

# **H.R. 2564: THE PAID VACATION ACT OF 2009— REBUTTING THE OPPOSITION**

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As soon as Congressman Alan Grayson introduced the Paid Vacation Act of 2009, a mighty roar of protest rose from the opposition. The bill attracted enough attention to draw even conservative luminary George Will into the debate. The way Will and some other opponents see it, this modest call for a one to two week vacation for working Americans represents a step toward (French) socialism in the United States, if not the end of Western Civilization as we know it. In this essay I argue for the bill, rebut the central arguments of its opponents and address concerns of potential supporters.

## **WHAT THE BILL DOES**

The Paid Vacation Act of 2009 would provide one week of paid vacation time by law to employees of firms with 100 or more workers. After three years, workers in these firms would get two weeks of paid vacation by law, while employees of firms with 50 or more workers would get one week. The Act would apply to employees working at least 25 hours a week or 1250 hours a year. The Act includes a three year impact study following passage of the bill.

## **WHAT OTHER COUNTRIES HAVE**

*The Paid Vacation Act of 2009 is an extremely modest proposal.* If passed, it would require less paid vacation time than is the case in most of the world's countries and all other rich countries. All European countries guarantee at least 20 days of paid vacation by law as do Australia and New Zealand. Some European nations guarantee as many as 30 days by law. Canada requires 10 days of paid vacation, extending to 15 days after five years on the job, while Japan requires a 10 day vacation. The United States has no law requiring either paid vacation time or paid holidays.

## **MAJOR BENEFITS OF A VACATION LAW**

*Vacations have been shown to have significant health benefits.* Men who do not take regular vacations have a 32% higher chance of heart disease than those who do. Women have a 50% higher chance. Women who do not take regular vacations are twice as likely to suffer from depression as those who do. Vacations have been shown to be the most effective treatment for job stress and burnout, a factor that costs the US economy more than \$300 billion dollars a year. Perhaps it is no surprise that countries providing ample vacation time spend only half as much as Americans do on health care per capita and achieve better health outcomes. Significantly, in Europe, where four weeks of paid vacation is the minimum by law, the average resident over fifty is only a little more than half as likely as an American to suffer from such chronic ailments as heart disease, hypertension and Type 2 diabetes.

*Moreover, vacations have been shown to increase worker productivity.* An Air New Zealand study found that workers returning from a two week vacation got an extra hour of quality sleep each night and exhibited 30-40% faster reaction times on the job.

*Vacation is a major source of family bonding.* Some experts believe that vacation experiences are the strongest childhood memories carried into adulthood.

*Vacations also make people happier.* Several studies have shown that “time affluence,” or the substitution of experiences for material goods actually results in increased overall life satisfaction. The four countries rated “happiest” in the world—Denmark, Finland, the Netherlands and Sweden—all require roughly a month of paid vacation time. *Forbes* magazine (May 5, 2009) cites “work-life balance” as a key factor in their life satisfaction, and laments that “the U.S. did not crack the top ten.” Finally, vacation travel has been shown to increase international understanding and contribute to world peace.

## THE OPPOSITION’S ARGUMENTS

If the benefits from more vacation time are broad, what about the costs? And what arguments are currently being used to rally opposition to the Paid Vacation Act of 2009. I have combed the opposition blogs, editorials and op-ed arguments opposing the bill. Each argument is deeply flawed.

### 1. *This Bill is Silly*

Simple dismissal of the Act as foolish seems to be the most commonly used opposition argument. The opposition suggests that because the idea for paid vacations for all Americans came to Congressman Grayson while on a trip to Disney World, the concept is somehow a Fantasyland proposal. This dismissal suggests that in spite of all the evidence in favor of vacation time and the fact that virtually every other country in the world requires paid vacations by law, America knows best and no real evidence is required to challenge so “un-American” a proposal. In fact, it is this opposition argument—completely lacking in factual evidence—that is silly and that could never be advanced in a real debate. It also flies in the face of polls showing that 60-69% of Americans would support a paid vacation law. Are all of them simply foolish?

Surprisingly, Congress chose to pass a law (firmly opposed by nearly all National Park Service personnel and by a majority of Americans) giving visitors the right to carry loaded and concealed weapons in National Parks, yet somehow hasn’t yet seen it necessary to pass a law giving Americans any time to visit those National Parks. I suspect that the preponderance of public opinion would find the right to carry weapons in the park far sillier than Congressman Grayson’s vacation proposal.

### 2. *This Bill Will Cost Jobs*

The opposition suggests that corporations will simply lay off workers to reduce costs so as to be able to pay for paid vacation time. The bill would add 2-4% to personnel costs and therefore, companies would reduce their work forces by an equivalent amount. While this may be the strongest of opposition arguments, it is fundamentally flawed.

