

Perceptions of redistribution justice in Mexico, during COVID-19 pandemic

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One of the main social outcomes of the Covid-19 pandemic is that inequality has increased to even more extreme levels. There is multiple evidence of the exacerbated increase in inequality in 2020 and 2021, globally and in countries such as Mexico. Household income data shows that the poorest are poorer after the onset of the crisis, and the richest are richer.

In the context of the serious consequences of the pandemic, especially the increase in inequities, it is worth asking ourselves: Are there people who still legitimize inequality after the pandemic? Or who thinks poverty is an individual responsibility? Did the crisis have any effect on how people explain poverty and wealth, or on the attitudes and preferences they have for redistributive policies?

This work aims to understand what are the preferences for redistributive policies and perceptions of inequality in Mexico during the context of the Covid-19 crisis. To achieve this, I analyze data from a survey created ad-hoc for this research, with observations from 31 of the 32 states in the country.

The results show most respondents prone to redistributive policies. We place special emphasis on analyzing and understanding the support for some specific public spending policies, in addition to the deepening also in the disaggregation and understanding of support for redistributive taxes. I conclude that, along with the economic crisis, there is an extremely prone environment for the implementation of policies that really manage to reduce inequality in the country, which is characterized just by the opposite: reproducing inequality through public policies.

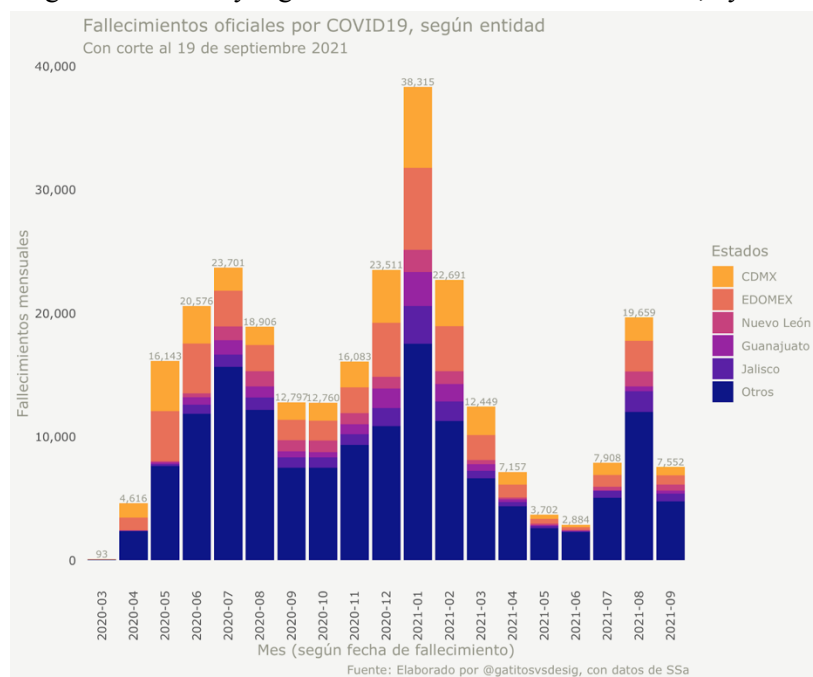
1. Social and economic context

As already mentioned above, this work is framed in the context of the COVID-19 pandemic in Mexico, especially in the changes that perceptions and attitudes towards distributive justice may have had. The hypothesis that there may be important changes around the approach of society with its way of understanding what is fair and what is not, arises particularly from the force with which the pandemic hit society, causing a health, economic and social crisis.

Public health indicators on the pandemic in Mexico are extremely alarming. In the country, there were officially registered 271 thousand deaths as of September 2021, identified by a test as caused by Covid-19 (Secretaría de Salud, 2021a). This is equivalent to about 0.2% of the Mexican population. Globally, three different waves have been identified; the one with the most deadly effect was the second one, between October 2020 and May 2021.

Fortunately, thanks to the advance of vaccination (about 50% of the population already has at least one dose by November 2021) the third wave, starting in June 2021, had less serious consequences in mortality, despite the fact that the number of infections identified was higher than in the previous waves. The states most affected in absolute terms were Mexico City, the State of Mexico, Nuevo León and Jalisco.

Figure 1: Officially registered Covid-19 deaths in Mexico, by states.

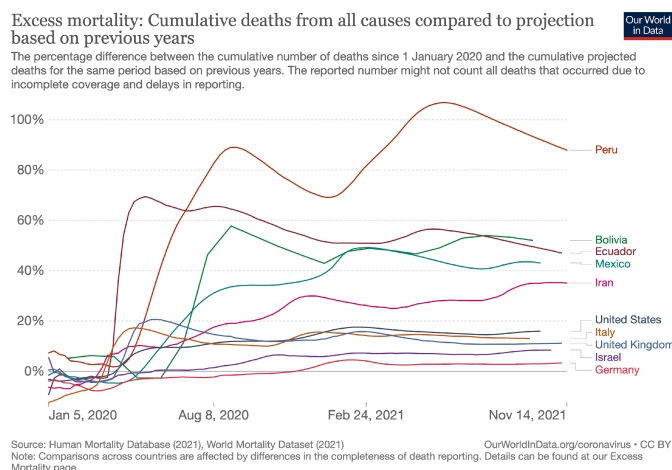


Source: Own elaboration with data from Secretaría de Salud (2021a).

Since Covid-19 tests in Mexico were not used at the same rate as the global level (either for reasons of lack of availability or lack of budget for their purchase), the officially recognized data on deaths is not globally comparable. That is why excess mortality information is often used as an alternative, which includes both deaths that could have been directly caused by the pandemic, and those that may simply be indirectly related.

In that sense, until August 30, 2021, more than twice of officially recognized people had died in Mexico: 529 thousand people in excess compared to what was expected without a pandemic, that is, 0.42% of the country's population (Secretaría de Salud, 2021b). In this way, Mexico is in the worldwide fourth most serious case of excess mortality per capita accumulated during the pandemic, only below Peru, Bolivia and Ecuador (Our World in Data, 2021). In fact, with the available information, the Metropolitan Area of the Valley of Mexico (which takes together the conurbate area of Mexico City, State of Mexico and Hidalgo) is the metropolitan area with the highest excess mortality per capita worldwide, above New York, London, Paris, Lima, Guayas , La Paz, and others. The data recorded in Mexico City is so serious that the information on excess mortality shows that 1% of the population died.

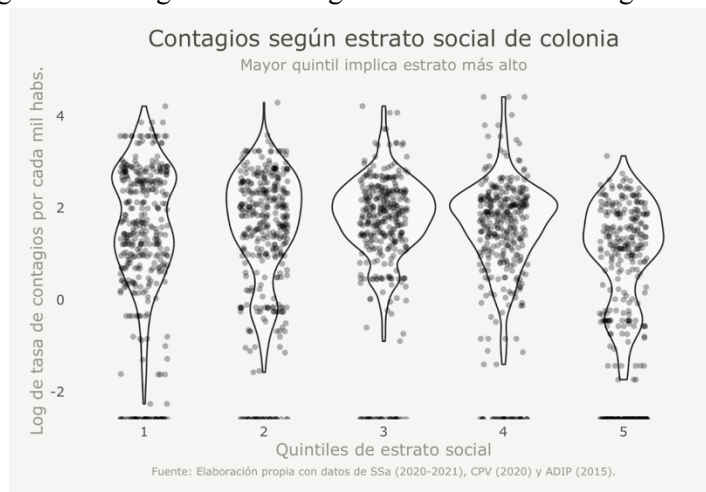
Figure 2: Excess mortality. Cumulative deaths from all causes compared to projection based on previous years



Source: Our World in Data (2021).

