

McGILL UNIVERSITY
A THEORETICAL ANALYSIS
OF THE IMPACT OF
PRIVATIZATION UPON
CORRECTIONS IN CANADA
FROM A CRITICAL PERSPECTIVE

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by

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ABSTRACT

Privatization of federal correctional services in Canada is extensive. It has gained considerable momentum since the present Conservative government came into power in 1984. Privatization has allowed the government to cut costs, but has not addressed the underlying issue: the high rate of delinquency. The author argues that, in the future, correctional services will not be purely private, but neither will they be wholly public. Correctional services and the operational aspects of corrections will involve a mix of the public and private sectors. Privatization will have its largest impact on concrete auxiliary services of the Correctional Service of Canada; to a lesser degree it will have an impact upon all or most post-release programmes. However, privatization should not affect penitentiaries that are classified as medium security and higher.

RÉSUMÉ

La privatisation des services fédéraux correctionnels du Canada est très répandue. Elle s'est propagée avec beaucoup de vitesse depuis l'entrée au pouvoir du gouvernement conservateur en 1984. La privatisation a permis au gouvernement de réduire les coûts, mais n'a pas fait face au problème sous-jacent qui est le haut niveau de délinquance. L'auteur considère que dans le futur les services correctionnels ne seront ni purement privés, ni totalement publics. Les services correctionnels et l'aspect opérationnel des services de correction incluent un mélange des secteurs public et privé. La privatisation aura un plus grand impact sur les services auxiliaires du Service correctionnel du Canada; à un degré moindre, elle aura un impact sur tous ou à peu près tous les programmes de réinsertion. Quoi qu'il en soit, la privatisation ne devrait pas affecter les pénitenciers classés au niveau sécuritaire médium ou plus élevé.

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I INTRODUCTION

The Mulroney government adopted privatization of government services as an election platform in 1984 as part of a commitment to reduce the federal deficit, and since its second mandate in 1988 privatization continues to be implemented. After the 1984 election, a policy of fiscal restraint was outlined and implementation begun with the 1985 Federal Budget where reductions were announced as "cuts" in federal spending.

The Nielsen Task Force was then established in September 1984 to review all areas of government expenditure, which therefore included a review of the justice system. The outcome of this study was that more responsibility for programme delivery was to be transferred to the provinces and that as far as possible services should be wholly or partly privatized.

"In this effort, the federal government would be joined not only by the provinces (which administer community-based sentences) but also the private sector, which holds the best hope for the many diverse and specialized programmes which are needed." (Justice System, a Study Team Report to the Task Force on Program Review, November 1985:288)

In relation to the justice system, then, the purpose of transferring responsibility to the provinces was to begin to eliminate the split that exists between federal and provincial responsibilities. Currently provincial institutions receive all those sentenced to two years less a day, while those individuals sentenced to two years or more serve their time in federal penitentiaries. Consequently there are two systems operating which serve the same purpose. Privatization will not necessarily eliminate this split because, simply put, privatization occurs whenever a contract is awarded to an agency to perform a service such as federal parole supervision. These contracts are awarded to agencies in the private sector that are non-profit (Earnshaw & Normandeau 1987). For-profit contracting does occur but is generally found only in auxiliary services such as garbage disposal or certain prison industries. Privatization of services is seen by the government as a very logical way to cut costs, although critics have contested this claim. When federal correctional services have been privatized such as is found in the province of Alberta, these federal services were transferred to the province. Although this was said to be privatization it was really more like an "exchange of service agreement". That is the service remained the responsibility of a government body and was not a contract awarded to the private sector. It could, in this instance, be termed provincialization.

This example illustrates two factors about the privatization thrust, that costs are transferred rather than eliminated, and the use of the term privatization often obscures actual practice.

The privatization of corrections quite clearly raises major questions about the future of the penal system. The questions most commonly asked are:

1. What will privatization really mean when applied to corrections?
2. What role does political economy play in the move toward privatization of corrections?
3. What are the implications of privatization both for Canadian society and for those individuals who are the clients of the correctional service?

It is the argument of this thesis that privatization occurs in a context of continuity. That is there has always been privatization in corrections; in fact historically, deviance was handled by private citizens. It could be said that privatization completes an evolutionary trend toward the dispersal of social control and involves state and non-state interests, many organizations and social forces. In

corrections, the term "privatization" is applied to everything from prison garbage collection to parole supervision contracts with non-state agencies (Ericson, McMahon, Evans, 1987).

Privatization of a service such as the Correctional Service of Canada is a logical step on the part of the Conservative government when one considers its' philosophical political platform. It appeals to the public because it promises cost-cutting and is apparently "less government". On the other hand there may be an inherent contradiction in the concept of privatization when it is applied to correctional services - that is if governments are not the organization mandated then where does their legal and political responsibility go? How will this "power" be delegated and subsequently monitored?

Two major criteria for judging the effectiveness of privatization are: how will the taxpayer benefit? And how will the client benefit? The current debate on the privatization of corrections simply stated - is that service activities typically performed by government agencies will be transferred through contract to the voluntary, non-profit, and commercial sectors in the belief that this will be less costly. However, the ongoing debate points out the fact that privatization is not simply a question of who can

do a job most efficiently. If pursued aggressively privatization is also likely to have a substantial impact on a) service delivery, b) the development of social policy in the area of justice and corrections, and, c) the nature and function of the voluntary/non-profit agencies themselves. These effects on clients, on policies and on systems will be examined separately. Furthermore resultant major changes could occur as well in the role of government and could bring into the criminal justice system a major interest group - commercial enterprise. Until now its influence has stayed well beyond the policy-making arena limited only to services such as garbage collection or food services. However, with proposed commercialization of half-way houses this will change.

The privatization of the Correctional Service of Canada has begun and it is simply a matter of time before it becomes more the norm than the exception. Therefore, an examination of the system is required to identify how the government, the voluntary/non-profit and the commercial sectors will adapt to one another to allow for the best possible services to the clients as well as complying with the dominant position of fiscal restraint. The question then becomes not how many different services the government will give up but rather which services the government will give up (Faidd 1985).

The growth of the welfare state in Canada has been encouraged in the belief that individual well-being should not depend completely on the market place, family connections or private resources. Canadian society has moved slowly towards a point where a decent standard of living is guaranteed for all. However, in the human services field a dismantling of many long-established programs has begun, thus reversing the trend to collective responsibility. Human services that are currently provided for by the government are now being entrusted either to private entrepreneurs or non-profit organizations. Privatization is the term used to describe this shift in the provision of social services. It is a policy that is designed to lessen the involvement of government in the delivery, regulation and funding of human services. It does so by encouraging much more responsibility on the part of community agencies and private enterprise. This responsibility could include profit taking where possible, but thus far in Canadian corrections the contracts for parole supervision are awarded to those agencies which are non-profit by nature. It is, however, possible that in the future, organizations whose main premise is profit will become involved in the delivery of human services. In the United States there are prisons that operate on a for-profit basis.

The term privatization is more often than not used in conjunction with the term restraint which clearly suggests a second motivation. Those who are strong advocates of privatization believe that high spending on the part of the government - particularly on social programmes - has been responsible for high levels of inflation and economic decline. They argue that high social service spending reduces government investment in other sectors of the economy and increases the tax burden. Therefore the blame for our economic problems becomes the responsibility, so to speak, of the disadvantaged groups of society.

Another motive for privatization is growing disillusionment with government: many believe governments are too large, too bureaucratic, too intrusive and too regulating. Therefore, some believe that in order to restore trust in government, the public sector must be dramatically shrunk. Further support for privatization is found among those who believe that free market competition is the key to ensuring that the best quality service is provided at the lowest possible cost. An example of this would be commercial day care centres where the availability of services has increased to middle and upper income groups.

Government spending is generally a reflection of political choices and the ensuing discussion around

restraint could be viewed as something that hides the necessity of looking at more structural reform within the system. Yet contradictions exist between the goals of human services and the profit orientation of market competition. To realize profit within human services given that human services are labour intensive means cuts at the expense of staff or salaries and training, which could lead to a deterioration in the quality of service. Therefore with fewer staff and resources available the clients of choice for non-profit or for-profit services would be those with the least amount of problems, leaving those with more problems to be dealt with by the diminished state system.

A contract approach to human service delivery could also generate patterns of inequality and patronage where "friends" of government may find it easier to obtain financial support. On the other hand, privatization could strengthen the non-profit sector - but it should not be used as a way for the government to ignore its responsibilities.

In summary, the Conservative government and those of a conservative free-enterprise bent in other parties, are determined to show Canadians that they can run the country effectively. However, their determination seems to stem from their wanting to stay in power as opposed to offering better services - in particular in the area of social

welfare programs. The general population, for the most part, looks solely at how it will affect their level of taxation and only subsequently at the delivery of services. Therefore if the government can show the people - albeit in a superficial manner that they have reduced taxes, then the concept of privatization and its application to corrections will go ahead with little protest.

Structure of the Thesis

In order to address the major research question: what impact will privatization have upon corrections in Canada, from a theoretical perspective?, this thesis examines the history of private sector involvement in corrections and looks at the correctional system as it is at the moment, that is the Correctional Service of Canada, the National Parole Board, the Secretariat, the Royal Canadian Mounted Police and the Canadian Security Intelligence Service. As well, the meaning of privatization, the political economy of privatization and finally, the implications for privatizing corrections are discussed.

II CORRECTIONS IN CANADA: AN OVERVIEW

i. HISTORY, including history of privatization of corrections

The diverse and contradictory nature of the underlying values and objectives of Canada's correctional system has evolved over time. The penitentiary was, so to speak, "invented" in Pennsylvania in 1818 and its objectives were to reform and punish those who were wrongdoers. Canada's first penitentiary opened sixteen years later with the same objectives and principles.

At that time it was argued that a prison should be an institution that promotes reformation through penitence. This was viewed as "moral treatment" which meant repentance and reflection would be achieved through strict isolation, silence, hard work and austere conditions. There were many who felt that although this method was expected to produce disciplined, religious, law-abiding and industrious citizens, it also broke their spirit and drove many inmates to madness. This system in Pennsylvania had the Quakers at its' helm and was referred to eventually as the "separate" system. (Solicitor General Canada Ministry Secretariat 1986)

Shortly after, in Auburn, New York, a different approach was adopted. This approach adhered to the same principles and objectives of the Pennsylvania or "separate" system; however, work was done in association with other inmates. This was referred to as the "congregate" system and forbade communication in any form. In fact, severe disciplinary measures were imposed if inmates were found communicating. The expectation of this approach was that the penitentiary would become self-sufficient as a result of communal work. What this led to was harsh and inhumane punishments as a result of specifying work as a goal of reform, given that communication inevitably occurred amongst inmates whilst working.

In 1835, the first Canadian penitentiary was opened in the village of Portsmouth (today's Kingston Penitentiary). This penitentiary was based upon the congregate system, which was becoming the most common North American model, although Quebec and most European countries had adopted the separate system. In the years that followed, Kingston, like Auburn, emphasized maximum employment of and profit from convict labour. The warden had absolute control, and eventually the cruelty of the punishments used to maintain order led to scandal and public inquiry: the Brown Commission of 1849. This emphasis on work continues today, although there have been many periods when there has been

little productive work to occupy the incarcerated work force. (Solicitor General Canada Ministry Secretariat 1986)

In the latter half of the 19th century, the Crofton or Irish system was given a certain prominence. As a result of previous work done at the Norfolk Island Penal Colony of Alexander Maconochie, Sir Walter Crofton introduced in the Irish prison system, a system of inmate grades, earned remission, gradual release, open institutions and parole. By the turn of the century, these reforms had, in part, been introduced to the Canadian system. These measures eventually led to an individualized approach to inmates but there was continued conflict as this infringed upon the concepts inherent in a highly regimented prison program. This contradiction and conflict remains today and is clearly seen in the extensive bureaucratization of our present system. That is, considerable time is spent on detail, on following the line of command and in writing somewhat redundant reports which take away from the real issue: the rehabilitation of delinquents.

