

Macroeconomics  
Essay 1

**Short Essay: The Shrinking Labor Market**

*Due:* Monday, April 9<sup>th</sup>

*Format:* Times New Roman, 12-point font, double-spaced

*Length:* 2 pages minimum

Labor Force Participation Rates and the Minimum Wage

For several years now, there has been a downward trend in the labor force participation rate. Many Americans are simply choosing to not work. This is anticipated to negatively impact the U.S. economy as the country looks for ways to encourage more people, especially men, to become part of the labor force.

One option was to increase the minimum wage. The state of California approved an increase to \$15.00 an hour due to take effect incrementally until it reaches \$15.00 in 2023. The state's minimum wage is presently \$10.50 an hour. Other options include: offering educational and retraining programs that can help workers improve their skills, setting tougher requirements to obtain welfare benefits, encouraging companies to hire the long-term unemployed, and many more.

Compose a short essay in which you address the following questions:

1. Discuss recent trends in the labor force participation rate and the reasons why people would willingly not look for a job. Provide a discussion on trends in the real wage and how that might affect your willingness to work.
2. Discuss the impacts of a minimum wage on the labor market. What is the result when the minimum wage increases? What are the arguments for and against this policy? Is raising the minimum wage a good solution to the problem?
3. What else can the government do to encourage more people to join the labor market and look for jobs?

A few resources

***Labor Force Participation***

- Hartman, M. (2017, September 21). Why are so many potential workers sitting on the sidelines in this economy? *Marketplace*. Retrieved from <https://www.marketplace.org/2017/09/21/economy/why-are-so-many-potential-workers-sitting-sidelines-economy>

- Obama White House. (2016, June 20). The long term decline in prime-age male labor force participation. Retrieved from [https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160620\\_cea\\_primeage\\_male\\_lfp.pdf](https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160620_cea_primeage_male_lfp.pdf)
- Gardner, S. (2017, September 1). Why do U.S. retraining programs fall short? *Marketplace*. Retrieved from <https://www.marketplace.org/2017/09/01/world/trade-stories-globalization-and-backlash/globalized-world-does-retraining-actually>

### ***The Minimum Wage:***

- Wage and Hour Division. Minimum Wage. *United States Department of Labor*. Retrieved from <https://www.dol.gov/whd/minimumwage.htm>
- Furman, J. & Stevenson, B. (2014, February 12). The economic case for raising the minimum wage. *The White House President Barack Obama*. Retrieved from <https://obamawhitehouse.archives.gov/blog/2014/02/12/economic-case-raising-minimum-wage>
- The minimum wage debate. (nd.). *CATO Institute*. Retrieved from <https://www.cato.org/joining-the-minimum-wage-debate>
- Zahniser, D. (2015, June 1). Homeboy, other nonprofits fear wage hike will lead to program cuts. *Los Angeles Times*. Retrieved from <http://www.latimes.com/local/california/la-me-minimum-wage-jobs-20150601-story.html>

### **Grading Rubric:**

|                                         |                                                                                                                                      |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Structure                               | <b>5 points</b> [includes grammar, essay structure, citing your sources, etc.]                                                       |
| Discussion on LFPR                      | <b>10 points</b> [mention at least one article you read about the LFPR]                                                              |
| Discussion on MinWage                   | <b>10 points</b> [mention at least one article you read about the minimum wage that supports your argument for or against a minwage] |
| Alternatives to Government Intervention | <b>10 points</b>                                                                                                                     |

**Total 35 points**