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THE THEORETICAL AND PRACTICAL MANIFESTATIONS AND PROBLEMS OF SHADE ECONOMY. ARMENIAN SHADE ECONOMY IN THAT CONTEXT

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Shade economy exists in every country no matter it is a developed country or a developing one. Today, shade ecoomy comprises 22 percent of global GDP around the world which is more than $ 10 trillion and which is gradually increasing. Developing countries have a significant role here. Armenia is not also an exception where not only the scale of the shade but also its penetration into the socio-economic system are problematic.

There is a general opinion according to which it is impossible to completely and finally defeat the "shade", but it is quite realistic to reduce it for several times. Therefore many countries have succeeded to implement it in their economies. Here it is important to understand the causes and consequences of the studied phenomena which, being highly correlated and connected with each other, have created a rather closed and vicious circle.

"Shade" has become a global problem today. Naturally, the fight against "shade" is not only one of the most important issues for individual countries but also for the world economy.

Shade economy in Armenia is of a systemic character with structural multilevel issues which means the review of the RA economic policy and implementation of structural reforms considering the struggle against the corruption and shade economy as the primary priority.

Key words: *shade economy, corruption, shade circulation, shade in economy, the specific role of shade in GDP*

Introduction

The phenomenon of shade economy has recently been discussed quite often conditioned by its growing scale, large scale of emerging into the different socio-economic spheres and by its diversity of new forms and types of "shade", shortly, with its predictable and unpredictable "shady" manifestations. Shade economy exists in every country no matter it is a developed country or a developing one. Today, shade economy comprises about 22 percent of global GDP around the world which is more than $ 10 trillion and which is increasing [1:15]. Here, the growing specific weight of developing countries is particularly evident [2:5].

There is a general opinion that it is impossible to completely and finally defeat the "shade", but it is quite realistic to reduce it for several times [3:7]. Therefore, many countries have succeeded to implement it in their economies. Shade economy, along with corruption, directly depends on the level of development of the society which the necessity of correct understanding of socio-economic relations and interests and the importance of adequate treatment and struggle against which these phenomena is conditioned by.

Shade economy forms corruption in politics and in the sectors of vital importance of the economy. Corruption, in its turn, helps new spheres and types of shade economy to be formed. Shade economy and corruption hinder the development of national economy, the establishment of civil society and its institutional development, rise of the living standards of the population thus endangering the normal development and dignified existence of the state. That is why the primary task of each state is the thorough investigation and also the approximately oriented assessment of its impact on the state and the living standarts of population and the possible management and reduction of corruption and "shade" by all these means.

Here it is very important to understand the resons and consequences of these already studied events, the purposes and ways which, being highly interconnected and interrelated, have created rather close and vicious circle. This connection has become a norm of economic activity today on one hand and a world issue on the other. From this point of view the shade activity and the struggle against it have become one of the urgent and most important issues of not only separate countries but for the world economy at large.

Taking into consideration that fact that "shade" and corruption are interrelated and interconnected, their investigation suggests complex approach. Nevertheless, within this research the study of "shade" is mainly focusd on as the logical continuation of the research done on corruption [4:531-542].

Research results

The essence of shade economy and its content peculiarities

The research on shade economy is rather complicated which is evidenced by the fact that there is no proper definition of shade economy yet. The definitions of "shade" are so numerous as multi-layered and diverse their time and space manisfestations are. It is the intended hiding of income, informal labor market and informal employment, tax evasion, organized crime, drug trafficking and so on. The definition of "shade" is also complicated by the fact that the results from shade activity are hidden and, therefore, are not controlled by the state authorities, are not fixed by national statistical services and therefore it is not possible to determine the exact scales. It is not accidental that at the beginning of the study (1930s) "shade" was simply referred to as "*economy beyond the authority of the government*" [5:3]. And since the 1980s, when this phenomenon has gained international recognition, it has become the topic of hot discussions of economists, the definitions of shade economy has become diverse and varied due to various expressions of rapid grows of shade economy. In general, the shade economy is regarded as any economic activity which contradicts the law. It is also characterized as unregistered and uncontrolled activity in the official statistical bodies in which production, consumption, exchange and so on are included. J. Thomas, agreeing that "it is difficult to give a formal definition for shade economy," simply states that the shade economy "includes types of activities that are not registered in national income accounts" [5:86]. F. Smith defines it as "legal or illegal market production of goods and services that are not reflected in the official estimation of GDP" [see 5, 6]. D. Gills and L. Teddess define shade economy as "an economic activity that is not registered in national accounts and is left out of the tax base" [see 5, 6]. In some approaches, the concepts of "criminal" and "shade" economy are differentiated [6:71]. The "criminal" as well as the "shade" are prohibited economic activities which are intentionally hidden from accounting and are not recorded in official reports. Moreover, if the criminal type was considered to be based on violence, extortion and activities closely related to the criminal community and criminal capital, the shade type is not perceived as a criminal offense as it included the activity of production of ordinary products and services. There are two viewstands on criminal and shade economic relations today:

- The criminal and shade economies are regarded as separate economic sections,
- The shade economy is regarded as inseparable part of criminal economy.

