

Problem 7.1

Table 7.13: Experimental Outcomes: Session 2

Mean Price	\$15.00
Total Number of Units Sold	18
Total Profits of All Firms	\$180.00
Total Consumers' Surplus	\$43.00
Sum of Firms' Profits and Consumers' Surplus	\$223.00

Problem 7.2

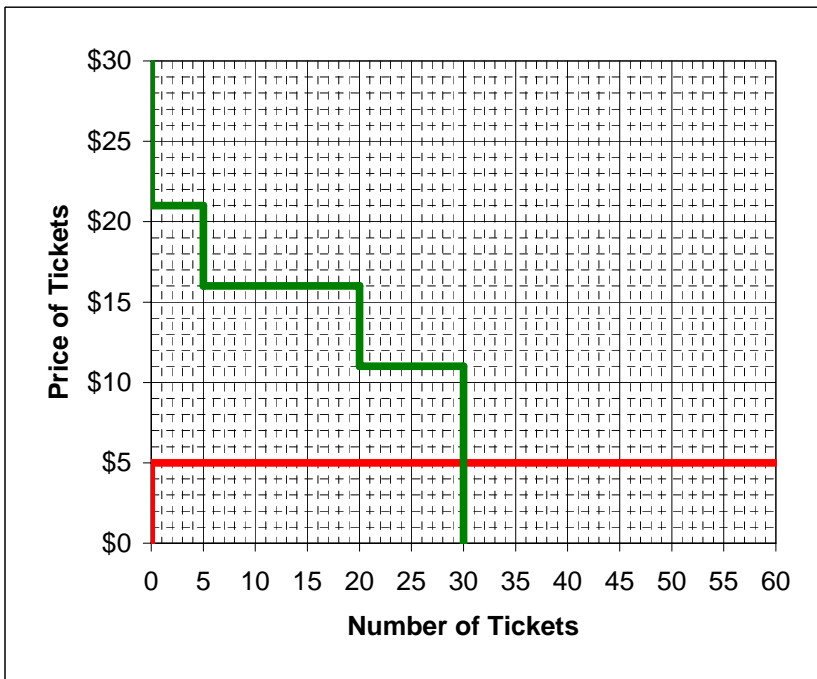
Part a)

At prices below \$5, how many units will the firm supply? 0

At prices above \$5, how many units will the firm supply? 100

Parts b and c)

Figure 7.6: Competitive Supply and Demand



Problem 7.3

Table 7.14: Competitive Predictions

Mean Price	\$5
Total Number of Units Sold	30
Total Profits of All Firms	\$0
Total Consumers' Surplus	\$305
Sum of Firms' Profits and Consumers' Surplus	\$305

#### Problem 7.4

Table 7.15: Monopoly Predictions

Mean Price	\$15
Total Number of Units Sold	20
Total Profits of All Firms	\$200
Total Consumers' Surplus	\$45
Sum of Firms' Profits and Consumers' Surplus	\$245

#### Problem 7.5

Which of the two theories comes closer to predicting the results of Session 2?                      Monopoly Theory

#### Problem 7.6

Table 7.16: Experimental Outcomes: Session 3

Mean Price	\$11.83
Total Number of Units Sold	30
Total Profits of All Firms	\$205.00
Total Consumers' Surplus	\$100.00
Sum of Firms' Profits and Consumers Surplus	\$305.00

#### Problem 7.7

Which of the two theories comes closer to predicting the results of Session 3?                      Competitive Equilibrium Theory

#### Problem 7.8

Table 7.17: Experimental Outcomes: Session 4

Mean Price	\$12.50
Total Number of Units Sold	30
Total Profits of All Firms	\$225.00
Total Consumers' Surplus	\$80.00
Sum of Firms' Profits and Consumers' Surplus	\$305.00

#### Problem 7.9

Part a) In which session did firms make larger profits?                      Session 4

Part b) In which session was total consumers' surplus larger?                      Session 4

Part c) In which session was the sum of firms' profits and consumers' surplus larger?                      Session 4

#### Problem 7.10

Part a) The market efficiency of the experimental outcome in Session 2 =                      73%

Part b) The market efficiency of the theoretically predicted outcome for a profit-maximizing monopoly in Session 2 =                      80%