

## **Hidden Economy, Scientific Approaches to the Reasons for its Origin**

**Abdurakhmonov Ibrokhimjon Otajonovich**

*Researcher*

**Abstract:** the article provides scientific and theoretical definitions given by scientists and experts in scientific circles regarding the shadow economy, the specific features of the shadow economy, its impact on the economic, social and political life of the country, the reasons for its occurrence and negative consequences have been scientifically studied.

The study summarized the definitions of European, Russian and Uzbek scientists who conducted scientific research on the topic of the shadow economy, their scientific research on the shadow economy, their scientific results, and also provided general information. conclusion and author's definition of the shadow economy.

**Keywords:** shadow economy, gross domestic product, corruption, inflation, tax system, budget deficit, competition, macroeconomic policy, criminal economic activity, criminalization of the economy.

The term hidden economy is interpreted differently in foreign scientific literature. In particular, the hidden economy refers to the amount that is not officially recorded in state statistical reports, which must fall into the state budget from the sale and provision of services to tax authorities, but, in various ways, does not fall into the part of the budget revenues of these funds. Specifically, "criminal", "informal", "nolegal", "secondary", etc. In English scientific literature, the hidden economy is "informal", "invisible". and in the French scientific literature it is called "underground", "underwater", in the German scientific literature "hidden " economy. This phenomenon, according to the techniques of the legislation of the Republic of Uzbekistan, is interpreted as "hidden economy", and in scientific terms as "hidden economy", "foreign economy".

The UN's " Blue Book " gives 3 different concepts regarding the hidden economy, referring to it as a " closed", " informal " and " nonlinear " economy.

"Closed" economy-business entities are not prohibited from economic activities in the laws, but it is noted that these entities are engaged in a type of economic activity, avoiding taxes and other payments, preferring their economic interests.

"Informal" economics refers to businesses that are not corporatized, including households engaged in informal economic activities. As an " illegal " economy, the production, sale, provision of services of illegal, unlicensed material and commodity goods are included, which have the property of quickly responding to market requirements.

Hence, the nature of the hidden economy lies in the fact that on the one hand it is "invisible", on the other hand it is in the diversity of approaches to calculating the hidden economy, and on the third it is in the divergence of relations by states with respect to the hidden economy. The problem of the hidden economy began in the 70s of the 20th century, when scientific works

described the first thought about the hidden economy and the scientific view of not considering an incalculable economy. In the former Union scientific literature, the term was originally observed in the 1960s. Also in 1983, the first international conference on the fight against the underground economy was organized in Belfield, Germany. In 1991, a scientific practical conference was held in Geneva dedicated to "secret" and "informal" economics.

In our opinion, for the study of the structural structure of the hidden economy, there is a precondition that it is advisable to classify its specific peculiarities, the negative effects that society can have in relation to its social, political, economic life, its threats.

In Particular, B.A.Tagayev described the Secret economy as a criminal use of state and non-state property and economic wealth, entrepreneurial abilities, which cannot be controlled by society, while hiding from the management and control of state bodies in order to satisfy the group interests of those who make up part of the country's population, receive a large amount of additional income (profit). I.Khotamov, on the other hand, described the hidden economy – laws, legal norms, bypassing the Official Rules of economic life, that is, a certain type of economic relations that occur outside the scope of the legal field. Yu.Latov divides the composition of the hidden economy into the following types: "second (white – collar) hidden economy" is an informal and illegal, clandestine type of activity, the main source of income of the owners of such activities is their illegal income from the type of official professional activity. As subjects of the second hidden economy, it is possible to cite mainly those who work in leadership positions, officials or departmental employees. Therefore, this type of illegal economic activity is called a "white-collar" Secret economy. The second hidden economy is a special aspect of the type of activity – the subjects of such illegal economic activity do not directly provide any services or create material goods in society. They are only involved in the illegal redistribution of social income.

A "gray hidden economy" is one that is considered from informal sectors of the economy, and its specific aspect is, to some extent, the type of legal or partially permissible semi-legal economic activity allowed by law. One of its peculiarities is that it is not recorded in official statistical accounts. In addition, the main characteristic of those who are engaged in such a type of economic activity, Gray tries to reduce their Real income in order to avoid taxes, fees or other payments to the state budget by the subjects of the hidden economy. The gray hidden economy is mainly typical of the economy of developing countries.

