



By: **Guillermo Ortiz**

Poverty in Mexico has decreased, but the socioeconomic picture isn't rosy



One year ago, Mexican President Claudia Sheinbaum used her first state-of-the-nation address to offer a confident verdict on the “Fourth Transformation” that began under her mentor, Andrés Manuel López Obrador (widely known as “AMLO”).

Mexicans are doing better economically, she claimed, citing a decline in the poverty rate from 41.9% in 2018 to 29.5%, a cumulative 135% real (inflation-adjusted) increase in the minimum wage, and a welfare state whose benefits were reaching 32 million of Mexico’s 133 million people.

This year, in her second “Informe de Gobierno,” Sheinbaum stuck with the same narrative, reporting that 60 million people are employed, working poverty is at its lowest level since 2005, and welfare programs are reaching 42.8 million people.

But as impressive as these achievements may seem, they do not tell the full story.

Asking whether the poverty rate has fallen is different from asking whether Mexicans, on balance, are better off than they were in 2018.

Answering this second question requires weighing the government’s preferred metrics against various costs that have grown substantially over the same period—and that often fall disproportionately on the lower-income households that welfare programs are meant to help.

Yes, multidimensional poverty has fallen by roughly 12 percentage points since 2018, extreme poverty has declined, and the minimum wage—which had been frozen, in real terms, for decades before 2018—**has more than doubled**.

But the share of working people in informal employment had reached **55% by the end of 2025**—its highest level in three years—and nearly all net new jobs created that year were **informal**. This matters, because a higher minimum wage helps only formal workers.

Educational indicators

But educational indicators supply the starkest evidence that the overall picture is not as rosy as Sheinbaum wants us to think.

The latest OECD Programme for International Student Assessment results (for 2025) show **Mexican 15-year-olds** scoring seven points below the 2022 result in mathematics and in reading.

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Only 30% of Mexican students reached minimum competency in mathematics, against an OECD average of 65%, while 41.8% fell below the basic threshold in all three subjects (including science). Not a single Mexican student reached top performance in all three.

These are **Mexico’s worst results** since 2009. The country has given back 16 years of progress, and this reversal has coincided with the “Nueva Escuela Mexicana” curriculum reforms that AMLO and Sheinbaum championed. Responding to the PISA results, Sheinbaum argues that a standardized test has limitations when applied across countries with different social and economic conditions.

But that is beside the point. Far more important than how Mexico compares to other countries is how it compares to its past self.

Health care

The situation in health care shows a related, but distinct, pathology. Not only has overall coverage declined, but much of what remains has quietly been replaced by private plans, revealing the extent to which the public system has deteriorated.

Between 2018 and 2022, the share of Mexicans lacking access to health services more than doubled, from 16.2% to 39.1%, and this

remained the second-most common form of social deprivation nationwide in 2024. Making matters worse, public health spending **fell by 1.6%** in real terms in 2025 alone.

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As a result, millions have found a substitute in the low-cost clinics attached to pharmacy chains.

The number of such facilities increased from roughly 13,000 in 2013 to 18,000 by 2023, and research has linked their growth to a severe **deterioration** in public health services.

Offering \$5 consultations, these private clinics do extend primary care into underserved neighborhoods.

But their growth reflects a deeper pathology: a sound health-care system would not need such a large private shadow network to make up for its shortcomings.

Crime tax

Then there is what might be called **Mexico's crime tax**. Sheinbaum boasts that homicides fell by 51% since she took office in October 2024.

But what about the many other forms of criminal predation? Extortion—the levy imposed by organized crime on small businesses and the self-employed—affected a record **5,887 victims** in the first half of 2025 alone.

The Institute for Economics and Peace points out that the cost of violent crime remains high (equivalent to 11% of GDP).

Criminal groups are consolidating territorial control and monetizing it by taxing the informal economy

The falling homicide count and the rising extortion count are part of the same pattern: criminal groups are consolidating territorial control and monetizing it by taxing the informal economy.

This crime tax falls disproportionately on taco vendors, transportation operators, avocado growers, and others whom the welfare transfers are supposed to lift up.

Not surprisingly, in the World Justice Project's 2025 Rule of Law Index, Mexico ranks **121st out of 143 countries**, having registered some of the steepest declines in measures of judicial independence and anti-corruption enforcement.

Similarly, the Institute for Management Development's World Competitiveness Center ranks **Mexico 55th out of 69 economies**.

Between 2024 and 2025, the share of executives who saw it as a promising place to relocate operations collapsed, dragging it from fourth place to 51st in the IMD's economic-attractiveness ranking.

Are Mexicans really better off than they were in 2018?

So, are Mexicans really better off than they were in 2018? I suppose the answer depends on which Mexicans, and on which time horizon.

A household previously below the extreme-poverty line and now receiving transfers is almost certainly better off.

But the same cannot be said for the growing majority in informal jobs, for the generation of students now falling behind academically, for the one-third of people improvising their health care at the pharmacy counter, for the extorted small-business owners, and for everyone who might have benefited from foreign investment.



A government can raise the floor for millions while also lowering the ceiling of opportunity for many others -

Claudia Sheinbaum

And because current transfers are not matched by improvements in schools, clinics, courts, and security forces, the small gains that have been achieved probably are not even sustainable.

This is the problem with using a single poverty statistic to measure eight years of “transformation.”

A government can raise the floor for millions while also lowering the ceiling of opportunity for many others.

Under the Fourth Transformation, AMLO and Sheinbaum have done more of the former than any administration in a generation.

But judging by many other measures, they are not merely failing to arrest the country’s decline. They may be accelerating it.

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