Understanding Inequalities in China and Mexico — What can be done?

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In 2015 Anthony B. Atkinson published his book, *Inequality. What can be done?* The author presented concrete measures to fight inequality via technological change, employment, capital sharing, progressive taxation and social security “for all” (Atkinson, 2015: 113-241). In terms of what “should” be done, however, I believe that this is not the correct way to advocate concrete policy proposals. Someone in the Global North cannot say what countries in the Global South “should” do. The objective of this thematic series is to analyze two countries within their specific contexts and to formulate their inequalities into concrete problems, producing truly viable countermeasures from the perspective of the Global South. A comparative analysis of inequalities in China and Mexico will provide methodological and analytical tools for concrete proposals.

**China and Mexico Have More and More in Common**

The year 2019 marked the 70th anniversary of the founding of People’s Republic of China and the 102nd anniversary of the Mexican constitution that established the first protections of social rights. The Mexican revolution of 1910 brought the first constitutional provisions regarding labor conditions (8-hour work days, equality between women and men, a prohibition on child labor, the right to strike, labor unions, etc.).

Since the 1980s, China and Mexico have adopted market-oriented policies that have shaped their politics in terms of economic development, social problems and international relations (Czarnecki and Vargas-Chanes 2019; Czarnecki *et al.*, 2014; ECLAC 2007). After the reforms during the past 40 years, China’s socialist market economy and Mexico’s market economy experienced rapid development in areas including the economy, law, culture and socio-demographics, bringing deep changes both in China (Li 2016) and in Mexico (Cordera Campos 2018).

Yi (2015) shows that the family model in Asia as a core institution of changing norms and practices transformed during this period; multi-generational co-residence, a competitive education system and a persisting patriarchal culture can both be seen in China and Mexico. Market reforms created a “demographic bonus,” slowed birth rates and challenged future labor markets in Mexico (Cordera Campos and Lomelí Vanegas 2006). Likewise, there was a corresponding “demographic dividend” in China (Li 2016: 3).

There have been different approaches to studying inequalities in the past decade. In my view there are two main approaches: an economic analysis and a social analysis. In the former, income inequity can be studied with Kuznets waves (Milanovic 2016) as was historically developed by Piketty (2014: 25) who considered income inequality as crucial to rates of return on capital, including profits, dividends, interest, rent and other personal income that remained significantly above rate of growth of the economy ($r > g$). The latter, social dimension includes the study of inequalities as a combination of an unequal distribution of social resources, social structures and the social perception of being in an

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1 I use the division on the Global North and Global South followed by Sousa Santos (2014).
unequal position (Bihr and Pfefferkorn 2014: 204). In this framework, inequality might be existential and related to meritocratic inequality (Therborn 2013).

Studying inequalities changes the focus from poverty analysis to systematic analysis, as poverty is only a manifestation of inequalities. And inequalities are always plural, as there are inequalities in health, labor, education, etc. The commencement of market reforms was important, however, as there were differences regarding the scopes of changes in each country.²

In terms of sociodemographic indicators, Mexico has a population ten times less than that of China, at 132 million versus China’s 1,340 million in 2019. Considering economic indicators, total GDPs were 1,171 and 11,065 billion USD in 2015, respectively, and GNPs per capita were 9,840 and 7,950 in 2015, respectively. In terms of inequalities, the GINI indicators were 0.434 for Mexico and 0.467 for China in 2017.

Figure 1 compares 32 Mexican states³ and 31 administrative units of China⁴ in terms of the Human Development Index; China is a country with greater inequality, stretching from Tibet (0.6) to Beijing (0.869). Mexico’s gap is smaller.

Moreover, the pattern in China shows rapidly increasing wealth and a resulting increase in the share of net income that comes from the ownership of capital (Milanovic 2016: 179). In Mexico, the United Nations Economic Commission for Latin America and the Caribbean, CEPAL, as well as the general secretary Alicia Bárcena, in particular, stressed the importance of the development of social inclusion and the improvement of living conditions. This is necessary to ensure economic prosperity, according to the 2030 Agenda for Sustainable Development (ECLAC 2016).

² For example, in Mexico researchers have been studying transformations in China with significant interest. To this end, the National Autonomous University of Mexico (UNAM) created the Center for China-Mexico Studies (CECHIMEX) of the School of Economics in 2004 and the University Program on Asian and African Studies (PUEAA) in 2013.

³ Aguascalientes, Baja California, Baja California Sur, Campeche, Coahuila, Colima, Chiapas, Chihuahua, Ciudad de México, Durango, Guanajuato, Guerrero, Hidalgo, Jalisco, Estado de México, Michoacán, Morelos, Nayarit, Nuevo León, Oaxaca, Puebla, Querétaro, Quintana Roo, San Luis Potosí, Sinaloa, Sonora, Tabasco, Tamaulipas, Tlaxcala, Veracruz, Yucatán and Zacatecas.

