MacLachlan, Ian

1998

Spatial patterns of income and income inequality in Mexico City

Geography

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SPATIAL PATTERNS OF INCOME AND INCOME INEQUALITY IN MEXICO CITY*

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Resumen. Hay tres teorías para explicar la desigualdad en ingresos en México. Las cuales son: la "U" invertida de Kuznets, la crisis Mexicana y la formal-informal dualidad de operaciones. Información empírica es usada para construir mapas de la distribución de ingresos en la zona metropolitana de la ciudad de México. Debido a la gran cantidad de datos de la ciudad, se encuentra una alta desigualdad en cada distrito. Algunos niveles de desigualdad en cada distrito reflejan el alto desafuero y desigualdad en ingresos de empleo en la escala nacional.

Abstract. To explain trends in inequality in Mexico, three theoretical approaches to income inequality are outlined. Kuznets' inverted "U", Mexico's crisis theory, and the informal-dualism model are used to construct maps of the distribution of income in the Mexico City Metropolitan Zone. Due in part to the very large size of many districts in the city, there is significant heterogeneity in each district. High levels of inequality in every district mirror the very high variance and inequality of employment income at the national scale.

INTRODUCTION

The goal of this paper is to explore the distribution of income in Mexico City. Two objectives contribute to this goal. The first is to map and analyze the geography of income in the Mexico City Metropolitan Area in 1990 and to compare the spatial distribution of income with Griffin and Ford's (1980) analog model of social structure in the Latin American City. Second, the level of income inequality within the metropolitan area's delegaciones and municipios is measured and linked to national scale income inequality.

The notion of inequality and its polar opposite, equality, is multidimensional and heavily value laden. As a social goal, equality refers to a level of access to opportunities for personal development and to scarce resources irrespective of social characteristics such as race, religion, brute physical strength, age, parentage or social class. But the very existence of these social characteristics is evidence that there can never be complete social equality in a plural society. In this paper we leave aside inequalities in the many important measures of social and physical well-being and focus on only one dimension of equality: the degree to which social groups share income in proportion to the number of people in that group. Equality of access to resources via income (both monetary and "payment in kind") is a vital measure of the quality of a society but it must be acknowledged that income fails to measure many other personal characteristics that advantage some people over others. For example, Langer, Lozano and Bobertiña (1991:199) describe Mexico's persistent "epidemiological polarization" in which the society is divided sharply between the healthy and unhealthy, groups which have sharp differences in rates of morbidity and mortality.

In recent years inequality has become one of the key issues in social science and a critical item on the social policy agenda of governments all over the western world. There is ample evidence that while the 1970's were characterized by declining levels

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* The conscientious work of my research assistant, Silvina Ávila Vázquez Hernández is acknowledged with gratitude. Special thanks are due to Dra. Arlinda Colín-Rueda, María Elena García Villagómez, Dr. Jim Simmons, Dr. Adrian Guillermo Aguilar, Dr. Chris Cook, Diana Clark, and two anonymous referees.
of inequality in employment earnings, the 1980s have experienced growing inequality in most of the developed countries of North America and Western Europe. While the reasons for this increase are uncertain, post-industrial changes in the occupational structure, changes in demographic structure, and a new division of labour between the young and middle aged that puts a premium on experience to the disadvantage of youth account for some of the growing wage dispersion (Davis 1992; OECD, 1993). A number of American commentators have established both theoretical and empirical connections between globalization (measured by dependence on international trade) and rising inequality in employment earnings in a wide variety of both developed and less developed countries. For example, Fieke (1994: 1) observes:

"Rising income inequality has not been limited to the United States or even to the wealthiest countries, the gap between the rich and the poor has widened in at least some of the countries with appreciably lower incomes, including Mexico. Is it possible that globalization has generated greater inequality within the poorer as well as the richer countries?"

Whatever its origin, the link between growing national scale inequality and spatial inequality between subregions is problematic. Housing initiatives to encourage mixed income neighbourhoods such as the emerging "neo-traditional planning" school in the United States could cause growing levels of inequality within neighbourhoods and convergence in levels of inequality between neighbourhoods. On the other hand, changing values and market preferences for greater levels of spatial segregation between different income groups and a housing market that facilitates residential mobility could lead to greater levels of interneighbourhood disparity despite a constant or even declining level of national equality. The forces creating more or less income segregation within urban areas are more nationally idiosyncratic than the broad trends towards national level inequality that are shared by most western countries. In short, there is no necessary connection between national scale inequality and spatial income inequality among different parts of the city.

THEORIES OF INCOME INEQUALITY

Modernization Theory: Kuznets' Inverted U and Rostow's Stages of Economic Growth

In 1955 Simon Kuznets proposed his inverted "U" hypothesis: over time they experience growing income inequality which peaks and later declines.

One might thus assume a long swing in the inequality characterizing the secular income structure: widening in the early phases of economic growth when the transition from the pre-industrial to the industrial civilization was most rapid; becoming stabilized for a while; and then narrowing in the later phases. (Kuznets 1955: 18)

Five years later, Walter Rostow's (1960) "Stages of Economic Growth" model put Kuznets' inverted U in a broader five stage context of national economic development (figure 1). The inevitable process of modernization and industrialization would see less developed regions and countries following the...

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Figure 1: Kuznets' inverted "U" and Rostow's "stages of economic growth."
historical growth patterns of countries that developed earlier. Wealth and income would necessarily become concentrated through savings in a class of industrial capitalists and entrepreneurs to accumulate and finance capital formation and to undertake the large scale capital investments in plant and machinery required for industrialization. Later in the process, industrialization and the emergence of the welfare state would alter a more equal distribution of income during the "drive to maturity," a necessary precursor to "high mass consumption." Reductions in inequality were associated with increases in real income per capita, thus per capita incomes of lower income groups would increase faster than upper income classes (Kuznets 1965: 5).

