The Raggedness of Prison Privatization:
Australia, Britain, Canada, New Zealand and the United States Compared

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Privatization has been one of the most significant political movements of the last three decades: since the late 1970s, there has been a global push to impose the putative “discipline of the market” on a range of services hitherto considered to be paradigmatic collective goods, including health-care, water, electricity, transportation, and even the military (Feigenbaum et al. 1999). However, privatization does not occur at the same pace, but proceeds unevenly in both time and space, differing from jurisdiction to jurisdiction, from one policy sector to another, and from one era to another.

There is perhaps no better example of the essentially ragged (in all meanings of that word) pattern of privatization than the adult prison sector (Matthews 1989, McDonald 1998). First, the geographic pattern of privatization has been uneven. After nearly two decades of privatization,

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2 This paper focuses on the adult prison sector and the ownership, management and operation of the sector by for-profit firms. We recognize that the juvenile corrections system has long been in private hands in many jurisdictions, particularly in the hands of the non-profit sector. Likewise, we also recognize that the immigration detention system and many other aspects of the corrections sector, such as prisoner escort services, are operated by for-profit firms.
private prisons are for the most part operating only in a handful of countries—Australia, Britain, Canada, New Zealand, South Africa, and the United States. Numerically, the vast majority of private prisons are in the United States, and most of those, in turn, are to be found in the South, but even here privatization has been uneven. Second, there has been uneven development over time. Thought at one time to be virtually recession-proof, the private prison industry experienced a deep downturn in the early 2000s, and its largest firm was on the verge of bankruptcy. Even in the US, new prison contracts have been few and far between in recent years, and during the same period several contracts have been lost and prisons de-privatized.

The purpose of this paper is to explain the uneven pattern of prison privatization. We examine the push for prison privatization in five countries that have roughly comparable legal and penal systems and share a common liberal bourgeois ideology—Australia, Britain, Canada, New Zealand, and the United States—to demonstrate just how ragged prison privatization has been. We then examine a number of conventional explanations for prison privatization, and show that these explanations cannot account for the unevenness. We conclude that no generalized explanation of the pattern of prison privatization emerges beyond the rather obvious observation that the election of a party with a commitment to trying out the putative benefits of privatization is a necessary (but not sufficient) condition for the introduction of private prisons. On the contrary, our examination of prison privatization in these jurisdictions suggests that prison privatization is highly contingent, conjunctural, and dependent on a variety of essentially local conditions.

**Prison Privatization in Five Countries**

The following brief sketches of prison privatization in the United States, Australia, Britain, Canada and New Zealand seek to provide an overview of the pattern of privatization in the 1990s, which is when prison privatization enjoyed its greatest popularity.

**The United States**

The prison privatization movement in the US can be dated to the early 1980s, and the dramatic economic restructuring associated with Ronald Reagan’s ill-fated experiment with monetarism. High interest rates, tax cuts, reductions in social spending, the diversion of resources to the military, deregulation, increasing budget deficits and long-term government debt all produced a large industrial shakeout. Unemployment increased, real average weekly wages fell, and
government revenues at the state level declined. Over the same period, prison populations expanded rapidly, a marked change from the relative stability of the prison population in the US for most of the twentieth century when it varied between 100,000 and 200,000 inmates, fluctuating in tandem with the business cycle. After 1970, law-and-order politics and the beginnings of a “war on drugs” moved the trajectory upwards: by the early 1980s, the prison population had doubled, continuing upward even more rapidly thereafter (U.S. Department of Justice 2002, Table 6.22).

Economic crisis, rising prison populations, overcrowding, the need for more space and middle class tax resistance formed the context in which prison privatization began to emerge. In 1982 Tennessee’s prison system was so overcrowded and violent as to be declared to be in violation of constitutional prohibitions against cruel and unusual punishment. In 1983, Thomas Beasley, a former chair of the state Republican Party, founded Corrections Corporation of America (CCA) in Nashville. The company won its first contract in 1984 to run an immigrant detention centre in Houston, Texas and proposed taking over the management of the entire Tennessee prison system (Schlosser 1998; Bates 1998; Hallett 2001). While the state legislature rejected the plan as too risky, the proposal established CCA as a serious player; more importantly it established the privatization idea as an attractive policy option. By 1985, Tennessee was under court order to reduce overcrowding; the estimated cost was set at $400 million, creating a $231 million budget deficit (Schneider 1999). CCA soon won its first adult prison contract to operate a work farm near Chattanooga. In the same year, Wackenhut, a Florida corporation with three decades of experience in the security industry, won a contract to build a detention centre in Denver, Colorado (Bates 1998).

The legislation authorizing privatization in Tennessee made it clear that the involvement of the private sector was to be experimental, with contracts no longer than three years, and designed to determine if savings and efficiencies were possible (Cody and Bennett 1987). However, such caution was soon abandoned. By 1986, the prison population had passed half a million, and 38 states were operating at or above rated prison capacity, seven by more than 50 per cent. Court orders to remedy overcrowding and other constitutional violations were soon extended to cover all of these, together with the prison systems of the District of Columbia, Puerto Rico and the Virgin Islands.

In difficult economic circumstances, many states had reached their debt limits and could no longer issue the bonds needed to finance construction. Contracting out to private companies
came to be seen by decision-makers as a politically painless way to respond to overcrowding, relative to the other less thinkable options, such as reducing prison populations. Moreover, the costs could be charged to operating rather than capital budgets, thus avoiding the problem of debt ceilings. Florida and New Mexico soon signed contracts with CCA to run private prisons (McDonald 1998). In 1986 Texas passed a law making it possible for the state legislature to contract out without holding a public vote, according to one observer a major reason for the clustering of private prisons in that state (Schneider 1999).

By 2001, the prison and jail population in the US had topped two million; the number of inmates held in privately-operated facilities rose to 94,948, about 6.8 per cent of all prisoners in the US (Harrison and Karberg 2003). Southern states used private contractors more than states in other regions, with 7.2 per cent of their prisoners in private custody. Texas, with over 16,000 private inmates, had by far the largest population of private prisoners in absolute terms. The rated capacity of private facilities peaked in 1999 at 122,871. Corrections Corporation of America (CCA), with a capacity of about 68,000 in that year, was the largest supplier of private prison capacity (U.S. Department of Justice 2002, Table 1.102).

