
ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

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MODERN TRENDS OF DEVELOPMENT OF SHADOW ECONOMY AND METHODS OF PUBLIC POLICY OF COUNTERACTION

Abstract. *The analysis of functioning of shadow economy and legislative providing of her counteraction are Conducted. Offered methods of public policy of counteraction. Being based on the analytical estimation of shadow processes of national economy, the most substantial factors of shadow of economy of Ukraine are certain.*

Keywords: *shadow economy; government control; normative providing; legalization; agrarian to the sector.*

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СУЧАСНІ ТРЕНДИ РОЗВИТКУ ТІНЬОВОЇ ЕКОНОМІКИ ТА МЕТОДИ ДЕРЖАВНОЇ ПОЛІТИКИ ПРОТИДІЇ

Анотація. *Проведено аналіз функціонування тіньової економіки та законодавче забезпечення її протидії. Запропоновані методи державної політики протидії. Базуючись на аналітичній оцінці тіньових процесів національної економіки, визначено найістотніші чинники мінімізації економіки України.*

Ключові слова: *тіньова економіка; державне регулювання; нормативне забезпечення; детенізація аграрного сектору.*

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СОВРЕМЕННЫЕ ТРЕНДЫ РАЗВИТИЯ ТЕНЕВОЙ ЭКОНОМИКИ И МЕТОДЫ ГОСУДАРСТВЕННОЙ ПОЛИТИКИ ПРОТИВОДЕЙСТВИЯ

Аннотация. *Проведен анализ функционирования теневой экономики и законодательное обеспечение ее противодействия. Предложенные методы государственной политики противодействия. Базируясь на аналитической оценке теневых процессов национальной экономики, определены самые существенные факторы тенизации экономики Украины.*

Ключевые слова: *теневая экономика; государственное регулирование; нормативное обеспечение; детенизация аграрного сектору.*

Urgency of the research. Modern economic realities prove that shadow economy in Ukraine has become such a developed and well spread, that combining with the general crime rates began to threaten not only economic, but also national security. At this level, the impact of public unregulated factors becomes so obvious that the contradictions between legal and shadow sectors are visible in almost all spheres of society. Excluding the development of shadow economy, it becomes impossible to make an economic analysis at the macro and micro levels, making the effective administrative and legislative decisions. Ignoring of this controversial and multifaceted phenomenon causes serious errors in the determination of macroeconomic indicators and inadequate evaluation of critical processes and trends, tactic and strategic mistakes in taking the relevant decisions. [7]

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

Target setting. This situation promotes for necessitates to activate the theoretical and practical researches concerning nature of shadowing of the economy, limiting the negative effects of this phenomenon, the introduction of leverage direct and indirect impact on the volumes of the shadow economy in Ukraine, providing theoretical achievements for public politics of de-shadowing the economy [5]. The development of effective politics activity provides for deep study of the system of reasons that lead to their shadowing, subordination of rout casual line establishment of mechanisms of cooperation and countering their formation.

Analysis of recent research and publications. Scientists, researchers, representatives of foreign and domestic economic vision since the mid to late twentieth century intensively work on the problem of existence of the shadow economy, isolation of its factors and ways counteraction. Among the scientific papers where the problems of the shadow economy in general and the specific methods of evaluation of the quantities necessary to allocate research scholars such as T. Vasylytsiv, O. Vlasyuk, V. Geyets, A. Goncharuk, I. Hryshova, M. Yermoshenko, Y. Zhalilo, V. Zhuk, T. Kovalchuk, I. February, V. Mandybura, A. Mokiy, S. Moshenskyi, O. Mitya, V. Muntiyany, A. Sukhorukov, Y. Pakhomov, A. Yarovaya and others.

The research of different theoretical aspects of the problem of the shadow economy, particularly in the context of causality shadow processes involved domestic experts such as: V. Bazylevych, O. Baranovsky, I. Gryshova, O. Krasnorutskyi, V. Lagodiyenko, I. Mazur, S. Nikolenko, V. Predborskyi, I. Tyvonchuk, M. Fleychuk, I. Khoma, T. Shabatura, S. Yuriy and others.

Theoretical and methodological aspects of deashadowing of economy in the context of the economic security were studied by our scientists: O. M. Bandurko, Z. S. Varnaliy, V. A. Goncharov, V. E. Dukhova, V. G. Zadorozhnyi, P. O. Ivashchenko, V. I. Kyrylenko, T. T. Kovalchuk, I. I. Mazur, V. M. Popovich, E. L. Streltsov, S. V. Tiutiunnykova and others. This theoretical development of the problem still has not reached proper level.

