

THE STRUCTURE OF THE ILLEGAL ECONOMY AND ITS RELATIONSHIP TO MONEY LAUNDERING

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Abstract

How to cite this paper: Sonsuphap, R. (2022). The structure of the illegal economy and its relationship to money laundering. *Corporate & Business Strategy Review*, 3(1), 45–54. <https://doi.org/10.22495/cbsrv3i1art5>

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ISSN Online: 2708-4965
ISSN Print: 2708-9924

Received: 24.02.2022
Accepted: 23.05.2022

JEL Classification: K4
DOI: 10.22495/cbsrv3i1art5

Money laundering in the illegal economy is a big global concern; consequently, numerous international regulations have been adopted to prevent the issue (United Nations Office on Drugs and Crime [UNODC], 2009). This research describes the structure of the illegal economy in Thailand and the relationship between money laundering and the three forms of the illegal economy (drugs, gambling, and corruption). Those who participated in three activities were interviewed in-depth, and then the results were analyzed using theoretical analysis and constant comparison analysis. The results indicate that strong demand and supply within Thailand and along its borders have created a substantial black market in the country, and money laundering arises through several avenues. The structural relationship of Thailand's extralegal economy is a result of the imperfection of the official economy and the degree to which the state market mechanism is intervened with various measures. Due to the complexity of the illegal economy, a large number of agencies are involved, resulting in an information system that cannot be categorized as including atypical transactions. Therefore, it is a big difficulty and a hindrance to swiftly assembling the complete litigation. This report offers the government and legal sectors with advice for combating illegal economies.

Keywords: Illegal Economy, Drug, Gambling, Corruption, Thailand

Authors' individual contribution: The Author is responsible for all the contributions to the paper according to CRediT (Contributor Roles Taxonomy) standards.

Declaration of conflicting interests: The Author declares that there is no conflict of interest.

Acknowledgements: The Author acknowledges the Office of the National Anti-Corruption Commission, the Office of the Narcotics Control Board, the Ministry of Justice, the Ministry of Interior, the Department of Special Investigation, the Research Institute of Rangsit University, the Ministry of Finance, the Securities Exchange Commission, the Bank of Thailand and the Office of the National Counter Corruption Commission, including bordering provinces as well as academic and non-governmental network partners. The Author is grateful for advice from Prof. Pasuk Phongpaichit, Ph.D. (Faculty of Economics, Chulalongkorn University), Ass. Prof. Sungsidh Piriyanangsan (Chairman of the Senatorial Commission on Poverty and Disparity Eradication), Ass. Prof. Nualnoi Treerat, Ph.D. (Director of Institute of Asian Studies of Chulalongkorn University), Dr. Mano Laohavanich (Honorary Advisor to the Commission for Poverty Eradication and Inequality Reduction of the Senate of Thailand). The Author would like to thank Itsaree Phaksipaeng, Ph.D., for support in data collection and research assistance.

1. INTRODUCTION

The illegal economy in Thailand, such as drugs, gambling, and corruption, has increased the amount of money laundered and the likelihood of crime every year. Furthermore, money from the illegal economy is bleached using a variety of processes and methods. The problem of money laundering is not unique to any one country; rather, it affects every country on the planet (Bonilla Jurado, Bonilla Jurado, & Ballesteros López, 2018; Broadhurst, 2021). Prevention and anti-money laundering has also resulted in higher administrative costs for financial institutions because they must invest in modern technology and hire experts to analyze and monitor financial transactions. This is a major international issue, as evidenced by the importance of G-20 member countries taking steps to prevent the financial sector from being used as a means of offense. This is an agenda on the world stage that calls on countries to focus on implementing international standards, Anti-Money Laundering (AML), and Combating the Financing of Terrorism (CFT) of the Financial Action Task Force (FATF). If a country does not have adequate measures in place, it is classified as a country at risk of money laundering and terrorism, which has an unavoidable impact on the country's business operations with trading partners (United Nations Office on Drugs and Crime [UNODC], 2009).

The United Nations on Drugs and Crime (UNODC) estimated the amount of laundering worldwide in 2014; it was approximately 2-5% of gross domestic product (GDP) or about USD800 to 2,200 billion. The money laundered in 2012 was approximately USD1,563 billion. If classified by country, the United States is the number one money laundering country in the world. It is the official purifier and is forwarded to destinations both within the US and several other destinations including the Cayman Islands, Canada, Bahamas, Bermuda, and Luxembourg. The total value in the US is USD848 billion (29.8% worldwide); second is Italy, i.e., Italy and Vatican, it is valued at USD150 billion (5.2% of the world); followed by Russia with USD119 billion (4.2% of the world); China with USD95 billion (3.3% of the world); Romania with USD88 billion (3.1% of the world). Germany destinations also include Germany and Luxembourg with a total value of USD66 billion (2.4% of the world); France at USD58 billion (2.0% of the world); Hong Kong which includes a destination to Hong Kong and Taiwan with a total value of USD42 billion (1.5% of the world); Spain is worth USD29 billion (1.0% of the world); Thailand is worth USD25 billion (0.9% of the world); Canada is worth USD 22 billion; the United Kingdom is valued at USD21 billion (0.7% of the world), respectively (UNODC, 2017). Money laundering from one country may be sent to multiple destinations, such as the US, Italy, Germany, and Hong Kong, with a total value of USD1.1 trillion or 70.8% of the world. The source of money laundering is with the same destination country, such as Russia, China, Romania, France, Spain, Thailand, Canada, and the UK. The group is valued at USD456 billion or 29.2% of the world (UNODC, 2013).

