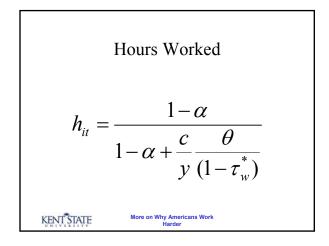


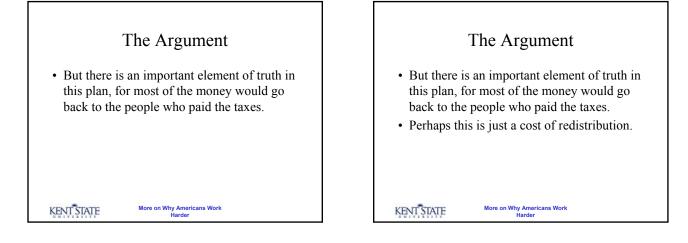
Country	Hours Per Week Per Person 15-64	GDP Per Hour (US=100)	GDP Per Person 15-64 (US =100)
Germany	19.3	99	74
France	17.5	110	74
Italy	16.5	90	57
Canada	22.9	89	79
United Kingdom	22.8	76	67
Japan	27.0	74	78
United States	25.9	100	100







The Argument The Argument • If we were all exactly equal, this would be a • If we were all exactly equal, this would be a lose-lose plan with hours of work declining lose-lose plan with hours of work declining and a government bureaucracy set up to get and a government bureaucracy set up to get us just back where we started. us just back where we started. • Of course, we are all not equally well off and there would be some beneficiaries. More on Why Americans Work Harder More on Why Americans Work Harder KENT STATE KENT STATE

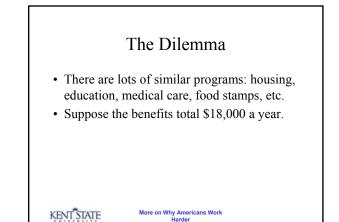




- Lets suppose we "means tested" the program.
 - Individuals earning less than (say) \$15,000 a year would not get the benefits.
 - The cost is less, and the disincentive effects are fewer.



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The Dilemma

• There are lots of similar programs: housing, education, medical care, food stamps, etc.

John Smith is making \$12,000 a year. What incentive does he have to work harder?

Sally Jones is earning \$25,000 a year. Maybe she should just quit and take the \$18,000 package.

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