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. Policy issues
      • work disincentives of welfare
      • the earned income tax credit
      • [unemployment insurance and reemployment bonuses — not covered]
      • [wage rate subsidies — not covered]

2.4 The time allocation model

On Monday and Wednesday, we covered the time allocation model, which is an expanded labor supply model. On Wednesday, I also showed you a sample of married women from the Panel Study of Income Dynamics and estimated the relationship between the labor supply of these married women and their household income (other than the woman's earnings).