

CORRESPONDENTS

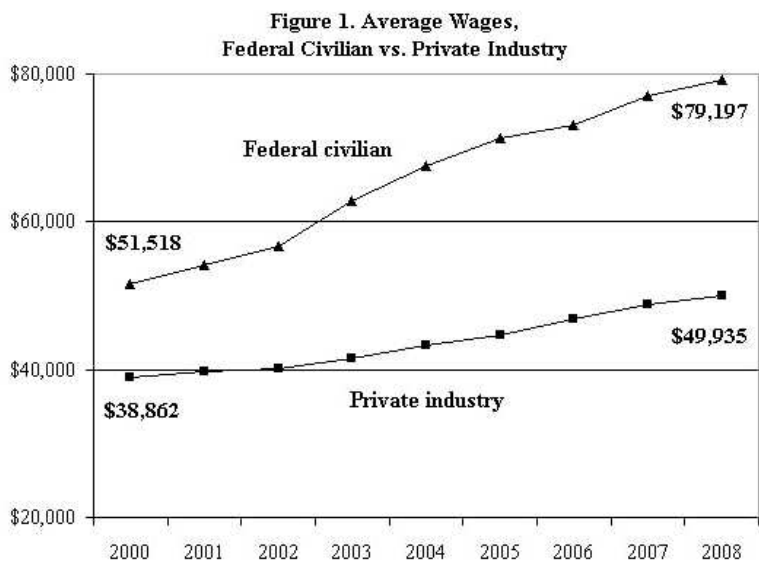


Conor Clarke

Aug 25 2009, 12:55PM

Why Do Federal Workers Make So Much Money?

A friendly acquaintance from Cato sent me [this article](#) and asked what I think about it. First, I think I like pictures more than words, so let me summarize the article with this chart:



This is used to [make the argument](#) that "Federal wages should be frozen for a period of years, at least until the private-sector economy has recovered and average workers start seeing some wage gains of their own." Well, I think that's getting a bit ahead of the data. Here are a few quick thoughts on why:

1. The Cato chart does not account for the *differing composition* of federal and private workers. It seems probable to me that the average federal employee is more highly skilled than average private-sector employee. (Especially if we're talking about federal *civilian* workers and not military. What does it look like when you include both, I wonder? And why does Cato leave that out?) If the composition is significantly different, it would help explain why federal workers are more highly compensated.
2. That Cato chart does not account for the *differing growth* in average compensation for skilled versus unskilled workers. My understanding is that, over the past few decades, the compensation for skilled workers has increased substantially while the compensation for unskilled workers has stagnated. If (1) is true, then (2) would explain some of the difference in growth *rate*.
3. The Cato chart does not account for the *changing composition* of federal and private sector employment. If federal workers are becoming more skilled over time, then that would also explain some of the difference in growth rate.
4. Federal workers are probably highly concentrated in areas with a relatively high cost of living.
5. I'm sure there are some federal workers that over-compensated, and some that are under-compensated. (No less a bleeding heart liberal than *Chief Justice John Roberts* used to complain about the relatively low compensation of federal judges.) But suggesting an across the board wage freeze brings a sledgehammer to a garden party.
6. And seriously, Cato wouldn't *actually* defend a gigantic wage freeze in a recession, would it? Yikes.

More generally, though, I'm also open to the two explanations that Cato offers for the rise in federal compensation: Namely, **spoils** (elected officials currying favor with federal employees) and **unions**. I'm quite happy with unions in the private sector, but it does seem to me that federal unions are far more problematic, and I have no shame in saying that. First, they don't and can't compete with companies that aren't unionized. (There is no "market test" of the union's efficacy.) Second, and related, federal unions negotiate with an employer who distributes the cost of high compensation across the entire population -- and thus has less incentive to be stubborn.

GET 2 FREE ISSUES

SEARCH



SUBSCRIBE TO RSS NEWS FEED

SIGN IN | NOT A MEMBER? REGISTER

TODAY'S HEADLINES FROM THE ATLANTIC

POLITICS

A Close Reading Of Cheney

Pressuring Obama On Sudan

Clinton Chooses People.com For Africa Op-Ed

BUSINESS

Was Bernanke the Wrong Choice for Fed Chair?

40 Percent Tax Increase Needed To Close Deficit

Economic Roundup: Home Prices, Consumer Confidence...

FOOD

Getting America Back in the Kitchen

A Sandwich for All Seasons

The Hazards of Selling Popsicles

FROM THE MAGAZINE

IRAQ Bovine Intervention

Cows can help win the peace in Fallujah

TECHNOLOGY What Scares Google?

How the search giant hopes to stay on top

ADVICE What's Your Problem?

Avoid destabilizing desserts, and other advice

VOICES

Andrew Sullivan

Creating His Own Reality

8.25.09 2:55 P.M.

Megan McArdle

What Really Matters In Health

Care Reform 8.25.09 3:21 P.M.

Marc Ambinder

A Close Reading Of Cheney

8.25.09 2:42 P.M.

Ta-Nehisi Coates

Pity The Rich--The Black Rich

That Is 8.25.09 2:00 P.M.

James Fallows

Will it never end? McCaughey

v. Ezekiel Emanuel

8.25.09 10:37 A.M.

Jeffrey Goldberg

Harvey Weinstein on Those

"Amazing" Holocaust Survivors

8.19.09 4:28 P.M.

Clive Crook

Bernanke's second term

8.25.09 1:50 P.M.

CONOR CLARKE

Conor Clarke is the editor, with Michael Kinsley, of *"Creative Capitalism,"* an economics blog that was recently published in book form by Simon and Schuster. He was previously a fellow at *The Atlantic* and an editor at *the Guardian*. He is also on [Twitter](#).

ARCHIVES

CATEGORIES

MONTHLY

August 2009

July 2009

June 2009

HOME | ATLANTIC FAQ | MASTHEAD | SITE GUIDE | SUBSCRIBE |
SUBSCRIBER HELP
ATLANTIC STORE | EDUCATIONAL PROGRAM |
JOBS/INTERNSHIPS | PRIVACY POLICY | TERMS AND
CONDITIONS | FEEDBACK | ADVERTISE

Copyright © 2009 by The Atlantic Monthly Group. All rights reserved.