The serious impact of the pandemic in Mexico is not only public health, but has an intimate relationship with socioeconomic factors, especially inequality. Different analyses have illustrated that the people most affected by the pandemic have been the poorest households (CIEP et al., 2021; M. E. Jaramillo-Molina, 2021a), as figure 3 shows, either because their jobs and sources of income prevented them from leaving home during the most severe months of the pandemic, or because they were not properly cared for in a segmented and saturated public health system.

Figure 3: Contagions according to social stratum of neighbourhood

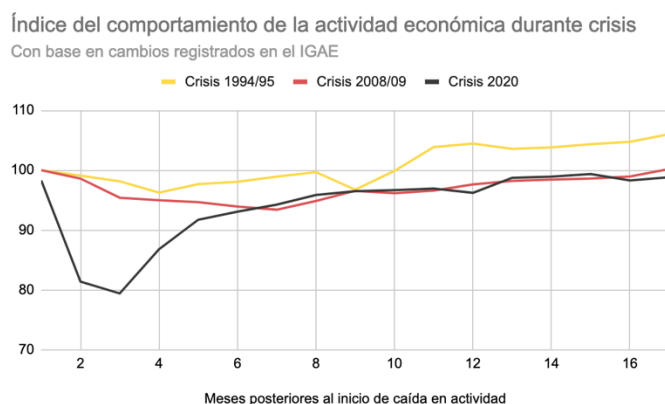


Source: Own elaboration with data from Jaramillo-Molina (2021a).

But the poorest households are not only unfairly burdened with the most serious effects of the pandemic on mortality indicators, but also on the socio-economic dimension. First of all, it is important to say that the pandemic caused the largest economic crisis in recent years, whether this is seen with the GDP indicator or the index of behavior of economic activity (IGAE, for its initials in Spanish). As you can see from the figure below,

the drop in economic activity was brutal during the first months of the pandemic. In fact, at some point 12 million people in the country stopped working, between one in four and one in five of the economically active people (M. E. Jaramillo-Molina, 2020).

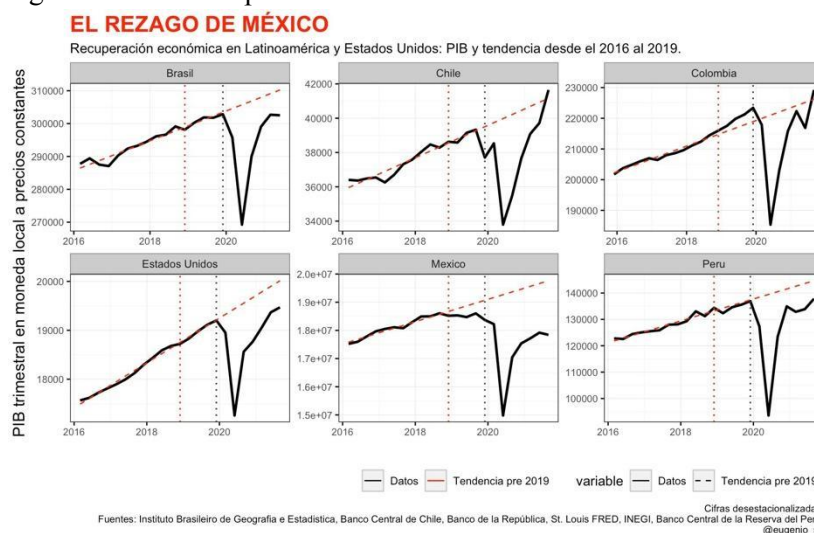
Figure 4: Economic activity index (IGAE), during crisis



Source: Own elaboration with data from INEGI.

But perhaps the most illustrative indicator is that, twenty months after the pandemic began, economic activity in Mexico has not only failed to recover to its pre-crisis levels, but has stopped recovering and fell again. In the following graph you can see how Mexico is 4% below the trend of economic activity observed between 2016 and 2019. Compared to other countries in Latin America and the United States, Sánchez (2021) identifies that the case of Mexico is particularly serious within the Latin American region.

Figure 5: Economic performance in six countries in american continent



Source: Sánchez (2021).

Similarly, the increase in poverty (CONEVAL, 2021) and inequality (M. E. Jaramillo-Molina, 2021b) has been serious during the months of the pandemic and during the first years of the new six-year term of the federal

government. And both these results, and those mentioned in terms of economic activity, are (at least) partially due to a public policy decision by the federal government to privilege the austerity of public spending, as opposed to a possible countercyclical strategy.

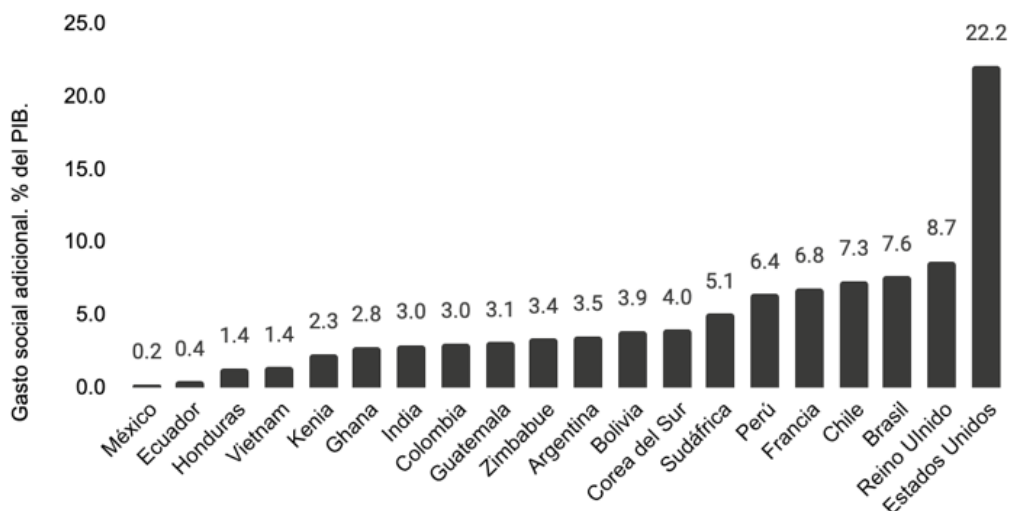
In fact, as of October 2020, 212 countries had implemented 1,179 social protection measures in response to the economic crisis and health contingency. Of the 119 countries for which budget data are available, the total amount spent amounted to \$789 billion, equivalent to 0.9% of 2019 global GDP. These measures had a double objective: to prevent as much as possible that the population left their homes to seek income, especially during the months with the highest infections during the pandemic, as well as to provide a minimum floor of protection for households in the face of the drastic loss of purchasing power and to reduce the possible effects in the medium and long term.

