

When a Queue is Like an Auction

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Auctions Bidding and Contracting: Uses and Theory,
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Abstract: The main purpose of distributing "free" commodities to those willing to wait in line is presumably to confer rents on those people, but this purpose may not be served if too many people are informed of the distribution of prizes. This paper presents an equilibrium analysis of the waiting time decisions of competitors for these prizes. In one case, the aggregate new rent converges to zero as the number of informed people goes to infinity. In general, the performance of waiting-line allocation mechanisms will deteriorate when the number of competitors for position in line becomes large.