

Market Design Panel

Paul Milgrom

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Rakesh's Question

- How, if at all, has theoretical work influenced the design of markets? And if it has not influenced design, why not?
- Critics' views
 - Jean-Jacques Laffont
 - Ariel Rubinstein

How Does Economic Theory Help?

- Modigliani-Miller theorems
 - Advice about dividend policy? About capital structure?
- Coase theorem
 - Advice about make-or-buy decisions?
- First welfare theorem
 - Advice about competition policy?
- Revenue equivalence theorem, Vickrey theorem, Gibbard-Satterthwaite theorem
 - Advice about auction designs?

Theory and Auction Design

- Spectrum auctions: “I can do better than that!”
 - Avoiding mistakes
- UK auction design incorporates
 - Combinatorial clock stage (Porter-Rassenti-Roopnarine-Smith)
 - Core selecting auction (Day-Milgrom)
 - Revealed preference activity rule (Ausubel-Milgrom)
 - Clock-proxy auction design (Ausubel-Cramton-Milgrom)
 - New computation methods (Day-Raghavan)