

Homework for Experiment 2. Section: 7

Problem 2.1

Table 2.6: Demand Table for Sessions 1 and 2

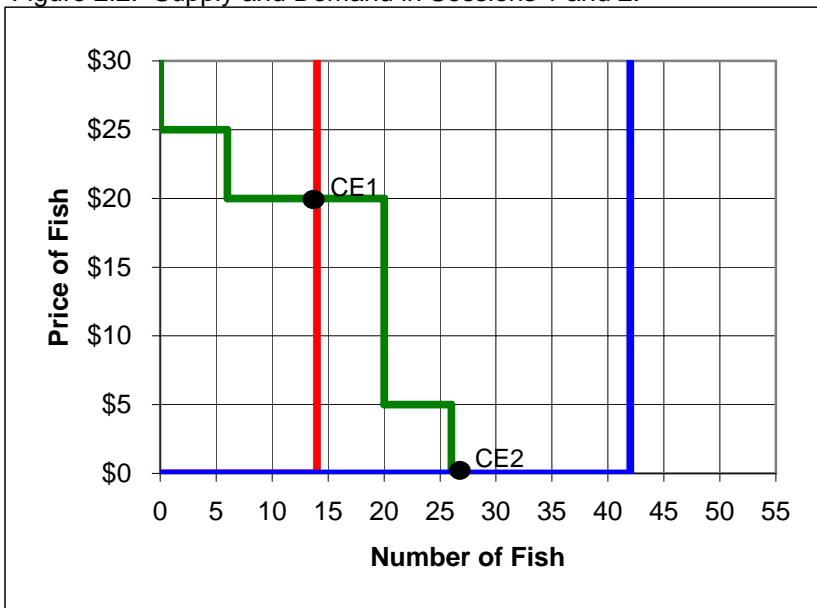
Price Range	Amount Demanded
$P > \$25$	0
$\$20 < P < \25	6
$\$5 < P < \20	20
$P < \$5$	26

Problem 2.2

- Part a) How many fish will be supplied at a price of \$15? 14
- Part b) How many fish will be supplied at a price of \$5? 14
- Part c) How many fish will be supplied at a price of \$1? 14
- Part d) What can you conclude about the supply curve for fish at positive prices?
 At all positive prices, 14 fish will be supplied.

Problem 2.3

Figure 2.2: Supply and Demand in Sessions 1 and 2.



Problem 2.4

Table 2.7: Predictions and Outcomes in Session 1

	Experimental Outcome	Competitive Prediction
Mean Price	\$15.21	\$20.00
Number of Fish Sold	14	14
Total Fishermens' Profit	\$73.00	\$140.00
Total Demanders' Profit	\$92.00	\$30.00
Total Profits All Participants	\$165.00	\$170.00

Problem 2.5

Table 2.8: Predictions and Outcomes in Session 2

	Experimental Outcome	Competitive Prediction
Mean Price	\$2.33	\$0.00
Number of Fish Sold	26	26
Total Fishermens' Profit	-\$79.50	-\$140.00
Total Demanders' Profit	\$399.50	\$460.00
Total Profits All Participants	\$320.00	\$320.00

Problem 2.6

a) The number of fish caught increased from	14 to	42 .
b) The mean price of fish (rose?fell?) from	<u>\$15.21</u> to	<u>\$2.33</u> .
c) Total profits of fishermen (rose?fell?) from	<u>\$73.00</u> to	<u>-\$79.50</u> .
d) Total consumer surplus (rose?fell?) from	<u>\$92.00</u> to	<u>\$399.50</u> .

Problem 2.7

a) The mean price of fish (rises?falls?) from	<u>\$20.00</u> to	<u>\$0.00</u> .
b) Total profits of fishermen (rises?falls?) from	<u>\$140.00</u> to	<u>-\$140.00</u> .
c) Total consumers' surplus (rises?falls?) from	<u>\$30.00</u> to	<u>\$460.00</u> .

Problem 2.8

- a) if he expects the price of fish to be \$3? no
b) if he expects the price of fish to be \$7? yes