FOREIGNINVESTMENTINMODERNSYSTEM OFWORLDECONOMICALCONNECTIONS

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Key words: capital market, migration of capital, redundancy of capital, illegal export of capital, services of foreign trade transaction, repatriations of capital.

The paper is devoted the role and place of foreign investment in modern system of world economical connections in the condition of transitional economics. Author is investigating the capital migration problem.

Foreign investments or international capital movement (export and import) is the process of placement and functioning of capital abroad. Although state borders in the conditions of united economic territories like European Union have less economic sense and are becoming less and less obvious. International capital migration as a special social-economic occurrence began to develop actively in the period of formation of world economy and soon became an integral, distinctive and defining part of modern world economy and international economic relations. According to the experts' opinions, the annual growth rates of direct foreign investments in the 90th of the XX century were almost 30%. That 3.5 times exceeded the speed of the world economy extending and 3 times exceeded the GDP growth dynamic.

Today the international capital movement is the defining element in the world economy functioning, in developing other forms of international economic connections. The international capital movement plays an important, a predominant role in modern science top achievements, technology, and management practice spreading in the conditions of the world economy. Abroad capital transfer (capital export) is a process of removing a part of assets from a country's national turnover and placing it into the process of production and turnover of another – accepting - country in different forms – product or monetary. The international capital movement means capital migration between countries, which brings their holders not only the income (in final, long-term conditions this reason remains the main, otherwise it will contradict the original understanding of the capital as a self-expansion of value), but other economic benefits, like attending closed markets, avoiding barriers, gaining access to raw materials and energy resources, to modern technology and management sphere innovations, placing ecologically unsafe production outside the country's boundaries.

Among the main reasons of moving the capital abroad is, first of all, the comparative exceeding of assets in the home country. This stimulates the investors to place the capital abroad in search for a comparatively higher profitability and along with that to gain income in forms of businessman's dividend and bank per cent. But this basic condition or the motive of capital export was formed by the classics of the economic theory and today has lost its universal meaning. Modern world capital migration is regulated by a complex system of economic relations (interests), which include not only different in character economic interests, but also politic interests.

Let's take a brief look at the main theoretical aspects, describing the modern regularities of international capital movement. This list of questions is widely represented in our literature[1]. The basis of the neoclassic theory of international capital movement was set by one of the classics of economic theory – English economist John Stuart Mill. In his study book "Basics of politic economy" (1848) he showed that capital flows between countries because of the differences in the norm of profit, which has a tendency to decrease in the most rich in capital counties, as it was proved by Ricardo. Mill emphasized, that such differences in norms of profit should be significant to cover the risks that foreign investors face in an alien country during capital export: "... to the countries still considered to be barbarian, or to such countries, like Russia and Turkey, where the process of civilization has just begun, capital migrates only if there's a outlook of gaining very high superprofits" [2].

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K. Marks explained capital export by its exceeding in exporting countries. By the capital exceeding he meant capital, using which in a home country will cause the decrease of average norms of profit. According to Marks, the exceeding capital is represented in three forms: tradable, productive (exceeding productive force and labor force) and monetary (exceeding financial capital). This exceeding (real and potential) is transferred abroad through goods and capitals export. An active growth of the largest companies, including companies with transnational character of economy, since the end of the XIX century has even more stimulated capital export.

Absolutely predominant export of capital from industrially developed countries is typical for this stage. During 1903-1913 capital export in England came to 7% of national income. Till 1914 England has a share of more than 50% of total exported international capital. During the period between world wars countries of Western Europe, and first of all England, lost their leading positions as creditors and capital exporters, and American capital penetrated in Western Europe. Soon after the WWII a massive movement of American capital abroad began. The changes in spheres of application, geography and volumes of investments happened along with the changes of their nature. Exported capital began to move from the spheres of trade, services and portfolio investments to the sphere of production.

