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**The Determining Factors of Public Policy Satisfaction in Taiwan:
A Case Study of Minimum Wage Policy, EITC Policy, and Pre-K Program**

台灣公共政策滿意度之決定因素：

以最低工資、勞動所得稅扣抵以及學前教育專長培育方案為例

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Abstract

I analyze the degree of public recognition of policy goals as well as the public satisfaction with each policy, inclusive of the current Minimum Wage Policy, the Earned Income Tax Credit policy, and the Pre-K program. These policy goals include increasing the employees' productivity, raising the average wage, facilitating the formation of human capital, and boosting the macroeconomic development, and political feasibility. In this analysis, an Internet survey reveals that the public is unsatisfied with the ongoing Minimum Wage policy. In addition, through document analysis, one-sample t-test, and multiple regression Analysis, I find that the Earned Income Tax Credit (EITC) policy could be a promising policy that could compensate for the drawbacks of the current Minimum Wage policy. Regarding the goals of each policy, the Earned Income Tax Credit (EITC) policy performs better than the other two. Regarding public acceptance of each policy, the public recognize the policy goals that can be achieved under the implementation of the Earned Income Tax Credit (EITC) policy. There is also a trend in this survey whereby the more the public recognizes the policy goals of the Earned Income Tax Credit (EITC) policy, the higher the public satisfaction with the policy will be. All of the above factors show the high political feasibility of the Earned Income Tax Credit (EITC) policy. It can serve as a reference for the concerned authorities if the Earned Income Tax Credit (EITC) policy is to be implemented.

Keywords: Recognition of Policy Goals, Policy Evaluation, Public Policy Satisfaction, Minimum Wage Policy, Earned Income Tax Credit (EITC) Policy, Pre-K Program

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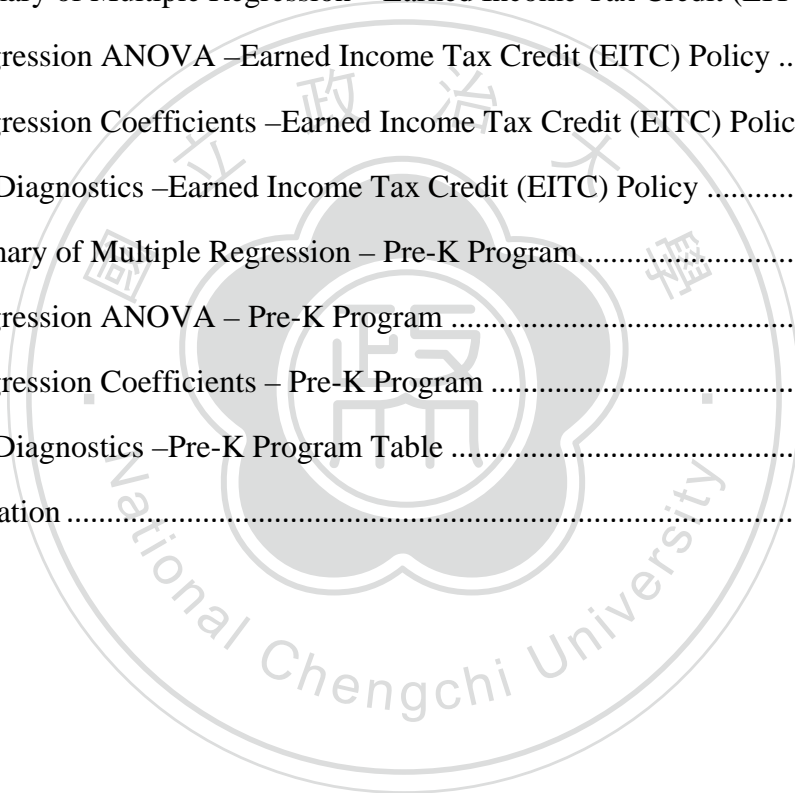
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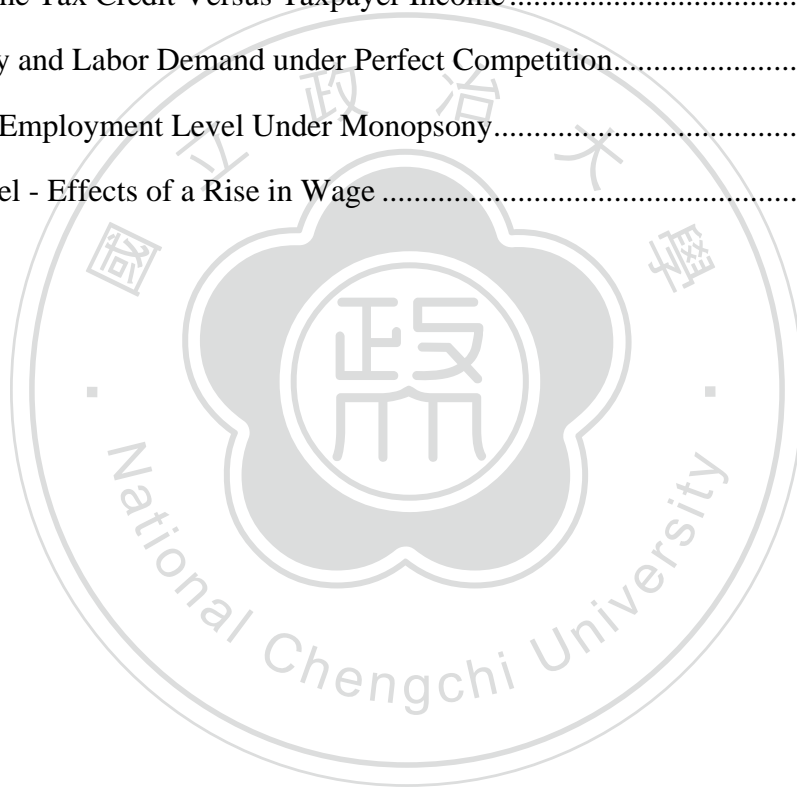
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The Determining Factors of Public Policy Satisfaction in Taiwan: A Case Study of Minimum Wage Policy, EITC Policy, and Pre-K Program

1. Introduction

1.1 Research Background

According to the Economic Policy Institute, minimum wage aims to do more than help those facing extreme poverty; it also aims to promote human dignity. Workers of all economic backgrounds and in all lines of work can expect to make the same minimum salary, which is fair and reflects the dedication of those working a full-time job. A minimum wage also stops companies from exploiting those with few employment options. Thus, the original purpose of setting a minimum wage is to guarantee employees a higher salary or wages. However, the minimum wage is usually set above the equilibrium wage level, so some employees will thus become involuntarily unemployed given the labor market is perfectly competitive. In fact, many global citizens are deliberately silent on the aggregate effects of the minimum wage, citing compelling evidence that an increase in the minimum wage makes it more difficult for young people to get hired. Indeed, a recent study from a labor economist at West Point found that past increases in the minimum wage provided no boost to the overall economy, and that industries with many jobs that pay minimum wages actually saw output decline.

If raising the minimum wage is neither a stimulus nor the cause of all our employment woes, what is it? A minimum wage increase is a trade-off: in theory, workers whose wages rise following a minimum wage increase are better off; on the other hand, those who lose their jobs because they're now more expensive to employ are worse off. Research shows that the negative consequences outweigh the benefits. Neumark, D., Schweitzer, M., & Wascher, W. (2004) showed that a higher minimum wage results in a net increase in the proportion of poor families or families near poverty. This means that raising the minimum wage might actually increase poverty rather than increase the welfare of all the employed.

1.2 Research Motivation

To some degree, the minimum wage policy was instituted to help families at the bottom. Thus, I can interpret that families at the bottom are the more precise target population of the

Minimum Wage policy. Therefore, a question arises: Are there any other alternative policies that could replace or complement the Minimum Wage policy? One of the alternatives is the Earned Income Tax Credit (EITC), having been put into effect abroad for years. What the Minimum Wage policy and the Earned Income Tax Credit (EITC) have in common is that they guarantee a better quality of life to those who need assistance. One of the advantages of the Earned Income Tax Credit (EITC) is that it will not cast any burden on employers; that is, at the time employees receive assistance, employers will not be significantly affected. However, it is difficult for the government to enact the Earned Income Tax Credit (EITC) policy as soon as possible because any refund under the implementation of the Earned Income Tax Credit (EITC) policy will cost the authorities concerned billions of dollars. To be specific, there is only a slim chance that the Earned Income Tax Credit (EITC) policy will be approved in today's fiscally constrained environment. In addition, in Sawhill, I., & Karpilow, Q. (2014)., an argument is proposed that EITC may discourage marriage or encourage unwed childbearing, though it may also encourage work. Thus, in the following discussion, I will examine the chances that the Minimum Wage policy and the Earned Income Tax Credit (EITC) policy are simultaneously put into effect, as one policy complements the other.

In addition to the current policy, the Minimum Wage policy, and the first alternative policy, the Earned Income Tax Credit (EITC) policy, there is yet another alternative policy, the so-called Pre-K. Pre-K is a preschool program for children below a certain age (e.g. age five in the USA, Canada, and Turkey). The policy targets families with children younger than elementary school age. Upon reading this, you might doubt Pre-K could be proposed as an alternative policy to the Minimum Wage policy. Under the implementation of a preschool program, research has it that those children receiving pre-school education tend to have a better performance in the workplaces and also receive a higher pay (wage or salary). This implies that such education can help target populations polish up their working proficiency while receiving the pay they deserves. In short, the effects that Pre-K has on individuals and society are long-term ones. However, if this policy is implemented, the burden cast on taxpayers will be greater than it was. This corresponds with the adage that there are two sides to every question. Thus, the discussion of whether the Pre-K program is worthy of being implemented will be also included in this research.

1.3 Research Framework and Research Purpose

The main research purpose of this thesis is to give recommendations to the authorities concerned before the implementation of the two promising alternative policies, including the Earned Income Tax Credit (EITC) policy, and the Pre-K program. The research framework and the nature I follow is a policy analysis, which includes the problem analysis, solution analysis, and recommendation. Therefore, the problem analysis is introduced in the first chapter. Later, in the fourth chapter, the solution analysis is done. At last, a recommendation is given at the end of this thesis. In the following sections, I will show the reasons why I chose such a research framework and also discuss the differences between policy research and policy analysis. Accordingly, the following table comparing and contrasting policy research and policy analysis should be helpful.

Paradigms	Major Objective	“Client”	Common Style	Time Constraints	General Weakness
Policy Research	Predict impacts of changes in variables that can be altered by public Policy	Actors in the policy arena; the related disciplines	Application of formal methodology to policy-relevant questions; prediction of consequences	Sometimes deadline pressure; perhaps mitigated by issue recurrence	Difficulty in translating findings into government action
Policy Analysis	Systematic comparison and evaluation of alternatives available to public actors for solving social problems	Specific person or institution as decision maker	Synthesis of existing research and theory to predict consequences of alternative policies	Strong deadline pressure – completion of analysis usually tied to specific decision	Myopia resulting from client orientation and time pressure

Table 1 A Comparison of Policy Research and Policy Analysis

Sources: Weimer, D. L., & Vining, A. R. (2017). *Policy Analysis: Concepts and Practice*. Taylor & Francis.

Based on the table shown above, we can clearly see the main differences between policy research and policy analysis. Regarding the objective, I compare and evaluate each policy – the Minimum Wage policy, Earned Income Tax Credit (EITC) policy, and Pre-K program available to the authorities concerned for solving such social problems as low income and unemployment. In terms of “Client,” the recommendation given at the end of this report can serve as a reference for the authorities concerned, including the Ministry of Labor, Ministry

of Finance, and also Ministry of Education; all three of these institutions are decision-makers when implementing or reforming a policy in its related disciplines. As for the research methods, I apply document analysis and refer to some existing economic models to analyze the performance of each policy regarding four policy goals, including increasing employees' productivity, raising the average wage, facilitating the formation of human capital, and boosting macroeconomic development. In addition to using document analysis and referring to some existing economic models, I also conduct an Internet survey to test the public recognition of policy goals and its satisfaction towards public policy; it could serve as an indicator of public acceptance of each policy, and could also function as a reference for the relevant authorities when implementing the Earned Income Tax Credit (EITC) policy, and Pre-K program.

1.4 Research Question

The dispute over whether the Minimum Wage policy truly helps low-income workers is still unsettled. By far the most, numerous studies have indicated that the adoption of the Minimum Wage policy raises overall price level and cuts employment. In a written review by Ming-Jen Lin in 2011, three arguments about imposing minimum wages are proposed: first, an increase in the minimum wage leads to more unemployment; second, producers will easily transfer additional costs to others; and last but not the least, wage regulation is not a good solution to guarantee low marginal workers. It inevitably leads the unnerved stakeholders to put forth a host of questions regarding the effectiveness of such a policy being implemented. Strictly speaking, the current problem in labor markets in Taiwan can be said to be their low wage levels. Some think that low wages result from the deficiency in the motor of innovation in most industries within Taiwan. This is consistent with the argument proposed in Chu, Cyrus C. Y. (2015). Other scholars think that this phenomenon can be attributed to low demand for labor in the labor market. However, there will be a shortage of labor due to the low current salary or wage levels. This is because the current wage level is low and employers are not willing to employ qualified personnel at high wages. Thus, we can infer that those affected by the minimum wage are those originally receiving low wages. This corresponds with the third argument proposed in M.J. Lin (2011). Hence, there are some relevant questions to address:

- I. Is the ongoing policy genuinely promoting the total welfare of needy individuals and households, affected business employers, and the collective society as a whole?***

- II. Are there, in fact, other more ideally desirable policy options from which the policymakers could consider as a substitute for the Minimum Wage policy?*
- III. To what extent does the public recognize the policy goal behind each policy setting?*
- IV. Regarding these three policies, how do policy goals such as increasing the employees' productivity, raising the average wage, facilitating the formation of human capital, and boosting the macroeconomic development affect the satisfaction for each policy?*
- V. Last but not least, how likely are these policies, inclusive of the Earned Income Tax Credit (EITC) policy and Pre-K program, to be put into implementation?*

To tackle the complexities that the Minimum Wage Law introduces, this thesis endeavors to draw upon prior research that investigates the implications of proposed minimum wage enactments and offers some solidly prospective policy options to add to or even replace the present-day minimum wage regime; it does so on the basis of the public opinions by using an internet survey to reflect the voice of the involved stakeholders.

2. Literature Review

2.1 Brief History of Governmental Regulation of the Minimum Wage

2.1.1 Taiwan

According to the official record issued by Ministry of Labor in Taiwan, main events/history of implementing and modifying the Minimum Wage Law in Taiwan are as follows:

The first minimum wage law to be passed by Taiwan's government is called the "Minimum Wage Act" in 1956.

The first regulated wage standard was set in 1968 and the amount was NT\$600 as of monthly basic wage; it also serves as a temporary measure by the Executive Yuan for the Minimum Wage policy.

In 1978, the basic wage was raised to the level of NT\$2,400 per month.

In 1984, the Labor Standards Law further defines the concept of minimum wage by stating clearly in Article 21, that "A worker shall be paid such wages as determined through negotiations with the employer, provided, however, that such wages shall not fall below the basic wage." It should be noted here that the law openly specifies the "binding" legal force of the Minimum Wage Law by announcing that "[...] wages shall not fall below the basic wage."

In 1988, the Council of Labor Affairs was in charge of developing Minimum Wage

Policies, and adjustments to the basic wage standard were made annually. Yet, due to the Asian Financial Crisis, a large number of industrial relocation, and other factors, and the Council of Labor Affairs failed to adjust it within the ten-year period, specifically from around 1997 to 2007.

Subsequently in 2007, the Minimum Wage policy extended to include holiday working hours; for those who have to work on holidays, they could receive some other pays. The hourly wage had a substantial portion of being adjusted. To be specific, it was adjusted to the level of NT\$95 per month. As to the monthly wage, it had about 9% of the adjustments; specifically, it was adjusted to the level of NT\$17,280 per month.

After 2007, the Basic Wage Committee regularly discusses the basic wage system in Taiwan in the third quarter of every year. Whenever there is an adjustment in the minimum wage, it should be announced and implemented by the Executive Yuan after its approval. (Note: the minimum wage will be adjusted based on the progress of the economic development and administration. i.e. it may not be adjusted annually.)

In 2010, the Basic Wage Committee was established. It was primarily composed of workers, employers, and governmental agents, and its assigned duty is to manage minimum-wage-related policies. On the other hand, the Executive Yuan is decisive in the publicizing and execution of the Minimum Wage policy.

In 2011, the Basic Wage Committee made a resolution to raise the basic wage by 5.03%. After it was checked and ratified by the Executive Yuan, it was implemented from January 1st, 2011, and the basic wage was adjusted to the level of NT\$18,780 per month. As to the hourly wage, it was adjusted to the level of NT\$103.

In 2012, the Basic Wage Committee originally made a resolution to raise the basic wage by 1.42%. That is, the basic wage was planned to adjust to the level of NT\$19,047 per month. As to the hourly wage, it was planned to adjust to the level of NT\$109. However, the proposal was rejected by the committee of Executive Yuan due to the reason that the prospect of the economic development/economy in Taiwan is not clear. It was the first time after 1968 that the Executive Yuan rejected the draft resolution of the adjustment of the basic wage raised by the Basic Wage Committee.

In August 28, 2013, the Council of Labor Affairs held the 26th the basic wage review committee. The hourly basic wage went from NT\$109 to NT\$115, from January 1, 2014. The basic wage per month changed from NT\$19,047 to NT\$19,273, from July 1, 2014. The government wanted to avoid labor disputes caused by the annual committee and set a threshold of the basic wage to reconvene the council.

However, there are provisos if the wage is adjusted to NT\$109 per hour. One is that the economic growth rate (or consumer price index) must have risen over 3% for two consecutive quarters and the other is that the unemployment rate must be lower than 4%.

In 2014, according to the information provided by the Labor Statistics Bureau, the 2014 monthly wage mandate is NT\$19,273. On August 29th, the monthly wage was announced to be raised by 3.81%; that is, it would be raised from NT\$19,273 to NT\$20,008. As to the hourly wage, it was planned to be raised from NT\$115 per hour to NT\$120 per hour. These two adjustments were all implemented in July 2015.

In May 24th, 2016, the hourly wage was planned to be raised from NT\$120 per hour to NT\$126 per hour. This proposal is still under dispute and it is to be implemented on July 1st, 2016.

Subsequently, on September 8th, 2016, the minimum wage was announced to be raised from NT\$20,008 to NT\$21,008 starting in the beginning of 2017; besides, the hourly minimum wage was raised from NT\$120 to NT\$126 from October 2016 and it was further to be raised to NT\$133 from January 2017.

In the following two sections, the case of the Minimum Wage policy in both Germany and Hong Kong is introduced due to some similarities of the impacts caused after the Minimum Wage policy is introduced in these two countries, Germany and Hong Kong included.

2.1.2 Germany

According to a report written by Dr. Yu-Fan Chiu, which is published in Labor Vision, it reads that the Minimum Wage policy in Germany has been put into practice since 2015. With no regulation of the minimum wage policy, employers and employees negotiate with each other about the wage rate. However, after the minimum wage policy was put into implementation, employees think that they should not join the labor union. This leads to a sharp reduction in the bargaining power of the Labor Union, which further reduces the collective bargaining power over the wage rate. Besides, there are three specific rules which specify that those who have been unemployed for more than a year, those teenagers under the age of eighteen, and those interns and employees receiving trainings before formally going to work, are not entitled to the Minimum Wage policy. Due to such a regulation, those population groups are not guaranteed by the Minimum Wage policy; thus, they also become the favorable employees as far as the local enterprises are concerned. Then, such groups are often laid off after they have been recruited for six months only. Here comes a problem: the

employees' bargaining power over the wage rate has weakened, and those originally disadvantaged in the labor market become even more disadvantaged after the minimum wage policy in Germany has been put into effect for one year even if the minimum wage policy was originally set to protect those who are disadvantaged. Thus, there may be a room for the authorities concerned in Germany to solve such a troublesome problem.

2.1.3 Hong Kong

According to a report issued by Oxfam, Hong Kong, the Minimum Wage policy in Hong Kong has been put into implementation since 2011. The purpose of setting the minimum wage is to guarantee the employees' rights and help them maintain a basic level of living quality. Advocates also think that such a minimum wage policy guarantee employees a basic income level for them to guarantee a basic living quality. However, after the Minimum Wage policy was put into implementation, some opposing viewpoints rise up. An international organization, Oxfam, thinks that the adjustment of the minimum wage level does not catch up with the increase in the inflation rate. For example, in May 2014, the minimum wage level was adjusted to HK\$32.5. Compared with the initial minimum wage level HK\$28, it has increased 16.1%. Superficially, the wage rate seems rising. However, the inflation rate in May 2014 in Hong Kong was 20.5%. If the real wage rate (ω) is expressed as the nominal wage rate over price level, $\omega = \frac{W}{p}$, where W is the nominal wage rate and p denotes the price level), then $\ln\omega = \ln W - \ln p$ $d\ln\omega = d\ln W - d\ln p$. Evidently, the increase in the nominal wage rate is smaller than that in the price level. That is to say, the employees' purchasing power is lowered. The cycle of adjusting or reviewing the minimum wage level is two years. That is, the minimum wage level will only be adjusted only if one cycle is completed. Thus, Hong Kong Confederation of Trade Unions considers that the cycle of adjusting the minimum wage is not reasonable because the change in the minimum wage level will be greater if it is to be adjusted every two year. As for employees, they expect that the increase in the minimum wage can be at least ten percent. As for employers, this would be unfavorable.

Thus, the mean would be that if the government is willing to adjust the minimum wage rate once a year, then the change in the minimum wage level will not be greater than it is adjusted every two years. This is more likely to be accepted by both employers and employees. In short, there is also a room for the authorities in Hong Kong to take measures to deal with such a problem.

In the following table, we could see that the interrelationships between real average

wage and real average GDP per worker is positive while the interrelationships between real average wage and the growth tendency turns out to be negative. I can thus make an inference that there might be a wage ceiling or exists deterrence of wage growth, further causing the wage rate to not to catch up with the path of the growth tendency.

實質平均薪資與實質平均每人國內生產毛額景氣波動及成長趨勢上的連動性－
全時期及近期

	景氣波動					成長趨勢				
	台灣	香港*	新加坡*	韓國	日本	台灣	香港*	新加坡*	韓國	日本
全時期：1980-2012	0.51	0.16	0.16	0.72	0.55	0.95	0.96	0.98	0.99	0.81
近 期：2001-2012	0.79	0.48	0.86	0.18	0.61	-0.99	-0.22	1.00	1.00	0.99

*香港的全時期為 1983-2012 ；新加坡的全時期為 1989-2012

Table 2 Sources: 林常青, 張俊仁, & 盧姝璇. (2017)

2.2 Policy Literature: Policy Planning

There are various definitions of the term “Policy Planning”. Here I refer to the following two main literatures: Gans, H. J. (1975) reads that social planning is one of the methods of policy making since it not only specifies the policy goals and the purpose of designing such a policy but also plans the ways in which the policy is implemented in order to achieve policy goals; also, Dror, Y. (1963) shows that planning is a process of choosing a optimal tool in order to achieve policy goals. Thus, in term of the arguments proposed by Gans, H. J. (1975) and Dror, Y. (1963), I propose such three policies as the current Minimum Wage policy, the upcoming Earned Income Tax Credit (EITC) policy, and Pre-K program to serve as alternative solutions to the current low-income problem, increasing unemployment rates, and also the economic recession and to achieve the following policy goals which will be further discussed in the next section, inclusive of increasing the employees’ productivity, raising the average wage rate, facilitating the formation of the human capital, and also boosting the macroeconomic development.

2.3 Policy Literature: Policy Tools and Objectives

In Howlett, M. (2010), it argues that careful examination and systematic classification of implementation instruments and instrument choices would not only lead to insights into the factors driving the policy process and the characterization of long-term patterns of public policy-making but would also allow practitioners to more readily draw lessons from the experiences of others with the use of particular techniques in specific circumstances and hence improve policy designs and outcomes. Thus, regarding such two policies as EITC and

Pre-K, they have been implemented in the U.S. for years or even decades. They are indeed a success in solving the problem of low disposable income. However, education should be a long-term policy since the performance of education can only be judged after it is put into implementation for a long time. In Kirschen et. al (1964), as what will be discussed in this thesis, it argues that key determinants of policy choice in the case of the economic instruments they had identified were the economic objective or goal pursued and the structural and conjunctural context of the choice. The economic objectives were determined by the interaction of political parties and their representatives in government, administrators, and interest groups, while the structural and conjunctural context was affected by the influence of long-term economic processes and structures and current economic conditions. As in the section of policy goals, I choose such economic objectives as the productivity, the level of wage rate, the formation of human capital, and the economic climate to be policy criteria since the public, the government, etc. are stakeholders of policies to be raised. Also, in Howlett, M. (2010), it mentions that there is also a likelihood of policy mix and to move away from a focus on single instrument choices. Thus, this also implies that there can be a combination of two policies, which can be taken into account when giving recommendation of public policies to the authorities concerned. In Howlett, M. (2010), it points out that, with smart regulation, there is every chance that the development of efforts could identify complementarities and conflicts within instrument mixed or tool portfolios involved in more complex and sophisticated policy designs.

