Name:

Quiz 2

A, B, C and D inherit a painting. These are their values for the painting:

a = \$8,000 b=\$10,000 c= \$10,000 d= \$12,000

1. Find each player's fair share.

2. They decide that A will get the painting, and pay B and C each \$2000, and pay D \$3000.

   Find X_A.

   For what player(s) is this arrangement fair?

   Does C envy D? Why?

   Does C envy A? Why?

3. What is the average bid?

4. If you want to be sure that a fair arrangement is possible, list the player(s) that could get the object.

Name: Solutions

Quiz 2

A, B, C and D inherit a painting. These are their values for the painting:

a = \$8,000 b=\$10,000 c= \$10,000 d= \$12,000

1. Find each player's fair share.

2000 2500 2500 3000

2. They decide that A will get the painting, and pay B and C each \$2000, and pay D \$3000.

Find X_A.

$X_A = 8000 - 2000 - 2000 - 3000$

$= 1000$

For what player(s) is this arrangement fair?

only D.

Does C envy D? Why?

Yes, $2000 > 3000$

Does C envy A? Why?

C thinks A got $10,000 - 2000 - 2000 - 3000 = 3000$

So yes, C envies A

3. What is the average bid?

$M = \frac{8000 + 10000 + 10000 + 12000}{4} = \frac{40000}{4} = 10,000$

4. If you want to be sure that a fair arrangement is possible, list the player(s) that could get the object.

B, C, D