

Excerpts from the Email Replies of Auction Experts Asked to be Signatories of Letter to Chairman Stark

Thanks for taking this on. What an awful design.

Naturally, I would be delighted to be a signatory. I cannot imagine an "auction" conducted along the lines of this so-called "Competitive Bidding" proposal. What a mess!

Yes, certainly, this sounds like a real disaster.

Not just "yes" but "hell, yes."

I am glad that you spotted a serious problem with the mechanism before it became implemented on the large scale.

This certainly seems like a crazy mechanism.

Unbelievable.

Sounds like a problem waiting to happen.

Looks to be totally messed up—which could easily be shown in an experiment (were data sometimes speak much louder than words).

It is pretty shocking—this will just lead to massive fraud and corruption.

Unbelievable they are using those flawed rules with all the knowledge at hand.

What a bizarre pricing rule. Usually the design mistakes creep in from assuming people will play truthfully, but here the auction doesn't make sense even if bidders are truthful.

Similar bidding programs have been used in Italy and elsewhere in Europe with disastrous results!

What a mess.

Scary stuff!

We actually have a similarly grotesque design in a few public procurement auctions in Europe. Because of the winner's curse, not the best but the median bid (or some variant of this) wins 'because the best bidder typically underestimates true costs'.

Wow! Yes, I'm happy to sign. Glad you guys are paying attention.

This is an amazingly bad system, seemingly designed to guarantee failure.

This almost sounds unbelievable.

The auction will have the undesirable effects that you list and possibly more that will be an embarrassment to the government should it be implemented in the form that is outlined. I think that a few controlled experiments could clearly illustrate the problems.

Who thought up the proposed program and what was he/she thinking?

It is evident from your statement that the governments proposed auction design is deeply flawed.

Indeed, the current bidding system is very badly designed.

Ridiculous! Yes, of course I'm happy to be a signatory.

The proposed auction has so many obvious flaws that it is difficult to conceive that CMS is pushing ahead with it.