

Regional cycle synchronization and economic integration in Brazil, 1947-2021

Patricio A. Aroca, Universidad Andrés Bello, Chile
Carlos R. Azzoni, Universidade de Sao Paulo, Brazil

Abstract

We calculate the synchronization of the state's economic cycles with the Brazilian economy and the synchronization of pairs of states between 1947 and 2021. Due to a lack of continuous data, we split the period in two: 1947-70 and 1985-2021. We observe more synchronization in the second period, indicating an overtime increase in the economic integration of the states. With more detailed data, we identified the factors explaining synchronization from 1989 through 2021, both between states and the national economy and between states. We found that states with larger shares of international exports and more specialized in some sectors are less integrated into the national economy. In contrast, states with a large economy and a large share of government in GDP are more integrated. The paper provides a long run view of the regional economies in Brazil, showing increasing regional integration and highlighting the factors behind it.