

Unpacking Incarcerated Labor



At the intersection of incarceration and corporate profit in the United States lies a complex and often obscured dynamic. While prison labor is framed as a rehabilitative opportunity, its frequent deployment across the country raises pressing ethical and economic questions.

The ACLU's 2022 report, [*Captive Labor: Exploitation of Incarcerated Workers*](#), reveals that over 76% of incarcerated workers surveyed by the Bureau of Justice Statistics reported being compelled to work under threat of punishment—including solitary confinement, reduced chances for early release and restricted family visitation¹.

Inmates are also excluded, by law, from universally recognized labor protections such as minimum wage, overtime protection, unionization rights, and basic workplace safety

standards². Despite these conditions, their labor generates billions of dollars annually in goods and services—primarily benefiting prison systems, state governments, and corporations.

From Abolition to Exploitation: The Roots of Prison Labor

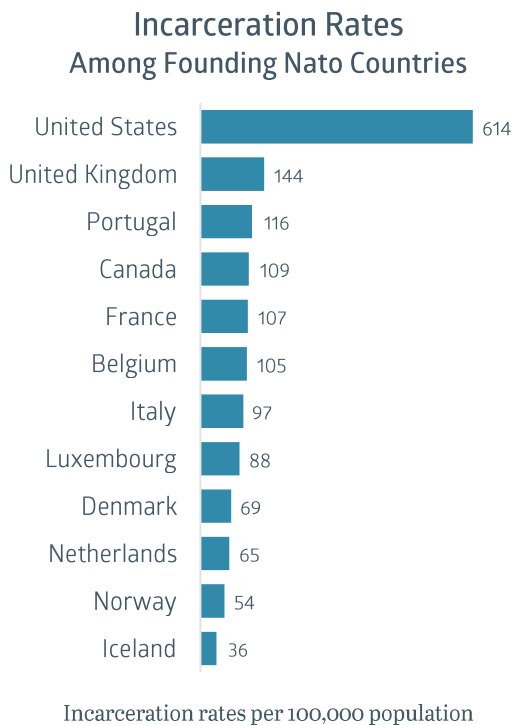
The legal foundation for prison labor in the United States can be traced back to the 13th Amendment, which abolished slavery and involuntary servitude—except as punishment for a crime³. As slavery was dismantled, Southern states increasingly turned to criminalization as a means of economic control, using forced prison labor to sustain systems, often on the very same plantations that once relied on enslaved labor⁴.

Over time, this punitive model became deeply intertwined with economic policy, channeling

both public and private resources into a carceral system that disproportionately impacts Black and Brown communities while fueling a vast network of employment, infrastructure, and private contracts.

The numbers tell the story: despite only making up 5% of the world's population, the United States accounts for around 25% of the world's prison population⁵, a percentage that shows no signs of decreasing.

Global Comparisons



Source: <https://www.prisonpolicy.org/global/2024.html>

Private Sector Gains, Inmate Losses

In addition to the essential services inmates provide to the government in the form of prison facility maintenance, state emergency and natural disaster response, and even local firefighting, incarcerated workers produce billions of dollars in value by means of low-paid or unpaid work⁶. In the private sector, incarcerated workers are employed through work release programs such as the Prison Industry Enhancement Certification Program (PIECP) which allows these individuals to work for private companies, either directly or through prison contracts. Though these jobs make up a small portion of prison labor overall, they generate substantial profits for major brands—often without consumer awareness.

Despite slightly higher wages, up to 80% of an inmate's earnings are withheld and labor protections, as mentioned, are minimal to nonexistent⁷. These programs and others like them also distort local economies by purchasing goods and services through correctional industries for a fraction of the fair cost that they would pay in the private market

State correctional industries programs, ranking by net sales, fiscal year 2019

Ranking	State	Net Sales
1	California*	\$249,961,931
2	Washington*	\$113,260,594
3	North Carolina	\$92,500,000
4	Pennsylvania*	\$80,688,000
5	Texas	\$76,745,560
6	Florida	\$69,524,370
7	Colorado*	\$68,871,011
8	New York	\$63,557,000
9	Maryland	\$52,457,137
10	Arizona	\$47,974,027

*States that have a canteen or commissary operations as part of their correctional industries programs.

