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CHART OF THE DAY: You Should Have Gone Into The Public Sector

Vincent Fernando and Rory Maher | **Aug. 28, 2009, 3:48 PM** |  **32**

Tags: [Economy](#), [Chart Of The Day](#)

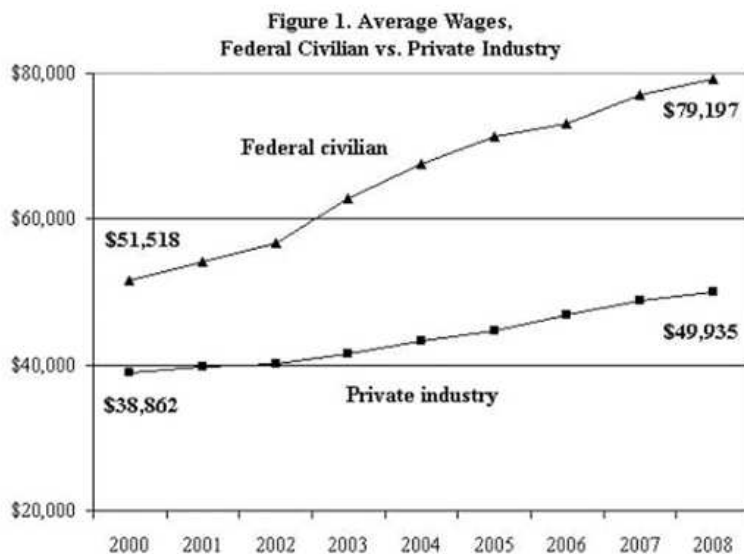
Do you want to make good pay, have awesome benefits, and amazing, iron-clad job security? Don't go looking in the private sector.



New analysis from the BEA, via [Cato-at-Liberty](#), shows that the average Federal worker makes well more than their private sector counterpart.

And look at wage growth. Since 2000, Federal average pay is up 55%, compared to just 29% wage growth in the private sector. And this doesn't even take into account the awesome health benefits.

Clusterstock  Chart of the Day



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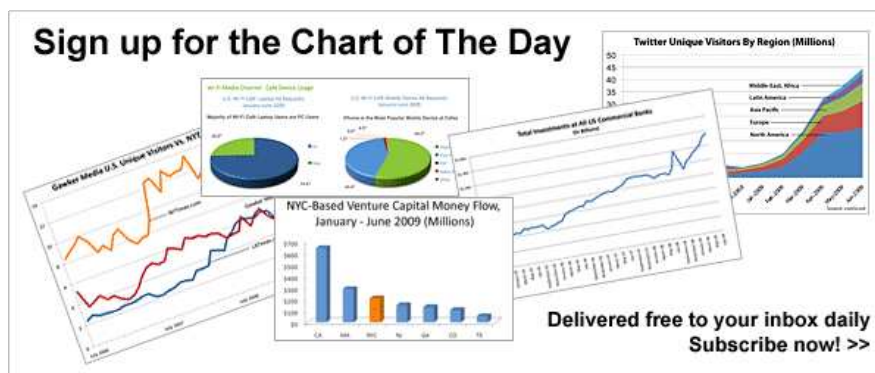
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32 Comments

Dude said:

Aug 28, 3:57 PM

Great article.
Can you please provide a link to the source?

WN said:

Aug 28, 4:05 PM

I'd be very curious to look at the numbers, too.

My suspicion is that those numbers aren't quite what they'd appear. I know that at the federal prison near here, the food service (lower wage) work has been contracted from "DOJ employee" to Aramark in the last decade. Same with a lot of civilian DoD and DoE jobs I can think of. If this privatization trend has mostly been focused in the lower-paid GS ranks, I'd expect the average federal worker wage to go up as a result.

The link is in blue? said:

Aug 28, 4:20 PM

Dude said:

Aug 28, 4:26 PM

Thanks for changing the html tags to provide the link.

Dude said:

Aug 28, 4:29 PM

Check it out...a station agent with a GED makes more money than someone with a Masters degree in Engineering.

http://www.contracostatimes.com/cj_12682351

Mr. Phuck said:

Aug 28, 4:30 PM

Cue the civil service crybabies.

Joe Q said:

Aug 28, 4:51 PM

Amazing, public sector is part of the fake economy. They don't produce much of anything, but get paid are US taxes. Everybody in Russia had work and 98% had the same wealth and poor. The top, get everything.

Travis said:

Aug 28, 4:54 PM

This is why it's stupid to wonder whether more taxes drag down the market.

