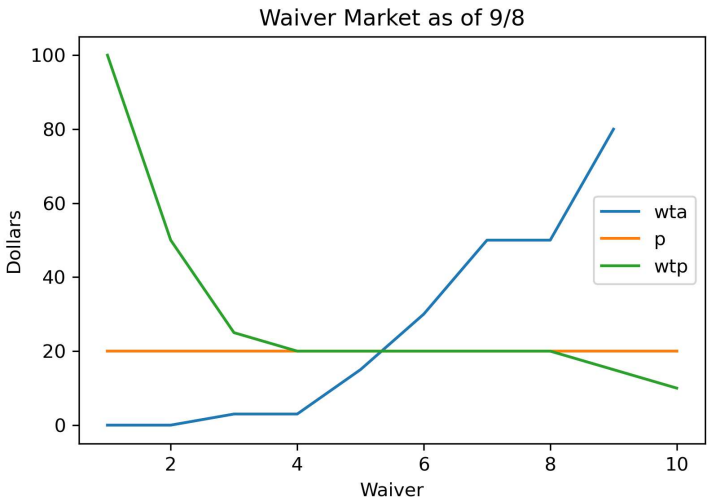
Waiver Market Results

Note: corrected figures and price. Revised numbers are shown in red.

Market diagram:



Equilibrium:

P^*= $20
Q^*= 5

Detailed data:

Waiver	WTP	P	WTA	Trades?	CS	PS
1	100	20	0	Yes	80	20
2	50	20	0	Yes	30	20
3	25	20	3	Yes	5	17
4	20	20	3	Yes	0	17
5	20	20	15	Yes	0	5
6	20	20	30	no	--	--
7	20	20	50	no	--	--
8	20	20	50	no	--	--
9	15	20	80	no	--	--
10	10	20	599	no	--	--

Computing the total CS and PS:

CS: 80+30+5+0+0 = $115

PS: 20+20+17+17+5 = $79

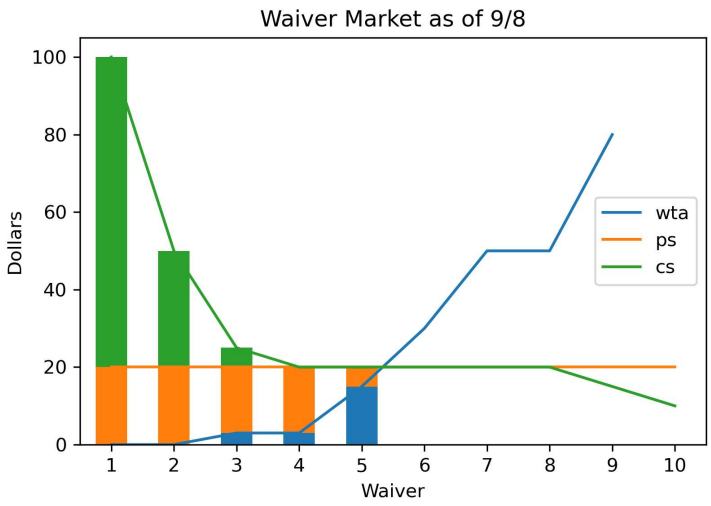
Social surplus, SS, is CS + PS:

SS = $115 + $79 = $194

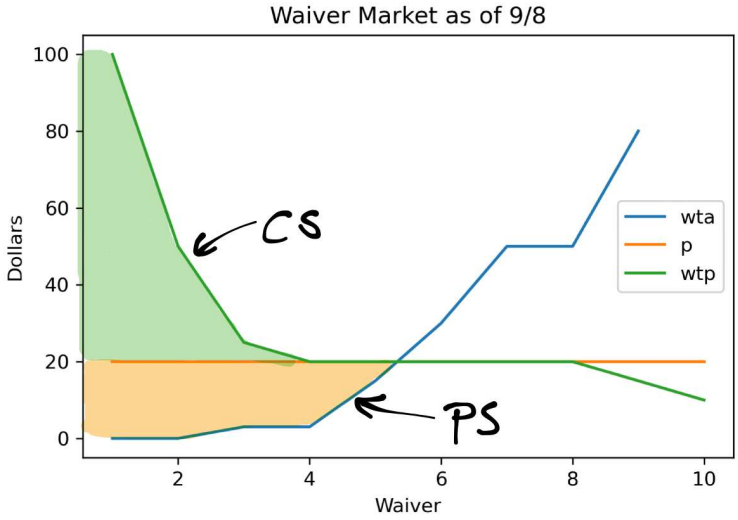
SS is the overall *gain from trade*:
Net benefits produced by trading

Showing total CS and PS in the graph (omits $599 WTA for unit 10):

Bar graph version



Area graph version



Exploring gains from trade a bit more:

Total value of waivers to owners (omitting unit 10)?

Before trading:

Sum of WTAs = 0+0+3+3+15+30+50+50+80 = $231

After trading:

Sum of WTPs for buyers:	100+50+25+20+20 = $215
Sum of WTAs for non-sellers:	30+50+50+80 = $210
Total	**$215+$210 = $425**

Net gain:

$425 - $231 = $194

Economic value is **not** P*Q:

P*Q = $20*10 $200

Value to owners after trades: $425

Why the big difference?

Finally, WTP vs WTA bids (omitting unit 10's WTA):

Mean of WTP bid 1's:	$7
Mean WTA:	$26