First of all, employee costs are only part of total production and distribution costs, especially in the highly capitalized larger firms targeted first by this bill. Secondly, this argument completely ignores the fact that studies show many workers who have vacation time are actually more productive while they are working. Additionally, workers who are given some time off are less likely to burn out, reducing turnover costs.

In time, an increase in paid vacations is likely to help reduce health care costs, the biggest burden on American employers and the burden mostly likely to make them less competitive

in world markets (eg. GM can manufacture cars in Canada for \$1500 less than in the U.S. because it does not have to pay for health care there).

The argument has consistently been made that any advances in Federal or state protection for workers will result in a loss of jobs. Yet, actual evidence to back up this claim is sorely lacking. An increase in the minimum wage has not been shown to reduce jobs—in fact, in Washington State, which adopted the highest minimum wage in the country by initiative, job growth was actually higher relative to neighboring Idaho, which held to the Federal minimum.

A study of 190 countries by Jody Heymann of the Institute for Health and Social Policy at Canada's McGill University found no adverse economic effects from such policies as paid family leave, sick leave, or vacation leave, and that, of the world's 20 most competitive economies, 19 have highly progressive workplace policies, including ample vacation time by law. Denmark, with 30 days of paid vacation required by law, has one of the world's lowest unemployment rates at 2.9%. Australia, with 28 days of paid vacation, is currently ranked as the country least impacted by the world economic crisis.

Finally, the Paid Vacation Act of 2009 contains a provision that would study the impact of the law for the first three years after it is implemented. If the impact is negative, it is likely that the law would be rescinded or, at the very least, not expanded upon. In fact, virtually all the evidence suggests that the law will have no negative economic impacts and will have important social and health benefits.

### *3. Companies Already Do This*

While vociferously attacking the proposed law, opponents also commonly say it won't affect anyone—a curious argument: if that's the case, why the worry? They say companies affected by this bill already provide adequate paid vacations. It is true that companies with 100 or more employees are the most likely to currently provide vacation time and the first phase of the law will not affect very many companies or workers. However, many such companies fail to provide the two weeks of paid time that would be required in year three and many companies with 50 or more employees do not provide vacation time. Data is scarce on the size of companies providing vacation time, but what is clear is that nearly a third of American workers, many in service industries, do not get any paid vacation time.

The *median* paid vacation time for all American workers (including those who receive none) is roughly one week. The *average* paid vacation time is higher, at nearly two weeks, but this average is inflated by the smaller share of workers who get substantial vacation time. At TAKE BACK YOUR TIME, we have heard from many workers who do not get even one week of paid vacation, some of whom work for mid-size and larger firms.

Moreover, many companies that have provided paid vacations in the past are now cutting that benefit. For example, in Washington State, a demographically representative state, 73% of businesses provided paid vacation time in 2007, while only 63% did so in 2008. Finally, the argument that the bill won't affect many people seems more like a case for expanding the bill's scope to cover smaller firms and include longer vacations, rather than a case for rejecting Congressman Grayson's proposal. If this is, in fact, what opponents have in mind, we welcome their suggestions for strengthening the bill!

### *4. This is an Unconstitutional Infringement on the Rights of Business*

Some opponents argue that Congress has no constitutional authority to require that business provide vacation time. But the courts have consistently upheld the right of government to set minimum workplace requirements. Vacation time is no different in this respect than laws guaranteeing a minimum wage, or an overtime premium after forty hours work, or health and safety requirements. In fact, vacation time could be seen *as* a health and safety requirement. The evidence is clear that annual vacations contribute to health, and studies also show that overworked employees are more likely to be involved in workplace accidents that often injure others, not just themselves. Finally, The Commonwealth of Puerto Rico, a U.S. territory governed by the U.S. constitution, mandates three weeks of paid vacation time for workers and that law has been upheld by the courts.

#### 5. *This Bill Takes Away American Freedoms*

Opponents suggest that the Paid Vacation Act of 2009 would constitute another infringement on American freedom and a step toward a “socialist” America. Yet freedom without free time is an empty concept. For millions of Americans, the right to a paid vacation would constitute a clear advance in their freedom to do as they choose with at least a portion of their time. The assumption made by opponents is that the freedom of workers is less important than that of employers. Some go so far as to say this law would be reducing the freedom of “job-giving Americans” (employers) to benefit lazy “job-taking Americans” (employees). They argue that all this should be left to the market, where everyone is free to enter into a work contract and workers can choose not to work for businesses that do not offer vacation time.

But this argument, while seductive in theory, bears little relation to the real world, especially during economic hard times, when workers often have little choice but to take any job if they wish to feed their families. It is this real world practicality that informs the choices of other nations, who do not share the ideological purity and market fundamentalism of American conservatives and libertarians, but rather, ask what policy arrangements work best for society as a whole *in actual practice*.

