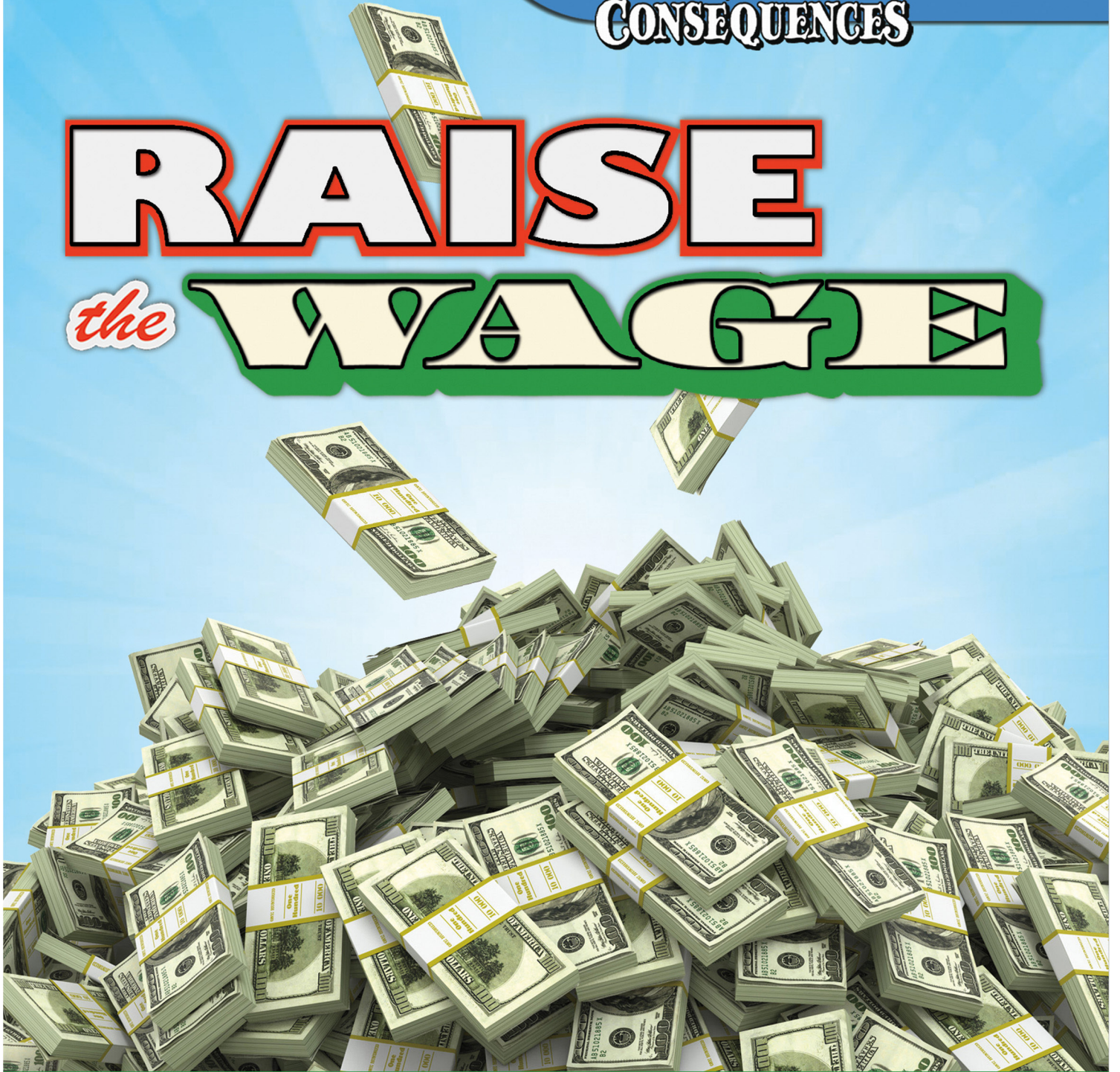


UNINTENDED
CONSEQUENCES

RAISE
the WAGE



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Video Page



Raise the Wage **Teacher's Guide**

This Teacher's Guide includes the following:

