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Crime Poverty Population and Economy in Southeast Asia: Do Economic Factors Trigger Crime?

Abstract

This study's goal is to look into the factors that lead to crime in Southeast Asia. This study focuses on three factors, namely population productivity as reflected in GDP growth, population growth, and poverty levels. This study uses panel data analysis with three choices of models, namely Pooled Least Square (PLS) or Fixed Effect Model (FEM) or Random Effect Model (REM). The World Bank and World Population Review provide secondary data for this study, which covers the years 2000 to 2020. The findings of this study show that Southeast Asia's crime rates have decreased as a result of economic growth. Increased economic productivity raises people's quality of life and creates employment possibilities. However, an increase in the population actually encourages an increase in crime. It can be rationalized that the denser the population, the more competition in economic activity which has an impact on the potential for criminal acts. However, increasing poverty is a factor driving crime rates in Southeast Asia. This is a serious concern because the problem of poverty can lead to crime problems in Southeast Asia.

Keywords: Crime, Poverty, Population, Economy, Southeast Asia

Background

Poverty is a problem that concerns every country in the world (Widarni & Bawono, 2022). Because poverty has the opportunity to cause other problems, such as family problems, drug crime problems, inequality problems, as well as problems with the quality of the population and national development (MacDonald, Shildrick, & Furlong, 2020). Many countries have invested a lot of money every year to tackle the problem of poverty (Ridwan Maksum et al., 2020). It is difficult for poverty to be eradicated from Asian societies. Because there are still a group of poor people who do not have the opportunity to access the means of production and use them, this will make these poor groups continue to be poor. There are still problems with the distribution of income, inequality of people in society and debt problems (Liu, Guo, & Zhou, 2018)

The poverty rate is related to the education level of the head of the household (Musaiyaroh & Bawono, 2018). Most of the poor have lower education than the non-poor group as a whole. Poverty alleviation efforts need serious attention by encouraging, supporting, and expanding educational opportunities for heads of households and household members (Murtisari, Irham, Mulyo, & Waluyati, 2022). Access to higher education in fields that meet the needs of the labor market (Barsoum, 2019). By providing scholarships and supporting student loan funds or developing rural education systems into centers of community learning (Aithal & Aithal, 2019). Develop agricultural household workers to have higher skills. This will create opportunities for career development and increased income. It also helps reduce poverty in the population (Prabowo, 2021).

The government should focus on solving the poverty problem of agricultural households in the northeast and northern areas first (Wang, Qu, Wang, Liu, &

Chen, 2022). Knowledge and understanding of the adequacy economy must be promoted among poor households to be practiced seriously because the adequacy economy is an approach to solving the problem of poverty that is most suitable for household conditions (Penne & Goedemé, 2021). It is a productive activity that values independence, reduces dependence on markets, and promotes the consumption of household products. It is the best way to reduce household expenses (Yemelyanov, Symak, Petrushka, Zahoretska, Kusiy, Lesyk, & Lesyk, 2019).

The prosperity of the economic system and advances in information technology systems have caused the current problem of economic crime to become a serious threat to society which causes damage to the economy, society, and national security (Healy & McGrath, 2019).

Economic crimes are widely known. It is a crime with a higher cost than other types of crime because the perpetrators are educated, and well established in society (van Onna, 2020), coupled with the power of the people and employment opportunities in the exploitation of illegal economic crimes (Fudge, 2018). Different definitions of economic crime exist, including those for "white-collar crime," "business crime," "commercial crime," "corporate crime," "organized crime," "financial crime," and "occupational crime" (Saad, Othman, & Noor, 2022).

Economic crime is closed so it is difficult to detect violations. Other than this type of crime, it is not characterized as intimidating or frightening or causing harm (Wright, Fletcher, & Stewart, 2020). A direct threat to the victim and society makes the victim and society less aware that they are victims of economic crime but to think that It is more detrimental from a business perspective, people do not have strong feelings of resistance or anger when compared to ordinary crimes (Galvin, Loughran, Simpson, & Cohen, 2018).

Various types of crime including white-collar crime in Asia target various groups, including the lower class. So there is a correlation between poverty and crime rates in Asia (Wang, Ma, & Xia, 2022). This study's goal is to look into the factors that lead to crime in Southeast Asia. This study focuses on three factors, namely population productivity as reflected in GDP growth, population growth, and poverty levels.