In the years that followed what began to happen beginning with the Archambault Report in 1938,¹ a revised Penitentiary Act in 1939,² the Fauteux Committee in 1956³ and the Ouimet Committee in 1969,⁴ was a series of reforms in the federal system. That is, there was greater focus on

rehabilitation and some specific structural changes vis-a-vis the penitentiary system, i.e. an expanded and regionalized penitentiary system with different security levels. As well, the National Parole Board was created in 1958. (Solicitor General Canada Ministry Secretariat 1986)

However, what was becoming apparent was that the aim of rehabilitation was not something that was achieving any significant measure of success. What evolved from this was an opportunities model which held that one should provide the inmate with choices so that he/she might then make decisions based upon a broader knowledge/skill base. It was believed that rehabilitation could once again be considered if there was a clearer understanding of the limitations found both in the system and the rehabilitation model.

The involvement of the private sector in the field of criminal justice predates that of the public sector. In 1867 a group of church workers in Toronto established a Sunday School within the local jail. Thus a small group of dedicated people known after 1874 as the Prisoners Aid Association of Toronto soon recognized that more than spiritual help was needed. Consequently financial aid and help in finding employment soon became an integral part of their work. In 1892, the Prisoners Aid Association of Montreal was providing the same services in both English and

French. By the 1920s concern over the plight of prisoners was more prevalent and there was sufficient interest to establish groups in several more cities. The role of these groups was valued by the government of the day since these groups were the sole care givers to the prisoners and their families. When the government took greater responsibility for the welfare of offenders it began to establish similar and parallel services to those offered by the voluntary/private sector.

Although the government was thus involved in the care of offenders beyond their strict custody the privatization aspect of aftercare corrections expanded considerably after the Second World War. Its growth continued due to annual grants from the Department of Justice and by provincial governments, starting in 1953. These grants were given to aftercare agencies by the Remission Services for the supervision of offenders released under the "Ticket of Leave Act". Initially, supervision of persons conditionally released was assumed by the voluntary sector. However, not long after the implementation of the Parole Act in 1959, "the officials tended to stress the public servants responsibility for the parolee. The 'partnership' consequently began to show some signs of strain" (Report of Task Force on the Role of the Private Sector in Criminal Justice, 1977). By the early seventies the trend to have

the government take direct responsibility for the welfare of citizens through universal access to medical care and assistance programmes had also become a trend in the field of corrections. One objective of the Ministry of the Solicitor General in the early seventies was to share on a 50-50 basis parole supervision with the voluntary sector. This objective was never fully achieved, probably because Parliament adopted Mandatory Supervision in 1970¹ which supposedly created a class of more dangerous offenders that could only be supervised by officers of the government.

The current government policy of economic restraint means that all services must be reviewed to determine whether or not these services could be provided by the private sector at a lower cost. Privatization will take one of two forms: services previously rendered by government will be given up or that service will be contracted out. In summary then, the control of deviance has always involved a combination of state and non-state responsibility. At issue here is the nature and implications of state and non-state responsibilities for control at different historical junctures.

ii. SYSTEM AT PRESENT

The term "corrections" in this country covers a broad spectrum; it includes institutions, programs, services and activities. At any time during the course of a year there are approximately 12,800 inmates in federal institutions and a further 6,300 on some form of conditional release, that is parole or mandatory supervision. The following table shows average numbers over a period of five years.

TABLE 1
AVERAGE NUMBER OF OFFENDERS ON REGISTER*

	1982-83	1983-84	1984-85	1985-86	1986-87
INMATES	10,638	11,523	12,039	12,502	12,804
PAROLEES & MANDATORY SUPERVISION	5,276	5,762	5,895	6,092	6,294
TOTAL	15,914	17,285	17,934	18,594	19,098

* The average number of inmates on register at an institution includes those who may be living in the community on day parole, who are on temporary absence, or who may be hospitalized or unlawfully at large.

The average number of parolees and offenders released under Mandatory Supervision (M.S.) for the purposes of this table, does not include federal day parolees.

SOURCE: SOLICITOR GENERAL-ANNUAL REPORT 1986-87

There are sixty federal institutions run by 10,000 staff. As well, there are approximately 20,000 inmates in provincial institutions across the country with about 20% of them in custody on remand (i.e. sent back to custody for further inquiry regarding their legal status). Furthermore, the correctional systems in the provinces have at any time an additional 77,000 persons serving non-custodial dispositions, which include probation, provincial parole, community service orders, fine options, etc.

The complexity of this system is seen as being highly diverse, dispersed and segmented. It is a system that encompasses a wide range of participation and/or interest on the part of both public and professional groups.

Given the Canadian constitution, jurisdiction for the criminal justice system and many of its components is divided between federal, provincial and territorial governments. The Constitution Act (1867) established provincial jurisdiction over prisons and reformatories, and federal jurisdiction over penitentiaries. The most important difference between the provincial prisons and federal penitentiaries is the length of sentences that are served in them. Sentence lengths are determined by what is set forth in the Criminal Code (1953-54) and certain other federal statutes such as the Narcotic Control Act (1970),

which is a federal responsibility. However, these sentences are rendered by courts which are administered by provincial governments. Some latitude is exercised by judges in that there are minimum and maximum penalties set forth in the Criminal Code. It is, therefore, the length of sentence that determines in what system the individual will be incarcerated. Those sentenced to two years or more must serve their terms in a federal penitentiary and those with sentences of less than two years are sentenced to provincial institutions.

This general description does not, however, give an impression of the real diversity in corrections. There is an apparent lack of comprehensive co-ordination which results in a system that is segmented or "fractionated". Critics have said that the correctional system is not a system at all but only an array of disparate components. However, a system is not so much its actual internal organization but rather the interaction of its parts - its synergy; so that change anywhere in the system affects all the other parts and relationships between the different components.

In this sense, the correctional system is clearly "a system", in that the most common form of criticism is exactly that, when one component of the system changes, it

does not take into adequate consideration its impact on the other components of the system.

Privatization does and will continue to have a substantial impact on the system. Because the privatization of corrections, outside of auxiliary services, has focused on Community Residential Centres and non-residential aftercare it remains to be seen whether the criteria for the release of an inmate will be affected when it is known that his case will be handled by the private sector. For example if the National Parole Board were to restrict certain inmates' access to Community Residential Centres, insisting, for security reasons, that they do their day-parole in the government run institutions, Community Correctional Centres, then the inmates in question might have to wait longer in the penitentiary for the beds allotted to them.

In addition to the formal components which form the basic structures of the correctional service, a wide array of community groups and individuals is also involved in all levels of corrections. These include Citizens Advisory Committees, other advisory committees, volunteers in social, cultural and therapeutic programs, community members of the National Parole Board, volunteer probation officers, etc. These services represent private sector involvement, that is mainly non-remunerated.

Offenders are also provided with a wide range of services through such agencies as the John Howard Society, Elizabeth Fry Society, the Salvation Army, Seven Steps Society, Alcoholics Anonymous, etc. Furthermore, victims groups, the police, the judiciary and the legal profession often hold strong and diverse opinions that are sometimes conflicting vis-à-vis the direction corrections should be taking. Consequently, correctional programs that involve the community may reflect compromises between these very different points of view. For example, a social worker could be in a position of needing to mediate contradictions with a client; the client is encouraged to openly discuss his problems, while this same worker is mandated to issue a warrant for his/her arrest if necessary.

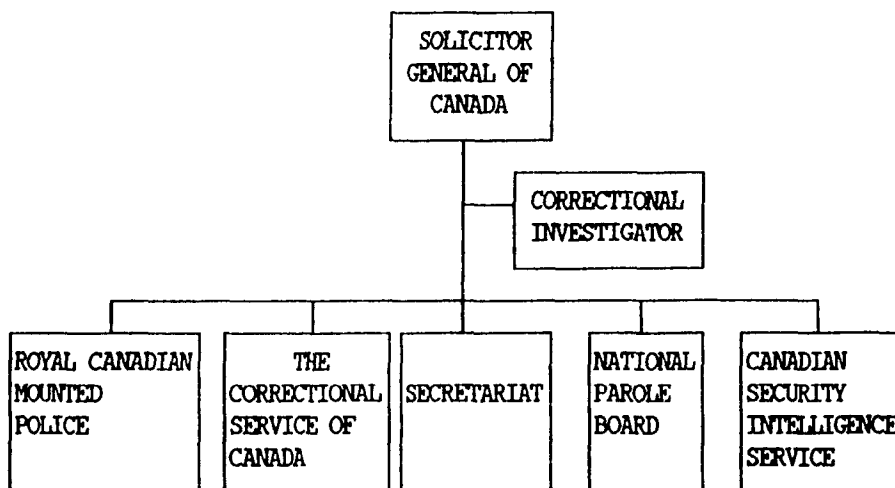
However, there are those who believe that it is this very existence of conflicting views and opinions that will help to form the building blocks necessary to erect a structure that will adequately come to terms with the use of coercive power on the part of the state, within the system and, to a lesser degree, outside of the system.

It is important to have a clear understanding of the complex and structural system that forms the underpinning of corrections in Canada. Under the direction and supervision of the Solicitor General, the Ministry of the Solicitor

General brings together the major operational elements of the federal government concerned with the administration of the criminal justice system.

As the following organigram shows, the four agencies which, together with the Secretariat, comprise the Ministry are the Royal Canadian Mounted Police, the Correctional Service of Canada, the National Parole Board and the Canadian Security Intelligence Service. Each agency reports independently to the Solicitor General; however, it is the Secretariat's primary role to coordinate the policy of the Ministry.

FIGURE 1

THE MINISTRY OF THE SOLICITOR GENERAL

SOURCE: SOLICITOR GENERAL ANNUAL REPORT 1986-87

The thrust of this thesis is to examine the impact of privatization upon corrections in Canada. Consequently this text touches only briefly upon the mandates of the Secretariat, the Royal Canadian Mounted Police, the National Parole Board and the Canadian Security Intelligence Service. However, there will be a more detailed description of the functions of the Correctional Service of Canada as this is where privatization has already been implemented. The Correctional Service of Canada is directly responsible for the implementation of privatization following the policy of the government in power, but the degree of privatization is decided upon by the Correctional Service of Canada.

1. MANDATE OF THE SECRETARIAT

The primary role of the secretariat of the Solicitor General's office is to develop and co-ordinate the policy of the Ministry. It is headed by the Deputy Solicitor General who, with the heads of the Royal Canadian Mounted Police, the Correctional Service of Canada, the National Parole Board and the Canadian Security Intelligence Service, participates in the Ministry's Senior Policy Advisory Committee.

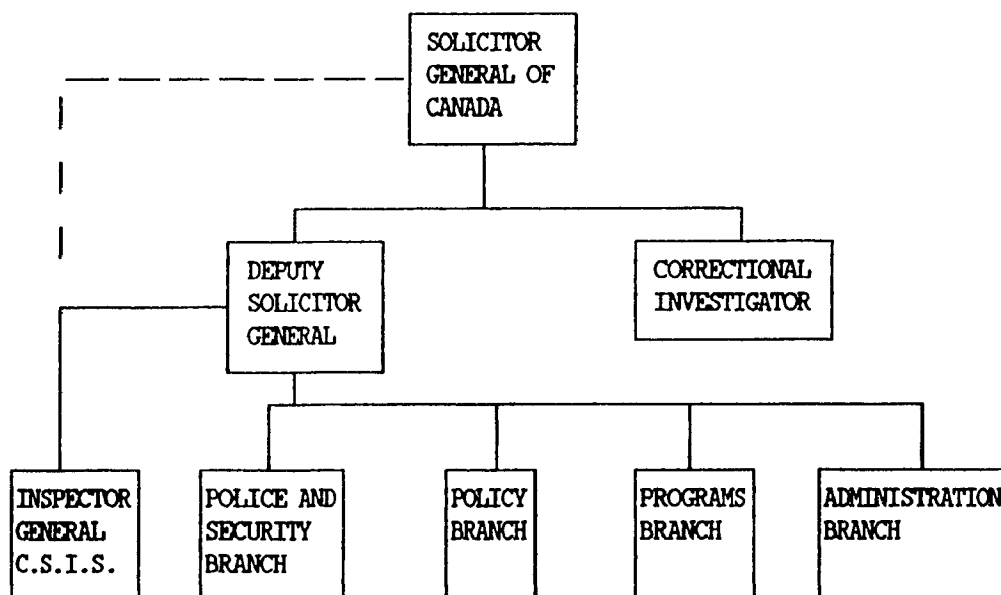
The Secretariat's policy responsibilities are focused in four main functional areas: the criminal justice system, corrections, police and security. From an organizational perspective, it has three operational divisions: Policy, Police, and Security and Programs, as well as an Administration Branch and a Corporate systems Office. During the 1986-87 fiscal year, the Secretariat employed 316 person-years and had expenditures of \$140.4 million. (Solicitor General Annual Report 1986-87)

The Secretariat does not initiate policy; it coordinates and passes on policies to the four other components that form the Ministry of the Solicitor General.

