METHODS OF DETERMINING THE HIDDEN ECONOMY AND WAYS OF ITS REFLECTION IN GROSS DOMESTIC PRODUCT

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Annotation: ***In this article, the scale of development of the hidden economy and the reasons for its growth are analyzed, the methods of their detection and its impact on the gross domestic product are theoretically studied, and in this context, scientific proposals and recommendations for research work are developed.***

Keywords: ***Transition Economy, Creditors, Tax Burden, Econometric Element, Secret Deal, Secret Economy, Concept, Secret Sector, Money Supply, Secret Market, Bank Deposits.***

Introduction. The hidden economy is a complex phenomenon that is characteristic of all countries of the modern economy and has a history of its study. According to the essence of the existing eclecticism, which is manifested in the theories of experts in the field of economic and humanitarian knowledge of different countries, the lack of an integrated approach within the field. It can be understood from this that it is necessary to define the hidden economy based on the unique economy, characteristics and structure of each country and develop measures to eliminate it. Despite the constant increase in opinions within the topic, the boundaries of this concept and its internal structure have not yet been defined.

In this regard, measuring and evaluating the shadow economy remains a key issue for practicing scholars. Because a significant part of economic activity is concentrated in the hidden sector, economic growth, success and impact of reforms cannot be adequately assessed. Knowing the extent of the hidden economy allows more accurate assessment of economic growth and the effectiveness of reforms, as a result of which more effective decisions can be made.

Main part. In addition, the dynamics of the underground economy can be a sign of the success of the reform. In a certain period, the country's gross domestic product is observed to grow at an appropriate scale after adapting to the informal sector. This is an advantage for transition economies, as the country's GDP and its growth are a very important component in negotiations with international creditors. The difficulty of measuring the shadow economy is not surprising, because it is difficult to measure the unobservable, and many people try to avoid the shadow economy, by its very definition.

The monetary method of assessing the dynamics of the hidden economy or the method of demand for currency. This approach was first used by Philip Kagen in 1919-1955 to calculate the correlation (correlation) of currency demand and the tax burden (as one of the causes of the underground economy) for the United States. Twenty years later, this method was developed and presented by Gatman and Feige, and then refined by Tanzi. Using econometric elements, he estimated the demand function for currency to calculate the hidden economy of the United States from 1929 to 1980. This method was modified and improved because the initial conditions proposed by Gatman were too strict and did not give a good estimate of the hidden economy. Recently, this method has been used very often, and each scientist has modified it to suit the conditions in which he worked. Examples of the use of this method: Gaysarri calculated the level of the shadow economy for Argentina; Badjada and Schneider for Australia; Isachen and Strom – for Norway; Schneider – for Austria; Bagachwa and Naxo for Tanzania.

The general idea is to assume that all hidden transactions (or most of them) are carried out in cash and that the main reason is to avoid tax collection. Based on these assumptions, it can be assumed

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that the money supply M0 is positively related to the amount of tax collections, and the part of these tax collections that characterizes M0 is cash involved in making secret transactions.

Results and discussion. To determine the share of the hidden money supply, we zero out its incentive elements and calculate the share of M0 in the M2 money supply that serves the official economy. Thus, we find the "pure" money supply. Using the net share of money supply M0 in M2 found from the share of the money supply M0 to M2, we find the share of cash serving the hidden market in the money supply M2. This indicator is the main indicator and is used to measure the size of the hidden economy.

Gutmann method or ratio of cash and bank deposits. Gutmann estimated the shadow economy in the United States to be one-tenth of the registered economy ($176 billion in 1976), a figure derived using this method. In 1982, the hidden economy of the United States, P. According to Gutmann, it was 15% of GDP. Such calculations point to the fact that the ratio of cash to bank deposits began to increase from 1961. This is due to the fact that the amount of cash is growing faster than the total amount of bank deposits. This happened in the context of financial innovations that replaced money with another payment method. P. Gutmann reduced the concept of this contradiction to the existence of the hidden economy. Attempts to measure the underground economy were based on the assumption that there was no underground economy in 1937-1941 when the ratio of cash to bank deposits was minimal. The approach to monetary methods includes various additional methods. But for all their diversity, they are united by a basic point of view: secret transactions prefer cash to avoid scrutiny.

Currently, there are many ways to estimate the scale of underground economic activity, but since it is not possible to evaluate it directly, it is necessary to use the indicators that best cover and reflect the characteristics of the underground economy. Recognizing the impossibility of an essentially correct assessment of the hidden economy allows us to use an interval approach in our work, that is, to set lower and upper limits based on calculations using the above methods. Another option to achieve the objectivity and truth of the assessment can be an integrated approach, according to which the average value is calculated based on the results obtained by indirect methods, or the calculation is made based on a combination of three methods with the determination of their weight.

Philip Kagan's standard approach to money basically includes five steps. In this case, the rate of money supply in the observed sector is calculated according to the formula presented in the table, in this case, the rate of circulation is taken as the basis for cash. Because, depending on the scope of the topic, all money directions are based on cash usage estimates. Then, the formula for determining the size of latent gross domestic product is used and the result is divided. In general, the detection of the shadow economy uses available information on the demand for money supply and the size of the money supply, as well as the velocity of money supply in the observed sector. It is worth noting that each of the mentioned methods has a certain drawback - there are too many indirect methods, and one of them is the Incompatibility method. The mismatch method is based on the comparison of two or more indicators that describe one economic phenomenon, but are based on independent data sources or use alternative methods of construction. Methods based on the difference between indicators include:

1. Comparison of income using different methods. The comparison is made on the basis of income calculated in different ways in different sources. Then the obtained data is compared and a conclusion is made about the scale of the hidden income.

2. Comparison of recorded income and expenses. A comparison of income and expenditure levels from different sources is made. The sum of the excess of expenses over income is the sum of hidden income. Usually, this approach is used to calculate hidden wages.

3. The method of comparing indices of interrelated indicators. This method is often used in

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statistical practice when making corrections. First, the range of recoverable indicators is determined, after which the recoverable connection indicator must be selected.

It was found that the results obtained by using this method can be significantly improved by applying various correction or correction factors, especially if their values are not determined by experts, but are obtained from more reasonable sources, for example, based on information about such dependence. categories of enterprises.

4. Alternative assessments of the main socio-economic indicators. Estimates of the scale of the shadow economy are based on the use of indirect data and expert judgment. Adjustments are made for the indicators that have the strongest influence of the hidden economy: turnover of goods, individual construction, market services provided to individual producers, etc.

5. Method of flow of goods. This method is one of the most common methods of obtaining a comprehensive assessment of the indicators of the national accounting system. It consists of tracking the passage of goods and services from the producer to the user and comparing the data on the supply of goods and services and their intermediate consumption, final consumption, gross capital formation and export, obtained on the basis of an independent assessment based on various data sources.

Conclusions. As a result of an in-depth study of the hidden economy, its main criteria were developed. Studies show that recently there is an increasing interest in the problems of determining parameters of economic activity that cannot be directly observed using statistical methods. Since the hidden activity is multifaceted, it requires the development of various methods of calculating its manifestation, and the appropriate methods of organizing statistical, social and market research. This, in turn, leads to an increase in the number of methods of calculating the hidden economy, making their study and comparison more complicated.

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