Seeing Inequality? Relative Affluence and Elite Perceptions in Mexico

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Abstract

Among the many approaches attempting to explain the reproduction of inequalities, the role of perception and relative measures remains under-explored. Based on over 40 in-depth interviews with members of the Mexican elite, this paper examines how the dissonance between elite perception and measured economic status matters for the social construction of inequality. This unique empirical data reveals that the 'wealth bubbles' within which elites exist lead to an experience of *relative affluence*: although elites acknowledge being privileged compared to a majority of the population, they simultaneously feel 'deprived' with regards to the exceptionally wealthy peers in their social space. Consequently, despite showing concern about inequality and its negative effects, elites underestimate their own position on the overall income distribution, re-centering the income distribution around their own incomes. Subjective experience also informs participants' insistence on education as the key to overcome inequality. However, considering the stratified opportunity structures in the country, such measures perpetuate privileges rather than equalising opportunities. Understanding elites as embedded in their particular sociality helps explain how perception influences inequality levels, as the accumulation of advantages assures persistently high inequality in the country. Meanwhile, elites' distorted perception of the majority's wellbeing threatens social cohesion and obstructing the implementation of effective policy to sustainably decrease inequality.

Keywords

Inequality; elite; income distribution; perceptions; Mexico

Bio

Alice Krozer is currently a post-doctoral researcher at the Colegio de México's Social Inequalities Seminar, with a PhD in Development Studies from the University of Cambridge. She has been a visiting researcher at Stanford University, and has worked as a consultant for UN ECLAC, Oxfam, among others.

Acknowledgements

Introduction

Inequality is typically assumed to be *objectively* existent, independent of the eye of the beholder, and to be collectively agreed upon once uncovered. Since this premise is rarely questioned, research has not given substantive consideration to the role that perception and relative measures play in the social construction of inequality. Focusing on Mexican elites, this paper considers how the dissonance between perception and measured economic status matters. Little is known, both empirically and theoretically, about elites' conception of distributional dynamics. Although new studies are starting to explore related subjects, so far no research seems available specifically targeting these questions in Mexico. However, perceptions inform political behavior and policy preferences, and elites enjoy disproportionate power over policymaking. Thus, identifying their views can give new insights to illuminate the old debate about the persistence of inequalities.

Since information on the elite is scarce, Members of the elites are often mystified as either (Machiavellian) puppet masters, or as different 'kinds' of people whose higher incomes are justified by their special abilities, preferences or personal characteristics. Neither of these explanations do full justice to elites' status. In this paper, I will therefore advance a third, complementary and largely overlooked explanation of understanding elites and their role in inequality perpetuation, both simpler and with a better logical and empirical fit. It does not need recurrence to conspiracy, meritocracy or fatalism. This perspective only requires a shift in the frame of reference. Where current research on inequality presupposes a context-independent, 'objectively' existing inequality of which all actors within society are aware, I suggest to turn instead towards one embedded in individuals' necessarily differing social worlds. Before immersing ourselves in the analysis, the next section will provide a brief overview of the literatures and theoretical arguments employed with regards to elite perceptions and contextualize inequality in Mexico. The subsequent section outlines the methodology applied. The section thereafter presents the empirical results that the following section aims to explain. The next section discusses their implications and the last concludes.

Elites and Inequality in Mexico

Although elites have long been ascribed important parts in multidisciplinary inequality research, alternatively blaming them for maintaining unfair distributions by conspiring against the rest (Dorling 2014; Mount 2012) or hailing them for driving top incomes thanks to their individual specialness (Rosen 1981; Kampfner 2014), little light has been shed on the role that their perceptions play in the persistence of inequality.

What supports the shift of frame of reference towards inequality *as perceived* by individuals is the fact that, in general, people have a poor understanding of inequality. For instance, in a study in Spain, only 14 percent of participants correctly identified the decile in the national income distribution they fell into (Fernández-Albertos and Kuo 2015). Given how difficult it is to correctly estimate the distribution of income and wealth for skilled professionals, it is reasonable to expect that most "time-constrained, statistically unsophisticated citizens" have little *exact* knowledge about inequality levels (Gimpelson and Treisman 2015). Indeed, inconsistencies between inequality levels and people's perceptions appear regardless of methodological setups (Dawtry et al. 2015). However, rather than being randomly misinformed, respondents seem to systematically underestimate inequality levels and trends across countries

(Norton and Ariely 2011; Chambers et al. 2014). Moreover, subjective social position, i.e. one's self-placement in a social hierarchy, seems particularly difficult to estimate;[1] despite significant country-specific variation as to the degree of deviation (Bublitz 2017; Lindemann 2004), poor people tended to overestimate their ranks in the income distribution, while rich individuals underestimate theirs (Gimpelson and Treisman 2015).

