

Lecture Outline for: Basic Labor Market Concepts

Reading: UPF Ch. 4

I. Demand, Supply, and Equilibrium in the Labor Market

A. Labor Demand

- Idea of derived demand
- ‘Law of Labor Demand’: wages and quantity of labor demanded
- Other determinants of labor demand

B. Labor Supply

- Is there a ‘Law of Labor Supply’? – countervailing effects

C. Equilibrium and changes in equilibrium

II. Explaining Wage Differentials without Discrimination

A. Education/training – the idea of human capital

B. Compensating differentials

III. Unemployment and the Labor Market

A. Other types of unemployment: frictional and seasonal

B. Graphical representation

C. Voluntary or involuntary?