The following organigram (Figure 2) illustrates the components of the Secretariat in a comprehensive manner.

FIGURE 2

ORGANIZATION OF THE SECRETARIAT, 1986-87



SOURCE: SOLICITOR GENERAL ANNUAL REPORT 1986-87

2. MANDATE OF THE ROYAL CANADIAN MOUNTED POLICE

The Royal Canadian Mounted Police have a mandate to enforce Canadian laws, prevent crime and maintain peace, order and security. In all but two provinces, Ontario and Quebec, it is also the functional law enforcement agency. The policing is provided on a cost-shared basis.

To be more specific, the RCMP works to prevent and detect offenses against federal statutes; prevent and detect

crime and maintain law and order in provinces, territories and municipalities, under contract; improve police-community relations; investigate National Security offenses; and provide investigative and protective service to other federal departments and agencies.

Furthermore, the RCMP will assist on request all Canadian law enforcement agencies by providing services relating to specialized police training, forensic laboratory, identification and informatics technology. (Government of Canada, The Justice System 1985).

3. MANDATE OF CANADIAN SECURITY INTELLIGENCE SERVICE

On July 16, 1984, the CSIS Act was proclaimed which resulted in the transference of security intelligence responsibilities from the RCMP to the CSIS. The mandate, in short, is to collect, analyze and retain information and intelligence respecting activities that may, on reasonable grounds, be suspected of constituting threats to the security of Canada. In relation to such intelligence, the Service reports to and advises the Government of Canada. (Solicitor General Annual Report 1986-1987).

4. MANDATE OF THE NATIONAL PAROLE BOARD

The National Parole Board, an independent component of the Ministry of the Solicitor General, has absolute jurisdiction over decisions regarding the conditional release of federal inmates. As well, it makes the decisions on cases of inmates in provincial institutions in seven provinces without provincial boards (e.g. Manitoba, Saskatchewan, Alberta, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, and the Northwest Territories and the Yukon Territory). Provincial Boards exist in Quebec, Ontario and British Columbia. The National Parole Board also makes investigations and recommendations for pardons and for the exercise of the Royal Prerogative of Mercy. The powers of the NPB are derived from the Parole Act and its Regulations for parole matters, and from the Criminal Records Acts for matters of clemency. The other statutes that confer jurisdiction on the NPB are the Penitentiary Act for temporary absence, the Prisons and Reformatories Act and the Criminal Code of Canada.

In July 1986, Parliament adopted amendments to the Parole Act, authorizing the National Parole Board to detain until warrant expiry those offenders deemed to represent an immediate and serious risk to society, or to prescribe conditions on their release. This legislation also requires

the National Parole Board to automatically review the case of every offender serving a sentence of two years or more, at the eligibility date for day parole, to make a decision whether to grant day parole. As well, the Board considers a release on full parole effective on the inmate's full parole eligibility date in cases where the offender is serving a sentence of three years or less. Each case is individually considered on its merits and a decision is rendered only after a full and complete investigation in cooperation with the Correctional Service of Canada. The Board establishes the terms and conditions it will set for the protection of society. It has the power to revoke the release of any individual who has breached any of the conditions of parole.

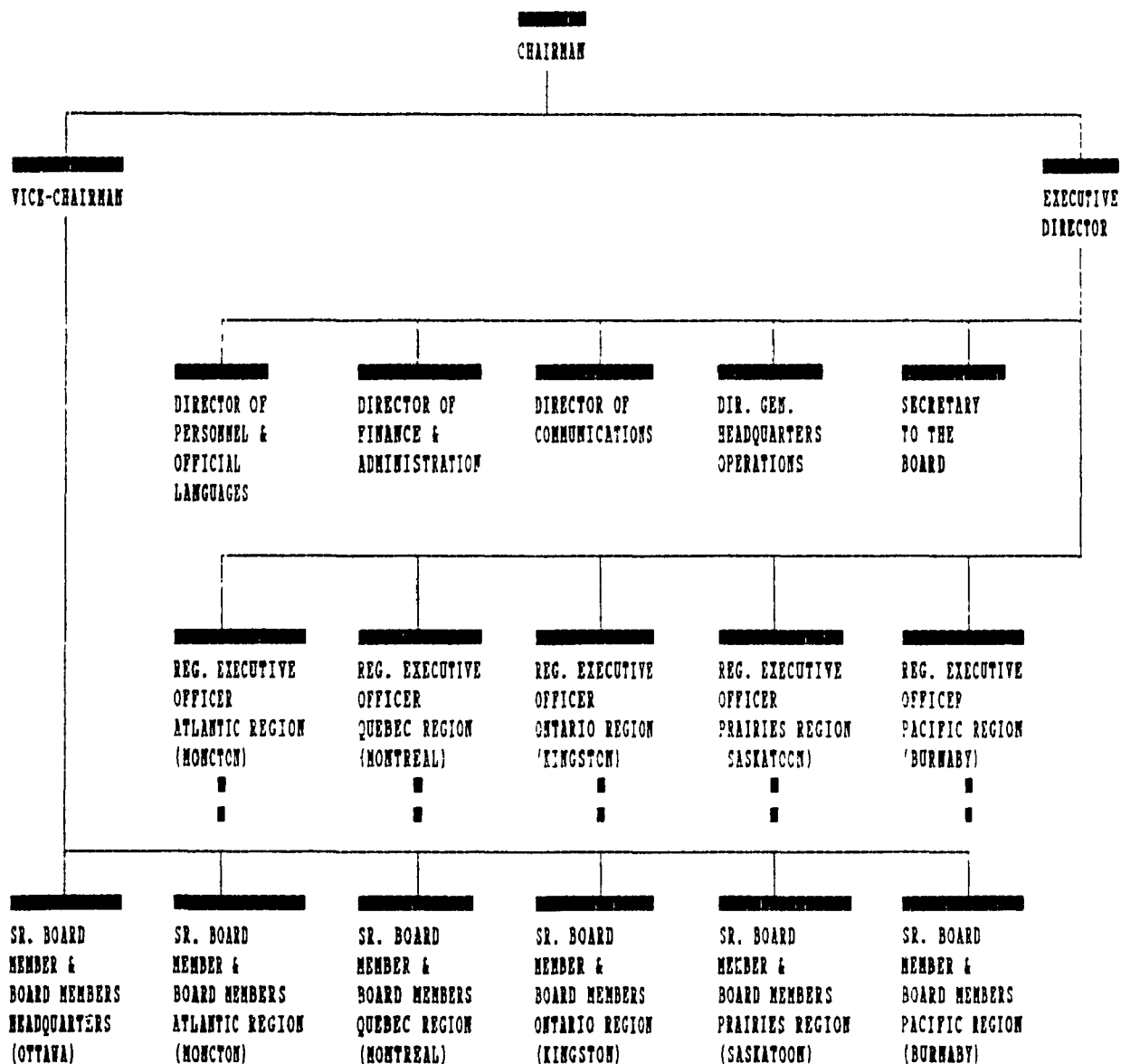
The terms and conditions are generally discussed at a parole hearing in consultation with the case management team - but they (the Board) still have the final word. A revocation generally occurs or does not occur following a "Special Report" submitted by the parole officer - but once again they have the final word.

During the 1986-87 fiscal year the expenditures of the National Parole Board were \$15,925,100, and 310 person-years were utilized, while the expenditures were \$14,783,000 and 318 person-years were utilized in the 1985-86 fiscal year. (Solicitor General Annual Report 1986-87)

The following organigram illustrates the organization of the National Parole Board.

Unlike the Correctional Service of Canada, to discussion of which we now turn, the National Parole Board is not an area of corrections that is likely to be privatized in this country.

FIGURE 3
ORGANIZATION OF THE NATIONAL
PAROLE BOARD 1986 - 87



SOURCE: SOLICITOR GENERAL ANNUAL REPORT 1986-87

5. MANDATE OF THE CORRECTIONAL SERVICE OF CANADA

The Correctional Service of Canada administers the sentences of the courts concerning offenders sentenced to two years or more (i.e. serving time in federal facilities) as well as the decisions of the National Parole Board, that is the post-release supervision of federal offenders in the community.

During the 1986-87 fiscal year, the Correctional Service of Canada utilized 10,548 person years. Budgetary expenditures for the year were \$759.1 million. Thus, of the services discussed in Figure 1 the CSC took 34.56% of the person years and 40.38% of the budget.

The following table illustrates total budgetary expenditures and person-year utilization for the past five years, as well as the percentage of increase or decrease.

TABLE 2
TOTAL BUDGETARY EXPENDITURES & PERSON-YEAR
UTILIZATION OF THE CORRECTIONAL SERVICE OF CANADA

	TOTAL BUDGETARY EXPENDITURES (in millions of \$)	% INCREASE OR DECREASE OF EXPENDITURES	PERSON-YEAR UTILIZATION	% INCREASE OR DECREASE OF PERSON -YEAR UTILIZATION
1982-83	555,827		9,958	
1983-84	651,919	+14.7%	10,233	+ 2.7%
1984-85	739,889	+11.9%	10,727	+ 4.6%
1985-86	729,689	- 1.3%	10,851	+ 1.1%
1986-87	759,083	+ 3.9%	10,548	- 2.8%

SOURCE: SOLICITOR GENERAL'S ANNUAL REPORT 1986-87.

Table 2 shows that the most substantial increase in expenditures (+14.7%) took place as the Mulroney government first came into power. However, once in power, there was a decrease in that the increase was only 11.9% which reflects their stance vis-à-vis government expenditures. This trend continued into 1985-86 and is reflected by a -1.3% drop in expenditures. The person-years utilization went up each year until 1985-86 although only slightly in 1985-86 (+1.1%). Then, in 1986-87 the increase of expenditures was 3.9% and there was a decrease in person-year utilization -2.8%; which could indicate higher salaries, amongst other things.

a) ORGANIZATION

The Correctional Service of Canada is organized at three levels of management: national, regional and institutional/district parole office.

