

UNIVERSITY OF WEST HUNGARY
FACULTY OF ECONOMICS
ISTVÁN SZÉCHENYI MANAGEMENT AND ORGANISATION SCIENCES
DOCTORAL SCHOOL
INTERNATIONAL MARKET STRATEGIES PROGRAMME

**COMPARISON OF HUNGARIAN AND FOREIGN PRISON SERVICES IN
FINANCIAL AND ECONOMIC ASPECT**

PhD Thesis

Written by:
Mónika Burik

Prospective Supervisor:
Prof. Dr. Judit Balázs CSc

Sopron
2010

Doctoral School: István Széchenyi Management and Organisation Sciences

Programme leader: Prof. Dr. Csaba Székely DSc

Programme: Principles and practices of economic trends, international market strategies

Programme leader: Prof. Dr. Judit Balázs CSc, Full professor

Prospective Supervisor: Prof. Dr. Judit Balázs CSc, Full professor

.....
Prospective Supervisor

1. Precedents of the task

The essay's main discipline is the comparison of the Hungarian, Slovakian and Bavarian prisons in both financial and economic respect. One of the key issues is to compare the countries with different growth in aspect of education, employment, finance and crowding.

Public paid high attention to prisons recently, watching how they keep prison rules referring to convicts employed by them. Every country has citizens who do not live properly, committing crimes.

The second half of the 20th century – the 90's – brought serious changes to the Hungarian Prison Services economic and financial condition, the figure of prison population and to the circumstances of captivating. After a widespread sparks based on the governmental regulations No. LII. and 126/1992. (VIII. 28.) dated 1992, the prison services started to transform into business associations from June 30, 1993. Surfacing this, Hungarian Prison Service Head Quarters (HPSHQ) claimed the establishing of the annual normative budget assistance, law development, insurance of tax benefits and declaration of convict employment by law to ensure it. In the years after the change of regime several questions arose that the Government, the Ministry of Justice and the HPSHQ tried to answer together. Within the framework of this project the Government decided to adopt resolution No. 2211/1995. about transforming business associations into public companies.

Convicts' accommodation, employment and living conditions are described uniformly in the European Prison Rules recommended by European Union.

Delinquency increases in several countries of Europe and this tendency is also typical in the examined countries.

There are severe regulations in prisons that should be followed by anybody. The European prison rules serve as a guide concerning life- and employment conditions in the relevant institutions, as well as to achieve a comparatively comfortable standard of living of the convicts.

2. The main objectives of the research

- How adequate are the Hungarian national prisons to the New European Prison Rules dated 2006., respectively what do they basically do to run the institutes?
- What kind of economic activities take place in the examined prisons?
- How profitable or loss making are these activities?
- How much does the State contribute to the costs for running of the prisons?
- Where do convicts in wage categories belong?
- What are the wages of the convicts in the examined prisons?
- How crowded are the prisons?
- How do certain countries try to ease crowding?
- Wherein can the examined countries ensure the convicts catering, educational, qualifying, cultural and sport possibilities?
- How do private-run prisons operate in Hungary?
- What does effective supervisor activity like?
- What part do civil organizations take in care and aftercare?
- What is the employment-rate of children in the Third World and in our country?

3. Applied methodology

The author is often facing tasks that are difficult to complete, and which are causing long lasting problems for the companies (Ltd.s) working inside prisons. These contain the examination of the Hungarian (internal) and the external economic and financial activities, furthermore the collaboration which within time could eventuate the meeting of mutual interests.

The body of the research in the methodology is the exploring and analyzing of primer resources and it is supplemented with the processing and applying of the referring technical literature. The essay's methodology is featured with the confronting and comparing of principled approaches and pragmatics.

The research is revealing, the methodology is data-collecting. The essay's goal is to draw the Prison Ltd.'s attention to economic co-operation.

The data-collection was followed by systematization, data evaluation by using statistical methods and creating graphical illustrations.

4. Research's hypothesis

- 1) Development, issues and causation of deviant behavior.
- 2) Specifications of New Prison Rules dated in 2006 – and the matches in the examined countries. Necessary legislative changes in Hungary and Slovakia.
- 3) Employment, educational, financial and economic effectiveness in the compared institutions, the trends of the prison population in the examined period.
- 4) Representation of the captivating costs in Hungarian, Slovakian and Bavarian prisons.
- 5) Comparison of the examined countries in respect of employment, wage-category and payments.
- 6) Crowding in each institution.
- 7) Budget of the prisons in 2004 and 2009.
- 8) Advantages and disadvantages of private-prisons.
- 9) Effectiveness of supervision and role of the civil organizations in the after-care of the captives.

