

Econ Club – Economic Crime and Illicit Finance – Dame Margaret Hodge

Questions for Further Discussion/Debate

1. What reforms or enhancements to the regulatory framework can effectively combat economic crime and illicit finance while also supporting legitimate business activities?
2. How should governments and financial institutions address the challenges posed by the rise of cryptocurrencies, which can facilitate both legal and illegal financial transactions?
3. To what extent should corporations be held accountable for economic crimes committed by their employees or in their operations? How can corporate governance be strengthened to prevent economic crime?
4. Should stronger whistleblower protection laws be implemented to encourage individuals within organizations to report suspected economic crimes? What are the potential benefits and drawbacks of such laws?
5. How can international cooperation be improved to tackle cross-border economic crime and illicit finance effectively? What role should international organizations play in this effort?
6. How do economic crimes and illicit finance affect developing nations, and what can be done to mitigate the negative impact on their economies and societies?
7. With the rapid advancement of technology, how can law enforcement and regulatory agencies keep up with evolving methods of economic crime, such as cybercrime and digital money laundering?
8. Penalties and Deterrence: Are current penalties and deterrent measures sufficient to discourage economic crime, or should they be strengthened? What might be the unintended consequences of harsher penalties?

Source Based Questions

The questions below are all linked to the sources above them. Read through the sources prior to answering the questions.

[The IMF and the Fight Against Illicit Financial Flows](#) – International Monetary Fund

1. According to the source, how do illicit financial flows (ITAFF) impact a country's economic stability and the global financial system? Identify and explain specific economic consequences mentioned in the source.
2. Discuss how ITAFF might lead to distortions in competition and inflate prices for real estate and assets. Apply economic principles to explain the mechanisms through which these distortions occur.
3. The source mentions that ITAFF can drain foreign exchange reserves and reduce government revenue. Evaluate the potential macroeconomic consequences of these effects on a country's balance of payments and fiscal policy.

General Questions

- Assess how economic crime contributes to economic inequality within a society. Are there specific economic policies that can help address this issue?
- How does tax evasion reduce government revenue, and what measures can authorities take to combat it?
- In the context of economic crime, explain how resource allocation decisions within a country's budget impact the effectiveness of law enforcement efforts and financial regulations.
- Analyse how capital flight affects a country's foreign exchange reserves and overall balance of payments.
- Analyse the economic costs incurred by financial institutions and businesses to comply with anti-money laundering regulations. Are these costs justified in terms of preventing economic crime?

- Assess the impact of economic crime on social and political stability in a country. How does economic crime erode trust in public institutions and potentially lead to instability?

Further Reading

- [Economic Crime in the UK: A multi-billion pound problem](#) – House of Commons Library
- [Unexplained Wealth Orders](#) – House of Commons Library
- [Economic Crime Plan 2](#) – HM Treasury