



CRIME IN MORE-DEVELOPED STATES IN
MALAYSIA: ITS DETERMINANTS AND
ESTIMATION OF ECONOMIC COSTS

BY

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ABSTRACT

Crime is a major public concern besides other issues such as economics and politics among Malaysians. Lately, the crime problem in Malaysia has received considerable attention and extensive coverage in newspapers and the electronic media. This research examines the relationship between crime and its determinants in Malaysia by using a panel data analysis. A comparison between the states, namely Kuala Lumpur, Selangor, Johor and Pulau Pinang was made by using the crime data for the period 1990 through 2005. A Pooled OLS regression using eight variables, ie; real GDP per capita, unemployment rate, education rate, total population, population density, divorce rate, number of police officers and the number of cases solved were used. Only three variables were found significant to explain for total crime rate; they were real GDP per capita, unemployment rate, and number of police officers. In addition to that, this paper also estimated the monetary costs of crime. For the purpose of this study, only immediate impact of monetary value was calculated, for example indirect costs are not included in the costs estimation. The aggregate burden of the six types of crime, ie; assault, murder, burglary, vehicle theft, house breaking, and other theft, estimated was around RM3, 028 million. Analysis by category of cost found that the highest cost borne by the population in Malaysia was related to vehicle thefts (RM1, 636 million). In the meantime, housebreaking, assault and other theft exhibited lower costs per incidents. Moreover, this research also examines the perceptions on crime in Malaysia. The results show that, female respondents were significantly more fearful than males; female respondents perceived walking during the day was fairly safe while male respondents perceived it as safe. Furthermore, female respondents perceived walking at night as unsafe and male respondent perceived as fairly safe.

ملخص البحث

تركز قضية الجنايات اهتماماً بالغاً من المجتمع الماليزي مؤخراً، لاشك على أن قضية الجنايات قد أصبحت جزءاً مهماً التي تبتها وسائل الاعلام من الاعلانات و الأنباء المنشورة في الصحف العامة وما يتناقلها الناس من اشاعات قنوات تلفزيوني سواء كانت مباشرة أو منفرة . هذا البحث سيتحدث عن العلاقة بين الجنايات ومقتضياتها. وقد قام البحث بتقييم و تثبيت مقارنة بين الولايات الأربع وهي كوالا لمبور، سلنجر، جوهور، وبولاو بينانج، وهذا الاختيار مبني على أن نسبة الجنايات في تلك الولايات بالاحصاء عليا و أخطر مقارنة الى الولايات الأخرى. وقد استخدم البحث بيانات الجنايات التي سجلتها خلال سنة 1990 م إلى سنة 2005 م للفحص على التغييرات التي استجذت في النشاطات الجنائية ومن ثم إلقاء الضوء على أوضاعها الحالية في هذه الولايات. وقد استخدم البحث مجموعة من القواعد لتحليل العلاقة بين الجنايات وأثارها المباشرة. وقد وجدت ثلاثة المتغيرات التي تمكن أن يسترعيها نظر الباحث ويشد انتباهها في هذا البحث الا وهي؛ المتغيرات الردعية، والمتغيرات الاجتماعية الديمغرافية، والمتغيرات الاجتماعية الاقتصادية. النتائج من تراجع OLS المجمعة تشير من مجموع المتغيرات الثمانية التي تم اختبارها، مثل الفرق الأول في المنتج انمو المحلي الحقيقي للفرد ، و نسبة البطالة، ونسبة معدل مؤهلات الاكاديمية، ونسبة الاحصائية لكثافة السكان، والفرق الأول في احصائ مقدار الطلاق، و عدد الشرطة، وأخيراً الفرق الأول في كميات المشكلات الجنائية التي تم حلها. وهناك ثلاثة فقط من المتغيرات التي لها آثار واضحة في معدل مجموع الجنايات، وهي: الفرق الأول في سجل الناتج المحلي الإجمالي الحقيقي للفرد الواحد، والفرق الأول في سجل معدل البطالة، والفرق الأول في عدد رجال الشرطة. ومن ثم، إن هذا البحث أيضاً مقدار أعباء مالية التي حملتها الحكومة لتخلص مشاكل الجنايات، إلا أن التقدير للشؤون المنزلية ينفصل عن التقدير للتجارة. ومن أجل ذلك، لم يعتبر هذا البحث إلا الآثار المالية المباشرة فقط. أما التكاليف المالية لإدارة المنزلية غير المباشرة التي تحملها الأفراد وأصحاب التجارة بسبب المخاوف من الجنايات، أو بسبب ما أنفقوا من أجل ضمان الأمن لأنفسهم، فهذا كله لم يدخل في تقدير التكاليف المالية. وبالإضافة إلى ذلك، قام هذا البحث بدراسة حول التصورات عن الجنايات على اساس الجنس، والخلفية الاكاديمية، والأعمار. والتقدير للتكاليف والتحليلات للتصورات عن الجنايات تعتمد على دراسة قد أجريت سابقاً في تلك الولايات الممتحنين. وقد استخدم اختبار T لمعرفة إن كان هناك واضح في مستوى الخوف بين الجنسين في ماليزيا. وقد أشارت النتائج إلى أن هناك فرقاً واضحاً في مستوى الخوف من الجنايات بين الرجل والمرأة. والمرأة تفضل المشي على الطريق نهاراً وهن ينظرن أن المشي في الليل خطر شديد لهن، والرجل يرون أن حالتين سابقين مساويا و يعتبر سلامة لهم .

