Macroeconomic Welfare versus Microeconomic Inertia: a Survey of Prison Privatization and Punitive Policy

by
Silas Freeze

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Thesis Committee:

Dr. Steven Sprick-Schuster, Thesis Director

Dr. Ennio Piano, Thesis Committee Chair

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APPROVED:

____
[Name of Thesis Director], Thesis Director
[Title, Thesis Director's Department]

____
[Name of Committee Chair], Thesis Committee Chair
[Title, Committee Chair's Department]

Abstract

This thesis explores the behavior of public policymakers and private corrections firms through the lens of economic incentives and highlights agency problems policymakers face when deciding how to fulfill corrections obligations. Specific attention is paid to CoreCivic, Inc. due to its significant market share in the private corrections industry and particular relevance to the Tennessee economy. Advocacy methods are evaluated using a multidisciplinary corpus of existing literature including economic and econometric studies, investigative journalism, financial statements, and other publicly available documentation. A novel econometric analysis suggests that direct political donations by CoreCivic and/or its Political Action Committee in a given state have a linear relationship to the level of prison privatization in that state.

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Introduction

“Mass incarceration” has become a buzz word in recent years, used to describe the current modus operandi of the American penal system. The social and economic problems resulting from mass incarceration have been studied and discussed extensively, and while some conclusive evidence exists regarding the effects of such a system, conflicting evidence and a lack of attention and rigor have left many dimensions of the prison-industrial complex ill-studied and misunderstood. As debates among educated, well-compensated, law-abiding intellectuals continue, swathes of marginalized and underprivileged Americans live under the near-constant threat of incarceration. In the meantime, the little meaningful change made to the American criminal justice system often works against the same individuals who are already under the greatest threat of, and who stand to lose the most from, incarceration.

In the United States, enterprising individuals have long sought opportunities to establish private industries that profit through interactions with public policy. The criminal justice system has presented many such opportunities to the likes of process servers, bail bondsmen, and more; almost every facet of the criminal justice system has been touched by forces of privatization (ITPI, 2016). Private prisons make up a substantial share of prisons in Tennessee, and as of 2020, housed about 7,000 of the nearly 23,000 imprisoned individuals held in Tennessee facilities (Carson, 2021: 26; “Tennessee 2020”). Tennessee’s rate of imprisonment in private facilities, then, is more than three times the national average of 8-9% (Sawyer and Wagner, 2022).

In this thesis I set out to better understand how and why private prisons have come to house this substantial share of imprisoned Tennesseans. Arguments for and against industry privatization are raging in the United States, with research yielding widely varied results and answers to the questions of efficiency and ethics raised by the prospect of private industries performing public services. Prisons are often at the center of privatization debates, with one side arguing that privatization of government functions results in the increased efficiency of their performance, and the other arguing that that increased efficiency, if it is even achieved at all, is a result of unethical practices within newly privatized industries that cut costs at the expense of the individuals at the bottom, be they employees, prisoners, or these individuals' families. My first goal in this research will be to determine whether these arguments, in the case of prisons, are based on sound premises in the first place. Are private prisons actually cheaper to operate? If so, why? And if they are in fact not cheaper to operate, why do they continue to exist? Private prison companies are seemingly here to stay, implying that they have little trouble remaining solvent and maintaining cash flows, even as prison populations decrease from peak levels (Ghandnoosh, 2020) and prison admissions recover from a steep decrease related to the pandemic (Sawyer and Wagner, 2022).

Private prisons are, as I will argue, a symptom of the greater systemic issues and inefficiencies in the U.S. criminal justice system. Private corrections firms take advantage of inefficiencies in public policymaking by offering "solutions" to policymakers for their incarceration obligations that would otherwise be fulfilled through the wasteful, bureaucratic process of governmentally administrated construction and operation of correctional facilities. My thesis is that agents of the macroeconomy act instead according to their own microeconomies, largely ignoring the aggregate economic effects of, for instance, the administration of criminal justice by for-profit firms that face incentives to keep prisons full and cheap to operate. These firms, in turn, act according to their microeconomies as well, using the money generated through cost-cutting and other measures in part to engage in political advocacy which aims to expand their industry and widen their margins. Throughout the remainder of this paper, I will be examining these claims and supporting them with evidence gathered from existing literature and my own econometric analysis of the relationship between advocacy from the private corrections industry and levels of prison privatization across the country.