In current science the issue of the close connection between the corruption and shade economy is in the centre of attention of the researchers. According to I. Klimkin and L. Timofeev, the main and evident peculiarity of shade economic relations is that they are inseparable from the corruption [7:55]. According to Yu. Latova and S. Kukalyeva, the phenomenon of corruption is the maintenance of official position for his/her own purposes and/or the corruptive economy is presented as a sphere of shade economy [7:57]. In this context the priority of shade economy and corruption is principally highlighted. Some researchers think that corruption is a part of shade economy, and,

consequently, its result. Others think that corruption is one of the results through which the tax payers pass on to the shade. One may argue round this topic endlessly as the shade and corruption being in close relations, mutually stimulate each other's expanding which resluts in:

- Distrortion of ownerhip rights,
- Distortion of competitive mechanisms,
- Creating obstacles for fair enterpreneurial activity ,
- Leakage of the capital from the state,
- Reduction of inflow of investments,
- Reduction of technologies and innovations,
- Taxes which are not paid,
- Inefficient use of budgetary funds,
- Unfair high prices etc.

All these hinder the formation of a competitive economy, the development of civilized entrepreneurship, poverty reduction, growth of prosperity and effective civil society development thus promoting the expanding of the shade economy. In fact, the shade with its various expressions is present in any social-political and socio-economic systems in a certain extent and/or manner.

So, the shade economy is characterized by its narrow and broader sense. In the narrow sense, shade activity is the production of goods or services that is permitted by law but deliberately hidden in order to avoid taxes, social payments and other compulsory charges. In the broad sense, the shade economy can be described as out of law activity controlled by some of the privilaged governing elite bodies in connection with the illegal distribution and redistribution of revenues and assets. It can include elements of crime as both trade of people, weapons and drugs and corruption, distortions of tax mechanisms and informal labor market in the form of informal economy. It is not accidental that informal economy is often coincided with the shade economy.

Despite the above mentioned opinions which say that the shade economy can not be estimated and it is difficult to give a proper estimation, however, two main methods of shade estimation are working now:

- Direct method or, otherwise, micromethod which is based on special observations and researches the main purpose of the analyses of which is the discovery of difference between the revenues and costs of different socail groups.
- Indirect or macromethod on the basis of which the published data of such tax and financial bodies as consumption expences, investments, real GDP per capita, tax weights in GDP, state expences, the rate of GDP growth and so on are registered.

More often it is estimated by the rate of escaping from taxes of working measure of GDP which is a very important index taking into account the circumstance which enables to directly estimate the economic situation.

The sector of the economic activity that is not accounted, significantly influences a number of macroeconomic rates which characterise the state condition, especially that of Gross Domestic Product as a result of which the real situation of the economy is distorted, particularly:

- The real size of GDP is underestimated as the most part of goods and services which gauge the state and social needs, are not taken into account while determining the total GDP.
- The rate of growth of GDP is also underestimated in the case when shade economy is growing with quicker rates that “legal” economy.

Types of shade economy

Shade which penetrates into different layers and levels of economic activities and is very various, is difficult to be classified on one hand and is necessary to be claasifed on the other. It is more difficult to classify it theoretically as practically it can have any expression. Therefore,

according to certain critaeria and contextual peculiarities its summative assortment was done /see table/.