APPROVAL PAGE

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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Signature..... Date.....

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LIST OF ABBREVIATIONS

BSC	British Crime Survey
CCTV	Closed-Circuit Televisions
CID	Criminal Investigation Department
DCI	Development Composite Index
DOS	Department of Statistics
ECER	East Coast Economic Region
ECM	Error Correction Model
EPU	Economic Planning Unit
GDP	Gross domestic product
GMM	Generalised Method of Moments
GTP	Government Transformation Programme
KL	Kuala Lumpur
LM	(Breusch-Pagan) Lagrangian Multiplier
LSDV	Least Squares Dummy Variable
MCPF	Malaysian Crime Prevention Foundation
MOHA	Ministry of Home Affairs
MQLI	Malaysian Quality of Life Index
NCVS	National Crime Victimization Survey
NKRA	National Key Results Areas
OLS	Ordinary Least Squares
OSAC	Overseas Security Advisory Council
PDRM	Polis Di Raja Malaysia
PMR	Penilaian Menengah Rendah
RELA	Ikatan Relawan Rakyat Malaysia
REM	Random Effects Model
SPM	Sijil Pelajaran Malaysia
STPM	Sijil Tinggi Pelajaran Malaysia
USA	United States of America
VAR	Variable vector autoregressive
WTA	Willingness to accept
WTP	Willingness to pay

CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

In Malaysia, in addition to economic issues, crime is a major public concern to all three races namely, Malays, Indians and Chinese. This is based on a survey which was conducted by the Merdeka Centre for Opinion Research in 2007. The crime problem in this country has also received considerable attention through extensive coverage in newspapers and the electronic media as of late. Crime cases from snatch thefts to murders, are becoming increasingly common in Malaysia; for instance, in Selangor, the State police chief Datuk Khalid Abu Bakar said that two districts in Selangor (namely, Klang and Subang Jaya) showed an increase in cases (Ganesh, 2009). In these areas, the motorcycle thefts formed the highest number of cases followed by wayside robberies and burglary. In addition, according to the database of the Royal Malaysian Police (RMP) the current overall Crime Index in Malaysia showed an increase since the last one, which was 20 years ago. In 1980, a total of 70,823 crime cases reported were reported, and this figure increased to 171,604 cases in 2005 (Polis Di Raja Malaysia, 2005). The database also revealed that the number of property crimes reported in this country has always exceeded the number of violent crimes. Although, crimes related to property are higher than violent crime, the gradual increase in the latter does worry Malaysians.

1.1 DEFINITION OF CRIME

Generally, crime can be defined as an illegal activity that is against the law of a nation. The term crime itself varies across countries depending on the respective laws of the nations. What is legal in one country may be illegal in another country. For example, in a Muslim country, there is no compromise stand towards alcohol and forbids its consumption in either small or large quantities, compared to other non-Muslim countries alcohol is not prohibited.