CHAPTER I

To understand the current state of prison privatization in the United States, it is important to examine the incentives faced by public policymakers and private corrections firms and understand how they intersect. Private corrections firms react to incentives that affect their microeconomies; in other words, they face microeconomic incentives. Policymakers, as agents of the macroeconomy, however, face two distinct sets of incentives in the course of their duties, which I will refer to as “societal” and “microeconomic”. Societal incentives represent the needs of society at large and are generally in line with what policymakers’ constituencies expect them to act in accordance with. Societal incentives can be understood for the purposes of this thesis as those incentives which, when acted upon, result in improved macroeconomic efficiency and overall health. Microeconomic incentives, in contrast, are those incentives which affect policymakers’ microeconomies, and they may be aligned in direct contradistinction to societal incentives as I have defined them. The frequent incompatibility of these two sets of incentives often leads to agency problems and may indeed be a major source of inefficient and unjust public policy (Rauch, 1999: 1-39).

I will examine the current state of prison privatization through the lens of three groups of misaligned incentives: the societal incentive to rehabilitate criminals and prevent recidivism versus the microeconomic incentive of private prison firms to maintain cash flows and cut costs; the societal incentive to allocate resources to economically productive and efficient activity versus the microeconomic incentives of both policymakers and private prison firms to improve their own economic positions; and finally, the societal incentive to eliminate the profit motive in the criminal justice system versus the microeconomic incentive of policymakers to delegate the responsibility of criminal justice administration to private entities. Following is an examination of these pairs of misaligned incentives in listing order.

Pair # 1: Rehabilitation Vs. Population Maintenance

It is in society's best interest to keep as many people from going to prison as is reasonably feasible. While violent criminals and individuals who otherwise present a legitimate danger to society are better kept away from where they may harm others, nonviolent criminals are often imprisoned for crimes which represent largely illegitimate alleged dangers to society and comprise a massive portion of the United States prison population. Once-incarcerated individuals are generally less economically productive than individuals with no criminal records. This fact alone can be used to illustrate the benefits to a society of eliminating mass incarceration (Suprenant and Brennan, 2019: 41-58, 68). The macroeconomy also benefits from correctional efforts that prevent recidivism, for the similar reason that incarcerated individuals' economic productivities are severely hampered for the duration of their incarceration, and lower rates of recidivism directly translate to more people being free to engage in productive activity in the free market.

Private prison firms, on the other hand, have a clear incentive to keep their facilities at high occupancy levels. Some private prison contracts contain an "occupancy guarantee clause" which stipulates that the firm managing a given prison will be paid for a certain level of occupancy even if the number of prisoners in the facility falls below that level (Mamun et al, 2020). Karoline Marko (2021) relies on the representation by Mamun et al. that these guarantees are present in the majority of government contracts with private prisons and suggests that they serve to explain how growth in private prison populations has rapidly outpaced overall growth in incarceration. I would challenge this assertion with this quote, taken from CoreCivic, Inc's 2022 10-K filing: "[there is] no minimum guaranteed occupancy under most of our contracts…"[1] The lack of occupancy guarantees as an industry standard carries with it the implication that private corrections firms will expend resources to maintain high levels of occupancy in their facilities rather than relying upon levels of compensation stipulated by minimum occupancy guarantees. Making a determination as to whether or not private corrections firms have a vested interest in keeping prison beds filled, though, is a much simpler task than understanding what a firm like CoreCivic does to achieve those ends.