Several studies investigate many types of illegal economy in different countries such as prostitutes in Kenya (Česnulytė, 2022), illegal currency transactions in Europe and Spain (Sanz-Bas, del Rosal, Nájuez Alonso, & Echarte Fernández, 2021), as well as human smuggling in North Africa and the Mediterranean area (Mancuso & Maldi, 2022). Few studies explore the structure of the illegal economy and the relationship between money laundering and the illegitimate economies in Thailand. Therefore, this qualitative study fills the gap by explaining the three types of illegal economy in Thailand (drugs, gambling, and corruption). This study aims to explain the structure of the illegal economy and the relationship between money laundering and the three types of illegitimate economies in Thailand. The research questions are as follows:

RQ1: What is the structure of Thailand's illegal economy?

RQ2: Is there a connection between money laundering and the three forms of illegal economies in Thailand?

This study classifies the three forms of unlawful economies according to McDonald (1984) and Piriyaarangsana (2005), who categorized the outlaw economy according to their roles and functions in society. Understanding the structure of Thailand's illegal economy and the relationship between money laundering and three illegal economies may improve strategies for eradicating the outlaw economy and money laundering in the country. Thailand's economy and reputation have been negatively impacted by an illegal economy for several decades. If these issues are resolved, Thailand may have a stronger economy and a better international reputation. To fulfill the study objectives, the in-depth interview was conducted with people who were involved in gambling, drugs, and corruption, and then the data were analyzed using theoretical analysis and constant comparison analysis. According to the findings, strong demand and supply within Thailand and along its borders have generated a considerable black market in the nation, and money laundering occurs via several channels, including financial institutions, banks, and contemporary financial services. The structural connection of Thailand's extralegal economy is a consequence of the imperfection of the official economy and the degree to which the state market mechanism is subject to diverse interventions. A vast number of agencies are active in the unlawful economy, resulting in an information system that cannot be classified as having unusual transactions. The findings could be applied by the government and legal sectors to work on the illegal economies: drugs, gambling, and corruption.

To outline the paper's structure, the study is divided into six major sections. Section 1 is the introduction. Section 2 is a review of related literature. Section 3, the research methodology, explains and discusses the methods used to conduct this study. Section 4, the results, summarizes the study's findings. Section 5 discusses and wraps up the investigation. Section 6 concludes, provides answers to research objectives, and offers research recommendations.

2. LITERATURE REVIEW

The underground economy, black market, shadow economy, informal economy, or parallel economy are all names for the hidden illegal economy (Kraiwani, 2016). According to McDonald (1984), the illegal economy consists of drug trafficking, smuggling of anti-tax products, gambling, and illegal prostitution, among other things. Thomas (1992) classified illegal business as drug trafficking, contraband smuggling, reserved animal and plant trading, illegal logging, gambling, prostitution, and human trafficking. Furthermore, Lippert and Walker (1997) attempted to categorize the illegitimate economy based on spending style, including monetary transactions such as drug trafficking, gambling, corruption, and fraud. Piriya-rangsana (2005) categorized the outlawed economy based on its roles and functions in society, namely the black illegal economy, such as drug trafficking and corruption, and the gray outlaw economy, such as the underground lottery.

From the review of the aforementioned theories, most studies define it as an outlaw economy because they are more flexible in their areas of education. Their area of research also overlaps between the underground economy and the illegal economy. Therefore, the definitions in this study were based on the research of McDonald (1984) and Piriya-rangsana (2005), who classified the type of outlaw economy based on the roles and functions in society that are related in both economic and legal dimensions. Inclusive-ly, they are economic activities that are not recorded in the national income list. They are tax-free activities and the law does not endorse them.

2.1. Drugs

According to the UNODC (2017), over the years, more than 5% of the world's population over the age of 18 has used drugs. The World Drug Report (UNODC, 2017) also states that between 2005 and 2015, the rate of drug use among women was higher than that of men with a ratio of 25 to 19%, with the most popular drugs including marijuana, 183 million; methamphetamine and stimulants, 37 million; heroin and other drugs, 35 million; opium 18 million; cocaine, 17 million; and other types of drug addictions, 22 million people. In Thailand, the number of drug addicts was estimated to be around 1.8 million in 2014. Furthermore, in 2014, there were approximately 360,000 drug cases that entered the court. In 2015, it was estimated that there were at least 350,000 cases, with the prevention and suppression of drugs averaging USD6.2 billion per year, accounting for 6.1% of the country's budget (Phakdithanakul, 2015).

