CHAPTER 3

ANALYSIS

The balance of payments

The term balance of payments is an ambiguous one. It is usually used loosely without any precise definition of what it is intended to describe. As a result, debates on balance-of-payments policy are often unnecessarily confused. It is appropriate for our survey to begin, therefore, with a discussion of the various possible meanings of the term.

Three fundamentally different ideas are continually called by the same name. What is indiscriminately called the balance of payments may be (1) an accounting balance, i.e. a balance of credits and debits; or (2) a programme balance, i.e. a balance of needs and desires; or (3) a market balance, i.e. a balance of supply and demand. All three of these concepts are closely related, and they all figure directly in the making of balance-of-payments policy.

The structure of Thailand balance of payment is composed of six parts :

1. Current account
   - 1.1 Goods and Services
     - 1.1.1 Export goods
     - 1.1.2 Import goods
     - 1.1.3 Receipts services
     - 1.1.4 Payment services
   - 1.2 income (net)
     - 1.2.1 Receipt income
     - 1.2.2 Payment income
   - 1.3 current transfer
     - 1.3.1 general government
     - 1.3.2 other sector
2. Capital and financial account
   - 2.1 Capital account
   - 2.2 Financial account
     - 2.2.1 Direct investment
     - 2.2.2 Portfolio investment

2.2.3 Other investment
3. Allocation of SDRs
4. Errors and omissions
5. Overall balance
6. Reserve assets
   6.1 Reserve position in the fund
   6.2 Foreign exchange
   6.3 Monetary gold
   6.4 SDRs

Until about 1968 most academic research on crime was done by sociologists. The basic premise of this work seems to have been that criminals were somehow different from non criminals, and the major research consisted of searching for the ways in which criminals differed. There also was a reasonably widespread feeling that punishment did not deter crime. Therefore, the solution to crime was some sort of rehabilitation. This feeling was based partly on the idea of the difference between criminals and non criminals and the corresponding feeling that criminals were not sufficiently rational to respond to incentives. It also was based partially on some empirical studies which purported to show that capital punishment did not deter murder.

In 1968 articles by economists dealing with crime began appearing. Of particular importance was the article by Gary Becker. Becker essentially argued that criminals are about like anyone else---that is, they rationally maximize their own self interest (utility) subject to the constraints (prices, incomes) that they face in the marketplace and elsewhere. Thus the decision to become a criminal is in principle no different from the decision to become a bricklayer or a carpenter, or indeed, an economist. The individual considers the net costs and benefits of each alternative and makes his decision on this basis. If we then want to explain changes in criminal behavior over time or space, we examine changes in these constraints. The basic assumption in this type of research is that tastes are constant and that changes in behavior can be explained by changes in prices. Tastes are assumed to be constant because we have absolutely no theory of changes in tastes (sociology notwithstanding), and therefore an explanation that relies on tastes is tautological---that is, such an explanation can explain anything and therefore is not useful for scientific purposes.

Becker, then, directed our attention to those factors which affect the costs and benefits of criminal action. The most important of these factors is the opportunity cost of time. If one is a criminal, one has less time to spend on legitimate activities; also, if convicted of crime and sentenced to jail, one is not able to pursue legitimate activities for the period of the sentence. There are several empirically observable variables which can be used to measure cost of time. These are average wage rate; education, under the assumption that opportunity costs are higher for educated persons; unemployment, under the assumption that the unemployed have relatively low opportunity costs of time; race, because, perhaps as a result of discrimination, blacks tend to have relatively poor job opportunities and thus low opportunity costs; and age, because young persons also tend to have relatively low opportunity costs.

Another important variable is the benefit from engaging in criminal activity. For crimes against property (robbery, theft, burglary) the relevant variables would be economic---they would relate to the possible value of goods to be stolen. Empirically, it is more difficult to measure these variables. Measures of income inequality are often used, on the assumption that it is the existence of some poor persons (with low opportunity costs of time) and some rich persons (with something worth stealing) that leads to relatively high returns to criminal behavior. For crimes against persons (murder, rape, assault), we have no theory as to the value of such offenses, and hence no theory as to what would affect the returns from such crimes.

The major cost of crime, in addition to opportunity costs, is the cost of punishment. This is an expected cost, in the sense that there is no assurance that any given criminal will be caught and convicted. The expected cost of punishment is thus $E = pf$, where p is the probability of punishment and f is the cost of punishment if it is given. The theory is unambiguous in predicting that an increase in E will lead to a reduction in crime, that is, the economic theory of crime unambiguously predicts that punishment will deter crime. This is a necessary and obvious implication of the law of demand---as the price of something increases, people demand less of it, whether the good be apples or crimes. This argument applies to crimes against persons as well as crimes against property. We do not know why some individuals demand "assault upon their neighbor" any more than we know why some individuals demand "fresh peaches"; but we do know that if we increase the price of each

good, people will demand less of it. It is relatively easy to obtain data on average time served by convicted felons and on percentage of crimes cleared. However, because many crimes are not reported, our measure of p is somewhat weak. There has been much debate in the literature as to whether p or f is more important in deterring crime; that is, we could, for example, catch one burglar out of 100 and sentence him to 20 year or catch one burglar out of 10 and sentence him to 2 year without changing E, and there is a debate about which policy is more efficient. Given the current data, it is difficult to answer this question, though many studies seem to indicate that, at current levels, a 1% increase in the probability of conviction is more likely to deter crime than a I% increase in the sentence. Becker has shown that, if this is so, we must be operating in a situation in which crime does not pay (the expected value of crime is negative) so that only risk seekers will be criminals. We will not pursue this point further.

