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Time to rein in government pay

Examiner Editorial
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David Cameron, Britain's new prime minister, announced a "radical, reforming" agenda Thursday that arguably points to the central issue of the financial crisis: What to do about ineffective, avaricious, ever-expansive government. American legislators could learn a thing or two from Cameron's plan. It includes partially privatizing the postal system, a "breaking open of the state monopoly" of the school system and, most importantly, ending what the Conservative leader calls the "apartheid" of public-sector employee pensions. United Kingdom public employees' cushy retirement benefits officially cost about \$22 billion annually, but the Financial Times puts the real cost at about \$44 billion, a number that far exceeds the reasonable capacities of Britain's economy.



Britain's new prime minister, David Cameron, has announced an agenda to fix ineffective, ever-expansive government. American legislators should take notes.

We need something similar. According to Chris Edwards of the Cato Institute, the total cost of wages and benefits for state and local workers in 2008 was \$1.1 trillion, or half of total spending by state and local governments. That number is about to skyrocket. While the private sector lost more than 7.3 million jobs, the number of government jobs increased by about 100,000 since 2007. This comes just as millions of Baby Boomers on government payrolls are beginning to cash in on their mostly underfunded defined-benefit pension plans. The Reason Foundation's Adam Summers notes that in California and elsewhere, government employee benefits have increased by as much as 50 percent in the past decade, "allowing many workers to retire as young as 50 or 55 years old with pensions equal to as much as 90 percent of their final salaries. These are benefits unheard of in the private sector."

Where else are such benefits common? Check out Greece, where riots broke out at the mere mention of so-called "austerity measures" to cut the bloated salaries of the country's impossibly large civil service. It is so large, in fact, that Agence France-Presse found that no one knows just how many government workers there are in Greece. The Athens Chamber of Commerce and Industry puts the number (including contract workers) at 1.2 million, while the civil service union claims 700,000 and the

government's Finance Ministry says 800,000.

According to Constantinos Michalos, a former general secretary of the Interior Ministry, Greek Parliament staffers work for 12 months and get paid for 16 months. Cleaning staff and press officers in the Finance Ministry receive double what they earn in other ministries. Greece is merely the first wave of the entitlement crisis that will be engulfing the European Union in coming days. If the present financial crisis is to be resolved anywhere -- in Greece, Britain or the United States -- it requires finally telling government and its legions of workers that "enough is enough."

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