

## Chapter 10 / Capítulo 10



*Time, Power, and Resistances in Latin America:  
Narratives, Democracy, and Global Reconfigurations  
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## Inequality and democracy in Mexico: redistributive policies and institutional risks

### Desigualdad y democracia en México: políticas redistributivas y riesgos institucionales

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#### ABSTRACT

This paper analyzes the relationship between inequality and democratic quality in Mexico between 1982 and 2024, assessing the role of redistributive public policies in a context of political transformations, institutional reforms, and persistent socioeconomic gaps. The theoretical framework combines the contributions of Thomas Piketty, Guillermo O'Donnell, Adam Przeworski, and Yascha Mounk, with the aim of understanding how wealth concentration, the structural constraints of democratic capitalism, and institutional erosion shape the construction of a substantive democracy. Through a historical analysis by presidential terms, the study identifies the main government strategies oriented toward redistribution and their impacts on indicators such as the Gini coefficient, poverty, and formal employment. The results show that, although social programs have been expanded and normative advances have been achieved, obstacles persist due to institutional capture, political polarization, and economic dependency. These conditions have created a fertile ground for populism and the undermining of democratic institutions—risks that, as Mounk warns, may lead to deconsolidation if checks and balances and accountability mechanisms are not strengthened. The paper concludes that social justice and democratic stability require comprehensive redistributive policies, the strengthening of the rule of law, and citizen participation mechanisms that shield institutions against power-concentrating trends. Reducing structural gaps and defending democratic guarantees are presented as indispensable conditions to avoid setbacks in the quality of democracy in Mexico.

**Keywords:** Inequality; Democracy; Public Policies; Populism; Mexico.

#### RESUMEN

Este trabajo analiza la relación entre desigualdad y calidad democrática en México entre 1982 y 2024, evaluando el papel de las políticas públicas redistributivas en un contexto de transformaciones políticas, reformas institucionales y persistentes brechas socioeconómicas. El marco teórico combina los aportes de Thomas Piketty, Guillermo O'Donnell, Adam Przeworski y Yascha Mounk, con el objetivo de comprender cómo la concentración de la riqueza, las limitaciones estructurales del capitalismo democrático y la erosión institucional condicionan la construcción de una democracia sustantiva. A través de un análisis histórico por sexenios, se identifican las principales estrategias gubernamentales orientadas a la redistribución y sus impactos en indicadores como el coeficiente de Gini, la pobreza y el empleo formal. Los resultados muestran que, si bien se han ampliado los programas sociales y se han logrado avances normativos, persisten obstáculos derivados de la captura institucional, la polarización política y

la dependencia económica. Estas condiciones han generado un terreno propicio para el populismo y la vulneración de las instituciones democráticas, riesgos que, como advierte Mounk, pueden conducir a una desconsolidación si no se fortalecen los contrapesos y la rendición de cuentas. Se concluye que la justicia social y la estabilidad democrática requieren políticas redistributivas integrales, el fortalecimiento del Estado de derecho y mecanismos de participación ciudadana que blinden a las instituciones frente a tendencias concentradoras de poder. La reducción de las brechas estructurales y la defensa de las garantías democráticas se presentan como condiciones indispensables para evitar retrocesos en la calidad democrática de México.

**Palabras clave:** Desigualdad; Democracia; Políticas Públicas; Populismo; México.

## INTRODUCTION

The relationship between inequality and democracy is one of the most important factors in understanding a country's political and economic evolution. From this perspective, analyzing Mexico over the last four decades is of utmost importance. During this period, significant institutional transformations, political reforms, and redistributive strategies have taken place, but they have failed to reverse the deep structural gaps that characterize Mexico. In this context, the link between persistent inequality and democratic quality becomes fertile ground for analyzing the tensions facing Mexican democracy.

Various authors have noted that democracies coexisting with high levels of inequality tend to impose limitations on effective participation, the full exercise of rights, and the state's ability to guarantee distributive justice (Piketty, 2014; O'Donnell, 1994; Przeworski, 2010). Mexico fits into this logic: despite party alternation, the formal expansion of political rights, and the design of autonomous bodies, inequality remains a structural factor that erodes the legitimacy of the democratic regime.

