



Economic crisis and illegal trade

Dissertation submitted

by

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to

TIME MBE

in partial fulfilment of the requirements for the degree of Master in Business

Economics

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Nicosia, 2020

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Summary

Trade is a dynamic process that inevitably has many adverse effects and undesirable effects on the economy and culture. The purpose of this study was to analyze and record consumers' views on their awareness and positions on the notion of smuggling and its effect on the country's economy.

The questionnaire was the research instrument for this study. Through Google Forms, the survey was carried out online and the questionnaire was posted on social networking sites. IBM SPSS was the software used to analyse the results.

Through this thesis, it is observed that the current economic downturn is forcing customers into smuggled goods, and that trade seems to be a country's economic issue. The results of the survey also showed that as the age of consumers increases, they feel that trade is an economic and social issue for a country, and that their willingness to purchase illegal goods is reduced because of the perception that trade is detrimental to the social sector in the country.

Introduction

The fact that the black market or illegal trade is growing during a global financial crisis should be no surprise to economists. The financial and economic crisis has impacted developed countries, though the effect has been somewhat delayed. There were distinct obstacles for each nation to dominate. The closer developed nations are to the global economy, the greater the impact. And the initial recovery that is becoming remarkable is currently limited to only a few countries and regions (Agapitos & Mavraganis, 1995). The crisis was primarily expressed in trade and financial flows, causing millions of people to return to poverty. Many developing countries, to the same degree as developed countries, have not and do not have the means to boost the economy and protect their economically vulnerable populations. However, substantial attempts have been made by several countries to mitigate the consequences. Developing countries have also improved cooperation and are urgently calling for a greater voice in global economic affairs (Agapitos & Mavraganis, 1995).

Because of the economic crisis, illicit trade is a concept under progress in the European Union (EU). From 8 percent of Switzerland and Austria's gross domestic product (GDP) to more than 30 percent in some countries in Central and Eastern Europe, such as Bulgaria, Croatia or Romania. For both governments and the EU, closing off this "other" market is a risk. The transformation of undeclared jobs into formal employment can be an important step towards achieving the EU employment goals set out in the 'Europe 2020' strategy of the European Commission (Berger et al., 2014).

Almost everywhere in the world, illegal trade is spreading. It affects developing countries and is also part of the everyday lives of countries with high incomes, such as the EU Member States. In the informal economy, entrepreneurs work because they want to abolish taxes and regulations that render structured transactions unprofitable or impossible (Agapitos & Mavraganis, 1995).

Based on the above, the aim of this dissertation is to study whether the participants are aware of the concept of illicit trade and the consequences it may have on the people who buy it and in a country. Based on the aim, the following research questions are examined:

- Is there a relationship between the participants regarding the frequency of illegal activities and buying illegal products?
- Do participants' views on illicit trade as a social and economic problem for a country differ depending on the participants' level of education?
- Is there a relationship between the two sexes regarding the purchase of imitation products sold at 1/10 of the brand price?
- Is there a difference between participants who buy products from wanderers and those who do not buy, as to whether illegal marketing products pose a threat to the health and safety of the consumer, as well as not legally guaranteed?

To tackle these matters the dissertation consists of the following chapters. The first chapter describes the concept and characteristics of the economic crisis and the impact it has on trade and its functions. The second chapter describes the concept, types, and causes of illicit trade, as well as its effects on the economy and other sectors. The third chapter describes policies based on which the problem of illegal trade can be tackled. Chapter 4 describes the methodology used to answer the research question. Chapter 5 provides the results of the analysis of the data collected from the questionnaires. The final chapter offers the conclusions.

Chapter 1 Financial crisis

1.1 Definition

An economic crisis is a situation in which a country's economy is deteriorating. It is also called a real financial crisis. During the crisis, GDP and liquidity usually decline, and real estate and stock market prices plummet (Agapitos & Mavraganis, 1995).

The world has been washed over by an economic and financial crisis. Banks failed, stock prices dropped, and economic activity dropped without precedent. Following financial and real estate speculation in the United States, the crisis started in 2007, but resulted from a long period of international financial uncertainty, trade imbalances and many local or regional crises. The crisis had spread to a number of countries by the end of 2008. Governments have reacted with massive emergency measures, but the crisis has continued to grow and vast numbers of staff around the world have been laid off. The crisis is seen by many as a chance for renewed control and democratic reform of the world economy. The solutions, however, are complicated by the depth of the crisis and the absence of strong global institutions (Berger et al., 2014).

1.2 Characteristics

Normally, a decline is characterized by market cycles. Three times in the cycle are included in the business cycle. It consists of a recession and then a threshold (peak) followed by a recovery. This cycle is repeated, and it gradually slows down relaxation, leading to a recession.

Prolonged economic activity characterizes the recession. The economic sense of the Philip Curve and the indirect relationship between inflation and unemployment are ignored by an economic downturn. Instead, the prevalence of rapid growth and high unemployment worsens the situation (Berger et al., 2014).

During this period, there is low consumer demand, mainly due to the following reasons (Birdsall, 2009):

- Lower buying power owing to high inflation and moderate revenues.
- Financial Conditions Instability.
- Consumers tend to invest for future uses (if they have enough income) as the economy is highly unpredictable.
- The duration of the recession and the timeframe from which it will begin to recover will vary from country to country.

1.3 The global financial crisis

Since 2007, the global economy has faced a serious economic crisis that, initially manifested in the United States, soon reached epidemic proportions with an emphasis on bad credit and, in particular, the inability to service mortgages. The financial crisis, with drastic consequences on the banking system and industries, has spread rapidly to developing countries and worldwide. The crisis is being shifted to the real economy, according to the International Monetary Fund, resulting in a recession and declining employment (Birdsall, 2009). The response of the countries was immediate in terms of taking steps to deal with the crisis. Though different from country to country, these initiatives nevertheless had a common objective of improving liquidity, of mobilizing investment to revive the economy and of retaining jobs.

The proposal to tackle the crisis, help and restore the economy was submitted to the European Union in December 2008. A crucial aspect of this strategy was the implementation of shared policies in accordance with the advancement of the long-term objectives of the European Union. The goal is to stimulate the economy and to take steps to encourage business and employment. The key pillars of the crisis are the injection of

liquidity into the economy, the stimulation of demand and the promotion of investment, with the long-term objective of improving the competitiveness of Europe, but still taking account of the constraints of the Stability Pact, which emphasizes fiscal discipline and monetary stability (European Commission, 2009).

The 2008 global economic decline is the product of the 2007 international financial crisis in areas of the real economy of the international community. The credit crunch arising from the lack of liquidity was visible in the stock market indices of developing countries. In comparison, due to the large losses from investor sales, many stock markets have remained closed. Significant sectors of the economy, such as banking, insurance, real estate, cars, trade and others, have been affected, with a direct impact on economies' economic size, such as increasing unemployment, new inflationary pressures, devaluation of currencies, etc. According to economists, the state of the economic crisis is comparable to the crisis of 1929, with falling growth rates and exposing the budgets of countries to the risk of diversion.

Finally, with the simultaneous coexistence of the following three causes, the current crisis started (INE-ΓΣΕΕ, 2008):

- In certain parts of the United States, the bubble in housing prices has encouraged overconsumption, causing the economy to overheat and growing the current account deficit, as is also the case in similar crises.
- Rapid growth of high-risk mortgages from 9 % of total mortgages in 2003 to 24% in 2007, i.e. a rampant growth of credit to household groups that should not necessarily have been lent. In the first years, banks issued loans with the only assurance of the anticipated rise in home prices, while at the same time facilitating houses with attractive low interest rates, which, however, would later be modified. The banks also

undertook to repay another bank's household loan when the household was having a trouble repaying it.

- The transfer of risk via securitization from the balance sheets of banks to the public and investors, many of whom were unaware of the extent of risk, has been vulnerable to high returns. This risk shift allowed banks, without seeking new depositors, to lend fearlessly to non-credit worthy borrowers and then gain liquidity for additional lending.

1.4 Impact of financial crisis

In developing countries, the crisis came from important financial centres. Only gradually did the power of the effects in developed and transition countries become evident. For developing countries, the situation is new because they were not affected too much during the previous crises. Developing countries are the victims of the crisis this time around, but they have not caused it. The causes of the global financial crisis are found in the fiscal and economic policies of developed countries, especially the United States. It has become more difficult to borrow abroad. During 2008, the full force of the global financial and economic crisis impacted developed countries and their thresholds. The IMF, the World Bank, and other institutions have subsequently gradually downgraded their growth estimates for Asia, Latin America, and Africa. High growth rates have vanished, and even as economic production shrinks, many countries have had to decrease (Birdsall, 2009).

The slowdown in economic growth has led to a per capita income, at least in countries with high population growth rates. From a macroeconomic point of view, the crisis manifested itself in growing trade and payment deficits, shrinking foreign exchange

reserves, currency devaluation, rising inflation rates, increasing debt, and increasing public deficits.

Not all regions, nations, and demographic groups were affected equally or at the same time by the crisis. The criteria for each nation have been produced differently. The financial and economic crisis in developed countries has spread mainly through financial flows and trade to developing countries. The closer a developed country is to the global economy, the faster and greater the crisis can become (Birdsall, 2009).

In May 2008, the crash of stock markets in major financial centers also spread rapidly to major developing countries' stock markets. The stock markets in China, India, Russia, South Africa and Brazil, for instance, followed suit immediately. The Morgan Stanley Capital International Emerging Market Index, which represents lower-country stock markets, dropped by 23 percent within a week. A characteristic of these countries is that they are already connected to other countries by a highly developed financial sector. The weaker the laws of the land, the more sensitive the hazards are (Berger et al., 2014).

The leading cause of the financial crisis was the crash of the housing market. By 2006, house prices had begun to decline. The demand for real estate has collapsed. The issue emerged as a result of mortgage hedging. In the United States, commercial banks began selling these mortgages to investment banks in the US and around the world as securities. The securities have been classified as low-risk AAA securities and have been transferred. Commercial banks and mortgage companies have been abducting loans quietly without testing their integrity properly. This has also helped investment banks. However, the AAA ranking was satisfied with the final recipient of the mortgage collateral, ignoring the private and welcome rating agencies. Therefore, during this time, rating firms had a boom period (Morais de Sa e Silva et al., 2009).

By 2007, house prices had declined significantly. Borrowers at NINJA have refused to repay their loans. The recession was caused by this as banks had no liquidity. Banks stopped lending because of a lack of liquidity and, as a result, people who wanted bank loans for their company had little to do. The credit crunch mandated loan capital to be retained by reducing borrowing (Gurtner, 2010).

1.4.1 Impact of financial crisis in the trade

Economic crises may have major negative effects on different parts of an economy. Free trade is an essential sector which could be impacted by the economic downturn. Free trade is when, without government intervention, countries import and export products. The advantages of free trade firms, as they can sell goods to any customer they want around the world. Economic downturns or other crises, including the growing intervention of national or foreign governments, frequently generate challenging free trade policies (Gurtner, 2010).

Protection of domestic products

Security takes place as policymakers start imposing quotas on manufactured goods or imposing price limits on individual items. In times of an economic downturn or crisis, policymakers will try to save domestic jobs. Many economic downturns lead to major local job layoffs. Limiting import volumes from a free trade policy will help businesses prevent such layoffs and increase domestic consumer goods production (Gurtner, 2010).

Lower consumer demand

For consumers, a financial crisis also decreases the amount of personal income. Lower personal income levels typically minimize the amount of money that individuals are

able to spend on different goods or services. Less markets also need less imports from countries that are foreign. The lowest consumer demand can occur at different times in the financial markets. Although one country may have a high demand for imports, due to lower consumer demand from another country, products exported from that country may decrease (Gurtner, 2010).

Less developing markets

During an economic recession, many nations do not extend into other markets. Markets that are less developing also result in lower exports from other countries. Depending on the amount of free trade available in the nation and other economic factors, financial markets will grow rapidly. During an economic recession, many nations do not extend into other markets. Markets that are less developing also result in lower exports from other countries. Depending on the amount of free trade available in the nation and other economic factors, financial markets will grow rapidly (Gurtner, 2010).

Reduced credit

After a financial crisis, credit also decreases. The amount of products that businesses can import from other countries is typically restricted by lower credit levels. During a financial crisis, individuals can also face credit issues. Lower consumer credit reduces the number of consumer markets, leaving businesses with higher levels of inventory and the need to limit imports from foreign countries (Morais de Sa e Silva, 2009).

Exchange fluctuations

Fluctuations in the exchange rate associated with an economic recession may have a negative impact on the mechanism of free trade. Countries also export goods from one country to another based on exchange rates. This will dramatically shift the benefit of importing and selling goods if the currency of a nation rises or falls during the economic crisis. An rise in the exchange rate will lead to more expensive goods and less free-market imports (Gurtner, 2010).

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Chapter 2 Illegal trade

2.1 Definition

Given that many economic practices are included in the phrase 'illegal trade,' a formal description is difficult to offer. The definition should, for example, differentiate between domestically manufactured and consumed goods and services, 'soft' types of illegal work (sunbathing), illegal jobs and social fraud, and criminal economic activity. The shadow economy will, in general, involve individuals' financial activities outside the formal rules and institutions. The market is forced to function outside the traditional economy and institutions, both public and private, since transactions are illegal-goods or services themselves are not inherently illegal to possess or sell by other legitimate channels (Atkinson & Morelli, 2011).