Table 1

The types of shade economy

1.	*According to contextual peculiarities*
1.1. Non official economy or white collar	An activity which is forbidden by law, which supposes hiding the employment and hidden redistribution of the results gained. Mainly "officials" are dealing with this activity that is why this type is also called "white collar". During this activity new goods are not produced, no servise is provided. Only one part of population can use some of the incomes of shade economy due to the loss of others. According to economists, this non official activity is the biggest section of economy.
1.2. Artificial or gray economy	It is legal but not registered economic activity connected with goods production and consumption and also with the services. In this section the business entities consciously refuse the official registration not having the desire to pay taxes, duties and other expneces according to law.
2. Black economy	It is the production and consumption of goods and services prohibited by law which concerns all those types of economic activities which are beyond the normal economic activity. They are violence, robbery and crime and also the production of such goods which are prohibited by law (drug circulation and other misbehaviours).
2.According to the degree of legitimacy	
2.1.Legal, but informal economic activity (informal, legal, illegal)	It is not prohibited by law and doesn't violate the rights of business entities, but at the same time it is not registered, typical example is house production.
2.2.Illegal economic activity	It violates the rights of other business entities and is not regulated by law. These are so called pink markets (rosy markets), example, the violation of ecological security.
2.3.Semi legal economic activity (semi-legal economy)	It is not contradicted to the law by its character, but at the same time is realized illegally in "grey markets" thus avoiding the law, among them are stock exchanges, activities without patents and employment without registration.
2.4.Illegal, criminal economic activity	It is prohibited by law and is regarded as an illegal activity in "black markets", example, drug trade, illegal weapon industry and sale, trafficking of people, robberies and forcing etc.
3. *According to the rate of registration of economic activity*	
3.1. Hidden economy	An economic activity which is intentionally hidden by business entities from tax and statistical bodies
3.2.Lost economy	An economic activity which is not manifested in reports, i.e. business entities are insufficiently informed as a result of incomplete illustration of data or mistake made unwillingly.
4. *According to statistical registration of economic activity*	
4.1.Registered economy	An economic activity which is not manifested in reports by business entities but it is discovered by statistical bodies and is registered by special researches.
4.2. Not registered economy	An economic activity neither manifested in reports nor in statistical bodies.

So, the shade economy is a type of economic activity that is not registered and is not regulated by state authorities, it includes activities prohibited by law (illegal economy), legally authorized but not reported in the accounting records ("informal economy") and a criminal economic activity.

There are usually necessary and sufficient conditions for the formation of the shade economy and for any phenomenon as well. The necessary condition for the shade economy are those preconditions that are gradually formed on economic, social and legal spheres (see Table).

Table 2.

The preconditions of the formation of shade economy

Preconditions	**Characteristics**
1.*Economic preconditions*	-high taxes -the shortcomings of privatization process -financial crisis and its negative influence on the whole economy -the activity of not registered economic structures etc.
2.*Social preconditions*	-low living standards of the population which supports the formation of different hidden economic activities , -high rate of unemployment and getting incomes by any means,, -unequal distribution of gross domestic product.
3.Legal preconditions	-incomplete legislation, -incomplete activity of legal authorities, -the absence of struggling mechanism against economic crime in illegal and criminal economic activity.

The sufficient condition for the formation of shade economy are the reasons vital for the shade and those which take it to the real field.

Table 3

The reasons for the formation of shade economy

• The distortion of the balance between economic growth and tax load -the tax load is increasing quicker or more significantly than economic growth -the tax load is increasing and the economic growth is decreasing /typical for the period of economic decline/
• Increase of disorder of the average norm of revenue and tax load of organisations
• Increase of disorder of real incomes of the population /consumers/ and the life quality and price /living standards, average consuming bucket/
• Low rate of compulsory punishment
• Discrepancy of shade activity and the punishments for it
• Presence of "chain" in the formation of shade means

Shade activity affects the total socio-economic situation of the country. Admitting shade activity as a negative phenomenon with its numerous and various manifestations, however, it is interesting that the positive effects of the shade economy are also distinguished by some theorists [see 8] (see table).

Table 4

The results of shade economy

The negative consequenses of shade economy
Non favourable changes of the political situation of the country: some candidates get their positions in the government through those people who are delt with shade economy and therefore continue their corrupted activity and as a result the distrust of the population increases towards the legislative and executive branches of the government
The social lay out of the population into rich and poor

Loss of morals and increase of temptation of getting incomes by any means /official position, status, robbery, corruption/
Reduction of budget revenues of all levels, the budget incomes reduction as the result of tax withholding, no income no cost
Distortion of tax field, more tax levies from responsible citizens to cover the results of economic activities and escaping from tax payments which leads to the expanding of other shade activities of business entities
Increase of corruption and crime
Wrong motivation of investment activity, the investments do not always result in new production and/or new service provision leading to non optimal economic construction
Distortion of a number of macroeconomic indices characterizing the state's situation and the real condition of economy, particularly:
➢ Underestimation of the size of GDP considerable part of the goods and services which satisfy the needs of the state and the sociatey are not taken into account while determining the total GDP
➢ Underestimation of the growing tempo of GDP shade economy grows more rapidly than "legal" economy
The positive consequances of shade economy
Labor market for poor population as a result of which the revenues are distributed for the benefit of the latter
The satisfaction of consuming demand when the state can not gauge the demand of certain goods and products for some reasons: (business entities delt with shade activity come to «help»)

The study of the theory of shade economy gives an opportunity to understand the causes of the formation of shade activity and the factors it is conditioned by. The factors which the shadow economy is conditioned by can be subjective and objective or systemic (see Table).

