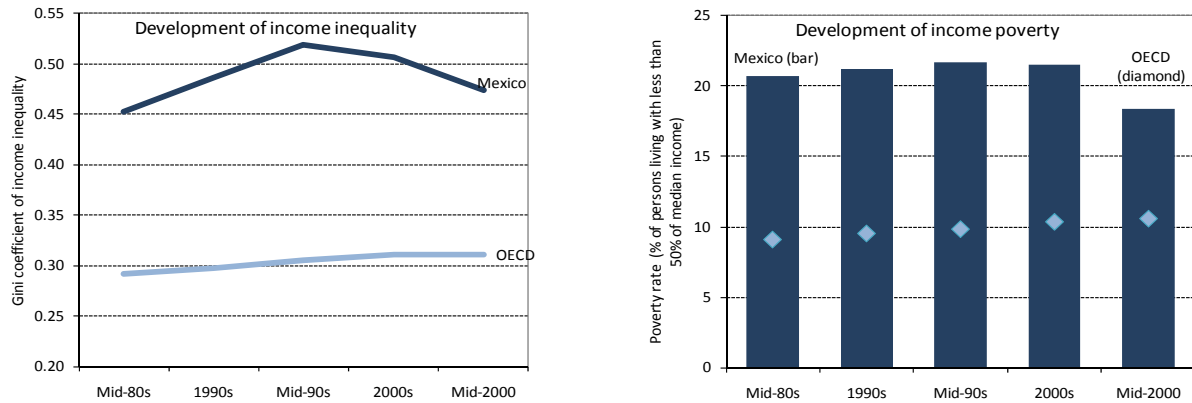


COUNTRY NOTE: MEXICO

Despite a significant fall over the past 5-10 years, income inequality and poverty levels in Mexico remain the highest across the OECD area: one and a half times higher than in a typical OECD country and twice as high as in low-inequality countries, such as Denmark.

Figure 1. High levels of income inequality and poverty, but falling since 1995



Source: *Growing Unequal?*, OECD 2008. Income is disposable household income adjusted for household size.

- Inequality of household earnings fell over the past 10 years by more than in any other country.
- Public cash benefits constitute only some 6% of household disposable income, a share which is lower only in Korea, and the distribution of these benefits among households is the least progressive across all OECD countries. Taken together this means that government redistribution through cash benefits has a minor effect on inequality and poverty.
- The average income of the poorest 10% is below 1,000 US\$ in purchasing power parities which is lower than in any other country. The distance between middle class incomes and the richest is greater than in any other country.
- Income poverty (meaning people who live on less than half median incomes) decreased during the past decade from 21% to 18%. Because absolute incomes have increased, many poor people in 2005 do have more income than their counterparts in 1995 -- poverty based on a constant income threshold in 1995 Mexican Peso (MXN) decreased by a quarter.
- The fall concerned all age groups, but in particular elderly citizens, those aged 75 and over whose poverty rate decreased from close to 40% to close to 30%.
- Nevertheless, still 22% of children and close to 30% of people over 65 live in households with an income below the poverty threshold. Also, for one out of four households with a working-age head, having just one earner in the household is not sufficient to escape poverty.
- Publicly provided services in the health, education and social housing sectors reduce overall income inequality but by less than in most other OECD countries.