The growth pattern of private prisons demonstrates a marked spike in the late 1990s. As of 1990, there were 35 adult for-profit facilities (marked by yellow dots in Figure 1 below), mostly in a band stretching across the “sunbelt”—south and southwest from Virginia to southern California. Only six of these were located elsewhere: three in Washington, and one each in Illinois, New York and Pennsylvania. Forty-one facilities (the blue dots in Figure 1) opened from 1991 to 1995 inclusive, and are distributed in a roughly similar pattern. Six were outside the southern and south-western core: four more in Illinois, one more in New York and one in Rhode Island.

The heyday of the prison privatization movement in the US occurred from 1996 to 2000. In this period, 72 new adult contract facilities (red dots) were opened. The sunbelt continued to dominate, but in this period for-profit contract institutions were opened in eight non-sunbelt states: one each in Idaho, Wisconsin, Michigan, Indiana, Missouri, Montana and New Jersey, and two in Ohio. In addition, Illinois and New York each gained an additional contract. In complete contrast, there was a significant downturn in prison privatization after 2000. In 2001 and 2002, only seven new facilities (black dots) were opened, four in the sunbelt, two more in Pennsylvania and one more in Washington.
Figure 1 puts all four phases on a single map, demonstrating both the degree to which prison privatization is a sunbelt phenomenon and the timing of the limited penetration of other regions. But the South is itself interesting in terms of its internal distribution of private prisons. By 2002, there were still no adult for-profit state institutions in Alabama, North Carolina and South Carolina. No adult contract facilities were opened in Mississippi or Virginia until 1996, nor in Georgia until 1997. Louisiana contracted two facilities by 1990, but none since. The real enthusiasm for prison privatization appears to be in Florida, Tennessee, Texas and Oklahoma, with perhaps Georgia and Mississippi jumping on the bandwagon as latecomers.

Figure 1: The Location of Adult For-Profit Correctional Facilities, to 2002

? Private adult prisons as of 1990
? Private adult prisons opened, 2001-2002

Australia

Prison privatization arrived in Australia soon after it made its appearance in the United States, but its subsequent spread was slow and quite limited. The first private prison opened in 1990 in Queensland; over the next eleven years, eight more prisons were privatized, the latest—Acacia Prison in Western Australia—opening in 2001. By 2001, there were nine private prisons in four of Australia’s six states and two territories: one of 18 correctional centres in New South Wales; two of 12 prisons in Queensland; one of 10 institutions in South Australia; three of 14 in Victoria; and one of 15 institutions in Western Australia. There are no private prisons in Tasmania, Northern Territory or the Australian Capital Territory.3

The first state to embrace privatization was Queensland. In October 1988 the National Party government of Mike Ahern announced that, in keeping with the recommendation of the Kennedy Commission on the corrective service in the state that one prison should be run by the private sector in order to provide some measure against which to assess the public sector’s efficiency. The government decided that it would privatize a new prison scheduled to be built at Borallon. Although this decision was vociferously opposed by both the Queensland State Service Union (QSSU) and the Queensland Labor Party, a contract was signed with Corrections Corporation of Australia in November, 1989, one month before the state elections. Wayne Goss, the leader of the Labor Opposition, promised that a Labor government would end privatization. However, when Labor was brought to power in the December 1989 elections, Goss decided not to reverse the contract; Borallon opened on schedule in 1990 (Brown 1994). Indeed, Goss decided to expand prison privatization in Queensland: when negotiations between the QSSU and the Queensland Corrective Services Commission broke down, the government decided to contract with Australasian Correctional Management Ltd for the running of a remand and reception centre at Wacol. The first phase of the Arthur Gorrie Correctional Centre opened in 1992 (phase 2 was completed in 1994 and phase 3 in 1996).

The prison privatization movement spread to New South Wales after the National-Liberal government of Nick Greiner was elected in March 1988. The Greiner government came to power dedicated to “small government” and a law-and-order platform that featured minimum

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3 It should be noted that in July 1991 the Northern Territory government called for expressions of interest in the design, construction and operation of a new prison at Alice Springs. However, none of the tenders met the requirements; in December the government decided to keep the new prison public (Harding 1992).
sentencing. The NSW prison system was at the time in the process of implementing changes that had been suggested by a commission of inquiry, the Nagle Commission, and was in need of expansion. The Greiner government decided to locate a new prison in a rural part of the state, and called for expressions of interest from local councils. A total of 70 councils responded; the recently elected MP for Burrinjuck, Alby Schultz, pressed hard for the choice of Junee township, recently hit hard by the closure of railway work yards. In May 1989 the Cabinet selected Junee, outside the rural town of Wagga and five hours’ travelling time from Sydney, as the site of the new correctional centre. In 1991, the contract was awarded to Australian Correctional Services (ACS), a consortium that included Wackenhut Corrections Corporation, which had lobbied hard to be given the opportunity to be involved in the implementation of the Nagle commission’s reforms. Junee opened in March 1993. Thereafter, however, prison privatization in New South Wales stalled. In the March 1995 state elections, the Australian Labor Party under Bob Carr replaced the Liberal/National coalition under John Fahey who had replaced Greiner in 1992. The Carr government decided that three new jails planned for Kempsey, Dillwynia and Wellington would remain publicly run, and in March 2004, it was confirmed that the Mid-North Coast Correctional Centre, which had been bruited to be privatized, was to remain in the hands of the NSW Department of Corrective Services.