We thus have a theory of crime which indicates that crime rates will be negatively associated with opportunity costs and with probability and severity of punishment and will be positively associated with gains from criminal behavior. I have also indicated what sorts of empirical variables are available to measure the theoretical variables. There have been several empirical studies of this theory.

Implications for economics policy

Because money laundering has such extensive adverse economic effects, the policies must play a role in anti laundering efforts.

Exchange controls

Anti-money laundering measures are sometimes perceived as being in conflict with exchange control deregulation, whose effect is likely to be a vast increase in the volume of international transactions---and in opportunities to disguise the sources of funds. However, economic growth and the growth of financial markets could be said to have the same effect. Moreover, exchange controls have led to the establishment of parallel markets with close connections to the underground economy. Instead of turning the clock back on economic and financial reforms, policymakers need to devise countermeasures that allow them to stay ahead of financial market

developments. One such measure is to extend the reporting and monitoring framework for money laundering to less formal bodies, such as bureau de change. Another is to ensure that information and training on anti-laundering surveillance are provided to foreign exchange dealers through such channels as the foreign exchange codes of conduct that are generally drawn up by national associations of foreign exchange dealers or banking institutions.

Prudential supervision

In the absence of a money laundering law and accompanying measures, it is not necessarily in the direct financial interest of financial institutions to adopt anti laundering behavior. For this reason, both the FATF and the Basle Committee on Banking Supervision have issued statements on the prevention of criminal use of their members' banking systems for the purpose of money laundering. The statements deal with cooperation with law enforcement agencies in identifying customers and their behavior, keeping relevant records, and reporting possible illicit behavior.

Money laundering activities can corrupt part of the financial system and undermine governance of banks. If bank managers are corrupted by the sizable sums involved in money laundering, non market behavior can spread into operating areas other than those directly related to money laundering, which creates risks for the safety and soundness of banks. Bank supervisors can also be corrupted or intimidated. However, law enforcement efforts should not crowd out the traditional responsibilities of bank supervisors.

Tax collection

Of the underlying forms of illegal activity, tax evasion is, perhaps, the one with the most obvious macroeconomic impact. A government deficit is all the center of economic difficulties in may countries, and correcting it is the primary focus of most economic stabilization programs. The IMF has therefore been involved in efforts to improve the tax collection capabilities of its member countries. Although the small business sector is an important nexus of tax evasion, it also drives economic growth. It is therefore possible that many countries at a relatively early stage of economic development will be especially prone to tax evasion and the associated money laundering.

Implication for law enforcement

Investigation has shown that laundering operations actually are not complicated and can be understood by law enforcement officers willing to use sampling, ratio analysis, flown charting, and traditional methods.

The success of organized crime in laundering funds through secret numbered bank accounts, foreign corporation, and offshore banks has resulted from their immunity to law enforcement agencies operation in the States. Although investigating these laundering operations remains expensive, difficult, and time consuming, investigators have new jurisdictional tolls to combat the problem.

Money laundering in Thailand

There are a number of important factors in Thailand which influence the money laundering methods used in the region. There are major drug production centres in the region (the Golden Crescent and the Golden Triangle). Which provide a significant inflow of proceeds from international narcotic sales. There is also high level use for both legitimate and illegitimate purposes of alternative remittances systems. Cash is used to a high degree compared to other regions and there is a willingness to conduct large cash transactions (both legitimate and illegitimate).

In the region several countries have observed an increase in the amount of cross border smuggling of cash and bearer instruments such as money orders or bank drafts. Other significant laundering methods found in the region include the use of both telegraphic transfers and alternative remittance services to send money overseas the use of bearer instruments (such as bank drafts stock certificates bonds insurance certificates) the use of third party or false name accounts at financial institutions the purchase of items of value (such as luxury goods gold motor vehicles real estate) false invoicing and the use of letters of credit.

Globalization of criminal money flows

One aspect of money laundering which is clear is the increasingly global nature of money laundering. This trend has been developing over the past

few decades along with the globalization of crime in general. The development of global markets for illicit goods and services, the revolution in modern technology and in particular communications and transportation the deregulation of financial systems and the reduction in border controls, and the emergence of new market oriented economies have all meant that criminals have developed a capacity to operate on a truly world-wide scale. This has also meant that debts can be incurred and profits generated across international boundaries necessitating the movement of criminal funds internationally.

