Using a Structured Minimum Wage Debate in the Economics Classroom

Lesson Author

Scott A. Wolla, Ph.D., Federal Reserve Bank of St. Louis

Standards and Benchmarks (see page 16)

Lesson Description

This lesson describes a method for using the minimum wage as a classroom debate topic. The activity, as described, takes segments of three class periods.

On the first day, students are given instructions and divided into groups; they spend the remaining time preparing for the debate by studying articles and policy statements written by journalists, think-tank policy wonks, and economists on both sides of the issue. They use this information to produce notecards containing key facts and arguments they will use in the debate.

The second day is the structured classroom debate. This lesson includes clear instructions to ensure that students remain engaged and that the debate remains orderly and academic in nature. After the debate, a panel of three undecided students casts anonymous votes to determine which group wins the debate. To assess learning and encourage reflection, students are given an essay assignment at the end of the second class period.

On the third day (approximately 10 minutes), the instructor will collect each reflection essay assignment, summarize the economic arguments, and debrief the debate.

This activity helps students develop competencies in researching current issues, preparing logical arguments, thinking critically about a relevant economic issue, and formulating opinions based on evidence.

NOTE: To participate in this lesson, students should have a basic understanding of **supply**, **demand**, **market equilibrium**, **human capital**, **inflation**, **unemployment**, and **price floors**.

Grade Level

High school or college

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

Concepts

Human capital

Inflation

Labor market

Price floor (minimum wage)

Unemployment

Compelling Question

What are the economic costs and benefits of a higher minimum wage?

Objectives

Students will be able to

- identify parties who benefit from increasing the minimum wage;
- identify parties who bear the costs of increasing the minimum wage;
- evaluate key arguments in a debate;
- construct arguments that support a particular point of view;
- distinguish between competing points of view on a controversial topic; and
- apply the economic way of thinking to a real-world economic problem.

Time Required

Parts of three 50-minute class periods

Materials

- Visuals 1-5, one copy of each for the teacher to display
- Handouts 1-2, one copy of each for each student
- A deck of standard playing cards

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

Preparation

Day 1: Prepare a deck of cards with one King, one Queen, one Jack, and the rest of the deck divided evenly between red and black numbered cards. There should be the same total number of cards as there are students in the classroom. These cards will determine the roles the students will play in the debate.

Day 2: Arrange the classroom to resemble *Visual 5: Classroom Layout*.

Procedure

Day 1: Introduction

1. Introduce the lesson by discussing the following:
   - Do you think the federal government should increase the minimum wage? (*Answers will vary.*)
   - Who would benefit from an increase in the minimum wage? (*Answers will vary; do not provide content at this point.*)
   - Who might bear the costs of an increase in the minimum wage? (*Answers will vary; do not provide content at this point.*)

2. Explain that after introducing some key concepts and ideas, students will dig deeper into the issue to prepare for a classroom debate. Discuss the following:
   - Do people who earn the minimum wage enjoy a high standard of living? (*Answers will vary, but most will say no.*)
   - How much does a worker who earns the federal minimum wage earn in a calendar year? (*Anwers will vary.*) Explain the following:
     - The yearly earnings of a minimum wage worker can be calculated by multiplying the federal minimum wage by 40 (hours per week) and then multiplying the product times 52 (weeks per year). For example, the federal minimum wage is $7.25 x 40 (hours) x 52 (weeks in a year) = $15,080.
     - For context, find the "personal income per capita" in the United States using FRED. ($53,697, using 2018 annual data, current data found here: https://fred.stlouisfed.org/graph/?g=mG6E)

3. Display *Visual 1: Supply and Demand* to show a labor market in equilibrium. Discuss the graph on the left side (Graph 1) by asking the following:
   - What is the quantity of workers demanded at wage W? (*500*)
   - What is the quantity of workers supplied at wage W? (*500*)

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

- At equilibrium, is there any shortage or surplus of labor hours? (*At equilibrium the quantity supplied is equal to quantity demanded, so there is neither a shortage nor a surplus of labor.*)