From an economic policy viewpoint, the coastal economy's operations, which are of particular significance, are connected to added value. It is important to differentiate between the production of illegal and legal activities and the illegal and legal production and distribution of the products of these activities in order to determine the cost of these activities. Tax evasion and registration costs or the disappearance of price controls are common rewards for working in the informal economy. The shadow economy is usually referred to as a parallel operation to the formal economy as a whole (Atkinson & Morelli, 2011).

Without obtaining the necessary permits and paying taxes, the term can apply either to illegal activities or ordinary legal activities carried out. Illicit revenue from self-employment or trade provides examples of legitimate activities in the underground economy. Drug dealing, dealing in stolen goods, smuggling, gambling, and fraud are illegal activities (Atkinson & Morelli, 2011).

Covert economic activity appears to happen when business exchanges are influenced by excessive taxation, legislation, price caps, or state monopolies.

Underground economic activities can also be facilitated by failure to accept or enforce private property rights and contractual agreements. Measuring the underground economy is difficult because its operations are not included in any government documents, by definition. Its size may be focused on sampling and tax audits, or calculated from national data on accounting and labor. Due to the vulnerability of the informal economy to changes in the global and national economies, its size is subject to change, increasing, for example, during periods of decline or decreasing in the event of increased penalties for tax evasion (Atkinson & Morelli, 2011).

Participants will attempt to conceal their actions from the state or regulator because tax evasion or engaging in black market activity is illegal. In illegal transactions, the use of cash is the chosen mode of trade, since the use of cash leaves no imprint. Popular black market rewards are the smuggling and enforcement of tax evasion, or the completion of price or pricing controls. Usually, this article refers to the whole of this operation as a supplement to structured economies by the procurement of certain goods and services, e.g., "the Bushmeat black market" (Atkinson & Morelli, 2011).

The black market is distinguished from the gray market in which the products are sold by means of networks which, while lawful, are unofficial, unauthorized or accidental by the original manufacturer, and from the white market in which the trade is lawful and official, respectively (Katsios, 2006).

Black money is the result of an illegal transaction in which no income or other tax has been charged, and only some form of money laundering will legitimize it. It is difficult to determine its scale and reach, because of the illicit existence of the black economy (Katsios, 2006).

2.2 Types of illegal trade

Illegal trade is found in many aspects of our daily economic life, such as:

Small street traders

Small street traders have been a familiar sight for many years in many cities and tourist destinations. The smuggling of street vendors includes: smuggling vast quantities of copies of branded products, secret warehouses, turnover and profits of billions of euros brought by the chain of illegal trade, tens of thousands of illegal immigrants and the losses of legal traders and the state from tax evasion (Katsios, 2006).

Illegal trading on health

It includes the informal - underground payments in public and private hospital sectors and the part of those additional and direct payments that evade the tax records (tax evasion). It is a fraudulent phenomenon where one intentionally causes or assists someone is causing financial harm, related to the services provided by health care providers. It can be caused by providers of materials and services, such as doctors, clinics, pharmacists, pharmaceutical companies, and suppliers, or even by the insured themselves, motivated by the growing financial ties between some of them. Patients give the "envelope" at the request of doctors. At the same time, some patients give money to doctors on their own either before surgery to reduce waiting time and provide better service or operation to provide them with "Thank" and express their gratitude (Te Velde, 2008).

Undeclared - informal work

Nowadays, the crisis has contributed the most to the increase of unemployment, which in turn has given a significant boost to undeclared - undeclared work, as the unemployed having no other choice are led to illegal economic activity. Undeclared work (or undeclared work, undeclared work, undeclared work) is directly linked to illegal trade

and tax evasion. The recruitment and employment of employees follow specific procedures, following the provisions of labor law. Thus, undeclared work is the primary or secondary work that brings profit. Although it should, it is not declared to the competent authorities to avoid taxation, violation of social security status, or other state regulations of economic activity. Undeclared work as a complex phenomenon is influenced by a range of economic, social, political, and institutional factors. It is a very intense phenomenon with high unemployment rates, a large number of self-employed, and large migratory inflows. A typical example is Greece. According to IOBE, the main factors that favor it are the economic downturn, high unemployment, and changes in labor relations (Te Velde, 2008).

2.3 Causes of illegal trade

As the leading causes of the phenomenon of illegal trade are considered (Te Velde, 2008):

- The degree of state intervention (restrictions, changes in laws, size of the public sector).
- The state bureaucracy.
- The high tax burden (taxes, social security contributions).
- Tax evasion.
- Unemployment (high unemployment rate leads to "black" work).
- The irrational use of the tax product by the state.
- The high percentage of self-employed in the economy, compared to the rate of those who offer dependent work.
- The level of conscientiousness and socio-economic values of the leaders and members of a society.

- The existence of dirty money can come from drugs, prostitution, arms trade, misuse of public funds, etc.
- The lenient punishment of the wrongdoers.
- Corruption.
- Smaller shadow economies tend to have countries with relatively low tax rates, less laws and regulations, and an existing rule of law.
- Data-driven macroeconomic and microeconomic modeling studies for many countries indicate that growing tax and social security payments, combined with increasing constraints on the formal labor market, are the key drivers behind the scale and development of the informal economy. Wage rates also play a role in formal economics.

Many factors have influenced the growth of the shadow economy, based on scientific studies in developed countries, but the most important, most commonly reported and empirically validated ones are the following:

- Tax charges and donations to social security.
- The density and strength of regulations in the formal economy , especially in the labor market, including the compulsory reduction of working hours, early retirement and increasing unemployment, offer more time to illegal work.
- Less engagement by people and commitment to and reverence for public institutions.
- Poor fiscal morale (willingness to pay taxes), partially due to corruption and public institutions' deteriorating efficiency.

Many empirical studies consider that one of the most important factors in the informal economy's growth is the rising burden of taxes and social security contributions. Up to half the variation in the size of the informal economy by region, depending on the model and the number of factors involved, can be explained by this factor. Since taxes affect

the choice of work and leisure and stimulate the supply of labor in the informal economy, economists are very concerned about the distorting impact of this affect (Schneider, 2007).

The greater the disparity between gross labor costs in the formal economy and earnings after labor taxes, according to economic theory, the greater the incentive to reduce this disparity and work in the shadow economy. To a large degree, this disparity depends on the overall burden of taxes and social security payments on the formal economy, a liability which is avoided in the informal economy (Johnson et al., 1998).

From this viewpoint, people who feel overwhelmed by the state and prefer the escape option rather than the voice option (voting and political participation) can see the growth of the shadow economy as a reaction. The rise in activity in the informal economy as a result of the increase in overall taxes and social welfare burdens the tax base and the sustainability of the social security system. This, in turn, leads to more rises in the budget deficit or to higher taxes, to further development of the informal economy and to a gradual weakening of the social contract foundations. These claims are theoretically and empirically-based (Schneider & Dominik, 2000).

The increase in the strength of regulations, which is also calculated by the number of laws and regulations, such as permit requirements, labor market regulations, trade barriers, and labor restrictions for immigrants, is also an important factor leading to the growth of the shadow economy. The effect on the informal economy of labor regulations has been thoroughly studied. Regulations increase labor costs and limit participants in the formal economy's freedom of choice. When most of these costs move from employers to workers, major legislation offers another opportunity for the informal economy to operate (Schneider, 2011).

In Eastern and Central Europe, the informal economy is being guided by other factors.

They're including (Schneider, 2011):

- In conjunction with corruption, the lack of competence of official institutions (legislators, bureaucracy, courts) undermines confidence in these institutions.
- Poor enforcement of legislation and regulations and failure to protect property rights or refusal to protect them.
- For entrepreneurs, the high cost and administrative pressure.
- For survival or for starting a company, unnecessary bureaucracy and inefficient bureaucracy can "hide in the shadows."
- The universal acceptance, which makes fighting difficult, of illegal work.

According to numerous empirical studies, the efficiency of institutions and corruption are an important factor in the growth of the informal economy in Eastern and Central Europe. The range of institutions explains much of the variation between eastern and central European countries and OECD countries in the informal economy (Schneider, 2011).

The causes, consequences, and problems generated in developed countries by the increasing activity in the shadow economy are controversial and have been widely discussed. The European Commission and the Parliament have taken large measures, including EU-wide surveys, to better understand and tackle the growth of the shadow economy, and several national governments, because of high unemployment rates, tight budgets and increasing discontent with economic and social policies in some European countries (Schneider, 2011).

But there are also tough choices involved in these efforts. While tax evasion leads to widespread public indignation due to widespread social fraud and illegal jobs, illegal workers cause much less resentment, although some politicians claim that their conduct

is anti-social, contributing to higher unemployment and social inequality. According to polls, nearly half of Germany, Norway, Sweden and the United Kingdom have tolerated such activity and, provided the chance, will engage in it. In the household sector, illicit work is especially prevalent. In Germany, for example, nine out of ten households are unlawfully engaged in domestic work (Schneider, 2011).

In its pan-European strategy to tackle illegal work, the guidelines set out by the European Commission require countries to share 'models of good practice' and to coordinate their efforts at EU level, including stricter restrictions and more strict sanctions.

Benchmarking may help to find new ways of tackling illicit and unreported jobs, but initiatives seldom go beyond symptom attacks. Stricter punishments alone would not put the criminal practice to an end. A more powerful and less expensive two-pillar approach is proposed in this article. For example, recent findings from studies in economic psychology and behavioral economics suggest that innate motivation and values have a much more important effect than perceived or real rate detection (Schneider, 2011).

2.4 Assessment of illegal trade

It is hard to quantify the scale of the shadow economy. The persons involved in these operations, after all, make every attempt to prevent identification. Yet politicians and government officials need information about how many people are active in the informal economy, how often there are underground operations, and the scale of those operations, in order to make the right resource allocation decisions. Thus, a number of estimates have been developed by economists and government statisticians to calculate how big the shadow economy is (OECD, 2009).

The approximate size of shadow economies as a percentage of formal GDP in developed countries is based on macroeconomic data. With respect to official GDP, in the

economically advanced countries of the OECD, shadow economies are much smaller than in Central and Eastern European countries. Nevertheless, even within the industrialized economies of the OECD, major disparities remain. Although the shadow is 10 percent or less of official GDP in the US, Switzerland, Austria, Japan, and New Zealand, it is higher than official GDP in all Eastern European countries and in some Southern European countries (Greece, Italy, Portugal, and Spain). But in all countries, the scale of shadow economies has been decreasing since 2003. For example, in Germany, the shadow economy shrank from 17 percent to 11 percent (2018) (Williams & Nadin, 2013).

When calculated using survey data available for 2007 and 2013 for EU countries, the scale of the informal economy is much smaller. Around one in ten Europeans (11 percent) said in those years that they had purchased products or services that were suspected to be created by undeclared work in the past year (Williams & Nadin, 2013).

The percentage of respondents who purchased goods or services that they believe were manufactured through undeclared work differs dramatically across countries. High-rate countries include Greece (30 %) and the Netherlands (29 %) in 2013. Poland (5 %) and Germany (7 %) are countries with low percentages. In 2013, the average amount spent by Europeans on goods or services produced through undeclared work amounted to € 200. The average cost per hour for the purchase of undeclared goods and services was € 11, varying from € 20 in the Nordic countries to € 5 in the Eastern and Central European regions. The proportion of Europeans who reported purchasing undeclared services also varied from service to service. 29 percent for home repairs, 22 % for car repairs, 15 % for home washing, and 11 percent for food were the highest prices. 19 % for repairs or renovations, 14 % for gardening, 13 % for washing, 12 % for babysitting,

and 11 % for working in restaurants were the required sums for the provision of undeclared jobs. The outcomes, given the supply side, are even lower. In the last 12 months (2017 and 2013), approximately 4-5 % of respondents in 27 EU countries said they were undeclared, which translates into 20 million undeclared jobs (Williams & Nadin, 2013).

Trafficking is on the rise in most transition countries and in all OECD countries under investigation (due to a lack of data, the trend in developed countries as a community can not be reliably judged). It rose in the countries of the former Soviet Union between 1990 and 1998, and Central and Eastern European countries remained almost stable at around one-fifth of GDP (OECD, 2009).

The informal economy has been rising for 30 years in the 21 OECD countries surveyed, doubling from less than 10 % of GDP in most of these countries in 1970 to 20% or more of GDP by 2000 in Belgium, Denmark, Italy, Norway and Sweden. In countries with smaller shadow economies, growth has also taken place. For instance, the shadow economy in the United States doubled from 4 % of GDP in 1970 to 9 % in 2000. Greece and Italy had the highest percentages, at 30 % and 27 % in the 21 OECD countries in 1999-2001. GDP percentage, respectively. The Nordic countries belong to the middle tier, while the United States and Austria, at 10 % of GDP, were at the lowest end, and Switzerland, at 9 %. (OECD, 2009).

Development was higher for OECD countries in the 1990s: in the community as a whole, it increased from 13% in 1990-93 to 17% in 1999-2000. The shadow economy continued to develop in most OECD countries late in the decade (European Commission, 2009).

