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# Defense Report

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## Should Federal Pay Raises be Limited? The President and His Chief Inflation Fighter Don't Agree

In a year when total inflation will certainly run past the 10 percent level, the Carter Administration has clung to its intention to limit cost-of-living adjustments for federal civilian employees and military personnel to 5.5 percent. The most recent reaffirmation of this policy came from the President himself when he told a group of federal employees assembled in the White House Cabinet Room that the 5.5 percent ceiling is "... a small sacrifice . . . to help fight inflation."

The Administration is also attempting to enforce a wage increase guideline for the civilian sector of the nation but is meeting with mixed results at best. Several new union agreements with industry, including the transportation workers, have exceeded the seven percent guidelines limit. These agreements are the product of collective bargaining, which is barred to the military people and federal civil service employees. In each case of an agreement exceeding the guidelines the Administration has either ignored it or found a way to compute it that squeezes it under the ceiling.

The unfairness of this double standard is recognized within the Administration by the individual charged with running the whole inflation-fighting program, Chairman Alfred E. Kahn of the Council on Wage and Price Stability. He recently told a press conference, "I don't think as a long term proposition it is fair to set stricter limits for federal workers." Public pressure to depress federal pay is unfair, he said.

Several years ago action was taken to achieve "comparability" between federal pay and that in the civilian sector so people doing similar jobs should get comparable pay. But a succession of pay caps placed on federal cost-of-living increases by Presidents Nixon, Ford and Carter have destroyed any semblance of comparability. To achieve comparability with civilian pay in the upcoming fiscal year a federal pay raise of at least 10.5 percent would be required. But no matter what level of adjustment is recommended to the President by his pay agents (the individuals charged by law to make this annual recommendation on changes in federal pay) he is already committed to the 5.5 percent cap and, with an attempt at reelection just a year and a half away, neither the President or Congress is likely to risk criticism by being more generous.

At a time when recruiting into our volunteer armed forces is growing more and more difficult and there is stiff competition with civilian industry for people to fill many key civil service jobs this continued contradiction in pay standards is counter productive to say the least.