Department of Economics

Seminar
"Cheap-Talk Information Disclosure in Auctions"
(in English)

Dr. Daniel Zhiyun LI
Lecturer in Economics,
Durham Business School,
Durham University, United Kingdom

Date:	**3 August 2015 (Monday)**
Time:	**11:00am – 12:30pm**
Venue:	**WYL314, 3/F, Dorothy Y. L. Wong Building**

Biography:
Daniel Li is Lecturer in Economics at Durham University Business School. He graduates from Oxford University in 2011 with a DPhil degree in economics, and finished his undergraduate studies at Peking University. Daniel's research interests lie mainly in incentive theory, auction and industrial organization, and currently he's working on several projects on the role of information revelation in auctions and monopoly pricing models. Prior to his PhD study, Daniel also had extensive professional experiences in research institutes and international organizations, such as World Bank.

Abstract:
This paper investigates cheap-talk information disclosure in auctions where bidders' preferences are horizontally differentiated. Bidders' valuations depend on the matching between their preferences and product attributes. The seller may reveal information of product attributes prior to the auction, and the disclosure policy is characterized by a partition of the attribute space. We show that, in an informative equilibrium, the seller necessarily provides more precise information for less popular product attributes. Second, for given degree of partition, there always exists an informative equilibrium as long as the number of bidders is sufficiently large. Finally, the optimal disclosure policy demonstrates a complementarity relationship between the optimal degree of equilibrium partitions and the number of bidders in the auction. We also compare the cheap-talk results with those under full commitment to truthful disclosure.

All Are Welcome

For enquiry: 2616 7190 (Carrie)