Pair #2: Production Vs. Redistribution

The economic efficiency of private prisons emerged as the first major point of controversy regarding their legitimacy as a policy solution. Early studies, published by members of the private corrections industry, focused on per-prisoner, per diem expenses and often lacked methodological rigor (Kim, 2019: 4; Crants, 1991). More recent, independent studies which have focused on improving upon the flawed methodology of early research have reached opposing conclusions about private prisons' economic efficiency in administering criminal justice. Notably, a 2016 DOJ study determined that private prisons were costly to society in comparison with publicly managed prisons and recommended that their utilization by government entities be phased out (Suprenant and Brennan, 2019: 90). This news caused panic among shareholders of private prison

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[1] https://www.sec.gov/Archives/edgar/data/1070985/000095017023003390/cxw-20221231.htm; p. 43

company stock, and prices fell dramatically, only to just as quickly recover with the election of Donald Trump and his administration's disavowal of the DOJ recommendation. Indeed, CoreCivic, Inc.'s direct donation to Donald Trump's inaugural committee in the amount of a quarter million dollars proved well spent (Bauer, 2018).

Donations like that one are the industry standard for almost all special interest groups that rely on government contracts or subsidies, and the private corrections industry is no different (Rauch, 1999). CoreCivic engages in both direct and indirect political advocacy; it utilizes direct donations and employee and third-party lobbyists, and has even in the past participated in the much-maligned practice of extralegal policymaking as a member of the American Legislative Exchange Council[2], all with the goal of promoting legislative and systemic outcomes favorable to its bottom line.

One goal of mine in writing this thesis is to determine the effectiveness of these advocacy strategies, the first of which takes the form of direct donations. Does direct advocacy from private corrections firms influence policymakers' decisions to privatize prison systems? Following is a novel econometric analysis that seeks to answer such a question.

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[2] http://web.archive.org/web/20110409132834/http://www.alec.org/AM/Template.cfm?Section=Private _Sector_Executive_Committee2

CHAPTER II: Empirical Analysis

Data/Methodology

The empirical analysis portion of this thesis takes the form of a simple linear model estimating the effects of various econometric variables on the degree of prison privatization at the state level, measured by the proportion of inmates in each state held in private facilities in 2019. States are treated as individual observations and the model was constructed using those 36 U.S. states that housed prisoners in private facilities as of 2000, 2019, or both. The proportion of privately housed prisoners was regressed against states' prisons' total operational capacities, total arrests in 2018 per total 2019 populations, correctional expenditures per prisoner in 2020, a dummy variable that reflects whether or not either CoreCivic, Inc., CoreCivic PAC, or both made monetary contributions to candidates, political parties, or political committees in each state in 2019, and a dummy variable that reflects the presence of constitutional or statutory limits on both the collection of tax revenues and expenditures by the government in each state (TELs). Figures for privately housed prisoners, operational capacities, and correctional expenditures were compiled from data reported by the Bureau of Justice Statistics. Political donation figures were compiled from CoreCivic's own "2019 Political Activity and Lobbying Report"[1]. Data on TELs were recorded from the Urban-Brookings Tax Policy Center's *Briefing Book*[2].

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[1] https://ir.corecivic.com/static-files/675786f6-d209-41ac-b5a8-e74cf6ce264a
[2] https://www.taxpolicycenter.org/briefing-book/what-are-tax-and-expenditure-limits

Table 1: Descriptive Statistics

Variable	n	mean	sd	median	min	max	se
Proportion of Prisoners in Private Custody (2019)	36	0.1034	0.1165	0.0642	0	0.4705	0.0194
Operational Cap.	36	9.6010	1.2092	9.7430	7.2882	11.758	0.2015
Arrests/Population	36	0.0310	0.0104	0.0298	0.0069	0.0500	0.0017
2020 Corrections Expenditure/Prisoner	36	46.454	21.761	43.495	17.598	92.846	3.6268
TELs	36	0.3056	0.4672	0	0	1	0.0779
CoreCivicDummy	36	0.4722	0.5063	0	0	1	0.0844

