



THE ECONOMY IN A CRITICAL CONDITION The collapse of employment

The economy in a critical condition



SYNTHESIS

Mexico is facing one of its biggest economic crises, the supply shock induced by the health crisis has had a serious impact on employment demand. The stoppage of activities, however, can create greater income differences among Mexicans since, from the analysis of formal employment, it can be seen that just over 92% of the accumulated loss of jobs between January and May 2020 is concentrated in jobs with wages less than or equal to 3 Units of Measurement and Update (UMA for its acronym in Spanish), that is to say, up to 7,923.45 pesos per month. On the other hand, jobs with a higher income level present non-significant losses in comparison to the whole.

1. ECONOMIC SCENARIO AND JOB REDUCTION

The various and diverse problems of economic growth that have arisen in the world during the last 30 years have led to the irreversible loss of formal and informal jobs. After the crisis of 2008 and 2009, the unemployment problem has become an alarm bell that requires immediate attention from the strongest economies and especially from private initiative.

Due to the current pandemic, COVID-19, the fall of the Mexican economy has been notable and the effect of the health and economic crises on the labor market this even more alarming. Regarding Mexico, it can be assured that the issues that revolve around the employment alert are highly affected. In the case of the measures applied so far by the federal government are continued, said crises will cause irreversible collateral damage to the country.

It should be pointed out that the Mexican economy was already in a slowdown two years ago, however, the previous year it finally stopped decreasing. The passage of the pandemic in the country served not only to highlight the weaknesses of the Mexican economy but also revealed the risks of having value chains of transatlantic magnitudes and showed the cost of infeasibility, at least

in this context, of economic policies implemented in the federal government to safeguard the labor income of Mexicans, especially those with the lowest incomes.

Like most economies in the world, Mexico is expected to contract dramatically in 2020. The latest estimate from the International Monetary Fund for June is that the Mexican GDP will fall 10.5%, while the world economy will dwindle, on average, -5.2%. Countries like France, the United States, Spain, Brazil, and Germany will also collapse for the rest of 2020, as can be seen in the following table.

**TABLE 1: FORECASTS OF ECONOMIC GROWTH IN
2020 FOR VARIOUS COUNTRIES**

COUNTRY	2020 GDP ESTIMATE (%)
Germany	-7,00
Saudi Arabia	-2,30
Argentina	-7,30
Brazil	-8,00
Canada	-6,20
Chile	-4,50
China	1,00
Colombia	2,40
Spain	-8,00
United States	-6,10
France	-7,20
Greece	-10,00
India	-3,20
Italy	-9,10
Japan	-6,10
Libya	-58,70
Mexico	-8,20
United Kingdom	-6,50
Russia	-6,00
South Africa	-7,10
Venezuela	-15,00
World economy	-5,20

Source: World Bank "World Economic Outlook"

However, the impact of the crisis in the medium term will be very different in different countries. The speed of recovery will depend on how our governments and societies face the various shocks of supply and demand; and how these, in turn, are confronted by their business partners. If the government acted with all its might to preserve i) the income of the population, ii) jobs and companies, and iii) support was provided to avoid contagion from the crisis to the financial system; recovery is very likely to be faster and its sequelae will be less severe.

However, if the government 1) does not preserve the income and 2) does not take care of the solvency of the companies; **contagion to the financial system will be highly probable and recovery will be very slow, which could last for years.**

The consequences in the latter case would be extremely severe and could affect the well-being of an entire generation. It is extremely hard to reestablish lost jobs, or harder still, the sources of employment in established states or companies, after a crisis like the one we are facing. Most likely, a significant portion of capital will have vanished in trying to cope with the difficulties of the crisis; therefore, raising this capital again will take considerable time and, in turn, a new project and a favorable environment to develop it. Hence the importance of preserving formal job sources and the well-being of employees.

In the case of informal workers who also had an informal employer, since they did not have government support to survive and stay at home, they have had to return to work at the risk of getting the virus. For this sector, the options were reduced to i) stop paying utilities, ii) borrow money to survive, or iii) sell their assets to support their family while there is no demand for their products or services.

According to the Encovid-19 survey from May of this year, which was carried out by the Universidad Iberoamericana CDMX campus, 24.2% have borrowed from acquaintances, 17.7% have stopped paying their credit card or previous debts, 16.9% have

stopped paying for utilities such as electricity and water, 11.3% have pawned valuables, 7.9% have sold things or done other activities, and 4.3% have used a credit card or borrowed from banks or lending institutions.¹ In other words, not having a supplementary income during social distancing involved: 1) the reduction of their savings, or, 2) greater indebtedness. In both cases, the resources to resume normal activity are reduced and recovery is much more difficult and delayed. For this reason, there is no doubt that the speed with which many countries will recover the growth rate that their economies had been presenting before the pandemic will be completely different for each one of them. In the same way, the aftermath and consequences will be very particular for each of the countries.

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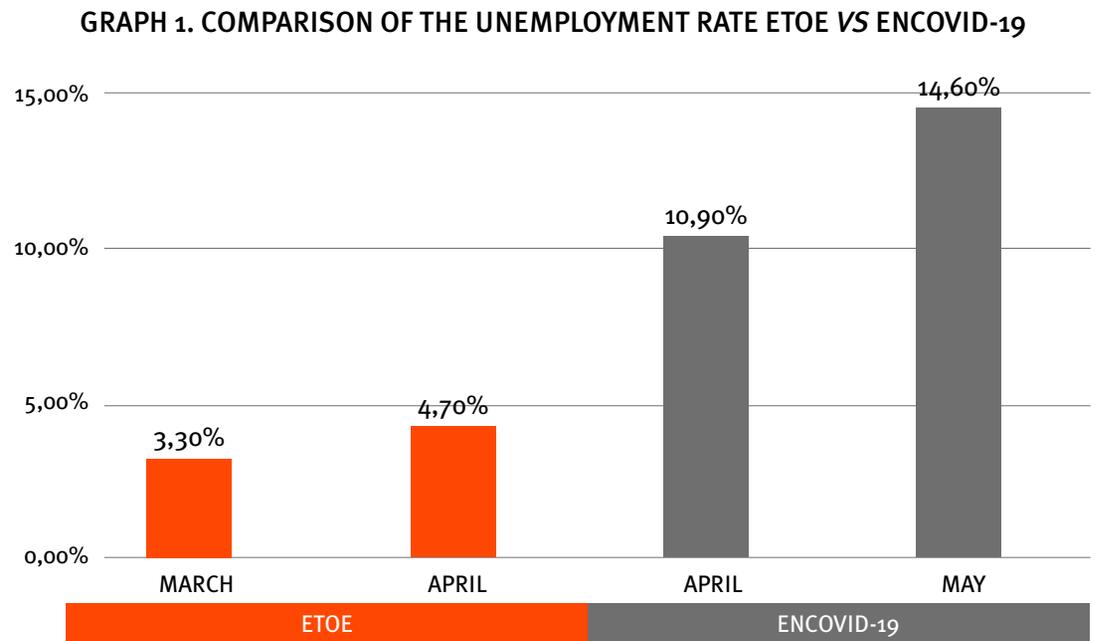
¹ <https://tinyurl.com/ycrkjxr>

An equally important fact is that since 2018, employment in Mexico has not grown at the necessary rate to provide opportunities for all young people who join the workforce year after year. The gradual downward trend of formal employment in Mexico, according to the number of workers enrolled in the IMSS, (Mexican Social Security Institute by its acronym in Spanish), started in July 2018. The generation of new jobs is closely related to the strength of economic activity, so job creation in 2019 was less than in 2018, given the economic stagnation. This paralysis has been exacerbated by the containment measures and social distancing that began in March this year and that are distinctive of the pandemic.

