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Jesús Manuel Escobedo de Luna

Resumen: El objetivo de este trabajo fue una descripción de las carencias y las capacidades por ingresos de los trabajadores pobres y sus hogares que estaban por debajo del umbral de pobreza de los \$3.20 dólares por día en México en 2020 mediante el análisis de los microdatos de las encuestas de ingreso y gasto de los hogares del año 2020; se describe la relación entre desigualdad y la magra proporción del ingreso líquido que obtiene la población más pobre y los diferentes tipos de carencias sociales que se relacionan con los bajos ingresos como la inestabilidad laboral, los bajos salarios, las horas de trabajo, el gasto limitado en la salud y la educación, el hacinamiento, las dificultades de obtener comida suficiente y saludable, la vivienda, actividades de esparcimiento y la localización estatal.

Palabras clave: Trabajadores en pobreza, hacinamiento, trabajo precario, inseguridad alimentaria, gasto de los hogares.

Abstract: The objective of this study was to describe the income lack and capabilities of the working poor population and their households whose incomes were below the poverty line of US\$ 3.20¹ in Mexico

1 The Population below Income Poverty Line (\$3.20) dataset was created as part of the World Bank's Poverty Measures of the Developing World database to calculate the poverty headcount ratio per country at a \$3.20 a day poverty line. The poverty headcount ratio is the proportion of a

in 2020 using the household income and expenditure 2020 microdata surveys; it describes the relationship between inequality and the meager proportion of liquid income obtained by the poorest population and the different types of social deprivation that are related to low-income such as job instability, low wages, working hours, limited spending to healthcare and education, overcrowding, the difficulties acquiring healthy and enough food, housing, leisure activities and state location.

Key words: EWorking poor, overcrowding, precarious work, food insecurity, household spending.

Journal of Economic Literature subject codes

D310 Personal Income, Wealth, and Their Distributions

E240 Employment; Unemployment; Wages; Intergenerational Income Distribution; Aggregate Human Capital; Aggregate Labor Productivity

E260 Informal Economy; Underground Economy

population that lives below the poverty line. It is based on low- and middle-income countries on 2011 purchasing power parity (PPP), which means the monetary value is representative of the cost of specific goods in each country as of 2011 and highlights the differences in absolute purchasing power between economies. (World Bank, 2024)

1. Introduction

“Working poor” is classified as people who live in households that have at least one worker (it may be an employee, own business, or self-employment), however, all individuals within this household live in poverty. It is a symptom of the lack of a decent job. It is done because of two related factors: a) one or several workers with low income and b) a high number of members per household. It is done because of two related factors: a) one or several workers with low income and b) a high number of members per household. The probability of being a working poor is higher for sole parents or families with two parents but one who does not work and the family has many children; belonging to an ethnic minority or being an immigrant increases the probability even more; they are generally young people with a lower level of abilities, with insecure job positions such as temporary contracts or short-hour jobs (Lohmann, 2006; Eardley, 1999; Guillén & Dahl, 2009).

This study examined the working poor population and their households whose incomes were below the poverty line of US\$ 3.20 in Mexico in 2020 with microdata household income and expenditure surveys (Encuesta Nacional de Ingresos y Gastos de los Hogares [ENIGH]) and described these Mexican families’ deprivations. In 2020, over 34 million people in Mexico lived below the poverty line of US\$ 3.20 (figure 1), shockingly, despite being employed over 93% of these households, were struggled financially due to low pay, job insecurity, unstable employment, and lack of formality in the labor market in 2020, this led to 32.5 million individuals identified in this study as working poor in

2020 (approximately a quarter of the population).² Just a mere 1.5 million individuals within the US\$ 3.20 line lived in households where no one was employed and instead relied on income from sources such as family or government transfers.

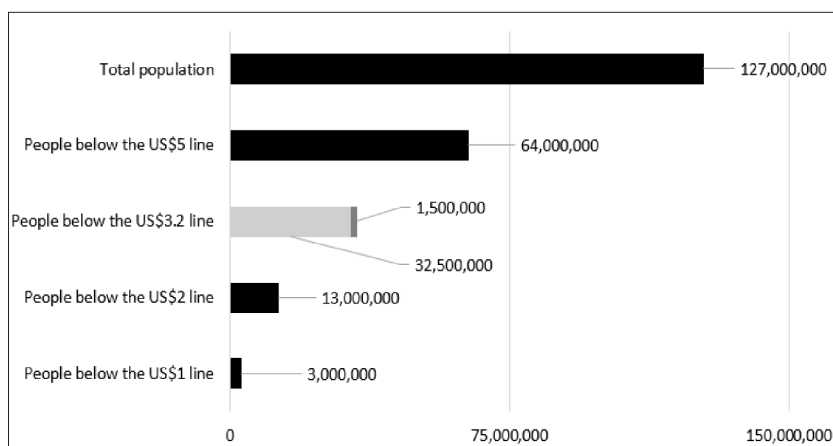
As a first result, it can be said that the poorest classes do work, because in 2020 there are very few households that do not; therefore, in Mexico, work is not a factor that prevents the entire population from being poor in income. People even have the belief that if they work hard, they would not be poor, however, this is not true, since some people could work all week and all year and even then, the income may be insufficient to meet basic needs.³ Working hard, formally, and frequently is not synonymous with well-being for all people in Mexico. Some of the principal causes of this poverty in workers have been the poor distribution of wealth that has allowed wealthy people to exist, while the majority of the population have a very insignificant

2 According to the World Bank, two decades ago, 60 percent of the global population lived in low-income countries. By 2015, that had fallen to 9 percent, meaning that most people and most of the world's poor now live in middle-income countries. As may be expected, these two standards for measuring poverty portray a less encouraging picture of the level of well-being in the world relative to the measure of extreme poverty, which is forecast now to be in single digits. Nearly half the world (46 percent) lives on less than US\$5.50 per day, a standard that defines poverty in a typical upper-middle income country, and a quarter of the world lives on less than US\$3.20 per day (World Bank, 2018).

3 A third of Mexican households that are below the US\$ 3.20 threshold and that do not have income from work have elderly people over 65 years of age or people who have some type of disability (INEGI, 2020a) and do not work, which worsens their poverty situation; The common belief that people are poor because they want to is not valid in Mexico because most people work and those who don't work, a large part of it is due to their physical disabilities.

salary which was between six and twelve dollars per day⁴ until 2020(Comisión Nacional de los Salarios Mínimos, 2020). In addition, the commercial changes in the eighties that deteriorated the living conditions of workers and their households, affected the labor market, and caused a decrease and polarization in the formal work sector, a growing precariousness, less job stability, a replacement of permanent jobs with part-time or part-time jobs, an increase in subcontracting, a segmentation of the workforce, and an increase in the informal economy and low wages.

