

Figure 4: Simulated compliance rate ($\frac{z^*-y}{y}$) for four specifications: CRRA: $u(x) = \frac{x^{-0.8}}{-0.8}$, $\theta = 2$; CRRA: $u(x) = \ln x$, $\theta = 3$; CARA: $u(x) = -\frac{e^{-20x}}{20}$, $\theta = 0.5$; HARA: $u(x) = \frac{1-k}{A(2-k)} (Ax + B)^{\frac{2-k}{1-k}}$, $A = 2$, $B = 0$, $k = 1.03$, $\theta = 0.5$.

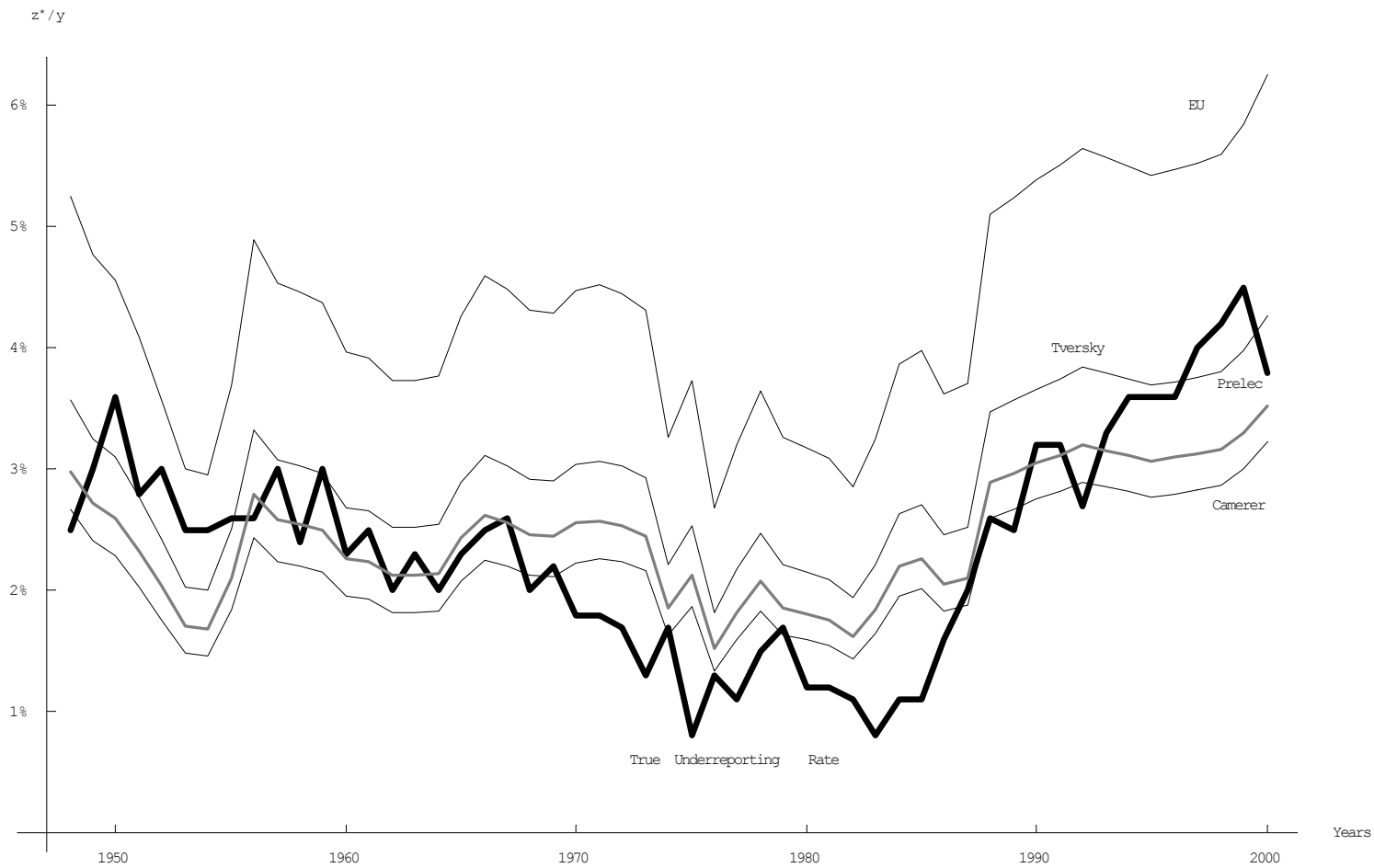


Figure 5: Actual versus simulated underreporting rate ($\frac{z}{y}$) for the US, 1947-2000