes and many economists believe that these are successful (Saylor and Gaes, 1992; Kling, 2002; Solomon et al., 2004). Even though Bair (2004) states that, in its current form, prison labour is a form of slavery, he still accepts that a number of roles within prison can enable the prisoners to gain valuable job skills. These roles include welding, furniture manufacturing and sewing. Atkinson (2002) discusses how prison labour is beneficial for prisoners, especially when they are employed by the private sector, as they gain transferable and marketable skills. These employment opportunities occur through PIECP and have the added benefit of prisoners receiving higher wages and often direct contact with businesses.

PIECP creates many benefits to society as will be mentioned later, but is also, as evidenced in Smith et al.’s (2006) report, extremely important in achieving successful re-entry upon release. This report described how those involved with PIECP gained transferable skills which increased their employability, while the taxpayer also benefited from deductions from prisoners’ wages. However, in their analysis they describe how there are factors that affect the success of the programme, which are not included, weakening the validity of the results, but these factors are not defined.

Smith et al. (2006) are not the only researchers to have found evidence of prison labour reducing recidivism through the acquisition of skills. While analysing UNICOR, Saylor and Gaes (1992) discovered a statistically significant positive relationship between prison labour and lower recidivism. Their results found that not only were the prisoners in their study group 24.4% more likely to find a job post-release than those in the comparison group, but also that 12 months after release, only 6.6% of study offenders had had their parole licences revoked, compared to 10.1% of comparison offenders.

One issue with this study is that it was completed after the prisoners had been released for just a year. The long term benefits of working in a prison are, therefore, hard to estimate using this data.

Furthermore, Bair (2004) describes how Saylor and Gaes’ (1992) definition of recidivism is flawed. It looks at survival time, i.e. the time it takes for a released prisoner to commit another crime, rather than at the actual reduction of recidivism. Thus, when the paper states that survival time has
increased, this simply means that the length of time from the date of release up to the moment that another crime is committed by the released inmate has increased, not necessarily that he won’t become a recidivist due to the rehabilitative nature of prison work.

In addition, the prisoners in the control and experimental groups were carefully selected. The inmates in the experimental group were not allowed to have any disciplinary infractions and this led to selection bias (Maguire et al., 1988). Piehl (2003) agrees, stating that these inmates would have been the most likely to attain a job on release anyway, and also the least likely to commit another crime, reducing the validity of such a study.

Despite the issue of selection bias, additional evidence exists, which shows the potential benefits of prison labour. PRIDE (2013) Enterprises, a nationally recognised inmate training programme, certificated under PIECP, stated that inmates, who were released in 2010 and had worked for them for over six months, recidivated at a rate of just 10.55% in the two years following their release. The average rate of recidivism after three years for prisoners released in 2005 across 30 states was, in contrast, found to be 67.8%. This shows the positive impact of PIECP (Durose et al., 2014). In addition, 63% of their released inmates were placed in full time jobs in 2013 (PRIDE, 2013).

3.2 Prisoners: Negatives

Thompson (2012) believes that inmates do not gain higher employment prospects as a result of prison work, and that they are used by a number of companies to avoid health and safety regulations, enabling the firms to lower their production costs. Bair (2004) agrees that prisoners are often exploited and believes that this may actually make them unfit for capitalist society once they are released. This implies that prison labour does not increase its skills-set, confidence and employability, which could lead to a potentially high likelihood of recidivism.

Additionally, Bair (2004) and Atkinson and Rostad (2003) both discuss how the jobs available in prison are largely in old economy sectors, such as clothing and textiles, which are expected to decline due to technological improvements. Therefore, even if the prisoners gain skills in these sectors, they will have limited employment prospects upon release.

A further issue is the fact that the prisoners receive such low wages. Those working for UNICOR earn a maximum of $1.15 per hour, while those working within PIECP can have up to 80 percent of their wages deducted for room and board and restitution (UNICOR 2015, BJA 1999). Therefore prisoners
can end up receiving such a minimal income that they cannot provide assistance to their families or save for the future. In addition to this, Sloan (2010) describes how the majority of jurisdictions operating under PIECP have reduced wages for prison workers to the minimum wage, which is usually below the value paid for work of a similar nature outside the prison. They do this by creating long training programmes where the minimum wage is paid. A prisoner must work through this training period before they can be paid the prevailing wage.

