

**THE NATURE, CAUSES AND CONSEQUENCES OF THE HIDDEN ECONOMY
AND FACTORS AFFECTING IT**

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Abstract

The article examines the scientific views of experts on the causes of the secret economy and the factors affecting it, the theoretical views on the economic, social and legal problems that create the secret economy and their consequences are highlighted. If we take into account the existence of a hidden economy in all countries and the negative and positive aspects that it can show to the country's economy, we will consider.

Keywords: secret economy, economic activity, national economy, market, factor.

Introduction

The hidden economy is not only a complex socio-economic reality, which includes economic social structures, economic interaction in society, but also, first of all, it is a state that cannot be controlled by society, to satisfy the personal and group interests of a part of the country's population, that is, to obtain a large amount of additional income. It is the criminal use of state and non-state property, economic wealth, entrepreneurial ability, hiding it from the management and control of the authorities.

Today, the fight against the secret economy remains one of the urgent problems in many countries of the world. In addition, in the national economy of the Republic of Uzbekistan, the scale of the secret economy remains at a high level.

Therefore, in order to solve the problems of the hidden economy, it is necessary to indicate its main areas and segments.

Secret economy refers to economic activity that develops outside of state accounting and control and is therefore not reflected in official statistics.



The scope and nature of activities in the underground economy vary widely - from large profits from criminal activities to "rewarding" a plumber with a bottle of vodka for a repaired faucet. Different types of covert activities differ in quality. For this reason, in order to properly understand the problems of the secret economy, it is necessary to distinguish its main segments and sectors.

Three criteria are used to distinguish the types of secret activities: their connection with the "white" ("first", official) economy and the subjects and objects of economic activity. From this point of view, the hidden economy can be divided into three sectors.

- "Second" ("white-collar workers"),
- "Gray" ("informal");
- "Black" ("secret") hidden economy.

Although the study and analysis of the hidden economy has been going on for about half a century, scientists and analysts still do not have a single approach to its analysis. For example, in English-language sources, you can find terms such as "informal economy", "underground economy", "shadow economy", "black economy", and these terms have different meanings for different researchers.

The "second" underground economy is the illegal economic activity of workers and employees of the "white" economy at their workplaces, which leads to a hidden redistribution of the previously created national income. This type of underground economy is called "white-collar" because this activity is mainly carried out by "good people" ("white-collar workers") in the management personnel. From the point of view of society, the "second" hidden economy does not create any new goods and services. The profit (income) received by a few people from the "secondary" economy is realized at the expense of other people's losses. The "second" hidden economy is independent economic relations between individual citizens and their informal associations for the purpose of satisfying personal needs and needs that are not taken into account and registered by the state. These relations are the reaction of citizens against the mistakes in the economic mechanism of the state, the demands and wishes of the population are not taken into account.

These are primarily:

- a) Weak fiscal and tax policies to the extent that encourage tax evasion;
- b) The absence of a developed market system that forces reliance on illegal sources of resources;
- c) Excessive and including illegal administration.

"Grey" hidden economy is an economic activity engaged in the production and sale of goods and services that are not prohibited by law, but are not registered. In contrast to the "second" secret economy, where the "white" economy is inextricably linked with society and lives gratuitously at its expense, the "gray" secret economy operates relatively independently. In order to avoid the costs of licensing, taxes, etc., private producers deliberately do not register officially or report on this activity at all.

In this industry, independent producers either deliberately evade official registration by obtaining a license, paying taxes, and other similar costs, or reporting such activities is not provided for at all.



"Black" underground economy (economy of organized crime) is an illegal economic activity related to the production and sale of goods and services prohibited by law. The "black" underground economy is more separated from the official economy than the "gray" economy. In a broad sense, the "black" underground economy includes all types of activities that do not correspond to normal economic life and disrupt it. This activity includes not only violent redistribution (theft, robbery, extortion), but also the production of goods and services that erode society (drug dealing, gambling, prostitution, racketeering).

Analysis of Literature on the Topic

Today, a number of scientists and experts put forward different scientific approaches to the reasons for the origin of the secret economy in the country and the growth of the indicators of the secret economy.

In particular, Swedish economist K. F. Becker emphasized the uniqueness of the secret economy, that the informal economy is an uncontrollable part of the market economy, which they produce goods and provide services based on other forms of incentives [2].

Supporters of the Spanish Hernando de Soto say that one of the causes of the secret economy is the "bad" laws in the country [3]. These laws are an artificial barrier to economic activity and turn law-abiding citizens into clandestine economic operators. In order to eliminate this negative situation, they emphasize the need to reduce the bureaucracy for economic activity in the country. They put forward the initiative to liberalize the economy step by step, and propose to implement this policy by simplifying the procedure for registering companies, reducing the tax burden, and reducing the number of inspection agencies.

Russian economists A.K. Bekryashev and A.K. Belozarov cite the following as the causes of the secret economy:

- Incomplete information about the market;
- failure of the market to operate for the benefit of society;
- inability of the market to effectively resist external negative factors;
- inability of the market to resist social inequality;
- lack of objective information about the market when making decisions;
- imperfection of political processes;
- limited ability to control the state apparatus;
- anonymity [4].