The trends in globalization mentioned above have also provided benefits for criminals in the laundering of their proceeds. The much larger volume of legitimate capital moving at any one time in the world and the rapidly reducing official controls on that movement have made it possible for large amounts of proceeds of crime to enter world markets without attracting much attention. The increased need for criminal enterprises to use international funds transfers have also made them aware of the benefits of moving funds internationally to disguise them, effectively disrupting audit trails as law enforcement is stymied by jurisdictional and legal boundaries. In addition, the growing diversification of international financial instruments and the differences in controls in regulation between countries has provided those wishing to disguise funds with ample opportunity to do so.

Empirical work

There is an extensive economic literature that can be brought to bear on the problem of money laundering. First, there is the literature on investigation of money laundering itself, which is relatively limited and has largely anecdotal evidence regarding the involvement of the various financial institutions and instruments discussed above. Second, there is a large empirical literature on the underground macroeconomy, a segment of which uses monetary aggregates and estimates of implied money laundering for analytical purposes. Third, there is a growing literature on the economics of crime that places emphasis on the welfare aspects, including both social and economic costs. Fourth, there is the related topic of international capital flight that deals in part with concealed cross-border flows of money. To date, the macroeconomic evidence that can help in assessing the size of the laundering problem derives mainly from the studies of the underground economy, the

methodological approach of which provides the focus for the empirical work in this section.

Policy implications

Deterrence: The strongest result coming form the economic theory is that punishment in the form of increased probability of arrest and length of sentence serves to deter crime. Thus the first policy question we must ask is how much deterrence there should be. In one sense this is a question that society must answer when it decides how much it wants to spend on resources devoted to crime prevention. Presumably, we could have as little crime as we wanted if we were willing to spend enough on police, courts, jails, and so on to make probabilities of arrest very, very high for most crimes. The example of the assassination of Martin Luther King or of President Kennedy indicates that if we are willing to spend enough money we can solve almost any crime that is committed. But of course in most cases it is not worth spending this much money. Presumably for society we should spend money on crime prevention to the point where a dollar spent on crime prevention buys as much satisfaction, or utility, as a dollar spent in any other direction. Thus the marginal analysis of efficiency applies to crime reduction as well as to any other goods.

Second, it appears that we can buy more crime prevention by simply increasing lengths of sentences and becoming much harsher in our punishment of criminals. But this is not so. As Stigler has pointed out, "Marginal costs are necessary to marginal deterrence." If we want criminals to behave in certain ways we must structure their rewards and punishments in order to elicit this behavior. If the punishment for robbery becomes the same as the punishment for murder, then we may reduce the number of robberies but we will greatly increase the number of robberies in which the robber murders his victim. If the punishment for the theft of $50 is the same as the punishment for the theft of $5,000 fewer gas stations but more banks will be robbed. Increasing punishments for crime may have very undesirable effects on the types of crime that people actually do commit. The so-called Lindbergh Law, which has made kidnapping a capital offense, may have served to reduce the number of kidnappings but also served to increase the number of times the kidnappers found it worthwhile to kill their victims.
Another question that we may ask is that of the "rights" of the accused. It is

widely argued that various Supreme Court rulings during the 1950s and 1960s increased the rights of criminals and had the effect of increasing the amount of crime. To a certain extent this of course is true---if criminals must be given lawyers, then some criminals who would otherwise have been convicted will be able to escape punishment. On the other hand, some defendants who are falsely accused will also be able to escape punishment. The inescapable problem is basically one in statistical decision making. Anything that makes it more likely that a criminal will be convicted also makes it more likely that an innocent person will go to jail. Anything that makes acquittal of an innocent person more likely also makes acquittal of a criminal more likely. We must somehow reach a decision as to where we want the balance to be placed. (In reaching this decision it is important to note that convicting innocent persons of crime will have no deterrent effect. If we convict innocent persons we are letting criminals go, and this reduces the cost of committing a crime.) Although the Supreme Court may have increased the rights of those accused of crime, it is not clear that the Court has gone too far in this direction. We must balance the various costs and benefits at the margin, and there is no presumption that the policy procedure used before the court decisions was optimal. These are empirical questions, but they are very difficult to answer because of different values that individuals place on limiting police power or acquitting actual criminals.

For most crimes punishment is in the form of a jail term.. However, this is rather inefficient. The criminal is unable to be productive while he is in jail, and he bears some cost while no one gains as a result. Thus is more efficient to use monetary fines as a form of punishment than to use incarceration. The problem with using monetary fines is that most criminals do not have very much money. But whenever it is possible to use a fine, Becker's analysis clearly demonstrates that fines are more efficient that jail sentences because there is no social dead-weight loss from the use of a fine. In many so-called white-collar crimes fines are the standard method of punishment. Some people view this as a bias in our social system toward the wealthy, but is can be easily explained on the grounds that wealthy white-collar defendants are more likely to have the money to pay fines and the paying of a fine is more efficient. For any given jail sentence there would be some fine that would create an equivalent amount of disutility to the defendant but would not have the associated efficiency cost.

