September 28, 2011

Companies Use Immigration Crackdown to Turn a Profit

By NINA BERNSTEIN

The men showed up in a small town in Australia's outback early last year, offering top dollar for all available lodgings. Within days, their company, Serco, was flying in recruits from as far away as London, and busing them from trailers to work 12-hour shifts as guards in a remote camp where immigrants seeking asylum are indefinitely detained.

It was just a small part of a pattern on three continents where a handful of multinational security companies have been turning crackdowns on immigration into a growing global industry.

Especially in Britain, the United States and Australia, governments of different stripes have increasingly looked to such companies to expand detention and show voters they are enforcing tougher immigration laws.

Some of the companies are huge — one is among the largest private employers in the world — and they say they are meeting demand faster and less expensively than the public sector could.

But the ballooning of privatized detention has been accompanied by scathing inspection reports, lawsuits and the documentation of widespread abuse and neglect, sometimes lethal. Human rights groups say detention has neither worked as a deterrent nor speeded deportation, as governments contend, and some worry about the creation of a "detention-industrial complex" with a momentum of its own.

"They're very good at the glossy brochure," said Kaye Bernard, general secretary of the union of detention workers on the Australian territory of Christmas Island, where riots erupted this year between asylum seekers and guards. "On the ground, it's almost laughable, the chaos and the inability to function."

Private prisons in the United States have long stirred controversy. But while there have been conflicting studies about their costs and benefits, no systematic comparisons exist for immigration detention, say scholars like Matthew J. Gibney, a political scientist at the University of Oxford who tracks immigration systems.

Still, Mr. Gibney and others say the pitfalls of outsourcing immigration enforcement have become evident in the past 15 years. “When something goes wrong — a death, an escape — the government can blame it on a kind of market failure instead of an accountability failure,” he said.

In the United States — with almost 400,000 annual detentions in 2010, up from 280,000 in 2005 — private companies now control nearly half of all detention beds, compared with only 8 percent in state and federal prisons, according to government figures. In Britain, 7 of 11 detention centers and most short-term holding places for immigrants are run by for-profit contractors.

No country has more completely outsourced immigration enforcement, with more troubled results, than Australia. Under unusually severe mandatory detention laws, the system has been run by a succession of three publicly traded companies since 1998. All three are now major players in the international business of locking up and transporting unwanted foreigners.

The first, the Florida-based prison company GEO Group, lost its Australia contract in 2003 amid a commission’s findings that detained children were subjected to cruel treatment. An Australian government audit reported that the contract had not delivered “value-for-money.” In the United States, GEO controls 7,000 of 32,000 detention beds.

The second company, G4S, an Anglo-Danish security conglomerate with more than 600,000 employees in 125 countries, was faulted for lethal neglect and abusive use of solitary confinement in Australia. By the middle of the past decade, after refugee children had sewed their lips together during hunger strikes in camps like Woomera and Curtin, and government commissions discovered that Australian citizens and legal residents were being wrongly detained and deported, protests pushed the Liberal Party government to dismantle some aspects of the system.

But after promising to return the work to the public sector, a Labor government awarded a five-year, $370 million contract to Serco in 2009. The value of the contract has since soared beyond $756 million as detention sites quadrupled, to 24, and the number of detainees ballooned to 6,700 from 1,000.

Dangerous Problems

Over the past year, riots, fires and suicidal protests left millions of dollars in damage at Serco-run centers from Christmas Island to Villawood, outside Sydney, and self-harm by detainees rose twelvefold, government documents show. In August, a government inspection report cited dangerous overcrowding, inadequate and ill-trained staff, no crisis planning and no requirement that Serco add employees when population exceeded capacity.

At the detention center Serco runs in Villawood, immigrants spoke of long, open-ended detentions making them crazy. Alwy Fadhel, 33, an Indonesian Christian who said he needed asylum from

Islamic persecution, had long black hair coming out in clumps after being held for more than three years, in and out of solitary confinement.

"We talk to ourselves," Mr. Fadhel said. "We talk to the mirror; we talk to the wall."

Naomi Leong, a shy 9-year-old, was born in the detention camp. For more than three years, at a cost of about $380,000, she and her mother were held behind its barbed wire. Psychiatrists said Naomi was growing up mute, banging her head against the walls while her mother, Virginia Leong, a Malaysian citizen accused of trying to use a false passport, sank into depression.

Naomi and her mother became a cause célèbre in protests against the mandatory detention system, leading to their release in 2005 on rare humanitarian visas. They are now citizens.

"I come here to give little bit of hope to the people," Ms. Leong said during a recent visit to Villawood, where posters display the governing principles of Serco, beginning with "We foster an entrepreneurial culture."

Free-Market Solutions

Companies often say that losing a contract is the ultimate accountability.

"We are acutely aware of our responsibilities and are committed to the humane, fair and decent treatment of all those in our care," a Serco spokesman said in an e-mail. "We will continue to work with our customers around the world and seek to improve the services we provide for them."

