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October 12, 2010

## OP-ED COLUMNIST; The Paralysis of the State

By DAVID BROOKS

CORRECTION APPENDED

Sometimes a local issue perfectly illuminates a larger national problem. Such is the case with the opposition of the New Jersey governor, Chris Christie, to construction of a new tunnel between his state and New York.

Christie argues that a state that is currently facing multibillion-dollar annual deficits cannot afford a huge new spending project that is already looking to be \$5 billion overbudget. His critics argue that this tunnel is exactly the sort of infrastructure project that New Jersey needs if it's to prosper in the decades ahead.

Both sides are right. But what nobody seems to be asking is: Why are important projects now unaffordable? Decades ago, when the federal and state governments were much smaller, they had the means to undertake gigantic new projects, like the Interstate Highway System and the space program. But now, when governments are bigger, they don't.

The answer is what Jonathan Rauch of the National Journal once called demoscclerosis. Over the past few decades, governments have become entwined in a series of arrangements that drain money from productive uses and direct it toward unproductive ones.

New Jersey can't afford to build its tunnel, but benefits packages for the state's employees are 41 percent more expensive than those offered by the average Fortune 500 company. These benefits costs are rising by 16 percent a year.

New York City has to strain to finance its schools but must support 10,000 former cops who have retired before age 50.

California can't afford new water projects, but state cops often receive 90 percent of their salaries when they retire at 50. The average corrections officer there makes \$70,000 a year in base salary and \$100,000 with overtime (California spends more on its prison system than on higher education).

States across the nation will be paralyzed for the rest of our lives because they face unfunded pension obligations that, if counted accurately, amount to \$2 trillion -- or \$87,000 per plan participant.

All in all, governments can't promote future prosperity because they are strangling on their own self-indulgence.

Daniel DiSalvo, a political scientist at the City College of New York, has a superb survey of the problem in the new issue of National Affairs. DiSalvo notes that nationally, state and local workers earn on average \$14 more per hour in wages and benefits than their private sector counterparts. A city like Buffalo has as many public workers as it did in 1950, even though it has lost half its population.

These arrangements grew gradually. Through much of the 20th century, staunch liberals like Franklin Roosevelt opposed public sector unions. George Meany of the A.F.L.-C.I.O. argued that it is "impossible to bargain collectively with government."

Private sector managers have to compete in the marketplace, so they have an incentive to push back against union requests. Ideally, some balance is found between the needs of workers and companies. Government managers possess a monopoly on their services and have little incentive to resist union demands. It would only make them unpopular.

In addition, public sector unions can use political power to increase demand for their product. DiSalvo notes that between 1989 and 2004, the American Federation of State, County and Municipal Employees was the biggest spender in American politics, giving \$40 million to federal candidates. The largest impact is on low-turnout local elections. The California prison guard union recently sent a signal by spending \$200,000 to defeat a state assemblyman who had tried to reduce costs.

In states across the country, elected leaders raise state employee salaries in the fat years and then are careful to placate the unions by raising future pension benefits in the lean ones. Even if cost-conscious leaders are elected, they find their hands tied by pension commitments and employee contracts.

The end result is sclerotic government. Many of us would be happy to live with a bigger version of 1950s government: one that ran surpluses and was dexterous enough to tackle long-term problems as they arose. But we don't have that government. We have an immobile government that is desperately overcommitted in all the wrong ways.

This situation, if you'll forgive me for saying so, has been the Democratic Party's epic failure. The party believes in the positive uses of government. But if you want the country to share that belief, you have to provide a government that is nimble, tough-minded and effective. That means occasionally standing up to the excessive demands of public employee unions. Instead of standing up to those demands, the party has become captured by the unions. Liberal activism has become paralyzed by its own special interests.

The antigovernment-types perpetually cry less, less, less. The loudest liberals cry more, more, more. Someday there will be a political movement that is willing to make choices, that is willing to say "this but not that."

Someday.

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