



THE LABOR MARKET AND THE DIMENSIONS OF POVERTY IN MEXICO, 2008-2023¹

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Abstract: This paper aims to link the labor market conditions of Mexico with the evolution of poverty, resulting from a long-term process that worsened in 2020 due to the COVID-19 pandemics. On this basis, different figures related to the labor market, the level and distribution of income, multidimensional poverty and inequality reported by the institute advocated to national statistics, INEGI, in the surveys ENOE and ENIGH are discussed. In this regard, the main objective is to establish the degree of coherence between such figures and determine the appropriateness of CONEVAL's calculations on poverty, inequality, and distribution of income due to an adjustment in the 2022 ENIGH's methodology, which in turn implied a change in the figures corresponding to the period 2016-2022.

Keywords: labor market, minimum wages, poverty, inequality, income distribution

JEL Classification: J21, J31, I32, I38

Introduction

According to the National Household Income and Expenditure Survey (ENIGH)², which is obtained by the National Institute of Statistics and Geography (INEGI) every other year, based on a sample of over 105,000 families, two thirds of their current income correspond to labor force activities. Therefore, low levels of wages, both minimum, which directly are received by only 15% of the Economically Active Population (EAP), and others, provide important information to measure poverty and inequality, a task under the responsibility of the National Council for the Evaluation of Social Policy (CONEVAL). Based on this, the paper ought to grasp both the conditions of the labor market that originate low levels of wages, and a change of tendency unveiled by the ENIGH 2022. This must be seen as the result not only of an improvement in the income conditions of Mexican families once the COVID-19 pandemic consequences were practically overcome, but also of an adjustment in the 2022 ENIGH's methodology, which in turn implied a change in the figures corresponding to the period 2016-2022 developed by

CONEVAL. To carry out the analysis, the work is divided into three parts. In the first, the labor market is dimensioned, and its main weaknesses and inconsistencies presented, sometimes associated to the questionnaire from which the survey is carried out. The second part analyses the results of the ENIGH 2022 and its consequences for the quantification of poverty and inequality. The conclusions are presented in the third part.

1. The labor markets

This section is confirmed by three parts. In the first the size of the national population, the proportion of it that belongs to the labor market and how it is distributed internally are presented. In the second, the main reforms carried out during the recent years to improve the conditions of such a market are delineated. In the third, a more quantitative and detailed analysis is presented.

1.1. The general measurement

The following figures take as its main source the most powerful labor force monitoring statistic, collected quarterly by INEGI, the National Survey of Occupation and Employment (ENOE), and are obtained from a cut-off

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² As a matter of consistency, all the abbreviations and acronyms used in the paper are presented in Spanish.

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in mid-2023. They show the *sui generis nature* of the labor market, without exempting them from possible inconsistencies.

- The country has 130 million inhabitants;
- Out of them, 100 million are 15 years old and over, *i.e.* the Working Age Population (PET) as defined by the Federal Labor Law-LFT;
- 60 million belong to the Economically Active Population (PEA), which implies a participation rate of 60% of the PET (100 million people), clearly lower than the world average (64%);
- The employment rate, which is calculated as the ratio of the employed population (58.5 million) to the PET is 58.5%, one of the lowest in the Organization of Economic Cooperation and Development (OECD), which averages 63.8%.
- Out of the total number of employees, 40 million are paid workers, or 68% of the PEA; the rest have an occupation but may not receive any remuneration at all.
- In addition, 40 million people are Non-Economically Active Population-PNEA (40% of the working-age population) for despite belonging to the working age, they did not carry out economic activities in the week of the survey as they were engaged in housework or studying, were retired or pensioned, had a disability, or had given up looking for a job.
- This also means that only 45% of Mexico's total population effectively work and support the rest, a coefficient that has been decreasing during the recent years because the aging of people make them candidates to the elderly pension program (6% of total population in the 1990s, 10% in 2022);
- 26.3 million are in the formal sector (belonging to the Mexican Institute of Social Security-IMSS, the Institute of Security and Social Services of State Workers-ISSSTE and other forms of insurance, in addition to having a written employment contract), and 32.2 million (54% of the PEA) are in the informal sector, and
- 2 million are unemployed, an astonishing 3.2% of the PEA, one of the lowest rates in the OECD (STPS/INEGI, 2023; World Bank, 2023, and OECD, 2023).

1.2. The labor market reforms

It must be remembered that, to make the behavior of the labor market more efficient, three reforms aimed at it were

carried out between 2012 and 2021, having been not consolidated any since 1980. These involved modifications to different legal systems, both constitutional and secondary laws and regulations. In particular, the following were amended: Article 123 of the Mexican Political Constitution, the LFT, the IMSS and ISSSTE laws, the Income Tax (ISR) and Value Added Tax (VAT) laws, and the Federal Tax Code.

The *2012 reform*, agreed within the framework of the 11 structural reforms originally conceived during President Peña Nieto's six-year term (2013-2018), was seen as a long-awaited element by businessmen that would boost workers' productivity and strengthen the country's competitiveness, within a framework of external openness. Its orientation was fundamentally economic, as reflected in its central elements:

- Functional and numerical flexibility of the workforce and its link with the workplace;
- Application of probationary contracts;
- Support for the formalization of employment;
- Implementation of employment schemes and hourly wages;
- Reduction of rigidities in the training of the workforce;
- Promotion of so-called decent work;
- Regulation of special jobs, including outsourcing, teleworking and domestic work;
- Elimination of the blind ladder, and
- Removal of the opt-out clause.

The *2018 reform* was more of a political-administrative than an economic one. In other words, it was aimed at resolving delays in the administration of labor justice, in particular:

- Replace the Conciliation and Arbitration Boards with federal and state labor courts;
- To create the Federal Centre for Conciliation and Labor Registration in order to provide an expeditious solution to labor-management disputes;
- To democratize trade union life by promoting the secret and direct vote of workers in electing their leaders and, on this basis,
- Submit Collective Bargaining Agreements (CBAs) for ratification.

The *2021 reform* was narrower and, to some extent, a continuation of those of 2012 and 2018 which, as is always



the case, faced implementation problems. In this way, it focused on:

- Gender equity, formally present in the Constitution and the LFT;
- Orderly and impartial regulation of collective bargaining processes;
- Delimitation of the right to strike;
- Work on digital platforms, and
- Outsourcing.

