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 Wednesday, we focussed on the EITC and the work disincentive of welfare (part d of section 2.3).

Next Monday, we will move on to the time allocation model (part c of section 2.3). I also want to show you how to estimate labor supply elasticities before we leave the topic of labor supply.