

A Thumbnail History of Auctions

- Human slave auctions:
 - Egypt, Greece, Roman empire, Southern U.S.
- Marriage auctions for brides in Asia Minor:
 - positive and negative prices!
- Estate auctions in 16th Century France
- Art auctions in the Netherlands
 - descending price auctions

More details can be found at the AuctionWatch website:

www.auctionwatch.com/awdaily/features/history/

Contemporary Auctions

- Livestock, tobacco
- Farm liquidation
- Auction houses (Christie's, Sotheby's, etc.): antiques and art
- Vintage wines
- Leases of US government land, allowing extraction of oil, gas, timber, etc.
- Financial auctions: US Treasury Bills
- Procurement (generally sealed bid)
- Construction contracts (generally sealed bid)
- FCC auctions of PCS spectrum

Internet Auctions

- eBay, Yahoo!, Amazon, FairMarkets
- B2B auctions:
 - Freemarkets.com
 - VerticalNet.com
 - GM / Ford / DaimlerChrysler procurement site
- Priceline.com's "name-your-own-price" auction ??
 - Is this really an auction?
- MyGeek.com

Some Alternative Auction Formats

- **Ascending oral auction (English auction)**

Bids are announced when they're made; a bid must be higher than the standing (high) bid; bidding ends when no further (higher) bids are forthcoming. Item goes to the last (highest) bidder, who pays the amount of that bid.

- **Descending auction (Dutch auction; clock auction)**

A very high price is announced to begin, and then the price ticks down to successively lower prices until someone bids -- *i.e.* "stops the clock." That person receives the item and pays the amount at which the clock was stopped. An actual clock-like mechanism is often used.

- **First-price sealed-bid auction**

Each bidder submits a bid (for example, in a sealed envelope). When the auction closes (at a previously announced time), the bids are opened and the item is awarded to the person whose bid is highest. If two or more bids are highest, each is given an equal chance in a random drawing. The winner pays the amount of his or her bid.

- **Second-price sealed-bid auction**

Same as first-price auction, except that the winner (the high bidder) pays the amount of the *second*-highest bid.

In-Class Auctions

- **Ascending oral auction (English auction)**
- **Descending auction (Dutch auction; clock auction)**
- **First-price sealed-bid auction**
- **Second-price sealed-bid auction**

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In each auction ...

- **The item being auctioned is a floppy disk.**
- **Each person receives a card indicating his/her *redemption value* for the disk.**
- **The person who wins the disk being auctioned ...**
 - **will pay me (the auctioneer) the amount he/she has bid (except in the 2nd price auction)**
 - **will be paid his/her redemption value by me when I buy the disk back**
 - **will therefore earn the amount by which his redemption value exceeds his bid**