The "black hidden economy" is an economic criminal activity, primarily associated with organized crime. A distinctive feature of such economic activity is that its subjects are engaged in the sale of material goods of extremely rare goods, services, illegal drug trade, fox holding, illegal gambling, racketeering and other types of activities prohibited by law. When the definitions given to the hidden economy were studied, it was revealed that there were different approaches to it. In particular, Russian scientists have given the following definitions in relation to it:

Yu.Latov describes the hidden economy (shadow economy) as an economic activity outside the control and expense of the state, at the same time it is not reflected in official statistics.

In terms of the criminal approach (A.K.Bekryashev, I.P.Belozerov) the composition of the hidden economy is divided into two-namely, the "criminal hidden economy" and the "non-criminal hidden economy".

A "criminal latent economy" is a type of activity with a high level of social risk, primarily directly threatening a person's health and life. For example, it is possible to include the illegal trade of a person and his organisms, weapons, narcotic substances. "Noncriminal latent economy" is a type of economic activity that does not have a high level of social risk, does not have a direct negative impact on the health and life of people. Examples include fine business, the practice of trading activities with the aim of meeting daily needs, and barter relations in peasant farms. In this definition, the authors approach the main focus from a criminalistic point

of view. It should be noted that the hidden economy, which is an economic category, will also have to take into account the economic laws when researching it.

Another aspect of the informal economy (K.F.Becker), defined as an uncontrollable part of a market economy. In our opinion, the given definition is evaluated as the correct interpretation in the general sense.

Ernando de Soto believes that the hidden economy is in the "bad «League of laws in the country, as one of the reasons that arise. These laws provide an artificial barrier to economically active populations, transforming law-abiding citizens into individuals with clandestine economic activities. In order to eliminate this negative situation, it is necessary to reduce the bureaucracy in the field of economic activity in the country. While advancing the initiative to liberalize the economy in stages, it proposes to implement this policy by facilitating the procedure for registering firms, alleviating the burden of taxes, reducing the number of probing instances.

According to the A.Bekryashev and A.Belozarov, the reasons that cause the hidden economy are as follows:

- incomplete market information; - non-functioning of the market 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;
- limitations on the possibility of control over the state apparatus;
- anonymity.

As another factor affecting the emergence of a hidden economy in society, it can be seen by consumers as they try to circumvent laws for their own benefit in the processes, they receive goods, services or works. Examples of this are practices such as not being hit by a check as a result of non-transfer of money through cash control equipment of accrued goods, or avoiding tax and other payments accrued in trade as a result of failure of payment terminals by sellers with different types of cash in the cashless billing process or their faulty withdrawal from there.

As another of the factors that cause the emergence of hidden economic activity, it is seen in the fact that the manufacturer tries to be a clear monopoly. With this, the sole producer tries to make a high profit, setting the price policy in the market tanxo. To do this, pre-language efforts are made by the manufacturer with different lobby groups so as not to miss a single monopoly on the market. Deficiencies in the legal framework governing economic relations in society are also recognized as a positive influence factor on the development of a hidden economy in the country. In particular, in the process of starting a business, it is reported that the excessive size of the bureaucracy, the high number of taxes, the weight of tax burdens, the large number of other initial payments encourage the subjects of economic activity to close their official income. In addition, the lack of wages paid in society in relation to the work of the economically active population also affects the development of hidden economic relations. That is, as a result of the large number of monthly salaries and surcharges on the payment of equivalent payments to labor workers, low wages are calculated for employees, and the rest is given as wages in the case when they are not indicated in the reports.

Along with the reasons for the emergence of a secret economy, V.A.Timchenko also revealed a number of its negative consequences. Including: - the hidden economy negatively affects the income of all branches of the state budget; - the performance of the state in its function makes it difficult to finance management, defense, fundamental knowledge and other areas; - the financial basis of the state, undermines its sovereignty; - the increasing amount of money in the hidden economy is seen as a factor affecting the deviation of these funds from state control, a situation that negatively affects the monetary policy of the country; - the expansion of hidden economic

activity negatively affects the positive implementation of the policy of the state at the macroeconomic level. Since the hidden economy is not reflected in official statistical indicators, the state creates difficulties in conducting macroeconomic policies; - the hidden economy is an obstacle to the effective functioning of the subjects of the economy, which provide production, work or services in the legal economy, the activities of qualified specialists in them. As a result of engaging in clandestine economic activities, the subject of economic activity will be more likely to involve skilled workers and servants in clandestine economic activities due to the high income received by employees as a result of payment of income taxes and other fees, in addition to various homogeneous taxes and fees; - the growing volume of the hidden economy shows its negative impact on international economic relations. First of all, infestation has a negative impact on politics. The reason is, the level of the hidden economy in that country is studied by foreign investors before they bring investment into any country. In turn, the funds attracted to this country by foreign investors avoid falling under the influence of those involved in criminal economic activities or economic criminal groups.

