Energy Consumption and the Size of the Informal Economy

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Abstract

In this paper, we empirically investigate the relationship between energy consumption and the size of the informal economy. Relying on panel data regression models, our results show that at the aggregate level, energy intensity is inversely related to the size of the informal sector, providing actual empirical evidence on the presence of high labor and low capital intensity in the informal economy. Furthermore, we also find some support towards the presence of non-linearity and asymmetry in this relationship.

Keywords: Informal Sector; Energy Consumption; Panel Data.

JEL Classification Numbers: O17, O13, P48, E26

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