Research Method

The variable in this study is the crime rate (Cr) as measured by the number of crimes in the number of cases, economic growth and demographics using Pooled Least Square (PLS) or Fixed Effect Model (FEM) or Random Effect Model (REM) with the following models:

$Y_{it} = \alpha_i + \beta' \boldsymbol{X}_{it} + \varepsilon_{it}$ atau $Y_{it} = \alpha_i + \sum_{k=2}^{K} \beta_k X_{it} + \varepsilon_{it}$

From this model, X has a value of K-1 and is the independent variable. While i represent the country in the cross-section data, t represents the year (time series). The combination of the two data can increase the degrees of freedom which in turn can increase efficiency Econometrically we use the following models:

$$Cr_{it} = \alpha + \beta_1 GDP_{1it} + \beta_2 Pop_{2_{it}} + \beta_3 Pov_{3_{it}} + \mu_{it}$$

Information:

α : Intercept

$\beta_1, \beta_2, \beta_3$: Slope

μ : Error Term

i : Cross Section (6 Regencies and 1 City)
t : Time Series (2013-2018)
Cr_{it} : Crime rate in regencies / cities i year t
$GDP_{1_{it}}$: Economic growth in regencies / cities i year to t
$Pop_{2_{it}}$: Population density in Regency / City i year t
$Pov_{3_{it}}$: Number of poor people in the country i year t
We use secondary data from worldpopulationreview.com and the world bank with a research period from 2000 to 2020.

Results and Discussion

The selection of the panel data estimation model must pass several model suitability tests that aim to get the best model. This study uses the Chow test and Hausman test to test the suitability of the model on panel data. Table 1 presents the Chow test, whereas Table 2 presents the Hausman test.

Table 1. Chow Test Results
Equation: Untitled

Effects	Stat.	d.f.	Prob.
Cross sec. F	6.711421	(5,19)	0.0000
Cross sec. Chi-sq.	27.252241	5	0.0000

The Chow test findings show that the probability value is less than 5% which is the threshold for significance, so there are reasons to reject H0 and accept H1. It may be inferred from the Chow Test findings that the Fixed Effect Model (FEM) shows a better performance in explaining data compared to Least Square Panel (PLS). To test a model that provides a better performance between the FEM and the REM the Hausman Test is used, and the results are shown in table 2.

Table 2. Hausman Test Outcomes
Equation: Untitled

Summary	Chi-Sq. Stat.	Chi-Sq. d.f.	Prob.
Cross sec. random	29.112341	2	0.0000

Considering the results of the Hausman Test in Table 2, which reveal a probability value (p-value) that is less than the significance level of 5%, it can be said that the FEM performs better in terms of data explanation than the REM. Considering the outcomes of the Chow and Hausman tests, the correct model is obtained and provides better performance in explaining the data, specifically, the Fixed Effect Model shown in table 3.

Table 3. Panel Data Regression Results Estimation Using Fixed Effect Models

	Coeff.	Std. Error	t-Stat.	Prob.
C	1321.079	491.1429	2.077251	0.0029
GDP	-37.11511	29.018341	-1.042217	0.0062

Pop	1.231168	0.323341	2.327651	0.0026
Pov	18.27117	0.771112	17.42241	0.0000

Based on the outcomes of panel data estimate with Southeast Asia's crime rate as the dependent variable, economic growth suppresses the crime rate in Southeast Asia by 37% for every percent increase in GDP. This means that the higher the GDP as an indicator of population productivity, the lower the crime rate. However, the more densely populated the more crime encourages. Likewise, increasing poverty also encourages crime in Southeast Asia.

Economic growth has reduced crime rates in Southeast Asia. Increased economic productivity raises people's quality of life and creates employment possibilities. However, an increase in population actually encourages an increase in crime. It can be rationalized that the denser the population, the more competition in economic activity which has an impact on the potential for criminal acts. However, increasing poverty is a factor driving crime rates in Southeast Asia. This is a serious concern because the problem of poverty can lead to crime problems in Southeast Asia.

Conclusions

Economic growth has reduced crime rates in Southeast Asia. Increased economic productivity raises people's quality of life and creates employment possibilities. However, an increase in population actually encourages an increase in crime. It can be rationalized that the denser the population, the more competition in economic activity which has an impact on the potential for criminal acts. However, increasing poverty is a factor driving crime rates in Southeast Asia. This is a serious concern because the problem of poverty can lead to crime problems in Southeast Asia.

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