Obama's Economic War on Women

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With the re-election of President Barack Obama, it is increasingly evident that the tax eaters outnumber the taxpayers in America. From food stamps to free cell phones, President Obama has achieved significant political success by putting more and more Americans on the government dole. During his recent re-election bid, this effort included considerable pandering to women voters.

Chief among his focus on women's issues is the so-called equal-pay-for-equal-work campaign. In a [speech](http://www.youtube.com/watch%3Fv=4zXUZb6AM7w) for the campaign, President Obama said,

The very first bill I signed into law as president was the Lilly Ledbetter Fair Pay Restoration Act. It was a big step toward making sure every worker in this country, man or woman, receives equal pay for equal work.

While it is true that a wage gap between the sexes does exist, common sense and empirical evidence demonstrate that this difference is due to the various individual choices that men and women make with regard to compensation and labor-force participation. It is not caused by sexist employer discrimination.

However, the lack of need has never compelled government to stop passing laws. In the same speech, the president goes on to say, "Thanks to this law, we're one step closer to fair pay for all Americans, but there's still more work to do."

No, there isn't it. Instead of correcting an alleged injustice, additional equal-pay-for-equal-work legislation will only institutionalize wage controls, which neuter the market allocation of resources. Tragically, women, the targeted beneficiary of this supposed government beneficence, will become the primary casualty in the resulting chaos.

The Wage-Gap Illusion

The standard refrain of spurious equal-pay-for-equal-work advocacy is that women are paid only 77 cents for every dollar a man earns. It is noted that "this alleged unfairness is the basis for the annual Equal Pay Day observed each year about mid-April to symbolize how far into the current year women have to work to catch up with men's earnings from the previous year."[[1]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note1) The president blames this wage gap on the deleterious actions of male-chauvinist-pig employers:

In this economy when so many folks are already working harder for less and struggling to get by, the last thing they can afford is losing part of each month's paycheck to simple and plain discrimination.[[2]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note2)

Also, according to the president, as quoted in the *Huffington Post*,

Right now, women are a growing number of breadwinners in the household. But they're still earning just 77 cents for every dollar a man does — even less if you're an African American or Latina woman. Overall, a woman with a college degree doing the same work as a man will earn hundreds of thousands of dollars less over the course of her career. So closing this pay gap — ending pay discrimination — is about far more than simple fairness.[[3]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note3)

The truth of the matter isn't so sinister. As Thomas E. Woods, Jr., senior fellow at the Ludwig von Mises Institute, eloquently articulates, much of the wage gap can be explained by differences in labor-force participation between men and women:

Many women who enter the labor force are aware that at some point they will have to interrupt their careers, probably for a matter of years, to take care of their children. Naturally, then, women are more likely than men to seek jobs with slow obsolescence rates that allow them to take time off without finding that their skill or knowledge has become outdated by the time they resume their careers. Married women tend to seek flexible working hours to accommodate their schedules. Many work only part time. Many would like to work near their homes. And so on.

These requirements place some restraints on what women are likely to earn vis-à-vis men. For one thing, such highly paid occupations as law and medicine are extremely difficult to leave and re-enter after a multi-year absence. Second, since many women seek the job criteria listed above, the result is a great many women competing for the narrow range of jobs that fit these criteria. Somewhat lower wages in these jobs are merely a reflection of supply and demand — the only rational way of allocating labor efficiently. [[4]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note4)

In addition, the wage statistics used to calculate the gender wage gap only take into consideration direct wages and not total employee compensation. Wages, when viewed from a total-compensation perspective, include various employer expenditures such as health and dental benefits, vacation entitlements, retirement contributions, employee-purchase-discount programs, commissions, conferences and events, licensing fees, and parental-leave supplements, among others. Not unexpectedly, "research indicates that women may value non-wage benefits more than men do, and as a result prefer to take a greater portion of their compensation in the form of health insurance and other fringe benefits."[[5]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note5)

As Christina Hoff Sommers, resident fellow at the American Enterprise Institute, explains, these conclusions are illustrated by the best available empirical findings:

One of the best studies on the wage gap was released in 2009 by the U.S. Department of Labor. It examined more than 50 peer-reviewed papers and concluded that the 23-cent wage gap "may be almost entirely the result of individual choices being made by both male and female workers."…

What the 2009 Labor Department study showed was that when the proper controls are in place, the unexplained (adjusted) wage gap is somewhere between 4.8 and 7 cents.[[6]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note6)

Woods reinforces this point:

It turns out, incidentally, that single, never-married women of comparable education and experience and who work full time have the same incomes as their male counterparts. The so-called wage gap completely disappears once we stop comparing apples and oranges. Diana Furchtgott-Roth, President Bush's chief of staff for his Council of Economic Advisors, makes this point in *Women's Figures: An Illustrated Guide to the Economic Progress of Women in America*. So have many, many other economists who have bothered to study the data (and use common sense).[[7]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note7)

Equal Pay and No Work

Of great concern to women (and all citizens) should be the temptation on the part of government to attempt to legislate away the alleged gender wage gap through equal-pay-for-equal-work legislation. For such government action, instead of benefiting women, would cause rampant female unemployment in the same way that legislated minimum-wage requirements contribute to increased unemployment of low-skilled workers. The reasoning is simple. First, the documented differences in productivity owing to varying labor-force-participation patterns (accompanied by mandated equal wages) would make it more cost effective to hire men as opposed to women. Second, if women receive equal direct wages and increased indirect benefits (such as maternity-leave supplements, for example) it will also be more cost effective to hire men instead of women. The net effect is increased female unemployment.

