

Unequal opportunities of human capital investment from different socio-economic origins in Mexico 2006, 2014, and 2022

The main objective of this paper is to understand how socioeconomic inequality affects the human capital investment in Mexico at household level. This research project is using the Human Development Index as a measure of inequality in three socioeconomic dimensions (education, economic wealth and health). People from different socioeconomic conditions or origins have different opportunities to invest in human capital.

This research project is using the National Transfer Account (NTA) and Human Development Index (HDI) approaches to show that the opportunities of investing on education is restricted by individual and contextual socioeconomic inequalities. The main claim of this article is that HDI can make it possible to analyze different patterns of human capital investment, income and consumption by unequal subpopulation in Mexico for 3 periods.

Economic theory explains that human capital investment is indispensable to achieve development. So, it is a governmental and private obligation to redistribute resources that could reduce the socioeconomic inequalities and improve the life conditions of people. However, structural inequalities can have affected the capacities and opportunities of people with the worst life conditions. Then, is it interesting to review what are the main variables that affected a low human capital investment in that kind of household?

The main data sources are the Mexican Survey of Household Income and Expenditure Survey (ENIGH) and the National Accounts System of Mexico (SCNM). Both are publicly available from the Mexican Institute of Geography and Statistics (INEGI in Spanish). This project tries to answer three general questions:

- Which groups could invest in human capital?
- Where should the Mexican government invest more to improve human capital and reduce gaps in socioeconomic inequality?
- How the different capacities and opportunities in human development affects the human capital investment at household level?
- Which sociodemographic variables affected the level of human capital investment at household level?

This research assumes, as a hypothesis, that a higher economic life cycle deficit less possible transfer of resources to dependents (children, young people and the elderly). Consequently, it is expected that education investment will be differentiated and inequitable in Mexico; as a result, this situation could contribute to the generational reproduction of educational inequalities and would affect total productivity factors and economic growth in the long term.

The principal contribution of this project is to incorporate the inequality analysis perspective in the National Transfer Account Approach. It is relevant to note that some Mexican specificities about transfer behavior on the economic life cycle deficit could be explained by the inclusion of an inequality dimension. Consequently, studying how inequality affects the possibility of human capital investment throughout the economic life cycle is relevant to understanding the specificity of intergenerational transfers flow in Mexico and analyzing gaps between people from various socioeconomic origins.

Indeed, the Mexican demographic window opportunity started around 2010 and would remain open until 2040 (García, 2014). For three decades, Mexico would have the most significant volume of the working-age population. Its condition could be used as a boost to economic growth or generate socio-economic issues like violence or unemployment. If society and the Mexican government hesitate to encourage the productive insertion of young people and adults in the country, they would miss the opportunity to increase its economic growth through using total production factor, increasing female labor participation, and improving qualifications of human capital.

In this regard, researchers such as Peng (2013), Krishnamurty and Kumar (2015) advise that in case of inadequate use of demographic window opportunity, it could become an unemployment burden in the short term, and precarious health and employment conditions for elderly population and youths in the long term. In brief, this research would provide useful elements to identify the potentials and disadvantages of education investment in an unequal socioeconomic context where a population with the greatest socioeconomic disadvantages could have the most limited capacity for human capital investment. Thus, it is relevant to include the inequality approach because it differentiates educational opportunities and potential savings for the health care of the aging population.