



**III. Let total market demand for labor be represented by  $E_D = 1,000 - 50w$  where  $E_D$  is total employment and  $w$  is the hourly wage.**

**(a) What is the market clearing wage when total labor supply is represented by  $E_S = 100w - 800$ ? How many workers are employed? How much producer surplus is received at the equilibrium wage?**

**(b) Suppose the government imposes a minimum wage of \$16. What is the new level of employment? How much producer surplus is received under the minimum wage?**