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Carlos Navarro

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Report Shows Significant Increase in Poverty in Mexico between 2008 and 2010

by Carlos Navarro

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The poverty rate has expanded in Mexico since 2008, in part because of the lingering weakness in the global economy. A report published by the Consejo Nacional de Evaluación de la Política de Desarrollo Social (CONEVAL) in late July said the number of people living in poverty in Mexico rose to 52 million as of 2010, the equivalent of 46% of the population of 112.3 million. The council, an independent entity funded by the government, said the latest numbers compare with 48.8 million people living in poverty in 2008, or about 44.5% of the population.

Of the total number of people living in poverty, a portion—about 11.7 million or 10.4% of the population—was suffering from extreme poverty. CONEVAL said this percentage remained unchanged from 2008 to 2010.

By CONEVAL's criteria, a person who earns 2,114 pesos (US\$179) per month is considered poor. The extreme poor are those whose monthly earnings are less than 978 pesos (US\$83) in urban areas and 684 pesos (US\$58) in rural areas.

CONEVAL executive secretary Gonzalo Hernández Licona said the most important factor in the poverty increase was a decline in earnings for most Mexicans and a lack of access to food. The US economic crisis hit Mexico harder than other countries in Latin America because the two economies are very closely linked ([SourceMex, Oct. 1, 2008](#)). A sharp increase in global food prices in 2008 contributed to increased costs of commodities in Mexico ([SourceMex, May 7, 2008](#)) and ([May 25, 2009](#)), which was a factor in the rise in poverty.

In addition to outside influences, Hernández Licona pointed to a lack of deep reforms in Mexico, which has kept the economy from attaining its full potential. "We need significant changes so we can attain the economic growth that we have been lacking," the CONEVAL official said.

In recent years, the Congress has passed limited tax reforms ([SourceMex, Sep. 19, 2007](#)) and ([Nov. 4, 2009](#)), but has yet to approve comprehensive changes to the labor code ([SourceMex, May 5, 2010](#)).

The Secretaría de Hacienda y Crédito Público (SHCP) expects the Mexican economy to perform well this year despite an expected slowdown in the US economy in 2011. The SHCP's most recent estimate of 4.3% GDP growth this year is lower, however, than the 5% expansion that the Banco de México (central bank) had forecast previously ([SourceMex, May 25, 2011](#)).

But economic growth in Mexico has been uneven. The government statistics agency (Instituto Nacional de Estadística y Geografía, INEGI) said that Mexico City, México state, and Nuevo León account for 38% of Mexico's GDP. Three other states, Puebla, Querétaro, and Colima, are also a source of strong economic activity. Therefore, it comes as no surprise that the CONEVAL report showed a decline in the number of poor people in three of those states—Nuevo León, México state, and Puebla—between 2008 and 2010. Conversely, the Federal District (Mexico City) and Colima

were among the 22 states where the number of poor increased. The state with the greatest increase in poor people during the two-year period was Veracruz, which went from 3.85 million to about 4.45 million.

One curious trend occurred in México state where the number of people living in extreme poverty increased while the total number of poor decreased. "A factor that might have come into play is its large overall population," said Hernández Licona.

Another interesting pattern, said CONEVAL, was that the growth in the number of poor people was more pronounced in urban areas than in rural communities. The council said this is the result of the erosion in salaries in the two-year period because of the economic crisis. A decline in wages and salaries and massive job losses tend to have a greater overall impact on cities than on rural communities, some analysts said.

Still, the use of data that covers only a short period is not necessarily the best measure of progress against poverty. A more accurate measure is whether a state is able to reduce the number of poor relative to its overall population. The states of Chiapas (78.4%), Guerrero (67.4%), and Oaxaca (67.2%) still have the highest percentage of population living in poverty. In contrast, the lowest rates are in the industrialized states of Nuevo León (21.1%) and Coahuila (27.9%) and in the Federal District (28.7%).

The Confederación Nacional Campesina (CNC) added its voice to the debate by pointing out that rural communities, home to 30 million Mexicans, continue to face significant poverty. More than half of families in the country lack sufficient resources to provide their children with health care, food, shelter, clothing, and transportation, and more than one-third of Mexicans suffer from inadequate nutrition.

