Macroeconomic Implications of the Underground Sector: Challenging the Double Business Cycle Approach

ECONOMIC ANALYSIS AND POLICY
Número:
2
DOI:
https://doi.org/10.1016/S0313-5926(12)50023-8
Publicado:
Sábado, 1 Septiembre 2012
Authors:
Catalina Granda-Carvajal
Clasificación JEL:
E26, E32, H26, O17
Descargar documento

Lo más reciente

Geopolitical risk and emerging market sovereign risk premia
Fredy Gamboa-Estrada, José Vicente Romero
Assessing the effects of recent provisioning rules on consumer credit allocation in Colombia
Fredy Gamboa-Estrada, Diego Cuesta, Camilo Sanchez-Quinto
Settlement liquidity in the Colombian large-value payment system: the role of reserve requirements
Fredy Gamboa-Estrada, Freddy Cepeda-López, Javier Iván Miguélez-Márquez
Otras Publicaciones

Within the literature on business cycles featuring underground activities, there is an approach based on the arguable premise that these are countercyclical. This paper develops a real business cycle model without such an assumption. Preferences are additively separable in formal and underground labor. Further, leisure time is spent on irregular work and non-market activities. Simulations permit examining how the model performs and comparing the results with related findings. Also, computational experiments allow analyzing the effects of taxes, enforcement and tastes for underground labor on aggregate fluctuations. These experiments offer a comprehensive view of the cyclical implications of the shadow economy.