In 2010, Auerbach (2010) compiled a summary of findings on the PIECP compliance assessments. Out of the 188 operations in existence at the time of the report, only 38 were assessed. In the findings, five of the fifteen jurisdictions assessed had problems with low wage levels for prison workers. These were resolved; however, as only 15 out of the 30 certified and active jurisdictions were assessed, this means that numerous other jurisdictions could have been paying their prison workers below the required level. Additionally, eight of the states and counties assessed use a training wage that starts at the minimum wage and increases over time, as mentioned by Sloan (2010). The length of time varies from 60 days in Idaho to 390 days in Mississippi (Auerbach, 2010).

3.3 Firms

As discussed earlier, prisoners can gain substantial benefits from prison labour, whether financially or by improving their skillset. Economists such as Atkinson (2002) believe that prisoners working with private enterprises, within PIECP, benefit more than those working for UNICOR. Similarly, Smith et al.’s (2006) report evidences how prison labour working with private enterprises is extremely important in achieving successful re-entry upon release. This section will examine the positive and negative aspects of prison labour, in relation to the firms involved.

There are three models in which a firm can coordinate with a prison in production of a good or service. The first is the customer model, where the state prison system uses the labour to produce a commodity which is supplied to a private enterprise for a given price (Bair, 2004). Here the prisoners are not in direct contact with the firm and therefore will gain the same transferable skills as if they were working for UNICOR.

The second model is the manpower model. Here the private enterprise may work directly with the prisoners to produce a product or service, using the prison’s equipment (Bair, 2004). This can reduce the firm’s costs further as they pay a lower price (or nothing) for the facility and the capital involved.
However, Bair (2004) describes how private enterprises in most cases use their own equipment, the employer model, but benefit from the prison’s space, often rent-free, and from reduced health and safety restrictions.

When a firm is working with prison labour then this state must be certificated by PIECP. Therefore the private enterprise must pay at least the minimum wage. However, the state agency can take up to 80 percent for taxes, room and board, family support and victims’ compensation (BJA, 1999). PIECP is different to both the UK prison industry and UNICOR, where prisoners can be paid significantly below the minimum wage and the prisons can still deduct a substantial percentage of this for fees mentioned above.

Given this, US firms may not benefit through substantially lower costs. Furthermore, Reynolds (1996) describes how prisoners often have lower productivity and a reduced range of skills. Additionally, prisons have increased security costs and if the private enterprise has to cover some of these, combined with the high turnover of workers, it may be difficult to use prison labour profitably. Conversely, according to the Enterprise Prison Institute (EPI) (2002) field survey, employers rate prison labour as a quality workforce. One employer in the survey explained how:

“Inmates learn that the success of our company depends on the satisfaction of our customers with our product. Quality, service and price have to meet expectations. Our futures are intertwined. They are justly proud of what we have accomplished.” (EPI, 2002 cited in Atkinson and Rostad, 2003, p.8)

Bair (2004) believes that the work the prisoners are doing must enable them to improve their skills and therefore increase their employability. They should not be forced to do whatever work the warden demands of them. Jobs with private enterprises always face increased demand from prisoners; therefore increasing the number of firms working with prison labour appears to be beneficial. This is supported by Reynolds (1997) and Atkinson and Rostad (2003) who state that the government should look to increase the involvement of private companies with prison labour. The EPI (2002) survey found that 92% of the employers would recommend using prison labour to business associates and these employers stated that the quality and productivity of the prison labour was of higher importance than the lower cost.

If the firms involved in PIECP are able to train prisoners and increase productivity, while enjoying lower production costs due to free manufacturing space within the prison walls, then these companies can benefit. Absenteeism is not an issue and the prisoners are often so grateful for the distraction from
prison life that, in contrast to Reynolds’ (1996) view, their productivity is higher than average, as exemplified by the EPI survey. Furthermore, although it is not mentioned in the literature on prison labour in the US, firms who use prison labour and appear to be helping with the rehabilitative process, may market this as exhibiting an increased level of corporate social responsibility. This could improve their brand image and potentially increase their sales and market share.

3.4 Society: Positives

Reynolds (1996), Kling (2002) and Bair (2004) all highlight the importance of inmates being able to pay restitution for their crimes and reduce the cost of their incarceration to the taxpayer. The average cost of incarcerating a prisoner in the US in 2010 was $31,286 (Henrichson and Delaney, 2012). Therefore, if the prisoners contribute to the cost of their incarceration, this can further reduce the strain on the taxpayer and possibly create a potential Pareto improvement.

