

The Unequal Income Distribution Generated by Mexican Exports: A Structural-Spatial Analysis.

Topic: International Trade (3)

Author: Rodrigo Morales-López

In recent decades, there has been an increase in inequality both between countries and within them. Inequality is a social justice issue that limits the expansion of the domestic market and weakens the potential for economic growth. Additionally, it can jeopardize political and social stability (Blecker, Moreno-Brid & Salat, 2017). In the economic sphere, globalization is considered one factor contributing to increased inequality within countries (Pavcnik, 2011). In Mexico, exports have shown sustained growth in recent years; however, they incorporate low value-added and have limited linkages with the rest of the productive structure (Fujii-Gambero & Cervantes, 2017).

The main objective of this study is to estimate and analyze inequality in the income distribution generated by Mexican exports from a structural and spatial perspective. In the first stage, interregional input-output analysis is applied to Mexico's multi-state input-output matrix. In the second stage, spatial inequality indicators are estimated for the distribution of wages and gross operating surplus across federal entities, both for exports and domestic final demand. Additionally, the share of wages in the value added generated by both types of production is assessed.

Despite its significance, few studies in Mexico have addressed this issue. González (2007) examines regional inequality linked to trade liberalization using econometric techniques, while Ruiz Nájpoles (2021) employs a structural approach to demonstrate that the income generated by Mexican exports is predominantly distributed in favor of capital. This study is the first to disaggregate and analyze inequality in the income distribution associated with exports, both at the sectoral and regional levels, comparing the results with those obtained for domestic final demand.

The findings of this study highlight the need to implement industrial policies that not only seek productive development but also contribute to reducing inequalities. The estimates show that production aimed at the domestic market has a better potential for economic growth, as the income generated exhibits a better regional distribution among federal entities and is more favorable towards workers. A regional-scope productive development policy should aim for simultaneous growth through domestic and external demand.