2.4 Policy Literature: Policy Implementation

In Howlett, M., Ramesh, M., & Perl, A. (1995) and Birkland, T. A. (2014), they mention that there are two main approaches regarding policy implementation, one of which is ‘top-down’ approach concerned with how the authorities concerned and implementing officials could be made to complete tasks in a more effective way whereas the other of which is ‘bottom-up’ approach mainly starting from the perspective of those affected by and involved in the implementation of a policy. In this thesis, I will mainly focus on ‘bottom-up’ approach because the viewpoints of stakeholder will also be taken into consideration under such a circumstance; thus, the analysis and the recommendation will be much more comprehensive. In Howlett, M., Ramesh, M., & Perl, A. (1995), an argument that social, economic, technological, and political context will affect policy implementation. Here, changes in social conditions such as high rates of unemployment will cast a huge burden on public finance; as for changes in economic conditions will have a similar impact: a policy

targeting the poor and unemployed can be expected to undergo changes with an economic boom or recession. In Gerston, L. N. (2014), he argues that there is no natural law ensuring that the policy adopted today will be carried out as intended tomorrow; this denotes that there may be a possible substitute to the present policy as time passes by; also, policy success depends how well bureaucratic structures implements government decisions; that is, a policy has neither substance nor significance without an application consistent with its intent. For implementation to occur, there must be an entity with sufficient resources assigned to carry out the implementation task; the implementing agency must be able to translate goals into an operational framework; also, the entity assigned the implementing task must deliver on its assignment and be accountable for its actions. These also imply some obstacles that the authorities concerned might confront: bargaining, lack of funds, change in priorities, multiple goals, and poor oversight. As for two alternative policies I have proposed, funds may be required to guarantee the implementation because tax refunds may lead to governmental fiscal deficit, and Pre-K program will face serious shortage of funds. Thus, in the part of assessment and recommendation, these facets will also be taken into account because they are likely to be obstacles greatly influencing and lowering the political feasibility, which is one of the main policy criteria when evaluating each policy.

2.5 Policy Literature: Policy Evaluation

Nagel, S. S. (1998) shows that simultaneous usage of quantitative and qualitative method in measuring policies and goals may often be meaningful and may provide insights that facilitate choosing among different policies for achieving given goals. Thus, regarding the performance of each policy regarding each policy goal, I choose to use document analysis where I choose to do quantitative analysis, including One-Sample T-Test and Multiple Regression when evaluating the public recognition of each policy goal and also the public policy satisfaction. In addition, Nagel, S. S. (1998) also shows that it is generally necessary to determine the relative value of the policy goals to be achieved, but not their absolute value. If several goals are being considered at the same time, we need to know how many times more valuable each goal is relative to the least valuable one, but seldom the precise worth of each. Based on such an argument, I make policy evaluation based on their relative value of the policy goals to be achieved; in the part of policy evaluation, I choose to adopt three-scale rating, including low, medium, and high. As for the importance of each policy goal, I assign somewhat the same weight to each policy goal, increasing the employees' productivity, raising the average wage, facilitating the formation of human capital, boosting the

macroeconomic development, political feasibility included; however, I assign somewhat a lower weight to such a policy goal as increasing the employees' productivity since the main stakeholder regarding this policy goal is the employer while I assign somewhat a higher weight to the political feasibility because I aspire to provide clients with the greatest benefits possible without incurring considerable costs and criticisms. Last but not the least, Nagel, S. S. (1998) shows that policy analysis can often work with small non-random samples because the sensitivity can be determined by partitioning the sample and because the samples are often purposively representative or cover a universe of legal jurisdictions. Thus, I choose to adopt such a nonprobability sampling method as quota sampling method; however, due to the difficulty in reaching the elderly samples through the Internet survey, the age distribution of the collected samples is somewhat positively skewed, and the representativeness of the collected samples is thus undermined.

2.6 Policy Literature: Public Policy Satisfaction

In addition to policy tools and objectives, and policy implementation, how satisfied the public are with such three public policies as the Minimum Wage policy, the Earned Income Tax Credit (EITC) policy, and the Pre-K program should be taken into account. In this part, I refer to the method proposed in Dolan, P., Layard, R., & Metcalfe, (2011). It shows that there are three accounts of well-being (Parfit, 1984; Sumner, 1996) that meet the three conditions and that could, in principle, apply at each of the monitoring, informing and appraising levels, inclusive of objective lists, preference satisfaction, and mental states (so-called subjective well-being, SWB). Here, I will choose subjective well-being to be the method of measuring public satisfaction with each public policy for the following reasons: first, subjective well-being is measured by simply asking people about their happiness. In such a sense, it can be said to share the democratic aspect of preference satisfaction, in that it grants people the choice to decide how good their life will be without others deciding their wellbeing. Also, Dolan, P., Layard, R., & Metcalfe, (2011) shows that subjective well-being is beginning to be used to monitor progress and also to inform policy; or even 'ill being' is used in terms of depression rate and in the provision of cognitive behavioral therapy. However, in Dolan and Kahneman (2008), it reads that more is needed on the positive side of the well-being coin and that there are interested academics regarding policy evaluation using subjective well-being and also that it is interesting for policymakers, too. In the measurement of subjective well-being, there are three ways: evaluation, experience, and eudemonic. Amongst these three ways, I choose evaluation because subjective well-being is used to

measure how people are satisfied with their life, job, etc. Besides, it also points out that some economists have been interested in using life satisfaction for some time. The most important of all, the reason why such a measure has been used the most frequently is due to its prevalence in international and national surveys and due to its comprehensibility and appeal to policymakers as proposed in Dolan, P., Layard, R., & Metcalfe, R. (2011).. Also, Ng, Y. K., & Ho, L. S. (Eds.). (2006). shows that unemployment, income, etc. are important determinants of public subjective well-being and life satisfaction. This finding gives an insight into policy setting. The finding that unemployment, income, etc has scientifically documented effects on people's sense of well-being gives these policy goals additional urgency although governments are aware of the problems of the unemployment and low-income problem, and try to find ways to solve them. Thus, how public recognition of each policy goal affects public policy satisfaction will also be discussed in this thesis.

3. Research Method

Overall, in this research, I will use the existing economic models and document research method (literature review) to comprehensively analyze effects of the current Minimum Wage policy and the other two alternative policies, the Earned Income Tax Credit (EITC) policy and the Pre-K program included, on employees, employers, the formation of human capital, and also the macroeconomic development, and conduct quantitative research to understand the public opinions about these three policies by conducting Internet Survey Research to the involved stakeholders .

3.1 Document Analysis

In the part of document analysis, I refer to some research having been done in the past years. Literatures focusing on policy goals, inclusive of increasing the business productivity, raising the average wage rate, facilitating the formation of human capital, boosting the macroeconomic development, and the political feasibility about three main policies are included: the Minimum Wage policy, the Earned Income Tax Credit (EITC) policy and also the Pre-K program.

3.2 Internet Survey

In the part of quantitative analysis, I distribute the online questionnaire to the public through online platform, Survey Cake. The execution of collecting responses starts from September 5th, 2017 to October 2nd, 2017. The sampling method I choose to use is the quota sampling method since it can raise the representativeness of the samples being collected

among nonprobability sampling method, which is the same as the argument proposed in 許文凌(2012). However, a lack of representativeness of the collected samples is the main shortcoming of this thesis though quota sampling method is used. It is because it is hard for the elderly to answer such questionnaires especially through the online platform. Thus, the representativeness of the collected samples is undermined.

Before distributing the questionnaire, I conduct pre-tests by conducting interviews to ask the interviewees whether there are questions that they could not easily understand or whether there are some important questions being omitted. After the interviews, the questionnaire is redesigned as follows: In order to check and screen out the identity of the respondents, they are asked to fill in some basic personal information in the first part, including gender, age, occupation, level of education, profession, monthly income, job position, whether they have ever been unemployed, and also their satisfaction with the current monthly income. When designing these questions, I follow the questionnaire design format, related to basic personal information, which is adopted by the *Research Center For Humanities And Social Sciences*. Then what follows is the public subjective recognition for each policy goal by giving some cues in the questionnaire to let those unfamiliar with policies have a basic understanding of each policy and then show their satisfaction for each policy, of which policy satisfaction is evaluated based on subjective well-being as proposed in Dolan, P., Layard, R., & Metcalfe, R. (2011).

3.3 Representativeness of Collected Samples

3.3.1 Response Rate

According to the definition, response rate, also known as completion rate or return rate, refers to the number of people who answered the survey divided by the number of people who are asked to take the survey. In this survey, 470 people are asked, while only 371 people finished the survey. Then, the response rate in this survey is 78.94%. Usually, we consider it to be high if it is no less than 80%. Thus, the response rate in this survey is somewhat high.

3.3.2 Effective Response Rate

According to the definition, effective response rate, also known as valid completion rate or valid return rate, refers to the number of people who answered the survey without omitting answer the questions required or logic contradiction, divided by the number of people who are asked to take the survey. In this survey, 470 people are asked, while only 358 samples can be taken into analysis. Then, the effective response rate in this survey is

76.17%. Usually, we consider it to be high if it is no less than 80%. Thus, the response rate in this survey is somewhat acceptable.

3.3.3 Analysis of the Representativeness of Collected Samples

Before answering such a question as how representative the collected samples can be of the population, I embark on analyzing the overall response rate and the percentage of valid questionnaires. As indicated, the overall response rate is up to around eighty percent and the percentage of valid questionnaires is even no less than eighty percent. After analyzing these two indexes, I choose to use Chi-Square Test to examine whether the panorama of collected samples is similar to the population. As shown in **Section 5.1.1**, it can be inferred that the selected samples can be representative of the population since there is no significant difference between the proportion of each selected strata and that of the population.

In the tables shown in Section 5.1.1, we could see the frequency distribution of each group, in which it is grouped by the sex and the age. Based on the Chi-Square Tests, we could infer that there is no significant difference of the frequency in each group; that is, there is a decent goodness of fit. However, compared with the population, we could see that there exists a bias in this survey since the respondents collected mainly fall at 20-to-44-year-old, which means that the sampling distribution in this survey is positively skewed; that is, the number of respondents is decreasing with an increase in age. It is the reason that undermines the representativeness of collected samples. Thus, a lack of representativeness of collected samples could be the main research limitation in this research.

4. Policy Analysis (Policy Goals and Alternatives)- Benefit Cost Analysis

What policies should govern the Minimum Wage? An answer to this question requires the specification of policy goals that provide an appropriate basis of comparing current policy with possible alternatives. The preceding discussion of problems inherent in the status quo immediately suggests a number of important goals.

First, a primary policy goal is to increase the productivity. The primary measure of the projected impact of each alternative in terms of this goal is the productivity of each employee. Therefore, it is important to note whether each policy can lead to an increase in the output per person.

Second, the current high price level poses a risk to the purchasing power of each person. Once the increase in the wage is not proportional to the rise in the price level, the quantity of

goods people can buy will be lower than previously. That is, the purchasing power of each person has weakened. Consequently, an increase in the average wage should be a goal. The primary criterion for measuring the impact of this goal includes both the labor cost of employees paid by employers, and the welfare of employees.

Third, whether each alternative policy, including the status quo, can facilitate the formation of human capital should be taken into consideration. As for how to facilitate the formation of human capital, two major avenues are schooling and job training. However, the effects of each alternative policy, including the status quo, on human capital can be quite different in the two cases. Thus, in the following paragraphs, I try to fill the following two gaps: I will explore the theoretical considerations regarding effects of each alternative policy on schooling, and bring together empirical evidence on the job training effects to examine the effectiveness of each policy on facilitating the formation of human capital.

Fourth, the consequences followed by each policy should have a positive impact on the economic climate. Hence, to boost the macroeconomic development should be a policy goal. The level of wage set will have a great influence on the level of quantity of labor supplied and the level of quantity of labor demanded. Once the quantity of labor supply is greater than the quantity of labor demand, the employment level will be lower than the equilibrium employment level. Then the problem of unemployment will thus arise. Thus, employment level will be an important impact category of each alternative. As to the price level, because wage can be regarded as costs, the higher the wage, the higher the cost. The higher the cost, the higher the price level. A great change in the price level will have a significant effect on the purchasing power. Hence, whether each alternative policy will contribute to a great change in the price level should be taken into consideration. As to the wage, because it can be seen as costs, the higher the wage, the higher costs. Once the costs arise from an increase in wage are too high, it will lead to inflation or even hyperinflation, which is not considered to be beneficial for both employers and employees. Last but not the least, the aggregate output level will also change with the macroeconomic development. As the aggregate output level in a country gets higher and higher, it denotes that there is a boom in its economy. Accordingly, whether each alternative policy will give rise to the prosperity of a country should also be taken into account. Thus, the employment level, the price level, the real wage rate, and the aggregate output level should be taken as the criteria to evaluate whether each alternative policy will boost the macroeconomic development or not.

Fifth, political feasibility is always relevant to some degree. Some alternatives, which

will bring about a great change in a country, are more politically difficult to achieve than others. There is more uncertainty as to the impacts of each alternative policy.

Undoubtedly, it is apparent to find that these goals are in conflict to some degree. For example, increasing in the average wage will benefit employees; however, it would conflict with the goal of macroeconomic development because the higher the wage, the higher costs and then the higher the costs, the lower the aggregate output level. As a consequence, selecting the most socially desirable policy involves making trade-offs among the goals.

4.1 Ideas, Essence and Target Population Behind each Policy Setting

	Target Population	Ideas and Essence
Minimum Wage Policy	The Public	To ensure that individuals can maintain a basic or even a minimum quality of life by imposing a price control
Earned Income Tax Credit (EITC) Policy	Low- to moderate-income working individuals and couples, particularly those with children	To benefit Low- to moderate-income working individuals and couples by refunding tax.
Pre-K Program	Families with children under the age of elementary school.	To raise the competitiveness of the public by channels of early childhood education

Table 3 Ideas, Essence, and Target Population Behind Each Policy

4.1.1 Status Quo: Minimum Wage

Minimum Wage policy is popular around the world. The main idea behind setting such a policy is that nations want to ensure that individuals can maintain a basic or even a minimum quality of life by imposing a price control; to be specific, it is a price floor. Such a floor indicates or insinuates what such a minimum price must be paid for certain goods or services. By setting such a price control, governments can ensure individuals receive a decent or a fair wage at various jobs. Here, we can infer that what minimum wage positions require is basic or nontechnical skills. As for employers' side, companies paying employees minimum wage can somewhat avoid offering employment benefits. What's more, under the implementation of the Minimum Wage policy, employers may be more willing to hire part-time workers and thus avoid overtime pay. Consequently, the main purpose of setting minimum wage policy is to guarantee a basic quality life for the public. I can thus interpret that what minimum wage policy seeks is a level of economic equality rather than hideous or copious amounts of citizens who are underpaid or live in poverty. Thus, by imposing the minimum wage, it compels companies and enterprises to pay all the employees/workers equally, regardless of race, belief, sex, and so on.

As for the target group of the minimum wage policy, there is no specific target group or target population behind the minimum wage policy. Thus, it can apply to the public. However, the original purpose of setting the minimum wage is to guarantee a basic level of wage to those who are underpaid. Or strictly speaking, the minimum wage policy will mainly influence those “marginal workers”, i.e., those who are originally underpaid.

4.1.2 Alternative Policy One: Earned Income Tax Credit (EITC)

The Earned Income Tax Credit, EITC or EIC, is a benefit for working people with low to moderate income. Low- to moderate-income working individuals and couples, particularly those with children are the main target of EITC policy. The amount of EITC benefit depends on the recipient’s income and the number of children that the recipient has.

Warren Buffett has ever argued that low wage workers would be better served by expanding the EITC than by increasing the minimum wage to the potentially job destroying level of \$15 (Janet Novack).

Forbes contributor Laura Shin wrote in 2013 about how a McDonald's worker with four kids lives on minimum wage and asked her whether she got help from the EITC. The woman’s response: “I was supposed to receive \$3,167 for the Earned Income Tax Credit this year, but I didn’t file [my taxes] because I was a victim of identity theft” (Janet Novack).

As for the target population of EITC policy, it mainly aims at those low-to moderate-income working individuals and couples, particularly those with children.

4.1.3 Alternative Policy Two: Pre-K Program

Pre-K is a preschool program for children below a certain age (i.e. five in the U.S.A, Canada and Turkey). The policy targets the families with children under the age of elementary school.

Pre-K plays an essential role in early childhood education, and has been proven its efficiency. The critical importance of the earliest years of life has been emphasized. It is crucial to establish the brain architecture and other biological systems that will shape future cognitive, social, and emotional development, as well as physical and mental health during the earliest years of life (Knudsen, Heckman, Cameron, & Shonkoff, 2006; Blair & Raver, 2012)

The most direct evidence comes from work by Aizer and Cunha (2012) who use data from a longitudinal study begun in the 1960s that spans the period surrounding the

introduction of Head Start, the largest preschool intervention for low-income children, and finds the largest impacts of the program on children with higher scores on a measure of cognitive development at 8 months (Magnuson & Duncan).

Regarding the target population of Pre-K program, it aims at those families with children under the age of elementary school.

4.2 A Comparison of the Alternatives on Benefit Sides

The following discussion compares the status quo (the Minimum Wage policy), introduction of the earned income tax credit (EITC) policy, and Pre-K program in terms of increasing the productivity, raising the average wage, facilitating the formation of human capital, boosting the macroeconomic development, and also the political feasibility.

4.2.1 Status Quo: Minimum Wage

Increasing the Productivity. The status quo will perform well in term of increasing the production level, especially when the wage level employees receive is considered to be high. In Robbins, S.P. (1994), such suggestions were made to inspire employees as goal setting, creating interesting works (jobs), and management by participation, etc. However, amongst all the methods of inspirations, we can't not deny that money is main drive for people to work hard. In Goerg, S. J. (2015), it has shown that taking goal setting can prompt employees' productivity to increase by 16 percent, and using job redesign, especially the job enrichment, can lead employees' productivity to increase by approximately 8 to 16 percent. As to management by participation, it can only contribute to an increase in employees' productivity by less than 1 percent. Besides, once there is a wage hike, employees' productivity will thus rise by 30 percent. Thus, wage hike will increase employees' productivity. That is, the higher the minimum wage, the higher the output per person.

Raising the Average Wage. This is probably the most difficult goal of the status quo policy to achieve because it will have influences on not only the welfare of the employees but also the labor cost paid by employers. More specifically, it is hard to strike a balance between the welfare of the employees the labor cost paid by employers because the higher the average wage, seemingly the more goods the employees can buy. On one hand, an increase in the minimum wage implies an increase in the expense of wages and salaries paid by employers. Thus, the higher the wage level, the fewer benefits employers will get. On the other hand, once we see wage as a kind of cost in a society, the higher the minimum wage, the higher the aggregate cost in a society. The higher the aggregate cost in a society, the higher the goods

prices and the lower the employment level. In the following, I will use the AD-AS model to explain effects that an increase in the minimum wage will have on both the price level, and the employment level, or so-called output.

Here, we can refer to **Diagram 1**. If we see wage as a cost in a society, then an increase in wage will shift the AS curve to the left. The resulting equilibrium in which AD and AS curve intersects corresponds to a lower aggregate output level and a higher price level in a society.

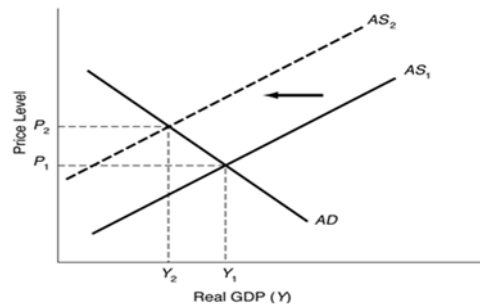


Diagram 1 AD-AS model: Effects of a Rise in Wage

Facilitating the Formation of Human Capital. In this facet, the rate of return on schooling and job training should be taken into consideration when evaluating whether a policy can facilitate the formation of human capital. The longer the time one spends on schooling, the higher the profitability it is for all groups. In theory, according to the model in Mincer (1976), it shows that the lower the pre-minimum wage, the greater is the reduction in the predicted wage level, provided that it falls. Hence, the rate of return to schooling increases more for the lower sub-minimum wage workers than for others, and the inducement into longer schooling could be strong or stronger among the poor.

In Leighton and Mincer (1981), it is empirically proved that minimum wages tend to discourage on-the-job training. This effect is another source of an increased demand for more schooling: young people with the ability and motivation to invest in their human capital lead to substitute longer schooling for job training. Moreover, the additional schooling enables them to enter higher than minimum wage jobs and reopens the possibility of subsequent job training as well. Thus, the labor market difficulties which the minimum wage generates for low wage young workers are twofold: loss of jobs for somewhere wages are initially below the minimum, and loss of opportunities for training and careers even for those whose initial productivity is worth as much or somewhat more than the minimum wage.

Boosting the Macroeconomic Development. Generally speaking, such

macroeconomic indicator as the real wage, the output level and the employment level, etc. can be seen as the criteria for evaluating the macroeconomic development. When evaluating the macroeconomic development influenced by the wage level, we can judge it by the real wage rate. Thus, as long as the change in the price level is smaller than that in the nominal wage level, it denotes that the real wage rate is rising, which implies that there will be a boom in the macroeconomic development. In Sabia, J. J. (2015), three main points were proposed: first, an increase in minimum wages is more likely to deliver income gains to low-skilled workers during peaks rather than troughs in the business cycle. Second, macroeconomic growth can be stimulated by increases in the minimum wage if productivity is shifted toward more highly-skilled sectors, possibly by inducing additional training for low-skilled workers. Last but not the least, it seems that increases in the minimum wage do not seem to have larger negative employment impacts than non-indexed increases when increases in the minimum wage are indexed to inflation.

More specifically, real wage rate can be seen as an indicator of macroeconomic development in a country. If the change in the price level is smaller than that in the nominal wage level, it denotes that the real wage rate is rising, which implies that there will be a boom in the macroeconomic development. On the contrary, if the change in the price level is greater than that in the nominal wage level, it denotes that the real wage rate is decreasing, which implies that there will be a downturn in the macroeconomic development. Real wage rate (ω) is usually expressed as $\omega = \frac{W}{p}$, where W is the nominal wage rate and p denotes the price level. If the equation simultaneously takes the form of logarithm on both sides, then $\ln\omega = \ln W - \ln p$. Further more, by total differentiation, we can get $d\ln\omega = d\ln W - d\ln p$. Thus, $d\ln\omega$, which denotes the change of the real wage rate, will be positive only if the increase in nominal wage ($d\ln W$) is greater than the increase in the overall price level ($d\ln p$).

In addition to the impact of minimum wage on the real wage rate, there is also another impact: the employment level. In P. Lin (2013), it shows that the minimum wages hike has a greater and adverse impact on female workers, young workers, low-level educated workers and employee of small and medium firm enterprises. In W.Z. Wang (2013), it shows that when the minimum wage increases there is a positive effect on the unemployment of middle-aged group (25-44 years old). Thus, the implementation of the minimum wage policy may indeed have an adverse effect on the labor market.

Political Feasibility. As long as there is not a significant change in the employment

level, the price level, the wage rate, and even the output level, arising from the setting of the minimum wage, keeping the current policy, the Minimum Wage policy, in place is politically feasible.

4.2.2 Alternative Policy One: Earned Income Tax Credit (EITC)

Increasing the Productivity. One primary advantage of this alternative policy is that it provides financial incentives for the low-skilled workers to work harder and thus raise productivity (output). In other words, EITC can be viewed as a form of “**efficiency wage,**” and to some extent it resembles the Minimum Wage policy as they both serve this similar function of improving work effort. This point of view can be proved by the argument proposed in Sawhill, I., & Karpilow, Q. (2014).

Here, we can refer to **Diagram 2**. In the AD-AS model, a decrease in the tax, which can be seen as an expansionary fiscal policy, will cause the private consumption to increase, which in turn shifts the AD curve to the right. Apparently, the resulting new equilibrium corresponds to a higher output level.