Table. 5

The factors which the shade economy is conditioned by

Subjective which directly motivate people to deal with shade economy
Objective or systemic which are not conditioned by the will of the individual, they are systemic thus creating favorable environment to develop and expand the shade economy

Summarizing, we can simply conclude that how various, numerous and contradictory the manifestations of shade economy can be in real life.

2.The manifestations of shade economy, the tendencies and issues of expanding, international practice

The spherical manifestations of shade economy

For a given period, the real manifestations of the shade economy are quite diverse and not always predictable by its location and type of activity. Sometimes such events of crime as people, arms and drug trade, organized crime, etc. are included in shade economy which is also characterized as criminal economy. Sometimes it is limited by corruption, tax mechanisms and informal labor market. In the framework of this study the second option is also considered where the informal economy is particularly notable and is considered as a key component of the shade economy. The informal labor market is a reality for 2/3 of the world workers. It is rather a standard of living today more than an exception as EC Development Center experts say. An informal labor market can be manifested in different ways, ranging from unregistered labor markets ending with street trade where even global brands can be bought. Thus, 20% of Procter & Gamble's trade is implemented through street trade in developing countries. Therefore, this way of trade is the only one that demonstrates a stable trend of growth. Interestingly, this type of trade is foressen even by the business plan of the company [3:4].

Despite the large-scale activities against illegal employment, the informal labor market will continue to be one of the main sources of shade economy. Indeed, informal employment is developing not only in developing countries, but also in developed countries which is primarily due to increased unemployment in Western countries and new technological opportunities as well (part-time employment, creation of one's own goods and services, their offer and demand etc. control over which is rather complicated today). As a result, if the main components of the shade economy previously were weak economic growth or missing tax componnets, the component of informal employment of shade sector will become dominant in the future [see 3].

The tasks and trends of the development of shade economy

«Shade» developments are still carrying intensive character all over the world with their problematic manifestations and developing trends. Today shade circulation occupies great place all over the world fluctuating round ¼ of world goods circulation. Particularly it comprised more than 10 trillion dollars in 2016 which is 22,66 percent of world GDP•. According to the same source, the «shade» has begun to express decreasing trends in the world /see Table/.

Table 6

Shade economy of world scale */fact and prediction/*

Research by the Association of certified and certificated accontants (ACCA), 2017, http://www.accaglobal.com, citing by the author

Years	**2010**	**2016**	**2017**	**2020**	**2025**
The capacity of shade economy, USA, trillion US Dollars	-	> 10	-	-	-
Shade economy in world GDP /%/	35.5	22.66	22.5	22.1	21.4

In this context the summative data from the World Bank about the regional developments of shade economy are very interesting according to which the shade economy is the highest in the countries of Latin America and the lowest is in the Middle East and South African countries where active political struggle is being done against the shade.

Table 7

Shade economy according to separate regoins

/by percents to GDP/

Region	Sh.E average rate	Sh.E. minimum rate	Sh.E. maximum rate
Eastern Asia	33,3	13,4	53,0
Europe and Central Asia	40,5	19,3	67,5
Latin America	42,1	20,1	67,2
Midle East and South Africa	28,5	19,2	38,7
Northern Asia	34,0	23,5	44,8

• The survey was conducted by the Association based on the results of surveys conducted by entrepreneurs, analytical conclusions of experts and predictions of methods of mathematical analysis. By fixing their definition of the shade, the association outlined its study framework on shade economy. Accordingly, it is defined as a "consciously concealed" economic activity from authorities /by saying concealed they understand not only tax evasion, but also the violation of working norms, avoidance of statistical reporting and so on/.
While assessing the capacity of shade economy such variables as consumer expences, investments, real GDP per capita, the proportion of taxes in GDP, public expences, GDP growth rates, etc. were taken into account. The study targeted 28 countries.

The studies done by the Association of Certified and certificated accountants on the positional movements of the rated countries and the changes of the sizes of the «shade» are quite impressive /see Tables 5,8,9/.