NOTES: 2020 Corrections Expenditure/Prisoner is in Thousands

Operational Capacity was logarithmically transformed to reflect the effects of a percent change in capacity rather than estimating the effect of a discreet change of one bed on the level of privatization. An initial regression revealed the corrections expenditure and "TELs" variables to be statistically insignificant, and arrest rates were shown to be significant only at the 0.1 level. Upon removal from the model of those variables whose p-values indicated a lack of statistical significance, the arrest rate variable lost its already dubious significance. Results for the unrestricted and restricted regressions are printed below in Tables 2 and 3; standard errors have been adjusted through bootstrapping to correct for bias.

Table 2: Unrestricted Model

Variable	Estimate	Std. Error	t value	Pr(>|t|)
(Intercept)	0.749666	0.234448	3.197584	0.003259
Operational Cap.	-0.0632	0.019925	-3.17217	0.003479
Arrests/Population	-3.06291	1.788465	-1.71259	0.097107
2020 Corrections Expenditure/Prisoner	-0.00014	0.000785	-0.18175	0.857003
TELs	0.046123	0.043064	1.071022	0.292701
CoreCivicDummy	0.101555	0.039924	2.543721	0.016358

NOTES: N=36; R^2=.394; ncvTest pval=0.019057; RESET pval=0.9948

Table 3: Restricted Model

Variable	Estimate	Std. Error	t value	Pr(>|t|)
(Intercept)	0.507935	0.152232	3.336592	0.002109
Operational Cap.	-0.04733	0.016323	-2.89927	0.006604
CoreCivicDummy	0.105601	0.039156	2.696939	0.010934

NOTES: N=36; R^2=.3225; ncvTest pval= 0.04699; RESET pval=0.999

Discussion

The results of the initial regression suggest a few interesting things. First, the statistical insignificance of the correction expenditure variable suggests that the cost to taxpayers of housing prisoners cannot be used to predict the degree to which a state's prison system has been privatized. This result implies that private corrections firms' assertions that private incarceration is cheaper than public incarceration may be inaccurate, or cost savings stemming from privatization may simply not be consistent enough to reflect at the aggregate level. The insignificance of the TELs variable may be due to its lack of complexity; I believe that a carefully constructed index of states' budgetary constraints could prove significant in empirical analyses like this, in which a state's ability to spend directly affects its taste for the privatization of traditionally government-administered services[3].

The arrest rate variable, while insignificant at the 0.1 level in the restricted model, is still worth some discussion, as its initial level of significance would imply that higher

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[3] https://www.sec.gov/Archives/edgar/data/1070985/000095017023003390/cxw-20221231.htm; p. 32

arrest rates in a state may lead to significantly lower levels of privatization. If arrest rates are subject to significant temporal lags, that is, the arrest rate in a state in 2019 was highly correlated with that state's arrest rate before 1983, the year in which the first private detention facility was opened, then this result is as expected. States with high arrest rates before the advent of corrections privatization would have had to expend more resources to house suspected and possibly convicted criminals than low-arrest-rate states and may have been better equipped to handle the overcrowding crises of the 1980s and 90s without resorting to privatization.

The operational capacity variable proved highly significant in the unrestricted model. Its coefficient is not in line with the expected outcome; my expectation was that state prison systems with higher operational capacities would have those capacities as a result of private prison firms' presence in those states. The regression seems to suggest the opposite: states with low operational prison capacities may privatize to increase capacity to acceptable levels, while higher-capacity states may have less need for the services provided by private corrections firms. Future research into privatization and prison capacity should not treat prison capacity as a given, as I have in this study, but should instead aim to measure the historical effect of prison capacity and overcrowding on privatization and vice versa.

The final independent variable in this regression, "CoreCivicDummy", was significant at the 0.05 level, and its coefficient indicates correlation with the dependent variable in the expected direction. This result implies that direct advocacy activity in a state by CoreCivic does affect the level of prison privatization in that state, which is generally in keeping with my thesis.

