

Quiz 12

1. The freshman softballers $A, B,$ and C are bidding for the most honorable and desirable equipment duty - oiling coach's glove. The bids, in sticks of gum, are

$$\boxed{a = 23 \quad b = 21 \quad c = 15}$$

Suppose B is the winning bidder and the payouts are

$$x_A = 8 \quad x_C = 6$$

- (a) Construct the envy table for this example. Show work for what players think the winning bidder gets. REMEMBER: the left column is — thinks and the top row is — gets. (4 pts)

	A	B	C
A			
B			
C			

- (b) Does C envy A in this compensation arrangement? (1 pt) Circle One: Yes No
- (c) Does A envy B in this compensation arrangement? (1 pt) Circle One: Yes No
- (d) Does B envy C in this compensation arrangement? (1 pt) Circle One: Yes No

2. Circle T if the claim is true, F if the claim is false. (1 pt each)

- (a) If a compensation arrangement is unfair, there will be envy. T F
- (b) If the winning bidder is a highest bidder, the equitable compensation arrangement is always envy-free. T F
- (c) Every envy-free compensation arrangement is pareto-optimal. T F

PLEASE WRITE YOUR NAME ON THE BOTTOM OF THIS PAGE

Name: _____