

The Pitfalls of Ethnic Pay Gaps

British Prime Minister Theresa May is obsessed with measuring pay gaps between social groups. She championed the requirement for companies with more than 250 workers to measure the so-called “gender pay gap.” Now she wishes companies to measure the “ethnic pay gap.” Yet these measurements, hailed by champions of intersectional theory, produce deceptive statistics that create social animosity and harm those they are intended to help.

My own university’s gender pay gap report makes interesting reading, because it demonstrates how ridiculous the whole business is. We have, in common with most other organizations, a pay gap in favor of men. But any thorough review will find no signs of sexual discrimination. Women are well represented in the senior leadership and paid as well as men. In addition to the large number of female professors, many if not most of the senior administrators are women. So, why did we have a pay gap? The reason is simple. The university employs large numbers of women in cleaning and catering functions. The pay in these roles is lower than the pay for senior managers and academics. This means that, when you calculate the crude average pay of men and women, it is less for women, even if they earn exactly the same in every individual role.

The university’s gender pay gap has to be published, and the implication is that a high pay gap indicates invidious discrimination. How might a university respond to the discovery that it has a high gender pay gap arising from employing a large number of women in catering functions if it wishes to avoid public opprobrium? One possibility would be to contract out our catering to a separate company; then the catering staff would not be included in our own calculations. As it happens, as a Catholic university, our governors believe

that we should employ all our staff directly. So, effectively, with the publication of gender pay gap statistics, the university is being penalized for refusing to outsource to companies that may offer these women lower pay or fewer benefits. The second course of action would be to employ more men in catering – that is, to solve perceived anti-female discrimination by discriminating against women and in favor of men. In both cases, the reaction to gender pay gap reporting would be to reduce working conditions or opportunities for women.

It is widely believed that gender pay gaps within different companies indicate discrimination or that men and women are paid differently for the same jobs. Recently, for example, the *Telegraph* (a broadly conservative paper) wrote: “The difference between male and female earnings has quickly become the hottest topic in employment, with the gender pay gap of BBC stars, easyJet pilots, and Google engineers all in the headlines.” However, there is no evidence that male and female easyJet pilots are paid differently. EasyJet’s corporate pay gap arises because the number of female stewardesses it employs dominates the data, so that when average male and female pay is calculated, the average for females is brought down. There is no evidence of discrimination.

Measuring ethnic pay gaps would export this absurdity into a new social relationship. The proposal is that companies with more than 250 staff will have to produce figures for ethnic pay gaps. Given the wide ethnic diversity of the UK, this would involve at least the 18 different ethnic groups defined by the UK government’s Office for National Statistics if the statistics are to be meaningful. Once again, the administrative burden will be huge, and the data produced will be meaningless at best – and, if misused, it will be dangerous.

In all but two regions of the UK, more than 85 percent of the population identify as white. In an organization of 500 people

(and there are far more small companies than large companies), in most regions we might find an average of 75 non-white employees spread across 17 ethnic groups. Given the stratification of a typical employer by age and seniority, like-for-like comparisons between the pay of different ethnic groups might involve zero, one, or two people from an ethnic minority in the majority of cases. No generalized conclusions can be drawn from such tiny samples.

If we look at the data we already have on ethnic pay, we may well find that most ethnic groups are paid less than white British workers on average. However, the non-white population is much younger than the white population. The Fraser Institute found that, as people age, they advance in seniority and pay – something the group calls the [Life-Cycle Hypothesis](#) – so perhaps the ethnic pay gap is not surprising. However, people of Indian or Chinese heritage earn more than white people. Interestingly, Bangladeshi heritage women earn more than Bangladeshi men, and Black African British women earn 21 percent more than white British women. It is highly unlikely that these patterns resulted from discrimination.

And this is the problem with the production of these pay gap statistics. They promote envy and manufacture a sense that some groups in society are being wronged and suffering from injustice. The publication of ethnic pay gaps and its inevitable misinterpretation will encourage resentment, which is a sin against the virtue of kindness, as well as misinformation, which is an offence against prudence. It is immoral for politicians and bureaucrats to encourage feelings of acrimony, which debase public discourse. Measuring such pay gaps without proper nuance encourages people to break the Tenth Commandment. For those interested in virtue in public life, these are not good outcomes.

Research into pay differences between different ethnic groups might yield some interesting information. However, this would need to involve proper academic research using rigorous

research methods. There is no question that both government and charitable bodies would fund such research. There is no justification for new pay gap calculation impositions on organizations employing more than 250 people. Fulfilling these regulatory requirements is not a trivial imposition. My university operates on a fixed budget and, as a result of having to calculate, analyze, publish, discuss, and undertake press work around our gender pay gap statistics, resources have to be taken away from student services.

Indeed, misleading measurements of putative pay gaps are contributing to the wholesale dehumanization of business life and institutions in general. Managers are becoming functionaries of government regulatory codes instead of being able to treat employees as individuals and make appropriate judgments in each instance – and the development and practice of human relationships and good judgment are the hallmarks of what it means to be human.

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