During the second half of he XX century the attitude of economically developed countries towards foreign investments has significantly changed: from the active restriction for national independence safety to through-the-world promotion aimed for unemployment problem solving. As a result, regions and countries started to compete with each other in attracting foreign capitals.

The following development of Marks' theoretical position on this case emphasized some other reasons of capital export: the growth of internationalization of production (international economic integration), the increasing monopoly competitiveness, the increasing economic growth rates. Anyhow, the idea of the main reason for capital export remained fundamental in Marks' theory.

The conceptual basis of the neo-Keynesianism theory of international capital movement became the theoretical model of capital export, in which the foreign economic aspects of the process of production were mostly emphasized. F. Makhlup in his book "International trade and national income multiplicator" finds the connection between capital export, national investments, foreign trade balance and balance of payments and national income. He developed a classification, which diversified the capital movement into autonomous (capital export, not connected with the changes in the balance of payments) and stimulated (capital export is the result of the balance of payments conditions).

The International Monetary Fund was created according to the concept of stimulated capital export. The IMF was created to become an upper-national centre of regulation of capital movement from countries with active surplus to countries with passive surplus of balance of payment[3].

The stimulated capital export can be the reason of its spontaneous movement – the situation when businessmen of one country begin to place foreign investments and credits, purchase foreign payment obligations, placed in national banking system, and send them to countries-debtors to purchase foreign securities, because of lack of efficient instruments of capital placement. If foreign investment placement is beneficial, than after the foreign payment obligations become depleted, capital will be exported along with the shortage of national investments and consumption. The shortage of income in the donor-country causes the decrease of import and extension of export. On the contrary, foreign capital in the country-debtor causes temporary import expansion. Because of the spontaneous capital export the export payment balance will occur in the country-creditor and import payment balance will occur in the country-debtor. So the following expansion of capital export is stimulated according to the scheme of stimulated export.

Another direction of the neo- Keynesianism model of the international capital movement is the concept, developed by R. Harrod. He offered to export capital to overcome the exceeding of savings and the tendency to depression (in fact it's a different interpretation of the hoarding theory). The necessity of capital import for the countries with low norm of savings, passive trade balance is explained by the fact that these countries have low natural growth rates, close to stagnation, along with the capital lack. So the inflow of foreign capital to such countries should stimulate the natural growth rates.

The concept of capital export developed by E. Domar is a theory of affection of the foreign investment incomes inflow on the economy of the exporting country. The conclusion made of the Domar's model is based on the necessity of the capital export for the donor-country to have a constant stimulus for economic growth. For highly profitable foreign investments it is also necessary for the capital export in business form to be followed by the country-creditor support: zero per cent loans and export credits for private capital exporters. So, the neo-Keynesianism theories of international capital movement substantiate the necessity of capital export from the countries-donors for the interests of stability of their own economic growth.

The capital import in the neo- Keynesianism theories is examined in two directions: government support of development and private investments. There is a point of view, according to which the development support from the positions of the donor-contries encourages the development of new markets in the world economic system and stimulates economic growth in donor-countries. From the position of the support receivers, such help is a form of transition of a part of income from a rich nation to a poor one and it works as a factor of economic development increase.

Economically less developed countries face three problems in capital accumulation process: the lack of financial savings (the country cannot provide the formation of the financial resources necessary for economic development); the lack of real savings (citizens and businessmen don't have an inclination for investing a appropriate part of resources into the sphere of production); the lack of foreign currency for consuming import resources because of the passive surplus of the payment balance. In this case, foreign capital import, which fills the lack of savings and foreign currency, is a way to solve the problem. There are two models of economic support of the receiving factor using foreign investments: 1) "lack of savings filling" model and 2) "foreign currency filling" model.

The first one is used to calculate the demand for foreign capital of the county-debtor. The inflow of foreign capital is divided into two parts: the support and the private foreign investments. The support means the inflow of capital not aimed for profitable investments. The supporting capital inflow as well as private investments is aimed for norm of savings increase according to the level of investments, which ensures certain growth rates. Foreign capotal inflow has also a different function – prevention of sharp economic and social problems development in the country-importer, which are born along with the attempt to raise the norm of investments in the conditions of lack of foreign capital.