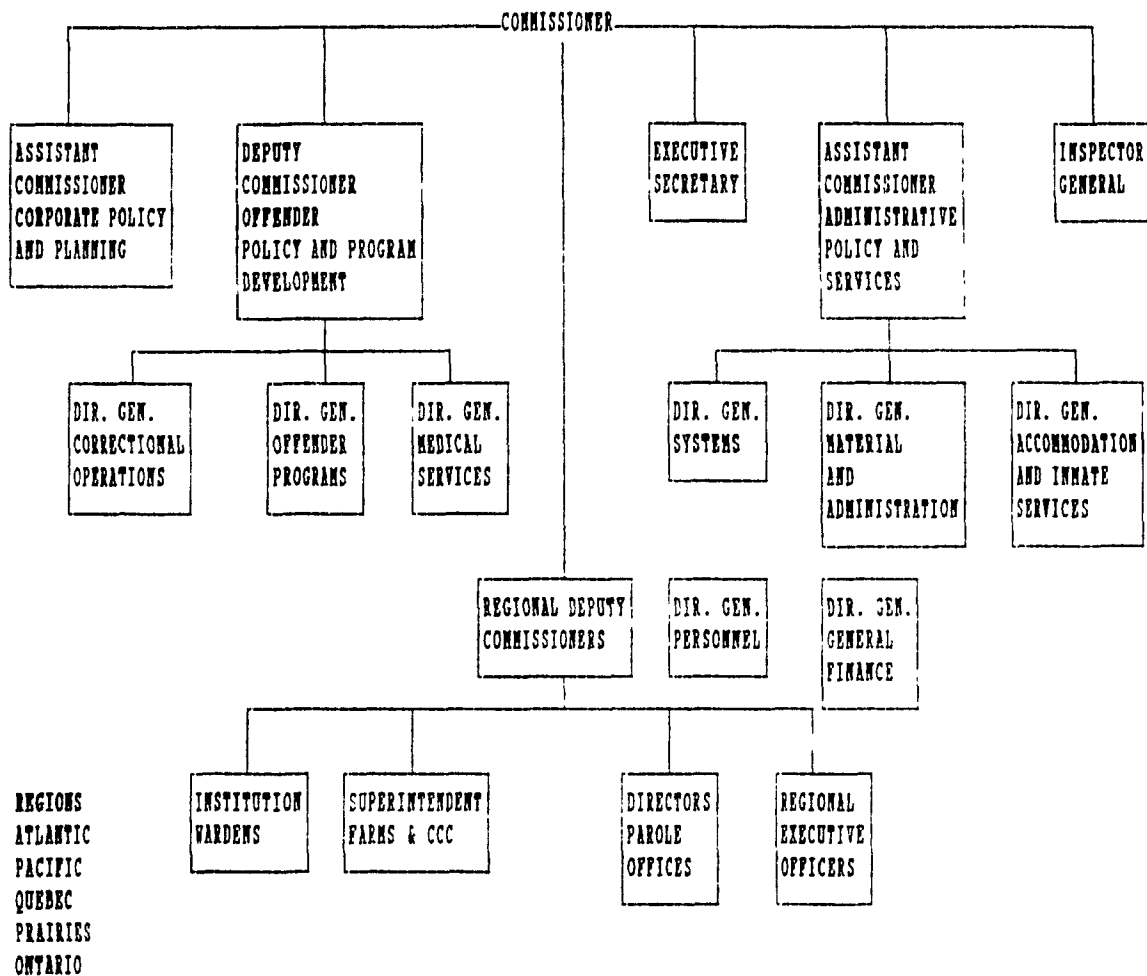
The National Headquarters, located in Ottawa, is responsible for programme implementation, policy development, national planning and monitoring, evaluation and audit of policy. There are five regional headquarters: Pacific Region - Abbotsford, British Columbia; Prairies Region - Saskatoon, Saskatchewan; Ontario Region - Kingston, Ontario; Quebec Region - Laval, Quebec; and Atlantic Region - Moncton, New Brunswick. The regional components are concerned primarily with the coordination of programme implementation and an effective use of resources in the operating units under their jurisdiction.

As of March 31, 1987, the programs of the Correctional Service of Canada were delivered through 44 institutions, 16 community correctional centres and 70 parole offices. Due to the widely dispersed offender population, service delivery is generally decentralized.

The organization of the Service is illustrated in the following organigram:

FIGURE 4

ORGANIZATION OF THE CORRECTIONAL SERVICE OF CANADA 1986-87



SOURCE: SOLICITOR GENERAL ANNUAL REPORT 1986-87

b) OBJECTIVES

The Correctional Service of Canada identifies seven activities that describe the organization from a functional perspective: Planning and Management; Administration; Custody of Inmates; Offender Case Management; Education, Training and Employment of Inmates; Health Care and Technical Services.⁶ In relation to our topic, privatization, it is likely that no effects will be felt in the objectives of Planning and Management, Administration, Custody; some in Case Management and most in Education, Training and Employment of Inmates, Health Care and Technical Services.

The Annual Report 1986-87 (Solicitor General) outlines in the section "Highlights of 1986-87" the increased involvement of the private sector.

The annual contract ceilings for Community Residential Centres increased from \$10.9 million in 1985-86 to \$15.4 million in 1986-87. Non-residential aftercare resources increased from \$2.0 million to \$2.6 million. Also, within the last year, the supervision of conditionally released offenders by private sector agencies and provincial authorities increased by 13 percent to 28 percent in 1986-87.

The objective most clearly linked to the increased involvement of the private sector is Offender Case Management. It is here that much of the impact of the

private sector is felt. Although there has been private sector involvement in these areas in the past (Exchange of Service Agreements) the figures indicate a recent substantial increase. This policy directive, that is the increase in Community Residential Centres contracts and the increase in non-residential aftercare, originates from the Commissioner and is passed on to the Regional Deputy Commissioners who in turn pass it on to the various agencies and organizations that perform these services in the private sector. These agencies then have a liaison officer in a district Parole Office who together with the director of that office is responsible for direct supervision. The preceding organigram (Figure 4) illustrates, in part, the manner in which this policy is implemented.

If the higher echelons of the CSC shown in Figure 4 are assumed, a closer look at expenditures may be obtained by function. Table 3 is included to illustrate how the total budget expenditures are represented within the organization of the Correctional Service Canada. The activities: Custody of Inmates, Offender Case Management, etc., are broken down in the same manner as the objectives that were noted previously. Costs are then further broken down under each activity as follows: personnel; transportation and communication; professional and special services; rental, repairs and utilities; and all other expenditures. The

total budget of the Correctional Service of Canada is \$759,083,000. Of this, \$657,484,000 was expended on operating expenses and \$101,599,000 on capital expenses. (Solicitor General Annual Report 1986-87)

As indicated earlier it is likely that substantial privatization inroads are most likely in the area of Offender Case Management and mostly in Education, Training and Employment of Inmates, Health Care and Technical Services. This means that 67.5% of the total budget may be under the privatization plan impetus, while to a lesser degree 32.5% may also be affected.

The following table (Table 3) summarizes all CSC expenditures and shows the percentages of the budget allotted to each of the seven activities; custody of inmates; offender case management; education, training and employment; health care, technical services; administration; and planning and management. Furthermore, the number of staff employed is indicated, as well as the percentage of staff employed in each activity.

Figure 4 shows the overall organization of CSC from a national perspective and Table 3 which is also from a national perspective, is done in such a manner as to indicate costs. The headings in Table 3 that refer to the

activities (Custody of Inmates, Offender Case Management, etc.) would be duplicated regionally, that is Atlantic, Pacific, Quebec, Prairies and Ontario as would the functions in Figure 4 shown as Institution Wardens, Superintendent Farms & CCC, Directors of Parole Offices and Regional Executive Officers.

TABLE 3
CSC EXPENDITURES BY FUNCTION 1986-87 (\$000)

	DIR.GEN CORRECTIONAL OPERATIONS <u>EXPENDITURES</u>	DIR.GEN OFFENDER PROGRAMS <u>EXPENDITURES</u>	DIR.GEN MEDICAL SERVICES <u>EXPENDITURES</u>	DIR.GEN MATERIAL & ADMINISTRATION <u>EXPENDITURES</u>	DIR.GEN SYSTEMS <u>EXPENDITURES</u>			
	CUSTODY OF INMATES <u>EXPENDITURES</u>	OFFENDER CASE MANAGEMENT <u>EXPENDITURES</u>	EDUCATION TRAINING AND EMPLOYMENT <u>EXPENDITURES</u>	HEALTH CARE <u>EXPENDITURES</u>	TECHNICAL SERVICES <u>EXPENDITURES</u>	ADMINIS- TRATION <u>EXPENDITURES</u>	PLANNING AND MANAGEMENT <u>EXPENDITURES</u>	PROGRAM TOTAL (\$000) <u>EXPENDITURES</u>
PERSONNEL	152,314	132,776	30,334	24,062	54,479	41,864	18,083	453,912
TRANSPORTATION & COMMUNICATION	570	3,472	1,371	182	712	9,930	2,353	18,590
PROFESSIONAL & SPECIAL SERVICES	578	44,423	13,325	17,379	3,735	6,759	3,767	89,966
RENTALS, REPAIRS & UTILITIES	598	2,268	13,107	2,091	57,064	3,776	659	79,563
CAPITAL	142	318	1,787	118	95,173	522	1,539	101,599
ALL OTHER EXPENDITURES	1	<u>2,069</u>	<u>12,346</u>	<u>29</u>	<u>12</u>	<u>665</u>	<u>331</u>	<u>15,453</u>
TOTAL EXPENDITURES	<u>154,203</u>	<u>185,326</u>	<u>72,270</u>	<u>43,861</u>	<u>211,175</u>	<u>63,516</u>	<u>28,732</u>	<u>759,083</u>
% OF BUDGET	20.3	24.4	9.5	5.8	27.8	8.4	3.8	
NUMBER OF STAFF EMPLOYED	3,540	3,072	656	540	1,317	1,076	347	10,548
% OF TOTAL STAFF	33.6	29.1	6.2	5.1	12.5	10.2	3.3	

SOURCE: SOLICITOR GENERAL ANNUAL REPORT 1986-87

What results from the above is that it is an exceedingly difficult task to set forth or articulate a philosophical statement that would truly reflect all of the components of this complex system.

Comparative Rates of Imprisonment

The total population of Canada is 25.7 million and total adult population is 18.7 million. In Canada, 2.2 million people have criminal records and there are 27,975 adults imprisoned in Canada on any given day. Canada's rate of imprisonment is 149 per 100,000 adult population which equates to 108 per 100,000 total population (Basic Facts about Corrections in Canada 1988). Canada ranks in the upper echelon of countries by rate of imprisonment, although only about a third the rate of the United States. The following table illustrates the imprisonment rate of some other countries.

TABLE 4
RATE OF IMPRISONMENT PER 100,000 OF TOTAL POPULATION

COUNTRY	RATE	COUNTRY	RATE
UNITED STATES	328.2	NEW ZEALAND	82.1
FIJI	154.1	AUSTRALIA	70.4
MALAYSIA	118.6	DENMARK	69
CANADA	108	SPAIN	66.5
AUSTRIA	102.5	ITALY	57.4
TURKEY	99.8	SWEDEN	57
UNITED KINGDOM	96	NORWAY	49.7
FRANCE	88.7	JAPAN	45.7
WEST GERMANY	84.2	NETHERLANDS	36
PORTUGAL	85		

SOURCE: BASIC FACTS ABOUT CORRECTIONS 1988

As well as 27,975 adults imprisoned, an additional 78,020 individuals are under some form of supervision; 69,755 on probation/parole (provincial) and 8265 (daily average) on either parole or mandatory supervision (federal). The average annual cost of supervising an offender on parole or mandatory supervision is \$6,580 (Basic Facts About Corrections in Canada 1988). Of the 27,975 adults imprisoned, 11,167 (average count) are incarcerated in federal correctional institutions where the average annual cost per inmate is \$42,695 (Solicitor General Annual Report 1986-87). If one examines the total annual

expenditures of the CSC (Table 3) it is clear that the political attractiveness of privatization is likely to continue, given Canada's continued high incarceration rate.

Some institutions, not necessarily those costing the most, are more liable to feel the effects of privatization. The Correctional Service of Canada is responsible for sixty penitentiaries. These institutions are classified as follows:

TABLE 5
CLASSIFICATION OF FEDERAL PENITENTIARIES

MAXIMUM SECURITY INSTITUTIONS	14
MEDIUM SECURITY INSTITUTIONS	16
MINIMUM SECURITY INSTITUTIONS	11
COMMUNITY CORRECTIONAL CENTRES	15
MEDICAL/REGIONAL PSYCHIATRIC CENTRES	3
PRISON FOR WOMEN (MAXIMUM SECURITY)	1
TOTAL	60

SOURCE: BASIC FACTS ABOUT CORRECTIONS IN CANADA 1988

The following table outlines the cost of maintaining offenders in these sixty institutions.