In attempting to explain the inverted U model, Kuznets identified an interesting geographical paradox, that should in fact, have caused an increase in inequality rather than the observed decrease. Industrialization coincided with urbanization and a relative shrinkage in the rural population. Income inequality and the average level of income in rural areas tends to be lower than in urban areas, a generalization that holds true in Mexico (García-León 1972: 557). As industrialization nations urbanized, the weight of the more unequal group increased. Thus higher levels of urbanization with higher levels of inequality should have driven national inequality higher. Kuznets' solution to this paradox was, that after a short lag, urban industrialization leads to rapid increases in the productivity and incomes of the lower income groups in the city.

Once the early turbulent phases of industrialization and urbanization had passed, a variety of forces converged to bolster the economic position of the lower-income groups within the urban population. The very fact that after a while an increasing proportion of the population was "white," i.e., born in cities rather than in the rural areas, and hence more able to take advantage of the possibilities of city life in preparation for the economic struggle, meant a better chance for organization and adaptation, a better basis for recurring greater income shares than was possible for the newly "immigrant" population coming from the countryside or from abroad (Kuznets 1965: 17).

In short, Kuznets proposed that the gradual urban socialization and upward mobility of rural migrants would drive urban inequality down which, due to the increasing level of urbanization, would contribute to declining national scale inequality. By 1965, Williamson had extended the Kuznets model from aggregate levels of national income inequality to show that the intranational pattern of income inequality between regions also followed Kuznets' inverted U. Early industrialization resulted in regional concentrations of income end factors of production in narrow industrial complexes such as Britain's Midlands or the industrial Midwest of the United States. Growth poles such as steel and coal, automobile parts and assembly, or petroleum and petrochemicals benefit from agglomeration economies as a process of circular and cumulative causation becomes entrenched (Pried 1977). Later in the process, industrial technologies and capital begin to flow outward from the industrial heartland, sectoral factor prices gradually come into equilibrium and regional inequalities begin to diminish. Thus modernization theory proposes that the industrialization and urbanization process creates an inverted U in regional inequality: regional divergence followed by regional convergence (Fan and Caselli 1994).

The Mexican Crisis: The Macroeconomy and Social Trends

In much of the contemporary social science literature in Mexico one finds allusions to the impact of the crisis of 1982 and the ensuing neo-liberal policy responses on a wide variety of social and economic measures (Barkin 1990; Fieck 1994; Luedig 1992; Vilas 1995). While the folly of excessive leverage and international borrowing predicated on continued high world oil prices, the severity of the debt crisis of 1982 and ensuing double digit inflation should not be gainsaid. Gross inequalities in the distribution of income are not a new phenomenon in Mexico. Whether growing, stagnant or in outright decline, economic output has historically had little bearing on the status and living standards of either Mexico's poorest, or indeed, its richest. Neo-classical development economics predicts that the benefits of industrialization, rising productivity and growth in the gross domestic product per capita will "trickle down" to raise the living standards of even the poorest people and the poorest regions.

Yet in the case of Mexico, inequality between household income quintiles seems to have been unresponsive to national economic growth trends. After thirty years of rapid industrialization, Bergman (1980: 17) observed that income is distributed very unequally in Mexico and that, "changes in inequality in Mexico since 1963 have been small or nil; three different measures of inequality show no significant trend between 1963 and 1977."
The poorest 20 percent of the population in Mexico City earned 7.8 percent of total income in 1950 but only 1.9 percent in 1975. The richest 10 percent earned 38.6 percent of total income in 1950 and 43.5 percent of total income in 1975 (Baser, 1986:197-199). Thus, in the traditional view of the Mexican crisis that is sketched here, it must be borne in mind that high levels of interregional inequality in household incomes long preceded the crisis of 1982 (Banco de México 1988; Calderon and Aguilar 1989; De la Rocha and Latapi 1991).

Through most of the post war boom, and up until 1982, the Mexican economy enjoyed growth in its per capita gross domestic product, rising real standards of living, relatively rapid industrialization and urbanization. The proportion of the population in the generally poorer rural areas gradually declined and employment opportunities opened up in industrializing urban areas as multinational enterprises expanded behind Mexico’s tariff wall (Coll de Hurtado 1984). Multinational enterprise absorbed or competitively displaced many medium and small scale enterprises thus both the agricultural and industrial sectors became concentrated and polarized between highly capitalized multinational enterprises and small scale workshops and ejidos ironically, self-employed workers in both rural and urban areas were transformed into waged employees or piece-rate workers (Barkin 1990:79) thus formal sector employment flourished at the expense of the traditional informal sector. The well paid public sector bureaucracy grew ten fold between 1940 and 1980 to reach some one third of the total labour force. During this period, the corollary of inequality was persistent high levels of poverty amidst general economic growth.

Following the 1976 crisis and a 40 percent devaluation of the peso, rising world petroleum prices and massive hydrocarbon discoveries along the Gulf coast fueled an oil boom. Government policies swiftly turned from the monetary crisis and the redistribution of scarce resources to “administering the abundance” in the words of then President José López Portillo (quoted in Lustig 1992:20). Erroneous predictions of continued high petroleum prices and relatively low interest rates were the justifications for a massive international borrowing program to finance both public and private investment in the late 1970s. The fiscal deficit crept at 14.1 percent of GDP in 1981 just as oil prices began to slump, interest rates began to climb, and nearly half of the foreign debt was due for refinancing in 1982. Following massive outflows of domestic currency, the peso suffered a catastrophic devaluation from 3.8 cents U.S. to 2.2 cents in March, 1982 (Lustig 1992:20-25). The crisis year of 1982 was marked by a 0.5 percent decline in total economic output and an inflation rate of 99 percent.

