

Mexico's Informal Labor Market is Growing but Working Poverty is Decreasing

- In the second quarter of 2022 (2Q2022), the labor force participation rate in Mexico totaled 59.9%, an increase of 1.2pp compared to the previous quarter, and 0.9pp on a year-over-year basis.
 - The labor participation rate is at the same level as prior to the pandemic (first quarter of 2020).
 - Male participation rate was 76.5%, while female's participation rate was 45.1%; a gap of 31.37 percentage points (pp), smaller than in the previous quarter (32.1pp).
- The unemployment rate stood at 3.2% of the labor force in 2Q2022. It showed a decrease in both quarterly (-0.3 pp) and annual (-1 pp) comparisons.

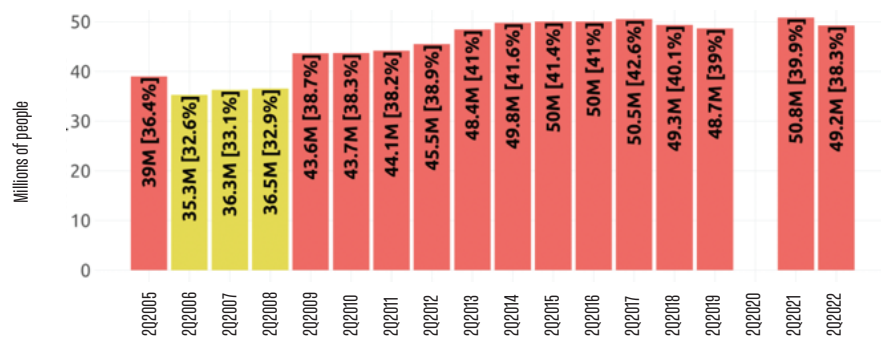
Labor poverty: Measurement of poverty used in Mexico that refers to the share of the population that lives in a situation in which the labor income of the household is not enough to feed all its members (income per capita below the monetary value of a basic food basket).

- Regarding labor poverty, there is a 38.3% of the population living in this situation as of 2Q2022, an equivalent to approximately 49.2 million Mexican men and women.

Labor poverty

Each year's second quarter

Percentages are indicated in brackets



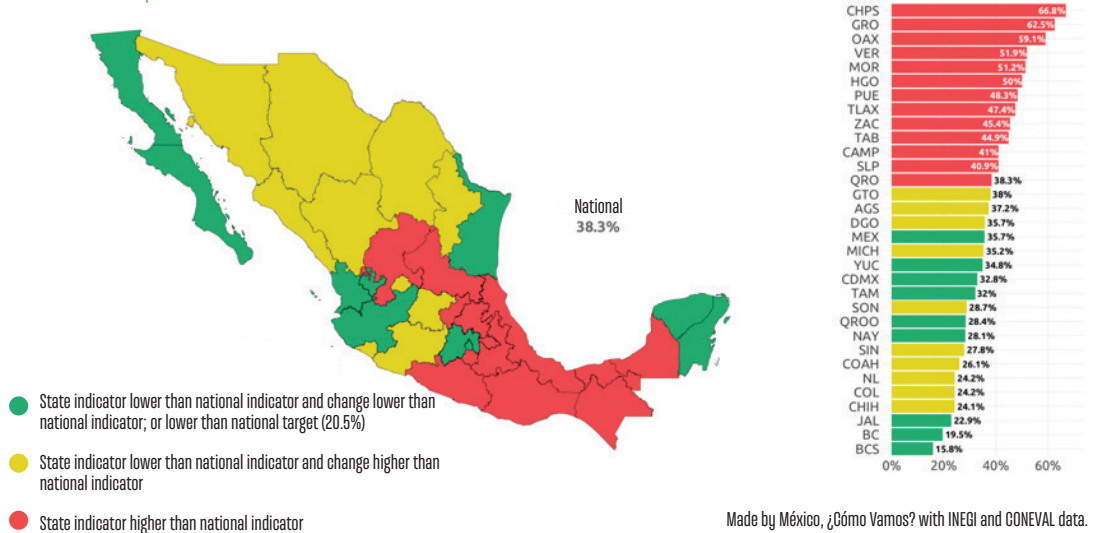
*There is no information for 2Q2020

Made by México, ¿Cómo Vamos? with INEGI and CONEVAL data.