Figura 1. Population Below income Poverty Lines



Source: own elaboration based on Instituto Nacional de Estadística y Geografía (INEGI), Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH). Nueva serie 2020. Microdata

* In the column marked US\$3.2 line, the 1.5 million people highlighted in dark gray did not receive any income from work within their households; the light gray part of the row is the working poor population.

⁴ More than half of the Mexican population in 2020 lived below the US\$ 5 line, which has made Mexico a country where most of the population has few resources to have a life according to contemporary needs and capabilities.

Unfortunately, it has caused poverty to exist in Mexico for a long time and will even continue in the future, because it has created a vicious cycle where low-income families cannot escape from their financial struggles. In the next years, young children from working poor families will not obtain enough income necessary to have a better education, health, and nutrition, being forced to enter the labor market at a young age. However, their prospects for the future are bleak due to the generational cycle of poverty they are trapped in.

The impoverished parent's children often lack access to education, resulting in a deficit of essential skills that reinforces poverty. Consequently, the children may adopt cultural behaviors and social networks, limiting their personal and professional growth prospects, this perpetuates a cycle of low-quality life, creating new working low-income families in Mexico. Many of these children will likely one day become working poor adults themselves due to poverty inheritances from parents, which will recreate a vicious cycle of poverty for future generations.

2. Inequality and the working poor

To understand income poverty in Mexico, it is essential to study the extreme inequality due to the high accumulation of wealth in the richest strata and the very little income that remains in the poorest population; Mexico is so unequal⁵ that the top 1% has had on average 30% of all liquid income in recent years (Escobedo,

5 The World Inequality Database (WID) in 2020, through fiscal tabulations and microdata from surveys, indicated that in Mexico the participation of the richest 1% was 26.1% (WID, 2021).

2022). The next part of the paper calculated the inequality level using an equation to adjust the income data obtained from the national accounts and the income and expenditure surveys to account for the income distribution across the richest strata and the working poor; it aimed to determine the amount of income that belonged to the highest and lowest part of the stratification.

Equation	Description
$\frac{X^0}{\mu} X + X$ $\frac{X^0}{n - k - 1} = X$	<p>μ = Number of population strata.</p> <p>X^0 = Annual household income.</p> <p>k = Number of strata without income surplus.</p> <p>$\mu - k$ = Richer strata that have a surplus of income in which the discrepancy is distributed.</p> <p>X = Average household income of the i-th income stratum prior to the discrepancy assignment.</p> <p>X = Total income of the stratum multiplied by the factor of the i-th stratum before the assignment of the discrepancy.</p> <p>X = Final adjusted income of the i-th stratum, after allocating the discrepancy.</p>

Source: own elaboration based on Martínez de Navarrete (1982).).

The results revealed that in 2020, the poorest quarter of Mexico’s population, comprising all working poor households, only received 1.5% of the total income, as depicted in Figure 2. This finding highlights the impact of inequality in the country, which has contributed to the prevalence of working poor households, given the meager income in the poorest strata. The top 1% of the wealthiest families earn 30% of all income, while 58% of their wealth is derived from rental/capital income.⁶ Similarly, the

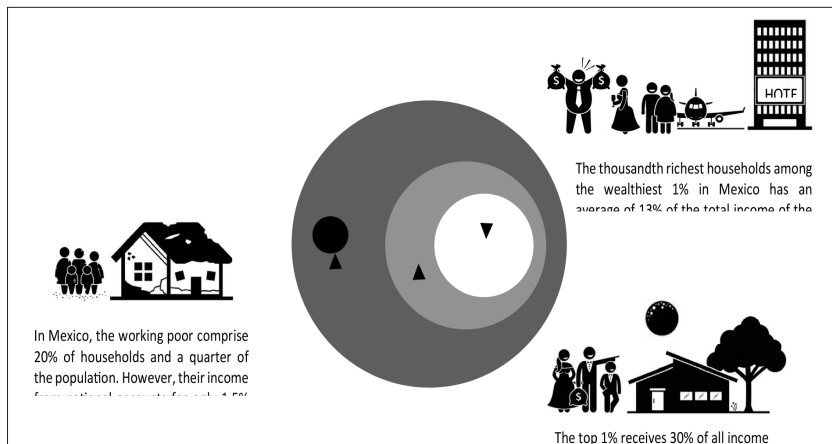
⁶ The registration of income from rental/capital in the surveys is less

top 0.1% of the most affluent families earn 13% of their income from the national accounts, and 82% of their wealth comes from rental/capital income. The idea of meritocracy, which gives more weight to the importance of work, is not applicable in Mexico since most of the wealthiest families' income is derived from capital returns, often aided by kinship and inheritance. The most affluent families' prosperity is predominantly obtained through rental/capital income,⁷ which is significantly underreported in household surveys.

than 11% because the wealthiest households receive most of this income; the surveys have a big subregistration. The possibilities of being surveyed are lower; the survey registration is much lower because they are a tiny part of the population, and their probability is too low. Furthermore, rental/capital income is a style of silent income, even more so if people need to keep track of their income or are very wealthy. For people with large incomes, it may be impossible to know the amount of their income, which can also be irregular; profits can decrease or increase significantly over time. The income mainly belongs to the wealthiest class in Mexico, which does not use its labor force to generate income. Their dividends or profits are obtained from rental/capital income, mainly from inheritances and unethical practices like monopolies or usury.

7 Household members generate income by possessing financial or tangible assets, collectively referred to as rental/capital income. This income category includes all the income that household members receive derived from the possession of financial or tangible assets, which they have made available to other institutional units. This income can be presented in two forms. The first is as profits or profits that household members receive for participating in the capital of cooperatives, societies, and companies that function as companies. The second form is as income that the household member receives from the rental of tangible assets such as land and land inside and outside the country; the rental of houses, buildings, premises, and other properties inside and outside the country; or by the possession of financial assets that generate interest from fixed-term investments, savings accounts, etc.; as well as the income that the household member receives as royalties for the exploitation of intellectual property rights [trademarks, patents, copyrights] (INEGI, 2009).

