



Does Inequality Matter?

HOW PEOPLE PERCEIVE ECONOMIC DISPARITIES AND SOCIAL MOBILITY



How does MEXICO compare?

Across the OECD, most people are concerned about inequality. Concern varies across countries, and is higher where people perceive wide economic disparities, low intergenerational mobility, and that working hard does not suffice to get ahead in life. The more people are concerned about inequality and perceive low social mobility, the higher their demand is for redistribution. However, there may be insufficient support for inequality-reducing policies if people do not agree on policy options or have doubts about the effectiveness of such policies.

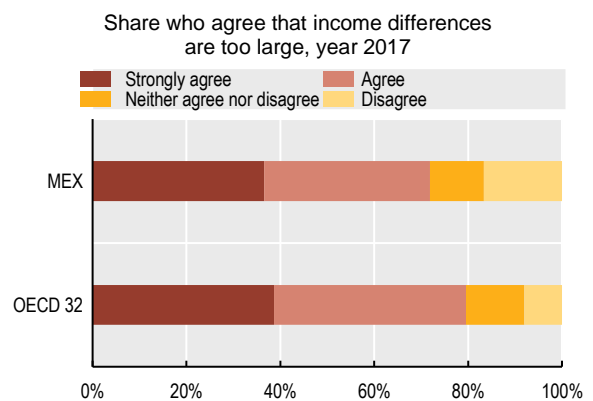
Is inequality a concern in Mexico?

Mexico has one of highest levels of inequality in the OECD (as measured by the Gini index and the share of income going to the richest 10% of people). Even still, the average level of concern in Mexico is lower than on OECD average (Figures 1 and 2). Roughly 72% of population agree that income disparities are too large compared to the OECD average of 80% (Figure 1). However, the public opinion is rather divided. While the fraction that strongly agree that income differences are too large is aligned with the OECD average (37% versus 39%), Mexico has one of the highest shares of people that disagree that income disparities are too large (17%).

What factors affect the level of concern?

When compared to the OECD average, Mexicans perceive higher levels of inequality and lower equality of opportunity. On average, people in Mexico believe that 55% of the national income goes to the richest 10% households, which is higher than the OECD average of 52%. Similarly, Mexicans are relatively less confident in equality of opportunity – believing that 60 out of 100 poor children will remain poor as adults, compared to the average of 55 in the OECD.

Figure 1. Mexicans are less concerned about inequality than the OECD average



Source: OECD (2021), [Does Inequality Matter?](#), Chapter 2.

However, the perceived levels of inequality are lower than countries with similar Gini indexes such as Türkiye (where people believe the rich earn 67% of national income) and Greece (where the figure is 63%).

The perception of low levels of inequality, when compared with countries with similar actual levels of inequality, may explain why people in Mexico have a low level of concern about inequality.

Figure 2. Perceptions about inequality are in line with actual levels

Actual vs. perceived indicators of inequality

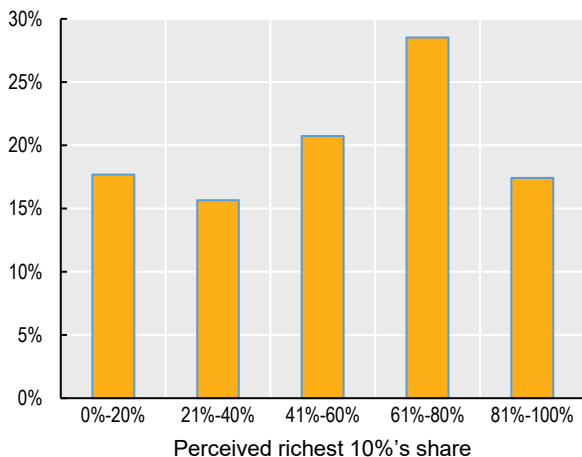


Note: The OECD averages refer countries available for each indicator. Inequality indicators refer to the latest available year; for perceived income disparities and intergenerational persistence to 2020.

Source: OECD Income Distribution Database; OECD (2018), [A Broken Social Elevator?](#); OECD (2021), [Does Inequality Matter?](#), Chapter 2.

Figure 3. Views on inequality are very divided in Mexico

Share of population by perceived richest 10%'s share of national income, year 2020



Source: OECD (2021), [Does Inequality Matter?](#), Chapter 4.

Are views on inequality divided in Mexico?

Perceptions about earning disparities appear to be polarised in Mexico (Figure 3), reflecting the division in the public concern about income disparities:

- There is a large share of respondents – almost 1 out of 5 – who believe that the fraction of national income going to the 10% richest households is above 80%. This is a large fraction by OECD standards;
- However, this group is opposed to another large group – also around 1/5 of

respondents – who perceive much lower values (below 20%) of the richest 10%'s share of income

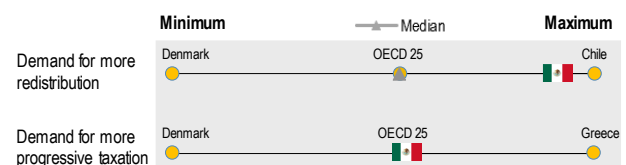
How much support is in Mexico for inequality-reducing policies?

Despite the polarised public opinion, Mexicans' demand for policy intervention to reduce economic disparities is one of the highest in the OECD (Figure 4). Almost 90% of people think the government should do more to reduce income difference by collecting taxes and providing social benefits (the OECD average is 66%).

However, demand for more progressive taxation is more aligned with the OECD average. Almost 70% believe that the government should tax the rich more than they currently do to support the poor.

These differences in policy preferences indicate that Mexican people are more concerned about lifting the incomes of people at the bottom rather than lowering the incomes of the rich.

Figure 4. Demand for more redistribution is one of the highest in the OECD



Note: Data refer to year 2020.

Source: OECD (2021), [Does Inequality Matter?](#), Chapter 3.

How can people's perceptions of, and concerns about, inequality inform policy?

Understanding how people form their perceptions and opinions is important for getting citizens and governments on the same page about policies that reduce inequality and promote social mobility. This includes:

Better understanding of public support for reform: Inequality of outcomes and opportunities matter to people, and hence policies should address both aspects. Nonetheless, people may favour specific policy mixes, depending on their beliefs and preferences.

Better understanding of the effectiveness of policies: People favour policies that they believe are effective. It is necessary to evaluate the impact of inequality-reducing policies transparently and facilitate people's understanding of how they function.

Better information on inequality and equality of opportunities: Providing reliable information about inequality can help provide a common ground for public debate and address division and polarisation of public opinion.

Contacts

Any questions? Contact us at: wellbeing@oecd.org

For more information, access the complete report at: <http://oe.cd/does-inequality-matter>