Individuals' estimates diverge from measured income rankings, because people make sense of the world based on their experience, mediated by beliefs of fairness, expectations about social mobility or other societal norms (Gimpelson and Treisman 2015). Individuals thus make their inferences about inequality, poverty and affluence in society based on cues their environment affords. This process of "social sampling" (Dawtry et al. 2015) means that elites, like everybody else, have to be understood in "the social worlds within which they are embedded" (Khan 2015).

Such assertions have been tested in a burgeoning 'social psychology' literature on perceptions of inequality (Hecht 2017, for the UK; or Sherman 2017, in the US). For instance, individuals' redistribution preferences relate to inequality *perceptions* rather than actual inequality levels.[2] As such, in the US, misestimations of inequality lead individuals to see less need for redistribution (Dawtry et al. 2015). If inequality ultimately depends on how we view the world, our perceptions—whether correct or not—are a powerful driver of inequality. More to the point, it is *elite* perceptions that play a large role in enacted policies and preferences (Reis and Moore 2005). In the attempt to fathom the nature of inequality, it will thus matter greatly to understand perceptional particularities, their origins, and the standpoints of elites more generally. As I will show below, elites' perceptions differ from those of other groups because the social worlds of elites and non-elites differ markedly.

Mexico City is a suitable location to examine these propositions: as the country's capital, it hosts most of the federal political elite and is a regional hub for international institutions, and businesses. It is the place with both the highest income threshold for the top 1 percent (Castañeda 2016) and the highest millionaire density in the country (Arriagada Cuadriello 2015). But inequalities in other dimensions are also particularly large within Mexico City. For both quality and quantity of public goods provided, including water, electricity, sewage, or transport, fault lines run along the same divisions as resident income clusters. The absolute (and growing) difference between income levels leads to richer boroughs being able to afford more and better public provision of basic services, alongside private supply by and for its rich residents. This exacerbates differences in experiences in every aspect of life between residents of different sections of the city. Intersectionality of inequality dimensions means that, depending on the neighbourhood inhabited, citizens might experience water shortage or not, public security or lack of, housing appropriate or inadequate for environmental circumstances, etc.

Just as understanding the concerns of the poor helps to deal more adequately with poverty, discerning the perceptions of the rich can provide valuable insights into the social construction and dynamics of wealth, and consequently inequality, and the kind of responses needed to tackle it. To address these issues, I scrutinized Mexican elites' perceptions and social environments. After briefly explaining who I studied and how, I will present and discuss my findings.

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[1] Cruces et al. 2013; Hoy 2017; TUC 2009.
[2] Alesina et al. 2018; Bublitz 2017; Gimpelson and Treisman 2015.

Data and Research Methods

I conducted 43 in-depth interviews with members of the Mexico City elite between October 2015 and October 2016. Combining definitions of Reis and Moore (2005) and Khan (2015), I understand 'elites' as members of a loose group that comprises individuals within the top 1 percent of the country's income distribution in positions of potential influence, i.e. those with vastly disproportional access to, or control over, both economic resources *and* at least one other source of capital (political, social, cultural, symbolic). I thus selected participants from within the highest social and occupational classes: 10 officials in public sector decision-making positions, including ministers and deputies; 25 private sector managers or directors; and 8 opinion-shaping academics, intellectual leaders or media professionals. Compared to the population as a whole, participants are extraordinarily well-educated. All of them have a first university degree; 21 hold a Master's/MBA degree; an additional 13 have, or are in the process of acquiring, a doctoral degree. At the national level, less than 1 percent of Mexican students hold a PhD (OECD 2015). Participants have attended the most prestigious—overwhelmingly private (except Universidad Nacional Autónoma de México (UNAM)—national ITAM (Tecnológico de Monterrey) and international universities ('Oxbridge' and US Ivy league).

