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Poverty and Reaction to Crime – Irresponsibility Proven

Abstract. *The article scrutinizes issues regarding the definition of wealth or poverty and reaction to crime as reflected by the number of prisoners in the development of West European countries as well as the development of the new member states, former countries in transition. Authors point out the problem of implementations of the principles of democracy, economic development not only in new member states, but rather globally. They stress that the traditional criterion for measuring wealth (GDP) is not sufficient to understand and evaluate different social phenomena, including crime and crime policy. For the more precise evaluation we need a so-called Human Poverty Index (HPI) which is a multidimensional measure of poverty. The HPI shows deprivation in four basic dimensions: health, education, material standards and social exclusion. Using this tool authors emphasize strong correlation between inequality and the number of prisoners in the transition countries, which leads to a conclusion that countries in transition when establishing democracy do not care much about the welfare state by introducing a safety net. The consequence is that a small part of the population became extremely rich, preventing, thus, democratic development of a political system. Authors criticize that in most cases transition countries blindly follow USA, instead of creating a welfare state. With this regard it should be stressed that widening the gap between rich and poor citizens in transition countries raise threat to democratic system turning into an oligarchy. Furthermore, it leads to the more tough approach towards crime and crime policy.*

Keywords: *poverty, crime, social policy, democracy.*

1. Introduction

In 2000 a research note was published in the European Journal of Crime, Criminal Law and Criminal Justice¹, dealing with a set of issues regarding the definition of

richness or poverty and reaction to crime as reflected by the number of prisoners. It was established that the traditional criteria for measuring richness (GDP) is far from being

¹ D.Petrovec, Poverty and reaction to crime-freedom without responsibility; *the European Journal of Crime, Criminal Law and Criminal Justice*;2000/4 (377-389).

enough to understand and evaluate different social phenomena, crime and crime policy included. To come closer to what is decisive in adopting a crime response policy a different approach to testing richness was applied. Experts on human development have created a so called Human Poverty Index (HPI) which is a multidimensional measure of poverty. While the usual poverty measures use mostly GDP per capita or perhaps reveal material deprivation (the share of the population that does not obtain a certain amount or whose income is below half of the average), the HPI shows deprivation in four basic dimensions: health, education, material standards and social exclusion. To define it more precisely: this index covers the percentage of people who are not expected to live beyond the age of 60, people who are functionally illiterate, the percentage of the population below the income poverty line, and long term unemployment.

Two scales were presented encompassing twelve West European countries, Slovenia and United States. The difference was more than obvious. While on the first scale (ranking according to real GDP per capita) the United States were on the top, on the second one (Human Poverty Index) they clearly held the bottom position, ranked as the fourteenth.

Countries ranked by HPI were then confronted with the prisoners/inhabitants rate. The correlation index was 0.58 while the rank

correlation was 0.56, both proving strong positive connection between poverty (measured with HPI) and reaction to crime. It was more than 95% reliable that the more poverty there was according to HPI the more people those countries would put in prisons.

A question of understanding freedom and democracy was raised about countries in transition. As to the freedom in economy, the principle of the free market is supposed to be the highest principle. This liberal approach enables the fast development of a national economy. But by having no experience and tradition in democracy, many countries at the beginning of the third millennium are developing capitalistic systems that many (though not all) Western countries seem to have abandoned decades ago.²

Welfare state is leaving the stage, it has never appeared in USA, yet existed in Europe, mostly in Scandinavian countries. A two-way perspective was predicted six years ago.

All of us, especially countries in transition, face a situation where there are two ways that could be taken. The first is to increase the GDP "at any price" regardless of side effects. This way inevitably increases the gap between the rich and the poor part of the population and contributes to the poverty measured by HPI. As proved, it results in a strong increase of the prison population. The second is to create a sound economy by avoiding, as much as possible,

² Op.cit., p. 378.

the factors which contribute to the formation of a marginal group of extremely poor population in many respects such as health or social exclusion.³

Today, six years later, we are able to estimate the development of West European countries as well as the development of the new member states, former countries in transition.

