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SOCIAL ASPECTS OF THE EFFICIENCY OF THE FREE ECONOMIC ZONES (FEZ)

Аннотация. Ушбу мақолада эркин иқтисодий ҳудудларнинг иқтисодий ва сиёсий вазифаларидан фарқли равишда уларнинг социал функцияларига урғу баерилган. ЭИХнинг рақобатбардошлиги унинг кучли инфраструктура билан таъминланганлиги билан эмас, профессионал кадрлар салоҳияти билан белгиланиши таъкидланган. Шунингдек, ЭИХга кириб келаётган инвесторларнинг ишчи кучи олдидаги ижтимоий мажбуриятларини қонунийлаштириш таклифи киритилган.

Калит сўзлар: эркин иқтисодий ҳудуд, инвестор, ижтимоий мақсадлар, ижтимоий тўловлар, квалификация кадрлар.

Резюме. В этой статье, в отличие от экономических и политических обязанностей свободных экономических зон, подчеркивался их акцент на социальных функциях. Конкурентоспособность СЭЗ подчеркивается его профессиональным потенциалом, а не его сильной инфраструктурой. Кроме того, в законопроект включено предложение об узаконивании социальных обязательств инвесторов, входящих в СЭЗ.

Ключевые слова: Свободная экономическая зона, Инвестор, Социальные цели, Социальные платежи, Квалифицированный персонал.

Annotation. In this article, unlike the economic and political responsibilities of free economic zones, their emphasis on social functions was emphasized. The competitiveness of the FEZ is emphasized by its professional capacity, rather than because of its strong infrastructure. Also, the proposal to legitimize social obligations of the investors entering into the FEZ is included in the draft law.

Key Words: Free Economic Zone, Investor, Social Purposes, Social Payments, Qualified Personnel.

Different models of territorial and economic management are available in the world practice of foreign external activity. Among such complex formations there are economic constructions known as the ‘free economic zones’ (hereinafter referred to as the FEZ). The above free economic zones are called the ‘islands’ or the world economy ‘windows’, through which the foreign investments, technologies and managing experience are introduced into a number of regions and countries. In

addition, many economists consider FEZ a prototype of a new policy of the "open doors", which are broken open before the world economy. FEZ as the integral territorial formations could be considered both distant and modern.

Even in ancient countries – Phoenicia, Egypt and China – FEZ were used to develop the external trade. In those times the above zones existed in a form of free ports and harbors. Carthagin has become in 814 B.C. a first free port. Free economic zones originate from the 12th Century. History has preserved the relics of FEZ predecessors at the Polovets land too. These zones lied along the Western Dvina river with, according to chronicles, the ‘silver banks and golden bottom’. This great river was in the early Middle Ages one of the most significant trade routes that connected Arab Caliphate and Chazar Land with Eastern Slav and Scandinavian world.

The Kyoto Convention states that ‘the free economic zone (or the ‘franco zone’) is a part of the territory of the country where the goods are treated as the objects beyond the limits of the national customs territory and, therefore, are not subjected to common customs control and taxation’. In other words, it is the territory, where the principle of ‘taxation extraterritoriality’ is obeyed. Thinking over the above FEZ definition, Prof. K.A. Semenov noted: ‘It is obvious from this definition that the freedom of a separated part of the state area is not absolute but relative. This territory is free only in the sense that the imported goods are exempted from the customs duties, import taxes and from the other types of import control, which, according to the customs legislation of the country, are applied with respect to the goods being imported to the other territories of this country’. This means that the goods imported to FEZ from abroad should not be declared as those imported to the territory of receiving country. However, at the same time, the law does not exempt goods owners and investors from the current economic legal order, but only mitigate it.

Countries that create FEZ may set different problems. Some of these countries use the above zones as an integration economic mechanism, others do that with the aim of attracting foreign technologies. For instance, Great Britain beginning from 1981 started creating free airports (in Liverpool, Birmingham, Cardiff, Southampton, Prestrich and Belfast) in order to expand employment capabilities and attract the activity capable of activation of economic conjuncture on the national level. The post-socialist countries use FEZ to test the elements of market economy mechanism. In the USA, in accordance with the 1934 Law, free zones were aimed to assist and favor foreign trade by exempting the foreign goods from import duties.

As is seen, even a few examples are sufficient to illustrate the different goals of FEZ creation. However, despite the above differences, these goals have a certain common character, within the framework of which one may distinguish economic, social, scientific and technical goals.

Economic goals:

- deeper inclusion of the national market into the world economic system;
- attraction of foreign and domestic investments for the development of highly payable production;
- use of advantages of international division of labor for the expansion of export production;
- increase of the currency receipts to the budget of the country.

Social goals:

- complex development of economically undeveloped regions;
- increase of the number of working places and provision of employment of population;
- education and training of qualified national workers, engineer, economic and managing personnel;
- saturation of the national market by high-quality goods.

