

Introductory Background Notes

1999 “National Symposium, The Economics of Inmate Labor Force Participation”

Into a world in which virtually every major interest group, including business, labor, human rights, religious, policy makers, criminal justice interests, the general public, and economists all either opposed inmates participating in the civilian labor force or tolerated it without complaint, the 1999 “National Symposium” presents - however tentatively given- perhaps the first modern economic argument for integrating inmates into the normal US labor force. And it did so involving highly prominent US labor economists from left to right, probably to the mutual surprise and discomfort of all participants.

Like others, my economic views on inmate labor arise from many sources, but among them three stand out, namely (1) my efforts to reconcile inmate labor policies with my education, that is, my understanding of the broader body of western microeconomic theory and history, (2) the theoretical work of 1992 Nobel economist Gary Becker’s work on discrimination, which saw discrimination as refusing to use otherwise productive people – able to competitively produce dollar-valued goods and services – because of the greater psychic value of denying them work; and (3) the work of Texas A&M economist Morgan Reynolds, who is the first economist in my experience arguing for business use of prison labor for the good of the overall economy.

Dawning for me was extraordinarily slow- from at least 1986 into 1999 - and further proof, I think, of the tremendous difficulty a priori in perceiving or recognizing discrimination, despite a posteriori, afterwards, its seeming obviousness all along. It reminds me today of the phenomenal difficulty inherent in thinking differently from all others around.

Having finally achieved my PhD in 1986, and despite my career turning away from prisoner statistics in 1979 to energy, I continued mulling about US prison labor going forward. I had been greatly blessed by the National Correctional Industries Association as observer to the National Work Group on inmate labor, a collaborative of prison industry stakeholders and opponents wrestling over inmate

labor issues, thereby giving me the opportunity of hearing debates by stakeholders of the underlying issues.¹ By 1998, however, I'd begun to suspect that the real problem in US prison labor was not the "normal" economy, but in fact the accumulation of differences from the normal economy that constituted US prison labor primarily providing discrimination benefits to arguing stakeholders. In fact, it began to dawn on me that what I was really observing was an ongoing tug among warring stakeholders for each gaining upper hands benefits from extracting preferred benefits from differential treatment of unprotected incarcerated workers, who continued to be treated primarily as not really needing money in the first place.

Thanks to an amazing opportunity afforded by a Soros grant from the Open Society Institute, we then were able to contract four prominent economists known for their wider expertise and with no known views on prison labor, and to obtain their view on whether the US economy – really GDP – would be better served if inmates were welcomed or excluded from the US labor force.

The four economists engaged were –

- 1. Ray Marshall, University of Texas, former Carter secretary of labor and well known economist on race discrimination;*
- 2. Alan Krueger, Princeton, later Obama administration chair, Council of Economic Advisors (joined by Jeffrey Kling);*
- 3. Richard Freeman, Harvard, prominent labor economist; and*
- 4. Steven Levitt, U. Chicago, more recently of "Freakonomics" fame.*

Professor Levitt was recommended to us by Gary Becker.

Study Suggestion: Conclusions barely emerge from individual presentations, but become clearer as the day's interactions proceed and authors and reviewers reflect. Therefore I suggest not stopping at reading each speaker's presentation, but to continue through the Q&A's as well as closing observations.

¹ I remain tremendously grateful to the National Correctional Industries Association and to US prison industries practitioners, whom I see as dedicated public servants trapped in an ossified and inherently failed social structure.

Finally, even in my own case, the clarity of conclusions did not snap into place until some months later. And, while not disavowed, my impression is that neither the Open Society Institute or the speakers themselves found the topic – despite its breakthrough content – a lucrative or fruitful field for further pursuit.