Another alarming fact is that from mid-February to May of this year, 1 million 30 thousand 366 formal jobs registered in the IMSS have been lost.²

² <https://tinyurl.com/ya8et5eg>

Similarly, more than 12 million jobs have been lost in the informal sector, according to preliminary data from INEGI, (National Institute of Statistics and Geography), and Encovid19.³



Source: INEGI, ETOE, april y EQUIDE, UIA, CDMx, Encovid-19, may 2020

³ <https://tinyurl.com/y9mb7dgz> y <https://tinyurl.com/y7ko7x8u>

The loss of jobs also represents a loss of income for individuals and families. This, despite the fact that the salary mass of formal workers has increased given the increase in legal minimum wages in January 2019 and 2020; which necessarily impacts the IMSS statistics. This contradictory figure results due to the fact that the majority of those who are losing their employment in the formal sector are those who have incomes less than or equal to three UMAS that is, the workers with the lowest incomes.

THE ECONOMIC BLOW FROM THE COVID-19 CRISIS

As previously mentioned, the formal employment indicator shows clear signs of a slowdown since 2018, since in July of that year the annual growth rate was 4.1% and for February 2020 it was 1.5%. For March of this same year, the annual rate was 0.7%, the lowest since February 2010, the month in which the growth rate was 1.3%, just as we were coming from the recovery from the crisis of 2008 and 2009.

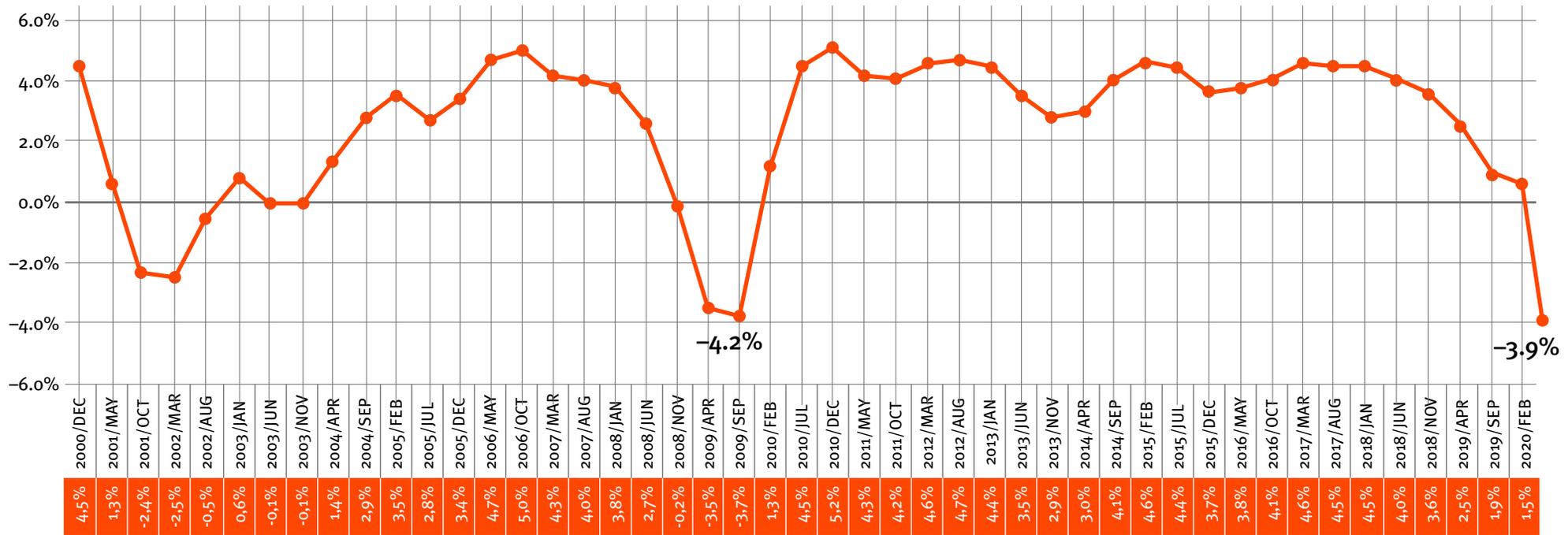
It is important to highlight that the negative growth rate is accentuated for the lower-income segments of the population. For those wage earners with two minimum wages, the annual growth rate of employment in March of this year is close to -9%. However, this group of employees is already growing at negative rates since March 2019.



Image: <https://www.hoytamaulipas.net/notas/419733/Info-navit-atiende-123-mil-74-solicitudes-por-desempleo.html>.

GRAPH 2. ANNUAL GROWTH RATE OF FORMAL EMPLOYMENT

ANNUAL VARIATION



Source: Cubos, IMSS.

With this information, it is possible to visualize that the economic crisis, within the COVID-19 pandemic, may affect certain types of jobs and that in principle it is at least as severe on the labor market as the financial crisis of 2008 and 2009 when the fall was 4.2% annually. For May of this year, a formal employ-

ment contraction of -3.9% can be noticed, similar, and equally severe data, to what was recorded in the second quarter of 2009, at the worst moment of that financial crisis.

2. THE EMPLOYMENT CRISIS IN MEXICO

Virtually all sectors, at all socioeconomic levels, are suffering, in one way or another, the ravages of unemployment. This effect, as has been mentioned, will be felt by those people who have the lowest income. Within this cluster of people, the greatest impact will visibly be on those who are working in the informal sector and those who do not have the necessary benefits to generate savings and a containment fund.

