

Re: Why Europe can't hold out – Brooks, NY Times

Source: <http://sci.tech–archive.net/Archive/sci.econ/2005–01/0999.html>

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On 13 Jan 2005 18:09:07 –0800, "Gistak" <gistak@hotmail.com> wrote:

>royls@telus.net wrote:

>> On 10 Jan 2005 14:05:55 –0800, "Gistak" <gistak@hotmail.com> wrote:

>>

>> >royls@telus.net wrote:

>> >> On 6 Jan 2005 13:12:47 –0800, "Gistak" <gistak@hotmail.com> wrote:

>> >>

>> >> >royls@telus.net wrote:

>> >> >> On 6 Jan 2005 08:59:41 –0800, "Gistak" <gistak@hotmail.com>

>wrote:

>> >> >>

>> >> >> >David James Polewka wrote:

>> >> >> >

>> >> >> >> Already, high European taxes make the European model look

>> >> >obsolete.

>> >> >> >

>> >> >> >> This doesn't make sense. How do high taxes make it look

>obsolete?

>> >> >>

>> >> >> The types of taxes they use, especially VAT and income tax,

>bear

>> >on

>> >> >> production, reducing wealth creation and prosperity.

>> >> >

>> >> >> Even if what you said was incontrovertable, how does that

>translate

>> >to

>> >> >> being obsolete?

>> >>

>> >> An older model that does not work as well as a newer one is

>> >considered

>> >> obsolete. If the European model is going to be a permanent

>> >low–growth

>> >> model, that is a long–term problem for Europeans. I doubt that

>they

>> >> want to be the Africans of the 22nd C.

>> >>

>> >*But maybe other parts things help or hurt in other ways. They're*
>> >*certainly not the Africa if THIS century, so I don't think their*
>*model*
>> >*is obsolete quite yet.*
>>
>> >*Sometimes by the time something is known not to work, it's too late*
>*to*
>> >*do anything about it.*
>
>*If it's not known not to work, then it's not obsolete.*

?? No, it could very well be obsolete. Standard 19th C medical practice became obsolete the day Ignaz Semmelweiss said doctors should wash their hands between patients. But it was not known for many years why the standard practice was harmful.

>> >> >> >> *European and U.S. workers are about equally productive per*
>*hour*
>> >> >> >*worked.*
>> >> >> >> *But Americans work 50 percent more than Germans, French and*
>> >> >*Italians.*
>> >> >> >*In*
>> >> >> >> *the 1970s, Western Europeans actually worked more than*
>> >*Americans.*
>> >> >*But*
>> >> >> >*as*
>> >> >> >> *taxes rose and incentives to work diminished, Europeans cut*
>> >*back*
>> >> >> >*their*
>> >> >> >> *hours or dropped out of the labor force.*
>> >> >> >
>> >> >> >*You may as well say that as the earth got older, Europeans cut*
>> >*back*
>> >> >> >*their hours or dropped out of the labor force. Both are true*
>> >> >> >*statements, but neither backs up a claim of cause and*
>> >*consequence.*
>> >> >>
>> >> >> >*In economics, there is a recognition that motivation to do*
>> >*something*
>> >> >> >*one would not do of one's own accord depends on the reward for*
>> >*doing*
>> >> >> >*it.*
>> >> >
>> >> >*It depends on several things, sure. This isn't just economics,*
>*but*
>> >> >*psychology. The point is that taxes being raised doesn't lead to*
>> >*longer*
>> >> >*vacations.*
>> >>
>> >> ?? *It could easily do so. If working is not going to get you*
>> >> *significantly more money, you go on vacation.*

>> >

>> >PAID vacation. They get much more paid vacation than people in the
>US

>> >do. I'm sorry, but I thought that was well understood.

>>

>> ??? Uh, sorry, but I thought *_you_* understood: "paid vacation" just

>> means that the employer accepts less work for the same amount of

>> money. It just takes a little bit off each paycheck during the time

>> the employee is working and pays it when they are not working. If

>> Europeans got less paid vacation, they'd get more pay, and Americans

>> vice versa.

>

>You said that if working isn't going to get you more money, then you go

>on vacation. You brought it down to a personal question, and I

>responded.

OK, let me clarify, as you do not seem to be a native English speaker:
the second-person pronoun "you" is often used in place of the
third-person impersonal pronoun "one," because the latter is
considered to sound ponderous and pedantic.

>Paid vacation is given and people take it.

Why is it "given," rather than more money?

>They're not

>deciding whether to take it or not based on whether they have to pay

>high taxes.

How do you know employers are not deciding to offer it because of high
taxes? Consider the common experience with taxed and untaxed
benefits: employers spend much more on untaxed benefits, because more
of the benefit actually gets to the employee and functions as an
incentive.

>Just like you and I do, they decide to take it because it's

>offered to them.

They "decide" to take it because the employer cannot, repeat *_cannot_*
offer untaxed money instead.

>> >If I had more

>> >paid vacation, I'd take it, whether taxes were high or low.

>>

>> If you had more paid vacation, you'd get less pay, and vice versa.

>If

>> that additional pay is going to be taxed so highly that you don't get

>> to keep much of it, you will be more likely to choose longer

>vacations

>> over more pay.

>

>You mean among different companies? Because I'm talking about every
>company in France, for instance. They ALL offer more vacation than most
>US companies. Maybe the occasional French worker can decide to take a
>job in the US for more pay and less vacation, but most don't make
>choices like that.
>
>And shorter work weeks are ALSO mandated by law. This isn't a worker or
>employer choice.

What is mandated by law is not part of the discussion here, because there is no choice involved.

>> >Why couldn't it be
>> >more vacation vs. LESS vacation?
>>
>> Uh, why do you think employers are willing to pay people at all? So
>> they will sit around on a beach somewhere?
>
>Vacation IS pay.

In a sense, I suppose. But the point is, it is not_taxed like money pay.

>Sitting around a beach IS being paid.

Well, being paid while you do it is. I have certainly done it from time to time without being paid.

>And yes, they
>pay them in beach time for the same reason they pay them in cash. So
>that they can keep employees working.

Right. But you still have not addressed the question of why employers give vacation time instead of cash. If it's just a legal mandate, there's nothing to discuss re their motives.

>> >Anyway, it's not necessarily the companies, but legal requirements.
>You
>> >may not know how the system really works in Europe.
>>
>> No system is going to make employers willing to pay for no work.
>
>It's my understanding that in parts of Europe there are mandatory
>requirements for vacation time. I don't know exactly what you mean by
>your sentence above.

If there is a legal requirement, the employers are not "deciding to offer" more vacation time. They are compelled_to_give_it_. That gets into a completely different branch of economics.

— Roy L