

The Fallacy of Elsie Bids

There was a general acceptance that [bidders would buy Elsies](#) before [property auctions](#) to save .85% on the price. On its face, that seems logical, except that it is irrational and contrary to human nature.

First, the irrationality. The odds are high that the bidder will lose the auction and sell the Elsies afterward. When they are selling, others are selling. With a good market maker, they will lose no more than 0.1%, but in the chaotic market of 6.0, they stood to lose more than the .85% they would have saved.

People will unlikely pay an auction fee to enter an auction they will likely lose.

Furthermore, people enter the auction to win property at a significant discount (it is assumed that structures worth 60% of the purchase price will go for 50%) and eliminate property taxes. In some cases, there could be hundreds of bidders. Most of them know little of the [AFFEERCE model](#) and perhaps never heard of [Elsies](#). This is particularly the case if commercial use of the Elsie has not yet been implemented. It is safe to assume that almost all bids will be in U.S. dollars for the first few years.

While this might seem to be a favorable development, from the standpoint of [ABC](#) and [VTLM](#) operating costs and [county revenue](#), it will slow the progress of Phase I. The Elsie demand from as few as four bidders per property counters the benefit of U.S. dollar bids.

Early simulation testing showed that with four bidders per property and only natural demand (the net Elsie demand from property owners for paying rent after paying recipients of that rent), Phase I was completed in 149 years. However, with dollar-only bids and only natural demand, Phase I required 293 years to complete.

The caveat is that the simulation with Elsie bids was not double-zero balanced. Once bids using Elsies were discounted as unlikely, an effort was expended on creating a double-zero-balanced spreadsheet with dollar bids.

Ultimately, there will be Elsie bidders. However, these will be bid-until-win bidders and not bidders who plan on selling the Elsies for a fee should they lose a single auction of interest. Those people will always bid U.S. dollars until Elsie is the dominant currency.