A fourth reform is pending in the current administration, on *reducing the weekly working days* from six to five (48 to 40 hours per week, as in most countries of the world). This was discussed in Congress at the end of 2023 and did not pass because employers considered that, while recognizing the importance of remote work, it would reduce flexibility in the organization of physical work. They added that there was no guarantee that fewer hours worked would translate into higher levels of productivity, then affecting capital accumulation and investment. To

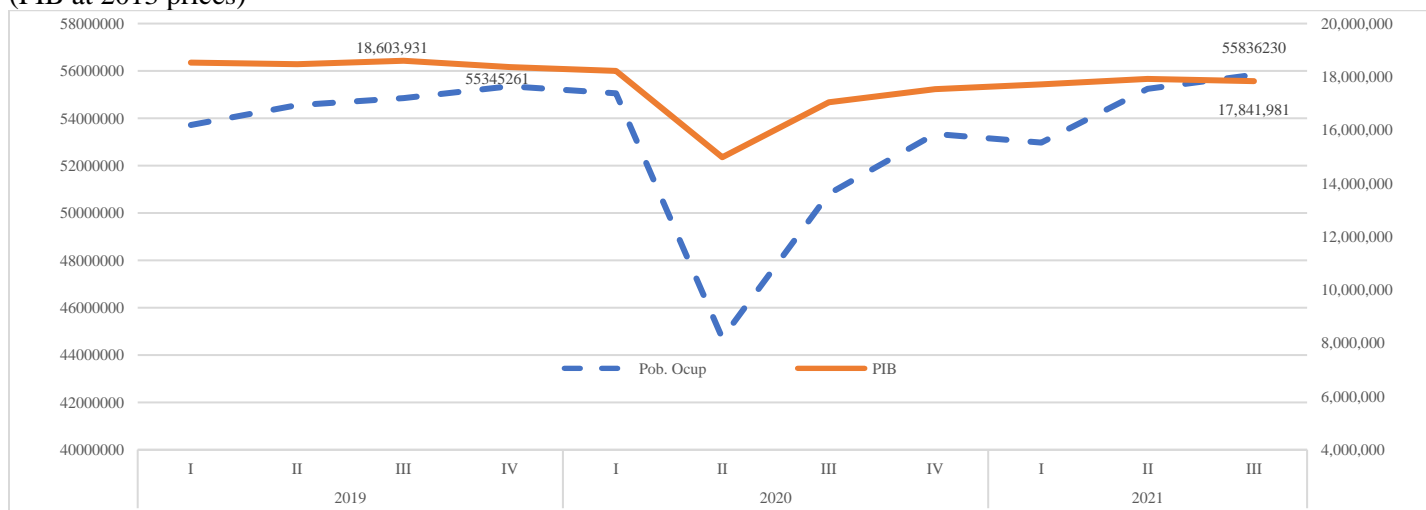
compensate, they proposed to continue with the post-COVID-19 attitude of boosting economic dynamics and hiring more workers.

1.3. The recent dynamics of the labor market

In line with the above, although at the end of 2021 the real level of Gross Domestic Product (GDP) at 2013 prices was still lower than in the third quarter of 2019, the same was not true for total employment (formal and informal), which since the second quarter of 2021 exceeded the peak level reached in the fourth quarter of 2019, as Figure 1 shows. This means that, as it happened with the economy of the United States of America (USA) after the wide ravages of COVID-19, the demand for labor grew faster than the level of output, regardless of the quality of jobs. This though in the USA the average wages kept growing rapidly, as an indicator of the shortage of labor force, while in México they remained low and even growing at negative rates in real terms, except for the minimum wages, which have been centrally fixed³.

Figure 1. Gross Domestic Product (PIB) and employed population (Pob. Ocup.)

(PIB at 2013 prices)



Sources: based on figures from INEGI (2023) and STPS/INEGI (2023)

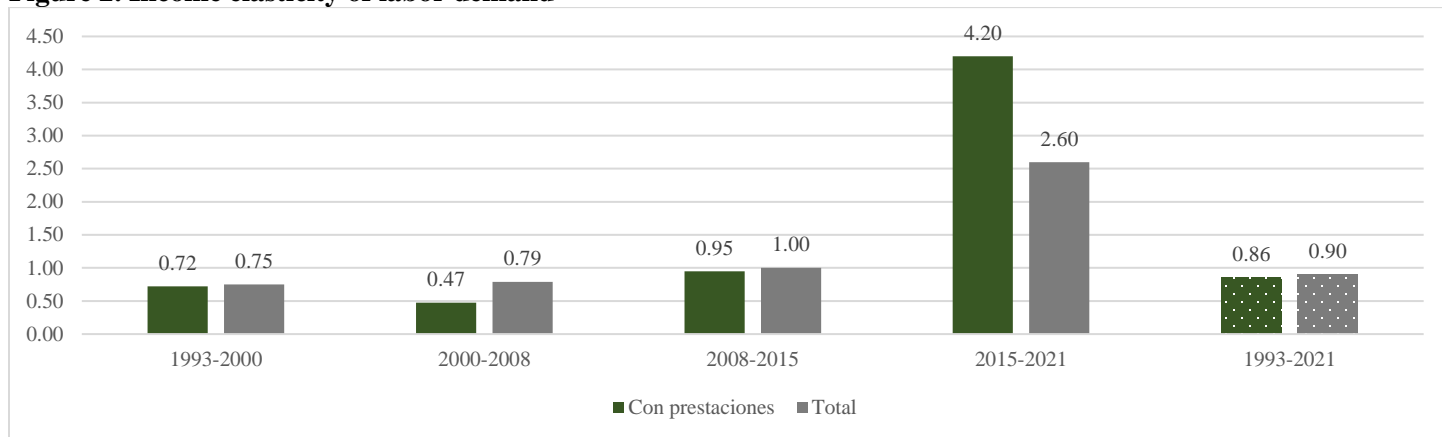
Figure 2 shows that, indeed, given the efforts between 2015 and 2021 to regularize or formalize employment of formal enterprises through different programs (10-year decreasing reduction of payments for income tax, IMSS fees and the Retirement Saving System-SAT), total employment grew 2.6 times faster than output, while formal employment (that involves legal benefits) grew 4.2 times, both levels not seen since at least since 1993.

³ It must be reminded that the USA holds the first place at worldwide level in terms of the COVID-19 death toll, with 1.12 million people up to December 2023, and a death rate of 4.3%,

while México holds the fifth place, with a death toll of 333.2 thousand people, and a death rate of 4.4% (John Hopkins University, 2023).