- Suggested Lesson Plan
- Preview Questions
- Key Terms
- Viewing Guide
- Discussion Questions
- Activity: Who Chooses
- Quiz
- Enrichment and Integration Activities
- Answer Key

Suggested Lesson Plan

These materials may be used in a variety of ways. For maximum benefit, we suggest the following lesson plan:

- As a class, discuss the Preview Questions and Key Terms.
- Distribute copies of the Viewing Guide for students to use as a note-taking tool during the video.
- Play the video, pausing if needed to facilitate understanding and note-taking.
- Review and discuss answers to the Viewing Guide using Answer Key as a guide.
- Use Discussion Questions to spark class discussion, or assign these questions as homework.
- As a class or in small groups, complete the Who Chooses Activity.
- Replay the video as preparation for the Quiz.
- Administer and grade the Quiz using Answer Key as a guide.
- Optional: Assign one or more Enrichment Activities as homework.

Raise the Wage

Preview Questions

(These are meant to be read aloud by the teacher.)

1. Do you have a job? If so, why do you choose to work?
2. Why do some jobs pay more than others?
3. What if all jobs paid the same?
4. Without minimum wage laws, would everyone be paid extremely low wages? Explain.
5. How can inexperienced workers compete with others in the job market?

Raise the Wage

Key Terms and Definitions

Inflation – an increase in the general price level over time. When the general price level rises, each unit of currency buys fewer goods and services. Consequently, inflation reflects a reduction in the purchasing power per unit of money.

Mandated – officially required

Market economy – an economic system in which individuals and businesses make their own plans and decisions based on the signals and information provided by markets and prices

Minimum wage – the lowest hourly, daily or monthly compensation that employers may legally pay to workers. Equivalently, it is the lowest wage at which workers may sell their labor.

Unemployment rate – calculated as a percentage by dividing the number of people who are seeking work by the total number of individuals currently working or available to work

Name: _____

Date: _____

Raise the Wage **Viewing Guide**

1. Nearly 200 countries around the world have _____ laws.
2. In 1938, _____...set a federally mandated minimum wage of 25 cents an hour.
3. 25 cents in the U.S. in 1938 would command the same _____ as \$4.18 in today's money.
4. A lot of people say a minimum wage is good for _____ and especially minority teens.
5. If they lose their jobs, then you have lowered the pay of the _____.
6. The minimum wage law has the effect of discriminating against the employment of _____ people.
7. The kind of things ...you learn from real _____...make you a more effective worker.
8. There are currently about _____ million people in the U.S. who work for the minimum wage.
9. In Europe...they have...higher minimum wages, they have all kinds of mandated benefits that the employer has to pay...which increases the _____ rate.
10. If the owner were faced with that big increase in the minimum wage...he's going to be passing on those increased _____ to his customers.
11. In the spring of 2014, voters in _____ rejected a mandated minimum wage of \$25 an hour.

Raise the Wage

Discussion Questions, page 1

1. Why don't all jobs pay the same?
2. Why do many countries have minimum wage laws?
3. Why do minimum wages vary from one country to another, and within the U.S.?
4. Why don't some countries have minimum wage laws? Are workers in those countries being taken advantage of? Explain.
5. Scandinavian countries have relatively generous welfare systems and relatively high taxes. How might this affect those governments' policies regarding minimum wages?
6. What are the unintended consequences of the minimum wage?
7. What was the Fair Labor Standards Act? When was it passed? What problem was it intended to solve?
8. What is buying power? Why would 25 cents in 1938 have the same buying power as \$4.18 today?
9. "The federal minimum wage has been going up little by little for years, and along with it so has the cost of the things you buy." Does this mean that the rising minimum wage has caused prices to increase? If two things increase at the same time, does that mean one caused the other? Explain. How can we tell which is cause and which is effect?
10. According to Walter Williams, the minimum wage law has the effect of discriminating against the employment of low-skilled people. How does it do this?
11. If you were an employer of minimum-wage workers, and the minimum wage increased, who would you rather hire – an experienced, skilled worker, or an inexperienced, unskilled worker? Why? (Why would more skilled workers be available at the higher wage than at the previous, lower wage?)
12. Besides earning money, how else can a young person benefit from working?
13. If a higher minimum wage causes some people to lose their jobs, and others not to be hired, but helps those who get to keep their jobs, is it a good thing or a bad thing? Explain.
14. In the video, high minimum wages are compared to high taxes on jeans. Explain the comparison.