Figure 2. Socioeconomic strata percentage of total income in the National Accounts by Institutional sectors in 2020



Sources: own elaboration based on INEGI. ENIGH. Nueva serie 2020. Microdata and, INEGI. PIB and Cuentas Nacionales. Sectores Institucionales 2020.

In time use surveys, it has been found that poor people work more hours than rich people (Lee, McCann y Messenger, 2007). Even with the economic growth experienced in Mexico, income distribution across different socioeconomic classes has mainly been uneven due to the regressive policies catering to the wealthiest families and companies. The primary cause of inequality lies in the accumulation of rental/capital income at the top, facilitated by the economic and political system allowing large capital holders to generate more wealth. This trend is expected to continue, leading to a further concentration of wealth at the top. As such, the top 1% and 0.1% are projected to double their incomes over the next thirty years. Workers' earnings will remain minimal without an adequate economic trickle-down as income is absorbed toward the upper and wealthy classes.

3. Working poor types of jobs

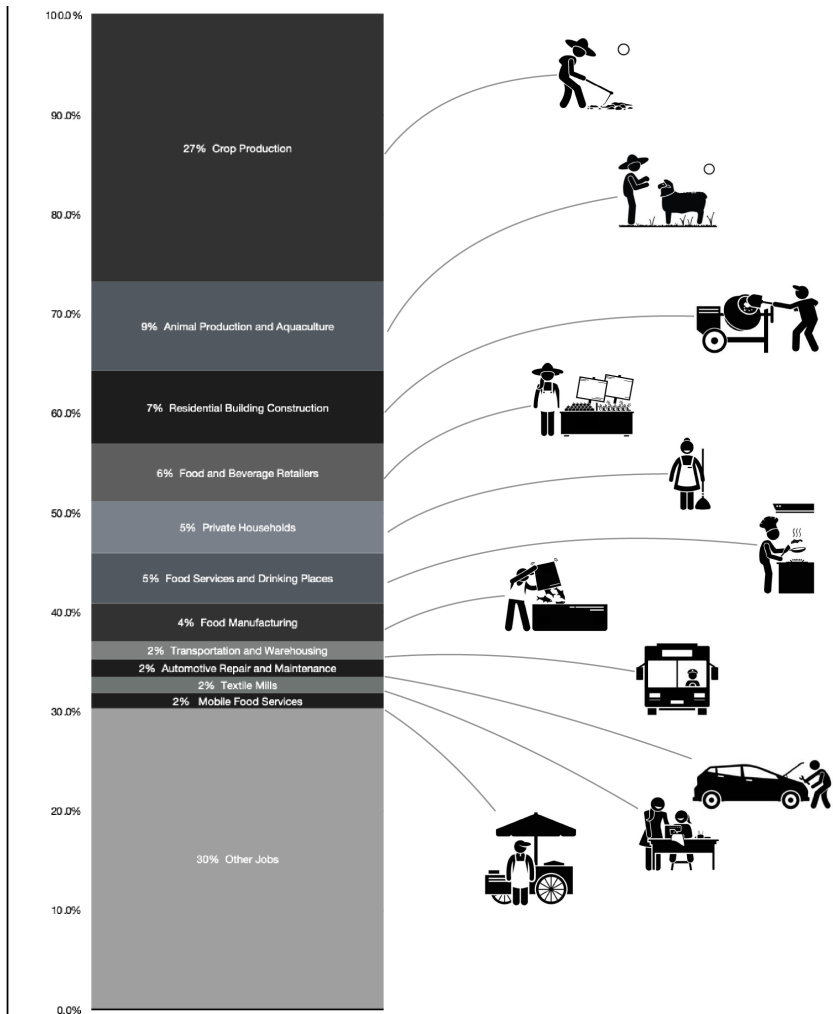
In this part of the study, the types of jobs of the working poor in Mexico were analyzed. Many individuals considered working poor have unstable employment,⁸ such as temporary jobs or on a per-project basis. These jobs typically lack security and are often found in the food, construction, and transportation industries. This is because many heads of households in this group lack adequate skills and rely on physical labor as their primary means of income.

The results showed that in working poor households, the most common types of employment were crop production (27%), animal production and aquaculture (9%), residential building construction (7%), food and beverage retail (6%), private household work (5%), food services and drinking places (5%), food manufacturing (4%), transportation and warehousing (2%), automotive repair and maintenance (2%), textile mills (2%), and mobile food services (2%). These jobs collectively accounted for over 70% of employees' work (Figure 3).

These types of jobs have in common that they are precarious jobs. Hardworking individuals have strived to earn a fair wage while facing the constant fear of illness or injury that could prevent them from working. Unfortunately, they often lack access to vital social security benefits, unemployment benefits, accident coverage,

8 The 2020 situation of the Mexican working poor was a direct consequence of centuries-long exploitation, inequality, and lack of labor benefits, beginning with the Spanish colonial era, extending to the early years of Mexico's independence, and culminating in the governance in recent decades. This has resulted in a situation where workers in Mexico continue to face numerous challenges, including low wages, insufficient benefits, and limited opportunities for professional growth and development.

Figure 3. Working poor types of jobs.



Source: own elaboration based on INEGI. ENIGH. Nueva serie 2020. Microdata. Working poor population below the poverty line of 3.2 dollars.

or sickness insurance. Adding insult to injury, they do not receive overtime pay, set work hours, or even essential benefits such as, retirement or vacation time. They work hard in self-employment

to maximize their profits or earn the highest income from their contractors. They are the most vulnerable group in the Mexican labor system, yet they are responsible for constructing buildings, producing food, and serving the wealthy and middle classes.

Many workers often move between low-paid employment and unemployment due to job instability, informality, and low wages. Despite the challenges, many people still accept low-paying jobs rather than be unemployed, which can cause unemployment rates to remain stagnant. This is particularly prevalent among the working poor in Mexico, who may have jobs but still struggle due to poor working conditions, low pay, and the absence of job security. While this may make national unemployment figures appear more down, it ultimately results in complex, unstable, and poorly compensated work for many individuals.

4. Monthly household spending

The next part of the paper was to analyze the amount of spending in working-poor households to determine the deficiencies and capabilities⁹ that people had because of having very low income.

Household spending is the final consumption expenditure made by resident households to meet their everyday needs, such as food, clothing, housing (rent), energy, transport, durable goods

9 Amartya Sen (2000, pp.75) person's "capability" refers to the alternative combinations of functionings that are feasible for her to achieve. Capability is thus a kind of freedom: the substantive freedom to achieve alternative functioning combinations (or, less formally put, the freedom to achieve various lifestyles) ... The evaluative focus of "capabilities approach" can be either on the realized functions (what a person is actually able to do) or on the capability set of alternatives she has (her real opportunities).