Figure 3.4.1 illustrates the allocation of inmates’ gross pay within PIECP. This table shows that in an 11 year period, over $270 million has been taken from prisoners’ pay and used in ways, which could create an aggregate welfare increase.

Figure 3.4.1: Breakdown of the Allocation of Inmates’ Gross Wages

<table>
<thead>
<tr>
<th>Wage Deductions from PIECP 2003-2014</th>
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<tbody>
<tr>
<td>Victims Programmes</td>
</tr>
<tr>
<td>Room &amp; Board Family Support</td>
</tr>
<tr>
<td>Total Taxes</td>
</tr>
<tr>
<td>Net Wages</td>
</tr>
<tr>
<td>$0</td>
</tr>
<tr>
<td>$20,000,000</td>
</tr>
<tr>
<td>$40,000,000</td>
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<tr>
<td>$60,000,000</td>
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<td>$80,000,000</td>
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<td>$160,000,000</td>
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<tr>
<td>$180,000,000</td>
</tr>
<tr>
<td>$200,000,000</td>
</tr>
</tbody>
</table>

Source(s): NCIA, 2014b; BJA, 2004

Scott and Derrick (2006) discuss how prison labour can also benefit firms in the surrounding areas. Federal prisons will require inputs which are likely to be demanded from local businesses. UNICOR’s (2012) data supports this, as over $549 million of raw materials, supplies, equipment and services was procured from small businesses in 2012. Moreover, UNICOR is self-sustaining and operates at no cost to the taxpayer.
3.5 Society: Negatives

Although UNICOR does purchase a substantial quantity of raw materials and equipment from small businesses, there has recently been increasing publicity about prisons competing with private firms through the acquisition of government contracts. UNICOR can only supply to state agencies, but this does not mean they should be guaranteed these contracts. American Apparel, who bid for some of the same government contracts, has had to lay off 150 of their workers due to what they believe to be unfair competition from UNICOR, who can pay workers as low as 23 cents per hour (Fox, 2012). This is an example of where prison labour has had a negative impact on society as law-abiding workers have lost their jobs as a consequence. However, Kling (2002) believes that the consumer benefits in the form of lower prices.

Thompson (2012) strongly opposes prison labour and describes how it has taken real jobs from people in manufacturing. Atkinson and Rostad (2003) support this view, stating that inmate labour can result in companies losing contracts and some workers losing jobs, especially when it is conducted by prison enterprises like UNICOR.

Furthermore, PIECP does not have support from all researchers. Even though it is meant to ensure that non-inmate workers will not be displaced, Sloan (2010) found examples of where this is violated. One was the partnership of Lockhart Technologies and Wackenhut Correction (now known as GEO Group) which resulted in Lockhart transferring their production to the prison. Consequently they closed their business operation nearby which resulted in the termination of 150 jobs.

4. Methodology

In this section the advantages of conducting in-depth interviews will be discussed first. This will be followed by reasons for the comparison of the US and UK prison labour industries. Throughout this Section the limitations of both the interviews and the country comparison will be examined.

4.1 Interviews

Due to the lack of studies on prison labour in the UK, this dissertation includes an interview section, discussing the positives and negatives of prison labour with important figures who have been involved in the prison industry, as well as some who currently have not been influenced by it.

Boyce and Neale (2006) discuss how in-depth interviews are useful when you want to explore people’s opinions on a new idea or issue. As there is little literature on prison labour in the UK, the idea could
be seen as relatively new; therefore interviews appear to be an effective way of ascertaining people’s perspectives on this topic.

4.1.1 Type of Research

Merriam (2014) emphasises the difference between the categories of ‘basic research’ and ‘applied research’. ‘Basic research’ focuses on expanding one’s understanding of a topic or issue, while ‘applied research’ looks at improving the quality of practice of a particular discipline. Thus, as the interviews conducted for the present study are aimed at gaining an understanding of the opinions of those involved, or those, who could be involved with prison labour, they can be ascribed to the category of ‘basic research’.