2. Understanding of Freedom and Democracy

The axiomatic postulate of free elections as a safeguard of democracy is far from being enough. As to the political system, European Union seems to be satisfied if this condition in new member states or candidates is fulfilled. What we are witnessing today in many new countries is democracy in action that differs from democracy in books (as prescribed by EU that does not care much about democracy in action as far as formal criteria are met).

In many countries democracy disappears after free elections. The winning party or coalition of parties introduce authoritarian regime, a sort of dictatorship. If they loose a leading position on the next elections, the new party/coalition behaves the very same way, all of them far from democracy. National right wing parties are gaining popularity, some of them succeeding with extremist racist or hateful ideology focused on non-

nationals, Muslims, Roma people, different minorities, supposed terrorists etc.

In such an environment no welfare state can exist protecting among others also the marginal groups mentioned.

The hatred continues when delinquents are concerned and it comes as no surprise that conservative right-wing politicians in Poland advocate re-establishing of capital punishment. President Lech Kaczynski has suggested the EU should reconsider its ban on the death penalty. In so doing, he has deliberately attacked one of the European core values seen as a condition of membership to a union. The junior partners to the Law and Justice party (PiS), the Right-wing nationalist party Self-Defence - whose leader has praised Hitler and counts Belarussian dictator Alexander Lukashenko as a friend - and the ultra-Catholic League of Polish Families have chosen the death penalty as the main topic of their populist campaign. Very soon they got a support from Slovenian National Party, the smallest extremist parliamentary group.

The most shocking proof of hatred occurred in Slovenia in 1992, soon after gaining independence. It concerns 18.000 people, mostly Croats, Bosnians and Serbs who were living in Slovenia before it won independence from the former Yugoslavia in 1991. On 26 February of that year, the Slovenian authorities deleted from the official

³ Op.cit., p.383.

records all non-Slovenian residents who had not applied for citizenship in the new state. Nearly 30,000 people were affected by the decision. They were originally stripped of their permanent residency because they did not apply for Slovene citizenship by 1992. Driver's licenses and identity cards were confiscated when presented for renewal, state health insurance was cancelled and free health care denied, and pensions were lost. In April 2003 the Constitutional Court ordered that the status of citizens of the former Yugoslavia who were erased from the population registry in February 1992, must be reinstated from that date onward. Although the decision refers to the fulfillment of basic human rights the issue caused a rift on the political scene. Not a single political party would unanimously support the implementation of the Constitutional Court's order. To characterize correctly the act of the State, often terms as "civic death," "administrative genocide," or "soft genocide" are being used.

A thorough study of "erased" was published in 2003 proving beyond any doubt the crime of the State.⁴

Besides domestic problems, European countries are willing to cooperate in illegal activities sponsored by USA. According to

the report of Swiss senator Dick Marty⁵ 14 European governments have colluded with the CIA over the transport of terror suspects around the world for interrogation - a practice known as »extraordinary rendition«. Spain, Turkey, Germany and Cyprus provided »staging posts« for rendition operations, while the UK, Portugal, Ireland and Greece were »stop-off points«, the report said. Italy, Sweden, Macedonia and Bosnia allowed the abduction of residents from their soil. There was evidence to back suspicions that secret CIA camps are or were located in Poland and Romania - allegations both countries deny. His conclusions are based on air traffic logs, satellite photos and accounts of prisoners who say they were abducted. The Council of Europe report comes less than two months after European parliament investigators said the CIA had carried out more than 1,000 undeclared flights over European territory since 2001.

Thomas Hammarberg, the new Commissioner for Human Rights in EU, emphasized that many European countries have adopted legislation far from standards of human rights. All troubles derive from the USA, but other countries blindly follow it. European countries are not concerned enough about

⁴ Jasminka Dedić, Vlasta Jalušič and Jelka Zorn; *THE ERASED Organized Innocence and the Politics of Exclusion*; Peace Institute; Ljubljana, 2003.

