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**RICH LOWRY**

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MAY 4, 2010 12:00 A.M.

**The Shock Troops of Bankruptcy**

America will never be Greece, but our public-sector unions operate by Greek rules.

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**G**reece's largest public-sector union is taking to the streets to wage a "social battle" against austerity measures.

This is very unfortunate news for austerity, since it has never fought a battle — social or otherwise — with the unions in Greece that it hasn't lost in a rout. And this time the stakes are much higher than ever before— a debt crisis with global implications that *The Economist* has dubbed "Acropolis Now."

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The European Union and the International Monetary Fund have extended Greece a \$145 billion bailout over three years in exchange for a budgetary clampdown so severe it would make even fiscal ascetics yelp in pain. As the financial analysts say, there's considerable "implementation risk." In other words: Don't hold your breath.

The Greeks got to this point the old-fashioned way: They spent

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more money on the public sector than they possibly could afford, and then lied about it. Last year, they announced that their deficit wasn't 3.7 percent of gross domestic product as advertised, but 12.7 percent. Only in Athens does a multiplier of more than three qualify as a rounding error.

Public wages and pension payments absorb half of the Greek national budget. The government doesn't know exactly how many people are in the civil service, since that would require competence. It's now undertaking a census of civil servants. The guess is that it's about one-in-three people. The constitution guarantees these jobs for life.

During the past decade, public-sector workers have seen their pay double. They get bonuses of an extra two months' pay annually no matter what, and cushy pensions. According to the *New York Times*, the author of "The Guide to Granting Civil Service Pensions in Greece" retired at age 60, and 13 years later has a pension that pays better than his salary when he quit.

When the public-sector unions are out in the streets — perhaps tossing petrol bombs at the police — they will be the shock troops of bankruptcy. They want their country good and broke, just as they rendered it over the years with their self-interested, bullying profligacy.

We will never be Greece. We aren't a Southern European country with an ingrained culture of tax avoidance and labor unrest. But our own shock troops of bankruptcy operate by Greek rules.

Growth in public-sector wages and benefits has been outstripping growth in the private sector. Some states and localities are effectively Greek isles within America. Commuter-rail workers in New York get \$120,000 in annual compensation, on average, and can retire with a full pension at age 55. In the fiscal wreck of California, teachers and prison workers are the highest paid in the country. They feast on government so effectively, Greece's powerful ADEDY union should make them honorary members.

Josh Barro of the Manhattan Institute advocates a clean way to pull back: a public-sector pay freeze. If states and localities had held their wage and benefit growth to the same level as the private sector during the past three years, Barro writes, states would have avoided \$36 billion in red ink.

One lesson of Greece is that once the markets stop believing a debt-riddled government, they can turn on it quickly and savagely. It's best not to get anywhere close to that point.

By the calculations of Jagadeesh Gokhale of the Cato Institute, Greece's debt is 875 percent of its GDP when pension obligations are included. Sounds outlandish. But the figure for the U.S., including programs like Medicare and Social Security, is 500 percent. The worst thing we could do is to add to the burden with an



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onerous new spending program, pushed by the unions and justified with Greek-style budgetary math. Of course, that's a working definition of Obamacare.

In Greek tragedy, the hero always realizes his own flaw or mistake too late. Something for retiring public-sector-union honcho Andy Stern to contemplate as he takes his seat, amazingly enough, on Pres. Barack Obama's debt commission.

— *Rich Lowry is editor of NATIONAL REVIEW. © 2010 by King Features Syndicate.*

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