

Economic effects of phenomenon " money laundering" in Iraq & ways of treatment

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The process of money laundering is illegally adopted by many vehicle crimes not only one.

Because first, these money are forbidden and it is fault to be owned or acquired.

Second these money are transferred by a certain procedures to a legitimated money.

Third, the attempt of evasion from law and the responsibility of earning and possessing these money and fourth, fraud, cheating, and lying on people. So, the harmful effects of these vehicle crimes will be reflected on economy and society the matter which led officials and experts to recognize this danger and enact appropriate laws and penalties.

So, professor Ibrahim Nafee' (the chief editor of Egyptian newspaper "Al-Ahram") who explain that: bribery, corruption, money smuggling, tax evasion, public money manipulation, money laundering and economic espionage all those terms are real threat on the national security in Egypt because challenges of national security is no longer limited with military conflicts or facing terrorist and political crimes only, but they expanded to include certain economic crimes as economy has become the first field of competition in the world. While Dr. Saa'ed al Oundi) says under the title "terrorism & money laundering (a European vision) Europe discovered that money laundering occurring in public in its major capitals like London, Paris, Geneva, Brussels, and Madrid as if they are a usual process besides these capitals transferred to a basis of terrorism because of extremists and objectors who had been

discovered later on after 11- September events in both cities (new York and Washington).

In Iraq, we can say that this phenomenon was not known and familiar, even if it is so, it will be individual cases not familiar or concrete phenomenon. but in the nineties and the beginning of third millennium, it was limited because of the weak capacity of productive sectors to provide goods and services the matter which lead to what so-called "black market", and smuggling of oil and commodities from Iraq because of blockade. After the occupation in 2003, and the absence of Iraqi government with all its institutions accompanied by banks robberies, smuggling of ancient monuments & machines, and Iraqi market exposure all these led Iraq to be an appropriate environment for crimes on one hand, and money laundering on the other hand. Thus, there are a range of negative economic effects caused by money laundering in Iraq through performing crimes or money laundering because most of these money are from banks robberies or smuggling of machines, instruments, factories, oil, and ancient monuments or the access of fake goods to the Iraqi markets. In Iraq, what increases the phenomenon to be more complicated is that both crimes (robbery and money laundering) are occurring on Iraq land at the same time because of weakness of laws and legislations which prevent this phenomenon but close relation between (internal & external) factors. Of environment leads the phenomenon to start very quickly.

So, the negative economic effects of this phenomenon as follows :

1)The phenomenon caused the weakness of national income through:-

*Depletion of capitals (hard currencies) which were stolen from banks and transferred to investments abroad.

*The results caused by machines and instruments smuggling abroad to buy them with low prices which represents important and fixed capitals.

* participating in suspending the industrial projects the matter which make the country lose its production capacity which is originally low.

* Weakness of production sectors because of weak savings and investments.

2)Smuggling of capitals outside the country led to the imbalance between savings and consumption which will make the state subjected to the external transferring and increases the debts.

3) monetary un stability(stock exchange)and the fear from future turns which means that individuals will buy and save foreign currencies inside or outside Iraq.

4)Misdistribution of income in the hand of a few intruders groups which effected on social justice negatively.

5) Entering of fake goods to the Iraqi markets leads to destroy national industry according to "ibn khaldoon " principle(bad goods removes well goods) .

While the social effects are:

1) Destroying the social relations system and moral constitution in Iraq.

2)The appearance of assassinating & kidnaping cases even after paying money.

3)Differences in social infrastructure balance, hard problem of poverty, and low standards of living for the majority of Iraqi people.

4) Spreading of corruption, social crimes, administration corruption, and bribery ... etc..

5) Reducing standards of living through providing fake services and goods which are sold by approximate prices to the income but had not lasted for a long time and will be obstacle on the consumer himself.

6) Destroying society through drugs trade which Iraq was empty from it before 2003.

7)Increasing, variation, and complexon of crimes rates in Iraq (political, economical, security, terrorism, and etc..

And in order to prevent money laundering in Iraq, we recommend the following:

1)the organized level which is represented by issuing laws and systems to fight this phenomenon , activate the role of judicial parties and authorities to punish the involved financial institutions,money confiscation , punishing criminals , developing legal procedures which organize activities of banks ,financial institutions,and companies .

2) supervision and financial level of banks through developing financial supervision by central bank and other specialized sides and confirming on applying laws , activities , supervising financial flows inside and outside , and supervising movement of illegal money by creating modern banking mechanisms including the transparency of capitals sources.

3)Make advantage of electronic services through:

* When one of the computers receives many small financial transfers electronically, the owner of this account will make big transfers in the same way.

* Clients who deposit big payments regularly including electronic deposits or those who receives a big payments from states dealing with drugs and illegal activities ...

Transfers outside the country in the name of the bank director or any electronic



institution (which means it is not deposited) and it must be registered in the account according to the level of bank function inside the countries.

4) Recommendations of (FATF) about money laundering:

* Each state should adopt appropriate steps without any delay to implement "Vienna convention" and accelerate the approval of this convention immediately.

*Secret laws of financial institutions should not be an obstacle for implementing these recommendations.

*The active law to tackle money laundering must include cooperation among various parties Concerning inspections about money laundering as well as judging criminals and give them to their governments as soon as possible.

5)Controlling borders points and preventing smuggling of goods, money, or forbidden cargos entering whether they were fake goods or drugs.

6)Establishing a specialized body concerning money laundering and provide them with (administrative, technical, and scientific) staffs and have absolute authorities to prevent Crimes from one hand, and discover criminals from the other hand, and the scientific staffs Should include specialists in monetary policy, industrial commercial, financial policies Justice, human rights , and civil community organizations.

7) Necessity of preventing such bad groups who want the damage against Iraq through their controlling on media (television, newspapers, broadcasts to destroy the thought of consumer.

8)Make advantage of world experiences in fighting this dangerous phenomenon

taking into consideration the Iraqi privacy.

9)Necessity of developing national culture of the consumer through media devices.

10) Necessity of working by all possible means to get rid of administrative corruption in Iraq as it is the most important factors for this phenomenon.

11)Necessity of cooperation & coordination with the neighboring states to eliminate this phenomenon.

12) Building a system of surveillance for the right supervising and implementing of laws, systems, and rules issued about this phenomenon.