(notably cars), health costs, leisure, and miscellaneous services. It is typically around 60% of gross domestic product (GDP) and is an essential variable for economic analysis of demand (Organisation for Economic Co-operation and Development [OECD], 2023). In 2020, poor households spent more than half of their income on food;¹⁰ the remaining was used for housing and transportation expenses and just a tiny part for human capital.

In education,¹¹ households only spent eleven per month, which was very low; in the contemporary world, education is a central axis in improving people's capabilities; for a person who does not obtain a formal education, his or her capabilities remain far below the current requirements to have a job that can obtain sufficient income to not be in poverty. In Mexico, anyone who does not have a medium or high level of education is condemned to having a meager salary or income.

Sadly, in the future, it will cause that a large part of working poor children will have to leave school at an early age to start working; but many of them will not do it because they want to, they will do it because it will be necessary for them

10 The roughly 4.5 billion low-income people in developing countries collectively spend more than \$5 trillion a year. They spend \$2.3 trillion a year on food and beverages alone. People are value-conscious consumers. They seek out goods and services that can improve their lives. What they are willing to pay for—not what they “need”—shapes business opportunities. (World Bank, 2023a).

11 In Mexico, over 4 million kids and teenagers are not attending school, and around 600,000 are at risk of dropping out because of a lack of resources, violence, and distance from schools. Only 2 out of 5 teens from extreme poverty can continue their education beyond high school. Although the economic, social, and school performance factors contributing to students dropping out of school are different in different age groups, poverty is among the most important (United Nations Children's Fund [UNICEF], 2023).

and their families to be able to have more income that can help meet more basic needs; however, this will regenerate the cycle of generational poverty and will continue to block upward social mobility due to the lack of skills and will cause the majority to have low-wage jobs without legal benefits. The current working poor children in the coming years will be working poor adults who will continue to have very poorly paid jobs, they will once again have a schooling like the current working poor family heads, which is five years of schooling as seen in Figure 5.

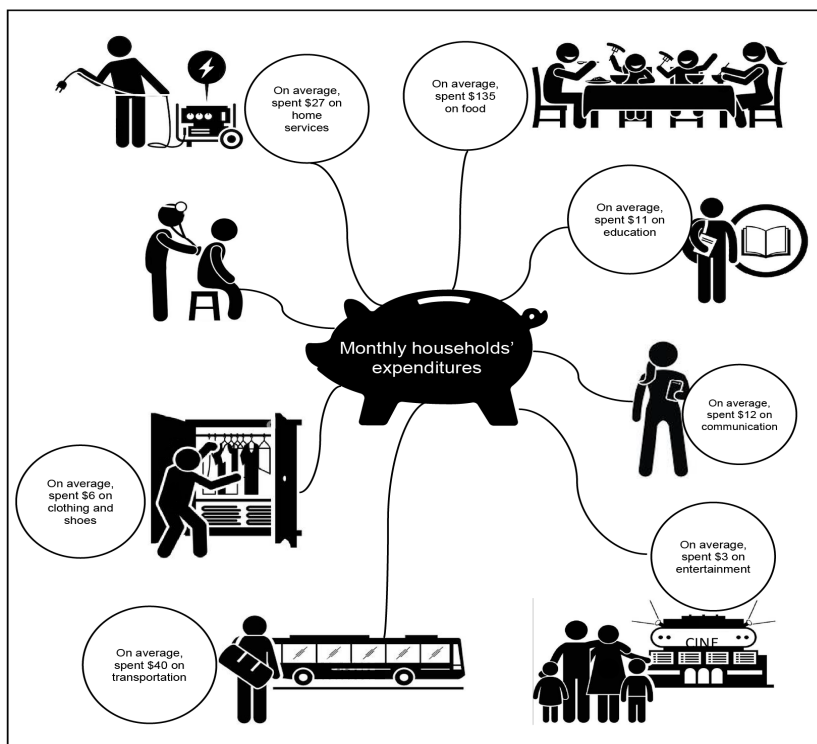
On health,¹² working poor households only spent 10 dollars per month; in Mexico, limited access to healthcare services among the working poor population is a direct result of their informal and precarious work arrangements, which offer no social security benefits for either the worker or their family. As a result, workers and their families are compelled to use their income to cover healthcare expenses when they fall ill, as obtaining private health insurance is too expensive compared to their earnings. The low income, unhealthy diets,¹³ and consumption of harmful substances like tobacco, alcohol, and drugs have contributed to poor health among the population. Additionally, inadequate preventive health measures at home also play a role. In households with limited financial resources, health expenses; such as, check-ups and clinical tests are often considered less important than

12 According to UNICEF (2021), in Mexico in 2019, the under-5 mortality rate (calculated as deaths per 1,000 live births) had a median of 14 deaths. Additionally, the number of children aged 5-14 years who passed away was 5,662, and there were 15,136 stillbirths.

13 Inadequate diets can lead to health problems such as, malnutrition, obesity, and chronic illnesses, including diabetes and cancer.

necessities like food and household services due to their high cost. Unfortunately, many individuals spend significant money on medical treatment for illnesses that have already progressed to advanced stages, often resulting in incurable conditions. This could have been avoided if preventative measures had been taken earlier.

Figure 4. Monthly working poor households' expenditures in Mexico in 2020



Source: own elaboration based on INEGI. ENIGH. Nueva serie 2020. Microdata. Working poor population below the poverty line of 3.2 dollars

Public health has historically been a low priority for the government. The government has spent a minimal amount of

funds on public health compared to other countries worldwide. In 2020, the government spent only 3.1% of its GDP on health, according to data from the [OECD \(2023\)](#). However, due to the SARS-CoV-2 pandemic, the Mexican government spent more money on public health than in previous years. By comparison, Spain spent 7.9%, Japan spent 9.3%, the United Kingdom spent 10.1%, France spent 10.3%, and the United States spent 15.9% of its GDP on health in 2020. According to surveys, households classified as working poor only spent \$10 dollars per month on their health. Out of this amount, \$7 dollars was used for primary or outpatient care, \$2 dollars for non-prescription drugs, and an average of \$1 for hospital care. Due to a lack of health security, 95% of these individuals obtained their healthcare products and services through private doctors, laboratories, and hospitals.