Table 8

The positions of the countries according to shade economy level, 2016 ••

Research by the Association of certified and juror accountants (ACCA), 2017, http://www.accaglobal.com, https://www.vedomosti.ru/opinion/articles, citing by author

Countries	THE COUNTRIES WITH THE SMALLEST SHADE ECONOMY						THE COUNTRIES WITH THE BIGGEST SHADE ECONOMY									
	USA	JAPAN	CHINA	SINGAPORE	GERMANY	…	…	KENYA	ESTONIA	BULGARIA	PAKISTAN	BRAZIL	SRI LANKA	RF	UKRAINE	NIGERIA	ZERBAIJAN
Country position /among 28 countries/	1	2	3	4	5	…	…	19	20	21	22	23	24	25	26	27	28
Specific weight of the shade in GDP /%/	7.8	10	10.2	12.45	13			27	28	30	31.7	35	38	39	46	48	67

Table 9

The rates on shade economy ••• /% to GDP/

Research by the Association of certified and juror accountants (ACCA), 2017, http://www.accaglobal.com, https://www.vedomosti.ru/opinion/articles, citing by the author

Years / Country	2010	2016	2025	Years / Trends
In the world	***35.5***	***22.66***	***21.4***	***Stabe reduction***
USA	9,0	7.8		Reduction
Switzerland	9,1	13<Կ ո ռ ո ւ պց <27	-	Expressed growth
Japan	12,1	10		Reduction
England	13,2	-		-
The Netherlands	13,2	-		-
New Zealand	13,6	-		-
Germany	13.9	13		Reduction
Singapore	14,0	12.45	12.5	Slow growth following the abrupt reduction
China	14,3	10.2		Reduction
Spain	20	-		-
Kenya	-	27		-
South African Republic /SAR/	-	28	-	Growth
Estonia	-	28	-	-
Bulgaria	-	30	-	-
Pakistan	-	31.7	32	Growth

•• The next 2018 research publication on the world shade economy survey does not exist or is not yet available by the Association of Certified and Licensed Accountants, that is why 2016 data is regarded here which allow to understand the trends of shade economy development at the world level and by countries.

••• In this table shade assessment 1-100 points bar is conditionally divided into 3 levels - low /1-13/, average /13-27/, high /27-100/. In this article the countries having low and high shade position are studied.

Lithuania	34,0	-	-	-
Brazil	-	35	-	-
Sri Lanka	-	38	-	-
Romania	38,9	-	-	-
Estonia	42,3	-	-	-
Latvia	44,3	-	-	-
RF	49,0	39	39.3	Growth following the reduction
Nigeria	-	48	-	-
Armenia	***40.14***	***13<corruption<27***		***Reduction***
Belarus	53,0	13<corruption<27		-
Ukraine	58,1	46	-	-
Azerbaijan	63.3	67	-	Growth
Bolivia	68.1	-	-	-
Georgia	72,5	13<corruption<27	-	Reduction

The lowest rates of shade activities among 28 developed countries were recorded in the United States (7.8% of GDP), Japan (10%), China (10.2%) and Denmark, Switzerland, New Zealand, Singapore as well. The highest results were recorded in the countries of Western Europe, particularly in Sweden, Germany and Austria. The scale of state intervention has a clear impact on the shade economy. It is also remarkable that in South European countries and Japan shade business entities pay taxes on income from drug trafficking, robberies and other illegal activities.

It is interesting that when in 2010 35.5% of the global gross domestic product was in shade which was around 1.6 times more than in 2016 (22.66%), Switzerland (8.6%), the USA (8.8%) and Austria (9.8%) had the lowest shade economy level worldwide. It's true that the shade economy is the lowest in Switzerland but it's noteworthy that this rate has recently risen. Nearly 67% of the cash circulation in Switzerland is not economically justified and many economists consider it as a result of shade economy. Shade economy turnover in Germany was 13.9% of GDP in 2010. The shade sector has a consistent reduction trend here which is contributed by the growth of gross domestic product and the creation of new employment. In Spain the shade turnover comprised about 20% of GDP. Small businesses, tourism and real estate spheres are mostly in the shade sector. In Spain the level of payments and compulsory social contributions is rather high which is the objective reason for the existence of a shade economy.

Azerbaijan is in the first place with shade economy where shade economy comprises 67% of GDP. Nigeria is in the second place with 48% of GDP, the third is the Ukraine with 46% and the forth is Russia with 39%.

The chronological comparison of the developing countries on shade economy is also remarkable. If in 2010 the highest rate of shade economy was registered in Georgia as 68.8% of GDP, then in recent years as a result of a consistent struggle against shade it has been placed among favorable positions giving up the first unfavorable place to Azerbaijan where the shade specific weight of GDP has risen from 63.3% in 2010 to 67% in 2016 consistently demonstrating a steady growth in shade. During the observed period this rate has decreased from 48% to 39% in Russia and in the Ukraine it decreased from 54.9% to 46%. The shade predictions are also notable according to which shade in Russia will remain high in 2025 with 39.3% of GDP thus being the highest with about 84% more than the world average. And this is the case when the reduction of global average rate of the shade. In 2025 this rate will comprise 21.39%.

