

INFORMAL ECONOMY IN BOLIVIA: ANALYSIS, EVALUATION Y QUANTIFICATION BASED ON CASH MONETARY EFFECTIVE DEMAND APPROACH (PERIOD 1994-2014)

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ABSTRACT

The informal economy represents a set of production and marketing activities that are underestimated by national accounts because they are developed under uncontrollable circumstances or are openly illegal. In this context, it turns to be an opportunity to develop an approach that allows its quantification, using a Cash Demand Model, based on time series for the last twenty years. This paper estimates the size of the informal economy in our country around 54% and 63%, with a decreasing trend for the last decade, which happens to coincide with the last government change. As a phenomenon it has an important economic significance, and deserves a proper analysis and monitoring.

Keywords: Informal Economy, Money Demand, Monetary Approach.