Comparison of hypothesis to results

- 1) In connection with the causes of deviant behavior several presumed answers are possible:
 - As a component of basic human nature, a human itself is not a perfectly social creature, always rebels against the community in which he is forced to live.
 - Society needs deviance; it forms the standard system and strengthens the integration of community.
 - A totally conformed society would not be able to develop. Society has to tolerate injurious deviance to sustain development.

The standards of society after awhile start to depreciate or transform on the basis of social changes; the previously strong standards begin to weaken and it is favorable for deviance, and also upon deviant behavior weakens these standards even more. After all, deviance shows the deficiencies of the standard system, so it can develop, update. Certain deviances cause serious damages to the society, so most of them are sanctionable.

Crime is a social phenomenon, in a sociological aspect a form of deviant behavior. Crime commitment never comes unexpected; it is strongly related to the preventative behavior. Enforcement's task is to give a chance for criminals to adopt basic standards of civil life for living properly after liberation.

2) New European Prison Rules dated 2006 summarize the recommendations for the operation of the prison system.

The European Parliament's decision dated 17 December 1998 relates to the circumstances of captivation in the European Union and reminds the Member States to adopt them absolutely.

The European Council's decisions and recommendations are also referring to the requirements of the enforcement system. A properly measured recommendation or decision can be found to every element of law enforcement activity.

Legislative changes in Hungary

Decree-law No. 11 about implementation of penalties and measures was dated 1979. The most important changes were:

- Deleting of death-penalty since a 1990 ruling of the Constitutional Court.
- Undefined period of detention was eliminated by rule No. LIV in 1989.
- Since 1990 arresting can only be applied by criminal court; police or other authorities cannot order it.
- Alcoholics' obligatory work-therapy was deleted in 1990 by Parliament.
- Deleting of reformatory and restricted reformatory work as penalty.

Main changes in regulation No. XXXII. dated 1993 were the followings:

- Disciplinary and grievance proceedings applicable to convicts came under control of the Court.
- Terminating certain previous regulations that did prejudice the rights and dignity of captives. Deleting of certain disciplinary penalties.
- Possibility to meet family once in a month.
- Possibility of short-duration leaves at certain institution types.
- Chance of employment outside the institution, in case of good behavior.
- Establishment of lighter implementing rules, that introduced a new execution form to the system: the open-prison.

New law on penal procedure enters into force on 1 July 2003. A few new regulations:

- The new regulations apply the separation of tasks even more and the principle of function-sharing in addition.
- The law introduced the legal institution of investigation referee.
- The law widens the victims' rights of contribution or recourse and the procedural permissions.
- Introduces certain simplified proceedings that make differentiated adjudication possible.
- Re-introduces the previously in Hungarian law known and applied bail.
- Codification of Penalty Code is in progress.
- Regulatory principles in penalties and implementation of measures were submitted.

New Code of Imprisonment entered into force on 1 January 2005.

Legislative changes in Slovakia

Law of 1965 was accompanied by those which reflect the changed social and economic situation in Slovakia. The Corps of Prison and the Judicial Guard's law of 1992 was modified in 2001, furthermore law No. 4/2001 and No. 59/1965 (Penalty Code) was renewed. The refreshed Penalty Code entered into force on 1 January 2005.

3) Labour has a primary role in Prison Services. Besides labour other employment possibilities are needed, which may help prisoners to adopt the basic standards of social life. New European Prison Rules give a proper guidance for the purpose of obliging prisoners to work. In every phase of labour shall the imprisonment requirements be applied. During employment the profile of production and the product range shall be in accordance with changing labour. According to this, the enforcement of compliance with market requirements is limited.

Prisoners' education and training is essential for the effectiveness of employment. The profitability of education is known to be different from traditional money investment in respect of space, time and quality. The profit of human-capital investment is not only shown during penal servitude - but later - after liberation can be discovered in human quality, the standard of living and quality of life.

4) Prison population in the examined countries - such as in Europe – is increasing. One of the reasons is that the duration of detention extends. Withdrawal of liberty means incredibly high captivating costs for each country. Daily prison services of a convict in Slovakia take 24 Euros (approx. 6.720,- HUF) , 8.024,- HUF in Hungary and 72,20 Euros (approx. 20.216,- HUF) in Bavaria.

5) The author examined the employment in three prisons in the aspect of production during the research. Considerable that all three institutions tried to give reasonable daily tasks for captives, within the limits of their possibilities.

Slovakian and Bavarian institutions produce and sell their goods on their own in particular. In Hungary jobbing is dominant which benefits less than delivering own products.

In Slovakia, thanks to the diversity of factory-technologies the institute can occupy a very wide range of labour.

The following factories can be found in the prison of Zselic:

- Shoe manufactory
- Manufacture of furniture
- Dressmaker's salon

- Exterior construction
- Agricultural activity
- Forestry
- Meat establishment

In Bavaria 9 own factories, 2 entrepreneur's plants, 2 educational and 1 work-therapy factory can be found.

