

favor of the normal economic and social priorities of maximally productive legal employment for firms in the normal civilian economy.

Critical features include –

- Keeping persons in the criminal justice system in their homes and communities as both economic and “justice” priorities. Rather than seeking opportunities to separate persons, it becomes a criminal justice priority to facilitate and nurture legal economic success and financial responsibility within the community. As a practical matter, for example, at least 50% of persons now incarcerated would instead be living and employed outside traditional prisons and in their own homes and communities, to the extent permitted by protecting safety. And where safety requires stronger containment, then locating correctional facilities near jobs, typically in or near cities, and designing facilities and correctional priorities to maximize employment in the community (work release), or where necessary, inside facilities that themselves are conducive in location, design, and operation to maximize productivity and employment.
- **Normalize Education:** The normal “civilian” opportunities for education and training for which otherwise qualified incarcerated persons would be eligible, financed in normal ways, provided by the same institutions (and in the same civilian locations) as for others.
- **Welcome Organized Labor:** Persons in the criminal justice system equivalently belong to bargaining units of unionized civilian firms both outside and inside the walls of correctional institutions, and organized labor is recognized as a partner in healthy corrections rather than opponent of incarcerated workers. Conceptually welcoming organized labor includes apprenticeship programs and some role in public oversight (This feature is silent on “prisoner unions” and refers only to employees facing their private or public-sector employers along with other bargaining unit members).

6. Background Information:

Gary Becker: 1998 Breakthrough in the Economics of Inmate Labor Force Participation.

In the course of doctoral research I encountered a series of scholarly works on discrimination, generally referring to race discrimination in the United States, including by Gary S. Becker of the University of Chicago, for which he received the Nobel prize in economics in 1992.

I began to see Becker's work on discrimination as insightful on the issue of US policies excluding inmates from the labor force. After much review I have since begun to see the incarcerated labor force separation as a classic example of discrimination, and Becker's work forms the core of my exposition since.

However, painfully aware of this insight not yielding any notable welcome – the call to higher GDP not being especially welcomed - I have much more recently come to appreciate perhaps Becker's appreciation for societal preferences willing to “enjoy” the status quo rather than endure the wrench of addressing the discrimination. Apparently the social psychic value of denying jobs to inmates (and their families) is currently greater than the perceived dollar loss in GDP (I attribute this net preference, again, to our social illusion of benefits (the pluses) coupled with our preferring to ignore costs (the minuses) yielding a perceived net social benefit).

As the years roll on I become all the more impressed with Becker's work, but found Becker (now deceased) extraordinarily inscrutable for me in his technical writing. Therefore, I had brief personal communication with him on the GDP portion of the matter, here reproduced almost in entirety.

Professor Becker's response eventually evolved into the George Washington University forum of 1999, below.

T. Petersik E-mail to Gary Becker (circa June 5, 1998):

To: Gary Becker (Lynn Flaxbart)

This follows my telephone conversation with Ms. Flaxbart June 4 regarding (1) my understanding of a point in your exposition on discrimination, and (2) an invitation to speak on the economics of discrimination as applied to a specific population.

We are trying to independently understand the theory before asking its application to the specific instance.

(1) Clarification

My understanding from “The Economics of Discrimination” is that there is a tradeoff between money and nonpecuniary (positive or negative) “discrimination effects” in any transaction. Is an implication, then, that discrimination against some group in employment results in reduced money-measured output, that is, the tradeoff for the nonpecuniary benefits of discrimination is reduced GDP? YES
[Gary Becker]

Background:

We work with a subpopulation banned by either law or custom from labor force participation, almost always confronting the primary argument that the bans are “good for the economy.” We argue that the bans are not “good” on economic grounds with respect to maximizing GDP. Because this is a pivotal point, and because the position is likely to gain some public visibility, we want to get it right. We’re prepared to reexamine our position if shown incorrect.

(2) Invitation to Speak

We have also been tentatively offered funding to invite notable economists for presentation in the late Spring, 1999. We would likely ask for a presentation applying the expert’s general views to the particular population. If past attendance is any guide, the audience will include Federal and state legislators, as well as business and labor interests, practitioners, and other policymakers.

I would appreciate any information on terms we need to consider in structuring an acceptable invitation.

Thank you for your consideration. You are welcome to respond by e-mail.

Gary Becker Response, June 30, 1998:

DEAR MR. PETERSIK:

YOU ARE INDEED CORRECT. DISCRIMINATION INVOLVES FOREGOING PRODUCTIVITY TO CATER TO TASTES FOR DISCRIMINATION. HENCE, SUCH DISCRIMINATION REDUCES MEASURED GDP, AS ARGUED ESPECIALLY IN CHAPTER 2 OF "THE ECONOMICS OF DISCRIMINATION."