I will therefore conclude, for the purposes of this paper, that direct advocacy from sufficiently large private corrections firms does have a statistically significant effect on the level of prison privatization in a given state. I will next examine the other types of advocacy in which private corrections firms engage. The following discussion makes use of mostly anecdotal and qualitative evidence, but the scope and depth of information covered herein serves to present a more or less complete picture of the way that major private corrections firms interact with government decision makers when the decision makers face the type of agency problems described in this paper.

CHAPTER III: Qualitative Investigation/Case Study

This portion of the thesis focuses on existing information regarding the private corrections industry. Following is a synthesis of interdisciplinary literature and my own investigation into the business model of and incentives faced by private corrections firms. My primary investigative focus is toward CoreCivic, Inc., as I believe it to be a representative example of a major private corrections firm—it has only one competitor of similar size and influence—and, unlike this competitor, named GEO Group, CoreCivic conducts business only in the United States. I believe that CoreCivic may therefore have the greatest incentive to grow the American private corrections industry when compared to other industry members. These factors combined with CoreCivic's extensive participation in and relevance to the Tennessee economy and political system make the company a prime candidate for a case study in private corrections.

CoreCivic, the largest private prison company in the United States, is headquartered in Nashville, TN, and plays or has played a significant role in Tennessee's state correctional department as well as its state and local economies and political climates. Currently, CoreCivic operates six facilities in Tennessee, four of which are prisons. Interestingly, two of these four prisons are located within a mile of one another, in the small town of Whiteville. Though the proximity of these two facilities may initially seem suspect, the reason for it likely lies in Tennessee law; the Private Prison Contracting Act of 1986 allows the Tennessee state government to contract for only one privately operated prison. CoreCivic, and indeed Tennessee's government officials, have circumvented this legislation by contracting with county governments to open and operate further facilities. This innovation in contract technology is called “intergovernmental contracting”, and CoreCivic’s growth in the Tennessee market has been reliant on these types of contracts since the establishment of the first privately managed prison in the state.

Hardeman County officials may well have courted CoreCivic, then named Corrections Corporation of America[1], by offering to build a correctional facility and allow the company to operate it, or CoreCivic may have done the courting by offering to build a facility of their own in the county after the local government assisted in funding the construction of the first. And whether the former, latter, or neither suggestion was the case, the outcome has been the same: CoreCivic has paid meager tens of thousands of dollars in property tax on the Hardeman County Correctional Facility, compared to the nearly $350,000 it pays yearly on its nearby Whiteville Correctional Facility[2]. Despite the relatively similar value of these two facilities and parcels of land, they generate incredibly disparate amounts of tax revenue. This can be explained by the terms of the arrangements between Hardeman County and CoreCivic, wherein one of the contracts involves a nonprofit, the Hardeman County Correctional Facilities Corporation, an instrumentality of Hardeman County. The Hardeman County Correctional Facilities Corporation acts as a middleman between county officials and CoreCivic, who in turn has allowed the facility to remain under the ownership of a tax-exempt nonprofit in exchange

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[1] https://web.archive.org/web/20200525020608/http://staging.cca.com/insidecca/corrections-corporation-of-America-rebrands-as-corecivic

[2] https://tennesseetrustee.org//index.php?entity=HARDEMAN&state=TN; property tax payment histories for Hardeman County Correctional Facility and Whiteville Correctional Facility were located with address-based searches: “2520 UNION SPRINGS RD” and “1440 UNION SPRINGS RD”, respectively.

for what amounts to a hefty tax break[3]. CoreCivic has a clear incentive to build relationships with county and municipal officials, especially in states like Tennessee where intergovernmental contracting is prevalent. These officials may purport that partnerships with CoreCivic will have beneficial effects on the area's macroeconomy by way of job creation or new tax revenue, if they plan to collect it, but these claims have been shown to be dubious at best (Genter et al, 2013; Williams, 2011). If their constituencies believe that a prison construction and/or management deal with CoreCivic will positively impact the local economy, local officials may be even further incentivized to form relationships with the company.