The use of foreign capital as an element of investments provides additional income, savings part of which raises the average saving tendency. In the end the norm of savings will be equal to the norm of investments necessary for economic growth rates support, so the country can use its own resources and attract only foreign private investments. Another function of the foreign support and private investments is lack of foreign currency reserves filling.

None of the economic theories gives a full expression of the moving forces and regularities of the investment process and the phenomenon of international movement of capitals as a part it. Such expressions can only be done according to the synthesis of different economic theories of Keynesianism with theoretical aspects of institutional economy, more widely describing motives and regulators of the international capital movement and partly in case of economies of certain countries of the transitional period[4]. So, instead if classic economic outlooks, wastage and retirement of fixed capital in Russian economy didn't produce a "boom" of investments. Neither with national nor with foreign financial resources. With the influence of factors of mostly institutional character a new phenomenon was born. It's called "investment short-sightedness" – a situation of stable resources investment in the country both by national and foreign investors in the short-term actives, but not in the long-term actives[5].

Everything mentioned is related to the so-called traditional macroeconomic theories of capital export. Along with that there are many modern theories based on the synthesis of macroeconomic and microeconomic views of the problem.

In the first case, there is an emphasis on capital export in different forms as a necessary part of the long-term business development strategy, of gaining access to the new technologies, market zones, etc. It appears, that capital export raised the international division of labor to the new level, created new stimulus and development resources. The capital export lets partly solve the contradictions of the production process, supports growth of export of goods and services. The capital export is the main reason of transnationalization (globalization) of today's production, gave birth to the trans-national corporations (TNC)[6], which control about 90% of direct foreign capital investments and supported turning the corporations into the most powerful subjects of the world economy.

In the second case, the main reasons of the international capital movement are connected with the economic nature of capital export and its regulating factors, becoming more complicated in today's economy. The objective base of the international capital migration is, first of all, territorial, branch and innovational unevenness of economic development of the countries of the world economy. That is represented in practice in:

- unevenness of capital accumulation in different countries and its "exceeding" in different forms in some countries;
- formation of specific branch structures of economics of different countries;
- unevenness of the main raw material and energy resources spreading;
- mismatch of capital demand and its supply in different territories and branches of the world economy;
- unevenness of the process of innovations and the necessity of its development along with accumulation of capitals of many countries – members of the world market.

According to this, stimulus and motives play a great role, causing the business to internationalize their production. In the most common sence internationalization of production – is a process of establishing connections between companies of different countries. And the process of production in one country becoming a world-wide process is the result of it. Production internationalization – is an objective process, the result of the international division of labor development. It's the basis for all forms of economic relations development.

It's important to notice another condition. Classic theory of capital export and main regulations of its international migration was oriented on the analysis of moving forces (operative motives) of foreign investments, so it was based on the view of this problem from the part of the capital exporting country. Researches showed that universal conclusions are hardly possible in this analysis for explaining the mechanisms of international capital movement in all conditions. In this case two conclusions are obvious.

At first, the operative motives of capital movement flexibly react on production conditions changes in different sectors of world economy and strongly depend on the conditions of the whole world economic system. Secondly, there is a conclusion that among all the variety of capital movement representations the defining are the following: maximum fast and full use of the results of innovational processes in production; attending new markets, overcoming customs and other barriers; formation of stable raw materials and energy resources; ecological discharge of capital exporting countries and so on.

Nowadays, the analysis of the main factors and instruments of investment capital climate (potential) formation in capital exporting countries is more and more emphasized in research of the international capital migration problem, along with the methods of its rate and long-term forecast, which meets the specific interests o capital exporters as special subjects of the world economy. Such tendency represents a pretty contradictive situation in international capital markets, when nevertheless of the clear symptoms of capital hoarding and the lack of resources to apply the capital, investors still remain prudent in long-term investment decision making. Especially for the investments in countries, situated outside economic groups with a highly developed investors and holders support, like EU.