Source: National Correctional Industries Association (NCIA)³⁹

Corrections without Correction

As it is virtually impossible for inmates to save the meager wages they are paid for their work, prison labor does not provide a financial leg-up upon release. Exacerbating the problem, days filled with intensive labor leave no time for rehabilitative education or vocational training - two resources proven to lower chances of reoffending.

Keep in mind, the majority of prisoners do not have a formal education. Research consistently shows a strong link between incarceration, poverty, and education. Men in the lowest income bracket are 20 times more likely to be

imprisoned than those in the highest, and individuals without a GED are more likely to become incarcerated more than once in their lifetime⁸. Upon release, fewer than 20% of formerly incarcerated individuals earn over \$15,000 in their first year, leaving them highly vulnerable to poverty-driven recidivism⁹.

Anti-Prison Labor Policies

Despite prison labor being prevalent in the private sector (particularly in the agricultural industry) there are companies that have adopted anti-prison labor policies. Although there is one caveat: just because a company has an anti-prison labor policy, doesn't mean they have to abide by it.

In a [specialized report](#), the Associated Press uncovered prison labor in the supply chains of some of the world's largest companies. Including some with policies that explicitly prohibit prison labor. Even among companies with stated policies, loopholes remain. Vague language allows firms to prohibit prison labor in direct operations while ignoring its use deeper in supply chains. Weak enforcement mechanisms lead to suppliers continuing exploitative practices without consequence, undermining the credibility of corporate commitments intended to give consumers and shareholders confidence.

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Patagonia, an outdoor apparel company, sets a very strong example with their robust supplier workplace code of conduct leaving no room for colorful interpretation. Based on the International Labor Organization (ILO) core labor standards, the policy applies to every level of their supply chain from farm to garment factory, explicitly including all subcontractors and sub-suppliers. Standards also equally apply to permanent, temporary and agency workers, as well as piece-rate, salaried, hourly paid, legal young workers (minors), part time, night and

migrant workers¹⁰. Their responsibly sourced food division, Patagonia Provisions, follows the same code of conduct.

Breaking the Cycle

The prison labor system in the United States is a deeply entrenched mechanism, rooted in a legacy of racial and economic injustice. From its origins in the 13th Amendment's exception clause to its modern-day deployment by corporations and governments, the system doesn't just fail those behind bars—it burdens taxpayers, destabilizes communities, interferes with local economies, and perpetuates cycles of poverty and incarceration. Reforming prison labor is not simply a matter of ethics; it is a necessary step toward justice, accountability, and a more equitable society.

This is not an issue that can be solved overnight, but there are ways that investors can ensure their dollars are not further upholding this broken system. It has become common for sustainable and responsible investors to screen out private prisons from portfolios entirely and choose to invest in companies that have transparent supply chains. Shareholders also utilize their influence to demand transparency in labor practices, including disclosure of any use of incarcerated labor and steps taken to ensure fair treatment. By aligning capital with accountability, investors have the power to disrupt the prison-to-profit pipeline and take the first steps on the long road to systemic reform.

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¹ <https://www.aclu.org/news/human-rights/captive-labor-exploitation-of-incarcerated-workers>

² <https://www.aclu.org/news/human-rights/captive-labor-exploitation-of-incarcerated-workers>

³ <https://www.aclu.org/news/human-rights/captive-labor-exploitation-of-incarcerated-workers>

⁴ <https://www.epi.org/publication/rooted-racism-prison-labor/>

⁵ <https://legaljournal.princeton.edu/the-economic-impact-of-prison-labor-for-incarcerated-individuals-and-taxpayers/>

⁶ <https://www.epi.org/publication/rooted-racism-prison-labor/>

⁷ <https://www.epi.org/publication/rooted-racism-prison-labor/>

⁸ https://legaljournal.princeton.edu/the-economic-impact-of-prison-labor-for-incarcerated-individuals-and-taxpayers/#_ftn20

⁹ https://legaljournal.princeton.edu/the-economic-impact-of-prison-labor-for-incarcerated-individuals-and-taxpayers/#_ftn20

¹⁰ https://www.patagonia.com/on/demandware.static/-/Library-Sites-PatagoniaShared/default/dwa5177359/PDF-US/Patagonia_COC_English_02_13.pdf