

# Dan Rather Reports

**Episode Number:** 421

**Episode Title:** Private Prisons

**Description:** Locking up tens of thousands of migrants is making big bucks for private prisons, at taxpayer expense and J Street--a controversial group of American Jews who are advocating peace.

**TEASE:**

DAN RATHER (VOICE OVER)

TONIGHT... BEDS FOR THE FEDS. YOUR TAX DOLLARS ARE PAYING TO TRANSPORT THOUSANDS OF FEDERAL DETAINEES BACK AND FORTH ACROSS THE COUNTRY.

CANDRA SYMONDS, ASSISTANT DIRECTOR OF PRISONER OPERATIONS FOR THE U.S. MARSHALS SERVICE

We spend about three and a half million a day on pre-trial detention.

RATHER

Three and a half million a day?

SYMONDS

Yes. And it's really based on the population explosion.

RATHER (VOICE OVER)

AN EXPLOSION THAT HAS MEANT NEW DETENTION CENTERS POPPING UP ALL OVER THE COUNTRY WHETHER RESIDENTS LIKE IT OR NOT.

SEAN CHADWELL

We went to the county commissioner's court. And we said, "What's goin' on here? We hear you're buildin' a facility in Encinal." And they said, "The decisions have already been made. It's too late."

RATHER (VOICE OVER)

AND A MAN WORKING AMERICA'S CORRIDORS OF POWER TO PUSH A NEW POLICY FOR ISRAEL.

JEREMY BEN-AMI, FOUNDER OF J STREET

America is a staunch ally of Israel. The question now is, what's actually going to save Israel? And what's going to promote American interests in the Middle East?

RATHER (VOICE OVER)

WE'LL BRING YOU THE NEWS TONIGHT ON DAN RATHER REPORTS.

**BEDS FOR FEDS:**

RATHER (ON CAMERA)

GOOD EVENING. FOR 30 YEARS, AMERICA'S BEEN WAGING A VERY LOPSIDED BATTLE ON CRIME. FROM DRUGS TO GUNS TO ILLEGAL IMMIGRATION, THERE'S BEEN A BIG PUSH TO PUT NEW LAWS ON THE BOOKS, BUT FEW CALLS TO BUILD NEW CELLS FOR THE OFFENDERS. AND THAT'S WHERE WE BEGIN TONIGHT'S PROGRAM. THE FEDERAL COURT SYSTEM IS JAMMED, ARRESTS ARE SKYROCKETING. AND THAT COUPLED WITH TOUGHER REQUIREMENTS TO MAKE BAIL AND YOU SUDDENLY HAVE A GLUT OF INMATES WITH NOWHERE TO GO.

ON AN AVERAGE NIGHT, THERE ARE NEARLY 90-THOUSAND DETAINEES IN FEDERAL CUSTODY AWAITING TRIAL, SENTENCING OR DEPORTATION HEARINGS, BUT FEWER THAN 25,000 BEDS TO HOLD THEM. THE REST OF ARE OUTSOURCED TO A LABYRINTH OF MORE THAN 1800 LOCAL JAILS AND PRIVATE PRISONS. KEEP IN MIND, THESE ARE NOT CONVICTS, THESE ARE ACCUSED PEOPLE -- ONLY PEOPLE ARRESTED.

WE WANTED TO TALK TO THE AGENCY TASKED WITH MANAGING THIS MASSIVE GAME OF MUSICAL BEDS. BUT BEHIND THE FANFARE FROM THE OBAMA ADMINISTRATION ABOUT A WHOLE NEW ERA OF OPENNESS, WE FOUND A STONEWALL OF SILENCE.

RATHER (VOICE OVER)

YOU'VE PROBABLY NEVER HEARD OF THE OFFICE OF THE FEDERAL DETENTION TRUSTEE -- OTHERWISE KNOWN AS THE OFDT. BASED ON THE NINTH FLOOR OF THIS OFFICE BUILDING IN ARLINGTON, VIRGINIA, IT CONSISTS OF 23 FEDERAL EMPLOYEES MANAGING A 1.3 BILLION DOLLAR ANNUAL BUDGET. IT WAS CREATED TO FIX A DETENTION SYSTEM RIFE WITH TURF WARS AND PROFITEERING. THEY DECLINED MULTIPLE REQUESTS FOR AN INTERVIEW OR TO SHOW US THE SYSTEM THEY'RE CHARGED WITH MANAGING. SO WE WENT TO ONE OF THE AGENCIES THE OFDT WAS CREATED TO HELP...

IN BUSES, CARS AND VANS THEY COME AND GO. WINDING THROUGH SMALL-TOWN STREETS, BARRELING DOWN DUSTY HIGHWAYS, IDLING IN

RUSH HOUR TRAFFIC, AN EVER-CIRCLING FLEET OF FEDERAL DETAINEES. EVERY NIGHT, THE U.S. MARSHALS ARE HOUSING TENS OF THOUSANDS OF DETAINEES IN A FAR FLUNG NETWORK OF RENTED BEDS IN LOCAL JAILS AND PRIVATE FACILITIES.

THE MARSHALS SERVICE HAS CUSTODY FOR ABOUT TWO-THIRDS OF THE TOTAL FEDERAL DETENTION POPULATION --THE PEOPLE WHO'VE BEEN ARRESTED BY THE DEA, FBI, ATF, IMMIGRATION AUTHORITIES -- ANY FEDERAL LAW ENFORCEMENT AGENCY. THEY STAND ACCUSED OF ANYTHING FROM GUN RUNNING TO RACKETEERING TO TERRORISM TO GETTING INTO THE COUNTRY ILLEGALLY. BUT THE NUMBER ONE OFFENSE THESE PEOPLE ARE LOCKED UP FOR ARE DRUG CHARGES. CONGRESS LOVES TO BE TOUGH ON CRIME - BUT DOESN'T PAY A LOT OF ATTENTION TO WHAT THAT MEANS AFTER THE HIGH-PROFILE CRACKDOWNS. AND IT'S COSTING A LOT OF MONEY.

CANDRA SYMONDS, ASSISTANT DIRECTOR OF PRISONER OPERATIONS FOR THE U.S. MARSHALS SERVICE

We spend about three and a half million a day on pre-trial detention.

RATHER

Three and a half million a day?

SYMONDS

Yes. And it's really based on the population explosion.

RATHER (VOICE OVER)

THAT EXPLOSION IS MANAGED BY CANDRA SYMONDS - ASSISTANT DIRECTOR OF PRISONER OPERATIONS FOR THE U.S. MARSHALS. SYMONDS WAS TAPPED FOR THE POST LAST AUGUST, AFTER 23 YEARS WORKING HER WAY UP THE RANKS FROM A DISTRICT DEPUTY.

SYMONDS

You know, the boots on the ground in the district, they're doing the hard-- hard work. You know, they're moving the prisoners every day. You know, they're-- they're doin' the hookin' and haulin' and getting them to court and getting them back to jail and into their final destination.

RATHER

Where do you house the detainees?

SYMONDS

We have approximately 65 percent of all of our detainees in state and local facilities. We have about 15 percent of our population in private facilities. And then the other 20 percent are held in pre-trial detention areas of the Bureau of Prisons.

RATHER

Well, fair or unfair to say that you outsource, you outsource a great deal of it?

SYMONDS

We do outsource a great deal of it.

RATHER (VOICE OVER)

AND THERE IS NO BETTER PLACE TO SEE THE OUTSOURCING IN PROGRESS THAN HERE AT THE HARRISBURG PENNSYLVANIA AIRPORT...WHERE ON A RECENT MONDAY MORNING, A FLOTILLA OF UNMARKED VANS AND BUSES GATHERED ON THIS TARMAC TO MEET THIS STRIPPED-DOWN AIRLINER FOR THE WEEKLY SWAP-AND-TRADE OF FEDERAL INMATES. THIS MORNING IN HARRISBURG ALONE, THERE ARE HUNDREDS OF PRISONERS GETTING SHIPPED AND SWAPPED. THEY MIGHT BE HEADING TO COURT, OR PRISON OR MAYBE JUST TO FREE UP SOME PREMIUM BED-SPACE FOR A NEW DETAINEE...

