Problem 6.1
Table 6.7: Experimental Results in Session 1
Mean Price: $22.33
Number of Lawn Ornaments Sold: 21
Total Profits of Sellers from Transactions: $116.00
Total Profits of Buyers from Transactions: $226.00
Total Cost of Pollution: $415.38
Total Profits of All Residents, Net of Pollution Costs: -$73.38

Problem 6.2
Table 6.8
Mean Price: $34.10
Number of Lawn Ornaments Sold: 10
Total After-Tax Profits of Sellers from Transactions: $26.00
Total Profits of Buyers from Transactions: $44.00
Total Tax Revenue: $200.00
Total Cost of Pollution: $197.80
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs: $72.20

Problem 6.3
Table 6.9: Experimental Results in Session 3
Mean Price of Ornaments: $30.36
Mean Price of Permits: $6.27
Number of Lawn Ornaments Sold: 11
Profits of Lawn Ornament Sellers from Transactions: $82.00
Profits of Lawn Ornament Buyers From Transactions: $71.00
Total Revenue of Permit Sellers: $69.00
Total Cost of Pollution: $217.58
Total Profits of All Residents, Net of Pollution Costs: $4.42

Figure 6.5

- Mean Price: $22.33
- Number of Lawn Ornaments Sold: 21
- Total Profits of Sellers from Transactions: $116.00
- Total Profits of Buyers from Transactions: $226.00
- Total Cost of Pollution: $415.38
- Total Profits of All Residents, Net of Pollution Costs: -$73.38

- Mean Price: $34.10
- Number of Lawn Ornaments Sold: 10
- Total After-Tax Profits of Sellers from Transactions: $26.00
- Total Profits of Buyers from Transactions: $44.00
- Total Tax Revenue: $200.00
- Total Cost of Pollution: $197.80
- Total Profits and Tax Revenue of All Residents, Net of Pollution Costs: $72.20

- Mean Price of Ornaments: $30.36
- Mean Price of Permits: $6.27
- Number of Lawn Ornaments Sold: 11
- Profits of Lawn Ornament Sellers from Transactions: $82.00
- Profits of Lawn Ornament Buyers From Transactions: $71.00
- Total Revenue of Permit Sellers: $69.00
- Total Cost of Pollution: $217.58
- Total Profits of All Residents, Net of Pollution Costs: $4.42
Table 6.10: Predictions of the Theory: Session 1

Mean Price $25
Number of Lawn Ornaments Sold 19
Total Profits of Sellers from Transactions $178.00
Total Profits of Buyers from Transactions $180.00
Total Cost of Pollution $375.82
Total Profits $-17.82

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 10
Total Profits of Buyers $40.00
Total Profits of Sellers $35.00
Total Tax Revenue $200.00
Total Cost of Pollution $197.80
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs $77.20

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 11

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>$27.00</td>
</tr>
<tr>
<td>13</td>
<td>7</td>
<td>$22.00</td>
</tr>
<tr>
<td>18</td>
<td>5</td>
<td>$17.00</td>
</tr>
<tr>
<td>23</td>
<td>4</td>
<td>$12.00</td>
</tr>
<tr>
<td>28</td>
<td>4</td>
<td>$7.00</td>
</tr>
</tbody>
</table>

Problem 6.10
Table 6.6: Supply and Demand for Permits.

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