

Department of Economics
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Old But Gold: Historical Pathways and Path Dependence

Abstract: Following the discovery of gold in 1694 in Brazil, pathways were constructed to connect coastal settlements to mining regions in the unpopulated interior. While these pathways initially facilitated the creation of road towns, their influence faded by the late nineteenth century. With the mid-twentieth-century demographic and industrial transition, regions with higher historical road density experienced renewed population growth and greater migrant inflows. We argue that this resurgence reflects the role of road towns in fostering early urbanization and structural transformation. Using an extended Rosen-Roback-Glaeser framework, we estimate strong agglomeration spillovers, suggesting that Brazil's spatial economy exhibits multiple steady states and historical path dependence.

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