Exam 1 will be given during class on Tuesday, October 3. The exam will include a combination of multiple choice, true-false, and graphical/short essay questions. It covers Sections 1-3 of the syllabus. All required readings (other than the text) are available at: [http://unionstats.gsu.edu/4960/](http://unionstats.gsu.edu/4960/)

Ehrenberg & Smith, Chs. 1-4, 6  
Responsible for all readings on syllabus  
Review Queries 1, 2, and 3

Among the topics to emphasize in your studies are:

1. Familiarity with all non-textbook readings (tested by straightforward T/F).
2. Overview of the U.S. labor market. Important facts and features (first class period). Familiarity with various government tables on syllabus and reviewed in class.
3. Labor force definitions and calculations: employment (E), unemployment (U), not in labor force (NLF), labor force participation rate (LFP), employment to population rate (E/P), and unemployment rate (u) (first class period slide).
5. Labor demand at firm level. Marginal productivity theory; profit maximization conditions for the firm ($w=mrp$), and short-run versus long run. Competitive firms as wage takers.
7. Labor demand substitution effects (SE) and output [scale] effects (OE). How does a change in the wage affect employment via SE and OE? How does a change in the price of capital affect labor demand and employment via SE and OE? Review Query 2.
8. Minimum wage laws. What does standard supply-demand analysis tell us about MW effects on employment? What is the evidence on MW effects, in particular on teen employment? What methods are used in MW studies?
9. Labor supply theory: indifference curve analysis, labor supply curves, substitution effects (SE) and income effects (IE). Graphical analysis. Decomposing the IE, SE, and net effect on hours worked and income resulting from wage changes with $SE>IE$ and $SE<IE$. Review class notes and Query 3.
10. Labor force participation decisions. What factors make LFP more or less likely (internal tangency vs. corner solution)? Explain logic of each (including role of SE and IE). Applications: effect of income maintenance (welfare) programs; changes in LFP (retirement decisions) among older workers.
11. Familiarity with descriptive evidence on LFP, time use, and longevity (life tables and aging) over time.