The fallout of the crisis for consumers was an average of 22.7 percent fall in the purchasing power of wage income (through nominal wages did not decline). In 1983 and an average annual decline in real wages of 8.6 percent from 1983 to 1984 when the real value of aggregate wage income declined due to crisis-induced restructuring in the formal sector, domestic market demand declined creating a downward spiral in consumption and purchasing power. Devaluation also reduced the effective demand for imported goods which had a negative impact on employment in import dependent sectors such as transportation and wholesale trade (Gilbert 1990:701).

The decrease in the purchasing power of wage income had the most devastating impact on the wage-earning middle class as the lowest income groups derive more of their income from non-monetary sources and self-employment, while the tiny wealthy minority rely on non-wage income from di-mestico corporate profits and investment income. The plight of the middle class was exacerbated by fiscal policies that tax middle-class consumption and squandered wage earners disproportionately (Barkin 1990:91). The lowest wage earners suffered from the declining real purchasing power of the minimum wage and the percentage of workers earning less than the minimum wage vaulted from only 1.3 percent in 1982 to 37 percent by 1985 (De la Rocha and Latapi 1991:6 n.7). Middle class workers in the public sector suffered from government austerity measures on top of the real declines in income. For example, teachers’ base salaries, dropped from 2 times the minimum wage in 1981 to only 1.3 by 1989 (Latapi and Roberst 1991:104).

So-called "open unemployment" increased by 50 percent in 1983 but soon subsided to pre-crisis levels. Declining real wages in the formal sector allowed firms to cope with declining demand without reductions in the work force or prolonged high unemployment (Gibert 1990; Lustig 1992:75-6). Of course, the "open unemployment" figure excludes those who work at little as one hour per week, those who work without remuneration (e.g. in family businesses) and the "self-employed" (por au cuenta workers) which includes a wide variety of informal sector...
occupations. As most of the unemployed in Mexico have little option except to turn to informal employment and because of the way Mexico urbanizes "open unemployment" for statistical purposes, the level of unemployment officially reported for Mexico during the crisis was considerably lower than in other North American and Latin American countries (Fleck 1994; De la Rocha and Lenapí 1991: 7).

Since 1980 real unemployment levels have grown rapidly throughout Latin America, caused by labor shedding by manufacturing enterprises which had a particularly severe impact on industrial centers such as Mexico City. Those who lost wage employment as a result of the crisis were often forced into self-employed informal sector activity. Paradoxically, the openly unemployed in Mexico are considered to be the fortunate minority among victims of job loss who can afford the "luxury" of not working (Lustig 1992: 75). According to this argument, the openly unemployed are to be those with some education and savings and are typically better off than the working poor. Most of the less privileged who lose employment in the formal sector have no choice but to attempt to scrape by in some form of informal sector activity.

However, Gilbert (1994: 613) argues that the "luxury unemployment hypothesis" is breaking down as the informal sector is becoming choked with entrants. Informal sector jobs are growing harder to find, more difficult to enter, and there is simply less money available to sustain it. Open unemployment in Third World cities seems to be rising fastest among the poorest and least well educated, dashing the luxury unemployment hypothesis into question. Unemployment is no longer a luxury but a hallmark of the utterly desperate conditions faced by the very poorest strata in urban society. Behind the grinning make-up face of every person "employed" as a fire breathing clown at Mexico City’s major intersections is a desperate member of the effectively unemployed with no alternative to informal activity.

The crisis contributed to worsening levels of inequality in three ways. Real wage declines had a disproportionately severe impact on the middle class, increasing the percentage of lower income workers who found themselves unemployed, and the formal sector declined in favor of the informal sector creating an income duality consis¬tent with the duality in terms of employment.

The Formal-Informal Duality
Informal economic activities tend to be regulated and autonomous in contrast to similar activities that are fully regulated and articulated with the institutional superstructure. In Mexico City chiqueteros sell on street corners and in Sanborn’s stores. The concept of informality is notoriously difficult to define. Informal activity is typically characterized by an elemental division of labor in which the owner and family are directly involved in the production of goods and services; the production function tends to substitute labor for capital, the scale of production is low and technology is typically traditional and labor intensive. Fleck (1994) observes that the contribution of informal sector activities to total non-agricultural employment in Mexico ranges from 26 to 38 percent depending on precisely how the informal sector is defined.

Informality is often a family or household-based activity. Women do the lion’s share of the work involved towards urban survival. To survive under crisis conditions, Mexican households have been forced to become “flexible producers,” sending growing numbers of women and children into precarious informal sector jobs to sustain the household as a unit of basic survival in the city. Women’s labor force participation rates have been forced upward. The total number of workers per household has increased and households have diversified their sources of income (De la Rocha 1991: 117-118).

