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Presentation Title

The First-Price Auction under Strategic Uncertainty: Theory and Empirics

Abstract

We propose a model for analyzing bidding under strategic uncertainty. Bidders neither know the strategies of the other bidders, nor the entire distribution of the bids of the other bidders. Instead, they only know the first M moments of the bid distributions. They deal with the ambiguity by minimizing maximal loss. We estimate the model with experimental data. The fit is better when they know the first moment than when they know the entire distribution.

Keywords

Ambiguity, independent private value, nonparametric identification, moment constraints, strategic uncertainty

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