

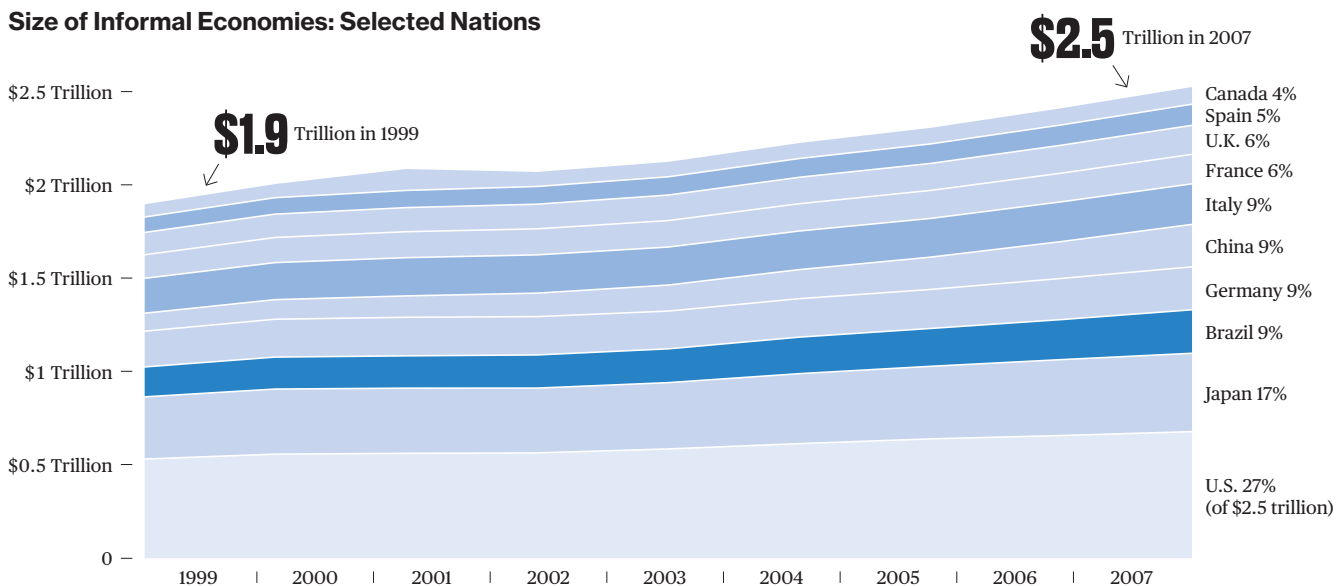
Bloomberg Businessweek

Taxes

The Underground Economy

The global shadow economy—activity that isn't necessarily illegal but goes unreported—amounts to almost 35 percent of the world's official GDP, according to Friedrich Schneider, a professor at the University of Linz in Austria and an authority on the topic. In a June report, Schneider examines informal economies, which range from 9 percent of GDP in the U.S. to more than 70 percent in Bolivia and Georgia. The report takes into account such activities as undocumented immigrant labor, home businesses, and freelancing that escape the attention of tax authorities. It doesn't cover drug trafficking and other criminal enterprises.

Size of Informal Economies: Selected Nations



Worldwide Informal Economies

