Experiment: Demand and Supply

Round 1

- Twenty deals
  - Sales by traders with cost 49, 53, 55, 56
  - Purchases by traders with value 35 and 39
  - No purchase by traders with cost of 38 and 43
- Total surplus realized: 484 (89% of 542).
  - trader with cost 38 finds one with value 43
  - total surplus 489 (90% efficiency)
Round 2

• One less trader (surplus card had value 85)
  Market clearing: $43, qty 17, surplus 500

  – 15 deals, price 44, total surplus 460 (92% of 500)

• We ran out of time
  – Two buyers with value 53 and 60 did not trade
    Two sellers with cost 36 and 37 did not trade

• If they had traded then the total surplus would have been 500 (100% efficiency)