As well as in the case with operative motives of international investments, there is no direct universalization of the main reasons of investment attraction of the country and its regions. The tendency is as follows, the higher the expected effect of the investment project is, the tighter the circle of potentially blocking factors of the investment climate of this or hat territory is and the less is their accumulated effect. The example is the interest of foreign investors to the projects of Russian national resources development based on the agreement of production sharing[7].

The international capital migration in today's modern economy is examined from the point of double-sided economic results of this process for receiving countries, especially for the economically back warded countries with resources oriented economy. The economy with a 10% GDP share of primary branches (or if these branches produce 40% of export) is considered to be resources oriented. Later this view was transformed into a more flexible understanding of the capital import results, that it can conserve technologically back warded economic structures of the countries-importers, if the problem of creation of the effective mechanisms of active assignment of financial-investment resources for the benefit of highly technological branches of production is solved[8].

As the experience of a number of foreign countries (of South Eastern Asia in particular) showed, the position of massive capital import and the following export boom and economic growth can lead to its decrease in the result. World prices for the goods that were exported to these countries (some kinds of electronic goods, household equipment and so on) now have significantly fallen. The export incomes shorten, the payment balance deficit increases. The capital exporters have already covered their expenses and it's not their problem. And the named group of capital importing countries had to apply that strategy because of the low national "public capital" quality. Even now they don't have the enough innovational potential to provide a new spurt in competitiveness on the world markets[9]. Russia, which abilities from the point of public capital and innovational capital are much higher, should avoid such model of applying foreign for the development of national economy.

If we speak about the classification of international investments, first of all it's important to find its institutional basis, according to which there are direct and portfolio investments. Direct foreign investments (DFI) are a way of applying capital for achieving long-term and sometimes strategic economic (market) aims and supporting them from the points of ownership, management rights, special positions on certain markets and so on. [10] Foreign investments are mostly private business capital. Portfolio investments mostly don't provide any control of the operating subject – object of capital application – they just give a long-term right for getting income and for some countries (according to their laws) a preferential right for income from the point of priority order.

So, the difference between direct and indirect (portfolio) foreign investment is the problem of control over production (over certain business subject). Beside purchasing business shares (with or without the right of co-management), portfolio investments is also purchasing bonds and similar securities (state and private). The International Monetary Fund emphasizes another group – "other investments", which means international loans and bank deposits.

Anyhow modern forms of the international capital migration are export and import of business and loan capitals. And the leading role from the point of economic influence of the importing countries (and this is the main aspect of our research according to Russian conditions) is played by direct middle- and long-term foreign investments.

The main forms of such direct foreign investments nowadays are trans-border companies merging and absorption (3/5 of all direct investment export in the end of 1990th.). That's why direct foreign investments have the most significant influence on the whole world economy, international business connected with the international division of labor in its mostly developed part of multisided cooperation and integration processes of the world economy subjects.

From the economic point of view, from the point of companies-investors, DFI is a way to provide stable market zones or a way to attend the "third countries" markets, a way to create their own company markets with its sectors spread in different countries; a way to present your aims in cooperation connections on regional and even wider international level. Direct investments mean a foreign control over 10% or more of companies shares or any other way of "effective vote right" in invested company management.

The world experience has proved that direct foreign investments have a number of significant benefits among other forms of economic reforms support:

♦ they are a way of production of goods and services financing, they provide transfer of technology, know-how, top marketing methods;

♦ instead of foreign loans and credits they do accumulate the external debt, but even help to shorten it;

♦ they provide the most effective way of integration of national economy into the world economy.

A wide variety of economic and other certain benefits of direct investments causes an aspiration to stimulate their inflow into the economy. Since mid 70th the countries of the "third world" have been subsidizing the inflow of direct foreign investments. There was even a rivalry among these countries in offering special tax discounts ("tax discounts race") as a way to attract foreign investors.