Thus, a key indicator in this regard is the increase in social spending (excluding health spending) in the months of the pandemic, as a response to the social and economic crisis. In that sense, Mexico increased its social spending by only 0.2% of GDP, so it is among the countries that invested the least to lessen the effects of the crisis, specifically placing itself in 159th place out of 167 countries for which information is available. In contrast, other Latin American countries increased their social spending much more broadly, such as Colombia (3% of GDP), Argentina (3.5%), Bolivia (3.9%), Peru (6.4%), Chile (7.3%) and Brazil (7.6%), in addition to the impressive increase of other countries in the global north such as the United Kingdom (8.7%) and the United States (22.2%) (IMF, 2021).

Figure 5: Additional social spending (excluding health) as an answer against the pandemic

Graf 3. Gasto social adicional como respuesta a pandemia

Como porcentaje del PIB. Excluye gasto en sector salud.



Source: Own elaboration with data from IMF (2021).

Among the most frequent social policies included are 340 new cash transfer programs, whose average amount was around \$3,000 thousand pesos per beneficiary (150 US dollars). Most of these programs are temporary, some consisting of payments over several months (on average 3.3 months) and others delivered in a single display.

In fact, some critics (M. E. Jaramillo-Molina, 2021c) points out that public spending budgets in Mexico have not correctly prioritized the households most affected by the economic crisis or people in situations of more serious poverty or vulnerability. Among the measures implemented to address the crisis in Mexico, they highlighted the advance of the distribution of some of the country's social programs (such as the non-contributory pension for the elderly") and the indebtedness to small businesses by placing 2 million microcredits of \$ 25,000 pesos, payable over three years. The first measure does not represent an increase in the budgeted amount to be distributed at the beginning of the year before the pandemic, and the second is not a social protection measure.

The compilations of international social protection measures, such as those in the graph above, include if anything the increase in the budget for housing loans in INFONAVIT and FOVISSSTE, which would be assumed to benefit up to 442,000 workers. Unfortunately, this also implies greater indebtedness for households that hypothetically decided to choose to buy a home during the hardest economic crisis in recent decades in the country, along with the largest drop in average purchasing power.

There were many proposals for social protection measures proposed by civil society. On the one hand, the execution of a kind of basic income quasi-universal emergency was proposed, which consisted of a transfer for three months of an amount close to the poverty line of CONEVAL (\$3,746 pesos) for 12 million working people who had lost income during the crisis (Nosotrxs, 2020). With the aforementioned figures, the program would have cost close to \$135 billion pesos, equivalent to 0.55% of GDP. As reviewed above, this policy would have been in line with what was observed in 95 other countries, and the investment, likewise, would have been in line with what was spent internationally.

Other different transfers were also proposed, such as unemployment insurance for formal workers, which would have represented 0.15% of GDP (CEEY, 2020); transfers for people without social security, which would have represented between 0.15 and 0.30% of GDP (Oxfam México, 2020), and even simply the increase of the amount transferred in the current social programs, of between one and three extra bimestres (UNICEF México, 2020), which would have represented 0.05% and 0.31% of GDP. Another set of proposals of different nature (including housing and health adaptation policies, as well as others aimed at the population in street situations, detained in prisons and victims of violence) were brought together by a set of 58 civil society organizations and launched in the form of a decalogue (Para Quedarnos en Casa, 2020).

Needless to say, all these proposals were rejected by the Federal Government, on the grounds (Guadarrama, 2020) that the social programs prior to the crisis were sufficient, that 70% of households received at least one of

these programs (when currently the evidence shows that only 30% receive them (M. E. Jaramillo-Molina, 2021b)) and that they also sought to avoid the indebtedness of the State through a strict austerity policy.

In short, it is clear that the government in Mexico has stood out internationally for doing much less in favor of the purchasing power of households and guaranteeing a minimum floor of social protection for citizens than other countries. It has already been shown how historically economic crises tend to seriously affect the incomes and purchasing power of households, especially the most vulnerable, thus having serious effects in terms of widening gaps and, as a whole, increasing inequality.

2. Research background: Attitudes towards distributive justice during the pandemic

The situation highlighted in terms of the role of the federal government of Mexico in the face of the pandemic is at the same time as a supposed radical change at the global level in citizen support for various redistributive measures that are now considered fair or necessary, related to the severity of the economic crisis and the effect on increasing inequalities worldwide. Hence, many protests by NGOs have pointed out the importance of taxing the richest (Millionaires for Humanity, 2021; Oxfam International, 2021), who have clearly benefited from the economic crisis, to finance the new social spending measures. In addition, multiple social protection measures that were previously perceived with doubts are now widely supported.

Some research and surveys worldwide have managed to capture such changes in people's preferences and attitudes towards inequality and redistributive policies. For example, experimental research in the United States showed that the pandemic increased the chances that people perceive poverty as related to structural rather than individual causes and that, should they consider the impact of the pandemic to be considerable, they will also be more in favor of redistributive policies (Wiwad et al., 2021).

The following table shows some of these surveys and their results, according to the countries where they come from. For example, globally, across the board, 64% of people surveyed say the pandemic made them realize "how big the gap in this country is between the rich and the working class, and that something must be done to more fairly distribute our country's wealth and prosperity." That is, the majority of the population is in favor of something being done to redistribute in the context of the pandemic.

In Spain, for example, three out of four people spoke out in favor of universal basic income, which commonly receives more moderate support. In the UK, the increased preference for universal basic income associated with the pandemic (LSE BPP, 2020; Standing, 2020) has been studied. In Japan, only 4% opposed cash transfers, and more than half of the people surveyed were in favor of them being directed at "all" people.

In other, more specific measures, in the United Kingdom, 74% supported rent control and 72% supported the guarantee of jobs, while in Canada 87% supported using empty hotels to give asylum to homeless people, and

84% supported any level of deficit necessary to face the crisis. In other countries, such as France and Spain, respondents respectively were in favour of regulating electricity, gas and water services.

Table 1: Global attitudes towards redistribution during Covid-19 pandemic times

Country	Survey indicator	Source
United Kingdom	74% support income control and 72% the employment guarantee	(YouGov, 2020)
Canada	87% support using empty hotels to give asylum to homeless people, 84% support any level of deficit needed to face crises.	(IPSOS, 2020)
Spain	82% support a ban on the cutting of electricity, gas and water, mortgage defaults, 79% support a ban on layoffs and 73% support providing basic income.	(El País, 2020)
France	68% support nationalizing transport, energy and water, 60% nationalizing the pharmaceutical industry, 70% reducing shareholder influence in companies.	(Insitut Viavoice, 2020)
Argentina	71%: bold & risky policies needed. 82%: stop repaying national debt. 82%: government should take over production and distribution of key goods to stop speculators.	(Analogías consultora, 2020)
Thailand	71%: government should take control of goods prices. 66%: government should slash water & electricity charges. 64%: government should implement a debt moratorium for everybody	(Bangkok Post Public Company, 2020)
Japan	Only 4% oppose a government cash benefit, 39% back it for the worst hit, while 51% back it for everyone. 51% back cutting consumption tax, only 41% oppose.	(Ben Phillips, 2020)
Australia	When firms are bailed out, 62%: Gov should take a stake, 80%: no bonuses & no dividends should be paid out until all workers are paid back their losses.	(Traveltalk, 2020)
Europe	68% supports universal basic income	(We Move Europe, 2020)

Global	65% say the economic recovery after Covid-19 should prioritise climate change. 57% would be put off voting for a party without serious climate policies. 71% say climate change is as serious as Covid-19.	(IPSOS GLOBAL ADVISOR, 2020)
Global	Also 64% thinks “This pandemic has made me realize how big the gap in this country is between the rich and the working class, and that something must be done to more fairly distribute our country’s wealth and prosperity” and 67% thinks “Those with less education, less money and fewer resources are being unfairly burdened with most of the suffering, risk of illness, and need to sacrifice due to the pandemic”.	(Edelman, 2020)

Source: Own elaboration from recompilation of Phillips (2020).