Using the research gained from programmes in the US, further studies could explore ways of improving prison labour programmes in the UK - this would be ‘applied research’. The Howard League of Penal Reform (2011), a UK charity, has produced studies such as ‘Business behind bars: making real work in prison work’, which could be described as ‘applied research’ as it attempts to influence policy makers on the subject of prison work. Further studies could look at transferring knowledge gained from successful US programmes as recommended by this paper.

4.1.2 Limitations

Beale and Neal (2006) describe how interviews can be prone to bias. This implies, when relating to this dissertation, that if the respondent wants an expansion of prison labour, they may exaggerate the benefits and not mention the negatives. However, as this dissertation is unlikely to have any influence on future government policies, this bias is less likely to be present. Furthermore, Silverman (2013) describes how the benefit of doing interviews depends on the research problem itself. As there is limited statistical data on prison labour in the UK and limited expansive studies have been implemented, qualitative research appeared to be the most effective form for this dissertation.

One important limitation of in-depth interviews is that they are not generalisable (Beale and Neale, 2006). As the respondents in this dissertation were not chosen through random sampling methods and because the sample is small, the results gained from these interviews cannot be generalised for the opinion of society or those involved with the prison industry. However, these interviews do provide valuable information, as part of the first stage of research on the topic. This research will need to be expanded in the future through expansive qualitative and quantitative studies.
4.2 Why Use the US for Comparison Purposes?

Jones and Newburn (2002) explain how there appear to be a number of examples of policy transfer between the US and the UK in terms of crime control over the last 30 years, such as zero-tolerance policing and private sector involvement in corrections. Accordingly, the UK may look to successful US prison labour programmes in order to maximise the potential of prison labour in the UK.

4.2.1 One3One and UNICOR

The US prison industry has expanded substantially since the 1970s and the Federal Prison Industries adopted the trade name UNICOR in 1977 (UNICOR, 2009). Since its creation UNICOR has expanded its production, increasing revenues from $161 million in 1983 to $609 million in 2013 (Pederson, 2000; FPI, 2013). In comparison, the UK Prison Industries unit was rebranded as One3One solutions in 2012, 35 years after UNICOR was created (One3One, 2014b). There is substantially more research on prison labour in the US, which can be used as a reference for the UK prison industry.

As of 2014, UNICOR employed 12,468 inmates. The total number of inmates in federal prisons was 209,293 as of March 19th 2015; therefore, UNICOR currently employs roughly 6% of all inmates in federal prisons (BOP 2015). Previously, this paper referred to UNICOR employing 7% of the eligible prison population, and that is because a proportion of inmates is either under heightened security restrictions, which prevents them from working, or are mentally or physically incapable of doing the work.

One3One solutions employed 9,700 prisoners in 2013 out of a total prison population of 85,382 (One3One, 2014a; MOJ, 2013b). This means that roughly 11% of inmates in the UK are placed in real work environments within the prison walls. The similarity in the percentages of prisoners working for UNICOR and One3One makes the comparison of countries relevant.

However, one significant difference is that the majority of UNICOR’s produce is demanded by state agencies, whereas in the UK, One3One produces products for over 150 companies. This is due to the different political structures and laws of the two countries. Nevertheless, in both examples, the prison enterprises still need to produce at a sufficiently high quality and sufficiently low price to maintain demand.

4.2.2 PIECP

Although One3One Solutions does create products for businesses in the UK, it also incentivises UK firms to move their production to prisons. Therefore, a company such as LMB Textiles, mentioned
below in the Interview Section, has been able to move its production to a prison facility, rather than transfer it abroad. This is beneficial for the UK economy, as well as the prisoners and the firm.

The fact that UK prisons look to work in partnership with private enterprises, as well as just producing for them, is why comparison with PIECP in the US is useful. As discussed in the literature review, some economists believe that prisoners involved with PIECP gain more transferable skills than those working for UNICOR (Atkinson, 2002). This may be an indicator that the UK should look to involve more private enterprises directly with prison labour, rather than just use prison labour as a form of outsourcing production.

A significant difference between PIECP and the partnership of prisons and private enterprises in the UK, is that those firms in the US working with prison labour have to pay them at least the minimum wage (BJA, 1999). This means that UK firms are likely to gain an increased competitive advantage. Prisoner wages in the UK are determined by Prison Governors. They averaged £2 per hour in 2012 which may incentivise more UK firms to work with prison labour as it can substantially reduce costs (Scherbel-Ball, 2012).