But lost detention contracts are rare and easily replaced in this fast-growing business. Serco's $10 billion portfolio includes many other businesses, from air traffic control and visa processing in the United States, to nuclear weapons maintenance, video surveillance and welfare-to-work programs in Britain, where it also operates several prisons and two "immigration removal centers."

"If one area or territory slows down, we can move where the growth is," Christopher Hyman, Serco's chief executive, told investors last year, after reporting a 35 percent increase in profits. This spring, Serco reported a 13 percent profit rise.

Its rival G4S delivers cash to banks on most continents, runs airport security in 80 countries and has 1,500 employees in immigration enforcement in Britain, the Netherlands and the United States, where its services include escorting illegal border-crossers back to Mexico for the Department of Homeland Security.

Nick Buckles, the chief executive of G4S, would not discuss the company. But last year he told analysts how its "justice" business in the Netherlands blossomed in one week after the 2002 assassination of a politician with an anti-immigrant and law-and-order agenda.

“There’s nothing like a political crisis to stimulate a bit of change,” Mr. Buckles said.

In Britain last fall, the company came under criminal investigation in the asphyxiation of an Angolan man who died as three G4S escorts held him down on a British Airways flight. Soon afterward, British immigration authorities announced that the company had lost its bid to renew a $48 million deportation escort contract because it was underbid by a competitor.

Even so, G4S has more than $1.1 billion in government contracts in Britain, a spokesman said, only about $126 million from the immigration authority. It quickly replaced the lost revenue with contracts to build, lease and run more police jails and prisons.

In 2007, Western Australia’s Human Rights Commission found that G4S drivers had ignored the cries of detainees locked in a scorching van, leaving them so dehydrated that one drank his own urine. The company was ordered to pay $500,000 for inhumane treatment, but three of the five victims already had been deported. Immigration officials, relying on company misinformation, had dismissed their complaints without investigation, the commission found.

There was a public outcry when an Aboriginal man died in another G4S van in similar circumstances the next year. A coroner ruled in 2009 that G4S, the drivers and the government shared the blame. The company was later awarded a $70 million, five-year prisoner transport contract in another state, Victoria, without competition.

G4S pleaded guilty to negligence in the van death this year, and was fined $285,000. Mr. Buckles, its chief executive, alluded to the case at a meeting with analysts in March, reassuring them.

“There is only two or three major players, typically sometimes only two people bidding,” Mr. Buckles said. “In time, we will become a winner in that market because there’s a lot of outsourcing opportunities and not many competitors.”

In August, when GEO, the Florida prison company, posted a 40 percent rise in second-quarter profits, its executives in Boca Raton spoke of new immigration business on both sides of the Atlantic.

John M. Hurley, a GEO executive for North American operations, cited “the continued growth in the criminal alien population,” larger facilities, and longer federal contracts, some up to 20 years.

At the company’s Reeves County Detention Center in Texas, immigrant inmates rioted in 2009 and 2010 after several detainees died in solitary confinement. GEO executives declined to comment. But speaking to shareholders, they credited much of the quarter’s $10 million increase in international revenue to the expansion of a detention center in Britain, where immigration was a hot issue in the 2010 election.

A Policy Backfires

“Britain is no longer a soft touch,” Damian Green, the immigration minister, said in August 2010 when he visited the center, near Heathrow Airport, reopening wings that had burned in 2006 during detainee riots under a different private operator.

The riots started the day the chief inspector of prisons released a blistering report about abuses there, including excessive waits for deportation. Months after Mr. Green’s appearance, an independent monitoring board complained that at the expanded center — now Europe’s largest, with 610 detainees — at least 35 men had been waiting more than a year to be deported, including one locked up for three years and seven months at a cost of at least $237,000.

The camp that Serco took over in the Australian outback, the Curtin Immigration Detention Center, had also been shut down amid riots and hunger strikes in 2002. But it was reopened last year to handle a surge of asylum seekers arriving by boat even as the government imposed a moratorium on processing their claims. Refurbished for 300 men, the camp sits on an old air force base and held more than 1,500 detainees in huts and tents behind an electrified fence. Serco guards likened the compound to a free-range chicken farm.

On March 28, a 19-year-old Afghan from a group persecuted by the Taliban hanged himself after 10 months’ detention — the system’s fifth suicide in seven months. A dozen guards, short of sleep and training, found themselves battling hundreds of grieving, angry detainees for the teenager’s body.

“We have lost control,” said Richard Harding, who served for a decade as Western Australia’s chief prison inspector. He is no enemy of privatization, and his praise for a Serco-run prison is posted on the company’s Web site. But he said Curtin today was emblematic of “a flawed arrangement that’s going to go wrong no matter who’s running it.”

“These big global companies, in relation to specific activities, are more powerful than the governments they’re dealing with,” he added.

Matt Siegel contributed reporting from Sydney, Australia.

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