Non-researched aspects of the problem. At this stage of theoretical development, the nature of activities against shadow economy in Ukraine, unfortunately, is to fight with the consequences and not the core of shadowing processes - that are ideologically wrong. Causality of shadowing processes in the context of national realities, needs an advanced study, considering the specificity of the shadow economy in Ukraine, socio-economic and historical conditions of its formation.

Target setting. The purpose of the article is to emphasizing of casual trends of the shadow economy development, to research the ways of interaction and interdependence of social and economic processes that "stimulate" shadowing of the national economy.

The statement of the basic material. Analytical evaluation, based on model calculations show that the most significant factors of shadow economy in Ukraine are:

- 1) inconsistency and duplication of legislative and regulatory bases in some sectors, that demonstrate low level of structural components economic freedom index and growth of shadowing;
- 2) the ineffectiveness of organizational and institutional mechanisms of anti-corruption legislation;
- 3) the ineffectiveness of the judicial and law enforcement system, which leads to low evaluation of experts in the World Economic Forum of judicial enforcement independence and trust towards law enforcement body [2; 8];
- 4) inefficient administration of the tax, that confirm the efficiency of taxation;
- 5) a high crime rate. Well-established criminal connections form the conditions for the spreading of economic crime and other illegal activities;
- 6) absents of historical practice of standards compliance and moral law-abiding behavior during the economic activities and tax on business entities and citizens [9].

Analyzing the dynamics and reasons for the change of the shadow economy in periods of development of Ukraine (under the guidelines of methodical calculating of the level of the shadow economy, approved by the Ministry of Economy 18.02.2009 № 123) to the following conclusions:

- during economical development, shadow economy is performed as a system indicator of inefficiency of state administration and adverse business conditions, as well as a tool of individual enrichment of the market, close to the government;

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

- During the economic crisis it plays the role of so-called "suspension cushions", allowing the entrepreneurial activities subjects to maintain the level of their own competitiveness;
- Meanwhile during the period of threats to national security and military conflicts on the territory of the country, change of the shadow economy volume, on the one hand, reflects the tendency to transform into a criminal business, on the other - is a response of business to risks growth for its destruction.

At the beginning of 2015 in terms of price and spreading of devaluation shocks, escalation of military conflict was noticed significant further increase in shadow economy, started in 2013. According to preliminary calculations of Ministry of economic development in the first quarter 2015, the level of shadow economy in comparison with the corresponding period in 2014 increased by 5 percentage points to 47% of official GDP (Fig. 1).

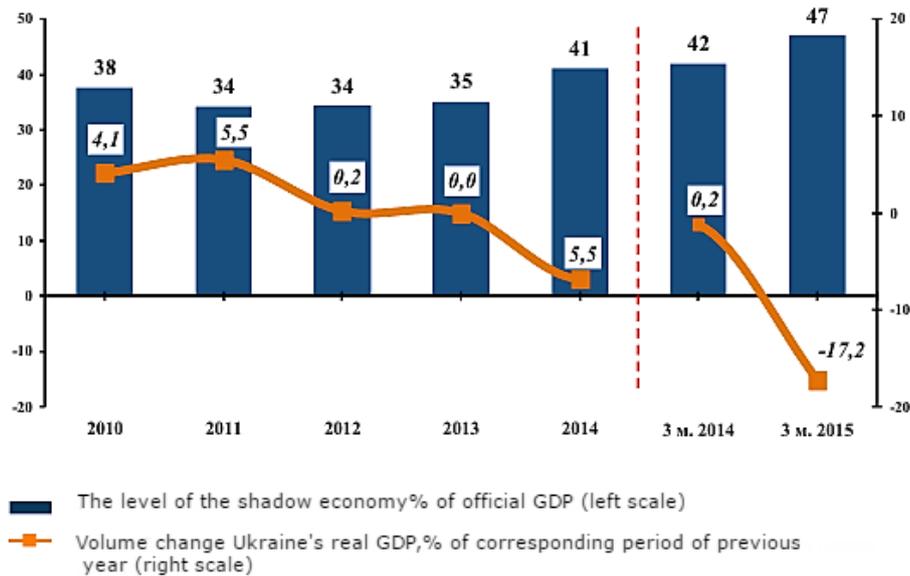


Fig. 1. Integral indicator of the shadow economy in Ukraine (in% of official GDP) growth rates and / reducing of real GDP (in% to the corresponding period of last year) [1]

Disappointment of the subjects of economic activity in improving the economic and political situation in near future prompted them to use the scheme of income concealment, including increase of losses and defaults in the economy. The increase in shadow economy is also stimulated by external negative processes - further aggravation of political relations with Russia and the contraction in economic connections.