TABLE 6
COST OF MAINTAINING OFFENDERS

	AVERAGE POPULATION	TOTAL COSTS	1986-87 AVERAGE ANNUAL COST PER OFFENDER	1985-86 AVERAGE ANNUAL COST PER OFFENDER
MAXIMUM - MALE	3,384	\$190,558,670	\$56,312	\$49,015
MAXIMUM - FEMALE	124	7,076,293	57,067	57,450
MEDIUM	6,065	230,119,165	37,942	35,633
MINIMUM	640	20,368,436	31,826	29,651
FARM	520	20,181,829	38,811	36,848
C.C.C.	434	8,468,142	19,512	21,245
TOTAL COST AT INSTITUTION LEVEL	11,167	\$476,772,535	\$42,695*	\$39,202

*The average annual cost per inmate includes those costs associated with the running of the institution only and doesn't include parole-related costs, staff training or headquarter costs.

SOURCE: SOLICITOR GENERAL ANNUAL REPORT 1986-87

We note that costs per offender rose nearly 15% in Maximum Security Institutions and about 6% in Medium Security Institutions, the two categories of institutions which account for 88% of the total cost of maintaining offenders, with an overall increase of 9% between 1985 and 1987. Notwithstanding, privatization is most likely to occur in the three remaining categories.

ENDNOTES

1. Archambault, J. (Chairman). 1938 Report of the Royal Commission to Investigate the Penal System of Canada. Ottawa: King's Printer.
2. Passed by Parliament in 1939, not proclaimed in force until 1947.
3. Fauteux, G. (Chairman). 1956 Report of a Committee Appointed to Inquire Into the Principles & Procedures Followed in the Remission Service of the Department of Justice of Canada. Ottawa: Queen's Printer.
4. Ouimet, R. (Chairman). 1969 Report of the Canadian Committee on Corrections - Toward Unity: Criminal Justice & Corrections. Ottawa: Information Canada
5. Mandatory Supervision came into effect August 1, 1970 and it applied to only those individuals who were sentenced on or after August 1, 1970. (Briefing Book for members of the Standing Committee on Justice and Solicitor General, National Parole Board publication, Vol. 1, Nov. 1987).
6.
 - 1) Planning & Management:
 - Manage the service in a way that protects the public, meets the conditions of the sentences and allows opportunities to inmates for personal reformation;
 - Create an aware and supportive public;
 - Contribute to the further development of a just, effective and humane criminal justice system and minimize the cost necessary to achieve this.
 - 2) Administration:
 - To ensure that effective use is made of CSC resources by providing advice to management and by providing services in relation to planning, training, development, recruitment, job training, staff relations.
 - To ensure that effective use is made of CSC person-year resources.
 - 3) Custody of Inmates:
 - To ensure secure custody of inmates - to minimize the risk of harm being inflicted by

- inmates on the public, the staff, other inmates or themselves;
 - Recognize international standards of humane treatment.
- 4) Offender Case Management:
- To prepare offenders for their return to the community as useful citizens by providing counselling services and opportunities for social, emotional, physical and spiritual development and through community supervision of offenders on conditional release.
- 5) Education Training and Employment of Inmates:
- To prepare inmates for their return to the work environment by providing opportunities for employment and for academic and vocation training;
 - To ensure further that inmates make a maximum contribution to defraying the overall cost of their incarceration.
- 6) Health Care:
- To provide inmates with access to medical, dental and psychiatric treatment in keeping with current Canadian practices and standards.
- 7) Technical Services:
- To provide food and clothing and all other material requirements for inmates and staff, at acceptable quality and cost.
 - To provide institutional maintenance and cleaning, transport, telecommunication, fire protection, etc.
 - To design, construct and maintain buildings

(Solicitor General Annual Report 1986 - 87)

III PRIVATIZATION: THE APPLICATION

i. A DEFINITION

To understand how privatization will affect and apply to corrections one must begin by understanding how privatization works within the larger state framework.

Elements of the Social Security System

The main programmes of the state social security system, which comprise the so-called welfare state are: direct income transfers, benefits provided through health care, education and social services; and price subsidies, rent subsidies, and housing improvement grants. When the government plans include little mention of an increase of real resources for the welfare state then privatization is clearly intended to cater to an increasing proportion of welfare needs (LeGrand & Robinson, 1984).

A general definition of privatization is decreasing the activities of the state. The state's involvement in social and economic activity occurs in three ways:

1. provision - the state provides a particular commodity through owning and operating a specific

- institution and employing the relevant personnel;
2. subsidizing - the state uses public funds to lower a commodity's price below the market value;
 3. regulating - the state regulates the provision of the commodity and thus regulates its quality, quantity or its price. For example, in corrections the state provides the facilities and the staff, and the quality of the service is regulated through qualification requirements and inspections.

Kinds of Privatization

In general, the various kinds of privatization follow from the functions classified above, by a process of reduction of involvement:

1. a reduction in state provision, e.g. by contracting out food services in a penitentiary;
2. a reduction in state subsidy, e.g. by introducing charges for services rendered under medicare;
3. a reduction in state regulation, e.g. by easing rent controls (LeGrand & Robinson 1984)

What privatization would mean if pursued to its logical conclusion is that the state would be replaced by the

market, that is the relevant service would be undertaken by profit maximising entrepreneurs operating in a competitive unregulated market. As well, there might be replacement of one form of state activity by another, i.e. a reduction in state provision might be coupled with an increase in regulation of private providers; however deregulation might also occur. Finally the activities of organizations which are neither profit-maximising nor state enterprise such as charities, voluntary organizations and community groups would be encouraged.

Models of Private Sector Involvement in Corrections

In corrections there has been for some time extensive use of non-profit organizations in community corrections for adults. Agencies such as the John Howard Society, the Elizabeth Fry Society and the Salvation Army to mention just a few, typify the kind of organization that has had considerable involvement in community corrections in Canada. The aforementioned agencies provide the recently released individual with counselling, life skills programs, half-way houses if applicable, and counselling for family members. In general, involvement of the private for-profit sector in corrections has been less extensive and mostly limited to goods and services. As it applies to corrections the term privatization is used to describe both those activities of

profit making and of non-profit organizations that are paid for by public funds and are parallel to or a substitute for programs and services provided by government (Gandy, 1985).

Three models of private sector involvement in social welfare programmes identified by Kahn (1976) may be usefully applied to corrections. First, the "extension ladder" model means that private agencies provide services which are supplementary to those provided by government. These are usually provided by voluntary non-profit organizations; in corrections an example is the re-integration of offenders into the community through job search programmes, link-ups with community services that provide temporary housing, food banks etc., and family support programmes. Next the "parallel bars" model is where a private organization provides programs or services comparable to those provided by government. However in this case it is expected to be an innovator, a setter of standards, a monitor and an advocate - for example pre-release counselling, operation of half-way houses and supervision. Finally, the "public agent" model involves the direct channelling of public funds to the private sector through purchase of service or grants for programs, as for example to probation, parole, health, and psychological services to inmates in federal penitentiaries and those on pre-release and release programmes.

The first two models, extending government services and providing services similar to those provided by the government are not the core of the privatization debate. Rather it is the third model, that is services formerly provided by the state which may be problematic and subsequently contested. It is then this third model that is favoured by those who support the premise that it is desirable to encourage the public sector to use the private sector to achieve its goals. This model is also the one most commonly found in the privatization of corrections today.

In the provision of correctional services in North America there is a mixed economy: consequently correctional agencies do in fact use all three models. It is sometimes difficult to draw a precise line between public and private provision because this mixed economy tends to cloud important differences.

A service does not have to be totally controlled and administered by the private sector for (partial) privatization to be carried out. Privatization (sic) may be said to take place when responsibility for a service or a particular aspect of a service passes wholly or in part to the private sector and when market criteria, such as profit or ability to pay, are used to ration or distribute benefits and services (Walker 1984).

Walker here is referring to for-profit services but the same logic may be applied to non-profit provision of services.

When penal reform is discussed it is often at great length with little action taking place. The discussion is then further complicated by the addition of the privatization debate. However, it seems doubtful that privatization will improve the likelihood of penal reform occurring.

Simply put, the actual privatization of corrections, at the moment, is an escalation in the number of contracts being made available at the soft end of the continuum. That is from Kahn's analysis the "public agent" model, whereby public funds are channelled to the private sector through purchases of service or grants for parole, probation, health and psychological services.

On the other hand, changes in penal policy evolve in complex ways over long periods of time; therefore major changes do not occur quickly or simply. The privatization of corrections if viewed as a major policy change will then take some time to truly become established. A succinct statement that would apply to the privatization of corrections would be that it reproduces the contradictions of the political, economic and social conditions currently found in Canadian society.

In areas of human service delivery and control, which includes corrections, much of what is happening in the name of privatization may be a "publicization" of the voluntary sector. In fact this has been occurring in the penal system for some time. Publicizing or paying voluntary agencies from the public purse gives the impression that decentralizing the control of offenders in the form of community involvement moves them further away from the power of the state. However, since non-state agencies are in fact closely controlled through the mechanism of contracts and financial audits, their apparent independence from the state is more apparent than real (Ericson et al. 1987)

The debate over effects of privatization on corrections has come out in front in this decade because it is thought that privatization will remedy the deficiencies of the various forms of state intervention. The case for privatization then rests upon these supposed deficiencies.

The welfare state is said to create inefficiency because it is argued that state social services encourage a wasteful use of resources by both their suppliers and their consumers, and because the welfare state is supposed to damage the productive power of the economy, as resources will be wasted since the public sector lacks accountability. These points are all seen as contentious by defenders of

state social security systems: wastefulness, lack of accountability, and effects on productive capacity. The debate also opens to include other criteria such as equality and shifting the meaning of accountability toward social stewardship.

If it is acknowledged that the welfare state has not achieved equality this does not mean that privatization will. In fact it is likely that it would be worse because privatized systems usually recreate distributions of wealth that reflect market distributions of private income and wealth.

The welfare state could be seen as being illiberal or coercive in a number of different ways. A variety of services catering to individual preferences are not feasible; the funding of the welfare state's activities through taxation is coercive; those who receive welfare benefits must conform to certain regulations and conditions; and the welfare state creates a psychological dependence, therefore making it difficult for individuals to make their own choices. Conservatives are generally against state power as it is seen as a reduction in individual liberty. What is important here is the definition of liberty. When defined negatively there is a presumption that the activities of the state will reduce liberty. On the other

hand if defined positively such as the freedom to do what one wants and accomplish one's goals then the welfare state could be seen as increasing liberty.

However, the welfare state does encompass the principles of collective provision and finance that many find preferable to the individualistic behaviours that are so clearly part of the private market system. It is the welfare state that allows communal interest rather than self-interest to develop. Richard Titmuss in his book The Gift Relationship: From Human Blood to Social Policy (1970) sums it up rather well. He believes that the welfare state provides individuals with the opportunity to engage in acts for the 'common good' without any motive for personal gain. In relation to corrections what is seen as the 'common good' is itself contentious, and the application of the criteria of non-wastefulness, accountability and increase in productive capacity is the source of much debate: this will be discussed.

From a social perspective privatization and the relationship between the state and non-state agencies "is not cyclical or complementary but additive". Therefore, what is left is a discussion of doing the same thing but in different ways - that is will it be done "privately" or "publicly". There is little discussion regarding altering

the structures that lead to criminalization. Rushing into things will not solve the problem; a reflection on the history of progressive criminology shows that many good intentions have never been implemented due to a stronger thrust towards administrative convenience.

(Ericson et al. 1987)

ii. THE POLITICAL ECONOMY OF PRIVATIZATION

The privatization debate has relied on the deficiencies of the welfare state to move to the forefront regarding implementation, but thus far has not presented alternative policies to counteract these deficiencies. In fact some deficiencies may be exacerbated by the implementation of privatization.