Because there is no universal health insurance in Mexico and many poor people do not have health benefits for their work, institutions such as Similar Pharmacies Institution, emerged in the late 20th century, selling generic medicines like those found in pharmacies but at a lower cost. Over time, these pharmacies began offering consultations for patients with health problems. These consultations have been available to individuals without social security and are not part of any health institution in Mexico. Only 0.4% of the working poor (INEGI, 2020a) are attended by Instituto Mexicano del Seguro Social (IMSS) and Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (ISSSTE), proving that very few people are attached to the formal sector. The most impoverished individuals who lack social security regularly use similar pharmacies or private clinics due to their affordability and accessibility.

On the other hand, for individuals who lack job stability (which comprises the majority of the working poor) and, consequently, social and medical security, the Ministry of Health provides assistance; it helps people with lower income to access health services using “The Popular Insurance,” which functions through reduced payments in exchange for necessary medical care. In Ministry of Health hospitals, the Social Work team has implemented a system of six different quota levels based on the socioeconomic status of individuals. This has resulted in a fairer system for those less financially stable to pay a lower amount, it can be easily tracked through the Recovery Quota Tabulator. In 2018, the poorest people who were financially struggling and lacked coverage from other health institutions could access to medical services for a nominal fee. The cost for delivery was \$49 dollars, a Diagnostic/Therapeutic Laparoscopy was \$352 dollars, and a cholecystectomy was \$337 dollars. While these fees may seem modest, private hospitals charge up to 10-20 times more for the same services, making it impossible for those in dire financial circumstances to afford them. It’s important to note that not all medical procedures, specialties, or newly developed drugs are covered by the healthcare system’s catalog. When low-income individuals become ill or require expensive medical procedures, they may face financial hardship even with reduced costs. Unfortunately, health expenses can lead to impoverishment for those who have limited financial resources. Due to their minimal income and lack of savings, healthcare expenses can lead to financial hardship. Some may even have to resort to selling their possessions or taking on debt from predatory lenders, leading to even more financial strain in the future as they struggle to pay

back the loans and cover the cost of medical care. Operations, specialized consultations, or medicines are often costly compared to the income earned by the working poor.

Finally, they spent \$40 dollars on transportation,¹⁴ \$27 dollars on household services, \$3 dollars on entertainment, and \$6 dollars on clothing. The spending of working poor households focuses on indispensable things; their limited resources prevent them from investing in items or services that could enhance their capabilities; it has nothing to do with culture or the preferences of the households in terms of spending their income, that happens because they do not have enough income for a better quality of life (Figure 4).

5. Household's characteristics

In 2020, Mexico had seven million working poor households who work an average of 90 hours per week (approximately 2,235 hours per year) with two workers on average but earning only US\$200 dollars per month. Sadly, not all working individuals in Mexico receive sufficient compensation to support a good quality of life for themselves and their families. Numerous factors contribute

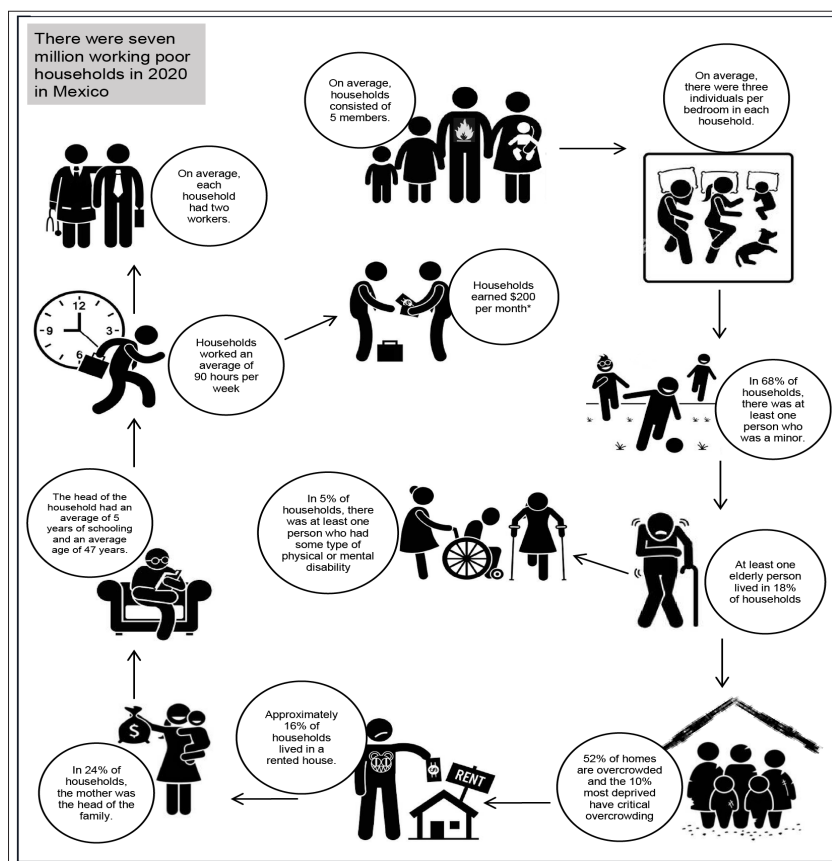
¹⁴ Mexico faces two significant transportation-related challenges. Firstly, for individuals who own a car, fuel prices remain relatively high compared to the average income of its citizens. During the last year of President Peña Nieto's term, a gallon of gasoline cost around 87% of the minimum wage Mexican workers earn daily. Secondly, for individuals who utilize public transportation, it poses a security risk to passengers due to frequent armed robberies in vehicles; such as, combi-vans and buses. Additionally, women's safety while traveling or waiting for public transportation in remote areas is a pressing concern due to the prevalence of harassment and violence against women in Mexico; a lack of public security and impunity further exacerbate this issue.

to the prevalence of long working hours, such as, low wages, low productivity, low demand, and work devaluation. However, working extensively does not necessarily alleviate poverty; it only reduces the likelihood of experiencing hunger or extreme poverty. Regrettably, households may still face deprivation despite working long hours. Extended working hours can result in neglect of family, reduced leisure time, and fewer opportunities for enjoyment, all of which may adversely impact happiness.

Many workers prioritize jobs offering social security benefits, such as, affiliation to a public health institution, pensions, or obtaining mortgage credit from a government agency. However, the low salary in some of these jobs often results in a reduced quality of life for the household. In 2010, the minimum wage was 4.5 dollars per day; by 2020, it had only increased to six dollars per day (Comisión Nacional de los Salarios Mínimos, 2020). For several years, workers in Mexico have been struggling with wages that have remained below four to five dollars per day.

