

THE EFFECTS OF MACROECONOMIC EVILS ON PROPERTY AND VIOLENT CRIMES IN MALAYSIA

Chor Foon Tang*
Universiti of Malaya

ABSTRACT

The main objective of this study is to investigate the effects of macroeconomic evils – unemployment and inflation on different categories of crime rates – property and violent crimes in Malaysia via the multivariate Johansen-Juselius and Granger causality techniques. This study used annual data from 1970 to 2006. Johansen-Juselius cointegration tests revealed that property and violent crimes are cointegrated with unemployment and inflation. Furthermore, the empirical evidence exhibit that unemployment and inflation are the driving factors for crimes in Malaysia. Therefore, supply-side economy may be an ideal choice of policy to reduce crime rates in Malaysia.

Keywords: Crime, Inflation, Unemployment, Malaysia

* Corresponding Author: Department of Economics, Faculty of Economics and Administration, University of Malaya, 50603 Kuala Lumpur, Malaysia. Email: tfoon@yahoo.com