

Metimun 2012

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# Introduction to Ecosoc

According to Chapter X of the UN Charter, the Economic and SocialCouncil was established to serve as the central forum for discussing international economic and social issues, and to formulate policy recommendations for UN Member States. The fifty-four Members are elected by the General Assembly and serve for overlapping three-year terms. Unlike the other five organs of the United Nations, the membership of the Council is based on geographical representation with fourteen seats allocated to African States, eleven to Asian States, six to Eastern European States, ten to Latin American and Caribbean States, and thirteen to Western European and other States.

Since its establishment, the Council has undergone numerous stages of development. In many ways, the capacity of ECOSOC to influence international policies in trade, finance and investment became limited. At the 2005 World Summit, however, a major reform on the basis of proposals submitted by Kofi Annan was approved to establish ECOSOC as a quality platform for high-level engagement among Member States and with the international financial institutions, the private sector and civil society. Two of them included the decision to hold biennial high-level Development Cooperation Forums (DCF) and Annual Ministerial Reviews (AMR). These aim to review trends in international development cooperation and to promote greater coherence among development activities. Although they are still at their initial stages, the reforms are expected to contribute to the achievement of the internationally agreed development goals like the Millennium Development Goals.

In addition to these meetings, the Council is also responsible for the coordination of economic, social and related work of fourteen UN specialized agencies (e.g. the International Monetary Fund, the World Health Organization, etc.), its functional commissions (e.g. the Commission on Crime Prevention and Criminal Justice) and five regional commissions (e.g. the United Nations Economic Commission for Europe).

# Introduction of chairs

## Basem Zaman – Director

Howdy, my name is Basem Zaman and I will be one of your Chairs for ECOSOC

I am a Mechanical Engineer currently on industrial placement with e.on. No I don’t come round to people’s houses to check their meters. I am also a student at Queen Mary University of London. I am currently the president of Engineers without borders at QMUL so I have a **deep vested** interest in the media. Frankly speaking I am here to learn from you as much as I can and I am positive that you have lots to teach me. I have done several simulations and have about 3years of intense hard-core MUN experience. I simply can’t wait to meet you all and without a doubt this will be a debate to remember.

## Sabina Stefana Spataru – Assistant Director

Hey everyone! My name is Sabina Spataru, I am 19 years old and I am from Romania, I came to London right after I finished high school. I am studying International Relations and Politics, first year, at London Metropolitan University. I’m very honoured to be presenting myself as Assistant Chair in the ECOSOC. I’ve always been interested in being involved in as many activities as I could, especially in political debates. I’m relatively new to MetiMUN, however I’m looking forward to be a part of this great opportunity.

Even if this is my first experience in MetiMUN, I hope I will not only receive great information and knowledge in such organizations, but also I will try to be as helpful as I can. I am sure I will not regret being a part of this and I hope that none of you will do. Looking forward to see you all soon

# Topic 1- Media diversity and media influence on shaping public debate

’Media’ is considered to have a very influential effect on politics and public opinion. It is clear that media has an opinion about every subject which interests us. Journalists frequently exploit the personality, sensationalism, drama and conflict stories, thereby downplaying the larger social, economic, or political picture (Bennett, 1996; Sparrow, 1999). By elevating certain issues over others, the media influence voters’ subsequent evaluations of political actors and alter the criteria by which political players are judged (Krosnick & Kinder, 1990).

Reporters often draw attention to political attempts to manipulate public opinion. Even if we think that our decisions are our choice, sometimes our decisions are what media and politicians want. The most of information we have about world are from media sources, so can we say that media do not influence us?

Today, the public acquires most political information from the mass media, which are thus able to influence the major themes of public debate and bring about long-term shifts in public attitudes. What is usually discussed is how a news programme can influence millions of people. Coming up front with proves and justifications of how politicians acts leads to a more credible story, that we need to believe. The word ‘need’ in this phrase is from the human desire to trust in something more major than us. That is why people are considered being naïve, not because we have a problem, but because we want to believe in words that will fill our life.

The mass media have also become an important vehicle for politicians to gain influence among their colleagues (Cook, 1989; Kendrowski, 1996) and sway the opinions of their constituents (Elving, 1994). Differences of opinion between political actors are built up into major conflicts, generating an impression of ‘confrontational negativity’. In this way, we can say who is well prepared for a politician position and who is not. We know as much as politicians want to know about them and their political life.

The media act as gatekeepers, advocates, and interpreters of political themes and information. A good deal of evidence suggests the power of the media to influence public opinion and related political perceptions.