Professor Walter Block illustrates this in his delightfully provocative book [*The Case for Discrimination*](http://mises.org/document/6078/The-Case-for-Discrimination):

As well, contrary to the self-styled feminists, there is nothing intrinsic in a job that makes it worthy of compensation. Crucial in any determination of wage rates is the demand on the part of consumers for the service supplied.

Right now, for example, the skill, effort, responsibility, and working conditions of dentists are such that they receive high compensation.

But were a cure for tooth decay to be uncovered tomorrow, their wages would plummet without any discrimination whatsoever in these objective measurements in the performance of dentists.

Further, any proposal that artificially raises the salaries of a given calling beyond its productivity level threatens it with unemployment. But equal pay enactments are always couched in terms of raising female incomes, never reducing those of males.

As such, they threaten to price women out of the market, in a manner similar to what has already happened to young people, who have been rendered less employable by minimum wage laws.[[8]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note8)

In addition, equal-pay-for-equal-work legislation increases the susceptibility of innocent employers to frivolous lawsuits.[[9]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note9) Consider the example of an employer in the X industry who currently employs one male employee at $50,000 per year. Because the X industry is ultimately subject to the sovereignty of the consumer, shifting consumer desires will influence such things as sales and the available supply of workers. Changing market conditions may necessitate the hiring of an additional employee at a reduced salary of $40,000. In the presence of equal-pay-for-equal-work legislation, the employer in our example would be wise to hire another male employee. Were the employer to hire a female employee, regardless of whether or not she is the most qualified person for the position or willing to be employed at the reduced salary, he would subject himself to significant liability in the form of a potential pay-discrimination lawsuit, even though no such gender discrimination exists. There would be no such liability associated with hiring another male employee. This, too, would exacerbate female unemployment.

Paradoxically, while equal-pay-for-equal-work legislation is proposed in the United States in order to protect women workers, it has been used in South Africa as a means of protecting white unionists from the competition of lower-paid black workers.[[10]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note10) It cannot simultaneously achieve both goals.

The Free Market Punishes Discrimination

It is important to note that if the unexplained gender wage gap of 4.8 to 7 cents is caused solely by employer discrimination and not other factors, it will be rapidly eliminated on the free market. As Professor Block explains,

The mythical "sexist pig" employer would soon go the way of the dodo, courtesy of market forces. If he were stupid enough to hire a male when he could have employed an equally productive female for less money (because of the pay "gap"), his gender-blind competitors would hire her, and price him out of the business.[[11]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note11)

The increased demand for female workers would drive women's wages higher. Alternatively, the reduced demand for male workers would drop men's wages lower. The end result would be a tendency toward equilibrium and the disappearance of the gender wage gap. Voila! Problem solved.

Government Enables Discrimination

On the other hand, because the government does not engage in economic calculation and is not subjected to the profit-and-loss test of private industry, there are no free-market forces at work counteracting possible gender discrimination on the part of public employers. Despite the fact that gender wage discrimination violates the Equal Pay Act of 1963, there is an increased risk of such discrimination in government. Amusingly, as the president continues his pretentious crusade toward "equality," a gender wage gap has been noted in the Obama White House.

All of President Barack Obama's employees may not be treated equally in the White House, as recently released financial records show that female employees earn significantly less than their male counterparts.

Using the 2011 annual report of White House staff salaries that was submitted to Congress, an $11,000 difference is clear between the median female employee salary and the median male employee salary.

This news comes on top of continued criticism — of both President Obama and prior presidents — that women are underrepresented in the White House. [[12]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note12)

Conclusion

President Obama believes in a discriminatory gender wage gap caused by unscrupulous employers. He is in favor of passing additional laws to mandate equal pay for equal work. In essence, President Obama is peddling affirmative action for women. The notion that government compulsion is necessary to elevate women from second-class status should be seen for what it is: a degrading insult to women and an obvious falsehood. As has been previously demonstrated, no special treatment is required in order for women to get ahead. In fact, "Census data from 2008 show that single, childless women in their 20s now earn 8 percent more on average than their male counterparts in metropolitan areas."[[13]](http://mises.org/daily/6276/Obamas-Economic-War-on-Women" \l "note13)

When it comes to women's issues, as with all other issues, the path of liberty is at once the most prosperous and compassionate choice. Don't let anyone, not even the president, convince you otherwise.