The bigger question is, why does the government need more and more taxes, when it's obvious the money is wasted?

Suzan said:

Aug 28, 4:58 PM

Yeah, those numbers look a little off to me, too.

You need to compare wages for similar jobs - say those of Blackwater personnel with the salaries of military staff doing similar work . . .

gov't workers suck said:

Aug 28, 5:04 PM

It's unfortunate that people with zero ability or willingness to accept any level of risk can make the kind of money that our government employees do. They all think that they're underpaid and that anyone making a "profit" in the private sector should be scrutinized and taxed to death. Government workers do not understand that they're function is to service the private sector and the people who live in this country.

Andrew said:

Aug 28, 5:16 PM

By economic theory, this must mean that they are better workers.

JoJo said:

Aug 28, 6:35 PM

It's true. The average government accountant makes \$20,000/yr more than a private sector accountant. If you have the connections or if you're a member of a preferred minority, you can get a good gubmint job and retire with full pension after 20 years and come back to work as a contractor. You get double pay plus full health benefits.

schmitt said:

Aug 28, 7:28 PM

firefighters in the Chi-town and the burbs regularly make \$80k plus and the officers make 120k + great benis and pensions-what a joke.and before you start sticking up for these guys remember the huge sucking sound out of your wallet as you are property taxed to death

Steve said:

Aug 28, 7:49 PM

Now we can add another reason why we have such a huge deficit. The useless government bureaucrats also pay themselves lots of money to waste our hard earned cash on useless things.

How does this demonstrate paying federal employees the prevailing wages of private industry? I guess that person who orders the \$20,000 toilet seat must be properly compensated so that the commander in chief doesn't get a splinter in his you know where...

Laocoon said:

Aug 28, 8:39 PM

The benefits and pensions are really amazing, compared to what has happened in the private sector. The lack of employment security and the changes in the pension systems in the private sector really left a lot of people (especially boomers) stuck without adequate retirement benefits. So much for all the rhetoric about the wonderful private sector.

Mark said:

Aug 28, 9:57 PM

Great job security. Great pension. Increasing wages. Locality pay increases (designed to offset higher costs in high-cost areas but now available to most Feds). The voluntary quit rate in the Federal workforce is lower today than it was in the Great Depression.

Think about that: more people were more willing to leave their private sector jobs in the worst economy in US history than overpaid Feds.

It is true that all this generosity is expensive. Without the "wonderful private sector," none of it would be possible.

hytu said:

Aug 28, 11:14 PM

My salary does not rise...

Joseph said:

Aug 29, 3:54 AM

Well Hello!! These were the scum of the earth, the losers in Reagan's War on America, these were low-paid-no-risk left behinds. Guess what, business screwed everyone's pay check except for the government worker, who ain't seen a raise and is suffering through their own depression, but they still have jobs and it looks pretty good now, huh?

Civilians are too stupid to be in charge of anything.

Military dictatorship, if we think it's good enough for all of the Americas, it's good enough for us.

tonyalfidi (URL) said:

Aug 29, 6:53 AM

Unions have a stranglehold on many government jobs, so if you want one you must be a personal friend of the hiring manager.

Bob Mayo said:

Aug 29, 8:03 AM

I posted about gov pensions in another Article on here the other day.

This whole thing is one giant Ponzi Scheme, one that needs to be exposed even further. The Gov exists to provide servies, enforce laws(keep order) and protect us from harm(military). Instead what is happening is that they are creating their own BUDDY SYSTEM WORKFORCE.

Compare a state/local Sewer/Garbage worker vs. a worker from Waste Management. The cost to employee the gov worker is WELL above what a privately owned companies pays its employee. The private employee, not even sure what health care they get and they sure as hell do not have a pension. You can COMPARE each job in GOV vs private and even if the pay is "close" the benefits(which cost taxpayers) far out weigh what is costs for private. You cannot simply look at the "pay" but you have to look at the overall cost or overhead to have the Gov employee.

There is NO WAY any of the GOV employees could contribute enough money to a Pension in order to be able to retire at 55 and have 30-40-50K pension per year, NO WAY. All Government employees should not get a pension and also have to contribute to social security and a regular 401k just like the private sector.

You wonder WHY taxes are so HIGH? Reduce Gov jobs/pensions and this would reduce a HUGH tax burden,. And do not tell me this is not FAIR, we are paying for this and the more jobs they add the worse it gets.

