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Trump's public employee pay freeze doesn't go far enough

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For the most part, government employees are hard-working people who administer the various services that government, at all levels, provides. They deal with an often difficult public who insists that the government owes them something. And pleasing the entire public is nearly impossible.

On the local level, the police and fire protection along with the employees working in the judicial system generally provide us with security. State workers do a good job taking care of drivers licenses, marriage certificates and such. The federal government workers offer a range of services and protections.

The elected government workers struggle to provide leadership but do keep the country moving forward. The rest of the federal government work force does its best to offer the services.

The problem is that bureaucrats working in government, especially at the federal level, simply charge way too much for their services. And the extra benefits they receive are also too costly for taxpayers, especially considering the job security they have.

President Trump has implemented much of his economic agenda designed to stimulate economic growth. This was critically important since the U.S. economy has not had annual economic growth of at least 3 percent since 2005.

Early in 2017, Mr. Trump removed burdensome and counterproductive regulations. Since then the economy has been growing at about a 3 percent rate. Then he convinced Congress to pass a tax cut for all Americans. The tax cut took effect in January of this year. By April the economy was growing at better than a 4 percent rate.

Mr. Trump also realized that, mostly because of the sequester in 2011, the military was virtually decimated. He knew hundreds of billions of dollars would be needed to restore the military. This

would give him the military ability to implement his very effective “peace through strength” philosophy.

The problem now is that the budget deficit is increasing. Last year Mr. Trump signed the budget with the large deficits but promised “never again” would he agree to a budget with a deficit this large. His next set of policy actions will be designed to reduce government spending to bring the deficit down.

Already the increased economic growth is increasing tax revenue despite the lower tax rates. Through the first six months of 2018, tax revenue, even with the tax cut, is slightly higher than tax revenue last year. Clearly tax cuts do not cause deficits.

Increased government spending causes deficits, so Mr. Trump will concentrate on reducing spending. He is starting with grossly overpaid federal government bureaucrats.

According to a study by the Cato Institute, federal government employees earn 50 percent more than their counterparts in the private sector. When benefits are added in the differential jumps to 78 percent.

“In light of our Nation’s fiscal situation, Federal employee pay must be performance-based, and aligned strategically toward recruiting, retaining, and rewarding high-performing Federal employees and those with critical skill sets,” Mr. Trump wrote in a letter to the Speaker of the House Paul Ryan and the president of the Senate, Vice President Mike Pence.

Mr. Trump announced that he was cancelling the scheduled 2.1 percent across-the-board pay increase for federal workers, except for the underpaid military, who will see a 2.6 percent increase in pay. This will affect about 2.1 million federal workers. Mr. Trump saw that the average federal employee costs the taxpayers almost \$120,000 per year. This should save the federal government about \$25 billion.

To further reduce government spending and since the federal workers are so highly overpaid, perhaps a pay reduction would be more fitting. Although politically very unpopular, to bring down the deficit, this seems like a good place to start.

Mr. Trump should consider a 10 percent salary reduction for all federal workers. The fear is that the government may lose some valuable employees. But if they are currently earning 50 percent more than those in the private sector, the workers are still better off working for the government. I doubt many would leave their jobs because of a 10 percent pay cut.

The president will be faced with many difficult and very unpopular decisions as he trims government spending. Politically this will be very costly as the opposition will say that Mr. Trump hurts the working person while giving large tax breaks to his wealthy friends.

As such, he may have to wait until the beginning of his second term to make this proposal. However, Mr. Trump is a businessman and not a politician. Business people don’t wait to confront problems. I doubt Mr. Trump will wait to fully confront this issue.