It is also worth considering capital punishment. Earlier we argued that evidence indicates that capital punishment does in fact deter murder. However, this in itself is not a sufficient argument for capital punishment. Many people believe strongly that the state should not execute people, and the argument that capital punishment deters murder cannot be used to destroy this moral belief. In deciding whether or not to have capital punishment it is nonetheless important that we do consider the evidence. We must know what kinds of decisions we are making. Ehrlich's first article was cited by the Supreme Court in its decision rein situation the death penalty for murder. It is also important to note that evidence gathered in Ehrlich's study indicates that each execution in fact deters more than one murder. In one paper he indicated that between 7 and 17 murders were deterred by each execution, though this range is subject to some doubt. Again, this does not mean that we should adopt capital punishment, but it is an important consideration in making this decision.

The Courts: Most criminal cases do not go to trial. That is, most criminal cases are settled by some form of "plea bargaining." This is a situation in which, for example, the criminal accused of assault with a penalty of perhaps 10 years will plead guilty to a lesser crime such as disorderly conduct with a smaller penalty. Many persons view the existence of plea bargaining and the fact that most cases are settled through plea bargaining as an imperfection in our legal system.

Actually, if we assume rational behavior on the part of criminals and prosecutors, we would expect most cases to be settled by plea bargaining. A court trial uses resources. The criminal must hire a lawyer and spend money in other ways on his defense. The prosecutor also must spend time and money to appear in court and argue his case. If the two parties can settle hood of a plea bargain becomes greater. As the cost of a trial becomes greater, the likelihood of a plea bargain becomes greater. Also, defendants who are spending time in jail while awaiting a trial are more likely to settle than are defendants who are released on bail awaiting trial. It also is true that the analysis of the decisions as to whether to settle or go to court is independent of the guilt of the defendant. An innocent defendant who is likely to be convicted would be rational to plead guilty to a lesser crime, and of course the guilty defendant who is likely to be acquitted would be unlikely to plead guilty.

Prisons: We may identify four possible functions of prisons: punishment of the guilty, isolation of the guilty so that while imprisoned they cannot commit additional crimes, rehabilitation, and deterrence. Punishment is a moral issue; as an economist I have no particular expertise in discussing the morality of vengeance, and I will say no more about it. To the extent that many crimes are committed by professional criminals, each of whom commits many crimes, then incarceration of these individuals will in fact reduce crime. This issue also is relevant for a discussion of the bail system; one actual function of denial of bail (pretrial incarceration) is to keep suspects from committing crimes while awaiting trial. The last two purposes of prison---rehabilitation and deterrence---are of more interest.

The prevailing ideology in American criminal jurisprudence for many years has been that the purpose of prison should be to rehabilitate criminals. This is perhaps consistent with the view, mentioned earlier, that criminals are somehow different from other. If this is so, then a possible method of crime control is to remove this difference, perhaps by counseling or by psychiatric treatment of convicted criminals. In addition, training in marketable skills will increase legitimate opportunities for criminals and thus reduce the relative value of criminal activity. Unfortunately, rehabilitation does not seem to work. Most of the studies of rehabilitation indicate that it has virtually no effect on criminal behavior or on recidivism (the commission of crime by a released criminal). This failure has led to unfortunate results. Because it has been felt that the purpose of prison was to rehabilitation indicate that it has virtually no effect on criminal behavior or on recidivism (the commission of crime by a released criminal). This failure has led to unfortunate results. Because it has been felt that the purpose of prison was to rehabilitate criminals and because prison does not do this, many judges seem to have felt that there was little purpose in sentencing criminals to jail terms. This behavior ignores the deterrence function of prison.

There are two logically distinct aspects of deterrence, but these separate categories have been confused by may analysts, with unfortunate consequences. Incarceration of a convicted felon may serve to deter him from commission of crimes in the future after he is released, or this incarceration may serve to deter other from becoming criminals. The first type of deterrence does not seem to occur; the second does. Judges and criminologists, however, observing the failure of the first type of deterrence

as shown by high recidivism rates, have fallen into the error of assuming that deterrence does not work at all.

Some thought would convince us that we would not expect a convicted felon to be deterred from committing future crimes. If the economic model of crime is correct, a felon is an individual who has decided that he can maximize his utility by being a criminal. Presumably, he included in his calculations the probability that he would serve a jail sentence. He has now served a sentence. What has happened? First, he now has a "record" so that future non-criminal opportunities are less than they were before. Second, presumably he has learned some additional criminal skills from fellow inmates. Thus, if he decided before being convicted that crime was a rational choice, he is likely to make the same decision again---the costs of crime, in terms of forgone legitimate activities, are lower because of his criminal record, and the benefits are greater because of the criminal skills which were acquired while in prison. Thus, if the economic model is correct, for both reasons we would expect recidivism by rational criminals.

