

# Presentation

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The complexity of modern economic life, the millions of transactions carried out daily by different agents, with a variety of motivations and often times with different interests, require rules that discipline these activities, which, in addition, frequently only complete themselves in the future, near or distant. It is impossible to regard the present world without the existence of norms that regulate economic activity, that establish conditions for commercial operations and that protect the legitimate interests of stakeholders. Since it is inevitable that controversies arise within the participant's rights and duties in these transactions, an impartial mechanism is indispensable for the solution of the controversies.

In face of these characteristics, we may infer that the success of the productive activities and the economic growth itself depend upon the existence of good regulations or laws and that they be respected by the population, which means that a good business environment must exist. However, deviations in conduct – such as tax evasion, informality, contraband, counterfeiting, adulteration, and piracy – generate serious competition instability. These instabilities, not only damage the Companies that meet with their obligations (for the transgressors benefit from improper advantages), they pollute the business environment, reduce growth, drive away important investments and

consequently, reduce the country's potential economic growth rhythm. This is, as we see it, the major loss that these shadow economy's practices cause the nation.

There are normally two types of shadow economy considered. The first is generated by tax evasion. The second, brought about by the non-compliance with labor and social security legislation. Due to these two reasons, productive activities are not carried out in a formal fashion nor are legally registered, thus are carried out *underground*, in spite of its frequent practice happening in broad daylight, as we have witnessed in our city's downtown areas and at our beaches. Social and economic losses are substantial. In addition to their negative effects on business environment and consequent reduction in investments and growth, these activities reduce public revenues that could be used in priority social projects and engender work relation destabilization.

Knowing the dynamic of shadow economy and its growth causes, is instrumental to guiding public policies that seek to formalize these informal activities and thus improve the business environment. It was with this objective in mind that Instituto Brasileiro de Ética Concorrencial (Brazilian Ethics Committee) took upon itself to promote an international seminar about the matter and invited renowned national and foreign specialists in order to debate the question and point out paths for the overcoming of problems generated by the development of shadow economy.

In this publication, besides the articles exposed during the seminar, we present a report on the main issues debated at the time in order for the reader to learn about the important debates and views of specialists participating in the Seminar.