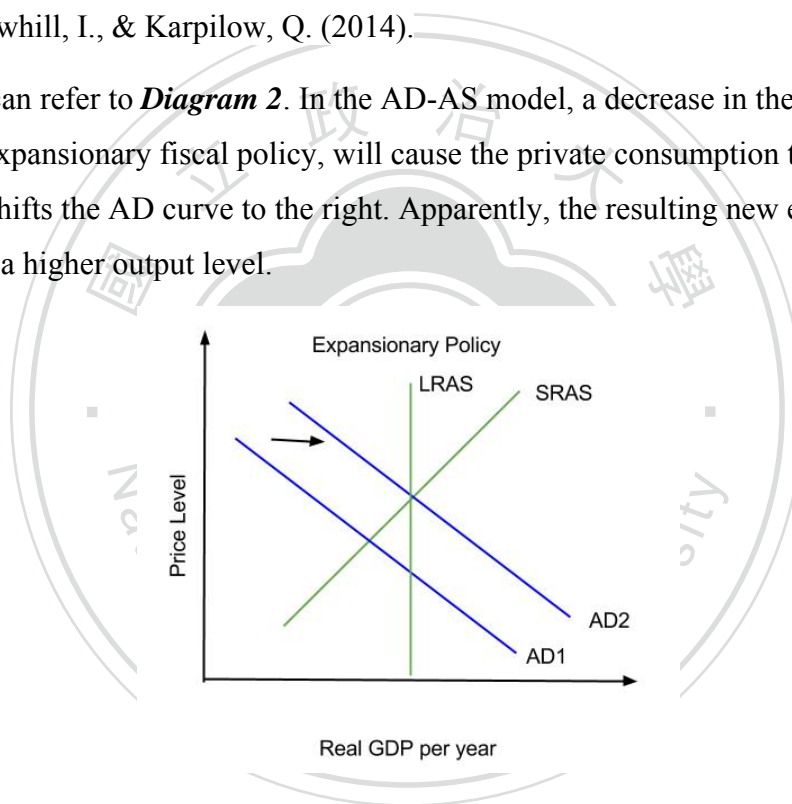


Diagram 2 AD-AS model: Effects of Expansionary Fiscal Policy (A Decrease in Tax)

Raising the Average Wage. According to Sawhill, I., & Karpilow, Q. (2014), probably the most appealing benefit presented by EITC is that while it augments the earned income of the working poor, it does not impose additional costs to employers. Workers at the low-end of the income distribution are eligible for applying the tax return depending on their income level, marital status and the number of qualifying children. Despite the fact that this policy prevents the employers from bearing the costs, it in turn implies that the government is the most affected stakeholder if it continues to run EITC; the government reduces its tax revenue

by planning to offer a tax rebate for the needy individuals and households, in hopes of supplementing low wages and attracting people not in the labor force to participate in the labor market.

In Economics, we often expressed disposable income (Y_d) as $Y_d = Y - T$, in which Y is the initial income without being taxed, and T is the tax to be paid. Thus, through the tax refund, one's disposable income will increase with a decrease in tax to be paid.

Simultaneously, due to tax refund, the governmental tax revenue will always decrease whether there is a decrease in lump-sum tax or there is a decrease in the proportional tax rate. When there is a decrease in lump-sum tax, the Laffer Curve will thus shift down. As for proportional tax rate, there always exists a tax rate which could maximize the governmental tax revenue. Here, we can refer to the *Diagram 3*. Laffer curve shows the relationship between the tax revenue and taxation rate. There always exists a tax rate which could maximize the governmental tax revenue. Thus, a change, whether an increase or decrease, in the taxation rate, will lead to a decrease in the governmental tax revenue. This may in turn lead to a fiscal deficit of the governmental finance.

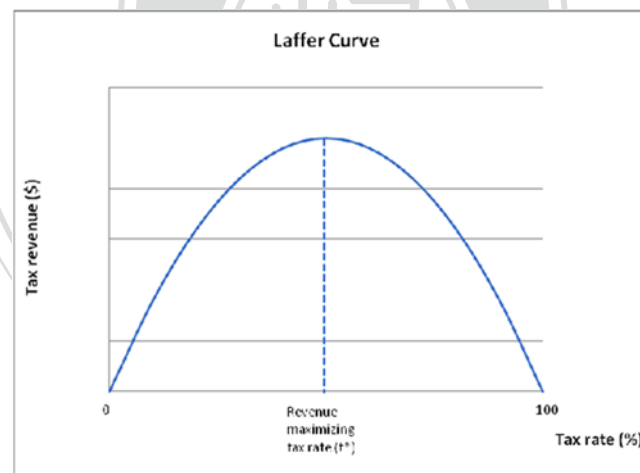


Diagram 3 Laffer Curve

Facilitating the Formation of Human Capital. In theory, Miki Malul and Israel Luski (2009) has shown that an EITC has a negative influence on human capital investment as well as the total product of Type Y workers (those with a sufficiently low cost of acquiring human capital and a sufficiently long horizon that they consider investing in human capital). This is because an EITC reduces the incentive of Type Y workers to acquire human capital. For Type O individuals (those who do not consider investing in human capital), an EITC raises

employment and total product, allowing this group to realize greater income without harming productivity. Moreover, how such a program as EITC affects skill acquisition and improvement depends on what model characterizes the human capital accumulation, or production, process. In particular, if one assumes that work-related skills are largely acquired as a by-product of work; that is, through “learning by doing” (LBD), programs that encourage greater labor force participation and hours of work will tend to encourage skill acquisition. In contrast, if learning, either via formal schooling or while on the job, is rivalrous with working, as is the case with an “on-the-job training” (OJT) model, policies that encourage work may discourage skill acquisition.

It is empirically proved in Heckman, Lochner, Cossa(2002) that skills are cultivated by costly time spending and investments, such as the program of on-the-job training. Such a policy as EITC encourages skill investment for workers who begin their careers in the phase-out region and end their careers above the EITC income cut-off. Thus, it is apparent that time spent on working is much lower during the phase-out region and slightly higher beyond that region. None of the less educated public in this research benefit from this much. What’s more, the most cast-iron evidence is that for those female high school dropouts and graduates, who spend their careers within the income limits of the EITC schedule, the EITC substantially reduces human capital investment in on-the-job training program.

Boosting the Macroeconomic Development. The EITC program performs quite well in terms of boosting the aggregate output level, Y , at the macroeconomic level. The AD-AS model, for example, can be incorporated here as to illustrate the impacts of EITC implementation on the economy as a whole. Here, we can refer to *Diagram 2*. To begin with, the tax reimbursements offered imply that the disposable income of the disadvantaged workers rises. According to what the stipulated consumption function states ($C = C_0 + C_1 * Y_d$), in which C denotes consumption, C_0 denotes autonomous consumption, and $C_1 * Y_d$ denotes induced consumption changing with the disposable income level, a rise in disposable income stimulates consumption spending, and consequently, shifts the AD curve to the right. The result is a higher equilibrium output level than before. Hence, in following this logic, EITC can viewed as effective in progressing the societal output level. Yet, though the boost in aggregate output seems to be overall pleasing, the main drawback of this policy which is critically assessed by most commentators is that government’s tax revenue faces continuous loss; the costs to some extent transfer to the government under the EITC policy regime. According to the estimates indicated by The Washington Post in 2014, the cost of running the

EITC program alone sums to over \$60 billion annually in the United States. Specifically, while relieving the underprivileged working class from defraying heavy earned income taxes, the potential risks facing the government could be the case that a tax increase elsewhere or a spending curtailment must be met in order to compensate for the loss of tax revenue due to the EITC policy. If this also holds in Taiwan, then the authorities concerned should take the change in the tax revenue into consideration because there may be a significant decrease in the tax revenue after such a policy as Earned Income Tax Credit (EITC) is put into implementation.

Political Feasibility The reduced government tax proceeds meant that implementing Earned Income Tax Credit (EITC) is probably immensely challenging and unfavorable to the current governmental regime. By attempting to combat poverty and thus raise the welfare of the workers, the government needs to seek for other sources of revenue or simply cut expenditures to counterbalance the shrinkage in tax revenues. Yet, this may be painfully demanding and somewhat unappealing to the existing political regime. In 謝瑜歆. (2010)., she proposes that if it is to be put into implementation to take the place of the current minimum wage policy, the government should carefully design the structure of such a policy and also implement such a policy on a moderate scale rather than on a large one lest there should be a great fiscal deficit. Besides, the difficulty of implementing such a policy is that the authorities concerned may have difficulty finding the target population and there is a likelihood that there is a wrong subsidy. They are some barriers that may hinder the implementation of such a policy as Earned Income Tax Credit (EITC). Also, in 周信佑 (2011)., it shows that there is a difficulty of putting Earned Income Tax Credit (EITC) into implementation due to the low feasibility of the technical aspect, which will further influence its political feasibility. Thus, there should be a careful plan before such a policy as Earned Income Tax Credit (EITC) is put into implementation.

According to the argument proposed in B.N.Ghosh (2001), the financial sources for such a refund (Earned Income Tax Credit) will cast no burden on the public and the government; the burden of public debt will not necessarily go up because the aggregate output (Y) will increase with an decrease in tax (tax refund); also, as is the last argument reads, the money still remains within our country. Thus, there shouldn't be a concern for fiscal collapse. Also, the authorities concerned have announced that such a policy as EITC will be implemented from 2019. In short, whether the potential problems mentioned will arise or not, this policy is going to be implemented; therefore, we could consider the political feasibility of this policy

to be high.

4.2.3 Alternative Policy Two: Pre-K Program

Increasing the Productivity. Over the long term, the universal Pre-K program performs fairly well in terms of truly increasing the productivity of the low-skilled workers. As numerous research shows, early experiences have far-reaching and influential impacts on infants and toddlers as they come to shape whether the brain develops strong propensity for learning fast and taking up positive character. Establishing high-quality preschool programs is also claimed to help the disadvantaged kids to amend the learning opportunities that are forgone at home, as well as reduce the need for remedial education afterwards. Probably the most cited benefit by advocates, even President Barack Obama himself, is the “\$7-\$10 return to society” proposed by the renowned economist James Heckman. That means for every one dollar of tax dollars expended on such programs, there will be an estimated amount of 7-10 dollars expected return because of lower crime rates, higher graduation and employment level, fewer use of public welfare and special education programs, and even better health. Therefore, rather than merely offering incentives to work hard, universal Pre-K programs, to a large extent, directly deal with the issue of employees’ productivity through the channel of early education. This is correspondent with the argument proposed in Heckman, J. J., & Masterov, D. V. (2007).

Raising the Average Wage. This alternative does no harm to business employers and the like as the costs incurred by enforcing this program are allocated to all the taxpayers. And yet, as Pre-K programs are fundamentally capable of enriching children’s cognitive and non-cognitive abilities (such as socio-emotional and physical/motor development) and stimulating future achievement in school performance, the society’s human capital will gradually improve over the long term; Such an argument is correspondent with what is proposed in Bailey, D., Duncan, G. J., Odgers, C. L., & Yu, W. (2017). As a result, in possessing a more competent human capital, lower-level workers, to a certain extent, can have the bargaining power over the determination of wages. In Jennifer Rokosa . (2011)., it suggests that building up early childhood education programs is an effective way to raise the competitiveness of national people; it also mentions that various studies indicate that every one dollar invested in early childhood education programs contribute to a return of seven dollar on average.

Facilitating the Formation of Human Capital. In theory, Magnuson and Duncan (2016) show that interventions in early childhood lay an important foundation for human

capital development, with important long-run connections with economic earnings and opportunities later in life. More and more evidence suggests that such early skills as achievement, behavior, mental health can improve one's life chances if those aspects are improved early in one's life. In addition, accumulating evidence has shown that the quality of preschools matters. To be specific, attending good quality preschools for at least a year contribute to long-lasting improvements in educational attainment and earnings, even when short-term improvements in concrete achievement skills fade during the elementary school years.

As for the empirical evidence, a Nobel Laureate, Jim Heckman conducted a compelling research on the importance of children's early years. Heckman, J. J., & Masterov, D. V. (2007) shows that early childhood education is crucial to the formation of skills and capabilities and also that it is one of the important decisive determinants of life-cycle outcomes. Thus, Jim Heckman proposes an argument that human capital accumulation is often considered or associated with a dynamic life-cycle process and skill begets skills and that early education is critical to the formation of human capital.

Boosting the Macroeconomic Development. This policy alternative is favorable in advancing the economy in that it helps to educate and support children from the struggling households and attempts to raise the overall human capital of the society. In other words, enforcing universal Pre-K programs enables children, particularly those from disadvantaged families, to develop their brains from a very early level and subsequently aims to reduce the school readiness gap facing at-risk children. To illustrate the long-term effects that Pre-K delivers, this thesis further provides a detailed analysis using the *Solow Growth Model*.

Here we can refer to **Diagram 4**. To begin with, it should be noted that there are three curves involved in order to substantialize the results in this model—namely the production function $\frac{Y}{N} = F\left(\frac{K}{N}\right)$ itself which is a function of capital per worker, depreciation per worker, and lastly saving per worker. In addition, the two axis of the model are given as follows: the horizontal axis is designated by capital per worker, $\frac{K}{N}$, and the corresponding vertical axis gives the output per worker, $\frac{Y}{N}$. Following the previous research assertion that Pre-K expanded opportunities in fostering preliminary skills, the production function as a result shifts up at any given level of production, Y . This implies that at the original $\frac{K}{N}$ level, the output level is greater. Accordingly, the saving function shifts upwards in response to the

shift in the production function, and because now the saving per worker is greater than depreciation per worker, the capital per worker ($\frac{K}{N}$) gradually moves to its steady state level (or equilibrium point), where a new higher $\frac{K}{N}$ and a new higher $\frac{Y}{N}$ are generated. Thus, the conclusive statement of higher output per worker (or the capability of promoting a more productive workforce) is compellingly persuasive and in a sense, makes this policy alternative more appealing to the mass.

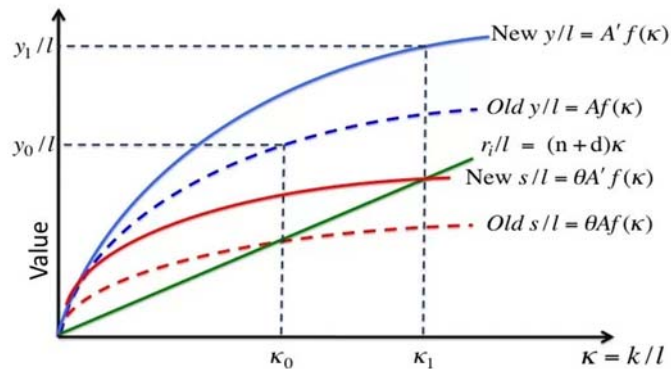


Diagram 4 Solow Growth Model: How Education Affects the Output

Political Feasibility. By planning to enforce the universal, government-funded-and operated Pre-K, it implies that the government will require more funding sources or tax revenue from the taxpayers in order to subsidize the implementation of running such project. Alternatively, instead of raising taxes, the government could collect funding and donations from other venues by offering a tax credit as an incentive, such as from corporate giants or various other not-for-profit organizations. Although this action plan of offering tax credit to corporations decreases government's revenue as well, it is expected to be more cost-effective than that in EITC alone because the government, in fact, is using its revenues to invest in a common good—education. In all, establishing the Pre-K program appears to be more preferable to the massive public because it grants accessible and affordable early education to all children within the society regardless of disparate socioeconomic backgrounds.

4.3 A Comparison of the Alternatives on Cost Sides

4.3.1 Status Quo: Minimum Wage

Cost Incurred on Employees/Workers The Minimum Wage policy has the following drawbacks in the following facets. As far as the labor market is concerned, the implementation of the minimum wage will have a significant impact on both the equilibrium wage rate and the employment level. As is what is mentioned in the introduction, the

minimum wage is usually set above the equilibrium wage level, so some employees will thus become involuntarily unemployed. In fact, many global citizens are deliberately silent on the "aggregate effects" of the minimum wage, citing "compelling" evidence that an increase in the minimum wage makes it more difficult for young people to get hired. There are two sides to each question; here, I refer each question to each policy. A minimum wage increase is a trade-off: Workers whose wages rise following a minimum wage increase are better off; on the other hand, those who lose their job because they're now more expensive to employ are worse off. Research shows that the consequences outweigh the benefits. A study conducted in 2005 in the Journal of Human Resources showed a higher minimum wage results in a net increase in the proportion of poor families or families near poverty. This means that raising the minimum wage might actually increase poverty rather than increase the welfare of all the employed.

In the following, I will use a diagram including the labor supply and demand curve to illustrate how the minimum wage policy influences the equilibrium wage rate and also the employment level.

Here, you can refer to **Diagram 5**. Suppose that the labor market is perfectly competitive. This means that there are many employers and employees. The labor supply curve is positive sloped while the labor demand curve is negatively sloped. The equilibrium employment level and wage rate is determined by the intersection of the labor supply curve and labor demand curve. At this equilibrium point, there isn't any problem of unemployment. However, the minimum wage is usually set above the equilibrium wage rate. At such a wage rate, the labor supply is greater than the labor demand. Thus, some are unemployed while some get a higher pay.

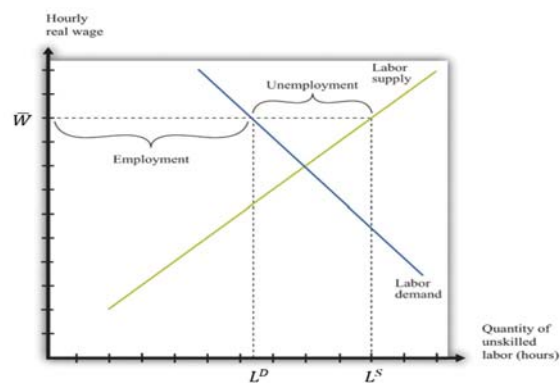


Diagram 5 Labor Supply and Labor Demand

Cost Incurred on Employers On the benefit sides, we can infer that an increase in the wage level can be an incentive for employees to work harder. Research has shown that once there is a wage hike, employees' productivity will thus rise by 30 percent. Thus, wage hike will increase employees' productivity. That is, the higher the minimum wage, the higher the output per person.

In other words, the productivity of employees will get higher, which in turn benefit the employers. However, compared with the equilibrium wage rate determined by the labor supply and demand in the market, the imposed minimum wage is always higher. As far as employers are concerned, wage can be seen as a cost. Thus, the higher the wage rate, the higher the cost imposed on employers. In this sense, employers' profits will decrease due to an increase in the wage level, in turn contributing to an increase in the cost faced by employers.

Cost Incurred on Government As for the cost incurred on the government, it can be said to be none due to the following main reasons. First, the role that the government play in such a policy is only a policymaker. To be specific, what the government does is nothing but to ratify the act, modify the act, or even put the policy into implementation. Thus, it is neither the beneficiary nor the sufferer under the implementation of the Minimum Wage policy.

Cost Incurred on Society In the AD-AS diagram, the AD curve reflects the demand side in a society whereas the AS curve represents the cost side in a society. Thus, an increase in the minimum wage rate will contribute to a rise in the overall price level if we regard wage as a cost on a society., which in turn will cause the AS curve shift to the left while the AD curve remains unchanged. Under such circumstances, the equilibrium price level will rise and the aggregate output level will decrease. In the following, I will use the AD-AS diagram to explain how the price level and the aggregate output level changes with the implementation of the Minimum Wage policy.

If we regard wage as a cost, then an increase in the wage rate will shift the AS curve to the left. The resulting equilibrium corresponds to a lower employment level and a higher price level, which may do harm to the society.

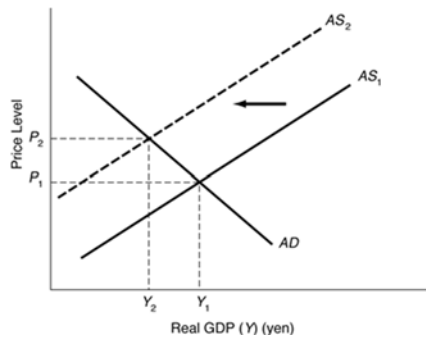


Diagram 7 AD-AS model: Effects of a Rise in Wage

4.3.2 Alternative Policy One: Earned Income Tax Credit (EITC)

Cost Incurred on Employees/Workers When it comes to the cost incurred on employees, or so-called workers, it can be said to be none. This is because employees or workers are only receivers of the earned income tax refund. Thus, this policy will benefit the employees' group rather than do harm to them. In short, there won't be any cost incurred on employees or workers.

The diagram below shows the change and the relationship between the Earned Income Tax Credit and the Taxpayer Income. It shows that it could benefit those who receive low-to-middle income.

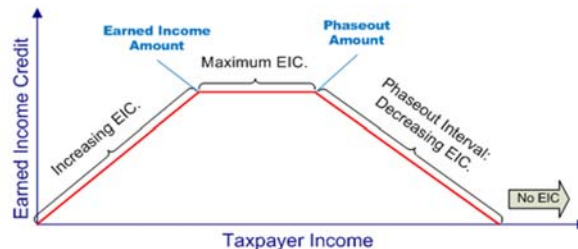


Diagram 8 Earned Income Tax Credit Versus Taxpayer Income

Cost Incurred on Employers As for whether there are any costs incurred on employers, it can also be said to be none. Generally speaking, employers do not directly get involved in the EITC program. What effects such a policy as EITC will have on employers can be that the productivity of workers may rise in response to a higher disposable income; that is, the morale of employees may thus rise due to EITC program, further benefiting employers.

Cost Incurred on Government With regard to the cost incurred on government due to the implementation of the EITC program, it can generally refer to a reduction on the tax revenue. Intuitively, government's tax revenue will decrease due to the compensation of tax for the

target population; this will further lead to a governmental budget deficit. In the following, I will use the logic proposed by Keynes to explain the effects that a governmental budget deficit will bring. Take Greece as an example. Greece has ever confronted sovereign debt crisis; and it collapsed due to the large fiscal deficit. Overall, the implementation of EITC program may result in governmental budget deficit, further causing the economy to decline with a decrease of the equilibrium output level. This should be noted if this policy is to be implemented.

Cost Incurred on Society Generally speaking, costs will be mainly incurred on governments while there might be no costs for employers and employees. It can be inferred that the costs incurred on society originate from those costs incurred on governments. Thus, the analysis is the same as what I have done in the previous section, the cost incurred on the government.

4.3.3 Alternative Policy Two: Pre-K Program

Cost Incurred on Employees/Workers If such a policy as Pre-K program is put into implementation, those taxpayers should pay more. This is because funding sources of education mainly come from the tax paid by the public, employees included. Consequently, the employees' tax burden will rise; in other words, employees' disposable income will decrease due to a rise in the tax to be paid.

Cost Incurred on Employers If such a policy as Pre-K program is put into implementation, those taxpayers should pay more. This is because funding sources of education mainly come from the tax paid by the public, employers included. Consequently, employers' tax burden will rise; in other words, the employers' disposable income will decrease due to a rise in the tax to be paid.

Cost Incurred on Government In addition to taxpayers, there will also be some burden imposed on government. Taxpayers should pay more to support the implementation of Pre-K program while governments should seek sizable fundings from various sources, or it should pay for the expenses of implementing such a program. Take the case in the United States as an example. Overall, the exempt of school fees for nearly 75 percent of five-year-old preschoolers sums up to around 6 billion as is the foreign case; thus, there will be a decrease in the schooling revenue in a nation. As a result, implementing such a policy may lead to government budget deficit since it should also pay for the expenses of implementing such a program on their own.

Cost Incurred on Society Take the case in the United States as an example. If such a policy

as Pre-K program is put into practice, the exempt of school fees for nearly 75 percent of five-year-old preschoolers will sum up to around 6 billion; thus, there will be a decrease in the schooling revenue in a nation. Also, based on the analysis of cost incurred on employees, employers, and also the government, taxpayers should pay more to support the implementation of Pre-K program while governments should seek sizable fundings from various sources, or governments should pay for the expenses of implementing such a program. In short, the cost of implementing such a policy will be tremendous, and it will cast a huge burden on not only the employers and employees but also the authorities concerned, so-called the government.

4.4 Three "Feasibility" Arguments for each Alternative

4.4.1 Minimum Wage Policy

4.4.1.1 Stakeholder Analysis

Employees. The main impact of the adjustment of the level of minimum wage on employees is the employment level. Suppose that the labor market is a perfect competition market. When the level of minimum wage is set above the equilibrium market wage, the employment level will thus decrease as the level of wage rises. Here, we can refer to *Diagram 8* shown below.

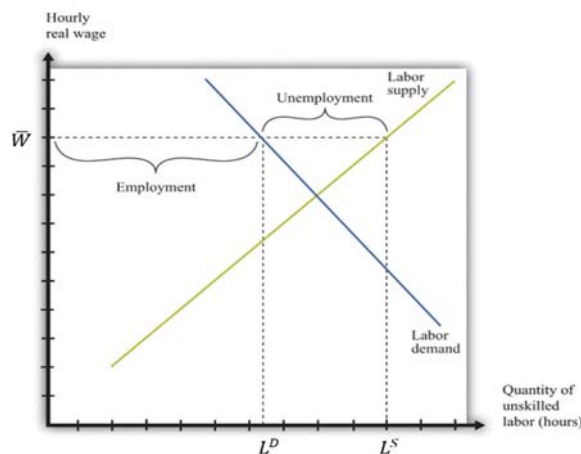


Diagram 8 Labor Supply and Labor Demand under Perfect Competition

Suppose that the labor market is monopsony. Originally, the employment level in this market is lower than that in a perfect competition market. At the time the minimum wage is set above the equilibrium market wage, the profit of business will decrease but the employment level and the wage rate will thus increase. Because the wage is set above the

market equilibrium wage level, it will attract those who are not in the labor force to join the market. However, the higher the equilibrium wage level, the lower the profit the employers will get. Here, we can refer to *Diagram 9* shown below.