RATHER

Who are these detainees?

SYMONDS

They run the gamut. Whether they're terrorists, to-- drugs or-- firearms. Any different types of federal charges. We handle all the detention, The care, custody, the safe confinement of pre-trial detainees, once they are arrested by a federal law enforcement agency.

RATHER

And a key phrase there is pre-trial detainees.

SYMONDS

Correct.

RATHER

These are not convicts?

SYMONDS

Well they've been arrested --- and they are going before the court of law.

RATHER ( VOICE OVER)

IT IS A HUGE OPERATION NOW BUT MOVING DETAINEES IS NOT NEW. AL PATINO WORKED IN THE MARSHALS SERVICE FOR 25 YEARS. HE SAYS EVEN DURING HIS FIRST POSTING IN THE EARLY 1980S -- LOCAL BEDS WERE IN SHORT SUPPLY SO SEVERAL TIMES A WEEK, THEY WERE SPENDING THOUSANDS OF FEDERAL DOLLARS TO FLY INMATES ON COMMERCIAL FLIGHTS BACK AND FORTH TO HAWAII....

AL PATINO, FORMER U.S MARSHAL DEPUTY

You buy airline tickets for everybody. You hook 'em up. You wait at the police station, at the airport, until your flight arrives. And in some cases, we used to take as many as four, five inmates back and forth between the mainland.

RATHER ( VOICE OVER)

BUT PATINO - WHO RETIRED IN 2007 - SAYS THAT THROUGHOUT HIS CAREER, NO ONE EVER QUESTIONED HOW MUCH HE WAS SPENDING ON DETENTION.

PATIÑO

We knew that if we needed additional prisoner support money, that it wasn't the districts that needed a cry out. It was headquarters going ahead, making the request from Congress to allocate additional funding for the prisoner support. And as far as I know, throughout the 25 years that I was with the Marshal Service, we received it.

RATHER ( VOICE OVER)

AFTER HAWAII, PATINO SERVED IN SEVERAL DISTRICTS, INCLUDING EL PASO, TEXAS, WHERE HE WAS SUPERVISOR OF THE PRISONER SERVICES UNIT, HE SAYS HIS OFFICE SPENT A STAGGERING AMOUNT OF MONEY HOUSING DETAINEES IN 14 DIFFERENT PRIVATE AND LOCAL JAILS-- INCLUDING THE EL PASO COUNTY DETENTION FACILITY.

PATINO

We were housing approximately 1,000 inmates between two facilities that were operated by the El Paso County sheriffs. And during that time, I remember specifically signing checks between \$2-- \$2.5 to \$3 million on a monthly basis for that county.

RATHER ( VOICE OVER)

IT'S ALL PART OF THE COST OF OUTSOURCING. BECAUSE DESPITE BEING IN CHARGE OF ALL THESE DETAINEES, THE MARSHALS SERVICE DOESN'T HAVE A PRISON BED TO ITS NAME.

U.S. MARSHAL DEPUTY

Listen up for your last name. I'm gonna call you by your last name... you answer up with your first...

RATHER

At least to the outside eye, this looks like a pretty bizarre system - that the the Marshals Service has custody of tens of thousands of people, but it doesn't own or operate any facilities of its own does it-- why is it set up like this?

SYMONDS

History.

RATHER (VOICE OVER)

THE HISTORY BEGAN WITH THE FOUNDING FATHERS WHO CREATED THE MARSHALS SERVICE TO SUPPORT AND PROTECT THE FEDERAL COURT SYSTEM. NOBODY WOULD HAVE DREAMED THAT ORIGINAL RESPONSIBILITY WOULD GROW INTO SOMETHING SO COMPLEX AND EXPENSIVE IN THE 21ST CENTURY.

U.S. MARSHALS DEPUTY

Listen up!

SYMONDS

I mean we did over 900,000 prisoner productions last year in court. So, you know, we're...

RATHER

Nine hundred thousand?

SYMONDS

Yeah. We're really stretched.

RATHER (VOICE OVER)

SO STRETCHED THAT LAST YEAR, THE MARSHALS SERVICE ONLY HAD ENOUGH MANPOWER AND BEDS TO HANDLE SEVEN PERCENT OF THE ARRESTEES PICKED UP BY THE BORDER PATROL. THE OTHER 93 PERCENT GOT LUCKY --- SHIPPED STRAIGHT HOME WITHOUT FACING ANY OF THE CRIMINAL CHARGES MANDATED BY THE SO-CALLED ZERO-TOLERANCE CRACKDOWN.

[BORDER PATROL RADIO CHATTER]

RATHER (VOICE OVER)

MORE OFTEN THAN NOT, THE SPECIAL OPERATIONS AND SWEEPS THAT MEAN BIG HEADLINES FOR LAW ENFORCEMENT AGENCIES, MEAN BIG HEADACHES FOR THE MARSHALS SERVICE. THEY SPEND MORE THAN A THIRD OF THEIR MAN-HOURS ON DETENTION. THAT WORKLOAD CAN BE SEEN HERE, AT THE HOLDING CELLS IN THE FEDERAL COURTHOUSES WHERE MARSHALS HOLD DETAINEES BROUGHT IN FOR HEARINGS. THE ROUTINE BEGINS EVERY MORNING, WITH THE CRUSH OF INMATES LINING UP TO LOAD THE BUSES AND VANS THAT WILL TAKE THEM TO THE COURT.

U.S. MARSHALS DEPUTY

Ten more, ten more.

RATHER (VOICE OVER)

FROM 1995 TO 2007, THE NUMBER OF PROSECUTIONS IN FEDERAL COURT INCREASED 25 PERCENT - NOT INCLUDING IMMIGRATION. MEANWHILE THE RATE OF PEOPLE LOCKED-UP PENDING TRIAL INCREASED FROM 39 TO 62 PERCENT.

AFTER COURT, THESE VEHICLES WILL THEN TAKE THE PRISONERS BACK TO A JAIL CELL FOR THE NIGHT. AND MORE OFTEN THEN NOT, IT WILL BE IN A LOCAL LOCK-UP THAT'S RENTING BEDS TO THE U.S. MARSHALS...PAID FOR BY FEDERAL FUNDS.

SYMONDS

I think the Marshal Service has a wonderful working relationship with state and locals. And it's a business process. So, you know, we try to do as much as we can, in working

with the states and their budget system and helping local stimulus -- to give them that revenue, because it's a service that we need.

RATHER (VOICE OVER)

IN OTHER WORDS, ACCORDING TO SYMONDS, A WIN-WIN SITUATION. THE FEDS NEED THE BEDS AND A LOT OF LOCAL GOVERNMENTS HAVE JUMPED ON THE FEDERAL GRAVY TRAIN.

SYMONDS

We have right now about -- 1,800 intergovernmental agreements with local and state governments.

RATHER

Eighteen hundred--

SYMONDS

Eighteen—

RATHER

Around the country?

SYMONDS

....hundred, around the country.

RATHER (VOICE OVER)

THAT'S EIGHTEEN HUNDRED AGREEMENTS THAT COST MILLIONS OF TAX DOLLARS. WITH SO FEW DETENTION BEDS OF THEIR OWN, THE FEDERAL GOVERNMENT IS VERY MUCH AT THE MERCY OF THE LOCAL MARKET. HISTORICALLY, THEY'VE BEEN WILLING TO PAY WHATEVER IT TAKES TO SECURE ENOUGH BEDS -- AND ACCORDING TO CRITICS -- SOMETIMES MORE THAN IT TAKES...

