

RUSH!

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BAD IDEAS NEVER DIE: COMPARABLE WORTH FOR THE FEDERAL GOVERNMENT

As bad pennies always seem to, comparable worth has returned to the halls of Congress. Once again, legislation (S. 552) raises the issue of equal pay for jobs of "comparable worth." Introduced by Senators Alan Cranston, the California Democrat, and Daniel Evans, the Washington State Republican, S. 552 would create a commission to study comparable worth wage rates for the federal workforce. Its proponents wish to use such a federal study to legitimize the concept of comparable worth and to popularize the notion that women workers are unfairly underpaid. The goal, clearly stated by the bill's backers, is to impose comparable worth first on the government, then on the private sector.

The hourly pay of women workers today is about 75 percent of the pay of male workers. But the pay of women is rising rapidly, and even without legislation, will equal 85 percent of male pay by 1995 if current trends continue. Moreover, the best evidence indicates that the remaining pay "gap" is and will continue to be the result of legitimate differences between males and females in skills, education, prior work experience, and job preferences.

Flawed Methodologies. Ironically, S. 552 comes at a time when intellectual support for comparable worth is collapsing. A recent study by the National Bureau of Economic Research predicted that an economy-wide comparable worth policy could result in a loss of between 2.8 and 4 million jobs and a reduction in the gross national product of up to \$150 billion. Further evidence of the growing disrepute surrounding comparable worth can be found in the fact that S. 552 avoids the term altogether and calls instead for a vaguely defined concept dubbed "pay equity." But no one should be fooled. The commission to be created by S. 552 is directed to study pay rates on the basis of two flawed methodologies, rooted in comparable worth doctrine.

First, S. 552 calls for an overall economic analysis of male and female pay. While such a methodology is largely meaningless as an indicator of discrimination, it will inevitably be used to "prove" that discrimination has reduced pay for female jobs relative to that for male jobs. Inconveniently for the backers of the comparable worth dogma, the identical methodology will also "prove" that discrimination has reduced the pay of non-Jewish white males when compared with Jewish males. In both cases the conclusions are absurd; in fact, such studies are valueless except as propaganda.

The second flawed methodology is "comparable worth job evaluation." Advocates contend that this is another form of the standard job evaluation already utilized in government and industry. This claim is untrue. Traditional job evaluation seeks to replicate market-derived wages as the basis for pay scales, while comparable worth "job evaluation" takes a completely artificial wage scale, based on comparable worth doctrines, and uses it to replace market-derived wages. But unhinging job evaluation from its foundations in the marketplace inevitably would lead politicians and managers to pure subjectivity in making these evaluations. The results of such efforts in the past have been bizarre. Examples:

◆◆ In a Minnesota study, entry-level positions were ranked higher than senior positions for the same work, and some supervisors were ranked lower than their subordinates.

◆◆ Typists in Wisconsin were given higher ratings than aircraft pilots on the "consequences of error" factor.

◆◆ Comparable worth studies in different states routinely contradict each other concerning the "true value" of jobs; rankings and the order of ranking differ widely.

Subjective Biases. The reason why comparable worth evaluations differ widely and "prove" that female occupations are underpaid is because evaluators can assign whatever subjective value to female jobs they wish. While the market can determine an objective wage rate based on the particular supply and demand conditions for a specific skill, comparable worth studies, based on their current record, can claim that a registered nurse should be paid more than a nuclear physicist or an architect. Because comparable worth evaluations reflect only the subjective biases of the evaluators, it is crucial for advocates to predetermine who the evaluators will be. Not surprisingly, S. 552 carefully stacks the deck by specifying that a majority of the members of its study commission will be representatives of groups, such as federal unions, which already accept comparable worth theology.

Structurally unsound as a philosophy, comparable worth also is unlikely to raise the income of female workers in the long run. For artificially increasing the wages of traditional female jobs simply will cause employers to cut down on the number of such jobs available; the result will be a serious increase in unemployment for the least advantaged female workers. Some studies have indicated that comparable worth policy is likely to cause a net loss in overall female income. Legislators thus should give long and serious consideration before endorsing the seductive but dangerous principle of comparable worth.

Robert Rector
Policy Analyst

For further information:

"Comparable Worth: Pay Equity or Social Engineering?: A Debate Between S. Anna Kondratas and Eleanor Smeal," Heritage Lecture #63, 1986.

U.S. Office of Personnel Management, *Comparable Worth for Federal Jobs: A Wrong Turn Off the Road Toward Pay Equity and Women's Career Advancement* (Washington, D.C.: OPM, September 1987).