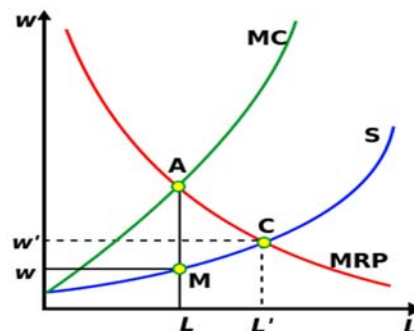


Diagram 9 Equilibrium Employment Level Under Monopsony Labor Market

If the minimum wage does not apply to all types of industries, the result will be different. For employees working in the industry which the minimum wage applies to, some employees will get higher wages while others will be forced to be unemployed or transfer to another industry which the minimum wage does not apply to. Due to the implementation of the Minimum Wage policy, some employees will thus get out of the labor market while those originally not in the labor force or those working in the industry which the minimum wage does not apply to will transfer to the industry where the average wage level is relatively high. Thus, those who lose their jobs are worse off because they're now more expensive to employ.

Employers. When the minimum wage policy sets the wage above its equilibrium level, here comes the resulting problem that the producer's costs will soar significantly. In order to shift the increased costs to the consumers, under the principle of profit maximization, the companies will raise their goods prices so that the increased costs can be totally absorbed by the consumers. Accordingly, the retailing prices of goods and services will soar, the employees' benefits/welfare will be reduced/decrease and the quality of the goods and services will deteriorate, which are all the countermeasures of a corporation in response to the policy of minimum wage. And if there's a substitute with a high demand elasticity, then an increase in the price of goods will decrease the quantity sold, and the profit and the market share of a business will thus decrease.

Besides, there will be offshoring of labor-intensive industries to countries where the wage level is relatively low. That is, there may be discrimination against low-skilled labor. For example, such representative industries in Taiwan at early times as textile industry, shoes

industry, and plastic-processing industry move offshore to Southeast Asia. Some researchers think if the policy of foreign labors can be modified, chances are that some traditional industries can remain in Taiwan, which may thus lower the unemployment rate.

Due to the implementation of compulsory labor and health insurance, an increase in the level of minimum wage will have an impact on employers. In short, producers' cost will soar significantly as they have to pay more for employees' wages and also the compulsory labor and health insurance fees.

Governments In Taiwan, progressive rate is levied on income. That is, the higher the income a man receives, the more tax he has to pay. As a result, under the implementation of the Minimum Wage policy, the tax revenue received by governments are greater than the case in which the Minimum Wage policy is not put into practice because the minimum wage level is always set above the equilibrium wage rate. Though the government is only referred to as a policymaker with regard to Minimum Wage policy, its tax revenue will also change, rise exactly, if the Minimum Wage policy is put into effect. Thus, the government budget is more likely to be in surplus under the implementation of the Minimum Wage policy compared with the case in which the Minimum Wage policy is not implemented.

Overall Evaluation. Generally speaking, an increase in the minimum wage rate will contribute to a rise in the overall price level if we regard wage as a cost on a society, which can be inferred from the AD-AS model.

Here, we can refer to **Diagram 10**. As mentioned before, if we regard wage as a cost, then an increase in the wage rate will shift the AS curve to the left. The resulting equilibrium corresponds to a lower employment level and a higher price level, which may do harm to the society.

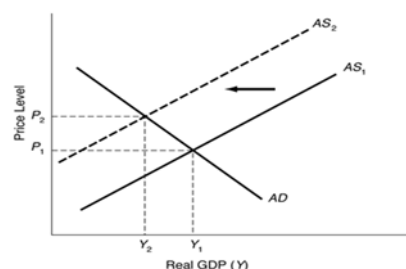


Diagram 10 AD-AS model

4.4.1.2 Institutional (or Legal) Feasibility

According to the Labor Standards Act, keeping the current policy, the minimum wage, in place is institutionally (legally) feasible.

4.4.1.3 Government Implementation (or Supply) Feasibility

Keeping the current policy, the minimum wage, in place is politically feasible.

4.4.2 Earned Income Tax Credit (or EITC, for short)

4.4.2.1 Stakeholder Analysis

Workers. The policy itself is claimed to be more targeted towards aiding underprivileged households, as it evades the possibility of subsidizing low-income workers who come from a privileged background (such as a part-time working teenager who earns the mandated minimum wage but in fact lives with his/her high-income parents). The intended recipients of the refundable tax credit of EITC mainly covers low-to-middle-income working individuals and couples, and in particular the policy aims to support those with children. That is to say, childless claimants of EITC receive lesser tax refunds than do those with qualifying children. Furthermore, the “qualifying” children is defined by EITC as (1) a person’s lineal descendant (2) a person’s siblings, either in full or half blood relationship (or it can be the case of the sibling’s descendant) (3) a foster child (4) an adopted child. Also, the amount to be received from the program depends on two factors, income “earned” and number of children.

Employers. On the surface level, employers seem to be uninvolved in the EITC program. And yet, business employers are still considered to be one of the stakeholders in running the refundable tax credit program in that the productivity of workers may rise in response to a higher earned wage (or the EITC can be regarded as another alternative form of the “efficiency wage.” That is to say, the tax returns function similarly as a raise in the workers’ wages.)

Central Government. The administering of the EITC program requires that the central government reduces its tax revenues. In The Atlantic report in 2014, it reveals that implementing EITC will curtail the central government’s tax revenue by an estimated number of \$70 billion. In fact, the cause of such colossal costs incurred is partly because the central government could not easily distinguish dishonest claims of EITC. It is estimated that approximately 21 to 25 percent of the total exempted tax originates from such fraudulent or negligent cases (recipients of EITC who are not valid but nonetheless attempted to apply for the tax credit). However, though it seems that by executing EITC program the central government’s tax revenue is cut down, it should be noted that some parts of the fiscal cost is offset by other sources of revenues as well. The first source of revenue that the central

government can directly gain is from the additional payroll taxes generated by the new workers who are tempted into joining the workforce due to the appealing tax credit benefits. The second revenue source from which the central government can obtain to amend for the massive fiscal contraction is the taxes acquired (a sales tax for instance) on extra consumption which is defrayed by those who are eligible to receive the earned income tax credit. Thus, due to the compensation of tax for the target population, governmental tax revenue will decrease, which in turn will lead to a government budget deficit.

Overall Evaluation. Costs will be mainly incurred on governments while there might be no costs for employers and employees.

4.4.2.2 Institutional (or Legal) Feasibility

The original purpose of passing Income Tax Act in Taiwan is to offset the government expenditure. To be specific, income taxes, both individual income tax and corporate profit tax, are two of the main sources of the government revenue. Once the income tax revenue received by the government decreases, then it is likely that there will be a fiscal deficit, which will further contribute to the fiscal collapse of a country. Then it will contradict the original purpose of passing Income Tax Act in Taiwan. However, the purpose of implementing this policy is also to raise the public disposable income; thus, we can interpret that it does good to the public. Also, in theory, the Earned Income Tax Credit (EITC) policy may lead to a fiscal deficit. And public debt is the amount of money that a government borrows to finance its fiscal deficit. In Ghosh, B. N. (2001), the following arguments are proposed. First, if public debt is incurred for reducing unemployment, its burden may be nil or negative. Second, according to Domar, the burden of Public debt should be defined as a ratio of total debt to total national income, i.e. (D/Y) . Third, depending on the value of the ratio through changes in D and/or Y , the burden may go up, or down, or remain constant. Fourth, a large amount of public debt may create inflation in the economy, and therefore, create burden on the people not only through higher prices of goods but also through unequal income distribution effects of inflation on different classes of the population. Last but not the least, it asserts that the nature of the burden of an internally held public debt is different from that of an externally held debt because the money remains within a country in the case of the former while the money goes out of the country in the case of the latter. Thus, according to the argument proposed in B.N.Ghosh (2001), the financial sources for such a refund (Earned Income Tax Credit) will cast no burden on the public and the government; the burden of public debt will not necessarily go up because the aggregate output (Y) will increase with an decrease in tax

(tax refund); also, as is the last argument reads, the money still remains within our country. As for the aspects of institutionalization, the authorities concerned have announced that this policy is going to be implemented from 2019. Thus, the institutional feasibility regarding this policy is also high.

4.4.2.3 Government Implementation (or supply) Feasibility

The alternative is the most radical departure from the existing regulatory regime. It would induce a possible imbalance between the earned income tax credit received by workers and the tax revenue to be received by the government; that is, there would be a restructuring of the fiscal condition, to deteriorate or not, making it politically difficult to implement. Thus, there should be a careful plan before such a policy as Earned Income Tax Credit (EITC) is put into implementation. However, regarding the public debt arising from the tax refund, it can be said to be incurred for reducing unemployment to some degree; hence, we can consider it to be nil or negative, which is proposed in Ghosh, B. N. (2001). In this way, there shouldn't be a concern for fiscal collapse due to the implementation of the Earned Income Tax Credit (EITC) policy. Also, the authorities concerned have announced that such a policy as EITC will be implemented from 2019. In short, whether the problems will arise or not, this policy is going to be implemented; therefore, we could consider the political feasibility of this policy to be high.

4.4.3 Pre-K Program

4.4.3.1 Stakeholder Analysis

A Mixed-Provider Preschool Market. The competition between publicly and privately run preschool should be taken into consideration when attempting to adopt publicly-funded universal preschool programs. According to a research conducted by Market data Enterprises, it shows that privately-run preschool centers currently provide more than 70% of the early childcare services and education. Therefore, when the government plans to initiate the universal Pre-K education system, it should tackle with the problem of whether to issue Pre-K “vouchers” (or “grants”) to subsidize early children education (so that parents have greater choice between private and public preschool programs) or to establish nationwide, publicly-run Pre-K programs.

Teacher Union. Several proposals for government-funded Pre-K programs require that preschool teachers have a bachelor's degree in order to teach in the early childhood education. Hence, the question of whether possessing credentials (or degrees) arises. Also, if

the National Education Association plans to extend “compulsory” universal preschool education for three-to-four-year-olds, the teacher union and the government must strike a bargain in determining the mandated teachers’ and staffs’ salaries. In all, mandating all 4-year-olds and possibly even 3-year-olds to enroll in the public school system would be good news for teacher unions and school bureaucracies, as it adds to their budgets and power.

Parents. Clearly, it matters measurably for parents of whether adopting a half-day or full-day preschool system by the government. It is estimated that in Arizona State, a proposal of a centralized, full-day preschool program would cost up to \$200 million annually, not including the current existing preschool programs and additional classroom building fees. Thus, if it is implemented in Taiwan, for taxpayers, their tax burden would be greater due to the implementation of preschool program.

Middle-to Higher-Income Background Kids. The concept of child competence introduced in the 1960s was intended to remedy some of the social inequalities visited upon low-income children. Yet, most research on early education programs focuses mostly on kids at the risk of school failure or retarded intellectual functioning, and thus provided limited information about the efficacy of these programs on mainstream children. In fact, some studies that were conducted upon mainstream children reveals that early childhood education programs do not bring benefit to the general children cohort. According to a research conducted by the RAND Corporation in 2005, which investigates the long-term advantages of high-quality preschool, it shows little evidence to support the fact that preschool brings benefits to “non-disadvantaged” students. When analyzing the results from the mainstream children, the research indicated that “children participating in preschools not targeted to disadvantaged children were no better off in terms of high school or college completion, earnings, or criminal justice system involvement than those not going to any preschool.” Interestingly, the National Education Association has also found out that “disadvantaged” students tend to benefit more than those coming from more privileged family backgrounds.

Kids Below the Poverty Level: National, mandated Pre-K programs should be targeted mostly at children from low-income backgrounds as such programs are initially intended to help the disadvantaged preschoolers to reduce achievement gaps before they start school. Nevertheless, to make the universal Pre-K program acceptable and laudable, the program must be accessible to all three-to-four-year-olds, which in turn implies a preschool-for-all initiative.

Central Government: The major player in advancing mandated, universal preschool programs. Previous studies in the U.S. have demonstrated that the exempt of school fees for nearly 75 percent of five-year-old preschoolers sums up to NT\$6 billion. Furthermore, the fact that early childhood education is a non-compulsory education (though most children still attend kindergartens) in Taiwan is to be attentively noted. Thus, it suggests that the centralized implementation of a Pre-K-for-all program requires sizable funding from various sources (mainly through increasing tax rates on higher income families), or the government should pay for the expenses of implementing such a program, which will be a great burden incurred on the government.

Taxpayers: In order for Pre-K programs to be effective, it is claimed that reduction of class sizes and the improvement of the teacher-to student ratio can bolster the quality of such programs. Also, when universal mandated Pre-K becomes implemented, the teacher union may call for proposals such as providing mental-health professionals for consultation or increasing early educators' compensation and pension fees. To initiate a national preschool program suggests that the price that taxpayers pay may cost up to tens of billions of tax dollars. Thus, taxpayers should pay more due to the implementation of preschool program. Take California's Preschool for All Initiative for instance. Such program will be financed by individuals who earn over \$400,000 or couples earning over \$800,000. This new tax rate implies an 18 percent tax increase on the wealthy, upper-income individuals and families. As for the case in Taiwan, President Ma had announced the implementation of exempting the five-year-olds' school fees in 2011. According to the Liberty Times, it is estimated that this exemption law benefited 75 percent of five-year-old children, and the projected costs is approximately NT\$6 billion. However, proponents of Pre-K programs, such as economist James J. Heckman and President Barack Obama, contend that the returns on investment in early education are high. It is argued that for every one dollar invested in high-quality early education programs, a projected amount of seven-to-ten dollars will be decreased in the future for expenditures used in offering special education, inmates rehabilitation, or social welfare services.

Overall Evaluation. The exempt of school fees for nearly 75 percent of five-year-old preschoolers sums up to around 6 billion; thus, there will be a decrease in the schooling revenue in a nation. Compared with the U.S., the cost of implementing this program in Taiwan may not be that high; however, it is certain to be tremendous. Besides, those taxpayers should also pay more due to the implementation of preschool program; in other

words, the burden imposed on them will be greater.

4.4.3.2 Institutional (or Legal) Feasibility

It should be noted that at present, different governmental departments are in charge of the preschool arena. As the name preschool suggests, it is generally for kids too old to enter nursery schools (which is more similar to day-care centers, and the enrollment age is typically from six weeks and can be up to four or five years old) but too young for kindergarten education. According to the segregation of the Ministry of Education (M.O.E), daycare centers are under the control of social-related departments since it is regarded as a form of social welfare organization. On the contrary, kindergartens have educational purposes and are regulated by Ministry of Education (M.O.E). Other than being governed by different governmental departments, daycare centers and kindergartens also differ in legal basis, teacher training and qualifications, equipment specifications, and curriculum demands. As a result of the apparent discrepancies between the two, the central government has begun promoting a series of consolidation programs of the two since 1997. In other words, the Pre-K education then can be seen as an “integrated” body of daycare center and kindergarten. Furthermore, as the official report of Ministry of Education shows, the central government has planned to promote a Pre-K program that prepares to begin compulsory education by one year earlier (2015) in order to prepare the disadvantaged kids from falling behind. So far, it has targeted mostly on low-to-middle income kids. The universal Pre-K proposal that we raised earlier as an alternative to the Minimum Wage policy to aid the low-income families is reasonable and practical as governments has long been undertaking reforms (the consolidation of Pre-K program mentioned previously) and designing compulsory Pre-K education that serves to be a preparatory step for reducing unprivileged kids’ academic achievement gaps.

4.4.3.3 Government Implementation (or Supply) Feasibility

The premise of introducing this policy, Pre-K program, is that it can be feasible only through careful implementation planning because there are many stakeholders involved once this policy is implemented. The implementation of Pre-K program will need to involve the educational institutions expected and willing to offer such programs. Though this is proved effective and successful in foreign countries, several facets to be carefully planned, including detailed facilities analysis, human resource strategies, and even the development of program standards along with accountability and evaluation strategies, should be considered once the

government of Republic of China decides to implement this policy. Take foreign cases as examples. New early childhood programs have been implemented over a number of years. We can infer that the implementation of this policy, Pre-K program, will have a significant impact on the educational system and even the pre-school one. As a consequence, it takes time for central and local governments to carefully plan such a policy. Besides, the stakeholders, inclusive of government, ministry of education, local boards of education, independent school authorities, preschool and child care providers, will also require time to address such a change. It allows the system to have ample time to address program standards, human resource strategies, and even facilities challenges if the policy is phased in rather than instantly introduced. Some considerations for phasing should include the following: offering new programming first in every local community and also readily available space. Another advantages of phasing in the policy of Pre-K is that there is a room for the government to allocate fiscal expenditures lest it should face fiscal challenges or even face fiscal collapse. At the same time, the government can also remain committed to such an idea of advocating early learning in the process of phasing in such a policy.

In sum, concerning each facet, the completeness of this plan for both employers, employees, the government, and the stakeholder group, makes it the most politically feasible alternative to the status quo without considering the difficulty of reforming the educational system. However, there should be a radical change of the educational system if this program is to be implemented, further lowering its political feasibility.

4.5 Preliminary Assessment and Recommendation

Here, I may make a preliminary recommendation to my client to adopt the “Pre-K program” because it fundamentally heightens a nation’s labor productivity and its return-to-investment is demonstrated to be remarkably cost-effective in the long term. That is, I could expect that the government is doing exceptionally well in the eyes of the public; they have a legitimate and sound argument that they are in fact enhancing the productivity of the workforce by establishing early childhood education for all, and especially for the children from struggling families who need the educational resources the most. Besides, one debatable weakness of the EITC program is that the disposable incomes of the needy households increase (due to the tax return) but such a tax refund may lead to a shortage of governmental funds Beyond the short-termed goal of simply raising the workers’ wages in the form of tax credits, an old proverb may adequately reflect the importance of educational investment that also takes into account the interests of future generations: “Give a man a fish, and you feed

him for a day; teach him how to fish, and you feed him for a lifetime.” However, the degree of public acceptance of a policy should also be taken into consideration, which should be a main factor affecting the political feasibility of each policy. In the following, I will use such a quantitative research method as Internet Survey to examine the insights found in document research. At last, a recommendation will be given based on the overall analyses of the existing literatures and also the results gotten from Internet surveys.

5. Data Analysis: Data Collection and Policy Recommendation

5.1 Internet Survey

5.1.1 Basic Index of Collected Samples

5.1.1.1 Response Rate

According to the definition, response rate, also known as completion rate or return rate, refers to the number of people who answered the survey divided by the number of people who are asked to take the survey. In this survey, 470 people are asked, while only 371 people finished the survey. Then, the response rate in this survey is 78.94%. Usually, we consider it to be high if it is no less than 80%. Thus, the response rate in this survey is somewhat high.

	Actual Responses	Expected Responses	Response Rate
Value	371	470	78.94%

Table 4 Response Rate

5.1.1.2 Effective Response Rate

According to the definition, effective response rate, also known as valid completion rate or valid return rate, refers to the number of people who answered the survey without omitting answering the questions required or logic contradiction, divided by the number of people who are asked to take the survey. In this survey, 470 people are asked, while only 358 samples can be taken into analysis. Then, the effective response rate in this survey is 76.17%. Usually, we consider it to be high if it is no less than 80%. Thus, the response rate in this survey is somewhat acceptable.

	Effective Responses	Expected Responses	Effective Response Rate
Value	358	470	76.17%

Table 5 Effective Response Rate

5.1.1.3 Goodness of Fit Test

Gender* Age Crosstabulation

Count

		Age									
		20~24	25~29	30~34	35~39	40~44	45~49	50~54	55~59	60~64	Total
Gender	Male	50	43	20	15	10	6	5	6	1	202
	Female	54	52	28	23	19	7	10	8	1	156
Total		104	95	48	38	29	13	15	14	2	358

Table 6 Sampling Distribution

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.203 ^a	9	.956
Likelihood Ratio	3.238	9	.954
N of Valid Cases	358		

a. 6 cells (30.0%) have expected count less than 5. The minimum expected count is .87.

Table 7 Test of Goodness of Fit

End of Year	Sex	20~24 Years	25~29 Years	30~34 Years	35~39 Years	40~44 Years	45~49 Years	50~54 Years	55~59 Years	60~64 Years
Year of 2016	Total	1,608,149	1,602,037	1,787,567	2,023,172	1,833,753	1,819,997	1,871,648	1,756,657	1,554,074
	Male	834,607	829,814	895,355	1,000,692	903,230	901,383	924,716	861,044	752,645
	Female	773,542	772,223	892,212	1,022,480	930,523	918,614	946,932	895,613	801,429
Samples to be Collected		36	37	40	46	41	41	42	40	35

Table 8 Population Distribution (Age x Gender)

Sources: Department of Statistics, Ministry of Interior

In the tables above, we could see the frequency distribution of each group, in which it is grouped by the sex and the age. Based on the Chi-Square Tests, we could infer that there is no significant difference of the frequency between each group; that is, there is a decent goodness of fit. However, compared with the population, we could see that there exists a bias in this survey since the respondents collected mostly fall at 20-to-44-year-old. This could be the research limitation in this thesis.

5.1.2 Descriptive Statistics of Collected Samples – Basic Personal Information

5.1.2.1 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	156	43.6	43.6	43.6
	Female	202	56.4	56.4	100.0
	Total	358	100.0	100.0	

Table 9 Panorama of Respondents (Gender)

According to the data having been collected, there are 156 males and 202 females among 358 samples being collected.

5.1.2.2 Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20~24 of age	104	29.1	29.1	29.1
	25~29 of age	95	26.5	26.5	55.6
	30~34 of age	48	13.4	13.4	69.0
	35~39 of age	38	10.6	10.6	79.6
	40~44 of age	29	8.1	8.1	87.7
	45~49 of age	13	3.6	3.6	91.3
	50~54 of age	15	4.2	4.2	95.5
	55~59 of age	14	3.9	3.9	99.4
	60~64 of age	2	.6	.6	100.0
	Total	358	100.0	100.0	

Table 10 Panorama of Respondents (Age)

According to the data having been collected, samples in different ages are somewhat the same. However, compared with the population, we could see that there exists a bias in this survey since the respondents collected mostly fall at 20-to-44-year-old.

5.1.2.3 Occupation

According to the data having been collected, around 20% of samples are students. Among the rest 80% samples, the majority of them works can be grouped under secondary industrial sectors and tertiary industrial sectors. This is the same as the present situation in Taiwan; that is, jobs at secondary industrial sectors and tertiary industrial sectors dominate the job-openings and jobs in Taiwan.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Elected Representatives, Executives, and Managers	6	1.7	1.7	1.7
	Professionals	91	25.4	25.4	27.1
	Technicians, and Associated Professionals	42	11.7	11.7	38.8
	Clerical Support Workers	52	14.5	14.5	53.4
	Service and Sales Workers	33	9.2	9.2	62.6
	Skilled Agricultural, Forestry and Fishery Workers	3	0.8	0.8	63.4
	Craft and Related Trades Workers	10	2.8	2.8	66.2
	Plant and Machine Operators, and Assemblers	6	1.7	1.7	67.9
	Elementary labourers	7	2	2	69.8
	Student	78	21.8	21.8	91.6
	Unemployed and Out of Job	11	3.1	3.1	94.7
	Others (Ex:Housewife)	19	5.3	5.3	100
	Total	358	100	100	

Table 11 Panorama of Respondents (Occupation)

5.1.2.4 Industry

According to the data having been collected, around 20 % of samples are students. Among the rest 80% samples, the majority of them works can be grouped under secondary industrial sectors and tertiary industrial sectors. This is the same as the present situation in Taiwan.

