Problem 6.1
Table 6.7: Experimental Results in Session 1
Mean Price $21.57
Number of Lawn Ornaments Sold 15
Total Profits of Sellers from Transactions $98.50
Total Profits of Buyers from Transactions $186.50
Total Cost of Pollution $310.05
Total Profits of All Residents, Net of Pollution Costs $-25.05

Problem 6.2
Table 6.8
Mean Price $33.11
Number of Lawn Ornaments Sold 9
Total After-Tax Profits of Sellers from Transactions $-14.00
Total Profits of Buyers from Transactions $42.00
Total Tax Revenue $180.00
Total Cost of Pollution $186.03
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs $21.97

Problem 6.3
Table 6.9: Experimental Results in Session 3
Mean Price of Ornaments $31.72
Mean Price of Permits $9.94
Number of Lawn Ornaments Sold 9
Profits of Lawn Ornament Sellers from Transactions $64.00
Profits of Lawn Ornament Buyers From Transactions $59.50
Total Revenue of Permit Sellers $89.50
Total Cost of Pollution $186.03
Total Profits of All Residents, Net of Pollution Costs $26.97

Figure 6.5
Table 6.10: Predictions of the Theory: Session 1
Mean Price $23
Number of Lawn Ornaments Sold 16
Total Profits of Sellers from Transactions $125.00
Total Profits of Buyers from Transactions $177.00
Total Cost of Pollution $330.72
Total Profits -$28.72

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 9
Total Profits of Buyers $30.00
Total Profits of Sellers $33.00
Total Tax Revenue $180.00
Total Cost of Pollution $186.03
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs $56.97

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 9
Problem 6.9
Table 6.12: Willingness to Pay for Pollution Permits

<table>
<thead>
<tr>
<th>Seller</th>
<th>Number in Willingness to Pay</th>
<th>Cost Market for a Permit</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>3</td>
<td>$27.00</td>
</tr>
<tr>
<td>13</td>
<td>6</td>
<td>$22.00</td>
</tr>
<tr>
<td>18</td>
<td>4</td>
<td>$17.00</td>
</tr>
<tr>
<td>23</td>
<td>4</td>
<td>$12.00</td>
</tr>
<tr>
<td>28</td>
<td>3</td>
<td>$7.00</td>
</tr>
</tbody>
</table>

Problem 6.10
Table 6.16: Supply and Demand for Permits.

These curves intersect where the price of permits is between $17 and $22.