⁵ AS/Jur (2006) 03 rev (22 January 2006); Committee on Legal Affairs and Human Rights ; *Alleged secret detentions in Council of Europe member states; Information Memorandum II* www.assembly.coe.int/CommitteeDocs/2006/

the violations of human rights in USA; they actually do not react at all.⁶

Although in a one single case so far, Slovenia has joined Russia with an attempt of killing a critical journalist pointing out the corruption of certain top managers. He survived but suffers from severe brain damage.⁷

The examples mentioned are not limited to few European countries. There are almost no exceptions. These illustrations show how democracy is twisted by the governing parties in order to follow narrow visions or illusions about benefits when supporting world leading countries by their illegal activities. Freedom is at first creating it for all citizens and not whatever pleases to those in power. Democracy must continue after free elections and should not stop at that moment when a party wins elections. What are the possibilities that countries, especially new EU members and candidates, are planning to create a welfare state, thus taking care of marginal population?

3. Some Problems of the Economic Development

Is it possible that European countries failing to establish "Democracy in action" and blindly following the "Big Brother" create a welfare state? In a process of globalisation

we face different concepts. Joseph Stiglitz⁸ (Nobel Prize for Economics in 2001) says that globalisation is producing *rich countries with poor people*. Globalisation has put intense downward pressure on the wages of the unskilled and less skilled of the labour force. In developing countries, unbalanced free trade agreements have also made things worse for many. According to Stiglitz, globalisation does hold out great promise if it is managed properly. But it will only work if the winners share with the losers. The prescription for making globalisation work is what is generally called "the Scandinavian model". That means high levels of investment in education, research and technology plus a strong safety net.

As to the safety net, we should emphasize a clear rejection of it in Slovenia as a formerly socialist country. It has been perceived as a major obstacle to the motivation of workers being aware that it was extremely rare to loose the job. A constant fear of becoming jobless is nowadays supposed to be the strongest motivation for proper working.

So it comes as no surprise that studying ethics of entrepreneurs reveals rough exploitation.⁹

Stiglitz favours highly progressive income tax entailed in the Scandinavian model.

⁶ T. Hammarberg; Nesprejemljiva devalvacija človekovih pravic (The Unacceptable Devaluation of Human Rights); *Delo, Sobotna priloga*; Oct. 21;2006 (p.16)

⁷ The Miro Petek Case was thoroughly presented in Peter McIntyre's book: »A Survival Guide for Journalists«; International Federation of Journalists; Brussels, March, 2003. www.ifj.org/pdfs/safetyall/

⁸ *Global Economic Viewpoint*; (09-25-2006); www.digitalnpq.org/articles/economic/

⁹ Glas, Miroslav; *Ethics and Entrepreneurs: An International Comparative Study*; University of Ljubljana, Ljubljana 1997; (20 pp.)

As a response to conservative ideologues, he emphasizes the fact that people are more willing to take entrepreneurial risks if they can count on a safety net.¹⁰

In the previous research¹¹ we have discussed the impact of the developed West on the deepening of poverty in the countries in transition. They were and still are expected to open up completely to foreign investments, to speed up privatisation and to harmonise the legal system with European standards. But foreign companies that are willing to invest seldom do it for humanitarian reasons. Furthermore, they do not care much about dismissing people from employment if it may increase the profit. This policy deepens the precipice between a small group of rich people and a poor majority.

The Vienna Institute for economic research (WIFO) made a study on the readiness of countries in transition to enter Europe. Slovenia was on a very low rank due to the following criteria: foreign investments, the intensity of liberalisation and privatisation, the progress in carrying out necessary reforms in economy and the degree of harmonisation with the European legal system. At the same time from the

same institute Slovenia got by far the best marks for GDP, for purchasing power and reliability for investment compared to all other Central and West European countries. Nevertheless, the final report for Slovenia, taking into account all criteria, was almost devastating. Even Estonia and Slovakia were ranked higher.¹²

Does foreign direct investment (mostly foreign takeovers) always enhance economic growth? That was the title of a research paper by Jože Mencinger, professor of economics, published in 2003, when the EU demands on opening of the domestic markets in candidate members were very strong.¹³

