Letter from the Editor

International remittances have grown substantially in recent decades, associated with the migratory flows of population from countries with lower per capita income to industrialized countries. Among the various economic, political and social phenomena, the enormous poverty of the former countries and the relatively low economic growth of the latter stand out. It is estimated that the total number of migrants in the world in mid-2020 was 281 million people, of whom 15 percent were under 20 years of age, 73 percent between 20 and 64 years of age and 12 percent over 65 years of age. The largest flow of migrants was to European countries (86.7 million) and Asia (85.6 million). However, to North American countries the migrant population was also high; it reached 58.7 million (United Nations, 2020).¹ Thus, remittances constitute a substantial income for emerging and developing countries (Saadi, 2020; Masron and Subramaniam, 2018).² Their growth has been exponential in recent years due to the Covid-19 pandemic, especially when remittances come from industrialized countries whose governments allocated substantial resources to economic agents, affected by the productive paralysis. Remittance flows were essential to mitigate the poverty aggravated by the loss of jobs, the scarcity of efficient medical services to care for those infected with Covid-19 and the hundreds of thousands of deaths. Such was the case in Mexico, a country that benefited from the support programs put in place by the Biden administration. In 2021, $781 billion in total remittances were recorded worldwide, with an estimated growth rate of 1.66 percent in 2022 over the previous year and an expected annual rate of 2.7 percent. Among the countries that benefited the most from these remittances are Mexico. According to 2022 remittance estimates, India obtained 100 billion MM USDls (World Bank, November, 2022)³ that came mostly from the United States, while an amount of 60 MM USDls was transferred to Mexico.

Looking at the two sides of the coin of the Covid-19 pandemic, we can observe on the one hand, the high mortality in different latitudes of the world with a spiral of family, labor, financial, cultural and economic recession tragedies; on the other hand, the concentration, in the richest 1 percent of the population, of more than half of the wealth generated internationally since 2020. That is to say, 63 percent of the total generated wealth will stop in the hands of the richest people in the world, amounting to 26 billion dollars. (Oxfam, Jan., 2023).4

Considering the relevance of the topic, Genaro Cruz-Salas, Ignacio Llamas-Huitrón and Nallely Molina-Velasco from the Universidad Autónoma Metropolitana start this issue with the article “Impacts of international remittances and government transfers on household spending. Recent evidence from Mexico”. What are the effects of remittances and government transfers on the expenditure patterns of recipient households, they ask themselves as the focus of the research and, in this sense, they propose to characterize the expenditure patterns of households receiving remittances and government transfers, seeking to contribute to empirical research.

A careful and pertinent theoretical and empirical review leads Cruz Salas, Molina Velasco and Llamas Huitrón to characterize, by means of different variables, the head of household; the household composition and the urban and rural regions and semi of both regions. From there, they propose a methodology, where international remittances and government transfers are treated by estimating the effect on variables of interest (consumption expenditure, investment and human capital), using two econometric Probit models: i) binary treatment allocation, ii) potential outcomes. The findings are suggestive and bring us closer to understanding the phenomenon studied.

Next, Gilberto Martínez Sidón, German Osorio Novela and Ana Lourdes Morones Carrillo, from the Universidad Autónoma de Baja California Sur, analyze the Mexican microenterprise sector, whose weight in terms of productive units and employment is a majority, but which are also exposed to a short life cycle. In the article “Determinants of the reservation wage of microentrepreneurs in Mexico”, the co-authors, concerned about the precariousness of the productive sector, seek to identify and analyze the factors that motivate the level of labor income that the microentrepreneurs would choose when closing their business in order to be employed in a job and receive a fixed salary. The microentrepreneurs’ decisions reveal the condition for the sustainability of their productive units.

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They intend to test the hypothesis that human capital, personal and economic conditions and personal motivations of microentrepreneurs influence the reservation wage. A good analysis can be appreciated from the results of the empirical study carried out. A recommended reading for its contribution.