- We are still above the 36.6% reached during the first quarter of 2020 —the lowest rate of people in labor poverty estimated since 2008.

Labor poverty

Second quarter of 2022

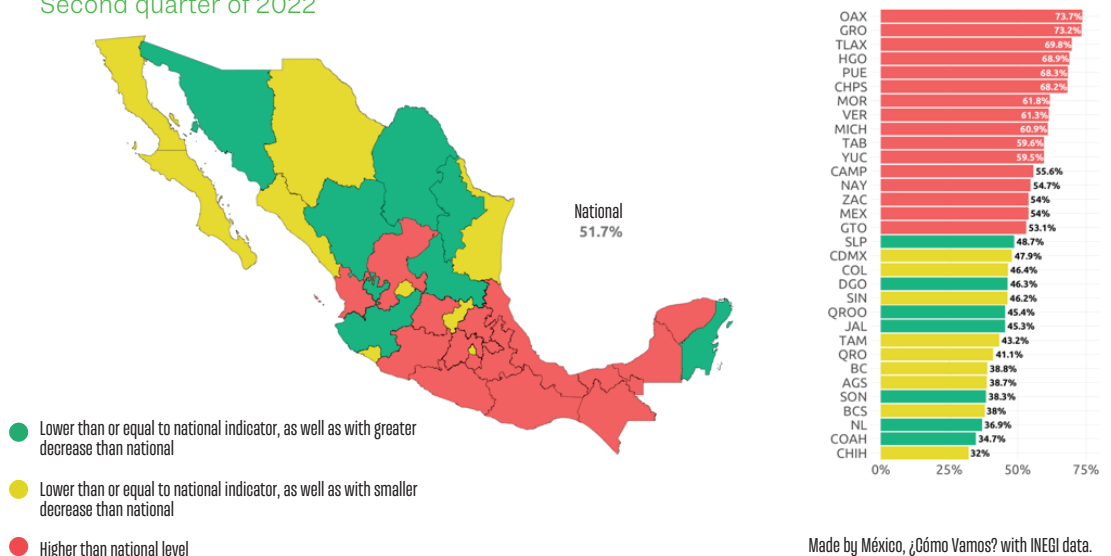


- Baja California Sur, Baja California and Jalisco are the three states with the lowest proportion of their population living in labor poverty, with rates below 23%.
- Chiapas, Guerrero and Oaxaca are the three states with the highest proportion of their population living in labor poverty, with rates above 59%.
- 20 states showed an increase in their population's labor poverty levels with respect to their pre-pandemic level. The increases observed in Aguascalientes, Guerrero, Puebla, Guanajuato and Morelos are particularly noteworthy.
- Nayarit was the entity that showed the greatest decline in its labor poverty level with respect to pre-pandemic 1Q2020, dropping from 31.8% to 28.1% of its population.

- Labor poverty continues to disproportionately affect women.
 - For every 100 men living in labor poverty in Mexico, there are 111 women in the same situation. This is the same ratio as that recorded in the previous quarter.
 - In all of Mexico's states there are more women than men in labor poverty.
 - Baja California Sur, while the state with the lowest percentage of people in labor poverty, it is the one with the widest gap between men and women: there are 120 women living in labor poverty for every 100 men in the same situation.
- In the second quarter of 2022, 51.7% of Mexico's nonfarm workers were engaged in informal employment, a higher rate than that observed in the previous quarter.
 - The informality rate was higher for women (54.7%) than for men (49.5%).

Labor informality

Second quarter of 2022



- While in states such as Oaxaca, Guerrero, Tlaxcala, Hidalgo, Puebla and Chiapas, the rates rose above 68%, states such as Chihuahua, Coahuila, Nuevo León, Baja California Sur and Sonora presented informality rates between 32% and 38.3% for their nonfarm employed population.
- In 29 states the informal labor rate is higher for women than for men. The only three entities in which labor informality is not higher for women are Chihuahua, Mexico City and Baja California.

To change the rules of the Mexican Labor Market, the discussion of how to plan and finance a National Care System will be crucial.

NATIONAL CARE SYSTEM¹



BENEFITS TO A NATIONAL CARE SYSTEM

Care policies are multipurpose policies that, articulated with a NCS, can have effects on upward social mobility, especially for those who give and receive care: children, the sick or disabled, the elderly.

