Week 2a
Logistics

- Mailing list and archives
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- Submitting responses to readings
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  - no attachments, strange formats
  - use specific subject line (see web page)
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• Mailing list and archives

• Submitting responses to readings
  – no attachments, strange formats
  – use specific subject line (see web page)
  – by 10pm
Logistics

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  – cc David (on everything!)
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- Any questions?
Beauty Contest Results

- Winners: Todd Hester and Edmund Wong (20)
Klemperer

- A survey

- Purpose: a broad overview of terms, concepts and the types of things that are known
Klemperer

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  – Geared more at economists; assumes some terminology
  – Results stated with not enough information to verify
  – Apologies if that was frustrating
Klemperer

• A survey

• Purpose: a broad overview of terms, concepts and the types of things that are known
  – Geared more at economists; assumes some terminology
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  – Apologies if that was frustrating
  – May return to finer points in later weeks
Perspective

- Makes simplifying assumptions about bidders for purposes of analysis
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  – Bidder perspective also important (incomplete info)
  – Empirical results also important!
Perspective

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  - Bidder perspective also important (incomplete info)
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- Not going to answer all of your questions
  - Some answered in later readings
  - Some details not relevant to later
Some Terms

- Ascending bid/open/oral/English auction
  - variant: Japanese auction
- Descending bid/Dutch auction
- First-price sealed-bid auction
- Second-price sealed-bid/Vickrey auction
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- Double auctions
- Surplus = value – cost
- Reserve price
- All-pay auctions
Bidder value models

- private-value model
- pure common-value model
- general value model
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- SIPV (symmetric, independent, private value)
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- SIPV (symmetric, independent, private value)
- signal, value, valuation, type
- atomless distribution
Auction Efficiency (from Milgrom)

In the asymmetric case, first-bid auctions aren’t necessarily efficient in equilibrium.
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- Bidder 1 bids more than $62 gives less profit even if he wins
- So if bidder 2 has value of $75, she can win by bidding $62.
- That’s an inefficient outcome