4. Refer back to Visual 1 and explain that the graph on the right side (Graph 2) shows the minimum wage (MW) as a price floor located above equilibrium. Discuss the following:
   - What is the quantity of workers supplied at wage MW? (*700*)
   - Compare the equilibrium quantity with the quantity supplied (QS) at the minimum wage. Why do you think QS increased? (*Answers will vary. The higher wages offered by employers provided an incentive for more workers to seek employment.*)
   - What is the quantity of workers demanded at wage MW? (*300*)
   - Compare the equilibrium quantity with the quantity demanded (QD) at the minimum wage. Why do you think QD decreased? (*Answers will vary. Because the cost of employment increased, employers will seek to reduce the number of labor hours they pay.*)
   - When the price floor is enforced, is there any shortage or surplus of labor hours? (*A price floor results in a surplus because quantity supplied is greater than quantity demanded; this is a surplus of workers at the higher wage.*)
   - What does the surplus mean for workers? (*The surplus means that not everyone seeking employment will get a job.*)

5. Display *Visual 2: Historical Minimum Wage Data*. Discuss the following:
   - What has occurred to the minimum wage over time? (*The government has increased the minimum wage over time.*)
   - Why do you think the government has increased the minimum wage over time? (*Answers will vary; suggest that the cost of living has risen over time.*)

6. Display *Visual 3: Map of State Minimum Wages*. Discuss the following:
   - Why do you think some states have a higher minimum wage than others? (*Answers will vary; suggest that different states regulate business differently and have variations in the cost of living.*)

7. Display *Visual 4: Unemployment Rates and Earnings by Educational Attainment*. Discuss the following:
   - What happens to the average unemployment rate as the level of education increases? (*Unemployment tends to be lower for those with more education.*)
   - What happens to the average income as the level of education increases? (*Income tends to be higher for those with more education.*)

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

- Ask a student to summarize the relationship between education, income, and unemployment. (*People with more education tend to earn a higher income and have a lower unemployment rate.*)

8. Tell the students that they will be debating the minimum wage issue in class. The central debate topic (advocacy statement) for this debate is, "The minimum wage should be increased to $15 per hour." Explain that students will be appointed to one of the following three groups:
   - Those who support and will argue for increasing the minimum wage to $15
   - Those who oppose and will argue against increasing the minimum wage to $15
   - A panel of debate moderators composed of three students who will prepare and ask the debate questions

9. Tell the students that the method used to determine the debate sides is random. Students will draw cards from a deck that will determine which side of the debate they will argue. Explain the following:
   - Students who draw a red card are assigned to the pro-minimum wage position.
   - Students who draw a black card are assigned to the anti-minimum wage position.
   - Students who draw a King, Queen, or Jack are assigned to the moderator panel.
   - Optional: After all cards are distributed, tell the students, as an economist, you recognize the benefits of mutually beneficial trade. Then, give students the option to trade cards with a willing classmate.

10. Tell the students that their next task is to get ready for the debate by preparing notecards with relevant information to support their point of view. Explain the following:
    - The notecards should include a short statement that supports their point of view and must include a citation.
    - Remind students that they should work within their debate groups to prepare; however, their individual grade will be determined by their own preparation (notecards) and participation (speaking during the debate).

11. Provide the students with information for finding resources that support each specific side. This can be done by supplying students with packets of information or by directing them to websites that have information that supports the perspective they want to argue. Explain the following:
    - The pro-minimum wage side will find key arguments provided by "left-leaning" think tanks such as the Center for American Progress, Political Economy Research Institute, Urban Institute, and National Employment Law Project. A search engine inquiry of "pro minimum wage increase arguments" will result in many sources.

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

- The anti-minimum wage side could include short articles from libertarian or "right-leaning" think tanks such as the Cato Institute, Acton Institute, Heritage Foundation, and American Enterprise Institute. A search engine inquiry of "anti minimum wage increase arguments" will result in many sources.
- Though some of the research they find might seem dated, the arguments and principles usually stay the same regardless of what the minimum wage is at a particular time.

12. Tell the moderators that their task is to prepare the debate questions. Moderators should prepare *at least* 10 questions for each side. Explain that these should be targeted toward each side of the issue and range from very broad to very specific. Advise the moderator panelists to access information regarding both sides of the debate, as well as a balanced overview of the subject, such as the following issue of *Page One Economics*®: https://research.stlouisfed.org/publications/page1-econ/2014/03/01/would-increasing-the-minimum-wage-reduce-poverty.