He found out that in the 1994–2001 period, in seven out of eight candidate countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) correlation coefficients between growth and foreign direct investments are negative. A similar negative result is obtained by observing cross data for each year in the observed period; there is a negative correlation between growth and foreign direct investment in six out of eight years.¹⁴

Slovenia was reluctant in attracting more foreign direct investments; with by far the smallest share of it, the economic

¹⁰ *Global Economic Viewpoint*; (09-25-2006); www.digitalnpq.org/articles/economic/

¹¹ D.Petrovec, Poverty and reaction to crime-freedom without responsibility; *the European Journal of Crime, Criminal Law and Criminal Justice*;2000/4 (383-386).

¹² D.Petrovec, Poverty and reaction to crime-freedom without responsibility; *the European Journal of Crime, Criminal Law and Criminal Justice*;2000/4 (386).

¹³ J. Mencinger, Does foreign direct investment always enhance economic growth? *KYKLOS*, Vol.56;2003/4, (493-510).

¹⁴ *Ib.* p.495.

growth was above the average and also very stable.

Very probably, it was due to not allowing the entry of speculative, short term capital flows that so easily lead to boom and bust cycles in emerging economies.

Slovenia succeeded in the economic development also due to not following the demands of the IMF. Six years later, Stiglitz states that the IMF had lost all political legitimacy. Its pressures and prescriptions made many crises much worse and in some places (Argentina) led to disaster.¹⁵

Even in the USA the economic insecurity has been getting more political attention as the safety net has gradually frayed. People have less protection against financial shocks such as job loss or huge medical bills.¹⁶ How rich is too rich for a democracy? It is a question raised by many people. Thomas Hartman points out that that at a certain point a great wealth held in few hands actually harm democracy, threatening to turn a democratic republic into an oligarchy. In the USA the most wealthy and powerful families are lobbying Congress that they should retain their levels of wealth and the power it brings.¹⁷

Even such a small country as Slovenia follows the example of widening the gap between rich and poor citizens. The property of the richest Slovenian is roughly es-

timated to 150 millions Euros. Some of top Slovenian managers were remunerated with 400.000.-Euros when leaving the company. At the same time the Parliament adopted new legislation on petty offences including molesting when begging for money as an offence, which means that the beggar who might touch someone's hand has committed a violation of law.

Is there still a correlation between poverty that is to be found in rich countries and the number of prisoners which reflects our reaction to crime?

4. Reaction to Crime

It is difficult to measure poverty on a global level. It is already difficult to define when a European citizen could be considered as being poor. The question is, should national standards be applied to determine this, or should we use European standards? It is a fact that in some countries, poor people count as those with an income below a certain fraction, for example 50 per cent of the median. In context of the European Union, could it be said that everyone earning less than 50 per cent of EU median is poor?

Being poor nowadays does not mean that someone does not have enough to eat or cannot afford lodgings.

¹⁵ *Global Economic Viewpoint*; (09-25-2006); www.digitalnpq.org/articles/economic/

¹⁶ David R.Francis: *How to Build a Better Safety Net*; www.csmonitor.com/2006/

¹⁷ T. Hartman, *How Rich is Too Rich For Democracy*; News Center, April, 18, 2005; www.commondreams.org/views05/0418.

4.1. Data, Variables and Methods

We analyzed the data of prisoners per 100.000 citizens (*PRI_POP*) for 17 European countries in the years 1995, 2001 and 2006.¹⁸ As independent variables, the above mentioned HPI2 and the variable INEQ were used.¹⁹ The INEQ shows the level of income inequality in the country and is calculated as a share of income of the upper 10th decile (percentage) of population, divided with the share of the lowest decile of population.

The INEQ is a simple, classical measure of inequality; however, the HPI2 also contains income-distribution measure as one of the four measures²⁰ of deprivation.

$$HPI2 = [1/4 (P_1^a + P_2^a + P_3^a + P_4^a)]^{1/a}$$

P_1 = Probability of not surviving to age 60,

P_2 = Functional illiteracy rate,

P_3 = Relative income poverty (population below 50% median income),

P_4 = Long-term unemployment.