Raise the Wage

Discussion Questions, page 2

15. “Don’t be surprised if we can’t find many successful adults still working for minimum wage. This seems to be evidence that early work experience pays off.” What does success mean? If one thing it means is earning more than minimum wage when you’re an adult, then isn’t the first statement true by definition? Does this actually prove anything about the value of early work experience? Explain.
16. Why do higher minimum wages and mandated benefits increase unemployment?
17. Why do employers often raise their prices in response to higher minimum wages? Why can’t they just absorb the extra cost?
18. In the scenario described in the video, two teenagers were applying for minimum wage jobs but the minimum wage got raised to \$50. The employer still ended up hiring one of them. If this happened in real life, would either of them be hired? Explain.
19. What would happen if there were no minimum wage laws in the United States? Could employers pay whatever they wanted to? Explain.
20. Would all employers who are willing to pay \$10 per hour for a job be willing to pay \$15 per hour? Explain. Would all employees who can find jobs at \$10 per hour be able to find jobs at \$15 per hour? Explain.
21. If someone earns a certain amount per hour, does that mean this is the least he is willing to accept? Does it mean it is the most his employer is willing to pay him for the task? Explain.
22. If it is worth it to you to do a certain job for \$15 per hour, and the job you do is worth \$20 per hour to your employer, what are the lower and upper limits of the wage you will end up earning? How will the availability of other jobs and other workers influence the wages you end up making?
23. Suppose someone is earning \$12 per hour, and the job she does is only worth \$12 to her employer. How will an increase in the minimum wage from \$10 to \$15 affect her? If the job she does is worth \$15 per hour to her employer, how will the increase affect her?
24. What if people were allowed to work for whatever wages both parties freely agreed to? Is it right for others to prevent such a transaction from taking place because they don’t think the agreed-upon wage is fair? Explain.
25. Which is better—taxing everyone in order to supplement the income of lower-paid workers, or taxing only employers (through the minimum wage) to do so? Explain.

Raise the Wage

Activity:

Who chooses? Who benefits? Who pays? What's fair?

[These four questions can be a useful tool for evaluating any policy or system. Posing the questions is a great way to stimulate critical thinking.]

As a class, or in small groups, discuss the following:

(For each question, think broadly about all the possible people or groups of people who may be affected, and remember there may be non-monetary costs and benefits.)

- What choice does the minimum wage deny employers? What choice does it deny employees?
- If a worker has a choice to accept a \$5 per hour wage, how can he benefit from this option?
- If a worker is denied the choice to accept a \$5 per hour wage, can you think of a way this could benefit him? Can you think of a way this could hurt him?
- How can not having a choice benefit you in economic or social situations?
- Do you think being free to choose helps or hurts in most situations? Explain.
- If an employer has to pay at least \$10 per hour or not hire you at all (so he can't choose to offer you less than \$10), how can this benefit you? How can it hurt you?
- How does being unemployed affect a person's life? How does making \$10 per hour instead of \$5, or \$15 instead of \$10, affect a person's life?
- When you go out looking for a job, would you rather employers have to pay you either \$10 or not hire you at all, or would you rather have the option of taking a \$5 per hour job? Explain.
- Who chooses what the minimum wage will be? Who benefits from the minimum wage? Who bears the costs? Is this fair? Explain.

