

Experiment 5 Section 5

Problem 5.1

(Average wage is \$9.88)

Table 5.11: Experimentally Observed Unemployment

	Involuntarily Unemployed	Voluntarily Unemployed
Session 1	2	13
Session 2	20	0
Session 3	0	0

Problem 5.2

Table 5.12: Experimentally Observed Incomes

	Session 1	Session 2	Session 3
Total Wage Earnings	\$148.25	\$156.00	\$514.50
Total Income of Unemployed	\$166.00	\$177.00	\$0.00
Total Income of All Workers	\$314.25	\$333.00	\$514.50
Total Profits of Firms	\$101.75	\$44.00	\$235.50
Sum of Total Income of Workers and Profits of Firms	\$416.00	\$377.00	\$750.00

Problem 5.3

- Part a) rose by \$5.72
- Part b) rose by \$18.75
- Part c) fell by \$57.75
- Part d) yes
- Part e) yes
- Part f) no
- Part g) yes

Problem 5.4

Table 5.13 Labor Supply Table

Wage Range	Labor Supplied
Wage < \$5	0
\$5 < Wage < \$12	15
Wage > \$12	30

Problem 5.5

- Part a) 0 laborers
- Part b) 1 laborer
- Part c) 2 laborers

Problem 5.6

Table 5.14: Market Labor Demand Table--Session 1

Wage Range	Amount Demanded
Wage > \$20	0
\$10 < Wage < \$20	10
Wage < \$10	20

Problem 5.7

- Part a) 0 laborers
- Part b) 1 laborer
- Part c) 2 laborers
- Part d) 4 laborers

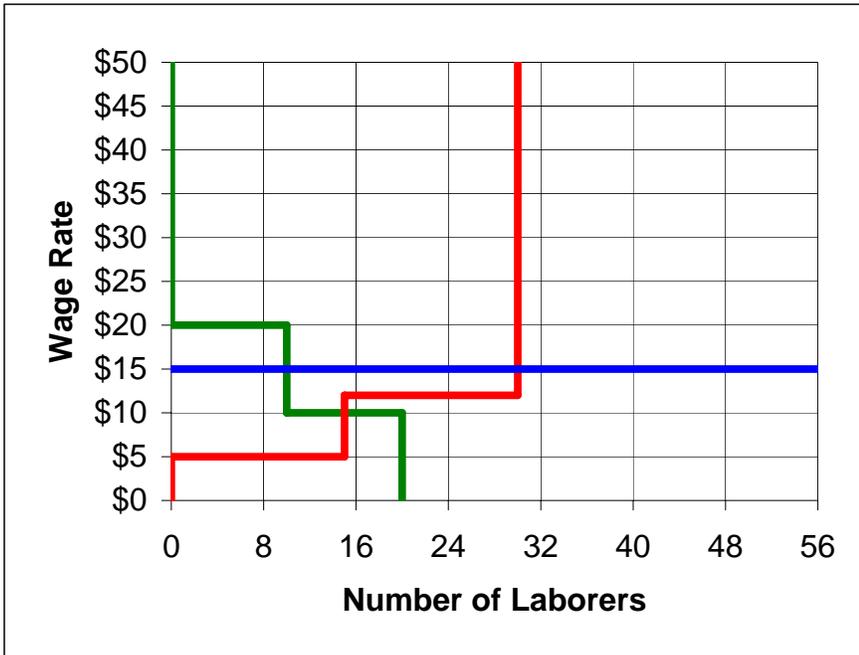
Problem 5.8

Table 5.15: Market Labor Demand Table-Session 3

Wage Rate	Amount Demanded
Wage > \$30	0
\$25 < Wage < \$30	10
\$20 < Wage < \$25	20
Wage < \$20	40

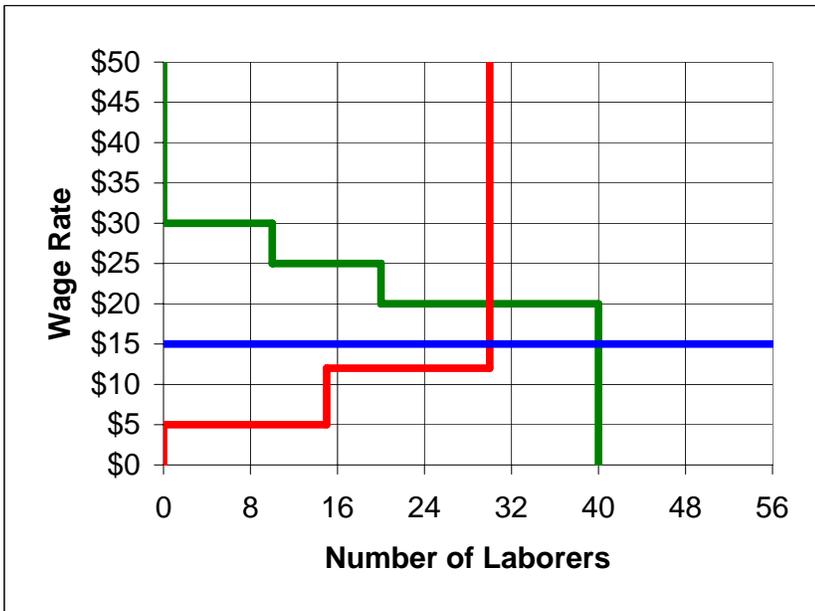
Problem 5.9

Figure 5.7: Supply and Demand-Sessions 1 and 2



Problem 5.10

Figure 5.8: Supply and Demand-Session 3



Problem 5.11

Table 5.16: Predicted Wages and Profits

	Session 1	Session 2	Session 3
Average Wage Rate	\$10	\$15	\$20
Total Employment	15	10	30
Total Profit of Firms	\$100	\$50	\$150
Total Wages of Employed Workers	\$150	\$150	\$600

Problem 5.12

Table 5.17: Predicted Unemployment

	Involuntarily Unemployed	Voluntarily Unemployed
Session 1	0	15
Session 2	20	0
Session 3	0	0