Problem 6.1
Table 6.7: Experimental Results in Session 1
Mean Price $23.39
Number of Lawn Ornaments Sold 14
Total Profits of Sellers from Transactions $125.50
Total Profits of Buyers from Transactions $157.50
Total Cost of Pollution $282.24
Total Profits of All Residents, Net of Pollution Costs $0.76

Problem 6.2
Table 6.8
Mean Price $31.90
Number of Lawn Ornaments Sold 10
Total After-Tax Profits of Sellers from Transactions -$6.00
Total Profits of Buyers from Transactions $51.00
Total Tax Revenue $200.00
Total Cost of Pollution $201.60
Total Profits and Tax Revenue of All Residents, Net of Pollution Costs $43.40

Problem 6.3
Table 6.9: Experimental Results in Session 3
Mean Price of Ornaments $31.67
Mean Price of Permits $11.78
Number of Lawn Ornaments Sold 9
Profits of Lawn Ornament Sellers from Transactions $72.00
Profits of Lawn Ornament Buyers From Transactions $60.00
Total Revenue of Permit Sellers $106.00
Total Cost of Pollution $181.44
Total Profits of All Residents, Net of Pollution Costs $56.56

Figure 6.5

![Graph showing price variations for different scenarios, labeled CE1 and CE2.](image-url)
Table 6.10: Predictions of the Theory: Session 1

- Mean Price: $24
- Number of Lawn Ornaments Sold: 15
- Total Profits of Sellers from Transactions: $135.00
- Total Profits of Buyers from Transactions: $150.00
- Total Cost of Pollution: $302.40
- Total Profits: $-17.40

*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: 9
- Total Profits of Buyers: $39.00
- Total Profits of Sellers: $24.00
- Total Tax Revenue: $180.00
- Total Cost of Pollution: $181.44
- Total Profits and Tax Revenue of All Residents, Net of Pollution Costs: $61.56

*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 9

*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 Market for a Permit</th>
<th>Willingness to Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>3</td>
<td>$24.50</td>
</tr>
<tr>
<td>13</td>
<td>6</td>
<td>$19.50</td>
</tr>
<tr>
<td>18</td>
<td>3</td>
<td>$14.50</td>
</tr>
<tr>
<td>23</td>
<td>3</td>
<td>$9.50</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.