Experiment 8 Section 9

Problem 8.1
Part a.
Number of restaurants opened:

Session 1, Round 1	8
Session 1, Round 2	8

Part b), c), and d).
Figure 8.4: Short-Run Supply and Demand-Session 1

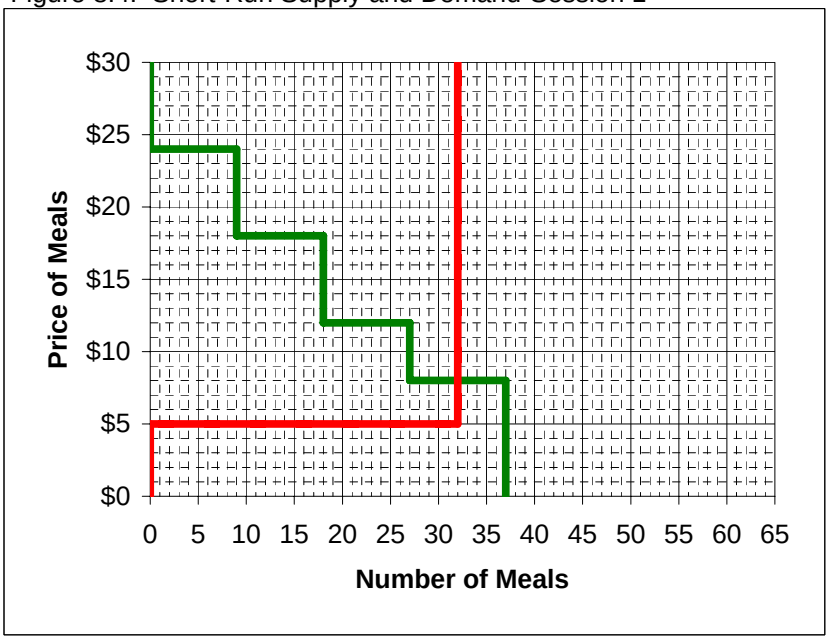


Table 8.7: Competitive Equilibrium Predictions, Session 1

	Mean Price	Number of Meals	Restaurants' Total Profit
Short-Run Competitive Equilibrium in First Round	$8	32	-$64.00
Short-Run Competitive Equilibrium in the Last Round	$8	32	-$64.00
Long-Run Competitive Equilibrium	$12	24	$48.00

Table 8.8: Experimental Outcomes, Session 1

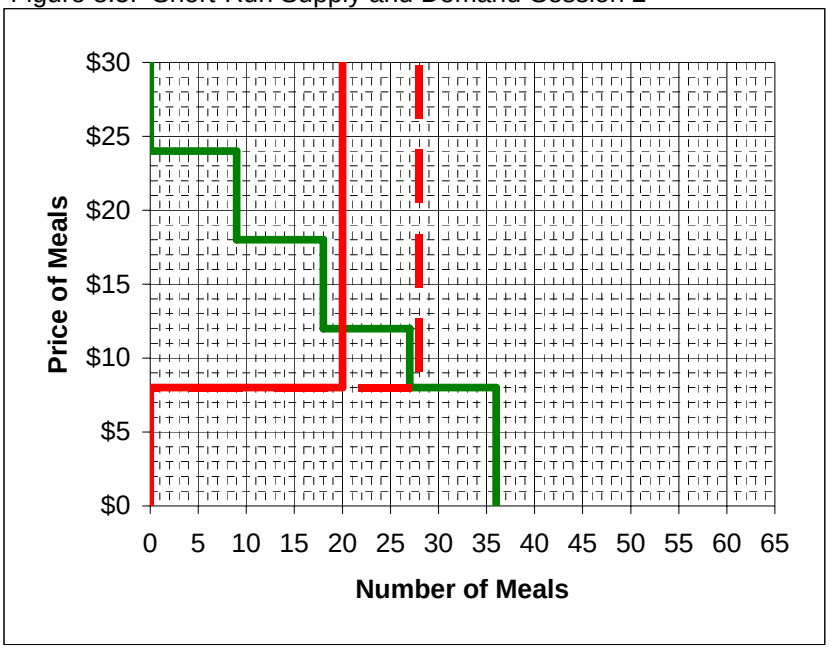
	Mean Price	Number of Meals	Restaurants' Total Profits
Session 1, First Round	$10.42	31	$8.00
Session 2, Last Round	$9.68	32	-$10.25

Problem 8.4
Part a)
Number of Restaurants:

Session 2, Round 1	7
Session 2, Round 2	5

Part b)
With a $3 sales tax, restaurants have a variable cost of $8 per meal.
Each restaurant that is open will want to supply 0 meals if
the price is below $8, and 4 meals if the price is greater than $8.

Part c), d), and e).
Figure 8.5: Short-Run Supply and Demand-Session 2



Problem 8.5
Table 8.9 Competitive Equilibrium Predictions, Session 2

	Mean Price	Number of Meals	Restaurants' Total Profits
Short-Run Competitive Equilibrium in First Round	$8	27-28	-$140.00
Short-Run Competitive Equilibrium in Last Round	$12	20	-$20.00
Long-Run Competitive Equilibrium	$18	16	$80.00

Problem 8.5, Part b) rise by more than

Problem 8.6, Part a)
Table 8.10: Experimental Outcomes, Session 2

	Mean Price	Number of Meals	Restaurants' Total Profits
Session 2, Round 1	$11.97	24	-$44.75
Session 2, Round 2	$12.19	20	-$16.25

Problem 8.6, Part b) Yes