The online dictionary¹ defined crime is as an act committed or omitted in violation of a law forbidding or commanding it, and punishment is put in force upon conviction. As stated by Rahman (2003), “crime by conventional definition is a wrongful act against the state punishable by certain punishment. According to the research of White and Habibis (2005) crime definitions are transitory and relative from a historical and cross cultural perspective. Furthermore, the definition of crime is complex and does not have a straightforward meaning. This is consistent with research by Meera (1990), who asserts that crime is ambiguous and perceived differently by different persons under different circumstances. For example, the Shariah laws apply to those who are Muslims but not to non-Muslims. The classic Shariah laws identify the most serious crimes as those mentioned in Al Qur’an. Based on a study by Abwadeh (2005)², these crimes and punishments include adultery, highway robbery, theft, drinking wine or any other intoxicating drink, and rebellion.

¹ <http://www.thefreedictionary.com/crime>

² Please read (Awabdeh, 2005) for more extensive discussion on crimes mentioned in Al Qur’an, and also punishments suggested by Al Qur’an.

Moreover, based on Islamic law, which is different from manmade law, acts of crime are viewed as sins against a divine rule rather than violations against man made law³.

1.2 MOTIVATION OF THE STUDY

1.2.1 Safe Community Concept to Reduce Crime

The raised awareness among Malaysians for a higher quality of life inspired the Malaysian Crime Prevention Foundation (MCPF), a non-government organization, to propose that the Government implement a 'safe community' concept, as they were concerned that the threat of violent crime and non-violent crime would eventually reduce the quality of life for many individuals. The ex-MCPF vice-chairman Tan Sri Lee Lam Thye defined the concept of a safe community as one in which people can live, work and play safely and healthily without worry. This concept is important to improving the lives of individuals, as well as to creating several common benefits, such as improved safety for the public, less crime, improved productivity and increase competitiveness. In addition, it will lower the healthcare costs, reduce the social expenditures and help to quell the feeling of fear of crime among the citizens. Likewise, the safe community concepts is in line with the 1 Malaysia concept (News Straits Time Press, 2009). However, the idea of a safe community can only be realised with collaboration between the police, private sector, and also professionals. Thus, this research makes an initial attempt to contribute towards this safe community concept through researching and examining the determinants of crime, and investigating the seriousness of crime in the selected states in Malaysia.

³ (<http://portfolio.du.edu/portfolio>).

1.2.2 The Importance of Crime Study

Edward L. Glaeser (1999) argued that crime is an important subject to study and is among the most damaging social problems. He considers the study of crime important, because crime represents a major social problem that has been a focus in developed countries. Glaser (1999) also describes time spent combating criminal activities as a social loss since it could have been spent on something more productive.

In addition, crime has many effects on the daily lives of citizens. Due to the fear of being victimized, crime affects everyone adversely, not just the victims (Stevans, 1983). The consequences of criminal activities are the costs incurred, including direct costs (immediate impact) and indirect costs (long-term effect). Examples of indirect cost include fear of crime, lower level of life satisfaction, psychological issues, decreased quality of life and other non-monetary costs. Thus, crime not only affects the victims; it also threatens the non victims and society as a whole. In addition, dealing with crime adds to government expenditure (for example costs of increasing the number of police officers, the cost of imprisonment, cost of providing mental health services and campaigns designed against criminal activities). Increasing the percentage of government expenditure to overcome crime-related problems naturally reduce the percentage to be spent on other expenditure.

Another impact of the increasing rate of crime is that it reduces the number of tourist to the country due to the fear of crime. Similarly, it discourages business investment and stifles economic growth. Hence, crime study is important to this country. Public safety, from any kind of crime, is an essential responsibility that must be shared by the Malaysian Government and non-government agencies. Therefore,

this study is significantly important from both the economic perspective and the contribution to policy in this country.

1.3 STATEMENT OF THE PROBLEM

Crime has always been an interesting subject to study, as crime has direct impact on the victims, families and the society as a whole. The study on the geographic distribution and the determinants of crime has long been an important area of interest for economist, criminologists, sociologist and geographers (Haifeng Zhang and Peterson, 2007).

In Malaysia, crime rates have increased significantly in recent years, particularly in the more-developed areas. The crime index in Johor, for instance rose 17 per cent for 2006 and to 2007 (Thestar.com, 2007). Moreover, according to Selangor police chief Deputy Commissioner Datuk Khalid Abu Bakar, there was an increase of over 1,000 commercial crime cases in Selangor in the first 11 months of the year 2008 compared with the same period in 2007 (Singh, 2008).