According to INEGI, the unemployment rate for the first quarter of 2020 would be as follows:

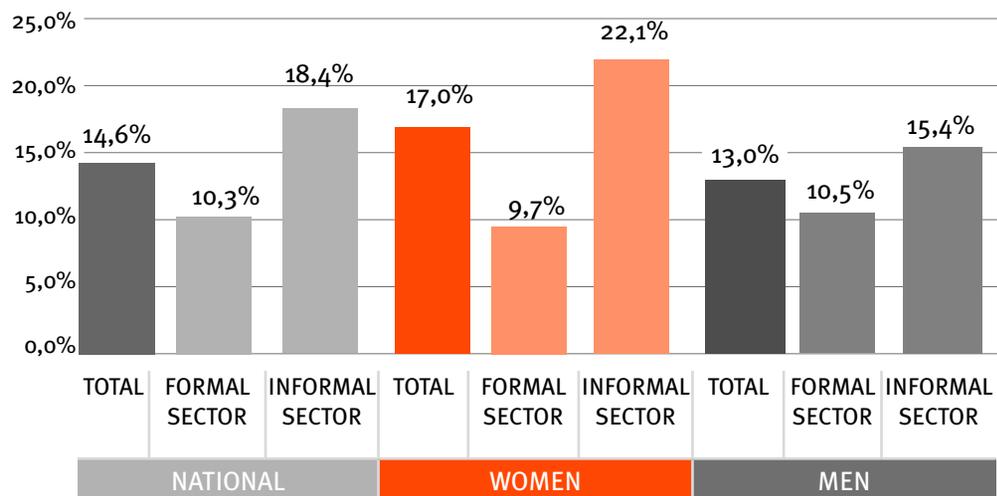
TABLE 2. UNEMPLOYMENT BY GENDER, JANUARY-MARCH, 2020

1STQ 2020	TOTAL	MEN	WOMEN
JANUARY	4,3	4,3	4,4
FEBRUARY	4,7	4,7	4,4
MARCH	4,1	4,2	4,0

Source: INEGI, 2020

The pandemic appears to have changed that pattern. According to Encovid-19, the unemployment rate for women is higher than that for men (Graph 3), considering both the informal and formal sectors of the economy: 17% for women versus 13% for men. This situation is especially important in the informal sector, where the level of unemployment of women reaches 22.1%. Only in the formal sector, the unemployment of men is slightly higher than that of women but it corroborates what can be observed with the IMSS data. In the formal sector of the economy, the loss of employment is being felt more by men than by women.

GRAPH 3. UNEMPLOYMENT RATE BY ACTIVITY SECTOR AND SEX

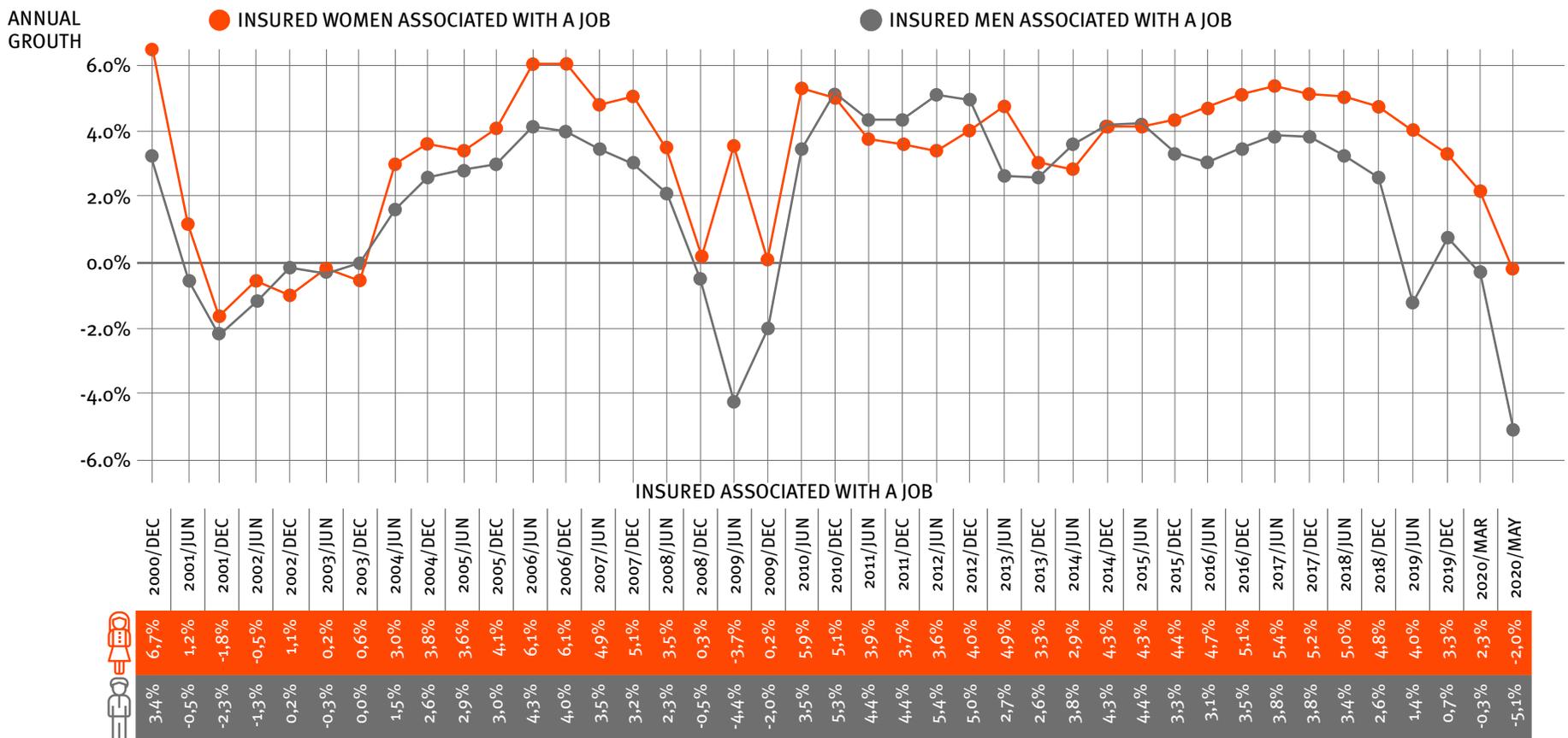


Source: ENCOVID-19, may 2020.

It pertains that women have stayed at home more than men to care for children and the elderly, which has meant that they lose their income more than men. In this sense, women carry a greater weight of the crisis than men.

However, during the pandemic, in the formal sector of the economy, the creation of jobs for men has decreased much more than that of women (Annual Rate of Employment Growth Chart).

