

Preface

Latin America and the Caribbean (LAC) suffered from a series of severe economic crises during the 1980s and 1990s, starting with Mexican debt crisis in 1982. The region abandoned import substitution industrialization (ISI) policies to embark upon liberalization soon after the debt crises. An overwhelming increase in poverty and rising inequality became not only economic but also social and political issues in LAC during the 1980s and 1990s. In contrast, steady growth (largely driven by the global commodity boom) and sound economic policies during the 2000s improved the lives of millions in the region over the past decade. According to the World Bank (2013) report, for the first time ever, the number of people belonging to the middle class surpassed the number of poor people, a signal of LAC progress toward becoming a middle-class region. Despite impressive gains during the past decade, however, the region is confronting an economic downturn caused by the end of the commodity boom and the consequent worldwide recession, especially that of China. Under these circumstances, the LAC region remains unequal, with some 82 million people subsisting on less than \$2.5 per day. Poverty and inequality remain daunting social hurdles to be overcome.

Mexico is an upper-middle income country in the world, and one of the leading countries of the LAC region with a highly globalized and industrialized economy. It has been making the most of globalization in its economic development process, the most famous example of which is the North American Free Trade Agreement (NAFTA), which came into force in 1994. With respect to poverty reduction, Mexico implemented various policies that have now converged into a program known as the first conditional cash transfer (CCT) program in the world. Poverty has been decreasing during the 2000s, in line with macroeconomic stability and stable growth during the period until 2008, although the incidence of poverty still remains relatively high compared to other countries in the OECD, of which Mexico is a member since 1994. However, that favorable trend has reversed with the global crisis caused by the Lehman Shock in 2008. Rising international commodity prices have also affected poor households directly just before and after the shock. This shows that Mexican poor people are actually highly vulnerable to shocks, and that global shocks can have an immediate influence on poor people.

The aim of this book is to empirically analyze the vulnerability of poor Mexican households, especially focusing on marginal rural areas, by adopting the two most recent sets of Mexican rural household panel data. Taking into account the different definitions of vulnerability, I apply different methodologies for identifying vulnerable households in each chapter, enabling discussion of the multiple dimensions of vulnerability from different perspectives. At the same time, all the studies in this book examine the effect of the CCT program on household vulnerability in each chapter.

Chapter 2 is the English version of “An Analysis on the Recent Poverty Degradation and Household Vulnerability in Rural Mexico” published in *Annals of Economics and Business*, Vol. 65 (pp. 155–183), 2016. Chapter 3 is an extended version of the research note published in *Latin America Ronshu*, Vol. 47 (pp. 43–60), 2013. Chapters 1 and 4 are modified versions of chapters of my Ph.D. dissertation submitted to Kobe University in 2013.

Reference

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