Good Afternoon, Colleagues

Are there any questions?
Logistics

• Thursday’s readings:
  – Weber mainly for the idea
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  - PRSDR for the agent-based exploration of it
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• Everyone partnered up?
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- Use the class mailing list!
Some terms

- Distortionary (p.5)
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  - Tax on labor vs. tax on capital
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- Demand reduction
Example

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<td>2</td>
<td></td>
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<tr>
<td>A</td>
<td>0 0 100</td>
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- Illustrate mutually exclusive bids from different rounds
Demand Reduction

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- Now let’s try again.
- Demand reduction can be taken to an extreme.
• Is it really bad?
SDR

- Is it really bad?
- Would savings get passed to consumers?
Threats

- Bidder A winning license 37 for $1M.
- Bidders A and B competing for license 63.
- Simultaneously, bidder B bids:
  - licence 37: $1.1M.
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What's the threat?
Class Discussion

• Jeremy Hollander on collusion
Stopping Rules, Activity Rules

Goal: Fast auction; simultaneous closings; simple
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- Simultaneous close, but require activity
  - Activity on a license: bid placed or previous high bid
  - Low activity lowers eligibility
  - Eligibility bounds what you can bid on
  - Activity requirements increase as time goes on
Example

- NY = 50 BUs; LA = 40 BUs; SF = 30 BUs; etc.
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- Prevents *wait and see* strategy
Allocations vs. Assignment

- You have 30 old textbooks
  - Sell as a group, or one volume at a time?
Allocations vs. Assignment

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- How would you build/test a theory of allocations?