

1. Welcome to Econ 150!
 - Introduction/overview of course
2. What is “the labor market”? The market for labor services
 - Supply side: workers (employees)
 - Demand side: employers
 - Quantity and price in the labor market
3. Quantity of labor: Labor market status of the population
 - Labor force (LF): employed, actively seeking work, or expecting recall from layoff
 - Everyone else is not in the labor force (NILF)
 - Labor force participation (LFP) rate = labor force \div population = LF/P
 - Employed (E): at work for pay or profit. Note: as measured, employment does not include people whose only work is household work for the family.
 - Unemployed (U): not currently working, but in the labor force (actively seeking work, or expecting recall from layoff). LF = E + U
 - Unemployment rate = unemployed \div labor force = U/LF
 - Employment-population ratio = employed \div population = E/P
4. Quantity of labor: Hours of work
5. Significant changes in labor market status in recent years
 - Rising LFP rate participation of women (esp. married women) since 1950
 - Falling participation of younger and older persons
 - Cyclicalities of unemployment rates
6. Price of labor: wages and earnings
 - Wage rate = pay per unit of time (e.g. \$/hr.)
 - Earnings = wage rate \times units of time worked. For instance, if the wage rate is \$12/hr. and the worker works a 40 hour week, weekly earnings are \$480.
 - Total compensation = earnings + other payments, such as fringe benefits
 - Income = total compensation + “unearned” (non-labor) income
 - Nominal vs. real pay
7. Recent wage trends
 - Real average hourly earnings
 - Wage inequality
 - Wages by gender
8. Analysis of labor markets: introduction
 - Supply and demand analysis applied to labor markets
 - When supply and demand applies and when it doesn't: market must be competitive

Reading for next time: Borjas, chapter 2

Homework due 9/25/01: see other side.