Problem 7.1
Table 7.13: Experimental Outcomes: Session 2
Mean Price $14.53
Total Number of Units Sold 19
Total Profits of All Firms $181.00
Total Consumers’ Surplus $53.00
Sum of Firms’ Profits and Consumers’ Surplus $234.00

Problem 7.2
Part a)
At prices below $5, how many units will the firm supply? 0
At prices above $5, how many units will the firm supply? 100

Parts b and c)
Figure 7.6: Competitive Supply and Demand

Problem 7.3
Table 7.14: Competitive Predictions
Mean Price $5
Total Number of Units Sold 30
Total Profits of All Firms $0
Total Consumers’ Surplus $305
Sum of Firms’ Profits and Consumers’ Surplus $305
Problem 7.4
Table 7.15: Monopoly Predictions
Mean Price $15
Total Number of Units Sold 20
Total Profits of All Firms $200
Total Consumers' Surplus $45
Sum of Firms' Profits and Consumers' Surplus $245

Problem 7.5
Which of the two theories comes closer to predicting the results of Session 2? Monopoly Theory

Problem 7.6
Table 7.16: Experimental Outcomes: Session 3
Mean Price $8.00
Total Number of Units Sold 30
Total Profits of All Firms $90.01
Total Consumers' Surplus $214.99
Sum of Firms' Profits and Consumers Surplus $305.00

Problem 7.7
Which of the two theories comes closer to predicting the results of Session 3? Competitive Equilibrium Theory

Problem 7.8
Table 7.17: Experimental Outcomes: Session 4
Mean Price $11.68
Total Number of Units Sold 25
Total Profits of All Firms $166.96
Total Consumers' Surplus $88.04
Sum of Firms' Profits and Consumers' Surplus $255.00

Problem 7.9
Part a) In which session did firms make larger profits? Session 2
Part b) In which session was total consumers' surplus larger? Session 4
Part c) In which session was the sum of firms' profits and consumers' surplus larger? Session 4

Problem 7.10
Part a) The market efficiency of the experimental outcome in Session 2 = 77%
Part b) The market efficiency of the theoretically predicted outcome for a profit-maximizing monopoly in Session 2 = 80%