

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

Source: <http://sci.tech–archive.net/Archive/sci.econ/2005–01/1037.html>

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Date: 01/15/05

Date: Sat, 15 Jan 2005 21:42:53 GMT

On 15 Jan 2005 11:02:44 –0800, "Gistak" <gistak@hotmail.com> wrote:

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

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>> >> >> >> 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 incontrovertible, 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is obsolete quite yet.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.  
>  
>Obviously we have different definitions of the word obsolete. Since  
>you, below, say that English isn't my first language, I assume that  
>you'll continue to use your definition. That's fine, and during this  
>discussion, I'll pretend that it means what you say it means.  
>  
>> >> >> >> >> 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.*  
>  
>*Good Lord, somehow you missed the point. I said, "they," so clearly I  
>didn't think you were talking about ME. You brought it to a personal  
>level by talking about what individual people would do.*

That isn't "personal." We're talking about the effects of economic policy on the broad mass of people.

>So I responded  
>by talking about what individual people would do. That is, *\*they'll\**  
>take paid vacation when it's offered to them, *REGARDLESS* of the tax  
>situation.

And that's just false.

You said, "The point is that taxes being raised doesn't lead to longer vacations." You don't know that, you have provided no evidence to support it, and it flies in the face of pretty much everything that's known about economics.

>Individual people aren't deciding to take their paid vacation in Europe  
>because their taxes are high.

Formulation of public policy is subject to subtle, complex and indirect dynamics. You don't seem to understand that the public policy of mandating longer vacations in Europe didn't just come from nowhere. It was quite possibly designed to address a situation where high marginal tax rates were making short, American-style vacations pointless for many people.

>> >Paid vacation is given and people take it.  
>>  
>> *\_Why\_ is it "given," rather than more money?*  
>  
>*But you were talking about \_why\_ they'd TAKE IT. YOU said that they'd take it because their taxes are high!*

??? The "giving" and "taking" here are just two sides of the same economic coin, like production and consumption. If the law says employers have to give employees long vacations, it is equivalent to a law that says employees must take them. In the absence of such laws, an employer will offer long vacations for the same reason an employee will take them: cost vs benefit. If money is taxed and vacation time is not, that affects the cost-benefit relationship in favor of longer vacations.

>> >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?*  
>  
>*Because I know that they're mandated by law.*

?? And that law just came from nowhere?? Was it handed down to the Prime Minister from heaven, engraved on stone tablets?

Please try to address my comments a little more thoughtfully.

>And not only that, but  
>it's beside the point. YOU said the that the workers, not the  
>companies, would take the vacation because taxes are high. Now you want  
>to change the discussion.

?? See above. Both employer and employee are well aware of how the law — both labor law and tax law — affects the kinds of compensation it makes sense for employers to offer.

>> >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.  
>  
>But that's the whole point. This article and YOU suggested something  
>that isn't true.

You don't know it isn't true. Why are you claiming absolute knowledge on a subject of which you are clearly rather ignorant?

>A shorter work-week is mandated by law, so how does it  
>have anything to do with workers choosing to work less because taxes  
>are high? This was your contention.

<sigh> Who voted for that law, hmmm? And why? Only employers, because they wanted their employees to show up less often? I don't think so.

>> >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.  
>  
>Being paid to sit on a beach is EXTRA from being paid to work.

No, it is not. You still have not understood that "paid vacation" doesn't mean the employer is paying the employee to sit around on a beach. It means only that the employee's pay is lower while he is working, so that he can continue to get the same steady income while he is on vacation, and is relieved of the responsibility of saving up for it.

>> >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.*

>

>*But you're the one who claimed that the motive was "hey, I have to pay*

>*such high taxes, why not work a shorter week and go on vacation?"*

No, I didn't. I said that *\_could\_* be the motive. You, by contrast, have claimed absolute knowledge that it is not.

>*You*

>*need to back that up, or recognize that you may be wrong. You don't*

>*need to do it in this conversation, but you will do it.*

<yawn> As they say in Japan, "It's mirror time!"

-- Roy L