

## **Profit from Prisoners: How UNICOR capitalizes on convict labor**

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“Although incarcerated, federal inmates feel a sense of patriotism and have continually contributed to our successful war efforts.”

—Federal Prison Industries<sup>1</sup>

Operating under the trade name of UNICOR with over 100 factories at 75 locations across the continental United States,<sup>2</sup> Federal Prison Industries (FPI) produces a wide range of market-priced goods and services to the U.S. Federal government and the private sector. From manufacturing office furniture to recycling electronics, FPI operations even include a one-stop shopping call center staffed by inmates to speed processing of orders. Boasting ISO 9001:2000 certification and Lean Six Sigma processes in its factories, FPI even makes helmets for the U.S. military, using convict labor earning from \$0.23 per hour up to a maximum of \$1.15 per hour.<sup>3</sup>

With a diversity of products and services from ADP (automatic data processing) and telecommunications services to XML (extensible markup language) tagging, FPI is a huge government-run corporate entity, which not only sells to civilian federal agencies, but also to the U.S. military. Originally created in 1935 during the Great Depression under U.S. President Franklin Delano Roosevelt, FPI was the brainchild of Bureau of Prisons Director Sanford Bates, who conceived of the idea as a way to abate growing prison unrest, which he attributed to inmate idleness. Products manufactured, which included cotton duck cloth, shoes, brooms and brushes, were exclusively sold to the U.S. government.<sup>4</sup>

FPI flourished and by 1937, in spite of the depression, the federally-owned enterprise boasted profits of \$570,000.00, which is approximately \$9.5 million in 2014 dollars. By the time of the Second World War, FPI was operating 25 factories and producing over 70 products. By 1941, FPI factories, with a workforce totaling 18 percent of the prison population, was turning out war material from bomb fins and casings to parachutes and TNT on a 3-shift, around-the-clock basis. Many ex-convicts, who had become skilled in welding, aircraft sheet metal work, shipbuilding and aviation mechanics, were able to find jobs in war industries immediately upon release.<sup>5</sup>

Following WWII, the Korean War generated more sales for FPI, whose profits reached \$29 million (about \$260 million in 2014 dollars).<sup>6</sup> Business was so good that FPI initiated a \$5 million expansion program, which resulted in improved production capacity just in time for the U.S. war on Vietnam. By 1974, FPI had grown so much that it was reorganized into seven industry specific business units: Automated Data Processing; Electronics; Graphics; Metals; Shoe and Brush; Textiles; and Woods and Plastics. FPI's focus shifted to marketing and in 1977, the government-owned entity inaugurated the UNICOR trade name and introduced new product lines in stainless steel, thermoplastics, printed circuits, modular furniture, Kevlar-reinforced items such as military helmets, and optics.<sup>7</sup> By 2001, UNICOR sales of goods and services to the U.S. Department of Defense (DOD) had climbed to \$388 million.<sup>8</sup>

In short, FPI's revenue depends heavily on sales to the U.S. military machine.<sup>9</sup> From aircraft cable and harness assemblies through helmets and night vision equipment to vests and body

armor, which incidentally can be purchased on line,<sup>10</sup> FPI under its UNICOR trade name supplies a variety of military hardware and services for U.S. imperial forces worldwide, all done by competitively-priced convict labor, who by the way must use at least 50 percent of their wages to pay court-ordered financial obligations.<sup>11</sup> Except for the U.S. military and the CIA, all U.S. federal agencies, unless granted a waiver by FPI itself, are required to purchase from FPI<sup>12</sup> provided that it can deliver the product or service in a timely manner at a competitive price. Helmets used by U.S. troops in combat situations are among the items on the mandatory procurement list.<sup>13</sup>

