

Compensation Worksheet #3
October 26, 2018
2 Points

Circle one name.

Name: _____ **Name:** _____ **Name:** _____

Last time we helped Brian, Stewart and Peter divide some office equipment using Knaster's method. Recall that for the final settlement using Knaster's method, Brian received the printer and \$55 cash. Stewart received the copier and paid \$75. Peter received the cabinet and desk and \$20 cash.

	Brian	Stewart	Peter
cabinet	\$60	\$65	\$80
desk	\$35	\$30	\$40
printer	\$90	\$70	\$50
copier	\$200	\$220	\$200

- For the final settlement using Knaster's above, find the net value of the winnings for each person.
 - x_{Brian}
 - x_{Stewart}
 - x_{Peter}
- A person's XB ratio is the fraction of their compensation over their total bid: $x_{\text{person}}/b_{\text{person}}$. Find the XB ratio for each person.
 - XB ratio for Brian
 - XB ratio for Stewart
 - XB ratio for Peter
- The x -values above tell us what Brian's settlement is worth to Brian, and what Peter's settlement is worth to Peter, etc.. Now we'll find perceived values from other points of view.
 - What is Brian's settlement worth to Peter? Does Peter envy Brian? (Compare your calculation of Peter's opinion of Brian's settlement to x_{Peter} you found above. Which would Peter rather have?)
 - What is Peter's settlement worth to Brian? Does Brian envy Peter?
 - What is Stewart's settlement worth to Peter? Does Peter envy Stewart?