

Macroeconomic factors and the perception of criminal justice in society: the role of shadow economies¹

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Abstract. The purpose of the present research was to investigate the relationship between economic factors and public attitudes toward contraband as well as emotional responses to the criminal justice system. Our analysis is based on a macro-economic analysis based on world-systems theory's upswings and downswings in economic growth (and subsequent unemployment and inflation). Additionally, interview data provide an individual explanation about perceptions of criminal justice in society. We argue that perceptions of criminal justice are based on the general economic conditions of society. In an economic downswing, individuals may be forced to take more risks in order to prosper or survive and that may be seen as 'allowed' and 'normal' behaviour under those conditions. As such, perceptions of criminal justice (and what is crime) may be viewed with greater tolerance. Our interview results suggest that the black market is a form of proxy indicator for perceptions of criminal justice in society. Interview results show a much greater tolerance of contraband during times of economic hardship. Men, the poor, and those less satisfied with their lives were found to be more likely to buy contraband.

Key Words: criminal justice, public attitude, emotional response, contraband.

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INTRODUCTION

Research on the shadow economy and its negative role in various aspects of social life, including crime – is increasingly popular among international and national scholars.² According to recent publications, the level of shadow economy in Lithuania, while continuously decreasing, is still relatively high comparing with other European Union countries. The estimation of the level of shadow (share of GDP) economy in Lithuania in 2013 is 28% (9,722 million of euros) while the average for the EU is 18.4% (1,870,435 millions of Euros) (Schneider, 2013). The last national survey on the situation of the shadow economy demonstrates indirect economic support for such criminalised elements of the shadow economy as smuggling of cigarettes, alcohol and gasoline. According to the results of a recent survey more than one third of respondents (35%) asserted that in 2012 they or their family members pursued illegal cigarettes, 16% - bought illegal alcohol, and 29% - bought illegal gasoline (Žukauskas, 2013; Gavelis, 2008 and 2012). However, the goal of the current publication is not to provide new observations and evaluations of the spread of smuggling in Lithuania. Rather, the public support for shadow economy through active (transferring of illegal products) or passive (consumption of illegal products) participation in smuggling can bring to light how the values of criminal justice are accepted or ignored by the members of society.

While the perception of criminal justice in society is different among various social epistemological groups (experts, well-informed citizens, ordinary people), it is nevertheless strongly influenced by macro-societal factors such as the status of the economy in all mentioned groups. Perceptions of criminal justice can also be explained by psychological factors, which is especially crucial for ordinary people or the public at large (Dobryninas et al. 2012). This research shows the influence of economics and psychological factors on criminal justice perceptions by the public at large. The economy has a temporal component to it, in which economic upswings and downswings

2 See for example publications: Feige (1989), Dallago (1990), Lippert & Walker (1997), Pedersen (2003), Schneider & Williams (2013). One can also mention publications of Lithuanian academicians and researchers: Misiūnas (1999), Gylys (2005), Krumplytė (2009), Krumplytė & Samulevičius (2010).

occur, which in turn influence perceptions of criminal justice. Two major immediate macroeconomic problems that are often associated with slow-downs in the economy are unemployment and inflation. The first section of this article will discuss theoretical economic factors, while the second will illustrate the theory with empirical data.

BACKGROUND

Unemployment due to changes in economic structures can impact what is perceived as criminal behaviour. Economic cycles and perceptions of criminal justice can be described by applying world-systems analysis, which sees the world as divided into three economic zones (Turchin 2007). The first zone - the core - are the wealthy, developed countries, which export manufactured goods and import raw materials. Peripheral countries tend to be poor and export inexpensive raw materials, while buying manufactured products from the core countries. Between the core and periphery lie semi-peripheral countries that have qualities of both zones, such as Lithuania. What countries import and export tends to impact in what areas its citizens are employed (Giedraitis 2012).

Historically, there have been three major types of economic transitions that are associated with each of the above-mentioned economic zones. Farming (the first major economic form) is dominant in the periphery, while industry (from the industrial revolution of the mid 18th century) is dominant in the core. Economists have identified a 'third' economic revolution, consisting of a shift towards a service sector, and a so called 'knowledge economy' (e.g., information technology, biotechnology, etc.) (Ohmae 1999). After each revolution, there is a corresponding rise in structural unemployment, as the dominant form of labour changes. When tractors replaced a majority of farmers, for example, there was a large increase in the number of unemployed in the agricultural sector (i.e., structural unemployment), until those same workers were hired in manufacturing. A similar trend has been occurring as manufacturing jobs give way to service sector jobs.

The situation in Lithuania follows that of many other rapidly developing countries: the rise in the service sector at the expense of the agricultural sector.

In the 2000s, Lithuania's economy grew rapidly, transforming the face of its society. In 2008, only 8% of the Lithuanian population worked in agriculture, while almost 75% worked in the service sector, whereas in 1998 only about one in five Lithuanians worked in the agriculture sector (Lithuanian department of statistics, 2010). From a world-systems perspective, it is actually the peripheral countries which are enjoying lower rates of unemployment, since aggregate demand for primary commodities does not drop as quickly as the demand for manufactured goods exported by the core (Escobar 2012).