		Frequency	Percent	Valid Percent	Cumulative Valid Percent
Valid	Farming, Forestry, Livestock, Fishing Sectors	4	1.1	1.1	1.1
	Manufacturing Sector	37	10.3	10.3	11.4
	Electricity and Gas Sectors	1	0.3	0.3	11.7
	Water Supply and Pollution Control Sectors	1	0.3	0.3	12
	Construction Sector	8	2.2	2.2	14.2
	Wholesale Trade and Retail Trade	9	2.5	2.5	16.7
	Transportation and Warehousing	5	1.4	1.4	18.1
	Accommodation and Food	14	3.9	3.9	22
	Information and Communication	19	5.3	5.3	27.3
	Finance and Insurance	22	6.1	6.1	33.4
	Real Estate	2	0.6	0.6	34

Professional, Scientific, and Technical Services	21	5.9	5.9	39.9
Support Services	6	1.7	1.7	41.6
Public Administration and National Defense; Mandatory Social Security	13	3.6	3.6	45.2
Education Services	40	11.2	11.2	56.4
Health Care and Social Assistance	30	8.4	8.4	64.8
Arts, Entertainment, and Recreation	10	2.8	2.8	67.6
Other Services	14	3.9	3.9	71.5
Students	73	20.4	20.4	91.9
Unemployed	13	3.6	3.6	95.5
Others	16	4.5	4.5	100

Table 12 Panorama of Respondents (Industry)

5.1.2.5 Level of Education

According to the latest statistics published by Ministry of the Interior in February 2017, the majority of the population receive a bachelor degree, which accounts for 55.9%, while 22.3% of the population receive a master degree and 12.8% of the population graduate from senior high schools. It also shows that there is an increasing tendency that more and more people will get bachelor degree, leading to a decrease of graduates from both senior and junior high schools. Thus, in this survey research, those who receive a bachelor degree dominate the samples selected, which matches the tendency shown by the Ministry of the Interior.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under Junior High (Junior High is included)	4	1.1	1.1	1.1
	Senior High	46	12.8	12.8	14.0
	Junior College Education	25	7	7	20.9
	Bachelor	200	55.9	55.9	76.8
	Master	80	22.3	22.3	99.2
	Doctor	3	0.8	0.8	100
	Total	358	100	100	

Table 13 Panorama of Respondents (Level of Education)

5.1.2.6 Profession

Besides the level of education, I also ask the respondents to show their profession in their highest education level. Except for those who haven't entered the college, the majority of them specialize in business management, communication, language and literature, history,

sciences, social sciences, medical sciences, education, laws, etc.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Language, Literature, History and Philosophy	37	10.3	10.3	10.3
	Law	10	2.8	2.8	13.1
	Commerce, Management, and Communication	133	37.2	37.2	50.3
	Science	26	7.3	7.3	57.5
	Engineering	52	14.5	14.5	72.1
	Agriculture	8	2.2	2.2	74.3
	Medicine	25	7	7	81.3
	Chief Police Petty Officer (Soldier is Included)	2	0.6	0.6	81.8
	Education	11	3.1	3.1	84.9
	Styling and Cosmetology, Hospitality, Tourism and Recreation	6	1.7	1.7	86.6
	Art and Design	9	2.5	2.5	89.1
	Social Science (including Child Care 、 Economics 、 Political Science 、 Public Administration 、 Public Finance 、 Land Economics)	24	6.7	6.7	95.8
Others	15	4.2	4.2	100.0	

Table 14 Panorama of Respondents (Profession)

5.1.2.7 Monthly Income

According to this survey, most respondents' salary falls at NT\$21,009-NT\$55,000.

However, around 3.4% of them receive salary less than NT\$21,009, which can be said to be low-income group.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	None ; Due to job-seeking, being unemployed, students, housewives, etc.	92	25.7	25.7	25.7
	Less than NT\$21,009	12	3.4	3.4	29.1
	NT\$21,009 ~NT\$24,999	14	3.9	3.9	33.0
	NT\$25,000 ~NT\$29,999	35	9.8	9.8	42.7
	NT\$30,000 ~NT\$34,999	54	15.1	15.1	57.8
	NT\$35,000 ~NT\$39,999	41	11.5	11.5	69.3
	NT\$40,000 ~NT\$44,999	27	7.5	7.5	76.8

NT\$45,000 ~NT\$49,999	26	7.3	7.3	84.1
NT\$50,000 ~NT\$54,999	19	5.3	5.3	89.4
NT\$55,000 ~NT\$59,999	9	2.5	2.5	91.9
NT\$60,000 ~NT\$64,999	5	1.4	1.4	93.3
NT\$65,000 ~NT\$69,999	3	0.8	0.8	94.1
NT\$70,000 ~NT\$74,999	4	1.1	1.1	95.3
NT\$75,000 ~NT\$79,999	2	0.6	0.6	95.8
More than NT\$80,000 (NT\$80,000 is Included)	15	4.2	4.2	100.0
Total	358	100	100	

Table 15 Panorama of Respondents (Monthly Income)

5.1.2.8 Job Position

Besides their occupation and industries where respondents work at, aside from those who do not have income, around 64.8% of them are employees, and 5% of them are both employers and employees. Only 2% of them are employers.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employers	7	2	2	2.0
	Employees	232	64.8	64.8	66.8
	Simultaneously being employers and employees	18	5	5	71.8
	Students, housewives, the unemployed	101	28.2	28.2	100.0
	Total	358	100	100	

Table 16 Panorama of Respondents (Position)

5.1.2.9 Unemployment Experience

Also, the question of the respondents' unemployment experiences is included, "*Have you ever been unemployed? Unemployment refers to people who are involuntarily out of work considered as a group.*" Here we can refer to **Table 15**. Besides those who are students and housewives, 33.9% of the respondents show that they have ever been unemployed whereas 44.5% of the respondents show that they don't have unemployment experiences.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	116	32.4	32.4	32.4
	No	164	45.8	45.8	78.2
	Being student or housewife without unemployment experiences	78	21.8	21.8	100.0
	Total	358	100.0	100.0	

Table 17 Unemployment Experience

5.1.2.10 Public Satisfaction For The Current Monthly Income

After the respondents show their monthly income, a question of how they are satisfied with their current monthly income is included. For those who have income, around 60% show that they are not satisfied with their current monthly income. Apparently, aside from students and housewives, up to 40% respondents' salary level fall at NT\$21009~NT\$40000. It can be inferred that there might be a low-income problem, which can be the reason why they are somewhat or even extremely unsatisfied with their current monthly income.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Omitted	74	20.7	20.7	20.7
	Extremely Dissatisfied	26	7.3	7.3	28.0
	Dissatisfied	52	14.5	14.5	42.5
	Somewhat Dissatisfied	92	25.7	25.7	68.2
	Somewhat Satisfied	70	19.6	19.6	87.8
	Satisfied	39	10.9	10.9	98.3
	Extremely Satisfied	5	1.4	1.4	100.0
	Total	358	100.0	100.0	

Table 18 Public Satisfaction For The Current Monthly Income

5.1.3 Reliability Analysis

5.1.3.1 Minimum Wage Policy

Reliability Statistics	
Cronbach's Alpha	N of Items
.888	4

Table 19 Minimum Wage Policy: Reliability Statistics

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I think that the minimum wage policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	12.06	11.057	.763	.854
I think that the minimum wage implementation could increase my disposable income due to a rise in the wage rate.	11.92	11.366	.775	.849
I think that the minimum wage implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	11.87	11.924	.710	.873
I think that the minimum wage policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	12.09	10.908	.775	.849

Table 20 Reliability Test – Item Total Statistics: Minimum Wage Policy

Theoretically, if internal Cronbach's α value is greater than 0.6, then it denotes that the scale is of high stability. In the table, we could see that the Cronbach's α reads 0.888; thus, we could consider the scale to be of high stability indeed.

5.1.3.2 Earned Income Tax Credit (EITC) Policy

Cronbach's Alpha	N of Items
.884	4

Table 21 Earned Income Tax Credit (EITC) Policy: Reliability Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I think that the EITC policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	12.41	7.453	.743	.853
I think that the EITC policy implementation could increase my disposable income due to a rise in the wage rate.	12.17	7.580	.751	.850
I think that the EITC policy implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	12.37	7.661	.729	.858
I think that the EITC policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	12.43	6.952	.772	.842

Table 22 Reliability Test – Item Total Statistics: Earned Income Tax Credit (EITC) Policy

Theoretically, if internal Cronbach's α value is greater than 0.6, then it denotes that the scale is of high stability. In the table, we could see that the Cronbach's α reads 0.884; thus, we could consider the scale to be of high stability indeed.

5.1.3.3 Pre-K Program

Cronbach's Alpha	N of Items
.924	4

Table 23 Pre-K Program: Reliability Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I think that the implementation of the Pre-K program can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	11.59	9.267	.830	.899
I think that the implementation of Pre-K program could increase my disposable income due to a rise in the wage rate.	11.63	9.231	.845	.894
I think that the implementation of Pre-K program could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	11.35	9.232	.797	.910
I think that the Pre-K program can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	11.73	9.170	.822	.901

Table 24 Reliability Test – Item Total Statistics: Pre-K Program

Theoretically, if internal Cronbach's α value is greater than 0.6, then it denotes that the scale is of high stability. In the table, we could see that the Cronbach's α reads 0.924; thus, we could consider the scale to be of high stability indeed.

5.1.3.4 Overall Reliability Analysis

Cronbach's Alpha	N of Items
.920	15

Table 25 Overall: Reliability Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I think that the minimum wage policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	54.73	117.587	.598	.917
I think that the minimum wage implementation could increase my disposable income due to a rise in the wage rate.	54.59	117.941	.622	.916
I think that the minimum wage implementation could facilitate the	54.53	117.667	.646	.915

formation of human capital, which could be facilitated through education and on-the-job training. I think that the minimum wage policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	54.75	115.762	.661	.914
Overall satisfaction with the minimum wage policy	55.42	123.001	.480	.920
I think that the EITC policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	54.60	120.269	.661	.914
I think that the EITC policy implementation could increase my disposable income due to a rise in the wage rate.	54.35	121.748	.615	.916
I think that the EITC policy implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	54.55	120.119	.691	.914
I think that the EITC policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	54.62	118.276	.695	.913
Overall satisfaction with the EITC policy	54.84	120.351	.643	.915
I think that the implementation of the Pre-K program can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	54.80	119.711	.641	.915
I think that the implementation of Pre-K program could increase my disposable income due to a rise in the wage rate.	54.84	119.391	.660	.914
I think that the implementation of Pre-K program could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	54.56	119.524	.624	.915
I think that the Pre-K program can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	54.94	119.207	.646	.915
Overall satisfaction with the Pre-K program	54.91	119.854	.640	.915

Table 26 Reliability Test – Item Total Statistics: Overall

Theoretically, if overall Cronbach's α value is greater than 0.7, then it denotes that the scale is of high stability. In the table, we could see that the Cronbach's α reads 0.920; thus, we could consider the scale to be of high stability indeed.

5.1.4 Validity Analysis

5.1.4.1 Minimum Wage Policy

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.839
Bartlett's Test of Sphericity	Approx. Chi-Square	789.256
	df	6
	Sig.	.000

Here, the value of KMO reads 0.839 and the value of Bartlett's Test Chi-Square reads 789.256; it means that the data is suitable for factor analysis.

Communalities

	Initial	Extraction
I think that the minimum wage policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	1.000	.758
I think that the minimum wage implementation could increase my disposable income due to a rise in the wage rate.	1.000	.772
I think that the minimum wage implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	1.000	.695
I think that the minimum wage policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	1.000	.773

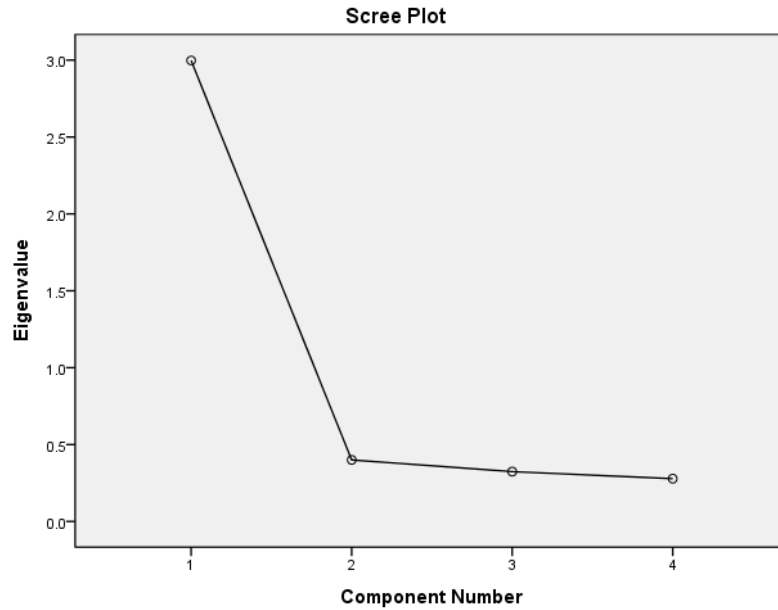
Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.998	74.940	74.940	2.998	74.940	74.940
2	.400	10.005	84.944			
3	.324	8.098	93.043			
4	.278	6.957	100.000			

Extraction Method: Principal Component Analysis.

Under the principle of Principal Components and considering the Eigenvalue, only one component is extracted. The cumulative percentage of variance explained is up to 74.94%, which denotes that the scale is of high validity.



Component Matrix^a

	Component
	1
I think that the minimum wage policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	.879
I think that the minimum wage implementation could increase my disposable income due to a rise in the wage rate.	.878
I think that the minimum wage policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	.871
I think that the minimum wage implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	.834

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

5.1.4.2 Earned Income Tax Credit (EITC) Policy

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.822
Bartlett's Test of Sphericity	Approx. Chi-Square	770.784
	df	6
	Sig.	.000

Here, the value of KMO reads 0.822 and the value of Bartlett's Test Chi-Square reads 770.784; it means that the data is suitable for factor analysis.

Communalities

	Initial	Extraction
I think that the EITC policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	1.000	.737
I think that the EITC policy implementation could increase my disposable income due to a rise in the wage rate.	1.000	.744
I think that the EITC policy implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	1.000	.719
I think that the EITC policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	1.000	.771

Extraction Method: Principal Component Analysis.

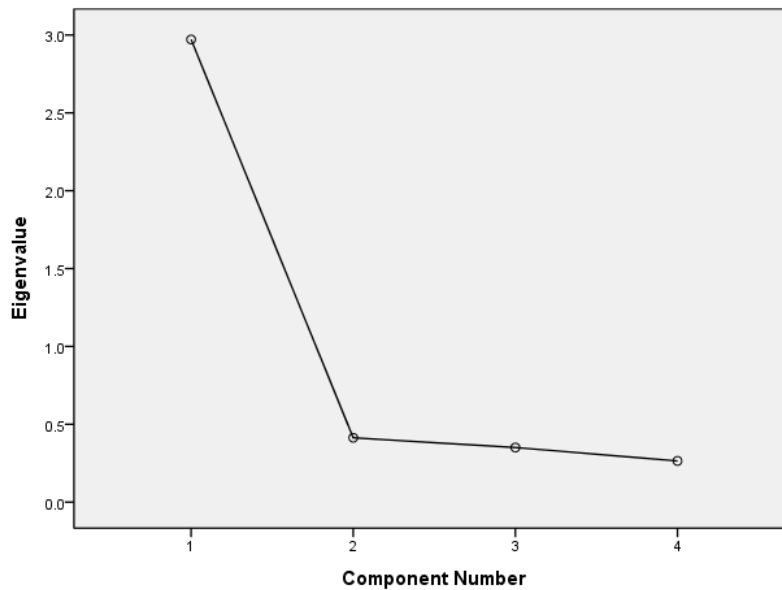
Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.971	74.287	74.287	2.971	74.287	74.287
2	.413	10.332	84.619			
3	.351	8.768	93.388			
4	.264	6.612	100.000			

Extraction Method: Principal Component Analysis.

Under the principle of Principal Components and considering the Eigenvalue, only one component is extracted. The cumulative percentage of variance explained is up to 74.287%, which denotes that the scale is of high validity.

Scree Plot



Component Matrix^a

	Component
	1
I think that the EITC policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	.878
I think that the EITC policy implementation could increase my disposable income due to a rise in the wage rate.	.863
I think that the EITC policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	.859
I think that the EITC policy implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	.848

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

5.1.4.3 Pre-K Program

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.858
Bartlett's Test of Sphericity	Approx. Chi-Square	1080.529
	df	6
	Sig.	.000

Here, the value of KMO reads 0.858 and the value of Bartlett's Test Chi-Square reads 1080.529; it means that the data is suitable for factor analysis.

Communalities

	Initial	Extraction
I think that the implementation of the Pre-K program can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	1.000	.823
I think that the implementation of Pre-K program could increase my disposable income due to a rise in the wage rate.	1.000	.839
I think that the implementation of Pre-K program could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	1.000	.783
I think that the Pre-K program can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	1.000	.813

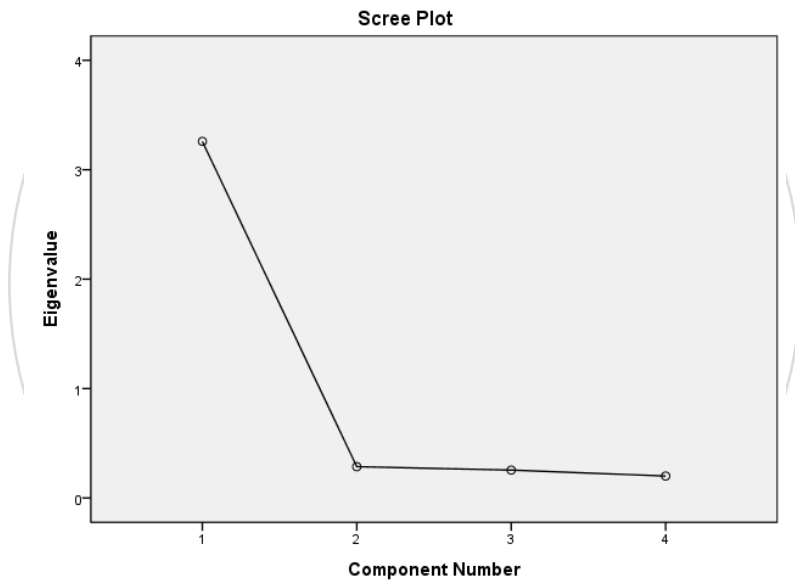
Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.259	81.473	81.473	3.259	81.473	81.473
2	.286	7.146	88.618			
3	.255	6.366	94.984			
4	.201	5.016	100.000			

Extraction Method: Principal Component Analysis.

Under the principle of Principal Components and considering the Eigenvalue, only one component is extracted. The cumulative percentage of variance explained is up to 81.473%, which denotes that the scale is of high validity.



Component Matrix^a

	Component
	1
I think that the implementation of Pre-K program could increase my disposable income due to a rise in the wage rate.	.916
I think that the implementation of the Pre-K program can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	.907
I think that the Pre-K program can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	.902
I think that the implementation of Pre-K program could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	.885

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

5.1.5 Frequency Distribution: Public Recognition of Each Policy Goal and Public Satisfaction for Each Policy

5.1.5.1 Increasing the Employees' Productivity

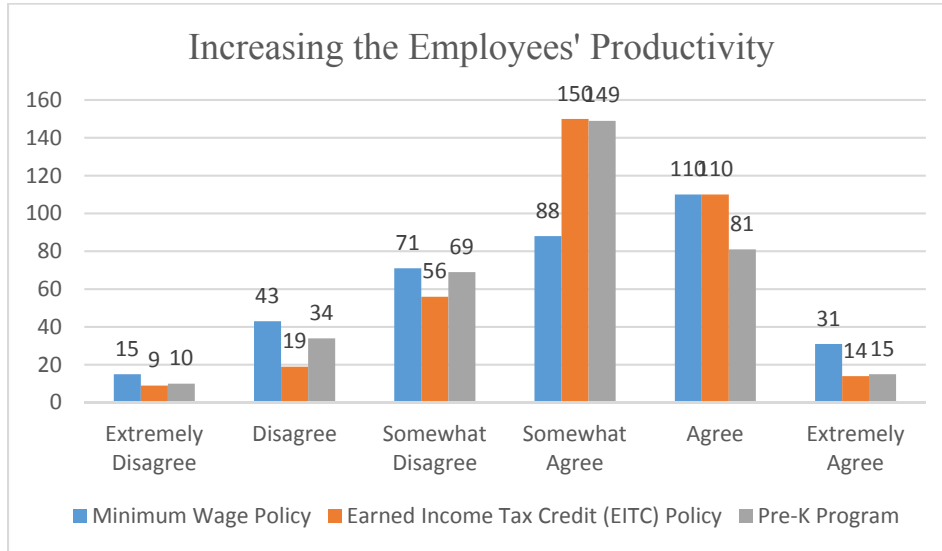


Chart 1 Frequency Distribution – Increasing the Employees' Productivity

The distribution of public recognition of the policy goal, increasing the employees' productivity, is shown above. We could clearly see that the public more recognizes that the Earned Income Tax Credit (EITC) policy and Pre-K program can contribute to raise the employees' productivity.

5.1.5.2 Raising the Average Wage

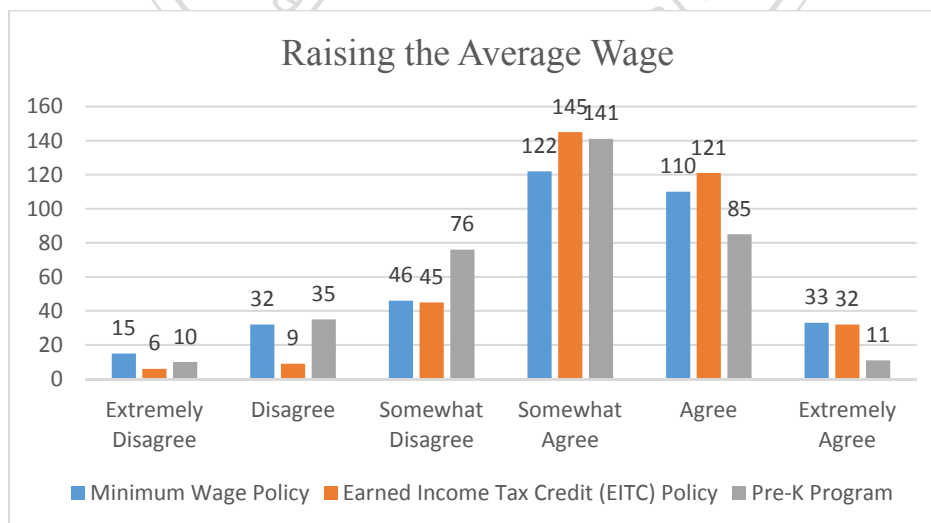


Chart 2: Frequency Distribution – Raising the Average Wage

The distribution of public recognition of the policy goal, raising the average wage, is

shown above. The criterion for evaluating this policy goal is the disposable income. We could clearly see that the public more recognizes that the Earned Income Tax Credit (EITC) policy can contribute to an increase in the average wage rate.

5.1.5.3 Facilitating the Formation of Human Capital

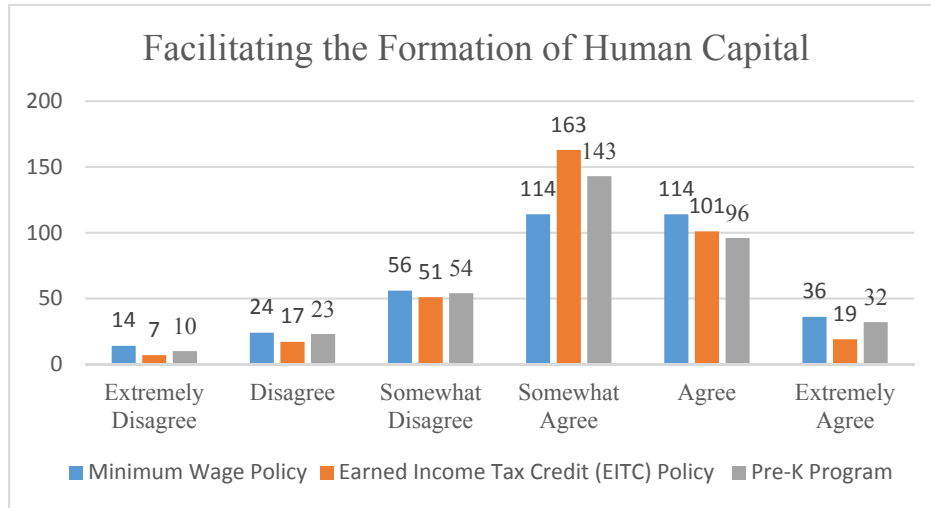


Chart 3 Frequency Distribution – Facilitating the Formation of Human Capital

The distribution of public recognition of the policy goal, facilitating the formation of human capital, is shown above. The criteria for evaluating this policy goal is the return on schooling and job training. We could clearly see that the public more recognizes that the Earned Income Tax Credit (EITC) policy and Pre-K program can contribute to the formation of human capital.

5.1.5.4 Boosting the Macroeconomic Development

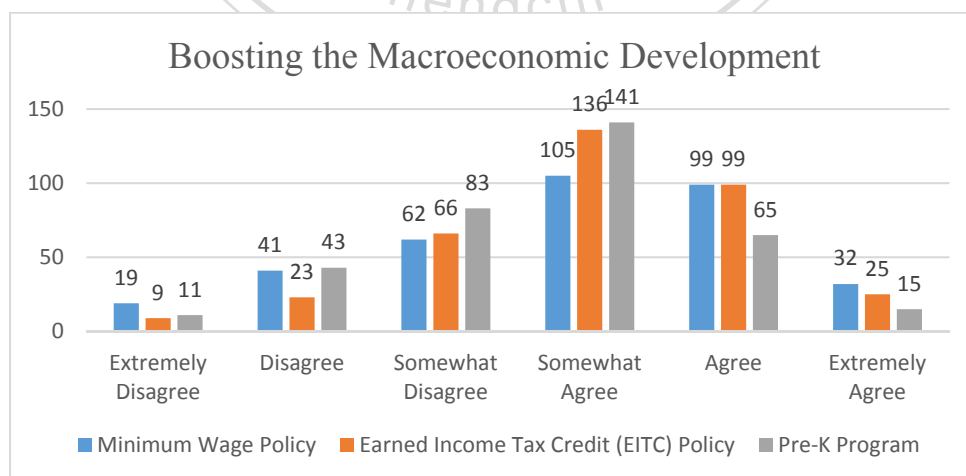


Chart 4 Frequency Distribution – Boosting the Macroeconomic Development

The distribution of public recognition of the policy goal, boosting the macroeconomic development, is shown above. The criteria for evaluating this policy goal is the macroeconomic indicator, such as real wage, the output, the employment level, etc. We could clearly see that the public more recognizes that the Earned Income Tax Credit (EITC) policy and Pre-K program can contribute to a boom of the economy.