2.5 Taxes and social security contribution

In the formal economy, taxes and social security payments lift labor costs and are key factors in the development of the informal economy. The greater the disparity between the formal economy's gross labour costs and earnings after labour taxes, the greater the motivation for employers and workers to avoid this disparity and engage in the shadow economy. The distinction can be immense. For example, tax and social security contributions by businesses and their workers in Germany and Austria correlate to the salaries received by employees, which are essential determinants of the shadow economy (European Commission, 2009).

Several studies have found clear evidence that the informal economy is influenced by the tax regime. In Austria, the most important effect on the development of the informal economy was the imposition of direct taxation (including social security payments), followed by many workers legislation and the complexity of the tax system. For the Nordic nations, Germany, and the United States, other studies show similar findings. The study shows that the marginal federal income tax rate is rising by one percentage point in the United States. Others, by comparison, are equal; the informal economy is increasing by 1.4 percentage points. Lowering the overall income tax rate can also prevent further development of the shadow economy in the United States (European Commission, 2009).

Government regulations

In the formal economy, government regulations can dramatically raise labor costs for enterprises. These regulations include permit provisions, regulations for the labor market, trade barriers, and limits on foreigners' labor. Employers in the formal economy

who transfer much of their workers' relative increased costs give them a good incentive to migrate to the informal economy (Roberto Dell'Anno et al., 2007).

Several studies indicate that there are greater informal economies in countries with more regulated economies. For example, a one-point increase in the regulatory index (ranging from 1 to 5) is correlated with an increase in informal economies in 84 emerging, transitional and advanced economies, by 10% (Roberto Dell'Anno et al., 2007).

In particular, labor market regulations have a major effect on employer costs and benefits for workers. High overall labor costs are a major cause of high official unemployment rates in many OECD countries and, at the same time, of the growth of the informal economy that employs many officially unemployed citizens. Some governments (e.g., France) and trade unions (e.g. in Germany) have reduced the hours that people can work to minimize unemployment in the formal economy. The goal is to more equitably redistribute a limited amount of labor, but the forced reduction of jobs in the formal economy will drive people into the after-trade field (Roberto Dell'Anno et al., 2007).

2.6 Implications

A difference in the following may reflect a shift in the size of the illegal economy:

- Indicators in monetary terms. Trading with Shadow appears to be in currency. It is possible that rising activity in the shadow economy would fuel demand for the currency.
- Levels of engagement in the labor market and working hours. Participation rates in the formal economy may decline as more and more people work in the hidden sector. Similarly, working hours in the formal economy can decrease as individuals work longer hours in the hidden sector.

- Rates of participation in the labor force and working hours. Participation rates in the formal economy may decrease as more and more people work in the hidden field. Similarly, as individuals in the hidden sector work longer hours, working hours in the formal economy will decrease.

Theoretical and empirical research do not clarify exactly how economic growth is influenced by the growth of the informal economy. The informal economy, according to some, is undermining GDP growth. They argue that the shrinking shadow economy would increase tax revenues and increase public expenditure growth, especially in the areas of infrastructure and services that support output expansion, thus increasing the overall growth rate of the economy. Conversely, the view is that trafficking is more lucrative and productive than the formal sector, and that growth would also boost economic growth as a whole (Birdsall, 2009).

Instead of a formal economy, illicit trade transactions hold state revenues lower than they would otherwise be and, in turn, reduce the capacity of governments to provide goods and services. The tax rates of individuals and corporations are raised by governments. Increased taxation-particularly in conjunction with the alleged deterioration in the quality of free goods and public administration or public infrastructure investments-induces companies and employees to join the informal economy even more strongly, perpetuating the loop (Roberto Dell 'Anno et al., 2007).

It depends on principles and political ideology whether the illegal economy is deemed negative or useful. Many who see the state as the guarantor of equal wages and job practices are mindful of the growth of the underground economy as a significant challenge to social welfare. Non-payment of taxes from this sector limits the funds available for social services and the legal protections provided to key workers are not enjoyed by workers. Companies that do not have to pay taxes or minimum wages may complain

about unfair competition from large companies. When there is a large para-economic operation, such as construction, wage levels can be decreased across the industry across a wide region (Roberto Dell'Anno et al., 2007).

Stavros Petrou

Chapter 3 Policies to tackle illegal trade

From time to time, many plans have been published for ways to fight the informal economy, many have been implemented, and more have been left on the paper. The following are some of them (Díaz-Cediel et al., 2017):

- Recommendation of the National Council for tackling tax evasion. It will serve as a means of formulating proposals aimed at taking measures to combat tax evasion, simplifying procedures in the implementation of tax and customs legislation, and consolidating a spirit of social justice.
- Incentives for voluntary compliance. Modern tax administrations have increasingly adopted strategies in recent years to reduce the administrative costs of control while seeking to consolidate greater tax awareness among taxpayers. Significant incentives must be provided to increase the degree of voluntary compliance over time. In this way, on the one hand, a reduction in the cost of tax control is achieved and, on the other hand, the infringements and irregularities committed by the taxpayers themselves are revealed, the probability of which would be published in some cases, practically small, as either the taxpayer could not be selected for audit or the audit did not identify all of these infringements and irregularities.
- Arrangements for young entrepreneurs. The tax administration should pay special attention to creating a climate of mutual trust with taxpayers and young entrepreneurs. Through the principles of risk analysis, international experience has shown that the specific treatment of young entrepreneurs through education and guidance creates more significant benefits in the medium to long term (increased voluntary compliance, etc.) concerning the potential short-term costs. Also, it should be provided for the above traders. For the same management periods, the non-imposition of the offered additional taxes in cases of the inaccuracy of the income tax return due

to incorrect determination of net income, except specific examples of serious infringements.

- Incentives for revealing delinquent behavior in tax cases. Provide incentives for taxpayers to disclose such phenomena, which, however, should have been proven to have taken place. In these cases, taxpayers are exempt from fines, surcharges, and criminal penalties for those infringements intended to cover up.
- Deductions of expenses from the taxpayer's income.
- Restoring a spirit of trust and cooperation between taxpayers
- The rationalization of the tax burden is that horizontal and vertical tax justice, and the tax burden corresponds to the real data of the economy.
- It is strengthening the control mechanisms with the participation of representatives of the involved bodies in the Local Self-Government committees, which will supervise and control the implementation of the law.
- Intensified controls of the competent services, tax offices, Police, Municipal Police, and Market Law for the import and distribution of products that do not have quality guarantees and proper circulation.
- Repayment of transactions through a bank account is necessary to deal with the informal economy and tax evasion.
- Content and scope of tax courses in Higher and Higher education. There are also specialized postgraduate degrees in taxation and auditing as a prerequisite for selecting positions of responsibility for auditing services.
- Equally, important priority should be the drastic simplification of tax legislation with the possible abolition of the Books and Records Code, so that the entrepreneur can know clearly what his tax obligations are so that opportunities are not given for all kinds of transactions between tax collectors and people in the business.

- It is essential to use modern technology to have a system of comprehensive monitoring of taxpayers' assets. If the taxable income is monitored in the long run, the sources of tax evasion can be identified.
- It increases the productivity of the entire public sector and not only the tax authorities, by improving the methods of its organization and administration, as well as by improving the quality and rates of use of its inputs. This will lead to the containment of public spending, which will reduce the tax burden and the development of the formal private sector, thereby reducing the informal economy.
- Registration of immigrants because most of them work without insurance for the benefit of employers. Due to the inability to find work, they resort to illegal trade with the consequence of the informal economy's growth.
- They are reducing corruption. The high corruption observed in Greece contributes to the non-implementation of the tax system. One way proposed (Katsios, 2006), regarding the reduction of crime, is to implement an internal geographical movement of civil servants, in such a way that they do not develop client relationships with the citizens of an area, since Greece maintains a sizeable public sector even in small towns and regions. This would be possible at this time, when many civil servants have the right and, in some cases, the obligation - due to overcrowding - to transfer to another service wherever they are, where there is a vacancy, otherwise they are even threatened with dismissal.
- Labor market reform. One proposal that would help reduce the informal economy is to make a significant reform of labor market flexibility. By lowering labor market constraints, individuals are motivated to move towards the formal economy. The abolition of the payment of a large sum of money for the issuance of a professional

license makes it easier for those who intended to be active in this profession to do so and not to resort to an "undeclared" job.

- Another proposal is to reduce barriers to entry into the business.
- Immediate establishment and activation of the Public Markets and Outdoor Trade Control Levels in all regions and the legislative regulation of their financing status.
- Reduction of state intervention. Interventions in the health system with:
 - Increase in health costs and remuneration for healthcare staff. Enhancing transparency & accountability through the tightening of legislation & especially disciplinary sanctions.
 - Strengthening Internal Control mechanisms.
 - Strengthening the electronic payment system.
 - Strengthening cooperation with European & international organizations, e.g., the European Anti-Fraud and Corruption Network in health.

Chapter 4 Research Methodology

This chapter describes the methodology used to answer the research questions. In this context, the reasons for choosing to conduct a review research are explained, the research tool where it was used, the sampling method used and the sample that participated in the specific research are described. Validity, reliability and ethics are also mentioned. Finally, the way in which the research data was analyzed is explained.

4.1 Aim of the research

The purpose of this dissertation is to investigate whether the participants are aware of the concept of illicit trade and the consequences it may have on the people who buy it and in a country.

Based on the above purpose of this dissertation, the following research questions are asked:

1. Is there a relationship between the participants regarding the frequency of illegal activities and buying illegal products?
2. Do participants' views on illicit trade as a social and economic problem for a country differ depending on the participants' level of education?
3. Is there a relationship between the two sexes regarding the purchase of imitation products sold at 1/10 of the brand price?
4. Is there a difference between participants who buy products from wanderers and those who do not buy, as to whether illegal marketing products pose a threat to the health and safety of the consumer, as well as not legally guaranteed?

4.2 Research design

Based on the purpose and objectives of this dissertation, it was considered that quantitative research should be used. Quantitative survey examines the views and trends of

the population, as well as possible relationships and differences and generalizations (Creswell, 2011).

In fact, quantitative research is often used as a method of gathering information. With the help of quantitative research, the views of the participants on the subject of the research are described and compared (Fink, 2009), and for this reason it seemed to be in line with the purposes of the present research. In addition, quantitative research is a method where it is possible to collect a lot of data from a large target population, such as the population of farmers and agronomists in the country. Thus, with the help of quantitative research, descriptive, conclusive and explanatory results are extracted, and at the same time it can extract from the variable frequencies, collect standard data and check if there are correlations between the variable correlations (Cohen et al., 2008).

A longitudinal research would be more useful, as it would allow for better observation of trends in the views of participants and would also allow for possible changes in their views (Cohen, et al., 2008). However, because time was limited, cross-sectional research was performed. Since, contemporary research has less cost, it draws conclusions faster and is more likely to ensure the cooperation of participants (Creswell, 2011). Thus, the present study was transformed into a cross-sectional survey.

4.3 Research tool

To answer the research questions, a questionnaire was constructed and given, which was an easy-to-use and quite easy-to-analyze research tool, while it could be used to quickly gather a lot of data at the same time. This is why it is often used in quantitative research (Cohen et al., 2008). The purpose of the questionnaire was to be easy and fast to complete from the survey sample and to minimize possible errors. It should also be reliable, simple and valid, in order to provide accurate information with a high response rate. It still had to be defined without vagueness, interest, and to arouse the interest of

the population, so that they would be willing to complete it and the answers would express the truth. And finally to agree with ethical ethics. The questionnaire is structured with closed-ended questions, because they are answered, coded and analyzed in an easy way. This is why the questionnaire was chosen to contain only closed-ended questions (Coolican, 2004).

In order to prove that the questionnaire is appropriate for the specific population, a pilot was given to 10 people who would not participate in the survey in order to make as many changes as the 10 participants suggested. This was done in order to make the questionnaire simple and understandable (Fink, 2009). The final questionnaire consisted of 22 questions.

4.4 Sample

The research population consisted of a total of 108 people. The type of sampling decided by the researcher to be used is the convenience sampling. As a result, the e-questionnaire was "uploaded" on all social media in order to be answered by as many people as possible. However, this process does not provide info about the country in which the participant were located.

4.5 Procedure, Ethics, Validity, Reliability

The process of making, distributing and collecting the questionnaires took about a month. Before the final questionnaire was given, a pilot test was performed on a small sample of 10 people who would not participate in the survey (Creswell, 2011). After the necessary corrections were made and the questionnaire that would be used in the research was prepared, it was promoted on social media. The resulting data were coded to receive appropriate statistical processing (Creswell, 2011).

At the same time, the following strategies were used to eliminate common threats to validity (Creswell, 2011):

- Carefully construct the questionnaire to avoid frequent mistakes, such as double-negative questions.
- Pilot check of the questionnaires.
- Anonymity and confidentiality.
- Informed consent.