In October 1992, the Victoria state elections were won by Jeff Kennett and the Liberal party. Committed to a neoliberal agenda of sharp reductions in government expenditures, the Kennett government moved to privatize a number of services, including water, gas, electricity, transportation, government laboratories, and prisons. It immediately abolished the Office of Corrections; a reconstituted Correctional Services Division was placed within the new Victorian Department of Justice. In 1993, the government announced plans for a New Prisons Project, and called for expressions of interest for the financing, construction and management of three new prisons to replace the Coburg prison complex and Fairlea Women’s Prison. The first contract was signed in December 1994 with Corrections Corporation of Australia to design, build and operate a 125-bed institution for women, the Metropolitan Women’s Correctional Centre at Deer Park. Deer Park opened in August 1996 (George 2003). Two further new prisons were contracted to private firms: Fulham Correctional Centre, which opened in April 1997, and Port Phillip Prison, which opened in September 1997. By that time, the 13 prisons in Victoria accommodated approximately 2900 prisoners; the 1300 beds in the three private prisons represented fully 45 per cent of all prisoners in the state (Harding 1998). The 1999 state elections changed the course of
prison privatization in Victoria. Although the Coalition won one more seat than the Australian Labor Party under Steve Bracks, the ALP was able to form a government with the support of three independent MPs. In May 2000, the Bracks government starting issuing contract default notices to Corrections Corporation of Australia over problems at Deer Park; in October, the government stepped in, terminated the contract, purchased the facility from CCA, and turned it over to the Public Correctional Enterprise, the corporatised government agency that runs the public prisons.

In South Australia, an Audit Commission report published in 1994 found that on average, prisons in South Australia were approximately 25 per cent more expensive than those in other Australian jurisdictions. The government decided to try to lower costs by introducing competition. A competition to contract out the management of a new facility, Mount Gambier Prison, was bid on by Group 4 Correction Services and the state corrective service. The government selected the Group 4 bid, and signed a fixed-price contract for five years. Mount Gambier prison opened in 1995.

The arrival of prison privatization in Western Australia was delayed as the result of a 1994 agreement between the state government and the Prison Officers Union that involved a straight trade: the union agreed to changes in working conditions which would result in substantial savings; in return, the National/Liberal coalition government of Richard Court agreed that it would not privatize existing prisons. But in 1998, when a new prison was being considered, the government’s request for proposals noted that it was seeking to increase the quality of life for prisoners while reducing the unit cost per prisoner. The need for facilities was highlighted when a riot broke out in Casuarina prison on Christmas 1998; the Smith inquiry into the riot recommended the involvement of the private sector in a new prison. A contract was signed with Australian Integrated Management Systems (AIMS) Corporation; construction was completed in April 2001, and the first prisoners arrived in May.

**Britain**

Given that the Conservative government of Margaret Thatcher that came to power in the 1979 elections is usually associated with the initiation of the privatization movement in contemporary politics, it is ironic that the Thatcher government initially did not find the idea of prison privatization appealing. It was not until after the Adam Smith Institute pressed the idea in a 1984 report that it was taken up by a select parliamentary committee appointed to look into the state of
the British prison system. After visiting the United States in 1986, the committee proposed in its 1987 report that the government should “as an experiment” allow private firms to tender for custodial facilities, particularly remand centres, which had grown severely overcrowded (Nathan 2003: 166; James and Bottomly 1998: 224). But it was not until the Home Secretary, Douglas Hurd, changed his mind about prison privatization in 1989 that policy shifted (James et al. 1997). But the government of John Major only accepted the idea of privatization of detention facilities for those who had not yet been sentenced, and only to new facilities. As the minister for prisons, Angela Rumbold, put it in February 1991, only if the contracted-out remand centre was a success would the government consider privatizing other aspects of the system (quoted in Nathan 2003: 166-67). A contract was given to Group 4 to manage Her Majesty’s Prison (HMP) Wolds, a newly-constructed remand centre; it opened in April 1992.

But what had started as an experiment soon turned into routine policy. In December 1992 a management contract was awarded to UK Detention Services to manage HMP Blakenhurst. In 1993, the government changed policy again: the Home Secretary, Michael Howard, articulated his “prison works” philosophy at the Conservative Party Conference, and announcing that all new prisons—not just remand centres—would be privately built and managed (Genders 2002). In 1994, contracts were awarded to private firms to operate HMP Doncaster, and HMP Buckley Hall.

After the election of a Labour government under Tony Blair on 1 May 1997, many expected that there would be a reversal in prison policy, since in opposition Labour had been on record as opposing prison privatization. In May 1995, for example, the shadow Home Secretary, Jack Straw, had promised to “bring these prisons into proper public control” (Nathan 2003: 171). But once in power, the Blair government reversed course. As Nathan (2003: 171) succinctly put it, prison privatization “has not just survived the election of a Labour government; it has thrived.” In May 1998, Straw, by then the Home Secretary, announced that as a matter of policy all new prisons in England and Wales would be privately built and run; as Downes and Morgan have argued (2001: 90), by the late 1990s, Labour had very much converged with Conservative policy on crime and punishment.

Between 1997 and 2003, fully eight private prisons were opened, some of which are also young offender institutions (YOI): HMP/YOI Parc and HMP Altcourse in 1997, HMP Lowdham Grange in 1998, HMP Ashfield and HMP Kilmarnock (for the Scottish Prison Service) in 1999, HMP/YOI Forest Bank in 2000, HMP Rye Hill and HMP Dovegate in 2001. In addition, HMP
Bronzefield at Ashford is due to open in June 2004 and HMP Peterborough is due to open in 2005. And while in the same period two private prisons had returned to public management, by 2004, Britain held about eight percent of its prison population in private facilities, and was second only to the United States in the number of private prisons (Nathan 2003).

**Canada**

In contrast to the pattern in the United States, Australia, and Britain, prison privatization in Canada has been minimal. Although in the mid-1990s there was some discussion of prison privatization in Nova Scotia, Alberta, and Ontario, these discussions did not result in the kind of embrace of private prisons that we have seen in the United States, Australia, or Britain. On the contrary: in 2004 there is one private prison in Canada—out of the approximately 50 adult correctional facilities operated by the Canadian federal government for offenders sentenced to more than two years, and the 100 adult correctional facilities operated by the ten provinces and three territories for offenders whose sentences are less than two years. The Central North Correctional Centre (CNCC) is a facility in Penetanguishene, Ontario operated and maintained by Management and Training Corporation of Utah for the province of Ontario.

