

# Internationale Konjunkturverbunde

## International Business Cycles

Von Michael Graff, Brisbane, Australien\*

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International business cycles, capacity utilisation.

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### Summary

After conceptual clarification of “international business cycle” and a review of the literature, a new indicator is proposed. This indicator refers to two time series only and allows for an internationally comparable quantification of a country’s position in the business cycle. We then calculate times series of this indicator for 30 countries from 1970-2000. After some plausibility checks, we refer to these series to test a number of hypotheses. Cross correlations reveal a high degree of interconnectedness. Moreover, the number of highly positive correlations has increased over time, whereas the number of low and moderate correlations has decreased. A principal components analysis yields a first component that can be interpreted as the world business cycle. The further components suggest the existence of a Scandinavian-Anglo-Saxon business cycle as well as of another, smaller group of Anglo-Saxon countries that move together. This finding is replicated by a hierarchical cluster analysis, which in addition suggests a closely integrated group of non-Scandinavian and non-English speaking European countries plus Japan and Israel. Furthermore, there is indication for some, albeit weak business cycle integration in Southeast Asia and in South America. The international business cycle is thus found to have a hierarchical structure.