13. Distribute a copy of *Handout 1: Minumum Wage Debate Grading Rubric* to each student and ask the students to circle the perspective they will argue during the debate. Tell them that their total points will be calculated based on the notecards they prepare beforehand, their participation in the debate, and their reflection essay.

14. Tell the students they will have the remainder of the class period to work on preparing notecards for the debate. Remind them that when they come to class for session two, they should have notecards "in hand" and be prepared to debate the issue.

Day 2: Debate Day

15. Arrange the room so that the moderator panel is in the front of the room and the classroom itself is divided into two sections (display Visual 5). Ask the pro-minimum wage group to sit to the left side of the moderator panel, and ask the anti-minimum wage group to sit to the right side of the moderator panel. Explain that those who support the minimum wage tend to be on the left politically and that those who oppose the minimum wage tend to be on the right side.

16. Start the class period by reminding students that the goal is to debate the central debate topic: The minimum wage should be increased to $15 per hour. Explain that the moderator panel will decide the outcome based on the strength of the arguments, not based on their personal preferences.

17. Explain the debate format. Each side should have the opportunity to construct an argument, deconstruct (or "clash"), and rebuild the argument. To accomplish this, structure the debate in the following format:
    - The undecided panel will ask their first question to the pro-minimum wage group.

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

- The pro-minimum wage group will be given approximately 3 minutes to construct an argument using theory, data, and other evidence. Several students from this group may speak (one at a time) during this period.
- The anti-minimum wage group will have 3 minutes to deconstruct the argument using an alternative theory, data, and other evidence. Several students from this group may speak (one at a time) during this period.
- The question will be given back to the pro-minimum wage group for 1 minute to deliver final comments.
- The undecided panel will ask the next question to the anti-minimum wage group, repeating the process described above. The debate should continue by asking questions of both sides in an alternating fashion, with time limits for each segment.

18. Allow the students the last 15 minutes to conclude the debate, following these steps:
    - Have each side choose one member to summarize its team's point of view to provide a closing argument.
    - Teams can take 2-3 minutes to "prep" their closer.
    - Use a coin toss to decide which side should go first.
    - Each closer should summarize the key arguments that support his or her side and try to convince the undecided panel of his or her perspective.
    - After both sides provide closing arguments, the three students on the questioning panel should be given a few minutes to discuss and then cast anonymous votes to decide the winner.
    - After announcing the winner in class, collect notecards from students. Have them clip them together or place them in a sandwich bag along with their names.

19. Distribute a copy of *Handout 2: Reflection Assignment* to each student. This will give them the opportunity to reflect on each side's arguments, the debate experience, and their true thoughts on the issue. Tell the students the reflection assignment is due at the beginning of Day 3.

Day 3: Debrief (approximately 10 minutes)

20. At the beginning of Day 3, collect the reflection assignment. Then, debrief the debate using the following questions:
    - What was the strongest argument proposed by those who supported the minimum wage? (*Answers will vary.*)
    - What was the strongest argument proposed by those who opposed the minimum wage? (*Answers will vary.*)

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

- Did the debate experience change or reinforce your views on the minimum wage? Explain. (*Answers will vary.*)

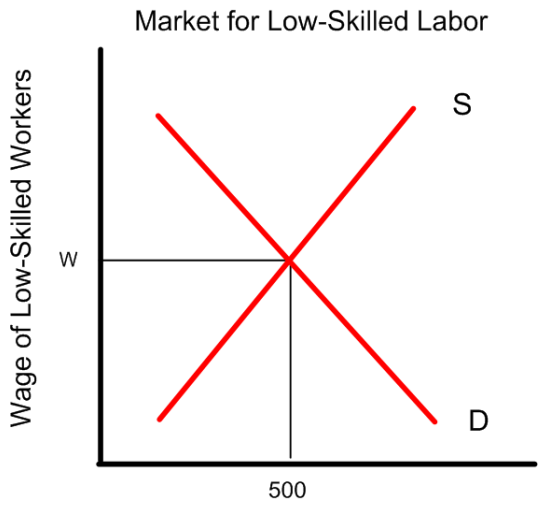
21. Explain that economists agree on how labor markets function, but they disagree about whether increasing the minimum wage is good policy. You may need to dispel some of the arguments made during the debate. For example, students might be attracted to points that were strong arguments for use in a debate, but they might not reflect economic reality.