Most Americans are pragmatists, not ideologues. They support what works, not fixed ideologies with little real world application. Yet efforts to scrap regulations on the market—and especially those involving finance—have trumped practicality in recent years, with all-too-obvious negative consequences.

As to the suggestion that legislation of this type is un-American, we might consider that it was the noted “un-American” Thomas Jefferson, author of the Declaration of Independence, who noted that “all men” (apologies for his gender-biased language) have an “inalienable” right to “life, liberty and the pursuit of happiness,” and that “to secure these rights governments are instituted among men.” Other countries have shown that the effective (and not ideological) pursuit of happiness includes ample vacation time. Jefferson, a particularly strong advocate of the benefits of leisure, would likely have agreed.

#### 6. *This Bill Will Particularly Hurt Small Businesses*

This is a surprising (but oft-cited) argument, since most Americans would consider businesses with 50 or 100 employees to be at least medium-sized. They are not the type of family firms we usually associate with the term “small business.” True small businesses are not included in this law. But the assumption that small businesses are necessarily victims of

such laws is not supported by the facts. In Europe, where all workers are guaranteed at least four weeks of paid vacation, two-third of employees work for small businesses (less than 50 employees) while in the U.S. fewer than half of all workers work for such businesses. Small businesses in Europe often close for vacation time, giving even the owners a much-needed break.

#### 7. *Paid Vacation is a “Perk,” Not a Right*

This is a less-commonly used argument but it pops up here and there. In fact, “rights” are what we choose as a society to make them—and they expand as countries develop economically. It should also be remembered that even poor countries consider vacation time a right—nearly every country in the world (with the exception of such stellar defenders of human rights as Burma) guarantees paid vacation time by law, not just wealthy European countries.

A decent wage was only a “perk” until we passed minimum wage legislation (of course, given the purchasing power of the minimum wage, it may still be!). A safe workplace was once a perk. So was unemployment insurance. So, still, is employer-funded health care. But as civilization advances and nations become more prosperous, many former “perks” become rights. Some opponents of paid vacation legislation say that this Act would strip away one perk that employers have to attract quality workers. In fact, it does nothing of the sort. Nothing in the Act prevents employers from offering more than the minimum paid vacation time as a perk for potential employees.

#### 8. *The Timing is Bad*

Perhaps the most effective argument made by opponents of the Paid Vacation Act of 2009 is that, with high unemployment and workers feeling lucky to have jobs at all, this just isn’t the time for a law like this one. On the surface, this argument appears sensible; that’s why it’s effective. But in fact, the argument does not really hold up. First, the broadest elements of the Act would not kick in until a full three years after passage. Most economists feel that we will be well on the road to recovery by then. If, on the other hand, the bill were introduced during an economic peak, it might take effect during a time of sharp economic contraction. So, in a sense, there is no best or worst time for this Act.

However, the Act may be needed now more than ever. In economic times like this, the stress upon workers is greatly magnified. Many firms are abandoning even the vacation times they once granted—in this sense Congressman Grayson’s bill may be seen as a *Vacation Protection Act*. In many cases, employees who are still on the job are being pushed even harder and required to work faster, adding greater stress. A recent poll found that 28% of American workers say their hours have actually increased since the recession began, while 24% have lost their jobs or seen their hours cut.

Some doctors have told me that such a combination of worker anxiety and greater expectations of the remaining workforce are a recipe for emotional disaster. They believe we may witness short-term explosions of anxiety and depression—a boon for the pharmaceutical industry but not for our society as a whole—and long-term increases in coronary disease.

One can easily make the case that this is an excellent time for such legislation, which could also improve productivity in the workplace and help strengthen our weakened economy. It is

also a time when Americans are open to new ideas as they see the failure of the old laissez-faire economic model played out daily in front of them.

#### 9. *With This Act, America Will Become Another France*

It's surprising how often this rabbit-with-a-beret is pulled out of the opposition's hat. Of course, on the surface of it, this is absurd. Giving Americans the right to one or two weeks of vacation time hardly duplicates the five weeks the French get. Nor does it mean we are adopting other French economic policies. But for years, the political Right has used France as an object of ridicule. Opposition bloggers and even some editorials complain that paid vacation time will make Americans "as lazy and unproductive as the French." Once again, the facts tell a different story. A recent cover story (May 7, 2009) in the conservative magazine, *The Economist*, puts France atop the new European "pecking order," its economic model outperforming The Anglo-Saxon (British/US) model in coping with the recession. New studies of labor productivity show that French workers, hardly lazy, actually produce *a bit more* than American workers per hour worked—they don't produce as much per year because they choose more leisure time over greater material wealth.

