

A. DETAIL OUTLINE

1. Statement of problem or issue

- Provide a brief introduction to the economic issue under analysis
- Highlight the significance of the issue in the current context

Examples:

Minimum wage policies are at the heart of our analysis. They represent a government intervention in labor markets, designed to set a wage floor for low-income workers. In this assignment, we will explore the economic implications of minimum wage policies and consider the perspectives of two key economic schools of thought: neoclassical economics and Keynesian economics.

2. Comparative analysis of the 2 perspectives

- You should follow the following structure for both perspectives.
 - + Identify perspective and key associated school of thought
 - + Explain core ideas/concepts related to the issue
 - + Discuss analysis and proposed solutions

Examples: Neoclassical Economics

- Identify the neoclassical perspective and its key associated school of thought.

Hint:

- Rationality of Economic Agents
- Marginal Analysis
- Supply and Demand:
- Explain core neoclassical concepts related to minimum wage,

Hint: The labor market equilibrium and the belief that minimum wage can lead to job loss

- Discuss the neoclassical analysis of minimum wage policies and propose solutions, which may involve reducing or eliminating minimum wage laws.

Hint: Unemployment Effects

- Proposed solutions: Earned Income Tax Credits (EITC)

Keynesian Economics

- Identify the Keynesian perspective and its key associated school of thought.

Hint:

- Aggregate Demand

- Role of Government Intervention
- Demand Management
- Explain core Keynesian concepts related to minimum wage

Hint: Increasing the incomes of low-wage workers through minimum wage hikes can boost their spending and contribute to overall economic growth.

- Discuss the Keynesian analysis of minimum wage policies and propose solutions, which may involve reducing or eliminating minimum wage laws.

Hint: Fiscal Stimulus - Keynesians often advocate for fiscal stimulus during economic downturns. This involves increasing government spending on infrastructure projects, social programs, and other initiatives to create jobs and stimulate demand.

3. Critical evaluation of the key economist's idea

- Name relevant economist aligned with one perspective
- Summarize and critically analyze their view
- Discuss strengths and weaknesses

Examples: Relevant Economist (Neoclassical): Milton Friedman

- Summarize Milton Friedman's view on minimum wage policies, highlighting his skepticism about their effectiveness.

Hints:

- Market Mechanisms: Friedman believed in the power of market mechanisms to determine wages based on supply and demand for labor. He argued that wages should be left to freely adjust to the equilibrium level without government intervention.
- Unintended Consequences: Friedman was skeptical of minimum wage laws because he believed they often had unintended consequences. He argued that when governments set minimum wages above the market equilibrium, it could lead to increased unemployment as employers may not be willing to hire workers at the mandated higher wage rates
- Critically analyze Friedman's perspective, discussing the strengths and weaknesses of his argument.

- + Strength - Efficiency and Market Determination: Friedman's emphasis on market efficiency is a key strength of his perspective. He argued that markets, left to operate freely, tend to allocate resources efficiently by responding to supply and demand forces. This market-driven approach can lead to optimal resource allocation and economic growth.
- + Weakness - Reduced Wages: One of the primary concerns raised by critics of Friedman's perspective is the potential for reduced wages for low-income workers. When the government does not intervene to set a minimum wage floor, employers in competitive labor markets may seek to minimize labor costs by offering lower wages to low-skilled or unskilled workers. This can lead to the erosion of the earning power of those at the lower end of the wage scale.

4. Recommendations

- Propose solutions based on assessment of perspectives
- Explain rationale drawing on analysis

Examples:

My analysis leads to a balanced approach. I recommend adopting minimum wage policies that consider both the neoclassical emphasis on market efficiency and the Keynesian focus on demand-side economic benefits. Striking a balance between efficiency and equity is vital, as it allows for economic growth while also ensuring that low-wage workers receive a fair income. A thoughtful, well-balanced approach to minimum wage policies is essential to address this complex issue.

5. Conclusions

- Recap perspectives and own recommendations
- Emphasize need for considering diverse viewpoints

Examples

In conclusion, our analysis has provided insights into the neoclassical and Keynesian perspectives on minimum wage policies. The recommendations put forth highlight the significance of considering diverse viewpoints in shaping effective economic policies. Balancing economic growth with social implications is essential, as minimum wage policies continue to be a focal point of economic and policy debates.

6. Concept Map

Step 1: Identify Key Concepts

- Begin by identifying the key concepts associated with each perspective.

Step 2: Create a Visual Structure

- Draw a central node or box in the center of your concept map. Label it with the main topic, which is the economic issue or question you are analyzing (e.g., "Minimum Wage Policies").
- Branch out from this central node with lines or arrows to create separate nodes for each perspective you're comparing (e.g., "Neoclassical Economics" and "Keynesian Economics").

Step 3: Highlight Similarities and Differences

- Create branches extending from each perspective node to the key concepts you identified in Step 1. Label these concept nodes with the relevant concepts.
- Use different colors or shapes for nodes associated with each perspective to make them easily distinguishable.
- To highlight similarities, draw lines or connectors between concept nodes from different perspectives if they share a common idea or exhibit a similarity.
- To highlight differences, you can use contrasting colors or shapes for concept nodes in different perspectives.
- Use lines or connectors to show how concepts in one perspective differ from or oppose those in another perspective.

Step 4: Provide Annotations

- Add short annotations or labels to the lines or connectors to explain the nature of the relationships between concepts or to provide a brief description of the similarities or differences.

B. TIPS & TRICKS

- Carefully select two diverse yet relevant perspectives to compare based on the economic issue.
- Concisely but thoroughly summarize and explain key concepts from each perspective.
- Critically analyze the economist's viewpoint - don't just describe it. Identify strengths/weaknesses.
- Make recommendations that logically flow from your comparative analysis.
- Use headlines and formatting strategies like bullet points to enhance readability.

- Create concept maps that comprehensively illustrate core ideas and relationships in an organized manner.
- Review concept map best practices around hierarchy, linking concepts, and layout.
- Maintain an academic writing style and structure (Knowledgeable, Informative, Evidence-Based). Proofread for errors.

C. FOOD FOR HUNGRY THOUGHTS

- Contrasting Inflation Perspectives (Financial Times):
<https://www.ft.com/content/a9d55118-f6ea-4be6-b257-b0c0d92723e7>
- Climate Change Debates Among Economists (New York Times):
<https://www.nytimes.com/2019/01/17/opinion/sunday/economics-climate-change.html>
- How Economists View Globalization Differently (Wall Street Journal):
<https://www.wsj.com/articles/economists-globalization-views-complex-nuanced-1415354502>
- Schools of Macroeconomic Thought (Journal of Economic Surveys):
<https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-6419.2007.00527.x>
- Pluralism in Environmental Economics (Ecological Economics):
<https://www.sciencedirect.com/science/article/pii/S0921800903002570>
- Comparing Perspectives on Trade Theory and Policy (World Trade Review):
<https://www.cambridge.org/core/journals/world-trade-review/article/comparing-perspectives-on-trade-theory-and-policy/744D82B702C54AD28688A2E199F8ACA9>
- Schools of Thought in International Political Economy (Review of International Political Economy): <https://www.tandfonline.com/doi/full/10.1080/09692290.2021.1879572>