

**Abstract for “Distribution Dynamics of the Per Capita Income in Mexico, 1990-2010: Convergence across Municipalities”**

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This study focuses on the inequality dynamics of the Mexican distribution of the mean per capita income at the municipal level in 1990, 2000 and 2010 using Gaussian finite mixtures. Our results show the formation of a poor component in 2000. It consists of entirely 260 rural municipalities, mostly grouped in the states of Oaxaca, Chiapas, Veracruz and Puebla. The dynamics of income inequality suggest that such administrative entities were unable to move toward non-farm activities during the 1990s and 1980s, a period highlighted by macro developments favouring the expansion of the non-tradable sector in Mexico. On the contrary, the period 2000-2010 is characterized by a catching-up process due to the relative upsurge of the farm-activities. This recovery can be explained, amongst other factors, by productivity improvements, the commodity boom of the mid 2000s, reduction of government subsidies in the US, domestic price stability, remittances and the enhancement of efficient conditional cash transfers programs. Finally, more than ask for special treatment for the 260 rural municipalities, we believe it to be desirable to support the entire traditional agricultural sector encouraging intra and inter sectorial mobility.