Colloquially known as the “super-jail”—its 1200 beds were intended to allow the province to close down smaller and older regional jails—the CNCC had its roots in the Ontario provincial election of 8 June 1995 which brought to power Mike Harris and the Progressive Conservative party. Harris’s campaign platform was entitled the “Common Sense Revolution,” modelled on the “Contract with America” of the Republican Party. Like the “Contract with America,” the “Common Sense Revolution” called for spending cuts, tax cuts, the rationalization of government services, and privatization (Progressive Conservative Party of Ontario 2004).

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4 The contract for HMP Buckley Hall was retendered in 1999-2000; Group 4 lost the contract to the Prison Service; HMP Blakenhurst was taken over from UK Detention Services by the Prison Service in 2001 after UKDS failed a market testing exercise. In 2000-2001, the private sector lost a bid to take over HMP Manchester from the Prison Service. It should also be noted that in May 2002, the Prison Service stepped in to remove the Premier Prisons director of YOI Ashfield and to install public management.

5 This figure does not include those Aboriginal healing lodges for federal offenders which are funded by the Correctional Service of Canada but operated by First Nations. Healing lodges are custodial facilities for Aboriginal offenders that are culturally appropriate. Section 81 of the Corrections and Conditional Release Act allows Aboriginal communities to take full responsibility for custody and care of Aboriginal offenders. For one account of the operations of the Pê Sâkâtêw Centre healing lodge, see Rashid 2004.
The Harris government set in motion plans to privatize a number of services, including jails. Initial plans—revealed in a leaked document in August 1996—called for the creation of twelve “super-jails” that would replace all 45 prisons operated by the Ontario government. By the time that the government made its official announcement, the number of super jails had been trimmed to five, designed to replace fourteen existing prisons. The “super-jails” were designed to achieve efficiency by concentrating offenders, and to achieve savings by ensuring that the prisons were “no frills” and austere facilities with narrow slits for windows, tiny stainless-steel toilets and concrete stools and steel beds. As the minister of correctional services, Bob Runciman, explicitly noted, “I don’t think that our goal in the correctional system … is to necessarily increase the quality of life for people convicted of crimes” (Globe and Mail, Toronto, 13 September 1996, A1).

When the super-jails were first announced, it was not anticipated that the private sector would be involved. However, after the re-election of the Conservatives in June 1999, Harris appointed Rob Sampson, who had been the minister for privatization in his first government, to be minister of corrections. Sampson announced that he would consider privatizing one of the two identical super-jails then under construction in order to provide a good basis for comparison between the private and the public sector. In May 2001, the Ontario government announced that it had awarded Management and Training Corporation (MTC) a five-year CAD$170.8 million contract to manage the CNCC; the other identical super-jail, the Central East Correctional Centre in Kawartha Lakes, opened in 2002 and is managed by the Department of Community Safety and Correctional Services.

In the October 2003 provincial elections, the Conservatives were replaced by the Liberals under Dalton McGuinty. There was speculation that the new government would not renew the MTC contract, since in opposition the Liberals had argued against prison privatization. Once in power, the McGuinty government chose not to buy out the CNCC contract, but indicated that the contract could be terminated early if MTC failed to meet its contractual performance standards (PPRI #58 November 2003).

New Zealand
As in Canada, prison privatization in New Zealand only extended to a single prison before being brought to a halt by a change in government. The decision to privatize was taken by the National party government under Jenny Shipley, who continued the policy of privatization of state assets
that had been a staple of New Zealand politics since the 1980s, but which had never extended to prisons. In June 1998, the government announced that the management of three new prisons would be put out to tender, starting with the new Auckland Central Remand Prison. The prison opened in July 2000; the five-year contract was awarded to Australasian Correctional Management. By this time, however, the National party had been defeated in the 1999 elections. The new Labour government of Helen Clark decided that it would not terminate the ACM contract immediately, but would halt the rest of the prison privatization program introduced by the Shipley government leaving the Department of Corrections to run New Zealand’s other 17 prisons.

Explaining the Pattern of Prison Privatization

The survey above reveals a highly uneven pattern of the spread of prison privatization over the course of the 1990s, with some jurisdictions being clearly more receptive than others to the privatization of punishment. What explains the spread of prison privatization? Among the commonest explanations are: overcrowding; globalization; the rise of the new right; and policy convergence. We examine each of these in turn.

Overcrowding One of the commonest explanations for the growth of private prisons in the 1990s is the overcrowding that occurred as the result of dramatic increases in prison populations since the 1970s, especially in the US but also in Britain, Australia, Canada and elsewhere (Brown 1998; Beyens and Snacken 1996). In 1998, 38 American states and the US federal system were operating at or above capacity, and seven were at more than 50 per cent over capacity. In addition, 38 American states, the District of Columbia, Puerto Rico and the Virgin Islands were all operating under court order to remedy conditions, among them overcrowding, that the Supreme Court found to constitute “cruel and unusual punishment” (McDonald 1998).

According to this explanation, we can best understand prison privatization as an efficient solution to the overcrowding problem. Private companies, operating in competitive markets, can add capacity more quickly than public agencies. Moreover, private firms provide operational flexibility and improve the quality of services while saving money and avoiding the problem of periodic state budget shortfalls, balanced budget requirements and increasing public unwillingness to fund expansion (Cody and Bennett 1987; Brister 1996; Freyman 1998; Sparks 1994; DiPiano 1995; James et al. 1997: 44; Duitsman 1998).
The problem with this perspective, which in large part reflects the public relations campaigns of the private prison companies themselves (Cornell et al. 1998; Hallett 2001: 374), is that it confuses clusters of symptoms with causal mechanisms and their effects, and obscures the distinction between explanation and justification. As critics of this line of analysis argue, overcrowding is itself a result of a series of other factors—racial politics, correctional policy changes, the changing form and role of the state, shifts in macroeconomic policy, new conceptions of social order, and so on.

