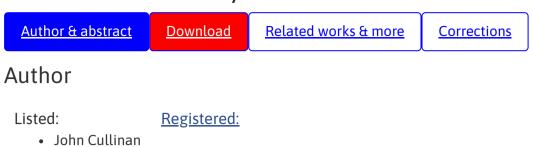
Self-employed Income Under-reporting and Estimates of the Black-Economy: Britain - 1987 & 1992



Abstract

This paper seeks to present some upper and lower bound estimates of the extent of self-employed income under-reporting in Britain in 1987 and 1992, and hence to infer an approximate estimate for the size of Britain's black economy. The methodology to be utilized is taken from Pissarides and Weber (1989), and seeks to analyze discrepancies between the expenditures and incomes reported by employee and self-employed households in a Family Expenditure Survey. The fundamental approach is to estimate food expenditure functions for both income groups which are then inverted to obtain our estimates. Various econometric caveats need to be addressed in the estimations.

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