

CHAPTER 1

Introduction



The Laundering of Money by Organized Crime. At the end of 1800s, most money earned by the American underworld was gained through extortion, blackmail, and dock racketeering. By the 1920s, most came from bootlegging, and some believe that Prohibition supplied organized crime with the funds and skills to operate multimillion-dollar ventures. “Organized crime is an estimated \$100 billion-a-year untaxed business operated by groups ranging from motorcycle gangs, to Asian drug triads, to the Italian Mafia.

The international exchange of goods and services is the result of specialization by trading countries; equally, national specialization is made possible and is encouraged by the ability to exchange the products of that specialization for the specialized goods and services of other countries. There is no difference, in principle, between the reasons for, and benefits of, specialization and exchange within a national economy and among national economics. The commonplace fact of specialization and exchange within a given country and, by analogy, work our way to the international field.

Money has one fundamental purpose in an economic system: to facilitate the exchange of goods and services---to lessen the time and effort required to carry on trade. A man living and working in complete isolation from others has no use for money. He cannot eat it, or wear it, or use it to promote his productive processes; having no occasion to exchange either goods or services with others, he has no need for money. Even if a dozen persons lived together in isolation from all others, the use of money would be of only limited benefit to them; they could barter their goods and services among themselves with but little loss of time and effort. As groups become larger, however, and wish to increase their degree of specialization and the size of their trade area, they find the direct barter of goods and services increasingly inconvenient and increasingly wasteful of time and effort. They therefore search for something that will enable them to escape the wasteful processes of barter; they invent money.

Having considered the various functions performed by money, What “things” are included in money and what “things” excluded? Money should be defined

precisely, for we shall deal at length with the supply (stock) of money and its behavior. Unfortunately, it is impossible to find a completely clear-cut answer to this basic question.

There are many types of international economic crimes such as crimes in the course of their occupation by those operation inside business, government or other establishment. Money laundering is a part of economic crime, because most money collected by organize crime is from illegal source that deal with various countries and cause international public problem and economic problem. Any alert citizen knows that some of the most intractable economic problems are international character. The account Balance of Payments of a country is a systematic record of all economic transactions between the residents of a country and foreign residents.

The management of the balance of payments which this thesis is concerned with relates with this issue.

For any specified period of time, the statistical record shows the character and dimensions of the country's international economic relationship with the rest of the world. It shows the country's trading positions changes in its net position as foreign lender or borrower, and changes in its official reserve holdings.

In other words the net errors and omission. The position of raise Balance of payment is occur from illegal activity money or wealth from illegal activity. There are several trends that will affect to balance of payment as approach in the new country.

Statement of problem:

Small country in Europe and latin such as columbia, In resenty years, have the net error and omission abnormal. One way occur from errors in economics problem but another way occur from lead illegal money to economic system, assume that money don't occur in production. It's similar to print a bank note on yourself. When the currency unit high but gross production fixed, cause of inflation with effect to balance of payment.

According to the booming money laundering in Thailand, is a part of high the

net error and omission in balance of payment which direct impact to economic system in Thailand.

This study intend to prove that the money laundering effect to balance of payment in Thailand or not and will understand in method, category of money laundering. Another crucial task of this study is to indicate the neatly laundering sector in Thailand.

The Objectives of this study are as follow:

1. To study background of money laundering.
2. To study category of money laundering.
3. To study money laundering is impacted of balance of payment in Thailand.
4. To forecast the trend and a raise of the net errors and omission in Thailand effect from money laundering.
5. To study various the neatly laundering sector, which easy and comfortable in Thailand.

Hypothesis:

The net error and omission in balance of payment indicate that a wrong in balance of trading or economic system in our country. A part of its believe that occur to money laundering which direct effect the balance of payment in Thailand.

There are many types of international economic of crimes such as crimes in the course of their occupations by those operating inside business, government, or other establishments, in violation of their duty of loyalty and fidelity to employer or clients, crime incidental to and in furtherance of business operations, but not the central purpose of the business and white-collar crime as a business, or as a central activity, etc. For this study it will consider only on economic of crimes case by laundering of money because most money collected by organized crime is from illegal sources, such as loan-sharking, prostitution and money transfer, that deal with various countries and to be violent international public problems.

Definitions:

Money: Some have tried to define money in purely legal terms, contending that “money is what the law says it is.” Legal provisions are certainly relevant. A “thing” is likely to have difficulty in achieving general acceptability in payments if the law prohibits its use for this purpose, although violations of such laws are far from unknown. Laws can also help a thing to achieve general acceptability by proclaiming it to be money. They may go further and endow it with legal-tender powers, decreeing that it has the legal power to discharge debts and that a creditor who refuses it may not demand anything else in payment of an existing debt.

Crimes : . A distinction between civil and criminal law in Western societies. A civil wrong is committed by one private individual against another and the complaining party, the plaintiff, initiates an action through the civil courts. A judicial decision is rendered, and a money payment (restitution) is made if the private dispute is decided in favor of the plaintiff. A criminal wrong, on the other hand, is allegedly committed by an individual against the state, or community as a whole. Since a crime is a “breach of public order,” only the state can prosecute the action by arresting the individual. He is found guilty or not guilty, and sentence is pronounced if guilty.

White-Collar Crimes : Edwin H. Sutherland, American sociologist and criminologist, made the first systematic effort to identify and explain white-collar crime. He defined white-collar crime as “a violation of criminal law by a person of the upper socioeconomic class in the course of his occupational activities.”

Laundering : the proceeds of crime are run through the financial system to disguise their illegal origins and make them appear to be legitimate funds. Most often associated with organized crime, money laundering can be linked to any crime that generates significant proceeds, such as extortion, drug trafficking, arms smuggling, and white-crime.