Scientific and technical goals:

- use of the novel foreign and domestic technologies;
- implementation of new forms of management;
- attraction of experience and scientific achievements of engineering and technical centers;
- increase of the efficiency of utilized production capabilities, infrastructure and conversion complexes

Additional factors that need to be taken into account should be the prices of resources (electricity, water, sanitation), as well as the alignment of the entire chain-the scale of production, the cost of labor, its qualifications, and the creation of a comfortable business environment). It is in the creation of a comfortable business environment that the existing social infrastructure is playing a decisive role. The objects of the social infrastructure are recreation facilities for the workforce, food, transportation, healthcare, education, training and retraining, a well-developed sphere of banking and credit services. Residents who came to the territory of FEZ should receive them as investment results from federal, regional budgets, or provide access to these social benefits in the territories. As a result, you can find the result of a compromise-conflict situation. Residents pursuing the goal of profit are not focused on the creation of social infrastructure. But since the most important resource is always a qualified workforce, the authorities of the local government in the territories should solve this problem by investing in social infrastructure. Attempts to shift this duty to commercial residents to positive results does not. This is the main reason why many created SEZs or territories of advanced economic development showed their

inefficiency and were eliminated. In order to give impetus to the development of the territory, public authorities must initially invest in the creation of social infrastructure or provide access to quality social services in the territories. To develop the social sphere, commercial residents can only to the extent that they fit into the overall project for the development of business and their collective. In other words, the social orientation of the economic activities of a commercial resident will not go beyond the scope of his business and his private corporate interests. Social development in the territory will receive impulses from successfully operating commercial residents of FEZ. They will produce impulses of development of the environment, forming demand for goods, services in the field of education, labor protection, health care, cultural leisure. However, this task should be decided by the public authorities in the territories. Finally, the following innovation should be adopted. In the social infrastructure, both an external foreign investor and a Russian investor need it.

However, it is the Russian investor that the same qualitatively identical created social infrastructure will satisfy more than the foreign investor. Here the decisive role will be assigned to a greater degree of adaptation of Russians to the primordially Russian social service. The drawback of this model is that foreign investors will bring with them as a result of direct investments access to advanced technologies, which predetermines the ultimate effectiveness of investment projects in the FEZ territories. Problems of assessing the social effectiveness of FEZ. The issue of the effectiveness of the FEZ is currently one of the most debatable in economic theory. Our methodological approach to the disclosure of social aspects of efficiency is based on the fact that it is necessary to develop assessment processes and methods for assessing the social effectiveness of individual investment projects implemented on the territory of FEZ and social aspects of the development effectiveness of the territory. The first direction is traditional for assessing the social efficiency of the project for a single resident investor. In this case, it is necessary to highlight the social effects that have been achieved by a particular individual resident.

Such social corporate effect should take the following:

reducing the traumatism of the enterprise, reducing the turnover of the workforce, improving the quality of the workforce in the results of creating a vocational training system, creating a comfortable environment at the enterprise, providing social corporate guarantees, corporate life insurance, providing places in children's departmental gardens, paying for services provided by health service organizations .

As follows from the list, this set can be considered traditional, and can be provided not only by residents, but also by any socially-oriented business structures. Quantitatively, the social effect can be measured based on the difference in the greater profitability of the resident's work in the territory of the FEZ in comparison

with the results of previous activities in the territories that were not covered by the preferential tax treatment and other infrastructural and social benefits that can be provided to the FEZ. It is assumed at the same time that a high profitability will allow solving the problems of corporate social development of the collective to a greater extent. Large methodological problems arise when assessing the social effect of the development of the FEZ territory. On the one hand, it should be recognized that the increased profitability of economic activities of the main residents in the territory of the FEZ will lead, in general, to a greater social effect. The increase in the efficiency of the economic subjects of the residents of FEZ will cause a cumulative accumulated effect. The growth of incomes of enterprises, the income of employees, increased tax deductions for personal income tax, cause an increase in demand for goods and services. Thus, this effect will initiate the spread of activity in the territory that are located with the SEZ in trade and cooperation ties. The general rise in business activity will multiply the rising trend of economic growth and social efficiency already on the territory of the region. Increased tax deductions to regional and local budgets in the adjoining territories will allow increasing the intensity of the implementation of social programs.

The social compensations envisaged by the losers can not solve this problem in principle. Since the interests of citizens working and living in special economic territories and the interests of residents are opposite, then it is possible to decide and take into account social aspects only at the expense of the social interests of the territory. If we transfer this problem to the model of Amartya Sen, [3, P.65], then the following conclusion should be drawn. The state of the socio-economic environment can be in the state of Paretooptimality. However, the increase in the economic efficiency of residents can not be increased without reducing the level of social protection. However, one should simultaneously recognize that the social factor is absent in the Pareto-efficiency model, although it is implicit, completely correlating with A. Smith's position that simple justice can be represented by a minimal virtue, which at least does not make others evil. [4] Methodological approach to the evaluation of social effectiveness of residents of FEZ. As noted earlier, resident investors are aimed at making a profit, they are not bound by the obligations to develop social infrastructure in the FEZ territories, as they are regarded as factors to all national goods and to people as a means of making a profit. Here, it is more likely to realize an egoistic model in the spirit of the "ethical principle of troglodyte." Its essence can be roughly expressed by the following model of behavior. "If you ate my bride, it's bad; if he ate your bride, then it's good. "The state, as the initiator of the creation of FEZ, is forced not only to analyze certain behaviors of players in FEZ territories, but also to implement the investment, regional, economic and social policies that will ensure conflict resolution in this conflict-compromise situation. A

