Experiment 6   Section   6

Problem 6.1
Table 6.7: Experimental Results in Session 1
Mean Price	$24.31
Number of Lawn Ornaments Sold	13
Total Profits of Sellers from Transactions	$127.00
Total Profits of Buyers from Transactions	$144.00
Total Cost of Pollution	$262.08
Total Profits of All Residents, Net of Pollution Costs	$8.92

Problem 6.2
Table 6.8
Mean Price	$31.90
Number of Lawn Ornaments Sold	10
Total After-Tax Profits of Sellers from Transactions	-$21.00
Total Profits of Buyers from Transactions	$56.00
Total Tax Revenue	$200.00
Total Cost of Pollution	$201.60
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs	$33.40

Problem 6.3
Table 6.9: Experimental Results in Session 3
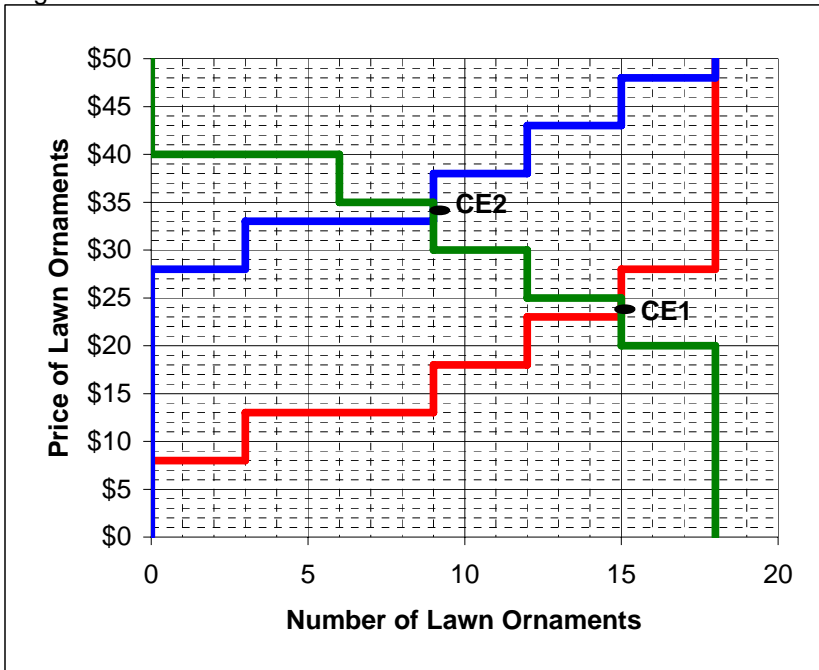|	
Mean Price of Ornaments	$28.94
Mean Price of Permits	$8.89
Number of Lawn Ornaments Sold	9
Profits of Lawn Ornament Sellers from Transactions	$58.50
Profits of Lawn Ornament Buyers From Transactions	$84.50
Total Revenue of Permit Sellers	$80.00
Total Cost of Pollution	$181.44
Total Profits of All Residents, Net of Pollution Costs.	$41.56

Figure 6.5

Table 6.10: Predictions of the Theory: Session 1
Mean Price	$24 *
Number of Lawn Ornaments Sold	15
Total Profits of Sellers from Transactions	$135.00
Total Profits of Buyers from Transactions	$150.00
Total Cost of Pollution	$302.40
Total Profits	-$17.40

*The equilibrium price is a range between $23 and $25
I've used $24 in the calculations.

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	$34.00 *
Number of Ornaments Sold	9
Total Profits of Buyers	$39.00
Total Profits of Sellers	$24.00
Total Tax Revenue	$180.00
Total Cost of Pollution	$181.44
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs	$61.56

*Any price between $33 and $35 is an equilibrium.
I've used $34 in the calculations.

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 $32.50 *
Competitive equilibrium prediction for quantity of ornaments is   9
*Any price between $30 and $35 is an equilibrium.
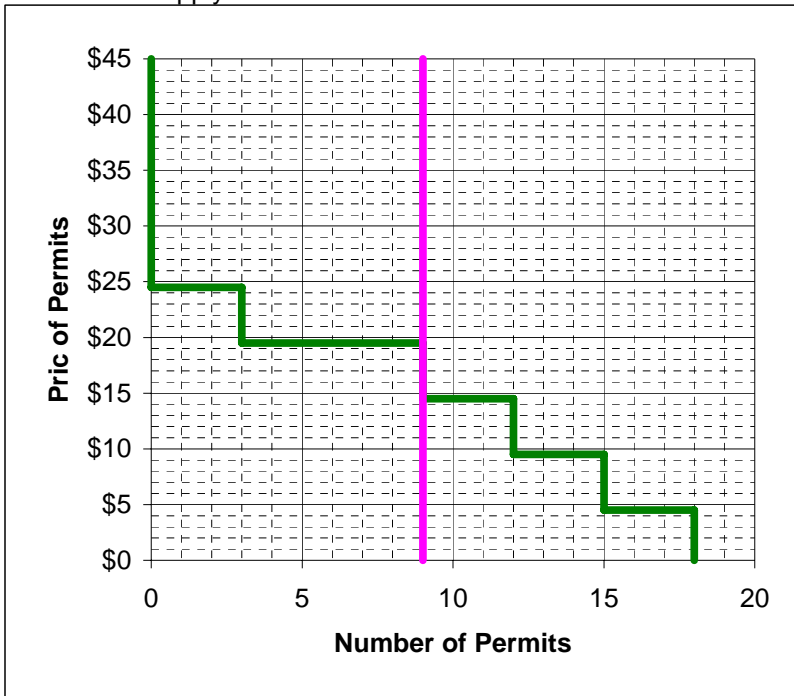I've used $32.50 in the calculations.

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	$24.50
13	6	$19.50
18	3	$14.50
23	3	$9.50
28	3	$4.50

Problem 6.10
Table 6.6: Supply and Demand for Permits.

These curves intersect where the price of permits is   between $14.5 and $19.5.