Experiment 6   Section   7

Problem 6.1
Table 6.7: Experimental Results in Session 1

Mean Price	$22.82
Number of Lawn Ornaments Sold	17
Total Profits of Sellers from Transactions	$122.00
Total Profits of Buyers from Transactions	$177.00
Total Cost of Pollution	$333.20
Total Profits of All Residents, Net of Pollution Costs	-$34.20

Problem 6.2
Table 6.8

Mean Price	$32.78
Number of Lawn Ornaments Sold	9
Total After-Tax Profits of Sellers from Transactions	$8.00
Total Profits of Buyers from Transactions	$45.00
Total Tax Revenue	$180.00
Total Cost of Pollution	$176.40
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs	$56.60

Problem 6.3
Table 6.9: Experimental Results in Session 3

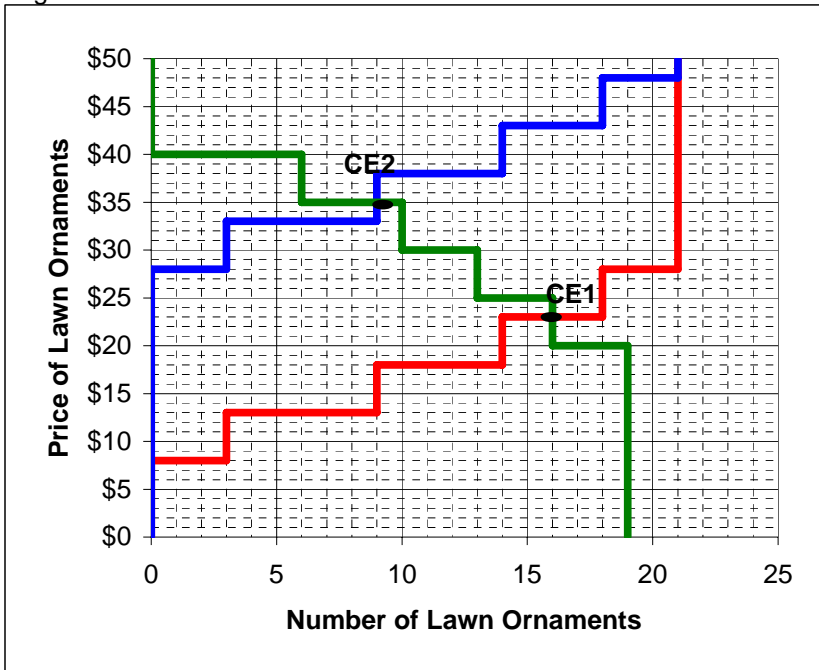|	
Mean Price of Ornaments	$32.00
Mean Price of Permits	$8.63
Number of Lawn Ornaments Sold	8
Profits of Lawn Ornament Sellers from Transactions	$68.00
Profits of Lawn Ornament Buyers From Transactions	$39.00
Total Revenue of Permit Sellers	$69.00
Total Cost of Pollution	$156.80
Total Profits of All Residents, Net of Pollution Costs.	$19.20

Figure 6.5

Figure 6.5

Table 6.10: Predictions of the Theory: Session 1

Mean Price	$23
Number of Lawn Ornaments Sold	16
Total Profits of Sellers from Transactions	$130.00
Total Profits of Buyers from Transactions	$177.00
Total Cost of Pollution	$313.60
Total Profits	-$6.60

Problem 6.6
Part a)   Shifts the supply curve up by $20.
Part b)   No effect on demand curve.

Problem 6.7

Table 6.11: Predictions of the Theory-Session 2

Mean Price	$35.00
Number of Ornaments Sold	9
Total Profits of Buyers	$30.00
Total Profits of Sellers	$33.00
Total Tax Revenue	$180.00
Total Cost of Pollution	$176.40
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs	$66.60

The total income of all residents is higher when the pollution tax is imposed.

Problem 6.8
Competitive equilibrium prediction for price of ornaments is $35.00
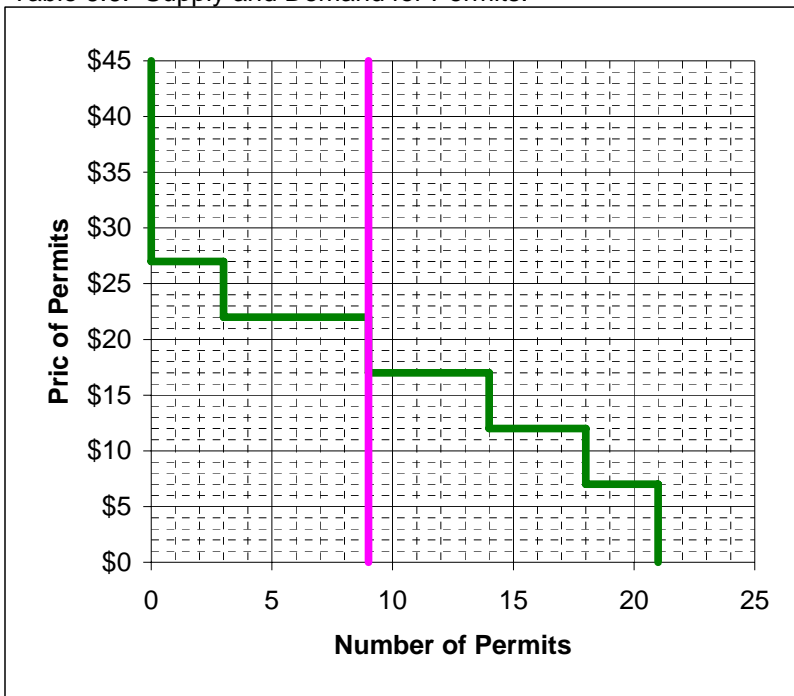Competitive equilibrium prediction for quantity of ornaments is   9

Problem 6.9
Table 6.12: Willingness to Pay for Pollution Permits

Seller Cost	Number in Market	Willingness to Pay for a Permit
8	3	$27.00
13	6	$22.00
18	5	$17.00
23	4	$12.00
28	3	$7.00

Problem 6.10
Table 6.6: Supply and Demand for Permits.

These curves intersect where the price of permits is   between $17 and $22.