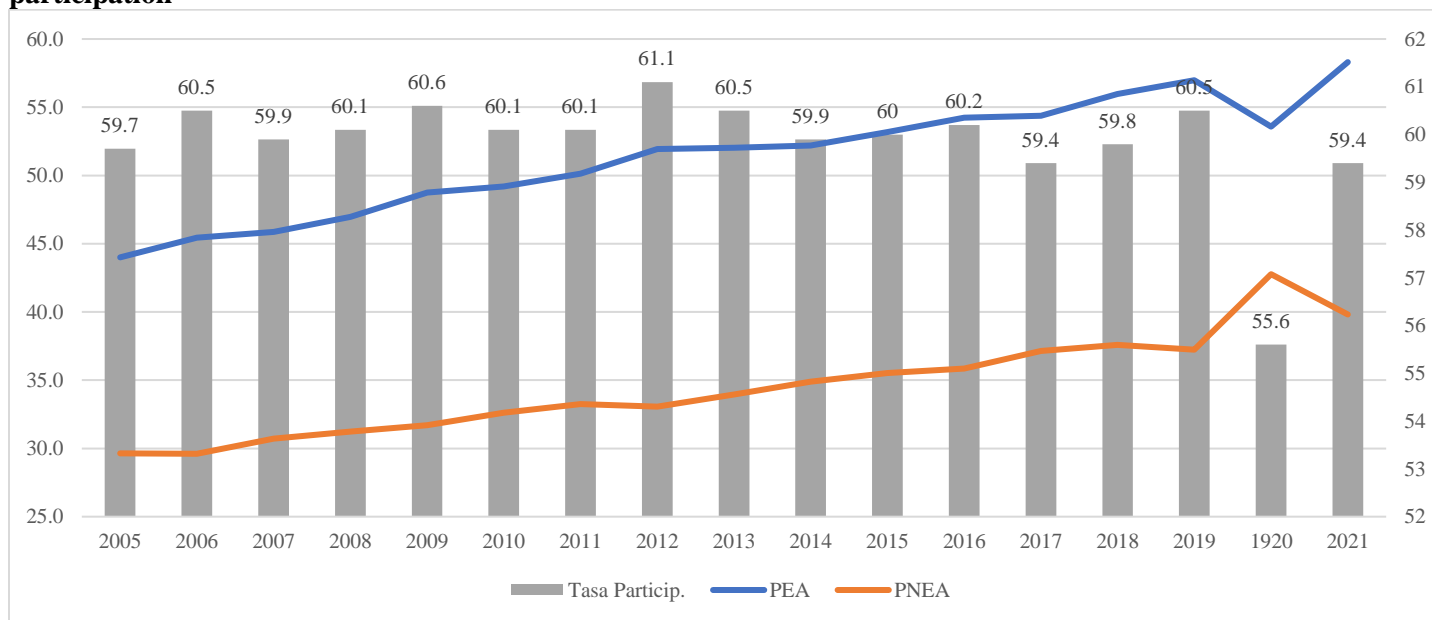
Figure 2. Income elasticity of labor demand



Sources: based on figures from INEGI (2023) and STPS/INEGI (2023)

Obviously, the recording of occupation through employment statistics plays a fundamental role in the previous relation. For example, if when the ENOE is obtained, the transition from PEA to PNEA is made more flexible, by virtue of the fact that the respondent mentions that he or she is no longer actively looking for work (disenchanted worker), as was observed in 2020 due to the effects of COVID-19, it causes a substantial drop in the size of the PEA and an increase in the opposite direction of the PNEA, as shown for 2020 figure 3. As a result, and since the PEA is the denominator of the unemployment rate, this latter variable did not shoot up to the levels observed in other countries.

Figure 3. Economically Active Population (PEA), Non-Economically Active Population (PNEA) and rate of participation



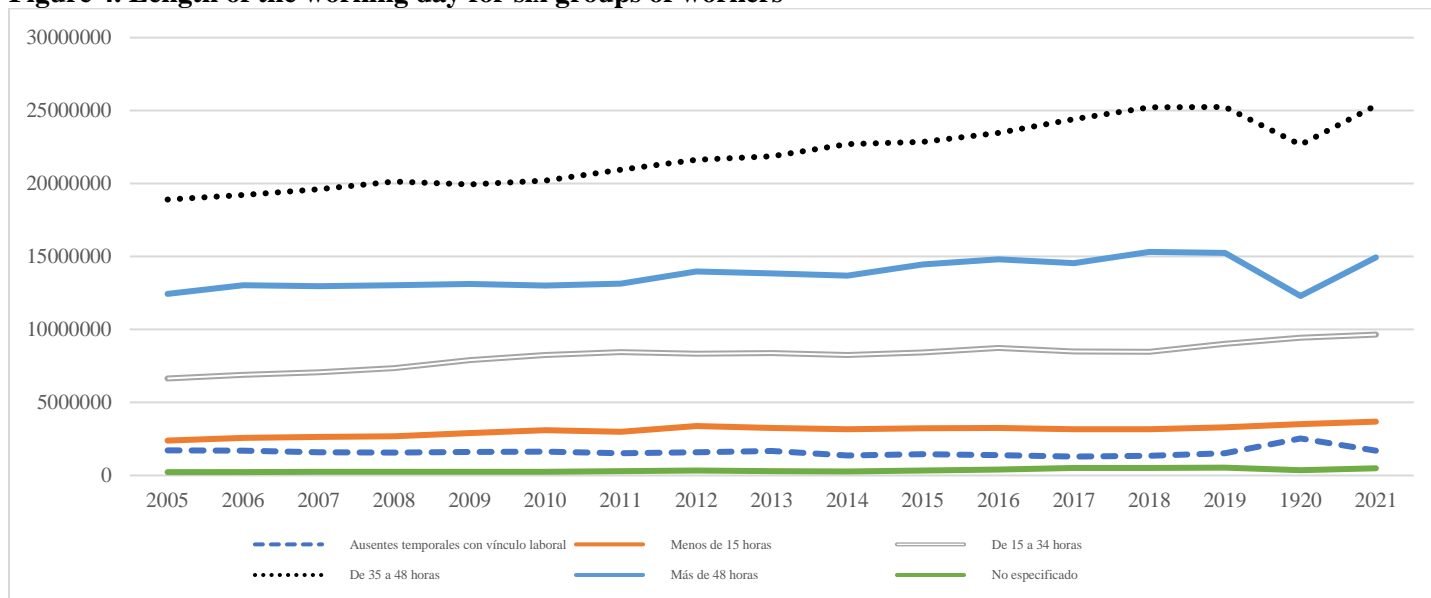
Sources: based on figures from INEGI (2023) and STPS/INEGI (2023)

The length of the working day, which is an indicator of the effort that workers must make to maintain their standard of living, resumed its upward trend once the effects of COVID-19 on employment were overcome, as shown in Figure 4. After 2020 stand out the laborers working 35 to 48 hours a week and those who work more than 48 hours (two upper lines), as



they involve more than 40 million people, two thirds of the labor force. Besides, 25% of the same work more than 48 hours per week, the upper limit established in the LFT. This because they work overtime in the company where they are employed or because they have more than one employment, no necessarily in the formal sector.