This unfortunate situation can be traced back to the economic crises that occurred in the 1980s and 1990s and the devaluation of the Mexican peso. Regrettably, there has been no improvement in the working conditions of the labor force since those decades, which has had severe repercussions for all social classes. The middle classes and the poorest have been hit the hardest, significantly declining their quality of life since the crises. The unemployment rates have risen dramatically, resulting in lower incomes for families. Consequently, these crises are one of the primary reasons for the emergence of the working poor.

Figure 5. Characteristics of working poor households in Mexico in 2020



Source: own elaboration based on INEGI. ENIGH. Nueva serie 2020. Microdata. Working poor population below the poverty line of 3.2 dollars.

*In the poorest households there is a little more income due to the government transfers that people receive

Some individuals opt to take on additional informal jobs alongside their formal employment to increase their income for their families. However, this may result in less available free time, negatively impacting their health, family life, childcare, and

household duties. Furthermore, there is a potential for serious physical injuries during these additional jobs, which may not be covered by formal job social security since they occur outside of designated working hours. Families who endure excessive work hours still cannot break free from poverty despite their efforts. Although it may prevent hunger and destitution, these households persistently encounter hardships throughout their lives (Figure 5).

In 2020, despite the global crisis of SARS-CoV-2, in Mexico, there was no decrease in hours worked. Informal work was the principal survival strategy to avoid falling into a more significant hardship than the working poor already had before the pandemic. Workers who did not have unemployment insurance had to work despite the risk it entailed for their health; they even had to look for more options to prevent their income from decreasing, increasing the number of working hours by acquiring new jobs and incorporating women into work.

On average, the head of the family has completed only five years of schooling and is 47 (in a staggering fifty percent of households with working poor, the head of the household possesses no education beyond the elementary school level). In 24% of households, the mother is the head of the family. However, in homes where the mother is the head of the family, and they are working poor, they earn an average of \$180 dollars per month, which is \$30 dollars less than in households where the father is the head of the family.¹⁵

¹⁵ There is a strong correlation between gender and the high rates of poverty among female-headed households. Women often have limited educational opportunities and restricted access to various job opportunities

In working-poor households, 18 percent had at least one older person. These households are more likely to experience poverty than those without older individuals. This is because older people may not work or work a few hours and do not have retirement benefits. If the head of the household was over 65 years old, the average income from work was \$140 dollars per month, which was thirty percent lower than the average income of working-poor households.¹⁶ In the 68 percent, there was at least one minor, and in the 5 percent, there was at least one person with a physical or mental disability. In 2018, nearly half of the People With Disabilities¹⁷ (PWD) in

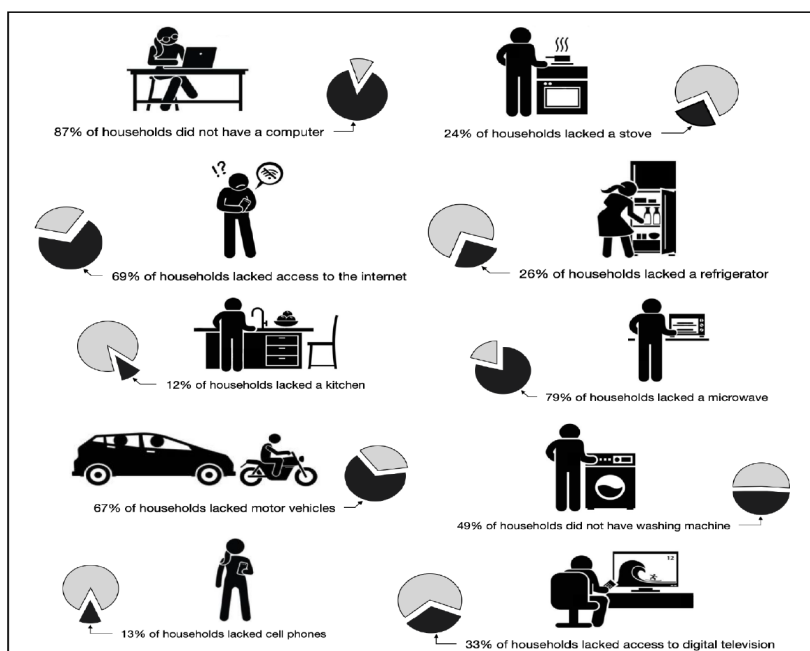
compared to men, which leads to lower earnings. Furthermore, gender discrimination in the labor market, along with the dual burden of domestic work and childcare, often compels them to opt for jobs that are compatible with their responsibilities but offer lower wages (Acosta Félix, 2001).

16 In many countries with high shares of informal employment, pensions are accessible only to a minority, and many older persons can rely only on family support. Nearly half (48 percent) of all people over pensionable age do not receive a pension. As a result, the majority of the world's older women and men have no income security, have no right to retire, and have to continue working as long as they can – often severely paid and in precarious conditions have to work as long as they are physically able to for their survival, and have to rely on kinship and charity which are often insufficient to provide even basic income security (International Labour Office, 2014).

17 Michael Palmer (2011) highlights the research conducted by Glendinning and Baldwin (1988), which indicates that people with disabilities are susceptible to economic hardship for three primary reasons. First, PWDs have lower earning capacity. Second, expenses attributable to disability create an extra drain on resources. Expenses may not be met from existing resources or may be met only by cutting down on expenditures not related to the disability. Third, assistance and caring by other family members can detract from the available household labor. These financial consequences of disability have a direct bearing on the household. Disability is not an individual phenomenon. Low earnings, additional expenses, and caring for a member with a disability can affect to varying degrees the lifestyle and living

Mexico (48.6%) were living in poverty, and approximately 1 in 10 (9.8%) were struggling with extreme poverty (Consejo Nacional de Evaluación de la Política de Desarrollo Social, 2019).

Figure 6. Households lacks in Mexico in 2020



Source: own elaboration based on INEGI. ENIGH. Nueva serie 2020. Microdata. Working poor population below the poverty line of 3.2 dollars.

