

Problem 7.1

Table 7.13: Experimental Outcomes: Session 2

Mean Price	\$15.00
Total Number of Units Sold	25
Total Profits of All Firms	\$250.00
Total Consumers' Surplus	\$55.00
Sum of Firms' Profits and Consumers' Surplus	\$305.00

Problem 7.2

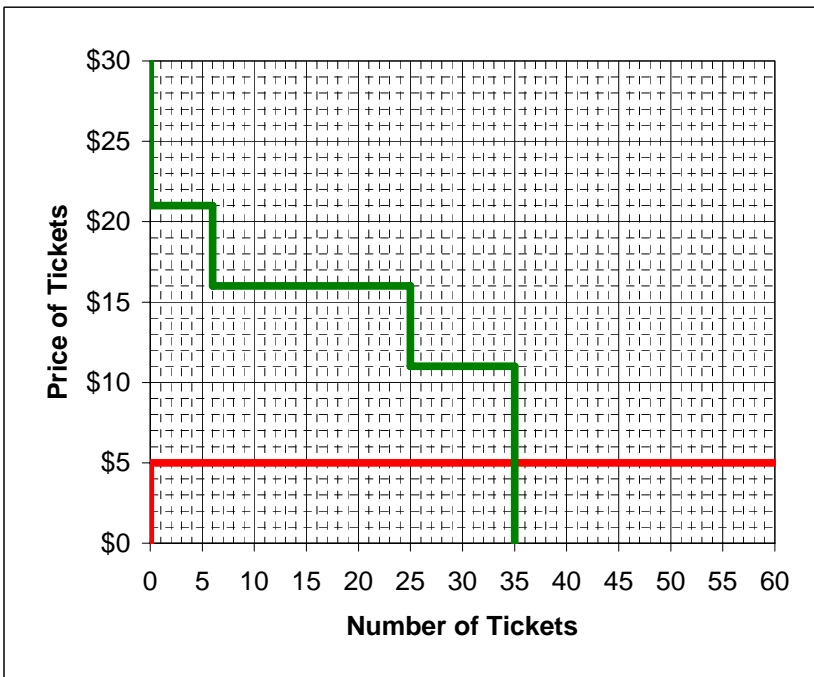
Part a)

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	35
Total Profits of All Firms	\$0
Total Consumers' Surplus	\$365
Sum of Firms' Profits and Consumers' Surplus	\$365

Problem 7.4

Table 7.15: Monopoly Predictions

Mean Price	\$15
Total Number of Units Sold	25
Total Profits of All Firms	\$250
Total Consumers' Surplus	\$55
Sum of Firms' Profits and Consumers' Surplus	\$305

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	\$10.40
Total Number of Units Sold	35
Total Profits of All Firms	\$189.00
Total Consumers' Surplus	\$181.00
Sum of Firms' Profits and Consumers Surplus	\$370.00

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	\$12.97
Total Number of Units Sold	32
Total Profits of All Firms	\$255.00
Total Consumers' Surplus	\$87.00
Sum of Firms' Profits and Consumers' Surplus	\$342.00

Problem 7.9

Part a) In which session did firms make larger profits? Session 4

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 = 84%

Part b) The market efficiency of the theoretically predicted outcome for a profit-maximizing monopoly in Session 2 = 84%