Figure 4. Length of the working day for six groups of workers

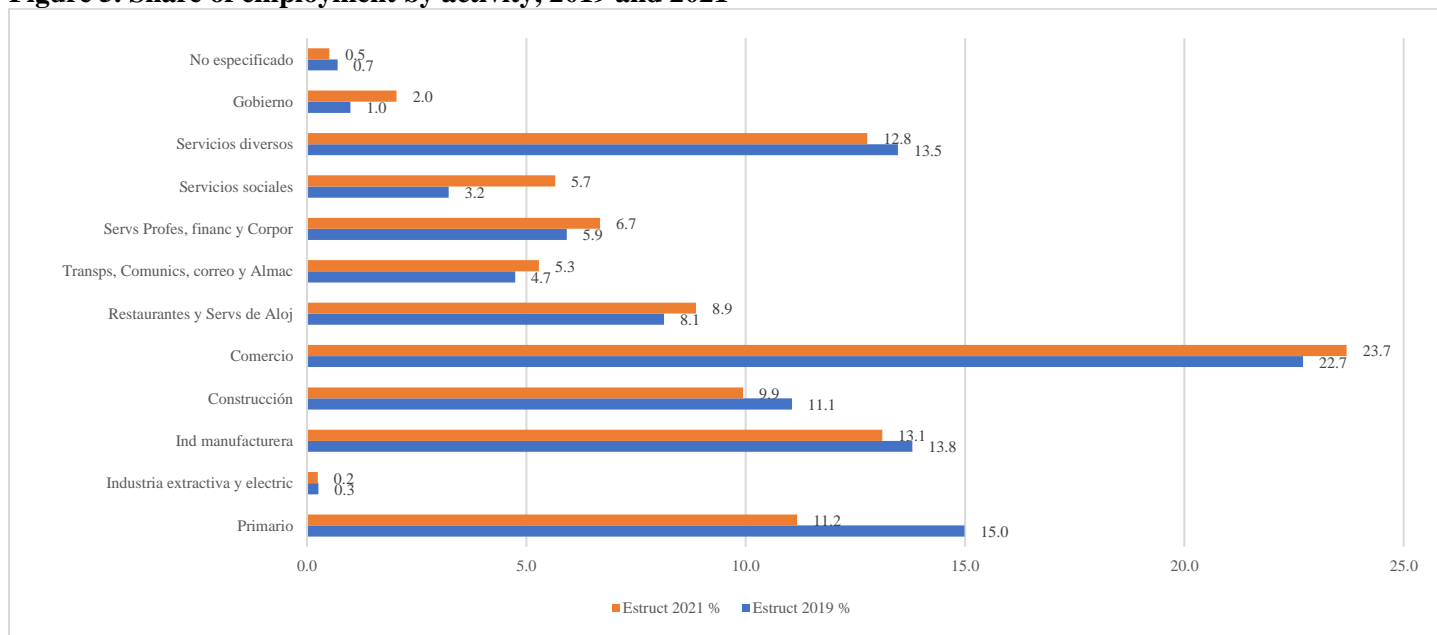


Sources: based on figures from INEGI (2023) and STPS/INEGI (2023)

As it might be expected, the most affected activities in terms of their share of total employment in 2021 as compared to 2019 were those that had previously been dynamic due to the country's type of specialization: primary sector, which fell from 15% in the first year to 11.2% in the second; construction industry, from 11.1 to 9.9%; manufacturing, from 13.8 to 13.1%, and miscellaneous services, from 13.5 to 12.8%. On the other hand, and despite their very short-term impact, trade and services increased their share in the same period from 22.7% to 23.7%; government, from 1 to 2 per cent; professional, financial and corporate services, from 5.9% to 6.7%; restaurants and lodging services, from 8.1 to 8.8%, and transportation, communications, mail and storage, from 4.7 to 5.3%.



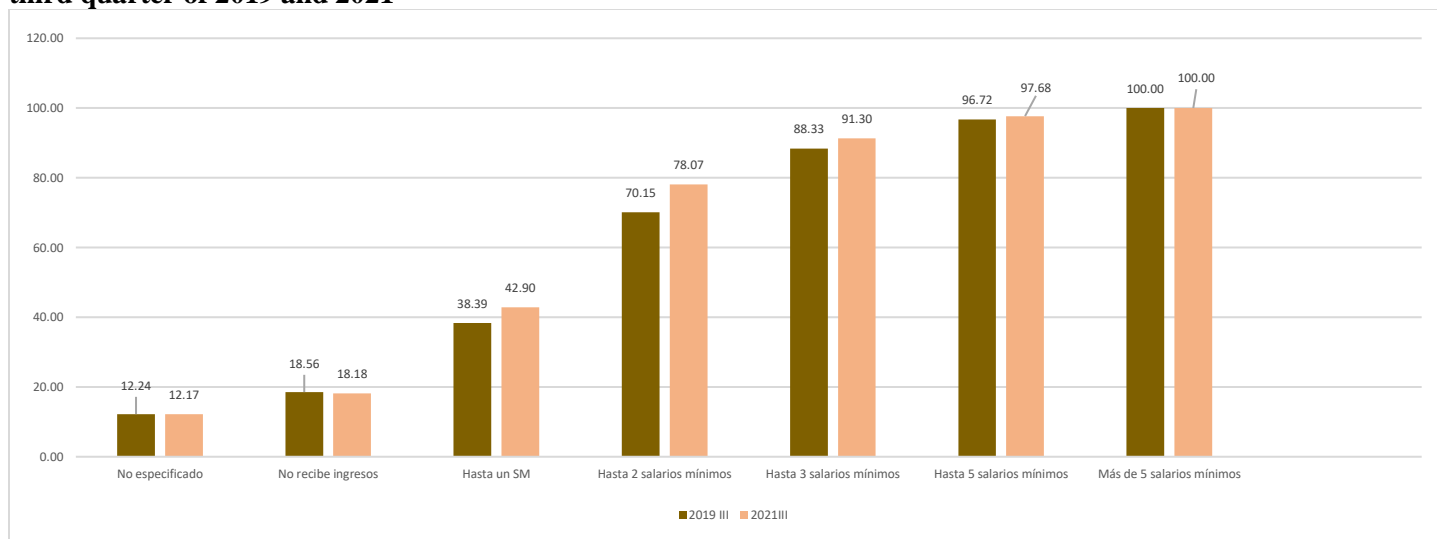
Figure 5. Share of employment by activity, 2019 and 2021



Source: based on STPS/INEGI figures (2023)

The increases in the General Minimum Wage (SMG) of 20% annual average promoted from 2019 onwards, although this figure began to register real growth from 2016 onwards, quickly changed the country's wage structure and caused workers who receive between zero and up to one SMG (including no specified) to go from representing 38.39% in the third quarter of 2019 to 42.9% in the third quarter of 2021, as can be seen through the third pair of bars in Figure 6.