What of those who have not yet been convicted of crime? Here is where we would expect to find a significant effect of deterrence. In initially deciding whether to engage in criminal activity, the expected sentence is relevant; increasing this sentence then would serve to reduce the benefit of criminal activity. Thus it is primarily for those who are on the margin of becoming criminals that severity of punishment would serve as a deterrent.

The rehabilitation model is responsible for some other unfortunate aspects of criminal sentencing. In many cases, sentences vary widely for the same crime, depending on the characteristics of the criminal. In addition, many sentences are indeterminate---the felon is sentenced to jail until someone (probably the parole board) decides that he is rehabilitated. If we realized that in fact there is not much chance for rehabilitation, then this type of sentence would not occur; rather, each crime would have a relatively fixed sentence, and all those committing the same crime would serve about the same time. We might not even want to increase the average length of time served for given crimes; the argument here is for reducing the variance, rather than the average. As previously discussed, increasing the length of sentences is not necessarily a desirable policy.

Methodology

Macroeconomic methodologies

The first attempt to investigate the extent of the underground economy using the monetary technique was Cagan (1958). Cagan's approach to modeling the underground economy assumed that the share of currency in the money supply in a base year represented normal behavior. Because the residuals about this ratio were assumed to reflect money laundering, they were then used as a gauge of the size of the underground economy in the United Stated using a velocity assumption. Similar approaches based on the assumption that proceeds of underground activity were laundered through currency and currency substitutes were taken by Guttmann (1976) and Feige (1979). In order to eliminate the velocity assumption, the approach was modified by Tanzi (1982) so that the influence of the underground economy on currency demand, proxies by tax rates to indicate the incentive to avoid taxes and participate in the cash-based underground economy (negative relationship), was estimated directly in the regression equation linking currency demand and tax rates. Houston (1987) uses a technique of unobserved dependent variables and introduced additional indicators of underground activity that included inflation rates and law enforcement levels. Bhattacharyya (1990) is essentially a refinement of the Cagan2Guttman2Feige approach and uses dynamic analysis of residuals about a currency demand function, with income, price, and the interest rate as independent variables.

More direct macro-based estimates of the underground economy do not rely on econometric estimation, but because they do not use currency and monetary data also do not yield evidence on money laundering. An approach based on discrepancies in national income accounts data assumes that expenditure will be reasonably well reported, while income will be concealed when it is derived from illegal activities. Estimates of the residual accounts could therefore be imputed to illegal activity. However, Carson (1984) shows that the available discrepancies, including adjusted gross income gaps, differences between tax authorities' and national accounts income estimates, adjustments for tax payments reporting, or purely statistical discrepancies are inappropriate as a measure of the underground economy. Greenfield (1993) also rejects the approach because "without a detailed knowledge of the sources of income, it would be impossible to attribute the excess of spending

over income to underground activity." Another empirical approach relates underground activity to above-ground labor market participation. The analysis includes both illegal activity and unreported but legal activity such as home repairs, child care, domestic service, also other irregular purchases from irregular sources (with legal activity being undertaken by both legal and illegal immigrants). Moreover, legally employed workers may engage in underground activities after or even during regular working hours.

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 analysis study intend to prove that the money laundering effect to balance of payment in Thailand or not which from economics crime statistic Thailand for 1990 – 1997 trend to highly every years and approximated currency loss in economics crime trend to highly too.

Currency unit in economic crime organization in 1990 – 1997 approximated 6.236 billion baht.

Currency unit in economic crime organization which out of suppression and control by officer in 1990 – 1997 approximated 3.925 billion baht.

Currency unit in economic crime organization which to be suppression and control by officer in 1990 – 1997 approximated 2.361 billion baht.

Net error and omission of Thailand balance of payment trend to highly every year which direct impact by times of information and error in economic system, inflation, is a part of its. When currency units very high but gross nation product fixed, case of inflation.

In 1995 and 1996 Thailand had financial crisis because of institution of Bank X had become insolvent. Bank X had lose the money approximate about 700 million baht by high executive of Bank X cheating which it had been financial crisis of Thailand. Including occur of money laundering process in economic crime, case of trend to economic crime in Thailand are highly. Future more there is no the organization to do suppression the process (In 1995, 1996) which this study in thesis to play attention to balance of payment in Thailand

(In 1995, 1996) had a crisis is relation with the error and omission and economic crime rate.

The error and omission in balance of payment (In 1995, 1996) is -27956 and -66766 million bath different from before financial crisis at most. Until to forecast the error an omission is significance with happening in economic crime and to observe that, before and after the crisis, the error omission is approximate 3213 million bath which difference from during the crisis (In 1995, 1996) a part of the error and omission is from error in financial system. The other forecast that from economic crime committed. In period of study, trend of crime in Thailand are highly, economic crime is trend to higher than the other crime.

