

## **SECTION 1. MODERN TRENDS IN THE DEVELOPMENT OF THE WORLD ECONOMY.**

<http://edoc.bseu.by/>

Aksenchik Anastasiya  
Science tutor A. Sorokina  
BNTU (Minsk)

### **TRENDS IN SHADOW ECONOMY DEVELOPMENT**

Shadow economy is a complex socio-economic phenomenon embracing the sphere of illegal and hidden from government bodies economic activities. Illegal production of goods and services, concealment of income, turnover of unaccounted cash, laundering of money, bribes for the abuse of authority – everyone of us is familiar with these everyday manifestations of shadow economy. According to economist Friedrich Schneider, at least \$8 trillion is created annually in the shadow sector.

The scale and characteristics of the shadow economy in various countries and regions of the world are closely related to the maturity of market relations and the type of economic system. This allows us to consider three main types of shadow economy: in developed countries, developing countries and countries with transition economies. In these groups of countries the scale of the shadow economy is different. In developed countries the shadow economy is 12-16% of GDP, in developing countries - 40-50%, in countries with transitional economy - 23-25% [1, p.61].

We will analyze the development trends of the shadow economy on the basis of this division.

In developed countries the share of the shadow sector in the national economy is the smallest, but the situation in different developed countries are not the same. For example, Austria, the USA and Switzerland have the lowest share of the shadow sector, only 8-10% of GDP. And the shadow economy has the largest share in Greece, Italy, Spain and Belgium - 23-29%. In almost all developed countries has been an increase in the scale of the shadow economy in recent decades. The fastest growth in the shadow sector was observed in Greece, Italy, Sweden, Norway and Germany. For example, in Germany in 1975, the shadow economy was 5.75% of GDP, in 2000 - 16% [1, p.62].

The main reasons for the intensification of shadow activities in developed countries are excessive tax burden on enterprises and overregulation of economic relations. Also in a number of developed countries the shadow economy is largely associated with the inflow of immigrants from peripheral countries. It is also important to highlight the following: the higher the average income level, the smaller the scale of the shadow economy. For example, in countries where the middle stratum dominates in the social structure, covering 60-70% of the population, the level of shadow activity is much lower, since most of these citizens always pay taxes and are law-abiding.

It should be noted that in countries with developed market all movements of financial flows, as well as income and expenses of legal entities, are controlled by the latest information technologies, and the tax crimes are among the most serious. The spread of corruption is constrained by a package of social guarantees for public servants. All this hinders the spread of shadow economic activity in developed countries.

The countries with a developing economy are the countries of Asia, Africa, and Latin America. There is the largest share of the shadow sector in the economy in these countries. For example, in Nigeria the shadow economy reaches 76% of GDP. In Latin America the indicators are at the level of 60-65% of GDP [1, p.64].

In Western countries mainly small firms operate in the shadow sector and the earnings from this type of activity are used as an additional source of income. In developing countries the situation is different. A huge number of migrants come from countryside to city slums and cannot find work in the legal sector of the economy, which pushes them to look for earnings in the shadow economy. So in developing countries the shadow economy has a forced character and is used by the poorest segments of the population as a mean of survival. Another factors activating shadow economic activity in these countries are political instability, weakness and corruption of government structures.

The group of countries with transitional economies includes countries which systems were previously based on centralized state planning. These are mainly former republics of the USSR and countries of Central and Eastern Europe (CEE). In these countries the transition to market relations began only in the 1980s - 1990s, so the economies of these countries have very many features associated with a radical restructuring of the economic system. In the CEE countries, the shadow economy achieved the largest scale in the Balkans: in Macedonia, Croatia and Bulgaria (about 40% of GDP) [1, p.66].

Among the former Soviet republics the shadow sector reached the highest rates in the economies of Georgia and Azerbaijan (about 60% of GDP), as well as Russia and Ukraine (40-50%) [1, p.77].

Even in the period of central planning in these countries were manifestations of the shadow economy, but with the transition to a market economic system its scale has increased significantly. The new government could not immediately find ways to effectively influence social and economic processes in society. People were in an extremely difficult situation, which was pushing them into the sphere of the shadow economy. Private business developed on the basis of widespread abuse, people formed enormous fortunes through the redistribution of public property. One of the reasons that contributed to these phenomena was the lack of clear legislation governing their activities, which allowed people to make various illegal transactions without violating the law. The criminal environment also began to develop. Based on the foregoing, it can be concluded that the main feature of the shadow economy in countries with transitional economies is its connection with state property and resources allocated by the state.

To make a conclusion, if we follow how the estimates of the scale of the shadow economy have changed over the last third of the century, we can note a

tendency towards its growth in almost all groups of countries. In developed countries the growth of the shadow economy is the result of increased government regulation, and in developing countries and countries with economies in transition this growth is the result of increased economic instability.

### **References:**

1. Попов Ю.Н. Теневая экономика в системе рыночного хозяйства: учебник / Ю. Н. Попов, М. Е. Тарасов – М.: Дело, 2005. – 240 с.

Alena Dudkova  
Science tutor Y.Semak  
BSU (Minsk)

### **DE-DOLLARIZATION IN THE EURASIAN UNION: "RUBLE SUBSTITUTION" OR STRENGTHENING OF NATIONAL CURRENCIES**

The starting point for the de-dollarization of the world economy is the implementation of a number of measures at the national level. Subsequently, agreements are concluded between countries for the implementation of reciprocal transactions in national currency, which leads to the de-dollarization of world markets, when countries participating in integration seek to minimize the presence of the dollar in calculations. There are already several regional projects: the Asian region-the creation of the Asian single currency ACU; the group of Arab states-the currency "khalidji" is developed by the Arab Monetary Fund; BRICS strengthens the extensibility of the circulation of national currencies in mutual calculations; Latin America-the Regional Association of MERCOSUR in Latin America has switched to the use of national currencies in mutual transactions, it is likely in the future the creation of a single currency [2].

In the post-Soviet space (the EUE), dollarization has been decreasing since 2016 due to the implementation of a number of measures both at the national level and due to the signing of agreements on reciprocal transactions within the Union in national currencies. The Figure 1 shows the structure of mutual settlements between the EAEU partner countries. For 4 years, the Russian ruble strengthened its position in domestic trade by 13.1 %, thus shifting the share of the dollar and the Euro to 18.3% and 5.2%, respectively.