CoreCivic has long been aware of this peculiarity in policymakers' incentive structures and has devoted considerable resources to the generation of literature that reflects positively on the privatization of prison systems. Until late 2013[4], the Corrections Corporation of America's website hosted a digital "Research Center" wherein lay dozens of studies, the conclusions of which could all be interpreted as favorable to privatization of the U.S. prison system. They ostensibly serve as the foundation for the "educational"[5] endeavors of CoreCivic's internal Government Relations department and retained third-party lobbyists. Lobbyists are uniquely positioned in our political and economic systems as they serve as direct liaisons between private entities and public policymakers. Whereas political donations are generally nonspecific in nature, communications between

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[3] https://www.sec.gov/Archives/edgar/data/1070985/000095014406001892/g99938e10vk.htm; p. F-43
[4] https://web.archive.org/web/20131001083617/http://www.cca.com/cca-research-institute/
[5] https://ir.corecivic.com/static-files/c00b9771-de6e-4342-99d8-425d0cda7c28; pp. 1, 6

lobbyists and policymakers are often topical and pertinent to the business activities of lobbyists' employing or contracting firms. As has been discussed in this thesis, topics pertinent to CoreCivic's business activities include the prison system's regulatory environment, as well as the whole of criminal law (Hale, 2014)[6].

Today, CoreCivic's website, financial statements, and other proprietary literature all contain this sentence: "Our company does not, under longstanding policy, lobby for or against policies or legislation that would determine the basis for or duration of an individual's incarceration or detention." This wording first appears in CoreCivic's year-end 2016 10-K filing. Past filings say, "Our policy prohibits us from engaging in lobbying or advocacy efforts that would influence enforcement efforts, parole standards, criminal laws, and sentencing policies." The difference in these wordings is minor and both statements convey similar ideas. According to CoreCivic, then, a firm like Johnson Poss Government Relations, retained by CoreCivic to lobby on their behalf, is only allowed to lobby on their behalf regarding certain proposed legislation. As reported by Steven Hale in the Nashville Scene (2014), Johnson Poss Government Relations has lobbied on behalf of dozens of firms, often at the same time and in the same meetings. Hale implies that it is in CoreCivic's best interest to solicit lobbying services from a company like Johnson Poss due to their presumable ability to lobby for a change in criminal law on behalf of a firm that does not prohibit such activity. To suggest that such a thing actually happens would be pure conjecture, but to suggest that CoreCivic faces a

[6] This article contains an interview with an anonymous legislative staffer who worked on Nashville's capitol hill and claims to have witnessed CCA-associated lobbyists lobby for issues related to criminal law. The evidence is anecdotal and unverifiable but worth mentioning anyway.

clear and strong incentive to have its own policies violated without its knowledge is nothing short of rational.

Before 2011, no statements regarding a company policy to this effect were present on 10-K filings or company literature. This is for good reason. In the latter half of 2011, the Center for Media and Democracy launched a website, ALEC Exposed[7], blowing the whistle on the American Legislative Exchange Council's extralegal policymaking activities. ALEC Exposed released over 800 documents, many of them pieces of "model legislation" that provided outlines that facilitated quick and easy public adoption of ALEC-drafted and supported bills. Many of these bills passed and have been found to have increased total levels incarceration as well as levels of prison privatization (Cooper et al, 2016: 389-382). The launch of ALEC Exposed generated significant public outrage across the U.S., and companies rushed to distance themselves from the organization, including CCA, which cut ties with the ALEC around the same time it introduced a new policy regarding lobbying for changes in criminal law (Hale, 2014).

