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Inducing Search by Periodic Advertising

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A person engaged in search may be uncertain whether the good or job he seeks is still available. Some may therefore search when the job or good is no longer available, while others may stop searching too early. A seller or employer which wants to induce persons to search should therefore periodically announce that the position or good is still vacant. The profit-maximizing strategy, however, differs from the socially-optimal one, and no simple tax can correct the problem.