Figure 6. Cumulative occupational structure in terms of the number of General Minimum Wages earned (%) in the third quarter of 2019 and 2021

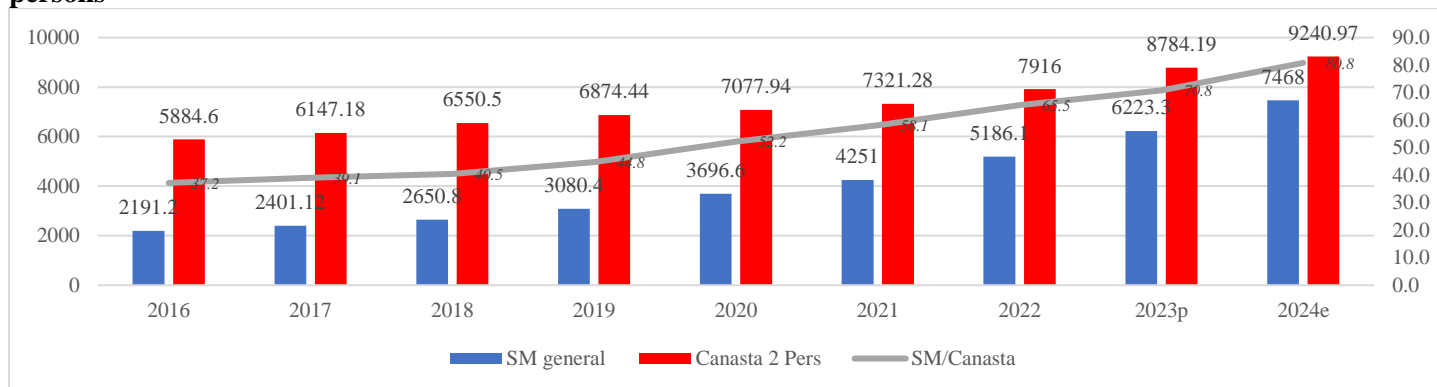


Sources: based on figures from Conasami (2023) and STPS/INEGI (2023)



This six-year effort was not enough to achieve the goal established in December 2018 by the federal government to each family, headed in average by an average by two people, that the amount of one SMG needed to buy two food and non-food baskets, also known as welfare baskets. This according to the minimum requirements per-person and their prices calculated by the CONEVAL (2022). As Figure 7 points out, the SMG which in 2018 bought only 40.5% of such baskets, by the end of 2024 will reach expectedly 80.8% of them, *i.e.* a shortage of 20%.

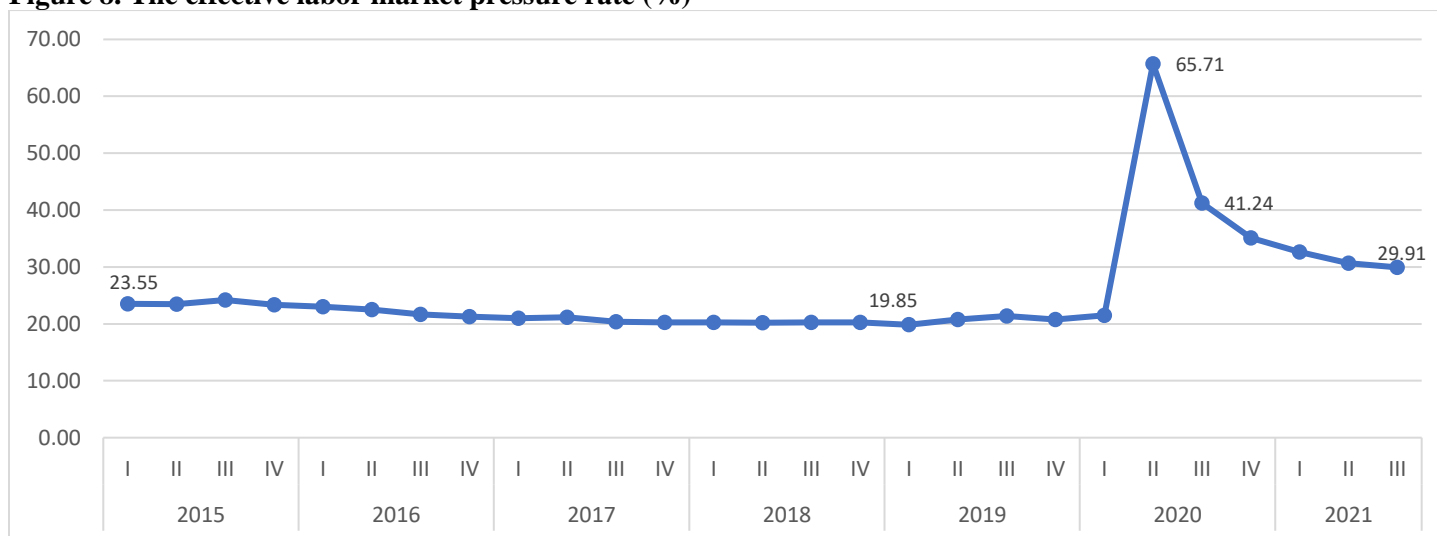
Figure 7. The General Minimum Wage as compared with the food and non-food basket cost per month for two persons



Sources: based on figures from Conasami (2023) and CONEVAL (2022 and 2023)

And although the unemployment rate fell to 3.2% at the end of 2022, the labor market continued to be subject to serious pressures, which are identified in different ways: the level of informality (five and a half workers out of 10 are in this condition); the high share of jobs pay with at most two SMG (78% of the total number of employed people up to the third quarter of 2021), and the effective pressure rate, which refers to the proportion of the PEA either unemployed or employed but voluntarily looking for a new job or an additional one. As Figure 8 shows, such a rate stood at 29.9% in the third quarter of 2021, 10 percentage points above the level recorded in the first quarter of 2019.

Figure 8. The effective labor market pressure rate (%)*



*It refers to the proportion of the PEA either unemployed or employed but voluntarily looking for a new job or an additional one.



Source: based on STPS/INEGI (2023)

Since wages account for two-thirds of household current income, their impact on poverty and inequality is critical. Hence, the next section focuses on this issue and the controversies related to its measurement during the 2019-2024 administration, particularly the ENIGH 2022.

2. The ENIGH 2022 and the Report of CONEVAL 2022

The publication by INEGI at the end of July 2023 of the results of the ENIGH 2022 had enormous implications for CONEVAL's measurement of poverty and inequality, an exercise which was carried out a few days later. This gave rise to an analysis forum convened on August 16th by the University Program of Development Studies (PUED) of the National Autonomous University of Mexico (UNAM), in which the views of several experts were heard. Fernando Cortes, from El Colegio de México (COLMEX), who had

Table 1. Multidimensional measurement of poverty based on the ENIGH 2022 Percentage, number of people and average deprivation by poverty indicator