The media apply their own professional logic, which is informed by aspects of newsworthiness, journalistic norms and market interests. Thus, only certain issues are made visible to the public – and not necessarily those that have priority for political decision makers. Indeed, the media systematically ignore topics they consider not to be newsworthy. In other cases, stories are made to fit journalistic criteria (Stab 1990): issues are dramatized, personalized, and sensationalized. In other words, media discuss only what they consider that public will be interested in, and not the real problems that are behind closed doors.

The media – but also interest groups and experts – are involved in the selection of the events, facts, and problems that are brought to public consciousness and subsequently put on the political agenda as issues to be addressed. They shape all the public debates without being conscious and aware of that.

Some researchers take a basic assumption that need of journalists to quote authoritative sources ad argue that as a result news outputs are a function of ‘’official’’ views on a given issue. In other words, reporters ‘’index their coverage to the range of opinion that exists in the government’’ (Zaller & Chiu, 1996, p. 392). However we think that at least some of the time, the media themselves drive the political debate.

The media could abandon all message inputs by other players and create a purely media-generated version of the debate.

As a conclusion, media appears to discuss what happen in politics events, but it is clearly that they influence the public opinion on some topics and they influence politicians in taking some measures. Is it media playing fair? Or they want just to be newsworthy? Do they seek to convey the essence of policy debate and alter the message only to fit journalistic norms and the structural constraints of new presentations? Or are they more active participants who shape and alter the presentation of an issue?

# Topic 2 – International measures to combat money laundering

## Introduction

Money laundering is defined by numerous organisations as “exchanging money or assets that were obtained criminally for money or other assets that are 'clean'.” For Large scale Illegal businesses like the drug trade or high return crimes like million dollar thefts obtaining the money or asset is only half the work. The next part is converting it into a form that can be used without leading back tracks and trails back to the perpetrator or the criminal. Money laundering doesn’t have to involve government bodies and the financial sector, but for most large-scale operations both are often implicit often knowingly in aiding money launderers. Tax evasion is considered a form of money laundering by most nations.

There are countless ways to money launder and the list is generally increasing. The processes are extensive. Generally speaking, money is laundered whenever a person or business deals in any way with another person’s benefit from crime.

The Traditional model of laundering can be broken down to three processes:

**Placement**, the stage at which criminally derived funds are introduced in the financial system.

**Layering,** the substantive stage of the process in which the property is ‘washed’ and its ownership and source is disguised.

**Integration**, the final stage at which the ‘laundered’ property is re-introduced into the legitimate economy.

This three staged definition of money laundering is highly simplistic. The reality is that the so called stages often overlap and in some cases, for example in cases of financial crimes, there is no requirement for the proceeds of crime to be ‘placed’.

There have been countless cases of money laundering across the world. Below are some notable cases.

1996-2005 The bank of NY was implicit in money laundering scandal involving two Russians emigrants. One of them was the VP of the bank. They transferred over 7 billion USD. Russia

Late 90s Sani Abacha Nigerian dictator transferred government funds out of the country in the form of traveler-cheques and cashed them in various banks in Europe. An estimated 1.4 billion USD was delivered.

The war against the illegal drug trade is one of the largest fronts in the battle. Despite all the regulations and legislation in place the drug trade is still managing to clean up the dirty money. Cocaine produced in Colombia, Venezuela and Bolivia has been increasingly shipped via [West Africa](http://en.wikipedia.org/wiki/West_Africa) ([Guinea](http://en.wikipedia.org/wiki/Guinea), [Guinea-Bissau](http://en.wikipedia.org/wiki/Guinea-Bissau) and [Liberia](http://en.wikipedia.org/wiki/Liberia)). The money is often [laundered](http://en.wikipedia.org/wiki/Money_laundering) in countries as [Nigeria](http://en.wikipedia.org/wiki/Nigeria), [Ghana](http://en.wikipedia.org/wiki/Ghana) and [Senegal](http://en.wikipedia.org/wiki/Senegal). The money can also be laundered using real estate. A house is built using illegal funds, and when the house is sold, legal money is earned. This is just one example of what happens in the illegal drug industry.

There have been many steps taken by nations to prevent money laundering and they mostly target two general areas

Today, most financial institutions globally, and many non-financial institutions, are required to identify and report transactions of a suspicious nature to the financial intelligence unit in the respective country. For example, a bank must verify a customer's identity and, if necessary, monitor transactions for suspicious activity. This is often termed as KYC – "know your customer". This means, to begin with, knowing the identity of the customers, and further, understanding the kinds of transactions in which the customer is likely to engage.