In crisis (In 1995, 1996) economic crime in banking and accounting are high abnormally which significance with the error and omission in balance of payment.

Conclusion, a part of the error and omission may be from economic crime and the criminal bring illegal money to be legal money so that, they don't about source of money.

The error and omission in balance of payment significance with economic crime rate and money laundering system which one part can forecast that the error and omission decrease, economic crime rate and money laundering decrease too.

From this study, assume that , Inflation in Thailand during 1990 –1997, a part of its, may be occurred from money laundering. Because of in the past, measurement to control money laundering activity not enact.

Because most money collected by organized crime is from illegal sources, such as loan-sharking, prostitution, gambling, and narcotics, criminals are reluctant to report the income or its sources on tax return. Before spending or otherwise using these funds, they must give the money an aura of legality. In this case, it make the net errors and omission highly and case of inflation.

From this analysis believe that money laundering related with balance of payment in the net error and omission. But cannot forecast the trend and a

raise of the net errors and omission in Thailand effect from money laundering only . Because there are several factors that will effect to the net errors and omission.

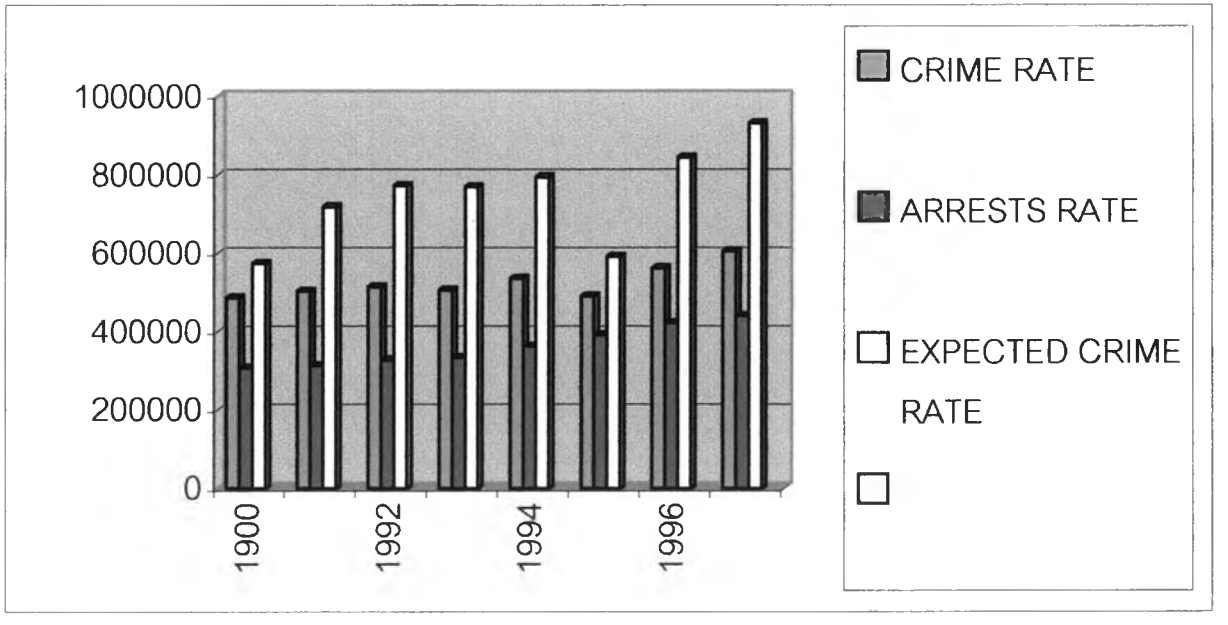
Currency unit in economic crime organization which out of suppression and control by officer in 1990 – 1997 approximated 3.925 billion bath. To puncture , when trend to Currency unit in economic crime organization which out of suppression and control by officer increase , the net errors and omission will negative increase too.

	1900	1991	1992	1993	1994	1995	1996	1997
CRIME RATE	485971	503231	513130	505965	535117	**490791**	**562143**	604886
ARRESTS RATE	307115	312800	327320	333550	362105	**391009**	**422597**	440034
EXPECTED CRIME RATE	574100	717840	771200	768430	794110	**591370**	**844150**	931860

CRIMES AND ARRESTS RATE OF THAILAND FOR 1990 - 1997

SOURCE BY ROYAL THAI POLICE INFORMATION CENTER

(CASES)

