Testimony Before the
Joint Economic Committee

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Mr Chairman and Members of the Committee: thank you for the opportunity of testifying today about the causes and economic effects of the growth in the incarceration rate.

I. TRENDS IN INCARCERATION

The fraction of the population in state and Federal prison has increased in every single year for the last 34 years. The rate of imprisonment today is now five times higher than in 1972. The US rate of imprisonment is five to ten times higher than in the longstanding democracies of Western Europe, and is only rivaled, though not exceeded, by the incarceration rates of South Africa and Russia.

Today’s novel rates of incarceration are most remarkable for their concentration among young African American men with little schooling. While fewer than 2 percent of young white men, aged 22 to 30, were in prison or jail in 2004, the incarceration rate of young black men was 13.5 percent (Table 1). Among young black men who had never been to college, 21.1 percent were locked up on an average day in 2004. At the bottom of the education ladder, I estimate that more than 1 in 3 black male high school dropouts were incarcerated in 2004.

To examine the chances of going to prison over a lifetime, I also calculated the percentage of men who have ever been to prison by their mid-thirties. (Most prisoners will be admitted for the first time before age 35.) These percentages describe the prevalence of imprisonment, not jail incarceration—at least 12 months in a state or Federal facility, and an average of 34 months of time served. For men born in the late 1940s who reached their mid-thirties in 1979, blacks were 9 percent likely to go to prison. For black men born in the late 1960s, the lifetime chances of imprisonment had grown to 22.8 percent. Among black men without college education now in their early forties, nearly a third have prison records. For young black male dropouts,

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1Pastore and Maguire (2007).
Table 1. Incarceration rates for young men, 1980 and 2004.

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<td><strong>Men Aged 22–30 in Prison or Jail (%)</strong></td>
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<tr>
<td>All men</td>
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<td>1.9</td>
<td>5.7</td>
<td>13.5</td>
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<td>Without College Education</td>
<td>1.1</td>
<td>4.2</td>
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<tr>
<td>High School Dropouts</td>
<td>2.3</td>
<td>7.3</td>
<td>11.7</td>
<td>34.2</td>
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<td><strong>Men with Prison Records by Age 34 (%)</strong></td>
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<tr>
<td>All men</td>
<td>1.2</td>
<td>2.8</td>
<td>9.0</td>
<td>22.8</td>
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<tr>
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<td>1.8</td>
<td>5.1</td>
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<tr>
<td>High School Dropouts</td>
<td>4.2</td>
<td>14.8</td>
<td>14.7</td>
<td>62.5</td>
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Prison time has become a normal life event, affecting 60 percent of those born since the late 1960s. Young black men are now more likely to go to prison than to graduate college with a four-year degree, or to serve in the military.\(^2\) These extraordinary rates of incarceration are new. We need only go back twenty years to find a time when the penal system was not pervasive in the lives of young African American men.

In the period of mass incarceration, blacks have remained 7 to 8 times more likely to be incarcerated than whites. The large black-white disparity in incarceration is unmatched by most other social indicators. Racial disparities in unemployment (2 to 1), nonmarital childbearing (3 to 1), infant mortality (2 to 1), and wealth (1 to 5) are all significantly lower than the 7 to 1 black-white ratio in incarceration rates.\(^3\)

\(^2\)Western (2006, 29).
\(^3\)Western (2006, 16).
II. Invisible Disadvantage

Because of high incarceration rates, conventional measures of economic well-being are optimistic for young unskilled black men. Conventional economic statistics, like wage and employment rates, are based only on the non-institutional population. For example, the employment-to-population ratio calculated from the monthly Census Bureau household survey, the Current Population Survey, significantly overstates employment rates. Figure 1 shows the employment-to-population ratio for black men without college education, aged 22 to 30. Taking the conventional approach and excluding prison and jail inmates from the population count, employment appears to have declined from 73 to 63 percent, from 1989 to 2004. Once prisoners are counted among the jobless in the population, the percentage employed among young low-education black men falls from 65 to 50 percent. Figure 1 shows that employment rates for young non-college black men did not increase at all through the economic expansion of the late 1990s. The appearance of improved employment in the noninstitutional population was overshadowed by rising incarceration rates.