Conversely, one benefit for society of PIECP is that millions of dollars of inmates’ wages have been used to contribute towards room and board and restitution (NCIA 2014a). Only firms suffer as a result of having to pay higher wages. Consequently, if the UK government is able to ensure that the productivity of UK prisoners and the potential benefits from corporate social responsibility are still high enough to incentivise private firms to partner with prisoners, it may be beneficial to society to increase the minimum wage for prisoners in the UK.

However, as this is currently not the case, comparing the benefits gained by US firms working with prison labour to the potential for UK firms may actually understate the advantages. The number of firms in PIECP has expanded since its creation, even though firms cannot pay low wages (Auerbach, 2010). Therefore the combination of the lower capital costs due to using prison facilities, with the productivity of the prisoners, must be enough to make using prison labour more profitable to certain US firms than producing elsewhere. If prison labour is profitable to US firms, despite having to pay at least the minimum wage, then the potential benefits for UK firms could be even higher.
5. Findings and Analysis

5.1 Interview Background

The majority of these interviews were done by telephone in 20-30 minute conversations. The topic was discussed with each interviewee. Following this conversation they received the set of focused questions for this section. They responded in writing, enabling direct quotations in this Section.

There is very little literature on the impact of prison labour in the UK, therefore this dissertation looks to use the views of those inside and outside the industry to uncover the positive or negative potential for prison labour in the UK. The section will focus on three areas which were also the main focus of the literature review. These are: the impact of prison labour on prisoners; the potential costs and benefits to firms using prison labour; and the impact of prison labour on society.

Table 5.1.1 shows the diverse range of interviewees, and this variety of opinion should enable the results to have reduced bias.

Table 5.1.1: Table of Interviewees

<table>
<thead>
<tr>
<th>Interviewee 1</th>
<th>Head of Reducing Reoffending at a UK prison</th>
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<tbody>
<tr>
<td>Interviewee 2</td>
<td>Consultant for a rehabilitative scheme</td>
</tr>
<tr>
<td>Interviewee 3</td>
<td>Previous employer of prison labour</td>
</tr>
<tr>
<td>Interviewee 4</td>
<td>Economics broadcaster (produced a programme on prison labour)</td>
</tr>
<tr>
<td>Interviewee 5</td>
<td>Founder and Chief Executive of Key4Life (rehabilitative programme for prisoners)</td>
</tr>
<tr>
<td>Interviewee 6</td>
<td>Previous head of rehabilitation programmes for the Prison Service</td>
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<tr>
<td>Interviewee 7</td>
<td>Previous education worker in a prison</td>
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<tr>
<td>Interviewee 8</td>
<td>Head of HR for a manufacturing firm not using prison labour</td>
</tr>
</tbody>
</table>

5.2 The Impact of Prison Labour on Prisoners

As discussed in the literature review, studies in the US have shown that prison labour can have a positive effect in reducing recidivism and increasing the chance of a prisoner gaining a job on release, due to the skills they have gained from working in prison. Using this information it would be expected
that prison labour would have the same potential in the UK and the majority of my interviewees agreed.

When asked if prison labour would be beneficial Interviewee 1 said:

“Absolutely YES! Paid work provides each individual with a sense of worth and a sense of pride. Many offenders who may be disengaged from the mainstream community are afforded a level of self-belief that they are able to support themselves and their family. They are able to gain nationally recognised qualifications in specialist sectors, as well as the ability to build a CV to take forward to release.”

This shows that it is not only the skills gained by the prisoners, which are important, but also their psychological placement into society. This view was supported by Interviewee 6 who stated that: “doing paid work gives prisoners a sense of self-respect and self-worth” and Interviewee 2 who discussed the importance of the prisoners “gaining self-esteem” from working.

However, if the prisoners are only gaining a sense of pride and self-worth, and not transferable skills, which increase their employability, then prison work may not be that beneficial. Interviewee 7 thinks that “the value and skills gained by most educational activities surpassed those gained at work.”

Furthermore, interviewee 8 was “not convinced” by the benefits of prison labour. They stated how “[i]t could be perceived as menial work paid below the minimum wage.” This is also the view of the Howard League for Penal Reform (2008), who added that prison labour in the UK currently focuses more on soft skills such as time management and teamwork rather than transferable skills, which would increase employment prospects.