One of the most striking aspects of the urban landscape in a developing country such as Mexico is the irony of juxtaposition (a feature of the postmodern city) between the “modern” and the “traditional.” While developing countries have no monopoly on informal employment, the striking difference is in the scale of informal urban activity and its enormous variety. In Mexico City one sees a typical upscale North American enclosed shopping mall within sight of an open air periodic market with cultural roots in the indigenous fairs, a bicycle bome knife sharpener grinds tools beside the service bays of a General Motors dealership, a vendor hawks pirated audio tapes outside a theatre playing a first-run Time-Warner film, a shrouded El Charro holds out her hand on subway stairs, just steps away from a 200,000 peso automobile, and street bands play for pesos flung down from 10 story apartment buildings. Thus one of the central features of informality is its inner heterogeneity brought about by a modernization process that, despite investment and the creation of some industrial employment, is unable to absorb the growing supply of urban
labour. A large proportion of the urban labour force has had to create its own employment using informal, semi-formal, and traditional marketing methods. Its motive (unlike micro-enterprise) is not profit but basic subsistence (Pérez-Sanz and Negreira 1994). In essence this is a political economy theory of the informal sector. It emphasizes its nature as a household survival strategy for a "reserve army" of unemployed that has been squeezed out of a stalled capitalist industrialization process. De Soto (1989) offers a novel neoclassical alternative that challenges orthodox political economy. He argues that excessive regulation imposed through the bloated bureaucracy of the "mercantilist" Latin American state confines the privilege of economic legitimacy on only a narrow elite in society. Informality is characterized by its clandestinity and illegitimacy. Informality is a popular response to institutionalized political and legal barriers that create a system of "economic apartheid" crafted to restrict access to employment and hence the most basic human needs. "Cuando la ilegalidad es un privilegio al que sólo se accede mediante el poder económico y político, ello no queda otra alternativa que la ilegalidad. Este es el origen del nacimiento de la economía informal." (De Soto 1989: xx). The "illegal pursuit of legal economic ends" is a rational economic outcome of the excessive and often corrupt regulation brought about by the dirigiste policies of the state. The informal self-employed "entrepreneur" becomes the hero of the piece, quite consistent with the "supply side economics" and newfound emphasis on the dynamism in the private sector that gained sway during the Reagan and Thatcher decade.

The three theoretical accounts very briefly sketched above anticipate and explain a trend towards increasing income inequality. The traditional economic modernization theories see inequality as an unavoidable consequence of development that will even out with the passage of time as developing countries follow in the growth path of the developed west. Current trends towards increasing income inequality in the developed west creates a real problem for this approach. Modernization theorists might have to reinterpret Kuznets' inverted "U" as an upright "N." The portrayal of Mexico's fiscal crisis as the root cause of profound social changes is a regional variant of the "global shift" theory linking a wide range of socioeconomic transitions to macroeconomic cycles such as Kondratiev waves (Dicken 1992). Theories of informal activities offer two dualities: one is the essence of the formal-informal dichotomy and second is the division in explanations between the political economy and the "New Right" approaches (Bromley 1990). However, both approaches envision an occupational economy which yields an unevenly compensated society.

DATA SOURCES AND LIMITATIONS

Conceptualizing Income

There is no ideal measure of income for the purposes of measuring inequality at the urban scale (Bourne 1993). Individual employment earnings may be misleading without a sense of the number of dependents one must share it. Mexico's census of population (INEGI 1991) does not collect family income data and in any case Mexican family structures are changing rapidly, calling the relevance of income defined according to traditional family concepts into question. Households and their associated dwelling units are the "atomic units" of the urban social landscape thus households are the most logical unit of income aggregation and reporting for an assessment of spatial patterns of inequality. Household income is relevant as it captures the income of all household residents who typically pool their incomes in some way to accommodate and food costs, the largest expenditure for most households. Household income is reported in the Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) at the national level, the best source of data for measuring income inequality. Due to changes in format, the ENIGH is only comparable for the years 1984, 1989, 1992, and 1994 (INEGI 1996: iii; De la Rocha and LaFati 1991:3). Unfortunately household income is not available at the scale of the delegación/municipio through the ENIGH.

The primary data source for microregional income data in Mexico is the decennial census and the only type of income data collected is employment income by employed persons which is tabulated and published for each delegación and municipio. Unfortunately, there are major changes in the definition used for income reporting in 1990 which makes meaningful comparison between 1990 and preceding years impossible. In 1970 and 1980 monthly income was reported for the población económicamente activa which is defined as all persons over the age of 12, that were employed or looking for work (essentially the labour force). In 1990, income data were reported for the población
ocupada, all persons over the age of 12 that performed an economic activity during the census week for any form of remuneration whether monetary or payment in kind (essentially the employed population). Second, the 1970 and 1980 income data were reported in different pesos ranges (to account for inflation) while in 1990 they were reported in ranges defined as multiples of the salario mínimo (minimum wage). For these reasons it is not possible to compare changes in the level of inequality between 1980 and 1990.

Measuring Inequality
To measure inequality within a region, two data vectors are required: one containing the level of income received and the other containing the number of observations for each level. Typically income data are grouped in the vector according to deciles or groups of contiguous income ranges with an open-ended category for the highest income group. The number of observations corresponds to the number of income reporting units, for present purposes, employed persons. Beginning in 1990, Mexico’s census of population and housing began to collect income data according to a group of categories composed of multiples of the minimum wage (table 1). The advantage of this method is that the minimum salary inflates through time as the consumer price index rises, thus future census data will be approximately comparable to the 1990 census, no matter how much wages inflate.

The key problem in measuring inequality with primary income data collected on a categorical basis is that there is no direct measure of the total income earned by each group. This requires two different assumptions. For closed categories, the total earned by each group may be estimated as the median of the category, assuming that income is distributed symmetrically within each category. As there is ample evidence that income as a whole tends to have a positively skewed distribution, this assumption is dubious at best. Second, and more worrisome, is that there is no empirical basis for determining the total income earned by those in highest, open-ended income category. For example, Simmons and Kamikihara (1994) estimated the size of markets in Mexico City using an arbitrary scalar of two to calculate the average income within the highest income category. Simmons assumed that the average income of the small group earning greater than ten times the minimum wage was twenty times the minimum wage based simply upon long experience (Simmons 1996, personal communication). While the exactitude of this assumption has little impact on an assessment.

