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Even Gwyneth Paltrow Would Be Shocked By Government-Private Pay Gap

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Equality: California's new equal-pay law has everyone buzzing, especially Hollywood. But this law and others like it don't address one of the biggest equal-pay issues: the growing gap between government and private workers.

Actress Gwyneth Paltrow has expressed dismay that she doesn't earn as much as her more popular "Iron Man" co-star Robert Downey Jr. No doubt with California's new law, she'll seek some form of monetary redress, perhaps in court.

Of course, a reasonable person — and that excludes many, if not most, in Hollywood — would note that Paltrow ranks No. 92 among Hollywood stars in terms of total box office, while Downey ranks No. 7.

In a similar vein, a Los Angeles Times headline on Thursday wondered, "With new equal-pay act, will Jennifer Lawrence get paid like Bradley Cooper?"

Well, again, Lawrence occupies 83rd on the all-time box-office list, which is not bad. But Cooper is 33rd, according to the Box Office Mojo website.

Equal pay? Based on rear ends in the seats, which one would you pay more? The answer is clear. It has nothing to do with sexism or equal pay.

If this were just about Hollywood, it would be amusing. Tragically, it isn't. Companies across California now have a threat of lawsuits hanging over their heads whenever they pay people differently, whether based on performance or not.

The law will have unexpected consequences. Many fed-up companies will leave the state or hire more elsewhere. Worse, the equal-pay law will have the perverse outcome of discouraging companies from hiring women, especially those with lower qualifications.

But back in the real world, a far more serious equal-pay issue emerges from a study done by the Cato Institute. This is a real problem of unequal pay, one that is growing worse with time: the pay gap between private-sector workers and those in the federal government.

Hollywood's imaginary "unequal pay" scandal has nothing on this. According to Cato economist Chris Edwards, the average federal worker earned \$119,934 last year — 78% more than the average private worker's \$67,246 (see chart).

But surely the gap disappears when you take out generous government benefits, right? No way government workers are more productive than private-sector workers and thus deserving of higher pay. Sorry, but even without benefits, federal workers pull down \$84,153, or 49% more than the \$56,350 private workers get.

"The Federal government has become an elite island of secure and high-paid employment, separated from the ocean of average Americans competing in the economy," Edwards writes.

It's hard to disagree. No legitimate study — none — that we're aware of suggests government workers are anywhere near as productive as private-sector employees. Yet economists will tell you that pay is ultimately driven by productivity.

What gives? How can the less productive earn more? In a word, unions. They've driven up the cost of employing public workers to extraordinary levels.

They do it through "organizing" — coercion — and political intimidation. Edwards cites the example of a major government union official who called the politicians who opposed his union "fools" and threatened to "open up the biggest can of whoop-ass on anyone" who dared to oppose the union's demands for higher pay.

Yes, there's a problem with equal pay. But it's not the one that California's foolish new law addresses.