

Econ 243

November 28, 2018

standards:

new testament has descriptions of the Temple in Jerusalem – who was there, inside the walls, in an area that was supposed to be reserved for prayer?

money exchangers!!

new "kilogram" based on Planck's Constant

money is a technology, and uniformity increases its value. ditto weights

China under the Qing had neither a standard unit of money nor standard weights and measures

lots of costs for ordinary transactions – weighing out silver, converting units

so ... who sets?

network effects:

phones in the old days: several on a desk of a Boston banker in the early 20th century. why? didn't interconnect

rise of Bell system, though scattered legacy systems remain. when I first moved to here, there was a phone cooperative in the north end of the county, to call them incurred a long-distance charge.

when does it create a monopoly ... who gets it?

overlapping issues: not all standards are public, unlike the kilogram and the RMB.

standards

market share advantage \longleftrightarrow first mover advantage.

contrast: in autos, frequently 2nd mover does better. early tech likely high cost, multiple features standardizing occurs, but early not to standard.

plus large R&D for uncertain small market vs small R&D for certain large market

examples: Sony Betamax vs Panasonic consortium VHS

chip companies get together to agree on basic interconnect specifications: voltage, pin location