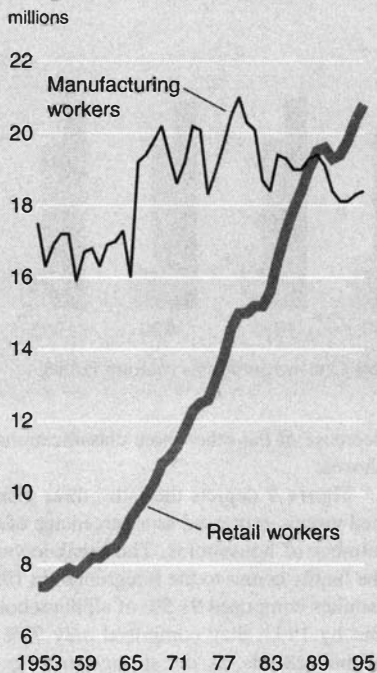


FIGURE 7
Retail employment
surges as manufacturing
employment declines



Moreover, if they worked three full-time retail jobs, they would earn less than the 88% share of median family income that a single manufacturing worker earned in 1950. So, for comparison, *it takes three full-time retail jobs today to earn less than what a single manufacturing worker earned, in 1950, relative to the annual median family income.*

Figure 7 shows the manufacturing and retail trade employment pattern for 1953 through 1995, which says quite a bit about the falling income levels of the population. In 1953, there were nearly two and one-half times the number of manufacturing workers as there were retail trade workers (17.5 million versus 7.4 million), a healthy ratio. But the post-industrial devolution of the economy produced a surge in the retail trade, such that, in 1995, there were 20.8 million retail workers versus 18.4 million manufacturing workers. (And of the 18.4 manufacturing workers in 1995, only 12.7 million were production operatives; the other 5.7 million were non-productive workers working in the industry.)

These 20.8 million retail workers constitute one out of every 6.5 workers in the U.S. labor force. Their average wage, at \$11,088 per year, is \$4,000 below the poverty line

New segment of U.S. workforce: prison labor

One of the fastest-growing sectors of the labor force is the 1.6 million Americans now incarcerated in our jails and prisons. The number of Americans in prison grew by 6.8% between 1994 and 1995 and has tripled since 1980. Americans are now incarcerated at the highest per-capita rate of any nation which reports reliable statistics. Russia is second.

In the 1996 Presidential primary season, the use of prison labor became a key issue when Sen. Phil Gramm (R-Tex.) told the National Rifle Association's annual convention, "I want to turn every federal prison in this country into a mini industrial park." Even Adolf Hitler was not so blatant in his use of prison labor for the Nazi war machine. A win by the Conservative Revolution in November 1996 would virtually guarantee the rapid expansion of this policy.

The National Institute of Justice, a part of the Office of Justice Programs under the U.S. Department of Justice, recently published a report titled "Work in American Prisons: Joint Ventures with the Private Sector," whose purpose is to promote the use of prison labor by the private sector. The report documents how, since 1979, when federal legislation was enacted to restore private sector involvement in prison industries, joint ventures between private sector industries and state and federal prisons have taken off.

While still a small percentage of the prison population, today almost 72,500 prisoners are working in publicly and privately run work programs, producing \$1.35 billion worth of goods and services annually. Prisoners are involved in everything from assembling electronic cables to taking reservations for TWA flights. Most states either have passed or are in the process of passing legislation to enable such joint ventures to be set up in their prisons.

The federal government has the largest such prison labor program, called Unicor, which was first established in

1934. Unicor, a private for-profit corporation, sells products made by inmates in most federal prisons to federal agencies, and subcontracts prison labor to companies such as defense contractors and subcontractors that get contracts from the government. Unicor inmates are paid between 23 cents and \$1.15 per hour, and up to 50% of that can be deducted for debts and restitution. Loud protests against the ongoing expansion of Unicor have been registered recently both by labor unions and small companies in the government-supply business, who cannot compete with Unicor's low labor costs.

State laws generally mandate that prisoners be paid minimum wage, but there are always loopholes through which states can ram a tank. For instance, in three prisons in Virginia, prisoners are working for a private company which sells furniture to non-profit organizations. Since the ultimate purchaser is non-profit, the minimum wage law doesn't apply, and the prisoners earn 60 cents an hour. Even those who receive the minimum wage generally actually get only at most one-half of their pay, the balance going to cover the cost of their incarceration, victim restitution, and payment of court fines. About 40% of a typical working inmate's incarceration costs are recovered from wages.

Prisoners don't have the right to strike, and any complaint can result in punishment or loss of job; thus, prison labor is just about ideal, from a cost-cutting point of view. There are no OSHA complaints, and the prisoners have to show up for work. In addition, as the National Institute of Justice report states, employing American prisoners has the advantage that the product can carry the "Made in America" label, while the ultimate cost of employing American prisoners is comparable to, if not lower than, employing cheap labor in such places as Mexico's maquiladoras.

—Marianna Wertz