

Improving the organization of wages will contribute to: strengthening the stimulating role of wages in the development of a market economy, its redirection to the real consumer sector; reviving the solvent demand of the population and increasing its investment activity; legalization of all types of labor income; establishing an equilibrium price for labor in the relations of purchase and sale of labor corresponding to the costs of its reproduction, demand and supply in the labor market; strengthening motivation for high-performance work, the development of modern resource-saving technologies; to increase tax revenues and reduce the burden on budgets of all levels; to reduce poverty among the able-bodied population, to form a “middle class” and to create a sustainable social way of life.

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FREE TRADE ZONES AS A FACTOR IN THE DEVELOPMENT OF FOREIGN ECONOMIC ACTIVITY

At the present stage of the development of the world economy and international trade special attention is paid to increasing the degree of openness of national economies and strengthening the processes of their economic integration.

Each Party that participates in the integration process has its own interests and pursues goals to participate in this process. There are a large number of reasons, for example, the desire to gain access to the foreign market for the sale of products of domestic manufacturers, as well as access to possible production resources; improve trade conditions; reduce transport losses, the costs of obtaining various licenses and certificates; achieve sustainable economic growth; attract foreign investment.

Equally important are non-economic goals, for example, establishing closer relations with neighboring countries, strengthening cooperation in cultural, scientific, social and political fields, increasing its influence on the global political and economic arena.

Taking into account the above, free trade zones are an effective form of interaction and economic integration of states. They represent a type of international integration in which customs duties, taxes and fees, as well as quantitative restrictions in mutual trade

are abolished in the countries that participate in the integration in accordance with concluded international agreements. Free trade zones are a more in-depth type of integration than preferential agreements. Each participating country has the right to independently determine the trade regime in relation to third countries. As a rule, the conditions of the free trade zone apply to all goods, with the exception of some cases with agricultural products which are excluded from the free trade regime.

World experience demonstrates that the creation of free trade zones and their functioning guarantees the improvement of trade conditions. It also allows all the participants in foreign economic activity to benefit. Free trade zones have their positive and negative sides [2, p. 74]. The positive sides include:

- attraction of foreign and state capital thanks to special preferential financial mechanisms, stable legislative framework and simplification of various organizational procedures;

- using the advantages of the international geographical division of labor and the international circulation of capital to expand the export of finished products, optimal imports and the creation of an import-substituting mechanism of production;

- elimination of the monopoly of foreign trade by providing access to various forms of foreign economic activity to all organizations and enterprises of free economic zones;

- growth of cash receipts to the budget of the country and regions.

There are in our opinion, some negative consequences of creating a free trade zone:

- increased competition in the domestic market, which actually does not always have a positive effect on the quality and technical level of the domestic industry;

- the liberalization of imports poses a serious threat to national producers of goods that do not compete with foreign ones;

- without help of the state, there is a possibility of ousting national producers from their own domestic market;

- there is a danger of strengthening foreign companies in the industrial structures of the host country [1, p. 53-55].

Thus, free trade zones, on the one hand, promote intensive international integration, the removal of economic barriers and, as a consequence, trade facilitation. On the other hand, there are some problems to solve. Some critics claim that bilateral agreements lead to the deviations in international trade rather than its creation. They destroy the grounds for the formation of a multilateral mechanism for regulating international trade within the framework of the World Trade Organization [3, p. 34]. Some believe that less developed countries receive little from these processes, since they are not involved in such agreements, or are weaker partners. Still we can't but agree that free trade zones are an important component of the world economy and international economic relations.

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FUNCTIONS OF SHADOW ECONOMY

The article studies the definition of the term “shadow economy”. The interrelation between different principles of shadow economy is described. The clear boundaries of types of shadow activities from each other are presented. The role of the functions of the shadow economy is also presented.

In modern conditions, the shadow economy cannot exist without cost estimates and hidden cash flows and, consequently, shadow financial relations, the construction of which is its basis. The content of the shadow economic relations, aimed at minimizing the costs of economic activity and maximizing profits, is not reflected in the state and society. Outwardly, the phenomenon of shadow economic relations is manifested in the form of illegal actions of their subjects, as they are based on full or partial ignoring of formal rules of management in business activity [1, p. 10].

Not only differences in the subjects and objects of the shadow economy make it difficult to determine the signs of this activity, but also the secrecy, the lack of official statistics, and the difficulty of identifying the illegal economy itself are the reasons for the problem of identifying the signs of the shadow economy.

Speaking about the functions of the shadow economy, it should be noted that this concept is characterized by dualism, which is expressed in its dual role: positive - smoothing of negative conditions for business development; negative - anti-social redistribution of society income and reducing its welfare, reducing the effectiveness of economic management. The functioning of shadow finance has the following negative impacts on the socio-economic development of any country:

1) the problem of financial and economic security of economic entities is aggravated, which can lead to their bankruptcy. Theoretically and practically it is possible bankruptcy of not only the organization, but also of the state;

2) the budget system is deformed because of cuts in expenditures and changes in the structure of budgets. There is a significant scale of ineffective distribution of budgetary resources as a result of corruption and illegal lobbying, redistribution of money by means of illegal granting of privileges, licenses, quotas and other benefits;