RATHER (ON CAMERA)

FOR YEARS – THE INSPECTOR GENERAL OF THE JUSTICE DEPARTMENT HAS IDENTIFIED THE DETENTION SYSTEM AS ONE OF THEIR TOP-TEN SO-CALLED MANAGEMENT CHALLENGES.

THAT SAME INSPECTOR GENERALS OFFICE CONDUCTED MORE THAN 30 AUDITS OF FEDERAL PAYMENTS TO LOCAL JAILS AND PRIVATE

DETENTION FACILITIES. THEY SAID THAT NEARLY 30 PERCENT OF THE TAXPAYER FUNDS SPENT TO HOUSE FEDERAL INMATES IN LOCAL AND PRIVATE JAILS - A TOTAL OF ABOUT \$60 MILLION - WERE OVERPAYMENT'S..

WHEN AS PART OF OUR INVESTIGATION WE ASKED FOR FULL COPIES OF THE REPORTS, THE INSPECTOR GENERAL TOLD US THAT THE OFFICE OF THE FEDERAL DETENTION TRUSTEE HAD PROTESTED - CLAIMING THAT THE AUDITS CONTAINED "SENSITIVE INFORMATION" THAT AGAIN WOULD "COMPROMISE ITS GOAL OF OBTAINING BED-SPACE AT ECONOMICAL RATES."

SO WE FILED A FREEDOM OF INFORMATION REQUEST, CHALLENGING THE OFDT'S PROTEST. THE INSPECTOR GENERAL'S OFFICE FINALLY DECIDED IN OUR FAVOR AND PROVIDED THE AUDITS.

RATHER (VOICE OVER)

HERE'S WHAT THE OFFICE OF THE FEDERAL DETENTION TRUSTEE DIDN'T WANT TO REVEAL: THE REPORTS TURNED UP MILLIONS IN TAXPAYER DOLLARS PAID FOR THINGS THAT HAD NOTHING TO DO WITH THE HOUSING OF FEDERAL DETAINEES. THE QUESTIONED CHARGES INCLUDED:ORLEANS PARISH, LOUISIANA CHARGED \$5783 FOR A BOAT SLIP AND \$27,703 IN DRY ICE FOR A HAUNTED HOUSE.IN GUAM THEY CHARGED \$29,120 FOR FOOD AND SUPPLIES PROVIDED FOR THE GOVERNOR'S HOUSE. IN MASON, TENNESSEE \$9.977 FOR SPONSORSHIP OF A GOLF TOURNAMENT AND ENTERTAINMENT CHARGES.

PATINO

My position is that historically the Marshals Service has not provided the necessary oversight to ensure that they're not overpaying on these facilities.

RATHER (VOICE OVER)

ACCORDING TO AL PATINO, THE DAILY SCRAMBLE TO SECURE BEDS MEANT THAT HE PAID LITTLE ATTENTION TO HOW MUCH THE LOCAL JAILS AND PRIVATE DETENTION CENTERS WERE CHARGING.

PATINO

I never had any issue with regards to them profiting off the money they were receiving because what's fair is fair and a per diem was established. They were providing us a very needed item. And that's housing for our prisoner population.

RATHER (VOICE OVER)

INMATES HAVE TO GO SOMEWHERE, AND IT ISN'T JUST THE U.S. MARSHALS WHO ARE HAVING TROUBLE FINDING BEDS. THE NUMBER OF SENTENCED FEDERAL PRISONERS HAS DOUBLED SINCE 1994 AND IN THE SAME TIME PERIOD IMMIGRATION DETAINEES HAVE SKYROCKETED MORE THAN 300 PERCENT SINCE 1994.

RATHER (ON CAMERA)

AND THAT BRINGS US BACK TO THE FEDERAL AGENCY THAT REFUSED OUR INTERVIEW REQUESTS. IN 2000 CONGRESS CREATED THE OFFICE OF THE FEDERAL DETENTION TRUSTEE IN THE JUSTICE DEPARTMENT TO ACT AS A REFEREE BETWEEN THE FEDERAL AGENCIES DEALING WITH DETAINEES. AT THE TIME, MANY HOPED A LITTLE MORE OVERSIGHT WOULD STREAMLINE THE PROCESS.

BUT INSTEAD OF REFEREEING TURF WARS OR CONTAINING COSTS, THE OFDT HAS BEEN THUMBING IT'S NOSE AT THE INSPECTOR GENERAL, INSTRUCTING THE MARSHALS SERVICE NOT TO ATTEMPT TO COLLECT THE OVERPAYMENTS, AND DEFENDING THE PROFITEERING, SAYING THAT PAYING A PREMIUM IS WHAT IT TAKES TO GET THE BEDS.

RECENT AUDITS FROM THE INSPECTOR GENERAL SHOW THAT THE BIG PROFITS CONTINUE. ONE JAIL IN CALDWELL COUNTY, NORTH CAROLINA WAS EARNING A 38% PROFIT. ANOTHER ONE IN SUFFOLK, VA WAS MAKING 74%. SO IT'S NO WONDER THAT PRIVATE PRISON COMPANIES AND ENTERPRISING LOCAL GOVERNMENTS ARE CLAMOURING TO GET A PIECE OF THE PIE... RIGHT UP NEXT, WE'LL TAKE YOU TO TEXAS, WHERE PRISON BUSINESS IS BIG BUSINESS.

#### **PRISON BID'NESS:**

RATHER (ON CAMERA)

WELCOME BACK...THE SURGE IN DETAINEES...WHILE A PROBLEM FOR THE US MARSHAL'S SERVICE... HAS BECOME BIG BUSINESS TO WHAT IS COMMONLY CALLED THE PRIVATE PRISON INDUSTRY. AND THAT INDUSTRY IS BOOMING NOWHERE LIKE TEXAS. THE BOOM HAS BEEN ESPECIALLY STRONG ALONG THE BORDER WHERE A NEW IMMIGRATION POLICY HAS MEANT INCREASINGLY BIG BUSINESS. BUT THE PRIVATE PRISON COMPANIES AREN'T DOING IT ALONE. THEY'VE FOUND ALLIES IN THE DOZENS OF SMALL, RURAL COUNTY GOVERNMENTS EAGER TO GET IN ON THE ACTION.

RATHER (ON CAMERA)

THIS IS ABOUT AS CLOSE TO THE WILD WEST AS YOU CAN GET. WE'RE IN LA SALLE COUNTY, DEEP IN SOUTH TEXAS. RIGHT NOW WE'RE ABOUT 50 MILES FROM THE MEXICAN BORDER. THIS COUNTRY IS FLAT AS A

TABLETOP, FILLED MOSTLY WITH SAGEBRUSH, A LOT TRAILS OF TRAILS RUNNING THROUGH HERE. IN THE WHOLE COUNTY, THERE ARE ONLY 6,000 HEARTY SOULS, MOST OF THEM FARMERS AND RANCHERS, SPREAD OUT OVER HUNDREDS OF SQUARE MILES...

RATHER (VOICE OVER)

AND THIS IS ENCINAL... ONE OF THE FEW TOWNS IN LASALLE COUNTY. THERE WAS NOTHING HERE BUT MESQUITE TREES BEFORE THE RAILROAD LAID TRACKS IN THE 1800'S AND IT BECAME A SHIPPING CENTER FOR CATTLE. THE RAILROAD'S STILL HERE BUT NOT MUCH ELSE.... LIKE MUCH OF RURAL AMERICA, ENCINAL IS DRYING UP...AND THE COUNTY IS DESPERATE FOR REVENUE. THE ONLY THING GROWING AROUND HERE IS THE CACTUS. SEAN CHADWELL IS NOT FROM THESE PARTS. BUT HE LIKED IT HERE...SO MUCH SO THAT HE AND HIS WIFE BOUGHT A HOME...ONLY A HALF HOURS DRIVE FROM HIS JOB AS AN ENGLISH PROFESSOR AT A LOCAL COLLEGE. AND HE EVEN SERVED A FEW TERMS ON THE CITY COUNCIL... SO AS A LOCAL POLITICIAN IN THE KNOW, HE WAS SURPRISED TO HEAR SECOND HAND ABOUT A NEW BUSINESS COMING TO TOWN.