As part of the punishment for committing a crime, prisoners do not have to be paid the minimum wage. In fact, prisoners can be paid as little as £4 per week (MOJ, 2000). There is therefore potential for UK firms and prisons to take advantage of this, using prisoners in low-skilled manual tasks, which, in the US, has been described as slave labour by Bair (2004).

Interviewees 4 and 5 are worried about prisoners being exploited if wages are kept very low. Interviewee 4 believes that prisoners “should be paid the minimum wage per hour, from which should be deducted the cost of their board and lodging in prison and a contribution to security costs.” As mentioned in the literature review, this is required by law in the US when a private enterprise is
employing prison labour. The UK government may, therefore, want to look at implementing this as it would reduce the costs to prisons and hence the taxpayer. It is also likely to mean that prisoners could keep some of that higher wage, enabling them to help their families and/or save for life post-prison.

Interviewee 7 thinks that “gaining a job, quickly, is one of the key indicators that reduces recidivism.” However, this same interviewee feels that ‘the setup at the moment does not really contribute to this in any meaningful way.’

In a sample of 1,080 prisoners taken by the Ministry of Justice (2014), just 17% of them stated that they had received help to look for a job, training or education to benefit them post-release. Of the 83% that did not receive help, 51% said they would have liked help. Therefore, in this sample of 1,080 prisoners, around 184 received help, whereas an additional 453 who wanted help did not receive it. As gaining a job on release is so important, according to both prisoners, as described by Hopkins (2012), and by Interviewee 7 (previously an education officer in a prison), having a job while in prison, and having an interview guaranteed when released, could be extremely helpful in reducing the recidivism rate.

If a prisoner is doing paid work while in prison, the hope would be that they would gain transferable skills to give them an increased probability of employment post-release. However, evidence given by Brunton-Smith and Hopkins (2014), suggests that the majority of prisoners who gain work once they leave prison were working in that same job before conviction.

Despite these results, Interviewee 5 highlights the significance of the relationship between the firms employing prison labour and the prisoners themselves:

“Prisoners benefit from doing paid work so long as there is training, references written for them and a link back to the company employing them. It is important that the prisoners are not just seen as a commodity and are instead seen as potential full time employees of the company in the future.”

All of the interviewees believed that prison labour would benefit prisoners, whether by the ability to earn money, increased self-worth from the responsibility and respect gained from having and keeping a job, or simply reducing idleness. However, there is potential for prisoners to be exploited, working in menial tasks and earning very little, and there was some doubt among the interviewees about the likelihood of the prisoners developing transferable skills.
For prison labour to be successful in the UK, it is essential that prisoners are trained and treated with respect. Their punishment should be combined with the opportunity to rehabilitate. Interviewee 1 describes how “we should create more chances for people who have been in jail to make a positive contribution to the workforce.” This is supported by the opinion of Interviewee 6 who states that:

“Prisoners need to see and believe that it is possible to successfully reduce their risk of re-offending and that when they have, society won’t continue to judge them. I have employed ex-prisoners myself and they are often the most committed and loyal employees you could wish for.”

5.3 Do Private Firms Benefit from Using Prison Labour?

One3One (2014b), the government enterprise set up to attract firms to work with prison labour, describes it as “a workforce of motivated prisoners who are looking to repay society and build outstanding business relationships with you.” Interviewee 4 is also optimistic about prison labour and believes it is extremely beneficial for firms:

“They will find a group of committed employees inside prison, selected with help from staff for aptitude, and eager to work to escape the extreme boredom of prison life. On release, such prisoners can make good continuing employees and prove exceptionally loyal to the company which gave them a break from their past lives.”

In addition, Interviewee 5 feels that the positives of prison labour outweigh its potential negatives:

“It is a largely untapped workforce and if the firm looks to increase the employability of the prisoners, it can create a long term partnership between the firm, prisoners and prison which is beneficial for all. Firms have a corporate social responsibility and employing prison labour is a fantastic opportunity for these firms to boost their brand by increasing the employability of prisoners, giving them a second chance.”

Corporate social responsibility is mentioned by seven out of the eight interviewees and therefore appears to be an important potential positive of prison labour. If a firm is able to benefit from lower costs due to lower wages, while also improving their marketable image due to the rehabilitative benefits of employing prisoners, then this is likely to create a net benefit for the firm. Interviewee 1 summarises this:
“Global businesses have a corporate social responsibility to influence, support and provide initiatives to encourage the rehabilitation of prisoners. Research has shown that most ex-offenders are more committed and willing to do more than just the job. They are grateful for the opportunity to do something worthwhile rather than falling back on their former ways and circumstances.”

