Short Assignment for

**Intermediate Microeconomics**
Economics 311

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Economics Department

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**Introduction for Faculty Colleagues**

This assignment was developed for my ECO 311- Intermediate Microeconomics course. This class is the fundamental microeconomic theory course. It is required for all students majoring in Economics. Most of the assignments in the class are problem sets that allow students to practice the technical theory and mathematical concepts they are learning in class. The focus on theory and math is crucial to prepare them for their upper level electives in the major, but can sometimes mask the applicability of the course material. With this in mind, I hope to bring more “real-world” relevance of the microeconomic theory to students, most of whom will leave Elon for jobs in consulting, industry or the government.

With this in mind, I have created this assignment that focuses on a current, real world policy problem – the minimum wage. In this assignment, students are asked to assume the role of an economic consultant to public policymakers who must decide whether or not to support an increase in the minimum wage. This setup provides students with a concrete example of how they might apply their skills and knowledge in a specific job out of college. Students are also asked to explain economic theory using graphs common in the discipline and to use *EconLit*, a common research database used in the discipline. These activities are intended to prepare them for their long writing assignment project. Additionally, these tasks will prepare them for future writing assignments in our major, ultimately ending with their capstone senior thesis project.

Specifically, through this assignment students should learn to:

- Explain the theoretical impact of price floors (minimum wage) using text and/or graphical illustrations where appropriate;
- Use *EconLit* to research and succinctly synthesize the academic literature on the impacts of the minimum wage;
- Evaluate the impacts of the minimum wage using economic theory and empirical evidence; and
- Construct a well-supported persuasive argument based upon their analysis.
The Assignment I Distribute to Students

ECO 311 – Intermediate Microeconomics

Theoretical and Empirical Evaluation of a Proposed Minimum Wage Hike
50 points

In February 2014, President Obama signed an executive order that would raise pay for federal contract workers and urged congress to increase the federal minimum wage from $7.25 to $10.10 an hour. According to politico.com, Obama argued that “A minimum wage hike would help millions of people, be good for the economy and has the broad backing from Americans.” Suppose in response, the state of North Carolina is considering raising the minimum wage to meet the President’s goal.

State policy-makers are college-educated, but do not feel they have a deep enough understanding of the economic theory or the empirical evidence on the minimum wage to make an informed decision. Consequently, you have been hired as an economic consultant to advise them. Write a 1-2 page memo to state policymakers where you explain the economic theory of the minimum wage and provide a formal recommendation for or against a state minimum wage increase to $10.10/hour that is supported by empirical evidence.

Purpose and Objectives
The purpose of this assignment is for you to apply your knowledge of economic theory to a current public policy debate. The assignment directly addresses the following course objectives as outlined in the syllabus:

- show how government intervention can improve or impair the functioning of markets
- apply microeconomic models and tools to real-world examples in a correct and proficient manner
- analyze empirical evidence from various fields of applied microeconomics

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- Use EconLit to research and succinctly synthesize the academic literature on the impacts of the minimum wage;
- Evaluate the impacts of the minimum wage using economic theory and empirical evidence; and
- Construct a well-supported persuasive argument based upon your analysis.

Assessment Criteria
Your memo will be assessed based on the following criteria, each graded on a 1-10 scale:

- Economic reasoning is clearly and logically explained for the target audience;
- Where relevant, use of mathematical symbolism, graphs and/or appropriate data is used appropriately to explain the economic theory and to support argument;
• Appropriate academic references (at a minimum you must use 3!) are used to strengthen and focus the argument and are documented properly using Chicago Manual of Style “Author-date” style;
• Argument is persuasive, clear and convincing;
• Document looks professional and is free of typos and/or grammatical errors.

A suggested process of writing the memo

Though there are a variety of ways to approach this short writing assignment, here is one way you might think about approaching this assignment.

1. Before you begin drafting your memo
   • Use your notes and the textbook to sketch out - *in your own words* – an explanation of the economic theory of the minimum wage that uses appropriate graphs/illustrations.
   
   • Identify the influential papers within the academic literature on the minimum wage using *EconLit*. Your goal here is to evaluate the empirical evidence to help you reach a recommendation that can be supported by the evidence. Note: noteworthy economists who have studied this topic include D. Card, A. Krueger, D. Neumark & W. Wascher.

2. Then, use your theory and the evidence you’ve drafted to develop the persuasive memo that chooses a side (for or against the wage hike – a neutral stance is not an option here) and is well-supported by the evidence you’ve found. Have a peer read your paper and revise.

3. You must include at least 3 references cited using the Chicago Manual of Style author-date style*. Attach your illustration/graphs and a list of references to your memo (these documents are not included in the 1-2 pages of memo text) and turn in!

*Example of Chicago author-date style


**In text citation:** (Weinstein 2009, 440)
ECO 311: Policy Memo Grading Rubric

1. Economic reasoning is clearly and logically explained for the target audience;

<table>
<thead>
<tr>
<th>Poor (1-5)</th>
<th>Competent (6-8)</th>
<th>Excellent (9-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uses few to no economic concepts and terms when explaining economic reasoning; Economic reasoning is mostly clearly and logically explained for the target audience</td>
<td>Consistently uses economic concepts and terms when explaining economic reasoning. Economic reasoning is clearly and logically explained and is written appropriately for the target audience</td>
<td></td>
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</table>

2. Where relevant, use of mathematical symbolism, graphs and/or appropriate data is used appropriately to explain the economic theory and to support argument.

<table>
<thead>
<tr>
<th>Poor (1-5)</th>
<th>Competent (6-8)</th>
<th>Excellent (9-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mathematical symbolism or graphs are used but are described/used incorrectly; or are explained inappropriately for target audience</td>
<td>Mathematical symbolism or graphs are mostly described/used correctly to explain theory to target audience</td>
<td>Extensive and effective use of symbolism or graphs to illuminate theory where appropriate.</td>
</tr>
</tbody>
</table>

3. Appropriate academic references are used to strengthen and focus the argument and are documented properly using Chicago Manual of Style “Author-date” style;

<table>
<thead>
<tr>
<th>Poor (1-5)</th>
<th>Competent (6-8)</th>
<th>Excellent (9-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insufficient number or inappropriate sources are used (fewer than 3) and/or are incorrectly cited.</td>
<td>Sufficient number of references, but are not the most relevant and/or come mostly from non-academic sources; references are correctly documented.</td>
<td>Numerous references are made to articles in professional journals and/or other original sources and used to strengthen argument; references are correctly documented</td>
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4. Argument is persuasive, clear and convincing;

<table>
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<th>Excellent (9-10)</th>
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<tr>
<td>Arguments are not persuasive or clear and/or not convincing</td>
<td>Arguments are sometimes persuasive, clear and convincing</td>
<td>Arguments are persuasive, clear and convincing</td>
</tr>
</tbody>
</table>

5. Document looks professional and is free of typos and/or grammatical errors.

<table>
<thead>
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<th>Competent (6-8)</th>
<th>Excellent (9-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Looks unprofessional; Unacceptable grammar, spelling and punctuation.</td>
<td>Looks somewhat professional; Acceptable grammar, spelling and punctuation.</td>
<td>Very professional looking; free of typos and/or grammatical errors.</td>
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