| TABLE 1: Comparison of Mexican Income Data Classifications in Minimum Wage Units |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| MULTIPLES OF THE MINIMUM WAGE | NUMBER OF HOUSEHOLDS | PERCENT | MULTIPLES OF THE MINIMUM WAGE | NUMBER EMPLOYED | PERCENT |
| 0.00-0.50 | 14,938 | 0.10 | 0 | 54,300 | 1.09 |
| 0.51-1.00 | 220,115 | 1.50 | 0.01-0.50 | 197,200 | 3.96 |
| 1.01-1.50 | 339,013 | 2.30 | 0.51-0.99 | 664,200 | 13.35 |
| 1.51-2.00 | 657,517 | 4.53 | 1 | 38,900 | 0.78 |
| 2.01-3.00 | 3,049,696 | 22.92 | 1.01-2.00 | 2,076,300 | 41.73 |
| 3.01-4.05 | 2,172,692 | 14.76 | 2.01-3.00 | 794,100 | 15.76 |
| 4.01-5.00 | 1,651,186 | 11.22 | 3.01-5.00 | 533,000 | 10.71 |
| 5.01-6.00 | 1,418,083 | 9.63 | 5.01-10.00 | 307,500 | 6.18 |
| 6.01-7.00 | 1,114,048 | 7.57 | 10.01-20.00 | 170,430 | 3.42 |
| 7.01-8.00 | 806,153 | 5.46 | No data | 149,600 | 3.01 |
| 8.01+ | 4,268,351 | 38.99 | | | |
| Total | 14,712,762 | 100.00 | Total | 4,875,800 | 100.00 |

Note: Income received in third quarter of 1994


Note: Income received in Reference Week, March 3-17, 1995

of aggregate purchasing power due to the small size of this elite group, it is a fundamental flaw for any measure of income inequality.

A partial solution to this problem was to use the detailed household income data from the Encuesta Nacional de Ingresos y Gastos de la Hogar to calibrate average employment income data for the census data (table 1). In effect, two new arbitrary, though slightly more plausible, assumptions were introduced: that household income is distributed in the same way as personal incomes and that the national proportion in the highest category is the same as is found in each of the districts of the metropolitan area. The calibration of the highest end-opened income category was complicated by the fact that the multiples of the minimum salary used in the Encuesta Nacional de Ingresos y Gastos de los Hogares differs from that used by the census.

Conceptualizing Subregions for the Measurement of Intra-Urban Spatial Inequality: The Delegación/ Municipio, the Colonia/ Barrio and the Area Geoespacial Basica

The measurement of spatial patterns of urban social geography is dependent on the nature of the decennial census data collection and the protocols followed by central statistical reporting agencies to define subregions. The conclusions drawn in international comparative studies depend as much on the definition of census regions as they do on underlying differences in the social differentiation of space.

Mexico City's functional urban region and primary labor market, the Area Metropolitana de la Ciudad de Mexico (MCM) covers all of the Distrito Federal (DF) and a horseshoe-shaped area of the metropolitan that includes 27 municipios in the Estado de Mexico (EM) lying to the west north and east of the DF. The criteria for inclusion of EM municipios in the MCM include occupational characteristics of the population accessibility to the DF, and contiguity with the DF. The Distrito Federal is unique in Mexico because it is subdivided into 16 Delegaciones which have political jurisdiction over urban services such as policing, parks and recreation. Outside the DF, the primary political unit is the municipio which has more comprehensive political jurisdiction than the delegación. Full census data are provided for both delegaciones and municipios.

Delegaciones are further broken down into colonias, however, they have almost no political function and data are not collected at this scale. The barrio (neighbourhood) is used in casual parlance to indicate the bounded of a territorial sense of social community but does not, unfortunately, correspond to any data gathering unit. Thus, unlike Canadian and American census collection protocols with tracts which approximate neighbourhood units, there has historically been no empirical base for fine-grained analysis of urban social trends in Mexico's great cities.

This changed with the 1990 Censo General de Población y Vivienda which inaugurated the Area Geoespacial Basica (AGB) as a very small scale reporting unit which approximates the Enumeration Area in Canada and the United States. Unfortunately the AGB data were unsuitable for measuring inequality because income is reported for only three salary ranges (measured as multiples of the salario mínimo) instead of the nine categories reported for districts. Thus the empirical research is limited to the very coarse scale of analysis represented by the delegación and municipio (hereafter districts).

NATIONAL SCALE INCOME DISTRIBUTION IN MEXICO

By any measure and according to many estimates, Mexico has one of the most unequal income distributions anywhere in the world. In its World Development Report 1980, the World Bank described Mexico as having "one of the worst profiles of income distribution of any nation on earth." (quoted in Barkin 1990: 80). In 1984 the richest 20 percent of the households appropriated 54.5 percent of the total household income (monetary and non-monetary) whereas the poorest quintile was left with 4.4 percent of total income (INEGI 1996, Table III.4).

Payment-in-kind is an important component of total household income in Mexico. In 1982 non-monetary income amounted to some 26.1 percent of total household income. It might be assumed that payment-in-kind is typically in the form of agricultural produce and is only significant in rural areas. In fact, non-monetary income accounted for some 27.5 percent of total household income in the MCM in 1992 according to the ENHSH (INEGI 1993). Non-monetary income includes the value of goods produced and consumed in the home, social security benefits (prestaciones

1 From a very pragmatic perspective, the AGB data is available only in CD-ROM format and does not appear to be possible to download the data for further analysis using other software (Cott de Hurtado 1996 personal communication).
socioeconómicas), y los gastos y servicios y el valor tácito de los bienes y servicios recibidos por los hogares. La figura 2 muestra los valores de Lorenz para 1994 en términos de ingreso total, monetario y no monetario. La distribución de ingresos se encuentra más cerca de la diagonal de igualdad perfecta que en el caso de los ingresos monetarios o no monetarios, respectivamente. Esta familia de curvas es un buen ejemplo de la ambigüedad inherente en el análisis del ingreso de Lorenz, donde la monarquía y la curva monetaria no se cruzan en el 82% de las veces, lo que dificulta la formación de conclusiones definitivas sobre el ingreso monetario y no monetario. El ingreso monetario, sin embargo, es más desigualmente distribuido cuando Lorenz intersecta siempre hay posibilidad de encontrar dos desigualdades de medidas que pueden conducir a conclusiones contradictorias sobre sus niveles relativos de desigualdad (Karoly 1992; Winship 1978). Por lo tanto, los coeficientes de Gini presentados en la tabla 2 del ENIGH (INEGI 1996, Tablas III.4-6, p. 43) pueden ser engañosos.