certain criterion of social efficiency in unity with the economic efficiency of all participants in the FEZ territory will be the state of the same growth rates of economic efficiency for all actors with simultaneous increase in the same proportions and social efficiency. But if the increase in economic efficiency is a problem for investors themselves, then concern for raising social efficiency is the sphere of public authorities in the territory. It should ensure efficiency, redistributing resources to finance socially significant projects. Putting this task on resident investors, on business, will mean the departure of investment resources from the SEZ. Actually, this reason was one of the most significant among others, which led to negative results. At the same time, it is not excluded that resident enterprises can implement local investment projects in the development of a corporate socially-oriented infrastructure, or envisage them within the framework of a single investment project for functioning on the territory of the FEZ. This methodological approach can be successfully applied to the evaluation of the social effectiveness of residents in the FEZ. Behavior patterns of residents of FEZ, focused on obtaining maximum economic efficiency at any cost, lead to losses of labor and resources. Any socio-economic state that does not have the Pareto efficiency indicators should be viewed as a state of ineffective balance between the requirements of treating people as a means and the requirements of treating employees as goals. Thus, in this formulation, one can find the realization of the famous imperative of I. Kant. The same imperative gives methodological grounds for resolving the problem, treating the head of the enterprise - a resident of the FEZ - to employees as targets and means simultaneously. The problem of understanding the social effectiveness of FEZ. The models considered by us concerned primarily the nature of the economic and social effectiveness of specific residents of the FEZ. But at the same time, the initiators of the creation of FEZ do not focus on the effectiveness of residents, but on the development of territories, for which special economic, customs and other regimes are created in the territories. Therefore, it is necessary to carry out a study on the subject of social effectiveness of the FEZ. To do this, it is necessary to clarify the concept of SEZ efficiency in general. We believe that the creation of FEZ was caused by the needs of the development of the territory, the country, which required the correct setting of goals, objectives, plans, budgetary financing, the establishment of a center for the management of FEZ. If we proceed from an understanding of the effect that will be designated as a priority for the operation of the FEZ, then they can become a whole complex. For example, ensuring the development of local deposits of natural resources, consolidating the economic status of the country, securing the population and stopping its outflow from the territory, overcoming disproportions in the development of regions. Any shares of the state are aimed at achieving both current and strategic goals. If we are talking about the development of territories, we

should take into account the irreducibility of the needs of the state, regions, society as a whole to the needs that stem from the very economic nature of the market. It should be recognized that the market is generally unable to see its prospects further than its own nose - profitability. Market instruments and mechanisms, market institutions in modern economies show their effectiveness when they lie in the vector of the state development strategy. A certain compromise between market institutions and the state is possible on the principles of pragmatic democracy. This creates the prerequisites for determining the zone of compromise between economic and social efficiency, establishing some general rule for the effective conduct of the state institution. The needs of private investors-residents of FEZ, their recognition and respect does not mean subordinating them to the interests of the development of the territory, as well as vice versa. There is no place for mechanical domination of some over others, which allows us to state about the economic methodology of social liberalism that develops the liberal paradigm by implementing the institution of competition for resources between market participants and state power institutions in the FEZ territories.

Historical experience and the evolution of liberal ideology have given grounds to believe that, without taking into account the social component of the general welfare, it is sufficient to ensure neither the rights of individuals, nor their freedom. [6, p. 426] Finally, the social effectiveness of the operation of SEZs, in the territories of which the main resident participants are carrying out the opposite interests, will inevitably lead to a deepening of inequality due to the disproportionate distribution of incomes. It should be assumed that this fact is a manifestation of asociality in the very nature of the FEZ? Our answer to this question is negative for the following reasons. So, in accordance with the principles of justice, each participant in the territory of the FEZ is free, takes its decision in management in the part that is compatible with the freedom of other participants. Further, the operation of the SEZ can be carried out and is permissible only when it brings everyone a positive economic and social effect, which to some extent justifies the inequality in income distribution [7] in the process of FEZ functioning. It is assumed that the maximization of economic efficiency does not lead to the curtailment of social programs in the FEZ territories, and distribution on the principles of inequality leads to an improvement in the economic and social status and position of each in comparison with the equalization of income distribution. Thus, the receipt of income as a result of the exploitation of national factors of production in the FEZ territories and the deepening of the inequality before the start of the FEZ functioning and at the final stage does not violate the principles of justice, which by its very nature is a social phenomenon.

When opening the FEZ the state should establish social requirements by the investor. These requirements should be displayed on the law "On Free Economic Zones".

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