1. As stated on pg 327, each worker will receive their value marginal product. In this case Sandra earns $1500 per month and Bobby earns $1750 per month.

2. a. Firm will hire up until the point VMP = wage, in this case after the 4th worker is hired, the VMP of the fifth worker is $240, while the wage = $250. However since the VMP of the 4th worker exceeds $250, we know the firm will hire 4 workers and produce 72 jeans per week.
   b. Since the competitive wage exceeds the minimum wage, the Union’s action do not affect the equilibrium.
   c. Firm will hire 3 workers.
   d. Firm will hire 5 workers.

3. Sam will be paid .2*5000 = $1000 per month, Wiley will be paid .1*5000=$500, intuition, Wiley is half as productive and is thus paid half as much.

5. Since the competitive equilibrium wage exceeds the minimum wage of $6 per hour, the raise does not introduce a binding constraint on the market and thus the equilibrium is not affected. Intuition: if everyone makes more than a proposed minimum wage, the wage act does not affect the labor market.