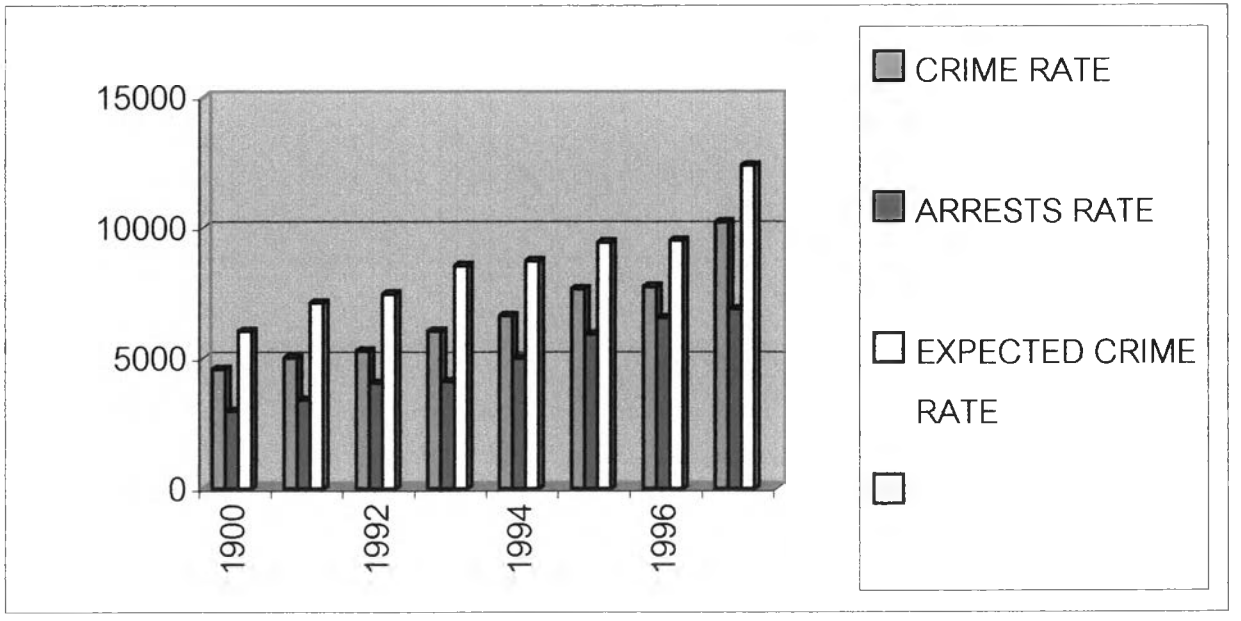


	1900	1991	1992	1993	1994	1995	1996	1997
CRIME RATE	4572	5013	5273	6024	6620	**7645**	**7737**	10197
ARRESTS RATE	2959	3377	4032	4106	4988	**5897**	**6535**	6868
EXPECTED CRIME RATE	6021	7118	7447	8533	8718	**9436**	**9509**	12376

ECONOMIC CRIMES AND ARRESTS RATE OF THAILAND FOR 1990 - 1997

SOURCE BY ECONOMIC CRIME SUPPRESSION DIVISION

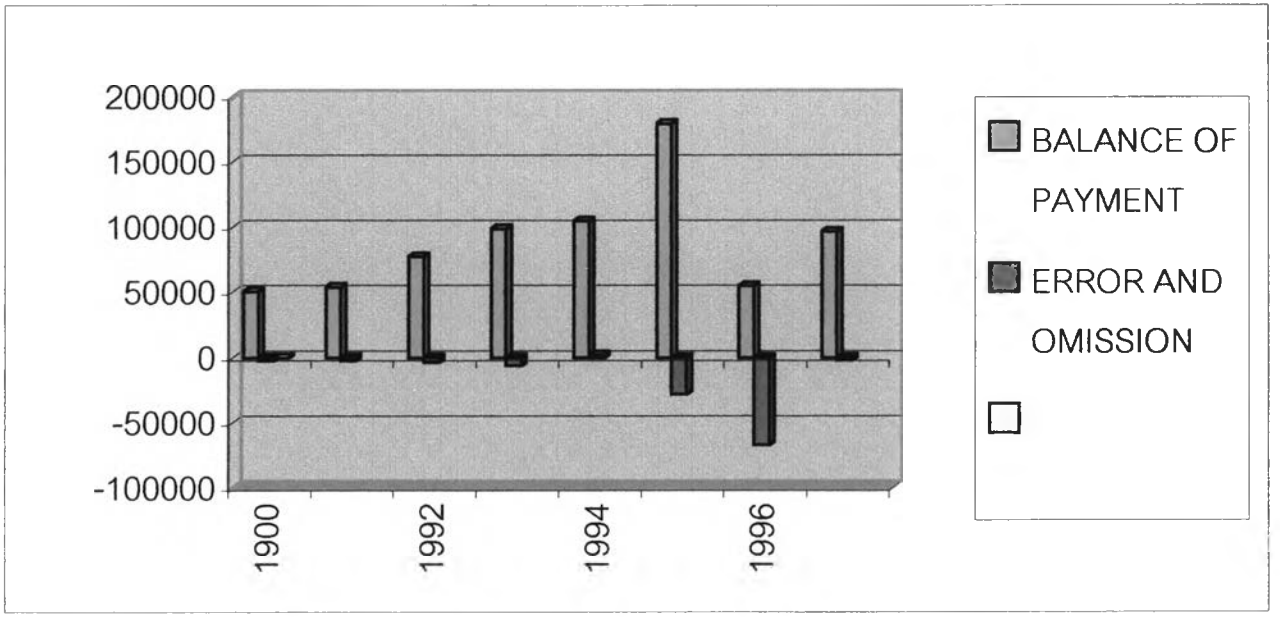
(CASES)