According to the National Statistics Institute INEGI, the top 1 percent in Mexico earned a total monthly average household income of MXN$ 133,221 (~US$ 7,512) in 2014 (del Castillo 2015).[3] This compares to MXN$ 46,902 for the richest 10 percent of the Mexican population, a mean income of MXN$ 13,240 and MXN$ 2,572 for the poorest 10 percent. However, inequality *within* the top 1 percent is very high: average income for the top 0.01 percent is over 30 times that of the lowest top group (99.00-99.90 percent) (Campos Vázquez et al. 2016), compared to a ratio of 27 between the Mexican top and bottom deciles (Krozer et al. 2015). In absolute terms, Campos Vázquez et al. (2014) recalculate average income for the lowest 90 percent of the top 1 percent to lie between a slightly more modest MXN$ 112.000-127.000, the next 90 percent (excluding but the top 0.01 percent) as 'only' MXN$ 437.000-651.000 and the top 0.01 percent, depending on the methodological assumptions used, as MXN $2.5-6 million. Since these denote *average* incomes, the threshold for top 1 percent household incomes would lie just above MNX$ 100.000. Accordingly, just over half of the interviewees fall within the 99-99.9 percent, whereas the remainder belongs to the top 0.1 percent and above (up to MXN$ 2 million monthly), as indicated in Table 1.[4] At least half of the participants additionally have high levels of wealth placing them in the top percentiles.

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[3] New research by Campos Vázquez et al. (2014; 2016); del Castillo (2015); and Bustos and Leyva (2016) uses different methodologies to improve on household survey estimates underreporting top incomes. Their results differ significantly, but all of them apply large upward corrections to official accounts.

[4] These amounts are current incomes only, not taking into account material or financial wealth held by the individual or her family, spouses' income, government transfers or other incomes not related to the individual's primary activities. I have insufficient information on 5 participants' incomes to place them accurately within the top 1-3 percent.

Table 1: Distribution of Income Among Participants

Monthly Income (MXN)	Income Percentile Mexico	Number of Interviewees	Percentage sample
120K - 250K	1%	22	58
250K - 1Mio	0.1%	11	29
1Mio - 2Mio	0.01%	5	13
TOTAL		38	100
Note: excludes participants below threshold or where available income information is imprecise			

Source: own survey

I identified potential interviewees via a snowballing sampling, since peers are best able to access hidden populations like the elite (to avoid 'community bias', I started out with several independent chains). Moreover, thanks to the personal referrals, I am perceived as a trustworthy peer in most situations. This increases reliability of participants' declarations and provides internal validation. Although deliberate sampling efforts were made to diversify the sample, women and ethnic minorities remain underrepresented. This is however also a defining feature of the top, of which for instance at the global level 87 percent is male (WealthX 2016), a similar percentage as in my sample. Only two participants explicitly refer to themselves as 'brown', compared to over 80 percent at the country level (Peralta 2017). Age within the sample ranges from 28 to 77 years; its average age of 45.6 years is well above the national average of 28. I did not aim to collect a representative sample of what constitutes 'the elite'. Instead, my sample represents a variety of personal characteristics, including different political ideologies, religious beliefs, sexual orientation, ethnicity and migrational history, family status, and socio-economic backgrounds.[5] Interviews were conducted in Spanish, recorded and transcribed verbatim;[6] direct quotes are indicated by double quotation marks.

Elite Perceptions of Inequality

To better understand how Mexican elites perceive inequality, I asked participants where they would locate themselves on the country's income distribution. In line with the above-cited studies, most of my participants placed themselves on lower ranks than their income level would suggest. An income within the top *percentile* of the country was a criterion for inclusion in the sample, yet only just over one third located themselves in the highest *decile*, including the group of intellectual leaders (many of which work with inequality-related topics), and three other participants. The remainder placed themselves anywhere between the upper-middle ranks and as low as the median, fifth decile. Despite a tendency for those with higher incomes to situate themselves in a higher decile, no linear correlation exists between actual income level and perception. Instead, a marked mismatch between the two occurs at all income levels included in the sample, particularly in the private sector.

How can this phenomenon be meaningfully explained? In the following, I will give an account of inequality in Mexico according to its elites, to then proceed placing these perceptions within

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[5] Elites might differ by location, therefore I restricted participation to Mexican nationals born, or residing for most of their life in, Mexico City.
[6] Three interviews were not recorded.

their particular social world, and bring forward a theoretical explanation for the observed mismatch.

Against stereotypes of elite indifference (Sherman 2017), participants are aware of, and concerned about, inequality and its negative consequences, which they blame for the country's violence epidemic and its endemic corruption.[7] They refer to inequality as a "ticking bomb [and] we don't know when it will explode" (#4). Despite a unanimous agreement that current inequality levels are too high, understanding of what exactly inequality is, and what it looks like in Mexico, differs among participants.