Indicadores	Porcentaje				Millones de personas				Carencias promedio			
	2016	2018	2020	2022*	2016	2018	2020	2022*	2016	2018	2020	2022*
Pobreza												
Población en situación de pobreza	43.2	41.9	43.9	36.3	52.2	51.9	55.7	46.8	2.2	2.3	2.4	2.6
Población en situación de pobreza moderada	36.0	34.9	35.4	29.3	43.5	43.2	44.9	37.7	2.0	2.0	2.1	2.3
Población en situación de pobreza extrema	7.2	7.0	8.5	7.1	8.7	8.7	10.8	9.1	3.6	3.6	3.6	3.8
Población vulnerable por carencias sociales	25.3	26.4	23.7	29.4	30.5	32.7	30.0	37.9	1.8	1.8	1.9	2.0
Población vulnerable por ingresos	7.6	8.0	8.9	7.2	9.1	9.9	11.2	9.3	0.0	0.0	0.0	0.0
Población no pobre y no vulnerable	24.0	23.7	23.5	27.1	28.9	29.3	29.8	34.9	0.0	0.0	0.0	0.0
Privación social												
Población con al menos una carencia social	68.5	68.3	67.6	65.7	82.7	84.6	85.7	84.7	2.1	2.1	2.2	2.3
Población con al menos tres carencias sociales	20.0	20.2	23.0	24.9	24.2	25.0	29.2	32.1	3.5	3.5	3.5	3.6
Indicadores de carencia social												
Rezago educativo	18.5	19.0	19.2	19.4	22.3	23.5	24.4	25.1	2.7	2.8	2.8	3.0
Carencia por acceso a los servicios de salud	15.6	16.2	28.2	39.1	18.8	20.1	35.7	50.4	2.7	2.7	2.8	2.9
Carencia por acceso a la seguridad social	54.1	53.5	52.0	50.2	65.4	66.2	66.0	64.7	2.3	2.3	2.5	2.6
Carencia por calidad y espacios de la vivienda	12.0	11.0	9.3	9.1	14.5	13.6	11.8	11.7	3.1	3.2	3.4	3.6
Carencia por acceso a los servicios básicos en la vivienda	19.2	19.6	17.9	17.8	23.1	24.3	22.7	22.9	3.0	3.0	3.1	3.3
Carencia por acceso a la alimentación nutritiva y de calidad	21.9	22.2	22.5	18.2	26.5	27.5	28.6	23.4	2.6	2.6	2.7	2.9
Bienestar económico												
Población con ingreso inferior a la línea de pobreza extrema por ingresos	14.9	14.0	17.2	12.1	18.0	17.3	21.9	15.5	2.5	2.5	2.5	2.9
Población con ingreso inferior a la línea de pobreza por ingresos	50.8	49.9	52.8	43.5	61.3	61.8	66.9	56.1	1.9	1.9	2.0	2.2

Source: CONEVAL (2023)

3. As extreme poverty increases, so does multidimensional poverty. This is particularly due to the inadequacy of the fulfilment of two constitutional rights: access to health, in which the number of uncovered people increased from 20.1 million to 50.4 million between 2018 and 2022, while

also worked as an academic researcher at CONEVAL, revealed some interesting ideas that deserve to be shared together with other's assertions:

1. The ENIGH 2022 was obtained without having previously carried out the survey of the Socioeconomic Conditions Module (MCS). On this basis, when inferring some data on income, which is not without some risks, but it is possible for those who know the methodology, the figures show inaccuracies, to say the less.

2. Even if the results of the ENIGH 2022 were taken as good, the increase of 400 thousand people, between 2018 and 2022, in the stratum of those who are in conditions of extreme poverty, is evident, despite the fact that the vulnerable group by income is reduced by 600 thousand, as shown in the numerical columns six and eight of the section on poverty in Table 1. This assesses the evolution of multidimensional poverty between 2016 and 2022.

Percentage, number of people and average deprivation by poverty indicator

the educational gap increased by 1.6 million (third section of table 1).

4. It is argued that the ENIGH 2022's change of methodology implies a break with the historical figures from 2016, since it now has full local representativeness.



However, it should be possible to maintain the consistency of the aggregate figures and to avoid losing comparability, as it has occurred with other surveys, censuses and administrative records of the National Accounts System (SCN), greatly limiting historical analysis. Such is the case of the transition, in 2005, from the National Employment Survey (ENE), which used to have urban representation, to the ENOE, which has national representation.

5. If we take the income of households in decile I, which is 13,411 pesos per quarter, and divide it by three to get the monthly value, we arrive at only 4,470 pesos, and only 1,242 pesos per person (3.6 average members in each family), an excessively low level that cannot be disguised with any adjective. In other words, even considering that decile I has substantially increased its income in relation to the other deciles, it includes people in extremely unfavorable conditions, who must be the object of deep reflection and the recipients of policies aimed at removing them from this socially unacceptable condition.

6. Government transfers are attributed to the income of families that show a growth rate between 2020 and 2022 of 34%, but it is not clear whether these benefits reach the neediest families, especially in the most remote areas of the country, as was achieved by previous anti-poverty programs, possibly because they were better targeted and had another method of dispersing resources. To this observation it must be added that it would be a mistake to divide the total transfers among the potential recipient families, because this would lead to serious inaccuracies, since millions of them do not receive the benefits, as it happens for example, with the Elderly Pensions Program (over 65 years old).

7. There is a 14% growth in income from self-employment between 2020 and 2022, which should be interpreted mainly as informality, a figure that has weighed down the labor market for decades and that has not been possible to reduce to less than 54%, considering the share of the employed population that, when the ENOE is carried out, do not receive social security benefits and have not a written contract.

8. From the point of view of distribution, there was a drop of 2.16% between 2018 and 2022 in the share of total income in decile X, which, given its high amount, causes an upward recomposition on the income of the other deciles: 27% in levels I, III and IV; 28% in levels II and VII; 30% in the V; 31% in level VI; 28% in level VII, 19%

in level VIII, and zero in level IX. At the same time, there has been a persistent reduction in the Gini index since 2016, which does not seem consistent with the inequality figures.

9. The adjustment to the methodology for surveying the ENIGH 2022 not only lead to a recomposition of the income share in favor of families that are part of the first seven deciles, raising from to 28% on average in 2022, but also to two types of transfers, although with went up from 15.3% of total family income in 2018 to 17.2% in 2022. The first tape of transfers refers to those associated with social policy: Retirements and Pensions, Government Programs, and Government and Institution Scholarships, which accounted for 11.1% in 2022. The second are those of a private nature or originated by Non-Governmental Organizations (NGOs): In-Kind Transfers from Other Households, Monetary Donations from Institutions and other Households, In-Kind Transfers from Institutions, and Income from Other Countries (mainly family remittances) whose coefficient stood at 6.1% in 2022.

10. On the basis of a more detailed analysis of social programs, it can be seen that those referring to the Elderly, Basic Education Scholarships, Upper Secondary Education Scholarships, Persons with Permanent Disabilities, Youth Building the Future, and Sowing Life are those that have had the greatest effects on poverty levels and income distribution; however, Some qualifications are required. Although transfers referred to Retirements and Pensions grew 22% between 2018 and 2022, the population stratum aged 65 and over also increased by about 13%, which implies an average annual growth in allowances per person for this age group of 2.25%. It can be deduced from this that the total amount of resources allocated to the Elderly Pensions Program, known in pension jargon as Pillar Zero, maintained a very high growth rate; for example, in 2024 its budget increase was 30% (IMCO, 2023).