In our opinion, the hidden economy negatively affects not only the economy of the country, but also its spiritual moral life. Including; - the greater the hidden economy in society, the more it creates conditions for the expansion of organized crime and corruption in this society. As a result, in the subjects of economic activity, there is an increase in distrust of state law enforcement agencies, and the subjects of the economy begin to refer not to state law enforcement agencies, but to the criminal “names of the universe «here; - as another of the most negative peculiarities of the hidden economy for society, it is seen in its penetration into public policy. In this regard, a certain part of the income earned as a result of hidden economic activity leads to the fact that it is spent on the purchase of civil servants. This factor leads to the corruption of society. Hence, from the above analyzes, the hidden economy can be given the following author's definition, that is, the hidden economy is the sum of relations based on the involvement by the subjects of the economy in the type of economic activity in violation of the legislation in the country, refusing to pay taxes, fees, duties and other payments that must be paid to state and local budgets.

From the above, it can be concluded that scientists believe that the definitions given by experts to a hidden economy differ, the main one of which is that in the core of all tariffs given to a hidden economy there is one main idea that a hidden economy is illegal.

### **Literatures:**

1. Буров В.Ю. “Теневая деятельность субъектов малого предпринимательства Теневые экономические отношения субъектов малого предпринимательства и пути их легализации”//. Издательство “lap lambert Academic Publishing”/ 24-стр.
2. Резолюция о статистике занятости в неформальном секторе, принятая 15-й Международной конференцией статистиков труда. (статья 5.), (Женева, 1993 г.).
3. Понятие и структура криминальной экономики <https://economics.studio/ekonomicheskieveoprosyi-obschiie/ponyatie-struktura-kriminalnoy.html>.
4. Голованов Н.М., Перекислов В.Е., Фадеев В.А., “Теневая экономика и легализация преступных доходов”–Питер-2003г.стр-9.  
<https://www.azstat.org/Kitweb/zipfiles/11606.pdf>.
5. Альпидовская М.Л., Грязнова А., “Политэкономические императивы развития”// Монография, Издательство "Проспект", 19 июл. 2019 г. 126-с.
6. Тагаев Б.А. “Яширин иқтисодиёт” иқтисодий хавфсизликка таҳдид сифатида”., “Иқтисодиёт ва инновацион технологиялар” илмий электрон журнали. №3, май-июнь, 2015 йил [http://iqtisodiyot.tsue.uz/sites/default/files/maqolalar/23\\_B\\_A\\_Tagayev.pdf](http://iqtisodiyot.tsue.uz/sites/default/files/maqolalar/23_B_A_Tagayev.pdf).
7. Хотамов И.С. “Яширин иқтисодиётнинг мамлакат хавфсизлигига таҳдиди”., “Мамлакат иқтисодий хавфсизлигини таъминлашнинг асосий йўналишлари”

мавзусидаги республика илмий-амалий конференцияси материаллари, Тошкент 2019 й.  
I-қисм, 204б.  
[https://tsue.scienceweb.uz/index.php/iqtisodiy\\_xavfsizlik/article/view/149/103](https://tsue.scienceweb.uz/index.php/iqtisodiy_xavfsizlik/article/view/149/103).

8. Латов Ю.В. Ковалев С. Н., Теневая экономика: Учебное пособие для вузов / Под ред. д.п.н., д.ю.н., проф. Кикотя В.Я. д.э.н., п роф. Казиахмедова.Г.М.,- М.: Норма, 2006.- С.14.
9. Бекряшев А.К., Белозеров И.П. “Теневая экономика и экономическая преступность”/ и криминальной экономики. Понятие и структура теневой экономики <http://www.finbook.biz/description.html?prm=149>.
10. Комарова Т.В.“Теневая экономика в российских регионах” Москва 2003 г.
11. Kristina F.B. “The Informal Economy” march 2004, Шведский Международный агентство сотрудничества развития SE-105 25 Стокгольма Швеция.
12. Юсупов Ю. статья “Как бедную страну сделать богатой”. “Иной путь. Невидимая революция в третьем мире”., электронный журнал “SPOT”., 19 марта 2018 г., <https://www.spot.uz/ru/2018/03/19/de-soto/>.
13. Тимченко В.А. “Теневая экономика: понятие, причины, социально-экономические последствия, масштабы”., электронный журнал-“Виртуальный клуб юристов”., 13.10.2004г., <http://www.yurclub.ru/docs/other/article50.html>