RATIONAL ALLOCATIONS IN SINGLE OBJECT AUCTIONS

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Abstract

This paper revisits the classical single object auction model in private values quasilinear environment. We investigate the compatibility of rational allocation rules to implementation in dominant strategies in this model. A rational allocation rule chooses an alternative at every valuation profile such that it is maximal with respect to an ordering. We show that if an allocation rule is non-bossy and satisfies a technical condition called uniform continuity, then it can be implemented in dominant strategies if and only if it is a rational allocation rule.