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WHAT IS PAY EQUITY?

Hearings were held recently by the House Post Office and Civil Service Committee on a bill "to promote pay equity" (H.R. 4599). "Equity" means justice, but what is justice when it comes to setting wages?

Clearly, there must be something mighty fair and just about the American economic system which has provided higher wages and more of the good things of life to more people than any nation in the history of the world. The free market -- which allows most economic decisions to be made freely by individuals and unions of individuals -- has produced an American standard of living that is the envy of the world.

The method of wage-setting which has produced the highest wages for the most people is the system that allows wages to be determined by freedom of choice: what is an individual willing to work for, and what is an employer willing to pay? The result is called "market rates."

Our society has made a few slight modifications to this system. Prior to the current generation, society's notion of pay equity was generally understood to include giving the job preference, the higher pay, and the promotion to the father supporting a family.

Some 20 years ago, the American society codified into Federal law the consensus that equity in wage-setting includes the concept that an individual should receive "equal pay for equal work" as determined by looking at two or more persons doing substantially equal work. There is no apparent dissent from this principle.

Now, however, H.R. 4599 comes along and wants to engage in wage-setting by very different factors. Instead of allowing wages to be set by millions of free decisions, H.R. 4599 wants wages to be set by the subjective opinions of anonymous persons who will decide job "worth." This is an even more intangible will-o'-the-wisp than "pay equity," and even less able to produce consensus or equity. Who are the unnamed persons who can fulfill H.R. 4599's assumption that "job-evaluation techniques" can be "equitable"?

Are they the same job evaluators as those in the State of Washington case who decided

that laundry workers are "worth" the same wage as truck drivers and should be paid equally? The estimated $1 billion judgment levied against the taxpayers of the State of Washington by the judge who decided this case (American Federation of State, County, and Municipal Employees v. State of Washington) was based on a job evaluation that called for wages to be paid according to the following points allegedly describing job "worth": laundry worker 96, truck driver 97, librarian 353, carpenter 197, nurse 573, chemist 277. The evaluation concluded that (female) laundry workers should be paid equally with (male) truck drivers; and that (female) librarians and nurses should be paid about twice as much as (male) carpenters and chemists.

Do the sponsors of H.R. 4599 really think that the American people will accept as "equitable" a job evaluation that comes up with such subjective opinions? There isn't a shred of evidence that wage-setting by job evaluators will be as equitable as wage-setting by the millions of individual decisions operating in the free market today.

Once you divorce wage-setting from prevailing market rates, every determination of job "worth" -- being a matter of subjective opinion -- will result in a dispute, and most of those disputes will end up in the courts. That's the inevitable scenario of artificial wage-setting.

For two decades, women have been free to go into any occupation; there are even 3,000 female coal miners today. But most women continue to choose traditional rather than nontraditional jobs. This is their own free choice; nobody makes them do it.

If the wages for these nontraditional jobs are raised above the market rates, the result will be that even more women will crowd into those jobs. On the other hand, the reaction of employers will be to reduce the number of those jobs, and there will be even fewer of the kinds of jobs that women obviously prefer.

When H.R. 4599 asserts that "the average earnings of full-time female workers are significantly lower than the average earnings of similarly-situated male workers," the words "similarly-situated" are (to borrow a current Mondaleism) the "sleaze factor."

If the male and female workers are indeed "similarly situated," we have adequate current remedies under present laws enforced by the Equal Employment Opportunity Commission. Most jobs with pay differentials, however, are not "similarly situated," and it would be gross "pay inequity" to force the artificial setting of wages as though they were.