

Experiment 5 Section 6

Problem 5.1

(Average wage is \$9.00)

Table 5.11: Experimentally Observed Unemployment

	Involuntarily Unemployed	Voluntarily Unemployed
Session 1	1	14
Session 2	19	0
Session 3	1	0

Problem 5.2

Table 5.12: Experimentally Observed Incomes

	Session 1	Session 2	Session 3
Total Wage Earnings	\$117.00	\$139.00	\$450.00
Total Income of Unemployed	\$173.00	\$158.00	\$12.00
Total Income of All Workers	\$290.00	\$297.00	\$462.00
Total Profits of Firms	\$103.00	\$41.00	\$225.00
Sum of Total Income of Workers and Profits of Firms	\$393.00	\$338.00	\$687.00

Problem 5.3

- Part a) rose by \$6.44
- Part b) rose by \$7.00
- Part c) fell by \$62.00
- Part d) yes
- Part e) yes
- Part f) no
- Part g) yes

Problem 5.4

Table 5.13 Labor Supply Table

Wage Range	Labor Supplied
Wage < \$5	0
\$5 < Wage < \$12	14
Wage > \$12	28

Problem 5.5

- Part a) 0 laborers
- Part b) 1 laborer
- Part c) 2 laborers

Problem 5.6

Table 5.14: Market Labor Demand Table--Session 1

Wage Range	Amount Demanded
Wage > \$20	0
\$10 < Wage < \$20	9
Wage < \$10	18

Problem 5.7

- Part a) 0 laborers
- Part b) 1 laborer
- Part c) 2 laborers
- Part d) 4 laborers

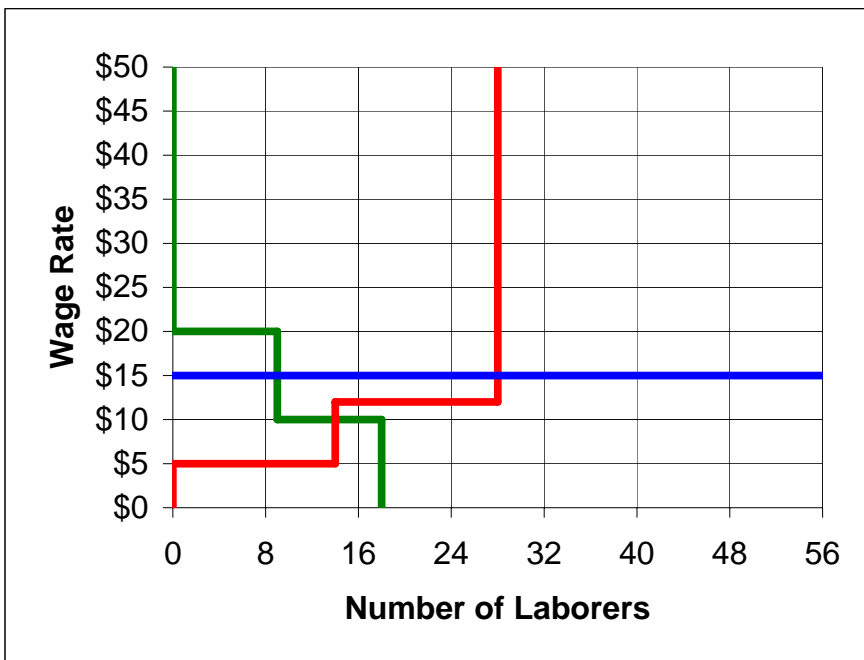
Problem 5.8

Table 5.15: Market Labor Demand Table-Session 3

Wage Rate	Amount Demanded
Wage > \$30	0
\$25 < Wage < \$30	9
\$20 < Wage < \$25	18
Wage < \$20	36

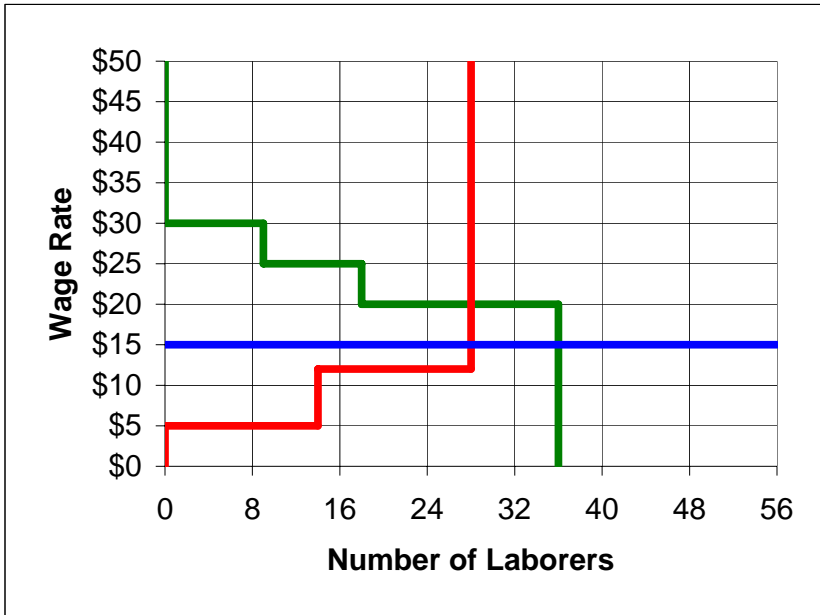
Problem 5.9

Figure 5.7: Supply and Demand-Sessions 1 and 2



Problem 5.10

Figure 5.8: Supply and Demand-Session 3



Problem 5.11

Table 5.16: Predicted Wages and Profits

	Session 1	Session 2	Session 3
Average Wage Rate	\$10	\$15	\$20
Total Employment	14	9	28
Total Profit of Firms	\$90	\$45	\$135
Total Wages of Employed Workers	\$140	\$135	\$560

Problem 5.12

Table 5.17: Predicted Unemployment

	Involuntarily Unemployed	Voluntarily Unemployed
Session 1	0	14
Session 2	19	0
Session 3	0	0