

Topics in Advanced Microeconomics: Auctions and Procurement

Syllabus

Second Year Graduate Program

Universidad Carlos III de Madrid

Overview

The aim of this course is to give a selective overview of some of the issues that arise in a particular market structure that academic economists have referred to as auctions and practitioners as bidding markets. In this market structure trade is determined through some type of bidding. This market structure is of particular interest because of three reasons. First, the set of price formation rules used can be easily modeled explicitly. As a consequence, one can also undertake the analysis of optimal price formation rules and the possibility of market design. Second, it is a substantial part of the Business-to-Business trade, and almost the majority of the trade in which the public sector is involved. Third, it is the first building block towards a theory of markets founded on the details of the price formation process.

This course emphasizes two issues that might affect the market outcome: asymmetric information and the dynamics of trade. Our analysis of the first issue will be based on the literature on auctions and mechanism design. The main reference is Myerson's (1981) seminar paper on optimal auctions. The second issue will look at a variety of models that cover topics as learning by doing, switching costs, financial constraints, collusion, and capacity constraints.

Lecturer

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Lectures

Monday from 15.00 to 17.00 and Wednesday from 15:00 to 17:00.