This is confirmed by empirical tests. Anne Schneider (1999) found a negative, rather than a positive, relationship between larger US state budget shortfalls and privatization. Moreover, her work revealed that there was no statistically-significant relationship between privatization and overcrowding. Our own state-level analysis of data from the US Department of Justice (2002) for this paper confirmed this finding. Higher prison populations relative to capacity are not a statistically-significant predictor of the size of private prison populations. Or to put it slightly differently, states with private prisons are not significantly statistically different from those without private prisons in terms of the ratios of prison population to capacity. On 30 June 2002, the 18 states without inmates in contract prisons had an average prison population equal to 115 per cent of capacity, with a range from 79 per cent to 162 per cent. For states with inmates in private facilities on that date, the mean ratio of inmates to capacity was also 115 per cent, and the range 84 to 194. In short, overcrowding may put pressure to privatize on state governments, but it does not appear to explain the decisions they take on the issue.

Globalization Until recently, one of the standard presumptions of political science was that politics was an autonomous sphere of activity, and that states could make “national” decisions about economic management, the size and form of the public sector and so on. This view has been called into question by two decades of globalization, which created, for the first time in history, global markets for labour-power, natural resources and capital in all its forms (money, productive capital and commodities). This, coupled with the revolution in communications technology, has increased the economic and political power of global financial markets, transnational corporations (TNCs) and global political institutions such as the World Trade Organization, the International Monetary Fund and the World Bank. While some commentators have gone overboard in predicting the death of the national state (Ohmae 1995: 5; Greider 1997), there can be little doubt that capital mobility across national borders has dramatically altered the
payoffs associated with particular kinds of state action. National governments can try to
“manage” their economies by controlling inflation and engaging in competitive taxation and
regulatory policy to create a better business climate, but they cannot, if they are to remain
competitive capitalist platforms in a world of transient capital, protect their populations against
markets fluctuations by creating an extensive and generous social security net or a large and
protected public sector of productive activities. In the words of Leys (2001: 1), “politics
everywhere are now market-driven.”

Since the late 1970s in the name of global neo-liberalism, state institutions and policy
regimes have been radically restructured in the name of international competitiveness (Panitch
1994): public sector activities have been out-sourced to private contractors; social safety nets have
been weakened; welfare policy has been transformed, behind the rhetoric of personal
responsibility, into a safety net for low wage employers rather than for individuals in need (Piven
and Cloward 1997; Burtless 1999); regulatory systems in work safety, environmental health,
labour relations, food safety, consumer protection and other areas have been relaxed or
dismantled; and tax regimes (and along with them the distributions of income and wealth) have
been restructured in favour of the propertied, and public subsidies and tax expenditures for
corporations have expanded. In this view, prison privatization is a natural outgrowth of
globalizing processes.

There is, however, a clear paradox at work here. If the processes of globalization were at
work in the area of penal policy, prison privatization should be a world-wide phenomenon. In
fact, the spread of private prison has been limited; moreover, prison privatization is more
entrenched in one of the least globalized countries in the world, the United States.

The “New Right” If adaptation to the tendencies at work in a global capitalist economy is the
main force that has reconfigured states and policy regimes in recent decades, “new right”
movements in a number of jurisdictions have been the main instruments of that adaptation,
including the privatization of prisons. Broadly speaking, these movements had their roots in the
twin crises of authority and profitability that emerged at the end of the long postwar boom.
Moreover, the strategies they developed to try to deal with those crises — neo-liberal economic
policies to reassert the discipline of markets and a reactionary populism aimed at rebuilding
authority relations fractured by the civil rights and women’s movements and the New Left — are
also thought to be broadly similar in scope. Reflecting these similarities of broad purpose, some
Criminologists have suggested the emergence of a “global trading language of penology” built around the politicization of crime, a politics of exclusion, managerialism, privatization and the toughening of penal regimes (Carlen et al. 2000: 393). Certainly the pattern of prison privatization in the five countries we examine in this paper suggests that the election of new right parties is a necessary condition for prison privatization.

Again, however, the empirical pattern of prison privatization, dominated numerically and organizationally by the United States, should give us pause. The use of a single political label to refer to a range different political movements and approaches should not persuade us that they are all taken from precisely the same mould. In the first place, as we noted above, in some countries, especially the US and Britain, the new right played a major role in unleashing global markets. They chose globalized competition and strict financial discipline as ways to deal with domestic crises. However, the strategy of the new right in Britain and the United States imposed structural constraints on new right movements in other countries, which were forced to cope with global markets that had already been established.

Second, although the political economy of the new right had its roots in a specific set of conjunctural crisis conditions that were international in scope and affected all western industrial capitalist societies to a greater or lesser extent, the way that these conditions produced crisis and adaptation in each country varied considerably. The American new right is for the most part conventional in terms of its neo-liberal economics, stressing supply-side tax cuts, deregulation, privatization, and the creation of a low-wage, export-oriented accumulation strategy. The major economic difference between the American case and those elsewhere lies in the much smaller American public sector, so that in the American context commodification takes the form of contracting out public services rather than direct sales of public assets. But as Stuart Hall (1988) has argued, the way crises are “lived” and the strategies that were selected to deal with them were shaped not just by crisis itself, but by the historical, cultural and other conditions in which that crisis occurs. Political choices in these settings draw on pre-existing political and ideological repertoires that are specific to particular nations and regions as much as on the abstract strategic preferences of the political actors themselves. As we argue below, the historical framework in which decisions are made provides important clues about the origins of the pattern of prison privatization described above.
The Global Prison Industrial Complex: Global Policy Convergence? The perspectives discussed above suggest that prison privatization is a rational response to overcrowding and the need to increase efficiency in the provision of public services, or a consequence of the expansion of global markets, or part of a political/ideological movement to alter the balance of class forces and the role of the state in industrial capitalist societies. In contrast, theorists of a corrections industrial complex argue that the key to prison privatization is to be found in the evolving pattern of business-government-relations in the corrections sector. The corrections industrial complex (sometimes referred to as the corrections-commercial complex or the corrections “sub-government”), which includes companies that provide in-prison services and construction, financial and other kinds of companies as well as the prison management companies that are the focus here, is the result of almost three decades of rapid growth and by the increasing importance of private interests in criminal justice policy (Lilly and Knepper 1993; Davis 1995; Donziger 1996; Lilly and Deflem 1996; Lotke 1996; Stolz 1997; Schlosser 1998; Parenti 1999; Ladipo 2001).

