

- Double Oral Auction

Buyers → "Bid"
 Sellers → "Ask"

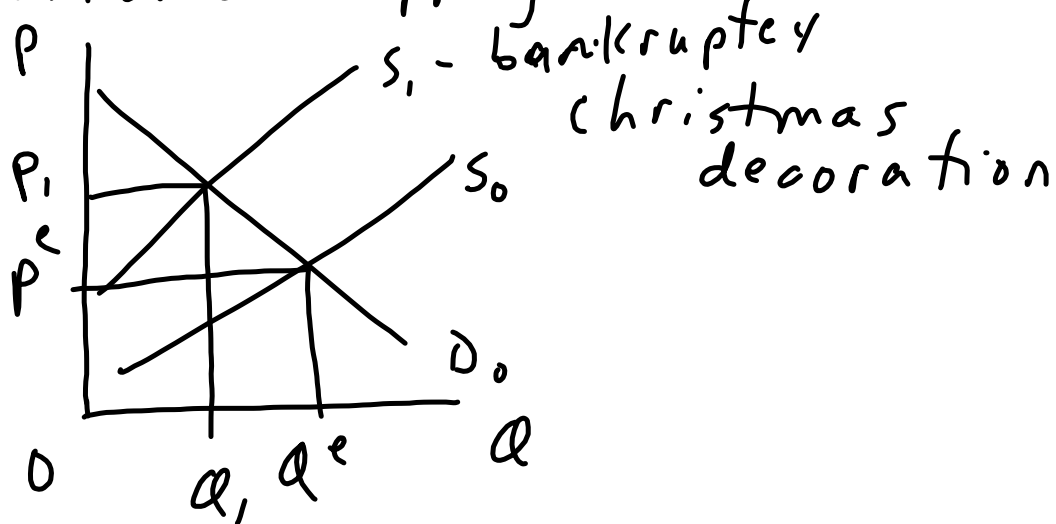
"Accept" →
 trade

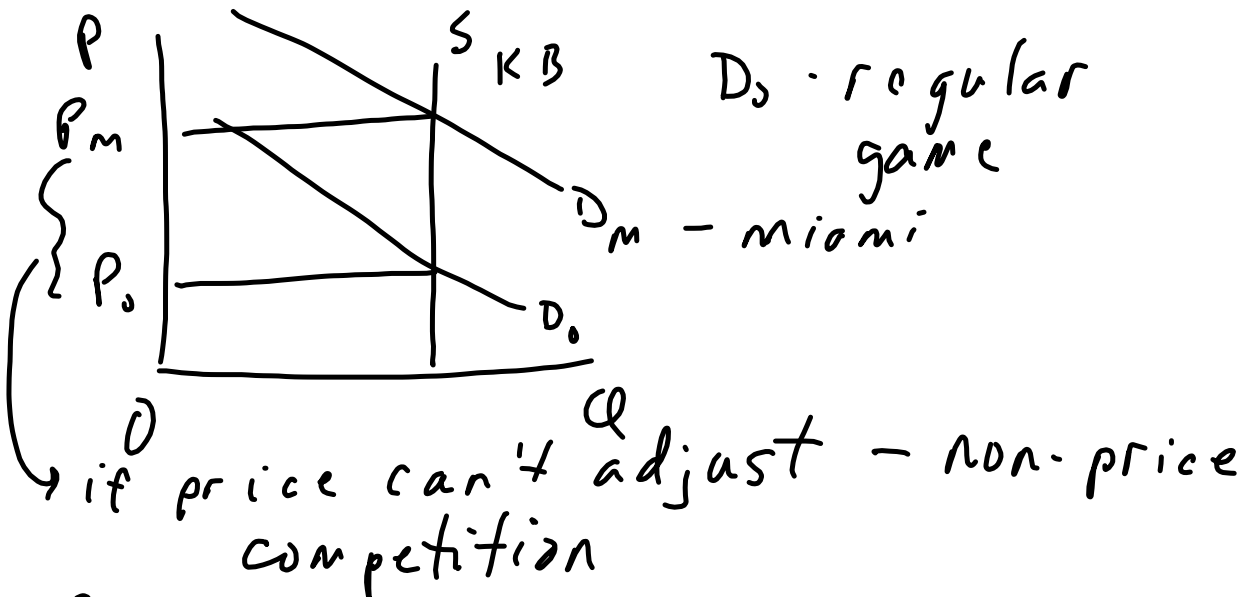
- lot of info to
 - real time
 - verifiable product
- markets converge to (P^e, Q^e)