Closure

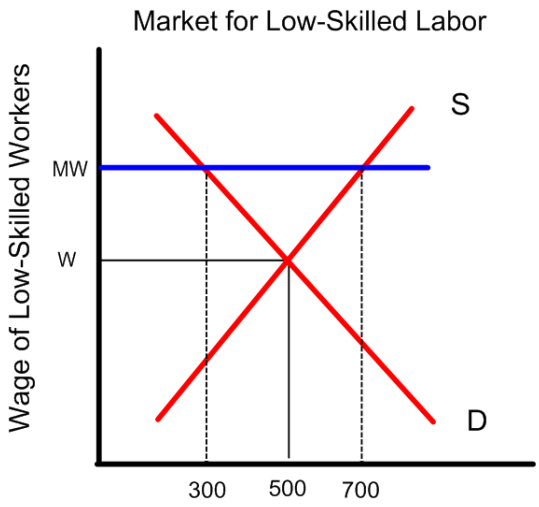
22. Like many economic policies, increasing the minimum wage has costs and benefits. Review the following:
    - Is the minimum wage a price ceiling or price floor? (*Price floor*)
    - Does a price floor result in a surplus or shortage? (*Surplus*)
    - In the context of the minimum wage, what does a "surplus" mean? (*A surplus exists because the quantity of workers supplied exceeds the quantity of workers demanded by employers. In this case, the surplus workers are unemployed people.*)
    - Who benefits from a higher minimum wage? (*Workers who keep their jobs and earn higher wages*)
    - Who bears the costs of a higher minimum wage? (*Businesses who have higher labor costs; workers who lose their jobs or suffer reduced work hours; young and inexperienced job seekers who find it difficult to find a job*)
    - In the debate, which were the strongest arguments for raising the minimum wage? (*Answers will vary.*)
    - In the debate, which were the strongest arguments against raising the minimum wage? (*Answers will vary.*)