Continuing with the topic of wages, but with another research problem, we turn to the article “Wage Income Distribution in Mexico: A Nonparametric Approach” by Roberto Gallardo Del Angel, from the Universidad Veracruzanana. It is of great relevance to explain the dynamics of wage inequality in Mexico and the factors that influence it. Gallardo Del Angel proposes to confirm or reject the findings of previous studies on the growing wage inequality associated with the change in technological bias, increasing the demand for skilled workers at the expense of low-paid and low-skilled workers. After the eighties of the twentieth century, a trend of loss of real value of wages caused by institutional arrangements (unionization, transfers and minimum wages) is identified. Considering the change in technological bias, we seek to identify which factors affect wage inequality in the different categories of workers, as well as its dynamics in the short and long term, using non-parametric techniques.

The results are revealing in understanding how wages have evolved upward or downward in different groups of workers with different levels of human capital, specialization, technological change bias, and productivity. We suggest a thorough reading of Roberto Gallardo’s contribution.

The discussion on the use of fuels and their impact on environmental pollution is currently of great relevance in several studies. In this research concern, Orlando Reyes, from the Climate Change Unit of the Economic Commission for Latin America and the Caribbean (ECLAC) and Anna Matas, professor at the Faculty of Economics and Business Sciences of the Autonomous University of Barcelona (UAB) propose, in their co-authored article “Fuel demand in the Spanish provinces: Estimates by vehicle types”, analyze fuel consumption trends in the road transport sector in Spanish provinces during 1999-2016, considering two types of fuel (gasoline and diesel) and two types of vehicles (passenger cars and trucks), using panel data models.

After reviewing the state of the art regarding the subject, the negative externalities of energy consumption to the environment and the growing interest in counteracting them are highlighted. The focus is placed on proposals for estimating the elasticity of demand for vehicle fuels with respect to income and vehicle fuel price and efficiency. Thus, the authors detect that the fact of not differentiating the type of fuels and vehicles does not guarantee the measurement of fuel demand and,
therefore, the design of policies aimed at reducing energy consumption. His methodological proposal attempts to fill this gap with a valuable contribution.

Contextualized in the business discontent against the 50 percent increase in payroll taxes (ISN) that took place in the state of Nuevo León in 2013, Nelly Cristina Ramírez Grimaldo, Joana Cecilia Chapa Cantú and Juan Rositas Martínez, from the University of Nuevo León, propose to analyze and quantify the impacts of the ISN on prices, consumption levels and the welfare of Nuevo León households, in a multisectoral context. A thorough specialized search on the subject allows us to recognize the limited empirical evidence on the effects of the payroll tax on labor in different economic sectors.

Thus, in the article “Effects of the payroll tax on the economy of Nuevo León. An extended input-output price model”, the authors hypothesize that the change in prices differs across economic sectors in response to the increase in the ISN, since the effective rate of the tax and the level of informality contrast in each sector. Based on a price model, they seek to test this conjecture, considering sectoral heterogeneity and purchase and sale transactions among productive activities. The quantification of differentiated impacts in the sectors in the face of the increase of the ISN in the state of Nuevo Leon, give rise to interesting findings, which the authors enrich with their analysis and the proposal of more effective policies.

Seyka Verónica Sandoval Cabrera and Blanca Araceli Borja Rodríguez, both from the National Autonomous University of Mexico (UNAM), present a problem related to the complex technological, financial and marketing dependence faced by agricultural producers in the context of global value chains and the absence of actors, policies and institutions to promote systemic development of the sector. The article entitled “The nature of linkages and scaling up in the horticultural subsector in Mexico” sets out to analyze the links between Mexican producers and the leading companies in the global value chain and to characterize their scaling up possibilities, in the case of Sinaloa vegetable producers. Based on a review of the specialized literature that allows them to explore the problems of agricultural producers inserted in global value chains, they ask: What are the possibilities for growth of producers in the proposed scenario?

As an analytical hypothesis, it is expected that the pattern of horticultural specialization would allow organizational transformations and improvements, with possible innovations, considering that they are permanently subject to certifications/requirements established by the large buyers in the network, but also, because of the links of dependence (independent of the governance between segments), it would tend to inhibit scaling strategies aimed at substantially increasing the participation of Mexican producers in the total benefits of the network. This study paves
the way for understanding the complexity of the value chains in which Mexican agricultural producers are inserted and the challenges they face in order to position themselves at higher value-added stages.

