**Politicians need to know their limits**

Popular culture often represents King Canute as a foolish monarch who ordered his aides to place his chair by the ocean’s edge, whereupon he commanded the tide to stop. Of course, he got his feet wet.

In fact, Canute, who was one of the great kings of England (and Norway, Sweden, and Denmark), was much wiser than this fable. He wished to show his subjects that he had limited powers. After soaking his feet, he remarked to the assembled on-lookers – “Let all men know how empty and worthless is the power of kings. For there is none worthy of the name but God, whom heaven, earth and sea obey.”

Many politicians seem intent on proposing legislation that is, at best bound to fail, or worse, create cost and mischief.

A case in point is the proposal by the Ontario Liberals to compel pay equity between men and women in the same occupation. Ontario is not alone in this. Iceland recently passed legislation requiring all employers with 25 or more employees to certify that men and women receive the same pay for the same job.

This sounds good and if it eliminates pay discrimination, who is to object? But will it work? And what unintended consequences might result?

According to Statistics Canada, women earn about 87% of what men earn. This occurs for two primary reasons. Women still tend to select different occupations than men. Men tend to choose STEM (Science, Technology, Education and Mathematics) occupations where wages are higher than the social sciences, teaching, and caring professions where women predominate.

Also, Statistics Canada data reveal that women work fewer hours than men … in 2015, 35.5 compared to 43.6 hours per week.

However, times are changing. Women are entering STEM professions at a high rate and the gender gap between weekly hours is also narrowing. But it does not cut it to say to women “Be patient, by 2030 everything will be equal.” Can we accelerate pay equity through legislation?

Let’s do a thought experiment, a favourite technique of Albert Einstein.

Imagine we have two just hired computer engineers in the same company, call them A and B, both graduating from the same program with the same marks. Engineer A and B, work for a year and start at the same wage and have the same occupational classification. Imagine Engineer A is prepared to come in early and stay late, often taking work home on the weekends. Engineer B heads for the door at 4:30.

Most employers would wish to reward the more industrious employee, assuming the extra time does not mask poor productivity.

The key defect in the proposed legislation is that will create a bureaucratic tangle in enforcement and reporting. Requiring employers to report on pay by gender will encourage them to invent artful workarounds to reward valuable employees regardless of gender, race, or another attribute. New sub-occupations will emerge within job descriptions to accommodate pay differentials and employers will likely resort to non-financial benefits (free parking) to reward productive employees. Human rights tribunals will invariably need to adjudicate disputes creating yet more cost for employers and the taxpayer

Cost aside, the real problem is that this legislation will limit rewarding productive employees within specific occupations. The thought experiment is completely gender neutral since the legislation will also constrain managers in paying a productive woman more than an unproductive man in any occupation**.**

Here is a simpler solution. Employees have a good idea of who has contributed to the organization. They also share information on pay and benefits, so why not simply require all workplaces with more than 25 employees to disclose the entire compensation package received by each worker?

Workers who think they receive inadequate compensation can leave. They do so now anyway. Employers failing to satisfy productive workers that they are receiving the right pay risk losing their human resource talent pool.

If such transparency were the norm, unfair pay differentials would quickly disappear without the need for targeted legislation that is bound to get our feet wet.