SEAN CHADWELL, FORMER ENCINAL CITY COUNCIL MEMBER

One day there was a groundbreaking. And some representatives came. And other people came. And it was out there behind the truck stop. And, you know, they said, "Well, congratulations Encinal we're going to build you a detention facility."

RATHER

Is that the first you'd heard of it?

CHADWELL

That was pretty much the first I had heard of it, yeah. And that was in 2002. And so, we began to ask questions after that.

RATHER (VOICE OVER)

...QUESTIONS LIKE--WHY HERE AND WHO IS PAYING FOR IT? BUT, WITH LITTLE NOTICE TO ANYONE IN ENCINAL, DOWN CAME THE BARBED WIRE...UP WENT THE RAZOR WIRE. THE LA SALLE COUNTY DETENTION CENTER, A MULTI-MILLION DOLLAR PRIVATE FACILITY, WOULD SOON BE OPEN FOR BUSINESS... BIG PRIVATE BUSINESS.

CHADWELL

We went to the county commissioner's court. And we said, "So, what's goin' on here? We hear you're buildin' a facility in-- in Encinal." And they said-- "It's done. You don't need to know anything about it." They said-- you know, "Make an open records request if you wanna find out what's goin' on." They said, "The decisions have already been made. It's too late."

RATHER (VOICE OVER)

AND IN NO TIME IT WAS BUILT...AND THE INMATES CAME...THE PRIVATE PRISON COMPANY TOSSED IN A HANDFUL OF FINANCIAL INCENTIVES LIKE THOUSANDS OF DOLLARS FOR THE LOCAL ECONOMY AND THE PROMISE OF JOBS. THAT'S BEEN A PROFITABLE FORMULA FOR PRIVATE PRISON COMPANIES EVERYWHERE.

RATHER

Now, as we sit here today, how important is the for-profit prison and jail business?

MICHELE DEITCH, ATTORNEY AND ADJUNCT PROFESSOR, UT AUSTIN

It's has enormous influence on criminal justice-- in this country.

RATHER (VOICE OVER)

MICHELE DEITCH KNOWS A LOT ABOUT THE PRIVATE DETENTION BUSINESS. SHE'S AN ATTORNEY, AND A PROFESSOR AT THE LBJ SCHOOL FOR PUBLIC AFFAIRS AT THE UNIVERSITY OF TEXAS IN AUSTIN. SHE'S BEEN CITED FOR HER WORK ON CRIMINAL JUSTICE POLICY AND THE MASSIVE TEXAS PRISON SYSTEM... INCLUDING PRIVATE DETENTION OPERATIONS IN THE LONE STAR STATE.

DEITCH

One of the-- private prison vendors-- the last time I checked, it would, alone, be the sixth largest prison system in the country, if it were its own state... So, it is-- it is quite a-- an influential segment.

RATHER

The argument that's put to me is listen, that increasingly the federal government, particularly the federal government, it-- it needs more beds partly because of tougher laws on-- immigrants-- illegal and otherwise. So, if they need more beds, and if a county-- can build a detention center and provide more beds and it's for-profit-- this is America. We believe in capitalism, nothing wrong with making money, what's wrong? What's the big deal?

DEITCH

I heard it said once that-- misery and profits don't mix. And I think there's some truth to that... When the goal is to make profits, the tendency is to cut corners. And you look for ways-- to save money. Well, the place where money can be saved most easily is in the form of staff. So, a lot of these facilities are understaffed or they're staffed by-- guards who receive much lower pay than they would in the public sector. In many cases-- the going rate for guards in these private facilities is the rate of-- of what-- what they're paying at the local McDonalds or Wal-Mart.

RATHER (VOICE OVER)

RECORDS WE OBTAINED FROM LA SALLE COUNTY INDICATE THE SALARY RANGE FOR THEIR PRIVATE DETENTION CENTER GUARDS IN 2006, TO BE FROM ABOUT FOURTEEN TO TWENTY THOUSAND DOLLARS A YEAR. AND ACCORDING TO A RECENT TEXAS LEGISLATIVE REPORT, A 2008 SURVEY OF SEVEN PRIVATE PRISON FACILITIES FOUND THE GUARD TURNOVER RATE WAS MORE THAN NINETY PERCENT. THAT'S RIGHT, NINETY PERCENT. AND FIVE YEARS AFTER THE FACILITY OPENED... THEY'RE SERVING UP A DISH OF BUYERS' REMORSE DOWN AT THE LOCAL CAFE.

ARMANDO, LOCAL AT RECREATION CENTER CAFE, ENCINAL

We gonna promise you this and that. Nothing else had been delivered. Other than the jobs. That's about it.

ROSA LINDA, LOCAL AT RECREATION CENTER CAFE, ENCINAL

They don't pay. It's too expensive. You know, to-- they don't get paid enough to get insurance for the family. It's just a job to get by. To pay your bills.

RATHER (VOICE OVER)

THE LA SALLE LOCKUP IS OPERATED BY EMERALD CORRECTIONAL MANAGEMENT, THAT'S A PRIVATE COMPANY BASED IN LOUISIANA. THEY REFUSED OUR REPEATED REQUESTS FOR INFORMATION OR AN INTERVIEW... SO, WE CAN'T TELL YOU WHAT IT'S LIKE INSIDE...HOW MANY GUARDS, OR HOW MANY DETAINEES TO A CELL. WE CAN TELL YOU NO ONE INSIDE THESE WALLS IS SERVING HARD TIME. MOST, IF NOT ALL, ARE FEDERAL INMATES WAITING TO BE TRIED, OR TO BE DEPORTED... AND THEY COULD BE HERE FOR DAYS OR EVEN YEARS...

RATHER

And how many beds in here?

CHADWELL

500.

RATHER

And –

CHADWELL

To my knowledge it's 500, but there may be 525.

RATHER

But who's mostly in those beds?

CHADWELL

Those beds are occupied by migrants. This is -- this is a facility that I don't if you're familiar with the situation now, but immigrants coming across the border and into the United States are being sentenced to do time.

RATHER (VOICE OVER)

AND IN A PRIVATE PRISON, DOING TIME MEANS SOMEBODY'S MAKING MONEY.... ESPECIALLY AFTER A BUSH ADMINISTRATION INITIATIVE THAT SUDDENLY MADE PRIVATE DETENTION MORE PROFITABLE.

DEITCH

In the last couple of years, the federal government has changed its immigration detention policy and started something called Operation Streamline, which-- has to do with criminal prosecution of-- immigrants who are here illegally-- border-crossers. And essentially, these are-- individuals who are held for 30 days or so, an-- an average of 30 days before they're deported.

RATHER (VOICE OVER)

WHICH MEANS THAT THIS FACILITY—WITH A PER DIEM OF FIFTY EIGHT DOLLARS PER INMATE-- CAN GENERATE MORE THAN 10 MILLION DOLLARS A YEAR. BUT THE EMERALD COMPANY - WITH ITS THREE FACILITIES IN TEXAS - IS SMALL POTATOES COMPARED TO THE GIANTS OF THE PRISON BUSINESS...COMPANIES LIKE CORRECTIONS CORPORATION OF AMERICA, BETTER KNOWN AS CCA...AND THE GEO GROUP. THEIR COMBINED REVENUES LAST YEAR WERE IN THE BILLIONS OF

DOLLARS...TOGETHER THEY MANAGE OVER ONE-HUNDRED PRIVATELY AND PUBLICLY-OWNED FACILITIES THROUGHOUT THE COUNTRY, INCLUDING TEXAS.