A significant number of households, approximately 16 percent, faced the challenge of living in rented houses; this situation strains their finances as they must spend a quarter of their income on rent (as shown in Figure 5) and spent less income

standard of other family members. This is particularly the case in low-income countries where formal welfare systems and caring support services are limited. Economic hardship can contribute to poor health and disability of all household members, exacerbating the risk of poverty.

on other necessities such as food, education, and healthcare. Many Working Poor hold unstable jobs in the informal economy, which does not come with legal benefits; this makes it difficult for them to qualify for mortgage loans and become homeowners, especially with the high cost of housing in Mexico compared to their low wages. In 2020, the average home price in Mexico was \$60,000 dollars, while the median home price was \$35,000 dollars (Sociedad Hipotecaria Federal [SHP], 2021). However, households with working poor individuals earned an average income of around \$50 per week; they would need to work for about 1,200 weeks or 24 years to purchase an average home, dedicating all their earnings to the purchase; if they aim for a median-priced house, they will need to work for approximately 700 weeks or 14 years without spending their earnings on anything else.

6. Household's lacks

When the income earned from work is insufficient to cover their minimum needs at present, it is determined that work poverty exists since it generates dissatisfaction with essential requirements for an individual and indirectly generates chronic inequality with the other people in society, and that is when we talk about deprivations and fundamental deficiencies. The working poor in Mexico lack essential things for human life. According to ENIGH, 26% of working poor households in Mexico lacked a refrigerator, 69% did not have access to the internet, 24% did not have a stove, 87% lacked a computer,¹⁸ 13% did not

¹⁸ In 2020, a shocking 4.4 million households that belonged to the working poor, which made up 63% of the total, had children who didn't have

have a cell phone, 79% did not have a microwave, 49% lacked a washing machine, 67% did not have a motor vehicle, 33% lacked access to digital television, and 12% lacked a kitchen(Figure 6).

7. Location

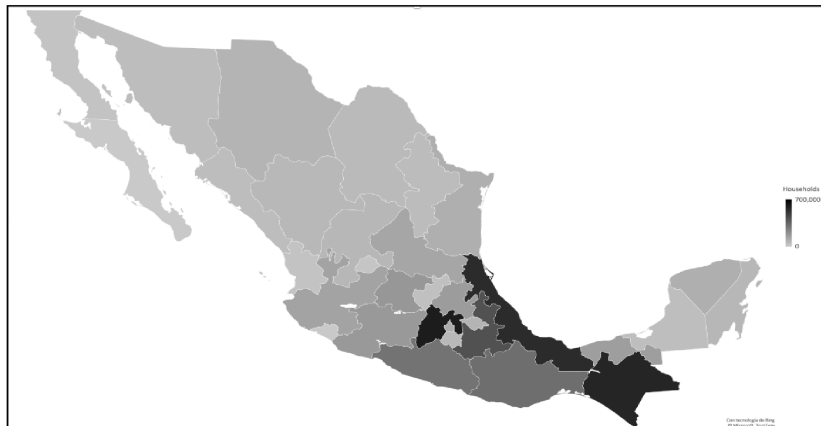
Most working poor households in Mexico were primarily concentrated in the southern states. Specifically, Chiapas had the highest percentage of such homes, accounting for 52.1% or approximately 0.7 million households. Guerrero followed closely with 43.7%, equivalent to 0.4 million households. The State of Mexico, on the other hand, had the highest number of working poor households, with nearly one million households, representing 22.7% of its total population. In contrast, Nuevo Leon, Baja California Norte, Baja California Sur, and Colima had the lowest percentage of working poor households, with less than 10% of their respective populations falling into this category (Figure 7).

Labor informality is a significant cause of poverty in Mexico's southern and southeastern states, compared to the center and north. This has led to the creation of poorly paid jobs without social security, which do not provide enough income to purchase essential products for the entire family. The region also suffers from high unemployment rates, low productivity in small businesses, and insufficient wages for those employed.

access to a computer. This created a vast disparity between households with internet and computer access and those without, which became a significant problem during the SARS-CoV-2 pandemic when technology became a vital tool for online education. As a result, children from working-poor families couldn't participate in online learning.

As a result, many families in these regions struggle to afford the necessary products to sustain themselves.

Figure 7. Working poor location in México in 2020



Source: own elaboration based on INEGI. ENIGH. Nueva serie 2020. Microdata. Working poor population below the poverty line of 3.2 dollars.

The current state of poverty in the region can be attributed to various factors, including social inequality, discrimination, social exclusion, and the high vulnerability of specific populations to disasters and diseases. In 2020, the municipalities with the highest percentage of the population in poverty were in the states of Oaxaca, Chiapas, and Guerrero. A significant factor contributing to this issue was the increase in the number of individuals with insufficient income to acquire essential goods and services, as reported by Consejo Nacional de Evaluación de la Política de Desarrollo Social [CONEVAL](2020).

8. Lack of access to food and inequality

Although a significant portion of working poor income goes to food, many households require assistance due to limited access to

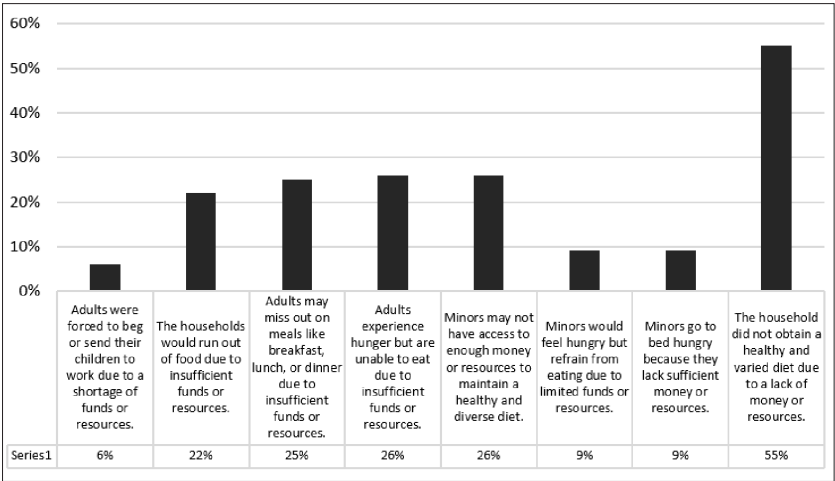
food caused by low earnings. In Mexico, the most impoverished population faces a critical issue of insufficient access to food due to their low income. This issue is so severe that some households cannot eat for days or resort to an unhealthy diet because they cannot afford nutritious food. In 2020, 55% of working-poor households could not afford a diverse and healthy diet due to insufficient income.