GRAPH 4. ANNUAL GROWTH RATE OF FORMAL EMPLOYMENT BY SEX



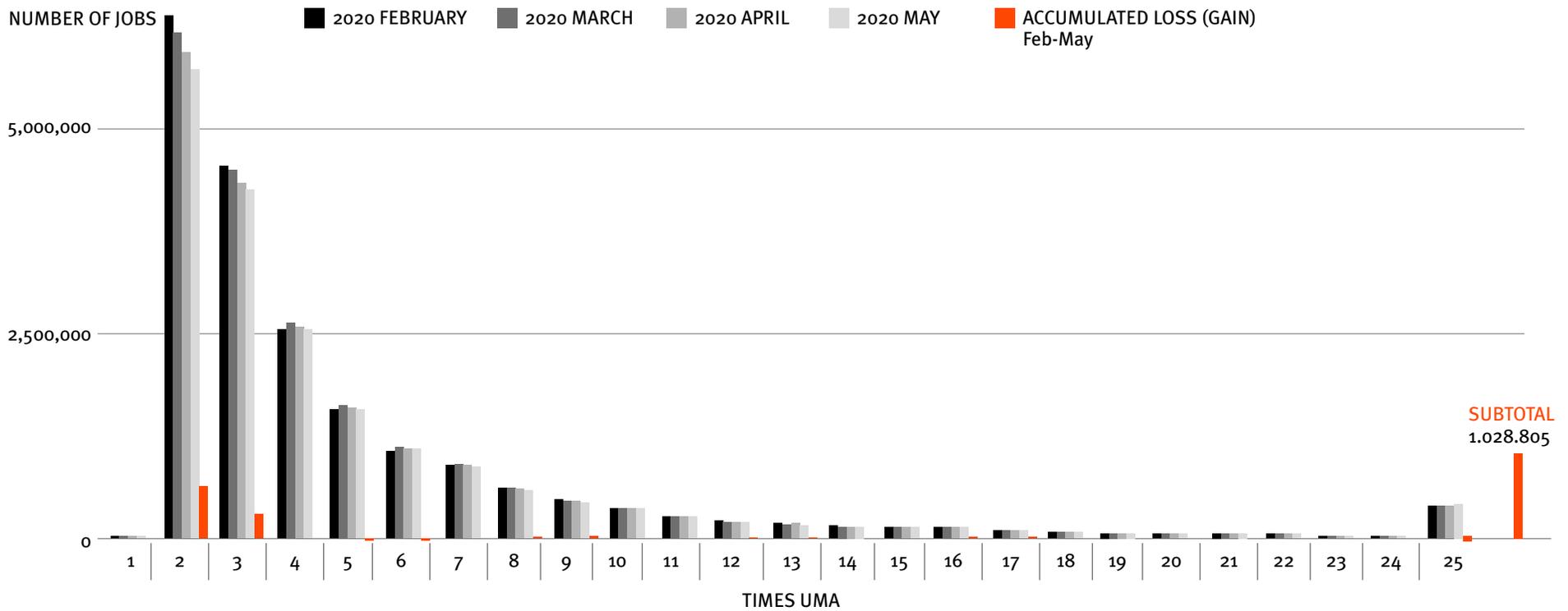
Source: Cubos, IMSS.

Although these periods of the crisis have been the product of different national and international economic events, the most vulnerable population is the one that regularly suffers the greatest damage. Practically all the formal jobs that have been lost are those with the lowest incomes, grouped in the three lowest income strata, which represent 92.8% of the total number of jobs lost between February and May of this year.

As can be seen in the following graph, job losses at income levels greater than 3 UMAs⁴ are much less. Furthermore, the highest income range has presented a slight positive variation (positive ones shown in orange). This has resulted in upward pressure on

⁴ UMA is the economic reference unit in pesos to determine the amount of the payment of the obligations and assumptions provided in federal laws, of the federal entities, as well as in the legal provisions that emanate from all of the above. Information referring to the percentage change in employment registered with the IMSS by age group. Mexico, 2017 - 2020

GRAPH 5. LOST JOBS BY SALARY RANGE IN UMA (FEBRUARY-MAY)



Source: Cubos, IMSS.

the level of wages in, formal employment. But this does not necessarily imply that the wage conditions of workers in the formal sector are improving.

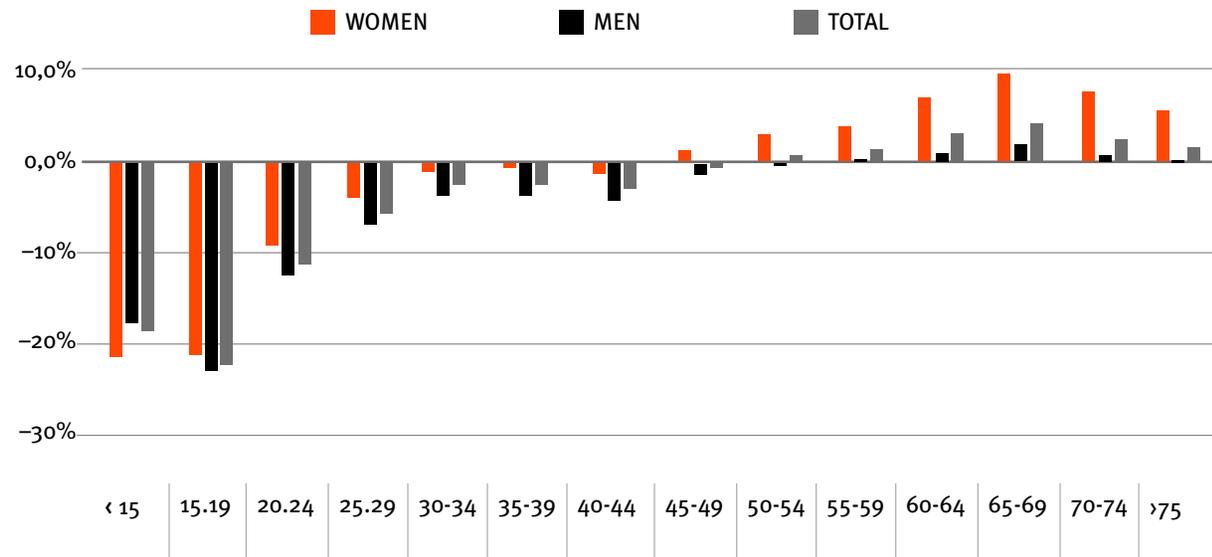
Note: In 2020 one UMA is equivalent to 2,641.15 pesos per month.

According to The National Council for Evaluation of Social Development Policy,⁵ (CONEVAL for its acronym in Spanish), data, as of January 2019, there was a drop in employment for the population under the age of 29 of approximately 2 percentage points. By January 2020, this decline has been further highlighted by the COVID-19 pandemic crisis, at approximately -1 percentage point. For March 2020, this data fell by approximately -3 percentage points.

The opposite effect is that of the amount of employment registered in the IMSS of people over 65 years old, since it increased 5% in July 2019, and by March 2020 it soared to almost 8%. Most likely this effect has to do with the support of the federal government's social programs that were launched last year, and that to this date, they are still in force. The permanence of these supports will depend on the continuation of these programs in the future, which cannot be considered permanent jobs.

⁵ Information referring to the percentage change in employment registered with the IMSS by age group. Mexico, 2017 - 2020

GRAPH 6. FORMAL EMPLOYMENT AT AN ANNUAL RATE BY SEX AND AGE GROUPS



Source: Cubos, IMSS.

For March 2020, the drop in employment for the population under the age of 29 has added approximately 6 percentage points.

As of May 2020, the loss of jobs at the annual rate in the formal market is concentrated among those underage workers and up to 44 years, both men and women. For women over 45 years of age, positive growth can be observed, however, in the case of men, this behavior is not fully met, showing small advances in population groups between 55 and 74 years of age.

