2. Labor Supply I: Labor Force Participation and Hours of Work

2.1. Labor force concepts

2.2. A model of labor supply
   a. Individual preferences of income and leisure
   b. The budget constraint (wage line)
   c. Optimal hours
   d. The labor supply curve for an individual
   e. Income and substitution effects

2.3. Applications and Policy Issues
   a. Labor supply elasticities
   b. Labor force participation of married women, older and younger workers
   c. The time allocation model
   d. Policy issues
      • the earned income tax credit
      • work disincentives of welfare
      • unemployment insurance and reemployment bonuses
      • wage rate subsidies

On Monday and Wednesday, we went through section 2.2 and section 2.3, parts a and b. On Wednesday, I demonstrated Goal Seek in Excel using Brown's Problem #29. I also showed how to solve Brown's Problem #31.

Assignment for Wednesday, January 22:
Brown's Problems #29, 30, 31, 32
The problem set on Leon and Hilda that I had handed out.