Of course, as time goes by the structure characteristics of the international capital movement do not remain the same. If in the XIX – the beginning of XX century the international credits were the predominant way of capital export, today we have a quick growth and increase of share of direct foreign investments. Along with that the wide migration of the portfolio capital became the new phenomenon of he second half of the XX century.

Speaking about the branch structure of direct foreign investments, in the second half of the XX century they were reoriented from the branches of mining industry (1950th) to the manufacturing industry (1960-1970th) and services sphere (1980-1990th). In the beginning of the 1970th the services sphere had a ɥ share of the accumulated direct foreign investments, but till the end of 1990th its share exceeded the half of the accumulated volume and reached 60% of the annual flow of the international capital investments. Along with that since 1990th the investments into the branches of information and communications and innovational companies are taking the more and more significant place in the branch structure of the foreign investments.

A specialty of the modern stage of the capital export, except the increase of share and economic influence of direct foreign investments, is the growth of role of the government in this process, of the instruments of government regulation. The share of government capital in different forms in the world total export nowadays reaches approximately 30%, and the larger part of this share (90%) is related with free subsidies and grants, government long-term development credits, government commercial credits for the developing countries (the so-called "official development support"). A new phenomenon is the capital export executed through international organizations – the International monetary fund, the World Bank, European Bank of reconstruction and Development and other. Their share of the total amount of the international capital flow estimates 10%.

The territorial spread of the international capital movement has significantly changed as time goes by. In the first quarter of the XX century the international capital movement resources were strongly localized, and Great Britain has been a certain leader for a long period of time. The country had a share of more than 50 % in the total exported international capital. In the period between world wars the directions of the international investments movement begin to change: countries of Western Europe lose their dominant position as creditors and capital exporters and American capital gains more and more influence over Western Europe economy.

The massive movement of American capital abroad and the creation of subsidiaries and filiations started after WWII. Since mid 1980th the USA got the 1st place in the world volume of direct foreign investments, applied in the economies of other countries. The predominant one-sided flow of capitals from the USA to Western Europe was replaced by active opposite investments. That's why in 1990th the USA turned to become a net importer from the net exporter of the international capital. Japan became the new largest creditor; less significant role belongs to the countries of Western Europe.

By this time foreigners have purchased property units in the US that are 1.3 times equal in price to the actives of the country abroad. The major investors to the American economy are Great Britain, the Netherlands and France. Japanese and Chinese investments are also growing fast. Canada is another large investor in the US economy.

The mutual capital movements between Western European countries, which have increased after the creation of the united market of the EU capitals, and the Japanese investments in the countries of Western Europe have become very important in formation of territorial directions of the international direct investments flows during the last decades. Along with that Japan till 1980th executed a very strict limiting protectionist policy against foreign capital. As a result, the level of direct foreign investments into the Japanese economy is insignificant compared with the level of the country's economy and the role of the country in the international division of labor.

In 1980 – 1990th the developing countries were loosing a competition for attracting foreign investments to the developed ones. If in 1980th these countries had about a quarter of all DFI, in 1990th – less than 1/5. In 1990 – the beginning of 2000th the inflow of the foreign investments to the developing countries has increased, although the main role of it is the investments to the Chinese economy (almost 1/3 of all investments to the developing countries). The reason of this is the liberalization of the economies of the developing countries as a whole, the ease of access of the foreign capital, the widely spread privatization with the attendance of foreign investors. The high rate of the economic development perspective of the developing countries (especially Asian ones), low labor force prices, the weakening of protectionism, the ease of access of the goods from developing countries to the markets of the developed one – all these factors also played their significant role.

China, with its opened to the world and foreign capital policy as an important part of economic reforms course, especially had great success in attracting DFI. At the beginning of the century the country has attracted more than $300 bill as direct foreign investments. Hong Kong, Taiwan, Japan, the USA and Singapore have the leading positions among other investors. In a large share it's a capital of foreign ethnic Chinese. The creation of relief foreign investment regions (special economic zones, zones of technical-economic development, opened cities, opened seashore economic regions and so on) was also an important factor, which supported foreign investments.