2.2. Gambling

Gambling is an illegal activity in Thailand. However, it is found that it is still popular among the Thai people (Khanthavit, 2021). According to

Piriya-rangsana and Sonsuphap (2014), it was found that the five types of illegal gambling activities had a turnover value of between USD162 and 388 billion. Gambling dens are worth between USD151 and 304 billion, while underground lottery and football betting have similar revolving limits, namely underground lottery worth about USD43 billion, football betting worth about USD42 billion, and stock lottery worth about USD1.7 million.

2.3. Corruption

Corruption is defined as dishonest behavior by people in positions of power, such as executives or government officials. Corruption can include giving or accepting bribes or inappropriate gifts, double-dealing, under-the-table transactions, election tampering, diverting funds, laundering money, and defrauding investors (Siddiquee & Zafarullah, 2022). The annual expenditure budget for corruption from 2013 to 2014 is USD737 to 812 billion, and the risk of budget leakage is approximately 20-30% of the investment budget. This is the minimum amount of approximately USD30 to 49 billion per year when combined with the split money, various state special projects, which frequently projects that do not go through the budget process, such as the rice-pledging scheme. While the thinking base of the UNODC, the leaked credit line is considered corruption worth between USD26 and 33 billion per year (Puapongsakorn, 2014). Government procurement was the most likely source of corruption in 2013, accounting for approximately 10-25% of the government procurement budget each year (UNODC, 2013).

3. METHODOLOGY

The goals of qualitative research are to investigate every context in which people or groups make decisions and act as well as to explain why that particular observed phenomenon occurred in that way (Limna, Siripipattanakul, & Auttawechasakoon, 2022; Siripipattanakul, Siripipattanakul, Limna, & Auttawechasakoon, 2022). Furthermore, in-depth interviews provide thorough answers on a specific topic; therefore, accurate information is received to meet the research objectives (Limsakul & Kraiwani, 2020). Purposive sampling, which is commonly used in qualitative research, entails the researchers using their expertise to select the most useful sample. The goal is to learn everything there is to know about a specific phenomenon or population (Limna, Siripipattanakul, & Phayaphrom, 2021). In this study, the qualitative approach was used as a research strategy. Purposive sampling was employed. In-depth interviews were conducted with fifty key informants who were stakeholders and those with direct experience of the three activities: gambling, drugs, and corruption. Additionally, the researcher determined the target population (key informants) be recruited for in-depth interviews. They were divided into three groups, as shown in Table 1.

Table 1. Key informants

Activities	Key informants (represented)	Quantity
Drugs	The Office of the Narcotics Control Board (ONCB)	3
	The Royal Thai Police	3
	The National Anti-Corruption Commission (NACC) officers	3
	Businessmen	3
	Politicians	3
	Academicians	2
	Members of civil society	3
Gambling	The Royal Thai Police	3
	The Anti-Money Laundering Office (AMLO)	2
	Gambling entrepreneur	2
	Politician	3
	Academicians	2
	Members of civil society	3
Corruption	The National Anti-Corruption Commission (NACC) officers	3
	The Anti-Money Laundering Office (AMLO)	2
	Businessmen	2
	Politicians	3
	Academicians	2
	Members of civil society	3
Total		50

Theoretical analysis is the classification of events using theoretical concepts as a framework. Constant comparison analysis is a technique for comparing various types of data, both statistical and documented. These data were compared in the same way that a researcher would explain a phenomenon (Assarroudi, Heshmati Nabavi, Armat, Ebadi, & Vaismoradi, 2018; Saunshi, Plevrakis, Arora, Khodak, & Khandeparkar, 2019). Therefore, theoretical analysis and constant comparison analysis were used to analyze the data in this study.

4. RESULTS

4.1. Illegal economic structure in Thailand

4.1.1. Drugs

Bangkok and its environs are regarded as the epicenter of drug-related organized crime, with drug criminals maintaining a low social status in various circles until they become famous, at which point they attempt to build good relations with government officials through various activities of these organizations. There is both monetary and non-monetary assistance in various activities until they establish close relationships with high-ranking government officials. Drug crime organizations can grow into a large network, hiding in groups of people in various circles, making it difficult for government officials to arrest and prosecute. Every year, the number of foreign traders and addicts grows. Because of the globalization link, people from all over the world can easily travel to and from each other's countries, and many governments have policies to earn revenue from the tourism sector, causing transnational drug trafficking movements to look for channels to expand drug trafficking, particularly in countries with regional economic and travel hubs and the least vulnerable areas, making Thailand a center of transnational criminals, including transnational drug traffickers. When demand increases, so does supply. Each year, hundreds of millions of people around the world use illegal drugs. Many people use drugs for recreational purposes. Some people use it to relieve pain, while others use it for cultural, religious, or customary reasons. As a result, governments all over the world

have criminalized drug users and/or people in possession of drugs. The policy is aimed at the production and distribution of narcotics in the hope of eradicating the global drug and addiction market.