It is important to clarify that for those under 15 there was a downward trend prior to the pandemic, however, the decline became more pronounced in recent months. However, it does not fail to draw attention that between January and April said population group presented an increase of 14.7%.

However, as already mentioned, job loss is differentiated according to the sector of the economy and the region of the country. For the past month of May, at an annual rate, the deepest loss was accentuated in Quintana Roo with a decrease of 22.7%, the largest contraction in recorded history; followed by Baja California Sur with 13.2% and Guerrero with a decrease of 6.9%. The following states also stand out for being below the national -3.9%: Nayarit (-5.9%), Puebla (-5.4%), Coahuila (-5.3%), Mexico City (-5.2%), Hidalgo (-5%), Nuevo León (-4.2%) and Yucatán (-4.2%). It is worrying that the annual growth rate at

the national level is almost at the same level as at the most critical point in 2009 when it was -4.2%.

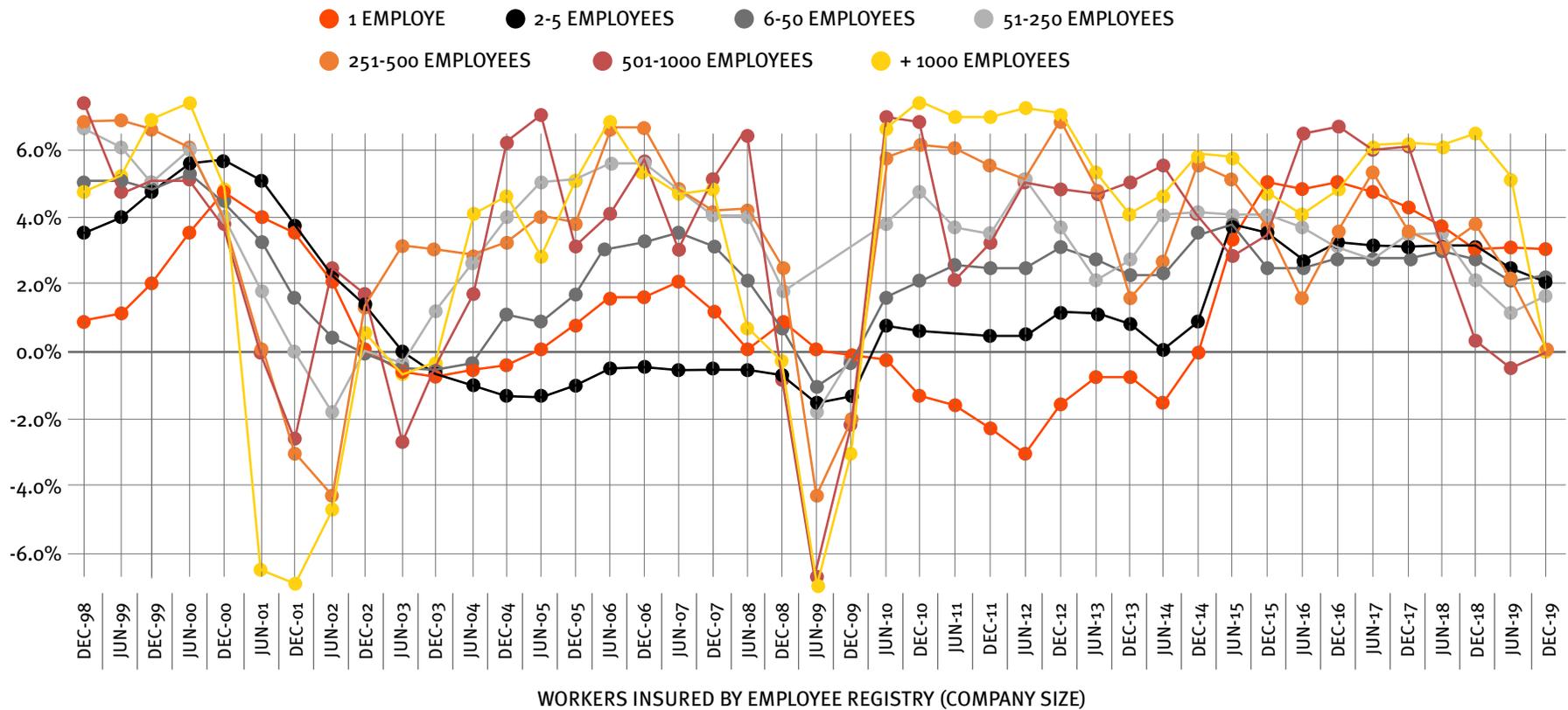
The first three states mentioned above stand out as states whose vocation is to provide services. This makes the impact of the decline in tourism on the behavior of employment in these entities increasingly evident, as well as its importance in economic activity. It is important to point out that other entities oriented to the service sector, such as Oaxaca, for example, do not show the same severity around employment loss, because it is an economy with a high rate of informal labor.

Besides, of the total number of jobs lost between March and April (685,840), five states of the Republic account for 51% of the total loss: Mexico City (17.1%), Quintana Roo (13.5%), New León (8.4%), Jalisco (6.4%) and Mexico State (5.3%). The case of Quintana Roo is alarming, both for its contribution to the total loss of jobs, as well as in relative terms.

On the other hand, if the problem is analyzed by sector, it is found that the construction industry had a reduction of 15% (the largest contraction in recorded history), followed by the extractive industry with a loss of 5.5% and the services for companies, people and homes with a reduction of 4.2%. It should not surprise us that the agriculture, livestock, forestry,

fishing, and hunting sector shows a growth of 3.1%, this following the behavior of the primary sector since 2019 and especially during the health crisis, where it has been observed that the Household spending has increased in the same way the food sector has.

GRAPH 7. ANNUAL GROWTH RATE OF JOBS BY COMPANY SIZE



Source: Signos Vitales with information from IMSS.

One lesson from the 2008 and 2009 crises is that the companies that maintained a lower growth rate after the recovery were the smallest companies; that is to say, those that had an employer registry of between one and five workers. In contrast, the largest companies (more than 50 workers) show more pronounced negative growth rates in crisis periods, with a stronger recovery in the following years.

This case does not seem to be the exception. As of April of this year, the smallest companies show a less pronounced drop, both in their growth rate and in the annual accumulated rate. However, as a proportion of the total loss, the companies that have more than 6 and up to 500 workers registered are the ones that contribute to the greatest loss of jobs (393,273).

Between March and April 685,840 jobs were lost; five entities of the Republic concentrate 51% of the total loss.

WHAT ALTERNATIVES WERE THERE TO FACE THE CRISIS?

The measures taken by the government regarding the earnings of workers have been few, small and late. The government maintained the social programs that it already had in force and only gave cash advances for certain benefits, such as pensions for the elderly, or expanded the number of scholarships in the various programs for Jóvenes Construyendo el Futuro (youth building the future). On the other hand, it offered three million solidarity loans of 25 thousand pesos each, of which only around 200 thousand have been granted,⁶ which represents only 6.6%.

