

1. Actual effects of transfer programs on work behavior
  - Two methodologies for measuring policy effects:
    - (1) Use a model of the market and estimates of relevant elasticities to predict effects
    - (2) Use variation in actual policies across time and space and see if behavior changes or differs: e.g., cross-section of states with different policies, or difference-in-difference estimates
  - Predictions of models
  - Studies of AFDC using cross-state differences in support levels
  - The evidence on EITC suggests fairly strong positive effects on the LF participation of single mothers: difference-in-difference method
  - Discussion of “Clinton Legacy”
2. Overtime and hours restrictions
  - Overtime pay: wage rate is higher for hours worked beyond 8 hours, so budget constraint has a “kink”
  - Hours restriction: some jobs may require exactly 8 hours of labor per day. Then only two points are available on the budget constraint (0 or 8 hours of labor).
3. Household production and joint labor supply models: an overview
  - Making the model of labor supply more realistic in two ways: (1) allowing for a third way to use waking hours: “unpaid” housework; (2) in a two-adult household (e.g. married couple), allocation decisions must be made jointly
  - Home work: household production function.”
  - Specialization in household production: *comparative advantage* and wage differences
  - Alternative models of joint decision-making in households
    - \* Efficiency-based models: comparative advantage
    - \* Bargaining models: Family members bargain over the household resources
4. The *Overworked American?* Recent trends in work hours for pay and at home
  - The time squeeze hypothesis: increasing work hours?
  - Weekly hours: conflicting evidence
  - Evidence from time diary studies
  - Work at home: men and women
  - Trends in total weekly hours (at home and for pay)
  - Trends in annual hours at work for pay
  - International differences

Remember: Homework #3 due Thursday Reading for next time: <i>Notes on Regression</i> , chapters 1-3
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