Parallels to these are the money laundering schemes associated with drug trafficking. The proceeds from the drug trade will be used to clean money through various financial institutions and banks, including laundering through various economic activities, such as using money to buy businesses with losses or businesses that accept only cash, such as hotels, foreign exchange institutions, restaurants, retail stores, real estates, import-export companies, gold shops, second-hand car businesses, and so on. However, online money transfers are currently less regulated than cash transfers, particularly with virtual currencies such as Bitcoin and other crypto-currencies.

Between the years 2000 and 2011, the court ordered the property to be vested in the state in 560 cases, totaling USD760 million for all preliminary offenses. While there were 519 drug offenses or 92.3% of the total number of cases that the court ordered the state to veto, the total amount was USD599 million, or 78.8% of the total amount. There were 277 drug cases in 2015, accounting for 51.0% of all drug cases. However, the court ordered the seizure of the assets to the state, which amounted to only USD52 million, or 4.3% of all fundamental offenses included in the AMLO law. This only demonstrates the capability of preventing and suppressing drug trafficking. Thailand's government and related agencies appear to be capable of handling this task. However, the state continues to be ineffective and ineffective in dealing with the money laundering problem of organized crime in Thailand and neighboring countries.

4.1.2. Gambling

The majority of gambling in Thailand is illegal, though the state does permit some forms of gambling. In general, casinos that are open for business must be approved by local government officials. The presence of a green light indicates that an economic rent price has been agreed upon. This reflects the Thai government's inability to manage the illegal gambling industry up to this point.

Many casino owners along the Thai border are businessmen, politicians, and influential people who have good relationships with both Thai political leaders and powerful people in neighboring countries. As evidenced by the casino areas along the Thai border, these are frequently regarded as special areas directly controlled by political powers (Stradbroke, 2018). Mr. Zhao Wei, a China-Macau nationality, operates King Roman Casino, which is located in the Golden Triangle at the crossroads of three countries — Thailand, Lao People's Democratic Republic (PDR), and Myanmar. It is a type of economic crime that facilitates money laundering and human trafficking. However, governments of these countries will try to organize casinos by licensing and developing them into special economic zones, to create a parallel economy between the illegal economy and the legal economy.

The conversion of money or property obtained through gambling that is prohibited by the state is a form of money laundering from illegal gambling in Thailand. This is regarded as an illegal economy of money or property obtained through legal means. This can be accomplished in a variety of ways, such as bringing money to gamble along the Thai border with neighboring countries or abroad, or money from an underground lottery that the player or dealer arranges to play, and then bringing the money from such activities to deposit with banks or financial institutions, which is a form that online gambling operators commonly use, or other forms, depending on the amount of laundering each time.

According to academic assessments of the value of money laundering from illegal gambling, there is an approximate current limit of USD64 to 80 million per year (Sonsuphap, 2019). Thailand, on the other hand, has been unable to apply the law for the past two decades. The AMLO has the authority to confiscate even one property to make it the property of the land. There were only 5 to 7 cases in the NACC's consideration process, and the cases ended in the NACC's hearing only. This demonstrates the effectiveness of the Thai government's and related agencies' law enforcement processes. Thailand is still inefficient and ineffective in dealing with money laundering issues resulting from illegal gambling in both domestic and border areas. Every year, a massive amount of money circulates and spreads through financial institutions and businesses.

4.1.3. Corruption

Corruption is still a major global issue, as no country is free of it. Some countries have moderate to severe levels of corruption. It is estimated that three-quarters, or 75%, of the world's countries, are affected. International organizations agree that there is a rising trend of corruption in the world caused by government officials, particularly politicians, police, and the justice system, of which the World Bank stated that the situation of lack of transparency and accountability is an opportunity to cause corruption of government agencies around the world, particularly government procurement budgets, which are at risk of corruption on average 10-25% of the procurement budget.

In terms of the forms and processes of corruption, it begins with the creation or design of a project by collaboration between businessmen, politicians, and government officials from all ministries to approve and seek approval to proceed systematically, with the law, even if the systematic mechanism has flaws. Because the same companies frequently receive projects related to major political parties. At the moment, revolving funds derived from corruption will account for approximately 30-40% of the land's budget per project. Furthermore, in terms of the value of money laundering from corruption, Thailand continues to have a high level of corruption. This is reflected in Thailand's transparency index over the last 20 years, which has remained low. Furthermore, academic assessments indicate that Thailand is at risk of the national budget leaking into corruption, with an average of 20-30% of its investment or procurement budget leaking into corruption, which is higher than the global average of USD64-80 billion per year, while the ability to prevent and suppress government operations is limited. In addition, it rarely yields any results in managing the justice process run by the National Anti-Corruption Commission (NACC), the Public Sector Anti-Corruption Commission (PACC), and the Anti-Money Laundering Office (AMLO).