## Crisis in Haiti

Money launderers take advantage of natural disasters via scams where they create fake NGOs under whose name supposed ‘donations’ are collected and deposited in bank accounts. During the aftermath of the earthquake in Haiti organizations started the relief process through fundraisers and other aid efforts Unfortunately, in the midst of the generous non-profit work by organizations such a The Red Cross, other individuals took advantage of the situation to increase money laundering. A recovered email shows one such scam that took place in Haiti. The email asks the recipient to work as a representative for a Haiti earthquake disaster aid organization by collecting and processing funds.The aid organization is in fact a phony organization; the supposed ‘donations’ the recipient is meant to ‘collect’ on behalf of the supposedly legitimate aid agency are in fact funds that have been collated during other scam and fraudulent activities. The recipient is asked to ‘process’ these stolen funds via his or her own bank accounts and then send the cash back to the scammers via international money transfers. Such laundering is effective in that police investigations will punish the recipient rather than the criminals who actually stole the funds/earned them through illegal means. Such scams are common and take advantage of catastrophes.

## Major bodies involved

Financial Action Task Force (FATF)

The FATF is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing.

International Association of Insurance Supervisors (IAIS)

The IAIS embodies insurance regulators and supervisors of approximately 190 jurisdictions in nearly 140 countries, constituting 97% of the world's insurance premiums. The IAIS has two overarching objectives: “promoting effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders; and contributing to global financial stability.”

International Monetary Fund (IMF)

The IMF is committed to combating money laundering. To quote, “As a collaborative institution with near universal membership, the IMF is a natural forum for sharing information, developing common approaches to issues, and promoting desirable policies and standards—all of which are critical in the fight against money laundering and the financing of terrorism. In addition, the IMF’s broad experience in conducting financial sector assessments, providing technical assistance in the financial sector, and exercising surveillance over members’ economic systems has been particularly helpful in evaluating countries’ compliance with the international

AML/CFT standard and in developing programs to help them address identified shortcomings.”

United States of America

The USA has made several efforts to combat the issue especially where legislation is concerned; it has established the Bank Secrecy Act (1970), the 1986 Money Laundering Control Act, the 1994 Money Laundering Suppression Act, and the 2001 US Patriot Act.

## Attempts at solving the problem

The Money Laundering Control Act of 1986 criminalized money laundering for the first time in the United States of America. This piece of legislation (in section 1956 of Title 18 of the United States Code) bans the exchange of proceeds of certain illegal activity; individuals are prohibited to partake in financial transactions with ‘dirty’ money. The illegal activities whose proceeds are categorized as illegal funds are known as “specified unlawful activities” or SUAs. It is also illegal for an individual to make financial transactions with the intention concealing the source, ownership, or control of the original funds. Individuals with this malicious intention may be prosecuted regardless of the amount of money or whether the transaction actually succeeds in concealing the origin of the fund. Illegal financial transactions or money laundering has been defined to be the exchange of money from one individual to another in order to disguise the origin of the money; a business or financial institution may or may not be involved.

In the 1980s, the United Nations started thorough discussion of illicit trafficking of narcotic drugs and other such substances. Successfully passed resolutions called upon a convention on the issue to discuss possible solutions. Drug trafficking had increased tremendously as profits increased and illegal organizations competed, the stakes grew higher. In 1988, the UN adopted a convention against illicit traffic in narcotic drugs and psychotropic substances. The convention helped guide countries in the efforts to prevent the issue. Money laundering was a clear section of the issue at hand, as the criminal organizations used money laundering to fund the drug trafficking.

The Palermo Convention, UN Convention against Transnational Organized Crime, was held in 2001. The Merida Convention, UN Convention against Corruption, was held in 2005. The issue of money laundering, and the prevention of the issue, was brought up by representatives in both connections as it is a prominent aspect of transnational organized crime and corruption.

The Financial Actions Task Force (FATF) has drafted a document called the“40 Recommendations” (1990) that act as a guiding tool for countries that wish to combat money laundering. Solutions must be constructed in accordance of the three stages of money laundering, and since the stage of ‘placement’ is the riskiest phase, solutions must aim to track the roots of money laundering.

## Possible solutions include:

 Since money laundering starts with ‘placing’ dirty money in banks for subsequent ‘layering’, banks must establish strong customer information collation procedures where official documentary evidence is required . Countries with tax havens must be pressured by cutting economic relationship with them so that account holders can be exposed.

Adoption of strict transfer-pricing measures; ‘Transfer pricing is simply the act of pricing of goods and services or intangibles when the same is given for use or consumption to a related party (e.g. Subsidiary)’Money laundering is a global problem and hence exchange of information between countries is mandatory so as to help crack down on money laundering as well as black money trails. Solutions to the issue of money laundering depend greatly on the situation at hand. Although solutions may vary, it is important for individual firms and governments to remain strong in their rules and regulations regarding financial transactions. Influential organizations related to the issue believe that it is important that a country makes sure that its financial secrecy laws are implemented in a way that the government is able to abide by the FATF’s 40 Recommendations. It is important for firms to disallow anonymous transactions or transactions under false pretence.