
ABSTRACT

Abstract of thesis entitled An Empirical Analysis of the Underground Economy in China: 1978 – 2007 submitted by Su Fei (M-A7-6809-1) for the degree of Master of Social Sciences in Economics at the University of Macau in July 2009.

The Underground Economy (UE) has formed a considerable size in China, which has great influence on the operation of national economy. However, how big size the underground economy is, researchers give different estimations by different methods. This paper investigates the logical status of underground economy in the whole economic system, gives the estimations of the size of the underground economy in China since 1978 using three conventional methods. At the same time, we set up the MIMIC model according to the theory of structural equation modeling (SEM) and describe the trend of the underground economy in China based on the data of National Economic Census in 2004. At the end, we examine the causes and consequences of the underground economy and its policy implications in China.