Chicago Board of Trade - commodity
 New York Stock Exchange - financial assets

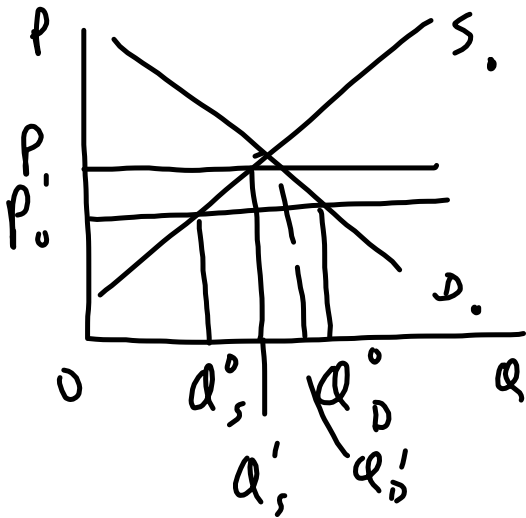
Apps → change in market
 - exogenous shock

- S. Korea Shipping firm -





P_m - "shadow price"
 - other forms - waiting in line
 - fraud
 - "scalping"



"shortage" of X
 X → labor
 P₀ → wage offered
 $Q_D^0 - Q_S^0 = \text{excess demand or "shortage"}$

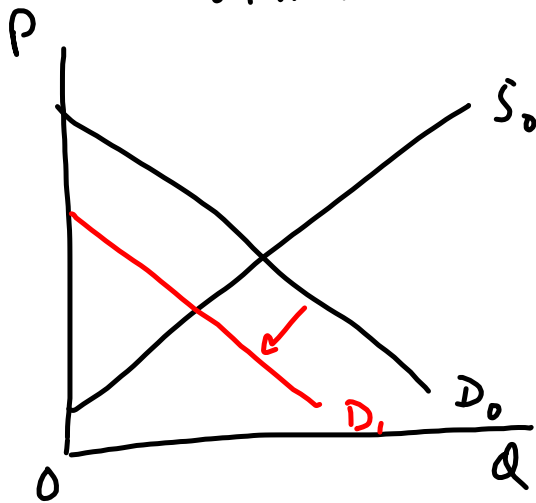
- cheaper to pay for motel / rooms than to raise wage

- third party effect?
 renter ↔ Landlord - contract

"Externality" Town of Boone - lost motel rooms - visitors

Market failures

- Information asymmetry
 - one side knows more than other



- supply side fully informed
- buyer not
- info missing relates to harm/danger
- $D_{\text{market}} > D_{\text{informed}}$

- Celebrex "replacing" naproxen sodium (Aleve)
 - ↳ heart attack
 - death

Information → public policy

disclosure -

producers → prevent

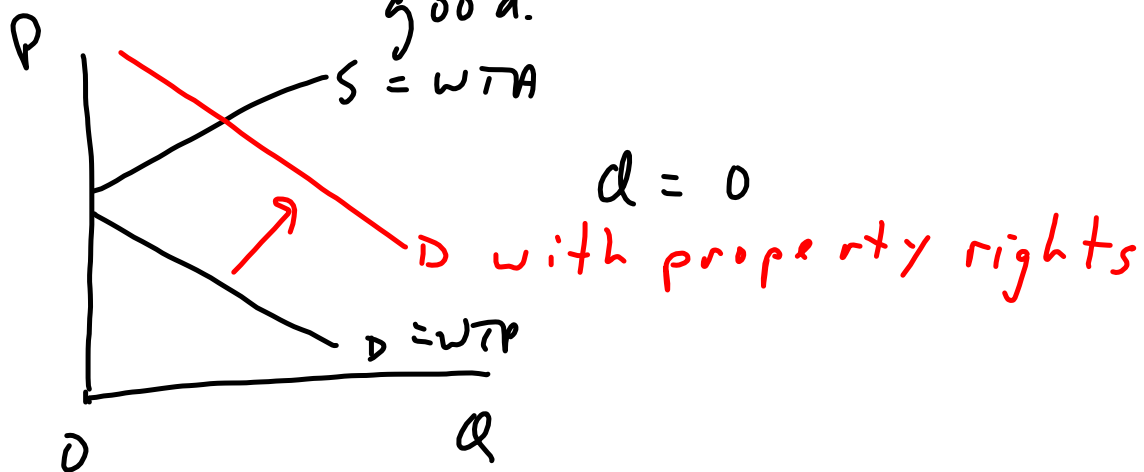
Where is your toothpaste made? x

Where is orange juice made?

- mortgage markets
- Wells Fargo - fired 5300 workers
 - ↳ bonus new accounts

Property rights not specified

- can't prevent use so can't charge a price - can't cover cost - so won't make good.



- create & assign property right
copyright - prevent unauthorized use

Property rights
- copyright } Intellectual
- patent } Property
- trademark } Rights

- theft - Why buy if you can steal?
→ rules - felony
+ misdemeanor

P81 Q8