The main part of the international capital migration as a part of modern economic relations is the international credit in different forms.

The total volume of loans on the world capital markets is increasing faster than the volumes of production and world trade. Along with that the industrial countries of the west – not the developing countries as it's thought to be – are the main loaners. By the end of 1990th they had a share of 85-87% of the world's loan capitals import from external markets. And half of that import share belongs to the USA.

The international credit supports the development of productive force, internationalization of production and exchange. As a powerful factor of world trade extension, giving birth to the extra demand from the position of loaners on the market, the credit creates favorable conditions for the DFI inflow to the country-debtor, provides redistribution of financial resources between countries. All this provides the most effective use of resources and satisfies the most essentials demands for loans. But the excessive attraction of the international credits and their ineffective use can cause unpleasant results for the loaners. The external debt crisis of the developing countries and its negative results can be the proof of this.

The countries of Latin America with 1/3 of all the developing countries' debt were in the epicenter of the international loans crisis. In 1982-1983 many developing countries of Latin America, Asia and Africa became unable to fulfill their credit obligations. They demanded for payment delays and new credits to liquidate old debts but had to continue to transfer huge sums of money to their creditors. As a result an outflow of the capitals from the developing countries happened, which almost stopped their economic growth, lead to shortage of income and consumption in many countries. By the mid 1990th, as a result of economic reforms and structure changes in a number of countries-debtors and after the negotiations between creditors and debtors, the problem was partly solved.

To help to solve the international debt problem two new institutions were created: Paris club, connecting 19 countries-creditors, and London club, with 600 commercial banks-members. Debts reformation – their delay and in some cases full or partial debt writing off – became the common practice of the international debt problem solving. That also touched the debts that transferred to Russia from the former USSR. By this time Russia has solved practically all problems connected with international debt – as with the debt received from the USSS, so with the debt formed in the Russian Federation period. By the beginning of 2007 the external debt of Russia estimated 6% of the GDP compared with the maximum of 70%. Along with that the country moved to the 3rd place in the world in the volume of gold and foreign currency reserves. ("Izvestia" 2007, January 11, p. 6)

The basis of the accumulation and redistribution of loan capitals between countries is the loan capital market – the aggregate of credit-financial companies and stock markets. The international loan capitals market is divided into the world monetary market (short-term) and the world capital market (middle- and long-term). The main operations ob the world loan capitals market are the emission, buy/sell of securities, mostly bonds (the world securities market is also emphasized), providing and receiving of bank credits. 1980s there was a great extension of the loan operations connected with securities. This tendency is called the securitization of the world loan capital market.

The world market of capitals has several important financial centers, which accumulate and distribute a huge mass of loan capitals all over the world. They are connected with each other by electronic systems of communications. The leading financial centre is London having the highest volume of international currency (30% of the world volume), credit and deposit operations, operating as a world's monopoly in the sphere of insurance. As a market of gold it shares the 1st place with Zurich. Other large financial centers situated in Europe are: Zurich, Paris, and Frankfurt, Luxembourg. Zurich is the world's largest capital re-exporting financial centre, the largest (along with London) market of gold, one of the largest currency and bank credits markets. Paris is the market of bank credits as a form of the international capital. Frankfurt is the leading European market of bank credits and securities, the economic centre of the EU; European Central Bank is situated here. Luxembourg is a typical example of the world financial centre of the new times, the largest world market of the long-term capital.

New-York was and is still considered to be the foreign capital market, the market of foreign credits. Its share is 16% of the total volume of the international currency operations. The role of Tokyo as the international financial centre is increasing in the last decades, although strict control and regulations of the international currency-financial operations in Japan is a barrier on the way to approving the city as a financial centre.