And some actions had been taken. For example, in Argentina, a country which revenue from wealth and property are twice bigger than Latin American countries average (which revenues are only 0.1 per cent of regional GDP), created a special tax (meaning it would be applied only once) for net wealth of the richest billionaires, to finance fiscal policies implemented with the aim of alleviating the effects suffered by economic crisis. Until april 2021, this tax raised 0.5% of GDP from individuals with net assets higher than 2 million dollars (Bloomberg, 2021). Also, Bolivia adopted a similar wealth tax (Washington Post, 2021).

3. Methodology

The analysis of this document is based mainly on the “Pilot Survey on Perceptions of Justice and Inequality and Attitudes towards Redistribution - PerJusIneq”, carried out during May 2021, and applied online to 426 people in Mexico, from 31 of the 32 states of the republic. Although the online application has a bias towards high strata because of obstacles of internet access in the country, the diversity of political positions was verified with the variable of “vote in the presidential elections of 2018”, with percentages very similar to the results of the election.

The survey aims to gather information on different dimensions of the subjectivity of distributive justice, obtained from research background and other surveys conducted globally. Among these dimensions, there is: 1) the perception of inequality and justice, 2) the effects of the crisis, 3) the role of the State towards the economic crisis and the pandemic, and 5) attitudes towards redistributive policies of social protection and taxes, as well as 6) a module of sociodemographic and economic questions.

Unlike the possibilities in other countries, where the dimensions of the survey have been closely monitored for several years or decades, and which allow us to see the effects of the pandemic on the dimensions of perception of distributive justice, the current survey does not have possibilities of comparison to observe the change in time of these preferences. In any case, it shows a particular moment of these attitudes and perceptions, extremely important to understand the possible legitimacy of the implementation of social protection or tax policies, which may affect the situation of inequality in the country, especially after the crisis due to the COVID-19 pandemic.

Due to the amplitude of the information, the multiplicity of its dimensions, and the importance of broadly understanding the attitudes of distributive justice in Mexico, the analysis carried out in this document is restricted only to descriptive statistical analysis, without exploring the wide possibilities of inferential or multivariate analysis, which are intended to be analyzed in work and subsequent documents.

4. Data analysis: Attitudes towards redistribution

4.1 Social protection policies

The first part to analyze about attitudes towards redistribution is the part of spending, that is, the mechanism that is effectively responsible for distributing the income or wealth collected, or financing mechanisms of welfare provision that may be outside the market. That is why we can propose three objectives of social protection policies: redistribution, decommodification and defamiliarization.

Although there are multiple social protection policies that were implemented globally during the pandemic, whether traditional or innovative, in the survey we were interested in understanding what is the support for different measures that could probably have been adopted by the Mexican government in case it was known that they had legitimacy and support from the common citizen. This issue is important, since much is said in a democracy about which are the political parties or paradigms of political systems that citizens support, but little is said about sympathy for certain specific social spending policies.

In this sense, the results of support for different social protection policies can be found in the following figure. The first thing that draws attention is the very broad support for unemployment insurance, existing in many countries globally, but absent in Mexico: 95% of respondents would be in favor of temporary unemployment insurance during the duration of the pandemic, while 93% would agree on this measure if it is permanent. Also, within the issue of employment, there is almost total support of the people surveyed for the employment warranty, i.e., the obligation of Mexican government of providing employment for everyone: 89% agree with this measure in case of being temporary during the pandemic, and 85% in case it was permanent. Finally, 68% agreed with banning layoffs during the pandemic.

The relationship that Mexican citizenship has with employment is interesting. From a logic of meritocratic liberal individualism (Milanovic, 2019) and work ethic (Bauman, 2009), preferring policies of social protection that guarantee well-being through the guarantee of employment, is somewhat further from a rights-based approach, than the direct guarantee of goods, services, and income. And we can see those in the rest of the social protection policies that he asked about.

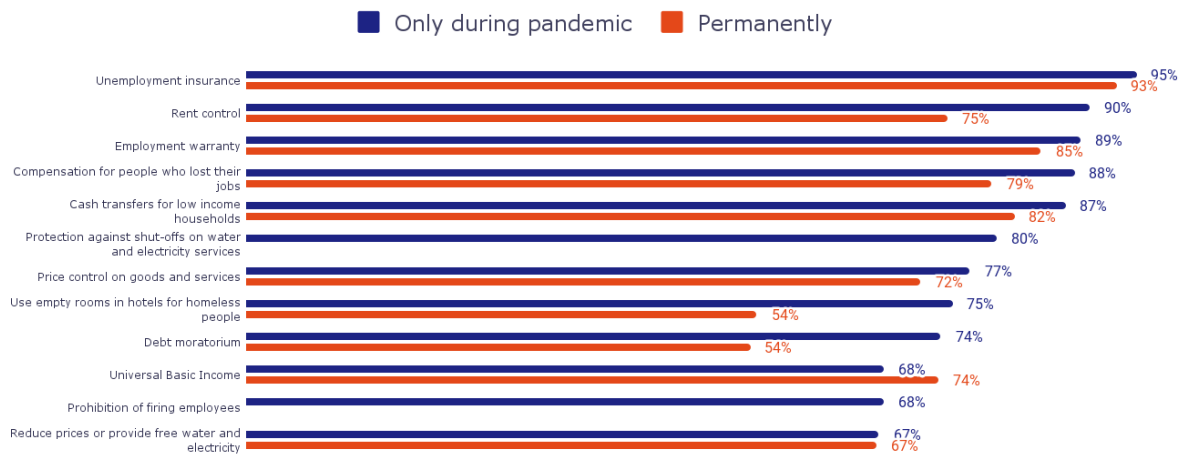
For example, in terms of cash transfers, the one with the greatest legitimacy with respect to the population surveyed by our survey, are the cash transfers for low-income households, with 87% support in case of being a temporary measure, and 82% in case of being a permanent measure. This policy could be related to conditional Cash Transfers targeted for poor people, so analyzed in similar research (Valencia & Jaramillo-Molina, 2019) and which, as has been shown, tends to generate less empathy and therefore have less legitimacy from the rest of the population.

That last comment on the greater legitimacy of universalist policies over targeted ones would not be true for the people surveyed, if we observe that other measures for all people have less support, such as universal basic income, which 68% of the respondents supported if only during the pandemic, and 74% if it was permanent. On the other hand, returning to the greater legitimacy of social protection policies when the logic of merit via employment mediates, 88% were in favor of compensation for people who had lost their jobs during the pandemic, and 79% in favor of this if it was done permanently.