Corruption cases are investigated under the anti-money laundering law. It is the second most common crime after drug offenses, but when it comes to the preliminary trial, the NACC and the Public Prosecutor usually drop many cases because they did not enter the court processes. In 2011, the number of cases filed with the NACC reached 681. Four years later, in 2015, the number of cases had been reduced by about fivefold to only 115. Many of these cases are dropped when they reach the prosecutor's office. For example, there were only 5 cases in 2011, and there were 11 cases left in 2015. The majority of cases are revoked or ended in a lawsuit, which has a limited number of cases in this class.

According to a former member of the NACC, the problems and obstacles in controlling corruption are caused by internal corruption in every government, including the weakness of Thai society, a lack of leadership, i.e., a lack of those with a strong spirit in fighting corruption and the illegal economy. This slowed the handling of corruption cases.

Since the cases usually involved politicians, government officials, businessmen, as well as influencers, the investigation, and prosecution system was slow and time-consuming, leaving Thailand unable to prevent or suppress it promptly and failing to manage the entire judicial process. Corruption is considered a preliminary offense, with money laundering arrests ranking second only to drug offenses. The empirical data from the NACC on many corruption cases revealed that the majority of such cases were exonerated or dismissed once they reached the prosecutor's office and the court. The use of money laundering laws to combat corruption in Thailand has not been effective in the past and present, as shown in Figure 1.

Figure 1. Criminal justice process



4.2. The relationships between money laundering and the illegal economy

The relationships between money laundering and the illegal economy have an impact on the economy in the system because money is taken from illegal activities such as drug trafficking, gambling, and corruption. It is laundered through a variety of channels, including banks, financial institutions, gambling, and various cash businesses. According to Schneider and Enste (2013), the underground economy per country's GDP found that Thailand accounts for 40.9% of GDP, making it the country with the highest underground economy growth rate, ranking seventh in the world. The movement of illegal money around the world via money laundering is worth more than 50 trillion baht per year. These funds will be inserted and circulated in the official economic systems of various countries.

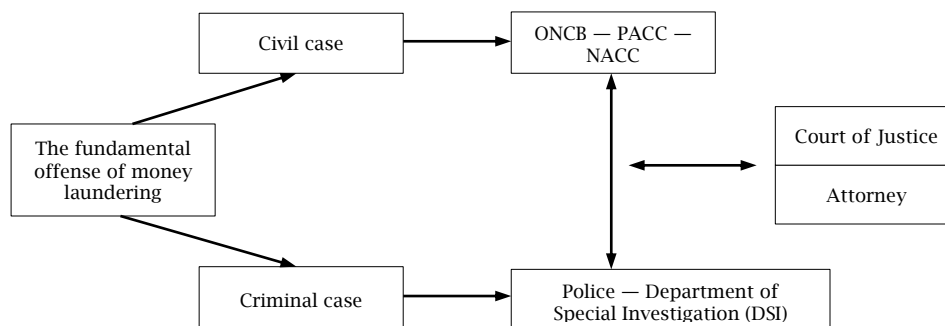
The findings are consistent with the study of the Economic Crime and Money Laundering Information Center, Faculty of Law, Chulalongkorn University, which stated that Thailand has the largest illegal businesses involving money laundering, drugs, corruption, and gambling (Boonyopas, 2005). Furthermore, crime syndicates are linked to influential people who are also attempting to devise new forms of money laundering to avoid arrest. Previously, they used bills of exchange to transport money in and out of the country or to purchase high-priced goods or real estate, all of which are methods that officials are familiar with. As a result, they altered the format. For example, using an electronic system to transfer money abroad or transferring money via mobile phone that leaves no trace. Even Bitcoin, a new investment that is gaining popularity in Thailand, was discovered to be an effective source of money laundering (Prayoonrat, 2013).

According to the government and lawyers, the purpose of enacting anti-money laundering legislation is to break the cycle of such money

laundering processes by prohibiting the use of the proceeds from the crime, which is an offense of money laundering, to launder before reintroducing that money into the economy, because the assets obtained from the crimes are from drug trafficking, gambling, and corruption, all of which are avenues for laundering illegally acquired money. As a result of the impact on the country's economy, if Thailand's GDP is approximately USD4.4 trillion (Bank of Thailand, n.d.), then a quarter or more than 3 trillion baht of the underground economy will be laundered through economic activities each year when compared to the performance of relevant agencies, namely the NACC.

