

Re: OT: This is why there are "denialists"...

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- *From:* Bill Sloman <[bill.sloman@xxxxxxxx](mailto:bill.sloman@xxxxxxxx)>
  - *Date:* Sat, 4 Jul 2009 00:48:34 -0700 (PDT)
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On Jul 4, 2:34 am, John Larkin  
<[jjSNIPlar...@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx](mailto:jjSNIPlar...@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx)> wrote:

On Fri, 03 Jul 2009 10:00:17 +0100, Martin Brown

<[newsam...@xxxxxxxxxxxxxxxxxxxxxxxx](mailto:newsam...@xxxxxxxxxxxxxxxxxxxxxxxx)> wrote:

John Larkin wrote:

On Thu, 02 Jul 2009 09:32:01 +0100, Martin Brown  
<[newsam...@xxxxxxxxxxxxxxxxxxxxxxxx](mailto:newsam...@xxxxxxxxxxxxxxxxxxxxxxxx)> wrote:

large numbers of people willing to work for  
a pittance because the  
alternative was starving. And the Irish potato  
famine caused an influx  
of Irish workers prepared to work for even  
less.

The hard line free market behaviour that you  
so enthusiastically endorse  
was exactly what made the Irish potato  
famine so very bad. Ireland was  
\*exporting\* food at the time because they  
could get a better price.

Why do you think I endorse "hard line free market  
behaviour?" That's  
absurd.

Hard line free market is the American way.

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Which means that all Americans universally endorse it? 300 million people thinking as one? Ever hear of the Sherman Antitrust Act?

Microsoft was being prosecuted for breaching that act (or something like it) until Dubbya got to be president.

Consumer protection agencies?

The US may have the legislation on the books, but the people who offend against the legislation appear to have the prosecutors in their pockets,

If you can get someone to work for less than a living wage then there is more profit for the business owner. No sense of fairness – exploit every advantage to the maximum for immediate short term profit no matter who gets hurt or what the long term damage (same lack of ethics apply to city traders).

Now you're raving.

Not really. When Texas introduced minimum wage legislation – more than a decade ago now – the fast food businesses all claimed that the higher wages were going to bankrupt them.

In fact, they started doing better. It turned out that fast food jobs had been paying less than a living wage, so the staff that took the jobs were just using them to stay fed until they could find a decent job and didn't stay for more than a few months. After the minimum wage legislation, fast food jobs paid well enough that some people stayed on for long enough to get good at the work, recognise and greet regular customers and cook the food the way the regular customers liked it, which made the product more attractive and attracted more trade.

The free market in wages had driven wages down to a point that was losing money for the people who owned the shops. Had they known their business well enough, this wouldn't have happened, but few proprietors understand their business that well.

Henry Ford ran into the same paradox when he tripled his workers wages when he first set up his production line. During the First World War, British manufacturers had their workers work very long hours "to support the troops" but when these were reduced to a statutory maximum of ten hours per day (to minimise accidents) production went

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up rather than down – the workers were producing more in ten hours than they had in twelve.

If a society is not overall productive enough to provide adequately for everyone, it's impossible to pay everyone a "living wage" because there's not enough food and stuff to go around. Money is paper and you can't eat it. Any employer who pays double for equivalent labor will soon be out of business.

Henry Ford paid triple, and managed to survive, as you have pointed out elsewhere.

If technology raises productivity enough that everyone can be well off, employers will have to compete for skilled labor, and they will. Your moralizing can't change the law of conservation of stuff. I'm sort of shocked that you don't seem to understand anything this simple.

Except that it isn't actually that simple.

Things like minimum wage laws and labor protections have usually come \*after\* big increases in productivity and wages. They are more of an equalizer for the least skilled workers than a means to lift the entire workforce... which indeed they can't do. Ditto lecture on simplicity.

Pity about the facts.

This also brings us back to the theme of AGW "denialists" and the banking crisis.

What I "endorse" is doing what works best for everyone, especially the poorest.

That isn't clear from what you write. But here we are in agreement.

Then the discussion should be about what works best, not who is good and who is evil. My company spends a good chunk of its profit (and a good chunk of money this year, when we have no profit) on Doctors

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Without Borders and sending girls to school in Africa and housing and training homeless single mothers. But those are short-term acts. Only education and productivity and economic freedom can produce widespread wealth.

"Economic freedom" shouldn't extend to letting the employers do what suits their perceived short term interest.

One thing that doesn't work is government policy that discourages job creation...

And here too.

and we have a lot of such policies, many based on jealousy

An example would be helpful. I can think of plenty of bad UK legislation but not caused by jealousy. It is inevitable as I see it that the poorest and disabled have to be helped by the rest of the population.

Inheritance taxes that destroy family businesses.

Letting parents pass on businesses to untalented children doesn't work too well either.

Corporate income tax, which exports jobs.

All taxes "export jobs", if you ignore the economic advantages of doing business in a well-served community.

Obama's suggestion to eliminate tax deductions for charitable giving.

How is that going to damage your economy?

High income tax rates that make tax avoidance more profitable than creating new wealth.

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European evidence is that this doesn't kick in until the marginal tax rate goes over 60% – not a problem in the US unless state taxes have gone through the roof recently.

On a global goodness basis, exporting jobs may be the best form of charity, so whether it's good or bad depends on how nationalistic you are. One unemployed US steelworker or British coal miner may lift three Chinese families out of poverty.

The poor and disabled should have jobs, not just support, so that can feel productive, even if they actually aren't. Once they are working, some will look for better jobs.

It helps if they get enough to be able to feed and clothe their children well enough that their children are healthy enough to fully exploit the education available – the US is probably not doing well enough here, and the advanced industrial nations of Western Europe do appreciably better.

How you arrange taxation is a matter for debate. It is crucial that you get a monotonically increasing return on working harder. UK tax system has in the past created poverty traps for the poorest where it made sense not to earn too much or you would be working for nothing. Clear madness.

Clear madness, but not entirely crucial. The evidence is that most people want to work, and will hang onto a job, even if what they lose on social security is less than what they clear from the job. Real people don't act like the economist's rational person.

Everyone should have an upward differential incentive to be productive, be happy, and take care of their family, and not damage others. And that incentive should add to social good, especially as applies to the richest and most productive people, who can do the most good. Tax policy is rarely this enlightened. It is usually "fair" which is often as not destructive.

The richest and most productive do have the power to do more good than those with less to distribute. They also have the power to manipulate society to maintain their advantage, and history suggests that more of their disposable income is spent on buying influence than is spent on doing good. You seem to be an exception, but one swallow doesn't make a summer.

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Britain's punitive levels of supertax – 95% – imposed when Labour came to power in 1945 – were directly aimed at limiting the ability of the rich to buy political influence. They never worked – tax avoidance gets to be cost effective at any level over about 60%. It took a while before the party faithful got the message, but nowadays no socialist government bothers trying for more than a maximum marginal rate of 60%

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Bill Sloman, Nijmegen

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