It is more purposeful to regard the shade economy developments in Armenia separately and more objectively.

Shade economy in Armenia: developments and issues

The trends of the development of shade economy

Shade economy has been recorded in Armenian since the Soviet period. It has also continued to manifest itself during post-Soviet era preserving average level of shade. 35.39% of economy had been under shade in 2008 which continuing its growth comprised 41.08% in 2009. Afterwords, the shade has shown a stable decreasing rate till 2013 thus comprising 34.56%. Shade economy has shown a growing rate in 2014-2015 comprising 34.78% and 35.96% correspondingly /see Table 9/.

Table 10

The sizes of shade economy in RA in 2008-2015

2008	2009	2010	2011	2012	2013	2014	2015
35,39	41,08	40,14	38,44	35,52	34,56	34,78	35,96

Afterwords this rate has decreased appearing in the middle level interval in 2016 /27-13%/. According to the predictions on 2025 shade/GDP rate will continue to show decreasing trend /see Table 9/.

The spherical and sectoral manifestations of shade economy

The spherical and sectoral manifestations of shade economy are also troubling. The criminal economy is in the forefront of shade economy in Armenia such as arms turnover, drug trafficking, organized crime etc. which varies between $ 20-30 annually in average [see 9].

The tax evasion by business entities also plays a major role in shade economy. There is a serious problem with offshore schemes. High class capital in Armenia is represented by government representatives or government-sponsored individuals who have de-facto /not de-juro/ tax privileges instead of which they provide services to the authorities starting from power and financial support to ensuring their enormous financial revenues during the elections. The half-shade turnover of large businesses is also used in state policy, in particular for the purpose of obtaining military weapons which would have been problematic from political viewpoint to be included in the reporting period. Part of small business and micro business including family and individual entrepreneurship are not mainly registered and are in shade. Till 2008 there was a tax exemption for the agricultural sector, which, though being enshrined in law, brought new shades with it. The same can be said about unregistered remittances comprising large amounts. The shade economy is present in almost all branches of economy in Armenia. Almost all types of economic activities are shade. According to non official data, the shade economy in Armenia fluctuates between 40-60% and this rate reaches up to 80% in retail trade and services [see 10].

The specific weight of informal employment is also high in the shade economy (see Table 11).

Table 11

The rate of informal employment • In agricultural and non agricultural sector /%/

armstat.am, Labor market in RA, formal and informal employment, 2018

Years	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**

• The level of formal employment is the specific weight of those having informal employment in total employment.

Agricultural sector	50.7	52.1	50.4	50.4	50.1	49.4	49.9	47.7	46.6
Non agricultural sector	22.0	20.0	17.7	17.7	19.3	19.6	22.0	17/9	18.1

Informal employment is divided into agricultural and non agricultural spheres which is conditioned by tha fact that rural farms are officially considered as self-employed which is considered to be enough problematic from the point of view of official registration and control. The problem is also difficult from the viewpoint that in agricultural sector the formal employers comprise about 50% of total employers. Informal employment fluctuates between 22/% in 2008 to 17% in 2016 out of agricultural sector. Although the decreasing trends in formal economy it continues to be troubling.

About the latest events of shade turnover in Armenia

For a part of representatives of economic activity in Armenia the shade is a way to become rich and for another part just to survive. There is a clear dependence between the shade economy and the poor social condition in Armenia which has been clearly reflected in recently discovered *major trading networks* /"supermarkets"/ *working within the shade schemes*. The former authorities considered it normal that PB can supply goods to large trading network but neglected a circumstance that small businesses work with turnover tax while the majority with VAT and the appropriate registration mechanism is not provided by law. Instead of solving the existing gap legally, the problem has been settled at the level of normative acts by reaching an agreement with the tax authorities. Nowadays government considered this approach wrong and described it as corruption and the commodity turnover within that framework as shady. Of course, it is not known how it has been corrected and/or who was punished as the official information is not much on it or it states nothing. And finally, this is not the task, the task is that "City"s and other large companies have ceased contracts as a result of which hundreds of private businesses were closed because they finally pay VAT for the goods purchased for the turnover tax. Certainly, major commercial networks announced about the rise in prices for goods as a threat which was boycotted by citizens. In fact, it turned out that the reduction of shade economy could lead to significant anomalies and social additional tension. Moreover, the next government may consider that corruption is what the government has done to suppress small businesses thus disturbing economic development.