In 2015, there were 277 drug cases, 115 cases of corruption, and only 5 cases of gambling, while the number of cases flowing in at the prosecutor's level was 74.9% of the total number of cases. However, when it came to the court, the number of cases dropped to 43.8% of the total. This suggests that money laundering lawsuits could be resolved on the AMLO investigation floor or by a large number of prosecutors. Furthermore, it was discovered in 2011 that the amount that could be seized had increased to USD859 million, or 79.9% of the total amount that went into the process under the Anti-Corruption Act, which was USD1,258 million. However, by 2015, only USD52 million, or 4.2% of the total amount entered into the Anti-Corruption Act processes, which was worth USD7,527 million, could be confiscated. This reflects the fact that Thailand's criminal justice system maintains a traditional framework of consideration through rigorous legislation, which qualifies the Thai criminal justice system in terms of asymmetric information as well as a lack of social innovation in the face of a complex and changing economic, political, and social context. Therefore, the size of Thailand's illegal economy is enormous, but the management process and control of the Thai government and related agencies are severely limited, as shown in Figure 2.

Figure 2. Integration between agencies involved in fund laundering offenses



5. DISCUSSION

Despite the changing periods of society, the study discovered that the three types of outlaw economy are nurtured by traditional relationships and

connections through market forces under the current economic, social, and cultural structure. As a result, the driving forces of Thailand's illegal economy are not entirely market-based. They continue to rely on power relations in exchange

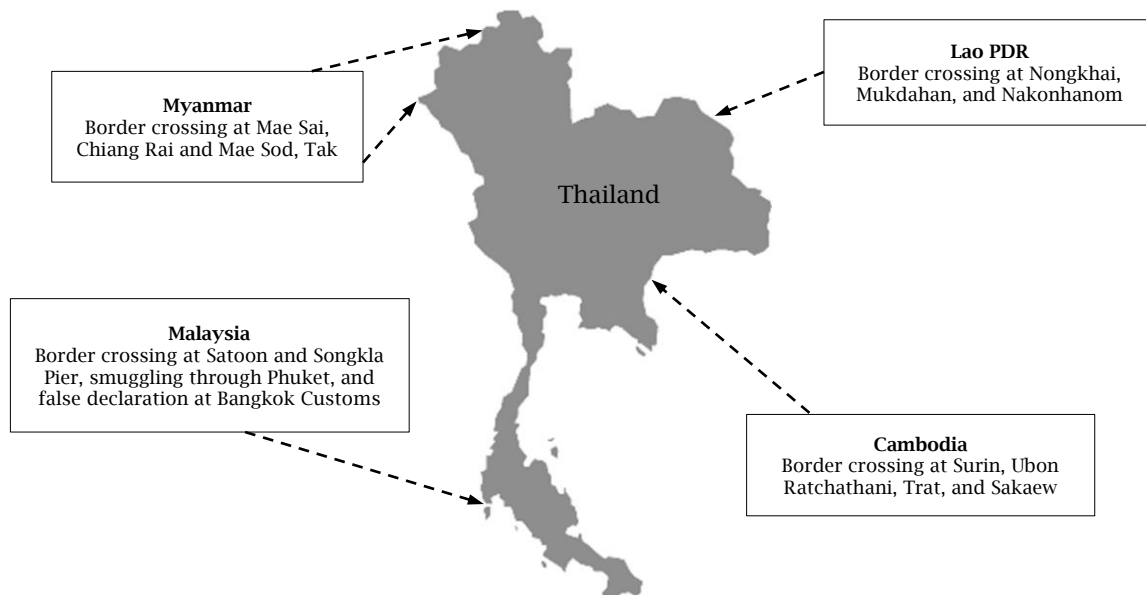
rather than market forces, a condition that is known as “market failure”, which refers to the marketplace’s inability to perform mechanisms to achieve effective resource allocation or situations in which the market cannot bring public demand, for example, due to low or too high prices. As state policies have changed, so have asymmetric information and innovation.

Thailand’s illegal economy, which includes drug trafficking, gambling, and corruption, has failed. This is also reflected in the development of a mechanism for operating as an organization with its network, similar to general business organizations in the legal economy. There is a demand from players or buyers, as well as supply from many operators or sellers. It is also a network within the country that connects Thailand’s border areas with neighboring countries. Border areas, in particular, reflect the state role of each country, which has varying levels of market interference in the illegal economy, such as gambling between the Thai and Malaysian governments, Cambodia,

Myanmar, and Lao PDR, where the Thai government considers such activities to be illegal, while neighboring countries consider them legal (Laikrama & Pathak, 2022).

The following are drug smuggling routes in Thailand: drugs are smuggled from Myanmar through the Golden Triangle into Chiang Rai and Mae Sot District, Tak Province in the Northern region; and drugs are smuggled from Lao PDR through Nong Khai, Mukdahan, and Nakhon Phanom provinces as well as Mae Sot District, Tak Province in the Northeast region. Drug smuggling occurs through a network that collects drugs in Bangkok and its surrounding areas for export. The method involves making a false declaration to customs officers. They are then transported to Malaysia via the four southern border provinces of Songkhla, Yala, Pattani, and Narathiwat. They are distributed from Malaysia to Australia and Europe. The route of drug smuggling increases the value of drugs by 10-20 times.

