Problem 6.1
Table 6.7: Experimental Results in Session 1
Mean Price $22.30
Number of Lawn Ornaments Sold 15
Total Profits of Sellers from Transactions $84.50
Total Profits of Buyers from Transactions $175.50
Total Cost of Pollution $300.90
Total Profits of All Residents, Net of Pollution Costs -$40.90

Problem 6.2
Table 6.8
Mean Price $33.88
Number of Lawn Ornaments Sold 8
Total After-Tax Profits of Sellers from Transactions $2.00
Total Profits of Buyers from Transactions $39.00
Total Tax Revenue $160.00
Total Cost of Pollution $160.48
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs $40.52

Problem 6.3
Table 6.9: Experimental Results in Session 3
Mean Price of Ornaments $29.75
Mean Price of Permits $7.88
Number of Lawn Ornaments Sold 8
Profits of Lawn Ornament Sellers from Transactions $71.00
Profits of Lawn Ornament Buyers From Transactions $67.00
Total Revenue of Permit Sellers $63.00
Total Cost of Pollution $160.48
Total Profits of All Residents, Net of Pollution Costs $40.52

Figure 6.5
Table 6.10: Predictions of the Theory: Session 1

Mean Price $25
Number of Lawn Ornaments Sold 14
Total Profits of Sellers from Transactions $128.00
Total Profits of Buyers from Transactions $135.00
Total Cost of Pollution $280.84
Total Profits -$17.84

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 7
Total Profits of Buyers $30.00
Total Profits of Sellers $24.00
Total Tax Revenue $140.00
Total Cost of Pollution $140.42
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs $53.58

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 8

Problem 6.9
Table 6.12: Willingness to Pay for Pollution Permits
Table 6.6: Supply and Demand for Permits.

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

<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>2</td>
<td>$27.00</td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td>$22.00</td>
</tr>
<tr>
<td>18</td>
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<td>$17.00</td>
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<tr>
<td>23</td>
<td>3</td>
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</tr>
<tr>
<td>28</td>
<td>3</td>
<td>$7.00</td>
</tr>
</tbody>
</table>

Problem 6.10

Table 6.6: Supply and Demand for Permits.