	1900	1991	1992	1993	1994	1995	1996	1997
BALANCE OF PAYMENT	50417	53722	77113.1	98797	104827	179530	54608	96385
ERROR AND OMISSION	-2379	-2028	-3554.9	-5975.4	2129	-27950	-66766	-1938.4

BALANCE OF PAYMENT IN THAILAND FOR 1990 - 1997

SOURCE BY BANK OF THAILAND

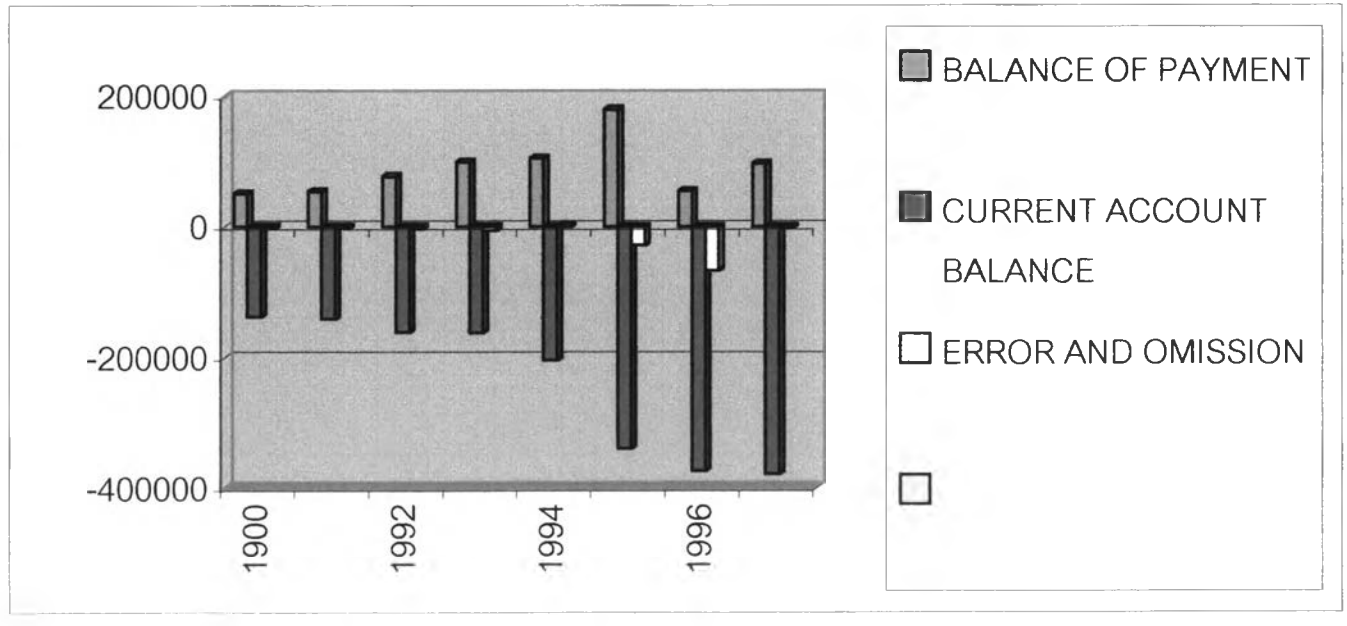


	1900	1991	1992	1993	1994	1995	1996	1997
BALANCE OF PAYMENT	50417	53722	77113.1	98791	104827	**179520**	**54608**	96385
CAPITAL BALANCE	190022	196877	240742	265895	305851	**545121**	**493533**	475741
CURRENT ACCOUNT BALANCE	-137226	-141127	-160074	-161129	-203153	**-337641**	**-372159**	-377418
ERROR AND OMISSION	-2379	-2028	-3554.9	-5975.4	2129	**-27950**	**-66766**	-1938

THAILAND BALANCE OF PAYMENT IN 1990 - 1997

SOURCE BY BANK OF THAILAND

(MILLION BAHT)



	1900	1991	1992	1993	1994	1995	1996	1997
APPOXIMATE CURRENCY LOSS	0.437	0.595	0.69	0.715	0.818	**0.897**	**0.945**	1.139
CURRENCY REGAIN	0.112	0.193	0.241	0.292	0.312	**0.339**	**0.381**	0.491
REAL CURRENCY LOSS	0.325	0.402	0.449	0.423	0.506	**0.558**	**0.564**	0.648

CURRENCY STATISTIC IN THAILAND ECONOMIC CRIME FOR 1990 - 1997

(MILLION BAHT)

SOURCE BY ECONOMIC CRIME SUPPRESSION DIVISION