Analyzing of the shadow economy shows that three of four methods (excluding monetary), that helps to evaluate the level of the shadow economy, showed increased levels compared to the first quarter of 2014, including:

- Method "public expenses - retail turnover" recorded increase of the shadow economy by 5 percentage points (Up 56%);
- by the method of loss in enterprises, level of shadow economy increased amounted to 8 pct (50% of official GDP);
- electric method showed increased levels of the shadow economy by 6 percentage points (Up 38%).

While the monetary method recorded a reduction of the shadow economy - by 1 percentage point (35%) (Fig. 2).

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

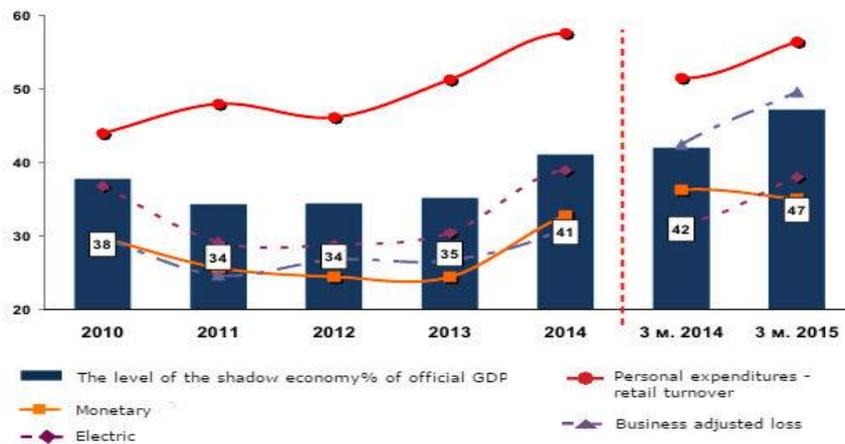


Fig. 2. Dynamics of the shadow economy by certain methods, % of official GDP [10]

Indicator of the level of shadow economy, calculated by the method of loss of the enterprises in the first quarter of 2015 was 50% of official GDP, that is 8 pct more than in the first quarter of 2014 (Fig. 3). It should be noted that the operation in situations of armed conflict in the country, the results of which were forming the areas out of government control and tie-up of the production facilities, break of logistics connections formed objective reasons for the increase in loss of business entities. The mentioned above applies particularly to mining industry and some manufacturing industries (metallurgy, production of chemicals and chemical products).

Considering all of the above, in our opinion, to calculate the level of shadow economy by the method of losses by companies, should be used corrective factors in order to consider the impact of objective reasons, but completely change the methodological approach, taking to account impossibility to clearly divide the factors on the objectiveness degrees, is considered as inappropriate. Therefore, changes in the level of shadow economy in these areas should be considered only as a guide to change the trend of the shadow economy in the short term.

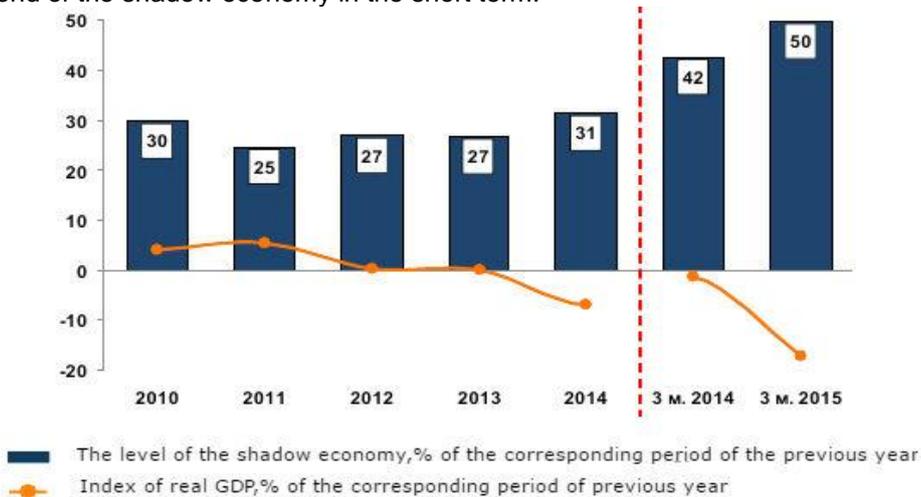


Fig. 3. Dynamics of the shadow economy by the method of losses of enterprises, in % of official GDP [3]

