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Welcome to Club Fed

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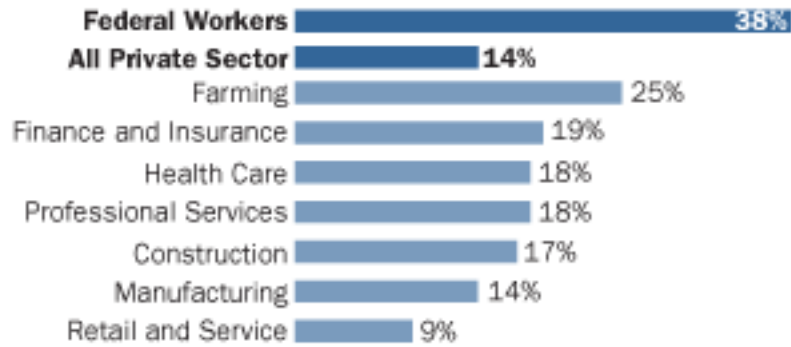
The closest thing to a lifetime sinecure in America is a federal government job, and now it turns out that it's also a very lucrative way to make a living.

New data from the U.S. Bureau of Economic Analysis confirm that the average federal civilian worker earns \$106,579 a year in total compensation, or *twice* the \$53,289 in wages and benefits for the typical private worker. This federal pay premium costs taxpayers big bucks because Uncle Sam's annual payroll is now \$200 billion a year. No wonder that, with a per capita income of \$46,782 a year, Washington, D.C. is the fourth richest among the nation's 360 metropolitan areas.

And this pay disparity keeps widening. The Cato Institute's Chris Edwards tracks government compensation, and he finds that in 1950 the average federal bureaucrat received \$1.19 for every dollar that a private employee earned. By 1990 that ratio had risen to \$1.51 and is now \$2. In 2005 federal wages rose 5.8% compared to 3.3% in the private sector.

Good Work If You Can Get It

Percentage increase in wages and salary, 2000-2005



Source: Bureau of Economic Analysis

Since 2000 only one major industry, the booming oil and gas sector, has kept pace with the automatic pay increases for employees of "Club Fed." Federal pay has risen by 38%, double the 15% pay increase in private pay from 2000-2005. This is roughly double the rate for private workers in manufacturing, retail, finance, health care and construction. (See nearby chart.)

It's true that many federal employees are in white collar occupations that often command high pay, but studies find that public sector workers enjoy a 20-30% pay bonus above comparably skilled private workers. And this differential does not account for one of the biggest benefits of a government job: civil service rules giving virtual lifetime job security. Airline mechanics, auto workers and software designers must all worry about business-cycle downturns or changes in technology or outsourcing, but Uncle Sam's 1.8 million civilian employees live in a recession-proof bubble.

As for performance, Mr. Edwards reports that only one in 5,000 federal non-defense employees is fired for cause each year. One federal manager recently told us of an administrative assistant who missed work "about half the time" thanks to an assortment of ailments, sick children and funerals for a mother who died on three separate occasions. When the agency heads finally fired her, they were slapped with an anti-discrimination lawsuit and the half-time worker pulling down a full-time salary was reinstated.

Public-employee unions continue to say their members are underpaid, believe it or not. But one market test is the voluntary quit rate of these workers, and data for recent years show that rate for federal employees is only one-fourth that in private sector occupations. High-paying federal jobs are so coveted that they are now like rent-controlled apartments in Manhattan: Once you've got one, you hold on to it for life.

The big villain here is Congress, which rubber stamps public employee union demands for automatic promotions and annual "cost of living" pay raises. The result is a system in which taxpayers in private America subsidize the salaries and rich benefits of government workers who make double what they do. Once upon a time liberal politicians would have called this "unfair," but modern liberals care more about support from government unions than they do about the fate of private labor. As for Republicans, they haven't done much better in controlling the rise in federal pay.

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