

Key Components of the New Birth Project  
Center for Economic and Social Justice, 2001

The New Birth Project offers a \$3.5 billion replacement for the present Lorton Prison in Virginia, with a new state-of-the-art facility and three new industrial parks within the District, where every D.C. voter could get work and ownership opportunities. This facility would be capable of housing 12,500 inmates in human-scale clusters under a solar, geodesic-domed canopy. The facility itself would produce from solid waste and solar energy over 250 megawatts of power plus 665,000 gallons per day of pure deionized water, most of which could be exported for sale. This production alone would enable the new facility to pay for itself at a 3% interest rate within 11 years.

Total waste-to-energy and other technologies developed in the space and defense programs at the taxpayers' expense, would be commercialized on its site, spawning a host of new, environmentally sound industries. But unlike traditional privatization approaches being pushed by Wall Street, the New Birth plan would create many new owners of these new industries and technologies, including D.C. residents, prison employees, and the prisoners themselves. By demonstrating the central banking, expanded ownership and other reforms called for in the Capital Homestead Act, the New Birth project would showcase a new approach to economic development and revitalization of America's inner cities and other poverty-impacted areas. [See 4th Quarter 1995 Economic Justice Monitor describing the use of the Federal Reserve discount mechanism as a non-subsidized source for financing this \$3.5 billion national exemplar project.]

The New Birth design would incorporate three expanded ownership vehicles:

A Washington Community Investment Corporation. A real estate development corporation structured as a special tax-sheltered, leveraged real estate investment trust (REIT) would spread private ownership, control and profits to every registered D.C. voter. The CIC would receive cost-free title to publicly owned land and infrastructure suitable for private sector development. It would build the new prison facility and its solar-domed power plant, sell its pure water to local distributors and excess power to regional power utilities, and lease facilities to New Birth enterprises and the transformed prison operation.

A New Birth Transformation Corporation. A for-profit corporation owned and controlled by its employees and D.C. citizens would operate a replacement to the present Lorton Prison. Rather than merely warehousing prisoners, it would be structured to zero-out gradually all incarceration costs to District and Federal taxpayers, and would be programmed to help transform inmates from social liabilities into responsible, self-disciplined and productive human beings.

New Birth Industries, Inc. A conglomerate of technologically advanced "breeder" enterprises would be owned and controlled jointly by outside contributors (through management, training, marketing and technology transfer contracts), and by managers, guards and inmates through an ESOP financed with 3% Fed-discounted loans from local banks. Inmates would be offered

maximum opportunities to earn significant job and equity incomes within the facility and, upon their release, within sister enterprises located in the D.C. Super Empowerment Zone.

Other unique features of the New Birth Project include:

Three-fourths of an inmate's labor and capital earnings would be withheld during his incarceration to cover (1) costs of incarceration, (2) restitution for victims of his crime, and (3) welfare for dependents. The balance would allow an inmate to accumulate assets as an emergency cushion and to invest in D.C. enterprises upon his release. Each profit center would operate according to the principles of Value-Based Management, to promote effective management of the overall operation of the New Birth facility and all New Birth subsidiaries, as well as self-governance and respect for the value and dignity of each person. This management system would link rewards to personal initiative and performance, and encourage every inmate to work together with others for his own development, his family and his community.

To reduce union opposition to competitive prison industries, advanced technology firms producing not-yet-commercialized components for the new facility would locate on the site. Unions would be invited to negotiate innovative labor contracts based on empowering workers as worker-shareholders, enabling them to share ownership profits.

Geared toward the total transformation of the inmate, the New Birth strategy will incorporate proven health, nutrition and drug treatment programs, high technology security and peacekeeping systems, and an advanced telecommunications/education hub which would provide inmates with access to religious and spiritual counselors of their own faith.

A prototype 21<sup>st</sup> century 50-unit stand-alone garden apartment complex will be built on the 1,500-acre site for the New Birth Project. Costing an estimated \$80 million, this demonstration "new community" complex will be a showcase of advanced architectural designs and a microsystem of the waste-to-energy, telecommunications, telemedicine and other advanced technologies developed at Georgetown University in a consortium with NASA engineers. This microsystem will also serve as a testing ground for the integrated macrosystem to be built for the New Birth facility.

Federal grants of \$80 million for the 50-unit experimental garden apartment complex and an additional \$20 million for pre-feasibility, planning, and other studies will be needed to establish the commercial viability of the overall New Birth Project. The \$3.5 billion needed to construct the project will come from a consortium of local banks on loans to the Community Investment Corporation. After the lenders determine the feasibility of the project, the loan paper will be discountable at the Richmond Federal Reserve Bank at a service fee of 0.5%. No taxpayer dollars will be needed to support the project beyond the initial grants.