Problem 6.1
Table 6.7: Experimental Results in Session 1
Mean Price $24.00
Number of Lawn Ornaments Sold 16
Total Profits of Sellers from Transactions $151.00
Total Profits of Buyers from Transactions $141.00
Total Cost of Pollution $322.56
Total Profits of All Residents, Net of Pollution Costs -$30.56

Problem 6.2
Table 6.8
Mean Price $31.75
Number of Lawn Ornaments Sold 8
Total After-Tax Profits of Sellers from Transactions -$5.00
Total Profits of Buyers from Transactions $56.00
Total Tax Revenue $160.00
Total Cost of Pollution $161.28
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs $49.72

Problem 6.3
Table 6.9: Experimental Results in Session 3
Mean Price of Ornaments $32.22
Mean Price of Permits $10.44
Number of Lawn Ornaments Sold 9
Profits of Lawn Ornament Sellers from Transactions $54.00
Profits of Lawn Ornament Buyers From Transactions $55.00
Total Revenue of Permit Sellers $94.00
Total Cost of Pollution $181.44
Total Profits of All Residents, Net of Pollution Costs $21.56

Figure 6.5
Table 6.10: Predictions of the Theory: Session 1
Mean Price $24 *
Number of Lawn Ornaments Sold 18
Total Profits of Sellers from Transactions $153.00
Total Profits of Buyers from Transactions $168.00
Total Cost of Pollution $362.88
Total Profits -$41.88
*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 10
Total Profits of Buyers $40.00
Total Profits of Sellers $25.00
Total Tax Revenue $200.00
Total Cost of Pollution $201.60
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs $63.40
*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 10
*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
<table>
<thead>
<tr>
<th>Seller Cost</th>
<th>Number in Market</th>
<th>Willingness to Pay for a Permit</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>3</td>
<td>$24.50</td>
</tr>
<tr>
<td>13</td>
<td>7</td>
<td>$19.50</td>
</tr>
<tr>
<td>18</td>
<td>4</td>
<td>$14.50</td>
</tr>
<tr>
<td>23</td>
<td>4</td>
<td>$9.50</td>
</tr>
<tr>
<td>28</td>
<td>3</td>
<td>$4.50</td>
</tr>
</tbody>
</table>

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.