Finally, regarding the direct intervention of the government in the market via its regulation or price control, the results show us that 90% are in favor of controlling the prices of housing rents during the pandemic, and 75% in favor of these permanently. With less support considerably, 77% are in favor of widespread price control of goods and services during the pandemic, while 72% support it if it is a permanent measure. With the least support during the pandemic of the different policies asked in the survey, 67% of the people surveyed are in favor of price reductions or the free provision of public water and electricity services. Similarly, 80% of people surveyed were in favor of banning cuts to utilities such as water and electricity during the pandemic. Finally, to be realized during the pandemic, 75% was in favor of using empty rooms in hotels for homeless people and 74% in favor of debt moratorium, while only 54% was in favor of these policies in case they were permanently.

Figure 6: Support for social protection policies

Support for social protection policies



Percentage of people who support policies

Source: Own elaboration with data from INDESIG (2021).

As was already mentioned before, it is no coincidence that social protection measures associated with employment have greater support than measures of cash transfers and direct intervention in the market. In any case, it is striking that in a country with a high degree of belief in meritocracy and individualism, such as Mexico, it is possible to have widespread support for policies of monetary transfers and price control or direct intervention in the market (although to a lesser extent than employment policies), despite the diversity of political affinities of the people surveyed. This result could be deepened in future research, either by making multivariate analysis inferencel of the answers obtained in this survey or complementing with information from other sources.

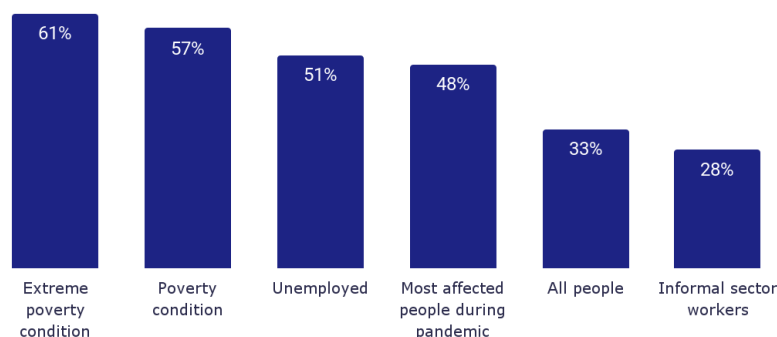
In any case, a way to advance in the deepening of the analysis of the legitimacy of social protection policies where the work ethic and the merit of having low income or living in poverty do not mediate, the survey also included a set of questions related to better understanding attitudes and desires regarding a basic income transfer.

One aspect that seemed fundamental to us was to understand who perceived that they should be the beneficiaries of a basic income. Here we also observe the meritocratic and equalizing logic of prioritizing the population in situations of extreme poverty and poverty, with 6 out of 10 people in favor of this beneficiary population. On the other hand, 5 out of 10 were in favor of granting a basic income to unemployed people and people most affected by the crisis, while only 1 in 3 were in favor of giving this basic income to all people, and only 28% were in favor of talking of workers in the informal sector.

Figure 7: Who should receive a Basic Income?

Who should receive a Basic Income?

Mutiple answers possibilities

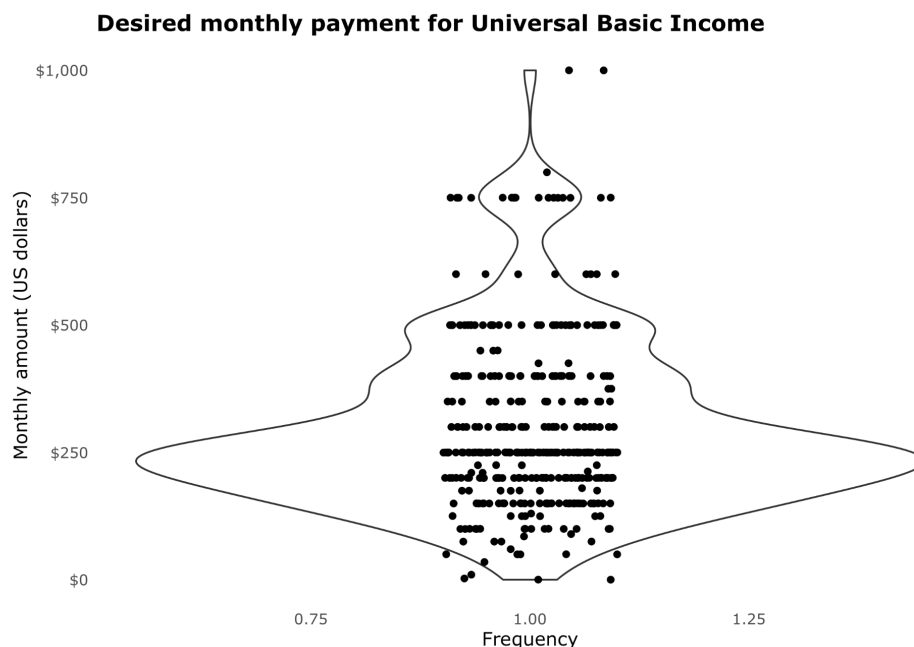


Source: Own elaboration with data from INDESIG (2021).

From the above, it is clear that the logic of the rights approach is not common in Mexico, according to which all people should deserve an even floor of adequate minimum social protection. On the other hand, it is more common to agree with basic income cash transfers, in case the merit comes from the situation of poverty (whether extreme or not) or from the loss of employment or income due to the pandemic. This is something that I have analyzed in other works (M. E. Jaramillo-Molina, 2019), and that highlights a very particular relationship of Mexico with respect to meritocracy and the merit of social protection by society.

Similarly, the graph below shows the monthly amount of the hypothetical cash transfer for the basic income. While there is significant variance in the responses (that's the reason for the type of graph used to illustrate the diversity of responses), on average, respondents favor a transfer close to \$250 per month. This is just above the minimum wage, close to \$210 a month, and 33% above the country's official poverty line. That is, we could not necessarily say that it is enough to free people from a life dependent on paid work, which is just the topic of debate behind the idea of basic income.

Figure 8: Desired monthly payment for Universal Basic Income



Source: Own elaboration with data from INDESIG (2021).

4.2 Taxes

As shown in previous sections, one of the big reasons why Mexico does not simply have a better chance of financing a social state or a broader social protection system is due to low tax revenues, and in general to the limited fiscal space available. But such a situation is not only chronic and historical (Jaramillo-Molina and Rodríguez Leal-Isla, 2019), but it is also legitimized by citizens in general: Mexicans do not want taxes. In fact, they detest taxes, as they see them as unnecessary and believe that they are not reflected in any way in their daily lives.

This is the result of a negative spiral or trap, since the level of tax payment is so low that it is clearly insufficient to finance adequate social protection policies that leave citizens satisfied. That is, people may complain that they do not see their taxes reflected, but the reality is that they do not pay enough to be clearly reflected.