Many working poor households have struggled to afford enough food, often leading to them running out of food and being unable to purchase more. In 2020, 22% of households ran out of food due to insufficient funds or resources; even worse, 25% of adults missed out on meals like breakfast, lunch, or dinner due to insufficient funds or resources, and 26% of household's adults experienced hunger but was unable to eat due to insufficient funds or resources. However, there were households where children faced significant challenges in maintaining a healthy diet due to financial constraints. A staggering 26% of these households had minors who lacked access to sufficient financial resources to ensure a varied and nutritious diet. In 9% of these households, children went to bed hungry or refrained from eating despite feeling hungry due to insufficient resources. Finally, the most preoccupation is that 6% of working poor households, despite having a job, had to ask for food or money to buy food since their income was meager (Figure 8).

Feeling hungry and unable to satisfy must be one of the worst feelings in living beings; the life of working poor households is entirely of food deprivation, which has created problems for people's health. In girls and boys under five, the national prevalence of low weight is 4.4 percent, short stature is 13.9 percent, and

emaciation is 1.5 percent. Conversely, Mexico is among the nations with the most prevalent cases of obesity, attributed to the rising consumption of refined sugar and salt in food, beverages, and flour products. These unhealthy items are often less expensive than their nutritious counterparts, resulting in a significant increase in weight-related health issues. Shockingly, in the year 2020, 8.4 percent of young children, 43.8 percent of teenagers, and a staggering 74.1 percent of adults were classified as overweight or obese (Instituto Nacional de Salud Pública, 2021).

Figure 8. Percentage of different kinds of lack of access to food in working poor households in Mexico in 2020



Source: own elaboration based on INEGI, Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH). Nueva serie 2020. Microdata. Working poor population below the poverty line of 3.2 dollars.

The rise in obesity among individuals can be related to their inadequate diets, which stem from their inability to afford healthy foods. Consequently, they consume high-calorie, fatty, and sugary foods that are easily accessible with their

limited income. Moreover, their busy work schedules often make engaging in physical activities difficult, leading to a more sedentary lifestyle. The working poor's eating habits and lack of physical activity result from the scarcity of time, financial resources, and a lack of fitness culture. Changes in people's diet have produced a modification in diseases¹⁹ known as the epidemiological transition, making people sick or their principal causes of death being heart disease, diabetes, and different types of cancer.

According to The World Bank (2023b), in 2020, Mexico had a strong economy, ranking fifteenth in the world with a GDP of \$1.09 trillion. Despite the country's economic growth, there is a concerning issue with nutrition among the population, as described above, and poverty remains a serious problem, especially among the most deprived classes; this has led to generations of poverty and inadequate nutrition for those living in poverty. It is a shame that individuals make millions of dollars in the same city while others struggle to afford necessities like food. Therefore, the issue of poverty in Mexico is linked strongly to the concentration of wealth, which creates disparities in

19 Worldwide cardiovascular diseases (mainly heart disease and stroke) were the leading cause of death in 2012; diabetes; musculoskeletal disorders (particularly osteoarthritis, a highly disabling degenerative joint disease); and some cancers (endometrial, breast, ovarian, prostate, liver, gallbladder, kidney, and colon); the risk of contracting these non-communicable diseases increases with the increase in Body Mass Index. Similarly, childhood obesity is associated with a higher probability of obesity, premature death, and disability in adulthood. However, in addition to these increased future risks, obese children experience respiratory difficulties, increased risk of fractures and hypertension, and present early markers of cardiovascular disease, insulin resistance, and psychological effects (World Health Organization, 2021).

income, abilities, freedoms, and chances within society. In addition, when inequality reaches a significant level, it breeds widespread mistrust among the middle and lower classes. As people grow and enter the workforce, they encounter obstacles; such as, family ties, limited job opportunities, and low wages, further diminishing their prospects for success. One's social class can significantly impact their future, creating social constructs that lead to a closed stratification. People tend to associate and live with others of the same social stratum, making it difficult for those in the lower classes to relate to those in the upper classes. Even middle-class individuals may struggle to bridge this gap; fairy tales rarely come true in Mexico's real-life social hierarchy.

Conclusion

The challenges faced by the working poor in Mexico are manifold. Of particular concern is the increased vulnerability of elderly individuals and women, who are at a higher risk of experiencing meager income and earnings from work. The current financial situation of working poor can be described as precarious and worrisome because, despite a large percentage of household income being spent on necessities, with food being the most significant expense, many families struggle to purchase enough healthy and nutritious food to sustain themselves and their loved ones. In fact, despite spending two-thirds of their resources on food, a considerable number of households still need help to afford an adequate and healthy diet. It is a common experience for many households belonging to the working poor to face hunger regularly due to insufficient income to buy enough food.

Acquiring a house is beyond their means due to the high cost of living, which is not commensurate with their earnings. These individuals have limited capacity, both in terms of time and money, for leisure activities. Most concerning, however, is their need for access to adequate healthcare and education, as they cannot allocate sufficient resources towards these crucial needs.

The prevalence of job instability, low wages, precariousness, extended working hours, subcontracting, and temporary jobs contributes to a labor structure perpetuating poverty through low incomes. As a result, an estimated 45 million working poor will exist in Mexico by 2050, with minors from these families entering the labor market. However, their prospects are bleak due to the cycle of poverty caused by social inequality in their environment. Children of poor workers will interact with their peers from similar families, receive comparable education, and maintain the same cultural and social connections as their parents, they reproduce the family structure, creating new low-income working families in Mexico; these households are trapped in an endless cycle where they cannot acquire sufficient income to improve their socio-economic status. Most income obtained by the wealthiest families in Mexico is derived from rental/capital income received through kinship and inheritance. This indirect accumulation of wealth in the upper echelon of society has led to impoverishment in the country's poorest sectors. Without an adequate distribution of wealth, the number of working poor will likely continue to increase in the coming years. Employment in Mexico has not been a panacea for eradicating poverty; it

only served as a stabilizing force. For the most impoverished citizens, it is the only way to escape starvation, deprivation, and destitution.

It is crucial to describe that the plight of the working poor in Mexico can be traced back to the lack of political and social benefits for most of the population, a situation that has persisted for over 500 years. Nevertheless, an increase in the minimum wage and social transfers could offer hope for a better future for the working poor and their families to enjoy a higher quality of life, which will reduce levels of poverty and extreme inequality in the next years, but it is of utmost importance to take into account the fact that the decrease in public policies of economic trickle-down will make a reversion that primarily benefits the affluent, and will increase the number of working poor population in the upcoming years.

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