⁴ Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Liaoning, Jilin, Heilongji, Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong, Henan, Hubei, Hunan, Guangdong, Guangxi, Hainan, Chongqing, Sichuan, Guizhou, Yunan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang.
This Thematic Series

To prepare this thematic series I invited renowned international scholars to comment on inequalities in both countries without asking them what “should” be done but instead asking for methodological tools to understand how to be both wealthy and poor.

Social theorists and economists from both countries showed special interest, independently, on the issue of inequalities. They emphasized the priority that the social dimension must have priority for political action and policy-making, especially as market reforms diminish the welfare state.

The objective of this issue is to analyze inequalities resulting from these transformations and to propose methodological tools for the understanding of them in order to foster a public policy agenda aiming at the reduction of inequalities. Economic and social transformations change lives and develop “higher levels of well-being” that consist of “employment, education, income distribution, social security and public safety” (Li, 2013: 2). In addition, the private sector has taken advantage of the mushrooming of these services with mixed results (Zhou et al., 2018).

Vargas and Valdes studied in this volume social lag in Mexico from a longitudinal perspective. They showed that the use of confirmatory factor scores (CFS) provided a better tool for the evaluation of social policy in Mexico for the years 2000 to 2015. The CFS scores were useful in assessing the typologies of social lag growth over the years of study and the spatial dispersion of marginalization and poverty in Mexico. This paper provides a new method that might by applied in the measurement of social lag in China via factor analysis. Chen (2013) analyzed China’s internal structure of increasing income differentials. However, Vargas and Valdes proposed a revised model that enables tracking the evolution of social lag in municipalities over time.

Liu and Chiang in this volume studied the reproduction of class inequality through the school system. They suggest that not only parents, but also teachers play a significant role in shaping educational inequality, highlighting the implications of their findings on educational stratification in Chinese society. Using data from the China Education Panel Survey (CEPS), the authors considered that in order to diminish inequalities, it is insufficient to just study the family context. Moreover, for Chinese and Math, student-teacher interaction mediates the positive association between family backgrounds and student motivation to learn. But for English, students from advantaged family backgrounds have higher levels of motivation than students from disadvantaged family backgrounds. This suggests changes for public education policy for teachers.

The three following articles focus on the ageing process and intergenerational relations in both countries from very different methodological perspectives. Dong investigates elderly rural villagers’ perception of their health status in the context of rural-urban migration in Anhui province. It explores the reality of the rural elderly demographic, which might be similar to the Mexican case where the elderly were left in rural areas during the massive migrations of the mid of 1990s. The author proposes to surmount this problem by establishing communities for the elderly, facilities to care for the elderly and social worker training etc. The crucial issue is an engagement of all government levels in the ethical spirit of fighting rural inequalities.
Montero et al. studied the problem of loneliness among the elderly, which might invite Chinese scholars to deepen their understanding of the challenges that face the elderly in both countries.

By comparison, Chenchen Huang and Ying Li address the important topic of human and family capital. The Mexican people, like the Chinese, treasure their families, so importance is placed on family capital for the recreational satisfaction of the elderly in both countries. The practical importance of this research is a focus on the intergenerational digital divide that may be preventing the elderly from fully participating in recreational activities. The elderly are digitally separated from their children, grandchildren and other sources of social connections, what might be a crucial cause for future inequalities in countries such as Mexico.

Finally, Andres-Rosales et al. analyze the wage inequality gender gap in Mexican urban areas. They argue that inequality is exacerbated in less developed areas in which the tertiary sector predominates, and it is accompanied by a precariousness gap between men and women. The authors develop a model using spatial panel data. They conclude that worker protections have declined, and the flexibility of the labor market has led to more job precariousness. Moreover, in Mexico, the experience of the North American Free Trade Agreement (NAFTA) — which established a free-trade zone in North America, was signed in 1992 by Canada, Mexico, and the United States, took effect on January 1, 1994, and concluded on December 2018 — did not provide positive effects for Mexico, as we consider in this paper. Wage and gender gap inequalities have increased.

This huge effort to connect this dialogue from both sides of the Pacific brings challenges to both countries regarding the development of new paradigms for development and the modernization of the Belt and Road in China and, recently, the “Fourth Transformation” in Mexico. The analysis of the need for social inclusion in both countries might be useful for the development of public policies in terms of education, labor and social needs, especially of the elderly, as there still exists a gap between rural and urban populations, as well as regional inequalities between China’s east and west, and Mexico’s north-central and southern regions. A comparative analysis of inequalities between China and Mexico provides a unique insight for both countries that should open and build more bridges of cooperation to overcome inequalities (Czarnecki 2019).

References:


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