Asked to define the problem, two distinct groups emerge in the sample. On the one hand, academics and some public officials assert that maldistributed resources are the core feature of a multidimensional Mexican inequality. On the other hand participants, particularly in the private sector, mainly worry about access to education (and, to a lesser extent, to cultural goods, political rights or legal guarantees) and see individual responsibility as the main determinant of outcomes. Accordingly, the first group emphasise the policy decisions underlying inequality's extreme level, whereas the second overwhelmingly sees inequality as something "natural" and persistent, but not negative *per se*, even "to a certain degree just" (#17), as long as "the poor" don't "starve to death" (#7).

This 'cut-off' point beyond which inequality will allegedly be too extreme – when people die of hunger – normalizes the existence of much inequality and blurs the distinction between inequality and *difference*, common among (private sector) participants. The resulting "naturalization" of inequality predominantly worries the first group above, as this international sector director states:

> These apartments right in front, they cost about US$4000 per square meter. But when we go out for lunch, you will find all the workers eating on the bare ground. If that isn't inequality—caramba!—tell me what is inequality! They are building luxury things in very precarious working conditions, but it's seen as something natural. (#22)

Although all sectors agree that Mexico is currently facing excessive inequality, a repeated insistence that Mexico has "always" been highly unequal seems sufficient justification for inequality's existence (where "always" may start with the *Conquista* 500 years ago, refer to Prehispanic caste societies, or participants' own lifetime). Accordingly, although participants are aware of inequality, it seems they don't know just *how* big the gap between the poor and the rich really is. A CEO claims workers think that "this guy [the boss] is earning 10 times what we are making" (#6), compared to actual ratios of over 500:1 in one company included (#33).

Participants tend to underestimate actual inequality both in terms of total range and earning expectations along the distribution:

> At [private university X], I think we were people from the seventh to the tenth decile. You end up being closest with those that are like you, eighth-ninth decile more or less [because] aspirations and expectations about lifestyle [differ]. In Mexico, somebody from the sixth, fifth decile expects to earn around 20.000 pesos. Somebody from, say, my level couldn't even pay

my children's school fees with 20.000! So my aspirations are much higher than theirs." (#4)

While aspirations might differ, the thresholds suggested overestimate real income levels significantly. According to INEGI (2016), a – typically 3.9 member – household in the sixth decile can expect an average monthly income of MXN$ 11,622; MXN$ 9,492 for the fifth. Even if the reference to the "fifth-sixth decile" were meant as an estimate of *average* incomes instead, the estimates are too low. While some participants "have no idea" (#9), those numerical guesses expressed are invariably overestimating actual levels. An interviewee placing himself between eighth and ninth decile (equivalent to a monthly income of MXN$ 18.046-24.417) suggests a mean "20.000 pesos in a household of two" (#1). This compares to an *actual* average monthly household income – again, for the typical family of four – of just over MXN$ 15.000 (including imputed rent).

Although poverty is routinely mentioned as consequence of inequality (with a tendency to conflate inequality with poverty), the social reality that participants are exposed to differs from that of the majority in the country and perceptions of poverty often lack empirical accuracy and romanticize rural poverty where "I just grab a mango and eat – what should I worry about?" (#6). Salaries for low-income public employees like police officers are overestimated by a factor of 3.[8] In the majority's Mexico, 15 percent of the population is chronically malnourished (Tourliere 2017). The country spearheads world homicide-rankings (only surpassed by war-torn Syria in 2016), experiencing its highest homicide levels ever recorded in 2017 (Paullier 2017).

More than participants' awareness of (relative) poverty, however, it is a frequent reference to a far-away top when explaining inequality that is particularly revealing:

> *The thing is that the gap is really big—I mean the rich people are very rich! They live in ridiculous opulence, unimaginable.* (#10)

To better understand this statement, we need to first take a closer look at the world inhabited by my participants.

The Mexican Elite's (Small) World

Describing the social worlds that Mexican elites live in requires exploring both how their spatial environment is set up, and whom they share this space with – or don't. All participants report low levels of interaction with people outside their own socioeconomic layers; towards the low end, most participants only interact with their domestic employees and workers in their companies, who remain far from the bottom. This explains partly why they consider income levels around the ninth decile as 'poor'.