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

Visual 1: Supply and Demand



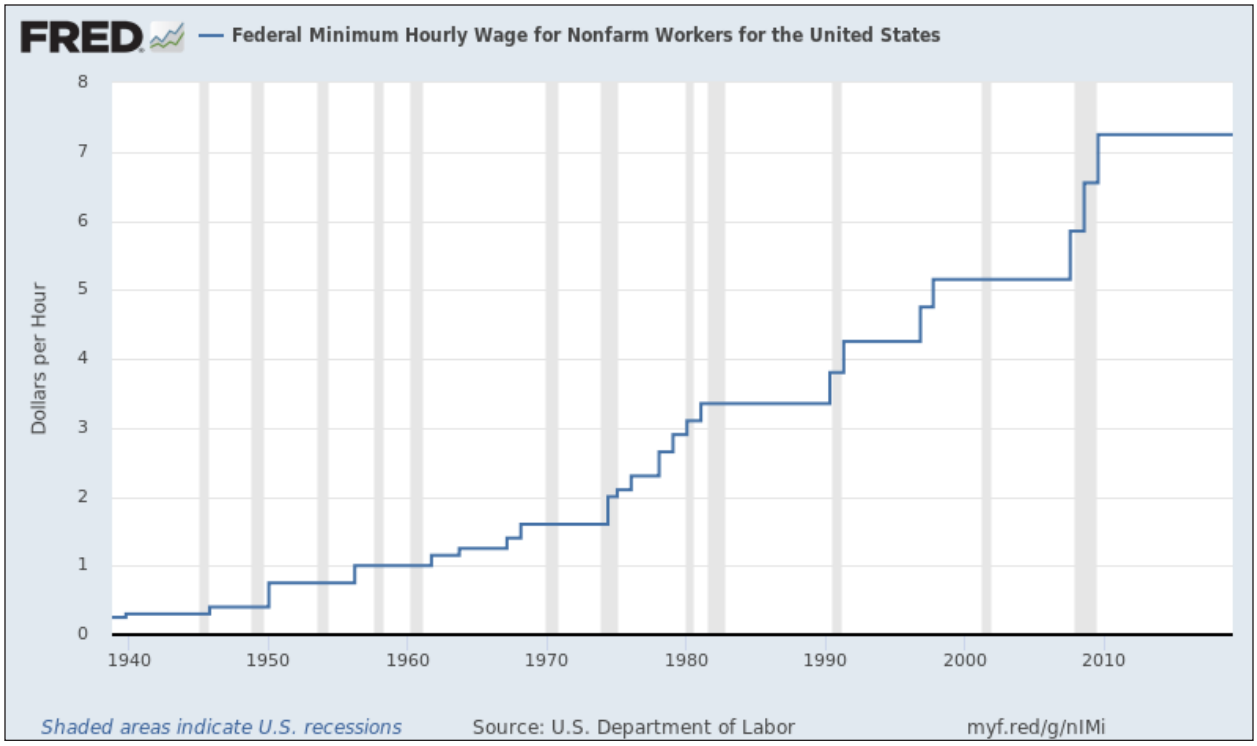
Graph 1



Graph 2

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

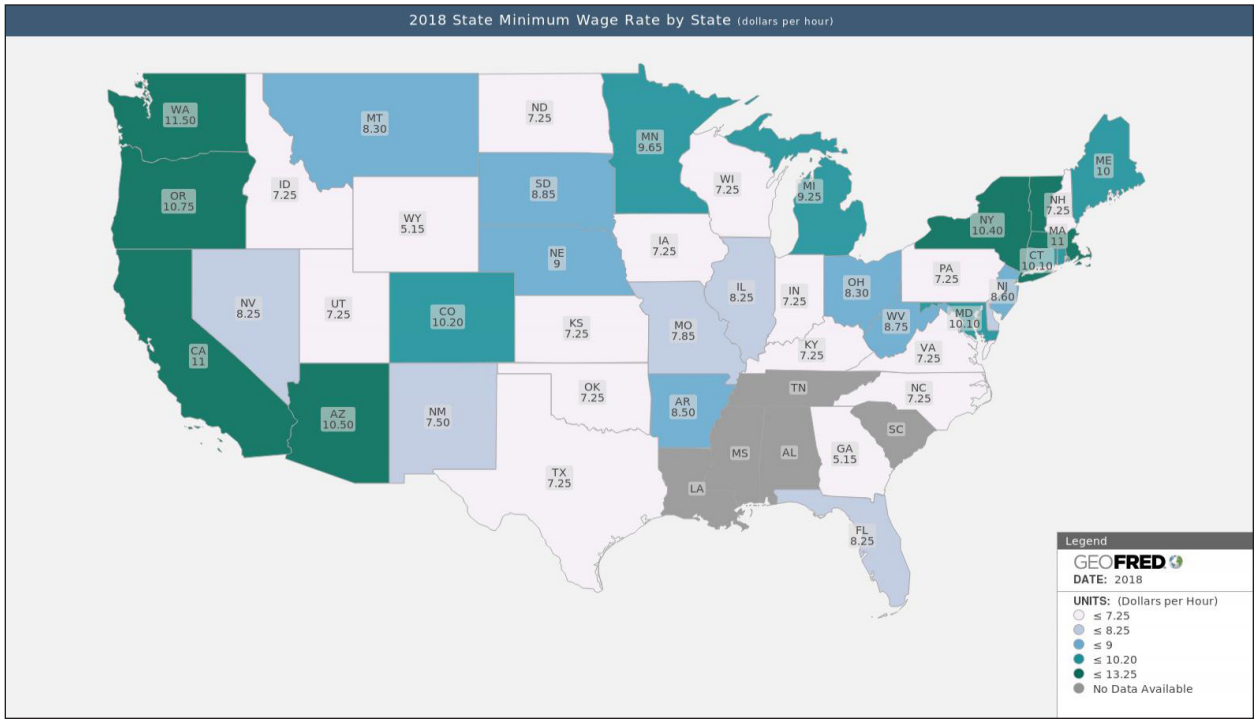
Visual 2: Historical Minimum Wage Data



SOURCE: Federal Reserve Bank of St. Louis, Federal Reserve Economic Data (FRED); https://fred.stlouisfed.org/graph/?g=m2cm.

