The Effects of Illicit Drug Trade on Stabilizing Macro-economy

Hossein Mokhtarian

Abstract:
Annual production of more than 5000 tons of opiates in Afghanistan and the necessity of its traffic into other countries, affects on Iran’s economy as one of the Afghanistan's neighboring countries. It is more important when drug traffickers joined to new organized crime groups and run different kinds of criminal acts. On this basis, in this article the effects of illicit drug trade and other criminal acts on macro-economy is studied by using experiences of some countries. Although some researchers believe that funding the criminal acts in countries which have broad financial activities is more than other economies, there are signs that other countries are not protected from this issue. Illicit drug trade consists 2% of money supply in Colombia where central bank officials are faced with some problems. Owing to the special conditions of Iran where is passing through economical period, in this article the experiences of the countries that have been faced with fund-related criminal acts in implementing their reforms and stabilizing policies are addressed. Such experiences indicate that in economical reforming process, informal markets are emerged and informal (underground) economical sections neutralize governmental policies. In Russia, for example, the lack of an effective banking system and specified exchange market as well as a legal risk-taking system have resulted in arise of an informal system. In one hand, informal systems which obtain their financial resources through criminal acts, keep the faced prices in a high level and in the other hand, influence heavily over financial policies through increasing interest rates and loaning in informal markets. The experiences of reforming economies indicate that the behaviour of their governments is not under control and they promote informal system (underground economy) by serious interventions or unlimited loaning.