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THE LEVEL OF INFORMAL ECONOMY
AND ITS EFFECT ON ECONOMIC FREEDOM

The article is devoted to the study of the level of informal economy and its effect on economic freedom. An understanding of the "free market" in terms of disclosure of its features is given. It is argued that the informal economy is a distortion of economic freedom, and there is evidence to support this. The informal economy is found to exist in different economic systems, and even exists in countries with a high index of economic freedom. The main reasons for the existence of an informal economy are listed. The average indicator of the level of informal economy by groups of countries is given. The dynamics of the integral indicator of the level of the informal economy in Ukraine for 2017-2018 are indicated. The distribution of the informal economy of Ukraine between the economic sectors is analyzed. It has been found that in order to reduce the level of the informal economy, it is advisable not to focus efforts on punitive measures but on preventive measures that will identify possible ways to get a business out of the informal.

To prevent negative consequences it is necessary:

- to delimit the capital of criminal elements, as well as to reflect it in legal and legislative acts to combat crime;
- strengthen the state's protection of the population from financial fraud, provide guarantees for the protection of savings and capital;
- to develop a special policy for those living abroad, to develop and implement a program for the repatriation of Ukrainian capital with their transformation into real investment resources.

In order to overcome or reduce the shadow economy, it is necessary to create conditions under which the producer will have a slightly greater benefit from working in the formal sector than in the shadow sector. But at the same time, to reduce the impact of shadowing, there is a need to stimulate entrepreneurial initiative and raise people's responsibility for their own material well-being. The main priorities in this direction are the protection of property rights, development and leveling of competition, stability of macroeconomic policy.

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