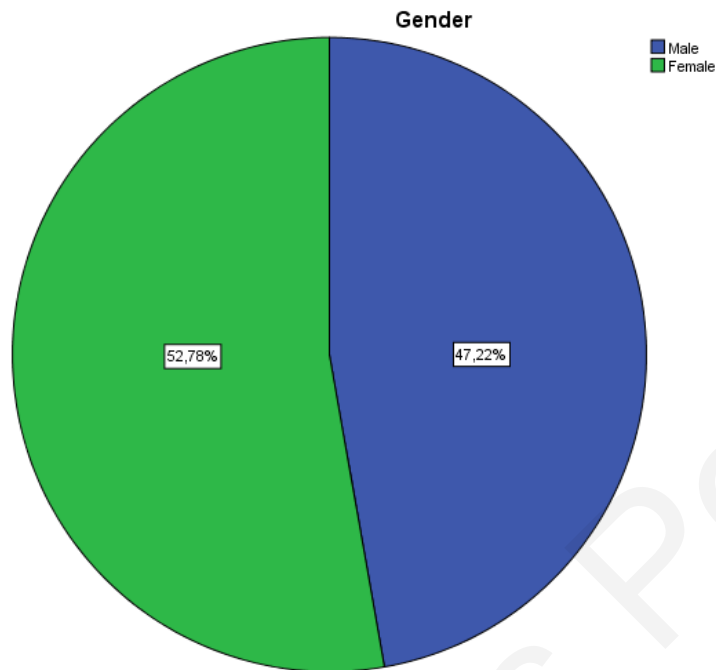
4.6 Statistical analysis

The data analysis of the questionnaire was done with the statistical program SPSS, which is widely used for data analysis and extracts tables and diagrams with great accuracy. (Field, 2009). The chi-square test, t - test for independent samples and ANOVA will be used to answer the research questions.

Chapter 5 Results of the analysis

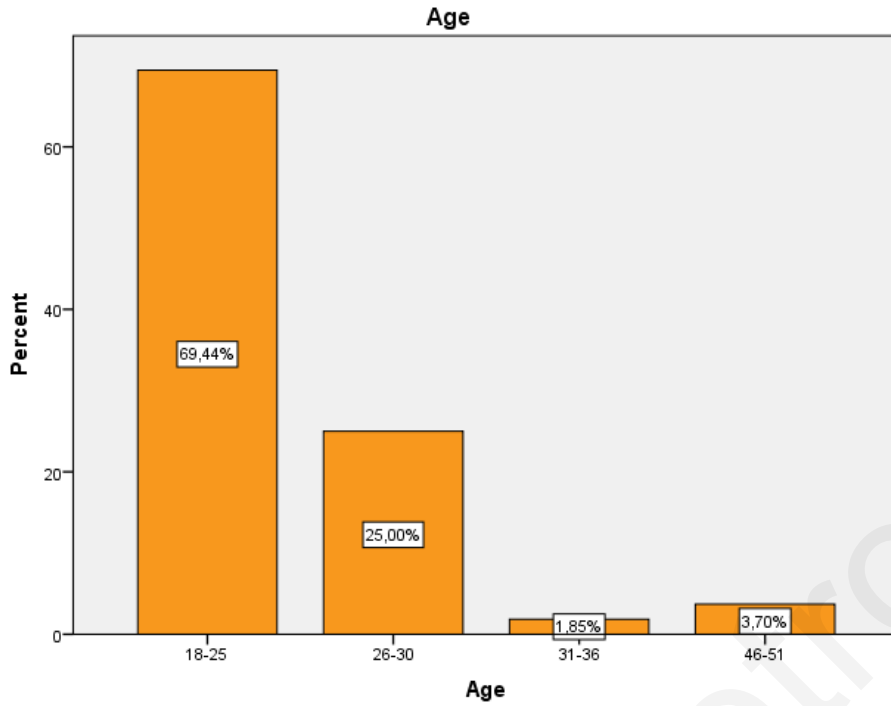
5.1 Descriptive analysis

108 people took part in this research. The majority of participants are women (N = 57, 52.8%), while 47.2% of them are men.



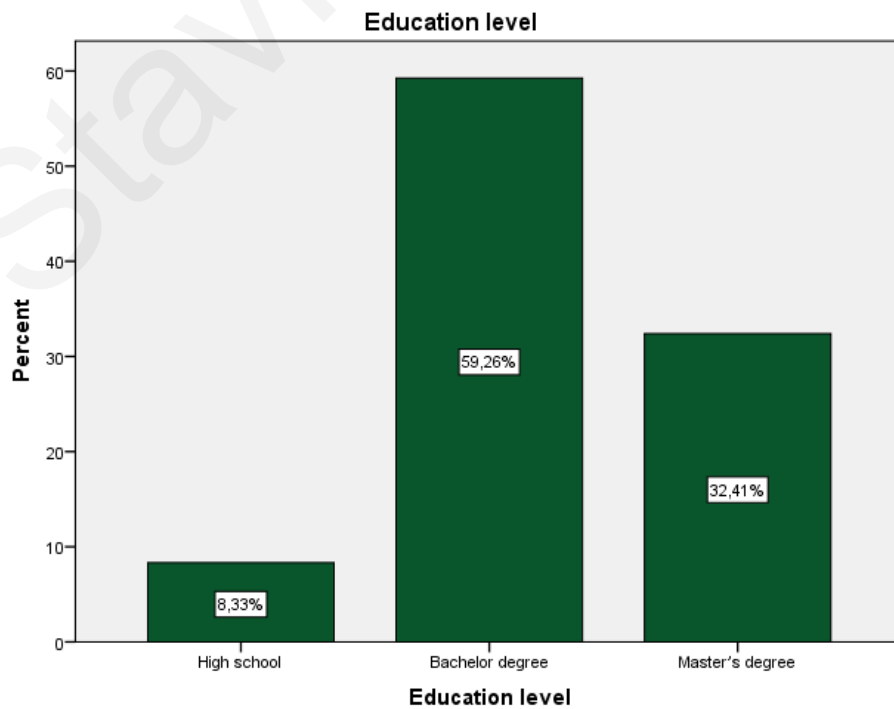
Graph 1: Gender

The following diagram shows that most participants are aged 18 - 25 years (N = 75, 69.4%). 25% of the participants are aged 26-30 years, 3.7% of them are aged 46-51 years and 1.9% of them are aged 31-36 years.



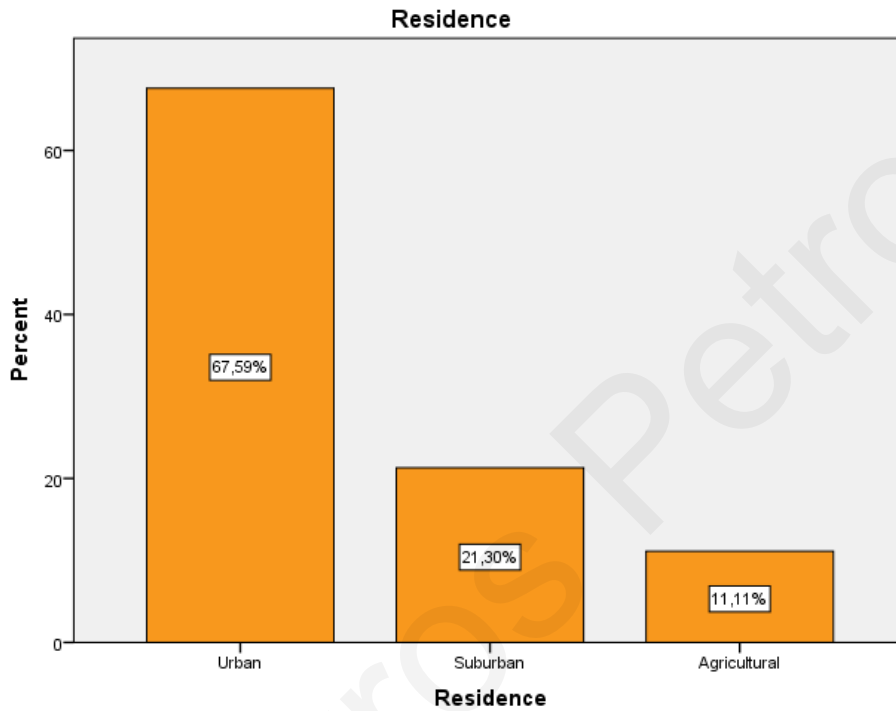
Graph 2: Age

Figure 3 shows that most participants are graduates of Higher Education (N = 64, 59.3%). 32.4% of the participants hold a Master's degree and 9.3% are Secondary education graduates.



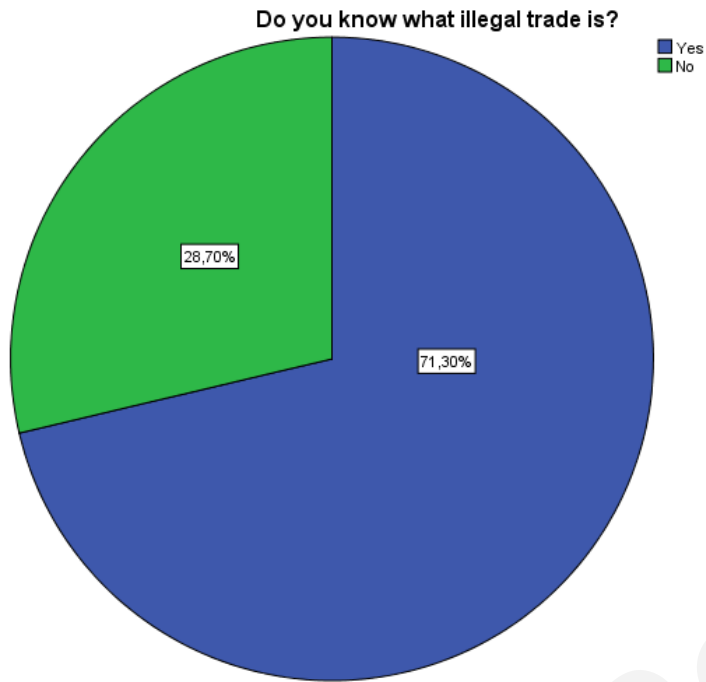
Graph 3: Level of education

Graph 4 shows that most participants live in an urban area (N = 73, 67.6%). 21.3% of them live in a suburb and 1.1% of them live in a rural area.



Graph 4: Place of residence

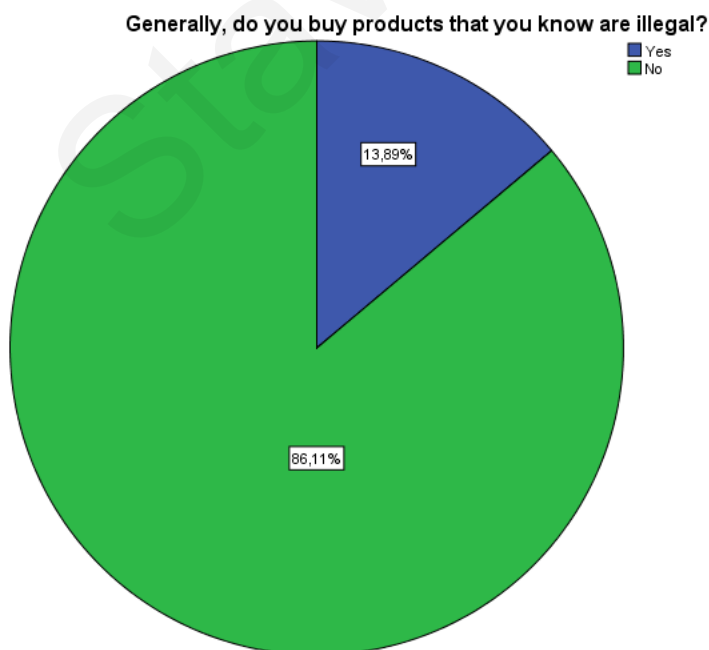
Graph 5 shows that most participants know what illegal trade is (N = 77, 71.3%). While 28.7% of the participants do not know what illegal trade is.



Graph 5: Knowledge of illicit trade

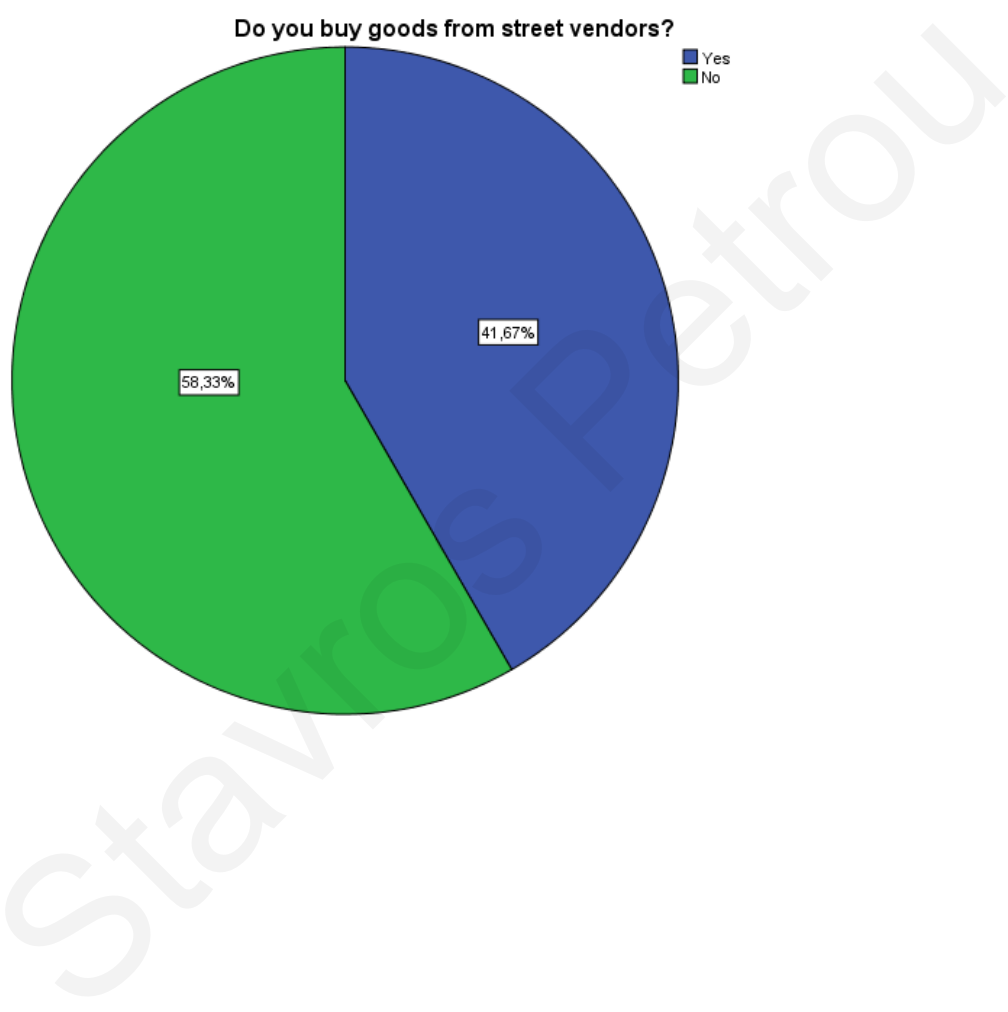
Graph 6 shows that they do not buy products that they know are illegal (N = 93, 86.1%).

