Class Outline (prepared by Edinaldo Tebaldi, TA)

A tour of the Labor Market
   a) Dynamic process with large flows
   b) Types of unemployment
   c) The unemployment rate

(Professor Goldberg showed/discussed the most recent data on employment, unemployment, and labor force participation in the US)

A model of the labor Market
   a) Bargaining
   b) Efficiency wages

Wage Determination

Main questions discussed in class

What is the labor force?
What is ‘labor force participation rate’?
What are the three types of unemployment? Define each of them.
Do we want to have “zero unemployment”? Explain!
What is full-employment? Does it imply zero unemployment?
What is the natural rate of unemployment?
What are the factors that determine the natural rate of unemployment?
Is there a difference between full employment and the natural level of unemployment?

Main Message: Labor market is a dynamic process with large flows