11. Although the 2022 CONEVAL report does not fail to recognize that poverty continues to be a lacerating problem for Mexico and that, when analyzed from a multidimensional perspective, there are high degrees of social deprivation on the six fronts that it considers, particularly social security, health, and education, it is evident that the public policies put into operation since 1992 have little capacity to overcome it. In other words, regardless of the government in power, anti-poverty



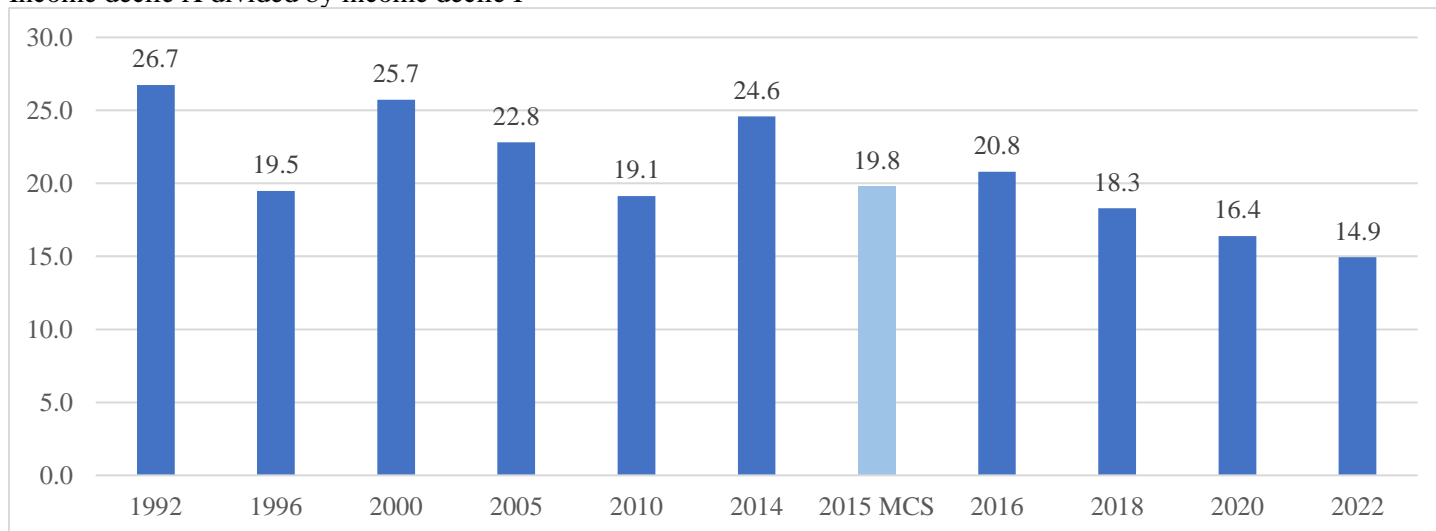
policies, including those that act exclusively as palliatives for income levels, have at most managed to slow down the advance of the problem, but have not been able to eradicate it.

Expanding on inequality, measured with the conventional method of determining how many times the income received by decile I fits into decile X, the revised ENIGH from 2016 to 2020 and the ENIGH 2022, released in July 2023, reflect a continuous decline, as shown in Figure 9. Even if the analysis is extended backwards, reaching the implementation of anti-poverty programs, the trend is the same, since it goes from 26.7 times in 1992 to 14.9 times in 2022, a spectacular figure from any point of view, which can be attributed, as of 2016, to the methodological

adjustment applied to the 2015 MCS. although it is the opposite of what would have been obtained if a comprehensive reform of the ENIGH method had been carried out, given that inequality reached 57 times in 2012 with the more realistic method indicated by Bustos and Leyva (2016) against 19 times from the ENIGH 2012. In the same way, these values differ from those observed in other exceptionally unequal regions, such as Latin America as a whole, for which, based on figures close to 2008, Palma (2016) calculates a median of 33.9 times, while for Mexico it is 19.1 times and, at the global level, Piketty (2014) projects a persistent process of growth for such inequality.

Figure 9. Inequality in Mexico as measured by the conventional method

Income decile X divided by income decile I



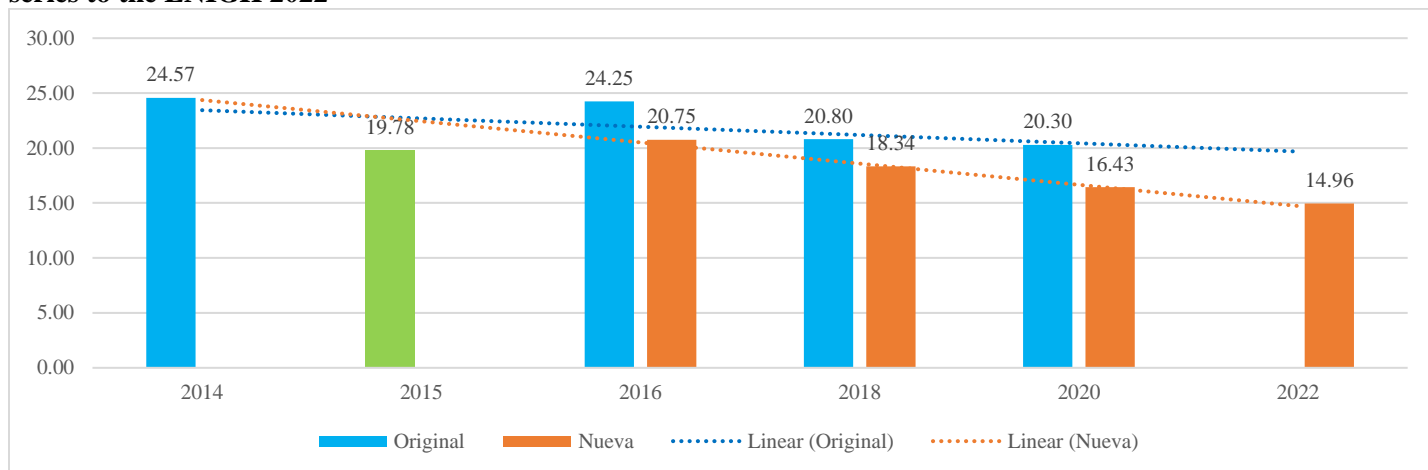
Source: based on INEGI (2023) and CONEVAL (2023)

Derived from the adjustments of the 2016-2020 ENIGH to make them consistent with that of 2022, based on the argument of their greater local coverage, a modification of the slopes of inequality, measured with the conventional method, is observed, which is reflected in graph 10. The value of 2015 (19.78) is used as a reference, to recall what had been the original proposal that emerged from the MCS

that was raised that year, and which was refuted by CONEVAL. Such action returned levels to the highest bar of 2016 (24.25 times); but with the 2022 revision, they were lowered again, so that, in just eight years, inequality was reduced by 39% (from the number of times mentioned above to 14.96 times).