While 13.9% of them buy products that they know are illegal.



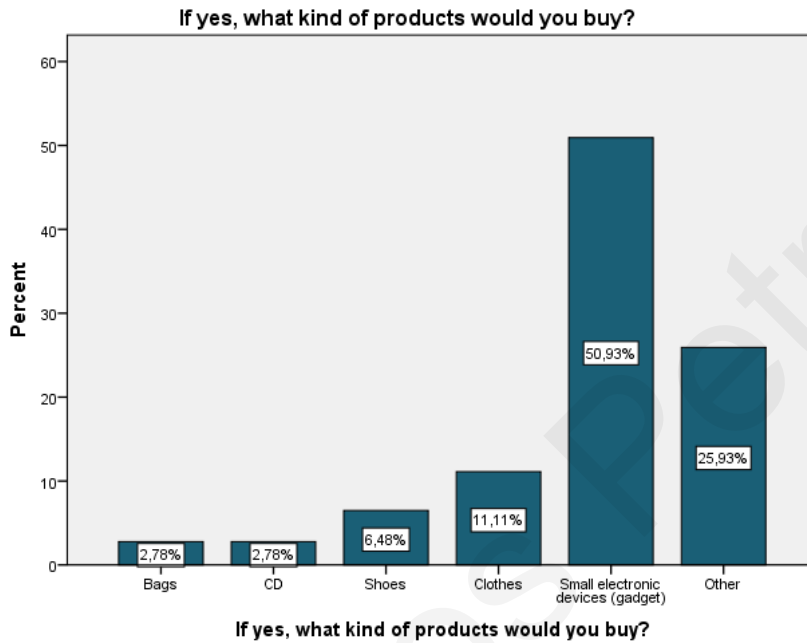
Graph 6: Purchase of products that are illegal

Graph 7 shows that most participants do not buy goods from street vendors (N = 63, 58.3%). While 41.7% of them buy goods from street vendors.



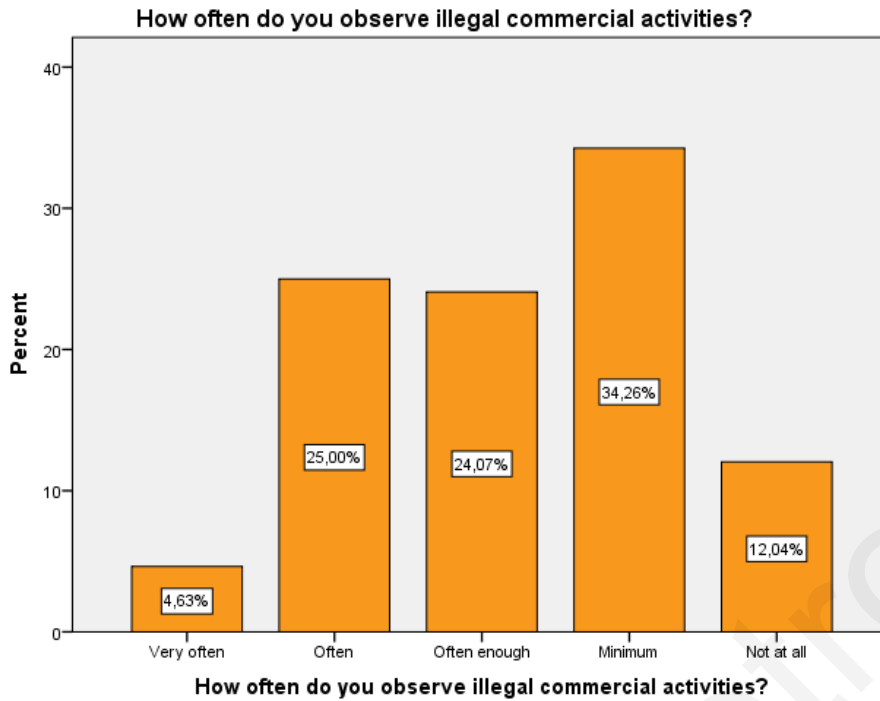
Graph 7: Purchase of products from street vendors

Graph 8 shows that most participants buy from the street vendors various small electronic devices (gadgets) (N = 55, 50.9%). 25.9% of them bought various products, without specifying which products. 11.1% of them buy clothes, 6.5% of them buy shoes and 2.78% of them either buy bags or CDs.



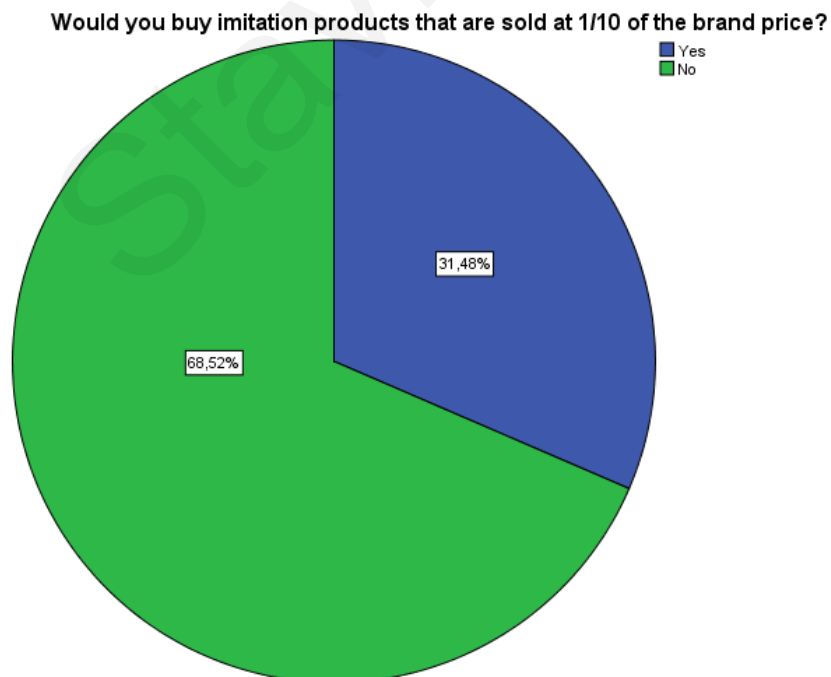
Graph 8: The products bought by the street vendors

Graph 9 shows that most participants observe a minimal degree of illegal commercial activities (N = 37, 34.3%). 25% of the participants often observe illegal commercial activities, 24.1% of them quite often engage in illegal commercial activities, 12% of them do not observe any illegal commercial activities and 4.6% of them very often observe illegal commercial activities.



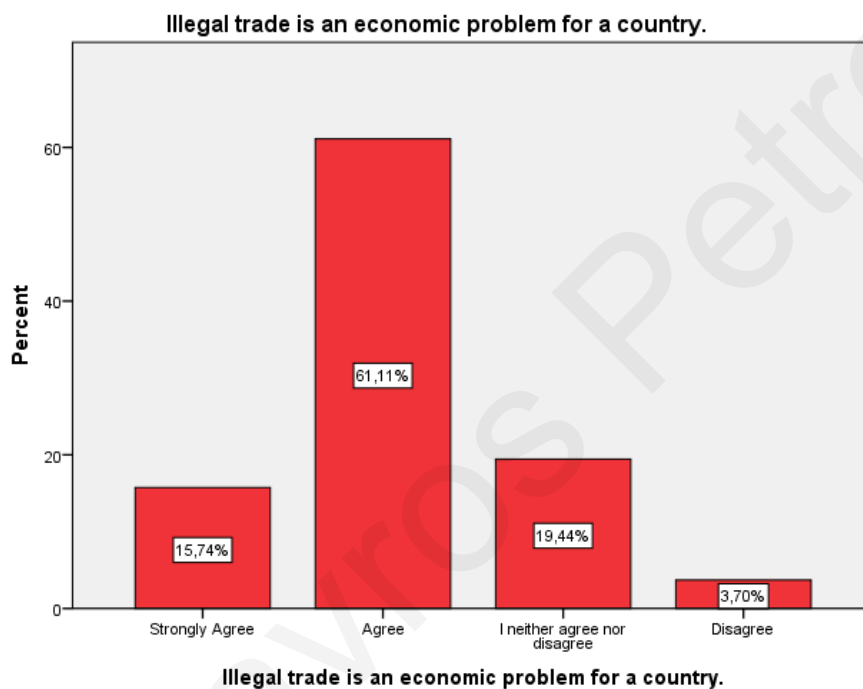
Graph 9: Frequency of illegal activities

Graph 10 shows that most participants would not buy imitation products sold at 1/10 of the brand price (N = 74, 68.5%). While 31.5% of them would buy imitation products sold at 1/10 of the brand price.



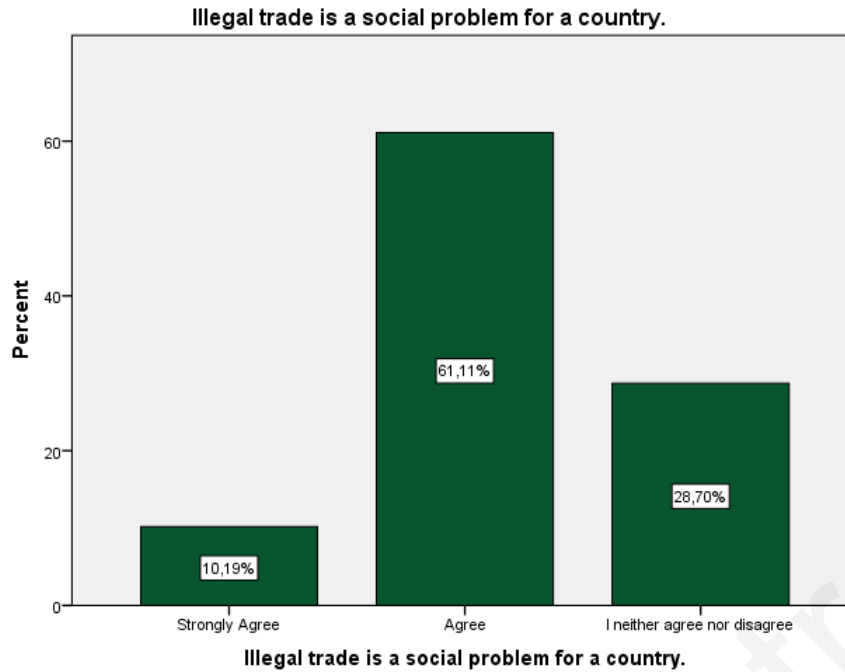
Graph 10: Buy imitations of products sold at 1/10 of the brand price

Graph 11 shows that most participants agree that illegal trade is an economic problem for a country (N = 66, 61.1%). 19.4% of respondents neither agree nor disagree that illegal trade is an economic problem for a country, 15.7% strongly agree that illegal trade is an economic problem for a country and 3.7% of them disagree that illegal trade is a economic problem for a country.