Los coeficientes de Gini presentados en la tabla 2 muestran la desigualdad del ingreso monetario en cuatro períodos y en las áreas rurales y urbanas. La matriz de las tablas de los INEGI 1996, Tablas III.4-6, p. 43) pueden ser engañosos.


FIGURE 2: Generalized Land Use and Income Structure of the Latin American City

TABLE 2: Distribution of Household Income in Mexico: Urban and Rural Areas

<table>
<thead>
<tr>
<th></th>
<th>TOTAL</th>
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<th>RURAL</th>
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<td>0.484</td>
<td>0.461</td>
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</tbody>
</table>


1994 in urban areas, however, the rate of increase in inequality is also slowing. In rural areas, inequality increased up to 1992 and decreased very slightly in 1994. Urban areas had smaller Gini coefficients than rural areas in 1984 and 1989, but greater Gini coefficients in 1992 and 1994. Put another way, urban areas went from having less income inequality than rural areas in 1984 and 1989 to having more income inequality in 1992 and 1994. These data seem to refute Kuznets in two ways. First, as a newly industrializing country (NIC), Mexico should be experiencing declining rather than growing inequality. And second, the differential between urban and

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rural areas should be converging as urbanization slows while the
data suggest just the opposite. Mexican cities have become the
arena for growing inequality between rich and poor while the
countryside becomes more equal than the cities in 1994.
Two explanations are possible. First, the Kuznetsian assumptions
that industrialization and urbanization would eventually bring about a decrease in income
inequality is incorrect. Thus the world-wide trend towards
increasing income inequality may be encountered in both mature
industrial economies and in the "newly industrializing countries".
On the other hand, the Mexican
cities school might argue that the
past decade of economic
dislocation has caused a reversal
in the benefits of industrialization
for lower income groups thus
Mexico is regressing along the
inverted "L".

National Scale Inequality and
Neighbourhood Inequality: Linking
Macro and Micro

The question remains, How is the
manifest wage inequality in the
urban labour markets of both
developed and developing cities
articulated with spatial inequality?
The standard explanation posits a
three phase causal linkage
between economic restructuring and
a socially segregated urban
geography.

1a. Deindustrialization causes the
loss of manufacturing sector
employment and the loss of
middle income earners.

1b. The fast growing service sector
is occupationally polarized into
high paid primary occupations
and low paid and insecure
secondary forms of
employment.

2. These processes result in a
polarized social structure and
decline of the middle class

3. The urban outcome of social
polarization is a polarized
socio-spatial structure: a
growing segregation between the
poorest and the richest
districts and neighbourhoods of
the city. In the context of "world
cities" Friedmann (1991; 324),
argues very simply "Spatial
polarization arises from class
polarization". In a growing
number of cities in the
developed countries
there are two realities instead of one,
which are spatially discrete
and only have the name of the city
and some public spaces in
common: a "city of despair and
squalor" and a "city of hope and
splendour", which can be some
blocks or streets away from each
other (van Kempen 1994: 307).

In her critique of this simple causal
sequence van Kempen (1994:
1000-1001) questions the
assumption that changes in the
income and employment structure of
the city have an immediate
impact on the social-spatial
structure of the city. Increasing
social segregation and its
corollary, that there is a direct
relational between one’s income
and place of residence, assumes a
direct and smooth linkage between
social mobility and spatial mobility.
In a Dutch context van Kempen
identifies three factors that call this
assumption into question. First,
there is an increasing diversity in
housing preferences and
household composition in
developed western societies.
The traditional family type is declining
in importance while alternative
lifestyles may lead to the
gentrification of some older inner
city neighbourhoods and extended
immigrant families may occupy
traditional single family dwellings
in the suburbs. Second, European
social housing policies often permit
downwardly mobile lower income
households to remain in good
quality housing in neighbourhoods
they otherwise might not be able to
afford. Third, "restrained moving
behaviour" may motivate upwardly
mobile households to remain in
lower income areas and increase
the consumption of goods other
than housing. Rent subsidies
accruing to the incumbents of
public or rent-controlled private
housing create a market in which
households cannot afford to move
to lower quality housing. For all of
these reasons, there is good
reason to question the causal link
between increasing inequality city-
wide and a truly polarized social
geography between high income
and low income neighbourhoods.
The growing social polarization
measured at the macroscale may
only be manifest as growing
diversity and polarization within
neighbourhoods at the microscale.

THE GEOGRAPHY OF INCOME IN
MEXICO CITY

Notwithstanding its many critics,
the Chicago school of human
ecology characterized by the work
of Park and Burgess (1925) has
had a lasting legacy in
contemporary urban social
geography. The ecological
metaphor of a community became
the basic unit for exploring social
differentiation in urban space.
The continuing relevance of the
urban scale for analysis of
differentiation is due to the
social homogeneity and the stable
contrasts between neighbourhoods
that were the essence and subject
of the human ecology approach in
North American cities of the 1920s.
Walking to work was the norm for
the working class in an age when
the store, car was still
comparatively expensive, thus
working class neighbourhoods
developed within walking distance
of the mill, the mine, or the factory
and neighbourhoods such as
Chicago’s Packingtown reflected
the narrow income range of

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meatpacking plant workers.