Bavarian imprisonment plants are the followings:

- Shoe manufactory
- Joinery plant
- Locksmith factory
- Dressmaker's salon
- Printer
- Book binding
- Bakery
- Laundry
- Exterior construction
- Agricultural activity
- Gardening

The same technical- and hygiene specifications are required for the factories in Vác as for the others abroad. Because of skill shortages the jobs done here are quite simple.

Factories are the followings:

- Galvanic factory
- Printer
- Joinery plant
- Ready-to-wear factory
- "Eltec" factory (wiring loom producing)

- Ball factory
- Shoe manufactory
- “Conitech”, “Alu-Rock”

The employment in all three institutions is approximately equal, but the number of employers is quite different. The number of people in custody at Vác is 610, of which 285 are employed (46,72%), this rate in Bavaria is 325 from 658 (49,39%) and 439 from 611 (71,84%) in Slovakia (Zselic).

We differentiate between 6 (or rather 3) wage categories in Hungary, 5 in Bavaria, 4 in Slovakia. The wage categories in Hungary differ from those in the examined countries, as there are such tiny phases in each labour process, through which wages are differentiated by the degree of hardness of the task.

In Hungary with 8 hours daily work 24-29.000,- HUF, in Bavaria with 6-7 hours approx. 31-63.000,- HUF can be earned in a month. In Slovakia 30-57.000,- HUF is the monthly wage in average for 5-6 hours per day.

6) Crowding indicators in the examined institutions showed that the most crowded prisons can be found in Hungary, despite the fact that new prisons in Szombathely and Tiszalök were opened within the framework of Public Private Partnership (PPP) project. There is no difference between the crowding indicators and the actual number of captives. In our country the current crowding indicator is 133%, which means a serious problem considering the difficulties with keeping the European Prison Rules.

According to New European Prison Rules captives shall be placed in separate cells and air volume, margin for discretion, proper lightning and heating per person has to be ensured.

The two other institutions – even if not exhaustive – could conform to the recommendations, especially in Kaisheim (Bavaria) in the aspect of private accommodation. Of course this applies to the examined institution, because the crowding rate in Bavaria is 104,94%. In Bavaria the high number of foreigner captives aggravates congestion, it increases the number of prisoners by

approximately 50%. In Slovakia the crowding rate is only 88% by which favorable conditions can be created for sentenced people.

For easing congestion alternative punishment methods could be applied, but, for the time being, countries deal with these methods cautiously.

7) In Hungary, compared to year 2004, institutional investment and the allowances for renovation lowered in 2009. Business associations in 2004 and 2009 implemented captives' employment at the level of their possibilities, in 2004 they realized gain but in 2009 a loss. Slovakian institutions tried not to exceed the budget, whereas they employed captives successfully and produced a profit for beneficiary in both years. Bavarian imprisonment institutes closed the two examined period in the same way. The income from captivate-employment showed profit as well.

8) Hungarian prison service's main problem is the congestion. Repealing this problem the establishing of PPP model was the most efficient solution, which means the building of prisons using private capital. Planning, investment and operation are the task of private-sector operator whereas security, rearing (education) and transportation belong to the State. Appearance of private-financing is raising the concern of advantages and disadvantages.

Arguments for private operation

- Makes faster and more effective financing possible
- Lowers wasting because profit is limited
- Tiring award procedures can be prevented, so private investors can reach a better price than suppliers
- Competes the public sector in the interest of improving the quality and cost effectiveness.
- New and special expertise comes into the system
- With faster investment, lowers crowding better than public sector

- In order to extend contracts private operators are encouraged to apply humane treatment against the captives
- In case of private financing the employer can easily dismiss a bad worker
- Costs are more transparent

Arguments against private operation

- Takes the place of public workers
- Prevents market competition in long-term
- Lowers quality because of economic necessity
- Lowers consistency with other public systems (such as police, court, prosecution)
- Gives a new space to corruption
- Lowers the responsibility of the State, discipline is deteriorating

9) Supervisors' and civil organizations' task is to help captives to fit in the society after liberation, furthermore in aspect of employment, dwelling conditions and materials. In Hungary and Slovakia the effectiveness of supervising is really low, but in Bavaria is rather high. It follows from above facts that in the previously mentioned two countries the number of supervisors is negligible compared to the thousands of convicts. On the other hand, in Bavaria supervising tasks are really detailed. Effective operation of supervising services is necessary, offences could be prevented, and number of crime committing could possibly be decreased.

5. New scientific results

Current dissertation is unique, because it displays the prison services in three different countries in an economic, financial and employment aspect.

The applied data (from the interviews) were compared in the very same aspect. The results show that to what extent each country can support their prison services and how much are the institutes suited to the New European Prison Rules (dated 2006).