RATHER (ON CAMERA)

SO, HOW DO YOUR TAX DOLLARS FIT INTO ALL THIS? BETWEEN THE U.S. MARSHALS AND IMMIGRATION AND CUSTOMS ENFORCEMENT, ALSO KNOWN AS ICE, THE U.S. GOVERNMENT'S SPENDING BILLIONS OF DOLLARS A YEAR ON DETENTION... AND SMALL, IMPOVERISHED COUNTIES LIKE LA SALLE... EAGER TO MAKE A FAST FEDERAL BUCK... ARE BORROWING MILLIONS TO BUILD NEW DETENTION CENTERS AND HIRING PRIVATE PRISON OPERATORS TO CATER TO THE FED'S NEEDS.

RATHER (VOICE OVER)

IN TEXAS, ALONE, COUNTIES HAVE SPENT OVER HALF-A-BILLION DOLLARS TO FINANCE THE CONSTRUCTION OF THESE SPECULATIVE DETENTION FACILITIES THROUGH THE SALE OF A SPECIAL TYPE OF MUNICIPAL BOND, CALLED REVENUE BONDS. THEY DON'T REQUIRE DIRECT TAXPAYER APPROVAL. THESE BONDS ARE SOMETIMES USED TO BUILD THINGS LIKE TOLL ROADS, AIRPORTS OR SPORTS STADIUMS. AND IT MEANS THE COUNTIES HAVE TO BORROW MONEY THEY DON'T HAVE...BUT THE PRIVATE PRISONS BUSINESS KNOWS HOW TO GET IT FOR THEM.

CHRISTOPHER "KIT" TAYLOR, ECONOMIST

My guess is this is part of a cookie-cutter operation. And the cookie cutter is that a team comes in to the county and says, "Have I got a deal for you."

RATHER (VOICE OVER)

KIT TAYLOR IS AN ECONOMIST AND A FORMER SECURITIES REGULATOR...AND HE'S A BOND GURU. AT OUR REQUEST, HE LOOKED AT THE BOND PACKAGES PUT TOGETHER BY SEVERAL PRISON COMPANIES BUILDING IN TEXAS.

TAYLOR

You've got unemployment. You've got issues. We have something that you might want. And we'll put together a team. You don't have to sweat anything. We'll do it all for you. We'll issue the bonds. We'll set up, do all the legal work. We'll do the construction. And our friends over here will manage the prison. No sweat for you.

RATHER

It's a turn-key deal?

TAYLOR

A sort of turn-key deal. And they will do that. And then they-- so those guys, all those guys, construction company, bond underwriters, legal people-- the people operating the prison, they all benefit.

RATHER (VOICE OVER)

AND IN FACT OUR INVESTIGATION FOUND A GROUP OF COMPANIES, ARE DOING JUST THAT. PRISON DEVELOPERS CORPLAN CORRECTIONS...FROM TEXAS...THE COMPANY HALE-MILLS CONSTRUCTION...ALSO FROM TEXAS... BOND UNDERWRITERS MUNICIPAL CAPITAL MARKETS GROUP ALSO FROM TEXAS AND HERBERT J. SIMS AND COMPANY FROM CONNECTICUT. ALL THESE COMPANIES HAVE WORKED TOGETHER AROUND THE COUNTRY, NEGOTIATING DOZENS OF PRISON DEALS IN THE LAST 10 YEARS. BUT SUDDENLY THERE ARE CHANGES ON THE BORDER THAT COULD BE BAD NEWS FOR THE PRIVATE PRISON BUSINESS. OPERATION STREAMLINE...AND THE WEAKEN AMERICAN ECONOMY HAVE MEANT A DRAMATIC DECLINE IN BORDER CROSSINGS....DOWN 27 PERCENT OVER THE PAST YEAR...ACCORDING TO THE U.S. GOVERNMENT.

JUDGE JOSE ARANDA, COUNTY JUDGE OF MAVERICK

Do I have any concerns? I guess, if you have ever gone into business, there's always risk.

RATHER (VOICE OVER)

JOSE ARANDA IS THE COUNTY JUDGE JUST UP THE ROAD IN MAVERICK COUNTY. HE ADVOCATED BUILDING A BIG 688-BED FACILITY IN THE BORDER CITY OF EAGLE PASS.

JUDGE ARANDA

As an entrepreneur, you never give up. You continue to strive to make it work. We do have a commitment to make it work. Ant that commitment's gonna continue to be there.

RATHER (VOICE OVER)

MAVERICK IS AN AREA DESPERATE FOR JOBS...AND THE 43-MILLION DOLLAR FACILITY IS ALREADY EMPLOYING MORE THAN A HUNDRED PEOPLE... AND THE GEO GROUP, THE PRIVATE PRISON OPERATOR HAS, ACCORDING TO THE JUDGE, SPENT 3 MILLION ON THE COMMUNITY. THE COUNTY JUDGE IN TEXAS IS LIKE THE COUNTY SUPERVISOR IN SOME

STATES...BUT IN ORDER FOR JUDGE ARANDA'S COUNTY TO MAKE MONEY OFF ITS DETENTION ADVENTURE, THERE NEED TO BE INMATES IN BEDS.

JUDGE ARANDA

We only have 300 and something inmates. We're working very hard to fill it up. And I believe that we will. And-- right now, we're not seeing the full profits, let's say. But any new business that opens up is usually not profitable from the beginning. And I think we're gonna see some profits from this renter this year.

RATHER (VOICE OVER)

BUT MICHELLE DEITCH AT THE LBJ SCHOOL BELIEVES THERE MAY SOON BE TOO MANY PRIVATE LOCKUPS.

DEITCH

Suppose that the-- new administration changes its policy on immigration detention. Suppose it changes Operation Streamline and no longer criminally prosecutes-- border crossers. Suddenly, the demand for those beds is gonna go way down.

RATHER

I'll bet.

DEITCH

And we're gonna have a lot of empty beds on our hands.

RATHER (VOICE OVER)

MEANWHILE BACK IN DESOLATE LA SALLE COUNTY... THERE HAVE BEEN SOME ROUGH PATCHES. THE DETENTION CENTER DOES BRING IN MONEY BUT NOT AS MUCH AS COUNTY LEADERS THOUGHT... AND THE COUNTY HAS SPENT HUNDREDS OF THOUSANDS OF DOLLARS IN LEGAL FEES FOR LAWSUITS OVER OPERATIONS, MAINTENANCE AND SHODDY CONSTRUCTION. AND THEN THERE'S THE TOWNS WATER AND SEWER SYSTEMS... SO OVERWHELMED BY THE DETENTION FACILITY... THAT WHEN THE WIND GETS UP, ENCINAL SMELLS OF RAW SEWAGE. IT WILL COST SEVERAL MILLION DOLLARS TO REPAIR.. AND MORE MONEY TO INSTALL ANOTHER WATER WELL...

CHADWELL

I mean, it's a big deal to own one of these things. They require repairs, and maintenance, and energy costs, and everything else. They use a lotta water. And the coun-- the county

has to see to all of that over the life of this facility. And if there's profit to be made, I suspect a lot of it goes back into maintaining that facility.

RATHER (VOICE OVER)

AND THOSE PROMISED ECONOMIC BENEFITS?

CHADWELL

Nothing.

RATHER

Zero?

CHADWELL

There's-- there's-- I-- I-- I can't-- I can't tell you a single thing. And I-- and I challenge you to drive around this town-- tomorrow when there's-- when there's light, and find any sign of-- of economic activity here that the city of Encinal hasn't had its hand in, or played the major role in.

RATHER

Insofar as you know, were any payoffs involved here, with local officials?

CHADWELL

Not insofar as I know, no. And in fact, I-- I mainly trust my local officials. And I think-- you know, I-- as I said, I think they thought that this was a good thing to do for the town. And I think that-- you know, I wish, as-- as-- Thoreau had said, I wish they had cherished their wise minority, and listen to us. And let us talk to them about these contracts, and-- and agreements they were getting into.

RATHER

I'm not here to put words in your mouth.

CHADWELL

Ok.