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

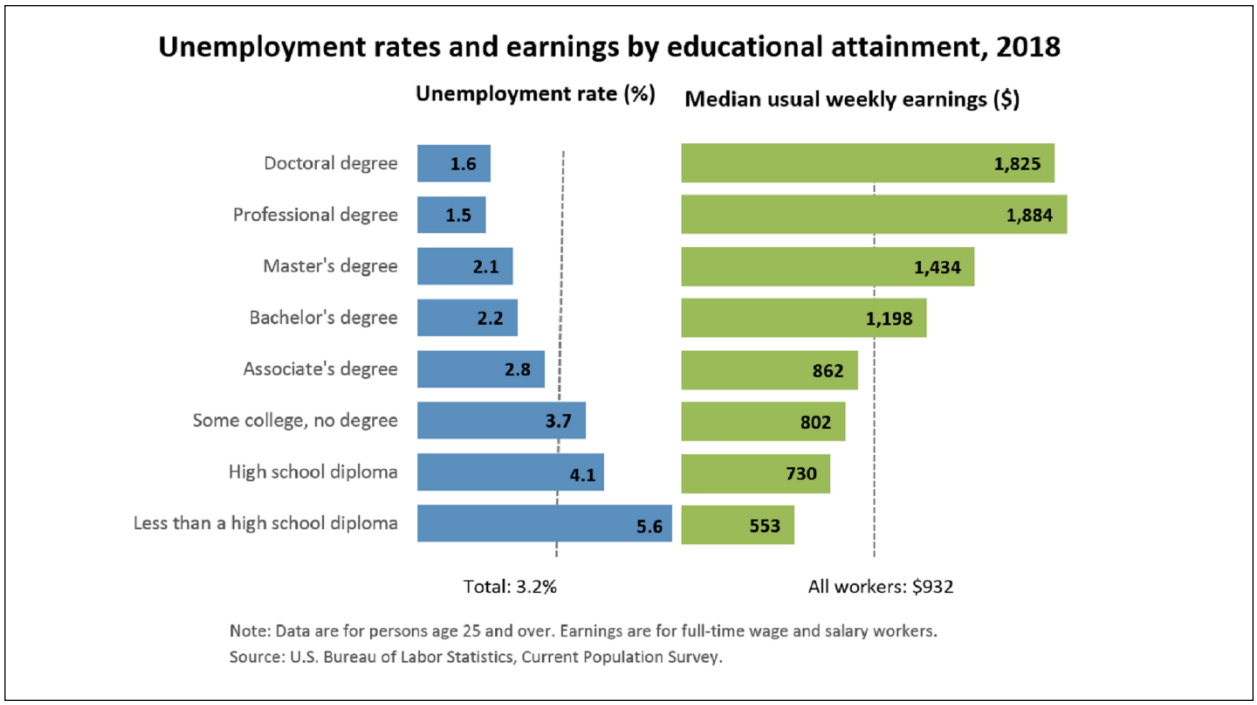
Visual 3: Map of State Minimum Wages



SOURCE: Federal Reserve Bank of St. Louis, Federal Reserve Economic Data (GeoFRED); http://geof.red/m/bQX.

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

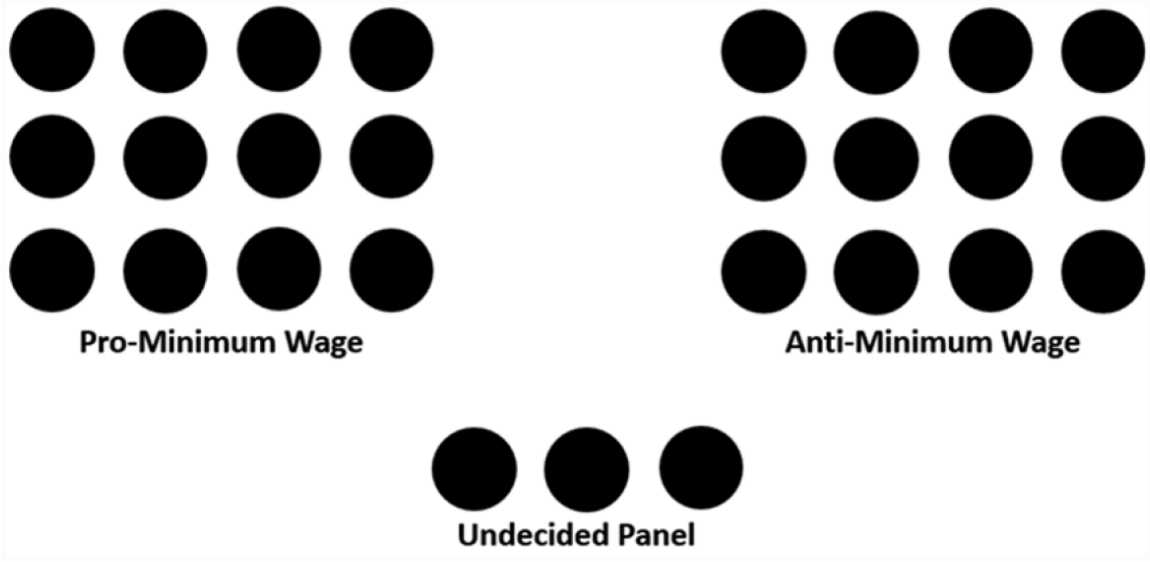
Visual 4: Unemployment Rates and Earnings by Educational Attainment