Recently, in Malaysia, four states account for 70 per cent of street crime: Kuala Lumpur, Johor, Selangor and Pulau Pinang⁴. These states are among the more-developed states in Malaysia. In 1980, Kuala Lumpur recorded the highest number of cases per 100,000 of the population at 1,136.1, followed by Pulau Pinang 941.9 per 100,000 of population and Selangor 610.9. For the same period, the less-developed state, Kelantan recorded the lowest number of cases at 100.16 per 100,000 of the population. At the same time, in 1986, the crime index in Selangor was 657.25, an increase of about 15 percent from the previous year.

⁴ <http://klnportal.kln.gov.my> (pg,20)

In reference to the Malaysian Quality of Life Report⁵ in 2002 (Malaysia, 2002), the crime rate per thousand of population in Malaysia had doubled from 3.8 to 7.1 between 1990 and 2000. For the 2005 period, the Kuala Lumpur still maintained the highest number of crimes at 1,265 per 100,000 of population, followed by Selangor 885.6, Pulau Pinang 783.3 per 100,000 of population, and Johor 760.2 per 100,000 of population. For the less-developed states in Peninsular Malaysia, Pahang was the state with the least crime reported (244.7 per 100, 000 of population). In Kelantan, 296.5 cases per 100,000 were recorded, whereas, in Sabah and Sarawak, for the same time period, the number of crime cases per 100,000 of population was also low (196.4 and 370.9).

The New Straits Times Press (2006) reported that the National Crime Index showed that 130,457 cases were reported in the first seven months of 2006, compared to 177,200 cases during that same period in 2005. This figure shows more than 11 per cent increase in the number of cases reported. Recently, the Overseas Security Advisory Council (OSAC) reported that in February 2007, the overall crime rate in Malaysia was medium in severity (Council, 2007); however, there was also an increase in the total crime index. Additionally a study by Asmah (2007) predicts that the increasing crime rates and other threats will, ultimately, cause the deterioration of public safety in Malaysia.

In Malaysia, property crime represents the largest category of crime. From the data provided by the Royal Police of Malaysia (RMP), crime related to property

⁵ Malaysian Quality of Life Index 2002 (MQLI 2002) defined quality of life as encompassing personal advancements on a healthy lifestyle, access and freedom to pursue knowledge and attaining a standard of living which surpasses the fulfilment of the basic and psychological needs of the individual, to achieve a level of social well being compatible with the nation's aspirations.

MLQI 2002, an aggregate measure of the quality of life, is formulated based on eleven areas comprising 41 indicators (MLQI 2002, <http://www.epu.jpm.my/new%20folder/publication/mqli2002/sec1.pdf>)

accounts for nearly 90 per cent of all reported crimes each year. In a research done by Sidhu (2005), in 2004, property crime accounted for 86 per cent of the total index of crime whereas violent crime accounted for the other 14 per cent. Most criminal activities identified were petty theft, purse snatching and automobile theft cases that frequently occur in the urban areas.

Although violent crime occurs less often than property crime in this country, the number of violent crimes reported has also increased from year to year. In 1980, the total number of violent crimes reported to the RMP was 7,481 and this number increased to 21,816 cases in 2008. In addition, according to the crime news reported by The Star online (2008), violent crime, such as rape and unarmed gang robbery, rose in 2007. Rape cases in 2007 rose to 228 compared to 147 in 2006. Violence is also one of the major public health problems, which corresponds to the World Report on Violence and Health in 2002, in which it was estimated that approximately 1.6 million deaths were due to self-inflicted, interpersonal or collective violence.

The rising crime situation is not a new phenomenon either in this country or around the world, and what triggers criminal behaviour among Malaysians is yet to be understood. As there are many factors involved, the root cause of the problem needs to be determined in order to address the situation. Accordingly, there is a need to study criminal activity in Malaysia. Hence, this study analyses the determinants of crime in Malaysia by analysing the determinants of crime in general. This is believed to be an important first step in the process of preventing crime.

The need for more intensive empirical research on criminal activities in Malaysia is evident. In order to prevent crime the relationship between crime rates and their potential determinants needs to be explored. Specifically, using panel data covering the period from 1990 to 2005, this study analyses the relationship between