RATHER

But do you agree or disagree-- do you think it's too strong to call it a racket?

CHADWELL

I call it a racket, yeah. Absolutely. I think-- the way I talk about these guys-- that is, the-- the construction company-- the-- the-- the bond lawyers, the bond counsel, the-- the bond banks. The architects and engineers. The consultants. They all work together. And you can watch these people. They-- they move as-- as a mass.

RATHER (VOICE OVER)

AND, ACCORDING TO BOND EXPERT KIT TAYLOR THERE'S ANOTHER QUESTION THAT COUNTY OFFICIALS NEED TO BE CONCERNED ABOUT...WHAT HAPPENS WHEN THEY CAN'T MAKE A PAYMENT?

TAYLOR

If they default you're never gonna get another bite at the apple. Nobody else is going to build a facility in there. It doesn't matter what it's for. So you're not gonna do it.

RATHER

Is your average county government or even above-average county government capable of seeing these private prison bonds for what they are and making these kind of deals?

TAYLOR

In the case of the prison bonds, I have serious questions about whether a county official, who up to now has been dealing just with his little water and sewer and the three cops, and as you said, worrying about whether the one stop light has got working lights in it, and suddenly is dealing with a much, much larger proposition, something equally as large as the town, equally as complex, and suddenly you're asking people who have had no experience to do that.

RATHER (VOICE OVER)

PRIVATE DETENTION FACILITIES HAVE WORKED IN SOME PARTS OF THE STATE...AND COUNTY EXECUTIVES THERE TELL US THE LOCKUPS HAVE BEEN OVERALL GOOD FOR LOCAL COFFERS. BUT SOME STUDIES HAVE SHOWN THAT OVER THE LONG TERM, A PRISON, PUBLIC OR PRIVATE, IS NOT THE ECONOMIC DRIVER IT WAS SOLD TO BE...AND ACCORDING TO MICHELE DEITCH, THERE ARE SOCIAL COSTS.

DEITCH

There was a recent study out of Florida that compared recidivism rates of the two types of facilities, public and private and found that they were virtually identical. So, you're not

seeing improved public safety coming out of it. In terms of-- performance-- during the time people are in the facility, the research has shown that there are-- the private facilities have 49 percent more assaults on staff, 65 percent more inmate on inmate assaults, higher levels of escapes, higher levels of riots, higher levels of idleness. That's not a track record to be proud of.

RATHER (VOICE OVER)

REGARDLESS, PRIVATE DETENTION CENTERS ARE ON THE DRAWING BOARD IN MORE COMMUNITIES IN TEXAS. BACK IN ENCINAL, SEAN CHADWELL, THE FORMER CITY OFFICIAL, THINKS THERE'S A BIGGER ISSUE THAT NEEDS TO BE ADDRESSED...AND THAT'S THE DETENTION OF MIGRANTS FOR MONEY.

CHADWELL

There are many, many thousands of these people, we've decided nationally that the best thing to do now instead of deporting them is to-- is to put them up for a few months on taxpayer dime. And it's-- I don't think that's sustainable, either.

RATHER (ON CAMERA)

AND IT SHOULD BE STRESSED THAT PRIVATE DETENTION CENTERS ARE FAR FROM A TEXAS PHENOMONON. 32 OTHER STATES HAVE THEM...WE HERE AT DAN RATHER REPORTS ON HDNET ARE CONTINUING TO INVESTIGATE THE PRIVATE PRISON INDUSTRY AND IT'S GREAT LOBBYING POWER IN WASHINGTON AND STATE CAPITALS...WE'LL HAVE THAT IN A FUTURE INVESTIGATIVE REPORT. COMING UP NEXT... A VOICE FROM WASHINGTON WITH A NEW MESSAGE FOR ISRAEL.

**J STREET:**

RATHER (ON CAMERA)

FOR OUR NEXT REPORT, WE TURN TO THE MIDDLE EAST... BY WAY OF WASHINGTON D.C. OVER THE PAST FEW WEEKS, THE RHETORIC OF CHANGE COMING FROM THE WHITE HOUSE HAS BEEN PRONOUNCED, WHILE THE DEVELOPMENTS ON THE GROUND IN THE REGION HAVE BEEN FAST AND FURIOUS: ELECTIONS IN LEBANON AND IRAN...PRESIDENT OBAMA'S SPEECH IN CAIRO...POLITICAL DEBATES WITHIN ISRAEL. WHILE NO ONE CAN PREDICT WHAT THE MIDDLE EAST WILL LOOK LIKE WHEN AND IF THE DUST FINALLY SETTLES, IT'S CLEAR THAT, FOR BETTER OR WORSE, A NEW ERA HAS ARRIVED. AND AS ALWAYS, MUCH OF THE FOCUS WILL CENTER AROUND THE ISRAELI-PALESTINIAN CONFLICT. SO WE THOUGHT IT WOULD BE A GOOD TIME TO LOOK BACK AT A REPORT WE RAN IN JANUARY. AT THE TIME, ISRAEL WAS FIGHTING IN GAZA AND

PRESIDENT BUSH WAS STILL IN THE WHITE HOUSE. BUT THERE WERE SIGNS THAT THE IN-COMING OBAMA ADMINISTRATION WAS LOOKING TO RE-THINK AMERICAN DIPLOMACY IN THE REGION – AND THERE WAS A MAN ALREADY IN WASHINGTON EAGER TO MAKE THAT HAPPEN.

JEREMY BEN-AMI, FOUNDER OF J STREET

The leadership and some of the institutions that have spoken for American Jews have-- have drifted to the right. While our community is a naturally progressive center-left community. And so, the leadership and the voices they've been hearing in Washington are out of touch with the base of the American Jewish community.

RATHER (VOICE OVER)

JEREMY BEN-AMI IS A WASHINGTON INSIDER, WHO WAS A SENIOR POLICY ADVISER TO PRESIDENT CLINTON. HE'S BEEN IN THIS TOWN FOR 25 YEARS AND HE KNOWS THAT WHENEVER IT COMES TO ISRAEL, THE VOICE FROM WASHINGTON IS ONE OF UNEQUIVOCAL SUPPORT. CONGRESS VOTED UNANIMOUSLY TO BACK ISRAEL'S ACTIONS IN GAZA, BUT BEN-AMI SAYS THE WAY WE DISCUSS THE ISRAELI-AMERICAN ALLIANCE, NEEDS TO CHANGE.

BEN-AMI

We're beyond the argument of, "Is the U.S. a friend of Israel?" We need to move to a different question.

RATHER

Well, as the record clearly shows, the United States of America, the people of this country, overwhelmingly have supported Israel, the view that Israel is the arsenal of democracy in a very hostile part of the world. Is it your view that this, what I will call, unquestioning support of Israel has been a mistake on the part of our country?

BEN-AMI

Ah, No. What I would say to people in the American Jewish community is, we won that fight. America is a staunch ally of Israel. The question now is, what's actually going to save Israel? And what's going to promote American interests in the Middle East? And it's a different set of policies.

RATHER (VOICE OVER)

NOW BEN-AMI IS TRYING TO CONVINCING OFFICIAL WASHINGTON THAT A DIFFERENT SET OF POLICIES - ONES EMPHASIZING DIPLOMACY OVER ARMED CONFLICT - SHOULD BE AT THE TOP OF THE AMERICAN

AGENDA. BEN-AMI SAYS FOR YEARS HE KEPT HEARING FROM JEWS AROUND THE COUNTRY ASKING WHY THERE WASN'T A MORE PROMINENT VOICE ADDRESSING THEIR DESIRE FOR MORE DIPLOMACY IN ISRAEL. SO EVENTUALLY, BEN-AMI QUIT HIS DAY JOB AS A POLITICAL CONSULTANT, TO TAKE UP THE CAUSE HIMSELF. LAST APRIL, HE FOUNDED AN ORGANIZATION HE CALLED J STREET.

