

Market Power on Oral Double Auctions

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Abstract: This paper reports the results of a series of oral double auction experiments in which some traders possess market power. A market is set up in which the configuration of supply and demand curves leads to an asymmetry between buyers and sellers in their abilities to influence transactions prices. This market structure does not always lead to convergence to the competitive price despite the competitive nature of the oral double auction institution. The *nonconvergence* occurs most frequently in experiments involving experienced subjects.