Ironically, contrary to popular ideas, the French actually lose fewer days per worker each year due to strikes than the United States does. They also live about four years longer than we do, and while opponents of the Paid Vacation Act warn that it will lead to "20 percent unemployment like in France," actual French unemployment is just under nine percent, the same as ours. Opponents of paid vacation legislation seem to believe that if they simply repeat the same myths over and over again they become facts. Not so.

### **OPPOSITION FROM THOSE WHO SUPPORT A PAID VACATION LAW IN PRINCIPLE**

There is no doubt that the most opposition to the Paid Vacation Act of 2009 comes from the political Right, for whom all government mandates are anathemas. But some progressives also express concern about this bill. These are their most salient arguments:

#### 1. *This Bill Covers Too Few People and Could Hurt the Healthy Families Act*

Like conservatives who believe the bill will not affect many workers, progressives have similar concerns, but for them, this does not mean abandoning the idea, but rather, strengthening it. Some worry that the 100 worker clause (when the bill first takes effect) will be used by opponents to contrast it with the Healthy Families Act providing paid sick leave, which applies to companies with fifteen or more employees. They fear opponents will say, "If 100 is good enough for the vacation people, why isn't it good enough for the sick leave people?" This argument avoids the fact that sick workers spread their illness to others in the workplace while workers who suffer coronary problems or depression from lack of vacation time are not contagious.

In a time of fear about "swine flu" and other potential epidemics, supporters of paid vacation time are, for the most part, also strong backers of the Healthy Families Act. We see that Act as one that should be passed immediately and is separate from paid vacation time. Congressman Grayson himself is a strong supporter of the Healthy Families Act. We accept the argument that this Act is more immediately pressing than the Vacation Act and should be put on a faster track to passage. But we do not see this as an either/or situation nor do we view these bills as in any way competitive.

In fact, virtually every other country in the world, and indeed, every other wealthy country in the world, provides both paid sick leave and vacation leave. We urge supporters of the Healthy Families Act to consider that vacations also make for healthier (and happier) families and that we are stronger together in making change than we are separately.

## 2. *This Bill Does Not Provide Enough Paid Vacation Time*

Since the introduction of the Paid Vacation Act of 2009, we at TAKE BACK YOUR TIME have received many emails from our members chastising us for supporting a bill that at first provides only a week of paid vacation time, and at best, only two weeks. Or one that leaves so many workers uncovered. While we wish it were politically feasible in the United States to pass legislation allowing even more vacation time, we agree with Congressman Grayson that it is not feasible, especially in the current economy. That is why *we wholeheartedly support his bill*.

We believe it is a down payment for the future, and that as our economy continues to become more productive per worker hour, we will choose to take more of these gains in the form of longer vacation time or shorter work weeks rather than simply to accumulate more material possessions. We have seen how the minimum wage has risen (at least from the 1950s to the 1970s) in response to a growing economy and how during the same period, working hours fell.

We believe, moreover, that this Act will send an important signal—that our government cares about the provision of adequate leisure time for workers and understands that vacations are important. The signal alone will free many who already earn vacation time from the fear that they will be stigmatized if they actually take it. This is a huge step forward, and we salute Congressman Grayson for his courage in taking this issue on. We must start somewhere and we must not allow the perfect to become the enemy of the good, as President Obama frequently warns.

## CONCLUSION

*We now have a unique opportunity in America.* Not since 1936 has anyone proposed legislation that would guarantee paid vacation time to American workers. But on May 21, 2009, that changed with the introduction of Congressman Alan Grayson's Paid Vacation Act of 2009. Paid vacation for all is a matter of right in virtually every other country in the world, but as Congressman Grayson put it, in the United States it is a matter of class. The poorer you are, the less likely you are to get it. So it is also a matter of social justice.

But more: it is a matter of health, one that could reduce over the long term our steadily increasing health care bills. It is matter of family values—the family that plays together stays together. It is a matter of productivity, a proven boost to many businesses. It supports America's largest industry, the travel industry, which alone accounts of \$740 billion a year in U.S. spending, five percent of GDP. It is matter of allowing children the chance to spend time in the natural world—something they are doing only half as often as a generation ago. It is a matter of maintaining and building a constituency for our national, state and local parks and recreation areas, too often feeling the budget ax in many of our states. *It is a matter of getting and having a life.*

In 1876, on the hundredth anniversary of the Declaration of Independence, the great naturalist John Muir, father of our National Park system, advocated legislation providing paid time off for

workers. He called it “Centennial Freedom,” suggesting that “Compulsory education may be good; compulsory recreation may be better.”

The Paid Vacation Act of 2009 is a bare necessity for the hardest-working employees in the industrial world. Congress should make haste in passing it and President Obama should sign it without delay.