Abstract We explore the existence of a local “resource curse” related to Brazil’s oil reserves. To this end, we examine the effect of changes in international oil prices interacted with measures of oil access on nighttime light – a measure of economic activity – across the country’s localities. We detect no evidence of a resource curse: in fact, better access to oil enhances the positive effect of oil prices on economic activity. Our estimates indicate that a doubling of oil prices causes an average increase in luminosity of some 50 percent more in oil rich than in oil poor states; and 30 percent more, on average, in localities within 100 km distance to the nearest oil field relative to more remote localities. We also present evidence that, beyond the direct effect of oil revenues, the luminosity response is also due to a linkage effect.

Keywords Local resource curse, nighttime light, oil price shocks.

JEL classification O11, O13, Q33, R11.