Graph 11: Illegal trade is an economic problem for a country

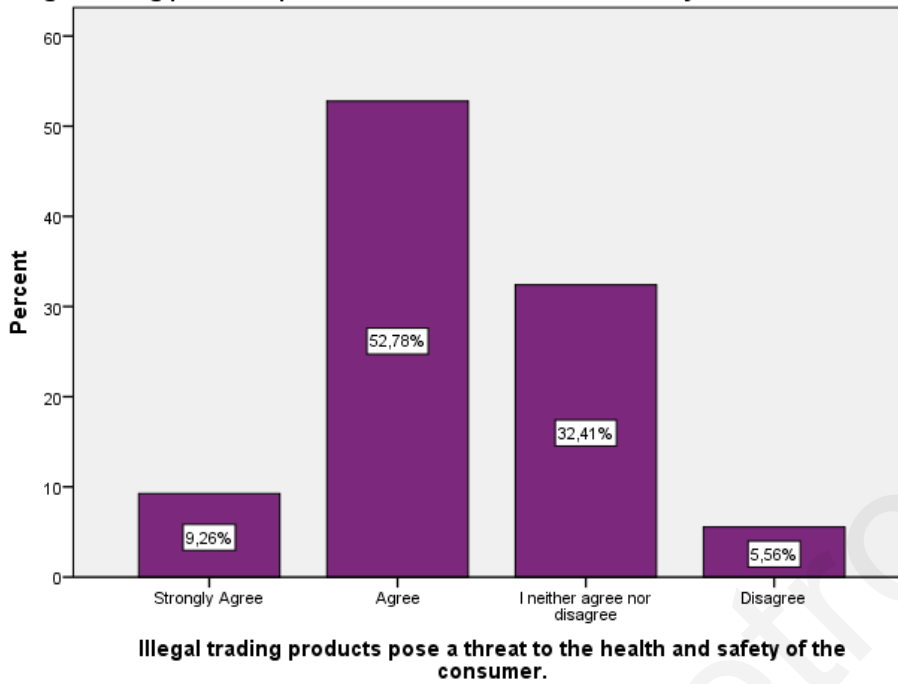
Graph 12 shows that most participants agree that illegal trade is a social problem for a country (N = 66, 61.1%). 28.7% of respondents neither disagree nor agree that illegal trade is a social problem for a country and 10.2% of them completely agree that illegal trade is a social problem for a country.



Graph 12: Illegal trade is a social problem for a country

Graph 13 shows that most participants agree that illicit marketing products pose a threat to consumer health and safety (N = 57, 52.8%). 32.4% of respondents neither agree nor disagree that illegal marketing products pose a threat to consumer health and safety, 9.3% strongly agree that illegal marketing products pose a threat to consumer health and safety and 5.6% They disagree that illicit marketing poses a threat to the health and safety of the consumer.

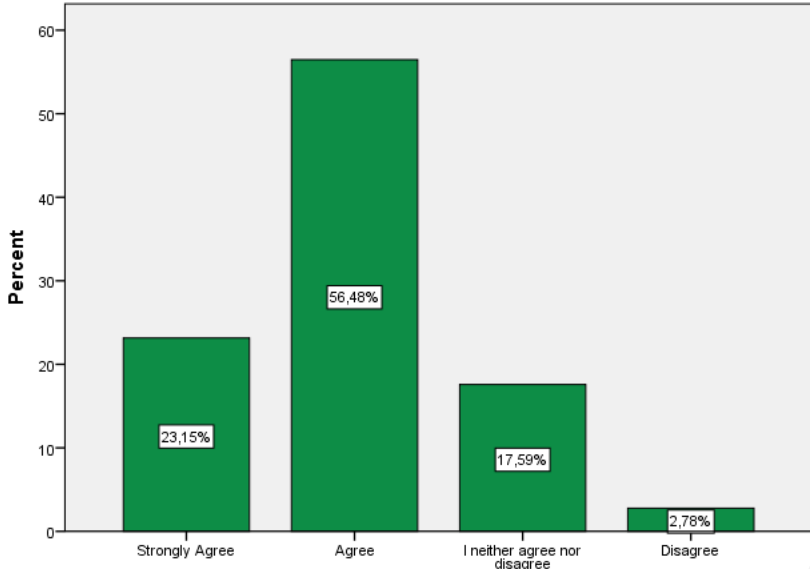
Illegal trading products pose a threat to the health and safety of the consumer.



Graph 13: Illegal marketing products pose a threat to consumer health and safety

Graph 14 shows that the majority of participants agree that the current economic crisis is pushing consumers into illegal trade products (N = 57, 56.5%). 23.2% of respondents strongly agree that the current economic crisis is pushing consumers into illegal trade products, 17.6% of them neither agree nor disagree that the current economic crisis is pushing consumers into illegal trade products and 2.8% of them disagree that the current economic crisis pushes consumers into illegal trade products.

The current economic crisis is pushing consumers to illegal trade products.



The current economic crisis is pushing consumers to illegal trade products.

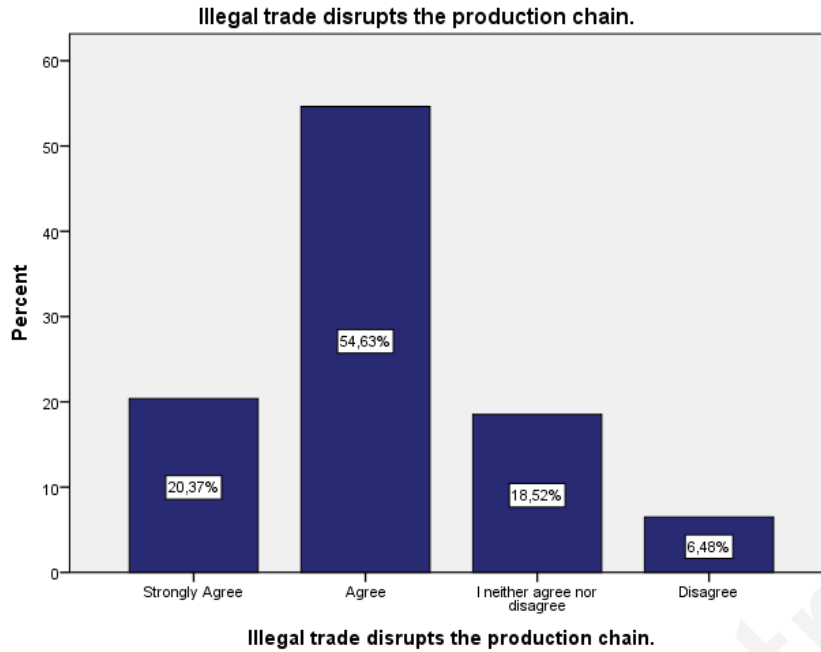
Graph 14: The current economic crisis is pushing consumers to trade illegally

Graph 15 shows that most participants agree that the products of illegal trade are not legally guaranteed (N = 61, 54.6%). 28.7% strongly agree that the products of the illicit trade are not legally guaranteed, 12.3% of them neither agree nor disagree that the products of the illicit trade are not legally guaranteed and 3.7% of them disagree that the products of the illicit trade are not legally guaranteed.



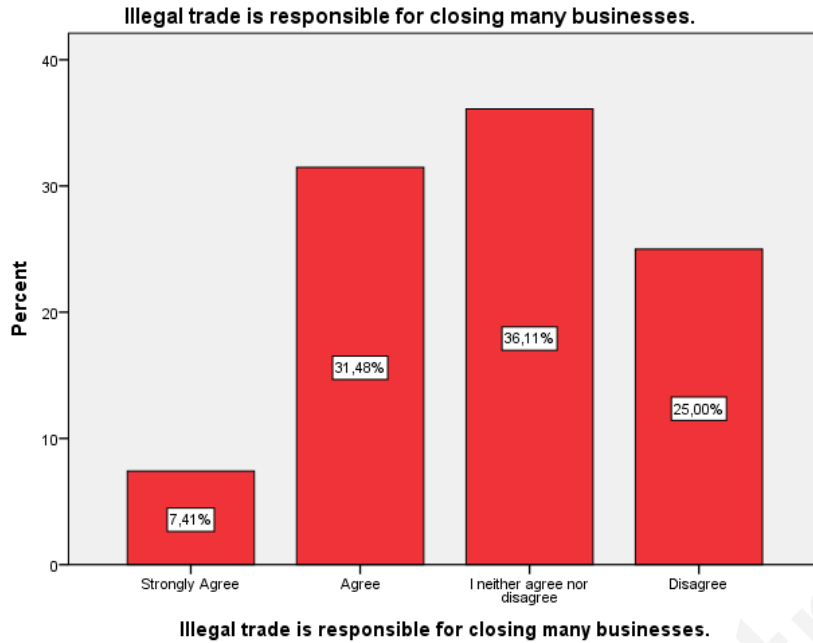
Graph 15: The products of illicit trade are not legally guaranteed

Graph 16 shows that most participants agree that illicit trade disrupts the productive chain (N = 53, 54.6%). 20.4% of respondents strongly agree that illegal trade disrupts the productive chain, 18.5% of them neither agree nor disagree that illegal trade disrupts the productive chain and 6.5% of them disagree that illegal trade disrupts the productive chain.



Graph 16: Illegal trade disrupts the productive chain

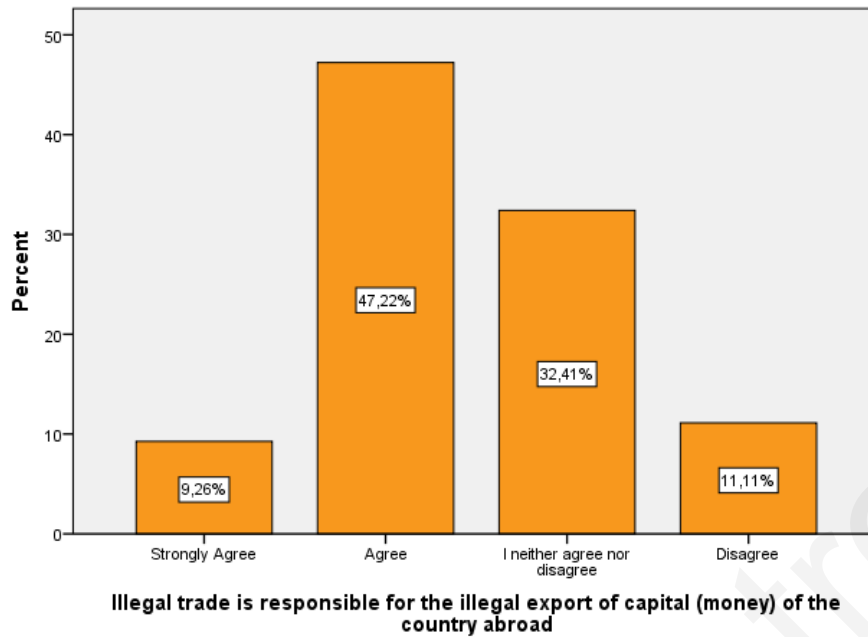
Graph 17 shows that most participants either agree or disagree that illicit trade is responsible for closing many businesses (N = 39, 36.1%). 31.5% of respondents agree that illegal trade is responsible for closing down many businesses, 25% of them disagree that illegal trade is responsible for closing down many businesses and 7.4% of them strongly agree that illegal trade is responsible for closing down many companies.



Graph 17: Illegal trade is responsible for the closure of many businesses

Figure 18 shows that most participants agree that illegal trade is responsible for the illegal export of capital (money) of the country abroad (N = 51, 47.2%). 32.4% of the participants neither agree nor disagree that the illegal trade is responsible for the illegal export of capital (money) of the country abroad, 11.1% of them disagree that the illegal trade is responsible for the illegal export of capital (money) of the country abroad and 9.3% of them absolutely agree that illegal trade is responsible for the illegal export of capital (money) of the country abroad.

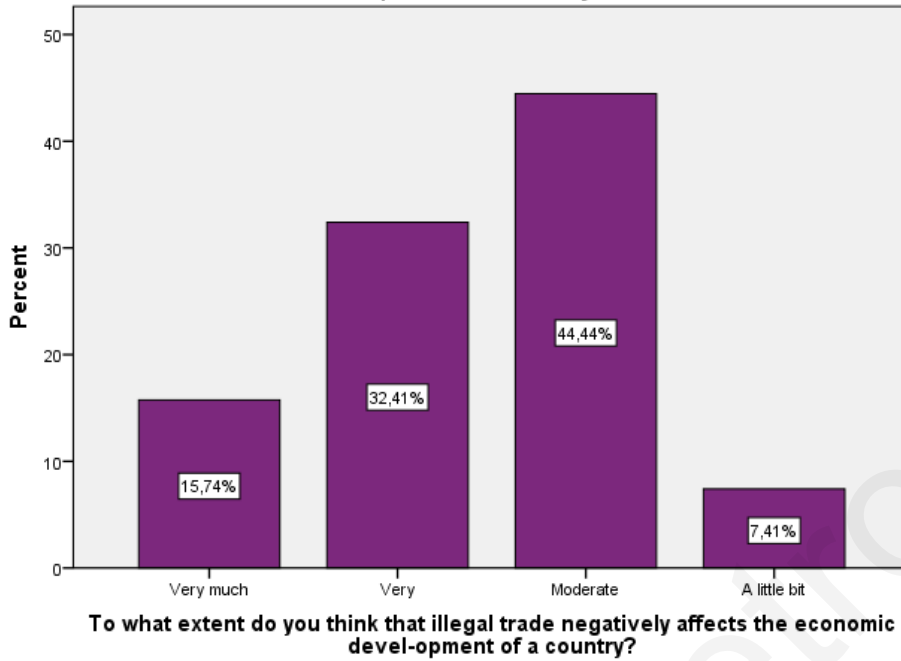
Illegal trade is responsible for the illegal export of capital (money) of the country abroad



Graph 18: Illegal trade is responsible for the illegal export of the country's capital (money) abroad

Graph 19 shows that most participants believe to a small extent that illegal trade negatively affects the economic development of a country (N = 48, 44.4%). 32.4% of respondents strongly believe that illegal trade negatively affects the economic development of a country, 15.7% of them strongly believe that illegal trade negatively affects the economic development of a country and 7.4% of them do not believe at all that illegal trade negatively affects a country's economic development.