- As an important result of the research now a transparent comparison of the examined countries is available.
- The research proved that the prisons are crowded. The convicts employment and social inclusion after liberation mean a daily problem to the institutes.
- A further result of the essay is the display of the differences between the institutes operation and facilities produced from the economic situation of prison services in the European Union.
- It has been established that if the Prison Ltd.'s are communicating the production is more effective. As a proof the author visited the prison in Zselic, Slovakia and according to the informations from this visit the Strict and Medium Regime Prison in Vác could contact the Rieker Shoe Manufactory in Slovakia. Resulting the negotiations convicts from the institute in Vác are employed and this connection still remains.

6. Conclusions, proposals

The known crimes anywhere in the world are violating the public's personal and property safety and influencing the quality of life. The countries accessing the European Union had to change a whole process to run their institutes properly but on the contrary the Member States did not have to compare their regulations because they were already based on the European Prison Rules. New European Prison Rules (dated 2006) highlights that prison system has to be based on convicts' treatment. Proper treatment is not only a safety factor but a purpose in itself. Regulations are not unilateral they show the basic principles and with these principles the main priorities of the prisons – such as arrest and the institutional goal – can be kept in balance. The rules show the only possible solution that is in accordance with civilization standards and with the idea of human dignity.

The author examined the structure, congestion, costs of detention, convicts payment and supervising system of three countries.

- The structure of Hungary and Slovakia is nearly the same; Bavaria is different because the middle managing organ – the Prison Service Head Quarters (PSHQ) in Hungary and Slovakia – does not exist.
- According to statistics the Hungarian prisons are the most crowded. To ease the congestion in Tiszalök (2007) and in Szombathely (2008) with the aid of private sources new bed places were established. Alternative punishment methods are also a consideration.
- The equality and the difference in the costs of detention are clarified with the standard of living in the examined country; the highest costs are in Bavaria and the lowest are in Slovakia. The costs show a really small difference between the Hungarian and Slovakian datas.
- The convicts' payment in Bavaria is the highest, in Hungary the lowest.
- During the professional education of the convicts labour market claims shall be considered. The main goal is to choose professions that can be acquired rapidly and give a diploma approved by the government.
- Compared to the amount of convicts in the examined countries, the number of supervisors is negligible.

According to previous researches the author are proposing the followings:

- It might be advisable to examine the economic, financial situation of the institutes and furthermore the education and employment of the convicts in the rest of the countries of the European Union.
- Follow the convicts' employment after liberation and also the effective operation of supervising systems.
- Grow the number of supervisors to the multiple of the current.
- Ministries shall allocate a higher amount in the budget for the supervisor organs' more effective operation.
- After liberation, fitting in the society: how effective is the aid of the civil organizations.

- Prison Ltd's shall produce more own product and purchase them through their own outlet network.
- Before purchasing an appropriate marketing network system shall be established.
- For the purpose of the more effective economic and financial operation of Prison Ltd's a continuous communication and exchange of experience is needed.

7. Publications in the topic of the dissertation

1. Bartus Sándor Tamás – Burik Mónika (2005): Gazdasági folyamatok be nem tartott jogszabályok. Tudomány Ünnepe Konferencia Dunaújváros, ISSN 1586-8567
2. Burik Mónika – Bartus Sándor Tamás (2005): A hosszúidős elítéltek kezelése és a velük való bánásmód. Tudomány Ünnepe Konferencia Dunaújváros, ISSN 1586-8567
3. Burik Mónika (2007): A bűnelkövetés okainak gyakorlati oldalról történő megközelítése kérdőíves módszer és riport alapján. A Magyar Tudomány Hete Konferencia Dunaújváros, ISSN 1586-8567
4. Burik Mónika (2007): A magyarországi elítéltek iskolázottsága, műveltsége. A Magyar Tudomány Hete Konferencia Dunaújváros, ISSN 1586-8567
5. Burik Mónika (2007): A pártfogó felügyelet helyzete, működése Magyarországon. A Magyar Tudomány Hete Konferencia Dunaújváros, ISSN 1586-8567
6. Burik Mónika: A deviáns magatartás kialakulásának elméleti okai és a bűnözés alakulása Magyarországon 1965-2009 között. Gazdaság és Társadalom (before publishing, written in 2010)
7. Burik Mónika: Az illegális migráció és a bűnözés összefüggései Magyarországon. Börtönügyi Szemle (before publishing, written in 2010) ISSN 1417-4758
8. Burik Mónika (2010): Gyermekmunka a XX. és a XXI. században. Váci Napló, XIX/81. number ISSN 1216-4313
9. Burik Mónika: A Public Private Partnership modell alkalmazásának szükségessége. Szakmai Szemle (before publishing, written in 2010)

Foreign language publication

1. Mónika Burik: The Hungarian prison service system and its enterprises. Tradecraft Review (before publishing, written in 2010)