Also, other russian scientists cite the following as the main causes of the secret economy:

- irrational policy carried out by the government;
- the rise of corruption in supervisory bodies;
- the increase in unemployment in the country, the low efficiency of the regulatory mechanism against it;
- lack of management;
- lack of legal economic infrastructure;
- historical factors;
- closed society, etc.



in addition, the forms of manifestation of the secret economy, its causes and consequences were thoroughly studied during the scientific research conducted by the Russian research scientist V. A. Timchenko on the secret economy [5]. In particular, the expert stated that the basis of any economy is supply and demand. So, consumers have a certain commodity, as long as there is a demand for work and services, these services are offered by business entities.

The scientist pointed out the objective and subjective reasons for secret economic activity. In particular, incomplete satisfaction of consumer demands is seen as one of the first causes of secret economic activity. That is, if the consumer's demand for goods and services is not completely satisfied, firstly, the demand for these goods and services will increase, creating a deficit in these goods, and on the other hand, along with the increase in the price of these goods and services, there will be familiar knowledge in the delivery of goods and services to consumers, which will lead to corruption. considered as a factor influencing its emergence. That is, there are goods and services whose production, distribution or sale are limited (or limited) by certain laws in society. In particular, there are cases such as illegal circulation of narcotics, weapons, and prostitution for which specific punishment measures have been determined by the state according to the criminal law. Nevertheless, the fact that there is a demand for these goods and services in the society creates a secret economic activity.

Research Methodology

In the course of the research, the reasons for the emergence of the secret economy and the scientific views of scientists and experts regarding the factors affecting it were comparatively analyzed. By studying the economic, social and legal problems caused by the secret economy and their consequences, as well as by studying the theoretical views given by scientists and experts, the negative aspects that the secret economy can show to the national economy of the country were highlighted.

Analysis and Results

Another factor influencing the emergence of the secret economy in society can be seen in the fact that consumers try to circumvent laws for their own benefit in the process of receiving goods, services or works. As an example, a house for employees working in an enterprise - the process of securing a place has started. In this process, some employees say that they cannot be given a house, but some employees think that whatever they do, they will get this house and perform various illegal actions.

One of the factors that lead to the emergence of secret economic activity is seen in the attempt of the manufacturer to become a clear monopoly. In this way, a single producer tries to make a high profit by setting the price policy alone in the market.

Deficiencies in the legal framework regulating economic relations in society are recognized as another of the main motivating factors for the emergence of the secret economy. In particular, in the process of starting a business, it is known that the excessive amount of bureaucracy, high taxes, heavy tax burdens, and many other initial fees encourage economic activity subjects to conceal their official income.



One of the factors that cause the emergence of the secret economy is considered to be the low wages paid to the labor of the economically active population in the society. That is, as a result of the large number of additional payments in the payment of monthly wages and equivalent payments to the employees engaged in labor, it was reported that the employees were underpaid, and the rest was given as wages in cases where it was not indicated in the reports. Russian scientist A.K. Bekryashev suggests paying special attention to three things in studying the secret economy, ensuring the effectiveness of countermeasures, evaluating and measuring it [6].

That is, it is shown that global, macro and micro aspects should be disclosed. At the global level, international secret relations are understood as drug business, "laundering" of money obtained from criminal activities, and at the macro level, the influence of secret economic activities on the country's economic system, production, distribution, redistribution and consumption of GDP, employment, inflation, economic growth and other it is emphasized that it should be studied in terms of processes of influence on macroeconomic indicators.

At the micro level, specific areas of secret economic activity subjects, decision-making by them, and specific illegal markets are studied. Also, the expert emphasizes that special attention should be paid to the determinants of the secret economy in the research of the secret economy.

Among the factors that cause the emergence of secret economy and criminal economic activity, he cites the following;

- excessive tax burden;
- excessive regulation of economic activity;
- the superiority of the public sector in the country's economy.

When scientists and experts summarize and systematize the similar aspects of the factors that create the secret economy, they are conventionally divided into three general groups:

1. Economic factors;
2. Social factors;
3. Legal factors;

The following can be included in the composition of economic factors: the weight of the burden of republican and local taxes, levies, duties and other payments imposed by the state on business entities and their activities;

- deterioration of the economic situation in the country;
- existence of problems in monetary and credit policy in the country;
- increase of barter relations in the economy;
- absolute growth of monopoly;
- excessive regulation of the economy by the state;
- the increase of free competition in the market and intervention in the price policy by the state;
- living standards of the country's population are getting worse. Social factors include:
- increase in the level of unemployment in the country;
- incorrect distribution of GDP to social sphere objects at the country level;



Legal factors can include:

- the imperfection of legislation in the country, including the inadequacy of laws on combating the secret economy;
- weak control over the implementation of laws adopted on the fight against the secret economy;
- low effectiveness of law enforcement agencies in the fight against the secret economy;
- non-existence of coordination mechanism or incompatibility of this mechanism regarding the fight against the secret economy.

Conclusions and Suggestions

It can be seen from the above that the reasons for the emergence of the secret economy and the factors affecting it are also different. Summarizing the definitions given by scientists and experts, it became clear that three main reasons and factors affect the emergence of the secret economy and its expansion in the national economy of the country.

At the same time, it should be said that today, as a new factor affecting the growth of the secret economy, the expansion of the Internet network and the emergence of various new types of trade networks in this network that are outside of state control are also having their effect. In this direction, it is evident that there are legal deficiencies in establishing an electronic trading system in the country. In conclusion, it can be said that the social, economic and legal reasons for the appearance of the secret economy in the country are considered as factors affecting the emergence of the secret economy and the expansion of its role in the national economy of the country.

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