



## Stocks, Contracts, and Lobbyists: Who Profits from the War on Cannabis?

Anna Wilcox October 29, 2013

On the 20th anniversary of the Corrections Corporation of America (CCA), Chief Executive John Ferguson stated, “CCA has helped reshape the landscape of American Corrections over the last two decades.” While Ferguson meant to frame CCA’s work in a positive light with his anniversary statement, it’s difficult to ignore the heap of ethical questions ignited by the company’s name alone. As the largest, longest-running private prison corporation in the country, CCA is one of the major profiteers from the War on Cannabis.

In an effort to meet the increasing demand for prison beds, companies like Nashville-based CCA opened up incarceration facilities across the country. Working in conjunction with federal and state governments, CCA and similar corporations are contracted out for everything from prison construction, to management, to inmate transportation. One such facility is the Central Arizona Correctional Center, a CCA facility which houses undocumented immigrants detained until deportation. Construction and management of these detention facilities has become one of the major sources of work for private carceral companies.

### **The Birth of Private Prison**

If you’re thinking that these private prisons seem a little terrifying, you’re not alone. Back in the 1990s, corporate prisons were a hot topic of debate. In a 1998 piece, Eric Schlosser of the *Atlantic Monthly* correlated the rise of corporate prisons to a prison-industrial-complex. The prison-industrial-complex, he argued, represents a paradigm shift in the 1960s-70s which emphasized incarceration as the mandatory and most sensible response to both violent and nonviolent crime.

The rapid boom in incarceration rates from the 70s onward opened up a market for prison corporations. Companies and lobbyists began profiting from the War on Drugs beginning with Nixon’s 1968 presidential campaign. Things took for the worse in 1973, when New York Governor Rockefeller proposed that every illegal-drug dealer be subject to a mandatory prison sentence of life without parole.

All of a sudden, there were a lot of criminals with nowhere to go. According to the ACLU, in the period between 1970 and 2005, U.S. prisons grew by about 700%. This outpaces both population and crime growth during the same time period. The rapid increase in arrests for low-level

cannabis offenders has only increased the demand for more detention facilities nationwide. By 2009, nearly half of all newly sentenced inmates were sent to private prisons. The low operation costs and fast start time of private sector prisons mean that companies like CCA offer an easy way out for states that want to keep up crime-fighting facades while decreasing overcrowded and underfunded state prisons.

### **It's a Money Game**

While a large portion of the finances for prison corporations come from contracts with federal and state governments, industry leaders such as CCA and Geo Group are publicly traded, featuring market caps of \$3.14 billion and \$1.27 billion respectively. With cannabis reform on the rise, decreasing sentences, eliminating mandatory minimums, and shifting the paradigm of what we consider a crime, corrections industry stocks are threatened.

Stocks aren't the corporations' only concern, however. In February of 2012, CCA reached out to 48 states in search of "a 20-year contract and assurances that the state will keep the prisons at least 90% full." This means that states would need to reach a specific arrest quota in order to honor their partnership to this particular company. If states were unable to meet the "90% full" requirement, they potentially put themselves at risk for a lawsuit.

In order to maintain control over the incarceration market, prison companies have upped their lobbying efforts. Over the past decade, the three largest private prison organizations have given around \$45 million to key politicians and parties known for strong anti-immigration positions. Given that an undocumented person can only be placed in an immigrant detention center if they have been caught doing something illegal, changing cannabis policy gives officers one less reason to target people in possession of cannabis.

### **A New Future**

As the private prison market points out, current U.S. drug policy has become something more than a method to increase public safety. Rather than focus solely on reducing the social harms of crime, tough-on-cannabis policies have become essential to business operations. Given that an individual is arrested on cannabis charges every 42 seconds, cannabis legalization would drastically reduce the need for private prison corporations, making its market much smaller and less profitable.

While many people rely on the prison corporation for their livelihood, the social cost of continuing the prison game may be much greater than the roughly \$5 billion CCA and Geo Group are worth. According to a study done by the Cato Institute, legalizing cannabis would result in approximately \$8.7 billion in savings and another \$8.7 billion in tax revenue. These statistics do not account for the increased economic productivity that the U.S. would see if we drastically reduce the percentage of productive adults we currently have in prison.

Though federal legalization may be a long way off, each minor success is one step closer to ending the War on Cannabis. While Colorado and Washington have already legalized, other states such as Oregon and Alaska have recreational legalization initiatives on the ballots for

2014. Even Utah, the state least likely to support legalization, has been discussing legalization of medical cannabis. Sorry, John Ferguson. It may be time to reconsider some of your investments.