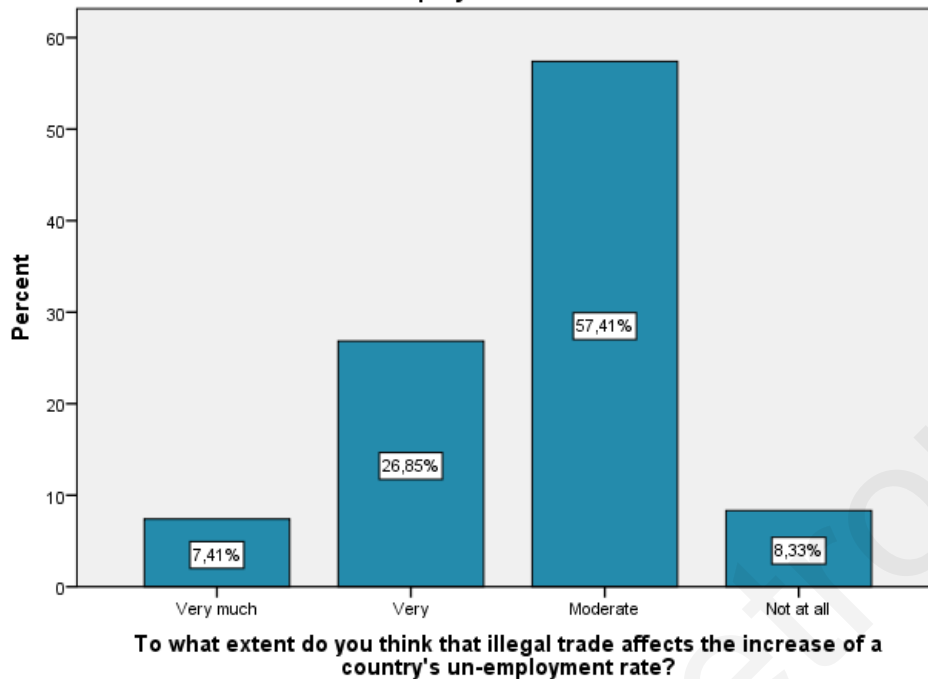
To what extent do you think that illegal trade negatively affects the economic development of a country?



Graph 19: Illegal trade negatively affects the economic development of a country

Graph 20 shows that most participants moderately believe that illicit trade affects the increase of a country's unemployment rate (N = 62, 57.4%). 26.9% of respondents strongly believe that illegal trade affects the increase of a country's unemployment rate, 8.33% of them do not believe at all that illegal trade affects the increase of a country's unemployment rate and 7.4% of them believe in a very large to the extent that illicit trade affects a country's rising unemployment rate.

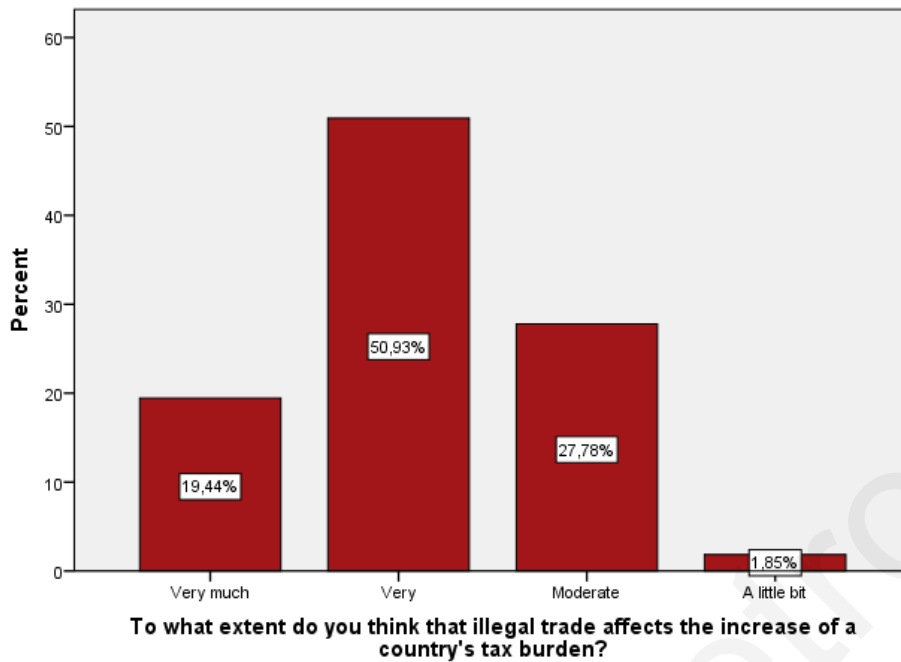
To what extent do you think that illegal trade affects the increase of a country's un-employment rate?



Graph 20: Illegal trade affects the increase of a country's unemployment rate

Graph 21 shows that most participants largely believe that illegal trade affects the increase of a country's tax burden (N = 55, 51%). 27.8% of respondents moderately believe that illegal trade affects the increase of a country's tax burden, 19.4% of them strongly believe that illegal trade affects the increase of a country's tax burden and 1.8% of them do not believe that illegal trade does not affect the increase of a country's tax burden.

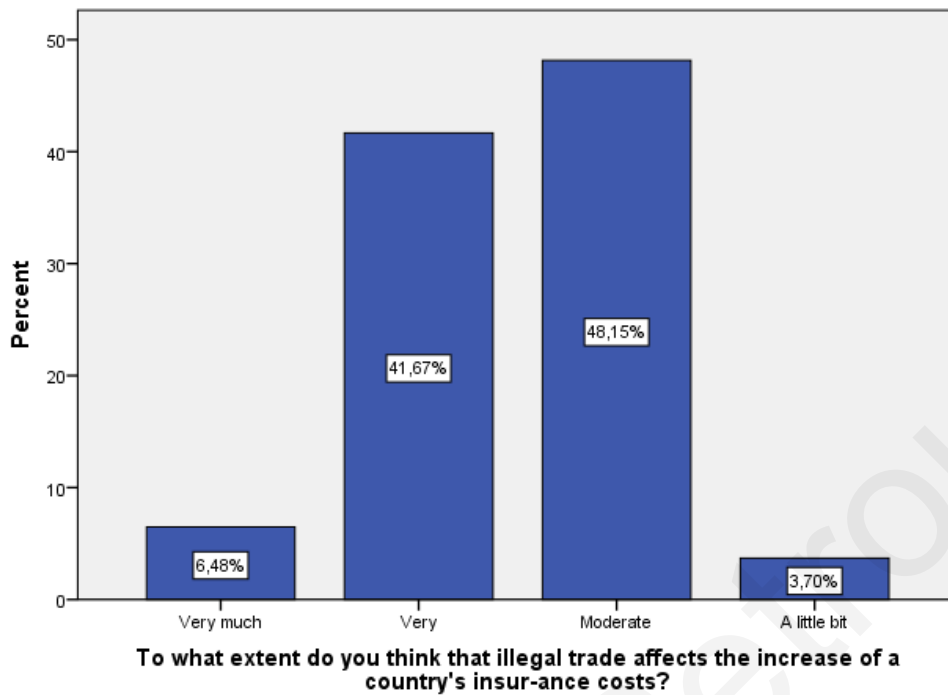
To what extent do you think that illegal trade affects the increase of a country's tax burden?



Graph 21: Illegal trade affects the increase of a country's tax burden

Figure 22 shows that most participants moderately believe that illegal trade affects the increase of a country's insurance costs (N = 52, 48.2%). 41.7% of respondents strongly believe that illegal trade affects the increase of a country's insurance costs, 6.5% of them strongly believe that illegal trade affects the increase of a country's insurance costs and 3.7% of them do not believe not at all that illegal trade affects the increase of a country's insurance costs.

To what extent do you think that illegal trade affects the increase of a country's insurance costs?



Graph 22: Illegal trade affects the increase of a country's insurance costs

5.2 Research questions

1. Is there a relationship between the participants regarding the frequency of illegal activities and buying illegal products?

To answer the above research question, research hypotheses should first be defined:

H0: There is no relationship between participants regarding the frequency of illegal activities and buying illegal products

H1: Is there a relationship between participants regarding the frequency of illegal activities and buying illegal products?

For the correct selection of the above research hypotheses, the chi-square test will be used at a significance level of 5%. The following table shows that there is a relationship between participants regarding the frequency of illegal activities and buying illegal products ($\chi^2_4 = 4.4, \pi < 0.05$). That is, most of the participants who buy illegal

products, stated that quite often they observe illegal activities. While most people who do not buy illegal products, stated that to a small extent they observe illegal activities.

Table 1: chi-square test for the first research question

		How often do you observe illegal commercial activities?					Total	Value X ²	df	Sig.
		Very often	Often	Often enough	Minimum	Not at all				
Do you buy goods from street vendors?	Yes	0	13	17	13	2	45	14.4	4	.006
	No	5	14	9	24	11	63			
Total		5	27	26	37	13	108			

2. Do participants' views on illicit trade as a social and economic problem for a country differ depending on the participants' level of education?

To answer the above research question, research hypotheses should first be defined:

H0: Participants' opinion that illicit trade is a social and economic problem for a country does not differ according to the level of education of the participants

H1: Participants' opinion that trafficking is a social and economic problem for a country varies according to the participants' level of education

For the correct selection of the above research hypotheses, the ANOVA test will be used at a significance level of 5%. The following table shows that the participants'

opinion that illegal trade is a social and economic problem for a country does not differ according to the level of education of the participants ($p > 0.05$).

Table 2: ANOVA test for the second research question

		Sum of Squares	df	Mean Square	F	Sig.
Illegal trade is an economic problem for a country.	Between Groups	,189	2	,095	,190	,828
	Within Groups	52,477	105	,500		
	Total	52,667	107			
Illegal trade is a social problem for a country.	Between Groups	,665	2	,333	,928	,399
	Within Groups	37,631	105	,358		
	Total	38,296	107			

3. Is there a relationship between the two sexes regarding the purchase of imitation products sold at 1/10 of the brand price?

To answer the above research question, research hypotheses should first be defined:

H0: There is no relationship between the two sexes regarding the purchase of imitation products sold at 1/10 of the brand price

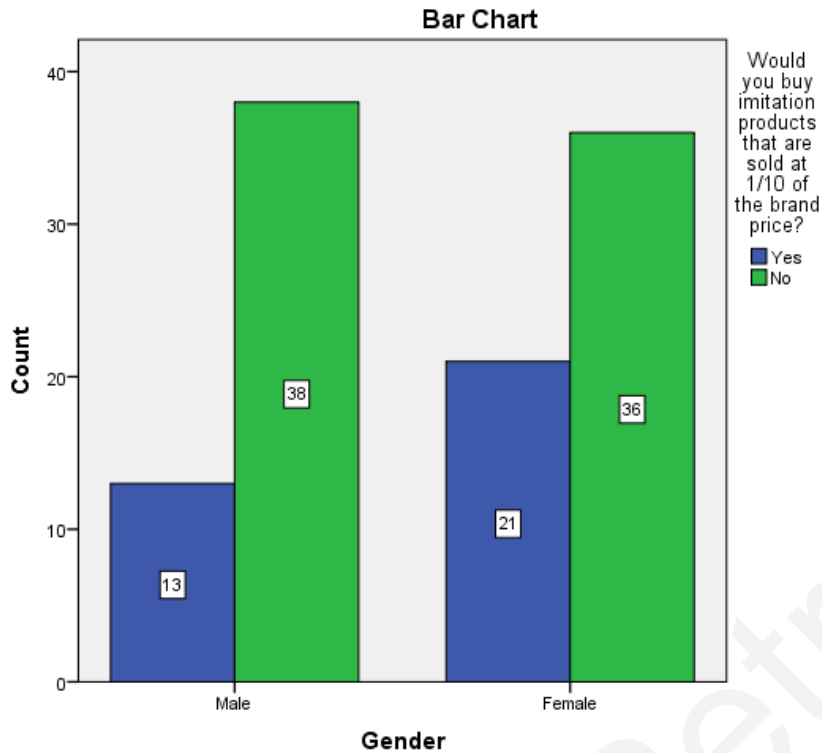
H1: There is a relationship between the two sexes regarding the purchase of counterfeit products sold at 1/10 of the brand price

For the correct selection of the above research hypotheses, the X2 test will be used at a significance level of 5%. The following table shows that there is no relationship between the two sexes regarding the purchase of imitation products sold at 1/10 of the brand price ($\chi_1^2 = 1.61, p = 0.22 > 0.05$).