The advantages of public social services could be described as follows: "they promote social purpose rather than individual self interest and social integration rather than individualistic differentiation" (Walker 1984). Collective control of social services through a government that has been democratically elected helps to stop the exploitation of those who are in need of services by those whose goal it is to maximize their profit rather than the social good. Collective services are able to distribute resources based on social need and not just narrow economic

priorities. In theory, public control can provide regulated, standardized and efficient services because it is not bound by the contradiction between the profit motive and meeting need. To simply publicly regulate private services would not be sufficient vis-a-vis meeting the interests of the population they are intended to serve.

Public social services can counteract consequences of the operation of capitalism by decreasing the inequalities found in the distribution of resources, status and power. The state is able to guarantee minimum incomes and standards of provision and as well it can ensure the application of some measure of distributional justice throughout society. Equality of resources is difficult to attain without public intervention in the form of social services.

Social services in general including corrections, have since their creation been provided by a range of both public and private institutions. Public and private welfare systems function in an inter-dependent manner. A policy change in one sector will always have an impact on the other and vice versa. To make a clear distinction between the two would be difficult because market mechanisms and assumptions are found in both systems. In the public sector, i.e. public housing, rent is charged and in the private sector,

i.e. a privately run home for the elderly, certain stateregulations must be adhered to.

The provision of social services could be better understood by viewing it as a continuum stretching from the public sector through private and voluntary provision to the informal sector. If the continuum has two polar extremes, one being wholly public services, collectively organized and financed and the other wholly privately run and funded; then between the two are the more common forms of service provision. These forms of service are predominantly public social services with some private provision and/or some market principles involved in the distribution of public welfare (Walker 1984).

In corrections, an example of services which are wholly public is the provision of security in a federal penitentiary. Common forms of service provision, such as parole supervision, are provided by both the private and public sector. That which is wholly private might be a half-way house such as the one operated by Exodus Link Corporation in Toronto which is run on a for-profit basis. (Stoffman 1988)

Benefits and services in the public sector are funded through general taxation, and their administration is based

on need or some other clearly stated criteria. On the other hand in the private sector benefits and services depend on the individual's ability to pay and can be administered according to the profit motive. Privatization is an attempt to shift the balance between public and private services; that is to move those services that were originally provided by the public sector to the private sector. Therefore, a new balance is created which will inevitably change the focus of the services currently found in the public sector, perhaps by retaining those closest to the state's power to punish and incarcerate and police as public functions, while moving activities less concerned with control towards the private sector on the continuum.

In social services privatization could be viewed as an inroad into the public sector and consist of a takeover, by the private sector, of certain specific areas, often those addressing the most easily ameliorated social problems.

Privatization begins to take place when the responsibility for a service or some part of a service passes wholly or partially to the private sector and when profit or the ability to pay are used as criteria to distribute services and/or benefits. The whole population is responsible directly or indirectly for the cost of providing benefits and services in the formal/public sector.

On the other hand in the informal/private sector the costs are more likely to be the responsibility of individuals and families in the form of user fees. This division is important because privatization is likely to widen social inequalities.

However, the incarcerated population or those on parole or mandatory supervision are in quite a different position. They are not able to choose between services; the state directs them towards a service and then subsidizes the costs if any. In doing so, an entrepreneur then sees if he can offer the service at a cost lower than the costs to the public sector.

In certain cases privatization has been carried through even though it was obvious it would be more expensive. The reason for this is that the Conservative federal government in this country is committed to reducing the size of the civil service and although the size of the civil service has been reduced, the costs have simply been transferred from one government budget to another, within the federal system. That is, in some instances a contract is awarded to the private sector, thereby reducing the size of the civil service to some extent - but the costs still have to be met, in this case the fee for the private contract.

There is an assumption that the private sector is more efficient than the public sector. The public sector is viewed as being a costly burden on the productive private sector. Probably one of the reasons privatization is viewed positively by many is that there is an assumption that the public sector is wasteful, inefficient and unproductive. Perhaps this is because economic objectives are seen as legitimate while social objectives must secure their rationale through their effect on economic policy. Therefore, social policy broadly speaking is restricted in its contribution to social development in that it can only contribute in areas that are founded on economic objectives. This clearly contributes to the maintenance of a division between the private and public sector. This is the case even though the private sector does receive funds in the form of subsidies and the public sector does charge for its services in certain situations.

Public social services are considered an expenditure, that is statistically, there is no gain just costs. Therefore the more spent on public services the less economic growth - hence by this definition the public sector is unproductive.

The main interest of privatization is narrow economic efficiency in a neoclassical economic sense, and when

economic efficiency is pursued the consequences for social equity can be serious. Economic efficiency occurs "when the value of what is produced by any set of resources exceeds as much as possible the value of resources". On the other hand, social equity "is concerned with the impact of policy changes on the distribution of resources, status and power between different groups in society" (Walker 1984).

Privatization is simply another word for 'cuts' in the budget allotted to the social services. If and when public social services are privatized there will be those in society who will be able to purchase services while those who cannot will have to rely on a small public sector. Furthermore it is not certain that the private sector can provide the same coverage and quality as the public sector. Consequently privatization may not necessarily mean improvement in terms of quality or quantity of service vis-a-vis the clients/recipients. Individual clients of corrections are unlikely to want to buy services so the effective client of privatization is the general public, interested in protection and lowered costs. Yet it is unclear that for-profit services will achieve either enhanced protection or a reduction in the cost of providing services.

The privatization of corrections is for the most part a way to reduce the size and influence of the civil service. During the last decade this has occurred through an expansion of formal control options in community corrections without an expansion of the civil service to do the extra work. Non-state agencies that contract to do, for example, parole supervision are "able to pay lower wages, offer fewer benefits and turn over staff without bothering with the employment security accorded to civil servants". Getting more for less is generally at someone else's expense, both in terms of those who are employed in the system and the recipients (Ericson et al. 1987).

The state maintains its legitimacy, in part, through its operation of the penal system. That is the state is responsible for the protection of society. Therefore when individuals are incarcerated because they came into conflict with the law, the state is legitimizing itself by protecting society from those individuals. Consequently, the private sector is unlikely to displace the state in this function. Taylor (1983) argued that the real meaning of the "minimum state" is the "minimum welfare state", and when non-state agencies are involved in penalizing this helps to extend the legitimacy of the state. Community programs run by the state are often seen as totalitarian whereas they appear much less so when operated and managed by responsible

citizens. Consequently non-state involvement on the part of an agency allows the government to affirm its legitimacy and at the same time to displace certain problems on to the non-state agency.

Contradictions in modern liberalism are here apparent. On the one hand, when funding non-profit agencies, the state continues in the position of the protective parent in relation to society or law enforcer, whilst on the other hand the state also leans towards providing society's self-regulating autonomy.

When a contract is awarded in the private sector, included in the mandate is acceptance of the responsibility for those individuals for whose supervision the agency is being paid. When an incident occurs that is given negative media attention, the blame is then attached not to the government which had awarded the contract but to the private sector contractees. This shows the ideological power of the notion of privatization but also its contradictory flaw: incidents that bring negative attention might equally occur when the responsibility lies totally in the hands of the government. However, the blame aroused raises demand for tighter controls on parolees, a naive and uninformed notion.

A belief has been created that the private sector can operate the penal system in a more effective manner than the public sector, but there are no research studies to support this claim (Ericson et al. 1987). In the event that such studies had been undertaken, it would be particularly difficult to assess success or failure given the nature of the subject. The goals of penal reform are vague and perhaps impossible to specify. As a result of this, those who advocate privatization can only argue efficiency from the point of view of the cost vs. the numbers served.

Ericson cites the report of John Gandy in which a survey of American correctional administrators examined the benefits of contracting for services. This study indicated that what was most important was cost savings and a more economical use of resources. This was twice as important as improvement in the quality of services (Ericson et al. 1987).

Criminologists estimate that the rate of recidivism is 80% and perhaps goals are kept vague because of this high rate, in that all efforts only "control" 20% of crime. Therefore, it becomes harder to justify expenses leading to the rehabilitation of that 20% and is intended to mystify the goals and auspices of parole. Meanwhile the apparent cost-saving makes good politics.

IV IMPLICATIONS FOR CORRECTIONS

Privatization is not simply a formula that can be used to remedy the obvious economic problems faced by the government - rather it is a method that must be carefully analysed when applying it to the correctional milieu. "A wide variety of economic arrangements and re-arrangements affecting the distribution of goods-production and service delivery responsibilities between the public sector and the private sector" (Brakel: 1988, p.1) describes the concept of privatization. Drawing the line between public sector policy and private sector interests is complicated because the whole idea is ideological and the implementation of privatization has a base in the political philosophy of what and how much the government should do.

Economic factors and escalating fiscal crises have forced governments to closely examine their policy options when making the necessary provision of public services. The traditional government response to crises of this nature is to implement efficiency drives, institute waste reduction drives, eliminate unnecessary programmes and to freeze budgets.

Privatization is not a new phenomenon but it is presently seen as one of the few policy alternatives for a

government that wishes to expand. Under Margaret Thatcher's Conservative government in Britain it has been used extensively, where many national enterprises have been dismantled and in the United States where a historic trend toward minimal government involvement in the provision of services has been greatly augmented, under the Republican President Ronald Reagan.

The debate over privatization creates a definite rift, ideologically. What is more important is to develop objective methods to indicate when privatization is a valid policy option and when it is not. If it is acknowledged that privatization has its limits, which many of its proponents would recognize; then the public sector provision of services may be indicated when the following factors are present:

- when the competition is scarce;
- when the area to be privatized requires specific knowledge that will give one supplier an advantage;
- and when there are moral implications that make certain transactions inappropriate.

Proponents of privatization would argue, on the other hand, that the private sector has the advantage, as the production costs are said to be lower and there is greater efficiency

and responsiveness to the control of costs. Furthermore they believe that the private sector affords more flexibility and more innovative ideas.

The advantages on both sides are fiercely debated as there is little documentation that clearly shows the advantages for or against when service implications such as accountability, influence on public policy, quality of service, equity of access and of treatment and cost effectiveness are considered. Furthermore, one must differentiate between those agencies whose main premise is "profit" and those whose is "not-for-profit" because privatization, loosely defined, can mean both.

The following grid was devised by the John Howard Society of Ontario and presented in a position paper entitled "Privatization and Commercialization of Correctional Services" Draft #5, September 22, 1986. These attributes were developed by the Social Planning Council of Metropolitan Toronto (October 1984) in their document "Caring for Profit: Commercialization of Human Services in Ontario".

