


The Evolution of Income and Inequality among Mexico City's Construction Workers during the "Independence Era": 1783-1853

La evolución del ingreso y la desigualdad entre los trabajadores de la construcción en la Ciudad de México durante la "Era de la Independencia": 1783-1853

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ANALYTICAL SUMMARY

This paper explores inequality levels within the construction sector in Mexico City between the 1780s and the 1850s. For this, we examine new microdata of daily wages that discriminate skill levels and individual variations. The paper obtains its data from a database of payrolls totaling more than 231,000 man-days of work.

Construction workers are among the larger population of skilled and unskilled laborers in urban environments and their history interacted in the framework of the changes between colonial times, the War of Independence, and the political instability of the years after. We argue that construction workers stayed at the edges of urban and rural labor, as their characteristics (namely the absence of workshops and their geographical mobility) made them unique among urban crafts.

Furthermore, we track the changes between the nominal wages of different job categories in the construction workers (foremen, masons, and laborers) and evaluate the stability of nominal income in various sectors. We find that unskilled workers had a much more stable nominal income that experimented with minimal but long-standing variations. In particular, after the abolition of guilds, the wage of unskilled workers increased substantially and stayed on a higher level until the 1840s, then came back to levels similar to the colonial times. This behavior was not shared among masons and foremen and affected the skill premiums in the period.

The paper studies the evolution of skill premiums (foremen, masons, and laborers) and builds a Theil inequality index of the entire distribution. We find an apparent discontinuity in the trends taking place around 1814, when the wage level of unskilled laborers increased, and skill premiums along with inequality decreased. An opposite change occurred circa 1840 when inequality bounced back and approached its late colonial levels. We hypothesize that institutional change, namely the abolition of guilds (1814), shifts in the relative power of elites and manual laborers, and the cycle of urban growth in Mexico City are behind these trends.

Moreover, the paper provides a new measurement of skill premium over time that can be compared internationally. The data suggests that the skill premium and wage inequality was higher than that prevailing in Europe but lower than that of East Asia and discuss the findings with other studies in inequality in Mexico for those decades.

Finally, we offer an interpretation of the trends in skill premium based on the different elasticities of skilled and unskilled labor in the construction sector and the relationship between agrarian conflicts and the cost of unskilled work in urban areas.