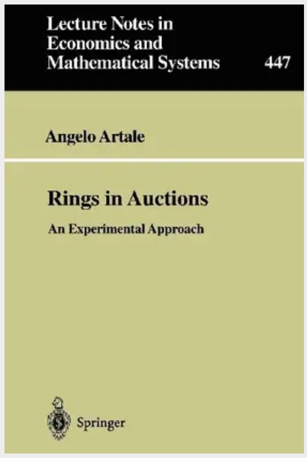
Artale

Rings in Auctions

An Experimental Approach

In auctions, bidders compete with one another in their attempt to 1 purchase the goods that are up for sale • But buyer competition may be reduced or disappear when a ring of colluding bidders is present. The purpose of the participants to a ring is to eliminate buyer competition and to realize a gain over vendors. When all participants are members of the ring, this is done by purchasing the item at the reserve price and splitting the spoils (the difference between the item market value and the reserve price) among the participants. "The term ring apparently derives from the fact that in a settlement sale following the auction, members of the collusive arrangement form a circle or ring to facilitate observation of their trading behavior by the ring leader" (Cassady jr. (1967)). If the coalition members knew other players' values, the problem faced by the ring might be easily solved: the player with the highest value should submit a serious bid and the other members, on the contrary, only phony bids. However, ring participants do not usually know the values of other members. Therefore, ring members have to find out some mechanism which selects the player who has to bid seriously and, eventually, esta blish side payments paid to each of the losers2.

In auctions, bidders compete with one another in their attempt to 1 purchase the goods that are up for sale ¿ But buyer competition may be reduced or disappear when a ring of colluding bidders is present. The purpose of the participants to a ring is to eliminate buyer competition and to realize a gain over vendors. When all participants are members of the ring, this is done by purchasing the item at the reserve price and splitting the spoils (the difference between the item market value and the reserve price) among the participants. "The term ring apparently derives from the fact that in a settlement sale following the auction, members of the collusive arrangement form a circle or ring to facilitate observation of their trading behavior by the ring leader" (Cassady jr. (1967)). If the coalition members knew other players' values, the problem faced by the ring might be easily solved: the player with the highest value should submit a serious bid and the other members, on the contrary, only phony bids. However, ring participants do not usually know the values of other members. Therefore, ring members have to find out some mechanism which selects the player who has to bid seriously and, eventually, esta blish side payments paid to each of the losers2.



53,49 €
49,99 € (zzgl. MwSt.)

Lieferfrist: bis zu 10 Tage

Artikelnummer: 9783540619307
Medium: Buch
ISBN: 978-3-540-61930-7
Verlag: Springer
Erscheinungstermin: 28.01.1997
Sprache(n): Englisch
Auflage: 1. Auflage 1997
Serie: Lecture Notes in Economics and Mathematical Systems
Produktform: Kartoniert
Gewicht: 295 g
Seiten: 174
Format (B x H): 155 x 235 mm