A participant mentions the "effort" it takes to escape one's "own comfort" or "bubble", while acutely aware of how powerful social structures – "filters and paradigms you have as an adult" – in place in his environment, and "the way we have constructed society in Mexico" (#19), work against the formation of relationships across socioeconomic layers.

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[8] Participants working in the construction and manpower sectors, who pay their workers at (multiples of) the minimum wage, and those working in media and politics, are aware of the devastatingly low minimum wage levels though.

Getting out of one's 'comfort-zone' might seem difficult enough, but these "constructed" societal obstacles referred to by many participants are decidedly harder to overcome. A young CEO summarizes why "somebody from a completely different world [a poor person] wouldn't be compatible socially or family-wise", inhibiting interaction:

> *In Mexico, it's not just a question of money. It's a cultural, racial and social issue. I mean, I am not like that, but the majority of people in the high social strata don't like to interact with people they consider indigenous or Indio.* (#1)

This statement encapsulates the predominant mechanisms through which socioeconomic in-groups are created and upheld. On the one side, discrimination is used as a tool to identify whom, where and how to *exclude*, enacted for example through structural racism. On the other side, segregation restricts with whom, where and how to *interact*, using vehicles of classism and cultural norms. The intimate entanglement of these institutions often makes it difficult to distinguish them, but inequality-reproducing micro channels of privilege transmission prominently include social heritage/family background, connected to geographic environments of upbringing, and educational institutions (#11).

The trinity of this categorization system ensures an accumulation of opportunities which selectively grant entry to the exclusive and exclusionary spaces they protect. In the following I will illustrate the efficacy of these mechanisms and their entanglement permeating the physical, social and cultural spaces, as experienced by participants. I will first consider spatial and social discrimination, and thereafter turn to educational institutions.

Spatial Patterns of Separation and Discriminations

Increasing levels of income inequality and segregation over recent decades have meant that people grow up in less economically diverse environments. This prevents those on either side of the divide to grasp the full extent of inequalities (Mijs 2017). Separation extends far beyond the issue of housing though; participants also move within a very narrow range of largely overlapping areas within the City where all work, play, and study are concentrated. The creation of "Slim City" (the Carso Blocks) north of *Polanco*, referred to above by the international official (#22), meant a colonization of formerly popular *barrios* and wasteland for their conversion into new upper-class neighborhoods.

This urban restructuring also affects the social and cultural planes by conditioning the provision of infrastructure (members-only clubs), driving up prices of groceries and education (luxury stores and private schools), altering symbolic references (personal drivers), and flaunting new residents' conspicuous consumption (vacation destinations abroad, ostentatious penthouses with rooftop pools).[9] The resultant commodification of public goods and restriction of social spaces to predominantly private spheres means that interaction between the rich and poor is virtually inexistent, unless "the rich want to […] because the poor wouldn't have access [to these private] spaces" (#9) in which "[t]he rich try to separate themselves" (#7). Even where elites may be geographically close to non-elites, in effect there is little overlap in the social worlds they occupy, and capacity to relate to each other decreases with decreasing opportunities for

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[9] See Turati (2014) for social consequences of *Nuevo Polanco*, and Osorno (2015) on the founder's perspective.

encounters with the respective 'other' – and "obvious" boundaries between the self and the 'other':

> *There are cultural differences between socioeconomic groups. They speak differently, they look different.* (#19)

Appearance and speech are recurrent themes. Often they are sufficient indicators to establish individuals' positions in the social hierarchy, participants assure, making social background "classist" Mexico "obvious" to spot by simple "checkpoints" like educational institution (#20). These markers, moreover, reinforce each other. They increase distance between those that speak, dress and look 'appropriately', and those that don't. Besides discrimination towards the poor, racial stereotyping is pervasive in the country. For many participants, this seems so obvious and natural that it is scarcely acknowledged as worth elaborating upon:

> *You would always think that somebody with caucasian features is from economically medium-high or high universes. That's normality in Mexico.* (#4)

Participants feel the 'special' treatment goes both ways. A public sector official explains that he cannot use public transport "because of my face […] I am obviously a blondie ['güerito']", which would increase risk of exposure to violence (#9). On the other hand, one of the few participants that did not comply with the expected "obvious" features points out that, in his experience, social standing seems to trump even ethnic prejudice:

> *I am very brown. In my youth, there were environments or issues where there was certain segregation. This has decreased. I mean, it's not the same to snub a brownie ['morenito'] like me that comes walking along, or the one arriving at a high-end restaurant in a fancy car accompanied by four bodyguards, right? As a teenager, if we went to a club, all my friends that look like you [blond] just went in, and to me they said: 'no, this one doesn't pass.' And today wherever I go it's the opposite, they even say 'you, come!', right? Mexico has changed in this regard, I think classism is much more predominant today than racism.* (#20)

The related experiences permit a peak into the shaping of 'homogenous' social contexts. Since having friends and contacts from more diverse backgrounds reduces biases in misperceptions of inequality (Bublitz 2017; Cruces et al. 2013), social sampling can be seen as a case of reference group effect (the result of comparing oneself and one's own behavior with a particular group) combined with availability biases (the tendency to generalize based on nearby information). The resulting manifestation of false consciousness, independently of political or self-serving motivation, informs individuals' judgements and preferences (Dawtry et al. 2015). These interact with cultural references "typical of our stratum" (i.e. "those higher class backgrounds"), like "being used to reading Shakespeare" (#15), to constitute easily identifiable barriers to elite membership.

Reference groups are necessary and useful heuristics (mental shortcuts to make sense of a complex reality) to inform judgements about the world (Kahnemann 2011). But availability biases become problematic "when nearby information is significantly different from other

information and related, when such experiential bases of information are particularly concentrated across lines of difference" (Khan 2015). This happens under conditions of segregation. The resultant cultural reference patterns are deeply engrained and predictive of 'class' belonging. Participants' extraordinary emphasis on education, scrutinized in the following, corroborates this.

Formal and Informal Education

Relatively high social mobility spurred by urbanization and industrialization during the 1960s-70s sparked a firm belief in education as *the* means of socioeconomic ascent in Mexico (Solís 2012). For most of society these patterns have long ceased to exist. Today, overall intergenerational mobility is low: chances to move from the lowest quintile to the highest are just 4 percent (CEEY 2013). Notwithstanding, many participants' blind faith in "education" as a necessary and, combined with personal effort, sufficient requisite for success persists, as this CEO relates:

> *Effort, work and education, that's my line. […] I am privileged, because I can give my children education. And my children's children will be even more privileged than my children. That's what I expect, what I aspire to.* (#3)

This seemingly neutral statement encapsulates the consequences of accumulation of privileges: rather than being a social equaliser, education works as a mechanism of stratification, as it effectively contributes to increasing inequality when the children of the privileged will become yet more privileged. Despite a monolithic belief in meritocracy, educational equality of opportunities does not exist in contemporary Mexico (INEGI 2017). The increasing bifurcation of formerly public goods into a public-private dichotomy of services shifted perceptions towards the superiority of its – expensive – private component. According to one CEO, "in Mexico everybody from the 4th to the 10th [decile] will send their children to private school" (#4). Though a real phenomenon, the actual number is closer to 20 percent of high school students in private education (OECD 2015). Moreover, a creeping "elitization" of private services cements not only the hierarchical nature of this dualistic social system, but creates one within the private sector itself. Participants are acutely aware of this phenomenon:

> *There is a segmentation within private education and health: it is not the same to go to the Hospital ABC or just any low-level private hospital. It is not the same to go to the ITAM, where I studied, or any unrecognized private university.* (#4)

This means that private education institutions catering to the elite specifically function as places of non-interaction with different strata. They offer practical applications of 'othering' that combine meritocratic ideals with classic 'classist' structures leading to "a sort of groupism" (#15).

The connections forged by elite attendees of private institutions are lasting, productive and reliable. The important skills acquired tend not to be those in the academic curriculum, but seemingly mundane aspects of survival in their world. Aspiring lawyers are taught about status-adequate haircuts and suits; 'correct' behavior in interview situations; estimating economic background from appearance; successful self-promotion, etc. The resultant system of stacked

opportunity structures ensures accumulation of privileges, thus multiplying inequalities: in a context where English is not taught at public schools, learning second and third languages, and then being able to spend a year at British (or US) elite boarding schools, are advantages rarely factored into the equation of personal hard work equalling (economic) success, giving many participants a strong sense of merited standing. Rather than a structural 'push factor', they consider "taking advantage of the opportunities" presenting themselves as an "intuitive talent" (#9). Such perceptions contrast sharply with a reality of belonging to an in-group guided by codes that supersede nominally equal qualifications and tilt the playing field in favor of already better equipped players. A participant's casual statement – perceived as obvious – concisely exposes this amalgamate of structural discriminations:

> *Somebody descending from the Sierra Tarahumara [i.e. indigenous] wouldn't be able to become president of Televisa [the largest broadcasting company].* (#4)

The respective opportunities of the poor indigenous person in the Northern mountains and the *Televisa* CEO, one of the richest individuals in the country, differ from the very outset. They live in different worlds, in "several Mexicos" where "different socioeconomic groups have different realities" (#16). These are literally governed by different laws, because "if you have money you can buy justice" (#13A).[10]

After describing some of the mechanisms creating these dissimilar parallel universes, we can now turn to the implications of this phenomenon, to explain why elites perceive inequality as they do.

