Problem 6.1
Table 6.7: Experimental Results in Session 1
Mean Price $21.60
Number of Lawn Ornaments Sold 10
Total Profits of Sellers from Transactions $66.00
Total Profits of Buyers from Transactions $119.00
Total Cost of Pollution $199.20
Total Profits of All Residents,
Net of Pollution Costs -$14.20

Problem 6.2
Table 6.8
Mean Price $34.75
Number of Lawn Ornaments Sold 6
Total After-Tax Profits of Sellers from Transactions $20.50
Total Profits of Buyers from Transactions $21.50
Total Tax Revenue $120.00
Total Cost of Pollution $119.52
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs $42.48

Problem 6.3
Table 6.9: Experimental Results in Session 3
Mean Price of Ornaments $31.76
Mean Price of Permits $8.75
Number of Lawn Ornaments Sold 6
Profits of Lawn Ornament Sellers from Transactions $55.05
Profits of Lawn Ornament Buyers From Transactions $39.45
Total Revenue of Permit Sellers $52.50
Total Cost of Pollution $119.52
Total Profits of All Residents,
Net of Pollution Costs. $27.48

Figure 6.5
Table 6.10: Predictions of the Theory: Session 1
Mean Price $24 *
Number of Lawn Ornaments Sold 10
Total Profits of Sellers from Transactions $90.00
Total Profits of Buyers from Transactions $100.00
Total Cost of Pollution $199.20
Total Profits $-9.20
*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 6
Total Profits of Buyers $26.00
Total Profits of Sellers $16.00
Total Tax Revenue $120.00
Total Cost of Pollution $119.52
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs $42.48
*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 6
*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</th>
<th>Number in Willingness to Pay</th>
<th>Cost Market for a Permit</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>2</td>
<td>$24.50</td>
</tr>
<tr>
<td>13</td>
<td>4</td>
<td>$19.50</td>
</tr>
<tr>
<td>18</td>
<td>2</td>
<td>$14.50</td>
</tr>
<tr>
<td>23</td>
<td>2</td>
<td>$9.50</td>
</tr>
<tr>
<td>28</td>
<td>2</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.