One of the problems of the capital migrations, which are faced by the system of international economic relations and which influence, at first, the countries with transitional economy is the economically significant flows of illegal capital export. The illegal capital export as an economic category is the process of applying capital abroad in monetary form or product form through the sphere of services (service payments, patents, licenses, know-how), which is done with breaking the law. Such transition of financial resources leads to the creation of foreign property abroad or another form of obligations giving rights to get income. In Russian conditions the illegal capital export is the operations connected with capital movement contradicting the licensed order set by the central bank of Russia[11].

The capital runaway and illegal export as its part is not one country's problem; it's a typical problem of institutionalization of the international economic relations for the countries with back warded and/or transitional economy or for the countries with a too strict currency regulation. In this case the economic nature of the capital runaway is more complex and it doesn't depend on the level of liberalization of formal agreement procedures of the capital export. We are talking about the hiding capital, which is in fact outside the country's economic cycle because of its specific character, which is represented in the countries with back warded or transitional economies. The holders of such capitals executing illegal export do not have the real idea to transfer it into real economic benefits or to get business profit. Their aim is not the movement of capitals in search for better business income, but the concealment of capitals because of different economic and/or political reasons. When such export acquires great volumes it's usually called "capital runaway".

In known volumes such process takes place in Russian economy. According to some rates, the investments of Russian citizens into foreign real estate abroad estimate at $5-6 bill annually. And $20-30 bill are placed into foreign banks[12]. The total volume of the runaway capital estimates at $300-400 bill[13].

As analysis shows, the main reasons for capital export in Russia are the following factors:

♦ at first; a way to avoid taxes, a creation of certain stable reserves during the process of investment (capital export for its later re-investment in national companies). A tight connection between capital export and inflow of resources though investments and loans shows the significance of this motive. This factor share is about 10-15% of capital export;

♦ secondly; capital export is a way of supporting external trade operations. Strict currency regulation doesn't let the companies to form foreign financial actives necessary for effective execution of external trade operations. This makes them use grey schemes of capital export as reserve payment resources. The tight connection between capital export and external trade cycle is the proof of this motive. Its share is 30-45% of capital export;

♦ the third; a way to form private and corporative capital in case of emergency. 40-50% of capital export.

The volume of the illegal capital export is the aggregate of several components: the export income that didn't come back, not realized import contract that were paid and the payment balance in its part "mismatches and errors". We can also mention such form of capital loss as economically unproved import. About $13-15 bill are spent on import products instead of Russian analogs annually[14].

Criminal export is an important part of illegal export. Criminal export is a through-border transfer of assets, which meets any of the following conditions: a) it's done by illegal methods; b) its aims are illegal or even criminal; c) the transferred assets have criminal origin.

According to S. Glazyev, criminal capital is predominant in illegal capital export. Its share in the total volume of illegal export is about 75%. The larger part of capital is export for the aim of avoiding taxes. The national investment climate is not the main factor of the regulation of the capital flow. The reasons of such export do not have macroeconomic reasons, but institutional, legislative and eve socially-psychological ones.

The reason of the capital outflow in Russia is the unstable character of its social and economic life. L. Abalkin thinks that the basic reason of this phenomenon is the "chronic multi-level crisis of the society, economy and state". According to N. Smorodinskaya, the practice of the criminal capital migration is born by the features of the transitional period and the conditions of the capital accumulation in terms of high inflation rates. M. Delyagin thinks that the main reasons of the capital runaway during the whole period of market reforms are connected with some unsolved strategic problems, among which are: not protected property, high level of monopolization of economy, government ineffectiveness, unfavorable investment climate of most of the regions and so on. In these conditions concealed capital export is a natural reaction of businessmen to avoid high economic and political risks, a way to cover costs connected with lack of necessary investment guaranties in national economy.