Thus, according to the methodology of calculating, the increase in the shadow economy by the method of losses for businesses happened mainly as consequences of substantial increase of losses. It should be noted that the first quarter of 2015 was spread negative trend in 2014, when the entity in

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

order to function in conditions of macroeconomic instability (enhanced consequences of the armed conflict in eastern Ukraine and annexation of Crimea and Sevastopol), and investment depression based on devaluation of national currency used scheme of concealment incomes, including distribution losses and defaults.

It should also be noted that the level of the shadow economy by the method of loss for enterprises is influenced by seasonal factors and the highest level is typical for the first quarter of the year. Thus, a study, in general, in January-March 2015 compared to the corresponding period in 2014 the total losses to the economy totally increased by 2.3 times with an increase in income of 1.2 times. Total net financial result was negative and amounted to - 385.9 billion UAH - against 124.6 billion UAH in January-March 2014. The share of loss for enterprises decreased by 3.0 percentage points to 46.6% in January-March 2015. Taking into consideration all mentioned, we can say that the complex of activities, that would provide for de-shadowing should be implemented in Ukraine, those that could decrease the negative impact of the shadow economy towards economic development and contribute into raising the level of economic security. [3]

There are no universal mechanisms for combating shadowing, reducing tax base and moving profits abroad, though there are internationally approved successful practices. Ukraine must discover a set of tools that would stimulate acknowledge by all the subjects of public relations the civil responsibility for taxes payment. Meanwhile internal economic reforms are fully motivated to legal activity in a way, protecting property rights and labor relations; legalization of capital and labor market, including swing-chewing criminal capital and capital shady businessmen; forgiveness simplification of tax administration; deregulation of business; encouraging the use of authorized funds investment; enforcing of control over capital flow outside of Ukraine and make it impossible or at least increasing the risks and costs for the implementation of the shadow economic activity. [11]

In the process of security sector creation rights and freedoms, accessibility of legal information, law, and harmonization of national and international standards in the field of human rights, including the right for property should be guaranteed. All this correspond our notions of de-shadowing of the economy. Thus de-shadowing of economy - the creation of the institutional environment in a country, where the shadow economy would be economically unprofitable. Institutional transformation should be performed in a manner of considering interests of businesses at favorable conditions for legal economic activity.

Conclusions and suggestions. Thus, the main reason of the shadowing of the economic system in Ukraine is not that much of a violation of the law, more so his imperfections, mismatch realities of life, known gaps in the legislation. If in Soviet times to get "in the shadow" mainly influenced not taxes but bureaucratic and ideological bans. The reason of spreading the shadow economy in transformation conditions is imperfection of institutional environment, particularly the lack of the normal "rules" for enterprises as a result of lobbying of corporate interests of own business during making laws and solid legal nihilism.

The results of the research of causality of economy shadowing processes are certainly valuable in terms of their possible impact, creating the necessary conditions for the further development of the theory of legalization. However, it is clear that this complex of reasons are only a connection for a number of causal trends associated with more fundamental layers of public relations - contained complex causal itself needs to answer the question about the reasons of its origin and development.

Further development of the researched problems of large-scale shadowing of social and economic relations in Ukraine should be based on the use of the apparatus of the theory of causality towards analysis of historical patterns of Ukrainian society and patterns of development in modern conditions, which have the specificity (feature) and is quite unlike the known models of western societies.

The transformation of shadow economy and fighting corruption is not only economic growth, resolution of social issues, but also it's a priority towards Ukraine's integration into European Union. Cooperation between Ukraine and European Union in the transformation of the shadow economy, implanted into agreement on partnership and cooperation and joint action plans may provide benefits only in terms of continuous monitoring of the process by international organizations and supranational establishment of EU, and also with careful execution of obligations by Ukraine.

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

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