[7] https://www.alecexposed.org/wiki/About_ALEC_Exposed

CHAPTER IV

Pair #3: Action Vs. Inertia

Prison populations have been on the decline in the last decade, but CoreCivic's profits and cash inflows remain relatively unchanged. Analysis of financial filings by the company indicate a trend in its business model away from punitive incarceration and toward temporary detention, mainly of immigrants. Contracts between CoreCivic and ICE now make up for nearly a third[1] of the company's revenue, and due to the nature of immigrant detention law and funding, the market for immigrant detention is poised to grow for CoreCivic; the firm need not lobby for any policies that determine the basis for or duration of the detention of illegal immigrants but just for more funding to carry out the provisions of the U.S. Constitution, which already stipulates that every immigrant is to be detained at the border, a practice that is currently functionally impossible given the capacity of immigrant detention centers in operation today.

President Barack Obama, President Joe Biden, the U.S. Department of Justice, and many prominent researchers of political economy have all decried the continued presence of the profit motive in the prison industrial complex. Empirical and anecdotal evidence continues to mount against private prisons as they are operated and overseen today. Yet, nothing much has changed in the industry, save for the types of contracts companies like CoreCivic court. President Biden's "Private Prison EO" is referenced several times in their 2022 10-K filing as a risk to their business, but CoreCivic's bottom line has not suffered dramatically since the federal Bureau of Prisons stopped renewing

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[1] https://www.sec.gov/Archives/edgar/data/1070985/000095017023003390/cxw-20221231.htm; p. 77

its contracts with the firm; many of the facilities were simply leased back to other government institutions, or even the BOP itself, through intergovernmental contracting. And herein lies the issue of economic inertia: absent of real policy changes, and even in their presence when not perfectly controlled and enforced, actors generally continue to participate in similar economic activities through time—the BOP's nonrenewal of contracts with private prisons did nothing to eliminate the BOP's need for prison beds. Rather than "waste" time or money constructing new facilities or drafting unprecedented legislation that changes private prisons' incentive structures, policymakers may look to existing, privately managed facilities to fulfil their incarceration obligations. Rational ignorance plays a large role here—private prisons and public prisons are generally required to provide the exact same services and quality of confinement to incarcerated individuals, so the apparent differences between choosing to use a public or private prison are almost nonexistent, at least on paper (Volokh, 2013: 366)[2]. A 2013 study published in the Emory Law Journal details a model for allowing private prisons to differentiate their services and holding them accountable for their performance and quality of confinement. This study has been largely ignored by both CoreCivic and policymakers despite its potential to drive the private prison industry toward unequivocal legitimacy as a provider of government solutions (Volokh 2013). This ignorance of pragmatic and theoretically sound solutions to the problems presented by the private prison industry speaks to the types of incentives policymakers respond to and highlights the importance of implementing comprehensive controls not only on the performance of

[2] https://www.prisonlegalnews.org/news/2019/jul/16/corecivic-prisons-tennessee-have-twice-many-murders-four-times-homicide-rate-state-run-facilities/

private prisons and the political and economic activity of their managers, but also on the incentive structures of public policymaking jobs.

Conclusion

In this thesis I have advanced the claim that interactions between public policymakers and private corrections firms may lead to and be driven by agency problems in policymakers' incentive structures. My findings can be interpreted as supporting a conclusion that prison privatization reduces certain costs inherent in direct governmental oversight of correctional facilities' construction and management, while also introducing external costs not calculated (and therefore not considered) in the public-private decision-making process. The magnitude of these two effects should be studied carefully in future research that seeks to determine the overall efficiency effects of private incarceration. The private corrections industry is valued almost entirely based on its ability to seek redistributive transfers of wealth, and a reduction in transfer-seeking activity has the well-established effect of increasing the amount of resources which may be committed to economically productive activity (Rauch 1999). It is my belief that an overhaul of policymakers' incentive structures to more closely align their microeconomic incentives with societal goals would result in more efficient allocations of both public and private resources, including those which are currently deployed by firms like CoreCivic in their efforts to secure current and future revenue streams.

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