RATHER

Well, tell me how J Street got its name.

BEN-AMI

Well, the-- grid of Washington, D.C. has-- all the letters running from A to W. But, there's no J. And so, our analogy is that we are filling a void in the political map of Washington, D.C.

RATHER (VOICE OVER)

HE DESIGNED J STREET TO BE AN EFFECTIVE WASHINGTON PLAYER -- PART LOBBYING GROUP, PART POLITICAL ACTION COMMITTEE.

BEN-AMI

The lobby-- works with Congress and works publicly-- to promote-- policies and-- and positions that promote Israel's security, that are promoting peace in the Middle East. And the political action committee, independently of that-- supports candidates and endorses them and-- and raises money for them, who are willing to stand up and take those pro-Israel, pro-peace positions.

RATHER

And what is the mission of J Street?

BEN-AMI

Number one is to change the dynamics of American politics when it comes to Israel and the Middle East, to allow a more open space for-- policy making and for policy debate.

RATHER (VOICE OVER)

WHEN IT COMES TO LOBBYING FOR ISRAEL IN WASHINGTON - THIS SLEEK OFFICE BUILDING IS THE EPICENTER. IT'S HOME TO AIPAC - THE AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE. THEY'RE A MUST-STOP FOR PRESIDENTIAL CANDIDATES AND ARE CONSIDERED THE SECOND-MOST INFLUENTIAL LOBBYING GROUP IN WASHINGTON AFTER THE N-R-A,

THE NATIONAL RIFLE ASSOCIATION. AIPAC HAS A REPUTATION FOR PUSHING A CONSERVATIVE AGENDA BUT STILL HAS THE EAR OF LIBERAL POLITICIANS. IT HAS MORE THAN ONE HUNDRED THOUSAND REGULAR DONATING MEMBERS, AN ENDOWMENT OF OVER \$100 MILLION, AND OFFICES IN 18 U.S. CITIES. WE WANTED TO HEAR AIPAC'S VIEW OF J STREET, BUT OUR REQUEST FOR AN INTERVIEW WAS DECLINED.

RATHER

Now many Americans are familiar with AIPAC. AIPAC's been around for a long while. For those who know about it, I think it's fair to say that they believe it is the pro-Israeli--American but pro-Israeli operation for representing Israel's interests in Congress and elsewhere.

BEN-AMI

Yes. And AIPAC's done a terrific job-- over 30 years. In fact, I think they've created the-- manual that-- lobbyists and-- folks who wanna have an impact in Washington should read and study. I think they do speak for a large number of the American Jews in this country on a wide range of issues. In our view, we are not setting J Street up to be in any way anti-AIPAC or an alternative to AIPAC. We believe that the agenda of peace-- and an agreement and a-- and a diplomatic settlement, a diplomatic resolution to all of these conflicts that have blown up yet again in the last two weeks, that is the only route to really secure Israel's long-term interests. And we feel nobody has actively promoted that sufficiently and has created the space for policy makers here to promote that. That's what J Street's about. It's not anti or pro any one organization. We have an agenda and a way of getting it done.

BEN-AMI

Well we're gonna see Halverston on Thursday so I don't feel as... Let's definitely do Shingry... Hey! Good to see ya! Yeah, thanks. Oh! Is there a Price - there's a Price op-ed? Let's keep walking...

BEN-AMI

We are in the halls of the Longworth House Office Building and today is the day the new members of Congress are getting sworn in for the 111th Congress and they're all having open houses, they're having their constituents and friends and supporters come by to congratulate them -- and it's our chance to say hello and say congratulations to the people our independent PAC supported in the last cycle.

RATHER (VOICE OVER)

A NEW POLITICAL SEASON IS COMING INTO FOCUS ON CAPITOL HILL AND A LOT HAS CHANGED SINCE THE LAST TIME CONGRESS CONVENED -

DEMOCRATS NOW HAVE A SOLID MAJORITY IN BOTH CHAMBERS, A NEW PRESIDENT IS ABOUT TO BE SWORN IN, AND ISRAEL IS FIGHTING IN GAZA.

BEN-AMI

We have time. Yeah we have time we can do one more... I mean look Chiefs of Staff are what twenty-eight, twenty-nine?... Education, Israel, you gotta be able to...

RATHER (VOICE OVER)

BEN-AMI HAS HIS PITCH READY FOR THE MEMBERS OF THE NEW CONGRESS.

BEN-AMI

As we have learned in Iraq and have learned in other wars and conflicts, you can't necessarily defeat a political challenge and a movement through military means. And so the Congressmen and women are trying to understand how should we talk about this to both show our support for Israel but express the nuance and the complexity of the moment and we're trying to help with that.

What is the exit strategy, if you decapitate the Hamas?...

LOIS CAPPS, (D) CALIFORNIA

There's been a tradition in-- the Congress, which has been very-- supportive of Israel, and I share that position.

RATHER (VOICE OVER)

CALIFORNIA REPRESENTATIVE LOIS CAPPS IS ONE OF THE 41 CANDIDATES ENDORSED BY J STREET IN THE LAST ELECTION. 33 OF THEM WON THEIR SEATS IN CONGRESS.

CAPPS

In order to support Israel, we also want to support the Palestinians. And that's where there may be somewhat of a parting of the ways. To support the Palestinians, humanitarily, and-- in their right to be a state in a two-state solution for the conflicts in the region, is not universally shared-- in-- in-- the Congress. And, perhaps, I would also say then in the country. So the positions that J Street has taken, with respect to a s-- two-state solution, I em-- I embrace, because that's something I share.

RATHER (VOICE OVER)

J STREET'S IMPRESSIVE ARRIVAL ON THE JEWISH-AMERICAN POLITICAL SCENE CAPTURED SOME ATTENTION IN THE PRESS. THE FORWARD – A RESPECTED, INDEPENDENT JEWISH NEWSPAPER – NAMED JEREMY BEN-AMI ONE OF THE FIVE MOST INFLUENTIAL JEWS OF 2008.

JANE EISNER/EDITOR, FORWARD NEWSPAPER

I think that the-- launch of this new lobbying spokesperson-- was greeted a little skeptically by people.

RATHER (VOICE OVER)

JANE EISNER IS THE EDITOR OF THE FORWARD. SHE SAYS J STREET'S GROWTH IN INFLUENCE WAS NOT A FOREGONE CONCLUSION.

EISNER

I think that it was some question about whether or not it was actually gonna be catching the mood of the American Jewish community. And it did. I think it did.

RATHER (ON CAMERA)

Why do you think it did?

JANE EISNER, EDITOR, FORWARD NEWSPAPER

Well, I think that-- there was an appetite for a broader conversation about Israel. I also think that J Street-- represents a different kind of lobbying, or at least tries to, which is more grassroots. You know, fresher and newer, catching a wave that we saw with the Obama campaign and with a lot of other political efforts in the last couple of years. Even the name is, like, a little cheeky, you know. I-- and I think that appeals to people.

RATHER (VOICE OVER)

ALL TOLD, J STREET'S POLITICAL ACTION ARM, ITS PAC, RAISED MORE THAN \$2 MILLION IN 2008 – MOST OF THAT IN SMALL INCREMENTS ONLINE. BUT THAT WAS BEFORE THE RECENT FIGHTING IN ISRAEL WHEN THE STAKES OF J STREET'S APPEAL FOR PEACE WERE LOWER.

IMMEDIATELY AFTER THIS LATEST GAZA CONFLICT IGNITED, J STREET SENT A MASS EMAIL TO THE ONE HUNDRED THOUSAND PEOPLE ON ITS EMAIL LIST. THE J STREET STATEMENT READ IN PART, QUOTE, "...NEITHER ISRAELIS NOR PALESTINIANS HAVE A MONOPOLY ON RIGHT OR WRONG. WHILE THERE IS NOTHING 'RIGHT' IN RAINING ROCKETS ON ISRAELI FAMILIES OR DISPATCHING SUICIDE BOMBERS, THERE IS NOTHING 'RIGHT'

IN PUNISHING A MILLION AND HALF ALREADY-SUFFERING GAZANS FOR THE ACTIONS OF THE EXTREMISTS AMONG THEM."