Different economies can recover from downturns more quickly based on their acceptance of 'next generation' commodities or production processes. An example may include the 1930s economic recession. The USA suffered from a severe and sudden recession, but recovered faster than other countries, since it was willing to embrace mass production. Similarly, Lithuania, though exposed to the financial crisis of the late 2000s, has recovered far more rapidly than Southern European Union countries partly due to a shift towards exporting products with high added value (Giedraitis 2012).

Proximate effects of downturns in economic cycles, as in the case of Lithuania, can be unemployment subsequent inflation. Additionally, economic downturns also foster a rise in the black market, as consumers seek to find products and services for lower prices (Bakhturidze et. al. 2012). The economic principle of demand elasticity states that changes in price lead to changes in consumer behaviour. Products that are less demand elastic (e.g., cigarettes), may have a sharp increase in price, while demand would continue to stay strong. This is where a societal question of 'fairness' comes into play. Is it 'fair' to have to pay a certain official price for cigarettes when they can be bought on the black market for much less? We hypothesise that this has a direct effect on perceptions of criminal justice in society, as people begin to tolerate what would otherwise be criminal behaviour.

We argue that an economic downturn could be the time when Lithuanian society would view criminal justice more passively. This indeed was the case, as indicated by our expert focus group.³ They indicated in their interviews that economic factors play a big role in their perception of the criminal justice system. This idea of elites dictating terms is also drawn upon by

3 The focus group with leading Lithuanian criminal justice experts (academicians and practitioners) has been conducted in January 6, 2012 at Vilnius University.

Szelenyi (2001) and Verdery (1996) with the concept of the circulation of elites: the nomenclature of the Soviet era became the heads of factories and other industries in the post-Soviet era. Although not officially stated, the experts suggested that as Lithuania's economic condition deteriorated, there was an increasing effort to change laws and to criminalise certain activities that would disrupt the status quo of the economy. One expert focus group member, for example, indicated that "until the [economic] crisis, it can be said that there was no contraband." This suggests that contraband was only actively criminalised once economic stagnation had begun.

METHODS

Interview data were used for our research. The data were collected during a nationally representative survey in May 3-15, 2012. The method of data collection consisted of a face to face interview with a standardized questionnaire. The sampling technique was multistage random sampling, and the number of respondents: $N = 1005$. The sample included Lithuanian inhabitants aged 18 and over, and covered 17 cities and 56 countries. The survey has been conducted by the public opinion research company VILMORUS.

RESULTS

The results indicated that respondents were far more willing to have a more relaxed perspective on the law and the criminal justice system during times of economic hardship, especially in regards to buying contraband. One of our interview questions asked, "If there was a need, would you buy contraband (such as tobacco, alcohol, food, fuel etc.) if its price was less than the same legal product?" 10.6% respondents refused to answer the question. Though, even $\frac{3}{4}$ of the respondents (74.6%), who answered the question, indicated that they would buy the contraband. There was a statistically significant difference between gender groups ($Z = -3.69$, $p < 0.001$), i.e., men are more likely than woman to buy contraband. The results showed also that there are significant differences ($t_{(813)} = -2.21$, $p = 0.028$) among respondents' attitudes towards contraband depending on their income, i.e., "contraband-buyers" have lower-

income ($M=795.67$, $SD=596.21$) than those who would not buy contraband ($M=901.12$, $SD=558.16$). Moreover, “contraband-buyers” were significantly ($t_{(894)}=-7.39$, $p<0.001$) younger ($M=46.36$, $SD=16.55$) than those who do not have an intention to buy contraband ($M = 55.98$, $SD=18.17$).

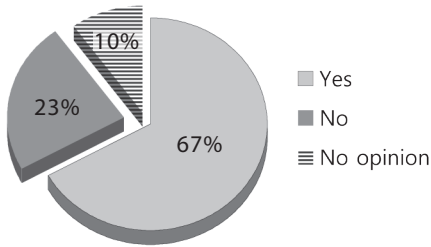


FIGURE 1. Respondents' answers to the question: "If there was a need, would you buy contraband (such as tobacco, alcohol, food, fuel etc.) if its price was less than the same legal product?"

If a person's willingness to obtain contraband goods is greater than their tendency to express their opinions is higher: he/she is treated unfairly, all people in Lithuania are not treated equally by the law and penalties for criminals are unfair (these are presented in Table 1). The values presented in the second and third columns of Tables 1 and 2 are means and standard deviations based on a 1 to 5 Likert scale.

TABLE 1. Attitudes of respondents toward fairness, equality and penalties depending on readiness to buy contraband

	Would buy contraband		t	p
	Yes M (SD)	No M (SD)		
He/she is treated fairly	3.77 (1.60)	4.43 (1.54)	-5.44	<0.001
All people in Lithuania are treated equally by the law	2.53 (1.74)	3.43 (1.96)	-6.55	<0.001
Penalties for criminals are fair	3.15 (1.50)	3.60 (1.66)	-3.80	<0.001

A comparison between attitudes of contraband-buyers and not-buyers revealed that contraband buyers see criminal justice officers as less honest, good, polite, responsible, sensitive to others, trusted, and brave (see Table 2).

