

Labor supply under the condition that consuming goods requires time with a time constraint

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Abstract

We investigate labor supply function under the assumption that labor utility is positive and that consuming goods needs time. In this paper, we show that the market equilibrium is not Pareto efficient under the condition that persons having disutility for labor and persons having utility for labor coexist. Furthermore, we show that the labor supply function decreases in wage rate when the time constraint has meaning. This result holds irrespective of whether labor has utility or disutility. Therefore, the conventionally accepted assumption that the labor supply function increases in the wage rate depends on the isolated condition that we ignore the fact that consuming goods needs time and a time constraint is involved.

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