In the planning literature, Clarence Perry (1929) developed the "neighbourhood concept" as the logical unit for urban development. A population of about 6,000 represented the maximum number of human acquaintanceships that could be accommodated in social space and street traffic was dictated by the physical walking capacity of children on their way to neighbourhood schools and churches, the primary arenas of socialization. The neighbourhood thus conceived was the immutable result of human physiological limitations. And finally, there was a growing property development industry, an active housing market, and a cultural predisposition to move in response to changes in social, age and family status. Thus neighbourhoods became more homogeneous with the increased mobility of both home owners and tenants seeking dwelling units and localities that matched their precise needs and ability to pay.

There is reason to question the appropriateness of the homogeneous neighbourhood concept in Mexico City and perhaps more generally in the Latin American city, Griffin and Ford (1980: 403) assert that the prerequisites for the filtering down process, a vital component in the Burgess concentric ring theory, are not present in Latin American cities. There appears to be both more and less horizontal mobility depending on income levels and migration status. Casual observation suggests that the home-owning urban-born middle and upper class is relatively immobile as houses and land tend to stay in families for generations. The residential property market is weakly developed in relation to the United States or Canada, residences being mortgaged are costly and difficult to obtain and one sees few occupied homes for sale. Whether upwardly or downwardly mobile, incumbents tend to stay in place, upgrading housing in situ or enduring its gradual deterioration. The middle and lower middle class urban tenancy is similarly immobile as an effect of rent controls and numerous other public housing policies and subsidies make moving prohibitively expensive for long term tenants.

The lowest income groups include large numbers of rural out migrants. In the most common scenario they move from the countryside to live with friends or relatives, later moving to their own dwellings in a colonia popular or squatter settlement. Due to the insecurity of tenure in colonia populares, residents may be forced to move several times during the family life cycle. Thus Mexico City's lowest income groups appear to be more mobile than the middle and upper classes (Ward, 1976).

Areas with a large percentage of high income earners tend also to have large numbers of low income domestic service workers that live either within the household or on the roof tops of multi-storey apartment buildings to provide services as maids, cooks, porters, and chauffeurs. Paradoxically, the higher the income status, the greater the opportunities for low income domestic servants and informal sector workers. One sees very few organ grinders or wind shield washers in low status districts of the city. High income areas are also low income areas and high social status areas actually have a bimodal income distribution. The internal income inequality is likely to be far greater in the more central high (and low) income areas than in the more peripheral low and middle income districts. And the homogeneity of high status neighbourhoods is likely to be far less than in low status neighbourhoods. This property of heteroscedasticity (unequal variance through the sample range) tends to invalidate any attempt to compare mean income levels by district or delegacion/municipio as it conceals a considerable amount of intraregional variation.

Griffin and Ford (1980) offer a generalized graphic model of the major structural elements of the Latin American city (figure 3). The CBD corresponds to the central portion of Delegacion Cuauhtemoc in Mexico City while the central spine is interpreted as the Paseo de la Reforma, the grand but relatively short ceremonial boulevard. It could also represent Avenida de los Insurgentes, a broad shopping arterial which runs both north and south of the CBD. In either case, the "elite residential sector" fringing the spine has suffered from functional change and the demolition of most of the grand downtown residences to make way for high rise office towers. The traditional rent and income gradient of the North American City is reversed in this model with the zone of maturity characterized by formerly affluent housing that has filtered down to middle class incumbents.

The zone of in situ accretion is characterized by a chaotic variety of good quality housing units adjacent to older squatter settlements of generally poor quality but displaying a wide variety of upgrading over the years depending on the age of the community. The zone of peripheral squatter settlements is portrayed as a vast ring of low income fracts of spontaneous urbanization, generally with no security of land tenure and low standards of construction, sanitation and infrastructure. However islands of
higher income households and higher quality housing may be located in pre-existing towns and villages which were later engulfed by urban expansion. Coyacan and San Angel are fine examples of towns that were engulfed by the city by the turn of the century yet they survived and enhanced their elite residential character in an otherwise impoverished fringe. Many other examples exist in the present urban fringe though the level of income and housing quality is considerably lower. Measures of high and low income were used to assess how well the Griffen and Ford model fits the distribution of income in 1990. The low income group was defined as those earning between 0.01 and 0.99 of the minimum wage. The size of the low income group was expressed as a percentage of the total population and then classified into four categories with 0-9, 10-19, 20-29, and 30+ percent of the employed population (figure 4). This classification scheme was selected because the percentage of the employed population earning exactly the minimum wage is extremely small (table 1) and the population employed but not receiving income was potentially deceiving as unpaid laborers typically permit another family member to earn an income substantially above zero. Only four equal-sized categories were used in an effort to highlight the broadest spatial income trends. High income was defined as greater than five times the minimum wage. A threelfold classification scheme was used for high income earners as no district has more than 30 percent of its employed population earning greater than five times the minimum wage. Figure 5 displays the size of the high income population in each district.

The overwhelming impression from both of these maps is of great heterogeneity within districts. The poorest district, Milpa Alta, has 31 percent of the employed population earning less than the minimum wage in figure 4, while Tlahuac to its north-east has 24.5 percent. All of the other "low income" districts range from 20 percent to 22 percent earning less than the minimum wage. In short, the "low income" districts clearly have substantial numbers earning well above the minimum wage. Benito Juarez, the highest income delegacion (figure 5) has only 25 percent of its population earning greater than five times the minimum wage, 75 percent earn less. Thus the high earning districts are far from being homogeneously high income.