Name: _____

Date: _____

Raise the Wage Quiz, page 1

1. The minimum wage is _____.
 - A) the lowest wage employers may legally pay workers
 - B) the lowest wage at which workers may sell their labor
 - C) both A and B
 - D) none of the above

2. Inflation _____.
 - A) reduces the purchasing power of money
 - B) increases the purchasing power of money
 - C) does not affect the purchasing power of money
 - D) is caused by unemployment

3. The unintended consequences of the minimum wage include _____.
 - A) higher wages
 - B) fewer job opportunities for teenagers
 - C) more jobs for unskilled workers
 - D) lower prices

4. Minimum wage laws _____.
 - A) are the same everywhere
 - B) require that all jobs pay the same wage
 - C) are a win-win for everyone
 - D) vary from one country to another, and within the U.S.

5. The 1938 Fair Labor Standard Act was passed in response to _____.
 - A) high unemployment
 - B) high inflation
 - C) high wages
 - D) high interest rates

Name: _____

Date: _____

Raise the Wage Quiz, page 2

6. 25 cents in 1938 had the same buying power as \$4.18 does today due to _____.
- A) inflation
 - B) unemployment
 - C) the minimum wage
 - D) both b and c
7. Minimum wage laws _____.
- A) make it easier for low-skilled people to get jobs
 - B) make it harder for low-skilled people to get jobs
 - C) give employers an incentive to hire more workers
 - D) make everyone better off
8. If the minimum wage is increased, business owners are more likely to _____.
- A) cut prices and hire more workers
 - B) keep prices the same and hire more workers
 - C) raise their prices and/or cut back on staff
 - D) hire more unskilled minority teenagers
9. Shortly before the passage of the first U.S. minimum wage law, _____.
- A) the black unemployment rate was higher than the white unemployment rate
 - B) the black unemployment rate was lower than the white unemployment rate
 - C) most African Americans could not get jobs
 - D) African Americans did not face as much discrimination as they do today
10. What do Denmark, Norway, Finland, Sweden and Switzerland have in common?
- A) Each of these countries has a higher minimum wage than the U.S.
 - B) Each of these countries has a lower minimum wage than the U.S.
 - C) Each of these countries automatically adjusts its minimum wage for inflation.
 - D) None of these countries has a minimum wage law.

Raise the Wage

Enrichment and Integration Activities, page 1

- I. Math: A) If there are 95 million people working, and 5 million people looking for work, what is the unemployment rate? (The unemployment rate is the ratio of the unemployed to the total work force, expressed as a percentage. The total work force is people working plus people looking for work.) One way the unemployment rate can go down is for the unemployed to find jobs. B) In the above scenario, what would the unemployment rate be if 2 million people found work? C) How can the unemployment rate go down without this happening? D) In the above scenario, if 2 million unemployed people quit looking for work, what is the total work force now? E) What is the new unemployment rate?
- II. Math: A movie ticket cost 25 cents in 1938 dollars. A) How much do movie tickets cost today? B) By how much have movie prices increased? Compare that increase to the 1938 price. C) By what percent have movie prices increased?
- III. Math: Two of the teens at the beginning of the video earn \$8.25 an hour, one earns \$8.50 an hour, and another earns \$10 an hour. A) What is their average wage? B) How much more does the highest paid make than the lowest paid? C) Express your answer as a percentage. D) If each of the teens works 20 hours a week, how much more does the highest-paid teen make in a week than the lowest-paid teen? E) If the minimum wage were increased to \$50 an hour and they all got to keep their jobs, how much more per hour would each earn? F) What percent increase in pay would each get? G) If the wage increase caused prices to go up 450%, which of the workers would be better off at the higher wages and prices? Who would be worse off?
- IV. Research Project: What is the Earned Income Tax Credit? What are the goals of the program? How does it work? Compare the EITC to the minimum wage. What are the costs and benefits of each? What are the unintended consequences? Which policy is more effective at reducing poverty? Present your findings and recommendations in a written or oral report incorporating charts or graphs.

