
Auctions and Similar Market Institutions

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Slides available at:

www.econ.au.dk/vip_htm/povergaard/pbohome/pbohome.html

Topics and Points of Reference

1. Transportation
 2. Energy
 3. Telecommunication
 4. Financial Markets
 5. The Internet and Online Trading Institutions
 6. Public Procurement of Goods and Services
 7. Regulation and Antitrust
- Pick a few!

1 Transportation

1.1 Allocation of airport slots (auctions vs. non-auction mechanisms)

1.2 Trading institutions for travel services (revelation of willingness-to-pay, e.g. *priceline.com*)

1.3 Allocation of universal service obligations (auctions vs. bureaucratic procedures)

2 Energy

2.1 Design of electricity exchanges

2.2 Market design and collusion (supply function bidding, discriminatory and non-discriminatory pricing)

2.3 Allocation of scarce transmission capacity and integration of markets

3 Telecommunication

3.1 License allocation procedures (auctions, lotteries and beauty contests)

3.2 Complementarities, aggregation and bidding

3.3 “Wind-tunneling” multi-unit auction design (e.g. UK 3G mobile licenses)

3.4 Allocation procedures and entry incentives

3.5 Allocation of universal service obligations

4 Financial Markets

4.1 Mergers, acquisitions and the “market” for corporate control (auctions and structured negotiations)

4.2 Financial market design (double-auctions and exchanges)

5 The Internet and Online Trading Institutions

5.1 Auctions as the main deal engine

5.2 Reserve prices (secret or posted) and buy-out prices (transitory or permanent)

5.3 Proxy bidding and termination rules

5.4 B2C and C2C (*Yahoo!* vs. *eBay*)

5.5 B2B and B2G

6 Public Procurement of Goods and Services

6.1 Creation of markets (competition)

6.2 Auction procedures and collusion

7 Regulation and Antitrust

7.1 (*Ex ante*) Market design vs. (*ex post*) antitrust

7.2 Mechanism design “vs.” econometrics

7.3 The incidence of bidder collusion? (*USDOJ* numbers: $\frac{3}{4}$ of criminal cases filed under *Sherman Act*, Sect. 1, in 1980s)

8 Wrap

1) *Industrial Organization and Econometrics* → *Antitrust* (*ex post* approach)

2) *Mechanism Design and Experimental Methods* → *Regulation and Market Design* (*ex ante* approach)

Businesses and government agencies would do wisely to boost their investment in human capital relating to 2!