Relative Affluence: Re-centring the Distribution

Spatial and social separation thus mean that elites live in their 'own' particular Mexico. Their exclusive "bubbles" condition how they make sense of inequality. Rather than misperceiving reality, elites seem to understand their own experiences quite well. Where many fail though is in the assumption that the reality of others is similar to their own (Khan, 2015). This peculiarity can explain participants' overestimations of middle and low incomes, and enthusiastic focus on 'meritocratistic' solutions to inequality. So why do elites seem to worry about inequality in their wealthier-than-average environments?

Despite elites experiencing a truncated inequality structure with regards to the left tail, they do in fact experience large inequalities. Theirs just looks different from others'—because it is in a fraction of the distribution the rest rarely peeks into. Effectively, neither elites nor the rest see the whole picture. While elites cut off the lower end, the rest usually has little insight into how the top looks 'on the inside'. The particularity of top income earners' perceptional framework is that those they are in social contact with, although not representative of the entirety of the income distribution, represent a relatively broad income range compared to other socioeconomic fractions—simply because differences between top incomes are so large. This leads to a perceived lack of upwards relations "all the way up in the tenth decile" (#2, #4), "or [even] the ninth" (#10).

As differences within the top are almost comparable to those for society as a whole due to the massive absolute distance between incomes of MXN$ 120,000 and several million (as in my sample), members at the lower end of the elite universe feel relatively "poor" compared to those even higher up. The more unequal the overall system gets, the stronger these effects become as a consequence of the physical and social compartmentalization defining their daily lives. Participants do appreciate the quality of life they enjoy, considering themselves well-off compared to those that work poorly-paid jobs out of necessity rather than having the privilege to choose their activities freely:

> *I don't lack anything, I do what I like to do. I am fortunate in that I am happy with what I do, but I am not at the level where I stop worrying about money; there are so many things to pay!* (#14)

From the outside, therefore, it looks like elites are just unaware of quite *how* privileged they are vis-à-vis the majority. But the amount of 'exceptional' peers in their surrounding is much larger than random. This shifts the baseline of what constitutes 'average', normalizes the extraordinary and reorients the Self with respect to this new 'normal'. From their own perspective, their (disproportionately affluent) universe extends so far upwards that most cannot realistically place themselves at the very top. This leads to a re-centring of the distributional universe around one's own position where the low end is cut by lack of exposure to the poor, and the self is re-situated into the middle due to disproportionate exposure to other wealthy people, which elongates the high end.

The ambivalence of being torn between the appreciation of own privilege compared to those worse off, and awareness of the existence of others infinitely richer, is a constant feature in participants' accounts of their lots, including one characterising himself as "the poor one of the group":

> *There is a level of very rich people that live in another world. I might earn well [monthly 0.5 million], but I never made real money. I mean, I can't complain about anything, I got my assets… Still, life is expensive; I don't have a plane, I don't have a yacht, and I don't go to stay at the Ritz in Paris. Like these guys that can decide tomorrow: 'let's go to Paris', they get their stuff, and they go! Right?* (#31)

Although they would clearly be perceived as rich by the rest of society, within their own world and frame of reference, they are doing well, but not excessively so. Participants recognize their *relatively affluent* position compared to the "poor". However, relative to the pecuniary exuberance they are surrounded by, even those participants earning very high incomes do not actually feel all that wealthy. With few exceptions, such extravagance does not relate to their own "reality", which many perceive as less glamorous. Explaining his surprise upon finding out that his income placed him in the richest 10(!) percent of society, another participant pointed to the attractive high-end lifestyle options unavailable to him:

> *Do you know why I didn't think that I was in the tenth decile? Because those in the tenth, they really live; I mean, I don't. Chauffeurs, bodyguards, I mean they have a luxury watch for every day of the week! I mean it's a completely different level. No, I would never see that.* (#13B)

A consequence of the seemingly limitless top and associated lifestyles is that the 'real' rich's lifestyle is described with awe and sometimes incredulity, even within the top 1 percent:

> *They have their own planes. So they take their stuff and say: 'let's go to our house in [Mexican beach resort] where they have eight rooms. I consider myself very well off, very fortunate, but nothing to do with these guys. And I am not talking about the [Carlos] Slim sort of fortunes, noooo, I'm talking about people that have 200, 300 million dollars of wealth. Me, I have like, ten, ok.* (#31)

In their own universe, many therefore do not count themselves as part of the very top echelons, and seem to experience similar 'status anxiety' looking up to their "rich" friends, as might be expected from relatively poor groups.