Calderón government points to downturn in global economy

There is a difference of opinion on whether President Felipe Calderón's administration has done enough to provide the services that bring people out of poverty, including health, education, and access to nutritious food.

CNC president Gerardo Sánchez García said poverty has increased because the Calderón government has not made enough effort to expand access to programs that serve basic human needs, such as education and health. Additionally, he blamed the administration for failing to create sufficient jobs. "The people want training and new opportunities, not charity and public-assistance programs," said the CNC leader.

The administration offered a different perspective. "This government like no other has sought to give opportunity to the poor," Calderón said in response to the report.

The Secretaría de Desarrollo Social (SEDESOL) pointed out that 3 million people gained access to social security between 2008 and 2010, and another 2.6 million now have access to water, electricity, and sewerage services in their homes.

Furthermore, SEDESOL said a record 1.5 trillion pesos (US\$127 billion) were allocated to fight poverty in the current fiscal year. And administration officials contend that Oportunidades and other social programs have kept millions of people in Mexico from experiencing greater poverty.

Oportunidades provides cash payments to families while promoting education, health, and nutrition.

"It would be irresponsible to deny the impact of global conditions [on Mexican poverty]," Social Development Secretary Heriberto Félix Guerra told reporters. "But it would also be irresponsible not to recognize our achievements in recovering from the worst financial crisis in memory."

Finance Secretary Ernesto Cordero also lamented the increase in poverty but pointed out that much of it was caused by factors beyond the government's control. "These are statistics that are very difficult, but they are the consequence of a brutal economic crisis that hurt everyone," said Cordero. "Regrettably, earnings for most families were affected in 2008 and 2009."

Critics place blame on neoliberal policies since 1988

Others contend that the problems are not just related to the recent crisis but stem from the neoliberal policies implemented by former President Carlos Salinas de Gortari in 1988 and continued by his successors, Ernesto Zedillo (1994-2000), Vicente Fox (2000-2006), and Calderón.

"These statistics confirm the ineffectiveness of the economic model that the government elites imposed in 1988 and continue to this day," the Mexico City daily newspaper said in an editorial. "This means the abandonment of state obligations to provide education, health, employment, food, and housing."

Similar statements came from the main center-left opposition party. "Those who are in charge of this country are responsible for the increase in poverty," said Jesús Zambrano Grijalva, president of the Partido de la Revolución Democrática (PRD). "They are the ones who have been incapable of changing the direction of the economy and of all the factors that have an impact on the well-being of society."

Other observers suggested that Mexico, like other countries in the region, does not have a complete picture on poverty because it uses a method that puts such a strong emphasis on GDP rather than incorporating social factors into the formula. "While it's true that poverty is a black mark for many countries, it is also true that solutions won't be found if we continue to limit the methods for understanding and studying its causes," columnist Yuriria Sierra wrote in the Mexico City daily newspaper.

Sierra pointed to a study by Mexico-based Ethos Foundation, which uses a broad approach to measure poverty based on the philosophy of Nobel Prize-winning economist Amartya Sen. This means measuring variables such as access to services, freedom of movement, public safety, and other factors.

"For Ethos, prosperity refers to more than economic security," the foundation said on its Web site. "Take the example of an individual who owns a television. If his government were to restrict the ability of stations to broadcast, he might as well own a metal box. The competing interests of welfare and rights often take the tone of a zero-sum game. Ethos denies this dichotomy, promoting instead a more inclusive vision of poverty and the human experience."

The foundation uses an index that measures two components:

- Household Poverty, which considers traditional socioeconomic characteristics like income, education, nutrition, and shelter;

- Contextual Poverty, which takes into account social characteristics such as levels of corruption, gender equality, respect for human rights, political stability, confidence in democratic institutions, etc.

Using its methodology, the Ethos Foundation examined poverty in eight countries in Latin America: Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, and Venezuela. The study found the lowest rate of poverty in Chile and Brazil and the highest rate in Ecuador and Bolivia.

Mexico had the third-lowest rate of poverty as defined by the Ethos measure. The foundation recommended that the area where Mexico could place a higher emphasis was education, focusing on adults and strengthening programs that serve children aged 7 to 15. [Peso-dollar conversions in this article are based on the Interbank rate in effect on Aug. 2, 2011, reported at 11.78 pesos per US \$1.00.]

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