Figure 3. Drug smuggling routes in Thailand



Cigarettes are smuggled from Cambodia across the country into Trat, Chanthaburi, and Sa Kaeo in the Eastern region. Another option is to travel to the provinces of Ubon Ratchathani and Surin. Smuggling is done through networks to collect smuggled cigarettes into Bangkok and its surrounding areas, where they are then distributed throughout the country. Gamblers are transported along the eastern border because many provinces have areas adjacent to Cambodia that have many casinos. Furthermore, cigarettes are smuggled into the Southern region via cargo ships from Langkawi, Malaysia, to Satun, Songkhla, and Phuket. Smuggling is done through a network to collect smuggled cigarettes into Bangkok and its surrounding areas while waiting for a way to distribute them throughout the country. In the case of drug smuggling into Thailand, bribes are paid to specific groups of government officials. The bribe leads to money laundering to obtain legitimate funds, such

as when purchasing real estate. They gamble in countries where gambling is legal and then buy other assets from the country such as cars. This is the relation of Thailand’s illegal economy networks.

The arrest of an Asian drug lord, while boarding a plane at Amsterdam’s Schiphol Airport in early 2021, is incredible. Tse Chi Lop, the leader of an Asian drug syndicate, is the equivalent of the Mexican drug lord, Joaquin El Chapo Guzman. Tse Chi Lop is thought to be the leader of “The Company”, also known as the Sam Gor Syndicate, is one of the world’s largest drug-trafficking networks formed by an alliance of five Asian triad groups. Sam Gor is suspected of smuggling tons of methamphetamine, heroin, and ketamine into at least 12 countries ranging from Japan to New Zealand.

The Sam Gor network’s drug distribution generates enormous profits. The UNODC estimates the Sam Gor syndicate’s annual revenue in 2018 to

be USD8 billion, but it could be as high as USD17 billion. According to the United Nations (UN), the cartel conceals its drugs in tea packets and has a 40–70% share of the wholesale regional meth market, which has grown at least fourfold in the last five years. Methamphetamine costs about USD1,800 per kilogram in Myanmar and up to USD70,500 per kilogram in Thailand.

The UNODC estimates the Sam Gor syndicate's meth revenue in 2018 to be USD8 billion, but it could be as high as USD17.7 billion. According to the UN, the cartel frequently conceals its drugs in tea packets. It controls 40–70% of the wholesale regional meth market, which has more than quadrupled in the last five years.

Due to the high profit, Sam Gor's syndicate grows production capacity and transports the drug into the international market without fear of prosecution. If the Narcotics Suppression Unit or local police officers arrest them, they simply rearrange a new lot of drugs to sell, repeating this cycle as long as the drug can be delivered to major markets such as Australia, New Zealand, South Korea, and Japan.

Drugs and illegal trades make a significant contribution to the economy. Aside from poverty, there could be other factors that spark and sustain these illegal activities. This could be the tip of the iceberg of a much larger and more concerning network of underground crimes.

Thailand's illegal economy, which includes drug trafficking, gambling, and corruption, is massive. Each of these companies has intricate patterns and processes. Furthermore, money laundering occurs through a variety of channels. While many government agencies, such as the military, police, NACC, and DSI, are involved in the criminal justice process, there is still a lack of serious integration among these organizations. These illegal economic criminals launder their money through financial institutions, banks, and modern financial services, including the laundering of large sums of cash through investments or acquisitions. If Say's law is explained in economics, Say believes that supply creates its demand, such as supply creates demand: no matter what product or service a manufacturer produces, there will always be buyers. In terms of drug trafficking in Thailand or around the world, demand creates supply, as evidenced by a nearly 20% increase in demand for drug use between 2006 and 2013, reaching 246 million people worldwide. As a result, drug laundering has expanded alongside the drug trafficking cycle. Gambling and corruption are fixed to the same context and space that has the area that overlaps between the power dimensions, class-based society, economy, and society's changing political culture. Hence, the structure, behavior, and patterns of gambling and corruption among Thais are distorted.

The findings of this study are consistent with theories of the illegal economy of McDonald (1984) and Piriyanangsan (2005), which acknowledge the existence of three types of illegal economies: drug trafficking, gambling, and corruption. It is related to the institutional structure, process, and exercise of state power in Thailand. This is a factor that contributes to the existence of Thailand's illegal economy.