The shemes which have been recently discovered in mining industry are also notable. The shares of 19 companies engaged in mining and geological searching in the Republic of Armenia were purchased at different times by several individuals and organizations and were sold to the organizations working in Cayman Islands. Meanwhile, the shares of 17 companies were sold to one foreign company which suggests that the ownership of companies and assets registered in Armenia is reralized from the same center and many companies acting in mining industry have been appeared under the control and rule of one company leading to increased concentration and reduction of competition in commodity markets.

International participation is also present in these schemes which makes the situation worse. Here the problem is not the personalities but the fact of the existence of a well-organized criminal-oligarchic system in Armenia.

The schemes of shade distribution of loans and remittances which feed the criminal oligarchic system and play the role of security bag for them have been actively dicussed recently and are worrying as quota stability and super profits in shade turnover are provided through them.

Under the even not thorough observations of shade developments it becomes clearly evident that the greatest beneficiaries of the created situation are the authorities and partially some representatives of society. The government being closely grown with business gets enormous bonuses and the society with its indifference towards tax evasion only styrengthens theses informal relations

which is a specific reaction to the unfair and inefficient state activity. It presupposes the necessity of providing a favorable practical atmosphere for economic development through consistent struggle against corruption and shade.

Here the problem of including the investments is particularly highlighted as

- a vital means of empowerment of economy on the basis of modern technologies on one hand,

- the most serious danger connected with shade economy and corruption threatens the investors on the other hand.

In this context the situation is not quite favorable which is proved by the stable reduction of the direct investment capacity during 2014-2017 in Armenia /see Table/.

Table 12

The flows of foreign and direct investments in 2014-2017, mln AMD

armstat.am/publications/ RA social economic situation in 2018

	2014	2015	2016	2017
Total investments	167441,9	118409,3	81581,3	74619,9
Direct investments	117202,3	69426,8	62679,3	93043,9

Thus, the shade economy is increasing - investments are reduced - scientific-technical progress is disrupted - economic growth is diminishing - unemployment is rising - poverty does not decline. In this chain, the fight against corruption and the task of reduction of shade economy are particularly important under the current poverty reduction urgence. The continuous high poverty rate in Armenia varies between (30-29%) for a long time. Meanwhile, the same index in Georgia is twice lower than in Armenia, in Azerbaijan - 6 times, in Kazakhstan - 4.5 times lower [see 10]. This demonstrates once again the importance of fighting against corruption and the shade economy in the economic development process.

The issue of including the shade officially in GDP

As a purposeful overcoming opportunity of the above mentioned tasks it is necessary to touch upon one methodological task which is to include the shade into GDP officially.

Shade as an informal economy is an indisputable component of the economy of any country. This means that it should definitely be taken into account in the calculation of GDP indices which is practiced in almost all countries. It is not circulated in Armenia as an official index. There are some expert assessments that are reflected in international reports. Meanwhile, it is important that the shade economy must be taken into account in the methodology of calculating GDP which can be obtained as a result of various expert assessments. By its essence, this index shows the amount of unpaid taxes, i.e. the hidden turnover and hidden real income. If the shade GDP indicator is officially calculated and circulated, it will enable to have a clear understanding of the economy movement, newly opened industry and the final result according to the rate of its decrease or increase. In this context, the debates round the topic “Caucasus and Central Asia. Regional Economic Perspectives [see 13]” by the International Monetary Fund (IMF) are interesting according to which the shade economy of Armenia comprises more than 35 percent of the gross domestic product of the country. If this index is clearly calculated and adopted officially, "... it would mean that the economic policy of Armenia should be revised, the tax field should be changed" [see 14], where the tax-GDP ratio should be one of the key indicators. First, including the shadow indicator in GDP will:

- Limit the chance of various speculations of GDP index on economy growth, increase of tax revenues, shade reduction and so on,
- Enable to count the tax load by law, to estimate the possible tax revenues and/or tax miscalculations. Such approach will support to abolish the monopoly in Armenia and the formation of open competitive economy.

From this viewpoint it will be proper if *in the calculation methodology of GDP the approach of including shade into GDP and its manifestation as a component of anti-corruption and target rate of the struggle against the shade* are taken into account.

Conclusion

The above mentioned is more highlighted in "shade increase - investment decrease – slow down of scientific-technical progress – unemployment rate increase – poverty rise" chain in the way of efficient realization of the current issues.

