Really incomplete stab at Prob Set

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1 Introduction

Note, a lot of this comes from Becker's theory of Household Production.

$$1 = t_f + t_c = t_{f,m} + t_{f,h} + f_c$$
$$I = p_f t_{f,m} m + p_c (1 - t_{f,m} - t_{f,h}) c$$
$$U(f,c) = U(m t_{f,h} + f_m^*, I - p_f f^*)$$

[The last one especially needs some work - just solving for the amount of f from the market and I being the remainder from income. I suspect you wouldn't buy f from the market in a-c]

In equilibrium (we don't have skilled or heterogenous laborers, we should have

$$w_c = w_f$$