
THE ECONOMIC, SOCIAL AND POLITICAL CONSEQUENCES OF THE SHADOW ECONOMY

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ABSTRACT: The scientific article is devoted to the shadow economy, its economic, social and political consequences.

The article presents analytical generalized views on the shadow economy, its specific aspects, the impact of the shadow economy on economic security, its economic, social and political consequences.

KEYWORDS: Shadow economy, market, competition, budget, taxes, investments, politics, production, unemployment, macroeconomics, economic security.

INTRODUCTION

Scholars have different approaches to the concept of the shadow economy. In particular, in the English scientific literature, the shadow economy is considered “informal” and “invisible”. In the French scientific literature it is called “underground”, “underwater”, and in the German scientific literature it is called “secret” economy. According to the legislation of the Republic of Uzbekistan, this phenomenon is interpreted as a “hidden economy”, and in scientific terms as a “shadow economy”.

The “illegal” economy includes the production, sale and provision of illegal, unlicensed goods and services that have the ability to respond quickly to market demands.

The peculiarity of the shadow economy is, on the one hand, its “invisibility”, on the other hand, the diversity of approaches to the calculation of the shadow economy, and on the third hand, the differences in attitudes of states towards the shadow economy.

The Main Findings and Results

The following scientific analysis of the negative aspects of the shadow economy by industry is expedient.

In the field of taxation - the shadow economy has a negative impact on the tax policy of the country. In particular, as a result of clandestine economic activity, there will be no reduction in taxes and other mandatory payments to the budget revenues, or a decrease in future revenues. As a result of a certain level of tax evasion or closure of taxable areas by economic entities, it leads to uneven distribution of taxes in the field of taxation, which leads to an excessive burden of taxes on some enterprises and organizations. This situation also contributes to the differentiation of income, which reduces the activity of legal taxpayers in illegal taxation.

In the field of macroeconomic policy - has a negative impact on the effectiveness of macroeconomic policy of the state. In other words, the formation of annual budget revenues by the country, as well as long-term plans for their distribution, non-implementation of government programs, lack of funds to finance the established plans.

In the field of public budget policy - cases of deformation of the budget system. That is, the process of planning the revenue, as well as expenditure part of the annual budget of the country, the expenditure part is planned depending on the formation of the revenue part of the budget, such as revenues, taxes, payments directly to the budget. The high size and growth of the shadow economy in the country leads to a significant reduction in the revenue side of the budget compared to the plan, which is considered a factor influencing the deformation of budget revenues.

In the monetary sphere - the growth of money in the shadow economy is considered a factor that negatively affects the monetary policy of the country. The increase in the out-of-bank turnover of cash circulating in the shadow economy leads to an excess of cash in the country's banks. This, in turn, is seen as a factor that artificially causes inflation in the country. In other words, as a result of non-circulation of cash in banks, employees of public organizations are not paid on time, such as salaries, social benefits, pensions. In order to solve these problems, the state will be forced to issue money supply in addition to circulation.

In the socio-economic sphere - the lack of cash in the country increases the insecurity of the population in the socio-economic policy pursued by the state. Insufficient socialization of the country's population, especially the poor, may be one of the reasons for the various dissatisfaction of the population in society, and in some cases, the social situation, which leads to social explosions in society.

In the field of investment - the growth of the shadow economy has a negative impact on the country's investment climate. That is, when foreign investors plan to invest in a country, they first carefully study the economic environment in that country, the state of the shadow economy there, corruption, inflation, investment policy of the state. The main goal of investors is to make a profit. This means that when an investor is fully convinced that the investment he has made will pay off, he will make his investment in that country. In developed countries, where the shadow economy is developed, the opposite is true.

In the field of regulation of market mechanisms - the shadow economy also has a negative impact on market mechanisms. In particular, the impact of market competition and labor efficiency on pricing policy is evident in the pricing policy when a clandestine manufacturer and a legitimate manufacturer produce the same product. In other words, the cost of production of goods (works, services) offered by clandestine entities is slightly higher than that of legal producers, which means that the cost of production is slightly higher than that of legal producers, which means that it has a higher chance of profit due to lower costs.

Another disadvantage of this situation is that skilled workers are sometimes transferred from organizations engaged in legitimate economic activity to enterprises and organizations engaged in clandestine economic activity. The reason is that if he pays taxes and other payments from his previous job, his income from the next job will be higher due to non-payment of taxes and other payments set by the state.

CONCLUSION

In short, the growth of the shadow economy in the country, from an economic point of view, leads primarily to the deregulation of fiscal and fiscal policy of the state, the out-of-bank circulation of cash in the country. The social consequences are the untimely payment of salaries, pensions, pensions and other social payments to the population by the state as a result of the out-of-bank circulation of cash in circulation. As a result, there is a lack of public confidence in the political, economic and social reforms carried out by the state, and, worst of all, there is a risk of various demonstrations or social explosions as a result of these mistrust.

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