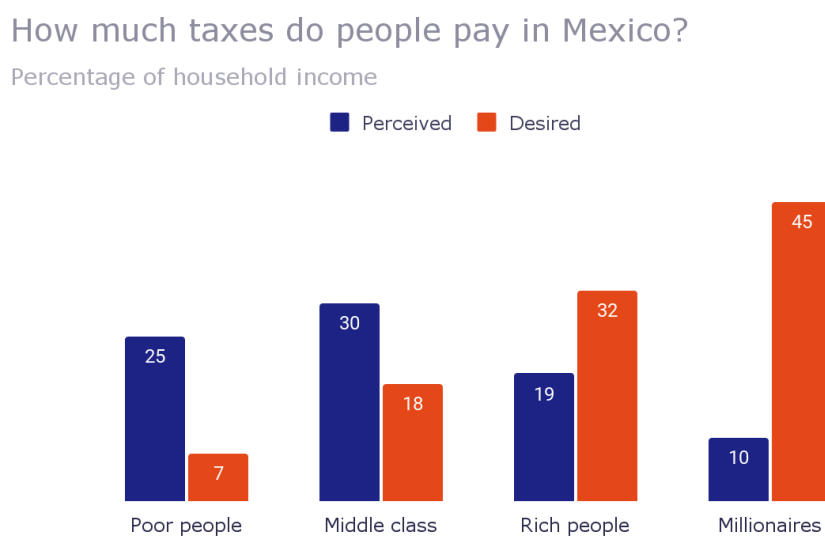
Already at the beginning of the document it was said that, according to official data, only about 15% of the average household income in Mexico is paid in taxes: 9% in the case of the poorest decile and 28% in the case of the richest decile. While we know that the richest are more likely to pay a lower percentage, there are no concrete figures available. The closest is the tax information made transparent by the government in Mexico, which shows that households in the richest 1% pay an effective rate of 18% in income taxes, compared to a legal rate of 34%.

So, in Mexico, do people think they pay high taxes, even though they don't? What taxes do people who pay believe? On average, Mexico is believed to pay higher taxes than what really happens. The figure below

summarizes these figures: the poorest households are thought to pay 25% of household income in taxes, the middle class pays 30%, the rich pay 19%, and billionaires pay only 10%. This is interesting because it overestimates the payment of taxes for the poorest households and the middle class, but it fits relatively well for the richest, and gives a figure for billionaires that is unknown, but possibly not far from the real data.

On the other hand, the survey also asked what they would like to be the payment of taxes in the country, according to each of the economic strata already mentioned. In this case, the people surveyed are in favor of a broadly redistributive tax system: while on average it is proposed that the poorest households pay only 7% of their income in taxes and that the middle class pay 18%, 32% is also mentioned for rich households and 45% for millionaires. In short, a regressive tax system is perceived, and a highly progressive system is desired.

Figure 9: How much taxes do people pay in Mexico?



Source: Own elaboration with data from INDESIG (2021).

As discussed in the first part of this document, in multiple countries support for some specific taxes has increased. It was already mentioned that in Mexico we cannot have information about the change in support related to the pandemic, but it is still important to analyze the data at the time the survey was lifted.

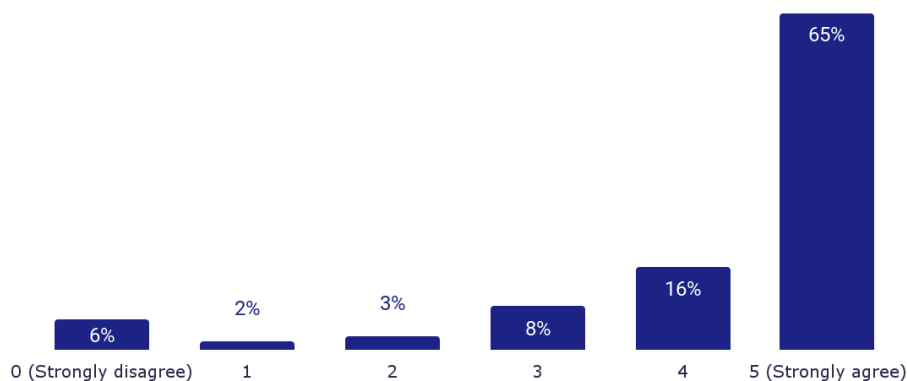
To deepen this understanding of attitudes towards and preference for taxes, the survey included some more specific questions about taxes. The first one we discuss is the inheritance tax, which has been widely recognized for its redistributive power, to the extent that Piketty (Piketty, 2017) proposed a global inheritance tax. In fact, the inheritance tax exists in 19 OECD countries. It even existed until 50 years ago in Mexico, when it was repealed.

In that sense, the survey asked if people agree with an Inheritance Tax for net wealth over 8 million pesos threshold (400 thousand US dollars). Surprisingly, the support is extremely broad: 65% of the people polled

strongly agree with this tax, while only 6% strongly disagree. But this wide support can be related to people thinking that the threshold of wealth tax is very high, so few people in Mexico would be affected.

Figure 10: Do you agree with an Inheritance tax of a 8 million pesos threshold?

Do you agree with a Inheritance Tax of a 8 million pesos threshold?



Source: Own elaboration with data from INDESIG (2021).

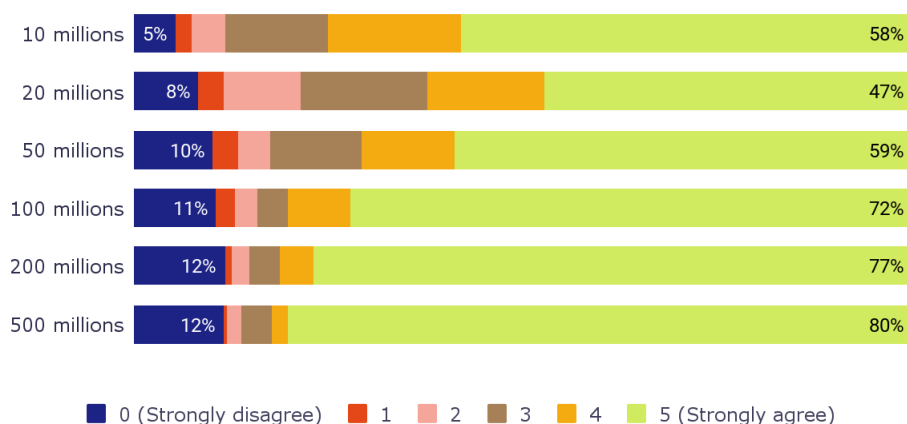
Another of the taxes that have been widely disseminated on social networks as one of the main demands of citizens in the face of the increase in inequality during the crisis, is the wealth tax. In countries such as the United States, it was mentioned that it has been widely discussed, although a consensus has not yet been reached. We also mentioned that in countries like Argentina or Bolivia, a special tax on wealth was applied, in one go, due to the pandemic.

In Mexico, people surveyed seem to be broadly in favor of the wealth tax on billionaire estates: 58% are completely in favor of a wealth tax on estates exceeding 10 million pesos (500 thousand US dollars), 47% when it is a wealth of 20 millions pesos, 59% with a net worth of 50 million pesos, 72% with a net worth of 100 million, 77% with a net worth of 200 million and 80% for assets greater than 500 million (25 million dollars). In this way, at least two pieces of evidence remain: first, that in general, the majority of the population is in favor of a tax on the net wealth of billionaires, and 2) that support will grow the higher up the thresholds.

Figure 11: Do you agree with a Wealth tax?

Do you agree with a Wealth Tax of...

(various thresholds in million pesos)?