Raise the Wage

Enrichment and Integration Activities, page 2

- V. Individual or Small Group Activity: Imagine you are the owner of a bakery with six employees, whose wages range from \$10 to \$15 per hour. Every day you run out of baked goods by early afternoon and must turn customers away. You and your assistant bakers are already pretty busy, so you are considering hiring another helper. But a new law is passed setting the minimum wage at \$15. What would you do? Would you raise the pay of all of your current employees, or only those making less than the new minimum wage? Would you let any of your employees go, or would you require them to work harder and faster? How would you cover the higher payroll costs? Would you hire a new employee at \$15 per hour? Would you raise prices? How would the minimum wage increase affect your business, your current employees, prospective employees and customers? In an oral presentation, share your decisions with the class, explaining why you chose each course of action.
- VI. Debate: Resolved: The U.S. should abolish the minimum wage. Conduct a poll (secret ballots, not a show of hands) to find out how many students would vote for and how many against the resolution before the debate starts. Select an affirmative and negative team and conduct a class debate following formal debate rules, with students who are not debating acting as judges. At the end of the debate, judges should cast secret ballots again to determine the winner of the debate. Then hold a class discussion. What percentage of students changed their minds? What persuaded them to do so? Did any of the debaters change their minds? Why or why not?
- VII. Class Activity: Conduct mock job interviews with students taking turns playing interviewer/interviewee. Interviewers must come up with a job description and a list of appropriate questions for prospective workers. Interviewees must answer questions truthfully while doing their best to convince employers to hire them. As a class, discuss which strategies were most successful on both sides.

Raise the Wage

Enrichment and Integration Activities, page 3

VIII. Writing:

a. Write a one-page essay or journal entry on one of the following topics:

--Imagine you are applying for your first job. Describe how you will convince the employer to hire you. How will you beat the competition for the job?

--Imagine you are the owner of a small business. Describe your ideal employee. How will you persuade such a person to work for you?

--Describe a past work experience you had. Were you paid for your work? What did you like about the job? What didn't you like? What did you learn or gain from the experience?

--Describe your dream job. What would you do? Where would you work? Who would you work for? What are some steps you could take now to start working toward landing that job someday?

b. Resume & Cover Letter/Business Letter Writing:

-- Write a cover letter to apply for the job Kelly & Max applied for at D&D Foods.

-- Write a resume for yourself. What skills can you offer an employer, even at this stage of your life?

-- Write a fictional resume for yourself 10 years from now. List some job experiences, school experiences (college, etc.), and skills you hope to have obtained by then.

-- Choose a job listing from your local paper or an online service. Write a cover letter and resume applying for that job.

Raise the Wage Answer Key, page 1

Viewing Guide

1. minimum wage
2. Congress
3. buying power
4. minorities
5. poor
6. low-skilled
7. work experiences
8. four and a half
9. unemployment
10. costs
11. Switzerland

Quiz

1. C) both A and B
2. A) reduces the purchasing power of money
3. B) fewer job opportunities for teenagers
4. D) vary from one country to another, and within the U.S.
5. A) high unemployment
6. A) inflation
7. B) make it harder for low-skilled people to get jobs
8. C) raise their prices and/or cut back on staff
9. B) the black unemployment rate was lower than the white unemployment rate
10. D) None of these countries has a minimum wage law.

Raise the Wage
Answer Key, page 2

Enrichment and Integration Activities

- I. A) 5% B) 3% C) People can stop looking for work D) 98 million E) 3.1%
- II. A) Answers will vary B) Today's price minus .25 C) answer B, divided by .25, expressed as percentage
- III. A) \$8.75 B) \$1.75 C) 21.2 D) \$35 per week E) \$41.75, \$41.50, \$40 F) 506%, 488%, 400% G) the one originally making \$10 per hour would be worse off.

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