

## *Summary*

The current level of salaries of high public officials in Mexico is very high in comparison to national and international levels. This document reviews some hypotheses in order to explain this. These hypotheses include: anti-corruption policies, labor market competition for highly skilled human capital, high cost of living in Mexico City, the excessive amount of work and the concentration of responsibility in relatively few government hands. However, none of the above explanations seems to be conclusive by itself. Although in all countries the salaries of high public officials are higher than those of most of the population they govern, in Mexico the difference is greater. This document suggests a combination of three factors. The first is the lack of job security of high public officials, which has obliged the government to pay these officials extra to compensate them for the latent risk that they might be fired. The second is the lack of mechanisms to effectively measure the performance of the bureaucratic apparatus and force it to be accountable; there are no indicators that control whether the goods and services the public officials provide justify their high salaries. The third factor is the structural polarization of income distribution in Mexico. The first two factors are related to two fundamental conditions of any honest and efficient government, conditions which have not been sufficiently developed in Mexico: a professionalized and merit-based system that encourages continuity, and checks on the power of the public sector. Improving income distribution requires effective and long-range social policies that the Mexican government has been unable to implement.