5.1.5.5 Public Policy Satisfaction

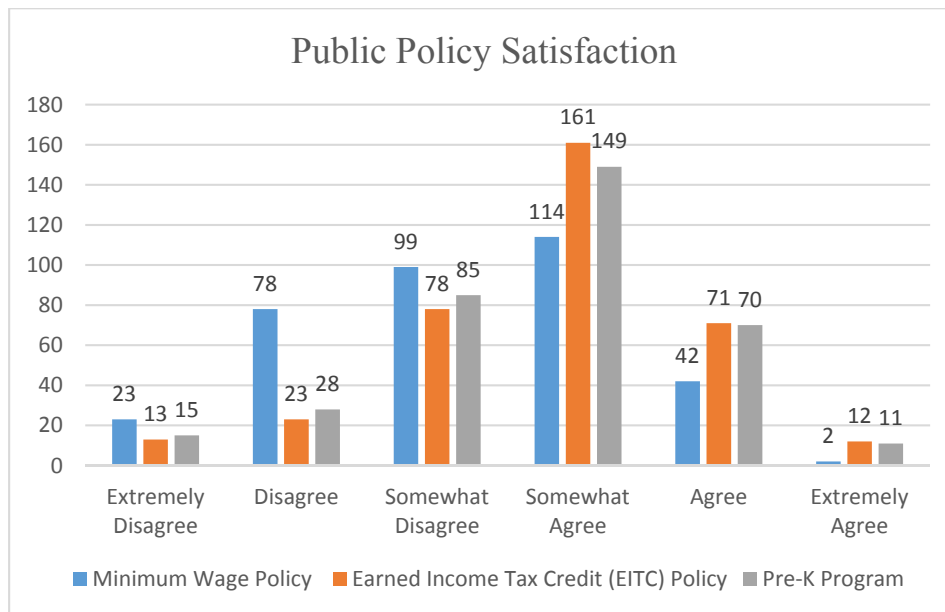


Chart 5 Frequency Distribution – Boosting the Macroeconomic Development

The distribution of public policy satisfaction is shown above. We could apparently see that the public are not satisfied with the current Minimum Wage policy.

5.1.6 One-Sample T-Test: Testing the Public Recognition of Each Policy Goal

In this part, I choose to use One-Sample T-Test to test the public recognition of each policy goal. As for the test value, I choose to set it at 4. Under the *six-level* Likert Item, once the respondents average recognition level of each policy goals is equal to or higher than 4, then I could make an inference that the public recognizes such a policy goal. Thus, the question of *or even to what extent do the public recognizes each policy goal behind each policy setting?* will be answered.

5.1.6.1 Minimum Wage Policy

	Test Value = 4					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I think that the minimum wage policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	-1.213	357	.226	-.084	-.22	.05
I think that the minimum wage implementation could increase my disposable income due to a rise in the wage rate.	.894	357	.372	.059	-.07	.19
I think that the minimum wage implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	1.733	357	.084*	.112	-.02	.24
I think that the minimum wage policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	-1.524	357	.128	-.106	-.24	.03

Table 27 One-Sample T-Test on Recognition of Policy Goals – Minimum Wage Policy

Note:

- **If the p-value is marked with “*”, it means that the null hypothesis is rejected at the significance level of 0.1.**
- **If the p-value is marked with “**”, it means that the null hypothesis is rejected at the significance level of 0.05.**
- **If the p-value is marked with “***”, it means that the null hypothesis is rejected at the significance level of 0.01.**

By using One-Sample T-Test and by setting the testing value at 4, I can infer that the public recognizes such a policy goal as facilitating the formation of human capital at the significance level of 0.1.

As for the rest policy goals, increasing the productivity, raising the average wage, and also boosting the macroeconomic development, I could make such an inference that the public somewhat recognizes these policy goals since the p-value is too high, which means that the public recognition level of these policy goals is not different from 4. It means that the public at least somewhat agree with those policy goals.

5.1.6.2 Earned Income Tax Credit (EITC) Policy

	Test Value = 4					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I think that the EITC policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	.873	357	.383	.047	-.06	.15
I think that the EITC policy implementation could increase my disposable income due to a rise in the wage rate.	5.521	357	.000***	.291	.19	.39
I think that the EITC policy implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	1.747	357	.082*	.092	-.01	.20
I think that the EITC policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	.477	357	.633	.028	-.09	.14

Table 28 One-Sample T-Test on Recognition of Policy Goals – Earned Income Tax Credit (EITC) Policy

Note:

- If the p-value is marked with “*”, it means that the null hypothesis is rejected at the significance level of 0.1.
- If the p-value is marked with “**”, it means that the null hypothesis is rejected at the significance level of 0.05.
- If the p-value is marked with “***”, it means that the null hypothesis is rejected at the significance level of 0.01.

By using One-Sample T-Test and by setting the testing value at 4, I can infer that the public recognizes such a policy goal as raising the average wage rate and facilitating the formation of human capital at the significance level of 0.1.

As for the rest policy goals, increasing the productivity and also boosting the macroeconomic development, I could make such an inference that the public somewhat recognizes these policy goals since the p-value is too high, which means that the public recognition level of these policy goals is not different from 4. It means that the public at least somewhat agree with these policy goals.

5.1.6.3 Pre-K Program

	Test Value = 4					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I think that the implementation of the Pre-K program can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	-2.705	357	.007***	-.156	-.27	-.04
I think that the implementation of Pre-K program could increase my disposable income due to a rise in the wage rate.	-3.355	357	.001***	-.193	-.31	-.08
I think that the implementation of Pre-K program could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	1.401	357	.162	.084	-.03	.20
I think that the Pre-K program can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	-5.054	357	.000***	-.299	-.42	-.18

Table 29 One-Sample T-Test on Recognition of Policy Goals – Pre-K Program

Note:

- **If the p-value is marked with “*”, it means that the null hypothesis is rejected at the significance level of 0.1.**
- **If the p-value is marked with “**”, it means that the null hypothesis is rejected at the significance level of 0.05.**
- **If the p-value is marked with “***”, it means that the null hypothesis is rejected at the significance level of 0.01.**

By using One-Sample T-Test and by setting the testing value at 4, I can infer that the public DOES NOT recognize such policy goals as increasing the productivity, raising the average wage and boosting the macroeconomic development at the significance level of 0.1 since the T-Statistics are negative..

As for such a policy goal as facilitating the formation of human capital, I could make such an inference that the public somewhat recognizes this policy goal since the p-value is too high, which means that the public recognition level of this policy goal is not different from 4. It means that the public at least somewhat agree with this policy goal.

5.1.7 Multiple Regression Analysis

5.1.7.1 Minimum Wage Policy

a. Dependent Variable: Minimum Wage Policy Satisfaction-What is your satisfaction with the Minimum Wage Policy?

b. Predictors: (Constant),

Recognition of Policy Goals- I think that the minimum wage policy can prompt employees to work harder, and further raise the competitiveness of a business.

Recognition of Policy Goals- I think that the public monthly disposable income can be raised under the implementation of the minimum wage policy.

Recognition of Policy Goals- I think that the minimum wage policy can facilitate the formation of the human capital, in which the human capital can be accumulated through the education and on-the-job training.

Recognition of Policy Goals- I think that the minimum wage policy can effectively boost the macroeconomic development (i.e. the purchasing power rises, the real wage rate rises, or the unemployment rate decreases.)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.469 ^a	.220	.212	.999

Table 30 Model Summary – Minimum Wage Policy

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	99.649	4	24.912	24.950	.000***
	Residual	352.473	353	.999		
	Total	452.123	357			

Table 31 Multiple Regression ANOVA – Minimum Wage Policy

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.495	.203		7.347	.000
	I think that the minimum wage policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	.199	.063	.231	3.170	.002***
	I think that the minimum wage implementation could increase my disposable income due to a rise in the wage rate.	.023	.068	.026	.341	.733
	I think that the minimum wage implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	-.005	.062	-.005	-.080	.936
	I think that the minimum wage policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	.225	.064	.264	3.518	.000***

a. Dependent Variable: Minimum Wage Policy Satisfaction-What is your satisfaction with the Minimum Wage Policy?

Table 32 Multiple Regression Coefficients – Minimum Wage Policy

Note:

- If the p-value is marked with “*”, it means that the null hypothesis is rejected at the significance level of 0.1.
- If the p-value is marked with “***”, it means that the null hypothesis is rejected at

the significance level of 0.05.

- If the p-value is marked with “***”, it means that the null hypothesis is rejected at the significance level of 0.01.

Model		Collinearity Statistics	
		Tolerance	VIF
1	I think that the minimum wage policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	.417	2.399
	I think that the minimum wage implementation could increase my disposable income due to a rise in the wage rate.	.391	2.556
	I think that the minimum wage implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	.496	2.017
	I think that the minimum wage policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	.394	2.541

a. Dependent Variable: Minimum Wage Policy Satisfaction-How are you satisfied with the Minimum Wage Policy?

Table 33 Collinearity Diagnostics – Minimum Wage Policy

Testing Hypothesis: the Minimum Wage Policy

Regarding the Minimum Wage policy, how do the public recognition level of such policy goals as increasing the employees' productivity, raising the average wage, facilitating the formation of human capital, and boosting the macroeconomic development affect the public satisfaction for the Minimum Wage policy?

H_0 : The degree of public recognition of such a policy goal as raising the productivity does not affect the public satisfaction level for the Minimum wage policy. $\beta_1 = 0$
 H_1 : The higher the degree of public recognition of such policy goals as raising the employees' productivity, the higher public satisfaction for the Minimum Wage policy. $\beta_1 > 0$

Inference: At the significance level of 0.05, H_0 is rejected. I could make such an inference that the higher the recognition level of such policy goals as increasing the employees' productivity, the more satisfied the public are with the Minimum Wage Policy.

H_0 : The degree of public recognition of such policy goals as raising the average wage rate does not affect the public satisfaction level for the Minimum wage policy. $\beta_2 = 0$
 H_1 : The higher the degree of public recognition of such policy goals as raising the average wage rate, the higher public satisfaction for the Minimum Wage policy. $\beta_2 > 0$

Inference: At the significance level of 0.05, H_0 is NOT rejected. I could make such an inference that the recognition level of such policy a goal as raising the average wage rate DOES NOT affect the public satisfaction level of the Minimum Wage policy.

H_0 : The degree of public recognition of such a policy goal as facilitating the formation of human capital does not affect the public satisfaction level for the Minimum Wage policy
 $\beta_3 = 0$
 H_1 : The higher the degree of public recognition of such a policy goal as facilitating the formation of human capital, the higher public satisfaction for the Minimum Wage policy.
 $\beta_3 > 0$

Inference: At the significance level of 0.05, H_0 is NOT rejected. I could make such an inference that the recognition level of such a policy goal as facilitating the formation of human capital DOES NOT affect the public satisfaction level of the Minimum Wage policy.

H_0 : The degree of public recognition of such policy a goal as boosting the macroeconomic development does not affect the public satisfaction level for the Minimum Wage policy
 $\beta_4 = 0$
 H_1 : The higher the degree of public recognition of such a policy goal as boosting the macroeconomic development, the higher public satisfaction for the Minimum Wage policy.
 $\beta_4 > 0$

Inference: At the significance level of 0.05, H_0 is rejected. I could make such an inference that the higher the public recognition level of such a policy goal as boosting the macroeconomic development, the more satisfied the public are with the Minimum Wage policy.

$$\widehat{\text{Satisfaction with MW}} = \beta_0 + \beta_1 * \text{Productivity} + \beta_2 * \text{AW} + \beta_3 * \text{FH} + \beta_4 \text{BM}$$

Also, I have tested whether the problem of multicollinearity exists. In the chart, we can see that the value of VIFs is far lower than 10, which means that there isn't any problem of multicollinearity in this multiple regression model.

By multiple regression analysis, we could see that the main factors influencing the satisfaction with the minimum wage are “Increasing the productivity” and “Boosting the Macroeconomic Development”. The more the public recognizes these two policy goals, the higher their satisfaction level with the minimum wage policy. However, in this survey research, the results show that no matter how the public recognizes such policy goals as raising the average wage rate and facilitating the formation of human capital, they won't influence how the public are satisfied with the Minimum Wage policy.

5.1.7.2 Earned Income Tax Credit (EITC) Policy

a. Dependent Variable: Earned Income Tax Credit (EITC) Policy Satisfaction-What is your satisfaction with the Earned Income Tax Credit (EITC) Policy?

b. Predictors:

(Constant),

Recognition of Policy Goals- I think that the Earned Income Tax Credit (EITC) Policy can prompt employees to work harder, and further raise the competitiveness of a business.

Recognition of Policy Goals- I think that the public monthly disposable income can be raised under the implementation of the Earned Income Tax Credit (EITC) Policy.

Recognition of Policy Goals- I think that the Earned Income Tax Credit (EITC) Policy can facilitate the formation of the human capital, in which the human capital can be accumulated through the education and on-the-job training.

Recognition of Policy Goals- I think that the Earned Income Tax Credit (EITC) Policy can effectively boost the macroeconomic development (i.e. the purchasing power rises, the real wage rate rises, or the unemployment rate decreases.)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.697 ^a	.486	.480	.757

Table 34 Model Summary – Earned Income Tax Credit (EITC) Policy

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	190.883	4	47.721	83.310	.000 ^b
	Residual	202.201	353	.573		
	Total	393.084	357			

Table 35 Multiple Regression ANOVA –Earned Income Tax Credit (EITC) Policy

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.489	.195		2.510	.013
	I think that the EITC policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	.233	.059	.229	3.989	.000***
	I think that the EITC policy implementation could increase my disposable income due to a rise in the wage rate.	.203	.062	.193	3.271	.001***
	I think that the EITC policy implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	.114	.059	.108	1.917	.056*
	I think that the EITC policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	.258	.058	.272	4.460	.000***

a. Dependent Variable: Earned Income Tax Credit (EITC) Policy Satisfaction-What is your satisfaction with the Earned Income Tax Credit (EITC) Policy?

Table 36 Multiple Regression Coefficients – Earned Income Tax Credit (EITC) Policy

Note:

- If the p-value is marked with “*”, it means that the null hypothesis is rejected at the significance level of 0.1.
- If the p-value is marked with “**”, it means that the null hypothesis is rejected at the significance level of 0.05.
- If the p-value is marked with “***”, it means that the null hypothesis is rejected at

the significance level of 0.01.

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	I think that the EITC policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	.442	2.262
	I think that the EITC policy implementation could increase my disposable income due to a rise in the wage rate.	.419	2.389
	I think that the EITC policy implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	.458	2.182
	I think that the EITC policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	.391	2.556

a. Dependent Variable: Earned Income Tax Credit (EITC) Policy Satisfaction-What is your satisfaction with the Earned Income Tax Credit (EITC) Policy?

Table 37 Collinearity Diagnostics –Earned Income Tax Credit (EITC) Policy

Regarding the Earned Income Tax Credit (EITC) policy, how do the public recognition level of such policy goals as increasing the employees' productivity, raising the average wage, facilitating the formation of human capital, and boosting the macroeconomic development affect the public satisfaction for the Earned Income Tax Credit (EITC) policy?

Testing Hypothesis: EITC (Earned Income Tax Credit)

H_0 : The degree of public recognition of such a policy goal as raising the employees' productivity does not affect the public satisfaction for the EITC policy. $\beta_1 = 0$

H_1 : The higher the degree of public recognition of such policy a goal as raising the employees' productivity, the higher the public satisfaction for the EITC policy. $\beta_1 > 0$

Inference: At the significance level of 0.05, H_0 is rejected. I could make such an inference that the higher the public recognition level of such a policy goal as increasing the productivity, the more satisfied the public are with the EITC policy.

H_0 : The degree of public recognition of such a policy goal as raising the average wage rate does not affect the public satisfaction for the EITC policy. $\beta_2 = 0$

H_1 : The higher the degree of public recognition of such policy goals as average wage rate, the higher the public satisfaction for the EITC policy. $\beta_2 > 0$

Inference: At the significance level of 0.05, H_0 is rejected. I could make such an inference that the higher the public recognition level of such a policy goal as raising the average wage, the more satisfied the public are with the EITC policy.

H_0 : The degree of public recognition of such a policy goal as facilitating the formation of human capital does not affect the public satisfaction for the EITC policy $\beta_3 = 0$
 H_1 : The higher the degree of public recognition of such a policy goal as facilitating the formation of human capital, the higher public satisfaction for the EITC Policy. $\beta_3 > 0$

Inference: At the significance level of 0.1, H_0 is rejected. I could make such an inference that the higher the public recognition level of such a policy goal as facilitating the formation of human capital, the more satisfied the public are with the EITC policy.

H_0 : The degree of public recognition of such a policy goal as boosting the macroeconomic development does not affect the public satisfaction for the EITC policy $\beta_4 = 0$
 H_1 : The higher the degree of public recognition of such policy goals as boosting the macroeconomic development, the higher the public satisfaction for the EITC policy. $\beta_4 > 0$

Inference: At the significance level of 0.05, H_0 is rejected. I could make such an inference that the higher the public recognition level of such a policy goal as boosting the macroeconomic development, the more satisfied the public are with the EITC policy.

$$\widehat{Satisfaction\ with\ EITC} = \beta_0 + \beta_1 * Productivity + \beta_2 * AW + \beta_3 * FH + \beta_4 BM$$

Also, I have tested whether the problem of multicollinearity exists. In the chart, we can see that the value of VIFs is far lower than 10, which means that there isn't any problem of multicollinearity in this multiple regression model.

By multiple regression analysis, we could see that the main factors influencing the satisfaction with the Earned Income Tax Credit (EITC) policy are “Increasing the productivity” and “Raising the Average Wage”, “Facilitating the Formation of Human Capital” and “Boosting the Macroeconomic Development”. The more the public recognizes these four policy goals, the higher their satisfaction level with the Earned Income Tax Credit (EITC) policy.

5.1.7.3 Pre-K Program

a. Dependent Variable: Pre-K Policy Satisfaction-What is your satisfaction with the Pre-K Program?

b. Predictors: (Constant),

Recognition of Policy Goals- I think that the Earned Income Pre-K program can prompt employees to work harder, and further raise the competitiveness of a business.

Recognition of Policy Goals- I think that the public monthly disposable income can be raised under the implementation of the Pre-K program.

Recognition of Policy Goals- I think that the Pre-K program can facilitate the formation of the human capital, in which the human capital can be accumulated through the education and on-the-job training.

Recognition of Policy Goals- I think that the Pre-K program can effectively boost the macroeconomic development (i.e. the purchasing power rises, the real wage rate rises, or the unemployment rate decreases.)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.806 ^a	.650	.646	.646

Table 38 Model Summary – Pre-K Program

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	273.799	4	68.450	163.794	.000 ^b
	Residual	147.519	353	.418		
	Total	421.318	357			

Table 39 Multiple Regression ANOVA – Pre-K Program

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.342	.137		2.485	.013
	I think that the implementation of the Pre-K program can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	.286	.057	.288	5.037	.000***
	I think that the implementation of Pre-K program could increase my disposable income due to a rise in the wage rate.	.168	.060	.168	2.826	.005***
	I think that the implementation of Pre-K program could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	.267	.050	.278	5.327	.000***
	I think that the Pre-K program can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	.154	.054	.158	2.851	.005***

a. Dependent Variable: Pre-K Policy Satisfaction-What is your satisfaction with the Pre-K Program?

Table 40 Multiple Regression Coefficients – Pre-K Program

Note:

- If the p-value is marked with “*”, it means that the null hypothesis is rejected at the significance level of 0.1.
- If the p-value is marked with “**”, it means that the null hypothesis is rejected at the significance level of 0.05.
- If the p-value is marked with “***”, it means that the null hypothesis is rejected at the significance level of 0.01.

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	I think that the implementation of the Pre-K program can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.	.304	3.286
	I think that the implementation of Pre-K program could increase my disposable income due to a rise in the wage rate.	.280	3.576
	I think that the implementation of Pre-K program could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.	.365	2.741
	I think that the Pre-K program can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.	.321	3.114

a. Dependent Variable: Pre-K Policy Satisfaction-What is your satisfaction with the Pre-K Program?

Table 41 Collinearity Diagnostics – Pre-K Program

Regarding the Pre-K Program, how do the public recognition level of such policy goals as increasing the employees' productivity, raising the average wage, facilitating the formation of human capital, and boosting the macroeconomic development affect the public satisfaction for the Pre-K Program?

H_0 : The degree of public recognition of such a policy goal as increasing the productivity does not affect the public satisfaction for the Pre-K program. $\beta_1 = 0$

H_1 : The higher the degree of public recognition of such policy goals as increasing the productivity, the higher public satisfaction for the Pre-K program. $\beta_1 > 0$

Inference: At the significance level of 0.05, H_0 is rejected. I could make such an inference that the higher the public recognition level of such policy goals as increasing the productivity, the more satisfied the public are with the Pre-K program.

H_0 : The degree of public recognition of such a policy goal as raising the average wage rate does not affect the public satisfaction for the Pre-K program. $\beta_2 = 0$

H_1 : The higher the degree of public recognition of such a policy goal as average wage rate, the higher the public satisfaction for the Pre-K program. $\beta_2 > 0$

Inference: At the significance level of 0.05, H_0 is rejected. I could make such an inference that the higher the public recognition level of such policy goals as raising the average wage, the more satisfied the public are with the Pre-K program.

H_0 : The degree of public recognition of such a policy goal as facilitating the formation of human capital does not affect the public satisfaction for the Pre-K program $\beta_3 = 0$

H_1 : The higher the degree of public recognition of such a policy goal as facilitating the formation of human capital, the higher public satisfaction for the Pre-K program. $\beta_3 > 0$

Inference: At the significance level of 0.05, H_0 is rejected. I could make such an inference that the higher the public recognition level of such a policy goal as facilitating the formation of human capital, the more satisfied the public are with the Pre-K program.

H_0 : The degree of public recognition of such a policy goal as boosting the macroeconomic development does not affect the public satisfaction for the Pre-K program $\beta_4 = 0$

H_1 : The higher the degree of public recognition of such a policy goal as boosting the macroeconomic development, the higher public satisfaction for the Pre-K program. $\beta_4 > 0$

At the significance level of 0.05, H_0 is rejected. I could make such an inference that the higher the public recognition level of such a policy goal as boosting the macroeconomic development, the more satisfied the public are with the Pre-K program.

$$\widehat{\text{Satisfaction with Pre-K}} = \beta_0 + \beta_1 * \text{Productivity} + \beta_2 * \text{AW} + \beta_3 * \text{FH} + \beta_4 \text{BM}$$

Also, I have tested whether the problem of multicollinearity exists. In the chart, we can

see that the value of VIFs is far smaller than 10, which means that there isn't any problem of multicollinearity in this multiple regression model.

By multiple regression analysis, we could see that the main factors influencing the satisfaction with the Pre-K program are "Increasing the Productivity", "Raising the Average Wage", "Facilitating the Formation of Human Capital", and also "Boosting the Macroeconomic Development". The more the public recognizes these four policy goals, the higher their satisfaction level with the Pre-K program.

5.2 Document Analysis and Internet Survey: Focusing on Political Feasibility

Q: How likely are these policies, inclusive of the Minimum Wage policy, Earned Income Tax Credit (EITC) policy and Pre-K program, put into implementation?

5.2.1 Minimum Wage Policy

Political Feasibility. As long as there is not a significant change in the employment level, price level, wage, and even output level, arising from the setting of the minimum wage, keeping the current policy, the minimum wage, in place is politically feasible. Also, public acceptance of a policy should also be a criteria of political feasibility. Based on the previous T-Test used to examine the recognition of policy goals, I could only infer that the public somewhat recognizes three policy goals, including increasing employees' productivity, raising the average wage, and boosting the macroeconomic development, and I could infer that the public recognizes such a policy goal as facilitating the formation of human capital at the significance level 0.1.

Also, by multiple regression analysis, we could see that the main factors influencing the satisfaction with the Minimum Wage policy are "Increasing the productivity" and "Boosting the Macroeconomic Development". The more the public recognizes these two policy goals, the higher their satisfaction level with the Minimum Wage policy.

Thus, in terms of the political feasibility of the current Minimum Wage policy, I can consider it to be *High*.

