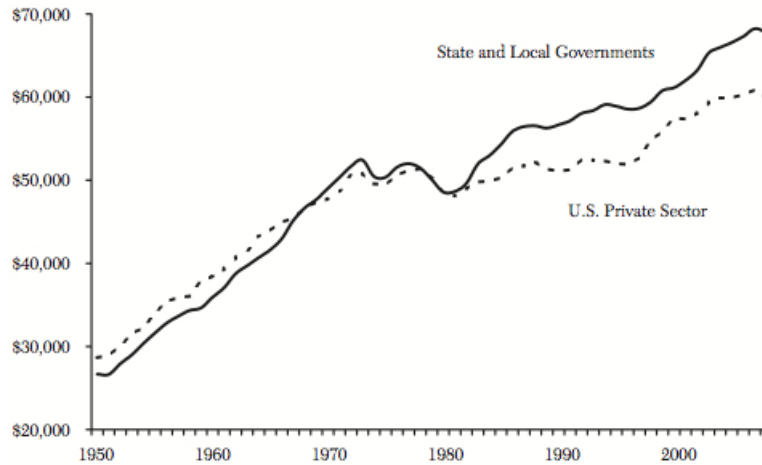


PUBLIC SECTOR UNIONS AND COMPENSATION

FIGURE 1
AVERAGE COMPENSATION IN REAL 2008 DOLLARS



SOURCE: U.S. Bureau of Economic Analysis.

The Real "Income Inequality" Gap

Numerous reports and articles are finally presenting the blizzard of statistics that all point to the same conclusion: public sector jobs, relative to their private counterparts, have become a great gig *that are also bankrupting their financiers*. The [Cato Institute](#) published Chris Edwards' "[Public Sector Unions and the Rising Costs of Employee Compensation](#)" in their Winter 2010 Cato Journal. Steven Malanga, Senior editor of the [Manhattan Institute's](#) City Journal, [chronicled the issue with specific regard to California](#). It is a sorry tale. Even sorer is that it has become epidemic amongst towns, cities and states across the country. Reason magazine's excellent February 2010 cover story on the topic was entitled "[Class War](#)". And in a recent [Wall Street Journal editorial](#), there is this eye-popping statistic:

What if government workers earned the average of what private workers earn? States and localities would save \$339 billion a year from their more than \$2.1 trillion budgets. These savings are larger than the combined estimated deficits for 2010 and 2011 of every state in America.