Experiment 7   Section   8

Problem 7.1
Table 7.13: Experimental Outcomes: Session 2
Mean Price $15.00
Total Number of Units Sold   23
Total Profits of All Firms $230.00
Total Consumers' Surplus $53.00
Sum of Firms' Profits and
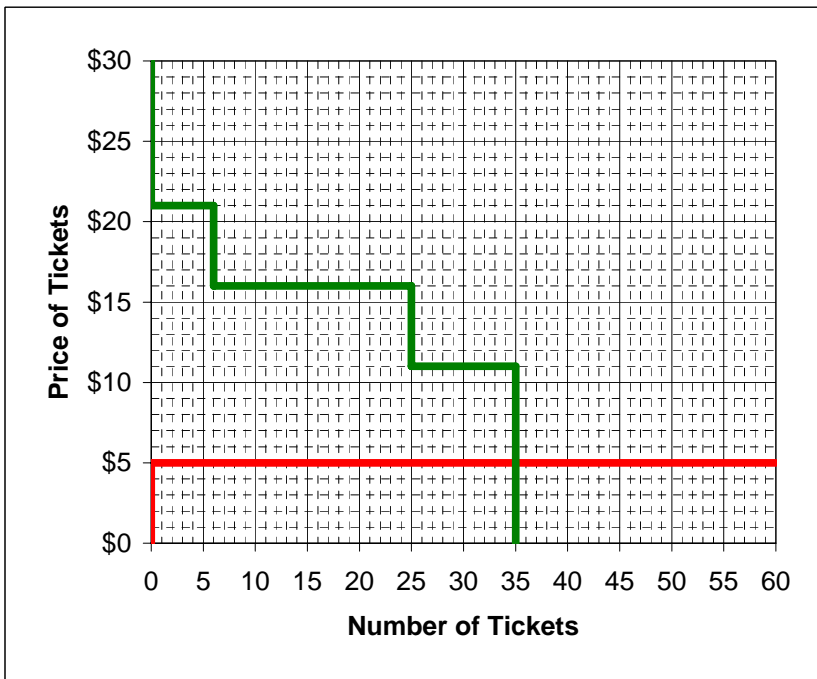Consumers' Surplus $283.00

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 $14.63
Total Number of Units Sold   27
Total Profits of All Firms $260.00
Total Consumers' Surplus $57.00
Sum of Firms' Profits and
Consumers Surplus $317.00

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 $12.79
Total Number of Units Sold   34
Total Profits of All Firms $265.00
Total Consumers' Surplus $94.00
Sum of Firms' Profits and
Consumers' Surplus $359.00

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 =   78%

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