The term originates from critical perspectives on the American state, which see corporate colonization of decision-making structures as the key to an adequate understanding of American public policy. By using their resources to serve the needs of state and local politicians and bureaucrats, private companies and allied academics, professional organizations and political interest groups are able to develop stable long-term influence over policy decisions and contribute to the development of a sectoral corporate welfare state. The “revolving door” between government service and the private sector, substantial bureaucratic autonomy and the domination of electoral politics by corporate money all contribute to relative immunity from democratic accountability and recent attempts at “downsizing.” Public funds thus continue to be diverted into activities that swell corporate coffers in the absence of any compelling public purpose, or long after the purpose of the original policy decision has been overtaken by events. The classic cases are the military industrial and agricultural policy complexes, but scholars have pointed to other similar systems in transportation, health and elsewhere (Beardsley 1973; Lowi 1979; Bellon and Niosi 1988; Perelman 1996).

The corrections industrial complex satisfies most of the general criteria, especially in the US and Britain, with well-established links to the legislative and executive bodies responsible for corrections policy, the major political parties and “independent” sources of expert opinion. They are also part of extensive political networks, operating in a number of different countries, dedicated to the commodification of state services of all kinds, and to the financial institutions
that specialize in this area (James et al 1997, ch. 3; Bates 1998; Strick 1998; Geis, Mobley and Sichor 1999; Sarabi and Bender 2000; Bender 2002; Hallinan 2002; Mattera, Kahn and Nathan 2003; PPRI, Nos. 27, 1999, 38, 2001 and 53, 2003). In the US, the power of the private prison companies results not only from their ability to help fund political campaigns, but also from a tendency of some economically hard-pressed rural and small-town communities to see prison-building as regional development policy (Christie 2000; Duke 2000; Huling 2000; Kulish 2001; Huling 2002; Wood 2004). From this perspective, what matters in the last instance in terms of the political choices that are made is not economic efficiency, historical precedent, global pressures or shifts in the prevailing political and ideological wisdom, but rather the ability of the private prison companies to organize and wield political influence and insert themselves directly into the corrections policy-making process.

The existence of the US-based prison industrial complex also made the spread of the prison privatization idea somewhat easier, particularly in English-speaking markets. At the international level, the two companies (CCA and the Geo Group, formerly WCC) that dominate the private prison business in the US both participated in an array of joint ventures that gave them footholds in Britain and elsewhere in the 1990s. But it is also possible that the historical, political and geographic roots of the prison multinationals make them poorly-equipped to operate in jurisdictions whose expectations about the treatment of prisoners are different from those in the South. Both CCA and Geo experienced difficulties with a more strict regulatory regime in Britain, and in the context of the corrections downturn since the late 1990s, both have withdrawn from the British market. CCA, seriously in debt, refocused its energies in the US, and especially in the South and southwest where it sees the possibility for growth (Greene 2001). Geo still has contracts in Australia and South Africa, but is likely to lose its single New Zealand contract when it expires in 2005. However, in general it appears to be a much more southern company than it was a few years ago.

What these various explanations do not address is the raggedness of the spread over the 1990s. While the new right explanation may account for the rise of prison privatization in many jurisdictions, that explanation must be nuanced. The election of new right parties might have been a necessary condition for prison privatization, but it was not a sufficient condition: there were numerous new right jurisdictions that did not embrace prison privatization. Moreover, when new right governments lost power, as they did in Queensland (1989), New South Wales
(1995), Britain (1996), Victoria (1999), New Zealand (1999), and Ontario (2003), it did not lead to a wholesale reversal of prison privatization. Indeed, in both Queensland and Britain, the replacement of new right parties by labour parties actually led to the expansion of private prisons.

Nor do these factors explain why in so many jurisdictions the privatization of prisons was embraced so tentatively. In both Britain and New Zealand, privatization started (though in Britain it did not end) as an experiment with the remand system, allowing private firms to handle only those citizens who had not yet been sentenced, and reserving public punishment to be meted out by public authorities. In many jurisdictions—including many American and Australian states and the one Canadian province—only one or two institutions were put (or left) in private hands. Indeed, in at least two jurisdictions—Queensland and Ontario—prison privatization was adopted as an explicit experiment to try and compare the performance of the public and private sectors in the area of penal policy.

Most importantly, these explanations do not come close to explaining why private prisons are clearly so popular in the American south. For that, we must examine the idiosyncratic dynamics of Southern politics.

**Explaining the American Case**

The dominance of the American case and the spatial pattern within the US suggest the appropriateness of an ideographic explanation. First, the politics of the American new right differ considerably from the other countries we examine, where historical conditions established social democracy and a powerful labour movement as the primary “enemy within.” By contrast, the southern, Protestant fundamentalist and racist roots of the dominant bloc of the American new right gave its politics a particular character (Lind 1995; Lind 1996). For the American new right, the “enemy within” is liberalism, which violates the main ideological principles of the new right by being prepared to raise taxes, increase public spending, safeguard and even expand the rights of the poor and minorities and accept social, as opposed to personal, responsibility (or, more directly, the presence of “evil”) as part of the reason for anti-social behaviour.

The new right agenda in the US is a largely successful attempt to “nationalize” a distinct southern accumulation strategy that was eclipsed at the national level during the New Deal, but was reanimated beginning in the 1980s. This strategy was based on low-wage, labour-intensive, high exploitation production, and hostility to unions, taxes on income and wealth and public
spending on the black and white poor, who were to be kept as dependent as possible on low-wage labour markets if the southern strategy was to be successful. The South’s “de facto industrial policy” was to provide a haven for “footloose” capital using relocation incentives and a business climate that protected employers from Fordist regulation, high wages, unions and tax rates (Lyson 1989).