The dominant spatial impression is of a combined radial and sectoral pattern of concentration. The low income districts seem to be concentrated in sectors running south and southwest from the CBD while most of the municipios around the periphery of the metropolitan area have relatively small numbers earning less than the minimum wage. The percent earning less gradually increases towards the south with Milpa Alta as the southernmost fringe district of low income earners.

Turning to high income areas, the central Benito Juarez Delegacion clearly has the greatest concentration of high income earners while most of the other delegaciones with significant percentages of the high income group are on the west side of the metropolitan zone. With the excep-
small low income populations with
11.5 to 19 percent of the employed
population earning less than the
minimum wage. However many of
the larger municipios lying to the
east (Texcoco, Ixtapaluca and
Xochicalco) and north (Zumpango and
Tecamachalco) of the DF are distinctive
because they have modest proportions of both high income
earners and low income earners.
In short, the periphery is unique
not so much for its population of
low income squatters but in its
enormous diversity, a result of the
mixed agricultural, industrial and
residential land uses and occupations that characterize
Mexico City's urban fringe.
Spatial patterns such as these are
difficult to explain in detail but one
central conclusion stands out.
According to the 1990 census of
population there is little evidence
that the social geography of
Mexico City was consistent with
the concentricity suggested by
Griffin and Ford's (1980) model of
the Latin American City. There are,
however, broad sectors dominated
by both high and low income
groups. Qualitative analysis of the
two income maps suggest that
there is great heterogeneity in both
core delegaciones and peripheral
municipios thus it appears likely
that there will also be considerable
income inequality within districts.
Mapping Income Inequality
Figure 6 maps Gini coefficients for
each delegación and municipio
based on the cumulative
percentage in each of nine income
categories. In general, the
districts with the highest percentage
earning more than five times the
minimum wage have the greatest
inequality, conforming to
expectations; high income areas
are also low income areas. In
accounting for the social
polarization of large internationally
connected cities, Sassen (1991)
points to occupational changes in
the non-basic, residential sector
which is created by the demand for
laboring goods and services to
satisfy the consumption
preferences and spending power
of the new urban elite.
Two of Mexico City's most famous
elite delegaciones are cases in
point Benito Juárez and Coyoaacán
have a high percentage in the high
income ranges and they also have
large low income populations. This
is reflected in their relatively high
Gini coefficients of 0.556 and
0.530 respectively.
A number of other middle to high
income municipios with large
differences between high and low
income earners are found on the
western periphery Nacapulin,
Atizapán de Zaragoza, and
Tlatlan Huixquilucan, the most
unequal district in the MCM, has a
Gini coefficient of 0.624. The
districts with the lowest Gini
coefficients and lowest levels of
inequality are Melchor Ocampo
(0.372) well to the north of the DF
and Tlalpan (0.386) in the south
of the DF itself.
The districts with the lowest Gini
coefficients tend to be found in a
north-south band that generally
Corresponds to the newer lower
income districts. For example,
Nezahualcoyotl, the largest
dormitory suburb in Mexico (Coll
de Hurtado 1989: 428) grew quite
rapidly between 1960 and 1980. It
is in the lowest income category
but has low levels of inequality,
suggesting a considerable degree
of homogeneity in this low income
suburb. Chalco is another example
of a recently developed area
though with higher incomes than
Nezahualcoyotl. Nevertheless it
has the same low level of inequality. The income structure of
long peripheral municipios such as
Chalco can be quite deceiving.
The city side of the municipio tends
to be composed of dense spontaneously settled colonias populated while the eastern side remains dominantly horticultural (Coll de Hurtado and Sanchez-Salazar 1995). Xochimilco is a fringe delegación famous for its chinampas, in which flood irrigation is used for intensive agriculture. In many of the urban fringe districts of the MCM, attempts to measure "urban income inequality" are actually capturing rural-urban contrasts in average income and income distribution.

CONCLUSIONS

The geography of income and income inequality in the Mexico City Metropolitan Area appears as chaotic and heterogeneous as the broader Mexican space-economy of which it is a part. State-of-the-art high technology exists along side traditional technologies with roots to pre-Columbian cultures. Wealthy professionals of the comprador class and Mexico’s growing technocracy enjoy a typically North American lifestyle alongside indigenous peoples with strong cultural roots in traditional Meso America. But the contrasts are extremely fine grained and there is great variety within all of Mexico City’s districts. There are no homogeneously low income or high income delegaciones. In part this is simply an artifact of the very coarse scale of the data analysis; districts such as Alvaro Obregon or Coyocan have enormous populations of over 600,000. Larger districts have greater variance simply because they cover more territory.

But there is also a striking interdependence of high and low income groups. The high income areas are also low income areas due to the demand for domestic and personal services by high income earners. Thus the delegaciones with the greatest proportion of high income earners also tend to have the highest levels of inequality. The true level of income and income inequality on the poor urban margin is extraordinarily difficult to assess due the presence of a large rural population in huge fringe municipios such as Chalco and Milpa Alta.

The original goal of the paper was to chart trends in urban income inequality within and between districts. This proved impossible using published data sources due to definitional changes between census years. One challenge for future research would be to use unpublished historical census data to reconstruct comparable income
categories and adjust income figures for the 1970 and 1980 census to reflect the difference between employed persons and the economically active. Another direction for future research is to use the area geostatistical basica (AGB) data in a finer grained study. For example, the AGBs might be meaningfully combined to create a neighbourhood or colonia scale of data aggregation with more income categories than are presently provided at the level of the AGB. In both cases, future research on the distribution of income requires close cooperation between INFEC and geographic researchers. Only in this way can the distribution of income be better understood in Mexico City.

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