5.2.2 Earned Income Tax Credit

Political Feasibility. In Huang (2009), by using simulation method, it shows that the gap between the rich and the poor no matter in different regions or with various occupations will be improved if the Earned Income Tax Credit (EITC) program is put into implementation. Such an argument could verify the effectiveness EITC program. However,

he also proposes that the benefit of implementing such a program, i.e. raising the incentive to work or look for jobs, is low because the amount of tax refund is different in two stages: in the first stage, the labor supply will increase since the earned income tax credit is increasing while in the second stage, the labor supply will decrease as the earned income tax credit is declining. The negative effect of the second stage, deterring the labor supply, is larger than the positive effect of the first stage, inducing the labor supply. Thus, regarding the aspect of raising the incentive to work by implementing the EITC program, it is still worth a discussion. However, in 李淑伶. (2003), she proposes that although the negative effect of the second stage, deterring the labor supply, is larger than the positive effect of the first stage, inducing the labor supply, the impact of such a policy as EITC program is still smaller than any other traditional welfare programs. Thus, she thought such a program is still worth the implementation because it could not only assist the poor but also raise the labor participation rate on the whole. That is, she thinks that the “voluntary unemployment” rate will decrease under the implementation of the EITC program.

According to the argument proposed in B.N.Ghosh (2001), the financial sources for such a refund (Earned Income Tax Credit) will cast no burden on the public and the government; the burden of public debt will not necessarily go up because the aggregate output (Y) will increase with an decrease in tax due to tax refund; also, as is the last argument reads, the money still remains within our country. Thus, there shouldn't be a concern for fiscal collapse.

According to the Constitution Practices- Supreme Court Justice Rulings made in 2017, there should be a room for the Earned Income Tax Credit to be amended. During the past two years, the interpretation made by supreme court justice rulings reads that the time schedule for the EITC policy to be amended contradicts the intention of the Constitution. However, it is foreseeable that that the preliminary data of EITC will be collected, and the analysis of the cost structure of each industry will be conducted before the end of 2017. It is said that the act of the EITC will be modified and then passed by February 7th 2018 and it will be further put into implementation from 2019.

The comparability of policies in these two countries should also be taken into account. Accordingly, there should be a concern for the likelihood of the implementation of the Earned Income Tax Credit (EITC) policy since there exists a difference between Taiwan and the United States regarding the context of institution, education, culture, etc. As for the likelihood of introducing the Earned Income Tax Credit (EITC) policy into Taiwan, it can still be considered to be high since the Ministry of Finance of Republic of China have

announced that such a policy is going to be implemented from 2019 regardless of differences in cultural, legal, or institutional context between these two countries, Taiwan and the United States included.

Also, public acceptance of a policy should also be a criteria of political feasibility. Based on the previous T-Test used to examine the recognition of policy goals, by using One-Sample T-Test and by setting the testing value at 4, I can only infer that the public recognizes such a policy goal as “raising average wage” and “facilitating the formation of human capital”, and somewhat recognizes such policy goals as “increasing the productivity” and also boosting the “macroeconomic development” at the significance level of 0.1.

Also, by multiple regression analysis, we could see that the main factors influencing the satisfaction with the Earned Income Tax Credit (EITC) policy are “Increasing the productivity” and “Raising the Average Wage” and “Boosting the Macroeconomic Development”. The more the public recognizes these three policy goals, the higher their satisfaction level with the Earned Income Tax Credit (EITC) policy.

Thus, in terms of the political feasibility of the Earned Income Tax Credit (EITC) policy, I can consider it to be *High*.

5.2.3 Pre-K Program

Political Feasibility. According to the Ministry of Education (M.O.E), different departments of the government are in charge of the preschool education. Since the end of 1997, the feasibility of pre-kindergartens has been studied. It is expected that the preschool education can develop normally through the consolidation. However, the main problem of implementing the Pre-K program is that there is a significant difference of the educational system in Taiwan and the United States; the Pre-K program in the United States are attached to the public elementary school while the current situation of the education system in Taiwan has much to modify if the Pre-K program in the U.S.A is going to be introduced to Taiwan. In short, the main problem is that there will be a reform of the educational system if the Pre-K program is to be implemented, which may not deserve it based on the benefit and cost analysis. Also, in Tsai (2002), he proposed an argument that the authorities concerned cannot set up public preschools for all due to limited budgets of education. This is because only the public funding cannot satisfy the increasing demand for such preschool education. However, for those parents who may need to turn to preschool provision from the private sector, there may be a potential problem that some parents cannot afford to send their children to private

institutions. As a consequence, Tsai (2002) thinks that the only solution is to increase the governmental funds provided for preschool education by means of an educational voucher scheme. By doing so, all the parents can send their children to attend preschool program no matter it is a private sector or a public one. Based on such an argument and analysis, the implementation of Pre-K program can be foreseeable only if the government has access to large funds to back up the implementation of the preschool program. Under such circumstances, it can be inferred that there might be a shortage of government funds once this program is to be implemented.

The comparability of policies in these two countries should also be taken into account. Thus, there should be a concern for the likelihood of the implementation of the Pre-K program since there exists a difference between Taiwan and the United States regarding the context of institution, education, culture, etc. As for the possibility of introducing the Pre-K program into Taiwan, it can be considered to be low since there should be a systematic reform of the present educational system due to the difference of the institutional and educational system between Taiwan and the United States. Thus, the shortage of funding sources and the difference of context regarding education and institution in these two countries will be the main factor greatly lowering the political feasibility of the Pre-K program in Taiwan.

Also, public acceptance of a policy should also be a criteria of political feasibility. Based on the previous One-Sample T-Test used to examine the recognition of policy Goals and by setting the testing value at 4, I can infer that the public somewhat recognizes such a policy goal as “facilitating the formation of human capital”, and that the public DOES NOT recognize such a policy goal as “increasing the productivity”, “raising average wage” and “boosting the macroeconomic development” at the significance level of 0.1.

Besides, by multiple regression analysis, we could see that the main factors influencing the satisfaction with the Pre-K program are “Increasing the Productivity” and “Raising the Average Wage” and “Facilitating the Formation of Human Capital” and also “Boosting the Macroeconomic Development“. The more the public recognizes these four policy goals, the higher their satisfaction level with the Pre-K program. However, due to the low public recognition of such policy goals as “Increasing the Employees’ Productivity”, “Raising the Average Wage”, and “Boosting the Macroeconomic Development”, and the problem of the shortage of governmental funds to support this program, I can consider the political feasibility of the Pre-K program to be *Low*.

5.3 Policy Recommendation

Goals	Weight	Impact Category	Criteria	Policy Alternatives		
				Policy I	Policy II	Policy III
				Minimum Wage (Status quo)	Raising the Income Tax Credit (EITC)	Pre-K and Legislation
Increasing the Employees' Productivity	0.15	The productivity of employees	The output per person	Low (1)	Medium (2)	High (3)
Raising the Average Wage	0.10	The labor cost of employers	The expense that employers spend on employees' salary and wages.	High (1)	Low (3)	Low (3)
	0.10	The welfare of the employees	The employment level and the purchasing power of employees	Low (1)	High (3)	Medium (2)
Facilitating the Formation of Human Capital	0.20	Employees' achievement, behavior, and mental health	The return on schooling and job training	Medium(2)	Medium(2)	High(3)
Boosting the Macroeconomic Development	0.20	Employment level, price level, wage, and output level	The macroeconomic indicator, such as real wage, the output, the employment level, etc., rises or not	Medium (2)	Medium to High (2.5)	High (3)
Political Feasibility	0.25	Likelihood of successful adoption	The possibility of the policy being carried out	High (3)	High (3)	Low (1)
Result	1	Final decision	Document Analysis, Public Recognition of Policy Goals, Public Policy Satisfaction	1.9	2.55	2.4

Table 42 Policy Evaluation

5.3.1 Policy Evaluation

As for the method used to rate the performance of each policy regarding each policy goal, including increasing the employees' productivity, raising the average wage rate, facilitating the formation of human capital, as well as boosting the macroeconomic development, I choose to refer to documents and some existing economic models to analyze the performance of each policy, and then objectively rate the performance of each policy based on document analysis, which have been shown in the previous sections. As for the evaluation of political feasibility, it will be affected by the stakeholders involved, institutional feasibility, government supply feasibility, and also the public acceptance. For the analysis of the three feasibility arguments, inclusive of stakeholder analysis, institutional feasibility, government supply feasibility, they are analyzed by using document analysis. As for the public acceptance, it has been evaluated based on two parts, inclusive of public recognition of each policy goal and also the public policy satisfaction. After using One-Sample T-Test to test the public recognition of each policy goal and using Multiple Regression to test the relationship between the public recognition of each policy goal and the public policy satisfaction, the political feasibility of each policy is then evaluated based on the comprehensive rating, including the public recognition of each policy goal and the public policy satisfaction. As for the methodology of transforming the rating of the performance of each policy, I use the interpolation method since Six-Likert Item is used in the questionnaire while Ordinal Scale, including, Low, Medium, High, is used when evaluating each policy at last.

The comparative evaluations of each policy alternative are encapsulated in the matrix provided in this thesis. The matrix is intended to disclose the resulting evaluations of each of the policy alternatives discussed formerly, and the evaluations are in turn based upon the numerous goals that serve as our benchmark. In order to make a recommendation for our concerned clients, I select the alternative that delivers the most satisfactory outcome, in terms of the governmental client that I vigilantly serve as well as the massive public. After careful consideration on what impacts each of the alternatives would bring forth, I assign approximately equal weights to each policy goal. However, I resolved to give the greatest weight to the "Political Feasibility" criteria, as I aspire to provide our client with the greatest benefits possible without incurring considerable costs and criticisms. Following the "Political Feasibility", I assign equal and a higher weight to such three goals as "Raising the Average Wage", "Facilitating the Formation of Human Capital" and "Boosting the

Macroeconomic Development” as the impacts these goals will bring concern not only employers and employees but also the society while I assign a relatively low weight to such a goal as “Increasing the Productivity” since this goal will only benefit/concern employers.

After basically analyzing the samples collected and conducting some document research, now I turn to give a policy recommendation. Judging from the recognition of policy goals of each policy and the policy satisfaction, I could make such inferences based on the One-Sample T-Test and Multiple Regression Analysis. In the part of the recognition of policy goals of each policy, I choose to set the test value at 4. Under the Six-Level Likert Item, once the respondents’ average recognition level of each policy goals is equal to or higher than 4, then I could make an inference that the public recognizes such a policy goal. In general, in the part of recognition of policy goals of each policy, Earned Income Tax Credit (EITC) policy outperforms the other two ones, including the current Minimum Wage policy, and the Pre-K Program; in the part of policy satisfaction, judging from the frequency table of policy satisfaction, the Earned Income Tax Credit (EITC) policy still outperforms the other two policies. Also, based on the multiple regression analysis, in the part of Earned Income Tax Credit (EITC) policy, it shows that the more the public recognizes the policy goals, the higher the policy satisfaction. In terms of political feasibility, the current Minimum Wage policy and the Earned Income Tax Credit (EITC) policy outperform the Pre-K program. In short, the main obstacle for the authorities concerned to put the Pre-K program into implementation would be **LOW** political feasibility since this analysis shows that the likelihood of the implementation of the Pre-K program is to be slim. Under such circumstances, I recommend the authorities concerned should take such a policy as the Earned Income Tax Credit (EITC) policy into consideration; moreover, I suggest the authorities concerned can put this policy into implementation as soon as possible. Coincidentally, the authorities concerned has announced that such a policy will come into effect at the beginning of 2019, further proving the political feasibility of the Earned Income Tax Credit (EITC) policy to be high. Under the simultaneous implementation of both the current Minimum Wage policy and Earned Income Tax Credit (EITC), I think that there would be some unexpected synergy. Here I refer to Sawhill, I., & Karpilow, Q. (2014). It shows that if these two policies are implemented separately, there would be significant benefits for those in need by raising the minimum wage and implementing the Earned Income Tax Credit (EITC) policy. Nonetheless, each policy has its limitations in the process of each policy change. Specifically, the public disposable income would increase by raising the

minimum wage; however, it will adversely affect the employment level. As for Earned Income Tax Credit (EITC) policy, Sawhill, I., & Karpilow, Q. (2014) also proposes that it will lead some groups to lose benefits though it may reduce childhood poverty. Fortunately, in the analysis of Sawhill, I., & Karpilow, Q. (2014), it points out that the shortcomings of each policy would be improved if the two reforms, including raising the minimum wage and implementing the Earned Income Tax Credit (EITC) policy, are jointly executed. To be exact, though some stakeholders will lose benefit under the implementation of the Earned Income Tax Credit (EITC) policy, the poverty rates will fall due to the implementation of the minimum wage hike. Thus, under the mix, simultaneous implementation, of the Minimum Wage policy and the Earned Income Tax Credit (EITC) policy, it will subsequently lower the poverty rate.

Some might doubt that whether there would be a fiscal deficit once the Earned Income Tax Credit (EITC) policy is put into implementation. In this part, to take example by the United States, Sawhill, I., & Karpilow, Q. (2014) verifies that the tax revenue and cost savings generated from raising the minimum wage would offset the decrease in tax revenue arising from the implementation of the Earned Income Tax Credit (EITC) policy. Thus, at last, I choose to recommend that the authorities concerned should simultaneously implement the current Minimum Wage policy and the upcoming Earned Income Tax Credit (EITC) policy since it is reported to reduce poverty, incentivize work, and encourage marriage.

5.3.2 Sensitivity of Policy Recommendation

The sampling method I choose is the quota sampling method. Among the nonprobability sampling methods, quota sampling method could effectively improve the representativeness of collected sampling if the distribution of the collected samples is not significantly different from the distribution as expected. However, in this internet survey, the samples I collect are positively skewed in terms of age; also, the samples collected are also skewed in the part of occupation. It is because it is hard for the elderly to answer such a questionnaire through the online platform. Thus, the opinions of the elderly might be ignored. If more samples of the elderly respondents are collected, there could be a chance that the political feasibility of the Pre-K program might increase due to the elderly concern for their descendants. Suppose that the recognition of policy goals and public policy satisfaction for the Pre-K program dramatically improve after more voices of the elderly are taken into consideration, it is likely that the Pre-K program could outperform both the current Minimum Wage policy and the Earned Income Tax Credit (EITC) policy due to the drastically increase in the political

feasibility, in which public recognition of policy goals and public policy satisfaction are two of the main factors affecting the political feasibility.

6. Research Limitations

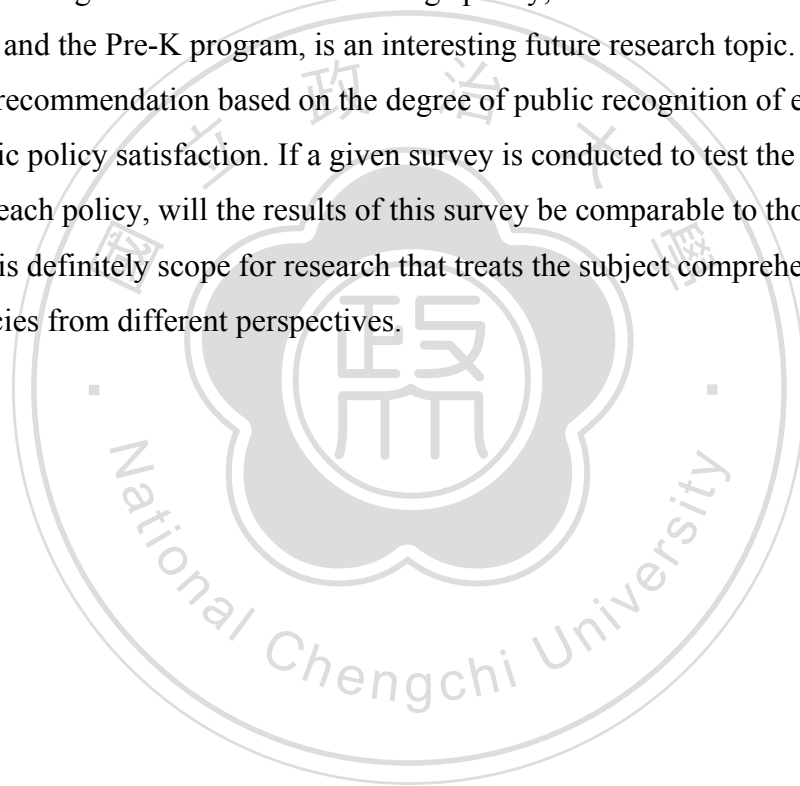
In this research, there exists a research limitation. Due to the difficulty in reaching the population, I choose to use sampling to take the place of census. The sampling method I adopt is the quota sampling method; among nonprobability sampling method, this method could improve the representativeness of the collected samples. However, the sampling distribution in this survey is positively skewed; that is, the number of respondents is decreasing with an increase in age. It is the reason that undermines the representativeness of collected samples. Thus, a lack of representativeness of collected samples is the main research limitation in this research.

7. Concluding Remarks and Future Research

Based on the document research and the Internet survey, I strongly recommend that the authorities concerned should put the Earned Income Tax Credit (EITC) policy into implementation as announced beginning in 2019. Regarding the goals of each policy, the Earned Income Tax Credit (EITC) policy performs better than the other two. Regarding public acceptance of each policy, the public recognizes the policy goals that can be achieved under the implementation of the Earned Income Tax Credit (EITC) policy. There is also a trend in this survey, wherein the more the public recognizes the policy goals of the Earned Income Tax Credit (EITC) policy, the higher its satisfaction will be. All of the above factors show the high political feasibility of the Earned Income Tax Credit (EITC) policy. If these two policies, the current Minimum Wage Policy and the Earned Income Tax Credit (EITC) policy, are properly executed, I think the synergy of their simultaneous implementation could correspond to what Sawhill, I., & Karpilow, Q. (2014) has shown. Thus, at the time the government raises the minimum wage rate, the Earned Income Tax Credit (EITC) policy could complement the Minimum Wage policy and also offset the counter effect of the minimum wage rate, so-called the rising poverty rate. Besides the lower poverty rate it will bring, the simultaneous implementation of the Minimum Wage policy and the Earned Income Tax Credit (EITC) policy still has a lot of benefits: it will lower the poverty rate, raise the employees' incentive to work, and also encourage marriage. Despite the fact that there is an uncertainty in the synergy and the trade-offs of these two policies, it is likely that such an implementation is deserved considering the existence of the low-income problem, high rates

of poverty, and increasing income inequality in Taiwan.

It is worth noting that this thesis focuses on the specific logic of the relationship between the degree of public recognition of policy goals and public policy satisfaction. This study argues that the Earned Income Tax Credit (EITC) policy will be a promising policy. Therefore, it is not surprising that the thesis suggests that the authorities concerned should put the Earned Income Tax Credit (EITC) policy into implementation as announced starting in 2019. On the other hand, this paper provides political insights regarding the choice of policy tools. The empirical test for public acceptance of these three public policies could potentially be carried out with the *population* survey, so-called census. A study of public preference for each policy, including the current Minimum Wage policy, the Earned Income Tax Credit (EITC) policy, and the Pre-K program, is an interesting future research topic. In this paper, I make a policy recommendation based on the degree of public recognition of each policy goal as well as public policy satisfaction. If a given survey is conducted to test the public preference for each policy, will the results of this survey be comparable to those of the other survey? There is definitely scope for research that treats the subject comprehensively by analyzing policies from different perspectives.



Appendix 1 – A Comparison of Alternatives (More on the Benefit Side)

Goals	Impact Category	Criteria	Policy Alternatives		
			Policy I (Status quo) Minimum Wage Policy	Policy II Earned Income Tax Credit (EITC) Policy	Policy III Pre-K Program
Increasing the Productivity	The productivity of employees	the output per person	The higher the minimum wage, the higher the output per person.	The higher the income tax credit and the higher the disposable income, the higher the output per person.	Polishing up the employees' working skills and then the productivity will thus rise.
Raising the Average Wage	The labor cost of employers	The expense that employers spend on employees' salary and wages.	The higher the minimum wage, the greater the expense that employers spend on employees' salary and wages.	The higher the productivity per worker and the lower input the business should invest, the lower the production cost it will be incurred on employers.	The labor cost of employers will not change because the cost of implementing pre-K and legislation will not be incurred on employers.
	The welfare of the employees	The employment level and the purchasing power of employees.	The higher the minimum wage, the higher the goods prices and the lower the employment level	EITC is associated with a boost in earned income and employment.	Those employees whose skills are in demand see their wages rise.
Facilitating the Formation of Human Capital	Educational attainment and earnings of employees	The return on schooling and job training	The longer the time one spends on schooling, the higher the profitability it is for all groups.	EITC reduces the incentive of Type Y workers to acquire human capital, whereas for Type O individuals, EITC raises employment and total product	The better the quality of preschools, the more likely the long-lasting improvements in educational attainment and earnings
Boosting the Macroeconomic Development	Employment level, price level, wage, and output level	The macroeconomic indicator, such as real wage, the output, the employment level, etc, rises or not	The real wage rate is rising given the change in the price is lower than that in the nominal wage	To raise the EITC only, and not raise the minimum wage, is to give these corporate giants a second public subsidy; and the output per person will thus rise due to an increase in the employees' disposable income	The macroeconomic indicator, mainly the output level, will subsequently rise
Political Feasibility	Likelihood of successful adoption	The possibility of the policy being carried out	High (in place)	High (If it is implemented as announced from 2019)	Medium

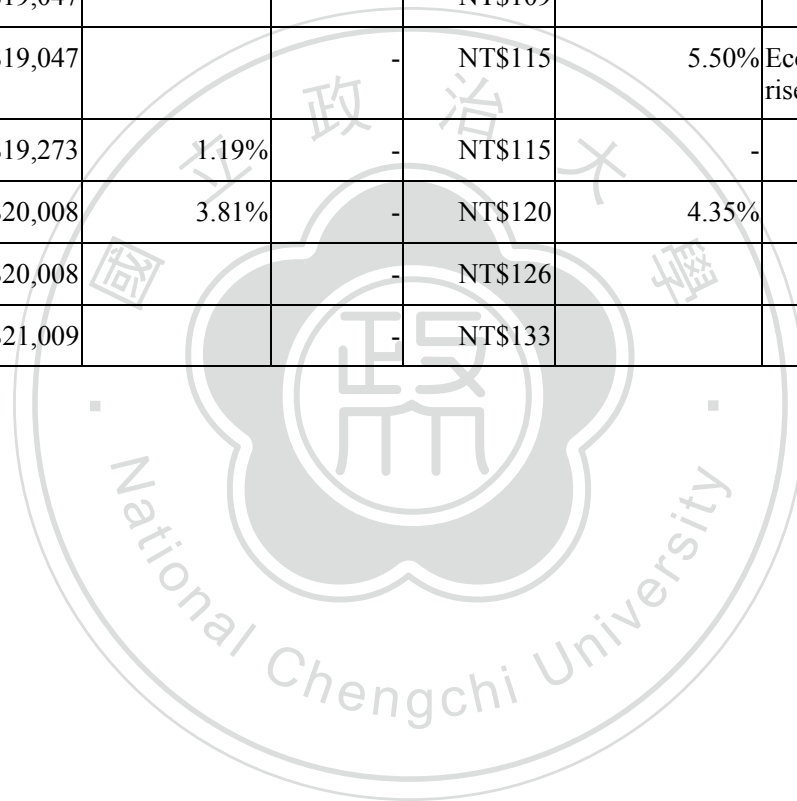
Appendix 2 - A Comparison of the Alternatives (Cost Side)

Cost	Policy I Minimum Wage Policy (Status quo)	Policy II Earned Income Tax Credit (EITC) Policy	Policy III Pre-K Program
Target Population	The Public	Low- to moderate-income working individuals and couples, particularly those with children	Families with children under the age of elementary school.
Cost Incurred on Employees/Workers	Those who lose their job because they're now more expensive to employ are worse off.	None	Taxpayers should pay more due to the implementation of preschool program.
Cost Incurred on Employers	Producers cost will soar significantly as they have to pay more for employees' wages	None	Taxpayers should pay more due to the implementation of preschool program.
Cost Incurred on Government	None; government is only the policymaker of the minimum wage policy	Due to the compensation of tax for the target population, governmental tax revenue will decrease, which in turn will lead to a government budget deficit	Governments should seek sizable fundings from various sources, or it should pay for the expenses of implementing such a program.
Cost Incurred on Society	An increase in the Minimum Wage will contribute to a rise in the overall price level if we regard wage as a cost on a society.	Costs will be mainly incurred on governments while there might be no costs for employers and employees.	The exempt of school fees for nearly 75 percent of five-year-old preschoolers sums up to around 6 billion; thus, there will be a decrease in the schooling revenue in a nation.