In the first case, the benefits have been directed to people who are outside the labor market, which significantly reduces their impact. CONEVAL determined that most of the social programs in operation will have very little impact to improve the family's income conditions.⁷ In the case of solidarity loans, this is a good decision, but very few loans have been granted taking into account the size of the problem that is being faced. These are all the government programs at the federal level that have been implemented, in

⁶ <https://tinyurl.com/y7rz2b2he>

⁷ <https://tinyurl.com/y8tcep26>

addition to the null actions in fiscal policy all towards the reduction of the impact of these crises on the labor market.

On the other hand, there is an emergency vital income, which is an initiative of deputies from all parties, accompanied by civil society organizations such as Nosotrxs, Oxfam México and Acción Ciudadana Frente a la Pobreza (Citizen Action Against Poverty), to provide a vital income 20 million people who have lost their source of income due to the pandemic and are unable or should not go out to work. Most of the possible beneficiaries are in the informal sector and are focused on offering goods and services primarily in cities. It is an income of a minimum wage, 3 696 pesos per month to be granted only for three months. The Movimiento Ciudadano (Citizen Movement party) party introduced a bill to give it legal support and make it operational.⁸ The cost of this program is estimated at 221.8 billion pesos, equivalent to less than one percentage point of GDP or 3.6% of the annual budget of the Federal Public Administration.

8 Iniciativa con Proyecto de Decreto que expide la Ley del Ingreso Mínimo Vital para Situaciones Especiales y reforma la Ley General de Desarrollo Social y la Ley del Sistema Nacional de Información Estadística y Geográfica, presentada por Senadores y Senadoras del Grupo Parlamentario de Movimiento Ciudadano.

There is also the solidarity salary, which is a tripartite program (government, company, and worker) promoted by the Mexican Confederation of Business Owners (COPARMEX for its acronym in Spanish), to ensure a minimum income for all workers enrolled in the IMSS and preserve job sources while the pandemic develops.⁹ The support is 100% of the salary for those who earn up to 3 minimum wages, 80% for those who earn from 4 to 6 minimum wages, and so on it decreases. As this occurs, the worker stops earning 100% of the difference. The cap is when the worker earns 17 minimum wages or more. In that case, the worker only receives 50% of the salary.

For the largest mass of workers, those who earn up to three minimum wages, the government provides 50% of the support and the company participates with the other 50%. For higher wages, the worker also contributes a part. For example, for someone who earns up to 6 minimum wages, the income is 80% of their normal salary. Half is provided by the government and half by the company. At the top, those who earn 17 or more minimum wages receive only 50% of their wages. The other 50% comes from the government (17%) and the company (33%).

9 <https://coparmex.org.mx/salario-solidario/>

This assistance aims to prevent the loss of job sources and ensure the income of all workers. The estimated cost to the government of this support for formal workers reaches 95.1 billion pesos for a month, so if this assistance is given for a full quarter, the outlay would represent around 1.3% of GDP.

There are also subsidies to avoid the collapse of the middle class. Székely, Acevedo, and Flores estimate that 12.2 million people will fall from the vulnerable middle class to poverty due to the economic crisis caused by COVID-19, and they proposed a series of measures to avoid it through 6 months.¹⁰ The five measures to “cushion” the blow are presented in Table 3.

The fiscal cost for this series of measures reaches 159 billion pesos or 0.66% of GDP.

As can be seen, there are a variety of feasible initiatives proposed by various groups in society to the government to avoid the social catastrophe that means increasing poverty in the country.

TABLE 3. ACTIONS TO PREVENT THE MIDDLE CLASS FROM FALLING INTO POVERTY

INTERVENTION	% OF POOR AVOIDED	MILLIONS OF POOR PEOPLE AVOIDED
TRANSFER OF HALF A MINIMUM WAGE PER MONTH TO SELF-EMPLOYED WORKERS.	38%	4,68
RESCHEDULE OF INCOME-TAX PAYMENTS AND SOCIAL SECURITY PAYMENTS TO FORMAL WORKERS.	27%	3,34
UNEMPLOYMENT INSURANCE WITH A VALUE OF A MINIMUM WAGE PER MONTH.	19%	2,35
DOUBLE FOR THREE MONTHS THE SUPPORT OF SOCIAL PROGRAMS IN 2018.	14%	1,73
TWO MILLION NEW “CRÉDITOS A LA PALABRA” (LOANS ON DEMAND) FOR EMPLOYERS (GOVERNMENT POLICY).	1%	0,13
TOTAL	100%	12,2

Source: Miguel Székely, Ivonne Acevedo e Iván Flores “Magnitud del Impacto social del COVID-19 en México, y alternativas para amortiguarlo” Centro de Estudios Educativos y Sociales, mayo 2020.

¹⁰ Miguel Székely, Ivonne Acevedo e Iván Flores “Magnitud del Impacto social del COVID-19 en México, y alternativas para amortiguarlo” Center for educational and social studies, May 2020.

OVERVIEW. EMPLOYMENT TREND IN MEXICO. WHAT WILL HAPPEN?

The impacts of the fall in demand caused by the decrease in economic activity and the induced contraction in aggregate supply as a result of the health crisis will have serious repercussions in the economy, but especially in the labor market. If measures are not taken to mitigate the effect of the fall in output, the loss of jobs will be irreparable in the short term, but its effects will be postponed for much longer, limiting the possibilities for future growth.

Although the economic revival is ongoing throughout the world, Mexico's dependence on the United States of America and its behavior may have externalities on economic activity in our country. On the other hand, given the contraction in government spending as a result of the decrease in tax collection, it ensures instability conditions given the pressure of spending generated by the amendment to article 4 of the Political Constitution of the United Mexican States.



