Abstract

We estimate the degree of comovement and cyclical synchronization of formal employment across Mexican states. As a measure of formal employment we use the number of workers with permanent contracts registered at the Instituto Mexicano del Seguro Social (IMSS) in each state between July 1997 and December 2011. We find that Mexican states are highly heterogeneous with respect to the degree of association between the fluctuations of state and national employment levels. Fluctuations in state employment are highly cross correlated only among 12 of the 32 states, and the sources of these fluctuations seem to be the shocks to national employment. Cyclical synchronization across states’ employment levels and between state and national employment levels is high among these states, although only in four of them the number of contractions estimated equaled that of national employment; these 12 states are located in the northern border with the United States, in the western central and the central regions of the country. On the contrary, in states where the degree of co movement between state and national employment is low—as it is the case in northwest central, southern, and east southern states, the source of state employment fluctuations seems to be mainly associated with regional or state factors. Among this latter group of states employment does not exhibit cycles of the classical type, or if they do exhibit such cycles the degree of cyclical synchronization with national employment is very low.

Keywords

Keywords, employment, cycles, co movement, states, regions, Mexico.