Figure 10. Comparison of figures on inequality (decile X/I) from the 2014-2020 ENIGHs and revision to adjust the series to the ENIGH 2022



Source: based on INEGI (2023) and CONEVAL (2023)

In order to compare this abrupt change in trend with other experiences, we resort to what Piketty (2014) observed in the sense that since 1970 a behavior in the opposite direction has been observed, that is, towards the concentration of income at the highest levels, which would worsen throughout the twenty-first century⁴. This is due to the faster growth of returns on capital (r), particularly driven by large corporations, relative to output dynamics (g), without tax practices having been able to counteract the tendency.

If adjustments were made to the distribution series and their consequences on poverty retroactive to 2016, as stated by CONEVAL, it is not clear why it was decided to

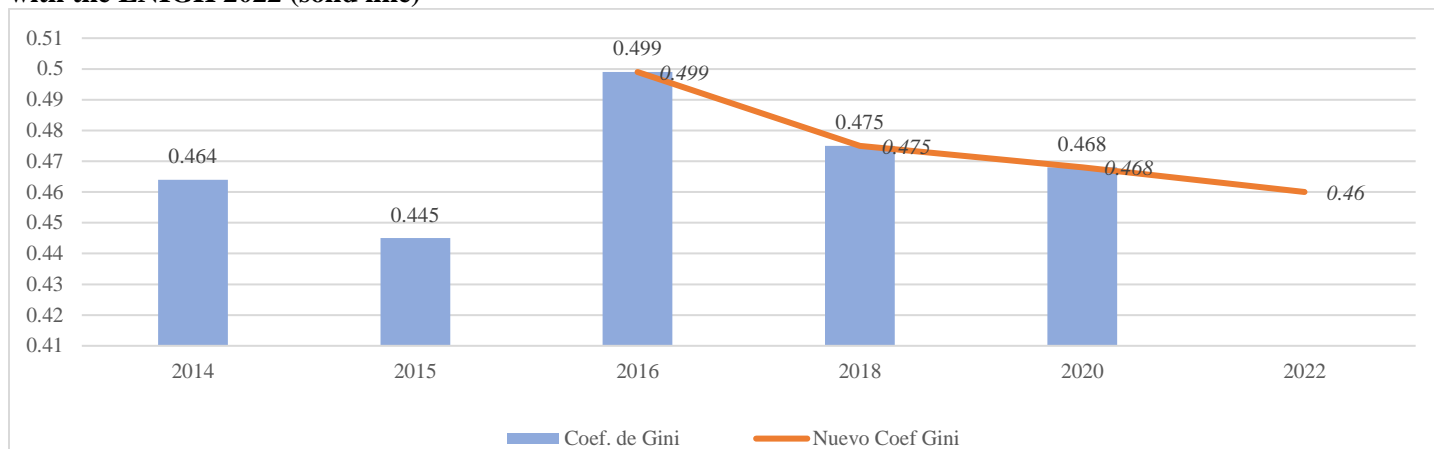
keep the Gini index unchanged during the period 2016-2020, as shown in Figure 11. This should perhaps be interpreted as an omission since it is clear that the differential between decile X and the rest of the deciles has narrowed. Due to this fact, the Gini index should be adjusted. In fact, Bustos and Leyva's observation is that, with an adequate survey of the ENIGH, inequality indicators would have to increase, including the Gini index, since the underreporting of income would be eliminated, especially in deciles IX and X, which are the ones with the greatest weight in total income (Bustos and Leyva, 2016). As long as this is not reflected by the figures reported, as well as their trend, the results will remain questionable.

⁴ Starting in 1970, and after having declined for 60 years, a sustained increase began in the share of income appropriated by the highest decile of the income distribution in developed countries, particularly the United States, the United Kingdom, Germany, France and Sweden, which reached between 28% in the case of Sweden and 48% in the case of the United States in 2010 (Piketty, 1999). 2014: 355). Digging deeper at the percentile level, thanks to the availability of tax data for a group of less developed countries with no obvious problems of tax evasion, the author observes that this change in trend began in the 1980s, and by 2010 the richest 1% of the population had advanced its participation in income to 11% in China, 12% in

India, 13% in Indonesia, 16.5% in South Africa (similar figure in Argentina), and 20.5% in Colombia (Piketty, 2014: 359). Because the pure rate of return on capital (r), including taxes and capital losses, is advancing at a faster rate than that of world output (g), i.e., $(r) > (g)$, the author expects this concentration to continue throughout the twenty-first century. This argument is reinforced by the fact that the total number of billionaires in dollars and their combined wealth, whose figures in 1987 totaled 140 people and 300 billion, respectively, rose in 2013 to 1,400 people and 5.4 trillion dollars, in that order, according to Forbes (Piketty, 2014: 476).



Figure 11. The Gini index calculated from the original ENIGH up to 2020 (bars) and re-estimated to be compatible with the ENIGH 2022 (solid line)



Source: based on INEGI (2023) and CONEVAL (2023)

Conclusions

Labor income represents two-thirds of the current income reported by families through the ENIGH. This means that what most determines their well-being comes from the labor market. Although employment and occupancy possibilities were higher in 2021 than during the pandemic, and although the SMG increased by an annual average of 20% between 2019 and 2024, it is not possible to say that the labor market is better off today than it was in 2019. In the first place, many workers who earned more than one SMG in the third quarter of that year, now hardly reach that legal figure, and if the proportion of workers with respect to the PEA who do not receive remuneration are added to these, it is observed that in 2021 the total reached 43%, when in 2018 it was 36.5%. Moreover, if for the same date we consider those who received up to 2 SMGs, we reach 78%.

Second, since the attempt at post-pandemic normalization, shifts and labor turnover increased, which led to greater inflows and outflows to and from informality, practically making it impossible for the informality rate to fall below 54% and making it possible for only a small fraction of workers to accumulate working hours to their pension fund. Thirdly, the effective pressure rate, which is what really reflects the job search, continues to increase, as it went from 19.9% in the first quarter of 2019 to 29.9% in the third quarter of 2021.

Fourthly, a considerable proportion of the working-age population that declared themselves PEA before the pandemic has now stopped striving to get a job, convinced

that they will not find it (discouraged workers) or that it is better for them to depend on a public stipend, which is why in the ENOE surveys they are classified as PNEA.

In addition to the above, the methodology for the survey of the ENIGH changed as of 2022, and affected the calculations of the ENIGH of 2016, 2018 and 2020, so that both the figures on poverty and those related to inequality, which are deduced from the income distribution calculations, could have to be revised.

Even so, what had the greatest impact of the ENIGH 2022 was, on the one hand, the increase between 2018 and 2022 of 400 thousand people in conditions of extreme poverty and, on the other, the increase in multidimensional poverty, materialized in an increase of 7 million people suffering from more than three social deprivations, in particular health, with 30 million more who no longer enjoy it (the cumulative total is 50 million), and education, with 1.6 million more (the cumulative number is 25.1 million).

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