I DO LECTURE IF I AM AVAILABLE, BUT MY LECTURE FEES ARE VERY HIGH. YOU PROBABLY SHOULD CONSIDER ALTERNATIVES.

SINCERELY,

GARY S. BECKER"

Petersik background: BA, MA Economics, University of Oklahoma; PhD, the George Washington University, specializing in labor and economic development; thesis "*Legal Income Opportunity and Property Crime Participation.*" 1969-71, US Army Military Police. US Bureau of the Census, National Prisoner Statistics, 1973-79. 1995-1999 National Work Group on Inmate Labor (NWGIL). Soros grant: National Forum on the Economics of Inmate Labor Force Participation (1999), the George Washington University. 2002-2005 Assessor for federally sanctioned "Prison Industry Enhancement Certification" program allowing private firms meeting specific criteria to engage incarcerated workers producing goods for civilian markets at prevailing wages. 2003, *Identifying Beneficiaries of PIE Inmate Incomes; Who Benefits from Wage Earnings of Inmates Working in the Prison Industry Enhancement (PIE) Program?* 1990 to Present, Labor Economist for International Citizens United for Rehabilitation of Errants (CURE www.curenational.org).

The National Work Group on Inmate Labor (NWGIL) was a federally supported ongoing series of meetings hosted by the National Correctional Industries Association between 1995 and 1999 featuring regular roundtable meetings among

business, labor, human rights, corrections, and correctional industries stakeholders attempting to find common ground in expanding prison industries opportunities and inmate employment. As a representative of CURE, I was welcomed as an outside observer and participant, and I remain extremely grateful to the NCIA and all participants for their welcome and openness to me in this long series of meetings. Their welcome provided me the opportunity of repeatedly hearing both the “facts” and emotional weights of arguments from all stakeholder sides, as well as ongoing commentary and views of elected national political figures in US Congressional discussions on prison industries legislation. And it afforded CURE and me opportunities of attending and then testifying before Congressional committees on US prison industries.

Soros Grant: A 1999 Soros grant facilitated engaging four “top” US economists of no known specific views or expertise on this US prison labor question: “Is it good for the US economy that prisoners be excluded from the civilian labor force? Answer “yes” or “no,” and then explain, comment, and provide policy recommendations. Top economists were to be invited attempting to include both liberal and conservative without in any way attempting to influence answers.

The four top economists who accepted invitations were (1) Ray Marshall, University of Texas, former Carter administration secretary of labor, and recognized expert on the economics of race discrimination; (2) Alan Krueger, Princeton, future chair of the president’s council of economic advisors in the Obama administration, publicly considered a “top” US economist under age of 40 at the time, (3) Richard Freeman, Harvard, highly regarded labor economist, and (4) Steven Levitt, Chicago, recommended by Gary Becker, and of future *Freakonomics* fame. Alan Krueger was joined in the work by Jeff Kling, also of Princeton. Conclusions: The complete transcript of the day’s proceedings, including comments by other stakeholders and discussion, are available for review. My own conclusion is that both the four economists as well as the audience were surprised at having, to some extent, backed into tentatively concluding unanimously that the economy would be better served if inmates were integrated into the normal US civilian labor force, so long as sufficient safeguards of public oversight were effected. The conclusion seemed truly novel at the time and all

economists caveated conclusions and called for more rigorous examination – none of which appears to have followed.

I did not challenge these conclusions at the time and was happily surprised at their unanimity, given its novelty then. Since then, however, I have been more surprised at my own and their timidity, and would challenge some basic assumptions and conclusions that we all shared at that time. In summary, I believe we all failed to sufficiently account for (1) the huge subpopulations, especially of minority individuals, families, and communities affected, (2) the productivity loss considered far too small, ignoring clear data showing millions of inmates perfectly capable of market employment based on employment at arrest, and (3) failing to account for the immense barriers to productive work resulting from corrections and criminal justice policies inhibiting education, training, and efficient labor force use inside institutions. My own views since 1999 have become far more assertive than surfaced at that tentative “new” time.

7. Attachment – 2019 Presentation to National Correctional Industries Association Conference.

Attached is a presentation given to the **NCIA** in 2019 summarizing problems with and proposals for improving US correctional industries. NCIA is the trade association for US correctional industries. Although I now hold views likely very challenging to this organization and believe traditional prison industries having most to lose (and gain?) from fundamental change, I have worked with this organization for decades and greatly respect the efforts of these people and the challenges with which they deal every day. They have been extraordinarily welcoming and helpful to me, as exemplified by their welcoming me to make this presentation at their annual meeting in 2019.

However, the presentation does softpedal some points on the terrible situation today, at the time out of respect for my hosts, but moreso now because I’ve come to believe we need to be much clearer to all about the damage we are doing in the present system. If error is to be made, overstatement is the better side.