Image: <https://www.bbc.com/mundo/noticias-52418684>



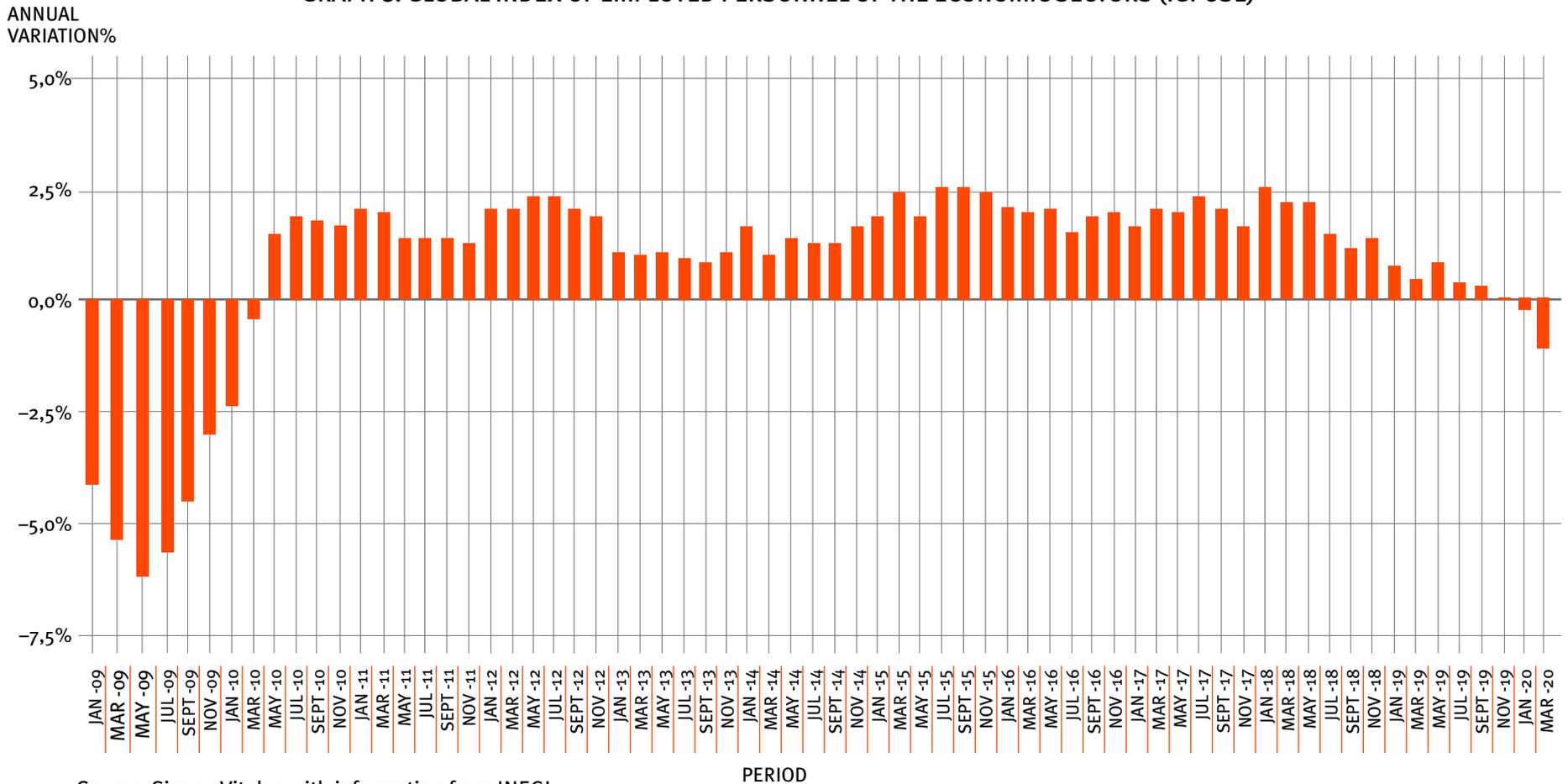
Image: https://www.cronica.com.mx/notas-con_el_covid_19_aumenta_la_injusticia_y_la_desigualdad_especialistas-1155008-2020

IMMINENT IMPACT OF DECLINING EMPLOYMENT

Based on the Global Employed Personnel index by Economic Sector (IGPOSE for its acronym in Spanish), which shows a clear slowdown in employment

since 2018 and marks an imminent downward trend since 2019, with an annual growth rate of -1.2% per month March 2020.

GRAPH 8. GLOBAL INDEX OF EMPLOYED PERSONNEL OF THE ECONOMIC SECTORS (IGPOSE)



Source: Signos Vitales with information from INEGI.

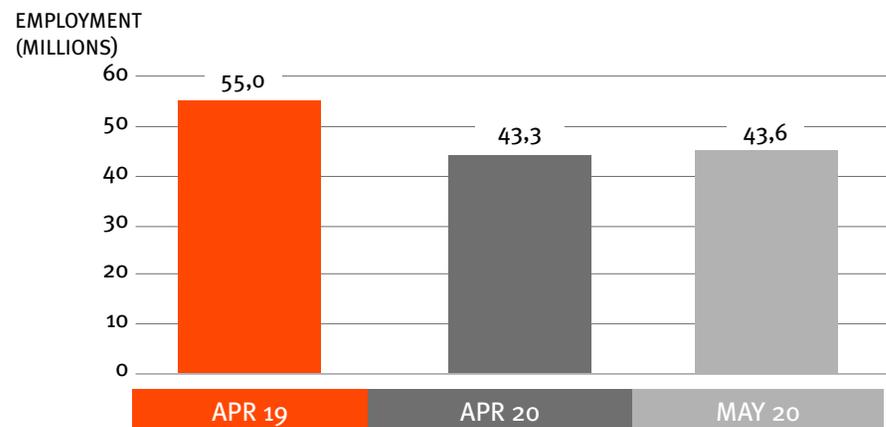
The coincidence in cycles between IGPOSE¹¹ (which includes employment in the secondary and tertiary sectors) and the growth rate of formal employment lead to three conclusions:

1. A clear downward trend in unemployment in the secondary and tertiary sectors of the economy. If the annual formal employment rate continues with its trajectory, it is possible to anticipate a greater fall in the coming months than that registered in 2009, that is to say, greater than 6 percentage points. This will generate a very serious contraction of GDP in the second quarter of the year.
2. A rebound in primary activity, given the increase in food consumption and especially in non-durable goods. This will push up the labor market in this sector and act as a kind of a buffer for it, but it will not be enough to avoid disaster.
3. The depth of the cycle will depend on the economic policy measures that are implemented to counteract the effect on the real economy, such as bankruptcy of companies and loss of solvency. If the disease propagates to the financial sector, the crisis will deepen and spread further.

¹¹ The IGPOSE It represents an approximation to the employed personnel of the non-agricultural sectors, complements the information generated in the households, shows the evolution that this variable registers for the economy as a whole. The indicator is reported by INEGI with a monthly frequency.

Finally, the increase in demand for cash may be related to an increase in informal activities and a reduction in tax collection. A fact that accompanies this situation is the increase in the employed population between April and May reported by the ETOE, (Telephone Survey of Occupation and Employment by its acronym in Spanish). However, this increase is partly explained by an increase of 77.3% of employed people who do not receive income (976,042 more employed people). Although compared to the previous year, it continues to show a reduction of more than 11 million employed people.

GRAPH 9. EMPLOYED POPULATION IN MEXICO



Note: The survey was carried out between May 15 and 29.

Source: Telephone Survey of Occupation and Employment (ETOE), INEGI.

1. Poverty

The contraction in employment and the absence of measures to cushion the blow of the crisis will be reflected in the drastic increase in poverty in the country. The loss of formal jobs adds at least three dimensions of poverty: social security, income, and access to basic consumer goods (foodstuffs).

From its crudest perspective, the loss of income will place a large part of the population, which was positioned just above the poverty line but with high vulnerability, in poverty. According to CONEVAL estimates, which underestimate the impact considering that GDP will only fall 5% in 2020 instead of the 8.2% currently forecasted, labor poverty will increase from 37.3% to at least 45.8% in the first two quarters of 2020, an increase of more than 10 million people, which exceeds those registered during the 2009 crisis.¹² Income poverty could increase between 7.2 and 7.9 percentage points. Extreme income poverty will increase by at least 6.1 to 10.7 million people for 2020.