- They create opportunities for child development and wellbeing.
- They generate welfare for other people needed for care.
- They reduce exposure to family and gender-based violence and can curb its impact on children.
- They facilitate choice opportunities for women caregivers in the educational, occupational, social, and political arenas by reducing the overload of unpaid work.
- They promote autonomy, empowerment, and the possibilities for women to live a violence-free life.
- They provide better opportunities for people—mostly women—who work in the paid care economy.

PUBLIC POLICY PROPOSALS

Five lines of action:



1. Legal framework for the right of care

Approve the constitutional reform to guarantee the right of care and to one's own time. Analyze the proposals for the NCS Law for its approval and detonate the adjustments to other legislations and regulations, as well as a strategic plan for the implementation of the NCS.



2. Services in facilities

Expand the supply of care services (childcare centers, extended hours schools, care for the disabled, the sick and the elderly), based on infrastructure and human resources training needs.



3. Home services

Facilitate the provision of home-based services for direct and indirect care, including services for paid domestic, health and rehabilitation workers, among others, to improve insurance and remuneration conditions for care workers.



4. Co-responsibility

Promote the distribution of care among women and men, families, society, the labor market and, especially, State institutions. The latter should generate the necessary conditions and information systems for planning and monitoring actions towards the construction of the NCS.



5. Social and tax expenditures

Encourage the expansion of care supply and access for all people, regardless of their socioeconomic position. Social and tax expenditure tools should be used to trigger the growth of the Care Economy sector.

¹ This infographic was created based on the study "Movilidad social, políticas de cuidados y protección social" [Social mobility, care policies and social protection] by Mónica Orozco, Rocío Espinoza, Claudia Fonseca, Melanie Merchant and Roberto Vélez Grijales. Working document of the Centro de Estudios Espinosa Yglesias. Available at: <https://ceey.org.mx/movilidad-social-politicas-de-cuidados-y-proteccion-social>.

Likewise, care infrastructure is required: nurseries, full-time schools and nursing homes that allow more women to participate in the formal labor market.



Politics with a social purpose?

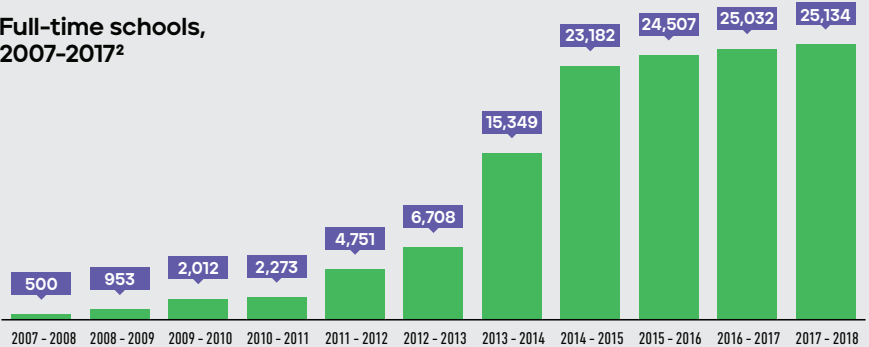
The case of the Full-Time School Program and its substitution by La Escuela Es Nuestra [School Is Ours]

The Full-Time Schools Program (PETC, for its initials in Spanish) was a trans-sexennial program in all 32 states of Mexico since 2007.

For the 2017-2018 school year, **25134 elementary education centers** were part of the program.

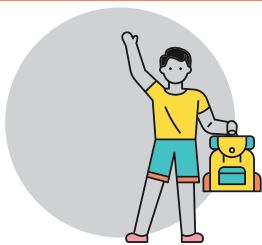
What did the PETC try to achieve?
Improve learning opportunities for students by increasing the length of the school day.

Full-time schools, 2007-2017²



Made by CONEVAL with administrative data provided by SEP.

What results did the PETC obtain?



Educational achievement and learning

- Decrease of 0.17 percentage points in the grade repetition rate at the primary school level
- 0.50 percentage point reduction in the educational backwardness rate
- Students obtained better results in the PLANEA test
- The effects of PETC were greater for schools located in highly marginalized areas



Food service

- With the extension of the school day, PETC students were provided with a nutritious meal
- For many students, the food they received at school was their first meal of the day



Full-time workday

- Parents could benefit from the PETC because it allowed them to increase their working hours and thus increase their income