Table 3: chi-square test for the third research question

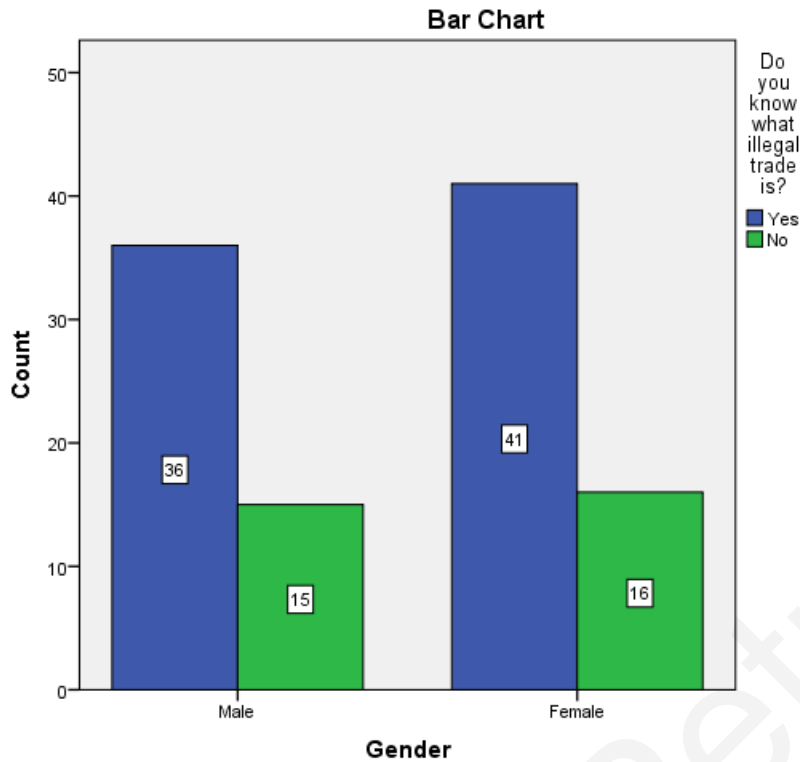
		Would you buy imitation products that are sold at 1/10 of the brand price?		Total	Value X ²	df	sig
		Yes	No				
Gender	Male	13	38	51	1.61	1	0.22
	Female	21	36	57			
Total		34	74	108			

The following chart shows that most men (N = 38) and most women (N = 36) do not buy imitation products sold at 1/10 of the brand price.



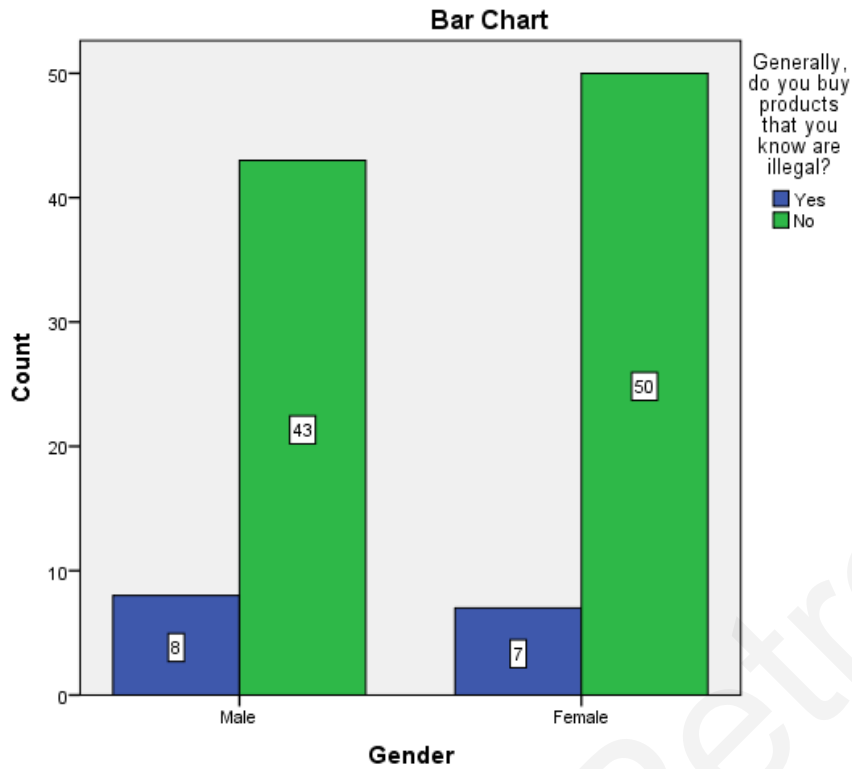
Graph 23: Relationship between gender and purchase of imitation products sold at 1/10 of the brand price

Graph 24 below shows that most men (N = 36) know what trafficking is, compared to 15 men who do not. Also, the following chart shows that most of the women who participated in the survey know what illegal trafficking is (N = 41), while the 16 women do not know what illegal trafficking is.



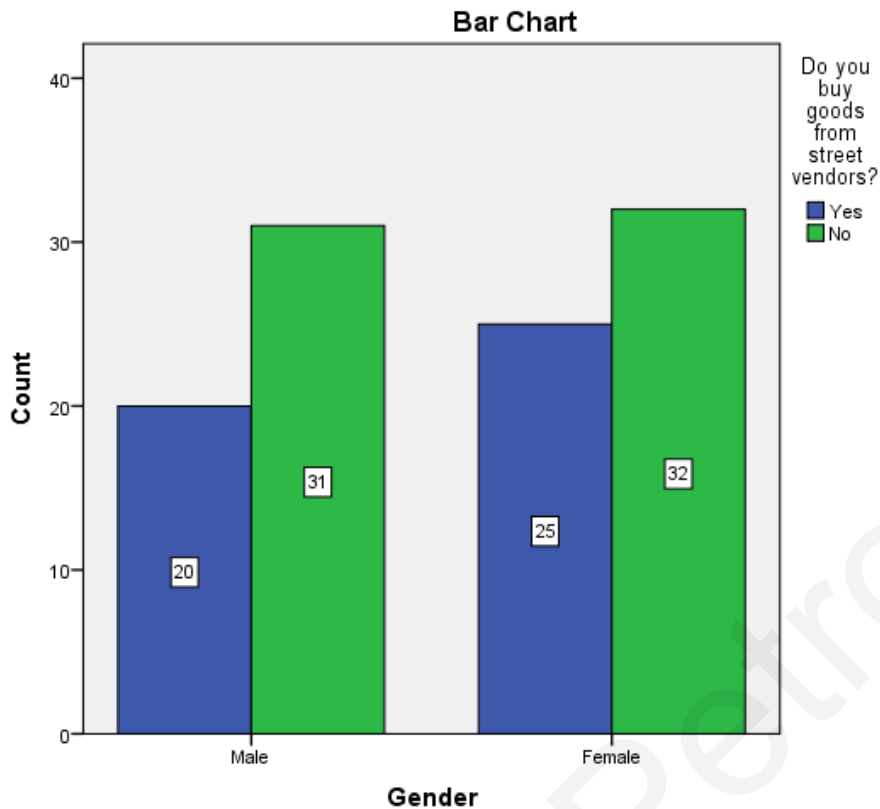
Graph 24: Knowledge of illegal trade by gender

Graph 25 shows that the majority of men do not buy products that they know are illegal (N = 43), compared to the 8 men who buy products and let them know that they are illegal. The same thing happens with women. More specifically, the majority of women do not buy products that they know are illegal (N = 50), compared to the 7 women who buy products and let them know that they are illegal.



Graph 25: Purchase of illegal products to the knowledge of buyers by gender

Finally, Graph 26 shows that most men do not buy products from street vendors (N = 31), compared to 20 men who stated that they buy products from street vendors. Still, most women stated that they do not buy products from street vendors (N = 32), compared to 25 women who buy products from street vendors on the street.



Graph 26: Purchase of products from street vendors by gender

4. Is there a difference between participants who buy products from itinerants and those who do not, as to whether illegal marketing products pose a threat to the health and safety of the consumer, as well as not legally guaranteed?

To answer the above research question, research hypotheses should first be defined:

H0: There is no difference between participants who buy products from itinerants and those who do not, as to whether illegal marketing products pose a threat to the health and safety of the consumer, nor are they legally guaranteed

H1: There is a difference of opinion between participants who buy products from wanderers and those who do not, as to whether illegal marketing products pose a threat to the health and safety of the consumer, as well as are not legally guaranteed

For the correct selection of the above research hypotheses, the T test will be used for independent samples at a significance level of 5%. The following table shows that there

is a difference in the opinion of the participants who buy products from itinerants and those who do not buy, regarding whether the illegal products pose a threat to the health and safety of the consumer ($t_{106} = 4.22, p < 0.05$), as well as not legally guaranteed ($t_{106} = 2.05, p < 0.05$). In particular, participants who do not buy products from street vendors are more likely to agree that illicit marketing products pose a threat to the health and safety of the consumer, as well as not being legally guaranteed.

Table 4: chi-square test for the fourth research question

	Do you buy goods from street vendors?	N	Mean	Value t	df	sig
Illegal trading products pose a threat to the health and safety of the consumer.	Yes	4 5	2,666 7	4.22	106	0.00
	No	6 3	2,111 1			
The products of illegal trade are not legally guaranteed.	Yes	4 5	2,088 9	2.05	106	0.04
	No	6 3	1,793 7			

Conclusions

The study involved 108 people, most of whom were women, aged 18-25, were graduates of higher education and lived in an urban area. Still the majority of the participants are aware of the illegal trade, do not buy products that they know are illegal and do not buy goods from street vendors. Finally, most participants buy from the wanderers various small electronic devices (gadgets).

The above research showed that most participants observe a small amount of illegal commercial activities and would not buy imitations of products sold at 1/10 of the brand price. Still most participants agree that illegal trade is an economic and social problem for a country. Most participants also agree that illicit trafficking is a threat to consumer health and safety, the current economic crisis is pushing consumers into illicit trade, illicit trafficking is not legally guaranteed and illicit trade disrupts productive trade chain.

Also, the above survey showed that most participants either agree or disagree that illegal trade is responsible for closing down many businesses. Most participants agree that illicit trade is responsible for the illegal export of the country's capital (money) abroad. Also, the majority of the participants believe to a small extent that illegal trade negatively affects the economic development of a country, they moderately believe that illegal trade affects the increase of a country's unemployment rate, they believe to a large extent that illegal trade affects its growth tax burden of a country and believe to a moderate degree that illegal trade affects the increase of a country's insurance costs.

Finally, the research questions were answered in the research. The first research question investigated whether there was a relationship between participants regarding the frequency of illegal activities and buying illegal products, where it emerged that there was a relationship between participants regarding the frequency of illegal activities and

buying illegal products. The second research question examined whether the participants' opinion that illicit trade is a social and economic problem for a country differs according to the level of education of the participants, where it emerged that illicit trade is a social and economic problem for a country does not differ accordingly. with the level of education of the participants. The third research question investigates whether there is a relationship between the two sexes regarding the purchase of counterfeit products sold at 1/10 of the brand price, where it emerged that there is no relationship between the two sexes regarding the purchase of counterfeit products sold at 1/10 of the brand price. Finally, the fourth research question examined whether there was a difference between the opinion of participants buying products from street vendors and those who did not, as to whether illegal products posed a threat to the health and safety of the consumer, as well as where there is a difference of opinion between participants who buy products from street vendors and those who do not, as to whether illegal products pose a threat to the health and safety of the consumer and participants who do not buy products from Street vendors largely agree that illegal marketing products pose a threat to consumer health and safety, as well as not being legally guaranteed.

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Appendix

Questionnaire

1. Gender

Male

Female

2. Age

18-25

26-30

31-36

37-45

46-51

51 and above

3. Education level

Elementary school

High school

Bachelor degree

Master's degree

PhD

4. Residence

Urban

Suburban

Agricultural

5. Do you know what illegal trade is?

Yes

No

6. Generally, do you buy products that you know are illegal?

Yes

No

7. Do you buy goods from street vendors?

Yes

No

8. If yes, what kind of products would you buy?

Bags

CD

Shoes

Clothes

Small electronic devices (gadget)

Other

9. How often do you observe illegal commercial activities?

Very often

Often

Quite often

Not often

Not at all

10. Would you buy imitation products that are sold at 1/10 of the brand price?

Yes

No

11. Illegal trade is an economic problem for a country.

Strongly Agree

Agree

I neither agree nor disagree

Disagree

I absolutely disagree

12. Illegal trade is a social problem for a country.

Strongly Agree

Agree

I neither agree nor disagree

Disagree

I absolutely disagree

13. Illegal trading products pose a threat to the health and safety of the consumer.

Strongly Agree

Agree

I neither agree nor disagree

Disagree

I absolutely disagree

14. The current economic crisis is pushing consumers to illegal trade products.

Strongly Agree

Agree

I neither agree nor disagree

Disagree

I absolutely disagree

15. The products of illegal trade are not legally guaranteed.

Strongly Agree

Agree

I neither agree nor disagree

Disagree

I absolutely disagree

16. Illegal trade disrupts the production chain.

Strongly Agree

Agree

I neither agree nor disagree

Disagree

I absolutely disagree

17. Illegal trade is responsible for closing many businesses.

Strongly Agree

Agree

I neither agree nor disagree

Disagree

I absolutely disagree

18. Illegal trade is responsible for the illegal export of capital (money) of the country abroad.

Strongly Agree

Agree

I neither agree nor disagree

Disagree

I absolutely disagree

19. To what extent do you think that post-trade negatively affects the economic development of a country?

Very much

Much

Moderate

Slightly

Not at all

20. To what extent do you think that illegal trade affects the increase of a country's unemployment rate?

Very much

Much

Moderate

Slightly

Not at all

21. To what extent do you think that illegal trade affects the increase of a country's tax burden?

Very much

Much

Moderate

Slightly

Not at all

22. To what extent do you think that by-trade affects the increase of a country's insurance costs?

Very much

Much

Moderate

Slightly

Not at all

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