FIGURE 5

SYSTEM COMPOSITION AND SERVICE IMPLICATIONS

	A GOVERNMENT MONOPOLY	B MIX OF GOVERNMENT & PRIVATE NON-PROFIT	C MIX OF GOVERNMENT NON-PROFIT & FOR-PROFIT	D SYSTEM DOMINATED BY FOR-PROFIT SECTOR
i ACCOUNTABILITY	LOW - FEW CONSTRAINTS ON THE ACTIONS OF A MONO- POLY; LITTLE INPUT FROM COMMUNITY OR SERVICE USER	ACCOUNTABILITY THROUGH THE CONTRACT PROCESS; GREATER COMMUNITY AND SERVICE USER INPUT	ALSO ACCOUNTABILITY THROUGH THE CONTRACT PROCESS	PRIVATE MONOPOLY LEADS TO POWER WITHOUT RESPONSIBILITY
ii INFLUENCE ON PUBLIC POLICY	PREPONDERANT INFLUENCE OF BUREAUCRATS; COMMUNITY GROUPS PLAY ADVOCATE ROLE BUT OFTEN LACK INSIDE INFORMATION AND MONEY	COMMUNITY GROUPS HAVE A "WINDOW" & MORE SECURE FINANCING; BUT MAY BE COOPTED - FEAR OF LOSING FUNDS	PROFIT & NON-PROFIT COMPETE TO INFLUENCE POLICY; ENERGIES DIRECTED TO LOBBYING	PRIVATE GROUPS WIELD GREAT INFLUENCE - THROUGH INFORMATION AND RESOURCES. EVEN UNDER REGULATION
iii QUALITY OF SERVICE	MIXED - NO WATCHDOGS TO ENSURE QUALITY; BUT NO BRAIN DRAIN TO PRIVATE SECTOR; LACK OF INCEN- TIVE TO INNOVATE	INFLOW OF REFORMIST, COMMUNITY-BASED ALTERNATIVES; GREATER CHOICE	CHOICE AND COMPETITION; COST COMPETITION MAY HURT QUALITY (CUT CORNERS TO STAY UNDER BUDGET)	UNEVEN - LACK OF CHECKS ON PRIVATE SECTOR, WHICH MAY CUT SERVICES TO WEALTHY PROFITS
iv EQUITY OF ACCESS & OF TREATMENT	MIXED - DEPENDS ON WHETHER UNIVERSALITY IS PRACTICED; MONOPOLY CAN LEAD TO ARBITRARY USE OF DISCRETIONARY POWERS	ALSO DEPENDS ON PRES- SURE TO ENFORCE UNIVER- SALITY; THIS PRESSURE MAY BE MORE EFFECTIVE IN MIXED SYSTEM	NEED TO CUT COSTS MAY LEAD TO UNWILLINGNESS TO "REAT DIFFICULT" CASES AND THEREFORE CAUSE INEQUITY	UNEVEN - DANGER OF "CREAMSKEINING", i.e. ONLY SERVICES WHICH ARE PROFITABLE ARE PROVIDED
v COST EFFECTIVENESS	LOW - BUREAUCRATS ARE REWARDED ON THE BASIS OF SIZE OF THEIR EMPIRE; NO INCENTIVE TO CONTROL COSTS	BETTER - COSTS OF NON- PROFIT SECTOR ARE LOWER AND LESS FIXED, IN PART BECAUSE OF LOWER WAGES & LACK OF UNIONIZATION	COMPETITION SHOULD CUT OPERATING COSTS, BUT COST OF ADMINISTRATION/ REGULATION LIKELY TO RISE	COSTS SHOULD FALL, PROBABLY AT EXPENSE OF WORKERS & CLIENTS PROGRAMS LIKELY TO BE JUDGED MAINLY ON COST

SOURCE: JOHN HOWARD SOCIETY OF ONTARIO - SEPTEMBER 22, 1986

This grid schematically sets out some contrasting effects for each of the four models and will give a framework within which to discuss the implications of increased privatization.

At the moment areas of the Correctional Service of Canada such as construction, canteen - commissary services, food, laundry and maintenance are areas where private for-profit contracts have been awarded. These private for-profit contracts are all directed towards material services, not human services; where the primary consideration is cost efficiency and the physical enhancement of the care and custody of inmates. These contracts are awarded through competitive bidding. The principle here is to split off concrete encapsulable sections of the service rather than privatize a large mandate or function, such as crime and punishment. On the other hand, non-competitive contracts are awarded to the non-profit sector for community programs whose primary goals are rehabilitation, training, community supervision (parole and mandatory supervision) and reconciliation (Gandy 1985, p. 124-125). It remains true that the institutional custody of inmates is the direct responsibility of the Correctional Service of Canada, although as mentioned above, certain services within the carceral milieu are provided for by the private sector (food, laundry, maintenance, etc.).

Given the current situation in corrections in Canada what in fact is occurring is found in the model in B., MIX OF GOVERNMENT & PRIVATE NON-PROFIT. A common assumption is that the model A., GOVERNMENT MONOPOLY is the way

correctional services in Canada are now managed and this is incorrect. In fact there has never really been a true government monopoly as there has always been some involvement on the part of the private sector; Exchange of Service Agreements have been in place for some time. The first Exchange of Service Agreements occurred in Newfoundland in 1949 and were the responsibility of the Ministry Secretariat, as were those that were established in the rest of Canada in the late fifties and early sixties. In 1986, the Correctional Service of Canada assumed the responsibility and authority for all Exchange of Service Agreements.

However, as the movement toward privatization moves to the forefront what begins to occur is found in the model in C., MIX OF GOVERNMENT, NON-PROFIT & FOR PROFIT. It is unlikely that the conditions described in the model D., SYSTEM DOMINATED BY FOR-PROFIT SECTOR will occur. Although there may be certain areas where for-profit will become the norm, this model will not dominate, given the history of the welfare state in Canada.

It is the opinion of this writer that even if the general objectives of the welfare state in Canada diminish, the custodial aspect of incarceration will remain in the

hands of the government, particularly in terms of medium, maximum and special handling institutions.

In summary, the preceding grid offers four models:

A. GOVERNMENT MONOPOLY, B. MIX OF GOVERNMENT & PRIVATE NON-PROFIT, C. MIX OF GOVERNMENT, NON-PROFIT & FOR PROFIT, and D. SYSTEM DOMINATED BY FOR-PROFIT SECTOR. These models are used to simply show how the influence of privatization applies to corrections on a scale so to speak, beginning with no influence, moving to some influence and ending with complete domination. As described above, the logical and most effective manner for privatization to occur is found when both the government and the private sector complement one another so as to provide the best possible solution from both an economic perspective and a human needs perspective.

This can best be described through an examination of how the five attributes: i. ACCOUNTABILITY, ii. INFLUENCE ON PUBLIC POLICY, iii. QUALITY OF SERVICE, iv. EQUITY OF ACCESS & OF TREATMENT and v. COST EFFECTIVENESS relate to the two models: B. MIX OF GOVERNMENT & PRIVATE NON-PROFIT and C. MIX OF GOVERNMENT, NON-PROFIT & FOR-PROFIT.

i. ACCOUNTABILITY

It is likely that the level of accountability may rise when the system composition is model C. MIX OF GOVERNMENT, NON-PROFIT & FOR PROFIT, simply because cancelling a contract with a for-profit firm for non-compliance is a straight forward task that occurs regularly in the business world. The level of accountability on the part of the government probably remains constant although it could increase slightly due to the competition from both the non-profit and for-profit sectors. The government in this discussion refers to the Correctional Service of Canada, while the non-profit, for example refers to a community-based organization that supervises conditional releases. For-profit, for example, refers to a firm responsible for laundry services within an institution.

If accountability increases when the services provided by the government, in this case the Correctional Service of Canada, are complemented by services provided by both profit and non-profit organizations, then it follows suit that an increase in accountability also occurs when the model B. MIX OF GOVERNMENT & PRIVATE NON-PROFIT is in place. Furthermore, another level of accountability is found in the case of non-profit organizations in that they are also responsible to their boards of directors. It can be argued

that penalties could occur within government services for non-compliance but these penalties would not be as stringent because large government bureaucracies allow a greater margin for error due in part to their size and the protection afforded by unionization.

Therefore, it could be said that accountability improves when there is a mix of government and non-profit services, because accountability in these instances is much more direct and specific than the broad accountability found through the election of a political party on overall performance and future goals, which is what occurs when a model A. GOVERNMENT MONOPOLY is in place.

The level of accountability drops considerably when the model D. SYSTEM DOMINATED BY FOR PROFIT SECTOR is the dominant system composition because much of the power that they have is without significant responsibility. That is, although they are responsible for their actions they are not as accountable to the community as are combinations of types found in the other system compositions (models).

ii. INFLUENCE ON PUBLIC POLICY

The policies that influence and directly affect the correctional milieu are drawn up in such a way that

significant change is unlikely to occur. Sometimes policies appear to change, which usually occurs in response to some crisis that has received media attention, such as escapes or serious crimes committed by an individual on a form of conditional release. These changes, when they do occur, are usually out of context and do not always reflect the overall needs of the system when putting a new or changed policy into practice.

Model B., MIX OF GOVERNMENT & PRIVATE NON-PROFIT affords the community-based agencies an outside view of how policies are acted upon and put into practice. These community based (non-profit) agencies have some level of secure financing once a contract is signed; however, these non-profit agencies are often coopted as they fear loss of funding. That is, when a contract is awarded to a private-sector agency the conditions may often not be in keeping with the general philosophy of that agency, but the livelihood of the agency is directly threatened if the contract is not signed. Consequently many contracts are signed either under duress or under protest and this applies to charitable non-profit agencies which have long been in the field, such as Elizabeth Fry Societies and John Howard Societies.

When Model C., MIX OF GOVERNMENT, PRIVATE NON-PROFIT and FOR-PROFIT is applicable there is competition between the two non-governmental sectors to attempt to influence policy, which in turn allows energies to be diverted to lobbying and therefore away from the actual provision of service to the designated population.

When Model A. GOVERNMENT MONOPOLY is used exclusively to manage and operate correctional services then its' impact on public policy is not from a broad perspective because there is a preponderant influence of bureaucrats. In this instance there are community groups who may take an interest in policy formulation and its implications, but these groups lack sufficient funding and inside information to present their case effectively. On the other hand if the system were dominated by the Model D. SYSTEM DOMINATED BY FOR PROFIT SECTOR they could have considerable influence due to their access to both information and resources. In both these instances, Model A. and Model D., the approach is narrow; one is over-bureaucratized and the other is motivated by profit. Those in favour of either one of these models would argue in the first instance that a representative democracy can control bureaucracies, and in the second instance that in this era of economic restraint, human services can only be afforded if profit is involved. However given that, in this second instance, their motive is

for profit, then the influence they would have on public policy could easily be one-sided with little concern for its effect on the client. Under these circumstances the client is now in a position where concern is minimal and where it is unlikely that he will be allowed to voice his concerns.

iii. QUALITY OF SERVICE

The level of the quality of service when the Model A. GOVERNMENT MONOPOLY is the system composition, is mixed, as there is not an outstanding body that ensures quality. Furthermore there is little incentive to innovate. On the other hand when the system composition is model B. MIX OF GOVERNMENT AND PRIVATE NON-PROFIT there is a greater choice available when rendering a service simply because the community-based organizations (private non-profit) increase the options to those availing themselves of a service.

These services, for the most part are found in agencies that supervise conditional releases. Clients, that is those inmates who are eligible for early release, can request that their period of day-parole take place in a private half-way house or that their supervision whilst under mandatory supervision or parole be conducted by a specific community-based agency. These individuals are often known to the agency prior to their release date. Sometimes parole board

and/or case-management teams recommend that certain individuals become the responsibility of the private sector because of this prior knowledge and/or because of a specialized programme within the specific agency. As well, when there are cut-backs in government spending and therefore job-cuts, a number of individuals may be transferred to the private sector out of necessity.

An example of an agency of this nature would be the John Howard Society which is Canada wide. John Howard Societies are non-profit and depending on the province, funding takes a number of different forms, ranging from the United Way, private donations, to contracts with the Solicitor General of Canada. These contracts are awarded to supervise parole, to prepare community assessments and in some provinces to conduct penitentiary visits. Although the C.S.C. supervises parole and prepares community assessments, the John Howard Society, as a community-based organization is able to offer the individual many other services. Once again, depending on the province and the focus and philosophy of the specific John Howard Society, the following services are usually provided: regular penitentiary visits prior to release for counselling purposes, liaison with the courts, restitution programmes, family programmes for those on the outside and instrumental assistance for those in crisis.

The important distinction here is that a non-profit organization which is community based can offer very important and valuable services that will augment and contrast with those services ordinarily available through the Correctional Service of Canada.

When for-profit is introduced, such as found in the model C. MIX OF GOVERNMENT, NON-PROFIT AND FOR-PROFIT, the effect in terms of quality of service begins to change somewhat. Faid (1987) sees an inherent contradiction between the goals of human service delivery and the goals of the for-profit sector. He believes that a large percentage of the profits are made at the expense of staffing levels, salaries, employee benefits as well as inadequate training. This will clearly have an adverse affect on quality of service provided.