However, there are a number of potential negative effects of using prison labour; including lower skills, lower productivity and the increased security risk within the prison. This leads to Interviewee 2 stating that they “genuinely think that it is a high risk to employ prisoners.” Moreover, as Interviewee 7 describes, the whole process of employing prison labour may increase costs “due to bureaucracy”. Furthermore, Interviewee 5 believes that:

“the way the firm positions the employment is extremely important as to whether it is beneficial to them, especially in the long run. If firms are seen to be taking advantage of the prisoners, this could lead to a dilution of their brand’s reputation in the long run.”

Although there is very little academic literature on prison labour in the UK, there are a number of articles on the negative aspect of this practice. Speedy Hire reduced its workforce by 800 in 2010 and has since increased the size of its prison contract (Wright, 2012). It has therefore been accused of replacing its law-abiding workers with prison labour. This resulted in their public image suffering and also increased local unemployment, which has a negative impact on society. Furthermore, Becoming Green, a firm in Wales, has been employing more and more prisoners on ‘work experience’ and has subsequently been firing a number of their law-abiding workers (Malik, 2012). Although this dissertation is focusing on those prisoners working within the prison walls, this example could not be ignored as it shows the potential negative effect of expanding prison labour.

The above examples describe how a firm taking advantage of cheap prison labour can receive negative publicity which could reduce its profitability in the long run. However, these two firms appear to weigh the positives (lower wages and a motivated workforce) as greater than the negatives (reduced brand image due to negative publicity). It must be ensured that this is not the case for the majority of firms using prison labour, otherwise there could be a significant negative impact on society.

Despite these examples and the potential negative aspects of employing prison labour, the majority of the interviewees concluded that it was beneficial for firms. The Howard League for Penal Reform
supports this view and believes that the government should try to incentivise more private companies to operate within prisons. They believe that:

“the ultimate goal is an atmosphere where private business demand for real work in prison is high and businesses are able to approach governors at the prisons themselves”

(Howard League, 2011 p.5).

An example showing the potential success of using prison labour is Norpro, the engineering company which Interviewee 4 mentioned. They were able to move their production facilities from India to HMP Altcourse, a prison near Liverpool. David Norburn, Norpro’s Managing Director, described why prison labour was so attractive to the company:

“I am a businessman first and foremost, and for me it had to make commercial sense to have my factory inside the prison. I didn’t have a factory and this would involve no huge capital investment from me, other than the fees I could pay per unit produced...The results of working at Altcourse have been excellent.” (Norburn quoted in G4S, 2014)

5.4 The Overall Impact of Prison Labour on Society

If prison labour is benefitting the prisoners, then this is likely to have multiplied effects on society, potentially resulting in a Pareto improvement. Reduced recidivism leads to a lower number of people in prison. This means there is less strain on the taxpayer and improved conditions for the prisoners. According to the Ministry of Justice (2013a) the average cost of holding one person in prison for a year is £34,766, therefore every released prisoner who avoids a return to prison saves the taxpayer a significant amount.

The way prison labour is implemented is an extremely important factor in determining its overall impact on society, as discussed by Interviewee 5:

“Prison labour has the potential to reduce reconviction rates if the revenue prisons receive from prisoners’ wages is re-invested into rehabilitation schemes. If prison labour is just a win for the firm employing the prisoners, then this is not beneficial for society. If, however, prisoners are trained for when they leave prison and they receive an interview guarantee, then this can be very beneficial for society. Firms can reduce their costs, prisons can cover some of the costs of the prisoners while also helping them get rehabilitated, possibly stopping reoffending, and importantly the prisoners gain the skills which increase their employability, while they also have their deeper, more emotional problems dealt with.”
In summary, prison labour can: reduce the cost of prisons to the state, enabling the government to invest in other areas; increase the productivity of UK firms, allowing them to produce goods for lower prices, bringing benefits to the consumer and enabling the firm to compete more effectively abroad; and can facilitate the firm’s expansion, due to increased productivity, which in turn would result in increased employment. These are all reasons why prison labour could result in an aggregate welfare increase.