Appendix 3— A Brief History of Governmental Regulation of the Minimum Wage

Announcement Date	Effective Date	Monthly wage	Increase percentage	Daily wage	Hourly wage	Increase percentage	Note
Year of 1956	-	NT\$300		-	-		
Year of 1964	-	NT\$450		-	-		
March 16 th , 1968		NT\$600		NT\$20	-		Issuance of Temporary Measures for the Basic Wage
November 29 th , 1978	December 1 st , 1978	NT\$2,400		NT\$80	-		
April 29 th , 1980	May 1 st , 1980	NT\$3,300		NT\$110	-		
April 29 th , 1983	May 1 st , 1983	NT\$5,700		NT\$190	-		
June 14 th , 1984	July 1 st , 1984	NT\$6,150		NT\$205	-		Official implementation of Labor Standards Law
October 27 th , 1986	November 1 st , 1986	NT\$6,900		NT\$230	-		
June 28 th , 1988	July 1 st , 1988	NT\$8,130		NT\$271	-		the adoption of the Regulations of Basic Wage
June 26 th , 1989	July 1 st , 1989	NT\$8,820		NT\$294	-		
July 25 th , 1990	August 1 st , 1990	NT\$9,750		NT\$325	-		
August 1 st , 1991	August 1 st , 1991	NT\$11,040		NT\$368	-		
August 13 th , 1992	August 1 st , 1992	NT\$12,365		NT\$412	NT\$51.50		The introduction of the hourly wage
August 13 th , 1993	August 16 th , 1993	NT\$13,350		NT\$445	NT\$55.50		
August 19 th , 1994	August 20 th , 1994	NT\$14,010		NT\$467	NT\$58.50		
July 17 th , 1995	August 1 st , 1995	NT\$14,880		NT\$496	NT\$62		
August 31 st , 1996	September 1 st , 1996	NT\$15,360		NT\$512	NT\$64		
October 16 th , 1997	October 16 th , 1997	NT\$15,840		NT\$528	NT\$66		
June 8 th , 2007	July 1 st , 2007	NT\$17,280	9.09%	-	NT\$95	43.94%	Hourly wage and monthly wage are adjusted separately
September 29 th , 2010	January 1 st , 2011	NT\$17,880		-	NT\$98		The first adjustment of both monthly wage and hourly wage

							after the review of basic wage
September 6 th , 2011	January 1 st , 2012	NT\$18,780		-	NT\$103		
September 26 th , 2012	January 1 st , 2013	NT\$18,780		-	NT\$109		The first time that Executive Yuan rejected the draft resolution of the adjustment of the basic wage raised by the Basic Wage Committee and the adjustment of basic wage postponed
April 2 nd , 2013	April 1 st , 2013	NT\$19,047		-	NT\$109		
October 2 nd , 2013	January 1 st , 2014	NT\$19,047		-	NT\$115	5.50%	Economic growth rate (or consumer price index) must have risen over 3%, and then the review committee will be held
October 2 nd , 2013	July 1 st , 2014	NT\$19,273	1.19%	-	NT\$115	-	
September 3 rd , 2014	July 1 st , 2015	NT\$20,008	3.81%	-	NT\$120	4.35%	
May 24 th , 2016	July 1 st , 2016	NT\$20,008		-	NT\$126		
September 8 th , 2016	January, 2017	NT\$21,009		-	NT\$133		



Appendix 4 – An Assessment/Evaluation of Each Alternative Policy

Goals	Weight	Impact Category	Criteria	Policy Alternatives		
				Policy I	Policy II	Policy III
				Minimum Wage (Status quo)	Raising the Income Tax Credit (EITC)	Pre-K and Legislation
Increasing the Production Level	0.15	The productivity of employees	The output per person	Low (1)	Medium (2)	High (3)
Raising the Average Wage	0.10	The labor cost of employers	The expense that employers spend on employees' salary and wages.	High (1)	Low (3)	Low (3)
	0.10	The welfare of the employees	The employment level and the purchasing power of employees	Low (1)	High (3)	Medium (2)
Facilitating the Formation of Human Capital	0.20	Employees' achievement, behavior, and mental health	The return on schooling and job training	Medium(2)	Medium(2)	High(3)
Boosting the Macroeconomic Development	0.20	Employment level, price level, wage, and output level	The macroeconomic indicator, such as real wage, the output, the employment level, etc., rises or not	Medium (2)	Medium to High (2.5)	High (3)
Political Feasibility	0.25	Likelihood of successful adoption	The possibility of the policy being carried out	High (3)	High (3)	Low (1)
Result	1	Final decision	Document Analysis, Public Recognition of Policy Goals, Public Policy Satisfaction	1.9	2.55	2.4

Appendix 5

Internet Survey

The Determinants of Public Policy Satisfaction in Taiwan: A Case Study of Minimum Wage Policy, EITC Policy, and Pre-K Program

1. Gender

- Male
- Female

2. Age

- Under 20 (20 is **NOT** included)
- 20-24 of age
- 25-29 of age
- 30-34 of age
- 35-39 of age
- 40-44 of age
- 45-49 of age
- 50-54 of age
- 55-59 of age
- 60-64 of age
- Over 64 years old

3. Occupation

Category	Examples
(1)Elected Representatives, Executives, and Managers	Director, Manager, Elected Representatives, etc.
(2)Professionals	Researcher, Doctor, Nurse, Accountant, Lawyer, Engineer, Programmer, Systems Designer, Teacher, Reporter, Marketing Planning, Marketing Sales, Salespeople, Public Relations and Advertising, Writer, Actor, Actress, Artist, etc.
(3)Technicians, and Associated Professionals	Industrial Technician, Informational Assistant, Research Assistant, Device Control, Quality Control Technical Assistant, Broker, Sales, Accounting Assistant, etc.
(4)Clerical Support Workers	Accounting Affairs, Cashier, Personnel, General Affairs, Word Processing, etc.
(5)Service and Sales Workers	Tour guide, Cook, Chef, Dining Service Worker, Styling and Cosmetology, Security, Firefighter, Police, Model, Store Manager, Clerk, Sales Worker
(6)Skilled Agricultural, Forestry and Fishery Workers	Gardener, animal rearing, fishing, etc.
(7)Craft and Related Trades Workers	Worker, Metal and Machine Building Technician, Craftman, Electrical and Electronic Equipment Repair Technician, Food and Beverage, Furniture, Garment Manufacture, etc
(8)Plant and Machine Operators, and Assemblers	Plant and Machine Operators, Assemblers
(9)Elementary Labourers	Cleaner, Labors, Porter, Tally Clerk, etc.
(10)Student	Bachelor, Master, Doctor
(11)Out of Job, Unemployed	Unemployment occurs when a person who is actively searching for employment is unable to find work
(12)Others:	Housewife, etc.

4. Industry

- 1. Farming 、Forestry 、Livestock 、Fishing Sectors
- 2. Mining and Quarrying Sectors
- 3. Manufacturing Sector
- 4. Electricity and Gas Sectors
- 5. Water Supply and Pollution Control Sectors
- 6. Construction Sector
- 7. Wholesale Trade and Retail Trade Sectors
- 8. Transportation and Warehousing Sectors
- 9. Accommodation and Food Sectors
- 10. Information and Communication Sectors
- 11. Finance and Insurance Sectors
- 12. Real Estate Sector
- 13. Professional, Scientific, and Technical Services Sectors
- 14. Support services Sector
- 15. Public Administration and National defense; Mandatory Social Security Sector
- 16. Education Services Sectors
- 17. Health Care and Social Assistance Sectors
- 18. Arts, Entertainment, and Recreation Sectors
- 19. Other Services Sectors
- 20. Students (Ex: Bachelor, Master, and Doctor)
- 21. Unemployed or Out of Job
- 22. Others: (Ex: Housewives)

5. Highest Education Level (The One You Have Gotten the Diploma)

- Under Junior High (Junior High is included)
- Senior High
- Junior College Education
- Bachelor
- Master
- Doctor

6. Profession

- Language, Literature, History and Philosophy
- Law
- Commerce, Management, and Communication
- Science
- Engineering
- Agriculture
- Medicine
- Chief Police Petty Officer (Soldier is included)
- Education
- Styling and Cosmetology, Hospitality, Tourism and Recreation
- Art and Design
- Social Science(including Child Care, Economics, Political Science, Public Administration, Public Finance, Land Economics)
- Others: _____

7. Monthly Income (Students, the Unemployed, and Others **DO NOT** answer this question)

- None ; Due to job-seeking or being unemployment
- Under NT\$21009 (NT\$21,009 is NOT included)
- NT\$21,009~NT\$24,999
- NT\$25,000~NT\$29,999
- NT\$30,000~NT\$34,999
- NT\$35,000~NT\$39,999
- NT\$40,000~NT\$44,999
- NT\$45,000~NT\$49,999
- NT\$50,000~NT\$54,999
- NT\$55,000~NT\$59,999
- NT\$60,000~NT\$64,999
- NT\$65,000~NT\$69,999
- NT\$70,000~NT\$74,999
- NT\$75,000~NT\$79,999
- More than NT\$80,000(NT\$80,000 is included)

8. Are you an employer or an employee?

(Students, the Unemployed, and Others **DO NOT** answer this question)

- Employer
- Employee
- Being both employer and employee

9. Have you ever been unemployed? (Unemployment occurs when a person who is actively searching for employment is unable to find work.)

(Students and Others **DO NOT** answer this question)

- Yes
- No

10. Are you satisfied with your current monthly income?

(Students, the Unemployed, and Others **DO NOT** answer this question)

Extremely Dissatisfied	Dissatisfied	Somewhat Dissatisfied	Somewhat Satisfied	Satisfied	Extremely Satisfied
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I. The Minimum Wage Policy

1. Current Situation

The minimum wage is so-called basic wage in Taiwan. The current minimum wage (basic wage) in Taiwan is set to be NT\$21009 per month and NT\$133 per hour.

2. Main Idea

The main idea behind setting such a policy is that nations want to ensure that individuals can maintain a basic or even a minimum quality of life by imposing a price control

3. Employers' Opinion

As far as employers are concerned, they oppose the upward adjustment of the minimum wage because it will increase the labor costs of a business and even lower its competitiveness, leading to a decrease in the business profits

4. Employees' Opinion

As far as employees' are concerned, some labor parties think that the authorities concerned should guarantee labors' earnings to ensure their basic necessities of life and share the fruit of economic growth with labors. Thus, employees' think that the minimum wage (basic wage) should be maintained or upwardly adjusted.

5. Academic Research

- Both Robbins, S.P. (1994) and Goerg, S. J. (2015) indicate that money is the drive for the rise of employees' productivity
- With the upward adjustment of the minimum wage, the middle-to-low income groups can receive a higher wage due to the security of the minimum
- Leighton and Mincer (1981) proved that minimum wages tend to discourage on-the-job training.
- In P. Lin (2013), it shows that the minimum wages hike has a greater and adverse impact on female workers, young workers, low-level educated workers and employee of small and medium firm enterprises. In W.Z. Wang (2013), it shows that when the minimum wage increases there is a positive effect on the unemployment of middle-aged group (25-44 years old).

Please answer the following questions after reading the descriptions above.

11. I think that the minimum wage policy can prompt employees to work harder, and further raise the competitiveness of a business.

1. Extremely Disagree	2. Disagree	3. Somewhat Disagree	4. Somewhat Agree	5. Agree	6. Extremely Agree
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12. I think that the public monthly disposable income can be raised under the implementation of the minimum wage policy

1. Extremely Disagree	2. Disagree	3. Somewhat Disagree	4. Somewhat Agree	5. Agree	6. Extremely Agree
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13. I think that the minimum wage policy can facilitate the formation of the human capital, in which the human capital can be accumulated through the education and on-the-job training.

1. Extremely Disagree	2. Disagree	3. Somewhat Disagree	4. Somewhat Agree	5. Agree	6. Extremely Agree
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14. I think that the minimum wage policy can effectively boost the macroeconomic development (i.e. the purchasing power rises, the real wage rate rises, or the unemployment rate decreases.)

1. Extremely Disagree	2. Disagree	3. Somewhat Disagree	4. Somewhat Agree	5. Agree	6. Extremely Agree
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15. What is your satisfaction toward the minimum wage policy?

1. Extremely Dissatisfied	2. Dissatisfied	3. Somewhat Dissatisfied	4. Somewhat Satisfied	5. Satisfied	6. Extremely Satisfied
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II. EITC (Earned Income Tax Credit) Policy

1 Current Situation

The EITC policy has been put into implementation in the U.S.A. The former president, Ma Ying-jeou, has ever proposed such a policy on the basis on the EITC policy implemented in the USA during the election. Such a policy is also the policy planned by the Ministry of Finance in 2010.

2 Main Idea

The purpose of the EITC policy is to help the “working poor” get out of poverty. Thus, in the U.S.A, the target population are those who are employed. For those who are employed, they must have earned income. Besides, the way that EITC helps the family to get out of poverty is to give those who are qualified a certain amount of tax refund or subsidy. The amount of the refund or subsidy depends on the applicants monthly income and the number of the children to be raised. Thus, this policy aims to help those poor families to get out of poverty; that is, the target population of EITC policy is those low-to-middle income groups.

3 Employers’ Opinion

On the surface level, employers seem to be uninvolved in the EITC program. And yet, business employers are still considered to be one of the stakeholders in running the refundable tax credit program in that the productivity of workers may rise in response to a higher earned wage (or the EITC can be regarded as another alternative form of the “efficiency wage.” That is to say, the tax returns function similarly as a raise in the workers’ wages.)

4 Employees’ Opinion

The EITC policy indirectly raise the employees’ disposable income by means of the tax refund and subsidy.

5 Academic Research

- Warren Buffett has ever argued that low wage workers would be better served by expanding the EITC than by increasing the minimum wage
- Sawhill, I., & Karpilow, Q. (2014). proposes that the EITC policy can be viewed as a form of “**efficiency wage**, and to some extent it resembles the Minimum Wage policy as they both serve this similar function of improving work effort. One primary advantage of this alternative policy is that it provides financial incentives for the low-skilled workers to work harder and thus raise productivity (output).
- Heckman, Lochner, Cossa(2002) proposes that skills are cultivated by costly time spending and investments, such as the program of on-the-job training. Such a policy as EITC encourages skill investment for workers who begin their careers in the phase-out region and end their careers above the EITC income cut-off.
- As for effects of EITC on the macroeconomic development, we can infer from the economic theory that a decrease in the tax can boost the economy while it may cause fiscal deficit or the deterioration of fiscal condition if the amount tax refund or subsidy is tremendous.

Please answer the following questions after reading the descriptions above.

16. I think that the EITC policy can prompt employees to work harder, and further raise the competitiveness of a business.

1. Extremely Disagree	2. Disagree	3. Somewhat Disagree	4. Somewhat Agree	5. Agree	6. Extremely Agree
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17. I think that the public monthly disposable income can be raised under the implementation of the EITC policy

1. Extremely Disagree	2. Disagree	3. Somewhat Disagree	4. Somewhat Agree	5. Agree	6. Extremely Agree
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18. I think that the EITC policy can facilitate the formation of the human capital, in which the human capital can be accumulated through the education and on-the-job training.

1. Extremely Disagree	2. Disagree	3. Somewhat Disagree	4. Somewhat Agree	5. Agree	6. Extremely Agree
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19. I think that the EITC policy can effectively boost the macroeconomic development (i.e. the purchasing power rises, the real wage rate rises, or the unemployment rate decreases.)

1. Extremely Disagree	2. Disagree	3. Somewhat Disagree	4. Somewhat Agree	5. Agree	6. Extremely Agree
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20. What is your satisfaction toward the EITC policy?

1. Extremely Dissatisfied	2. Dissatisfied	3. Somewhat Dissatisfied	4. Somewhat Satisfied	5. Satisfied	6. Extremely Satisfied
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III. Pre-K Program

1. Current Situation

Pre-K is a preschool program for children below a certain age (i.e. five in the USA, Canada and Turkey). The policy targets the families with children under the age of elementary school. The Pre-K in the USA are often affiliated to the elementary school. If this program is to be implemented in Taiwan, there should be a tremendous funding source. One of the funding sources is the public tax revenue. Thus, both employers and employees are taxpayers, and tax burdens will thus get greater.

2. Main Idea

Regarding the target population of Pre-K policy, it aims at those families with children under the age of elementary school. The program helps the children explore various areas including science, art, reading and writing, play, music, mathematics, etc. by means of activities.

This program is mainly introduced to equip the children with a more competent human capital. To a certain extent, lower-level workers can have the bargaining power over the determination of wages

3. Employers' Opinion

Both employers and employees are the stakeholders of the Pre-K program. If this program is to be introduced, there should be a tremendous funding source. One of the funding sources is the public tax revenue. Thus, both employers and employees are taxpayers, and tax burdens will thus get greater.

4. Employees' Opinion

Both employers and employees are the stakeholders of the Pre-K program. If this program is to be introduced, there should be a tremendous funding source. One of the funding sources is the public tax revenue. Thus, both employers and employees are taxpayers, and tax burdens will thus get greater.

5. Academic Research

- Magnuson and Duncan (2016) show that interventions in early childhood lay an important foundation for human capital development, with important long-run connections with economic earnings and opportunities later in life.
- Heckman, J. J., & Masterov, D. V. (2007) show that rather than merely offering incentives to work hard, universal pre-k programs, to a large extent, directly deal with the issue of employees' productivity through the channel of early education.

Please answer the following questions after reading the descriptions above.

21. I think that the Pre-K program can prompt employees to work harder, and further raise the competitiveness of a business.

1.Extremely Disagree	2.Disagree	3.Somewhat Disagree	4.Somewhat Agree	5.Agree	6.Extremely Agree
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22. I think that the public monthly disposable income can be raised under the implementation of the Pre-K program

1.Extremely Disagree	2.Disagree	3.Somewhat Disagree	4.Somewhat Agree	5.Agree	6.Extremely Agree
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23. I think that the Pre-K program can facilitate the formation of the human capital, in which the human capital can be accumulated through the education and on-the-job training.

1.Extremely Disagree	2.Disagree	3.Somewhat Disagree	4.Somewhat Agree	5.Agree	6.Extremely Agree
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24. I think that the Pre-K program can effectively boost the macroeconomic development (i.e. the purchasing power rises, the real wage rate rises, or the unemployment rate decreases.)

1.Extremely Disagree	2.Disagree	3.Somewhat Disagree	4.Somewhat Agree	5.Agree	6.Extremely Agree
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25. What is your satisfaction toward the Pre-K program?

1. Extremely Dissatisfied	2. Dissatisfied	3. Somewhat Dissatisfied	4. Somewhat Satisfied	5. Satisfied	6. Extremely Satisfied
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Appendix 6 Frequency Distribution: Public Recognition of Each Policy Goal

5.1.4 Frequency Table: Public Recognition of Each Policy Goal

5.1.4.1 Minimum Wage Policy

5.1.4.1.1 Increasing the Productivity

I think that the minimum wage policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	15	4.2	4.2	4.2
	Disagree	43	12.0	12.0	16.2
	Somewhat Disagree	71	19.8	19.8	36.0
	Somewhat Agree	88	24.6	24.6	60.6
	Agree	110	30.7	30.7	91.3
	Extremely Agree	31	8.7	8.7	100.0
	Total	358	100.0	100.0	

5.1.4.1.2 Raising the Average Wage

I think that the minimum wage implementation could increase my disposable income due to a rise in the wage rate.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	15	4.2	4.2	4.2
	Disagree	32	8.9	8.9	13.1
	Somewhat Disagree	46	12.8	12.8	26.0
	Somewhat Agree	122	34.1	34.1	60.1
	Agree	110	30.7	30.7	90.8
	Extremely Agree	33	9.2	9.2	100.0
	Total	358	100.0	100.0	

5.1.4.1.3 Facilitating the Formation of Human Capital

I think that the minimum wage implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	14	3.9	3.9	3.9
	Disagree	24	6.7	6.7	10.6
	Somewhat Disagree	56	15.6	15.6	26.3
	Somewhat Agree	114	31.8	31.8	58.1
	Agree	114	31.8	31.8	89.9
	Extremely Agree	36	10.1	10.1	100.0
	Total	358	100.0	100.0	

5.1.4.1.4 Boosting the Macroeconomic Development

I think that the minimum wage policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	19	5.3	5.3	5.3
	Disagree	41	11.5	11.5	16.8
	Somewhat Disagree	62	17.3	17.3	34.1
	Somewhat Agree	105	29.3	29.3	63.4
	Agree	99	27.7	27.7	91.1
	Extremely Agree	32	8.9	8.9	100.0
	Total	358	100.0	100.0	

5.1.4.2 Earned Income Tax Credit (EITC) Policy

5.1.4.2.1 Increasing the Productivity

I think that the EITC policy can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	9	2.5	2.5	2.5
	Disagree	19	5.3	5.3	7.8
	Somewhat Disagree	56	15.6	15.6	23.5
	Somewhat Agree	150	41.9	41.9	65.4
	Agree	110	30.7	30.7	96.1
	Extremely Agree	14	3.9	3.9	100.0
	Total	358	100.0	100.0	

5.1.4.2.2 Raising the Average Wage

I think that the EITC policy implementation could increase my disposable income due to a rise in the wage rate.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	6	1.7	1.7	1.7
	Disagree	9	2.5	2.5	4.2
	Somewhat Disagree	45	12.6	12.6	16.8
	Somewhat Agree	145	40.5	40.5	57.3
	Agree	121	33.8	33.8	91.1
	Extremely Agree	32	8.9	8.9	100.0
	Total	358	100.0	100.0	

5.1.4.2.3 Facilitating the Formation of Human Capital

I think that the EITC policy implementation could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	7	2.0	2.0	2.0
	Disagree	17	4.7	4.7	6.7
	Somewhat Disagree	51	14.2	14.2	20.9
	Somewhat Agree	163	45.5	45.5	66.5
	Agree	101	28.2	28.2	94.7
	Extremely Agree	19	5.3	5.3	100.0
	Total	358	100.0	100.0	

5.1.4.2.4 Boosting the Macroeconomic Development

I think that the EITC policy can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	9	2.5	2.5	2.5
	Disagree	23	6.4	6.4	8.9
	Somewhat Disagree	66	18.4	18.4	27.4
	Somewhat Agree	136	38.0	38.0	65.4
	Agree	99	27.7	27.7	93.0
	Extremely Agree	25	7.0	7.0	100.0
	Total	358	100.0	100.0	

5.1.4.3 Pre-K Program

5.1.4.3.1 Increasing the Productivity

I think that the implementation of the Pre-K program can be a tool to raise employees' production level; that is, it can serve as an incentive for employees to work hard.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	10	2.8	2.8	2.8
	Disagree	34	9.5	9.5	12.3
	Somewhat Disagree	69	19.3	19.3	31.6
	Somewhat Agree	149	41.6	41.6	73.2
	Agree	81	22.6	22.6	95.8
	Extremely Agree	15	4.2	4.2	100.0
	Total	358	100.0	100.0	

5.1.4.3.2 Raising the Average Wage

I think that the implementation of Pre-K program could increase my disposable income due to a rise in the wage rate.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	10	2.8	2.8	2.8
	Disagree	35	9.8	9.8	12.6
	Somewhat Disagree	76	21.2	21.2	33.8
	Somewhat Agree	141	39.4	39.4	73.2
	Agree	85	23.7	23.7	96.9
	Extremely Agree	11	3.1	3.1	100.0
	Total	358	100.0	100.0	

5.1.4.3.3 Facilitating the Formation of Human Capital

I think that the implementation of Pre-K program could facilitate the formation of human capital, which could be facilitated through education and on-the-job training.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	10	2.8	2.8	2.8
	Disagree	23	6.4	6.4	9.2
	Somewhat Disagree	54	15.1	15.1	24.3
	Somewhat Agree	143	39.9	39.9	64.2
	Agree	96	26.8	26.8	91.1
	Extremely Agree	32	8.9	8.9	100.0
	Total	358	100.0	100.0	

5.1.4.3.4 Boosting the Macroeconomic Development

I think that the Pre-K program can effectively boost the economy; that is, the purchasing power increases, and the real wage rate increases, and the unemployment rate decreases.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Disagree	11	3.1	3.1	3.1
	Disagree	43	12.0	12.0	15.1
	Somewhat Disagree	83	23.2	23.2	38.3
	Somewhat Agree	141	39.4	39.4	77.7
	Agree	65	18.2	18.2	95.8
	Extremely Agree	15	4.2	4.2	100.0
	Total	358	100.0	100.0	

Appendix 7 Frequency Distribution: Public Policy Satisfaction

5.1.5 Frequency Table: Public Satisfaction with Each Policy

5.1.5.1 Minimum Wage Policy

Minimum Wage Policy Satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Dissatisfied	23	6.4	6.4	6.4
	Dissatisfied	78	21.8	21.8	28.2
	Somewhat Dissatisfied	99	27.7	27.7	55.9
	Somewhat Satisfied	114	31.8	31.8	87.7
	Satisfied	42	11.7	11.7	99.4
	Extremely Satisfied	2	.6	.6	100.0
	Total	358	100.0	100.0	

5.1.5.2 Earned Income Tax Credit (EITC) Policy

Earned Income Tax Credit Policy Satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Dissatisfied	13	3.6	3.6	3.6
	Dissatisfied	23	6.4	6.4	10.1
	Somewhat Dissatisfied	78	21.8	21.8	31.8
	Somewhat Satisfied	161	45.0	45.0	76.8
	Satisfied	71	19.8	19.8	96.6
	Extremely Satisfied	12	3.4	3.4	100.0
	Total	358	100.0	100.0	

5.1.5.3 Pre-K Program

Pre-K Program Satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Dissatisfied	15	4.2	4.2	4.2
	Dissatisfied	28	7.8	7.8	12.0
	Somewhat Dissatisfied	85	23.7	23.7	35.8
	Somewhat Satisfied	149	41.6	41.6	77.4
	Satisfied	70	19.6	19.6	96.9
	Extremely Satisfied	11	3.1	3.1	100.0
	Total	358	100.0	100.0	

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