III. The Labor Market After Prison

While mass incarceration creates a large pool of disadvantaged men who are invisible in conventional labor force statistics, it also diminishes the economic opportunities of those who are released. Researchers have found that men released from incarceration earn less and are employed less than similar men who have not been incarcerated. Estimates of the earnings loss associated with imprisonment range from 10 to 30 percent.\footnote{Grogger (1995), Lott (1990), Waldfogel (1994), Western (2002).} A few studies also report that youth detained in correctional facilities before age 20 have higher unemployment and receive lower wages a decade or longer after incarceration.\footnote{Freeman (1992) and Western and Beckett (1999).}
Figure 1. Employment-to-population ratios for African American men without college education, aged 22 to 30, including and excluding the incarcerated population.
The poor labor market experiences of the formerly-incarcerated can be explained in several ways. Those coming out of prison typically have little schooling and erratic work histories. A prison record further deepens this disadvantage. The stigma of a criminal conviction makes ex-offenders undesirable job applicants in the eyes of employers. Criminal stigma has a legal dimension in which those with criminal records are barred from employment in certain industries and occupations. Incarceration can also deplete skills and foster behaviors that are ill-suited to the open labor market.

Analysis of the National Longitudinal Survey of Youth (1979) suggests time in prison affects a wide range of employment experiences. The NLSY is a nationally representative survey of youth aged 14 to 20 in 1979. The respondents were interviewed annually until 1994, then every other year after that. From 1979 to 2000, 1 in 5 of the black male respondents were interviewed at least once in a correctional facility.

Statistical analysis shows that imprisonment reduces the hourly wages, annual employment, and annual incomes of young men. Annual employment is reduced by between 10 and 15 percent. Hourly wages are reduced by between 12 and 16 percent. The combined effects of incarceration on hourly wages and annual employment, produce large losses in annual incomes. I find that the annual incomes of formerly-incarcerated men are about 35 percent lower than for similar men who have not been incarcerated. We can gain more insight into the kinds of jobs obtained by released prisoners by considering the effects of incarceration on job tenure and wage growth. Analysis of the NLSY shows that the wages of ex-prisoners grow 25 percent more slowly as workers get older. Incarceration is also associated with a one-third reduction in job tenure. These statistics suggest that incarceration channels men into informal, secondary labor market jobs that offer little economic stability or upward mobility.

These effects of incarceration on individual economic status are not new, but they are now playing out on a novel scale. Because returning prisoners
are highly concentrated in poor urban neighborhoods, the economic penalties of incarceration now permeate the most economically vulnerable families and communities.

IV. Policy Implications

Because incarceration rates are now so historically high, assistance for reintegration and rehabilitation will be felt not just by those coming out of prison, but by the poor and minority communities from which they originate. Three types of policies would help alleviate the social and economic effects of mass incarceration.

- Congress should re-examine the large of number of collateral consequences limiting the access of ex-felons to Federal benefits and employment. Many restrictions—such as limitations on educational, welfare, and housing benefits—do not serve public safety, impede the reintegration of the formerly-incarcerated, and penalize family members. While restrictions on benefits or employment might be justified if they are closely linked to particular crimes, such restrictions should be strictly time-limited, given the strong pattern of criminal desistance with age.

- Congress should support prisoner re-entry programs that provide transitional employment and other services. Well-designed programs have been found to improve employment and reduce recidivism. Research suggests that community-based re-entry programs should ideally be integrated with education and other programs in prison, and also provide housing, drug treatment, and health care to improve the job readiness of released-prisoners.6 Post-prison employment would be encouraged by passage of the Second Chance Act of 2007. Employer incentives can be promoted through expansions of the Work Opportunity Tax Credit

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6Positive effects of employment and education programs in prison and after are reported by Saylor and Gaes (1997, 1999), Steurer, Smith, and Tracy (2001), and Finn (1998).
and the Federal Bonding Program. Taken together, these three measures would provide an important first step to a comprehensive Federal re-entry policy.

- Congress should support the establishment of criminal justice social-impact panels in local jurisdictions that can evaluate unwarranted disparities in juvenile and adult incarceration. By assessing the link between socio-economic disparities in offending to disparities in incarceration, local social impact panels could identify and take steps to eliminate disproportionate incarceration in poor and minority communities. Social-impact panels could also be charged with assessing disparities that may arise under proposed sentencing reforms.

REFERENCES