Those who would buy contraband tend to be less satisfied with their lives ($t_{(895)}=-5.83$, $p<0.001$) than people who would not buy contraband ($M=3.60$,

TABLE 2. Attitudes towards criminal justice officers depending on readiness to buy contraband

Criminal justice officers	Would buy contraband	N	M	SD	t	p
1. Honest	Yes	670	3,56	1,46	-3,11	0,002
	No	228	3,90	1,39		
2. Good	Yes	670	3,73	1,35	-4,49	0,000
	No	228	4,19	1,32		
3. Polite	Yes	670	4,11	1,49	-4,65	0,000
	No	228	4,63	1,39		
4. Works based on principles	Yes	670	3,21	1,64	-3,45	0,001
	No	228	3,64	1,55		
5. Professional	Yes	670	4,26	1,61	-3,07	0,002
	No	228	4,63	1,35		
6. Unbiased	Yes	670	3,40	1,53	-3,27	0,001
	No	228	3,77	1,37		
7. Responsible	Yes	670	3,82	1,39	-3,82	0,000
	No	228	4,22	1,33		
8. Sensitive to others	Yes	670	3,27	1,40	-6,13	0,000
	No	228	3,91	1,29		
9. Trusted	Yes	670	3,51	1,43	-5,66	0,000
	No	228	4,12	1,36		
10. Brave	Yes	670	4,38	1,60	-2,18	0,030
	No	228	4,63	1,29		

SD=1.77 and M=4.39, SD=1.70 accordingly). Moreover, they tend to express negative emotions to the criminal justice system more often (see Table 3).

Another interview question that illustrated a macro-micro link in our economic-psychological analysis was, “Do you agree that you are treated fairly?” The mean score for the question was 3,96 (SD=1,58).

Our findings further indicate that more women than men were likely to believe that they are treated fairly (M=4.0 and M=3.9 accordingly). However, this gender difference was not significant ($t_{(1000)} = -1.07, p > 0.05$).

Our ANOVA analysis revealed significant age differences among the age groups ($F=5.89, p < 0.001$). The LSD *post hoc* test revealed significant differences between 50-59-year-olds and 18-29-year-olds ($p < 0.001$), 30-39-year-olds ($p=0.004$), 60-69-year-olds ($p=0.001$) and >70-year-olds ($p < 0.001$) as well as between 40-49-year-olds and 18-29-year-olds ($p=0.023$).

TABLE 3. Emotions to criminal justice depending on readiness to buy contraband

Emotions	Would buy contraband	N	M	SD	t	p
Disappointment	Yes	670	5.24	1,56	0,68	0,494
	No	228	5.16	1,50		
Anger	Yes	670	5.13	1,72	4,05	0,000
	No	228	4.59	1,85		
Fear	Yes	670	4.25	1,86	2,45	0,015
	No	228	3.89	1,94		
Disgust	Yes	670	5.02	1,63	3,65	0,000
	No	228	4.54	1,86		
Vengeance	Yes	670	2.88	1,81	3,38	0,001
	No	228	2.42	1,72		
Happiness	Yes	670	1.76	1,32	-0,48	0,629
	No	228	1.81	1,45		
Joy	Yes	670	1.74	1,31	-0,56	0,573
	No	228	1.80	1,43		
Pride	Yes	670	1.77	1,34	-0,10	0,919
	No	228	1.78	1,39		

and >70-year-olds ($p=0.004$). 18-29-year-olds and >70-year-olds were more likely to believe that they are treated fairly.

Income influences the perception of justice, e.g., lower incomes might be expected to increase feelings of injustice ($F=5.29$, $p < 0.001$).

CONCLUSIONS

Hoffman (1987) mentioned empathic anger, one of two emotions, as reactions to people in distress: empathic anger is to be expected when the subject perceives third persons to be responsible for the distress of others. It seems similar to what we call moral outrage.

The criminal justice system is centrally concerned with securing public order by the exercise of power, however, a system that does not command public trust will fail to establish the requisite legitimacy and authority to fulfil this role (Hough, 2004). Low levels of public confidence are related to economic downturns and lead to dissatisfaction with the system and to root in a striving for justice. Moreover, people express their concern for justice differently.

The tolerance of the Lithuanian population for the shadow economy also creates favourable conditions for the shadow economy to exist in an economic downturn. The shadow economy is neither often condemned, nor rejected as immoral activity in Lithuania. For example, from our collected survey, 61 percent of the population of the country entirely justifies it or tends to justify the illegal consumption of alcoholic beverages (LFMI population survey on the consumption of illegal goods, 2012). Lower prices of fuel, cigarettes and alcohol in neighbouring Belarus and Russia are conducive for contraband. High level of country's corruption reduces the risk and inputs of shadow activity – it is easy to bribe officers and evade in contravention of the law.

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