The index gives equal weights to four measures of deprivation, selected for four basic dimensions of daily life: health, education, material standards and social exclusion.

As α increases, greater weight is given to the dimension in which there is most deprivation. In the global HDR, $\alpha=3$ gives additional but not significant weight to areas of most acute deprivation.

Descriptive statistic shows that the average number of prisoners in the observed countries is rising which is worrying. In the year 1995, the average number of prisoners in the selected countries was 105 and in 2006, the number increased to 131 prisoners on average.²¹

In order to explain this increase, we ranked all series and calculated the correlation between the number of prisoners per 100.000 citizens in 2006, explainable variables HPI2 and INEQ.²²

¹⁸ Twelve of them were already analyzed in the paper from Petrovec [1]. These were western developed European countries such as Denmark, Belgium, France, Germany, Italy, the Netherlands, the United Kingdom, Sweden, Finland, Ireland, Spain and Slovenia. In the actual paper we additionally added the five countries which have entered the EU last and had experience with the socialist regime. These new countries are: Estonia, Poland, Slovakia, the Czech Republic and Hungary. We used data from the World Prison Brief of the International Centre for Prison Studies- Europe, attainable at Worldwide Web address: http://www.kcl.ac.uk/depsta/rel/icps/worldbrief/world_brief.html.

¹⁹ The values for the HPI2 are calculated from the last collected data by the HDR only for the selected high-income OECD countries and are available at Worldwide Web <http://hdr.undp.org/>. We calculated the values for Slovakia and Estonia on our own.

²⁰ The difference between the two is in that the INEQ is one kind of measure of inequality and on another hand the HPI2 aims to capture a multidimensional extent of poverty also as a function of inequality in a much more insensible way.

²¹ Descriptive statistics table used in the analyses are provided in the appendix.

²² The coefficient of correlation measures the extent of linear association between two variables. The correlation coefficient is always between -1 and +1. The closer the correlation is to +/-1, the closer to a perfect linear relationship.

Table 1: Ranking according to Prisoners per 100.000 citizens in year 2006, according to HPI2 and INEQ

Rank	Country	Prisoners Rate 2006	Rank	Country	HPI2	Rank	Country	INEQ
1	Estonia	333	1	Poland	27.4	1	Estonia	14,9
2	Poland	229	2	Slovenia	26.8	2	UK	13,8
3	Czech Rep.	189	3	Hungary	22.6	3	Italy	11,6
4	Slovakia	165	4	Ireland	15.3	4	Ireland	9,7
5	Hungary	163	5	UK	14.8	5	Netherlands	9,2
6	Spain	144	6	Estonia	13.8	6	France	9,1
7	UK	143	7	Belgium	12.4	7	Spain	9
8	Netherlands	127	8	Italy	12.2	8	Poland	8,6
9	Italy	102	9	Spain	11.6	9	Denmark	8,1
10	Germany	95	10	Czech Rep.	11.4	10	Belgium	7,8
11	Belgium	88	11	France	10.8	11	Germany	6,9
12	France	88	12	Slovakia	10.3	12	Slovakia	6,7
13	Ireland	78	13	Germany	10.2	13	Sweden	6,2
14	Sweden	78	14	Denmark	9.1	14	Slovenia	5,9
15	Denmark	77	15	Netherlands	8.4	15	Finland	5,6
16	Finland	75	16	Finland	6.6	16	Hungary	5,5
17	Slovenia	59	17	Sweden	6.5	17	Czech Rep.	5,2
	Average	131		Average	13,5		Average	8,5