This is particularly relevant given the recent political cycle, marked by the rise of populist political projects and growing social polarization. As Mounk (2018) warns, contemporary democracies face the risk of deconsolidation when citizens perceive that institutions do not respond to their demands for equity, which opens the door to the violation of checks and balances and the concentration of political power. In Mexico, this risk is reflected in the tension between the expansion of social programs and the weakening of key institutions of democratic governance.

This paper analyzes the relationship between inequality and democracy in Mexico during 1982-2024, with an emphasis on redistributive public policies and the institutional risks posed by political capture and populism. Using a historical-institutional approach, we will examine government strategies across different six-year terms, identifying their scope, limitations, and effects on democratic quality. The aim is to demonstrate that, although progress has been made in political pluralism and the expansion of rights, the persistence of structural inequality and threats to institutional strengthening remain the main obstacles to the consolidation of substantive democracy in Mexico.

In methodological terms, the presentation is organized into three key moments: 1. the consolidation of the neoliberal model and the intensification of inequalities (1982-2000); 2. the stage of democratic alternation and the expansion of expectations for consolidation (2000-2018); and 3. the recent cycle characterized by the centrality of social policies and the undermining

of democratic institutions (2018-2024). This periodization will allow us to understand how the link between inequality and democracy has been shaped and the current risks facing Mexican governance.

## **DEVELOPMENT**

### **Neoliberalism and structural adjustment (1982-2000)**

The early 1980s represented a decisive stage in Mexico's economic and political development. The debt crisis of 1982 led to the implementation of structural adjustment and trade liberalization policies, transforming the economic model toward neoliberal criteria. The privatization of state-owned enterprises, the reduction of public spending, and the liberalization of various sectors directly affected patterns of social inequality. According to Piketty (2014), "when the return on capital systematically exceeds the rate of economic growth, capitalism produces arbitrary and unsustainable inequalities" (p. 25).

The six-year term of Miguel de la Madrid (1982-1988) ushered in the neoliberal era in Mexico, beginning with the debt crisis and the imposition of structural adjustment policies. The role of the state as a guarantor of development was reduced, public companies were privatized, and a commitment to greater integration into the global economy was made. These changes transformed the relationship between the state and society, ushering in a cycle of growing inequality. As Piketty (2014) warns, "recurring economic crises do not in themselves change the structure of inequality, unless they are accompanied by progressive fiscal policies" (p. 477). In Mexico, far from promoting redistributive taxation, a model was consolidated that increased income concentration.

Under Carlos Salinas de Gortari (1988-1994), the North American Free Trade Agreement (NAFTA) consolidated openness, but also deepened regional and social disparities. While export sectors grew, large segments of the population were trapped in informality and precarious employment. The crisis of 1994 and the assassination of Luis Donaldo Colosio exposed the limits of political and institutional stability. According to O'Donnell (1994), "the coexistence of democratic norms with authoritarian practices produces a low-intensity citizenry, limited in the actual exercise of its rights" (p. 59).

During Ernesto Zedillo's administration (1994-2000), steps were taken toward democratic transition, including the autonomy of the Federal Electoral Institute. However, inequality remained a structural constant. The Progresá program became the cornerstone of social policy, with a targeted, welfare-oriented approach that, although it reduced some levels of extreme poverty, did not alter patterns of capital concentration.

Throughout this period, significant political reforms were promoted, including the consolidation of the Federal Electoral Institute's autonomy in the late 1990s. However, inequality persisted as a structural obstacle to the full exercise of citizenship. O'Donnell (1994) points out that "delegative democracy tends to coexist with low-intensity citizenship, in which civil, political, and social rights are applied unevenly across the territory" (p. 59). This perspective contributes to the analysis of Mexico's democratic transition as an unfinished process, characterized by the coexistence of electoral openness and deep social divides.

### **Democratic alternation and redistributive limits (2000-2018)**

Vicente Fox's arrival at the presidency in 2000 symbolized democratic alternation. However, this change did not translate into a structural transformation of inequality. Social programs

remained targeted, with Oportunidades as the flagship program. As Przeworski (2010) points out, “democracy cannot redistribute beyond the limits imposed by capitalism; elected governments face the dilemma between macroeconomic stability and redistributive pressure” (p. 45). This dilemma was present in the governments of the alternation, which prioritized fiscal stability and compliance with international markets over far-reaching redistributive policies.