Thus, while segregated from a large part of society in virtually all aspects of (daily) life, members of the elite still live in a very heterogenous environment of high inequality at the top. Their self-placements, rather than a misperception, reflect a reality within this reference frame. Participants clearly use a different, re-centred reference scale for their estimates, where the poor earn incomes around the national average, while the rich are far removed from their own – comfortable, but not outrageous – level. As one participant recognizes:

> *The problem is not the absolute but the relative. If some poor people live way better now than 20 years ago, they will still feel poor if they are next to a mansion and a Ferrari, [even if] you might earn a thousand times more than somebody else.* (#7)

Affluence thus becomes a multidimensional, dynamic and socially constructed, i.e. relative, phenomenon (analogous to the acceptedly multidimensional, dynamic and socially constructed concept of poverty). The complex puzzle of differentiated perceptions of inequality can thus be resolved by resorting to a rather mundane explanation: we have to speak of inequality *as perceived by*, rather than something existing independently of reference. An elite's perception of inequality differs from that of the rest, because elites inhabit a different world – but one full of inequality nonetheless.

In short, theirs is a *relative affluence*.

Conclusion

I have shown in this paper that perceptional differences between the elite and the rest of society can be explained without resorting to arguments that rely upon error, ignorance, manipulations, or difference in individual character. Instead, the dynamics of the material worlds they inhabit tend to be different from those of the rest's, particularly in high inequality contexts with spatial clustering of wealth. The problem is that distinct elite environments have them mistake *their* – wealthier – world with *the* world, thus hiding the reality of the many. While less spectacular than an evil conspiring elite, or even a group of superstar individuals whose income potential knows no bounds, such a mundane explanation is much more in line with the empirical evidence.

These findings have theoretical and practical implications. Firstly, wealth, as poverty, is a relational concept, and depends on references that we identify as meaningful. As these differ significantly, inequality perceptions differ. Elites might exclude the low end of the distribution from their mental maps. However, whereas for the rest of society 'the 1 percent' represents a blackbox, elites actually look inside this most unequal part of the distribution. Members of the elite, like everybody else, tend to compare their income and social standing to their surroundings rather than the country mean or general population. And since they *experience* a different, wealthier world, they are constrained in their ability to make overall references for society at large.

Secondly, therefore, differences within the top need to be better understood. Generalized conceptualizations of 'the rich' as the top quintile, top 10 percent, or even top 1 percent, are not necessarily illuminating due to the fractal nature of top incomes. Moreover, wealth bubbles (analogous to poverty pockets) and their multidimensionality need to be acknowledged as a social problem that leads to side effects like diminished empathy on the individual level and suboptimal distributional policy for society, rather than part of the natural order of things.

Since perceptions are embedded in the particular social context, and perceptions of inequality – accurate or not – correlate with redistributional preferences, direct redistribution might seem less urgent where inequality is perceived lower, and indirect solutions like the proposed education and poverty relief can be viewed as sufficient, making the processes observed here antagonistic to political efforts to reduce inequality. A first necessary intervention to tackle inequality, thus, is the creation and dissemination of better data on inequality.

Then, space in its physical, social and cultural spheres has to be desegregated to improve interaction. This includes tailoring public space to purposes of integration, rethinking urban planning to dissolve particularistic enclaves and encourage usage of public services including transport. Education and health care systems have to become more inclusive, which will require investments in infrastructure – itself subject to availability of funds and political will. Achieving this will take time and other scarce resources in a context of deeply engrained structural obstacles and cultural references. It will require concerted efforts by public, private and civil sectors of society. Although costly, such interventions will nonetheless be a lesser price to pay for society than letting the status quo unleash its full centripetal forces. Future research will have to determine the optimal policy responses to the results presented here. What can be concluded from this research is that elites live in their own, unequal worlds of relative affluence.

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