The issue of whether firms employing prison labour reduces employment of law-abiding citizens is an important one. As mentioned previously, companies such as Speedy Hire and Becoming Green appear to have replaced their law-abiding workers with prisoners. This has a negative impact on society as it increases unemployment, which not only reduces the tax revenue for the government, but also means that expenditure on benefits increases. However, Interviewee 7 believes that the “numbers involved with prison labour would be so low that they would not have a significant impact.”

Alternatively, prison labour can actually create numerous benefits for society and the economy when it enables firms to produce in the UK rather than abroad. Norpro’s experience showed how the reduced costs of producing in a prison enabled the firm to bring production back to the UK.

LMB Textiles is another firm which has benefited from the lower costs of prison labour enabling them to keep production in the UK, while their competitors moved their manufacturing abroad. Ross Barry, Business Development Manager, describes the benefits his firm has gained from using prison labour:

“Using prison workshops has helped LMB to expand and develop our business. It has allowed us to continue to work in the UK and given us extra capacity and the ability to expand quite quickly and easily should we need it.” (Barry quoted in One3One, 2014c)

In addition to this, Interviewee 3 had a positive outlook on the response of the population to prisoners working.

“It could create real benefits to the prisoners, the prison services and I am sure the general public would applaud that prisoners are contributing. I see work in prisons as an important tool in helping prisoners rehabilitate, improving their confidence and self-worth. We want people not to reoffend, and working in prison can only contribute to that goal.”
All eight of the interviewees believed that prison labour could benefit society overall, through increasing the employability of prisoners, reducing the costs of participating firms, and decreasing the strain on the taxpayer.

6. Limitations and Further Research

The main limitation of this study is the impossibility to generalise the results gained from the interview section due to the small sample size (Boyce and Neal, 2006). Furthermore, the paucity of literature on prison labour in both the US and the UK may limit the validity of the conclusions made.

This dissertation is part of the first stage of research on prison labour in the UK. No previous study has compared the US prison industry as a whole to that of the UK. However, despite the stated limitations, the results of this early research indicate that its conclusions could lead to changes in UK policy on prison labour. Further studies, both quantitative and qualitative, should focus on the impact of prison labour in the UK on recidivism, as well as explore the models as well as the benefits of the most productive prison labour programmes. The success of One3One Solutions must be evaluated and potential improvements could be gained from further research in the US.

7. Conclusion

The review of the literature on prison labour in the US gave the impression that an expansion of prison labour could lead to an aggregate welfare increase. In general, prisoners who join prison labour schemes gain transferable skills which make them more employable. This reduces recidivism as shown in the studies by Saylor and Gaes (1992), focusing on UNICOR, and Smith et al. (2006), analysing PIECP. Furthermore, since its introduction in 1979, PIECP has deducted over $415 million from prisoners’ wages for payments towards room and board, restitution and taxes (NCIA, 2014b). This has lowered the impact of incarceration on the taxpayer. In addition, the EPI (2012) survey has shown how the quality of work by prisoners has improved over recent years, resulting in firms benefiting not only from the lower cost of prison labour but also from high production quality. There were, however, a number of negatives outlined in this paper such as the occasional exploitation of prisoners by firms and prisons, as well as prisoners being trained in old industries, hence reducing their employment prospects upon release. In conclusion, both my research and the relevant studies show that prison labour appears to have had an overall positive impact in the US.

The UK interviews support the opinions held in the literature review on the US. All eight interviewees in this dissertation believed that prison labour could benefit society overall through increasing the
employability of prisoners, reducing the costs of participating firms, and decreasing the strain on the taxpayer. The interviews do, however, also identify the potential for prison labour to create negative externalities if firms are able to replace law-abiding workers with cheaper prison labour, or use prisoners in menial tasks which do not improve their skillset.

Therefore, the type of employment within the prison is critically important as to whether it is beneficial to society overall. If it involves training and improving the prisoners’ skillsets, this can have several positive effects for society, as it can enable the prisoner to gain a ‘good job’ which, according to both Interviewee 7 and Piehl (2003, p.6), is integral to reducing recidivism. The UK government must therefore ensure that One3One Solutions employs prisoners in roles that will help them gain employment on release. Moreover, increased partnerships between private enterprises and prisons should include the possibility of prisoners gaining employment with these firms on release.
Bibliography


