

You participated in an online double-auction experiment on September 9. You are now to write a brief analysis interpreting the results of the experiment based on the economic theory of markets. This analysis is to be written in collaboration with a partner as assigned in the table below. Each pair of partners should submit one joint report, which is due before class on the morning of Wednesday, September 16. (Due to the unusual circumstances of the semester, it may be more difficult than usual to collaborate. If you simply cannot connect satisfactorily with your assigned partner, it is acceptable for both of you to submit separate reports. Please let me know if this is happening.

Partner assignments

10:05 Section	
Cruz Barnum	Zack Dooley
Ayla Jessup	Rishith Sinha
Rohan Walia	Yi Liu
Ana Quintana Bernal	Christophe Sung
Ziggy Sheynin	Christian Selden
Noah Morris-Fry	Xinlong Du
Collin Crow	Anna Hendrickson
Aroon Das	Paulina Durham
Benjamin Littell	Sophia Brisbon
Iwan Richards	Demos Tseng
11:00 Section	
Michael Huang	Taylen McAlister
Asa Ferguson	Gabriel May
Ethan Myer	Mason Wolfe
Lucas Dolan	Sarah Pringle
Rohan Buggana	Thomas Cowles
Victoire Mandonnaud	Unda March
Alyssa Gorkin	Walker Thoss
Mateo Sella	Zonya Tanada
Henry Rocha	Cornelia Penn
Rishi Krishnamurthy	Julia Macias
Olivia Phillips	Jinho Myung

Reports should be submitted as an email attachment in pdf format, with your names in the file name. There will be graphs required here, so do your best to incorporate them into your document. (Word can import pictures, for example.) If you are using Google docs to prepare

your report, please download as a pdf and email to me rather than just sharing the document with me.

There is a spreadsheet linked from the Assignments Web page that contains four sheets: For each class section (10 and 11), there is a sheet showing the transactions that occurred in each round of the experiment (plus a graph showing the sequence in which transactions occurred) and a sheet showing the buyers' values and sellers' costs for each round. You need analyze *only the experiment for your class section*, though of course you are encouraged to look at the other class's results as well if you want. The spreadsheet should open in any Excel-compatible spreadsheet program. You may use the computational and graphing features of Excel to make calculations if you wish.

Your analysis should answer the following questions:

1. What was the demand curve in each treatment by that group of participants designated as buyers? (Hint: This is to be derived from their given values, *not* from the results of the experiment.)
2. What was the supply curve in each experiment by that group of participants designated as sellers? (The above hint applies here as well.)
3. Given the demand and supply curves, what outcome in terms of quantity exchanged and price should we expect in each experiment based on the theory of competitive markets? How closely did the results of the experiment conform to this expectation?
4. What pattern did the distribution (and, in particular, the dispersion) of prices in each treatment follow from the first trading round to the last and from the beginning of each round to the end? Is this what you would expect? Why?
5. How did the two treatments differ from one another? How would you expect these differences to affect the outcomes? Do you see these effects in the actual results?
6. How closely did the experimental market (when there was no tax or price control) compare to the textbook paradigm of a competitive market, both in terms of *assumptions* and in terms of the *actual prices and quantity exchanged* that you observed? What were the principal similarities and differences?
7. Suppose that buyers and sellers with values and costs like those in the experiment were interacting in a market that achieved perfectly competitive equilibrium (CE). In a CE, some buyers and sellers may choose not to undertake as many transactions as they possibly could, but all transactions that occur are at the *same* competitive equilibrium price. How much would each individual buyer and seller have earned (per period) in CE? What would have been the total earnings for buyers and total earnings for sellers (per period) in CE? How do those total "potential" earnings for buyers and sellers

compare to the total actual earnings in the various periods of the experiment?

8. There were rounds in which the price was restricted by a price ceiling (11:00 only), or in which a tax was imposed on sellers (both classes). Do the results you observe under these market distortions match those you expect based on economic theory? Explain.
9. Was there any anomalous behavior by buyers and sellers that you observed during the experiment? If so, how did these affect the results?