The stimulus is a perfect example of this. Instead of cutting taxes to create private sector jobs, we create MORE Gov run projects, requiring more Gov jobs. How do we pay for these people? High Taxes. The MORE GOV INVOLVEMENT the higher the taxes and the less growth this country will see. LOOK AT EUROPE (i have done business there for 14 years) and it is overrun by the gov. Who is the largest employer in UK right now? The Health Care industry, run by the Gov. It's a joke at the cost of living and taxes over there. You think people here are complaining now? As we go to that model it will only get worse. ITS A FACT.

.. .. .

Aug 29, 9:22 AM

You haven't examined the question from the other side:

-AVERAGE pvt sector total comp (pay and benis) has ERODED compared with gvt sector in the era of de-regulation. Not gvt pay has boomed though it slowly grinds upward.

-Classic case of the tortoise vs the hare:

The pvt sector lured you in (and an entire "me" generation of boomers and Xers) by enticing you with the rhetoric: "Risk takers" get rewarded with high flying pay! Gamblers can double their money! You need flexibility, adaptability and no fear of competition! No more 9-to-5! Live the yuppie dream! Meanwhile slow and steady gvt workers were the but of jokes, but got paid and built retirements.

Then came the era of trying to rationalize the uglier side effects of working under de-regulation: "Well everyone changes jobs and moves around the country, it's normal!" Try telling your school age kids it's better. "Everyone owes money big time, it's healthy! Besides home will inflate and take care of the deficit!"

Came the crisis. When living nearly paycheck to paycheck left no margin for error. And there was no plan B. So many Americans were simply compensating for their decreased incomes relative to cost of living through increased borrowing. Can you say implosion?

We're still feeling the effects of the falling dominoes. Corporate America doesn't stand a chance of returning to the same levels of compensation for personnel. In part because the the top of the pyramid refuses to give up 7, 8 and 9-figure compensation. And that is one of the key dirty secrets of the de-regulation era: the top sucked in what the middle and bottom lost.

Gvt workers may have job security, but there is also security for the top echelon of the pvt sector. Gobs of fat security!

Postal worker said:

Aug 29, 10:28 PM

Everyone had a choice to work for the feds or work in the private sector. Alot of mis- information has been written above. Since 1984, "government workers" have paid for their pension. Workers who came into the Civil Service prior to that have paid in very little, compared to what they will draw out. For example, after 29 years of service I have paid in 60K. My annual pension of 33k starts March 2010.

I think there are a lot of you who look for instant gradification, chasing the almighty dollar. As for me, slow and sure paid off. Maybe we as Americans need to re think our priorities and ethics.

iWonder said:

Aug 30, 3:10 AM

...simple complexities

Some more charts for chart gazers.

<http://simplecomplexity.net/employment-change-industry/>

BB said:

Aug 30, 9:55 AM

I don't know about federal employment, but I was a state employee for a couple of years. The pay was weak. I nearly doubled my income when I quit and entered the private sector doing the same job. There were complexities to this equation--much of my work was grant-funded and the woman above me (my boss) was skimming off most of the "profits" for herself in the form a high salary. The job security part is true, but I found that working with a bunch of people with no motivation to do a solid day's work was infectious. Frankly, 80% of government jobs could go away and nobody would notice except the power structure that created them in the first place.

Punta Pete said:

Aug 31, 9:06 AM

Postal Worker, Julian Kringle, and Joseph have it about right.

In my own case, I began working for the Federal government during the 1973 recession when jobs were scarce and the college teaching profession was glutted with too many newly minted PhD's for the number of positions available.

At the time, Federal employment was considered inferior to comparable jobs in the private sector in pay, benefits and prestige. That all changed over the next 30 years. Deregulation, "free trade", corporate consolidation, the huge "baby-boomer" generation workforce, working mothers, and the flood of immigrants after the 1965 Immigration Act all combined to decimate the middle class (the first three items) and drive down real wages (the last three items). It's not that the public sector has gained in wages so much as it is that the private sector is no longer providing enough good-paying stable jobs for the majority of Americans.

Finally, I always wonder at the vitriol hurled at government workers for (perhaps) earning more than private sector workers. (e.g., JoJo claims that, "The average government accountant makes \$20,000/yr more than a private sector accountant." But many private sector accountants earn a living doing Aunt Rosie's tax return while most government accountants are responsible for sizeable government budgets. Let's not compare apples and oranges.) At the same time that these folk are cursing government employees for being overpaid, they ignore the grossly inflated salaries of Wall Street bankers and corporate CEO's. It is a fact that the ratio of CEO pay to worker pay has grown tenfold in the last 40 years, from around 25-to-1 then to 250-to-1 today. http://www.epi.org/economic_snapshots/entry/webfeatures_snapshots_20060621/

Furthermore, in Europe and Japan pay disparities such as this simply do not exist, EVERYONE HAS HEALTH INSURANCE, and when the economy tanks, unemployment benefits are much more generous than in the U.S. Wake up! It's not the government that's screwing you; it's the American corporate elite!

chip said:

Sep 7, 9:43 PM

"Furthermore, in Europe and Japan pay disparities such as this simply do not exist, EVERYONE HAS HEALTH INSURANCE, and when the economy tanks, unemployment benefits are much more generous than in the U.S. Wake up! It's not the government that's screwing you; it's the American corporate elite!"

