

Reexamination of the Ausubel Auction

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Abstract

Lawrence M. Ausubel (2004) introduces a new ascending-bid auction rule for multiple homogeneous objects, called *the Ausubel auction*, which is a dynamic counterpart of the Vickrey auction. He claims that in the Ausubel auction with private values, sincere bidding by all bidders is an *ex post perfect equilibrium*, which is a tuple of strategies constituting ex post equilibria at *all nodes* of the dynamic auction game. However, we show that this claim does not hold in general. In our counterexample, there exists a node at which sincere bidding by all bidder is *not* an ex post equilibrium. We then examine properties of the sincere bidding equilibrium. Finally, we modify the Ausubel auction so that sincere bidding by all bidders is an ex post perfect equilibrium.

Keywords: Ausubel auction, Vickrey auction, Efficient auction, Ascending-bid auction, Sincere bidding equilibrium

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