Felipe Calderón (2006-2012) accentuated this logic by focusing his six-year term on a security strategy against drug trafficking. Militarization weakened the redistributive agenda and generated a scenario of violence that eroded democratic legitimacy. O'Donnell (1994) anticipated that “in large areas of many Latin American countries, laws are not enforced, the state is weak, and democracy becomes a formal regime with no basis in everyday life” (p. 61). This description fits the Mexican reality of the 2000s, marked by criminal violence and the absence of the rule of law in large territories.

Under Enrique Peña Nieto (2012-2018), the Pact for Mexico promoted reforms in telecommunications, energy, and education, presented as institutional modernization. However, the benefits were limited. Corruption and institutional capture became dominant features of his six-year term, weakening confidence in democracy. For Mounk (2018), “democracy can be lost not only through military coups, but also when elected governments gradually undermine the institutions that are supposed to limit their power” (p. 17). In this context, perceptions of inefficiency and corruption undermined democratic legitimacy.

In addition, phenomena such as criminal violence and corruption weakened public confidence in institutions. In this regard, O'Donnell (1994) refers to “large gray areas where legal norms are not enforced, the state is weak, and democracy becomes a formal regime with no basis in everyday life” (p. 61). This situation was reflected in the Mexican state's difficulty in guaranteeing security and rights throughout the national territory, despite institutional advances.

### **Redistribution and democratic tensions (2018-2024)**

The arrival of Andrés Manuel López Obrador to the presidency in 2018 opened a political cycle focused on social justice and the fight against corruption. Universal social programs, such as *Sembrando Vida* (Sowing Life) and pensions for the elderly, marked a shift from the previous focus. However, their implementation was not accompanied by progressive tax reform that would enable structural redistribution of wealth. In this regard, Piketty (2014) argues that “without progressive taxes on capital and inheritance, inequalities tend to grow indefinitely” (p. 421).

Political legitimacy was reinforced by a narrative of closeness to the people and confrontation with the elites, which generated strong electoral support. At the institutional level, this period was characterized by tensions with autonomous bodies such as the National Electoral Institute and the judiciary. These dynamics show what Mounk (2018) describes as a process of institutional erosion: “democratic deterioration occurs gradually, when elected leaders undermine institutions in the name of the popular will” (p. 18). Along the same lines, Lührmann and Lindberg (2019) warn that “a third wave of autocratization is underway, characterized not by abrupt ruptures, but by slow and legal setbacks in democratic regimes” (p. 1095).

Social polarization intensified, placing the country in a dilemma between expanding social coverage and protecting institutional checks and balances. Redistributive justice, although strengthened in discourse, was not enough to reduce structural inequality or guarantee the

strength of democracy. As Przeworski (2010) put it, “democracy is a system that functions under constant tension between equity and stability” (p. 52), a tension that has become more acute in contemporary Mexico.

## CONCLUSIONS

The historical analysis of the period 1982-2024 shows that Mexican democracy has developed in constant tension with structures of persistent inequality. Although the country has moved toward a more pluralistic and competitive regime, the lack of effective redistribution and institutional fragility has limited the construction of a substantive democracy. As Piketty (2014) points out, “without solid redistribution mechanisms, inequality tends to perpetuate itself and threatens social and political cohesion” (p. 477).

The democratic advances resulting from power alternation were insufficient to consolidate a state capable of fully and uniformly guaranteeing rights. In the words of O'Donnell (1994), “democracy in many Latin American countries coexists with a low-intensity citizenry, where rights are not applied equally in all territories or to all social sectors” (p. 60). This characterization fits the Mexican case, where electoral and institutional reforms did not translate into social equity.

The recent period, marked by populist rhetoric and the expansion of universal social programs, reinforces the importance of redistribution on the political agenda. However, the undermining of autonomous bodies and the concentration of political power pose obvious risks. As Mounk (2018) warns, “democracy can slowly crumble when elected leaders erode the institutions that limit their authority” (p. 18).

Consequently, building a substantive democracy in Mexico requires three fundamental conditions: 1. comprehensive redistributive policies that address structural inequality; 2. strengthening the rule of law and institutional checks and balances; and 3. effective citizen participation mechanisms that bridge the gap between formal democracy and real democracy. Only through this three-pronged effort will it be possible to reduce the risks of deconsolidation, protect institutions, and move toward a more equitable and resilient democratic regime. As Lührmann and Lindberg (2019) warn, “democratic setbacks in the 21st century are distinguished by their gradual nature and the systematic weakening of control institutions” (p. 1096).

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