Appendix 12.10: The effects of money laundering as mentioned in the literature[[1]](#footnote-1)

|  |  |
| --- | --- |
| **Effect** | **Source(s)** |
| 1. Law enforcement gets a second chance | Levi (2002), p. 182, Levi and Reuter (2006), pp. 292 and 349 |
| 2. Distortion of consumption | Bartlett (2002), Mackrell (1997), Walker (1995) |
| 3. Distortion of investment and savings | Aninat et al. (2002), Bartlett (2002), p. 19, Camdessus (1998), Mackrell (1997), McDonell (1998), pp. 10–11, McDowell (2001), Quirk (1997), Tanzi (1997), pp. 95–6, Walker (1995) |

|  |  |
| --- | --- |
| 4. Artificial increase in prices | Keh (1996), p. 5, Alldridge (2002), p. 314, FATF (2007) |
| 5. Unfair competition | Mackrell (1997), McDowell (2001), Walker (1995) |
| 6. Changes in imports and exports | Baker (1999), p. 33, Baker (2005), Bartlett (2002), pp. 18–20, Walker (1995), Zdanowicz (2004b) |
| 7. More (or less) economic growth | Aninat et al. (2002), Bartlett (2002), pp. 18–20, Camdessus (1998), Ferwerda and Bosma (2005), McDonell (1998) p.10, McDowell (2001), Quirk (1997), Tan,zi (1997), pp. 92–6 |
| 8. Change in output, income and employment | Bartlett (2002), p. 18, Boorman and Ingves (2001), p. 8, McDowell (2001), Quirk (1997), Tanzi (1997) |
| 9. Lower revenues for the public sector | Alldridge (2002), p. 135, Boorman and Ingves (2001), p. 9, Mackrell (1997), McDonell (1998), p. 10, McDowell (2001), Quirk (1997) |
| 10. Threatens privatization | McDowell (2001), Keh (1996), p. 11 |
| 11. Changes in the demand for money, interest and exchange rates | Bartlett (2002), p. 18, Boorman and Ingves (2001), Camdessus (1998), FATF (2002), McDonell (1998), p. 10, McDowell (2001), Quirk (1997), Tanzi (1997), p. 97 |
| 12. Increase in the volatility of interest and exchange rates | Tanzi (1997), p. 8, McDonell (1998), p. 10, Camdessus (1998), p. 2, FATF (2002), p. 3, Boorman and Ingves (2001), p. 9 |
| 13. Greater availability of credit | Tanzi (1997), p. 6, Levi (2002), pp. 183–4 |
| 14. Higher capital inflows | Baker (2005), Gnutzmann et al. (2010), Keh (1996), p. 4, Tanzi (1997), p. 6, Unger and Rawlings (2008), Levi (2002), pp. 183–4 |
| 15. Changes in foreign direct investment | Baker (2005), Boorman and Ingves (2001), p. 9, FATF (2002), Walker (1995) |
| 16. Risk for the financial sector, solvability and liquidity | Alldridge (2002), p. 310, Aninat et al. (2002), Boorman and Ingves (2001), pp. 9–11, Camdessus (1998), FATF (2002), McDonell (1998), p. 10, McDowell (2001), Tanzi (1997), p. 98, Levi (2002), pp. 183–4 |
| 17. Profits for the financial sector | Alldridge (2002), p. 310, Takáts (2007), Levi (2002), pp. 183–4 |
| 18. Reputation of the financial sector | Aninat et al. (2002), p. 19, Bartlett (2002), Boorman and Ingves (2001), pp. 9–11, Camdessus (1998), FATF (2002), Levi (2002), p. 184, McDonell (1998), p. 9, McDowell (2001), Quirk (1997), Tanzi (1997), pp. 92–8, Walker (1995) |
| 19. Illegal business contaminates legal business | Alldridge (2002), p. 315, Camdessus (1998), FATF (2002), Levi (2002), p. 184, McDonell (1998), p. 11, Quirk (1997) |
| 20. Distorting of economic statistics | Alldridge (2002), p. 306, McDonell (1998), p. 10, Quirk (1997), Tanzi (1997), p. 96, Zdanowicz (2004b) |
| 21. Corruption and bribery | Alldridge (2002), p. 308, Bartlett (2002), pp. 18–19, Camdessus (1998), FATF (2002), Keh (1996), p.11, McDowell (2001), Tanzi (1997), pp. 92–9, Quirk (1997), p. 19, Walker (1995), Levi (2002), pp. 183–4 |
| 22. Increase in crime | Bartlett (2002), pp. 18–22, FATF (2002), Ferwerda (2009), Levi (2002), p. 183, Mackrell (1997), Masciandaro (2004), p. 137, McDonell (1998), p. 9, McDowell (2001), Quirk (1997), p. 19, Levi (2002), p. 183 |
| 23. Undermines political institutions | Camdessus (1998), FATF (2002), Mackrell (1997), McDonell (1998), p. 9, McDowell (2001), Tanzi (1997), pp. 92–9 |
| 24. Undermines foreign policy goals | Baker (1999), pp. 38–9, Baker (2005) |
| 25. Increase in terrorism | Masciandaro (2004), p. 131 |

*Note:* It is not clear in all sources whether the effects of money laundering are being described, or also (or only) the effect of anti-money laundering policy.[[2]](#footnote-2)

1. This is an online appendix to *The Economic and Legal Effectiveness of the European Union’s Anti-Money Laundering Policy*,Chapter 12. [↑](#footnote-ref-1)
2. Although this literature overview is based on an extensive literature research, its completeness cannot, of course, be guaranteed. This overview is an updated version of the literature overview that has been published in Unger, B. (2007), *The Scale and Impacts of Money Laundering*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar Publishing, pp. 110–13 and Ferwerda, J. (2012), ‘The Multidisciplinary Economics of Money Laundering’, PhD dissertation, Tjalling C. Koopmans Research Institute, Utrecht University School of Economics, No. 007. [↑](#footnote-ref-2)