

Were You Born on the Wrong Continent? How the European Model Can Help You Get a New Life

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I like to compare the rival coalitions of organized capital represented by the major parties to two farmers. One farmer thinks it's more profitable in the long run to work his livestock in moderation and feed them well. The other figures he'll come out ahead by just working them to death and replacing them.

I know which farm I'd rather live on. But I'd rather not be livestock at all.

I confess that my first reaction upon seeing author Thomas Geoghegan, a labor lawyer, on the talking-head circuit, was that I'd rather live under the European social democratic model he describes—with its six-week vacations and job security and all—than under what Tom DeLay and Dick Armey call “free enterprise” (that is, selling the country to Halliburton and remaking it in the image of the Marianas Islands). If I have to choose between two forms of corporate statism, I'll take the one that weighs less heavily on my neck.

But what an impoverished set of alternatives!

What kept screaming out at me as I read this book was that social democracy treats privilege as normal and leaves it intact—then regulates it to make it bearable to the subordinate classes without altering its fundamental nature as privilege. But most of the positive aspects of the European model simply duplicate what could be achieved by dismantling privilege altogether.

Rather than using progressive taxation and social benefits to redistribute part of the artificial scarcity rents accruing to the privileged classes, we could achieve Geoghegan's reduced inequality by ceasing to enforce artificial scarcity—that is, titles to vacant and unimproved land, barriers to competition in the supply of credit, “intellectual property,” and assorted licensing regimes.

The second thing that struck me is that European social democracy, like American establishment liberalism, is very Schumpeterian. That is, it has a strong affinity for large bureaucratic organizations as the building blocks of a “progressive” society. According to Joseph Schumpeter and his “de facto disciple” J. K. Galbraith, the market power of the large organization enables it to finance innovation by pricing above marginal cost. To establishment liberals, the ideal economy is that of the postwar “Golden Age” idealized by Michael Moore: an economy of giant, capital-intensive manufacturing firms that can engage in administered pricing and prevent “destructive

competition” so they not only can be guaranteed reasonable profits but also can afford to provide good wages with job security.

In every case the European model deals with the destabilizing effects of abundance from the demand side. The idea is to use artificial scarcity to prop up the price of everything in order to guarantee that capital can find a profitable outlet, then prop up demand with planned obsolescence so labor can be fully employed.

Geoghegan particularly celebrates the enormous embedded unit costs of the German economy: the capital-intensiveness, the bigness, the licensing and educational barriers to entering just about any field of self-employment. You can't just drop out and start a microenterprise on a shoestring: “[T]he Germans don't let just anyone make jewelry. . . . Sorry, girl, you have to go get a degree.”

The basic principle of the European model is to socialize living costs and provide security through guaranteed hours and wage levels. A great many basic goods are cheap or free for most people—obtained from the State independently of wage labor. But the same results could be accomplished by eliminating artificial scarcities, allowing competition to deflate the costs of basic goods, and providing security through reduced dependence on a job.

The German model's greater leisure time could be obtained in a free market by eliminating the hours we work to pay rents on privilege and artificial scarcity, and to pay the markups on subsidized waste and overhead.

Increased labor empowerment could be achieved by taking advantage of the imploding cost of the means of production and eliminating the “intellectual property” that enables corporations to retain control of outsourced production. When productive property was widely distributed a couple centuries ago, the resulting bargaining power of labor led to a practice (“St. Monday”) that anticipated modern German four-day weekends. Today the desktop revolution in the immaterial realm, and the availability of cheap CNC machine tools in the physical realm, are reversing the previous technological shift that led to factory production and the wage system: from expensive machinery back to affordable, general-purpose artisan tools.

The alternative Geoghegan celebrates is to socialize unit costs and guarantee workers sufficient hours digging holes and filling them back in at a good enough wage to pay the 300 percent markup on everything, so it doesn't matter. Welcome to Brazil.

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