"The capital amnesty", which covers two kinds of breach closely connected with each other — the breach of current rules of currency operations and tax laws breach - is believed to be a way to solve this problem. Such procedure means legalization of incomes and savings that were illegally exported from the country by paying a fixed tax and partly by their repatriation. The amnesty conditions will be the most liberal in case of repatriation of assets, in this case the amnesty will have two goals: fiscal goal and a goal to refill the investment resources of the country's economy as an instrument of investment stimulation.

Among the countries of CIS the amnesty experiment was heal in Kazakhstan, where the procedure was executed in 2001. In terms of this procedure $480 bill. were repatriated to the country. There were no taxes for legalization but the procedure lasted for a very short period of time (about a month).

In the terms of this question we are only interested in what are the perspectives of the capital repatriation and their re-investment into Russian economy as an extra investment resource. The expert forecast no positive effect of such procedure, although such forecast depends on the real volume of the exported Russian capital, including the breach of currency operations. There is information that 30-40% of the capital is invested into real estate and about 30% into foreign securities. Immobilization of these resources for their later repatriation is very less possible. Another part is assets that were partly returned in form of foreign investments – from Cyprus, Virginia islands and other off-shore zones, which hold the leading place in Russian capital export and not by a chance[15].

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[1] See also such fundamental pieces of research of the latest years, like: Direct foreign investments in European countries with transitional economy. M., 2006.; *Katasonov V. Y..* Investment potential of economy: mechanisms of formation and application. M., 2005.; Regional productive complex and foreign investments / Edited by N.D. Eriashvilli. M., 2004.

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[5] *Rozmainskiy I.* "Investment short-sightednass" in post-Keynesianism theories in Russian economy // Questions of economy. 2006. ų 9. P. 71.

[6] Today TNC – is a large corporation, making production, realization and researching activities in the outlook of th whole world market. TNCs transport abroad not the goods, but the process of capital application. Nowadays, there are about 53 thousand main (head) TNCs and about 450 thousand foreign subsidiaries. But only 85 companies of the USA, Western Europe and Japan control about 70% of all foreign investmens

[7] *Dubenetskiy Y.N.* Economic growth and investments: new possibilities // Forecasting problems. 2006. ų 5. P. 3-9. Along with that the situation with the "Skhalin-2" project realization shows that the starting rates or risks of this project were not in vein. By this time, Russian investors gained the control over this project from foreign investors.

[8] *Arend R.* How to keep economic growth in resources oriented economy? // Questions of economy. 2006. ų 7. P. 24-36.

[9] *Subbotina T.* Russia at the crossroads: two ways to unternational competitiveness // Questions of economy. 2006. ų 2. P. 46-55.

[10] Direct investments are the main form of private business capital export. According to the IMF definition, foreign investments are considered to be direct if the foreign holder has 25% of authorized stock capital of the company. According to the US laws foreign investments must accumulate 10%, in the countries of EU - 20-25%, in Canada, Australia and New Zeeland-50% of the whole capital of the investment object.

[11] *Gurov M.* "Capitals runaway" from Russia: the reasons, volumes, features and ways of happening // Juridical world. 2004. ų 7. P. 78-83; *Garmaev Y.* Criminal capitals runaway: the practice of penetrative organs // Law and economy. 2005. ų 8. P. 62-65.

[12] *Katasonov V.Y.* Capital runaway from Russia. M., 2002. P. 97-98.

[13] The volume rates of the capital export in Russia are from $40 bill to $400 bill. The minimum rate is based on the payment bance of the country. The maximum level was set according to the data from Procurator-General's Office and the Ministry of Internal Affairs according to the real assets spent by Russians abroad. There are other rates: $230 bill – according to the Ministry of economic development, $130-140 bill. – according to the Central Bank of Russia, $130 bill. - according to the "Fitch" agency, $50-60 bill. – according to the World Bank and the Paris clib.

[14] The rate of the Centre of macroeconomic analysis and short-term forecasting presented in a work "Tendencies and factors of the capital outflow in 2002." http://www.forecast.ru.

[15] *Grigoriev L.* To work for the country's economy // Russian strategy. 2005. ų 11. P. 15.