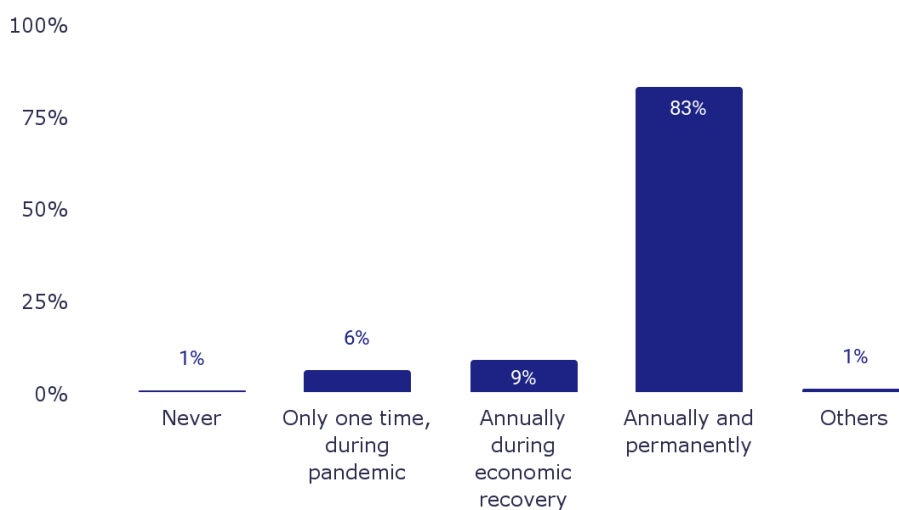


Source: Own elaboration with data from INDESIG (2021).

After highlighting the strong support for this type of tax, the next obvious questions are, first, how often wealth should be taxed and, second, the rate at which it should be taxed. On the first, 83% of the responses affirm that the tax should be annual and permanent, while only 9% mention that it should be annual during the economic recovery due to the pandemic and 6% say that it should be a tax collected only once, because of the pandemic.

Figure 12: How often should wealth be taxed?

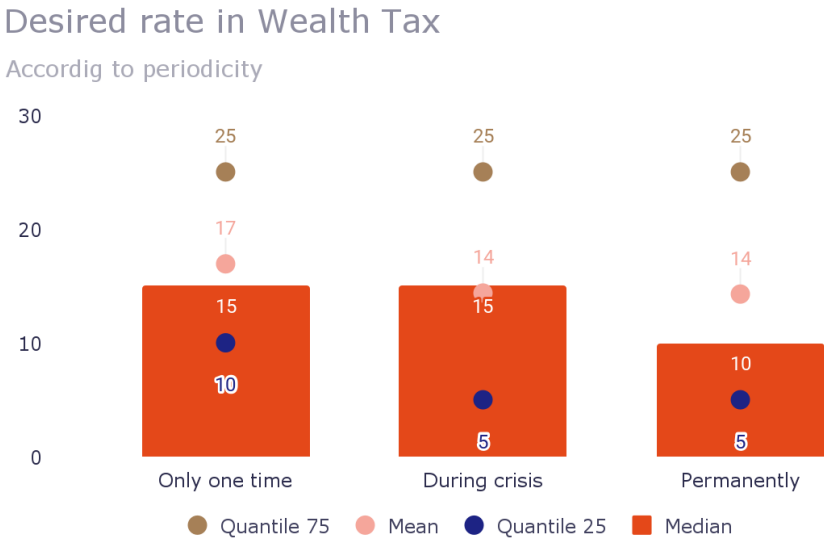
How often should wealth be taxed?



Source: Own elaboration with data from INDESIG (2021).

On the other hand, those who think that it should be a tax charged only once, on average believe that a rate of 17% should be charged, with a median of 15%. On the other hand, those who think that it should be a tax levied during the duration of the crisis and economic recovery, the median and average mention are similar to the previous one, but the quantile 25 drops to 5%. Finally, in case it is a rate charged permanently, the median drops to 10%. Although these are answers that are clearly well above the rates usually charged in the countries where this tax exists, this may be due to the ignorance of those who respond for the usual rates or, alternatively, to a more aggressive vision of redistribution of wealth concentrated in a few hands. In any case, it should be mentioned that a trend is clear in which a lower rate charged in the case of a permanent wealth tax is associated with a temporary one.

Figure 13: Desired rate in wealth tax.



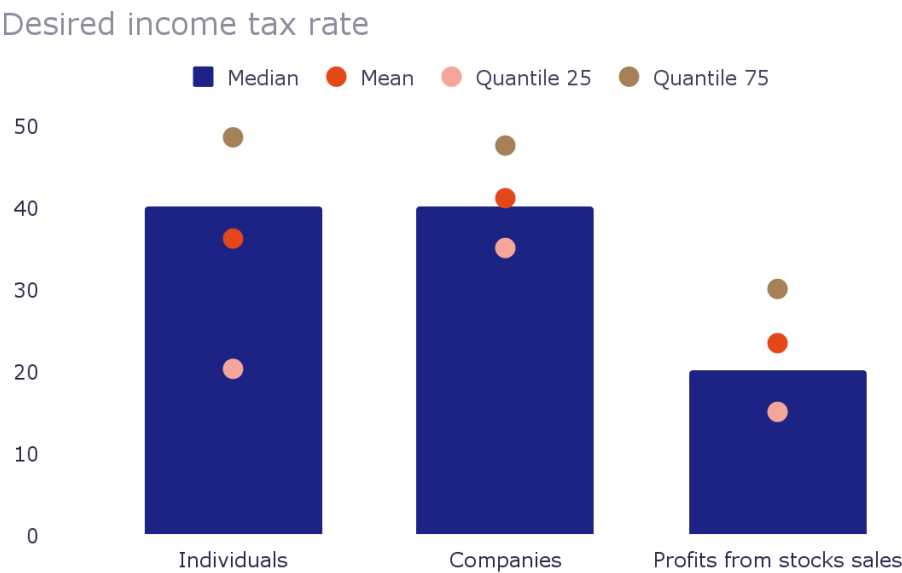
Source: Own elaboration with data from INDESIG (2021).

Perhaps more shocking in terms of redistribution and collection, are the marginal rates charged in income tax. In Mexico, the maximum marginal rate charged to individuals fell from 40% to 20.7% in 2007 and rose again to 30% in 2010 and 35% in 2014 (M. Jaramillo-Molina & Rodríguez Leal Isla, 2020). While it is in the lowest half of the income tax rates levied in the OECD, multiple publications (Casar Pérez & Cabrera, 2021) show that there is an imperative need to increase the marginal rate, especially those charged to the country's highest incomes.

