

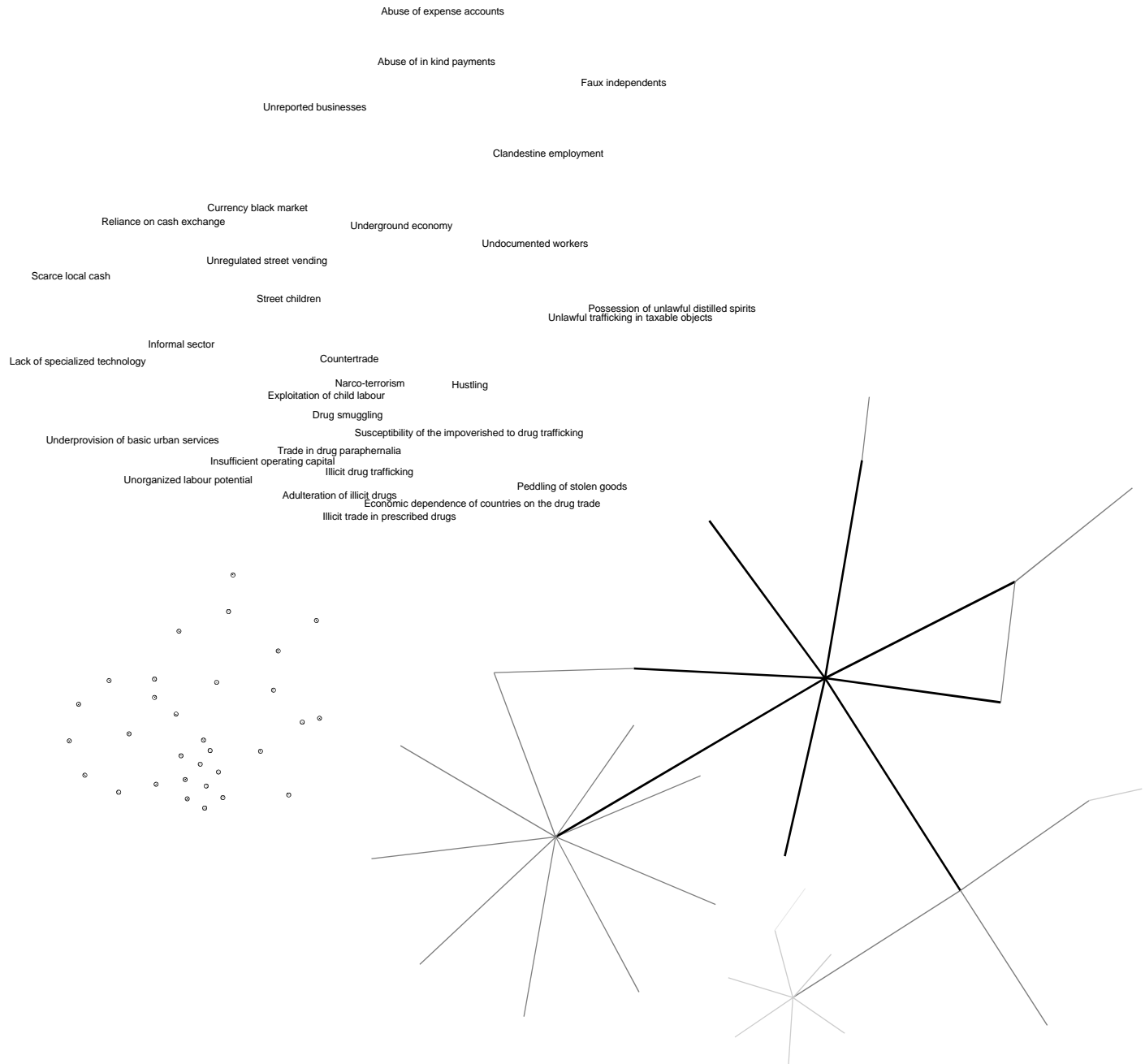
Figure 10.2.27. Parallel economy

Database: World Problems and Issues

Link type: narrower problems

Network nodes: 31

UIA database: <http://db.uia.org/scripts/sweb.dll/uiaf?DD=PR&CL=2&DR=C6641>



Unreported business activities and cash transactions occur in most countries and are the continuing subject of investigation by tax authorities. These activities include drug trafficking, gambling, prostitution, loan-sharking, bribery, use of state property for private gain, employment of workers without a permit and without paying social costs, and misappropriation of public funds. In 1994 in the UK it was estimated by government tax authorities that the black market economy had reached a volume of £50 billion per year, namely more than twice the annual defence budget. As its name implies, the second economy refers to all unlawful activities taking place outside the state-controlled economic system. It is centred primarily around the illegal production and distribution of goods and services for private profit. This illegal system has persevered and has even played a useful role in filling the gap resulting from the inefficient performance of the 'first' economy. However, one of its disadvantages is that it has given birth to a new privileged class that enjoys many amenities and luxuries not available to the majority of the population.