THAT COMMENT LED TO A TORRENT OF CRITICISM, EVEN FROM FORMER SUPPORTERS OF J STREET. EISNER'S PAPER, THE FORWARD, RAN A SCATHING OP-ED PIECE WRITTEN BY A PROMINENT LIBERAL RABBI IN RESPONSE TO THE J STREET EMAIL.

BEN-AMI

Well we took very serious issue with-- the rabbi's comments. And-- for-- for us-- it's actually quite shocking. There are two peoples here. And both peoples have suffered. And for the rabbi that leads the reform movement of this country to not be able to acknowledge that and then to say it's morally deficient to try to acknowledge that, we were shocked by that.

RATHER (VOICE OVER)

IN HIS OP-ED THE RABBI CALLED J STREET'S COMMENTS, QUOTE "...MORALLY DEFICIENT, PROFOUNDLY OUT OF TOUCH WITH JEWISH SENTIMENT, AND ALSO APPALLINGLY NAIVE."

EISNER

It was-- somewhat surprising—that he chose to write something-- you know, as powerful and as critical of this. And, in particular, in naming-- J Street in the piece.

RATHER

First of all, he said he'd support J-- Street when it was formed, and had thought well of them. But that he really was highly critical of them for, what he called, a version of striking moral equivalency with Hamas and the elements of Gaza and rocketing. And the Israel attack. I think, by any-- reasonable analysis, it was harsh criticism--

EISNER

It-- well, it was.

RATHER

of J Street.

EISNER

It was and I think it-- it honed in a particular part of the J Street statement-- initially, that-- that did appear to create this equivalency. And, you know, that's very troubling for many people. All of us should be pained to the bone that hundreds of people, apparently

many civilians, have died so far in this war. But we also have to recognize that-- for eight years, the people in southern Israel were terrorized. Did many of them die? No. But that doesn't, you know, terror doesn't need to have actual death to-- to do its dirty business. Hamas was terrorizing a population-- for a very, very long time. And I-- I think, you know, it-- one could argue that the central role of any government is to protect its citizens. And so there's a very strong argument to be made there, that that's what Israel was trying to do.

RATHER (VOICE OVER)

IT'S A COLD SUNDAY MORNING AND THOUSANDS OF PEOPLE TURN OUT IN FRONT OF THE ISRAELI CONSULATE IN NEW YORK IN A SHOW OF SOLIDARITY WITH THE JEWISH HOMELAND. THIS DEMONSTRATION IS BEING SPONSORED BY DOZENS OF JEWISH GROUPS - REPRESENTING A WIDE RANGE OF CONSTITUENCIES: THE MESSAGE IS THAT ISRAEL IS IN A TIME OF NEED AND THAT IT HAS THE UNFLINCHING SUPPORT OF THE UNITED STATES.

DAVID

If the Arabs are so concerned about the Palestinians they should make an effort to help them.

CHERYL

They send off, purposefully, rocket fire from kindergartens and schools and hospitals, endangering their own people, they're doing, these are, Hamas is like a Nazis to their own people. It's like, it's horrendous, they don't value life. Hamas, it's like a culture of death.

EISNER

Look when it comes to Israel, you know, the Jewish community in America is like-- it's like the, you know, the family. So you complain about each other all the time. With each other. Or on the phone with your sister-in-law. But then if someone is somehow attacking your family you rally round. And I think that there's this, kind of, always been this tension in the Jewish community in America when it comes to Israel. Whether it's the Israeli government's policies, or other things going on there. To try to both be supportive, but also to be, you know, a loving critic. And that, you know, tension has folks feeling that they can't really criticize-- the government in the same way in which, frankly, we know there's an incredibly lively debate in Israel all the time about the government's policies. Whosever in power.

RATHER

You've said that the right wing of the Jewish American community has, and I use your word, hijacked the debate about the Israeli/Palestinian conflict and controls what it means to be pro-Israel. Can you give me a few examples of this hijacking and-- and control?

BEN-AMI

The-- way in which a policy argument and a debate over what's actually best suddenly becomes a name-calling exercise, where you are anti-Israel or anti-Semitic-- you know, which I've been called many times now in the past few days in particular. That's not a rational debate. And so, by creating that atmosphere in which people are afraid to actually speak their minds, to talk rationally, that to me is hijacking the debate.

RATHER

When this program is over and people say to me, which I expect some will, "Dan Rather, you talked with this guy with J Street. He seems reasonable. He seems intelligent. He certainly seems in support of Israel. But he doesn't understand that with Hamas and Hezbollah, that to negotiate with these kind of stone-cold killers is a dead-end street and extremely dangerous for Israel. What am I to say to them?"

BEN-AMI

Well, I think that it requires a bit of-- nuance and sophistication to actually deal with this complex situation. Number one, there are deep, deep threats to the U.S. and to Israel that come from nuclear weapons, that come from bio-terrorism, that come from groups like al-Qaeda, that come from and are stated by the leadership of countries like Iran or the movements-- like Hezbollah. So, those are threats and they need to be addressed. The question is, what's the best way to address them? And if you engage in a set of policies that deepen the hatred, that escalate the violence, do you play into the hands of the al-Qaedas, of the Irans, of the Hezbollahs, And give the people the perception that that's the best choice, the people that live in the refugee camps and have not seen a political path forward?. Wouldn't we be draining the swamps of terrorism if we actually followed a political path by creating the alternative that the people there will choose. And we have to give them a hope of a future. And we have to give them a political way to achieve what they want, which is their independence and their freedom.

RATHER (VOICE OVER)

DEBATE ABOUT THE FUTURE OF THE PALESTINIANS IS COMMON AND WIDE RANGING IN ISRAEL. IT'S THIS KIND OF DISCUSSION BEN-AMI WOULD LIKE TO SEE HAPPENING IN THIS COUNTRY.

RATHER

Well-- anybody who's been to Israel as I have any number of times, knows-- Israelis criticize their own government regularly.

BEN-AMI

Oh, absolutely. The debate there is far broader than the debate here. And I find it, as I said, with my family at the dinner table. I find it in the halls of the Knesset. We find it in the newspapers and the media of Israel. The debate there is broad and robust. And we should be able to have a similar discussion and debate here in the United States, particularly about what American policy should be. Because we have a right as Americans to debate American policy.

RATHER (ON CAMERA)

AND THERE'S A SENSE THE J STREETS SIDE OF THE DEBATE HAS GAINED AT LEAST SOME TRACTION WITHIN THE OBAMA ADMINISTRATION. BEN-AMI'S GROUP HAS STRONGLY SUPPORTED THE PRESIDENT'S TOUGH LINE CALLING FOR A HALT ON THE EXPANSION OF JEWISH SETTLEMENTS IN THE WEST BANK. AND J STREET'S PUSH CONTINUES. IN MAY, ITS SUPPORTERS IN CONGRESS SIGNED A LETTER TO PRESIDENT OBAMA ENCOURAGING ROBUST AMERICAN INVOLVEMENT IN THE PEACE PROCESS. BUT THAT LETTER DID NOT GET AS MANY SIGNATURES IN CONGRESS AS AN AIPAC-SPONSORED LETTER THAT, WHILE CALLING FOR PEACE, URGED THE ADMINISTRATION TO BE MORE SUPPORTIVE OF ISRAEL AND LESS INVOLVED IN SETTING THE TERMS OF PEACE NEGOTIATIONS. A DEBATE IN WASHINGTON, WITH BROAD IMPLICATIONS FOR THE MIDDLE EAST. AND THAT'S OUR REPORT FOR TONIGHT. FOR HDNET, FROM NEW YORK, DAN RATHER REPORTING. GOOD NIGHT.