When the system is wholly dominated by the for-profit sector, Model D. SYSTEM DOMINATED BY FOR-PROFIT SECTOR, the disadvantages are clearly prevalent in that there is no influence from either government provision or non-profit provision. Furthermore, without any of these influences there is a possibility that services could be cut so as to inflate profits. However, it is highly unlikely that this system composition will come into place in a country such as Canada in the near future.

iv. EQUITY OF ACCESS AND OF TREATMENT

Equity of Access and of Treatment, when the system composition model A. GOVERNMENT MONOPOLY is the case, will show mixed results. If universality is practised with this client group, then the likelihood of being able to have equal access and equal opportunity for treatment will remain fairly high. However monopolies can lead to the arbitrary use of discretionary powers, making it much more difficult for those individuals who are viewed as being "not worth the trouble" to receive or have access to treatment.

When model B. MIX OF GOVERNMENT & PRIVATE NON-PROFIT is the system composition, universality is again an issue. Nevertheless with the introduction of the private non-profit agencies there is a greater chance of equity and accessibility because the pressure to enforce universality may be more effective in a mixed system of this nature.

This pressure, when exerted, comes from those agencies whose philosophy is that no one is denied access to service or treatment. This does not necessarily mean that everyone who is given the opportunity to avail themselves of treatment will be helped because only those who are motivated to change will change. However at least it can be

said that everyone, regardless of how difficult they have been perceived by the system, is given an equal chance.

In the following two system compositions models, C. MIX OF GOVERNMENT, NON-PROFIT & FOR-PROFIT and model D. SYSTEM DOMINATED BY FOR-PROFIT SECTOR where "for-profit" is clearly an element, there are two obvious dangers: the need to cut costs can lead to an unwillingness to treat difficult cases thereby creating inequity for the clients. Furthermore there is a possibility that only those services which are profitable will be provided. Clearly there is a danger that governments turn to private vendors not to improve treatment, but to supply a limited range of services more cheaply. Examples of more expensive services unlikely to be maintained where profit is the motive include those where the rate of success in treatment is very low, such as repeat drug offenders with addictive personalities and those who are convicted on more than one occasion of sexual assault and related offenses.

Cullen (1986) feels strongly that privatization should not be sold as a money saver but rather on the basis of its effectiveness. The government could conceivably turn to the private for-profit sector not to improve the quality of treatment but rather to supply such services more cheaply.

When a particularly difficult individual is released to the community, either on parole or mandatory supervision, his case may or may not become the responsibility of an organization in the private sector. The actual amount of hours spent with the individual and the writing of reports increases significantly if the individual is "difficult"; (difficult = being picked-up for new infractions, being late or absent in reporting, being unable to find work, being unable to manage finances, etc.).

The private sector on the one hand, may in an attempt to cut costs avoid cases of this nature, leaving them to be supervised by a dwindling public sector that has had its' resources cut drastically in the last decade. On the other hand, if the private sector were well funded it could afford to absorb the costs that the public sector now does, because the public sector largely functions on its mandate not costs.

In terms of EQUITY OF ACCESS AND OF TREATMENT it is fairly obvious that there is a power struggle taking place well out of reach of the clients. This power struggle has to do with money, that is saving money and straightforward power, that is who has the most power and control. There is little or no room for the individual for whom the service was designed in the first place, let alone for the general

public who either suffer or gain from the system that is responsible for these clients.

v. COST EFFECTIVENESS

Effect of privatization on cost effectiveness is by far the question most debated. From the very beginning the Conservative government has maintained that privatization will cut costs, yet how cost-effective these cuts will be is still being debated.

When model A. GOVERNMENT MONOPOLY is the system composition, bureaucrats are rewarded on the basis of the size of their empires, that is, there is power in numbers. Therefore incentives to control costs are practically non-existent.

Costs are somewhat lower when model B. MIX OF GOVERNMENT & PRIVATE NON-PROFIT is the mix of system because generally, non-profit agency costs are lower and less fixed. This is due in part to lower wages, to less extensive employee benefits and to relatively lower rates lack of unionization.

Model C. MIX OF GOVERNMENT NON-PROFIT & FOR PROFIT also affords lower costs due to competition, that is the

competition on the part of this sector to secure contracts at the lowest possible costs. However this may be offset in part by the rise in costs in the profit sector when costs of increased administration and regulating bidding on contracts increases overall costs.

Model D. SYSTEM DOMINATED BY FOR-PROFIT SECTOR would allow costs to fall, but this would occur at the expense of workers and clients, because programmes will compete mainly on cost-lowering.

One of the side effects stemming from privatization is that it is seen as a "remedy to bureaucratic over-supply" (Ascher 1987). That is, contracting out will serve to demystify the "block" budget, therefore reducing budgetary discretion.

Given that the focus of this thesis is to examine the effect of privatization upon corrections and in this chapter to look at cost effectiveness, then what is here apparent is the question "How much profit is enough?" It will be difficult for the government to decide when an appropriate rate of return on private sector investment has occurred. If the private sector begins to lose money or profits diminish then there are two choices.

Both choices, one to increase contract fees and two, to terminate private sector contracts would tend to raise costs toward levels of monopoly provision. Increasing fees would rule out savings, which is the primary reason for privatization and terminating contracts would force the government to provide the service when doing so may no longer be feasible. (Patrick, 1986)

Another area of concern, from a cost perspective, is that the C.S.C. will be forced to introduce a further administrative layer so as to monitor the contracts for service. This will obviously increase costs for public sector operation and probably divert funds away from services that may already have suffered cuts.

The question of cost-effectiveness is a difficult one to analyze because of the lack of consensus as to whether or not privatization is desirable or acceptable as a policy. The government insists that costs must be cut; however, it remains unclear if their method of cutting costs is truly a cost-saving venture.

V CONCLUSION

Privatization is thought to be the policy of the '80s which addresses economic problems and government spending; however, what is found in the correctional milieu is that private sector involvement predates the involvement of the public sector (for discussion please see Chapter I, page 13). From an early beginning until the present time, the involvement of the private sector in corrections has been ever-present. The level of involvement has ranged from extensive, (following World War II) to a reduced level beginning around 1960 (due to a shift towards more state involvement in all social programmes) to the present day, where the private sector again plays a significant role across a broad spectrum, in the delivery of correctional services.

Privatization has a number of effects on corrections; again, the range is broad. Private sector involvement in the human side, i.e. parole supervision, tends to be more diverse than public-sector parole supervision due to the differing philosophies of the community based organizations that render these services (for discussion, please see Chapter IV, page 76). When the private sector is involved in concrete auxiliary services, because the motive is only

profit, the service tends to be specific and limited (i.e. laundry).

Particularly in the area of human service provision, even when services are 'privatized' but non-profit, the claim is politically appealing whether any cost-cutting actually occurs or not. Although initially costs may appear to be less under privatization, when all the implications of such a venture are examined the hidden costs are discovered: for example, the balance sheet terms may look lower, but the quality of service is affected by high staff turnover which may be detrimental to the clients. Human services, then, are inclined even when privatized to be non-profit, but privatized concrete services are intended to be for-profit. Profit however, is not always realized because when using inmate labour, with its uncertainties, the profit level may fall. That is, what tends to happen is the closer the service is to human clients, the more diverse will be the forms of private services. As well in some instances costs are merely being transferred from one budget to another. One may then ask the question: what is the true purpose of privatization? Scepticism arises because one of the most obvious ways to cut correctional costs is to lower the rate of delinquency, but privatization does not address that issue. Therefore, as the rate of delinquency continues to rise, the cost of maintaining offenders does also, and

privatization will not have made inroads into the heart of the problem.

From a narrow economic perspective, privatization has reached a considerable level of involvement in the areas where it seems appropriate, i.e. laundry, food services, garbage, etc., and there isn't a great deal more in these areas that can be privatized. The whole political emphasis on privatization tends to ignore both the degree to which it has already taken place and the degree to which it cannot be further extended.

Privatization appears, then, to be more ideological than practical; there will always be popular resistance to turning over the power of the state to incarcerate and punish. Nevertheless, it is very clear that privatization in its narrowest sense has been and will be applied to the after release programmes (i.e. parole, mandatory supervision, half-way houses). Indications thus far are that this may jeopardize client services, depending upon the "mix" of the public sector and the private sector chosen. If a balance is achieved and the level of private sector involvement is not pushed to the extreme, then the degree of jeopardy will be less. However, that decision seems to lie mostly in the hands of a government that does not have social issues as a priority. In the long-run if a tragic

incident should arise because of lower quality services, public opinion will call for tighter controls. However, if that is the case, it will be for the wrong reasons because the public will react out of fear rather than from understanding what might diminish delinquency; the public thinks if the state supervises, control is more secure which is not the case.

Privatization cannot and will not cure all that is wrong with our economy, with our manner of coping with social problems and more specifically, with the high costs of delivery of correctional services. Privatization loosely defined is lessening the activities of the state but privatization could easily also reproduce the contradictions of the political, economic and social conditions currently found in Canadian society: the system won't work any better necessarily, but as badly in a different way (for discussion please see Chapter III, page 50-51). The uninformed believe that the private sector can operate correctional services in a more effective manner than does the public sector, but research studies to support this belief have not taken place (Ericson et al. 1987). When studies of this nature are done, it will be particularly difficult to assess success or failure because the goals of penal reform are so vague and imprecise. Advocates of privatization can only argue

efficiency from the cost per numbers served (for discussion, please see Chapter III, page 63).

Chapter IV discusses the implications of privatization and its probable effects upon accountability, influence on public policy, quality of service, equity of access and of treatment and cost effectiveness. This discussion shows that neither total state involvement nor total private sector involvement is likely to be the approach adopted for operating and delivering services in the area of corrections. On the one hand, total public sector domination is too costly while on the other hand total private sector domination would mean relinquishing the coercive power of the state. This leads us to the realization that the degree of privatization of corrections, in this country, at this time, for both social and economic reasons will fall somewhere between these two extremes. The privatization of corrections has taken place and will continue to do so, but the real problems that a society faces when discussing delinquency are not being addressed; however, that is an entirely different subject.

GLOSSARY OF TERMS AND ACRONYMS

COMMUNITY RESIDENTIAL CENTRE (C.R.C.) / COMMUNITY CORRECTIONAL CENTRE (C.C.C.)

CCCs and CRCs are classified as minimum security institutions and are found in the community. CCCs are funded directly by CSC and CRCs are funded privately through contracts awarded by CSC. These centres are designed and operated for individuals who have been granted Day Parole. In certain instances a small number of emergency beds are set aside, in CRCs for those individuals on Mandatory Supervision who have no resources.

DAY PAROLE

A flexible form of release from a minimum or sometimes medium security institution to the community and reporting to an institution at night, usually for four months but for no longer than a year. Inmates serving 10 years or less are generally eligible for day parole halfway to their eligibility date for full parole. Sentences of more than 10 years require more time to be served before day parole eligibility.

FULL PAROLE

Most inmates are eligible after serving one-third of

their sentence, but parole inmates on average have served 40% of their sentences in an institution before release by the National Parole Board. They remain under supervision of the CSC.

MANDATORY SUPERVISION (M.S.)

Another form of full release, it is offered inmates usually about two-thirds of the way through their sentences. Offenders released under mandatory supervision had accumulated "earned remission" for acceptable behavior in the institution. They are subject to the same regulations as parole, but are released by law, not by approval of the NPB.

PERSON YEARS

One person employed for one full year or the equivalent thereof.

PROBATION

A form of sentencing, instead of confinement, when an individual merits lenient sentencing, for a period of time determined at the time of sentencing. The individual is usually supervised by a probation officer and is seen a minimum of monthly.

TEMPORARY ABSENCE (T.A.)

Are a form of short-term release, usually not longer than three days, which may be given an inmate with a CSC escort (ETA) or without a CSC escort (UTA), for medical, humanitarian (family illness, funerals, divorce court, community service, recreational, cultural activities, etc.) or administrative reasons.

All inmates are eligible for an Escorted Temporary Absence any time after the commencement of their sentence. Generally, inmates are eligible for an Unescorted Temporary Absence after completing one-sixth of their sentence, or at any time for emergency medical treatment.

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