Table 2: Correlations in three samples

		WHOLE SAMPLE		
		PRI_POP06	PRI_POP01	PRI_POP95
Coeff. of Corr.	HPI2	0,25	0,21	0,16
	INEQ	0,45	0,44	0,40
		SAMPLE_1		
		PRI_POP06	PRI_POP01	PRI_POP95
Coeff. of Corr.	HPI2	0,35	0,58	0,42
	INEQ	0,63	0,69	0,58
		SAMPLE_2		
		PRI_POP06	PRI_POP01	PRI_POP95
Coeff. of Corr.	HPI2	-0,37	-0,44	-0,52
	INEQ	0,84	0,82	0,80

Furthermore, we divided the countries into two samples, according to the political-historical characteristics and repeated the same procedure with both samples.²³

If we first study the whole sample of 17 countries, it becomes clear that the HPI2 is weakly positively correlated (about 0,2) to the prisoners per 100.000 citizens and what is more important, the correlation increases by 56,25 percentage through the time, similar to the average number of prisoners. The INEQ states a positive and almost strong correlation (above 0,4) to the average number of prisoners.

In sample 1, old European countries, we have another picture. There is a strong positive connection between poverty, measured with the HPI2 and reaction to crime, but is decreasing from 0,58 in year 1995 to the 0,35 in 2006. An even more prominent cause of crime is inequality in those countries, where the correlation between the INEQ and the PRI_POP is about 0.65.

In sample 2, we have the “new” European countries, which are going through the final stage of the period of transition and continually approaching the European average GDP per capita, and the picture shows that there we have strong negative correlation with the HPI2 and the PRI_POP. In this countries surprising INEQ have extremely strong positive effect on crime.

What could this mean?

The HPI2 index as a combination of several data might include something as functional illiteracy that is very high (Slovenia) but does not affect the attitude towards social margin.

On the other hand, the inequality index shows extremely high correlation to reaction to crime, whatever country we take. It varies from 0,58 to 0,69 in the West and increases from 0,80 to 0,84 in the East.

5. Conclusion

It is obvious that countries in transition when establishing democracy do not care much about welfare state by introducing a safety net. The consequence is that a small part of population became extremely rich, preventing thus democratic development of a political system. Democracy shrinks to free elections and remains there as a premature baby with uncertain future development.

To us it looks perfectly normal, although not legal, to steal 35 million Euros if someone dares to rob a bank. However, it is a sign of unjust system if there it is possible to obtain it legally.

The more some people will be capable of earning and the more the system will encourage it, the more need they will have to focus their contempt on the social margin. Contempt will always be followed by law and order ideology, being tough on crime and social exclusion of a great part of society.

²³ In the first sample, there are the “old” European countries: Denmark, Belgium, France, Germany, Italy, the Netherlands, the United Kingdom, Sweden, Finland, Ireland and Spain. Sample 2 contains the “new” EU countries: Slovenia, Estonia, Poland, Slovakia, the Czech Republic and Hungary.

The statistics have so far proven it. Have we missed the opportunity, following also blindly the USA examples or inventing our own anti-social measures, to create a better world?

Appendix

Descriptive statistics

WHOLE SAMPLE

	PRI_POP06	PRI_POP01	PRI_POP95	INEQ	HPI2
Mean	131	120	105	8,5	13,5
Median	102	95	87	8,1	11,6
Maximum	333	351	295	14,9	27,4
Minimum	59	58	41	5,2	6,5
Std.Dev	70,3	73,8	62,2	2,8	6,3
Obs.	17	17	17	17	17

SAMPLE_1

	PRI_POP06	PRI_POP01	PRI_POP95	INEQ	HPI2
Mean	100	87	77	8,8	10,7
Median	88	85	75	9,0	10,8
Maximum	144	127	102	13,8	15,3
Minimum	75	59	57	5,6	6,5
Std.Dev	26,4	22,0	15,7	2,4	2,9
Obs.	11	11	11	11	11

SAMPLE_2

	PRI_POP06	PRI_POP01	PRI_POP95	INEQ	HPI2
Mean	190	181	157	7,8	18,7
Median	177	168	151	6,3	18,2
Maximum	333	351	295	14,9	27,4
Minimum	59	58	41	10,3	5,2
Std.Dev	90,0	98,4	83,1	3,7	7,8
Obs.	6	6	6	6	6

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