

Development and Deforestation in Rural
Mexico:
Impacts Using the Discontinuity in Eligibility
for Oportunidades

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March 9, 2009

Abstract

We study the impact of household income changes on local deforestation, exploiting the community-level eligibility discontinuity imposed in Mexico's Oportunidades program. This program generated large income increases in treated communities, and the presence of a discontinuity generates clean causal identification. We utilize a GIS map of changes in forest cover to estimate impacts, and find that the income increases generate a substantial uptick in deforestation in treated communities. Using the household survey data generated during the initial experimental evaluation of the program we find sharp increases in resource-intensive consumption in treated households, but no corresponding increase in the intensity of land use. Having motivated this asymmetry with a simple theoretical model, we proceed to a spatial analysis of impacts, and find that the greatest increase in deforestation is found between 10 and 20 kilometers from treated communities.