In that sense, the survey included a question about the desired rates on income tax: for individuals, the median of the answers is 40%, a little above the rate of 35% currently charged. Quantile 75 goes up to 49%, while quantile 25 drops to 20%, showing a very varied breadth of opinions. In the case of income tax for companies, the data are very similar, although with a smaller variance being so that quantile 25 only drops to 35%. In addition, he also wondered about the rates that should be paid by profits from stock sales, which currently pay

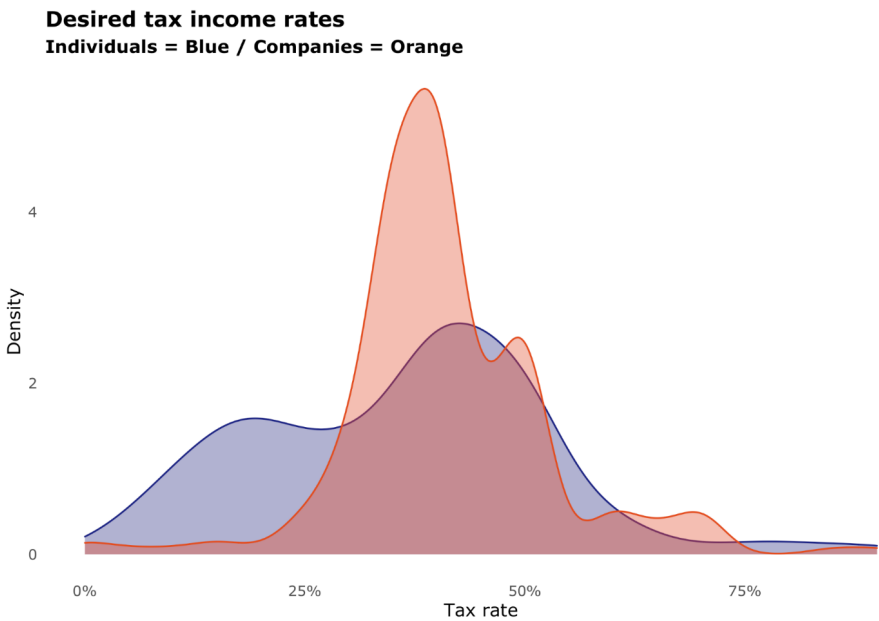
only a rate of 10% and are a very important component of the wealth of the richest people in the country. In this case, the average reached 23%, well above the rate currently paid. In the following two graphs you can see these distributions.

Figure 14: Desired income tax rate.



Source: Own elaboration with data from INDESIG (2021).

Figure 15: Desired income tax rates II.



Source: Own elaboration with data from INDESIG (2021).

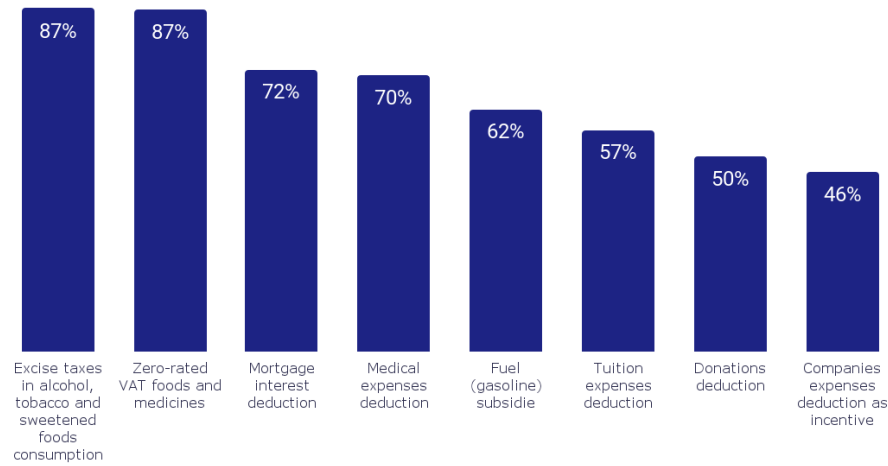
Finally, there is a great deal of debate about the legitimacy and social utility of many of the deductions and other types known as "tax expenditures". Such measures are largely responsible for the wide discrepancies between the statutory fees and the rates charged, especially in the case of income taxes, but also in wealth and consumption taxes.

In this way, the survey included questions about the percentage of people who supported the existence of these tax policies. Those with the most support, from 87% of the people surveyed, are excise taxes on alcohol, tobacco and sweetened foods and the zero-rated VAT for foods and medicines. This is extremely positive in redistributive terms, since the people most benefited by these policies are those who have the least income, especially the one related to VAT.

On the other hand, the legitimacy and support for mortgage and medical expenses deduction seems surprising, given that they are fiscal expenditures that benefit almost only the richest quintile in the country, and never benefit poor households. In any case, the support for these deductions is close to 70%. With a lower percentage, 57%, are tuition expenses deduction, and with 50% donations deduction, perhaps related to fewer people seeing themselves as potential donors or as someone lying on private education.

Finally, gasoline and fuel subsidies take up large amounts of the budget in Mexico and are clearly regressive. These types of policies have, despite their regression, a majority support of 62% of the people who responded to the survey. Similarly, companies' expenses deduction as incentive have support from only 46% of the population; although it is the fiscal spending policy with the least support, in any case practically one in two people support it.

Percentage of agreement with some fiscal expenses



Source: Own elaboration with data from INDESIG (2021).

5. Final Discussion

Because of the evidence of important changes in perceptions of inequality and attitudes towards distributive justice associated with the emergence of the Covid-19 pandemic and the economic crisis, the hypothesis of a relaxation in majoritarian meritocratic perspectives in highly unequal countries such as Mexico is fully justifiable (M. E. Jaramillo-Molina, 2019; Mijs, 2016), as well as a subjective distributive justice that is less individualistic, more focused on structural causes and, therefore, that supports more the redistributive actions that the government can execute in the country.

Understanding these perceptions and attitudes becomes even more important in the face of extremely serious objective results in the dimensions of poverty, inequality, employment, and in the face of a clear pro-cyclical strategy of the Mexican government, which prioritizes macroeconomic stability and, especially, budget balance and austerity, over the possibility of expanding current social spending programs or implementing innovations, as did the vast majority of countries worldwide, regardless of their level of income, revenue or debt.

In that sense, the analysis of the results of the survey created for this research becomes extremely important, since it shows that government policies are far from what citizens prefer and demand in Mexico, at least that with people with the characteristics captured in this survey. For example, is extremely broad the support for emerging social protection measures, such as unemployment insurance and active labour policies, basic income (whether in transfers to the “most vulnerable” or “poor households”, as well as “for all people”), regulation and price control of goods and services, of public services, among others.

In the same way, we show in greater depth the perception of universal basic income, as well as an average preference of an amount transferred close to \$250 US dollars per month per person (a very significant amount, if we consider that actual basic education scholarships for households in extreme poverty transfer only \$ 40 US dollars per month and for the whole family).

The analysis of preferences in terms of taxes was also extremely detailed, and among the main results, we show a high preference for progressive taxes, while it is perceived that the rich and millionaires pay lower taxes than the rest of the population, although they are expected to pay much more.

In the same way, the results show a broad and majoritarian support for wealth taxes such as inheritance tax, net wealth, as well as for taxes for individuals with high income. Similarly, we find broad support for the collection of the net wealth tax to be recurrent, even more so when the threshold of wealth from which it is charged is established above 100 million pesos (5 million US dollars).

We also found that income tax rates desired are equitable between labor income and capital income (currently labor income is taxed in a higher percentage, benefiting indirectly capital income), and we find a desire to double the tax rate currently charged to profits from stock sales.

Finally, people's answers show that the collection of excise taxes on products such as alcohol, tobacco and sweetened foods consumption and that tax fiscal expenses like the zero-rated VAT for foods and medicines are much more legitimate than deductions such as economic incentives to companies and donations.

These results show a very clear preference for widely redistributive measures, at least during the times of Covid-19 pandemic and the economic crisis. Although there is no completely comparable information in a previous survey, several similar investigations show that there were possibly changes in preferences towards distributive justice, so that what was observed in this research is the result of a lower legitimacy of inequality in the most recent months, and the vision of a greater urgency to make changes in how income and wealth are distributed in Mexico. It remains to follow up on these perspectives, from increasingly robust methodologies and with broader surveys.

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