

# EURASIAN JOURNAL OF ECONOMICS AND FINANCE

[www.eurasianpublications.com](http://www.eurasianpublications.com)

---

## ON BUSINESS CYCLES SYNCHRONIZATION: SOME DIRECTIONS FOR THE EURASIA<sup>†</sup>

**Jose Manuel Caetano** 

Universidade de Evora, Portugal

Email: [jcaetano@uevora.pt](mailto:jcaetano@uevora.pt)

**Antonio Bento Caleiro** 

Universidade de Evora, Portugal

Email: [caleiro@uevora.pt](mailto:caleiro@uevora.pt)

---

### Abstract

The synchronization of business cycles is strictly related with the functioning conditions in the currency areas. Being a general requirement for membership in such an area, the synchronization of business cycles was probed by the view that, in any case, it would result from the very operation of the optimal currency zone. For Eurasia as a broad context, the European perspective seems to be important. For instance, the experience of a formal economic union such as the one that has existed in Europe since 1999 could be harnessed to better understand the challenges that a union of this kind might face in Eurasia, just as the one that has recently been constituted. The article considers this approach, through the analysis of the evolution of the synchronization of business cycles, as a relevant element in the (smooth) functioning of any economic and monetary union. Taking this into account, we consider a reasonably long time period (1990-2016) and a large sample of countries (50), i.e. all those integrated into some kind of formal economic union existing in this relevant geopolitical region, namely the European Union (EU) and the Eurasian Economic Union (EAEU), as well as 17 non-integrated countries, as a control group. In what concerns the results, during the 1990-1998 period, the degree of business cycles synchronization was, in general, fairly low, even for countries already integrated in an economic community. The degree of synchronization of business cycles has, generally, fairly increased in the period 1999-2007, notably in European countries (not in the EU alone). Finally, in the period 2008-2016, which includes the recent global financial crisis, there was a broad decline in the synchronization of business cycles, which was not so obvious for the countries integrated in a formal economic union. In fact, it seems to be possible to conclude that belonging to a union of this kind is a crucial prerequisite for the inexistence of evidently idiosyncratic business cycles.

**Keywords:** Business Cycles, Eurasia, Eurasian Economic Union, European Union

**JEL Classifications:** C38, F44, N14

---

### 1. Introduction

<sup>†</sup> We would like to thank the comments and suggestions of the audience of the Euro-Asia Forum in Politics, Economics and Business-2018, in which this article was presented. The article also improved with the corrections suggested by an anonymous reviewer, whom we thank. The standard disclaimer applies.