6. CONCLUSION

Thailand's three major illegal economies are drug trafficking, gambling, and corruption as well as money laundering. In Thailand, an analysis of data from the AMLO from October 1999 to September 2011 revealed that the highest number of drug-related offenses was 4,239 cases, accounting for 62.0% of all cases. Following inspection and investigation, 867 cases were confiscated, accounting for 85.3% of the total number of cases. This was followed by 179 crimes involving the trafficking of women and children, accounting for 2.6% of all crimes. Following an examination and investigation, 30 cases were confiscated, accounting for 2.9% of the total number of cases. Other bases included 426 cases of defrauding people, 37 cases of seizure and asset seizure, 111 cases of embezzlement and fraud at financial institutions, and 36 asset seizures, 681 cases of corruption in government offices, and 29 cases of asset seizure. There were a total of 5,636 cases involving the 5 bases of criminal activity, representing 82.4% of the total number of preliminary cases, and 999 cases involving property seizures, representing 98.2% of the total number of preliminary cases involving property seizures. Furthermore, in 2015, it was discovered that the number of cases on the three preliminary bases was the main cases that flowed into the AMLO, accounting for 73.1% of the total number of cases, with 277 cases involving narcotics, 115 cases involving corruption, and only 5 cases involving gambling. Whereas at the prosecution level, 74.9% of the total number of cases were received. However, when they reached the court level, the number of cases dropped to 43.8% of the total number of cases. This suggests that money laundering lawsuits were resolved on the AMLO investigation floor or at the prosecutor's level. It was also found that up to USD966 million, or 79.9%, of the amount that could be seized, was vested in the land from the seizure. The total amount entered into the processes under the AMLO Act in 2011 was valued at USD1,258 million, but in 2015, only USD52 million, or 4.2% of the assets, were seized. The value of the total amount that went through the AMLO Act processes was USD7,527 million.

The structural relationship of the extralegal economy in Thailand, such as drug trafficking, gambling, and corruption, stems from the imperfections of the official economy and the degree of state intervention in market mechanisms via various measures. It is the primary reason that the structure of the outlaw economy can be sustained through the market mechanism of demand, resulting from rising public demand. This has an impact on the producer's supply as a supporting base for the outlawed economy's ability to survive in Thai society. The consequences of problems in the structure of the government sector include, first, taxation: due to the high rate of state taxation, entrepreneurs and the general public try to avoid their tax burdens. Second, the greater the regulation of the official economy, the greater the effort for people to escape control, specifically labor market regulations, commodity markets, domestic financial markets, and foreign currency markets. Third, prohibited by law enforcement,

businesses are prohibited from operating for legal, moral, and public order reasons in the country. These are significant factors that raise the price of products or services, attracting more new entrepreneurs. Fourth, authority to engage in certain economic activities: to obtain these privileges, it is necessary to seek approval from the authorities in the form of licenses, patents, concessions, and bidding procedures. This allows for the promotion or punishment of government officials. Some entrepreneurs must rely on the power of government officials to secure their privilege of paying bribes and kickbacks. Fifth, the market system's instability: due to the government's economic policy or other factors, trading is inconvenient due to inflation and a high unemployment rate. These constraints are the impetus for the informal market.

As the illegal economy is a complicated activity, many agencies are involved, such as the NACC, DSI, and AMLO, resulting in an information system that cannot be classified as unusual transactions. Thus, it is a significant issue and impediment to quickly and efficiently compiling the entire lawsuit. Furthermore, the Thai government should reconsider the legalization of gambling casinos, as it is clear from the above findings that the entire process of closing the country's gambling dens has failed miserably. All of Thailand's neighboring countries have legalized casinos, bringing in a lot of money. Once legalized, casinos should be kept up to international standards with regulations for gamblers, and both locals and foreigners should follow the law. This will generate enormous revenue for the country, which can be used for development, particularly the welfare of police officers throughout the Kingdom of Thailand. Finally, the Thai government should reform the justice system to reduce corruption through a check-and-balance system implemented at all levels of government management. In this regard, the Office of the Attorney General should report to the Ministry of Justice rather than be as autonomous as it is. Furthermore, transparency International should be invited to serve as the reformation's advisor, and

they should play an active role in the reformation of the Ministry of Justice, the Office of the Attorney General, and the justice system. It is recommended that the best option is to have an Amnesty International representative as a permanent auditor in the Ministry.

In brief, due to high demand from buyers and supplies from sellers with networks both within the country and along the borders, Thailand's illegal economy has a large market. Money laundering takes place through a number of channels, including financial institutions and modern financial services. Furthermore, Thailand's extralegal economy has a structural relationship that is caused by the imperfection of the official economy and the level of intervention of the state market mechanism with various measures. Because the illegal economy is so complex, many agencies are involved, resulting in an information system that cannot be classified as unusual transactions. As a result, it is a significant issue and an impediment to quickly and efficiently compiling the entire lawsuit. The implication could be applied to the government and legal sectors to work on illegal economies: drugs, gambling, and corruption. Furthermore, the findings of this study may help academics in broadening their research by incorporating more potential elements. It could be used to guide future research on illegitimate economies: drugs, gambling, and corruption.

A few limitations exist throughout the research, resulting in some gaps in this study. First, the research methodology focuses on qualitative methods to gain a general understanding of the key respondents. It is unable to provide quantitative data and value this aspect. Also, the three types of illegitimate economies studied in this study were drugs, gambling, and corruption. The representation of only three types of illegitimate economies may be inadequate. As a result, it is suggested that more areas be explored, variables be examined, and samples be collected. Also, a quantitative study, such as online surveys, should be considered for future research.

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