“You can trust us to do the right thing. As a Department of Justice component, UNICOR adheres to a strict code of ethics and incorporates only the highest standards of business practices,”<sup>14</sup> UNICOR assures prospective customers on its website. Regrettably, this did not turn out to be the case with 44,000 advanced combat helmets, which were part of a 600,000 item contract that fell under mandatory procurement. In 2007, DOD awarded the contract, which represented one half of the U.S. Army’s helmet requirements, on a non-competitive basis to ArmorSource LLC which subcontracted to FPI pursuant to a provision in U.S. government procurement regulations. In addition, FPI received another contract from the U.S. Marine Corps for 100,000 lightweight helmets, which represented all of that service’s needs.<sup>15</sup> Unfortunately, the helmets produced by FPI failed to pass first article quality assurance inspections, but not before 44,000 of the defective headgear was issued to U.S. troops stationed in Afghanistan.<sup>16</sup>

The expansion of FPI over the years is a result of the growth of U.S. federal prison populations, which have increased almost sevenfold from 1980 to 2005.<sup>17</sup> Since federal law requires offenders in prison to work, FPI has capitalized on this situation by expanding to accommodate the burgeoning inmate numbers. While some research indicates lower recidivism rates among ex-convicts who participated in FPI prison industry programs, the stark reality is that nearly half of those incarcerated return to prison within a year of being released.<sup>18</sup> The net result of this alarming statistic is that FPI has an almost guaranteed supply of slave-like workers at its disposal, giving it a huge competitive edge over virtually all small businesses when competing for the U.S. government’s business. Nevertheless, FPI insists that part of its mission, besides “keeping inmates constructively occupied” is to “minimize FPI’s impact on private business and labor.”<sup>19</sup>

Even members of the extended DOD family have long complained about FPI’s poor quality products, higher prices and chronically late deliveries. Testifying in 1996 before the U.S. House of Representatives, National Security Committee, Master Chief Petty Officer John Hagan, the most senior non-commissioned officer in the U.S. Navy, stated, “UNICOR’s product is inferior, costs more and takes longer to procure. UNICOR has, in my opinion, exploited their special status instead of making changes which would make them more efficient.” In a letter to Representative Van Hilleary, (R-Tenn), deputy commander of the Defense Logistics Agency Defense Personnel Support Center George Allen wrote in May 1996 that UNICOR’s prices averaged 13 percent higher than those of private sector firms.<sup>20</sup>

Besides gouging the DOD and endangering U.S. troops with defective goods, FPI is exposing its own inmate workers to toxic chemical waste as a result of working in its electronic recycling facilities. In March 2005, Leroy Smith, a prison safety manager at a UNICOR electronic

equipment recycling facility, blew the whistle on the laxity of the government-owned corporation's e-waste policies and procedures, which were resulting in the daily exposure of inmates to toxic materials. Referring to UNICOR's recycling plants as "toxic sweatshops," a 2006 report by the Center for Environmental Health quoted U.S. Special Counsel Scott Bloch as saying that "workers and inmates were exposed to hazardous materials without protection ... and the Bureau of Prisons and Federal Prison Industries did nothing to stop it, and indeed frustrated attempts to investigate the matter ... ." <sup>21</sup> The report charges that "UNICOR facilities repeatedly failed to provide proper recycling procedures to captive laborers and staff supervisors." <sup>22</sup>

The late Chief Justice Warren E. Burger said, "It makes no sense to put people in prison and not train them to do something constructive." <sup>23</sup> While agreeing in principle with his statement, I would disagree that the use of convicts to produce war material for the world's most destructive military power, or exposing them to daily doses of toxic chemicals is "something constructive." Rather than build bombs or body armor for DOD, it would be far better to employ these offenders in local communities on much-needed infrastructure and environmental projects. That would be truly constructive, not only for the individuals, but also for society as a whole.

## Endnotes

<sup>1</sup> "Factories with Fences: 75 years of changing lives," *Federal Prison Industries*, 2010, 20, accessed April 20, 2014, [http://www.unicor.gov/information/publications/pdfs/corporate/CATMC1101\\_C.pdf](http://www.unicor.gov/information/publications/pdfs/corporate/CATMC1101_C.pdf).