¹² <https://tinyurl.com/y8g3heu8>

Image:<https://factorcapitalhumano.com/leyes-y-gobierno/coronavirus-borra-15-anos-de-avances-contra-la-pobreza-laboral-en-mexico/2020/05/>



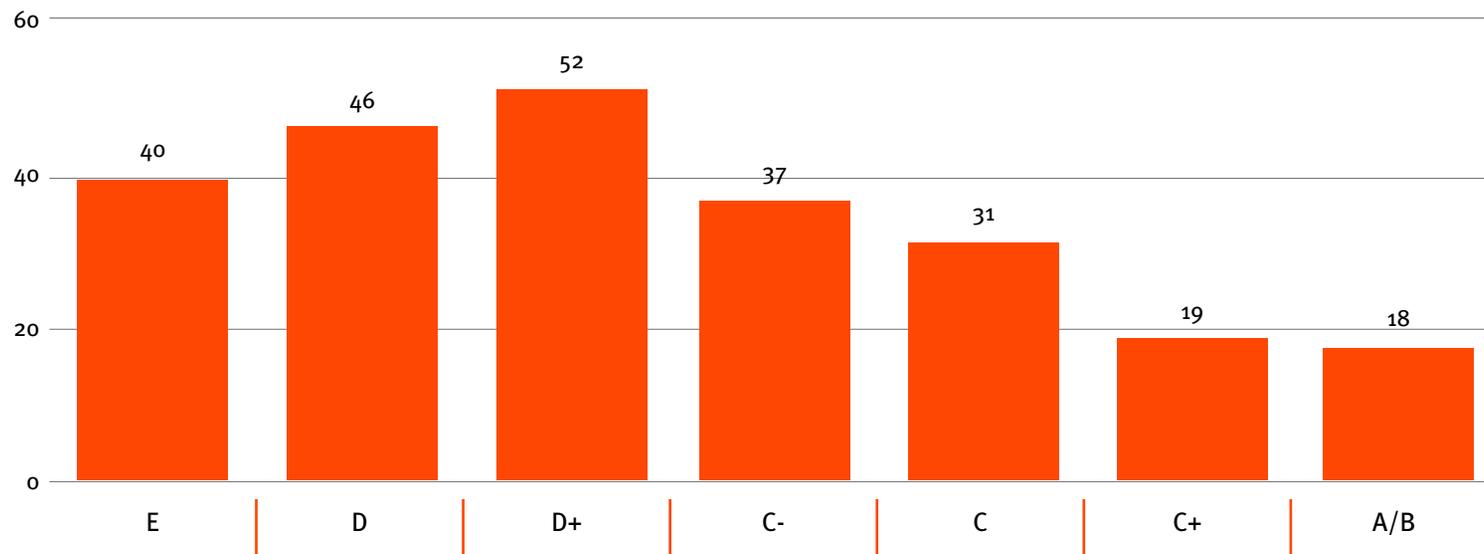
Image:https://www.elconfidencial.com/mundo/2020-04-23/coronavirus-hambre-crisis-alimentaria-pobreza-africa_2562348/



2. Inequality

Existing inequality gaps will also widen. Income inequality will grow due to the greater defense capacity against the crisis between rich and poor. Households, where at least one of its members lost their job or source of income, have been those with the lowest economic level so that income inequality will increase.¹³

GRAPH 10. PERCENTAGE OF HOUSEHOLDS IN WHICH AT LEAST ONE PERSON LOST THEIR JOB OR SOURCE OF INCOME



Note: The socioeconomic level is ordered from lowest (E) to highest (A / B)

Source: Encovid19, April 2020.

¹³ <https://www.youtube.com/watch?v=Z384FJzmq5I>

The gap between men and women, as already indicated in Figure 3, will also widen. Those who have lost the most income and employment in the informal sector are women.

The digital divide will widen the existing gaps in levels of educational utilization. About 8 million children could not follow their studies remotely due to a lack of computer equipment and internet access. 80% of households with children and adolescents declared having had difficulty following studies remotely¹⁴.

Food-deprived families have also increased among the poorest families, making the nutritional prospects for children even more restricted. This will have detrimental effects on the development of children in the medium and long term

The gap between men and women is going to widen.

Those who have lost the most income and employment in the informal sector are women.

¹⁴ Signos Vitales. “La pandemia en México. La dimensión de la tragedia”

3. The sanitary or the economic: false dilemma

The false dilemma into which the government fell since the beginning of the pandemic when opposing health and economics, has placed it in a trap. By not focusing on controlling infections from the start, but even passively promoting them, and by not enforcing social confinement accompanied by support measures for people to stay home and not have to go out to work, the government did not take advantage of the three months of isolation of a large part of the population. Four months after the first case of infection, the country requires going out to carry out all kinds of economic activities after months of relative isolation, at the same time that the spread of the disease is still unstoppable and forecasts indicate that we will have at least 45 thousand deaths. The pandemic is out of control, and there are no reasons why it has to stop before a successful treatment or vaccine is found and massively implemented.

4. What comes and how to prepare?

The government's decision to simply be a spectator of the pandemic and restrict itself to attending to cases that reach hospitalization, apparently only accepting cases that are already very advanced in the disease, leaves the population with only one option: to take care of themselves as much as possible through hygiene protocols, avoid going out as much as possible, and work as always to once again have income with which to subsist. The only way out is to provide children with a computer to take their courses and accept that the income will be lower, either because of the unemployment generated by the pandemic or because of the need for a member of the household to stay home to take care of children and older adults.

Image:<https://www.infomediatico.com/2020/03/18/el-presidente-de-mexico-utiliza-amuletos-y-estampitas-contr-el-coronavirus/>

Image:https://www.clarin.com/internacional/mexico/coronavirus-mexico-andres-manuel-lopez-obrador-rechaza-declarar-toque-queda-presume-trebol-hojas-suerte_o_ldmHSYnov.html



CONCLUSIONS

From the above, it can be said that job loss is focused on certain groups of the population, either by type of employment (formal and informal), sex, age groups, regions, and specific sectors. The main characteristics are as follows:

Low-income jobs. In the case of formal jobs up to 3 UMAS (7,923.45 pesos monthly), where a very high percentage of job loss is concentrated between January and May of this year.

What was presented by Encovid-19 suggests that there is a small difference between men and women, however, in the case of formal jobs, the reduction in jobs is more acute in the case of men.

By age group, we know from the IMSS data that the losses are persistent in most age groups up to 44 years for both sexes, but the loss is persistent up to 54 years in men.

The contraction of employment can be observed in the different sectors of the economy, however, those related to construction and services are the most affected.

The companies that register a greater loss of formal jobs are those with more than 6 workers, however, the loss is more noticeable for those that are in the range of between 51 and 500 workers.