From the New Deal on, southern accumulation was threatened by attempts to nationalize Fordism, by the civil rights legislation of the mid-60s and by increasingly tight labour markets in the metropolitan South. Southern sociologists began to speculate about the “Americanization of Dixie” (Egerton, 1974). But in the crisis of the 1970s, the South became the fastest-growing region in the country as firms searched for “good business climates” in the rural and small-town South. In the process, the region’s political weight grew and by 1981 its development strategy had become the template for the national economic policy of the new right. Reaganomics responded to crisis by reconfiguring the balance of power between capital and labour, reducing wages, raising the rate of exploitation and moving towards export-oriented growth. Tax reform was skewed to benefit the wealthiest and the income and wealth distributions quickly polarized. High interest rates produced an industrial shakeout, raised unemployment and underemployment, and increased poverty. This increased insecurity also made it possible to attack the wages and benefits of those still employed, and the real value of the hourly wage fell dramatically until recovering somewhat in the late 1990s. In addition, the labour and civil rights movements came under attack and environmental, workplace and consumer protections were weakened. Public services were cut back or privatized. Confined to the bottom of the job ladder and reliant on state services, minority workers were the main victims. Unemployment among blacks increased from 12 per cent in 1979 to 20 per cent by 1983 (Council of Economic Advisers, 2001). According to Cummings (1998), “the economic … policies that we have implemented in the United States over the past three decades have taken on the characteristics of an up-to-date, modified version of those that have been in effect in the American South for decades.” As a result, observers now stress the “dixification of America” (Applebome 1996; Nixon 1996).

The key to both southern accumulation and its nationalization was racial politics. Racism had come under pressure in the 1960s and 1970s, but has since been revitalized. The source of this is to be found less in the economic crisis itself and more in the way it was ‘lived’: as a dual crisis not just of economic relations but also of the hierarchical building blocks of the social order: gender, the family, the domination of the military and especially race. The nationalization of the
southern political formula since 1980 is not only economically motivated, but is also an attempt to restore order by combating the social movements that emerged in the 1960s.

The use of the criminal justice system to maintain political order and to supply low-wage labour markets has been central to these efforts, once again reflecting the regional roots of new right politics. A large literature on southern prisons points to the similar historical and political logics underlying between slavery, the convict-lease, the chain gang, and prison work generally, as well as to the correlation between correctional transformations and periods of racial and civil unrest. Lichtenstein's work (1993; 1994; 1996) sees prisons as central mechanisms in the creation of a southern industrial working class and in regional economic development generally.

Originating in Mississippi in 1868, the convict lease gradually spread through the region as the effects of emancipation and Reconstruction sensitized whites to their reduced capacity for labour control and created a growing fear of African-American “lawlessness.” Southern prisons “turned black overnight” (Waquant 2002: 53), and the costs of prison construction mushroomed (Oshinsky 1997: 40). In the lease system, private demand for labour-power controlled the public supply of inmates. When labour was needed in private enterprises, prisoners were “produced” by selective enforcement of the law, usually with a bounty to the local sheriff for “landing” the required numbers. In Alabama, when the labour market was tight, “local police would sweep the streets for vagrants, drunks and thieves. Hundreds of blacks would be arrested, put on trial, found guilty, sentenced to sixty or ninety days plus court costs, and then delivered to a ‘hard labor agent’ who leased them to the mines. In an average year, 97 percent of Alabama’s county convicts ... had ‘colored’ written next to their names” (Oshinsky 1997: 77). Since the supply of convict labour was so elastic, little care was taken to ensure the prisoners survived the experience. Tracing the use of convict labour in coalmines, lumber mills, and railroad camps across the South, Oshinsky (1997: 60) stresses that the “South’s economic development can be traced by the blood of its prisoners.”

From a long-term perspective, one of the enduring consequences of the central role of race in southern capitalism was a continuing interest in manipulating racial antagonisms and in imprisoning black people for political and economic purposes. The key to the contemporary nationalization of the southern political repertoire was the "law and order" campaigns developed by Sunbelt Republicans (such as Barry Goldwater and Richard Nixon) and dissident southern Democrats (George Wallace) in the late 1960s (Carter 1996). Nixon’s “southern strategy” which institutionalized the southern political repertoire at the national level, was designed to
criminalize where possible, and demonize where not, social movements—civil rights, peace, women—that challenged the limits of American capitalist democracy and especially those that challenged the large-scale political demobilization that was its foundation. It also involved a concerted attack on the courts, whose “liberal” decisions in the 1960s had expanded rights for defendants, African Americans and women. The strategy’s symbolic goal was to present popular mobilizations as evidence of social breakdown, crime and moral decay. Its narrower, but crucial, purpose was to use the race issue as a political “wedge” to detach southern white conservatives from the Democratic Party, thus facilitating the rollback of the liberal reforms of the 1960s. This set the political agenda of the Republican Party for a generation. Though the initial audience was southern, Nixon and those who followed discovered that coded racism played well elsewhere. And the Republican Party discovered a way to reshape itself, and the electoral system, around the anxieties of the southern white male. By the 1990s, according to Lind (1995, p. 173), the supply-side wing of the Republican Party had been defeated by “culture war conservatism,” whose main concerns were with “[r]ace, sex, breeding, class - ...the classic themes of the Tidewater reaction.” Racial backlash was now “the common currency of American political rhetoric” (Carter 1996: 19).