Oh brother. Europe and Japan have debt-to-GDP ratios nearing and exceeding 100%. Those governments don't shake the money tree to provide benefits -- they put their kids in hock.

Yeah, so wake up indeed. the governments aren't screwing you but they are screwing the next generation. Royally.

EconRob said:

Sep 7, 10:11 PM

PostalWorker paid in 60K and gets a 33K PER year after 29 years of work. Sorry the math does not work. Defined benefit pension plans for government workers just does not work. It will break the bank.

MarkJ said:

Sep 7, 11:39 PM

"Oh brother. Europe and Japan have debt-to-GDP ratios nearing and exceeding 100%. Those governments don't shake the money tree to provide benefits -- they put their kids in hock."

It's even worse than you may think: Europe and Japan are, in fact, running out of kids to put in hock. Native population replacement rates are collectively in a slow death spiral despite what is, by all measures, incredibly generous government funding for childcare programs. Bear in mind that a generally accepted replacement figure is 2.1 children per family:

Ireland: 1.99
France: 1.90
Norway: 1.81
Sweden 1.75
UK: 1.74
Netherlands: 1.73
Germany: 1.37
Italy: 1.33
Spain: 1.32
Greece: 1.29

Need I mention that all of the above countries have instituted one form or another of "ObamaCare"?

Japan, for its part, has seen a steady decline since the 1970's and its rate is now equal to, or perhaps even lower, that of Spain or Greece.

The U.S. rate is about 2.04, but replacement rates vary according to region and ethnicity.

All in all, scary stuff....and I'm speaking as a brand-new grandpa (my first grandbaby was born just last week--wa-hoooo!!!!)

daverco said:

Sep 8, 1:25 AM

Many arguments from the government workers here that sound a bit plausible except they completely ignore the obvious: the chart. The government folks all have their well-thought out hobby horses to ride but the facts (the chart) rudely contradicts them. The chart shows growing (not declining) wages for both groups with the government cadre's being much faster. Why should that be? Because they have been temporarily insulated from market forces. This won't last for much longer. Regardless of how much the government interferes the realities of the market will force all wages down to world competitive levels. Most won't recognize this quickly though when the effects of inflation take hold. Everyone should web search Grover Cleveland (a Democrat) and what he had to say about seeking employment in the public rather than private sector.

Note: I have worked on several major (multi-billion dollar) government projects. Many if not most individuals were competent, however the management systems are completely incoherent and ever changing. The projects are doomed to gigantic overruns if not outright failure. This is the problem - the individuals may think that they are doing a good job, but they are part of a system which prevents and in many cases runs counter to their actual success. The Founders were and still are correct - small government is the best.

John Gardner said:

Sep 8, 1:25 AM

The last time I ran a competitive pay survey which included job to job pay comparisons, the government jobs were paid substantially more than in the private sector.

Shameful!

b said:

Sep 8, 1:05 PM

@Punta Pete, you write "...ignore the grossly inflated salaries of Wall Street bankers and corporate CEO's..."

I am *not* mandated by law to enter into financial relationships with those companies or consume their products. I *am* mandated by law to pay your inflated salary, benefits, and pension. See the difference?

CaptDMO said:

Sep 8, 1:12 PM

You need to compare wages for similar jobs - say those of Blackwater personnel with the salaries of military staff doing similar work . . .

Aaaaaand lest we forget, factor in the "legacy" and "ancillary" expenses of so called Civil Administration placeholders, and the "workers". ALL with pernicious COLA guarantees. Of course there are the non-performance related union "political action" expenses borne by...say...SEIU and (now, gub'mint manipulated) UAW.

Which group costs me more, for actual (eventual) "performance" ?
Which "system" is cloistered from the perils of Capitalist Market Forces, and which economic "theory" actually promotes "choice" and "value"?

Why are consistently extortionist, market-fail, debt generators the only ones deemed "Too Big to Fail", while able to maintain "...the lifestyle to which they have become accustomed..." ?