Uncertainty is an element that can be atrocious in financial markets, unleashing volatility that can quickly bring down stock markets, close banks and, of course, severely affect the economies of countries and the welfare of their populations, as shown by the various international financial crises. This is an issue that deserves theoretical and empirical analysis. In this sense, Raúl de Jesús-Gutiérrez, from the Universidad Autónoma del Estado de México, shares his study entitled: “The use of implied volatility in conditional variance modeling can improve volatility prediction and the estimation of var and cvar”. His concern is part of the contributions on the measurement and analysis of the volatility phenomenon and the prediction of its future behavior, which can strongly influence different and diversified financial instruments.

Considering the scarce evidence for emerging Latin American stock markets, the paper focuses on the Mexican case. In this sense, the author proposes to analyze the effect of the implied volatility of the IPC stock index of the Mexican Stock Exchange (S&P/BMV IPC VIX), predicting volatility and estimating market risk during the period from March 26, 2004 to December 31, 2020. The central question of their research is whether volatility models, var and cvar measures improve their performance when the S&P/BMV IPC VIX index is incorporated as an exogenous variable in the conditional variance? This is a very useful contribution, especially when the winds of uncertainty and fear in the financial markets are blowing in current times.

Finally, this issue concludes with an article where the analysis of economics converges with philosophical reflections: “Transcendental feasibility. Utopian postulates of an economy for life”, by Hugo Amador Herrera Torres of the Universidad Michoacana de San Nicolás de Hidalgo.

Undoubtedly, utopia has been on the horizon of humanity, as recognized by Eduardo Galeano when he himself asks, ¿What is utopia for? Amador Herrera immerses us in an interesting tour of the dimension and nature that different authors attribute to utopia in the economic and social spheres; towards what confines the economic proposal wrapped in utopia leads to life in all its forms conceived by man. The purpose of the article is to distinguish in what sense the utopia of an economy can be feasible in a transcendental way for human existence. An exercise of great relevance, which invites us to reflect on the extent to which utopia, which seems unattainable, has at least made us walk, to conclude with Galeano’s reflection.
In current times, we have suffered budget cuts for academic projects in universities. Some academic journals with a long trajectory, such as *Economía Teoría y Práctica*, have found themselves on the razor’s edge, as we have been feeling for some issues. Nevertheless, we have maintained our efforts to ensure that this journal continues to be a space where young and renowned researchers from the Universidad Autónoma Metropolitana (UAM) and other national and foreign institutions can publish their theoretical and empirical contributions, after the pre- and double-blind refereeing process.

I am especially grateful to the university authorities, who have not lost the sensibility to support editorial projects recognized by international indexes, in their right dimension. I would also like to express my gratitude to my colleagues, Josefina León León, Ignacio Llamas and Roberto Escorcia on the Editorial committee who contributed to the task of obtaining funding in their respective units. I would also like to thank my colleagues in the area of economic theory, Nora Garro, Ignacio Llamas, Enrique Hernández Laos and Ricardo Solís, who contributed with their budget allocated in the area to the publication of issue 57 of *Economía Teoría y Práctica*.

The edition of the current issue is quite uneven due to the scarcity of economic resources, but we are still standing. To think that by not printing the journals there are no costs is a big mistake. The quality editorial work that is done has them, as well as the process of monitoring the portal and the submitted documents. The scientific journals manage to cover the three main purposes of the institution: research, dissemination and teaching. We are pleased that the journal has a national and international scope and impact, with readers from different latitudes, distinguishing Americans, but also Europeans and Asians. We express that the journal will continue to live on with the participation of all those who make this editorial project possible.

On behalf of the Editorial Committee, I would also like to express my gratitude to Sergio Cámara Izquierdo, head of the Economics Department, Azcapotzalco Unit, and to José R. Morales Calderón, director of the Division of Social Sciences and Humanities (DcSH), Iztapalapa Unit, for their financial support for the publication of this issue.

**ALENKA GUZMÁN**

*Magazine Editor in Chief*