In the process, several policy issues—taxes, welfare, crime and policing, rights, affirmative action, drug enforcement, public housing—came to be seen in racial terms (Edsall and Edsall 1991). Many angry taxpayers, hard pressed by a low-wage economic strategy, were persuaded that their hard work was supporting young, addicted, welfare-dependent black women who were in the process of giving birth to an unsocializable, violent predatory “underclass.” The rhetorical coupling of race and welfare with drugs and crime came easily, as Diana Gordon’s (1994: 24-6 and ch. 11) history of campaigns against the “dangerous classes” demonstrates. Herrnstein and Murray’s The Bell Curve, (1994) provided the clinching hereditarian cement: black poverty (and drug use, and crime and ...) results from the race-structured inheritability of intelligence rather than social structure, public policy, or racism. The welfare state is both futile and immoral, and should be abandoned. What is needed (1994: 526) is a “custodial state,” to warehouse the underclass, provide for its welfare, take over childcare, and act as a “high-tech and more lavish version of the Indian reservation for some substantial minority of the nation’s population, while the rest of America tries to go about its business.” The authors are optimistic about their chilling dystopia which, as they recognize, is already under construction. After three decades in which the southern strategy has shaped national politics, concludes David Gordon
(1996: 141), “the U. S. criminal justice system, and perhaps large portions of the citizenry as well, believes that many African-Americans simply belong behind bars.”

With the nationalization of the southern accumulation strategy and its reliance on low-wage labour markets, both the incarceration boom and the racialization of prison populations have become national phenomena. The South remains in the vanguard however. In 1971, at the end of a period of liberal criminal justice policy at the national level, the southern incarceration rate was over three times as high as that in the Northeast. Though state incarceration rates have since converged, southern states still top the list (Beck and Harrison, 2001). From 1983 to 2001, the South accounted for 45 per cent of all of those added to prison populations, and in 2001, nearly ten percent of all the prisoners in the world were to be found in the region. At 526 per 100,000 inhabitants, the incarceration rate in the South is 29 per cent higher than that of the West, the region with the next highest rate, and Mississippi (715), Texas (711) and Louisiana (800) make the southern average appear modest (Ziedenberg 2003: 5; Table 2). In the 1990s, African-Americans made up about 12 per cent of the population; on 31 December 2000, 46.2 per cent of state and federal prisoners were black, up from 44.5 per cent in 1990 (Beck and Harrison 2001). In 1997 in the South, 63 per cent of state prison inmates whose race was known were black (U.S. Bureau of Justice Statistics, 2000: Table 5.6).

Though the politics of prisons and the permissible uses of prison populations have changed dramatically since the late nineteenth century, many historians of southern prisons are struck by the similarities between the post emancipation pattern of social transformation, political turmoil and labour market instability and the correctional response it produced, and its more recent, post-civil rights counterpart. The convergence of centuries of racial oppression, a racially structured regional accumulation strategy and a political commitment to the lowest levels of taxes and spending on social services that are politically feasible has made the South fertile ground for both a racialized prison system and a willingness to turn as much of it as possible over to private hands. Currently, as the privatization revolution in corrections makes its greatest progress in the South, the commitment to private exploitation of correctional populations seems as clear as ever. More so than anywhere else in the world, powerful coalitions of vested interests converge, dedicated to the expansion and privatization of prison systems: "a political bazaar with prisoners as the prize" (Wood and Dunaway 2003: 150).

However, if the racial character of southern politics and the southern regional accumulation strategy are key, this explains the pattern of spatial concentration in a broad sense;
in other words, most private prisons in the world are in the South. But it is not obvious how it helps to explain the unevenness of prison privatization within the South. By 2002, almost two decades after the prison privatization movement began in the South, Alabama, North Carolina and South Carolina had no adult private state facilities; Texas, Florida, Tennessee and Oklahoma (the states in which eight of the dozen or so largest private prison companies are headquartered) had numerous private prisons. Mississippi, Georgia and Virginia, latecomers to the game, were in between.

Conclusion
In this paper we examined the rise of private prisons in five countries—which include some seventy jurisdictions—between the late 1980s and the early 2000s. The rise and spread of private prisons across these jurisdictions was ragged and uneven, with little predictability. The only clear explanatory variable for prison privatization was the rather unremarkable observation of the necessary condition of the election of a “new right” movement—and even then this was not a sufficient condition.

In Britain, a high degree of political centralization concentrates the power of the New Right and its Third Way successor, providing an institutional framework in which an ideologically-motivated government can push the privatization envelope as far as is politically feasible. But centralization concentrates accountability as well as power, and the relatively stringent regulatory regime that has emerged in this context appears to have re-energized the public prison service and has driven away, for the moment at least, the two largest US private prison companies.

In the US, the politics of the new right are clearly closely related, from a historical point of view, with many of the correlates of prison privatization - the urge to find scapegoats for social disorder, a preference for market solutions to social problems and a radical emphasis on individual responsibility for crime, which permits dramatic increases in prison populations and a “just desserts” philosophy in the treatment of offenders. But there seems to be no direct connection with the decision to privatize itself. Even in the South, where the politicization and racialization of prisons is an abiding fact of life, where reliance on markets and insistence on personal responsibility are articles of civil and religious faith and where the American new right finds many of its longest roots—in other words where prison privatization is clearly theoretically
over-determined—several jurisdictions, by no means the most politically liberal in the region, have embraced prison privatization hesitantly, in very limited ways, or not at all.

We also concluded that the case of the United States is in some sense unique, dominated as it is by the South, where the major private prison companies are headquartered and where the political and historical setting seems most conducive to the private exploitation of prison populations. Though we would not want to downplay the importance of race in the other cases we have examined, the scale of the incarceration boom and the degree to which it is a racial phenomenon clearly set the American case apart. To explain the concentration of private prisons in the southern US, and to explain their continued popularity, we must look at a regional dynamic that can be found in none of the other four countries we examine—nor indeed in the rest of the United States.

But the overall message here must be one of caution. The task of theory is to invent plausible explanations for complex phenomena, and the theoretical approaches reviewed above seem, to one degree or another, to increase our understanding of the forces that give rise to private prisons and of the spatial pattern that results. Yet in the five countries we have examined, governments with similar ideological propensities behaved very differently, even though they were all operating in a market-driven world, all with prisons that were generally overcrowded and ageing, and all grappling with budget shortfalls. Some signed contacts with private prison companies, while others, in very similar situations, did not. None of the theories available to us explains this basic difference in outcome. What students of prison privatization need to develop is more robust theorizing on the decision-making process in otherwise similar jurisdictions that leads to prison privatization in some jurisdictions and to the retention of prisons in public hands in others.
REFERENCES