SOURCE: Bureau of Labor Statistics; https://www.bls.gov/emp/chart-unemployment-earnings-education.htm.

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

Visual 5: Classroom Layout



©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

Handout 1: Minimum Wage Debate Grading Rubric

GRADE: Each student must have notecards prepared for the debate. Notecards must have relevant information and facts that will assist in the debate. Notecards should also include a citation. Students on the undecided panel must have questions prepared on notecards. Students must have verbal participation in the debate, sharing relevant information, to earn participation points. All members of the winning side will receive 5 extra credit points.

Name: _____

Group (circle one): Pro-minimum wage Anti-minimum wage Undecided

Notecard information	Excellent (15)	Good (12)	Acceptable (10)	Poor (5)
Participation	Excellent (15)	Good (12)	Acceptable (10)	Poor (5)
Reflection essay	Excellent (15)	Good (12)	Acceptable (10)	Poor (5)

Total _____ **/ 45**

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

Handout 2: Reflection Assignment

Name _____ Date _____

1. What was the strongest argument proposed by those who supported the minimum wage? Explain why you think this was their strongest argument.

2. What was the strongest argument proposed by those who opposed the minimum wage? Explain why you think this was their strongest argument.

3. Did the debate experience change or reinforce your views on the minimum wage? Explain.

4. Explain your personal view on the minimum wage using relevant reasons and research from the debate. Your personal view does not have to be the view you argued during the debate.

5. Identify one significant thing you learned about the "other side's" position on the minimum wage as a result of this debate that helps you understand that side's perspective.

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.

Voluntary National Content Standards in Economics

Content Standard 8: Role of Prices

Prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.

Benchmarks: Grade 12

4. Government-enforced price ceilings set below the market-clearing price and government-enforced price floors set above the market-clearing price distort price signals and incentives to producers and consumers. Price ceilings can cause persistent shortages, while price floors can cause persistent surpluses

Content Standard 13: Income

Income for most people is determined by the market value of the productive resources they sell. What workers earn primarily depends on the market value of what they produce.

Benchmarks: Grade 8

1. Employers are willing to pay wages and salaries to workers because they expect to be able to sell the goods and services that those workers produce at prices high enough to cover the wages and salaries and all other costs of production.
2. To earn income people sell productive resources. These include their labor, capital, natural resources, and entrepreneurial talents.
3. A wage or salary is the price of labor; it usually is determined by the supply of and demand for labor.
4. More productive workers are likely to be of greater value to employers and earn higher wages than less productive workers.
5. Peoples' incomes, in part, reflect choices they have made about education, training, skill development, and careers. People with few skills are more likely to be poor.

Benchmarks: Grade 12

1. Changes in the structure of the economy, including technology, government policies, the extent of collective bargaining and discrimination, can influence personal income.
2. In a labor market, in the absence of other changes, a higher wage increases the reward for work and reduces the willingness of employers to hire workers.
4. Changes in the prices of productive resources affect the incomes of the owners of those productive resources and the combination of those resources used by firms.
5. Changes in demand for specific goods and services often, in the short run, affect the incomes of the workers who make those goods and services.

Content Standard 19: Unemployment and Inflation

Unemployment imposes costs on individuals and the overall economy. Inflation, both expected and unexpected, also imposes costs on individuals and the overall economy. Unemployment increases during recessions and decreases during recoveries.

Benchmarks: Grade 12

2. Unemployment rates differ for people of different ages, races, and sexes. This reflects differences in work experience, education, training, and skills, as well as discrimination.

©2019, Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Federal Reserve Bank of St. Louis, www.stlouisfed.org/education.