Summarizing, we can say that shade economy staying in the middle level of shade in Armenia and varying between /35-30/ percent during the whole post-Soviet period today also continues to carry a strict systemic character thus showing serious structural problems which should be solved through structural reforms considering the struggle against corruption and shade as the primary suprimacy.

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ՍՏՎԵՐԱՅԻՆ ՏՆՏԵՍՈՒԹՅԱՆ ՏԵՍԱ-ՊՐԱԿՏԻԿ ԴՐՍԵՎՈՐՈՒՄՆԵՐԸ և ԽՆԴԻՐՆԵՐԸ. ՀԱՅԱՍՏԱՆՅԱՆՆ ԱՅԴ ՀԱՄԱՏԵՔՍՏՈՒՄ

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Երևանի պետական համալսարան

Բանալի բառեր. ստվերային տնտեսություն, կոռուպցիա, ստվերային շրջանառություն, ստվերը տնտեսությունում, ստվերի տեսակարար կշիռը ՀՆԱ-ում

Ստվերային տնտեսությունն առկա է յուրաքանչյուր երկրում, անկախ նրանից զարգացած երկիր է, թե՝ զարգացող: Այսօր ստվերայի շրջանառությունն ամբողջ աշխարհում կազմում է համաշխարհային ՀՆԱ-ի շուրջ 22 տոկոսը՝ ավելի քան 10 տրիլիոն դոլար, ինչը գնալով աճում է: Այստեղ արտահայտված դեր ունեն զարգացող երկրները: Հայաստանը նույնպես բացառություն չէ, որտեղ խնդրահարույց են ոչ միայն ստվերի մասշտաբները, այլ նաև նրա ներթափանցվածությունը հասարակակա-տնտեսական համակարգում:

Կա ձևավորված կարծիք, որ հնարավոր չէ ամբողջությամբ և վերջնականապես հաղթել «ստվերը», բայց լրիվ իրատեսական է այն նվազեցնել մի քանի անգամ: Համենայն դեպս դա հաջողվել է շատ երկրների: Այստեղ շատ կարևոր է հասկանալ ուսումնասիրված երևույթների պատճառները և հետևանքները, որոնք խիստ փոխկապված լինելով՝ ստեղծել են բավական փակ ու արատավոր շրջան:

«Ստվերն» այսօր դարձել է համաշխարահային մակարդակի խնդիր: Բնականաբար «ստվերի» դեմ պայքարը հանդիսանում են ոչ միայն առանձին պետությունների, այլև համաշխարհային տնտեսության կարևորագույն խնդիրներից մեկը:

Ստվերային տնտեսությունը Հայաստանում կրում է համակարգային բնույթ՝ կառուցվածքային բազմաշերտ խնդիրներով, ինչը նշանակում է ՀՀ տնտեսական քաղաքականության վերանայում և կառուցվածքային բարեփոխումների իրականացում՝ որպես առաջնային գերակայություն դիտարկելով կոռուպցիայի և ստվերի դեմ պայքարը:

Բանալի բառեր. ստվերային տնտեսություն, կոռուպցիա, ստվերային շրջանառություն, ստվերը տնտեսությունում, ստվերի տեսակարար կշիռը ՀՆԱ-ում

ТЕОРЕТИКО-ПРАКТИЧЕСКИЕ ПРОЯВЛЕНИЯ И ЗАДАЧИ ТЕНЕВОЙ ЭКОНОМИКИ: АРМЕНИЯ В ЭТОМ КОНТЕКСТЕ

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Теневая экономика существует в любой стране, вне зависимости от того, развитая ли страна или развивающая. Сегодня теневой оборот в мире составляет около 22 процентов ВВП - больше 10 триллиона долларов, которое постоянно возрастает. В росте большое значение играют развивающие страны. Армения не является

исключением, где проблематичны не только масштабы тени, но и степень ее проникновения в общественно-экономическую структуру.

Существует мнение, что тень невозможно полностью и окончательно победить, однако, вполне реально в несколько раз сократить ее. По крайней мере это удалось многим странам. Здесь важно понять причины и последствия исследуемых явлений, которые, будучи строго взаимосвязаны, создали довольно закрытый и порочный круг.

“Тень” сегодня стал всемирной проблемой. Следовательно, борьба против тени является одной из важных задач не только отдельных стран, но и всемирной экономики.

Теневая экономика в Армении носит системный характер с многослойными структурными задачами. Это предполагает пересмотр экономической политики РА и осуществление структурных реформ, где борьба против коррупции и тени будет рассматриваться как важнейший приоритет.

Ключевые слова: теневая экономика, корупция, теневой оборот, тень в экономике, удельный вес

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