<sup>2</sup> "Factory Locations," *Federal Prison Industries*, 2014, accessed April 20, 2014, [http://www.unicor.gov/information/publications/pdfs/corporate/CATMC3816\\_C.pdf](http://www.unicor.gov/information/publications/pdfs/corporate/CATMC3816_C.pdf).

<sup>3</sup> Nathan James, "Federal Prison Industries," *Congressional Research Service*, July 13, 2007, 3, accessed April 20, 2014, <http://www.fas.org/sgp/crs/misc/RL32380.pdf>.

<sup>4</sup> "Factories with Fences: 75 years of changing lives," *ibid.*, 14.

<sup>5</sup> "Factories with Fences: 75 years of changing lives," *ibid.*, 17-20.

<sup>6</sup> "Factories with Fences: 75 years of changing lives," *ibid.*, 21.

<sup>7</sup> "Factories with Fences: 75 years of changing lives," *ibid.*, 21-24.

<sup>8</sup> David Bernstein, "The Use of Prison Labor: The Economic, Environmental, and Security Concerns," AnythingIT, Inc., 2013, 3, accessed April 20, 2014, [http://www.anythingit.com/pdfs/anythingit\\_prison\\_labor.pdf](http://www.anythingit.com/pdfs/anythingit_prison_labor.pdf).

<sup>9</sup> Anita Sarah Jackson, Aaron Shuman, Gopal Dayaneni, "Toxic Sweatshops: How UNICOR Prison Recycling Harms Workers, Communities, the Environment, and the Recycling Industry," Center for Environmental Health, Prison Activist Resource Center, Silicon Valley Toxics Coalition and Computer TakeBack Campaign, October 2006, 20, accessed April 21, 2014, <http://www.ceh.org/legacy/storage/documents/toxicsweatshops.pdf>.

<sup>10</sup> "Vests and Body Armor," Clothing and Textiles Business Group, UNICOR, no date, accessed April 20, 2014, [http://www.unicor.gov/shopping/ViewCat\\_m.asp?idCategory=560&iStore=CTG](http://www.unicor.gov/shopping/ViewCat_m.asp?idCategory=560&iStore=CTG).

<sup>11</sup> Nathan James, "Federal Prison Industries," *ibid.*, 3.

<sup>12</sup> Nathan James, "Federal Prison Industries," *ibid.*, 2.

<sup>13</sup> "Listing of Products and Services," *Federal Prison Industries*, no date, accessed April 20, 2014, [http://www.unicor.gov/prodservices/prod\\_dir\\_schedule/alphalist.asp#key](http://www.unicor.gov/prodservices/prod_dir_schedule/alphalist.asp#key).

<sup>14</sup> "Why Buy UNICOR?" *UNICOR*, no date, accessed April 20, 2014, [http://www.unicor.gov/about/faqs/top\\_ten/index.asp](http://www.unicor.gov/about/faqs/top_ten/index.asp).

<sup>15</sup> "Congressman Carney and Defective Military Helmets," *Stand for the Troops*, June 3, 2010, accessed April 20, 2014, <http://sftt.org/news/congressman-carney-and-defective-military-helmets/>.

<sup>16</sup> "44,000 Military Helmets Recalled," *Stand for the Troops*, May 27, 2010, accessed April 20, 2014, <http://sftt.org/news/44000-military-helmets-recalled/>.

<sup>17</sup> Nathan James, *ibid.*, 5.

<sup>18</sup> Nathan James, *ibid.*, 7.

<sup>19</sup> "Factories with Fences: 75 years of changing lives," *ibid.*, 4.

<sup>20</sup> David Bernstein, *ibid.*, 4.

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<sup>21</sup> Anita Sarah Jackson et al, 5, 11, accessed April 21, 2014,  
<http://www.ceh.org/legacy/storage/documents/toxicsweatshops.pdf>.

<sup>22</sup> Anita Sarah Jackson et al, 6.

<sup>23</sup> “Factories with Fences: 75 years of changing lives,” *ibid.*, 2.